Individual country details:
Africa

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Update to 2023
Finalised September 2024

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):
Background Information and Statistical Data = BISD
Background Issues and Statistical Update = BISU
Background Material = BM
Background Paper(s) = BP
Memorandum of Economic and Financial Policies = MEFP
Poverty Reduction and Growth Facility = PRGF
Recent Economic Developments = RED
Recent Economic Developments and Regional Policy Issues = REDRPI
Recent Economic Developments and Selected Economic Issues = REDSEI
Recent Economic Developments and Selected Issues = REDSI
Recent Structural Reform = RSR
Report on Recent Economic Developments and Prospects = RREDP
Request for Stand-By Arrangement = RSBA
Selected Issues = SI
Selected Background Issues = SBI
Selected Issues and Statistical Appendix = SISA
Social and Economic Background Paper = SEBP
Staff Report = SR
Staff Report Informational Annex = SRIA
Statistical Tables and Recent Developments = STRD

Other abbreviations
CD = certificate of deposit
CFA = Communauté Financière Africaine
ECF = Extended Credit Facility
GBP = pound sterling
GFC = Global Financial Crisis
OMO = open market operation
PCI = Policy Coordination Instrument
PSI = Policy Support Instrument
RSF = Resilience and Sustainability Facility
SBA = Stand-by Arrangement
SDR = Special Drawing Right

SOE = state-owned enterprise
USD = US dollar

Algeria went from a command economy in which the financial system was subordinate to the plan, through some initially hesitant changes, to a framework in which monetary policy came to play a more important role but reform of the financial infrastructure and the transmission mechanism remained far from complete.

Years	Targets and attainment	Classification
1974-86	2-tier state-owned banking system heavily controlled along with central bank within context of development plan; Treasury acts as important financial intermediary; various monetary instruments available (open market operations, discount rate changes, liquidity ratios, rediscount ceilings) but only latter in regular use; monetary and credit growth affected by fiscal deficits; exchange rate managed (fixed) on basis of basket (weights not published, but large weight on USD) to limit effect of exchange rate variations on domestic prices (also special rate for remittances of emigrants); sustained appreciation in line with USD 1980-85 leads to overvaluation	multiple direct controls MDC
1987-89	more active exchange rate management from late 1986 leads to sustained depreciation; start of wide ranging but cautious reforms to public enterprises, banks and central bank, but Treasury remains major financial intermediary	unstructured discretion UD
1990-2023	reforms started in mid-1980s now amount to decisive move away from central planning towards market mechanisms, including flexible interest rate structure and new interbank money market, and plans for further moves to indirect monetary instruments; central bank given de jure independence 1990; major depreciation followed by forex and trade liberalisation 1991; implementation of reforms delayed, even partially reversed, by widening fiscal deficit related to civil strife following cancellation of end-1991 elections, but resumed 1994 with stabilisation programme; further major depreciation 1994 followed by managed float; (remunerated) reserve requirement for banks 1994; bank refinancing via central bank auctions of deposit facilities from 1995; interbank forex market from 1996; secondary market for Treasury bills from 1998; 2001 some weakening of central bank autonomy; increasing focus on price stability (with central bank inflation target of 4% from 2014) but monetary policy framework remains unclear (and monetary control imprecise), with weak monetary transmission mechanism and weak credit growth; difficulties in handling large oil revenues (which make for continuous structural liquidity surplus in banking system) and from high level of non-performing loans of public sector banks; very slow development of government bond market; persistence of parallel currency market with sizable premium; oil price fall 2015 means end to liquidity surplus, opportunity to	loosely structured discretion LSD

	restructure growth model and monetary arrangements, but outcome unclear; 2016-17 some depreciation, some fiscal consolidation, late 2017 banking law change allows shift to monetarily financed fiscal expansion (with efforts to mop up part of resulting liquidity, and fiscal consolidation planned for 2019); 2021 liquidity management (and hence monetary transmission) remain weak; political tensions lead to variable fiscal consolidation from 2019, Covid-19 has adverse impact despite strong policy response 2020-21; 2022 oil price rise eases fiscal and external position, but also raises inflation; 2023 new law includes some limited improvements to central bank governance and autonomy, but monetary transmission remains weak, there is no interest rate corridor, liquidity absorption relies heavily on reserve requirements, and exchange rate is still actively managed	

Selected IMF references: RED 1973 pp83-90; RED 1975 pp42, 55; SR 1975 pp13-14; RED 1981 pp33-4, 48-9; RED 1982 pp1-2, 47-8; SR 1982 p14; SR 1986 p26; SR 1988 pp9, 17-18; SR 1989 pp10-11, 13-15; RED 1991 pp23-5, 27, 31-2; RED 1994 pp1-3, 27; SR 1995 pp15, 26; SI 1996 pp6-9; SR 1996 p14; SR 1997 pp6-7; SR 1998 p10; RED 2000 pp39-41; SR 2001 p28; SI Jan 2003 pp32-3; SR 2003 pp11-12, 21; SI 2004 pp77-8; SR Jan 2006 pp10, 13-16; SI 2008 pp14-15; SI 2014 pp3-25; SR 2016 p20; SR 2017 pp21-2; SR 2018 pp4-5, 9-14, 21; SR 2021 pp6-101, 60-1; SR 2023 pp7-10, 16-17, 53-4; SR 2024 pp15-19, 44.

Additional source: Zouache and Ilmane (2009).

Angola started independence with a colonial legacy currency, which was soon replaced by a new currency pegged officially to the USD. The period until 2002 was dominated by the off-and-on civil war, which undermined the attempted central planning, made monetary policy subordinate to large and varying fiscal deficits and obstructed intended reforms in the 1990s. The end of the war led over time to more reform and some stabilisation, with pegged or managed exchange rates and a gradual (as yet incomplete) shift of monetary policy towards indirect instruments.

Years	Targets and attainment	Classification
1976-98	[NB no IMF consultations before 1990] at independence in November 1975 currency is Angolan escudo, at parity with Portuguese escudo but in practice inconvertible; coins previously issued by treasury and banknotes by local branch of Portuguese commercial bank; latter taken over and becomes central bank, but continues commercial bank operations; all other banks nationalised and consolidated in single institution; 1977 escudo replaced by kwanza, pegged to USD, but parallel market develops with high premium; Angola has large output and export of diamonds and later oil; in principle economy is centrally planned and heavily controlled, with exchange controls and foreign exchange budget, but planning is neither comprehensive nor fully effective and is hindered by acute statistical weaknesses; credit is lent automatically to government (at zero interest, with no repayment expected) and to SOEs (at fixed rates, but with many loans non-performing); exodus at independence of Portuguese skilled and semi-skilled settlers hinders economic revival; off-and-on civil war 1975-2002 has dire economic effects, contributing to low output, large fiscal deficits, high monetary growth and parallel markets for goods as well as forex; 1987, 1989 economic packages involve wide-ranging structural reform plans but few stabilising actions; 1990 package involves currency reform including monetary contraction due to strict limits on cash conversion of old kwanza at par to new kwanza (rest is converted into securities), followed in 1991 by 100% devaluation: parallel premium reduced but still very high; monetisation of fiscal deficits continues to affect prices and parallel exchange rate; 1991 start of long process to shift commercial banking operations of central bank into new commercial bank, plus wider restructuring and opening up of commercial banking; introduction of reserve requirements, also rediscount and credit ceilings (latter become important later); 1991-4 various exchange rate arrangements tried but largely ineffective, forex still rationed, high parallel market premium; demonetisation and dollarisation; 1994 partial interest rate liberalisation, but little stabilisation progress; mid-1995 new kwanza replaced by readjusted kwanza at rate of 1000:1; 1996, in context of hyperinflation, stabilisation package leads to	unstructured discretion UD

	temporary improvements, but 1997 stabilisation package delayed by internal security situation; resurgence of depreciation 1998 with resumption of civil war; statistical database remains weak despite some improvement	
1999-2023	1999 forex liberalisation, new interbank forex market, exchange rate floated (with large depreciation), interest rates liberalised, issues of open market paper (central bank bills), currency reform with (second) kwanza equal to one million readjusted kwanzas; monetary policy remains accommodating, with recurring fiscal dominance and recurring heavy forex interventions; 2002 end of civil war brings opportunities for growth including of oil output (which has long dominated economy), but poverty is wide and deep; mid-2003 issues of treasury bonds and bills; late 2003 'hard kwanza' policy stabilising but not formally pegging exchange rate (peg periodically adjusted), with sales of foreign exchange used to absorb excess liquidity; by 2007, primary concern is with inflation, though this is not explicit, while financial market underdevelopment, weak monetary transmission, dollarisation, continuing fiscal deficits and dependence of central bank preclude use of interest rates as main instrument or move to inflation targeting; more substantial stabilisation programme late 2009 includes monetary and fiscal tightening, settlement of domestic arrears, and reforms of forex auctions (leading to large depreciation) but restrictions, inflexibilities and imbalances remain in forex market; parallel market still has significant spreads at times; 2011 new monetary policy operating framework includes monetary policy committee, central bank reference rate and standing facilities, so focus of monetary policy operations shifts from base money to interest rates, but transmission mechanism remains weak; dollarisation declining from 2010; 2014 sovereign wealth fund; from late 2014 exchange rate allowed to depreciate in response to oil price fall, parallel premium rises sharply; April 2016 exchange rate repegged to USD to aid disinflation; late 2017 shift back to base money as anchor, 2018 exit from peg, regular but managed forex auctions leading to major depreciation; from 2019 recourse to rise in reserve requirements as well as in standing facility interest rates to drain liquidity, forex auctions more often and less controlled; strong effect from but also response to Covid-19 (plus related oil price fall); greater exchange rate flexibility, wider access to electronic trading platform; parallel premium wider first half of 2020, narrower second half; late 2021 start of move to inflation targeting with reforms in forecasting and communications, while forex intervention remains limited; 2023 central bank legal changes, continuing liquidity management issues, interest	loosely structured discretion LSD

	rate corridor ineffective; substantial improvement in statistical database over period	

Selected IMF references: *The Economy of Angola*, 1975, pp29-34, 36-7, 44; RED 1990 pp1-3, 30-3, 41-3; SR 1990 pp2-10; RED 1991 pp2, 37-40; SR 1991 pp3-7; RED 1993 pp12-14, 17-18; RED 1995 pp25-6, 33-4; SR 1995 pp3-5; RED 1997 pp9, 47-51; SR 1999 pp3, 7-10; RED 2000 pp16; SR 2000 p8; SISA 2003 pp5-21; SR 2003 pp7-8; SISA 2005 pp32-4; SR 2005 pp6-8, 14-15; SISA 2007 pp7-9, 12-13, 21-2; SR 2009 p18; SR 2012 pp14-17; SR 2014 pp9-10, 14, 16, 21; SI 2015 p46-8, 56; SR 2015 pp5-7, 14-15; SR 2016 pp10-12; SR 2018 pp5, 11-12, 27; SR, 1st Review under EFF, May 2019 pp5, 8-9; SR, 2nd Review under EFF, November 2019 pp8-9; SR, 3rd Review under EFF, July 2020 pp4-6, 9-10; SR, 4th Review under EFF, December 2020 pp8-9; SR 2021 pp11-12, 17-18; SR 2023 pp13-14, 38-9; SR 2024 pp7, 15-18, 78-9; SRIA 2024 pp8-11.

Benin continued to be a member of the CFA franc zone.

Years	Targets and attainment	Classification
1974-2023	member of west African CFA franc zone, see West African (Economic and) Monetary Union; national credit committee has some say pre-1994 on allocation of credit within country, but there is no national monetary policy	member of currency union CU

Botswana had been using the South Africa rand for many years, but chose to issue its own currency, fixed for most of the period to the rand or a basket containing the rand and the SDR, but with frequent adjustments, for many years ad hoc but later in a more formalised and then more transparent crawl. Over time, although the banking system grew, secondary financial markets remained absent, but monetary policy moved towards indirect instruments in pursuit of an inflation objective range.

Years	Targets and attainment	Classification
1974-6	currency for many years has been South African rand, with Botswana, Lesotho and Eswatini jointly trying to change arrangements to facilitate own development, but Botswana chooses not to join Rand Monetary Area agreed late 1974; small open economy with long and close links to South Africa including customs union, workers in South African mines; strong, growing diamond mining sector provides large revenues to government, but implies exposure to fluctuations in output and world price; banking and financial system limited and concentrated; 1975 central bank established in preparation for issue of new currency, with powers to set reserve and liquid assets ratios	use of another sovereign's currency UASC
1977-2012	issue of new currency late 1976, fixed to USD with small revaluations 1977 and 1979, then from mid-1980 fixed to basket of SDR and rand (equally weighted) with small revaluation late 1980, revaluations tending to stabilise rate against rand (currency of most import payments); central bank sets interest rates, becomes banker to government, whose fiscal policies are conservative; monetary growth typically dominated by imperfectly and variably sterilised external and budget surpluses; recurring problem of excess liquidity at banks, partly due to government lending to SOEs, while interest rate cuts fail to increase borrowing; 1982 devaluation to counter appreciation vs rand; 1982-3 more active variation of interest rates and liquid asset ratio, temporary use of credit controls; devaluations 1984 and 1985, plus changes in basket (increase in weight of rand, partly reversed 1986, after which weights no longer disclosed); 1986 smaller and more frequent adjustments to exchange rate, with exchange rate policy now concerned with risk of imported inflation from South Africa as well as competitiveness; late 1986 bank interest rates no longer set by central bank; 1988 liberalisation of (already quite open) trade and payments system; 1989 revaluation; 1991 central bank certificates of deposit issued by auction to absorb liquidity and to enable more market-determined interest rates, in growing banking system; late 1991 devaluation, and Zimbabwe dollar added to basket until 1994; policy emphasis shifts towards competitiveness for export diversification (in context of Dutch disease effects); government remains major lender (to SOEs), while excess	loosely structured discretion LSD

	liquidity persists and central bank is 'deposit-taker of last resort'; gradual rises make interest rates positive in real terms, call account facility at central bank ended 1991; by 1994 OMOs in primary market for central bank certificates enable some absorption of excess liquidity and return of bank rate as effective reference rate for banks, but excess liquidity persists; reserve and liquid assets ratios revised 1994; exchange rate now moving closely with rand; 1995 further, 1999 full, exchange control liberalisation; 1999 introduction of secured lending facility at central bank and repo agreements; peg to rand limits scope for independent monetary policy, but lack of depth and development of Botswana financial markets means significant interest differentials can exist; from 1999 growth of international financial services centre; 2000 exchange rate policy puts less weight on more volatile rand and has rate determined by basket; 2003 government bonds of various terms issued, but secondary trading still limited; devaluation 2004 to offset preceding real effective appreciation; 2000s high incidence of HIV/AIDS and privatisation of public pension system pose problems for welfare and monetary policy; mid-2000s more focus on inflation with medium-term objective range (mostly exceeded) based on average inflation in trading partners; central bank trying to improve its own forecasting ability and monetary transmission mechanism; 2005 devaluation and adoption of crawling peg to basket of SDR and rand (rate of crawl not disclosed, but set annually so as to offset forecast inflation differential), as step towards greater exchange rate flexibility in longer run, but risk of conflict in short run between objectives for nominal exchange rate, real exchange rate and inflation; from mid-2007 rate of crawl reduced, real effective rate relatively stable; persisting excess liquidity weakens transmission mechanism; central bank communications improved; 2012 reforms to liquidity management, with more frequent use of reverse repos	
2013-23	2013 currency basket weights, rate of crawl set annually, both now disclosed, rate of crawl low and varying in sign; central bank has inflation objective range, mostly attained; strong effect from and strong response to Covid-19; 2022 new market-related policy rate and regular central bank certificate auctions, 2023 policy measures to develop weak financial markets; 2023 severe diamond market contraction; statistical database adequate by end of period	loose exchange rate adjustment LERT

Selected IMF references: RED 1974 pp40-1, 59-60; SR 1974 pp9-10; RED 1976 pp33-6; RED 1978 pp31, 32, 34, 38-40, 49; RED 1979 pp38-9, 54; RED 1981 pp54-6; SR 1981 pp5, 8-9; RED 1982 pp46; RED 1984 pp32-3; RED 1985 p43; RED 1987 pp55-6, 70-3; SR 1987 pp4, 7, 9-10; RED 1988 pp41-4, 55; SR 1988 pp16-19; RED 1990 pp36-7, 41-2, 54; SR 1991 p7; RED 1993 pp33-4, 35-7, 47; BPSA 1994 pp5, 36-47; REDSI 1996 pp42-3; SR 1997 pp8, 14; SISA 1998 pp4-6; SR 1998 p7; SISA 1999 pp15-16, 24; SR 1999 p12; SR 2001 pp12-14, 19; SISA 2002 pp22-32; SR 2002 pp8-9; SISA 2004 pp39, 43-7; SR 2004 pp4-5, 15-17; SR 2005 pp18-19; SR 2005 Supplement 1 pp1-4; SR 2006 pp8, 11-12; SR 2007 pp12-16; SR 2010 pp10-11; SR 2011 p8; SR 2012 pp6, 16, 19; SR 2013 pp6, 7, 18; SR 2014 pp5, 8-9; SR 2016 pp6-8; SR 2018 pp11-12, 22; SR 2020 pp13-14, 20; SR 2021 pp5-8, 13-15; SR 2022 pp5, 12-14; SI 2023 pp19-23, 26-7, 33-5; SR 2023 pp4-6, 13-15; SR 2024 pp4-6, 12-14, 18, 59-60.

Burkina Faso continued to be a member of the CFA franc zone.

Years	Targets and attainment	Classification
1974-2023	member of west African CFA franc zone, see West African (Economic and) Monetary Union; national credit committee has some say pre-1994 on allocation of credit within country, but there is no national monetary policy	member of currency union CU

Burundi initially fixed its exchange rate to the USD, and then the SDR, but from 1987 moved erratically towards greater exchange rate flexibility and more active monetary policy, including the adoption of some indirect monetary instruments in a context of limited development of financial markets and institutions.

Years	Targets and attainment	Classification
1974-86	currency pegged to USD since 1970, parity adjusted 1972 and 1973, central bank sets exchange rates for authorised banks with narrow margins; central bank operates direct credit controls (ceilings and prior approval) over the few banks, interest rates rarely changed; importance of coffee production whose seasonality has major effect on bank lending; annually agreed limits on central bank lending to government; price controls and development planning; 1976 devaluation; late 1970s monetary policy still largely accommodating, in particular of fiscal deficits (limits are not so strict), but some concern with growth as well as external equilibrium and price stability; recurring trend of fiscal overexpansion and rising overvaluation; 1978 credit ceilings abolished but more emphasis on central bank prior appraisal of large individual loans, plus rediscount policy and interest rates; economic disruption from droughts, and periodic conflicts in nearby countries; 1982 central bank tries to tighten limits on credit to government; 1983 peg switched to SDR, large devaluation; another devaluation 1986 July plus several small adjustments by end of year	augmented exchange rate fix AERF
1987-2023	consolidation of move to greater exchange rate flexibility within wider programme of economic reform: from 1987 further small depreciations at varying intervals and sizes, liberalisation especially of exchange and trade, public enterprise reform, but not much stabilisation; 1988 prior approval abolished, interest rates liberalised, auctions of treasury certificates initiated, but auction not effective and liquidity ratio poorly observed; growth of bank and nonbank financial institutions; 1991 reserve requirements introduced; 1991 renewed reform efforts, moves towards indirect monetary instruments; depreciations resume; 1992 peg switched to trade-weighted basket, some forex liberalisation; 1993-2005 civil war, with internal and external displacements and arrival of refugees from Rwanda, falls in GDP and rises in inflation, departure or death of many civil servants, liberalisation in many areas halted or reversed; 1995 closure of large commercial bank, other banks suffer large non-performing loans; large fiscal deficits accommodated by monetary expansion; embargo imposed on Burundi by neighbouring countries in response to 1996 coup; with exchange rate managed and forex rationed, parallel forex market premium rises; real interest rates negative; some trade/exchange controls	loosely structured discretion LSD

	reintroduced; second official forex market set up late 1999 but abandoned mid-2000, forex market remains heavily distorted with large parallel premium; mid-2002 major depreciation allowed, some forex liberalisation including regular auctions, parallel premium declines; further forex liberalisation 2003; Arusha peace agreement signed 2000 but properly implemented only from 2005; stabilisation and structural reform resumed; more brief hostilities mid-2008 followed by final peace agreement; as of 2010 monetary policy is geared towards price stability and then growth, with a managed float/crawling peg of exchange rate (at roughly its equilibrium level), with some emphasis on reserve and broad money, while instruments are indirect but inflexible (forex and liquidity auctions) and interbank and bond markets are very limited; 2015 political crisis and repression lead to renewed internal and external displacement, monetary financing of growing deficits, increased bank fragility, re-emergence of parallel forex premium, falls in GDP and rise in inflation, international isolation with suspension of most aid, and failure to provide data to international institutions; 2021-22 re-engagement with international community, US and European sanctions lifted; Covid-19 largely contained; 2022 global commodity prices rises; as of 2022 monetary policy focused on monetary aggregates with monetary base targeted via reserve requirements, liquidity tenders, marginal lending facility and temporary advances on bills, but talk of exchange rate unification and monetary modernisation including inflation targeting; 2023 partial forex market liberalisation with more to follow, planned monetary framework modernisation; provision of statistical data reduced in crisis from 2015 and restored in 2020, but statistical database remains weak	

Selected IMF references: [No Article IV consultation between 2014 and 2022] RED 1974 pp26, 41-3, 49-55; RED 1977 pp35-6, 55; RED 1979 pp36-8; RED 1982 pp33-9; RED 1984 pp43, 63-4; RED 1986 pp47-8, 51, 55; RED 1987 p13; RED 1989 pp42-9, 66; SR 1990 pp16, 19; RED 1992 pp23-4, 28-32, 35, 49; SR 1992 pp3-4, 6-8; BPSA 1994 pp2-8; SR 1996 pp5, 11; RED 1997 pp12-13, 15; SR 1998 pp12, 14-15; SR 2002 pp8, 9-10, 15, 16; SISA 2004 pp17-24; SR 2004 pp7-8; SR 2010 pp9, 11; SR 2014 p18; *Burundi: Economic Developments* December 2017 pp3-9; *Request for Debt Relief under Catastrophe Containment and Relief Trust* July 2020, pp2-3, 7-8; SI 2022 pp30-2; SR 2022 pp5, 16-20; SRIA 20922 pp7-10; *Request under the ECF…* June 2023 pp5-7, 16-21.

Other sources: Banque de la République du Burundi, 'Cadre de Politique Monétaire', at https://www.brb.bi/en/node/12 (accessed 27.9.24).

Cabo Verde is a small open economy depending on foreign aid and emigrants' remittances. After independence in 1975 it initially continued to fix its exchange rate to the Portuguese escudo, then shifted the peg to a currency basket, and later (via a brief return to the Portuguese escudo) to the euro in 1999. Over time there has been significant evolution in the aims and instruments of monetary policy, but financial markets remain shallow and the scope for monetary policy necessarily limited.

Years	Targets and attainment	Classification
1975-2023	independence 1975; Cabo Verde escudo, initially at par with Portuguese escudo, repegged 1977 to currency basket (later revised) in which Portuguese escudo has largest weight; one central/commercial/development bank set up, takes over assets and liabilities of the two existing banks, and starts operating mid-1976, together with state-owned savings institution; small, very open economy, with long-standing role in services to international transport, but subject to near-permanent drought, and dependent on remittances from large diaspora and on foreign aid; price, trade and exchange controls; colonial credit ceilings maintained but raised; lending becomes more active and development-oriented; interest rates changed early 1985, for first time; foreign grants and loans fund most capital expenditures while current spending is financed by tax revenues; central bank is subject to limits in its lending to government but tends to accommodate (many) parastatals; exchange rate policy focused on stability of real effective rate (where currency of Portugal, most important trading partner, is depreciating against other major currencies, especially USD); monetary policy aims to promote growth while avoiding external imbalances and inflationary pressures, but monetary growth not always in line with intentions; wider political reform and economic liberalisation from late 1980s; 1991 plan for two-tier banking system and its opening up to private sector; 1993 monobank's commercial activities spun off into separate universal bank, savings institution also reorganised into universal bank; central bank relies mainly on credit ceilings, plus reserve requirements and setting of bank interest rates and fees; government bonds from 1993; 1995 plan to shift from credit ceilings and interest rate controls towards indirect instruments in form of rediscount window and treasury bill issues; 1996 interest rates liberalised, but limited competition means not much effect; early 1996 devaluation in small steps; 1996, 1998 two foreign banks start operating, payments system improved; devaluation early 1998, peg switched from basket to Portuguese escudo mid-1998 and (after forex liberalisation 1998) to euro 1999, with credit facility provided by Portugal; domestic debt conversion 1999; privatisation of two state-	augmented exchange rate fix AERF

	owned banks 1999; 1999-2000 fiscal slippages endanger euro peg, but 2001 new government implements stabilising fiscal and monetary policies and adopts new law increasing central bank independence; central bank can in principle now do OMOs (including repos), and has (broad) interest rate corridor, but interbank and secondary markets limited; from mid-2000s no fiscal dominance, monetary policy (given peg to euro and concern with emigrant deposits) largely passive, but recurring excess liquidity in banks; 2019 interest rate corridor narrowed to improve monetary transmission mechanism; very strong impact from Covid-10 but quick recovery; some ongoing improvements to monetary operations; provision data broadly adequate by end of period, room for improvement	

Selected IMF references: RED 1979 pp26-29, 37-40; RED 1980 pp41, 45-7; RED 1985 pp 43, 52; RED 1986 pp29-31; SR 1988 pp12a, 16, 17; SR 1990 pp6-8, 12, 14; RED 1991 pp6-10; RED 1993 p10; BISU 1994 pp1-3, 19, 21-3; RED 1996 pp11-13, 16-18; SR 1996 pp6-8; SR 1998 pp13-14; RED 1999 pp26-8; SR 1999 pp9, 10, 40; SR 2001 pp20; SR 2002 pp6-9, 15, 30; SISA 2005 pp31-2; SR 2006 p19; SR 2008 pp7-8; SR 2010 pp10-11, 12-13; SR 2014 pp15-16; SR 2018 pp11-12; SR 2019 pp5, 7, 15, 25; SR 2023 pp4, 12-14, 39; SRIA 2023 pp 6-8; *4th Review under the ECF…* June 2024 pp5-6, 12-14.

Cameroon continued to be a member of the CFA franc zone.

Years	Targets and attainment	Classification
1974-2023	member of central African CFA franc zone, see Central African Economic and Monetary Community; country-specific banknotes are issued but they are legal tender throughout the union; national monetary committee has some say over credit allocation and banking conditions within country, but there is no national monetary policy	member of currency union CU

Central African Economic and Monetary Community is a currency union whose exchange rate has been fixed to the French franc, with a major devaluation in 1994, and then, from 1999, to the euro. While the scope for monetary policy is limited, and banking conditions were for many years imperfectly harmonised between members, its operation has evolved slowly and incompletely from direct towards indirect monetary instruments, and towards a more integrated currency union.

Years	Targets and attainment	Classification
1974-2023	under arrangements inherited (with some modifications in agreements of late 1973) from colonial period, the Central African Monetary Area, then from 1994 Central African Economic and Monetary Community (Communauté Economique et Monétaire de l'Afrique Centrale, CEMAC), covers Cameroon, Central African Republic, Chad, Congo (Republic of) and Gabon, plus from 1985 Equatorial Guinea; central bank, Banque des Etats de l'Afrique Centrale (BEAC), originally operated from France but 1977 relocated to Yaounde with African governor; the Coopération financière en Afrique centrale (CFA) franc is fixed to French franc until 1998 then from 1999 to euro; peg is supported by operations account with French Treasury, in which 65% of central bank's forex reserves (50% from 2009) must be held: French Treasury pays interest on those balances, guarantees convertibility of CFA franc to SDR via unlimited overdraft facility, and retains minority representation on BEAC board; country-specific banknotes are issued but they are legal tender throughout the union; commitment to exchange rate peg plus high (but not complete) capital mobility between union and France mean little scope for independent monetary policy; lending to governments is limited to 20% of fiscal receipts of previous year; central bank sets overall and national credit and refinancing targets, split between credit to government and rest of economy, with emphasis on quality of loans, and national monetary committees decide allocation within each country; if BEAC's ratio of gross foreign assets to sight liabilities falls below 20% for three consecutive months or if operations account goes negative, BEAC is required to tighten policy, which could mean both raising discount rate and reducing credit ceilings, but interest rates infrequently adjusted; from 1990 attempts to reduce previous divergences between banking conditions in different countries; January 1994, after long-term decline in terms of trade and despite sustained but ultimately unsuccessful efforts at internal adjustment, devaluation of 50% (in foreign currency terms), followed by stabilisation programmes in each country and increased focus on regional integration; mid-1994, in move towards indirect monetary instruments, country-specific credit	augmented exchange rate fix AERF

	policies replaced by weekly auctions of finance for banks (initially at country level) and interbank market; by late 1990s main instruments are weekly injections of liquidity at fixed rates, with both quantities and prices set by BEAC, but banking conditions continue to vary between countries, interbank market is largely inactive and BEAC's control of credit to governments (within the 20% ceiling) is limited; 1999 peg switched to euro with no change to arrangements with French Treasury; efforts to raise fiscal convergence, hindered by lack of stabilisation or wealth funds for those CEMAC countries which are oil producers, and by governments' use of commercial bank accounts; reserve requirements from late 2001, in part reflecting lack of other policies to absorb excess liquidity, differentiated between countries from 2002; issues of bank weakness and supervision, regional supervisory agency (originally set up 1990) becomes more active; 2002 plan for regional securities market with issues of national treasury bills to replace credit to governments, but postponed 2003; reserve requirements become main active instrument; 2007 more use of negative auctions but monetary policy originally designed for era of fiscal deficits and low forex reserves poorly suited to rising reserves (with 5 out of 6 CEMAC members being oil-exporters), fiscal surpluses and excess liquidity in 2000s; issue of some governments holding own forex reserves separately rather than through BEAC operations account; 2009 discovery of fraud at Paris office of BEAC leads to revised governance procedures and new Governor; 2011 government securities (primary) market finally opened, but interbank money market is largely inactive, monetary instruments are limited and there is persistent excess liquidity; 2013-14 disruption from crisis in Central African Republic and later from security threats in Chad; 2014 oil price fall severely affects most member countries; 2015 new convergence framework adopted; in accommodating monetary policy BEAC reverses policy of gradually eliminating direct loans to governments; late 2016 agreement on need for strong adjustment strategy, regional and national, plus active liquidity management framework from end-2017; mid-2017 reserve requirements harmonised (as between countries), planned reforms to monetary instruments to improve transmission; 2017-18 focus on rebuilding forex reserves, with member countries agreeing fiscal and other plans with IMF; 2018-19 reforms implemented covering unification of reserve requirements as between countries, liquidity management operations, interest rate corridor, enforcement of forex regulations, but gradual approach by BEAC to liquidity absorption and interbank market remains weak; large fall in GDP from Covid-19, disrupting reforms, despite policy responses,	

	external assistance and increased financing of deficits via government securities markets, but positive effects from oil price rises 2022; persistent excess liquidity in banking system;	

Selected IMF references: *A Review of the CFA Franc Arrangements*, 1990, especially pp3-12, 18-21, 44-51; *Common Policy Issues of the CFA Franc Countries*, 1994, pp4-17, 22-5, 70-1; *CFA Franc Countries – Recent Adjustment Experience and Policy Issues*, 1995, pp2-4, 15-16, 27-8, 132-5, 137-9; RDRPI 1999 pp5, 13-14; RDRPI 2001 pp15-17; RDRPI 2002 pp4, 9-12; RDRPI 2003 pp10, 14-16; SR 2006 pp14-15; SI 2007 pp6-16; SR 2007 pp8-10; SI 2008 pp21-8; SR 2009 pp8-10, 21-14; SR 2011 pp15-16; SR2013 pp14-17; SR 2014 pp14-17; SR 2015 pp12-13; SR 2016 pp11-15; SR June 2017 pp6-8, 12-15; SR November 2017 pp9-11, 15-16, 42-4; *Program Design in Currency Unions – Policy Frameworks of the West African and Central African Monetary Unions*, 2018, pp4-7; SR June 2018 pp10-13; SR December 2018 pp11-14; SR June 2019 pp4-7, 13-16; SR December 2019 pp10-15; SR 2020 pp8-11, 17-19, 45; SR June 2022 pp4-5; SR December 2022 pp5-7, 16-19; SR June 2023 pp6-7, 14-15; SR December 2023 pp6-7, 17-19; SR June 2024 pp7-8, 19-23.

Other references: Boughton (1991); Masson and Pattillo (2005, pp15-16, 21-4, 46-8); Wolf et al. (2008, p46).

Central African Republic continued to be a member of the CFA franc zone.

Years	Targets and attainment	Classification
1974-2023	member of central African CFA franc zone, see Central African Economic and Monetary Community; country-specific banknotes are issued but they are legal tender throughout the union; national monetary committee has some say over credit allocation and banking conditions within country, but there is no national monetary policy	member of currency union CU

Chad continued to be a member of the CFA franc zone.

Years	Targets and attainment	Classification
1974-2023	member of central African CFA franc zone, see Central African Economic and Monetary Community; country-specific banknotes are issued but they are legal tender throughout the union; national monetary committee has some say over credit allocation and banking conditions within country, but there is no national monetary policy	member of currency union CU

Comoros continued its membership of the franc zone, on an individual country basis, after independence in 1975, with very little scope for monetary policy in such a small and open economy.

Years	Targets and attainment	Classification
1976-2023	independence July 1975 (of 3 out of 4 of main Comorian islands) in context of soured relationship with previous colonial power, France, but some financial support from Arab countries; very small, poor, open economy; recurring military coups and political instability; longstanding (individual country) membership of franc zone continued under 1977 agreement, with forex reserves (initially 100%, from 1988 65%) kept in operations account with French Treasury; financial and banking system limited, single commercial bank, low access to banking facilities; federal structure with islands' finances decentralised; Institut d'Emission (set up January 1975) with some central bank functions including rediscount facilities and limited (but a little less so from 1988) lending to government, interest rates set but rarely changed; 1979 resumption of budgetary support from France; Institut d'Emission becomes central bank (with strong French government influence) 1981, monetary instruments little changed and policy remains inactive; 1982 only commercial bank liquidated, replaced by majority French-owned bank, old development bank also liquidated and replaced; 1983 consolidation of islands' budgets into federal operations, but increasing large fiscal and external deficits, covered in part through foreign borrowing and in part via domestic and external arrears, plus large inflow of remittances from diaspora; periodic stabilisation programmes, but implementation erratic; 1994 Comoros devalues along with rest of CFA franc zone but by 33% instead of 50%; fiscal policy remains lax, structural reforms limited; active monetary instruments are lending to government (subject to strict limits), interest rates, adjusted only rarely and with eye to French (later euro) and CFA franc zone rates, and moral suasion; 1997 emergence of separatist movements on two of three main islands, leading to five years of conflict and tension (with coup in main island) before reunification, decentralisation of power issues finally resolved several years later; reserve requirements introduced 1999, initially to encourage sole commercial bank to repatriate its foreign assets for benefit of official reserves, but later become main monetary instrument, in context of structural excess liquidity; 2008 some improvement in central bank autonomy, two new foreign-owned banks established; by 2010s political conflicts largely reduced and fiscal deficits under better control; by 2018 discussion of modernising monetary policy operations, which would require major	augmented exchange rate fix AERF

	financial infrastructure changes first, but damage from cyclone 2019 followed by Covid-19 2020-21 and then 2022 commodity price rises put monetary reforms on hold; 2023 return to some limited monetary reform; statistical data initially very poor, still require improvements	

Selected IMF references: *Comoros: Economic Situation*, November 1977, pp19-21, 24, 32; RED 1979 pp18-20; RED 1981 pp34-5, 40; RED 1985 pp21-2, 33-8; RED 1989 pp25-6, 27-9; RED 1994 pp26-8; SR 1997 p17; SR 2000 pp5-11; RED 2001 pp5, 11; SISA 2004 pp33-6 40-3; SISA 2006 pp5-6; SR 2008 pp18, 26-7; SR 2015 pp4, 12; SI 2016 pp11-14; SI 2018 pp27-33; SR Oct 21 (Request for SMP) pp5-6, 14-15; SR 2023 pp17-18; SRIA 2023 pp6-8; *2nd Review under ECF…* June 2024 pp16-17.

Congo, Democratic Republic of, (named Zaire, 1971-97) fixed its exchange rate in the early years, but began to adjust the rate more frequently under the impact of recurring deficit-driven monetary expansion, within a context of commodity price shocks, domestic political conflict and both domestic and international hostilities. It endured a decade of hyperinflation before it moved, with difficulty, to introduce basic macroeconomic controls in a somewhat improved political situation, but with enormous social, economic and infrastructural damages still unrepaired.

Years	Targets and attainment	Classification
1974-78	currency fixed to USD since its issue in 1967; central bank had relied mainly on credit controls over significant, largely foreign-owned, commercial banking system, but credit ceilings abolished (though selective credit floors retained) 1974 in favour of high reserve requirements and interest rate controls, while import controls introduced; central bank is major lender (within or despite limits) to government, monetary policy geared to growth subject to external balance and price stability; 1974 foreign-owned and some locally-owned businesses nationalised; 1976 stabilisation programme: exchange rate devalued and peg switched to SDR, global and selective credit controls reintroduced, supported by rediscount policies, but large budgetary slippages; 1977-8 armed conflict in Shaba region	augmented exchange rate fix AERF
1979-89	late 1978 three small devaluations, 1979-81 larger devaluations, partly formalised parallel rates; 1979 small denomination banknotes replaced in currency reform which induces severe liquidity squeeze; repeated attempts at stabilisation undermined by world commodity price movements and poor domestic policy implementation, typically with high public spending driving monetary expansion; late 1983 large devaluation, link to SDR abandoned, interbank forex market with weekly auctions, exchange rates unified 1984 (parallel premium largely disappears); 1984 treasury bills and later bonds issued regularly, reserve requirements now varied more widely and enforced, some interest rate liberalisation; multiple exchange rates re-emerge 1986, re-unified 1987, floating but with varying intervention	loosely structured discretion LSD
1990-2000	1990 official rate is set by central bank, interbank market ceases to play intended role, parallel premium revives; political tensions answered by relaxation of spending controls and monetary expansion; 1993 credit ceilings replaced by prudential rules relating bank lending to deposit structure, interest rates raised, money market reorganised, currency reform with 1 new zaire = 3m old zaire, but further rapid depreciation, high dollarisation, and widening economic crisis; 1997-9 new government and then major war with different parts of DRC occupied	unstructured discretion UD

	by five neighbouring countries, many Congolese killed or displaced, and destruction of infrastructure; currency reform 1998, with 1 Congolese franc = 100,000 new zaires; official exchange rate fixed late 1998 then adjusted 1999-2000, exchange restrictions deepened, renewed hyperinflation, soaring parallel premium	
2001-2023	forex market re-opening 2000, liberalisation early 2001, exchange rates re-unified and floated May 2001, together with fiscal-monetary stabilisation and commitment to wider reform; 2002 legal autonomy law for central bank drafted, efforts to increase its operational effectiveness, in deeply damaged and highly dollarized monetary and financial system; issue of non-fungibility between bank reserves and currency; late 2002 power-sharing peace agreement signed, but some hostilities continue in east of DRC; central bank bills available from late 2002 (to absorb excess liquidity) but take-up low; from 2005 periodic macro policy slippages; by 2017, despite floating exchange rate and fiscal 'anchor' in form of ban on central bank financing of budget deficits, in absence of active money market monetary policy relies on reserve requirements but its efficacy is weakened by high dollarisation, institutional and administrative weaknesses, and lack of credibility and undercapitalisation of central bank; ebola outbreak 2018, limited effects from Covid-19 2020-21; growing interest in monetary policy reforms 2021-23, with commitment to exchange rate flexibility; continuing hostilities and humanitarian crisis in east of DRC; data provision has large scope for improvement	loosely structured discretion LSD

Selected IMF references: RED 1972 pp25, 29-32; RED 1975 pp31-3, 50; SR 1975 pp5-9; RED 1977 pp31-2; RED 1979 pp29-30, 56-7; RED 1982 pp28-32, 46-7, 52; RED 1983 pp62-6, 76-7; SR 1983 pp3-10; RED 1985 pp25-7, 43-5; SR 1985 pp4-6, 18-20; SR 1986 p20; RED 1987 pp51-3; SR 1987 pp11-12; RED 1988 pp29-30, 43-6; BISD 1991 pp11-14; SR 1991 pp4-5, 7-8, 13 16-18; RED 1994 pp10-11, 17-18; SR 1994 pp2-5; BISD 1996 pp7-17, 27-31; SISA 2001 pp38-40; SR 2001 pp9-15; SISA 2003 pp24-35, 38-40; SR 2003 pp10-14; SISA 2005 pp6-15; SR 2012 pp14-15, 57-8; SR 2014 pp8-9, 11-12; SR 2015 pp14-15; SI 2019 pp24-5; SR 2019 pp4-6, 13-15; SR 2022 pp5, 16-18, 43, 58-61; SR 2024 pp17-20, 46-7, 61-5.

Other references: Beaugrand (1997, 2003).

Congo, Republic of, sometimes referred to as Congo-Brazzaville, continued to be a member of the CFA franc zone.

Years	Targets and attainment	Classification
1974-2023	member of central African CFA franc zone, see Central African Economic and Monetary Community; country-specific banknotes are issued but they are legal tender throughout the union; national monetary committee has some say over credit allocation and banking conditions within country, but there is no national monetary policy	member of currency union CU

Côte d’Ivoire continued to be a member of the CFA franc zone.

Years	Targets and attainment	Classification
1974-2023	member of west African CFA franc zone, see West African (Economic and) Monetary Union; national credit committee has some say pre-1994 over allocation of credit within country, but there is no national monetary policy	member of currency union CU

Djibouti continued after its independence in 1977 to operate a currency board arrangement, unaugmented by any additional monetary policy, despite recurring issues of overvaluation, and successfully resisted pressure from the IMF in the first half of the 2000s for a devaluation.

Years	Targets and attainment	Classification
1977-2023	currency long fixed to USD (revalued 1971, 1973), with 100%+ coverage in USD deposits in New York, and fully convertible; 1978 Djibouti Treasury takes over issue of notes and coin; several foreign-owned commercial banks which do offshore as well as local business, set interest rates jointly and do not lend to public sector; 1983 new development bank; central bank set up at independence from France 1977 takes over currency issue in 1984, monitors (more than supervises) banks, does not lend to government and has no real monetary policy instruments; fiscal deficits funded in part by foreign borrowing and in part by treasury deposits with banking system; monetary policy constrained by trade and capital openness and by fixed exchange rates, but also geared to development of Djibouti as international financial centre; periodic shocks from developments in Ethiopia and Somalia, also off-and-on domestic tensions and armed conflict in 1990s; recurring issue of fiscal deficits and weak competitiveness; central bank comes to undertake more bank supervision; liquidity issues lead to termination of two domestic banks in 1999; early 2000s IMF argues for devaluation to unwind overvaluation, while authorities prefer (but find hard to implement) structural reforms; mid-2000s entry of new banks; 2008-9 border conflict with Eritrea; recurring drought; increase in foreign military bases within country; very high unemployment, growth from FDI in port and related facilities and other large projects but little use of local labour and rise in indebtedness; financial sector underdeveloped, financing trade rather than SMEs, and fragile, with inclusion low; 2018-19 improvements to bank supervision; 2020-21 shocks from Covid-19, Ethiopian conflict and commodity prices increases; 2023 debt service moratorium with China, debt renegotiation; 2024 plan to introduce reserve requirement for banks for liquidity control; statistical database improved but some gaps	pure currency board PCB

Selected IMF references: RED 1980 pp25-7, 37; SR 1982 pp7-8; RED 1984 pp27-8; RED 1985 pp38, 40; SR 1987 p5; RED 1990 pp34-5, 38-9, 49; SR 1990 pp12-15; RED 1994 pp25-7; SR 1998 pp18-19; SR 2001 pp24-5, 61-72; SI 2003 pp6-12, 50-2; SR 2003 pp12-13; SISA 2005 pp6-23; SR 2005 pp9-18; SR 2007 pp8, 11, 16-17, 19; SR 2008 pp17-18; SR 2013 pp16-18; SR January 2015 p6; SR 2019 pp14-15, 38; SR 2024 pp4-6, 8-9, 17-18, 36; SRIA 2024 pp5-7.

Egypt moved gradually from a command economy to a more market economy, in monetary and financial as well as other areas, with exchange rate controls giving way to loose exchange rate targeting followed by a heavily managed float, but recurring liberalisation-stabilisation packages were sent astray by policy slippages, and the longstanding aim to move to inflation targeting remained unrealised.

Years	Targets and attainment	Classification
1974-76	multiple exchange rates; banking system almost entirely nationalised, directed to finance state-determined investments; monetary policy instruments direct	multiple direct controls MDC
1977-91	multiple exchange rates frequently changed and adjusted, never quite unified; halting moves from command economy of 1960s and early 1970s towards more market economy, but monetary instruments remain mostly direct, forex markets heavily controlled; major entry of small mainly foreign banks; recurring fiscal dominance; rising dollarisation	unstructured discretion UD
1992-2002	exchange rate finally unified and pegged de facto to USD (but depreciations 2000-01); monetary instruments become mainly indirect and policy focused on exchange rate stability	loose exchange rate targeting LERT
2003-23	exchange rate formally floated but more or less heavily managed; monetary instruments indirect; central bank has some more autonomy, but recurring monetary financing of high budget deficits; medium-term plan is to move towards inflation targeting, but crucial steps (including genuine exchange rate float) never quite taken, continued reliance on reserve money targeting; major new reform programme November 2016 supported by IMF, with forex liberalised, exchange rate depreciated, and aims to strengthen central bank independence and eventually move to formal inflation targeting, with very wide, initially high and converging informal inflation targets (poorly attained); exchange rate becomes more stable versus USD from mid-2017; 2019 plans for improved central bank autonomy and move to operations based more on interest rates, but monetary transmission poor (e.g. interbank rate outside policy rate corridor); less severe impact from Covid-19 than in some countries, but strong impact from Ukraine war 2022; sharp depreciations March and, within wider stabilisation package, October 2022: some slippages e.g. return to exchange rate stabilisation early 2023, but exchange rates unified early 2024	loosely structured discretion LSD

Selected IMF references: RED 1975 section IV.1 and pp47-8; RED 1978 section V.1 and pp42-6; SR 1989 2-4, 24-8; RED 1992 pp33-4, 47-52; SR 1992 pp17-18; RED 2000 section IV.B; SR 2005 pp13-15; SR 2006 pp14-16; SR 2015 p10; SI 2018 pp38-44; SR 2018 pp18-20; *4th Review under EFF…* January 2019 pp9, 47-50; *1st review under SBA…* December 2020 pp7, 8-9; *2nd review under SBA…* June 2021 pp12-14, 72-3; *Ex Post Evaluation under*

SBA… June 2022 pp14-19; *Request under EFF…* December 2022 pp5-9, 11-13; *1st and 2nd Reviews under EFF…* March 2024 pp1-2, 6-7, 12-13, 60-3.

Additional sources: Selim (2011); Al-Mashat (2011); Central Bank of Egypt, 'The Inflation Targets', at https://www.cbe.org.eg/en/monetary-policy/inflation-target (accessed 13.8.24).

Equatorial Guinea is a small open economy which initially continued to fix its currency to that of its previous coloniser, Spain. This did not work out well, and it chose instead to join the central African CFA franc zone (with whose members it shares borders) in 1985.

Years	Targets and attainment	Classification
1974-77	Equatorial Guinean peseta first issued 1969 (independence from Spain 1968), fixed to Spanish peseta; initially central bank and state-owned commercial+development bank, 1977 all banking consolidated in central bank, 1979 commercial+development bank re-established, 1980 new commercial bank (partly foreign- and partly state-owned); reserve requirements only instrument in use; economic decisions highly centralised but effectiveness limited by lack of skills and of imported inputs; fiscal wastefulness and dominance, gradual demonetisation, administrative weaknesses, economy contracts; 1975 EG peseta replaced by ekuele, also at par with Spanish peseta, but does not follow Spanish devaluation 1977; statistical data very poor	augmented exchange rate fix AERF
1978-84	initial arrangement unclear, April 1979 peg to SDR within 2% margins announced; 1979 coup, new government aims to stabilise and reform; August 1979 ekuele pegged at par to Spanish peseta then devalued by 50% mid-1980; 1981 ekuele replaced by ekwele; gradual remonetisation, with instruments now including rediscount facilities and some credit controls; ongoing excessive domestic credit growth; active parallel market with very high discount on ekwele; by 1983 further economic deterioration and low administrative capacity lead to idea of joining CEMAC, agreement in principle May 1983 with details July 1984; membership January 1985, involving currency conversion (with devaluation), demise of central bank, move to BEAC monetary instruments; statistical data still poor	unstructured discretion UD
1985-2023	member of central African CFA franc zone, see Central African Economic and Monetary Community; country-specific banknotes are issued but they are legal tender throughout the union; national monetary committee has some say over credit allocation and banking conditions within country, but there is no national monetary policy	member of currency union CU

Selected IMF references: RED 1973 pp37-42; SR 1979 pp2-3, 5-6; RED 1981 pp24, 38; SR 1981 pp8-10; RED 1983 pp41; SR 1983 pp1-5; RED 1984 pp49; SR 1984 pp1-7; RED 1986 pp36-7, 59.

Eritrea continued to use the Ethiopian currency in its first few years of independence, then operated its own currency under various exchange rate arrangements, before fixing it clearly to the USD in 2005. The domestic and external political context repeatedly hindered the adoption of better economic and monetary policies and developments.

Years	Targets and attainment	Classification
1993-97	at independence (from Ethiopia) economy suffering from years of war and droughts, and need to reintegrate refugees and former combatants; initially Eritrea continues to use Ethiopian currency (fixed to USD but with multiple rates), without policy input or seigniorage, with Ethiopian-set official and fortnightly-auction-determined exchange rates, but also Eritrean 'preferential' rate close to parallel market used in trades by forex dealers; new central bank set up from local branch of Ethiopian central bank, but acute shortage of skilled personnel and of statistical data; limited state- or ruling party-owned banking system, largely from previous Ethiopian banks, including dominant commercial bank; some reforms aimed at move from central planning to market economy; some use of interest rates (generating negative differential vs Ethiopia), no other instruments; 1995 unification of official and auction exchange rates, in both Ethiopia and Eritrea; issues of repeated large budget deficits financed by central bank and high excess reserves of banks; 1997 legal framework for central bank and other financial institutions, preparations for issue of national currency, unification of official and preferential rates; statistical data very poor, e.g. no national accounts	use of another sovereign's currency UASC
1998-2004	late 1997 introduction of own currency, initially at parity but from May 1998 rate set in market made by forex bureaux as well as commercial banks; formalisation of previously informal reserve requirements, but banks still hold large excess reserves; worsening of relations with Ethiopia, border dispute turns into full war 1998-2000, leading to severe economic damage, major population displacement, temporary exchange controls and large deficits fuelling high monetary growth; continuing state of no war/no peace follows, with continuation of wartime recourse to range of direct controls; 2001 suppression of dissent within ruling party creates rift with EU (key aid donor), while authorities implement tax reform package different from that agreed with IMF; as of 2003, goals of monetary policy are unarticulated, independence of central bank is heavily limited in practice, instruments are direct (in absence of developed money or securities markets), and monetary growth is driven by large fiscal deficits, while exchange rate is far from freely floating and parallel market premium now 60-70%; banks have large amounts	loosely structured discretion LSD

	of non-performing loans; late 2003 exchange restrictions tightened, dual exchange rates vs USD	
2005-23	2005 dual exchange rates unified and fixed vs USD, restrictions tightened further; 2008 severe economic effects from world food and fuel price hikes and local drought, monetary funding of deficits (which had receded) resumes; rising overvaluation and parallel market premium; 2009 UN and EU sanctions on Eritrea; high fiscal deficits financed by domestic banking system, but less so from 2014; development of mining activities from 2011; 2016 payment system reform, with replacement of local currency by new banknotes to tackle illegal activities, replacement 1:1 but partial, parallel market premium falls; 2018 peace agreement with Ethiopia, international sanctions lifted; 2020-23 heavy Eritrean involvement in Ethiopian civil war; as of 2022 no interbank forex market, parallel premium reported (AREAER 2022 p1418) to be c. 160%; statistics weak, especially from 2009, 2019 recognition of need for major reconstruction	augmented exchange rate fix AERF

Selected IMF references [Note: no Article IV reports between 2010 and 2018, only one since then, in 2019]: RED 1994 pp22-4 33-4, 50; SR 1994 p13; RED 1996 pp16-19, 21, 24, 36; SI 1997 pp14-24; SR 1997 pp15-17; SI 1998 pp4, 8-11, 16-18; SR 2001 pp5-10, 14, 17-18; SISA 2003 pp34-44, 47-52, 57-8; SR 2003 pp11, 15-17; SR 2004 pp6-10, 13; SR 2006 pp5, 12; SISA 2008 pp14-17; SR 2008 pp12-13; SR 2009 pp7-8, 11, 18-21; *Economic Developments* 2016 pp2-11; SR 2019 pp3-8, 12-13, 15, 33; AREAER 2022 pp1416-18.

Eswatini (before 2018, Swaziland) continued to use the South African rand as currency, but issued its own (fully backed by reserves) from 1974, with rand and lilangeni sharing legal tender status and Swaziland being compensated for the loss of seigniorage from circulation of the rand. In 1986 the rand ceased to be legal tender, which could have facilitated an independent monetary policy, but in practice little changed and the rand was restored to its previous position in 2003.

Years	Targets and attainment	Classification
1974	small open economy with very strong economic ties to South Africa (SA) including common membership of the Southern African Customs Union (SACU); long use of SA rand as currency (before and after independence in 1968)	use of another sovereign's currency UASC
1975-2023	in course of negotiations (concluded December 1974) on formalising arrangements for Rand Monetary Area (RMA) government decides to introduce its own currency: notes and coin issued from September 1974 at par with rand by new Monetary Authority of Swaziland, lilangeni shares legal tender status in Swaziland with rand; Swaziland commits to 100% backing of lilangeni by deposits at South Africa Reserve Bank (from 1977 up to 10% can be SA government securities), has minimal input into SA Reserve Bank decisions and no control over its exchange rate with the rest of the world, and applies SA exchange controls, but SA commits to compensate Swaziland for seigniorage forgone by continued use of rand; two major banks which were foreign-owned but 1973 government takes significant stakes, state-controlled development bank, a few other financial institutions; from 1973 treasury bills and medium-term stock issued, financial institutions subject to minimum local asset and liquidity ratios and from 1975 to reserve requirements; country's foreign reserves managed partly by government which is also large net creditor of banking system; lilangeni is introduced by encouragement rather than by fiat, its circulation rises to significant share of total currency in circulation (though no data on amount of rand held in country) but agreement of SA government to compensate Swaziland for income forgone from use of rand leads Swazi government not to push for wider use of lilangeni; monetary authority discount facility available from 1976 but little used; 1979 monetary authority replaced by central bank with similar functions, monetary policy continues (inevitably) to be passive; 1982 lilangeni circulation estimated to be 80% that of rand, while residents bank in rand in other parts of RMA; 1986 following sharp fall of rand 1984-5 renegotiation of what is now Common Monetary Area (CMA) ends rand's status as legal tender in Swaziland, need for lilangeni to be backed by rand and requirement for SA to compensate Swaziland for its use of rand; this opens possibility of an	augmented exchange rate fix AERF

	independent monetary and exchange rate policy, but little change in reserve coverage, official and market interest rates move broadly in line with those in SA, rand still circulates freely (estimated in 2002 at 35-50% of currency in circulation) and peg to rand is maintained with very narrow spreads; short-term liquidity absorption certificates introduced 1989; forex reserves diversified early 1990s; end of apartheid and sanctions on SA erodes former attractiveness of Swaziland for FDI; high prevalence of HIV/AIDS from 1990s hits labour supply and economic growth; issues of rising fiscal deficits and excess liquidity in banking system mid-1990s, weakness in banking system late 1990s; 2001 increase in central bank independence, new electronic payments system, relaunch of state-owned development bank, but bond and money markets remain limited; wider issues of governance not resolved by new constitution 2005; 2000s rises in fiscal deficit and falls in international reserves; 2003 rand regains legal tender status, in light of evidence of increasing usage, Swaziland will again receive compensation for seigniorage forgone; weekly treasury bill auctions from late 2003; from 2009 recurring fiscal deterioration partly due to falls in revenues from SACU, at times financed by central bank lending; financial stability gradually becomes more important, in need of improved supervision of both bank and non-bank financial institutions; attempts to tighten fiscal policy from 2020 initially limited, disrupted by Covid-19 and rises in commodity price 2022, but stronger from 2023; interest rates remain below South African levels; statistical data better but scope for further improvement	

Selected IMF references: *The Rand Monetary Area and the Monetary Systems of Botswana, Lesotho and Swaziland*, 1976, pp1-7, 16-21; RED 1974 pp7-9; SR 1974 pp9-11; RED 1976 pp32-8, 42-5; RED 1977 p39; RED 1981 p45; RED 1982 pp46n, 48; *The Rand Monetary Area*, 1983, pp10-11; SR 1986 pp2-3, 23-6; RED 1987 pp25, 28, 37; RED 1989 pp29, 40; SR 1995 pp10-11; RED 1997 p25; SR 1997 pp15-16; SR 1998 pp14-16; SR February 2002 p 16; SISA 2002 pp23, 27, 28; SR November 2002 pp16-17; SR 2005 pp21-2; SR 2006 pp6-10, 17; SR 2011 p12; SR 2017 pp4-6; SR 2020 pp8-14, 18-19, 89; SR 2023 pp5-6, 13-16, 81; 'IMF Staff Completes 2024 Article IV Mission to Kingdom of Eswatini', press release July 2024.

Other references: Wolf et al. (2008, p. 46); Masson and Pattillo (2005, pp24-6, 65-6); Central Bank of Eswatini (2017), *Swaziland's Monetary Policy Framework*, available at https://www.centralbank.org.sz/monetary-policy/ (last accessed 5.12.21)

Ethiopia initially fixed its currency to the USD, but after the coup in 1974 it adopted a high degree of central planning with the financial system subordinate to the plan. From 1991 it moved towards market economy arrangements, but maintained a reliance on public sector infrastructure investment as the key driver of growth. The exchange rate was heavily managed and frequently adjusted, financial liberalisation was limited, monetary policy relied on direct instruments, and monetary growth varied with sometimes large fiscal deficits. The last decade or so of the period, however, experienced a turn towards reforms and liberalisation.

Years	Targets and attainment	Classification
1974	currency fixed to (but recently adjusted vs) USD; central bank relies on moral suasion to ensure banks' adherence to credit guidelines, interest rates rarely changed	augmented exchange rate fix AERF
1975-90	after coup in September 1974 currency is renamed and new notes issued but parity unchanged, central bank sets rates for commercial bank transactions; nationalisation and reorganisation of banking system, among other major institutional changes, with central bank having overall control of (two-tier) financial system; significant but not comprehensive central planning; 1977-78 hostilities in south-east and north; longstanding military conflict in Eritrea; rises in public spending tend to push up monetary growth but broad overall control; credit policy becomes more selective and growth-oriented, with decisions made in first instance by banks but subject to central bank approval; 1978 some tightening of exchange controls; 1980 two remaining commercial banks merged; 1984-5 drought and famine in some regions; "credit allocation accommodates the plan targets" (RED 1986); 1986 interest rates restructured; 1989 some wider liberalisation	multiple direct controls MDC
1991-2023	government had announced 1990 intended shift from central planning to market economy, but real change starts with transitional government 1991; 1991 agreement on referendum in Eritrea leads to its independence in 1993; 1991-92 some trade liberalisation; 1992 large devaluation to unwind longstanding overvaluation, and more foreign exchange made available to private sector; 1993 bi-weekly forex auctions setting secondary exchange rate, while official rate adjusted at intervals from 1994, and parallel market volume and premium decline; 1991-94 shift of credit from government to nongovernment sector; 1994 interest rates revised, new law strengthens central bank autonomy and allows new locally-owned private financial institutions, seven new banks set up over next few years; 1995 treasury bill auctions; 1995 exchange rates unified, 1996 parallel premium narrows; high excess liquidity in banking system reduced via treasury bill issues; 1998 interest rates liberalised, forex auctions reorganised; 1998-2000 border conflict with Eritrea hinders reform; 2001 plan for major financial sector changes, but problem of	loosely structured discretion LSD

	extreme market dominance of old, state-owned, inefficient commercial bank; wholesale forex auctions replaced by interbank market 2001, but rate remains closely managed vs USD (roughly a crawl plus periodic step changes); as of 2007 excess liquidity in banks precludes reliance on indirect monetary instruments; 2010 demonetisation, plus inflation and overvaluation, lead to desire for more active liquidity management and indirect instruments; 2011 credit ceilings abolished, direct central bank finance to government suspended temporarily and forex sold to reduce base money (which is now focus of monetary policy); banks required to hold central bank bills, funds on-lent for infrastructure investments, with adverse effects on bank finances and lending to private sector, but authorities resist arguments for course change; monetary financing of budget deficits returns; large devaluation 2017 unwinds overvaluation but ensuing stabilisation of rate vs appreciating USD recreates it; continuing lack of secondary markets in government securities; 2019 major economic reform plan including cuts to central bank financing of government, moves to indirect instruments (via treasury bill issues) and market-clearing exchange rate; major setback from Covid-19, but fiscal, monetary and containment response and request for external assistance; 2020-22 civil war; continuing crawl-like depreciation, slower from March 2022; 2022-23 moves towards interest-rate-based monetary framework (established mid-2024) and market-clearing exchange rate regime; data provision needs significant improvement	

Selected IMF references: RED 1973 pp37-8, 63; SR 1975 pp1-3; RED 1977 pp35-8, 66-7; SR 1977 pp1-2, 6; RED 1981 pp22-3; RED 1983 pp30; SR 1984 pp6-7, 11-14, 18-19; RED 1986 pp28-29, 31; SR 1987 pp13, 17; RED 1990 pp21-2; SR 1990 p10; SR 1991 pp2,18; RED 1993 pp2-3, 21-5; RED 1994 pp49-52, 58-9, 66, 68-9; RED 1999 pp19-22; SR 1999 pp15-18; SR 2001 pp16-18; SR 2002 pp7, 9-10, 18, 20; SR 2004 p18; SR 2007 pp6, 8-10; SR 2010 pp12-14, 19; SR 2011 pp9-1; SR 2012 pp1-13 18; SR 2013 pp18-24; SR 2015 pp8-11; SR 2017 pp12-16; SR 2018 pp7, 14-15, 30-3; SR 2019 pp4-5, 18-21, 47; *Requests for purchase…* 24 April 2020 pp4, 9-10; AREAER 2022 pp1456-7; *Request under ECF…* July 2024 pp5-10, 14-16, 25.

Gabon continued to be a member of the CFA franc zone.

Years	Targets and attainment	Classification
1974-2023	member of central African CFA franc zone, see Central African Economic and Monetary Community; country-specific banknotes are issued but they are legal tender throughout the union; national monetary committee has some say over credit allocation and banking conditions within country, but there is no national monetary policy	member of currency union CU

The Gambia, a small and open but relatively liberal economy with limited financial development, fixed its currency to the pound sterling up to 1985. In 1986 the country embarked on a long period of discretion with gradual though non-linear improvements in monetary arrangements but recurring fiscal dominance. Increasing difficulties were experienced before a new government in 2017 returned to financial reform and stabilisation.

Years	Targets and attainment	Classification
1974-85	new currency from 1971, fixed to GBP, revalued 1973; central bank from 1971, relying initially on reserve ratios in a limited and foreign-owned banking system, but also setting banks' interest rates and sometimes credit ceilings; small and highly open economy dependent on groundnut exports, with relatively liberal exchange and trade arrangements; treasury bills issued, mainly held by banks, but no secondary interbank market; 1977 liquidity ratio for banks, which typically have excess liquidity; recurring excessive fiscal and related credit expansion; failed coup 1981 leads to loose confederation with Senegal (ended 1989); 1982-3 improved control of credit, interest rates become positive in real terms; 1984 large devaluation but stabilisation targets missed, parallel market premium re-emerges; recurring issue of groundnut producer prices, subsidies to groundnut marketing board and solvency of state-owned bank which directs lending to sector	augmented exchange rate fix AERF
1986-2023	1986 exchange rate floated within interbank market, trade and exchange liberalised, treasury bills auctioned and able to be discounted, all interest rates deregulated, structural reform including groundnut trade and financing, more successful stabilisation; parallel forex premium largely disappears; by 1990 central bank uses mainly indirect monetary policy instruments, with direct credit controls abolished and increased issue of treasury and (from 1990) central bank bills taken up partly by nonbank sector, rediscount window (standing facility) and some focus on reserve money; 1992 uniform reserve requirements, central bank gets increased independence (with price stability identified as main goal); 1994 devaluation of CFA franc affects Gambia's competitiveness; 1994 coup (with falls in tourism and donor aid) interrupts structural adjustment efforts until after resumption of civilian government in 1997 (with coup leader elected president late 1996) [note: few IMF reports and papers from 1992-97 available.]; 2001 moves to deepen treasury bill market, longer-term treasury bills and forex bank deposits introduced, efforts to improve liquidity forecasting; 2001-3 acute fiscal and monetary policy slippages, plus quasi-fiscal spending and irregular forex transactions by central bank associated with misreporting of data, leading to depreciation and inflation; as of 2004 main monetary instrument remains primary	loosely structured discretion LSD

	issue of treasury and central bank bills and intermediate target is broad money, but still no real interbank money market, interbank forex market limited, rediscount at central bank but no organised secondary market for treasury bills; 2004 Monetary Policy Committee; 2005-6 new central bank act increases independence in principle but needs to be realised in practice, and fiscal dominance remains issue; 2005-10 entry of new banks; 2012-13 and again in 2015 exchange pressures countered by repeated but short-lived market-disrupting presidential directives to peg rate at overvalued levels; heavy use of reserve requirements; recurring policy slippages; late 2016/early 2017 long-serving president loses election and is obliged to step down, new government moves to stabilisation and reforms (including increased central bank independence, interest rate corridor (standing facilities) and full exchange rate flexibility), but disruption 2020-22 from Covid-19 and commodity prices rises despite policy response and external aid; parallel market premium closes; statistical database improves, particularly towards end of period	

Selected IMF references: RED 1974 pp27-32, 50-4; RED 1976 pp33-4; RED 1978 pp34, 44; SR 1979 pp6-8; RED 1981 pp34; SR 1981 pp10, 11; RED 1983 pp46-7; SR 1983 pp9-10; SR 1984 pp5, 1-12; SR 1985 pp3-5, 8-9, 12; SR 1986 pp6, 9-11; SR 1988 pp4-6, 15-16; SR 1990 pp4, 6-7, 8; *Midterm Review of Third Annual Arrangement under ESAF* 1991 pp8, 11; SI 1999 pp 7, 9-10, 12, 56-7, 67; SI 2000 pp6, 9-12, 14-16; SR 2001 p18; SR 2002 pp6, 20; SISA 2004 pp18-20, 24-5, 34-5; SR 2004 pp6-7, 9-11; SR 2005 pp5-9, 16, 18-19*; Monetary Policy Implementation at Different Stages of Market Development – Country Cases and Appendices* (2005) pp44-53; SISA 2007 pp36-47; SR 2011 pp4, 7, 17-19; SR 2013 pp7-8, 15-16; SR 2015 pp4-11; SR 2018 pp16-19; SR 2021 pp6-9, 48-9; SR 2023 pp13-15; *1st Review under ECF…* July 2024 pp5-7, 10-11, 15-16.

Ghana started the period with an emphasis on the exchange rate, but then tried various forex arrangements and controls before beginning to focus more on inflation and modernising its monetary policy operations. It announced inflation targets from 2007, but there was a continuing concern with the exchange rate and monetary policy was repeatedly derailed by fiscal expansion. The inflation targets were met in 2010-12 but then overshot until 2018, and overshot again from 2022.

Years	Targets and attainment	Classification
1974-82	currency appreciates with SDR vs USD February 1973, then fixed to USD; heavy trade and exchange controls; small number of 'primary' banks, dominated by one state-owned commercial bank, various state-owned 'secondary' banks, some nonbank financial intermediaries; central bank lends to government and public sector, relies on credit guidelines, supported at times by import deposits, cash and liquid assets ratios, and interest rates; 1978 new government adopts stabilisation measures including move towards flexible exchange rate with major depreciation, major rise in interest rates; early 1979 currency exchange exercise enables government debt to be retired and money supply cut; 1979 military coup, price controls reimposed; 1981 elections, further coup; soaring premium in parallel forex market; 1982 demonetisation of large banknotes, emergency measures including checks on bank accounts, mostly reversed 1983	augmented exchange rate fix AERF
1983-2017	1983 major stabilisation programme which includes some price deregulation and transitional multiple exchange rate system, with exchange rate unification late 1983 followed by depreciations 1984-86 to preserve competitiveness; 1986 temporary second forex window with retail exchange rate set by weekly auction, rates unified with all trades via this auction early 1987, further depreciations but large fall in parallel premium; wider liberalisation of exchange and trade, including wider access to forex auction; as of 1987 credit guidelines remain main monetary instrument, but interest rates adjusted more often, reserve requirements changed less often, while fiscal tightening helps to reduce monetary growth; 1987 discount house set up to develop money market, auctions for sale of treasury bills to non-banks, but other securities markets remain shallow; 1988 forex bureaux allowed, bureaux market absorbs most of parallel market, and bureaux and auction rates gradually converge; 1988 central bank bills introduced, interest rates liberalised; ongoing problem of excess reserves in banks; 1990 retail forex auction replaced by wholesale auction open to forex bureaux, which interacts with nascent continuous interbank market and unifies exchange rates; by 1991 monetary policy operated increasingly through OMOs and interest rates, the latter becoming positive in	loosely structured discretion LSD

	real terms, while improvement in liquidity management leads to abolition of credit ceilings 1992; 1990s bank reform and restructuring, including some privatisation; major fiscal and monetary slippages in run-up to first multi-party election late 1992, forex intervention 1993; renewed stabilisation attempts from 1995 involve some emphasis on reserve money, but central bank still lending heavily at times to government; some dollarisation; 1996 treasury bills sold in wholesale (not retail) auctions, with primary dealers; 1999 sharp falls in prices of key exports gold and cocoa lead to some use of forex sales to control monetary growth, followed by sharp depreciation from late 1999 and policy slippages 2000; 2001 new central bank law raises independence and limits lending to government, ongoing wider financial sector reforms; recurring fiscal slippages; interbank forex market 2003; as of 2005, central bank uses OMOs with new prime rate to attain monetary growth consistent with inflation objective, in context of floating exchange rate, aided by liquidity and other forecasts of Monetary Policy Committee; interbank money market remains small, secondary trading of government bonds limited; from May 2007 formal (but 'lite') inflation target, initially converging and with secondary objective for exchange rate; inflation target overshot 2007 and well overshot 2008-9, 2010 target points adjusted and bands widened, wide targets more or less attained 2010-11 but overshot 2012-17; late 2012 election preceded by fiscal expansion financed partly by central bank; 2013 interest rate corridor widened, standing deposit facility introduced; 2013 expected inflation goes above target; ongoing reforms to monetary policy operations, but some fiscal dominance, failure to reinforce central bank independence, 2016 pre-election fiscal expansion, forex regulation and intervention complicate monetary policy	
2018-21	partial moves to limit monetary financing of budget; some forex market reforms; wide (± 2%) inflation targets attained or nearly attained 2018-21 (on inflation index rebased 2019), with expected inflation briefly above target range 2021; major but temporary impact from Covid-19	loose inflation targets LIT
2022-23	wide (±2%) inflation targets well overshot 2022-23 after crisis from loss of fiscal control and international capital market access late 2021 and large depreciation 2022, but inflation falls back over 2023; no inflation expectations data available; monetary financing ended from mid-2023, increased exchange rate flexibility; statistical database improved over time, but some gaps remain	loosely structured discretion LSD

Selected IMF references: RED 1974 pp44-6, 50-5, 87; SR 1975 p14; RED 1976 pp46-8; SR 1977 pp1-3; RED 1979 p55; SR 1978 pp1-4, 9-10; RED 1982 update pp6, 14; RED 1983 pp42-3, 57-8; SR 1983 pp16, 17-22, 37-9; RED 1984 pp45-6, 58-9; SR 1984 p4; RED 1985 pp42-3, 53-4; RED 1987 pp41-5, 56-8; SR 1987 pp2-5; SR 1988 pp26-7; RED 1989 pp35-7, 41, 44-6, 60-3; BPSA 1991 pp51-66; SR 1991 pp14-15, 18-19, 22-3; SR 1992 p9; SR 1993 pp6-7; SR 1996 pp8-9; SR 1997 pp8-9, 16; SI 1998 pp22-3, 26; SR 1999 pp26-7; SR 2001 pp9, 11; SISA 2003 pp39-40; SR 2005 p15; SI 2007 pp45, 50-1; SR 2007 pp11-13; SI 2008 pp4-5; SR 2008 pp12-13; SR 2009 pp14-16; SR 2011 pp8, 14, 24; SR2013 pp4-5, 16-21; SR 2014 pp8, 18-20; SR 2017 pp9, 14-17; SR 2019 pp14-17, 36; SR 2021 pp5-8, 25-7, 40; SRIA 2021 pp6-10; SR 2023 pp4-6, 22-24, 28-9, 47; *Debt Sustainability Analysis* 2023 pp4-7; *2nd Review under ECF…* June 2024 pp4-7, 18-20.

Guinea had a decade of central planning with a banking system operating in effect as a monobank. This was succeeded by a long period of on-and-off reforms which included a growing focus on price stability and repeated major changes to exchange rates and exchange rate arrangements, together with an increased role for interest rates and the issue of central bank and government securities, but without organised markets for those securities or an interbank money market.

Years	Targets and attainment	Classification
1974-85	Guinean franc, issued when Guinea left WAMU in 1959, replaced in 1972 currency conversion at rate of 1:10 by syli, which is fixed to USD and then from mid-1975 to SDR; limited banking system, state-owned; central bank aims to control credit, screening individual requests and at times setting overall targets; interest rates set by central bank and rarely varied; central planning with heavy controls on trade, exchange and prices; parallel markets for forex and some goods, with large premia; banks obliged to lend to state enterprises for projects approved in central plans, lend very little to private sector; mid-1970s growth boosted by increase in bauxite mining; some very limited financial and external liberalisation from mid-1970s, more from 1980; currency conversion exercises 1981-2 designed to reduce cash hoarding and eliminate counterfeit notes; after coup 1984 new government announces major change in direction of policy away from central planning towards market mechanisms; statistical database poor	multiple direct controls MDC
1986-2023	1986 six non-viable state-owned banks liquidated, three new partly state-owned foreign-affiliated banks start operating, central bank restructured; 1986 Guinean syli replaced at par by new Guinean franc, plus temporary second forex window, with massive depreciations of both markets then weekly auctions to set second window rate, and exchange rate unification mid-1986; interest rates adjusted more often, bank lending to public sector brought under control, but monetisation of economy (excluding use of USD, French francs and CFA francs) and bank lending to private sector remain low; 1991 reserve requirements and prudential ratios for banks, real interest rates become positive, but still no government financial instruments; stabilisation and reform proceed unevenly, with periodic (mainly fiscal) slippages; heavy continued dependence on enclave mining sector; forex auctions continue but rate is managed, mainly with reference to USD; 1992 retail forex bureaux allowed; 1993 treasury bills issued at first on tap then via monthly auctions, most interest rates deregulated, reserve requirements unified, central bank refinancing scaled down, facility for rediscounting of treasury bills; ongoing improvements in regulation and supervision of banking system; 1994 increased independence for central	loosely structured discretion LSD

	bank; late 1994 interbank forex market with further liberalisation; adverse effects from Asian financial crisis 1998 and security issues in neighbouring countries 1999-2002; late 1999 forex auction at central bank introduced in eventually successful attempt to unify existing official forex market (dominated by two-bank cartel, and with intervention by central bank) and parallel (forex bureaux) market; 2002-4 central bank finances large fiscal deficits, and refuses to allow exchange rate to float, with marked rise in parallel premium; 2005 moves to liberalise and unify forex market, which reduce parallel premium, but market remains partly segmented (with few interbank trades); short-term government bonds and central bank bills held mainly by banks, no secondary market or repos, policy role of interest rates limited; rising dollarisation; 2006 renewed fiscal-monetary expansion, increasing political turmoil; 2007 new government, stabilisation policies and central bank reforms; end-2008 coup, military in power till early 2011, but tensions and some violence continue; 2009-10 reversion to fiscal dominance, 2011 back to stabilisation and structural reform, with exchange rate float; monetary policy now operated mainly through reserve requirements and interest rates; 2012 falls in prices of country's commodity exports; ebola outbreak late 2013, seriously affecting economic activity and public spending; 2016 some forex liberalisation, new auction arrangements; 2018 new liquidity management framework, moves to restrict monetary financing of deficits, but as of mid-2021 liquidity management not fully implemented and limits on monetary financing not fully enforced; 2020-22 shocks from Covid-19 and food prices; late 2021 coup, military government; end-2023 explosion of major fuel depot in capital; statistics improved but still weak in some areas	

Selected IMF references: RED 1972 pp58-61; RED 1974 pp45, 46, 60-2; SR 1974 pp1-2, 6; RED 1976 pp37, 54-5; SR 1977 p3; RED 1981 p58; SR 1981 pp9-10; RED 1983 pp49-50; SR 1983 pp1-3, 10-11, 12-15; SR 1984 pp1-3, 9, 11-13, 14-15; RED 1986 pp26-7, 37; SR 1986 pp5-6, 8-9; RED 1987 pp19-21, 39-42; SR 1987 pp2-5; SR 1988 pp8-9, 10; SR 1991 pp2-3, 10-11, 35; RED 1993 pp1-7, 23-5, 42-3, 80-92, 98-101; SR 1994 pp8-9, 11; BP 1995 pp20-2, 29-30, 53-8; SR 1995 pp9-10; SR 1999 pp9, 10-11; SR 2000 pp14, 72-3; SR 2002 p21; SR 2003 pp4, 7, 9, 10-11; SR 2004 pp10, 13-15; SISA 2005 pp20-8; SR 2005 pp9-12; SR 2007 pp7-11, 15-17; MEFP June 2011, ¶¶1-5, 20-6; SR 2012 pp6-12; *4th Fourth Review under ECF* July 2014 pp9-10; *5th Fifth Review under ECF* January 2015 p8; SR 2016 pp17, 21-4; *1st Review under 3-year ECF* July 2018 pp14-15; *3rd Review under ECF* July 2019 p15; SR 2021 pp20-21, 41; SR 2022 pp6-9, 25-7; SR 2024 pp15-17; SRIA 2024 pp6-8.

Guinea-Bissau used the existing colonial currency for a few years after independence in 1974, then issued its own peso. Development planning and widespread controls led to recurring fiscal deficits and depreciation, with a large forex parallel market premium. Initial attempts at stabilisation and structural reform were unsuccessful, but further efforts from 1987 were more effective. In 1997 Guinea-Bissau joined the West African CFA franc zone.

Years	Targets and attainment	Classification
1974-75	liberation movement declares independence September 1973, new Portuguese government grants independence September 1974; initially country continues to use colonial Guinea escudo, issued at par with Portuguese escudo by local branch of Portuguese commercial bank which is only bank in country; 1975 that branch taken over by new local bank Banco Nacional da Guiné-Bissau (BNGB), which is in principle both central and commercial bank; two pre-existing savings and loan and postal savings institutions reorganised and reduced in importance; sharp rise in credit to government and state enterprises; BNGB lacks trained personnel, statistical database and approved statutes, so unable to act as full central bank; central planning, at this stage not fully effective; statistical data very poor	use of another sovereign's currency UASC
1976-86	BNGB issues new Guinean peso notes March 1976 at par to replace old escudo (old coins still legal tender); early 1977 devaluation of Portuguese escudo offset by Guinean peso revaluation, but peso follows escudo in subsequent depreciations; May 1978 further devaluation of escudo followed by crawl announced, Guinea peso now pegged to SDR (with USD as intervention currency); no autonomous forex market but margins of 2.25%; government planning becomes more organised from 1978 with tightening of price, trade and exchange controls; large fiscal deficits affecting monetary growth, although most capital spending financed from foreign sources; rising economic problems – overvaluation, repressed inflation, parallel forex market, supply shortages – lead 1983 to stabilisation programme with 50% devaluation and weekly further depreciation, plus some structural reform; further such programmes follow, but implementation poor (fiscal deficits still large and bank-financed, monetary growth high, exchange rate overvalued, structural reforms incomplete) and results disappointing; statistical data inadequate	unstructured discretion UD
1987-96	1987-89 revised stabilisation programme including large devaluation aimed to eliminate parallel market premium, followed by further frequent (and later larger) adjustments; implementation and results patchy; stricter programmes, implementation and results again patchy; 1990 move to two-tier banking system, with BNGB split into central bank and temporary commercial bank, latter taking over medium- and long-term portfolio of BNBG before being	loosely structured discretion LSD

	closed in June 1991, and two private commercial banks operating from 1990 and 1992; central bank instruments are reserve requirements, rediscount facilities and credit ceilings; 1991 peso pegged flexibly (continuing frequent depreciations) to escudo under monetary arrangement with Portugal providing line of credit; 1994 foreign exchange market unified; by mid-1990s with further programme supported by IMF, implementation and results somewhat but erratically improved: fiscal deficit reduced, interest rates varied more often and widely and real interest rates sometimes positive, monetary growth somewhat lower, some structural reforms, but inflation volatile; agreement May 1996 for Guinea-Bissau to enter WAEMU (with date agreed later as May 1997): move motivated for Guinea-Bissau by hope of greater monetary and exchange rate stability, improved climate for FDI and deeper financial intermediation, and supported by IMF for benefits in terms of regional integration, macro and monetary discipline and financial stability; entry involves recapitalisation of central bank before absorption by BCEAO, currency conversion, replacement of existing monetary instruments by those used by BCEAO; statistical database much improved	
1997-2023	May 1997 Guinea-Bissau becomes member of west African CFA franc zone, see West African (Economic and) Monetary Union; there is no national monetary policy	member of currency union CU

Selected IMF references: *Guinea-Bissau – Economic Situation*, 1977, pp22-5, 29-30; RED 1979 pp24-7, 35-7; RED 1983 pp14-16, 20-22; SR 1983 pp2-3; RED 1984 pp19-20 29; SR 1984 pp2-3, 8-9, 11-12; SR 1987 pp6-8; SR 1988 pp4-7, 15; SR 1990 pp2-10, 13-14; SR 1991 p3; SR 1992 pp2-4; RED 1994 pp29, 42-44; RED 1995 pp8-10, 12-13; SR 1995 pp3-4; SR 1997 pp7-10, 13-15, 50-5; RED 1998 pp16-17.

Kenya initially fixed its exchange rate (along with Tanzania and Uganda, the other members of the East African Community) to the USD, then to the SDR, with only limited monetary policy operations. The exchange rate peg was more frequently adjusted from late 1981 and eventually abandoned, while monetary policy moved gradually (and non-linearly) towards the pursuit of price stability via indirect monetary instruments, with (very) loose inflation targeting from 2013.

Years	Targets and attainment	Classification
1974-81	January 1974 new central rate vs SDR implying return to former parity vs USD and no change in 1:1 relationship with Tanzanian and Uganda shillings; central bank (set up 1966) relies mainly on overall and sectoral credit controls and liquidity (and later cash) ratios, with few changes in interest rates; domestic credit strongly affected by funding of varying fiscal deficits and lending to SOEs; significant and growing banking and financial system; treasury bills and government bonds issued, some secondary market trading; depreciation vs SDR 1975, with no change to rate vs Tanzanian and Ugandan shillings; 1977 breakup of East African Community leads over time to diverging exchange rates between members; 1981 two devaluations vs SDR	augmented exchange rate fix AERF
1982-2012	1982-3 major devaluation followed by more frequent adjustments designed to stabilise real effective exchange rate; fiscal and monetary stabilisation efforts, not helped by external factors such as 1984-5 drought; interest rates come to be used more often; liquidity ratio and other controls imposed on non-bank financial intermediaries as well as banks; credit to private sector becomes more important; cash ratio, which had been abolished 1981, revived 1986; from 1987 efforts to develop primary and secondary government securities markets, also improved rediscount facilities; 1987 exchange rate peg switched to basket of trading partners; 1991 stated objectives include growth, inflation, current account, reserves and debt service ratio; further financial reform including interest rate liberalisation 1991 plus shift from credit controls to (essentially primary market) open market operations in treasury bills and cash ratio as main instruments, with focus on monetary aggregates, but monetary, fiscal and other policy slippages; much of 1990s political tensions, some aid withheld in concerns over political and economic reforms; 1993 forex crisis arising from domestic conflicts and mismanagement as well as external factors, large devaluations, some reform measures reversed, renewed stabilisation efforts; late 1993 unification of official and market exchange rates, rate set freely on interbank market; 1998 US embassy attack; as of 1998 development of financial markets (bills, bonds, interbank, forex) remains limited; smaller but recurring policy slippages; growing	loosely structured discretion LSD

	emphasis on price stability, while exchange rate vs USD is managed float; improvements in banking supervision to address periodic bank distress; 2007 increased use of repos in monetary operations; 2008 designated policy rate, but no corridor, and transmission mechanism to market rates weak; 2009 revision of flawed consumer price index; 2011 severe regional drought, associated with spike in food and overall inflation; 2011 revised monetary framework gives more prominence to policy rate, used together with repos and reverse repos to guide market interest rates	
2013-23	central bank moving gradually towards inflation targeting with improvements in forecasting, 2011-12 targets missed but wide targets (2.5 to 7.5%) attained or nearly attained 2013-16 and 2018-2021, overshot briefly 2017 and for part of 2022-23, but longer term expectations remain broadly anchored; use of mobile money now widespread, which facilitates financial inclusion and SME investment; continuing disconnect between policy and interbank rates; late 2016 new interest rate controls limiting spread of lending and term-deposit rates above and below Central Bank Rate which could reduce monetary policy effectiveness (and economic growth) and complicate introduction of corridor, but ended late 2019; severe impact from and firm policy response to Covid-19; 2021 plans for monetary policy reforms; 2023 interest rate corridor introduced, also central securities depository; data provision better over time but could improve further	loose inflation targeting LIT

Selected IMF references: RED 1973 pp39-40, 53-5, 69-73; RED 1974 pp33-4, 50; RED 1976 pp36-8, 49; RED 1979 pp36-7, 54; SR 1979 p8; SR 1980 p9; RED 1981 pp31-3, 49; RED 1983 pp53-4, 68-9; SR 1983 pp16-18; RED 1984 pp46-7, 50, 52, 54, 65-6; RED 1985 pp60, 62-3, 72; RED 1986 pp74-6, 92; RED 1988 pp43, 46; RED 1989 pp43-5; RED 1990 pp39, 41, 54; RED 1991 pp12-13; SR 1991 pp13-14, 17; SR 1992 pp7; SR 1993 pp2-7, 12-15; RED 1995 pp38-41, 51-2, 70; SR 1995 pp11-18; SISA 1998 pp11-16; SR 2003 pp22-4; Third Review Under Three-Year Arrangement under PRGF 2007 pp9-10; SR 2008 pp6-7, 10-11; SR 2009 pp9, 14-15; SR 2011 pp15, 40; Sixth and Final Review under Three-Year Arrangement under ECF 2013 p16; SR 2014 pp11-12, 21-3; Second Reviews under SBA etc March 2016 pp10-11; First Reviews under Twenty-Four Month SBA etc December 2016 pp5, 9-12; SI 2018 pp19-33; SR 2018 pp4-5, 11-13; SR 2021 pp5-6, 20, 46; SR 2023 pp11, 24-6, 65-6; SRIA 2023 pp6-9.

Other references: Central Bank of Kenya, *Market Perceptions Survey*, January 2024, pp2-3.

Lesotho continued to use the South African rand as its currency but added its own currency from 1980 (with both having legal tender status). It had no independent monetary policy but acquired over time some limited ability to control the allocation of credit and some scope for non-monetary financing of fluctuating fiscal deficits.

Years	**Targets and attainment**	**Classification**
1974-79	small open economy entirely surrounded by South Africa (SA) and with very strong economic links to it including common membership of the Southern African Customs Union (SACU) and long tradition of Basotho workers in SA mines; long-standing use of SA rand as only currency, before and since independence in 1966, formalised in Rand Monetary Area agreement 1974; SA makes annual payments to compensate Lesotho for income forgone from use of rand instead of own currency, on basis of estimates of notes and coin in circulation; three commercial banks (two foreign-owned, one acting as banker to government), some other financial institutions; financial regulation by commissioner in Ministry of Finance from 1974, including liquid asset and capital ratios; no monetary authority or monetary policy initially but 1979 Lesotho Monetary Authority (LMA) set up; statistical data poor	use of another sovereign's currency UASC
1980-2023	January 1980 new currency loti issued at par with rand, and sharing legal tender status within Lesotho with rand; over time loti comes to make up a large part of notes and coin in circulation (no reliable data on rand in circulation within Lesotho); Lesotho commits to 100% backing of loti by deposits at South Africa Reserve Bank, has minimal input into SA Reserve Bank decisions and no control over its exchange rate with the rest of the world, and applies SA exchange controls, but SA still compensates Lesotho for seigniorage forgone by use of rand; June 1980 LMA places treasury bills with banks; LMA initially operates like currency board but gradually takes on wider functions, including setting liquidity and reserve ratios and minimum local assets ratio (designed to concentrate foreign assets in the central bank), setting key interest rates, holding banks' deposits and operating clearing system, and is renamed Central Bank of Lesotho 1982; 1980s and 1990s fiscal deficits affected by fluctuations in SACU receipts as well as government spending, with large deficits financed in part by banking system, periodic stabilisation efforts with varying but rising effectiveness; 1986 military coup; 1986 Rand Monetary Area replaced by Common Monetary Area (CMA), with limited effects for Lesotho; from 1986 major SA-funded investment in Lesotho Highlands Water Project (LHWP); 1987 first government bond issue; monetary authorities favour growth but policy highly constrained by CMA membership, though allocation of credit can be	augmented exchange rate fix AERF

	affected; central bank becomes sole banker to government 1990, within slowly developing financial system; 1993 introduction of regular treasury bill auctions, with nonbank participation; 1993 democratic elections won by previous opposition party but more or less acute political tensions of different kinds continue, leading to widespread looting, military intervention by SA 1998-9 and major economic damage; 1994 central bank starts issuing own securities; 1995 SA abolishes financial rand, Lesotho follows suit; 1998-9 one large distressed local bank closed, another restructured and then privatised; late 1990s, phase 1A of LHWP winding down (but second starting up), fewer Basotho miners working in SA, and high prevalence of HIV/AIDS; 2001 large issue of treasury bills, designed to replace deposits at central bank and lead to development of secondary market; 2000s fiscal policy affected by weak public financial management and fluctuating SACU revenues; adverse effects on economic activity from GFC; rising emphasis on financial supervision, especially with respect to nonbank financial institutions, and coordination with SA supervisors given SA banks' dominant role in Lesotho banking system; rising usage of mobile money from 2014; policy disrupted and reforms delayed by attempted military coup 2014 and continued political fragility and tensions (with head of army and two senior officers assassinated late 2017); early 2020s shocks from Covid-19 (but strong policy response), commodity price rises and declining SACU revenues; weak coordination of fiscal and monetary policy, weak central bank autonomy; IMF pushes for reforms on liquidity management and financial market development; statistical data better over time, but scope for further improvements	

Selected IMF references: *The Rand Monetary Area and the Monetary Systems of Botswana, Lesotho and Swaziland*, 1976, pp1-7, 12-16; RED 1975 pp33, 36-9; RED 1980 pp38-9; RED 1982 pp28-30; *The Rand Monetary Area*, 1983, pp10-11; RED 1983 p51; RED 1984 pp26-8, 30-2; RED 1985 pp43-5; SR 1986 pp10-11, 20; SR 1988 pp11-12; RED 1990 pp34, 36, 38-40; RED 1992 pp24, 26, 31; SR 1993 p15; SR 1995 p8; RED 1996 pp19-21; SR 1996 p4; REDSI 1999 pp24-9; SR 2001 pp14-15, 19-20; SR 2002 pp7-8; SISA 2004 pp32-4; SR 2004 pp8, 9, 16; SISA 2005 pp5-10; SR 2012 p15; SR 2016 p14; SI 2018 pp2-12; SR 2019 p13; SI 2022 pp58-60; SR 2022 pp5-7, 14-16, 38-40; SR 2023 pp13-16; SR 2024 pp16-18, 49-50.

Other references: Wolf et al. (2008, p46); Masson and Pattillo (2005, pp24-6, 65-6); Central Bank of Lesotho (n.d.), 'CBL Monetary Policy', available at https://centralbank.org.ls/index.php/monetary-policy/cbl-monetary-policy (last accessed 5.12.21)

Liberia continued to use the USD as its currency, but set up a central bank with limited powers. This arrangement was undermined by fiscal policy from the mid-1980s, with issues of Liberian dollar coins and then notes to finance budget deficits, and the monetary and financial system all but collapsed during the civil war period. The 2003 peace agreement allowed some recovery of both financial system and economy, but monetary policy remained heavily constrained by the very high degree of (USD) dollarisation and other factors.

Years	Targets and attainment	Classification
1974-84	USD is legal tender, along with Liberian dollar (LD) coins at par (no Liberian notes); small, open, liberal economy with little scope for monetary policy; for years no central bank but some foreign-owned commercial banks, largest of which undertook various monetary functions; capital and reserve requirements but no other controls on banks; fiscal policy traditionally conservative; mid-1974 central bank with most monetary management powers other than note-issuing, sets reserve requirements and raises ceilings on interest rates 1975, by 1976 manages all government accounts, but its resources remain limited (and commercial banks draw on their overseas headquarters); 1978 ceilings on bank lending rates abolished; from late 1970s repeated fiscal deficits financed mainly by central bank; 1980 coup, central bank tries to stabilise banking system and prevent capital outflow; LD5 coins issued for first time; central bank operations impeded by lack of note-issuing power, government's financing needs, low forex reserves, and costs of attempted rescue of major commercial bank (closed 1981); fiscal slippages, growing liquidity crisis, compartmentalisation of banking system; 1980 to early 1985 strong appreciation with USD, while world demand and main export prices depressed	use of another sovereign's currency UASC
1985-2003	1984-5 central bank increases issue of Liberian coins, cuts reserve requirements and directs commercial banks to cut lending rates; by 1986 USD notes have largely vanished, Liberian coins are no longer fully convertible because of banking system's lack of foreign resources; rising external arrears, LD falling vs USD in parallel market which covers increasing share of transactions; 1986 adoption of limited exchange controls; 1987 attempt to re-establish interbank clearing system and so orderly financial and payments system, but undermined by continued budget deficits; 1989 LD5 coins replaced by LD5 notes (later called 'J J Roberts' notes); deepening crisis, with increasing arrears to IMF and other external lenders; (first) civil war 1989-96 greatly worsens economic and social conditions, with GDP falling very heavily, much of population displaced, many banks closing, central bank largely ceasing to function, loss of statistical data and capacity, emigration of skilled labour; 1992 'Liberty' LD5 notes issued by central bank to	unstructured discretion UD

	replace J J Roberts notes, which continue to circulate in other areas, Liberty notes at massive discount to USD, J J Roberts at small premium to Liberty notes; end of civil war 1996 with new President elected leads to short term economic rebound; 1998 official parity of LD with USD rescinded; late 1998 Liberian government gets involved in Sierra Leone civil war, with adverse effect on international standing; late 1999 new (but illiquid) central bank in place of old one, with shrunken banking system having very high level of non-performing loans; budget deficits still large, financed by central bank note issues and growing arrears; major continuing governance issues, including weak statistics and reporting; 1999-2003 intensifying second civil war, with sharp fall in GDP in 2003; 2001 central bank raises reserve requirements in attempt to stem depreciation of LD vs USD; late 2001 one commercial bank closed; late 2002 central bank issues 90-day CDs; monetary policy complicated by very high dollarisation (official currency is LD but USD is also legal tender); increasing conflict and international intervention leads to 2003 Accra peace agreement	
2004-23	national transitional government moves to strengthen economic management, but keeping dual currency arrangement for now; central bank's financial position improves but remains weak; 2004-5 reserve requirements on LDs and USDs harmonised (at lower level), central bank accommodates rebound in demand for LDs, forex auctions used mainly to manage liquidity, some discussion of return to full (USD) dollarisation; 2005 presidential election, 2006 new administration moves firmly towards reform and reconstruction; central bank treats exchange rate as key indicator and aims for broad stability as means of controlling inflation (given lack of ordinary monetary instruments); strengthening recovery, with return of real GDP in 2008 to 2002 level; excess liquidity in banks; official long-term aim of de-dollarisation; credit to private sector and wider financial development remain relatively low; 2013 monthly issues of LD treasury bills, also central bank bills; 2014-15 epidemic of ebola with large adverse economic effects; 2017 central bank reduces its focus on exchange rate stability, allowing sharp depreciation, but it continues to lack effective instruments and to be in need of recapitalisation, while transmission mechanism is weak; from 2018 regular adjustments to exchange rate; early 2019 central bank bills plus standing deposit and liquidity facilities, but monetary financing continues and central bank independence limited; from late 2019 further reforms implemented; downturn from Covid-19 but rebound; gradual currency changeover 2023; as of 2022 some	loosely structured discretion LSD

	monetary policy issues unresolved; statistical data need major improvements in many dimensions	

Selected IMF references: RED 1973 pp34-6, 57-60; RED 1974 pp31, 36-7; RED 1975 pp24-5; SR 1975 p4; RED 1977 pp28-30; RED 1978 30-2; RED 1981 pp47-9; RED 1983 pp36-9; SR 1984 p19; RED 1985 pp33-4, 38; SR 1985 pp11-13; RED 1986 pp34-5, 60; SR 1986 pp14-16; RED 1987 pp6-8, 11; SR 1987 pp12-16; RED 1988 pp27-34, 43; RED 1989 pp23-31, 40; SR 1989 pp4-6, 9-15, 19-20; *Further Review following Declaration of Ineligibility* August 1994 pp3-5, 7; *Further Review following Declaration of Ineligibility* February 1995 pp2-3; *Memorandum of Economic and Financial Policies* October 1998 ¶¶1-5; *Review following Declaration of Ineligibility* February 1999 pp3-6; SISA 2000 pp3, 13-14, 18; SR 2000 pp10, 18-19, 20; SR 2002 pp6-7, 10, 17-18; SISA 2003 pp11-13, 17-21; SR 2003 pp5-12, 16-17; *Report on Post-conflict Economic Situation* February 2004 pp5-6, 12-14; SISA 2005 pp9-10, 20-2; SR 2005 pp6, 13-16, 18-19; SR 2006 pp14-16; SR 2008 pp14, 17-20; SR 2010 pp16-18, 20-1; SR 2012 pp30-2; *Second Review under ECF*… November 2013 pp12-16; *Memorandum of Economic and Financial Policies* November 2013 ¶¶29-35; SR 2016 pp4-5, 14-18; SR 2018 pp12-14; SR 2019 pp10-13; SI 2022 pp15-31; SR 2022 pp9-12, 45; SRIA 2022 pp9-11; *IMF Staff Completes Mission to Liberia* (press release July 2024).

Libya for many years fixed its currency to the USD and then to the SDR with very limited monetary operations. In the 1990s it abandoned the exchange rate anchor without any serious alternative, but returned to fixing the exchange rate against the SDR in the 2000s. The civil war and political fragmentation from 2014 led to a lack of monetary control and a lack of policy framework, but there is some recovery and some central bank reunification from 2021.

Years	**Targets and attainment**	**Classification**
1974-91	initial peg to USD with narrow margins, no real forex market, monetary policy not geared to exchange rate; banking system concentrated and largely government-owned, central bank has various powers including interest rate (hardly ever used) and credit controls, but in early years main active instrument is moral suasion; monetary growth heavily influenced by government's (oil-revenue-financed) spending in excess of domestic revenues, and occasional (often direct) measures to tighten liquidity; statistical data availability poor; wide-ranging price and other controls (and poor inflation data); peg shifted to SDR in 1986, with wide band (+/-7.5%) but narrow spread around CB's chosen rate close to the lower border of band; private sector share in economic activity fell in 1970s but rose with limited liberalisation in late 1980s; parallel forex market from 1988, with rising premium and volume	augmented exchange rate fix AERF
1992-2001	1992 band around SDR parity widened to +/-11%, then to +/-16%, 1993 to +/-25%, 1994 to 47%, 1998 to 77.5%, with rate fixed always at lower border; rising premium and transactions in parallel forex market; 1993 central bank gets more control over reserve and liquidity requirements, but there is no coherent monetary policy programme; some small private local banks created, but banking system is technically backward and lends very little to private sector, while monetary policy relies on credit controls; UN economic sanctions from 1992, broadened 1993, suspended 1999, but US 1996 sanctions remain; 1999 parallel forex market legalised as 'special' exchange rate, some convergence of special and official exchange rates	unstructured discretion UD
2002-13	exchange rates unified via 50% devaluation of official rate, unified rate pegged to SDR with very narrow margins, some wider trade and forex liberalisation; 2003 elimination of Great Man-Made River exchange tax and 15% devaluation; 2005 increase in central bank autonomy, partial interest rate liberalisation; some efforts to improve operation of financial system and develop indirect monetary instruments, e.g. central bank certificates of deposit from 2008, but large excess liquidity in banking system; some improvements in statistics available; 2011 heavy-handed government response to Arab Spring protests followed by overthrow of government and partial normalisation, but continuing political fragmentation and	augmented exchange rate fix AERF

	some armed conflict; interest payments in financial transactions banned 2013 but central bank favours dual (conventional and Islamic) banking system	
2014-20	[Note: no Article IV reports between May 2013 and May 2023, little information available from other IMF papers] civil war 2014, continuing political fragmentation and armed conflict which affects oil production as well as wider economy, fiscal/monetary policies, and governance; 2014 eastern (Benghazi) branch of central bank starts to operate independently of western (Tripoli) branch; official exchange rate little changed but capital controls from 2015 and parallel market re-emerges with large premium; 2019-20 blockade of oil production by East-based army; growth and inflation very volatile, but no hyper-inflation	unstructured discretion USD (tentative)
2021-23	2021 major devaluation vs SDR and relaxation of currency controls closes most of gap between official and parallel exchange rates, but parallel market continues; lower level of conflict/violence but political fragmentation of country remains; 2021-22 erratic moves towards reunification of central bank, which requires massive structural, legal and other changes, along with reform of small and partly central bank-owned commercial banking sector, which is still struggling to develop sharia-compliant contracts consistent with 2013 ban on interest; 2023-24 more moves to reunify central bank, but political fragmentation hinders other reforms; mid-2023 forex restrictions, parallel premium widens again; statistical data badly affected by civil war, recovering with difficulty	loosely structured discretion LSD

Selected IMF references: RED 1976 pp26-8; RED 1978 pp40, 52; RED 1982 p33; RED 1987 pp16, 41-2; SR 1989 pp14-15; RED 1994 pp1-2, 24, 39-40; SR 1994 pp13-14, 16, 18; SR 1996 pp11, 16-17, 18-19, 21; RED 1999 pp31, 41-3; SR 1999 pp16-19; SR 2001 pp7, 12; SR 2002 pp13-14, 18-20, 22; SR 2003 pp11, 17; SR 2005 p8; SR 2008 pp7, 10; SR 2009 p11; SR 2011 pp12, 30-34; SR 2013 pp14-15, 21; *Arab Countries in Transition: Economic Outlook and Key Challenges*, October 2015, pp12-13; *Regional Outlook: Middle East and Central Asia*, November 2018, pp9-11; SI 2023 pp2-9, 15-17; SR 2023 pp5-8, 13-17; SR 2024 pp4-6, 7-9, 30-1; SRIA 2024 pp2-3.

Additional references: Central Bank of Libya, *Economic Bulletin*, 2013 Q1, table 17; *Economic Bulletin*, 2018 Q1, table 35, both available at https://cbl.gov.ly/en/economic-bulletin/; World Bank (2018).

Madagascar initially continued to fix its currency to the French franc, although it had withdrawn from the franc area in 1973, but from 1982 it managed its exchange rate more flexibly. Its monetary policy gradually focused more on inflation and adopted indirect instead of direct monetary instruments, but with financial markets that were limited and shallow. Recurring political conflicts hindered the evolution of the economy and of policy.

Years	Targets and attainment	Classification
1974-81	Madagascar had remained part of French franc area after independence in 1960, from 1963 with its own currency issued by monetary authority controlled jointly with France, but in 1973 it withdrew from franc area and set up new Malagasy-government-owned central bank; currency continues to be pegged to French franc; financial system includes four commercial banks nationalised 1974-5, plus development bank, postal checking system and some nonbank financial institutions, while government issues some treasury bills and bonds; central bank mainly uses credit controls and rediscount facilities, sets but rarely changes interest rates; interbank money market from 1975, largely inactive; new socialist government from 1975 pursues faster investment and growth with reorganisation of production under national control; foreign borrowing but also high central bank financing of fiscal deficits; banking sector restructured 1977; sharp deterioration of balance of payments, fall in reserves and rise in inflation 1977-79, leading to weakly implemented stabilisation efforts; 1981 interest rates restructured and raised, money market reorganised as interbank loan market	augmented exchange rate fix AERF
1982-2023	1982 currency devalued and pegged to basket, with frequent small and occasional large devaluations, then relatively stable from mid-1987; from 1984 stabilisation measures more effective, but structural reforms limited; main monetary instrument remains credit controls (with prior authorisation required for some large loans), also portfolio (liquidity) ratios; interest rates decontrolled from 1983; 1987 reserve requirements introduced, treasury bill issues; 1988-9 restructuring and liberalisation of banking system; liquidity auctions (in both directions) from 1990; larger depreciation 1991 then less adjustment; political turmoil 1991-2 has drastic effects on economy and on economic reforms, but leads to new constitution and then change of government 1992; difficulties for state-owned but not private banks; monetary control issues including monetary financing of fiscal deficits; treasury bill auctions resumed 1993; 1994 interbank forex market liberalised, exchange rate floated with sharp fall, then continuing depreciations; increased autonomy for central bank 1994; privatisations and other structural reform; 1995 strong monetary tightening, by direct instruments but also rises in	loosely structured discretion LSD

	interest rates; credit ceilings abolished end-1995; by 2000 monetary policy focussed on inflation and forex reserves, conducted mainly via treasury bill auctions and reserve requirements, plus discount rate as signal; 2002 further political crisis with dire short-term economic effects; 2004 electronic trading system replaces forex auctions; 2005 ariary (issued since 1961, worth 5 Malagasy francs) made official currency; 2007 securitisation of central bank loans to government enables higher level of open market operations; political crisis (military coup) leading to international isolation 2009-13, economic deterioration, stagnation in monetary policy and financial development, multiple exchange rates, no consultations with IMF; from 2015 exchange rate unification, central bank recapitalised and made more independent of government, actual and planned improvements in managing liquidity, in operating monetary policy and in forex market, with view to switch from monetary to interest rate targeting; severe impact from Covid-19 but quick rebound; standing facilities and interest rate corridor, and repos, 2021, leading to full transition to interest rate-targeting operations in early 2024; statistical data broadly adequate	

Selected IMF references: RED 1973 pp44-5, 74; RED 1975 pp34-5, 55; RED 1976 pp34-6; SR 1976 pp8, 10; RED 1978 pp38-9; RED 1980 pp41-4, 48-50; RED 1982 pp36-7, 40-1, 58-9; SR 1982 pp3-6; RED 1983 pp45-7, 52; RED 1985 pp35-7; RED 1987 pp32-5; SR December 1987 pp12-14; RED 1989 pp9-14; RED 1992 pp26-8; SR 1993 pp2-3, 6-7, 9; RED 1995 pp19-23, 38-46; SR 1995 pp1-3; SISA 1996 pp19-20, 25-31; REDSI 1997 pp12-15, 23-4, 27, 30; REDSI 2000 pp11-12; SISA 2001 pp6-9; SR 2002 pp10-12; *5th Fifth Review under Three-Year Arrangement*, September 2004, pp7-8; SR 2006 pp19-20, 83; SR 2007 pp19, 25; SR 2014 pp4-5, 7, 13-15; SR 2015 pp8, 11-12; SR 2016 pp14-15; SR 2017 p20; *4th Review under ECF…* March 2019 pp10-11; SI 2020 pp11, 23-8, 31-2; SR 2023 pp4-5, 20-1, 52; SRIA 2023 pp9-11; *Request under ECF…* June 2024 pp4-6, 13-15.

Malawi initially fixed its exchange rate to the USD and then the SDR, but soon began to adjust it more frequently. A long period of recurring loose monetary policy largely driven by fiscal deficits, and with repeated policy slippages, was eventually succeeded by a greater emphasis on price stability, increased central bank independence, a floating exchange rate and movements towards indirect monetary instruments.

Years	Targets and attainment	Classification
1974-81	exchange rate, formerly fixed to GBP, set daily from late 1973 on formula based primarily on changes to GBP and USD; initially central bank relies mainly on moral suasion in limited and concentrated banking system, interest rates rarely varied; treasury bills and long-term government securities issued, latter purchased by central and other banks and nonbanks; June 1975 peg to SDR; from 1976 credit directives issued to banks and liquid assets ratio varied more often; 1979 international transport disruption	augmented exchange rate fix AERF
1982-2023	devaluations 1982, 1983, and 1984, partly in response to changes in rates between currencies of major trading partners (USA, South Africa, UK) and partly to unwind real appreciation due to higher domestic inflation; 1984 peg switched to wider (but undisclosed) currency basket; import controls tightened; from 1985 repeated discrete and gradual depreciations with aim of stabilising real effective exchange rate; no secondary market for government paper but central bank is obliged to buy or sell on demand; 1987 maximum lending rates for banks decontrolled, all interest rates formally deregulated 1988 but in practice closely follow central bank signals; import liberalisation from 1988; 1989 new legal status for central bank, new reserve requirement; 1990-1 large rise in and subsequent changes in reserve requirement, introduction of bank rate linked to rate on auction of central bank bills, rediscount facilities, end of direct credit ceilings and interest rate controls, but indirect instruments have limited traction in concentrated banking and underdeveloped financial system; from 1990 authorities pursuing nominal exchange rate stability in between adjustments to offset inflation differentials; 1994 forex auctions introduced with informal interbank forex market, formalised 1996, exchange rate managed with periodic depreciations; 1995 improvements in settlement system for bills and entry of new banks; as of 1996 monetary policy conducted mainly via OMOs in treasury bill auctions, but central bank funding of varying fiscal deficits continues and lasting fiscal consolidation proves difficult, while monetary growth and inflation fluctuate widely; 1998 large depreciation allowed, followed by announcement of future float which started in mid-2000 (with occasional episodes of intervention); monetary policy committee set up 2000, with focus on monetary	loosely structured discretion LSD

	aggregates and price stability; 2006-9 de facto peg to USD with some controls, bringing real appreciation, forex rationing and rising parallel market premium, 2010 return to managed float but growing use of controls lowers donor enthusiasm; 2012 large devaluation and renewed forex liberalisation under new government, genuine float, parallel market premium shrinks; 2013 'cashgate' scandal over theft of public funds reduces confidence and leads to loss of external aid; monetary policy operated via OMOs with improved communication, central bank finance of government more limited from 2015, and wide interest rate corridor (standing facilities) from 2016; 2018 plans to move to full interest rate based monetary framework and eventually inflation targeting; end-2018 new central bank law bans monetary financing by central bank; 2019 cyclone damage; real appreciation and overvaluation resulting from nominal exchange rate stabilisation since 2016; severe economic effects from Covid-19, recovery gradual but helped by less forex intervention; 2021-2 efforts to reform forex market (especially interbank market) and move to market-determined rate; high external debt; 2022 devaluation, goal of rebuilding forex reserves; further cyclone and cholera outbreak; continuing excess liquidity in banking system, weak secondary market for government securities, widening parallel premium in forex market; data provision improving but large gaps remain	

Selected IMF references: RED 1973 pp70, 94, 103; RED 1975 pp45-9, 56, 81; SR 1975 pp10-11, 14-15; RED 1977 pp41, 50, 69; RED 1979 pp48-9; RED 1980 pp40-1; RED 1981 pp40-2; RED 1983 p67; RED 1984 p69; RED 1985 pp43, 71; RED 1986 pp44-5, 75; RED 1988 pp54-6, 85; RED 1989 p32; SR 1989 pp30, 31; RED 1991 pp31-3, 50, 54; SR 1991 pp9, 14-16; SR 1992 pp8, 10, 12, 15-16; BP 1994 pp3, 7-9, 12-17, 20-1; SR 1995 pp17-18; RED 1996 pp24-5; SR 1996 pp9, 13-14; RED 1997 pp3, 11-12; SR 1997 pp12; SR 1998 pp11, 14, 18; SISA 2000 p7; SISA 2007 pp17-25; SR 2007 p16, 19-20; SR 2010 pp7-8, 12-13-14; SR 2012 pp5-8, 11, 13; SR 2015 pp4, 19-20; *7th and 8th Reviews under ECF…* June 2016 pp15-16, 44, 49-50; SR 2018 pp6, 12-13; *2nd and 3rd Reviews under 3-year ECF…* November 2019 pp6-7, 13-14; SR 2021 pp7-8, 15-19*; Request for Disbursement under ECF…* November 2022 pp5-7, 10-11; *1st Review under SMP…*July 2023 pp5-6, 9-10; *2nd Review under SMP…* November 2023 pp5-6, 10-11; *2nd Review Informational Annex* November 2023 pp10-12; *IMF Staff Completes Mission to Malawi* (press release May 2024).

Mali had chosen in the 1960s not to be part of the West African Monetary Union, but it fixed its exchange rate to the French franc in a broadly equivalent way. By the 1970s it was seeking to join WAMU, but its entry was held up until financial imbalances – large fiscal deficits financed by the banking system – had been brought under control, in the early 1980s.

Years	Targets and attainment	Classification
1974-83	exchange rate fixed from 1968 to French franc (therefore fixed vs CFA franc also), with convertibility guaranteed via operations account at French Treasury as in west and central African monetary unions, but separate currency and separate (and new) Malian central bank (with strong French role); 1967 agreement with France had envisaged Mali joining WAMU when financial balance achieved, but this turns out to take longer than expected; 1960s policies had included nationalisation, planning, and price and import controls, which were only slowly being dismantled; basic banking system, largely state-owned; central bank can lend within limits to government and aims to control credit via rediscount ceilings for banks and large (state) enterprises, with little use of interest rates; recurring over-expansions of credit to government and state (mainly agricultural product) enterprises, resulting in net foreign assets falling below zero; 1977 new monetary agreement with France, designed to achieve financial equilibrium as prerequisite for entry into WAMU, includes fiscal deficit cuts and credit tightening by central bank in response to overshoots of 'operating balance' with French Treasury; government adopts successive stabilisation programmes and structural reforms which finally enable Mali to enter WAMU in June 1984; entry involves demise of Malian central bank, currency conversion (from Malian franc to CFA franc), consolidation of operations account debts, cancellation of substantial outstanding loans from banks to state enterprises and government, and replacement of existing monetary instruments by those used by BCEAO	augmented exchange rate fix AERF
1984-2023	member of west African CFA franc zone, see West African (Economic and) Monetary Union; national credit committee has some say pre-1994 over allocation of credit within country, but there is no national monetary policy	member of currency union CU

Selected IMF references: RED 1970 pp30-1; RED 1973 pp57-60; RED 1975 p48; RED 1978 pp26-7; SR 1978 pp3-4, 9; SR 1979 p3; SR 1981 p17; RED 1985 pp35-7; SR 1985 pp2-3.

Mauritania, which had recently left the franc zone, fixed its new currency for ten years to a basket, with limited use of direct monetary policy instruments. From 1984 it changed its exchange rate much more often, and made some moves towards indirect monetary instruments, but monetary policy remained largely passive, monetary transmission weak or non-existent, and the foreign exchange market inefficient.

Years	Targets and attainment	Classification
1974-83	Mauritania had left franc zone in 1973, setting up its own central bank and currency, initially pegged to French franc at equivalent of old rate, but from January 1974 pegged to basket (consisting of USD and four European currencies, equally weighted) with USD as intervention currency; central bank relies mainly on prior credit authorisation and rediscount facilities, interest rates rarely varied; central bank loans to government subject to limits; basic financial system, most banks majority government-owned; 1977 basket widened to cover more currencies, now trade-weighted; 1982 small depreciation vs basket; disruption from Western Sahara war in 1970s, occasional domestic coups and/or political conflicts in later years; extensive foreign borrowing, but monetary growth sometimes drives fiscal deficits; 1980 development bank established	augmented exchange rate fix AERF
1984-2023	1984 major change in basket weights, temporary broken rates in effort to undo appreciation (with USD) in context of worsening fiscal and external balances, while limits on lending to government eased; 1985-9 comprehensive stabilisation and structural reform effort, partly successful, includes repeated depreciations to correct overvaluation, rise in interest rates, and some bank restructuring and privatisation; 1990-92 fiscal-monetary policy slippages and continuing bank weaknesses, but moves towards indirect monetary control via creation of interbank money market, introduction of reserve requirements, ending of extra rediscount facilities above standard rediscount ceilings; late 1992 stabilisation and structural reform package including some forex liberalisation, large depreciation and temporary 'free' market in addition to official rate (and parallel market); 1994 periodic treasury bill auctions; further bank restructuring; end-1995 official and free exchange rates unified, determined in interbank forex market (with some continuing frictions); 1996 credit controls ended, some interest rates liberalised; monetary policy is focused mainly on inflation, competitiveness and forex reserves and relies more on treasury bill auctions and repos, with changes to improve operation of market; more depreciation 1997-8; 2000 integration of commercial bank and foreign exchange bureaux elements of forex market, rate managed in pursuit of competitiveness; banks rely on large government deposits and lend only to a few related	loosely structured discretion LSD

	firms, in context of very low monetisation; accumulation of government deposits in commercial banks and risks involved, issue of potential transfer to central bank; central bank liquidity forecasting poor; forex market inefficient; 2003-4 attempted coup, major policy slippages, rise in parallel market premium; 2005 successful coup leading to new constitution and elections 2006-7; large and long-standing data misreporting revealed, including fiscal, monetary, external sector and GDP data; central bank financing of budget ended; 2007 start of forex auctions, parallel market premium shrinks; efforts to improve financial intermediation; 2008 coup, 2009 presidential election won by coup leader and accepted internationally, economic disruption temporary; monetary policy now focused in principle on containing inflation in context of greater exchange rate flexibility, but in practice policy remains largely passive, transmission poor and forex market distorted; widely varying liquidity in banks, which still serve only small part of population; major terms of trade shock 2014-15 from fall in metals prices (hitting iron ore exports); longstanding aims of modernising monetary policy framework and forex market, but implementation repeatedly delayed; start-2018 currency reform (one new ouguiya to ten old); late 2018 new refinancing/deposit instruments with very wide interest rate corridor, some central bank reform, new treasury paper issuance procedures; rise of Islamic bonds held by Islamic banks; severe impact from Covid-19, strong policy response; 2022 some impact from Ukraine war, monetary and forex reforms resumed; 2023 excess liquidity remains problem; new interbank forex market platform end-2023; data provision broadly adequate by end of period	

Selected IMF references: RED 1975 pp32, 47-8, 51-5; SR 1976 pp8-9; RED 1978 pp33-4; RED 1980 pp46-7; RED 1982 pp34-5, 57; RED 1984 pp45-6, 74-5; RED 1985 pp31, 48-9; SR 1987 pp7-9; RED 1989 pp28-30; SR 1991 pp2-3, 10, 13, 16-17; RED 1992 pp16-18; SR 1993 p8; RED 1995 pp15-18, 25-6; SR 1995 pp24-5; SR 1996 pp10, 22; SR 1997 pp7, 8, 10-11; RED 1999 pp28-9, 41-4, 50; SR 2000 pp17-20; SI 2002 pp12, 18-19, 29-34, 35-7, 47-9; SR 2002 pp16-19; SR 2003 pp7, 15-18, 25; SR 2005 pp4-10, 12; SR 2006 pp4-8, 11; SR 2008 pp6, 13; SR June 2011 pp12-13; SR June 2012 pp12-13; SR 2013 pp15-17; SR 2015 pp17-20; SR 2016 pp9-12; SR July 2017 pp13-15, 19, 21; *1st Review under ECF…* May 2018 pp5, 9-10; *3rd Review under ECF…* May 2019 pp8-10; *Request under RCF…* April 2020 pp3-7; *5th Review under ECF…* August 2020 pp4-6, 14-15; SI 2022 pp3-4, 11; SR 2022 pp9, 21-2, 24-5; SRIA 2022 pp9-11; *1st Reviews under ECF & EFF…* December 2023 pp13-15; *2nd Reviews under ECF & EFF…* May 2024 pp13-15.

Mauritius initially pegged its currency to sterling and then to the SDR, within a relatively developed financial system, but a switch of the peg to a currency basket in 1983 marked the start of a long period of monetary and financial reforms under which monetary policy moved closer to, and finally embarked upon, formal inflation targeting.

Years	Targets and attainment	Classification
1974-82	exchange rate fixed initially to sterling, then from January 1976 to SDR; significant financial system, with one large locally-owned, one state-owned and five foreign-owned commercial banks, also development and cooperative banks, call money market, treasury bills and government bonds (most held by banks, but growing share by National Pension Fund and other nonbanks); additional banks set up later; central bank uses mainly direct monetary instruments including liquidity ratio and credit controls; excessive fiscal expansion from 'sugar boom' of 1974-5 leads eventually to large devaluations 1979 and 1981	augmented exchange rate fix AERF
1983-2022	anchor changed from SDR to undisclosed trade-weighted basket 1983, followed by gradual depreciation; from early 1980s monetary policy focused on stabilising balance of payments and inflation, making more active use of interest rates, now liberalised and positive in real terms and used to support credit controls where authorities try out more flexible arrangements, while banks have excess liquidity; offshore banking started 1989; deficit finance provided by nonbanks is erratic, e.g. high late 1980s but very low first half of 1990s; from 1991 weekly issues of central bank bills, rise in secondary trading of bills, abolition of ceilings on bank credit; 1994 forex market liberalised, with new interbank exchange market; some repo operations from 1996, but interbank market remains thin; 1996 informal and unannounced inflation target adopted by central bank, pursued via reserve money, but exchange rate remains important concern, institutional basis for formal inflation targeting is weak, and monetary transmission mechanism is unclear and slow; undisclosed inflation targets reported in IMF sources for 1996/97 to 2004/05 attained; 1999 reserve money downgraded, new Lombard rate at which commercial banks can borrow overnight from central bank; increasing emphasis on treasury bill auction sales with resulting interest rates as key indicator of monetary policy; central bank has more transparency but limited autonomy; strong spike in inflation mid-2006 to late 2008 reflecting domestic policy issues as well as world price movements in GFC; 2007 monetary policy committee set up and repo rate replaces Lombard rate as policy rate, but under conditions of excess liquidity interest rate corridor does not function well, and interbank rates are consistently below repo rate; talk of move to formal inflation targeting;	loosely structured discretion LSD

	efforts to reduce excess liquidity by reserve requirement rises and from 2015 by bond and bill sales; from 2010 actual and expected inflation mostly in lower single digits; 2018 continuing efforts to reduce excess liquidity lead to key money market rates moving to within corridor; severe impact of Covid-19 (on tourism-heavy economy) but strong policy response (including large temporary transfers from central bank to government) and rapid rebound; 2021 moves towards inflation targeting accelerate;	
2023	new inflation targeting monetary policy framework from January 2023, with target of 2-5% met, move to less forex market intervention; interest rate corridor narrowed but excess liquidity issue affecting interest rate transmission, scope for better communications	full inflation targeting FIT

Selected IMF references: RED 1973 pp38-40, 47-51; SR 1975 pp8-11; RED 1977 pp27-8, 40; RED 1978 p22; SR 1979 pp7-8; RED 1981 pp27-9; RED 1983 pp41, 45-9, 63; SR 1983 pp9, 19; RED 1984 pp50-2; RED 1985 pp53-5, 73; RED 1989 pp37-8, 41-5, 56; RED 1994 pp55-9; SR 1994 pp10-11; BPSA 1995 pp43-6; SR 1995 pp15, 17; REDSI 1997 p35; SR 1997 pp13-15; SR 1999 pp1-13; SR 2001 pp7, 17-18; SISA 2002 pp29, 35; SR 2002 p15; SR 2003 pp20-1; SISA 2004 pp41-5, 51-2; SISA 2005 pp19-21, 25-7; SR 2005 pp16-17; SR 2008 pp7-8, 12-13; SR 2009 pp6, 15-17; SR 2014 pp10-12; SR 2015 pp18-19; SI 2017 pp14-24; SR 2019 pp12-13, 23; SR 2021 pp4-5, 9-13; SR 2022 pp9-13; SR 2024 pp5, 12-16, 54-5.

Morocco had for a long period a focus on the exchange rate, with exchange rate targeting formalised in 1991 and hardened in 2007, plus some gradual financial liberalisation. 2018 saw the start of a process of widening the exchange rate bands with a view to a later switch to inflation targeting, but no inflation target (even informal) so far identified.

Years	Targets and attainment	Classification
1974-80	exchange rate set daily by central bank, stabilised versus undisclosed basket (revised 1980); elements of fiscal dominance; monetary policy based on direct instruments including direct credit controls (encadrement du crédit) from 1976	augmented exchange rate fix AERF
1981-90	late 1980 currency basket revised, more flexibility (depreciation) allowed, and interest rates reformed (set more actively by authorities); direct credit controls continue but central bank also intervening regularly in growing money market; some money and credit targets set 1987-90 but rarely attained	loosely structured discretion LSD
1991-2006	exchange rate pegged to undisclosed basket; after April 2001 devaluation exchange rate pegged to revised basket 'dominated by euro', but weights not disclosed; interbank forex market from 1996 (tightly managed); experiment with monetary targets 1998-2002 but targets often missed and not dominant element of policy; direct credit controls replaced in move to indirect monetary instruments, notably regular 7-day repo auctions, interest rates now liberalised; central bank autonomy strengthened 2006	loose exchange rate targeting LERT
2007-17	exchange rate pegged to basket whose weights were finally disclosed (80% euro, 20% USD); improved monetary arrangements including publication of inflation forecasts; from 2008 IMF repeatedly raises issue of shift to inflation targeting; medium term plan 2013 to move to greater exchange rate flexibility and then inflation targeting, former to be implemented 2016-17 (but not)	full exchange rate targeting FERT
2018-23	exchange rate margins widened 2018 from ± 0.3% to ± 2.5% relative to basket of euro (60%) and USD (40%); heavy impact of Covid-19 (plus drought) but strong policy response; 2020 margins widened to ± 5%; 2022-23 global commodity price shock;	loose exchange rate targeting LERT

Selected IMF references: RED 1977 pp30, 33, 49; RED 1981 pp30, 33-4, 44; RED 1982 pp43-4, 47; RED 1991 chIV; SI 1996 sections I.5, I.7; RED 2000 chV; SR 2006 p3; SR 2009 p5; SR 2014 p22; SR November 2015 pp14-17; SR 2016 pp17-18; SR 2017 pp16-17; SR 2019 pp14-15, 23; SRIA 2019 p3; SR 2020 pp6-8, 14-15, 25; SR January 2022 pp14, 16; SR December 2022 p9; SR 2024 pp5, 14, 39.

Additional source: Achy and Boughrara (2011).

Mozambique became independent in 1975 after a long liberation struggle, with a colonial legacy monetary system. It soon asserted its autonomy within a rough and ineffective framework of central planning, with increasing monetary expansion and depreciation, before embarking on a difficult period of transition towards a more market-type economy. By the end of the period its monetary policy was focused more on inflation, its instruments were largely indirect, though not yet fully coherent or effective, and it was moving towards the adoption of inflation targeting.

Years	Targets and attainment	Classification
1975-76	[NB no IMF consultations before 1985] at independence in June 1975 currency is Mozambique escudo, at parity with Portuguese escudo; coins previously had been issued by Treasury and banknotes by local branch of Portuguese commercial bank; latter taken over 1975 by new central bank, which continues its central and commercial bank operations; small banking system had been mainly serving Portuguese settlers who now depart	pure exchange rate fix PERF
1977-86	[NB no IMF consultations before 1985] currency fixed to trade-weighted basket from 1977 when Portuguese escudo depreciates strongly, with gentler depreciation; poor economy, developed in colonial period to serve neighbouring economies (transport infrastructure, labour for South African mines); post-independence, in context of severe shortage of skilled and administrative labour, government aims to implement central planning with nationalisations and wide-ranging price and trade controls (and emphasis on health and education spending); costly civil war of varying intensity and economic damage 1976-92; 1978 three failing commercial banks absorbed by central bank, leaving development bank and one foreign-owned commercial bank; central bank employs poorly observed indicative credit controls, provides rediscount facilities and sets but rarely changes interest rates, in context of large fiscal deficits partly financed by domestic banking system; new currency metical replaces escudo at par 1980, and continues to depreciate, less gradually; 1980s is period of negative economic growth, increasing monetary expansion, currency substitution, sharp rise in external debt, growth of parallel markets in goods, and much larger depreciation in parallel forex market; 1975-86 total depreciation vs SDR c. 50%; by 1983 recognition of need for more pragmatic policies, but security conditions hinder change; statistics very weak but improving	unstructured discretion UD
1987-2023	January 1987 metical devalued massively and pegged to USD, further large devaluation June 1987, each followed by large price rises, as central plank of ‘rehabilitation’ programme (including substantial structural reform), while credit policy tightened (with shift from plan-based credit allocation to commercial criteria) and interest rates raised;	loosely structured discretion LSD

	further large devaluations 1988, and more frequent but smaller devaluations 1989-90, parallel forex market premium declines but remains over 100%; secondary floating exchange rate from late 1990; April 1992 most forex transactions moved to secondary forex market, further depreciation, parallel premium reduced; 1991-2 serious drought; peace negotiations not completed until late 1992; 1990-92 long process of separating commercial and central bank functions of central bank, institutional separation end-1992; further forex policy liberalisation 1994, rate now floating but managed; by 1996 some banks privatised, some new (mainly foreign-owned) banks, new interbank forex market, payments system improvements; 1997 interbank money market set up, treasury and central bank bills issued; over time monetary authorities put more emphasis on inflation, while monetary instruments shift towards use of interest rates, plus open market operations for liquidity management, and reserve requirements; early 2000 serious flooding; long process of bank restructuring; 2005 standing facilities to form corridor for treasury bill rate; 2005 forex market auctions increase flexibility and provide means for controlling liquidity, but temporary bands to counter short-term volatility; new metical July 2006 = 1000 old meticais; 2010-11 depreciation and spike in inflation from world commodity prices, but otherwise relatively little effect from GFC; from 2012 development of repo and government securities markets with bonds functioning as security in interbank money market; use of bank accounts by population low but now rising; renewed security issues from 2013 (RENAMO, resolved 2018-19), and from 2015 (Islamic State group); central bank inflation and liquidity forecasting upgraded; 2016 hidden bank debt to some state-owned enterprises disclosed; designated policy rate from 2017 with standing facilities to form corridor, start of transition to new monetary policy regime but current arrangements not fully effective; some continuing forex intervention but aim of more flexibility; Islamist insurgency from 2017; two damaging cyclones 2019, recovery impeded by Covid-19, major impact but strong response and later recovery; plans for move to inflation targeting; commodity price rises (Ukraine war) 2022; security situation better from 2022; further cyclone 2023; 2021-3 exchange rate vs USD de facto stabilised; gas production and export expected from 2028; 2023 massive rises in reserve requirements to deal with excess liquidity, opposed by IMF; statistical database broadly adequate by end of period but scope for improvement	

Selected IMF references: *The Economy of Mozambique*, 1975, pp12; RED 1985 pp1-5, 33, 36-7, 49; SR 1985 pp2-14, 17-18, 19; RED 1986 pp3, 37-40, 59-61; RED 1987 pp15-18; SR

1987 pp6-10; SR 1988 pp5-10; RED 1991 pp53-4; RED 1993 pp26-7, 32, 33-4; SR 1995 pp4-5; RED 1996 pp21; SR 1999 p9; SR 2000 pp9, 10-12; SR 2002 pp5, 17; SR 2003 pp5, 13-14; SR June 2005 p7; SR 2007 pp6-8, 24-5; SR 2009 pp8, 14; SR 2013 pp16, 18, 42-3; SR 2015 pp9-11, 21-2, 24, 26; SI 2018 pp4-16; SR 2018 pp4, 14-15; *Request under RCF…* April 2020 pp5-7; *2nd Review under 3-year ECF…* June 2023 pp5-7, 11-2, 20; *3rd Review under 3-year ECF…* December 2023 pp10, 15, 19; SR 2024 pp14-15, 46, 69-70.

Namibia continued to use the South African rand which it had used for many years in its status as a colony, but issued its own currency in 1993 (sharing legal tender status with the rand). Financial market development enabled a shift to indirect monetary instruments and facilitated non-monetary financing of fiscal deficits, but monetary policy remained largely subordinate to that of South Africa.

Years	Targets and attainment	Classification
1990-93	independence (from South Africa, SA) 1990, with highly unequal economy integrated with SA; given longstanding use of SA rand as only currency, de facto membership of Common Monetary Area becomes de jure 1992/1993, with SA paying compensation for seigniorage forgone by use of rand; relatively deep and liberal financial system includes five commercial banks and various nonbank financial intermediaries, strong in modern sector but little presence in rural areas; no organised money or capital markets; central bank set up 1990, initially with limited remit	use of another sovereign's currency UASC
1994-2023	late 1993 central bank issues fully-backed notes and coin of Namibian dollar, which becomes dominant currency for bank claims and major currency in circulation; Namibia commits to 100% backing of its dollar by deposits at South Africa Reserve Bank, has minimal input into SA Reserve Bank decisions and no control over its exchange rate with the rest of the world, and applies SA exchange controls, but SA continues to compensate Namibia for seigniorage forgone by use of rand; treasury bills issued from 1991, government bonds from 1992, both held mainly by nonbanks; central bank does not issue own securities, or lend directly to government or hold government securities, but from 1997 it provides overdraft facility to government; SACU revenues volatile and on downward long-term trend; late 1997 central bank gets more independence, stronger supervisory role, and power to set reserve requirements; both scope for monetary policy and monetary instruments remain nonzero but limited; problem of recurring capital outflow to SA, despite policies such as domestic asset requirement for growing nonbank financial institutions, leading to low level of international reserves; 2008 repo facility becomes main monetary instrument, bolstered by higher central bank bill issues; increasing concern about credit growth and financial stability, and about low forex reserves; moves to introduce macroprudential policies; big impact from Covid-19, strong fiscal response; further shock from commodity prices (Ukraine war); statistical data mostly adequate but some room for improvement	augmented exchange rate fix AERF

Selected IMF references: RED 1991 pp37-45; RED 1993 pp24-5, 29, 32; SR 1993 pp12-13; SR 1994 pp13-14; REDSEI 1995 pp73-4, 82; RED 1997 pp32-3, 38; SR 1998 pp12-13; SR

2000 p8n; SISA 2003 pp17-18; SISA 2005 pp42-4; SISA 2006 pp49-53, 62; SR March 2006 pp22-3; SR December 2006 pp11-13; SISA 2008 pp17-27, 33-4; SR 2009 pp8, 18-20; SR 2010 p17; SR 2015 pp12-17; SI 2016 pp11-17, 40-2; SR 2018 pp14-18; SR 2019 pp13, 18; SR 2022 pp4-6, 8, 14-15, 36; SR 2023 pp7-9, 17-18, 45-6, 69-75; SRIA 2023 pp8-9.

Other references: Wolf et al. (2008, p. 46); Masson and Pattillo (2005, pp24-6, 65-6); Bank of Namibia (2020/2023), 'Namibia's Monetary Policy Framework', available at https://www.bon.com.na/CMSTemplates/Bon/Files/bon.com.na/12/12253e03-31d8-4a91-882a-35833faec548.pdf (accessed 5.12.21, 25.6.24).

Niger continued to be a member of the CFA franc zone.

Years	Targets and attainment	Classification
1974-2023	member of west African CFA franc zone, see West African (Economic and) Monetary Union; national credit committee has some say pre-1994 over allocation of credit within country, but there is no national monetary policy	member of currency union CU

Nigeria pursued multiple objectives throughout, with policy complicated by the importance of oil production and exports. It tried a variety of forex arrangements, none with great success. Meanwhile monetary policy shifted – from 2003, in particular – slowly (and erratically) from direct to indirect monetary instruments. In many years the central bank had monetary and/or inflation targets, but they were rarely attained in a consistent fashion.

Years	Targets and attainment	Classification
1974-2023	after previous pegs to GBP and then USD, exchange rate managed (fixed) from April 1974 with frequent small adjustments aimed at controlling import prices and/or balance of payments and focused on USD and/or GBP (leading to periodic broken cross rates); fiscal revenue and exports dominated by oil production; substantial, growing but concentrated banking system, initially largely state- and/or foreign-owned but transformed by indigenisation and new private banks, plus other financial institutions, money market and capital market; central bank policy instruments include liquid assets ratios, special deposits, sectoral lending guidelines, moral suasion, interest rate controls and rediscount facilities; monetary policy goals include price stability, external balance, and growth; monetary growth strongly affected by highly variable fiscal deficits and forex inflows in form of oil revenues, while commercial banks provide varying levels of finance to Federal government; 1975 certificates of deposit and Bankers' Unit Funds (for investment in government stocks); 1976 stabilisation policies include ceiling on bank lending, cash reserve requirement and non-negotiable stabilisation certificates which banks had to buy and hold; from 1978 exchange rate set with reference to basket, plus other considerations; trade controls of varying severity also used, growing parallel market; after unsuccessful attempt at monetary targeting 1980-81, ceilings on growth of credit to private sector become main instrument, though not strictly imposed, supported by cash and liquidity ratios and interest rate controls; from mid-1986 stabilisation and liberalisation programme with second-tier forex market comprising central bank auction and interbank elements, as well as first-tier administered rate for official payments, which leads to reduction of longstanding overvaluation, then reunification with first tier market and exchange rate float 1987; 1987 interest rates largely liberalised; 1989 partial unification of forex market but in complex form, large parallel market premium re-emerges; 1989 auctions of treasury bills and certificates; short-lived reintroduction of interest rate controls 1991 (with aim of reducing rates); 1992 forex auctions scrapped in favour of exchange rate determined within interbank market, with further large depreciation and large fall in less regulated (bureaux de	loosely structured discretion PSD

	change, BdC) market premium, but auction and other controls reintroduced early 1993 followed by peg to USD at overvalued rate (leading to renewed rise in BdC premium); intensity of reform and stabilisation policies highly variable, but shift on average over time towards indirect monetary instruments, with lending ceilings (but not sectoral guidelines) lifted 1992 for banks complying with certain requirements and weekly OMOs in treasury bills from 1993, but central bank remains most important buyer, many government securities are non-marketable and monetary control remains weak; 1994 further forex regulations, along with interest rate caps; 1995 fiscal tightening and limited deregulation in form of dual exchange rate system, with official (federal government transactions) and heavily managed 'autonomous' rates; 1996 interest rate caps, sectoral credit guidelines ended; 1998-9 some moves towards freer and more unified forex market, some rise in central bank autonomy with respect to supervision; 2000-01 fiscal-monetary expansion, central bank returns to selling forex at predetermined rate, with other transactions undertaken freely on separate interbank market: parallel market depreciation leads to forex crisis April 2001; new price-setting forex auction system 2002, which restores some stability and lowers parallel premium; as of 2002 monetary policy objectives are price and exchange rate stability, instruments are partly indirect, operations focus on monetary base (given stable money multipliers), but policy is complicated by fiscal dominance and volatility, banking sector weakness, underdeveloped financial markets and an inappropriate forex regime; 2003-4 new economic team in government aims at wide-ranging liberalising reforms (including on fiscal policy, but little detail on monetary issues); daily OMOs from end-2003; 2004 oil-price-based fiscal rule puts end to longstanding procyclicality of fiscal policy and facilitates accumulation of reserves via stabilisation fund; 2004 central bank exits from primary government debt market and interest rates become market determined; 2006 convergence of auction and interbank forex markets, after major consolidation of banking sector; 2007 efforts to improve interbank money market including standing facility; increased transactions in government securities; central bank independence raised with price stability as primary objective; increasing focus on inflation, with talk of inflation targeting; various controls introduced in response to GFC but eliminated late 2009; some central bank interventions in specific banks; 2009 designated policy rate plus corridor of standing facilities, but transmission to banks' interest rates weak and frequent recourse to changes in reserve requirements; 2010 fiscal rule not observed, return to procyclicality, with	

	less weight on price and more on exchange rate stability; 2011 sovereign wealth fund with wider remit to replace previous stabilisation fund, but budget oil price still set annually and subject to political pressures; late 2014 steps towards more flexible and unified exchange rate, but market still segmented; ongoing improvements to bank supervision and regulation; in principle monetary policy uses policy rate to affect broad money and so inflation, but in practice policy relies heavily on OMOs and reserve requirements, and is also concerned with exchange rate vs USD and with economic growth, latter targeted via credit and lending schemes; 2014 devaluation and widening of band in response to oil-price fall, 2015 devaluation and end of auctions, official transactions (and intervention) now through controlled interbank market with growing premium on BdC market; late 2015 interest rate corridor asymmetric (with much lower bottom band), but broad money growth and inflation remain consistently above central bank's targets; 2016 reforms in forex market, 2017 new Investor and Exporter window leads to lower parallel premium, but multiple exchange rates remain; special OMOs to remove excess liquidity from 2016; IMF 2020 special issue analysis argues Nigerian monetary policy has multiple de jure objectives, is de facto neither monetary targeting nor inflation targeting, suffers from recurring bouts of exchange rate stabilisation and fiscal dominance, has poorly deployed instruments and weak transmission mechanism, is procyclical, fails to anchor inflation expectations, and needs a reset, including exchange rate unification and flexibility; Covid-19 has severe effects despite policy response, but quick recovery; reserve requirements become main monetary instrument; limited moves towards more exchange rate unification and flexibility 2022-23, but IMF continues to press for fuller reforms; mid-2023 new government unifies forex windows, stops forex intervention and discontinues monetary financing, while central bank commits to price stability as priority with aim of adoption of inflation targeting; statistical data long inadequate, but substantially improved by end of period	

Selected IMF references: RED 1974 pp44-51, 54-7, 68-70, 79; RED 1976 pp39-41, 55-6; RED 1977 pp42-3, 48 62; RED 1978 pp38-45, 62; SR 1978 p11; RED 1982 pp43-51; RED 1983 pp34-5; SR 1984 pp17-18; RED 1986 pp34-5; RED 1987 pp68-73; SR 1987 pp4, 8, 21-2; RED 1989 pp34-6, 56-9; SR 1989 pp7-9; RED 1991 pp52-4, 77-9, 92-8; SR 1991 pp11-12; RED 1993 pp16-18, 23-4, 28, 31-3; BPSA 1994 pp2-3, 4, 23-31; SR 1994 pp11-12; SR 1995 pp9-10, 16; SR 1996 pp11-12; SISA 1998 pp71-80; SR 1999 p60; SR 2001 pp6-9; SISA 2002 pp63-82; SR 2002 pp10-14, 28-9; SISA 2004 pp76-98; SR 2004 pp14-19, 21-4; SR 2005 pp6-7, 9-10, 20-1, 24; SR 2008 pp5, 10-16; SR 2009 pp14-18; SR 2011 pp9-11, 17, 35-6; SR 2012 pp8, 10-11; SR 2015 pp8-9, 14-15; SI 2016 pp17-29; SR 2016 pp5-7, 16-19; SR 2017 pp6-7, 15; SI 2018 pp84-5, 87-90; SR 2018 pp7, 17-20; SR 2019 pp15-19; SI 2020 pp5-15; SR 2020 pp7-10, 16-21, 50, 54; SR 2021 pp6-9, 16-17, 19-22, 34; SR 2023 pp5, 17-20; SR 2024 pp5-6, 8-9, 14-18; SRIA 2024 pp8-11.

Rwanda had had its own currency and central bank for some years, and from 1974 it was fixed to the USD, in a limited financial system. After the immense disruption of the 1994 genocide, it moved over a long period towards a more modern monetary and financial system with flexible exchange rates and indirect monetary instruments, and a stronger commitment to price stability.

Years	Targets and attainment	Classification
1974-93	currency pegged to USD, no autonomous forex market; limited banking system, with central bank sometimes funding fiscal deficits, lending to public enterprises, and using global credit ceilings, moral suasion and rediscount facilities vis-à-vis commercial banks; 1977-78 credit controls restructured, become main instrument; important but seasonal flows of coffee production have major effect on bank lending; one-off rise in interest rates late 1979; 1983 peg to SDR, with some depreciation vs USD, but most of overvaluation developed since 1980 not unwound; downward adjustment of interest rates 1987; late 1990 large devaluation, plus stabilisation policies and various structural reforms; 1990-3 armed conflict worsens existing economic difficulties; mid-1992 further devaluation	augmented exchange rate fix AERF
1994	1994 genocide followed by civil war and new government, with return of previous exiles, and displacement of new refugees internally and to neighbouring countries; acute adverse economic effects include loss of skilled personnel from key state and financial institutions (with severe but largely temporary disruption to statistics)	unstructured discretion UD
1995-2023	1995 rehabilitation of central bank and restructuring of commercial banks (which have large amounts of non-performing loans); replacement of old high denomination banknotes by new; programme of stabilisation and wider structural reform including increased use of reserve requirements and rediscount facilities, some liberalisation and wider variation of interest rates, market-determined exchange rate, and increase in autonomy of central bank; efforts to resettle returning old and new exiles; by 1997 economic rebound, with GDP up and inflation down; forex rationing and reluctance to allow depreciation leads to re-emergence of varying parallel market premium, largely eliminated by weekly forex auctions 2001; reserve money programming complicated by unstable money multiplier, reserve money targets often exceeded; by 2007 exchange rate is managed and stable; commercial bank weaknesses gradually reduced; more issues of and OMOs in bills, bonds and repos, with policy rate 2008; monetary policy more proactive from 2010, but monetary transmission remains weak; exchange rate corridor as part of (sustained) move towards more flexible exchange rates; 2012 reserve money targeting made more flexible, standing facilities	loosely structured discretion LSD

	create corridor for repo policy rate; improvements in central bank expertise and communication; 2017 absorption of excess liquidity encourages use of interbank market; aim is transition to indirect and price-based monetary instruments with more focus on inflation; 2019 new operational framework for monetary policy, interest rate-based, with inflation target (5% ± 3% = very wide range, well overshot 2019-20, undershot 2021, overshot 2022-23) and plans for repo and bond market reform and more exchange rate flexibility; severe but short-lived effect of Covid-19, large policy response; monetary transmission identified by IMF 2023 as weak despite new framework, partly because of lack of exchange rate flexibility; statistical database now improved	

Selected IMF references: RED 1972 pp25-8, 40-1; RED 1975 pp28-9, 41; RED 1977 pp31-2; RED 1978 pp29-31, 93-4; SR 1980 pp7-8; RED 1983 pp34; RED 1984 pp44-5, 57; SR 1984 pp10-11; RED 1985 pp42-5, 62; SR 1985 pp11-12; RED 1988 p9; SR 1989 pp13-15; SR 1991 pp7-9, 20; SEBP 1995 pp1-8, 19, 20; SR 1995 pp11, 14-15, 25; SISA 1996 pp5, 10-12; SR 1998 p13; SR 1999 pp10, 14; SR 2000 p8; SR 2002 pp17-18; SR 2007 pp13, 16-17; SR May 2008 pp7-8; SR December 2008 p24; SR 2010 pp15, 24-6; SR 2012 pp14-15, 52-3; SR 2014 pp18-19; SR 2017 pp9-10, 19-20, 59-60; SR 2019 pp16-18, 36; SR 2021 pp7-8, 11, 22, 24, 46; SI 2023 pp35-50; SR 2023 pp15-19; SRIA 2023 pp4-5; *3rd Reviews under the PCI and the RSF…* May 2024 pp13-14.

Senegal continued to be a member of the CFA franc zone.

Years	Targets and attainment	Classification
1974-2023	member of west African CFA franc zone, see West African (Economic and) Monetary Union; national credit committee has some say pre-1994 over allocation of credit within country, but there is no national monetary policy	member of currency union CU

Sierra Leone initially continued to fix its currency to sterling, then switched to the SDR. From 1983 it tried various exchange rate arrangements, but central bank funding of large fiscal deficits, which was problematic throughout the period, rendered policy incoherent and ineffective. From 1990 there were repeated attempts to create a more rational monetary framework, with some success, but fiscal dominance continued to impede the development and effectiveness of both financial system and monetary policy framework.

Years	Targets and attainment	Classification
1974-82	currency fixed to GBP; small open economy with rich mining resources; initially limited banking system, partly foreign-affiliated, partly state-owned; central bank lends to government within weak and repeatedly adjusted limits, relies on liquidity ratio and moral suasion, interest rates rarely varied; fiscal control poor, attempts to tighten it fail; late 1978 peg switched to SDR, with small depreciation; credit ceilings from late 1979, often undershot; exchange controls tightened, rise of parallel forex market; continued central bank funding of large fiscal deficits	augmented exchange rate fix AERF
1983-89	late 1982 dual exchange rate system tried, official rate plus commercial market with auctions, then mid-1983 rates unified at new, substantially depreciated, peg to USD and return to revised foreign exchange budgeting; premium in active parallel market remains and problem of diamond smuggling becomes more acute; some fiscal and monetary stabilisation measures 1983-84 including interest rate rises, but credit growth still driven by high fiscal deficits funded by central bank; 1984 back to dual exchange rates, early 1985 rates reunified, large devaluation and switch of peg to SDR; mid-1986 currency floated and depreciates, exchange controls partly liberalised; bi-weekly treasury bill auctions, interest rates largely liberalised, but negative in real terms; gradual but large depreciation under float leads to 1987 decision to abolish inactive interbank forex market and officially manage exchange rate, with gradual revaluation mid-1987; repeated slippages in stabilisation programmes; accumulation of government domestic and foreign arrears; increased demand for cash leads to acute shortages; 'economic emergency' late 1987 to mid-1989	unstructured discretion UD
1990-2023	late 1989 payment of arrears to IMF resumed, exchange and trade liberalisation; some structural reforms; from 1990 more serious fiscal and monetary stabilisation efforts including full liberalisation of and large rises in interest rates, rises in cash and liquidity ratios, rationalisation of reserve requirements, further liberalisation of exchange and trade, new market-determined system for exchange rates; 1991 armed opposition incursion and start of civil war in countryside, military coup in capital; 1992 cash shortage reduced by fall in currency/deposit ratio and arrival of new notes, ongoing treasury bill reforms	loosely structured discretion LSD

	including weekly auctions and unification of bank and nonbank markets; by end-1993 exchange rate has largely stabilised and parallel premium has almost disappeared; 1994 forex bureaux licensed; 1995-6 bank restructuring, as required to allow continued use of indirect monetary instruments; 1995-6 heavy economic losses from rebel attacks on mines and elsewhere; early 1996 democratic elections under new constitution; late 1996 peace agreement soon unravels, civil war resumed; rebel-allied military coup May 1997; 1997-2001 intense fighting with foreign intervention, government driven out by ECOWAS intervention early 1998, elected president returns, but rebels retake capital early 1999, bitter fighting followed by peace agreement mid-1999 which also unravels, rebels finally defeated with help of UN forces in 2001; return of displaced people and disarmament plus strong economic recovery 2001-2; as of 1997 main monetary instrument was OMOs via auctions of treasury bills and bonds, liquidity and cash ratios less used; central bank and other institutions keep operating through civil war, albeit with difficulty and with high central bank financing of budget deficits; forex auction from early 2000 helps to reduce parallel market premium; banking system (including commercial banks) remains key source of financing for budget deficits; periodic tendency for exchange rate to be managed rather than floating; 2006 measures to bolster undercapitalised and ineffective banking system, which lends little to private sector; as of 2008 central bank uses primary treasury bill auctions as main instrument to pursue price stability via reserve money, but de facto need to finance deficits still often dominates; persistent liquidity management problems; 2010 efforts to limit central bank financing of deficits; 2012 reverse repo rate becomes benchmark interest rate while Monetary Policy Rate acts mainly as signal; ongoing attempts to deepen money and government securities markets; 2014 commodity price slump; 2014 Ebola outbreak, largely over by end-2015 but small outbreaks up to early 2016, major economic impact; 2015 some banks (especially large state-owned banks) in difficulties; as of 2020 central bank financing of deficits, weak monetary transmission and low credit to private sector persist; Covid-19 brings sharp contraction, with slow recovery; currency shortages 2020-21; global commodity price rises 2022; currency reform 2022 (one new = one thousand old); reserve money control remains weak; statistical database long poor, worsened by security situation in 1990s, subsequently improved but scope for major further improvement	

Selected IMF references: RED 1972 pp42-3; RED January 1975 pp46, 48; RED December 1975 pp22-3; RED 1980 pp43-5, 69; RED 1982 p46; SR 1982 pp2-10; RED 1983 pp30-1, 34-6, 45-51; SR 1983 pp16-17, 20-1; RED 1984 pp26-7, 41-3; SR 1984 pp19-20; RED 1985 pp26, 37-8; RED 1986 pp27, 35-6; SR 1986 pp28-9; RED 1988 pp29, 35; RED 1989 pp7-9; SR 1989 pp6-12; SR 1991 pp2-18; SR 1992 pp7-8; RED 1994 pp16-17, 21-2; SR 1994 pp2-4, 22a; RED 1997 pp20-4; REDSI 2001 pp5-18; SR 2001 pp6-12; SR 2002 pp10-11; SISA 2004 pp8-9, 11; SR 2006 pp13-14, 17-18; SISA 2008 p5; SR 2008 p12; MEFP 2010 ¶¶14, 20, 29; SR 2013 pp6, 14; MEFP 2013 ¶40; SR 2016 pp7, 14-17; *1st Review under ECF…* June 2019 pp14, 21; SI 2020 pp30-9; *2nd Review under ECF…* March 2020 pp20-3; *3rd and 4th Reviews under ECF…* July 2021 pp6-7, 18; SR 2022 pp5-7, 22-6; SRIA 2022 pp7-9; *6th and 7th Reviews under ECF…* May 2023 pp15-16; *8th Review under ECF…* November 2023 pp5-8, 16-17, 35-9.

Other sources: Bank of Sierra Leone, *Monetary Policy Framework*, available at https://bsl.gov.sl/BSL_Monetary%20Policy%20framework_Updated_final.pdf (accessed 30.9.24).

Somalia continued for some years to fix its currency to the USD, then for a decade tried a wide range of exchange rate arrangements, with only limited monetary policy instruments or operations. From 1991 it experienced a long period of civil wars between different factions, which severely damaged the economy and its institutions. The new government formed in 2012 set out to rebuild institutional and administrative capacity, in some cases from scratch, with a view, in the monetary area, to a currency reform and a revival of monetary policy in the period after that covered here.

Years	Targets and attainment	Classification
1974-80	currency fixed to USD from December 1973, central bank sets and adjusts at intervals rates and spreads for other major currencies (cross rates sometimes broken); previous mainly foreign-owned banking system nationalised and reorganised 1970-1, leaving two commercial banks (later merged) which lend mainly to SOEs (including state import agencies), and development bank which lends to private sector; central bank relies on quantitative and selective credit controls, plus interest rate changes (occasional before 1979, then more frequent), no money or government securities markets, budget deficits financed (net of external funds) by central bank (de jure limits not always observed, tightened 1981); development planning, with increasing range and scope of controls; Ogaden War 1977-8; widening premium from 1977 on parallel forex market; statistics very weak, no national accounts	augmented exchange rate fix AERF
1981-90	1981 stabilisation + structural reform programme; 1981-3 efforts to attract savings of Somali emigrant workers; rediscounting by central bank becomes more important; variety of dual and reunified exchange rate arrangements, floating and (automatically or discretely) adjusted, with or without auction system, until reunification on overvalued fixed parity with USD late 1987, followed by fiscal and monetary expansion; much of 1980s civil war; mid-1988 large devaluation and move to basket peg with weekly inflation differential adjustments that facilitate repeated depreciations, while deficits and monetary growth remain high; parallel market rate always well below official; 1990 accelerating depreciations to bring official rate closer to falling parallel rate; efforts to salvage increasingly fragile financial system; statistical data better but still weak	loosely structured discretion LSD
1991-2023	[Note: no Article IV reports between February 1991 and July 2015, no statistical data available for 1991-2012] 1991 government brought down by coalition of opposition groups, secession of Somaliland; armed conflicts between different groups for rest of period, with large internal and external population displacements, while international interventions ineffective; 1994 Bank of Somaliland issues own currency; 1998 secession of Puntland; central (but not regional) government and central bank cease to function,	unstructured discretion UD

	banking system loses public confidence; high degree (c. 95%) of dollarisation, also mobile phone transactions in USD; in absence of new note issues by central bank, large amounts of counterfeit 1000 Somali shilling notes (worth c. $0.05) circulate widely despite being known to be counterfeit; Federal Government of Somalia (covering five, later seven, Federal Member States) set up late 2012, though security situation still poor, and embarks on rebuilding state institutions and economy, including efforts to rebuild institutional capacity in central bank, which lacks skilled personnel and has no effective monetary instruments, but also payments system, tax administration and public financial management, and collection of statistics; central bank preparations for currency reform, starting with replacement of counterfeit notes, given expectation of continued dollarisation and float of Somali shilling; ongoing reforms including work on currency reform and on governance and transparency of central bank; some growth of underdeveloped financial sector, supervision of banks and mobile money operators; 2020 Covid-19 plus natural disasters, policy response helped by external assistance; de facto dollarisation remains very high, with Somali shilling banknotes (mostly counterfeit) used only for small retail transactions; central bank does not operate monetary or exchange rate policy; as of 2024 central bank has no instruments and no policy (so MPF cannot be LSD), while dollarisation is de facto and not formalised (so it is not UASC); work on monetary and exchange rate frameworks to be implemented after coming currency reform, IMF argues for currency board; statistical data improved by end of period but still very weak	

Selected IMF references: RED 1972 pp40-1; SR 1974 pp15-16; RED 1975 pp31-5, 47; SR 1975 p13; RED 1976 pp26-7, 30-1, 40; RED 1978 pp34-8; RED 1979 pp39-40, 53; RED 1981 pp41-3, 58; RED 1983 pp48-9, 64-6; SR 1983 pp10-12; RED 1984 pp53-4, 64, 88-9; RED 1985 pp48-50, 81-2; SR 1985 pp13, 20-2, 39-40; RED 1986 pp65-6; RED 1988 pp50-3; SR 1988 pp6, 9-11; RED 1989 pp19-21; SR 1991 pp3-6, 12-15, 18-19; SR 2015 pp4-12, 19-20; SR 2017 pp5-6, 8-9, 21-2; *Somalia – Currency Reform Assessment* Letter March 2018; SR 2018 pp6-8, 14-16; SR 2019 pp5-7, 17-18, 49; *1st Review under ECF…* November 2020 pp4-6, 11-13; SR 2022 pp18-20; *1st Review under ECF…* April 2024 pp12-14, 44-57.

South Africa initially fixed and then managed its exchange rate, with a process of financial liberalisation facilitating the adoption of inflation targets in 2002.

Years	Targets and attainment	Classification
1974-78	exchange rate pegged to USD for 6 months, managed for 12 and then repegged to USD, with devaluation September 1975; more fix than target, with narrow margins set by central bank; monetary policy instruments mainly direct	augmented exchange rate fix AERF
1979-2002	managed float of exchange rate; gradual liberalisation through 1980s makes monetary policy instruments more indirect and brings fiscal dominance under control; monetary targets 1986-9, missed 3 years out of 4, authorities insist on objectives other than inflation; central bank made independent in 1996 constitution; from 1998 new repo-based interest rate operations and authorities looking to move to formal inflation targeting, which starts 2002 with large overshoot	loosely structured discretion
2003-23	wide inflation targets met or nearly met (typically around top of band) except 2008-9 and 2022; 2-year ahead inflation expectations seem to have exceeded top of band in 2008 but since then have remained consistently around or just below top of band; major effect of and policy response to Covid-19; mid-2022 adjustment to monetary policy implementation framework involving different reserve remuneration for different tiers of banks' reserves	loose inflation targeting LIT

Selected IMF references: RED 1978 pp42-6; RED 1980 pp61-2; RED 1983 pp43-6; RED 1988 pp57-9; RED 1989 pp41-3; SR 1989 p20-21; SI 1998 pp25-6; SR 1998 p30; SR 2011 p16; SR 2014 p38; SR 2016 p41; SR 2018 pp35-6, 80-86; SR 2023 pp10, 14-16, 71-7;

Additional sources: Stals (2011); Aron and Muellbauer (2006); South African Reserve Bank, *Monetary Policy Review* October 2023 pp7-9; *Monetary Policy Review* April 2024 pp35-6.

South Sudan started off with a new currency pegged after a few months to the USD, but faced difficulties in oil arrangements and acute domestic conflicts leading to civil war, followed by unity government from 2020 and monetary and other reforms. The 2023 civil war in Sudan created further difficulties for South Sudan, with refugees arriving and oil exports lost.

Years	Targets and attainment	Classification
2012-23	new currency introduced at time of independence from Sudan in July 2011, pegged from September 2011 to USD; new central bank (taking over from southern branch of Sudanese central bank, within limited financial system) rations forex sales, which provokes rise of parallel market; 2012 dispute with Sudan over oil transit fees leads to short-term shutdown of oil production, cutting almost all tax revenue; fiscal restraint and limits on central bank lending to government delay but do not prevent inflation-depreciation spiral; wider efforts to build capacity and institutions, but persistent internal tensions and conflict, civil war from late 2013 with major internal and external displacements; peace agreement 2015 but renewed civil war 2016, new peace agreement 2018; economic and humanitarian crisis; late 2015 exchange rate floated but managed with depreciation initially rapid, slower from 2017, with rising parallel market premium; unity government early 2020; severe disruption from Covid-19 despite prompt containment and later fiscal-monetary response; continuing humanitarian crisis, with large number of internally and externally displaced people; recurring impacts on budget from oil price swings; from early 2021 focus on reserve money, faster depreciation and forex reforms lead to convergence of official and parallel rates late 2021 plus wider stabilisation; central bank commits to no further monetary financing and to future introduction of new instruments; 2019-21 major floods, 2022 global commodity prices rises; new term deposit facility late 2022; continuing political tensions lead to postponement of elections to end-2024; civil war in Sudan (starting April 2023) leads to arrival of refugees and previously displaced people plus loss of oil exports; statistical database very weak but reforms under way	loosely structured discretion LSD

Selected IMF references: *Request for Disbursement under the Rapid Credit Facility and Staff-Monitored Program*, June 2013, pp3-11; SR 2017 pp4-8; SR 2019 pp4-7, 12-14, 20; *Request under RCF…* October 2020 pp3-5, 11; *SMP and Request under RCF…* March 2021 pp 2021 pp25-6; *1st Review under SMP…* October 2021 pp4-5, 12; SR 2022 pp7, 10-12, 18, 46-7; *3rd Review under SMP…* February 2023 pp6-8, 13-14, 36-7; SR 2024 pp5-8, 17-19, 62; SRIA 2024 pp6-8.

Sudan had a long period of fiscal dominance and multiple exchange rates, before and after the Islamicisation of banking in the mid-1980s, followed by a period of successful stabilisation and partial financial liberalisation (along Islamic lines), within a wider context of political and armed conflict in various regions and the secession of oil-producing South Sudan in 2011.

Years	Targets and attainment	Classification
1974-96	official exchange rate pegged to USD, but in effect second depreciated rate applied to most transactions, trade heavily regulated, foreign exchange allocated via FX budget; banks nationalised (from 1970) but operate independently and in competition; credit ceilings (not always well enforced), interest rates set by central bank, heavy central bank financing of fiscal deficits, high rates of credit expansion leading to rising inflation and balance of payments deficits; heavy price controls, large public sector, planning; 1978 both exchange rates depreciated; 1979 exchange rate system simplified, partially liberalised, but continued changes and regulations of various kinds, new parallel market emerges; from 1978, under repeated IMF stabilisation programmes, gradually increasing efforts to tighten financial policies, including fiscal policy, credit ceilings and interest rates, repeated changes to exchange rate arrangements, including dual exchange rates (also parallel market with rising premium), and some structural reforms; but domestic policy failures, especially failure to control fiscal deficits financed by central bank (plus unhelpful exogenous factors including drought, floods, civil war, internal displacement) prevent any clear turnaround or even halt to deterioration; Islamicisation of banking system announced 1983; intensified efforts to stabilise and reform from 1987 including exchange rate unification and new peg to USD but programme not fully implemented, unpaid arrears to IMF from 1984; currency (banknote) exchange programme in 1991, intended to help contain liquidity; 1991 depreciation, 1992 large further depreciation plus short-lived exchange rate unification, followed by float within semi-liberalised forex market, but continued regulation means parallel market premium re-emerges; some wider liberalisation of prices and investment; but little fiscal or monetary stabilisation (not helped by absence of non-monetary financing of fiscal deficits under Islamic banking); 1993-96 greater fiscal and monetary stabilisation and forex liberalisation efforts but still limited success, continued high inflation	unstructured discretion UD
1997-2022	successful implementation of fiscal and monetary stabilisation plus exchange rate unification (late 1998) with managed float, initially stabilised but later more flexible, under IMF staff monitored programmes; unwinding of previous overvaluation; moves towards indirect monetary instruments (Central Bank and	loosely structured discretion LSD

	Government Musharaka Certificates, and later longer term Government Investment Certificates) and interbank market compatible with Islamic banking (hampered by banks' large excess reserves); continuing adverse exogenous factors (civil war in south, then Darfur conflict), but oil production from 1999; gradual move from 2001 towards more flexibility of exchange rate; monetary policy now focused on OMOs rather than direct monetary instruments, but programme money targets typically exceeded (though occasionally undershot) by wide margins; 2003 rise in central bank independence; improvements in statistical database; 2007 new currency introduced plus conventional banking allowed in South; South Sudan independent 2011, Sudan loses 3/4 of its oil exports and half of its fiscal revenues, with major impact on fiscal and monetary policies and long-lasting impact on growth; 2012 adjustment programme involves large devaluation and renewed role of multiple exchange rates, plus fiscal and monetary tightening, followed by stronger stabilisation programme late 2013, but economic performance remains weak, with recurring monetary financing by central bank; post-devaluation stability of official exchange rate implies large real appreciation; US sanctions since 1997, tightened in effect from 2014 by end of correspondent bank relations, but lifted late 2017; continuing arrears to IMF preclude most external financing; 2017 aim of transition to inflation targeting, but preconditions far from fulfilled; big official devaluation October 2018, but parallel rate continues to depreciate; cycle of fiscal deficit monetary financing, devaluation and rising inflation (while Islamic finance in practice limits non-monetary bond financing); massive protests from late 2018 lead to overthrow of longstanding president in April 2019 and agreement summer 2019 between protesters and army on new draft constitution with civilian government; 2020 hopes for comprehensive economic and social reforms, including revision to weak central bank governance, with detailed staff monitored programme late 2020, but poor domestic situation worsened by Covid-19 and because until mid-2021 Sudan could not access financial aid from IMF or other IFIs; army coup August 2021, continuing political upheavals; fiscal deficits rising up to 2019, often financed monetarily, but reductions in deficits from that date; exchange rates unified 2021; 2022 central bank tries to pursue reserve money targeting through rises in cash reserves ratio and direct controls, with some success	
2023	civil war between army and paramilitary Rapid Support Forces from April 2023, with huge physical destruction, death and displacement; central bank hit in fighting by	unstructured discretion UD

	RSF, after which army bombs printing press (to stop RSF printing notes), but central bank continues to function	

Selected IMF references: RED 1975 pp31, 33, 45; RED 1976 p50; SR 1977 pp1-2; RED 1978 p43; SR 1978 pp6-8; RED 1979 p38; RED 1980 pp39-40; RED 1981 p42; RED 1982 pp51-2; SR 1982 pp17-18; RED 1983 pp42-4; SR 1983 pp3-4, 13-14; RED 1984 pp25, 42; SR 1984 pp1-4, 6-10, 19-20; RED 1986 pp47-9; SR 1986 pp1-2; RED 1988 pp49-50; SR 1988 pp2-3; RED 1989 pp51-3; SR 1991 pp12-13, 16, 20; RED 1992 pp47-9; SR 1993 p13; RED 1996 pp28-32, 41-6, 66; SR 1994 pp20-3; RED 1997 pp16-19, 27-31; SR 1998 pp29-30; RED 1999 pp32-47, 55-8; RED 2001 pp34-6, 48-9; SR 2001 pp17-20, 25; SR 2003 p13-15, 17-18; SISA 2005 pp13-14; SR 2005 p32; SR 2007 pp11, 30; SR 2008 pp27; SR 2011 p26; SR 2012 pp4-5; SI 2013 pp2-11, 27; SR 2014 pp5-6l SR 2016 pp5-6, 8-12, 13-17; SR 2017 p14; SI 2020 pp11-13; SR 2020 pp7-8, 11-13; SMP 2020 pp6-8, 10-12; *2nd Review under SMP*…June 2021 pp5-7, 8-9, 14-17.

Other references: World Bank (2023a, pp13, 19-29); African Development Bank (2024) pp15-17, 35-6.

Tanzania started with its currency linked to those of Kenya and Uganda (the other members of the East African Community), but then went its own way, with its own form of central planning, before embarking on a long (and tortuous) process of structural reform and stabilisation, including a long and difficult but ultimately successful move towards indirect monetary instruments, with a continuing focus on growth as well as price stability.

Years	Targets and attainment	Classification
1974-81	exchange rate fixed to USD, with devaluation January 1974 producing return to previous parity vs USD and maintaining 1:1 parities with Kenyan and Ugandan currencies; central bank relies mainly on overall and selective credit controls (with annual national credit plans, which are widely missed in practice) and moral suasion, while interest rates are rarely changed; banking system concentrated and state-owned; central bank and single main commercial bank are important sources of finance to government and SOEs; large SOE sector, some central planning including controls on some prices and imports; late 1975 peg switched from USD to SDR, with significant devaluation, in line with Kenya and Uganda; mid-1970s controls on prices extended, import controls tightened, leading to parallel consumer goods and forex markets with rising spreads; 1977 break-up of East African Community; 1978-9 military conflict with Uganda damages Tanzanian economy; 1979 currency devalued and peg switched (and no longer rigidly maintained) to undisclosed bespoke currency basket, ending 1:1 parities with Kenya and Uganda; statistical database poor	augmented exchange rate fix AERF
1982-2023	1982 further devaluation with change to basket weights; tighter controls plus attempt to suppress black markets, but soaring parallel market premium; sharper devaluation mid-1983 (not enough to reverse long-term rise in real effective rate); high but variable fiscal and SOE deficits reflected in monetary growth; larger devaluation mid-1984; statistical weaknesses compounded by fire at central bank HQ 1984; 1985 further depreciation, 1986 very large depreciation within reform and stabilisation package, with further adjustments in the same direction through 1987 to 1989, but fiscal and monetary tightening and structural reforms difficult and delayed, while depreciation, although large in nominal terms, is sometimes too small to eliminate earlier overvaluation; interest rates by now mostly positive in real terms; 1990 after total real effective depreciation of close to 80% exchange rate policy switches to keeping constant real exchange rate via monthly adjustments based on inflation differentials, plus periodic larger adjustments; by 1991 Nyirabu Commission report and increasing problems at commercial banks (growing non-performing loans to marketing boards, cooperatives and SOEs) lead to start of	loosely structured discretion LSD

	major financial sector reform, including interest rate liberalisation, opening up to competition from foreign as well as domestic private sectors, and efforts to reduce size and automaticity of central bank rediscounting; 1992 forex bureaux authorised, exchange rate management aims to reduce spread between official and market-determined bureaux/parallel rates; 1993 full interest rate deregulation, regular forex auctions which determine official exchange rate, and regular treasury bill auctions whose yields determine central bank rediscount rate, while reserve ratio becomes important policy instrument; 1994 forex auctions replaced by interbank market, central bank's legal status revised; 1994-5 renewed fiscal control issues, emergence of banking system weaknesses (notably insolvency of dominant commercial bank) which obstruct move towards indirect monetary instruments; from 1996 more successful fiscal and monetary stabilisation, with adoption of reserve money programming, pursued with varying success; as of early 2000s monetary policy objectives are price stability and growth, treasury bill auctions remain main monetary instrument supported by repos with commercial banks, inflation is low and growth strong, but bank lending remains weak and contributes little to growth; from mid-2000s interest rates become more volatile and aid inflows complicate liquidity management and monetary policy; by 2014 intention to move to more forward-looking policy framework with improved transmission mechanism, but major reforms required and slow progress in moving from focus on monetary aggregates towards focus on interest rates; significant dollarisation; Covid-19 initially denied, GDP data contested but seems impact was severe, serious policy response only under new president April 2021; 2022-23 commodity price rises; interest rate-based monetary policy operations from January 2024; data provision better but scope for further improvement	

Selected IMF references: RED 1974 pp33-4, 61, 63; SR 1974 p16; RED 1975 pp35-7; RED 1976 p43; SR 1976 pp6-7; RED 1979 pp30-1, 36, 51; RED 1982 pp44, 49-50, 67; SR 1982 pp6-7, 19; RED 1983 pp1-2; SR 1983 pp21-2; RED 1984 p55; SR 1984 pp4-5, 7; RED 1987 p52; SR 1987 pp10, 17-18; SR 1988 pp4-12, 19-21; SR 1990 pp4-9, 21-2; RED 1991 pp22-3, 28-9; SR 1991 pp4-12; SR 1992 pp2-12, 19; RED 1994 pp22-8, 36; SR 1995 pp5-8, 10, 13-15; SISA 1996 pp2-6, 11; SR 1997 pp6-7, 15-17; RED 1999 pp29-31, 37-8; SISA 2002 pp26-48; SR 2002 pp12-13; SR 2004 pp14; SR 2007 pp16-18; SR 2014 p12; SI - Macrofinancial Issues 2016 pp30-5, 40-2; SR 2016 pp4, 7, 19-20; *6th Review under PSI…* June 2017 pp12-13, 19; SR 2019 pp12-15, 28; *Request under RCF…* August 2021 pp6-9, 12-14; *Request under ECF…* July 2022 pp8, 19, 70-1; SI 2023 pp35, 43-5; SR 2023 pp7, 16-17, 61; *3rd Review under ECF…* June 2024 pp8-9, 15, 16.

Other references: Adam et al (2016); Bank of Tanzania (n.d.), https://www.bot.go.tz/MPS, (last accessed 5.12.21).

Togo continued to be a member of the CFA franc zone.

Years	Targets and attainment	Classification
1974-2023	member of west African CFA franc zone, see West African (Economic and) Monetary Union; national credit committee has some say pre-1994 over allocation of credit within country, but there is no national monetary policy	member of currency union CU

Tunisia initially relied on heavy management of its exchange rate and credit controls, but from the mid-1980s pursued a process of very gradual but wide-ranging financial liberalisation; the adoption of inflation targets, talked about from the mid-2000s, has so far not been realised, partly at least because of the political upheavals from 2011.

Years	**Targets and attainment**	**Classification**
1974-2023	exchange rate initially adjusted daily with reference to FRF and DM, then with reference to basket that was widened and revised successively in 1978, 1981 and 1984, and adjusted more flexibly from 1986 with view to stabilising real effective rate; monetary policy in early years focused on stimulating savings growth and regulating credit allocation by sector, with growing emphasis on price and financial stability; monetary policy initially relies on prior approval of bank loans, rediscount ceilings, and liquidity and reserve ratios, plus global development finance ratio for banks; heavily regulated interbank market used by central bank to support bank liquidity; very gradual financial liberalisation in mid-1980s with more use of interest rates; deeper liberalisation from 1987 covering banking system, interest rates and money market, in which auction and repurchase facilities become main means of central bank intervention, also introduction of certificates of deposit and Treasury bills, later Treasury bonds; interbank forex market from 1994, with strong initial central bank presence gradually reduced, alongside gradual increases in exchange rate flexibility from 2000 and in capital account liberalisation; 2005 monetary policy shifts from focus on credit growth to M3/reserve money targeting (but targets poorly attained), with preparation for eventual inflation targeting (dependent on further development of money market), together with full capital account liberalisation and exchange rate flexibility; 2006 central bank independence strengthened; by 2010 policy rate within corridor of central bank deposit and lending rates but money market rate until 2015 mostly near top of corridor due to inefficient liquidity management; no obvious big changes to monetary framework or operations resulting from political revolution in early 2011 and subsequent upheavals, but major reforms delayed; monetary policy committee set up 2013; some evidence of unannounced exchange rate crawl from 2013, punctuated by periodic sharp adjustments; 2018 interest corridor widened, some improvements in liquidity and collateral frameworks, but transmission remains weak, with high levels of central bank refinancing; mid-2018 forex auctions made more competitive; major impact of Covid-19 despite policy response; continued monetary financing of budget; aim of inflation targeting mentioned occasionally but no real	loosely structured discretion LSD

	movement towards it; by 2023 some fiscal policy consolidation, with negative effect on growth, but monetary financing (with new law early 2024 permitting large-scale central bank financing of the budget) creates risks (not yet realised) of depreciation and inflation	

Selected IMF references: RED 1973 Appendix C; RED 1975 pp47-50, 72; SR 1975 pp7-8; RED 1979 p59; RED 1982 p55; RED 1985 pp29-31, 48; RED 1987 pp43-6, 67; *Tunisia: Recent Experience in Structural Adjustment* (1990), pp3-11; *Tunisia: A Review of Adjustment Experience* (1993), pp20-4, 27-8; SR 1994 pp12-13, 15, 23; RED 1996 pp41-3, 55; SI 1997 pp46-7, 49-51; RED 1999 pp27-9, 30-2; SR 1999 pp14-15, 47; SI 2002 pp9-12, 20; SR 2002 pp19-22; SR 2003 pp12-15 and Supplement 1, pp4-7; SR 2004 pp10-11, 19-20; SR 2006 pp15-16; SR 2007 pp11-12; SR 2008 pp9-10, 14; SR 2012 pp13-14; SR 2013 pp7-8, 12-14; SR 2014 pp11-14; SR 2015 pp19-21; SR 2017 pp4, 12-14,49-51; SR 2018 pp16-20, 37 41; 5th Review under Extended Fund Facility 2019 pp4, 12-14, 26; SR 2021 pp6-8, 19-21.

Additional sources: Boughzala and Moussa (2011); World Bank (2024b, pp1-13.); Banque Centrale de Tunisie, ‘Monetary policy implementation’, at https://www.bct.gov.tn/bct/siteprod/page.jsp?id=91&la=AN (accessed 24.8.24).

Uganda started with its currency linked to those of Kenya and Uganda (the other members of the East African Community). It then had a long period of evolution in its objectives and instruments, interrupted and complicated in the earlier years by political and military conflicts, but paving the way ultimately for loose inflation targeting from 2013.

Years	Targets and attainment	Classification
1974-80	currency fixed to USD, with devaluation 1974 bringing return to previous parity vs USD and maintaining 1:1 parities with Kenyan and Tanzanian currencies; monetary policy limited in actions and effects; central bank relies mainly on global and specific credit controls, but also sets liquid asset and cash ratios, while interest rates rarely altered; significant banking system, adversely affected in 1972 by forced departure of 'noncitizen' Asians and by concentration of public sector accounts in state-owned commercial bank; central and commercial banks typically provide substantial finance to central government, feeding rapid monetary growth; measures to indigenise economic system, including nationalisation of foreign-owned firms; tightening of import, price and other controls; devaluation autumn 1975 with peg switched to SDR, in line with Kenya and Tanzania; consistent income decline and wider economic deterioration: proliferation of parallel markets in goods as well as forex with large premiums, some shift from bank deposits to currency, fall in number of bank branches, rise in overall liquidity of economy; 1977 breakdown of East African Community; 1978-9 invasion of and then by Tanzania (plus Ugandan civil war) lead to end of military regime; 1979 banknote reform to cut cash holdings and excess liquidity, raise bank deposits	augmented exchange rate fix AERF
1981-2012	1981 SDR peg abandoned, massive depreciation, followed by further smaller adjustments; determined stabilisation and reform efforts including reduction in price controls, fiscal and monetary contraction, and more active monetary policy using cash ratio and interest rates as well as credit controls; 1981-5 civil war; 1982 dual exchange rate with second rate set in weekly forex auctions, transactions shifted over time from first to second 'window'; mid-1984 major adjustment of interest rates; mid-1984 exchange rates reunified, but new exchange restrictions in response to depreciation following renewed spurt in monetary growth ensure that parallel forex market premium persists; 1985 army coup; 1986 military government overthrown, new president; 1986-8 various exchange rate arrangements and adjustments tried and reforms attempted, but fiscal and monetary stabilisation prove elusive, soaring parallel market premium; devaluation 1989 followed by regular adjustments, fiscal and monetary control begin to improve, parallel premium declines, real interest rates go positive	loosely structured discretion LSD

	1993; forex bureaux authorised 1990, largely absorb parallel market (official market remains separate); 1992 forex auctions for allocation of import support funds; 1993 regular treasury bill auctions; as of 1993 low monetisation and low bank deposits, monetary policy has multiple objectives, and instruments include reserve requirements, central bank lending to banks, treasury bill auction and rediscount policy, and minimum liquidity ratio (no inter-bank money market but interest rates mostly liberalised), while fiscal deficits still exert major influence on monetary growth; some rise in central bank's legal autonomy 1993, ongoing reforms include recapitalisation, restructuring and training, bank supervision, and moves towards indirect monetary management; from late 1993 official exchange rate set by new interbank forex market, forex auction abolished; many commercial banks have excess liquidity and high NPLs, monetary transmission is weak; 1997 exchange controls liberalised; 1997-8 privatisation of state-owned dominant commercial bank delayed by corruption scandal; improved financial infrastructure for government and central bank securities; 1998-9 large market-induced depreciation, banking sector difficulties; 1998-2003 Ugandan army involved in Second Congo War; growing emphasis in monetary policy on price stability, to be pursued via base money; banking sector fragility and other issues; major concern is sterilisation of aid inflows, undertaken via varying mix of treasury bill issues and forex sales, more often latter from mid-2000s; apart from these sales, occasional smoothing and some purchases to build reserves, exchange rate floats freely; 2004 long-term government bonds issued; 2007 talk of move to inflation targeting; 2009 more flexible liquidity management (to ensure lower interest rate volatility) complicated by fiscal and money demand shocks; improved forecasting and modelling at central bank, together with formal policy rate (but no standing facilities), pave way for 'inflation targeting lite' from mid-2011, but targets missed 2011-12	
2013-23	loose inflation targeting: medium term core inflation target (with +/-3% outer and 2% inner bands for IMF inflation consultation clause, rarely mentioned in central bank statements) plus, initially, unquantified income objective (output as close to potential as possible); outturn inflation mainly below but mostly within 2-3% range of target; recapitalisation of central bank with marketable securities and increased independence, 2014 and 2020/21; no interest rate corridor but interbank rate kept close to policy rate via OMOs, transmission to treasury bill rates good, to bank lending weak; sharp but short-term impact from Covid-19, policy response, it and commodity price shock 2022 well contained; data provision mostly adequate	loose inflation targeting LIT

Selected IMF references: RED 1974 pp44, 50-4, 82-7, 92-3; SR 1974 pp5, 9, 14; RED 1976 pp46-7, 63; RED 1979 pp51-2; RED 1983 pp56, 61, 73; SR 1983 pp3-4, 18-21; RED 1984 pp45-7, 59-60; SR 1984 pp3-5, 8-9; RED 1985 pp51, 65-6; RED 1986 pp39, 50-4; SR 1986 pp12-14; RED 1987 p64; SR 1987 pp9-10; RED 1988 p45; SR 1988 pp4-8; SR 1989 pp5, 8-10; BPSA 1991 pp1-4; SR 1991 pp4-5, 14, 18; BPSA 1992 pp2-6; BPSA 1993 pp1, 10-12, 15-17; BPSA 1995 pp9-12, 16, 18; BPSA 1996 pp6-14; SISA 1998 pp10-11; SR 1998 pp10-11, 16; SISA 1999 pp27; SR 1999 pp10-13, 20-1; SR 2001 pp22-3; SR 2003 pp12-13; SISA 2005 pp26-7; SR 2005 pp12, 17, 44; SR 2006 pp10, 19; *2nd Second Review under PSI…* 2007 pp6-7; SISA 2008 p14; *6th Sixth Review under PSI …* 2009 p11; SR 2010 pp19-20; *2nd Second Review under PSI…* 2011 p17; *4th Fourth Review under PSI…* 2012 pp9-10, 35; SR 2013 pp9-11, 17-19; SR 2015 pp5, 19-22, 70-7; SI 2017 pp8-9; SR 2017 pp8, 18-20; SR 2019 pp15, 21, 25l SR 2022 pp5-8, 21-4, 35, 54; SI 2024 pp18-21, 27-8 SR 2024 pp17-23, 61-2.

West African (Economic and) Monetary Union is a currency union whose exchange rate has been fixed to the French franc, with a major devaluation in 1994, and then, from 1999, to the euro. The scope for monetary policy is limited, but its operation has evolved slowly from direct towards indirect monetary instruments, and the union is becoming more integrated on financial and other dimensions.

Years	Targets and attainment	Classification
1974-2023	under arrangements inherited (with some modifications in agreements of late 1973) from the colonial period, the West African Monetary Union (Union Monétaire Ouest-Africaine), then from 1994 West African Economic and Monetary Union (WAEMU, or Union Economique et Monétaire Ouest-Africaine, UEMOA) covers Bénin, Burkina Faso, Côte d'Ivoire, Niger, Sénégal and Togo, plus from 1984 Mali and from 1997 Guinea-Bissau; central bank, Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO), originally operated from France but from 1978 located in Dakar with African governor; CFA (Communauté financière d'Afrique) franc is fixed to French franc until 1998, then from 1999 to euro; peg is supported by operations account with French Treasury, in which 65% (from 2005 50%) of central bank's forex reserves must be held (sub-accounts are held for each country): French Treasury pays interest on those balances, guarantees the convertibility of CFA francs into SDRs through unlimited overdraft facility, and retains minority representation on board of BCEAO; commitment to exchange rate peg plus high capital mobility between union and France mean little scope for independent monetary policy; 1975 interbank call money market with interest rates set by central bank facilitates flows between member countries; lending to governments is limited to 20% of fiscal receipts of previous year; central bank sets overall and national credit and refinancing targets, split between credit to government and rest of economy, and national credit committees decide allocation within each country; if ratio of gross foreign assets to sight liabilities falls below 20% for three consecutive months or if operations account goes negative, BCEAO is required to tighten policy, which could involve increasing discount rate and reducing rediscount ceilings, but interest rates infrequently adjusted; reforms from 1989 aimed at moving from quantitative credit controls to indirect monetary instruments; region-wide banking supervision from 1990; late 1993 interest rates liberalised, money market auctions with BCEAO intervention introduced, interbank market with freely negotiated rates set up, reserve requirements (from 2002 differentiated between countries) introduced; January 1994, after long-term decline in terms of trade and	augmented exchange rate fix AERF

	despite sustained but ultimately unsuccessful efforts at internal adjustment, devaluation of 50% (in foreign currency terms), followed by stabilisation programmes in each country and increased focus on regional integration; mid-1994 credit controls abandoned; by late 1990s main instruments are central bank bill auctions and repo operations; policy tightened in response to speculation about new devaluation before start of EMU; 1999 peg switched to euro with no change to arrangements with French Treasury; 1999 set of convergence criteria agreed; from 1999 fluctuating political tensions in Côte d'Ivoire, largest economy in WAEMU, with periodic armed conflict; persistence of excess liquidity in banks; from 2001 monetary (central bank) financing of governments, now prohibited, to be replaced by issuance of securities on regional financial market; 2004 new real time gross settlement system; from 2002 interbank market becomes more shallow and limited to intra-group transactions, but treasury bill market grows; relatively little effect from GFC, because of relative lack of integration into world financial system, but monetary policy accommodating; 2010 central bank institutional framework reforms including monetary policy committee with clear inflation objective, more transparency and more independence; late 2010 reserve requirements made uniform across countries; convergence criteria agreed in 1999, especially first-order fiscal criteria, still not all fulfilled; 2012 disruption from military coups Guinea-Bissau and Mali, jihadi activity northern Mali; monetary transmission across union still weak; from 2016 efforts to activate interbank market in context of bank segmentation, with limited success; end-2019 announcement of reforms to monetary arrangements with France: new name for currency ('eco'), half of forex reserves no longer to be deposited in French Treasury, and French representatives withdrawn from board and MPC of BCEAO, but currency still guaranteed convertible into euro at fixed parity by France; formally BCEAO's primary objective is price stability, while peg to euro seen as constraint on BCEAO set by council of ministers; policy rate and corridor from 2010, but interbank rate mostly outside corridor, so monetary transmission weak; scope for continuing reform, notably development of interbank and public debt markets; health impact of Covid-19 less severe than rest of Africa, effect on GDP major but short-lived; new currency (scheduled for 2020) postponed for 3-5 years; continuing violence on Sahel countries; from 2020 bank refinancing auctioned via fixed rate full allotment, interbank rate now mostly within modified corridor; 2022 global commodity price rises; 2023 return to fixed quantity variable rate auctions amid concerns about forex reserves	

Selected IMF references: Côte d'Ivoire - RED 1974 pp68-70; Côte d'Ivoire - RED 1976 pp38-40; Senegal – RED 1985 pp50-3; Senegal – RED 1989 pp48-50; *A Review of the CFA Franc Arrangements*, 1990, especially pp3-12, 18-21, 37, 44-51; *Common Policy Issues of the CFA Franc Countries*, 1994, pp4-17, 22-5, 69-70; *CFA Franc Countries – Recent Adjustment Experience and Policy Issues*, 1995, pp2-4, 15-16, 27-8, 132-6, 137-9; REDRPI 1998 pp11-14; REDRPI 2000 pp8, 17, 19-22; REDRPI 2001 pp17-20, 23; REDRPI 2003 pp14-17; REDRPI 2004 pp16-18, 20; SI 2006 pp67-9; REDRPI 2006 pp9-10, 13-14; SI 2007 pp49-50, 52-3; SR 2011 pp8-9, 14-17; SR 2013 pp13, 19, 52; SR 2014 pp46-53; SR 2017 pp5-6, 8, 14-16, 45-9; *Program Design in Currency Unions – Policy Frameworks of the West African and Central African Monetary Unions*, 2018, pp4-7; SR 2018 pp13-15, 40-1; SI 2021 pp50-75; SR 2021 pp4-6, 10-15, 17; SR 2022 pp4-6, 13-15, 23, 51-2; SI 2023 pp17-30; SR 2023 pp8, 14-16; SR 2024 pp6-9, 15-16

Other references: Boughton (1991); Masson and Pattillo (2005, pp15-16, 21-4, 46-8); Wolf et al. (2008, p46).

Zambia started with its exchange rate fixed to the USD and then the SDR. But it soon moved to a currency basket and small but frequent adjustments, with monetary control relying mainly on reserve and liquid assets ratios, in a context of fiscal indiscipline and dominance. When fiscal control was attained in the early 2000s monetary policy became more active and more focused on price stability, and began to move slowly towards indirect instruments. That movement was sharply reversed in 2014-15 and the near crisis of 2016, but resumed in 2017.

Years	Targets and attainment	Classification
1974-82	currency fixed to USD, but devalued with SDR vs USD early 1973; small number of banks, mainly foreign-owned; central bank uses reserve and liquidity ratios, calls for special deposits, credit controls and interest rate limits, lends directly to mining sector, and prioritises credit to government over lending to private sector; treasury bills issued but most held by commercial and central banks, no secondary market; economy and tax revenues heavily exposed to fluctuations in copper prices which have trend decline, diversification is aim but little progress; import and price controls, tightened on average over time; 1976 currency fixed to SDR, with devaluations 1976 and 1978	augmented exchange rate fix AERF
1983-2023	early 1983 devaluation, mid-1983 peg switched to trade-weighted currency basket, with rate adjusted at intervals to maintain competitiveness; 1980s reform and stabilisation efforts repeatedly undermined by fiscal slippages, SOE weaknesses and related monetary expansion; 1985-6 treasury bill auctions; late 1985 weekly forex auctions; mid-1986 exchange rate slides more sharply, authorities try various means to stabilise it (including tighter controls, suspension of auctions, dual exchange rates, peg to USD 1987-8, peg to SDR 1988-9, major devaluations and small frequent adjustments) but without sustained success, large but varying parallel market premium; 1991 multi-party constitution adopted, presidential elections, change of government, renewed emphasis on stabilisation and reform; 1991-2 forex liberalisation and policy of frequent small devaluations succeeded by market-determined exchange rate, unified end-1992; 1992-3 interest rate liberalisation, treasury bills at shorter maturities issued by tender (in place of tap issues), monetary policy focus now on reserve money; some structural reforms, but erratic fiscal discipline, central bank accommodates government and SOEs (especially copper mining, whose privatisation is heavily delayed), and efforts to counter various shocks repeatedly undermine stabilisation efforts; mid-1990s some rise in foreign exchange deposits; major underlying governance issues; monetary policy operated via variations in cash and liquid asset ratios, plus interest rates on loans to commercial banks and OMOs in treasury bills (bought mainly by banks to satisfy liquidity requirements), with	loosely structured discretion LSD

	exchange rate floating (but subject to smoothing and reserve targets); recurring problem of depreciations aimed to improve competitiveness fuelling inflation; second half of 1990s banking failures, 2000 largest (and state-owned) commercial bank reported insolvent; 2000 main mining company finally privatised; improvements to treasury bill market operations 2001, including repos; corruption under previous president exposed; high incidence of HIV/AIDS with serious economic effects; interbank forex market 2003; as of 2005, better fiscal control means central bank can operate more active monetary policy based on primary government security issues and OMOs, but absence of coordination between forex interventions and domestic actions makes for volatile reserve money growth, inflation expectations remain high and exchange rate fluctuates; medium- and long-term government bonds issued 2005-7, but all secondary markets remain shallow; forex sales (in context of aid inflows) as well as OMOs used to absorb excess liquidity; 2009 standing overnight lending facility; 2012 policy rate, with wide target band for overnight interbank rate, becomes primary monetary instrument, but aimed partly at reducing bank lending rates (and ceiling on such rates introduced late 2012, but abandoned late 2015); from 2013 falling copper prices plus wider loosening of fiscal control which monetary policy finds hard to counter (even with reversion to direct controls), large depreciations 2014 and 2015, higher inflation 2015 and near-crisis (with collapse of credit growth) 2016: overnight interbank rates go well above corridor in 2014 and 2016, policy rate loses its status as key signal and efforts to control exchange rate displace trades from interbank forex market to bilateral dealings; tighter monetary policy eventually stabilises exchange rate and lowers inflation, but at heavy cost in terms of activity and banking system stability; droughts 2015-16 and 2018-19; 2017 central bank aims to resume movement towards forward-looking, indirect-instrument-based, monetary framework: narrower policy rate corridor, more use of OMOs, inflation objectives largely observed, but monetary transmission remains weak; Covid-19 has major impact, limited policy response; country defaults on its Eurobonds late 2020; new government 2021 committed to reforms; global commodity price rises 2022; increase in central bank autonomy 2022; severe drought 2024; scope for further improvement of statistical database	

Selected IMF references: RED 1974 pp44, 58; SR 1974 pp7-9; RED 1975 pp50; RED 1977 pp26, 28, 30-2; SR 1977 pp11-12, 19; RED 1978 pp36, 38, 55; RED 1983 p48; RED 1984 p58; SR 1984 pp3-4; SR 1985 pp19-20; RED 1988 pp49-52, 67-70; SR 1988 pp3-15; SR 1989 pp37, 51-2; SR 1991 pp 5-16; RED 1993 pp26-8, 33-6, 38-9; SR 1996 pp8, 14; SR 1997 pp6-9; SR 1999 pp9-10, 19; SR 2000 pp6-8, 12; SR 2001 pp6, 14; SR 2002 pp12, 15, 22-3; SR 2004 pp7, 9, 19-20; SISA 2005 pp27-32; SR 2005 pp9-10, 19-20; SISA 2007 pp37-8; SR 2007 p13; SR 2009 pp6, 8, 9, 13; SR 2012 p17; SR 2013 pp7, 13-15; SR 2015 pp6-7, 15-16; SI 2017 pp25-43; SR 2017 pp5-10, 16-18; SR 2019 pp6-10, 16-18, 27; *Request under ECF…* August 2022 pp4-9, 17-18, 23, 29; SR 2023 pp4-5, 28; *3rd Review under ECF…* June 2024 pp5-6, 16, 17, 29; MEFP June 2024 §§51-4.

Zimbabwe replaced its previous currency shortly after independence, but had difficulty controlling the (nominal or real) exchange rate in the presence of tight import and exchange controls but high fiscal deficits. Attempts at stabilisation and structural reform were repeatedly undermined by fiscal dominance, which eventually produced hyperinflation and (USD and rand) dollarisation. A brief interlude, with a coalition government which accepted dollarisation and implemented some reforms, was followed by a reversion to one-party government and previous policies, with a return to fiscal dominance and the adoption of opaque and inappropriate monetary arrangements.

Years	Targets and attainment	Classification
1980-82	transition to majority rule and independence early 1980 leads to removal of longstanding international economic sanctions, re-integration into world economy, and some gradual and limited liberalisation; March 1980 Zimbabwe dollar, replacement at par for Rhodesian dollar (pegged to South African rand), pegged to (regularly reviewed) basket dominated by USD and rand with narrow spreads, within system of continuing exchange and import controls; relatively developed financial system with discount and accepting houses, money and bond markets; monetary policy had long relied on direct instruments, from 1981 central bank sets interest rates and uses liquidity ratios, reserve requirements, moral suasion, and credit controls	augmented exchange rate fix AERF
1983-99	devaluation late 1982 followed by further periodic depreciations designed to reverse previous and prevent further real appreciation; import and exchange controls tightened; monetary expansion intended to allow growth but not accommodate inflation; monetary instruments remain mainly direct; efforts to restrict monetary impact of budget deficits, e.g. 1983 nonbank financial intermediaries required to hold more government securities; 1989-92 liberalisation including move towards more active and anti-inflationary monetary policy with banks' interest rates no longer set by central bank from late 1991; exchange rate 1992-3 stabilised periodically to contain inflation; slippages in fiscal policy affecting monetary growth; 1994 forex reforms including abolition of official exchange rate and central bank withdrawal from forward market, but stabilising intervention continues; central bank starts to issue treasury bills for monetary control purposes, but reserve requirements remain important; broad money targets set from 1993 but largely missed, emphasis shifted to reserve money but money multiplier unstable; overall, 1991-5 liberalisation programme undermined by uneven policy implementation notably in fiscal control and public enterprise reform; mid-1997 monetary easing, talk of compulsory land reform and decision to award large compensation payments to liberation war veterans feed into currency crisis, followed by attempts at stabilisation	loosely structured discretion LSD

	which become increasingly ineffective; 1998 continued depreciation, exchange rate pegged to USD early 1999 (via severe import compression) then sharply devalued 2000 with move to crawling peg; military involvement of Zimbabwe in Democratic Republic of the Congo from August 1998, financing obscure; statistical database poor	
2000-08	2000-8 severe economic crisis; GDP continuously falling despite high fiscal deficits and rapid monetary growth; rising inflation, widening spread between official and parallel forex rates, rising vulnerability of financial system, together with drought, food shortages, spread of HIV and deteriorating health conditions, extra-legal farmland occupations; government devalues (multiple) exchange rates from time to time, makes central bank undertake growing quasi-fiscal activities, tightens price controls and exchange restrictions, and fails to adopt sustained stabilising fiscal and monetary policies; by 2008 soaring hyperinflation and near-collapse of most public services; statistical database remains poor	unstructured discretion UD
2009-14	2009, under national unity government, abandonment of Zimbabwe dollar initially until end-2012 (later revised to at least 2018) in favour of a multi-currency system (mainly use of rand and USD, both already widespread), i.e. use of several other sovereigns' currencies; this move, together with some liberalisation of prices, goods markets and forex transactions, plus end to central bank's quasi-fiscal activities, produces 'spontaneous' stabilisation with strong growth 2009-12 and sharp reduction of fiscal deficits, but external position remains fragile and public sector wage increases crowd out public investment; large external debt arrears, increased by nonconcessional borrowing; pressures on banking system eased but central bank suffers from financial distress and weak governance, which government is slow to address; internal political tensions remain severe, re-engagement with international community proves difficult; 2013 growth rebound comes to end; elections lead to return to one-party government	use of another sovereign's currency UASC
2015-23	2015 central bank, now recapitalised, removes legal tender status of old Zimbabwean dollar and issues bond coins indexed to USD, while banking system is partly stabilised; but with rising fiscal deficits central bank overdraft loans to government lead to creation of deposits within real time gross settlements (RTGS) system, which function as money without any increase in USD holdings; from 2016 central bank issues small 'bond notes' at par with USD; in context of USD shortages government adopts current and capital account controls, which lead to growth of parallel market in bond notes, RTGS balances and treasury bills (all used as media of exchange) at increasing discount to USD, and then to rise in inflation; 2017 military coup	loosely structured discretion LSD

	brings new government initially claiming to be more open economically and politically; February 2019 existing RTGS instruments legally denominated as 'RTGS dollars', June 2019 renamed 'Zimbabwean dollars', with interbank forex market for trade against USD, this reform to be supported by ban on central bank deficit financing, by forex market reforms, and by introduction of reserve money targeting; latter implemented early 2020, some fiscal consolidation, but central bank reverts to quasi-fiscal operations and lending, forex reforms are slow and/or partial, and USD bank deposits are forcibly converted to RTGS dollars at par; parallel premium falls at first and then rises again; new monetary policy committee 2019 with external majority consults on future monetary policy; cyclone 2019 and Covid-19 2020 reduce GDP but strong policy response to latter and rebound 2021; forex auctions introduced mid-2020, but recurring depreciations of Zimbabwe dollar; 2021 reserve money target tightened, but quasi-fiscal operations (notably advances to SOEs) continue; statistical database partially improved	

Selected IMF references: RED 1981 pp35-41, 50, 60; SR 1981 pp1-3, 9-10; RED 1982 pp38, 48, 53; SR 1983 p17; RED 1984 pp50-1; RED 1985 p37; SR 1985 pp13-15; RED 1987 pp40-2; SR 1987 pp14-15, 17; RED 1988 pp37-41; SR 1989 pp15-16; RED 1990 pp3, 33, 36-8, 40-3, 50a, 89-92; SR 1990 pp16-17, 22; SR 1992 pp5-7, 8a, 15; BP 1993 pp24-39; SR 1993 pp10-11; BP 1994 pp29-32; SR 1994 pp6-8, 14-16, 23; RED 1996 pp29-31, 41; SR 1996 pp1-10, 17-19; RED 1997 pp11, 18, 24-6, 36; SR 1997 pp13-14; RSBA 1998 pp9-11, 14-17, 20; SR 1999 pp5-13; REDSISA 2000 pp14-20; SR 2001 pp5-14, 19-20; SR 2003 pp4-17; SR 2004 pp5-13; SISA 2005 pp18-21; SR 2005 pp4, 11-17; SR 2007 pp4-17; SR 2009 pp5-10, 13-14; SR 2010 pp4-6, 9-10, 13-14; SR 2011 pp4-8, 18-20, 23-5; SR 2012 pp4-8, 17-20; SR 2014 pp4-7, 14; SR 2016 pp5-8 13-14; SR 2017 pp4-10, 15-18; SR 2020 pp5-13, 19-21 44; SI 2020 pp2-6; SR 2022 pp6-8, 15-17, 48-52, 73-5; SRIA 2022 pp8-10; IMF press releases of 14 February 2024 and 27 June 2024 on Article IV Mission to Zimbabwe.

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