

IMF head calls for systemic reform

IMF Managing Director Dominique Strauss-Kahn warned recently that lack of action to reform the international monetary system could sow the seeds of the next crisis.

“Global imbalances are back, and issues that worried us before the crisis—large and volatile capital flows, exchange rate pressures, rapidly growing excess reserves—are on the front burner once again,” Strauss-Kahn said during a panel discussion on the international monetary system held February 10 at the IMF’s headquarters in Washington, D.C.

But reforms to the international monetary system, he said, could both “bolster the recovery and strengthen the system’s ability to prevent future crises.”

Strauss-Kahn emphasized three areas of reform in particular: strengthening policy cooperation, reducing capital flow and exchange rate volatility, and enhancing liquidity provision in times of extreme volatility (for example, through the IMF’s new flexible credit line and precautionary credit line facilities).

Strauss-Kahn said that, over time, there may be a greater role for the IMF’s international reserve asset—the Special Drawing Right, or SDR—to contribute to a more stable monetary system.



Tiger in Bandhavgarh National Park, India.

Shady business

The United Nations Environment Program has announced that India, one of the fastest growing economies in the world, will host the World Environment Day 2011 on June 5. This year’s theme, “Forests: Nature at Your Service,” underscores the intrinsic link between quality of life and the health of forests and forest ecosystems.

India is a country of 1.2 billion people who continue to put pressure on forests, especially in densely populated areas where people are cultivating on marginal lands and where overgrazing is contributing to desertification.

But the Indian government has found solutions. While the socio-economic pressures on the country’s forests are tremendous, India has instituted a tree-planting system to combat land degradation and desertification, including windbreaks and shelterbelts to protect agricultural land.

In conserving its critical ecosystems, India has introduced projects that track the health of the nation’s plants, animals, water, and other natural resources, including the Sunderbans—the largest deltaic mangrove forest in the world and home to the tiger, one of India’s most iconic wildlife species.



Mother and child in Guiyang, China.

Nursery school

Investing in early childhood development and education yields high economic returns, is the most cost-effective strategy to break the intergenerational transmission of poverty, and improves productivity and social cohesion in the long run, says a new World Bank study.

Early Childhood Development and Education in China: Breaking the Cycle of Poverty and Improving Future Competitiveness says that prenatal care and the quality of life experienced in children’s first six years affect their physical and brain development and lay the foundation for their subsequent cognitive and socio-emotional development. The report—produced jointly by the World Bank and the Chinese government—offers proposals on how human development can be advanced by investing in early childhood development and education.

“In China, about 16 million babies are born each year. If the window of opportunity is missed during early childhood, it would be much costlier and harder to build a successful life later,” said Zhao Baige, Vice Minister of China’s National Population and Family Planning Commission.

IMF launches Spanish blog

The IMF has started a Spanish-language blog for Latin America, *Diálogo a Fondo*. The blog focuses on international issues and economic topics related to Latin America. The new blog complements the IMF’s English-language blog, *iMFDirect*—the Fund’s global economy forum.



Progress in Paris

At the Group of Twenty (G-20) ministerial meeting in Paris on February 18–19, leaders agreed on a set of indicators to measure global economic imbalances.

This agreement was the latest step toward implementing the so-called “mutual assessment process,” or MAP, designed to help improve policy collaboration and reduce global imbalances. The MAP originated at the G-20’s Pittsburgh Summit in September 2009, where leaders introduced the *Framework for Strong, Balanced, and Sustainable Growth*. The backbone of this framework is a multilateral process through which G-20 countries identify objectives for the global economy and the policies needed

to reach them. In Pittsburgh, the leaders also committed to a “mutual assessment” of their progress toward meeting these shared economic objectives.

The G-20 aims to decide by their next meeting in April on guidelines against which each of the indicators agreed upon in Paris will be assessed.

The IMF is providing technical and analytical support for the process, with inputs from other international organizations. If implemented effectively, IMF Managing Director Dominique Strauss-Kahn said, the MAP could lead to significantly higher growth, jobs, and poverty reduction.



Nemat Shafik

Nemat Shafik joins IMF

The IMF has named Nemat Shafik as Deputy Managing Director to succeed Murilo Portugal, who left the institution in early March.

Shafik comes to the IMF from the U.K. Department for International Development (DfID), where she held the post of Permanent Secretary since 2008. Before DfID, she served as a Vice President at the World Bank.

A national of Egypt, the United Kingdom, and the United States, Shafik holds a Ph.D. in Economics from Oxford University. She has published widely, especially on the Middle East and North Africa, and has taught at the University of Pennsylvania’s Wharton School of Business and at Georgetown University.

Events in 2011

March 25–28, Calgary, Canada

Annual Meeting of the Inter-American Development Bank

April 16–17, Washington, D.C.

Spring Meetings of the IMF and the World Bank

May 3–6, Hanoi, Vietnam

Annual Meeting of the Asian Development Bank

May 20–21, Astana, Kazakhstan

Annual Meeting of the European Bank for Reconstruction and Development

May 26–27, Deauville, France

Group of Eight Summit

June 6–9, Montreal, Canada

International Economic Forum of the Americas

June 9–10, Lisbon, Portugal

Annual Meeting of the African Development Bank

September 23, Washington, D.C.

Annual Meetings of the IMF and the World Bank

November 3–4, Cannes, France

Group of Twenty Summit

Hope for Haiti

Haiti can achieve GDP growth of 6–8 percent a year over the next decade if the right public policies are put in place, the private sector becomes increasingly engaged, and support from the international community is sustained.

This is a key finding of the World Economic Forum’s *Private Sector Development in Haiti: Opportunities for Investment, Job Creation and Growth*, a report issued recently in partnership with the World Bank, the Inter-American Development Bank, and the International Finance Corporation.

Despite clear challenges, profitable investment opportunities exist in Haiti, and increased private sector engagement today will create further investment opportunities in the future, the report says.



Digicel building in Port-au-Prince: Haiti’s telecoms market could double in five years.