



Managing Director Strauss-Kahn Appoints Committee on IMF Governance Reform

Press Release No. 08/200

September 4, 2008

Managing Director Dominique Strauss-Kahn of the International Monetary Fund (IMF) today announced the appointment of a committee of eminent persons to assess the adequacy of the Fund's current framework for decision making and advise on any modifications that might enable the institution to fulfill its global mandate more effectively.

The committee, chaired by Trevor Manuel, Minister of Finance of South Africa, includes: Michel Camdessus, former Managing Director of the IMF; Kenneth Dam, Max Pam Professor at the University of Chicago; Mohamed El-Erian, co-CEO and co-CIO of Pacific Investment Management Co.; Sri Mulyani Indrawati, Minister of Finance of Indonesia; Guillermo Ortíz, Governor of the Bank of Mexico; Robert Rubin, Senior Counselor at Citigroup; and Amartya Sen, Lamont University Professor at Harvard University.

"Important progress has been made in the reform of the Fund's governance, including the initiation of a process to realign members' voting power within the Fund. However, the task of enhancing the Fund's legitimacy and effectiveness must also come to grips with the question of whether the significant changes since the establishment of the Fund require reform of the institutional framework through which members' voting power is actually exercised. Among other things, this requires careful consideration of the respective roles and responsibilities of the Board of Governors, the International Monetary and Financial Committee (IMFC), the Executive Board, and Fund Management," Mr. Strauss-Kahn stated.

"The committee's perspective, which I hope to have by next April, will provide yet another important input to our reform efforts, which have benefited recently from important work by many groups and individuals, including the Fund's Independent Evaluation Office; the Fund's Executive Directors, who have formed a working group to focus on these issues; numerous academics and analysts; and civil society groups. I want to thank these eminent persons for agreeing to bring their experience, expertise, and wisdom to bear on the on-going reform of IMF governance. It is my hope that concrete proposals can be distilled from this large body of work by September 2009," Mr. Strauss-Kahn added.

Background

The IMF is governed by, and is accountable to, its member countries through its Board of Governors. There is one Governor from each member country, typically the finance minister or central bank governor. The Governors usually meet once a year, in September or October, at the Annual Meetings of the IMF and the World Bank.

Key policy issues related to the international monetary system are considered twice a year by a committee of Governors called the International Monetary and Financial Committee, or the IMFC. A joint committee of the Boards of Governors of the IMF and the World Bank—the Development Committee—advises and reports to the Governors on development policy and other matters of concern to developing countries.

The day-to-day work of the IMF is carried out by the Executive Board, which receives its powers from the Board of Governors, and the IMF's internationally recruited staff. The Executive Board makes key decisions as well as selects the IMF's Managing Director, who is appointed for a renewable five-year term. The Managing Director reports to the Board, serves as its chair and is the chief of the IMF's staff, is responsible for ordinary business subject to the direction of the Board, and is assisted by a First Deputy Managing Director and two other Deputy Managing Directors.