

Individual country details: Latin America

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February 2020

The tables that follow present for each country by subperiod the summary information on the monetary policy framework which lies behind the classification, followed by a list of selected IMF references and other sources which provide further details.

IMF country-specific papers are referred to as follows (by year of publication, not year of consultation, plus month if there are two issues in the same year):

Recent Economic Developments = RED

Recent Economic Developments and Selected Issues = REDSI

Request for Stand-By Arrangement = RSBA

Selected Issues = SI

Selected Background Issues = SBI

Selected Issues and Statistical Appendix = SISA

Staff Report = SR

Staff Report Informational Annex = SRIA

Statistical Tables and Recent Developments = STRD.

Other abbreviations

CD = certificate of deposit

GFC = Global Financial Crisis

OMO = open market operation

SDR = Special Drawing Right

USD = US dollar

South America

Argentina made repeated attempts at exchange rate-based stabilisation, in conditions of weak monetary control, before setting up an augmented currency board arrangement in 1991; the collapse of that arrangement in 2001 led to a period of stabilisation, but towards the end of the period direct controls of various kinds were being re-introduced, until a change of course from late 2015.

Years	Targets and attainment	Classification
1974-6	multiple exchange rates, direct controls on bank lending, bank deposits nationalised (from 1973)	multiple direct controls MDC
1977-90	bank deposits denationalised, central bank gets more autonomy, interest rates still controlled, some liberalisation of forex market; repeated unsuccessful attempts at exchange rate-based stabilisation, each ending with overvaluation; alternation of multiple and unified exchange rates; recurring fiscal dominance; monetary control weak with poor instruments poorly wielded, real interest rates repeatedly negative; central bank remains important source of credit to private as well as public sector; some parallel financial markets	unstructured discretion UD
1991-2001	currency board with some monetary policy ('convertibility plan'): central bank can vary reserve requirements and has some small scope to buy government securities and to lend to private sector, also limited role as lender of last resort	augmented currency board ACB
2002	exit from currency board late 2001 in conditions of forex and banking crisis and government debt default, followed by period of political and economic policy incoherence, in terms of both instruments and objectives; emergency measures of various kinds	unstructured discretion UD
2003-17	some initial economic and financial stabilisation with bank and debt restructuring, economic recovery from late 2002; but from mid-2000s gradual but accelerating recourse to direct controls of various kinds (including from 2012 import and some exchange controls), and monetary financing of budget deficits (central bank independence weakened 2012); some use of wide but ineffective monetary targets; exchange rate heavily managed, including sharp depreciation January 2014, then floated from December 2015 (further large depreciation); inflation targeting formally adopted September 2016 but major institutional and operational changes required, 2017 target well overshoot	loosely structured discretion LSD

Selected IMF references: RED 1974 p31; RED 1977 p25, 40-1, 50-2; RED 1984 p34-5; RED 1990 Appendix IV; BP 1992, pp1-11; RED 1993 pp17-19; SI 2002 chII; SR 2005 pp20-1; SI 2006 pp4-9; SR 2006 pp16-18; *Argentina Economic Developments 2013/2014/2015* (all published February 2016; no regular consultations between 2006 and 2016); SI 2016 pp92-109; SR 2016 pp21-4; SR 2017 pp17-19.

Additional reference: Wolf et al. (2008, esp. ch. 8).

Bolivia started with its exchange rate fixed and limited monetary policy. It then had a period of frequent exchange rate adjustments plus ineffective monetary policy, before a long period of more or less managed floating, dollarisation and some fiscal dominance, with slow and erratic monetary and financial reforms producing limited improvements in policy effectiveness.

Years	Targets and attainment	Classification
1974-79	exchange rate fixed to USD from February 1973, central bank participates in many forex transactions and sets rates for others; some basic monetary policy operations including setting of reserve requirements and interest rates but monetary policy largely accommodative; fiscal deficit varies, much of it financed from abroad; 1973-4 rises in global oil and metal prices lead over period to expansion but growing fiscal and balance of payments deficits and then rising inflation; some deposit dollarisation, also exchange-rate guaranteed deposits	augmented exchange rate fix AERF
1980-88	official peg formally suspended November 1979 but in practice continued until large devaluation early 1982 followed by short-lived dual exchange market (in attempt to control growing parallel market) and then repeated further nominal devaluations, large but not large enough to offset very high inflation (especially 1985), with soaring parallel market premium; exchange controls from mid-1981; various attempts at monetary tightening including end of exchange rate guarantee on deposits, but heavy central bank credit growth; short-lived attempt to enforce 'de-dollarisation' late 1982, with heavy costs to banks; from mid-1985 partly successful attempts at stabilisation, including repeated devaluations, daily forex auction by central bank (which mostly eliminates parallel market premium), end to central bank financing of nonfinancial public sector and currency reform 1987, but widening current account deficit, plus some financial liberalisation	unstructured discretion UD
1989-2017	1989-2008 managed float with continual depreciation, close to de facto crawling peg, roughly offsetting inflation initially of 15-20%, but later below 10% and later still 5% (but more volatile and sometimes > 5% post-GFC); main monetary instrument is placement of central bank certificates of deposit (and later Treasury notes) with banks at varying interest rates, in context of very high dollarisation with most financial operations in USD, which limits role for monetary policy; some further financial sector reform; fiscal deficits and their monetary financing vary but are sometimes important; by mid-2000s inflation low, financial markets more developed and dollarisation declining; mid-2005 crawl reversed to produce limited appreciation; de facto peg to USD for two years from late 2008 in response to GFC, then small appreciation, then stability; use of central bank for developmental financing; rapid monetary response to food price hikes post-GFC; in	loosely structured discretion LSD

	later years authorities resist IMF pressures for smaller fiscal deficits, more flexibility of exchange rate (which IMF now believes is overvalued), more central bank independence, and end to central bank funding of SOEs	
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Selected IMF references: RED 1975 pp22-5; RED 1976 p58; RED 1977 pp17-18; SR 1979 pp1-4, 8; RED 1982 pp23-4, 34-6; RED 1984 pp30-2, 43-7; SR 1985 pp9-10; RED 1986 pp1-4, 30-7, 53-6; SR 1988 pp4-8; RED 1991 pp31-2, 38-41, 56; RED 1994 pp32, 36-9, 54-5; RED 1996 pp28, 33; SR 1996 pp2-5, 46-51; SR 1997 pp14, 19-20; SR 1999 p10; SISA 2003 pp15-20; SI 2007 pp35-6, 46-54; SR 2007 pp6, 10-11; SR 2009 pp8-13; SR 2011 p12; SR 2012 pp10-11; SR 2013 pp11-12; SI 2015 pp16-19; SR 2015 pp6, 14; SR 2016 pp14-15, 20; SR 2018 pp22-3.

Brazil had a decade of weak and largely incoherent monetary policy and another decade and a half of gradual change, attempts at stabilisation but recurring loss of control; it then adopted inflation targets in 1999, when its monetary instruments and arrangements were less than adequate, and had to move fast to get inflation targeting to work.

Years	Targets and attainment	Classification
1974-85	central bank and Bank of Brazil together constitute the monetary authorities, with fiscal and developmental responsibilities as well as monetary policy; some indirect instruments but interest rates largely set by authorities, often at subsidised levels, in context of range of direct controls; extensive indexation ('monetary correction' at rates set by government, sometimes related to intended rate of depreciation); recurring fiscal dominance; attempts to control monetary growth rarely succeed; exchange rate heavily managed, i.e. repeatedly devalued in formal or irregular crawl, also major step devaluation 1979	unstructured discretion UD
1986-98	separation of Bank of Brazil from central bank ends fiscal responsibilities of central bank; series of unsuccessful stabilisation plans including currency reforms and price and wage controls; repeated exchange rate adjustments; recurring fiscal dominance; continued indexation; gradual move to more indirect monetary instruments	loosely structured discretion LSD
1999-2000	exchange rate floated under pressure, wide converging inflation targets adopted and met; main monetary instrument is now primary interbank interest rate (SELIC)	loose converging inflation targeting LCIT
2001-3	inflation targets overshoot by large margin, and inflation expectations go outside target range	loosely structured discretion LSD
2004-17	wide (and relatively high) inflation targets mostly met, except 2015-16 when regulated price inflation spiked and inflation expectations went temporarily above target band; exchange rate floating; central bank independence remains weak	loose inflation targeting LIT

Selected IMF references: RED 1980 pp40-2, 98-9; RED 1984 pp49-55, 83; RED 1986 pp1-6, 48-50, 78, 87-8; RED 1989 pp1-6; RED 1991 pp1-4; RED 1995 pp1-9; SISA 1999 chVI; SR 2000 pp36-8; SR 2003 pp14-15; SI 2005 chII; SR 2005 pp23-5; SR 2015 AppIV; SI 2016 pp115-40; SR 2016 p39; SR 2017 pp7, 36; SR 2018 pp11, 26.

Additional source: Bogdanski et al. (2000).

Chile had a decade of non-active monetary policy but repeated changes to exchange rates, however a banking crisis in the mid-1980s forced the central bank to intervene more; after 1990 it adopted informal inflation targets and these became formalised and better structured from 2000.

Years	Targets and attainment	Classification
1974-86	monetary system initially largely nationalised and controlled but these soon reversed in wide financial liberalisation; monetary policy instruments largely indirect; extensive indexation; strong official preference for non-active monetary policy, so focus of policy on structural rather than conjunctural issues; exchange rate initially dual, unified 1976 and then adjusted frequently and in varying ways; banking crisis 1983-7 leads central bank to be more active	unstructured discretion UD
1987-90	main monetary instrument is open market operations to affect interest rate on indexed central government securities; exchange rate adjusted, now more for competitiveness and growth purposes, margins widened from 1988; central bank independence law 1989	loosely structured discretion LSD
1991-99	informal converging inflation targeting (target in central bank's annual report), not yet recognised as such by IMF; 1995 main monetary instrument becomes interest rate on one-day operations between central and commercial banks	loose converging inflation targeting LCIT
2000-2017	full formal inflation targeting from September 1999, with exchange rate now floating; inflation targets met, except overshoot 2007-8 and undershoot 2009-10, but 2-year-ahead inflation expectations remain anchored; improvements to central bank communication	full inflation targeting FIT

Selected IMF references: RED 1975 pp29, 34, 49; RED 1982 pp31-3; RED 1986 pp30-4; RED 1991 pp29-30; RED 1995 chII; SI 2003, chII; SR 2009 p11; SR 2011 p18; SR 2015 p23, SR 2018 p11.

Additional sources: Corbo and Fischer (1993); Morande and Schmidt-Hebbel (2000).

Colombia had a long period of loosely structured discretion producing moderate (20-30%) inflation before getting more serious about price stability and then successfully adopting inflation targeting in 2001.

Years	Targets and attainment	Classification
1974-2000	frequent and small adjustments of exchange rate versus USD, with focus mainly on competitiveness, some multiple currency practices; some but not all financial assets index-linked; monetary policy concerned with growth and inflation (mostly 20-30%), but also in some periods with improving operation of financial system; main monetary instruments are reserve requirements, rediscount facilities, interest rates and in some periods OMOs; intermittent financial reforms, including abolition of interest rate ceilings 1980; varying fiscal deficits more or less financed by central bank; from mid-1980s more sustained financial liberalisation, with shift of emphasis from reserve requirements and forced investments (loan portfolio requirements on banks) to market-based instruments, especially OMOs, from late 1980s, plus moves to raise competition and efficiency in financial system; central bank becomes less dominant in more liberalised forex market 1991; rise in central bank independence 1992; 1993-98 failed attempts at targeting M1 then monetary base, together with real exchange rate target, plus inflation target; 1994 switch from previous crawling peg to crawling band (width 14%), band depreciated 9% September 1997 and 9% June 1999; peso floated September 1999; preparations for formal inflation targeting	loosely structured discretion LSD
2001-09	formal inflation targets with narrow (1%) range declining over time, met or nearly met, except overshoot 2008 and (of raised target) undershoot 2009 with inflation expectations partly outside target range; emphasis on (fan chart) inflation forecasts, with repo rate as key policy rate; forex intervention via options, in principle for smoothing or reserve adjustment only and subject to rules; some use of capital controls 2007-8	full converging inflation targeting FCIT
2010-17	stationary inflation targets (2% range) met except for oil-price-plus-depreciation-induced overshoots 2015, when inflation expectations remain broadly within target band, and 2016, when they exceed the band by no more than 1%	full inflation targeting FIT

Selected IMF references: RED 1975 pp55-65, 67-8; RED 1978 p24-30; SR 1978 pp1-5; RED 1980 pp24, 35, 61-3, 69-72; RED 1982 pp30, 35-6; SR 1982 pp6, 9-11; RED 1983 pp31, 40-2; RED 1991 pp23-4, 32-3, 40-1; RED 1992 pp25-38, 41-3; SR 1992 pp4-5, 9-11; RED 1993 pp29-31; RED 1994 pp5-7; RED 1996 p7; RED 1997 pp10-11, 17, 24; SR 1997 p17; SISA 1998 pp10-12; SR 1998 pp8, 11-13, 18-19; SR 1999 pp8, 10, 16-17, 27; SISA 2001 pp36-46; SR 2001 pp17-19; SR 2002 pp10-11; *Third Review under Standby Arrangement* June 2004 p6; SR 2005 pp11, 22; SI 2006 pp21-4; SR 2006 pp19-20; SR 2007 pp7, 22-2, 24; SR 2011 pp10; SI 2016 p41; SR 2019 p26.

Other references: Banco de la República, *Inflation Report*, December 2009 p35, and June 2018 p73.

Ecuador started with its exchange rate fixed and limited monetary policy operations, then had a long period of repeated downward exchange rate adjustments of different kinds, recurring fiscal dominance of monetary policy and limited attempts at reform, before a major banking and financial crisis led to the abandonment of its own currency in favour of the USD.

Years	Targets and attainment	Classification
1974-81	exchange rate fixed to USD (central bank sets buying and selling rates with narrow spread), initially small but growing parallel market with initially small but growing spread, central bank intervenes to restrain divergence; monetary policy concerned with both stability and growth, instruments include selective credit ceilings, rediscount facilities, reserve requirements and interest rates, within heavily regulated financial system; growing imbalances in forex market, exacerbated by border dispute with Peru in 1981, domestic political events and USD appreciation but also by prior central bank credit expansion and rising overvaluation, lead to rising parallel premium (despite intervention) and eventually to devaluation in mid-1982	augmented exchange rate fix AERF
1982-99	more or less continuous depreciation, including discrete devaluations, periods of faster/slower crawl and periods with (moving) exchange rate bands; developments driven by both adverse external (especially oil prices) and internal (political) developments and by domestic financial policies, punctuated by attempts at stabilisation and liberalisation; high and varying inflation (peaking in 1983, 1989, 1992, and – the highest, at over 90% - 2000); multiple forex markets, including parallel market with varying premium, for much of the period, but repeated attempts to rationalise, with rates effectively unified in 1993; fiscal deficits are recurring and important influence on monetary conditions; intermittent attempts at financial reform including some interest rate liberalisation, reductions in preferential credit lines (from central bank to private sector) and in reserve requirements, introduction of central bank bonds with gradual shift towards indirect monetary instruments, and improvements to central bank governance and autonomy (1992); 1998-9 combination of external developments, vulnerability of domestic economy and policy weaknesses lead to major banking and financial crisis, exchange rate collapse and high point for inflation	unstructured discretion UD
2000-17	2000 government abandons existing own currency, sucre, in favour of USD (already widely used), no more sucres issued, all sucre deposits and loans converted to USD, central bank exchanges sucre on demand at fixed rate for USD; short-term macroeconomic improvement but IMF (2006) identifies failure to implement required domestic reforms e.g. on fiscal framework and banking regulation/supervision, partly because of continued political instability (high turnover); dollarisation unquestioned under new government from 2007 through adverse shocks	use of another sovereign's currency UASC

	<p>of GFC, period of stronger growth and later episode of external shocks (oil price fall, dollar appreciation) from late 2014 and earthquake 2016, but central bank's lending to government increases and its international reserves decline; new government from mid-2017 aims to strengthen the 'institutional foundations' of dollarisation by banning central bank finance of government and restoring central bank's international reserve holdings.</p> <p>Note: no Article IV consultations between 2007 and 2015</p>	
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Selected IMF references: RED 1975 pp39-46, 48; RED 1977 p53; RED 1978 p56; SR 1980 pp10-11; RED 1982 pp27-8, 37-8; SR 1982 pp2-5, 11-12; RED 1984 pp1-2, 41, 72; RED 1985 pp1-3, 35-6, 58; RED 1987 pp37-40, 55; RED 1989 pp1-2, 34-5, 45-6, 56; RED 1991 pp34-6; RED 1992 pp14-15, 19-20; SR 1992 pp1-4; SR 1994 pp2-3, 8; RED 1995 pp4-5; SR 1997 pp6-10, 22; SI 2000 pp7-10, 23, 42-52; SI 2006 pp4-26; SR 2016 pp4-5; SI 2019 pp32-40; SR 2019 pp41-2, 49.

Guyana initially fixed its exchange rate to the USD with limited monetary operations. It then had a period of unstructured discretion when the exchange rate parity was continually adjusted despite heavy controls. In 1991 its exchange rates were successfully unified and then for the most part relatively stable, with some limited financial (and other) liberalisation and some emphasis on price stability, in a long period of loosely structured discretion.

Years	Targets and attainment	Classification
1974-83	currency fixed initially to GBP, then from October 1975 to USD, with very narrow margins set by dominant central bank; exchange controls; monetary policy largely subordinate to fiscal policy and public sector performance, plus credit guidelines for banks; limited use of interest rates from 1978; mid-1981 devaluation versus USD with switch in principle to basket but continued fixing relative to USD; growth of parallel market with rising premium; commodity price shocks met with loose financial policies but tight administrative controls lead to slowing and then sharply negative economic growth plus rising public sector deficits and inflationary pressures 1982-83, with growth of parallel market in goods as well as forex	augmented exchange rate fix AERF
1984-90	devaluations January and October 1984 plus change of basket followed by frequent smaller adjustments, but overvaluation remains; some minor liberalisation but policy still leans heavily on administrative controls rather than fiscal/monetary tightening; continued large public sector deficits and (lower) lending to private sector, inflation and balance of payments imbalances worsen, to crisis levels in 1989-90; 1987 large devaluation and establishment of secondary forex window at banks, with rate closer to that of (very wide premium) parallel market; 1989 further large devaluation with unification of (non-parallel) forex markets, to be adjusted on weekly basis; 1990 parallel market legalised in form of free (cambio) forex market open for most transactions (but some still through official market)	unstructured discretion UD
1991-2017	1991 exchange rates unified via > 100% devaluation of official rate and forex market liberalised, in context of wider liberalisation and structural reform (designed to transform public sector-dominated into market-oriented economy), plus (this time successful) stabilisation; exchange rate versus USD remains broadly stable with small fluctuations in nominal and real effective rates; 1994 short-lived pressure from government on forex dealers; banks' excess reserves converted into debentures, start of regular competitive Treasury bill tenders, increased interest rate flexibility; from 1995 further steps towards interest rate flexibility and indirect monetary instruments operated by modernised central bank, especially Treasury bill OMOs which become primary instrument, though monetary growth still affected by fiscal deficits (and their varying external funding); 1995 final unification of official	loosely structured discretion LSD

	<p>and cambio forex markets (with elimination of parallel market), but market remains segmented as between banks, cambios and central bank) and the interbank market is weak; 1998 reorganisation and recapitalisation of central bank; monetary policy focuses on broad money growth, affected primarily by OMOs; IMF pressure for greater exchange rate flexibility with stronger interbank forex market, authorities long resist, but agree to rethink in context of expected 2020 start of oil production.</p>	
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Selected IMF references: SR 1975 p5; RED 1976 pp22,26; RED 1978 pp28-33, 47; RED 1979 pp29-32, 44; RED 1981 pp37, 54, 56; SR 1981 pp9; RED 1982 pp39, 50; SR 1982 pp15-16; RED 1983 pp33-5, 38-9, 40; SR 1983 pp5, 12-17; RED 1984 pp1-3, 21-3, 48; SR 1984 pp1-7; RED 1985 pp55-6; RED 1986 pp1-3; SR 1986 pp14-15, 18-19; RED 1987 pp49-50; RED 1989 pp48-9; SR 1989 pp10, 16-19; STRD 1990 pp79-80; RED 1991 pp1-2, 36; SR 1991 pp4-10, 13, 16-17; SR 1992 pp12-13, 20, 23; RED 1994 pp1-2, 16, 30-2, 41-2; SR 1995 pp5-6; REDSI 1996 pp2-3, 17-24; SR 1996 pp7-8; RED 1999 pp16-19, 21-5; SI 2005 pp51-64; SI 2008 pp14-15; SR 2008 p13; SR 2010 pp11-12; SR 2012 pp14-17; SR 2013 pp13-14; SI 2016 pp15-17. 25; SR 2018 pp36; SR 2019 pp12-13.

Paraguay had a long period of multiple and adjustable exchange rates with limited monetary policy, and a long period of gradual but erratic improvements in monetary operations together with unified and sometimes more flexible exchange rates plus significant dollarisation, before moving successfully to loose converging inflation targeting.

Years	Targets and attainment	Classification
1974-90	dual exchange market, official rate fixed to USD plus floating 'free' rate (from legalisation of previous parallel market); main monetary instruments include reserve requirements, selective credit controls and central bank rediscount facilities; growth of non-bank financial intermediaries not subject to credit or interest rate controls, plus relatively large informal sector; from early 1980s public sector deficits (initially of nonfinancial enterprises, later more from central bank losses due to forex subsidies) and monetary growth rise, while import controls, multiple exchange rates (repeatedly devalued) and direct attempts to control 'free' forex rate lead to growing unofficial (but tolerated) parallel market with rising premium; 1989 new government unifies exchange rates and allows float, starts liberalisation of monetary and forex arrangements	unstructured discretion UD
1991-2011	exchange rate floating, with large movements 1990-2 followed by greater stability underpinned by intervention aimed at competitiveness; interest rates liberalised and credit controls abolished, rediscounting reduced; reserve requirements gradually rationalised and reduced (and reserves remunerated); OMOs in central bank bills from October 1990; fiscal deficit under control after end of central bank forex subsidies; some rise in central bank independence 1995; banking crises 1995 and 1997, largely due to poor regulation and supervision, key outcomes are decline in share of domestic banks in favour of foreign-owned banks, and sluggish credit growth; by end of 1990s exchange rate more strongly managed and fiscal deficits larger, while little further financial reform implemented; significant dollarisation; further financial crises 2002-3; from 2003-4, despite more exchange rate flexibility and more central bank autonomy, central bank objectives remain multiple and varying in priority, but including informal inflation targets with wide ranges, mostly missed or near missed; monetary transmission mechanism remains weak: banks have large excess reserves, interbank market is low-volume, policy interest rate is largely ineffective	loosely structured discretion LSD
2012-17	move to formal inflation targeting announced 2011, from late 2011 gradually declining wide targets regularly met; moves to establish corridor around policy rate with well-functioning interbank market, to deal with bank liquidity, to reduce and increase policy predictability of forex intervention, to improve monetary policy transparency; ongoing but slow process of central bank recapitalisation; dollarisation down from 1990s but still significant	loose converging inflation targeting LCIT

Selected IMF references: RED 1974 pp35, 46-50; RED 1977 pp17-18; RED 1978 p28; RED 1979 p18; RED 1984 pp41-4; RED 1985 pp29-31, 49-51; RED 1986 pp1-3, 26-8, 44-6; SR 1989 pp1-7; RED 1990 pp1-3, 22, 39; RED 1991 pp21, 24-7, 35-6; SR 1992 p9; RED 1994 p22; RED 1996 pp11-16; SISA 1997 pp6-12; SISA 2000 pp5-18; SI 2004 pp36-46, 53-5; SR 2004 pp14-15; SISA 2007 pp16-23; SR 2007 pp19, 20, 22; SI 2010 pp21-6, 35-6; SI 2011 pp31-3; SR 2011 pp11-12, 20; SR 2012 pp16, 25; SR 2014 pp13-15, 55-7; SR 2015 pp15-16; SR 2016 pp18-19; SR 2017 pp17-18;

Peru had a long period in which monetary instruments were direct and ineffective, followed by a sustained stabilisation and liberalisation from 1993 which eventually laid the basis for the adoption of inflation targeting from 2002.

Years	Targets and attainment	Classification
1974-92	exchange rates (dual or multiple in most years) adjusted frequently and in varying ways with eye to balance of payments and/or inflation; monetary policy instruments mainly direct; fiscal dominance endemic; new currencies 1985, 1991; special status of state-owned Banco de la Nacion relative to central bank complicates monetary control; several failed attempts at stabilisation and at financial liberalisation; varying rates of dollarisation	unstructured discretion UD
1993-2001	sustained stabilisation and liberalisation from early 1990s: central bank gets some autonomy, role of Banco de la Nacion reduced, exchange rate floating (since late 1990), fiscal deficits controlled; liberalisation and deepening of financial markets; focus of policy on inflation reduction via control of base money; among monetary instruments emphasis shifts from reserve requirements to interest rates; significant continuing dollarisation	loosely structured discretion LSD
2002-17	inflation targets; overshoot 2008, smaller deviations 2011 and 2015, but medium-term inflation expectations remain anchored except for brief period around 2008; occasional but gradually diminishing forex intervention; gradual de-dollarisation	full inflation targeting FIT

Selected IMF references: SR 1974 pp13-14; RED 1979 pp35-7; RED 1982 pp27-31, 37-9; RED 1984 pp30-31, 56; SR 1987 pp2-3; RED 1990 pp1-2, 33-9, 58; RED 1995 chI; SR 1997 AppV; SI 2001 chIV; SR 2002 p10; SR 2009 p11; SR 2012 p7; SR 2015 p5; SR 2016 pp7-8; SR 2017 p13; SR 2018 pp11-12.

Additional source: Pastor (2012).

Suriname started the period with its exchange rate fixed but some limited monetary policy; it then had a long period of repeated exchange rate adjustments and more or less incoherent monetary policy (plus rising dollarisation), before a gradual process of developing instruments and increasing focus on price stability, punctuated by a brief period of loose exchange rate targeting.

Years	Targets and attainment	Classification
1974-83	(full independence from November 1975, but local control of economic policy before that) exchange rate fixed to USD with narrow spreads set by central bank; monetary policy operated via credit ceilings (typically not well observed or enforced), banks free to set interest rates; fiscal deficits mostly financed by bank credit	augmented exchange rate fix AERF
1984-2000	initially official exchange rate remains fixed but widening parallel market spread in response to growing import licensing and controls, in addition to price and other direct controls; multiple exchange rates from 1992, with average depreciating strongly; parallel market legalised 1993 and interbank market permitted; recurring large fiscal deficits monetarily financed, with inflation peaks in 1987 (>60%), 1995 (>500%), and 1999 (>120%), economic performance also adversely affected by guerrilla activity much of 1980s; government issues savings certificates from 1987, bonds from 1990; exchange rate unified mid-1994, then floated, in context of wider fiscal-monetary stabilisation policies, then stabilised from early 1996, but parallel market continues with varying spreads; gold certificates issued by central bank from 1995, used as monetary policy instrument (together with credit ceilings); growing dollarisation; from 1998 renewed fiscal and monetary expansion and inflation, with widening parallel market spread despite repeated official rate devaluations; weaknesses in key statistical data available	unstructured discretion UD
2001-2010	new government makes efforts at stabilisation plus some forex liberalisation and financial sector reform; reserve requirements introduced 2001; currency reform 2004; exchange rates reduced to two (plus black market); over time official exchange rate remains pegged to USD while commercial rate is also managed and relatively stable; dollarisation stays high; monetary policy still operated mainly via reserve requirements and forex intervention; inflation peaks lower, 30% in 2003 and 18% in 2008	loosely structured discretion LSD
2011-15	exchange rate devalued and unified with introduction of a wide band vs USD; securities and money markets remain very limited, monetary instruments still direct; credit dollarisation down but deposit dollarisation remains high	loose exchange rate targeting LERT
2016-17	exchange rate floated March 2016, after devaluation late 2015, in context of sharp commodity price falls; some further depreciation, and spike in inflation (to >50%) 2016; Treasury bills (long talked of) finally issued 2014, with monthly auctions from May 2016 providing non-	loosely structured discretion LSD

	monetary financing of fiscal deficits and allowing eventual shift to OMOs as indirect monetary instrument; move to reserve money targeting, but exchange rate still stabilised	
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Selected IMF references: RED 1975 pp42-4, RED 1979 pp28-8, 41; RED 1982 pp24-5, 39; RED 1984 pp25-6, 41; RED 1985 pp26-9; RED 1986 pp1, 24-5, 38; RED 1987 pp1-2, 21-2; SR 1987 pp1-3, 9-11; RED 1990 pp32-4; RED 1992 p7; RED 1993 pp26-7; SUR 1993 pp3, 8-9; RED 1994 pp22-6; SUR 1994 pp3-4; REDSI 1997 pp14, 16, 21-2; SR 1999 pp4, 5, 12-14; RED 2001 pp7-8, 20-7; SR 2002 p17; SISA 2003 pp14-19; SI 2005 pp13-18, 22-8, 34; SR 2005 pp5-6, 16-17; SR 2008 pp14, 19; SR 2009 pp14-15; SR 2011 pp10-11; SR 2012 pp11-12; SISS 2013 pp7-12; SR 2016 pp5, 14-17; SR 2018 pp14-16; SISS 2019 pp6-7, 9-12; SR 2019 pp11-13.

Other references: Fritz-Krockow et al. (2009).

Uruguay initially focused on the exchange rate, which was adjusted at different intervals and rates, while failing to develop strong monetary instruments or policy framework; this was followed by a period of more structured exchange rate change until a financial crisis in 2002, when attention shifted to monetary policy per se and it moved towards inflation targeting without yet having the institutions and instruments required to make that work effectively.

Years	Targets and attainment	Classification
1974-1991	initially dual exchange rate system with commercial rate, adjusted at frequent but irregular intervals, and financial rate which was largely liberalised in late 1974; high but varying inflation throughout (mostly between 50% and 100%); central bank functions divided between Central Bank and Bank of the Republic; monetary policy initially operated via reserve requirements, central bank rediscount facilities and interest rate regulations; some but limited financial and other liberalisation from 1974-5, complicated by capital inflows (not subject to major controls) and dollarisation; stabilisation measures effective for balance of payments but not for monetary growth or inflation; 1978-9 de facto unification of exchange market and advance publication of schedule of daily exchange rates, with depreciation based on difference between expected external and targeted domestic inflation; reduction in reserve requirements and liberalisation of interest rates; early 1980s renewed fiscal deficits and monetary expansion, followed by return to stabilisation, with some use of open market operations (in form of auctions of Treasury bills); preannounced daily exchange rate schedule scrapped late 1982 in favour of float which was free at first then subject to crawling peg until late 1983, but intervention continues, at first ad hoc, then from late 1985 via frequent adjustments in line with targeted inflation; 1983 Bank of Republic ceases to act in part as central bank, but Central Bank incurs large quasi-fiscal obligations; 1984 reserve requirements changed and compulsory holdings by banks of Treasury bills introduced (in context of high fiscal deficits and dollarisation); from 1985 governments attempt stabilisation focused on fiscal contraction, with further changes to reserve requirements and compulsory holdings of Treasury bills; monetary policy weak in presence of capital openness, rising dollarisation, and problems of loan recovery by banks; repeated slippages on fiscal and monetary targets	unstructured discretion UD
1992-2001	exchange rate adjustments formalised from 1992 as 2% depreciation each month, gradually reduced from 1996 to 0.6% by 1998, with initial band of 7% reduced 1998 to 3% (but no further changes); gradual decline in inflation, to below 10% in 1998; efforts from 1990 to bring Bank of Republic (state-owned, dominant force in commercial banking) and Mortgage Bank under more effective Central Bank control; banking supervision strengthened; 1993	loose converging exchange rate targeting LCERT

	currency reform, also central bank bills replaced by Treasury bills and Central Bank's quasi-fiscal deficit slowly brought under control; moves to develop domestic capital market; banking system remains relatively uncompetitive with high intermediation spreads; 2000 regular wage adjustments (previously every quarter, then every 4, then every 6 months) shifted to once a year; dollarisation remains very high	
2002-17	financial crisis driven by external as well as domestic factors leads to floating of exchange rate June 2002 with large depreciation; for a few years central bank sets (frequently adjusted) intermediate monetary targets, with aim of eventual move to full inflation targeting, but informal inflation targets consistently overshoot; some continued forex intervention; late 2007 (seen by IMF as start of inflation targeting) policy rate becomes main monetary instrument, but reserve requirements remain important; dollarisation still high but now declining; 2013 monetary aggregate M1+ made operational target instead of overnight interest rate, but unpredictability of money demand complicates policy while lack of corridor leaves interest rates more volatile; inflation (actual and expected) finally comes within target range 2017, largely as a result of appreciation (but overshoots again in 2018)	loosely structured discretion LSD

Selected IMF references: RED 1973 pp32-4, 48-51; RED 1975 pp38-40, 63; RED 1976 pp17-18, 29; SR 1977 pp4-5, 7; SR 1978 pp5-6, 8; RED 1979 pp44-5; SR 1979 pp6-9; RED 1981 pp8, 20-1; RED 1983 pp1-6, 23-4; RED 1984 pp7-8; SR 1984 pp8-12; RED 1985 pp38-9, 61-2, 74-8; SR 1985 pp12-14; RED 1986 pp33-4, 53-5; RED 1989 pp1-3, 52, 82-4; RED 1991 pp1-2, 26; SR 1991 pp2-7, 12; RED 1992 pp12-13, 17, 21; SR 1995 pp1-3; RED 1996 pp8-9, 14-15, 18; SR 1999 pp3, 12-13; RED 2001 pp6, 21-6; SR 2001 pp7-8; SR 2003 pp16-17; 4th Review under SBA February 2004 p15; 6th Review under SBA November 2004 pp15-16; 7th Review under SBA March 2005; SR 2006 pp6, 9, 16-17; SI 2007 pp3, 5, 13; SR 2007 pp5-6, 19-22; SR 2008 pp8, 19-20; SI 2010 pp15, 18, 28-9; SR January 2011 pp6, 12-13, 15-16; SI 2012 pp3-5, 10-12; SR 2012 pp10-11, 14, 27; SR 2013 pp7, 12-14, 32; SR 2015 p29; SR January 2016 pp6, 10, 21-2; SR December 2016 pp14-16; SR 2018 pp12-14, 22; SR 2019 pp13-14, 22.

Venezuela fixed and then managed multiple exchange rates for many years within an underdeveloped financial system; the exchange rate was unified and floated in 1989 but managed in the late 1990s, while limited financial reforms were introduced; from 2003 (no IMF consultations) it seems that more exchange rate management and price and capital controls were used, and even more so from 2010.

Years	Targets and attainment	Classification
1974-82	dual exchange rate system unified 1976, peg to USD with narrow spreads fixed by central bank; 1974 law makes range of monetary policy instruments available to central bank, mainly direct, but heavy reliance on reserve requirements, selective credit controls and interest rates which were administratively set until 1981; recurring monetary financing of budget deficits	augmented exchange rate fix AERF
1983-8	multiple (3 or 4 tier) exchange rates plus price, exchange and import controls in response to capital outflows and exchange rate pressure; administered interest rates varied widely in both directions; oil revenues and monetary financing as alternative sources of finance for government spending; central bank uses rediscount facilities and reserve requirements as main instruments, in context of interest rate ceilings and limited open market operations	unstructured discretion UD
1989-2002	unified exchange rate floating from early 1989, later more management of exchange rate including from 1996 preannounced crawl (but with repeated changes to central parity and rate of crawl), followed by float February 2002-January 2003; initially some movement towards indirect monetary policy instruments (OMOs in interbank money market) within wider but uncompleted programme of financial reform; redemption of government bonds from late 1997 leads to shortage of effective monetary policy instruments; central bank gets more autonomy in 1992 but monetary financing of deficits continues	loosely structured discretion LSD
2003-09	[NOTE: no IMF reports after 2004, no equivalent sources of information, so classification tentative] new exchange rate peg supported by extensive exchange and price controls; devaluations 2004 and 2005; exchange controls more extensive from 2006 and reinforced 2008, 2009 (according to Chinn-Ito index); new currency (bolivar fuerte) 2008; some direction of bank credit by sector; monetary policy relies mainly on sales of CDs and reserve requirements; rising parallel market spread from 2006	LSD (tentative)
2010-17	[NOTE: no IMF reports after 2004, no equivalent sources of information, so classification tentative] post-GFC fall in oil prices leads to recession in 2010; exchange controls strengthened further 2010, involving dual and later multiple exchange rates; devaluations in 2010, 2013, 2016 and 2017, but significant	UD (tentative)

	<p>overvaluation remains; monetary policy instruments weak, ceilings on interest rates; monetary growth rises as central bank funds rising public sector (mainly non-financial public enterprises) deficits, objectives become less coherent; hyper-inflation and deepening recession from 2014; political as well as economic crisis (new currency 2018)</p>	
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Selected IMF references: RED 1975 p24; RED 1976 p26; RED 1979 p50; RED 1983 pp41, 66, 68; RED 1984 pp3-4, 39-40, 44-6, 68-70; RED 1987 pp34-7, 58-9; SR 1987 pp22-4; RED 1990 pp30-7, 53; RED 1994 pp23-7, 57-9; SR 1999 pp22, 23-4; SISA 2001 ch V; SR 2001 pp15-16; SI 2004 ch V; SR 2004 pp8-16, 24-5, 30.

Additional references: Economic Commission for Latin America and the Caribbean, notes on Venezuela in successive editions of *Economic Survey of Latin American and the Caribbean* (from 2004 to 2018); Reinhart and Santos (2016), especially Appendix I; Weisbrot and Ray (2010); Weisbrot and Johnston (2012).

Central and North America

Belize (self-governing from 1964 and independent from 1981) was initially pegged to sterling but switched its peg to the USD in 1976, moving also from a currency board arrangement to an exchange rate fix with limited monetary policy. Over the years that followed financial development was limited, while central bank financing of fiscal deficits was a continuing issue and threatened the peg at some points, but the fix remained.

Years	Targets and attainment	Classification
1974-76	standard currency board against GBP (with occasional adjustments in earlier years when pound moved sharply against dollar); mid-1976 peg switched to USD	pure currency board PCB
1977-2017	peg to USD with narrow spreads set by new Monetary Authority established late 1976; Authority's reserve coverage requirement unclear, operates some monetary policy in form of interest rate setting, occasional credit controls, reserve and liquid asset ratios; parallel foreign exchange market with varying spread; Authority replaced in late 1982 by Central Bank of Belize, which maintains peg with same narrow spreads; monetary policy operations limited but central bank lends varying amounts, in advances and Treasury bills purchases, to cover government deficits; transfers of public sector deposits from central bank to commercial banks, for monetary policy purposes, in late 1980s, reversed early 1990s; 1994-5 interest rates liberalised (with exception of those on Treasury bills); monetary growth continues to be strongly related to fiscal deficits, with balance of payments and reserves consequences; from mid-1990s tighter exchange controls and some forex rationing, rise of parallel forex market with widening spread, increased external borrowing by government and (with government guarantees) Development Finance Corporation (DFC); 2001 parallel market semi-legalised; from 2005 in response to severe fiscal and external imbalances some fiscal-monetary tightening; insolvent DFC wound down 2006; external debt restructured 2007; small-scale and time-limited oil production from 2006, but major floods 2008; parallel market premium disappears late 2000s; 2010 plans to develop government securities market and indirect monetary instruments but little action; further debt restructuring 2013, and again in 2017; monetary growth remains dominated by fiscal deficits which are more or less controlled	augmented exchange rate fix AERF

Selected IMF references: RED 1983 pp23-8, 29; RED 1984 pp42-4; SR 1985 p13; RED 1985 pp25-6; RED 1989 pp26-7, 44-5; RED 1993 pp15-16; RED 1996 pp18-19, 46-8; RED 1998 pp21-2; SR 2000 pp11-12; SR 2001 pp13-14; SR 2002 pp5-6, 13-15; SISA 2004 pp5-10, 21-17; SR 2004 p17; SR 2006 pp7; SR 2010 pp4, 10, 14; SR 2011 p11; SI 2014 pp14-16, 26-9; SI 2015 p13.

Costa Rica had a brief period of exchange rate fixing with limited monetary operations, followed by a long period of more or less frequently adjusted and reorganised exchange rates accompanied by gradual financial sector developments and monetary reform, which laid the basis first for a mix of inflation and exchange rate targeting from 2010 and then for loose inflation targeting from 2015.

Years	Targets and attainment	Classification
1974-80	exchange rate unified 1974 with peg to USD at previous 'free' market rate, from 1976 some transactions allowed at Stock Exchange at slightly wider spreads; monetary policy initially focused on detailed but not comprehensive credit ceilings, then shifted to interest rates (set by central bank) and reserve requirements; central bank lends varying amounts to cover typically large fiscal deficits	augmented exchange rate fix AERF
1981-2009	exchange rate peg abandoned, with massive depreciation through 1981 and move to multiple exchange rates, followed by stabilisation programme mid-1982 with monetary tightening via placement of stabilisation bonds with private sector and raising of reserve requirements; end-1983 previous 'banking' and 'free' exchange rates unified; mid-1980s financial position of central bank weakened by large operating losses; some interest rate liberalisation; from 1984 on depreciations (not pre-announced) of varying size and frequency aimed to achieve and maintain competitiveness (with exchange rate more fixed than targeted); policy slippages and external shocks mean full stabilisation remains elusive, while monetary growth remains subject to fiscal deficits, central bank losses and ineffective control of bank credit growth; inflation varies mostly between 10 and 25%; early 1990s intensified stabilisation and reform efforts, including 1991 end of credit ceilings, 1992 some forex and financial market liberalisation with emergence of interest rate on stabilisation bonds as key reference rate; brief period of managed (only for smoothing) float before exchange rate reverts to frequent adjustments, now based more on targeted or expected than past relative inflation; 1995 some increase in central bank independence; late 1990s slippages especially in fiscal policy, initially poor bond auction mechanism, weakening of reform effort; rising dollarisation; late 2006 crawling peg becomes crawling band, which is rapidly widened; new policy interest rate introduced 2011	loosely structured discretion LSD
2010-14	exchange rate band maintained along with rising focus on price stability, with actual inflation within single digits and mostly within central bank inflation target band; (lower) target overshoot then undershot 2014, expectations above band 2014; dollarisation still high but declines	inflation with exchange rate targeting IwERT
2015-17	exchange rate band removed 2015, rate still managed but to decreasing extent; inflation target well undershot 2015 and 2016 but expectations remain just within band, target	loose inflation targeting LIT

	met 2017; inflation targeting remains rudimentary (e.g. exchange rate managed, forex and secondary government securities markets underdeveloped) but central bank now making decisions on basis of 12-18 month ahead forecasts	
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Selected IMF references: RED 1975 pp14-16, 36; RED 1976 pp16-17; RED 1979 pp23-6; SR 1979 p6; RED 1983 pp33-7; SR 1983 pp1-3, 10-12; RED 1984 pp37-9, 48; RED 1985 p41; RED 1985 pp25-6, 35, 49-52; RED 1988 pp23-5; RED 1991 pp24-5, 33-4; RED 1992 pp19-22; SR 1992 pp10, 13, 15, 22; RED 1994 pp10-12, 18; SR 1996 pp3-5, 7, 10; RED 1998 pp7, 12-13, 41, 42; SR 2003 pp6, 15, 22; SI 2004 pp12-14; SR 2004 pp9, 17; SR 2006 pp15-18; SR 2008 pp5-6, 11-12; RSBA 2009 pp7, 9; SR 2009 pp14, 18-19; SR 2011 pp5, 12; SR 2013 pp4, 5, 20; SR 2015 pp5, 21-3, 28; SR 2016, pp5,20-1; SR 2017 pp6-7, 24-5; SR 2019 pp7, 18, 21.

El Salvador had a short period of exchange rate fixing with limited monetary policy, followed by a period of unsuccessful focus on exchange rates and fiscal dominance in the 1980s that was gradually superseded by financial liberalisation and more coherent policy in the 1990s, before switching (by choice and not in crisis) to full dollarisation from 2001.

Years	Targets and attainment	Classification
1974-79	official exchange rate pegged to USD within narrow margins set by central bank; monetary policy instruments include rediscount policy, administratively set interest rate structure, and reserve, capital and portfolio requirements on banks;	augmented exchange rate fix AERF
1980-2000	official exchange rate pegged to USD within narrow margins set by central bank, but more or less active parallel market; 1979-92 civil war, brutal state repression, marked fall in economic performance; 1982 transfer of some transactions to legalised parallel market, increasingly managed (by commercial banks); 1983 renewed black market; significant central bank financing of large but varying fiscal deficits; further large transfers to legal parallel market 1984-5 with effective depreciation; limited attempts at stabilisation from 1982, but slippages; 1986 new stabilisation effort including unification of official forex markets at devalued peg to USD (but more import and exchange controls); October 1986 earthquake; 1989, with continuing 15-30% inflation eroding competitiveness, new and more flexible 'bank' forex market to which most transactions transferred (with rate close to black market rate); 1990 temporary multiple exchange rates, followed by reunification with flexible rate; 1991 central bank independence increased, within wider programme of free market economic and financial reform associated with end of civil war 1992 and reconstruction; 1992 deposit rates liberalised, credit controls eliminated, auctions of central bank stabilisation bonds and open market operations; stabilisation more or less successful by mid-late 1990s	loosely structured discretion LSD
2001-17	full dollarisation, with explicit aim of lowering interest rates and raising growth: USD made legal tender, financial system accounts and, more gradually, domestic currency converted to USD, reserve requirements replaced by remunerated liquidity requirements, deposit insurance fund and lender of last resort facility restructured, but some ongoing open market operations and central bank's liabilities not assumed by government; for some years IMF remains concerned about continued high fiscal deficits, possible reversibility of dollarisation and limited lender of last resort capability	use of another sovereign's currency UASC

Selected IMF references: RED 1975 pp14-17, 20, 30; RED 1977 p16; RED 1982 pp29, 61-3; SR 1982 pp9, 16-17; RED 1983 pp8-9, 18; RED 1984 p50; RED 1985 p44; SR 1985 p13; RED 1986 pp43-4, 59-60; SR 1986 pp10-11; RED 1990 p38; SR 1990 pp9, 18; RED 1991 p38; SR 1993 pp8-9; RED 1994 pp2-3, 15, 16-18; SR 2001 pp14-15, 20; SR 2002 pp17-18; SR 2003 pp14-15; SR 2005 pp9, 16-17; SI 2006 pp21-34; SR September 2010 pp9-10, 18.

Guatemala had a decade of augmented exchange rate fixing followed by many years of varying and unsuccessful exchange rate arrangements, with gradual development of financial markets and institutions eventually paving the way for successful loose inflation targeting.

Years	Targets and attainment	Classification
1974-84	exchange rate fixed to USD within narrow margins; monetary policy instruments include reserve requirements, capital/asset requirements, interest rate ceilings, rediscount limits and lending ceilings, but monetary control poor, affected by fiscal deficits and surges in private sector credit, monetary growth very variable; 1983-4 stabilisation programme, but major slippages; guerilla warfare from opposition, brutal repression by government, throughout	augmented exchange rate fix AERF
1985-2009	3-tier forex market from late 1984, official rate unchanged versus USD, other two markets more flexible, but imbalances between these markets reinforce effective depreciation and weaken central bank's balance sheet; 1985 limited moves to liberalise interest rates; 1986 renewed stabilisation effort with reorganisation of forex markets, fiscal-monetary tightening, new role for OMOs, price liberalisation; 1988 exchange rates unified with new depreciated peg to USD; 1989 exchange rate floated (and depreciated), interest rate liberalisation, interbank deposits allowed, role of OMOs widened; 1990 after varying arrangements exchange rate becomes heavily managed; 1990s various financial liberalisation measures; 1994 freer interbank forex market with reduced role for central bank; civil war ended late 1996 with agreement for higher education, social and infrastructure spending financed by higher tax revenues, but latter prove elusive; growing emphasis on price stability, and on OMOs as main monetary instrument; significant forex market intervention from time to time; 2001 USD allowed for use in domestic transactions; 2002 central bank independence improved; 2005-9 inflation targets set by central bank's Monetary Board (3 out of 8 of whose members are government ministers), overshot 3 years out of 4 then undershot 2009, inflation expectations nearly always above target band; securities markets remain underdeveloped, monetary policy transmission mechanism weak and monetary growth high; forex intervention now constrained by rules	loosely structured discretion LSD
2010-17	inflation targets now more or less consistently attained, with expectations better anchored, but transmission still weak and some continued forex intervention	loose inflation targeting LIT

Selected IMF references: RED 1975 pp24-5, 30, 70, 72; SR 1975 p9; RED 1976 pp18, 29-30; RED 1979 pp47-9; SR 1983 pp7-8, 10-11; RED 1984 p32; RED 1985 pp33-7; SR 1985 pp8-11, 15, 20; RED 1986 pp33-6, 53; RED 1987 pp1-2, 26-7, 36; RED 1988 pp36, 38; RED 1990 pp2, 20-1, 31; RED 1991 pp17-19, 27; RED 1994 pp14-15, 21; RED 1995 pp15-17, 23, 42-3; SR 1996 p4; RED 1998 pp22-3; SR 1999 pp4, 12, 21; RED 2001 p16; SR 2001 pp10, 12; SR 2002 pp15, 17; SR 2005 pp8, 18; SI 2008 p11; SR 2008 pp5-6, 11-12, 26; SR April

2009 p9; SR November 2009 p18; SR 2012 pp14, 16-17; SR 2013 pp21-2, 25; SR 2014 pp16-17; SR 2016 pp18, 23, 29; SR 2018 pp16-17.

Honduras initially fixed its exchange rate to the USD within narrow margins, but this was accompanied by considerable elements of monetary policy. From 1985 there were dual or adjustable exchange rates while monetary policy gradually became more active and more operated through indirect instruments, with the eventual goal of inflation targeting, dependent on a range of reforms, set (but not yet achieved) towards the end of the period.

Years	Targets and attainment	Classification
1974-84	exchange rate pegged to USD within narrow margins with relatively liberal forex arrangements; monetary policy instruments include rediscount facilities (involving some direction of credit), reserve and capital requirements, interest rate ceilings, credit and portfolio ceilings on banks, OMOs; monetary growth sometimes affected by fiscal deficits but mainly driven by (imprecisely controlled) credit to private sector; 1980s macro imbalances due to exogenous developments and loose domestic policies lead to fluctuating recourse to import restrictions; limited interest rate liberalisation; stabilisation efforts subject to repeated (fiscal and monetary) slippages;	augmented exchange rate fix AERF
1985-2017	1985 secondary forex market (for transactions with rest of Central America at depreciated rate); 1988-90 rising inflation and rising spread between parallel and increasingly overvalued official forex rate leads eventually in late 1990 to exchange rate unification with large depreciation, some forex market liberalisation and mechanism for adjusting the rate in line with market conditions; renewed stabilisation efforts, still subject to slippages; interest rate liberalisation finally completed and more emphasis on OMOs, but reserve requirements remain very high; 1992 exchange rate floated with restrictions, some further forex market liberalisation partially reversed 1994 but increased 1996, with move to adjustable crawl with +/-5% (later 7%) bands via central bank-controlled auctions, actual rate initially at depreciated edge of band then from 1998 at appreciated edge; late 1990s OMO procedures and reserve requirements restructured; more emphasis on price stability as goal; 2005-10 exchange rate highly stable, monetary policy often inappropriately expansionary, repeated policy slippages; 2011 crawling exchange rate band reintroduced with previous auction arrangements; 2015 improvements to monetary arrangements; 2016 decision to adopt inflation targeting, once a range of reforms has been implemented (with work started on domestic and forex interbank markets, central bank technical expertise and central bank independence); statistical database gradually improved	loosely structured discretion LSD

Selected IMF references: RED 1974 pp44-6; RED 1979 pp41-2; SR 1980 p8; SR 1982 pp6, 9-10, 13-14; RED 1986 pp40-1; RED 1988 pp28-9; SR 1988 pp4-6; SR 1989 pp14-15; RED 1990 pp19-20, 36-8; SR 1990 pp11-13; RED 1992 pp19-20, 28; SR 1993 pp5-6, 9, 11; RED 1995 pp18, 21, 30-1, 32-5; SR 1995 pp9-10, 11-12; SR 1996 pp6-7, 8-12; SI 1998 pp30-2, 5-7; SR 1998 pp5, 10, 14-15; SI 2001 pp34-41; SR 2001 pp10, 18; SR 2003 pp19, 22; SR 2005

pp19-20; SR 2009 pp11, 15-16; SR 2013 pp18; SI 2014 pp2-3, 9; SR December 2015 p13;
SR 2016 pp16-17; SR 2017 p13; SR 2018 p16.

Mexico had a long period of financial evolution with some exchange rate management plus increasingly active monetary policy, before embarking in 2001 on inflation targeting which became more organised and effective from 2001.

Years	Targets and attainment	Classification
1974-6	fixed exchange rate (fixed since 1954) in context of heavily regulated monetary system but open foreign exchange market with no capital controls	full exchange rate targeting FERT
1977-2000	exchange rate floating, initially more managed (with dual exchange rate market 1982-91), but freer float from 1995; monetary policy instruments evolving from central bank-set interest rates, reserve requirements and occasional direct credit controls, with recurring fiscal dominance, to open market operations in short and medium term government securities; recurring periods of exchange rate weakness and capital flight, especially 1982 (which precipitated nationalisation, reform and privatisation of commercial banks) and 1994; central bank more independent from 1993	loosely structured discretion LSD
2001-3	converging inflation targets nearly missed twice in three years; targeting operated through (longstanding) control of banks' settlement balances rather than policy rate; central bank communication weak, e.g. no inflation forecasts published; 'rules-based' mechanism from 2003 to provide for international reserve accumulation without distortions to forex market	loose converging inflation targeting LCIT
2004-10	stable inflation targets missed 2008, 2009 (with some upward drift of inflation expectations), and nearly missed 2004, 2010; inflation forecasts published from 2007 and policy rate becomes main instrument in 2008	loose inflation targeting LIT
2011-17	inflation targets hit each year except 2017 when medium-term expectations remain anchored; inflation targeting framework more complete and more comparable to elsewhere, improved communication	full inflation targeting FIT

Selected IMF references: RED 1980 pp34-41; RED 1983 pp70-3; RED 1990 pp34-5; RED 1995 chapter I; SI 2000 chapter VI; SI 2002 pp94-6; SR 2003 pp9, 12, 22-4, 30; SR 2006 p4; SR 2009 p18; SR 2011 p17; SR 2017 pp17-19, 31; SR 2018 pp18, 34.

Nicaragua had fixed its exchange rate at the start of the period, in the context of some limited monetary policy. The 1980s under the Sandinista government in the 1980s was a period of unstructured discretion, with growing fiscal deficits overwhelming the exchange and other controls also operated. The following governments moved to stabilise the economy and reverted to fixing the exchange rate from 1996.

Years	Targets and attainment	Classification
1974-79	exchange rate pegged to USD with narrow margins; monetary policy instruments include reserve requirements, interest rate controls, credit controls backed by rediscount facilities, and controls on banks' foreign borrowings; monetary growth also affected by fiscal deficits; interest rate structure revised 1976; exchange controls tightened late 1978 (with rising spread on parallel market), large devaluation early 1979; worsening security situation from Sandinista guerrilla activity	augmented exchange rate fix AERF
1980-90	new post-civil war government intensifies exchange controls with multiple rates and tries to control parallel market, introduces wider price controls and subsidies, nationalises and consolidates banks (and other companies), and shifts emphasis between monetary instruments from reserve requirements towards selective credit controls and between goals towards growth in priority sectors; high central bank financing of government and non-bank nationalised sector, high overall credit expansion, rising foreign indebtedness; external transactions shifted over time to 'parallel' market with more depreciated rate; 1985-86 further devaluations and additional exchange rates (which lead to rising losses of central bank but fail to halt rising real appreciation), very wide spread in parallel market; very high public sector deficits (larger rises in defence than cuts in non-defence spending) and credit expansion from mid-1980s; attempts to restrain credit growth undermined by fiscal and other policies; adjustment policies 1988 including currency reform with new córdoba pegged to USD, but almost immediate slippages, further depreciations; 1989 further stabilisation attempt more successful, multiple further depreciations; security issues from 'contra' guerrilla activity most of 1980s; US trade embargo 1985-90	unstructured discretion UD
1991-95	1990 following pre-election relaxation new government introduces second currency, córdoba oro, pegged at par to USD, and continues to adjust exchange rate of new córdoba, which is phased out 1991 with large devaluation of córdoba oro; 1993 further devaluation and crawling peg at pre-announced rate of 5% per annum, later raised to 1% per month; 1991-95 interest rate and other financial liberalisation and reform, with central bank lending to banks curtailed, credit controls eliminated, reserve requirements simplified and reduced, central bank independence increased, central bank negotiable paper	loosely structured discretion LSD

	(CENIs, exchange rate indexed) introduced; 1995 fresh stabilisation efforts	
1996-2017	1996 exchange rate unification and liberalisation; some development of interbank forex market, but central bank buys/sells any amount of foreign currency at exchange rate determined by pre-announced crawl; new government 1997 reinforces stabilisation and structural reform (despite serious hurricane damage 1998), including reduction in large outstanding stock of CENIs and lengthening of their average maturity, reduction in speed of exchange rate crawl to 9% p.a. and then 6% 1999-2000, but policy slippages return; banking crisis 2000-01; dollarisation rises through 1990s to high levels in 2000s; new government 2002 more serious about stabilisation and corruption, but political tensions lead to renewed slippages; 2004 rate of exchange rate crawl cut from 6% to 5%; sharp rises in inflation 2007-8 due to commodity price shocks and natural disasters, later reversed under impact of GFC; 2008 controversy affecting central bank management board over CENIs issued in banking crisis of 2000-01, temporary halt to debt payments on them, followed by bond restructuring; new central bank papers introduced for short-term liquidity management 2014; monetary policy uses OMOs but remains focused on quantities rather than interest rates, notably reserve targets, and on exchange rate crawl, within highly dollarised economy; statistical database still weak	augmented exchange rate fix AERF

Selected IMF references: RED 1975 pp18, 27-9; RED 1977 pp14-16; RED 1981 pp28-30, 36, 54-7; RED 1984 pp22-4, 25, 30, 33, 37-8, 53-4; SR 1984 pp11-14; RED 1985 pp26-7, 44, 60; SR 1985 pp8, 11-12; RED 1986 pp46-51; RED 1987 pp27-8, 32-3; RED 1988 pp42-4; SR 1988 pp1-11; RED 1991 pp28-30, 46-7; SR 1991 pp8-10, 24; RED 1994 pp1, 18-19, 20-1, 28-9; RED 1996 pp15-17, 45-7; SR 1996 pp8-9; SR 1998 pp42, 45; SR 1999 pp11, 12, 40-1, 54; SR 2001 pp5, 8; SR 2002 p8; *Fifth and Sixth Reviews under the Three-Year Arrangement under the Poverty Reduction and Growth Facility* (2004) p15; SI 2005 pp27-34; SR 2005 pp8, 28-30; *First Review under the Three-Year Arrangement under the Poverty Reduction and Growth Facility* (2008) pp13, 15; SRIA 2007 p3; SR 2010 pp15-16; SR 2013 pp8-9; SRIA 2013 p4; SR 2015 pp13-14; SR 2017 pp15; SRIA 2017 pp2-3.

Additional sources: Ocampo (1991).

Panama has long used the USD as its currency.

Years	Targets and attainment	Classification
1974-2017	domestic currency exists in form of coins only and is pegged 1:1 to USD, which circulates freely; liberal financial arrangements, no capital controls; no central bank but state-owned National Bank, which is both commercial bank and government's fiscal agent (including arrangement of foreign borrowing), and National Banking Commission, which supervises banks and can (but very rarely does) vary reserve and capital requirements; from early 1970s rapidly growing, largely foreign-owned and foreign-oriented, banking system; 1977 treaty with US for later transfer of Panama Canal to Panamanian control; mid-1970s to late 1980s recurring fiscal deficits bring large rises in external public debt and debt service, stabilisation efforts partly successful; fiscal, financial and wider economic situation greatly worsened by US sanctions 1988, banks closed for two months and access to international capital markets and to IMF lost; idea of issuing new Panamanian currency considered but rejected; US invades end-1989 and changes regime, leading to normalisation, stabilisation and gradual clearance of arrears; 1999 Panama Canal handed over to Panama; from late 1990s financial liberalisation and upgrading of bank supervision in line with international norms; evidence of strong financial deepening, related to use of USD; absence of lender of last resort or macroprudential policy poses challenges in GFC, but response is very slow; 2010 efforts to remove Panama from OECD grey list of tax havens, 2014 efforts to remove Panama from FATF gray list, but 2016 'Panama Papers' leak demonstrates continuing defects in regulation and transparency; 2016 expansion of Panama Canal to large ships completed; improvements over time in statistical data	use of another sovereign's currency UASC

Selected IMF references: RED 1974 pp23-25, 30, 45-9; RED 1976 pp27-8; RED 1978 p17; RED 1981 p35; SR 1988 pp7-10; RED 1989 pp1-2; RED 1991 pp29-30; SR 1991 pp3-4; SR 1997 pp6-9; RED 1998 pp17-23; SR 2004 pp13-14; SISA 2006 pp43-61; SR 2008 p8; SR 2009 pp5-6, 17, 19; SR 2010 pp9, 12, 17; SR 2012 pp12-13, 17; SI 2013 pp14-24; SR 2016 pp5-6, 9-12, 15-18; SR 2017 pp7-8, 12-13, 17-19; SR 2018 pp10-13, 18.

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