Developing countries need private capital

(Continued from front page) debt relief—there was a wide range of opinion on where the finance should come from. Perhaps the liveliest debate centered on the relative importance of increasing the quantity versus the quality of overseas development assistance (ODA) and the role of private capital.

Financier-philanthropist George Soros launched the debate by outlining his vision of a new mechanism that, he argued, would better deliver and coordinate assistance, while allowing the burden to be shared more equitably. Rich countries would effectively donate $18 billion to a trust fund set up for poor countries needing assistance. This onetime donation would come out of developed country allocations of a $27 billion special issue of SDRs authorized by the IMF in 1997. As Soros envisages the scheme, the IMF would designate an impartial jury of technical experts on the ground in poor countries—independent of the IMF and its member governments—to provide quality control by selecting and vetting acceptable projects as candidates for assistance. Donors would still have the final say on how funds are used, however, choosing from among projects on the final list. A trial run of this mechanism could focus on projects in three critical areas: health, education, and strengthening of legal systems.

One hang-up, however, is that the onetime SDR allocation has the approval of 72 percent of the IMF membership, but is still shy of the 85 percent approval that would give the allocation effect. For this reason, Soros called on U.S. President George Bush to ask Congress to approve the special SDR issue, warning that Monterrey otherwise could end up a "nonevent or an outright flop."

Nobel Laureate Joseph Stiglitz lauded Soros's proposal as a "concrete measure that could be a real achievement." Calling for a system that "doesn't depend on the vagaries of national parliaments," he agreed that Soros had devised one way to provide new liquidity to undo the downward bias in global demand caused by poor countries having to set aside increasing amounts of reserves in the face of global instability. But this global liquidity should be available in a much more general way, he declared, and should not necessarily be dependent on the IMF. He outlined two alternatives to do this. One would devote revenues from the "efficient management" of global natural resources—for example, from the oceans and seabed—to funding global public goods. The second would shift some of what he referred to as the disproportionately large burden of risk faced by developing countries borrowing on international markets. The international community, perhaps through the multilateral institutions, would assume more of this risk. Like Soros,

Stiglitz: Anyone who says there's no evidence that aid can be spent effectively hasn't looked at the record.

IMF's Köhler names Anoop Singh Director for Special Operations

IMF Managing Director Horst Köhler announced on February 25 the appointment of Anoop Singh as Director for Special Operations, a newly created position in the IMF.

"This initiative will enhance the ability of the IMF to respond to critical situations affecting its member countries. The IMF's considerable experience in managing such situations is at present diffused across departments. A key function of the new Director will be to bring together this experience so that it is directly supportive of area departments' work in critical situations," Köhler stated.

Singh will immediately assume leadership of the IMF staff team that is working with the Argentine authorities, in close coordination with the Western Hemisphere Department, as well as other departments of the IMF. "I am confident," the Managing Director said, "that this decision will strengthen the IMF's ongoing effort to help Argentina in formulating a comprehensive program to overcome its severe economic and social crisis."

In the months ahead, Singh is expected to make recommendations about enhancing the IMF's capacity in managing critical country situations, based on consultations with the IMF's area departments and the Policy Development and Review Department.

Singh, an Indian national, will transfer from his current position of Deputy Director of the Asia and Pacific Department to the Office of the Managing Director and report to First Deputy Managing Director Anne Krueger. He has held a range of senior positions within the IMF, including in the Policy Development and Review Department and the European Department. Singh has headed IMF missions to Australia, China, India, Indonesia, Japan, and Thailand.

In the early 1980s, Singh served as Special Advisor to the Governor of the Reserve Bank of India. In the late 1980s, on secondment from the IMF, he was Senior Advisor to the World Bank's vice president for the Asia region.

The full text of the News Brief is available on the IMF's website: www.imf.org.

Anoop Singh