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## from the editor

**I**N RECENT YEARS, Africa has made great progress toward economic stability and growth, but considerable problems remain. The issues facing sub-Saharan Africa and the region's future prospects are discussed in four articles in this issue of *Finance & Development*. Alassane D. Ouattara, Deputy Managing Director of the IMF, addresses the challenges that much of Africa faces today. He finds fresh hope for the future in the efforts of all the men and women who are struggling to establish new, freer, and more accountable political and economic systems in African countries. Evangelos A. Calamitsis sees the need for sub-Saharan countries both to build on their current reform efforts and to move urgently to resolve the destructive conflicts threatening the region. The bases for the improved economic performance of sub-Saharan countries are charted by Ernesto Hernández-Catá, who observes that increased investment and higher productivity are essential to maintain the momentum of growth. Elliott Harris asks why the international financial crisis that has affected so many regions of the world has had relatively little effect on sub-Saharan Africa and considers the steps these countries should take in an uncertain global environment.

The adoption at the beginning of this year of the euro as a single currency for 11 of the member countries of the European Union was one of the truly momentous economic events of the decade. Otmar Issing, a member of the Executive Board of the European Central Bank, describes the new framework for conducting a single monetary policy in the euro area.

In her article, Ricki Tigert Helfer, former chairman of the U.S. Federal Deposit Insurance Corporation, argues that a deposit insurance system can contribute to financial stability in many countries, but only if it is adequately funded and if countries have in place strong bank supervision programs.

The sharp rise in global capital flows has attracted considerable attention, and its implications are considered in several articles. Manuel Guitián looks at capital flows against the background of increasing globalization and argues that the lack of a lender of last resort creates a vacuum in the international institutional structure. Garry Schinasi describes the effects of recent turbulence on the mature financial markets. The striking growth in foreign direct investment over the past two decades and its impact on developing country growth are discussed by Padma Mallampally and Karl P. Sauvart, while Ludger Schuknecht analyzes the lessons that experience with international trade policy holds for the debate on capital controls.

Corporate restructuring and improved governance are essential elements in ongoing reform programs. The framework to promote these objectives in East Asia is outlined by Magdi Iskander, Gerald Meyerman, Dale F. Gray, and Sean Hagan. The final two articles of this issue consider different aspects of risk. Hana Polackova discusses the risks that governments face in the area of public debt from their contingent liabilities, and Mateen Thobani explains that governments must take account of how to allocate risk when they privatize the provision of infrastructure services.

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