Individual country details:
Other Europe, Caucasus and Central Asia (OECCA)

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Update to 2023
Finalised October 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 = BI
Recent Economic Developments = RED
Recent Economic Developments and Statistical Appendix = REDSA
Recent Economic Developments and Selected Issues = REDSI
Selected Economic Issues = SEI
Selected Issues = SI
Selected Issues and Statistical Appendix = SISA
Staff Report = SR
Staff Report Informational Annex = SRIA

Other abbreviations
CD = certificate of deposit
DM = Deutsche Mark
EBRD = European Bank for Reconstruction and Development
ECF = Extended Credit Facility
EFF = Extended Fund Facility FSU = former Soviet Union
GFC = Global Financial Crisis
NPLs = Non-performing loans
OMO = open market operation
PCI = Policy Coordination Instrument
PSI = Policy Support Instrument
RFI = Rapid Financing Instrument
SBA = Stand-by Arrangement
SOE = state-owned enterprise
USD = US dollar

Albania was an isolationist centrally planned economy in the 1970s and 1980s. It had a somewhat chaotic transition in the early 1990s, but then began to implement a more coherent monetary policy, including a flexible exchange rate, before moving in 2000 to a form of inflation targeting via limited monetary instruments and limited central bank forecasting capacity, with considerable success.

Years	**Targets and attainment**	**Classification**
1974-89	[Note: no IMF sources available before 1992] largely closed economy, comprehensive central planning, monobank undertaking both central and commercial bank functions, plus some specialised financial institutions	multiple direct controls MDC
1990-92	international political upheavals from 1989 lead to major economic (and political) crisis despite very limited reforms in some areas 1989-90, with steep declines 1991 in industrial and agricultural production, collapse of tax revenues and massive rise in domestic credit; successive devaluations but rapid growth of parallel forex market with soaring premium; political pluralism allowed late 1990, old governing party wins 1991 elections but political tensions lead to transition government mid-1991, then new government elected 1992 embarks on wide set of reforms	unstructured discretion UD
1993-2004	official exchange rate abolished July 1992, unified rate determined in domestic interbank market, wider trade and exchange liberalisation; difficult move to two-tier banking system from mid-1992, foreign bank entry from late 1993; fiscal deficits reduced, hard budget constraints imposed on SOEs, while central bank relies on credit ceilings for non-government sector, introduces refinancing window and reserve requirements, encourages interbank market and begins to use interest rates; many statistics poor but efforts to improve; treasury bill auctions from mid-1994, teething problems; growth of pyramid schemes outside formal financial sector which attract huge deposits but collapse late 1996/early 1997, leading to riots, economic crisis, near civil war, and new government which closes pyramid companies, stabilises economy and reinforces structural reform (including rise in central bank autonomy); as of 1997 forex trades dominated by curb market, interbank market remains thin; dominant state-owned banks remain technically weak, and central bank still relies on credit ceilings in pursuing its primary target of price stability, with only occasional forex interventions; 1999 short-lived influx of refugees from Kosovo; from 2000 bank credit ceilings abolished, minimum deposit rates phased out, standing facilities to create interest rate corridor, weekly repo auctions become main instrument; 2001 interest in moving to inflation targeting, assistance requested; credit boom mid-2000s, prudential/supervisory as well as monetary reaction; 2004 final privatisation of old banks	loosely structured discretion LSD

2005-23	formal narrow inflation target announced and mostly met, but given euroisation interest rate transmission mechanism is weak, working mainly through exchange rate, while forecasting capacity is initially underdeveloped; fiscal discipline inconsistent; previously built-up buffers allow policy response to avoid recession from GFC, but recovery slow and hard, impeded by euro area crisis 2010-12; 2009 application to join EU; ongoing efforts to improve bank supervision and reduce NPLs; euroisation now higher; secondary financial markets remain limited; 2011-15 limited forex interventions but exchange rate stable vs euro, policy rate follows ECB rate with narrowing spread, while interbank rate tracks policy rate; longstanding problem of slow credit growth; 2017 efforts to reverse euroisation; 2020 Covid-19 (after earthquakes 2019): major policy responses, impact less than first expected but strong rebound; inflation targets still met except in parts of 2022-23 (global commodity price rises), and longer-term financial agents' inflation expectations remain broadly anchored; most statistics adequate by end of period	loose inflation targeting LIT

Selected IMF references: RED 1992 pp19-23, 24-6 27-8, 82; SR 1992 pp1-6, 9, 12; RED 1994 pp1-2 16-21; BI 1995 pp1-16; SR 1995 pp50-2; RED 1997 pp14-17, 27-31; SR 1997 pp8, 12-13, 16-17, 19-22; SR 1998 pp5-6, 9, 22-5; REDSA 1999 pp11-13; SR 2001 pp15, 17; SR 2003 pp4, 12-13; SISA 2005 pp4-20; SR 2005 pp12-15; SI 2006 pp72-9; SR 2006 pp13-15; SR 2008 p15; SR 2010 pp4-8, 17; SR 2012 pp46-7; SR 2014 pp18, 23, 24; SR 2016 pp16-20; SR 2019 pp16-18; SRIA 2019 pp7-8; SR 2021 pp4-6; SR 2023 pp6, 14-16, 62-4; SRIA 2023 pp8-11.

Armenia had similar difficulties on the breakup of the Soviet Union to many other countries, but moved more quickly towards a market economy. Despite considerable external difficulties and a weak financial system, it was able to embark on inflation targeting in the mid-2000s, initially with poor results but from 2011 with reasonable success.

Years	Targets and attainment	Classification
1992-94	independence (out of USSR) declared 1990 but recognised only late 1991; exogenous shocks from 1988 earthquake to breakup of FSU trade and payments arrangements; long-standing tensions with Azerbaijan over Nagorno-Karabakh enclave lead to economic blockade in late 1991 that, along with disruptions to trade via Georgia, cripples economy and exacerbates high inflation originating from Russia; moves to market economy from 1991, but continuing use of Russian ruble; local branch of USSR central bank, renamed National Bank of Armenia end-1991, unable to restrain rapid credit expansion 1992, transformed into standard central bank early 1993 with more powers but little expertise and no autonomy; high growth of credit to public sector (with loans to SOEs supplied by ministry of finance instead of banks); local branches of FSU banks converted into commercial banks cater mainly for firms, not households, as do most new banks; domestic and international payments system problems; introduction of national currency considered from early 1992, realised in haste November 1993 after Russian currency reform mid-1993 (and made sole legal tender March 1994), with exchange rate set vs USD but soon allowed to float, via regular forex auctions in non-cash market, also cash market; early 1994 central bank independence increased with agreed targets for central bank credit to finance ministry; ceasefire July 1994; monetary policy tightened from mid-1994; comprehensive programme of stabilisation and structural reform late 1994	unstructured discretion UD
1995-2010	1995-6 directed credits phased out, reserve requirements revised, treasury bill issues started, payments system reformed and interest rates normalised, but budget deficits still affect monetary growth, while banking system is weak and small; policy operated via flexible focus on announced target corridor for reserve money; 1996-7 primary treasury bill market improved but minimal secondary market; rise of interbank forex market as main locus for forex trading; 1998 Russian crisis; assassinations and political turmoil late 1999 to mid-2000; 2000-01 failure of ten banks leads to measures to stabilise banking system and improve supervision; dollarisation very high; central bank has inflation objective from 2004; wide inflation targeting announced January 2006, with repo rate in corridor as operational target, forecasting and communication to be improved; inflation targets overshot four years out of five;	loosely structured discretion LSD

	some recurring unsterilised forex intervention; Georgian-Russian hostilities 2008; GFC has large adverse effects including collapse of remittances, crisis of confidence 2009; dedollarisation 2007-8 reversed 2009-10	
2011-23	wide inflation targets attained 2011-14, well undershot 2015 and 2016, but attained by end-2017, while inflation expectations of financial system remain broadly anchored and those of households go below the band but remain positive and return within the band late 2017; interbank market and monetary transmission mechanism remain weak; periodic forex intervention, authorities resist IMF pressure for more flexible exchange rate; 2015 accession to Eurasian Economic Union; 2018 protests lead to new government; inflation targets met or nearly met 2018-20 but overshot 2021-2 and early 2023, undershot late 2023, while inflation expectations go above target range but not for long (and seem not to be important drivers of actual inflation); strong but short-lived effects from Covid-19; improvements to central bank communication, some decline in dollarisation, but most financial markets remain shallow and monetary transmission mechanism weak; 2022 strong immigration from Russia, late 2023 large influx of refugees from Nagorno-Karabakh; data provision broadly adequate but scope for improvement	loose inflation targeting LIT

Selected IMF references: RED 1993 pp10-15, 20-2, 69-78, 91; SR 1993 pp1-3, 7-8, 12-13; RED 1994 pp1-2, 19-20, 22-5, 31-2, 102; SR 1994 pp7-9, 12; REDSI 1996 pp5, 25-8, 35; RED 1998 pp4, 23-5, 33; REDSI 1999 pp13-18; REDSI 2000 pp12-15, 20-1; REDSI 2001 pp12-16, 25-6; SR 2002 pp9-11; SI 2004 pp12-16, 47-51, 57; SR 2004 pp11; SR 2006 pp9-12, 18; SI 2008 pp20-1, 23-6, 34-7; SR 2008 p15-16; SR 2010 pp10-11; SI 2014 pp3-5; SR 2017 pp16-17; SR 2019 pp13-14; SR 2021 pp5-6, 18, 62-3; SI 2023 pp4-6; SR 2023 pp16-17, 69; SRIA 2023 pp12-16; *3rd Review under SBA…* May 2024 pp11-12.

Other references: Central Bank of Armenia *Inflation Reports*, 2017 Q1 p25; 2017 Q4 p16; 2018 Q1 p13; 2023 Q3 p13; 2024 Q2 p24.

Azerbaijan suffered similar dislocation to other FSU countries from the collapse of the USSR. It then opted for stabilisation, with some but varying success over the years. Structural reform was reluctant and limited, both in the wider economy and in the financial sector, and this meant that securities markets and monetary transmission remained weak so that there was a recurring tendency to revert to exchange rate stabilisation in the absence of an effective alternative nominal anchor.

Years	**Targets and attainment**	**Classification**
1992-94	independence (out of USSR) declared 1990, recognised late 1991, with regional territorial conflicts already having adverse economic effects; central bank with standard powers (but limited expertise) over monetary and credit policies and banking supervision set up early 1992 from merger of local branch of USSR central bank and two specialised state banks, which were then detached late 1992 with move to two-tier banking system including reorganisation of two other state banks and, over time, rise of many small new commercial banks; price liberalisation and some other moves towards market economy; cash shortage prompts introduction of new currency alongside and with fixed parity to ruble, initially in small quantities; issues of breakdown of FSU central planning and trade mechanisms and high inflation plus depreciation coming from Russia, but oil exports switched towards non-FSU markets and into USD; preparations for adoption of new national currency as sole legal tender, with ruble largely withdrawn from circulation mid-1993 (after Russian currency reform), manat pegged to USD late 1993 and made sole legal tender January 1994, restoration of ruble peg with devaluation March 1994, exchange rate floated May 1994; reserve and liquidity requirements revised and tightened, but most credit still allocated on annual credit plan via specialised banks, budget deficits still financed by central bank and foreign transactions heavily managed; rapid dollarisation; 1992-4 fighting over Nagorno-Karabakh, with Azerbaijani losses, which pave way for new President from late 1993	unstructured discretion UD
1995-2023	fiscal and monetary stabilisation 1995; payments system reform; central bank auctions refinance credits, attempts to control reserve money and manages forex reserves; forex auctions; reserve requirements restructured; bank activity concentrated in specialised state-owned banks, which turn out to have rising arrears and large NPLs and need to be rehabilitated; many small banks now exist but tied to one or few enterprises; 1996 treasury bill auctions; some rise in central bank autonomy; some more structural reform from mid-1996; securities markets still limited; possible Dutch disease effects from growing oil output and exports; 1998 Russian crisis, authorities tighten monetary policy	loosely structured discretion LSD

	and briefly stabilise exchange rate vs USD; restructuring of state-owned banks delayed; structural reform reluctant and limited; 2000s rising dollarisation; as of 2003 central bank's primary objective is price stability, with exchange rate as nominal anchor, and (in light of unpredictable money demand and underdeveloped treasury bill market) forex interventions are key instrument for affecting money supply; opposition to appreciation in context of oil boom and related fiscal expansion leads to sharp rise in inflation 2004-5, then exchange rate float and monetary tightening, followed by brief return to peg, with crawl from early 2006; currency reform (redenomination) 2006, plus talk of move to inflation targeting (IT) 'lite' to be pursued via base money targets with more exchange rate flexibility, plus later move to full IT (if/when preconditions fulfilled); March 2008 announced peg to USD/euro basket with adjustable weights, in practice peg is to USD, with forex purchases mostly unsterilised; GFC brings cut in oil revenues but fall in GDP averted, in part by temporary cuts in reserve requirements and policy interest rates; as of 2013 central bank still lends directly to real economy, interest rate transmission poor, stable exchange rate remains anchor of monetary policy, authorities resist IMF pressure for short-term rise in exchange rate flexibility; 2015, in response to shocks including oil price fall, two major devaluations followed by shift to managed float; rise in dollarisation; more focus on base money; reversion to de facto peg early 2017; 2020-21 strong, mainly fiscal, policy response to Covid-19 limits recession and spurs rebound; 2021 authorities resist IMF calls for greater exchange rate flexibility; global rises in commodity prices 2022; improved monetary policy operational framework with standing facilities and wider range of OMOs 2022, transmission from central bank rates to financial market rates improved but not that to bank lending rates; de facto USD peg remains nominal anchor, dollarisation declines but remains significant; data provision broadly adequate	

Selected IMF references: RED 1993 pp19-21, 28-30, 103; SR 1993 pp11-13; RED 1994 pp14, 15, 16-17, 23-4, 28, 75-8; SR 1994 pp2-3, 5-6, 7, 10-13; RED 1995 pp17, 19-20, 22, 25-6; RED 1996 pp40-1, 42-3; RED 1998 pp22-32; SR 1999 pp10-11, 13-14; SR 2000 pp12-13, 17-20; SR 2002 pp18-20; SI 2003 pp36-9; SR 2003 pp12, 22; SI 2006 pp4-15, 28-30; SR 2006 pp18-19; SR 2007 pp9-10, 16-19; SR 2008 pp9, 17; SR 2010 pp4-5, 8, 10; SR 2013 pp12-13; SR 2014 pp14-15; SR 2016 pp4-6, 10, 14-15; SR 2019 pp4, 7, 13-14, 23; SR 2021 pp4-6, 14-15, 24; SR 2-23 pp5-7, 10-11, 20, 43-8; SRIA 2023 pp4-6.

Belarus was initially in the ruble area, and exposed to the problems of the Russian economy, but by 1993 it had moved to an awkward mix of its own currency with many elements of the previous central planning. Throughout there were on-off moves towards closer integration with Russia (and rises and falls in the energy price charged by Russia). From 2000 monetary policy itself became less incoherent but the persistence of directed and subsidised credits to SOEs and periodic attempts to stabilise the exchange rate continued to obstruct effective policymaking. From 2022 with the Ukraine war there was some return to direct controls.

Years	Targets and attainment	Classification
1992-99	independence August 1991 (out of FSU); at first continued use of ruble, but shortage of currency leads to resort to cheques; central bank (from Belarusian branch of USSR central bank) and range of commercial banks, some of them ex-USSR specialised banks, most owned in part by major clients; main monetary instruments are reserve requirements, refinancing rate and overdraft rate; but membership of ruble area dominated by Russia (though financially segmented) limits role for domestic monetary policy, exposes economy to hyperinflation and payments system difficulties; January 1992 (at time of major price liberalisation) cash shortage leads to issue of coupons in proportion to income payments, required (with rubles) for purchase of many goods; May 1992 central bank reacts to cash shortages by issuing 'rubel' payment certificates as parallel currency at fixed parity, late 1992 these rubels made obligatory for many purchases; by end-1992 rubels account for 80% of banknotes in circulation, by June 1993 96%; 1993 law limits central bank lending to government and gives central bank more control of interest rates (which remain negative in real terms) and reserve requirements; more emphasis on credit aggregates, banks no longer obliged to lend for planned investments, 1993 auctions of central bank credit; from January 1992 FSU exchange system replaced by national controls, with multiple exchange rates, partly consolidated early 1993 with move to auctions operated by central bank; mid-1993 Russian monetary reform, then Belarusian forex crisis; 1993-4 monetary and economic unification with Russia discussed but not agreed; 1994 stronger government pressure on bank credit allocation; noncash Belarusian ruble used from mid-1992, fluctuates vs other noncash rubles from late 1992, but cash Belarusian ruble (rubel) declared legal tender only May and sole legal tender August 1994; new government from mid-1994 leads at first to more decisive stabilisation and structural reform policies, including monetary policy focused on stabilising exchange rate vs USD, and making more use of interest rates; 1994-5 further forex and trade liberalisation; earlier restrictions on conversion of noncash rubels to cash lifted	unstructured discretion UD

	end-1994; peg to USD held most of 1995 and early 1996; customs union with Russia (and two other FSU republics) 1995; some use of central bank and government security issues; recurring policy slippages, prior liberalisation measures reversed, resort to administrative measures in forex market and elsewhere, with expansionary monetary policy via subsidised credit allocation directed by presidential administration; little structural reform, easy access to credit for SOEs, rise in enterprise arrears, weakening of banks' finances; late 1996 rise of parallel forex market where rate depreciates faster than official rate through 1997; forex crisis March 1998, authorities respond by tightening controls, while economy becomes more dependent on financial assistance from and barter trade with Russia; August 1998 Russian financial crisis has adverse effects including fall in growth and further sharp depreciation, but policy not immediately tightened and no change to strategy of large directed credits plus strong state controls; high but varying dollarisation; longstanding practice of off-budget public spending via banking system; 1999 political and economic union with Russia agreed	
2000-23	2000 exchange rate unification and adjustable crawling band vs Russian ruble announced, but de facto target remains previous informal anchor, USD; goal but not details of monetary union with Russia agreed; limited structural reform, but large centrally-mandated USD wage targets; IMF repeatedly criticises monetary and exchange rate policies, and calls for serious structural reform; ongoing banking sector fragility; disagreements with Russia 2002 over political and monetary unification; 2003 Russian ruble appreciates, Belarus dual exchange rate targets become more problematic, decline in enthusiasm for unification in both countries; state intervention in economy remains high, even rises, quasi-fiscal activities remain important; some remonetisation and dedollarisation 2000s; subsidised energy imports from Russia contribute to growth, while price controls help hold down inflation; liquidity crunch late 2004 concentrated in two largest state-owned banks (despite recapitalisations); by 2005 failure to agree key details renders monetary union impossible by 2006 target date; 2006 wider disputes between authorities and IMF staff; 2007 sharp rise in Russian energy price paid by Belarus; 2008-9 adverse effects of GFC cushioned by large devaluation vs USD early 2009, switch of peg to basket and smaller subsequent depreciation within band, supported by rise in directed lending; reduced subsidies on energy imports from Russia; Common Economic Area agreed with Russia, Kazakhstan, late 2010; exchange rate band adjusted start-2011; macro and wage policies loosened 2010, forex crisis with sharp	loosely structured discretion LSD

	depreciation March 2011, policies more stabilising from June 2011; late 2011 partial restoration of Russian energy subsidies; 2013-14, against IMF advice, authorities insist on continuing directed lending and not tightening macro policy; stop-go policies with renewed forex crisis and inflation spike in 2014; 2015 large devaluation, crawling peg replaced by flexibility guided by currency basket plus money targets; more focus on ongoing weaknesses in financial sector; 2015 start of Eurasian Economic Union; from 2015 more serious moves towards stabilisation and liberalisation; 2016 currency reform (redenomination); plans for adoption of inflation targeting, but important prior measures required; dollarisation declining but still very high; 2018 change in Russian tax system likely to adversely affect Belarus current and fiscal accounts; early 2018 monetary policy shifts from targeting money to targeting interbank rate, some decline in directed lending, some forex liberalisation, but interest rate caps remain; central bank independence increased but needs to be entrenched; by 2020 significant improvements in central bank forecasting and decision-making processes, monetary policy framework moving towards inflation targeting 'lite'; Covid-19 brings mild recession; 2022 Ukraine war, global commodity prices rises and economic sanctions; central bank independence weakened from 2020; 2022 emphasis on growth rather than stability, increasingly rigorous direct price controls, rise of inflation overhang; informal inflation targets overshot 2020-22, undershot 2023, with targets raised 2022 and 2023; statistical data broadly adequate by 2018 but may have deteriorated	

Selected IMF references: Pre-membership Economic Review Supplementary Information March 1992 pp11-18; RED 1993 pp18-27, 36-8, 111; SR 1993 pp10-14, 15-16; RED 1994 pp26-32, 35, 40-2, 134, 150-2; SR 1994 pp12-15; RED 1995 pp26-32, 36, 43-5, 143; RED 1996 pp25, 32, 38-40; SR 1996 pp2-7, 9-10, 11-12; RED 1997 pp33, 37-40, 44-5, 47; RED 1998 pp7-8, 32, 37-40, 43-7; SR 1998 pp13, 23-6; RED 1999 pp6-7, 14-18, 95-102; SR 1999 pp5-13, 15-17; RED 2000 pp34-8; SR 2001 pp5, 7, 11-12, 13, 16-19; SI 2002 pp47-48, 56; SI 2003 pp42-6; SR 2003 pp8, 15-18; SR 2004 pp5-10, 13, 15, 18, 19-20; SI 2005 pp13-15; SR 2005 pp6-7, 10, 11-13, 16-17; SR 2006 pp5-6, 9, 11-12; SR 2007 pp6-8, 14-15; SR 2009 pp1, 5, 7, 9-11, 12, 16-20; SR 2011 pp3-7, 17; SR 2012 pp4-5, 7; SR 2013 pp8-10; SR 2014 pp4-5, 10, 12-13; SR 2015 pp4-7, 9-15; SR 2016 pp6-7, 9-11, 15-20; SR 2017 pp4-7, 16-18; SI 2018 pp2-8; SR 2018 pp4-7, 10-13, 52; *Technical Assistance Report – Enhancing monetary policy modelling capacity…* June 2020; *Republic of Belarus: Staff Concluding Statement of the 2021 Article IV Mission* December 2021. [NB: No Article IV consultations after 2021.]

Other references: Miksjuk et al. (2015); Kharitonchik (2024).

Bosnia and Herzegovina experienced several years of civil war and monetary chaos following independence in 1992, but the Dayton peace agreement at the end of 1995 included a plan for a new countrywide central bank to operate a currency board, and this was one of the few state-wide and effective institutions from when it issued the new currency in 1998.

Years	Targets and attainment	Classification
1992-5	independence (exit from Socialist Federal Republic of Yugoslavia) 1992 followed by 3-4 years of civil war with dire economic effects; two currency arrangements, two governments, heavy central bank deficit financing in both, hyperinflation 1992-3, widespread use of other currencies, some stabilisation from 1994 in Bosniak-majority area with peg to Deutsche mark (DM) but less in Republika Srpska (RS) which issued own currency 1992-3 and then adopted Yugoslav dinar 1994, while Croat-majority area used Croatian kuna and DM	unstructured discretion UD
1996-97	peace agreement end-1995 leaves major economic powers in hands of 2 constituent entities = Federation (Bosniak- and Croat-majority areas) and RS; plan for country-wide central bank to operate currency board for at least 6 years, 1996 Bosniak-Croat currency and payments arrangements partly integrated but RS financial system separate; in Federation large number of banks but many in Bosniak-majority area insolvent, central bank relies on forex intervention, reserve and liquidity requirements, discount facilities; in RS range of banks, most financially weak with high NPLs, while central bank, itself financed by Serbian central bank, relies on reserve and liquidity requirements and various credit facilities to its banks	loosely structured discretion LSD
1998-2023	August 1997 new central bank begins to operate, as largely independent currency board on DM, under governor appointed by IMF and with restrictive legal statutes, with new ‘convertible marka’ (KM) currency initially as unit of account but banknotes issued mid-1998; most state-owned banks financially weak, but new, small, private and some foreign-owned banks starting up; efforts for cross-region integration of banking system laws, bank supervision and payments systems, with closure of monopolistic payments bureaux operating in each entity; significant remaining legacies from Yugoslav past and from civil wars, some disruption from Kosovo dispute 1998-99; new currency rapidly becomes accepted in all areas, forex reserves increased, while fiscal deficits gradually brought under control; conversion from DM mainly to KM (and of peg from DM to euro) 2002; 2004 many key statistics still unreliable; reserve requirements are only monetary instrument, reformed 2003, separated between short- and long-term deposits 2008, but not varied regularly; no lender of last resort capacity; fiscal council set up mid-	pure currency board PCB

	2006, but continuing constitutional issues impede reform, e.g. on integrating bank supervision; adverse effects from GFC, but appropriate (fiscal and financial stability) policy response; reviving constitutional/political tensions after 2010 elections delay policy decisions; improvements to banking supervision and resolution; domestic capital markets remain very limited; large adverse impact from repeated surges of Covid-19, despite mainly fiscal policy response, but strong rebound 2021; central bank agrees to modernise reserve requirements by differentiating rates of remuneration between currencies; from 2021 reforms blocked by disputes between members of federation; 2022-3 global commodity price rises prompt cost of living crisis measures; 2023 IMF continues to call for reforms to increase resilience of currency board arrangement, notably re interest rate differential vis-à-vis Euro Area; 2024 opening of negotiations on accession of Western Balkans countries to EU, requiring major reforms; statistical database broadly adequate but some weaknesses remain	

Selected IMF references: SR - Use of Fund Resources– Emergency Post-Conflict Assistance 1995 pp1-10; RED 1996 pp22-45, 119, 123; SR 1996 pp4-6, 8-12; SI 1998 pp9-10, 14-29; SR 1998 pp12-15, 19-20; SISA 2000 pp15, 19-26; SR 2000 pp4-12; SR 2002 pp12, 19-20; SEI 2004 pp4-14; SR 2004 pp15-17; SR 2006 pp11, 16-17, 18-19; SR 2007 p18; SR 2010 pp4, 9-13; SR 2012 pp13-14; SR 2015 pp15-19; SR 2018 pp16, 47-8; SR 2021 pp9-10, 16-17, 44-8, 62-4; SR 2022 pp4-8, 13-14, 40-1; SR 2023 pp6, 12-14, 17-18, 37; SI 2024 pp3-12; SR 2024 pp4, 8, 15-17, 19, 39-40, 60-1.

Other references: Central Bank of Bosnia and Herzegovina (2017, pp19, 21-2).

Georgia embarked on independence earlier than some parts of the USSR but did not escape the vicissitudes of its collapse. From 1995 it had a long period of on-off stabilisation and structural reform, with periodic reversions to exchange rate stabilisation. Its attempts to implement and operate inflation targeting from 2009 were vitiated by the underdevelopment of its financial markets amongst other factors.

Years	Targets and attainment	Classification
1991-4	independence (from USSR) declared April 1991, new President May 1991 but deposed in coup at end of year; major earthquake 1991; conflict over breakaway regions of Abkhazia and South Ossetia 1991-3, and 1992-3 with supporters of deposed President; 1991 some structural reform including move to two-tier banking system with local branches of USSR central and specialised banks 'nationalised', but currency remains ruble and country undergoes economic and financial disruptions of collapse of USSR, including hyperinflation and cash (banknote) shortage; many new small, undercapitalised, commercial banks but banking system dominated by specialised banks; rapid expansion of credit to government and SOEs; 1993 coupon issued alongside ruble in April, becomes sole legal tender in August (after demonetisation of pre-1993 rubles in Russia), but monetary policy remains accommodating with directed and subsidised credits from central bank; fall in confidence in coupon which depreciates sharply, and currency substitution from coupon into ruble as medium of exchange and into USD and other convertible currencies as stores of value, while central bank lacks independence and expertise needed for stabilisation and bank supervision	unstructured discretion UD
1995-2023	political normalisation 1994 allows sharp turn September towards fiscal and monetary stabilisation, including end of directed credits and enforcement of reserve requirements, with appreciation and then stabilisation of coupon vs USD; payments system improved, central bank autonomy raised, prudential regulation of banks strengthened; financially weak specialised banks need rehabilitation and upgrading; new currency introduced October 1995, stabilised vs USD within relatively liberal market arrangements, leading to strong reversal of currency substitution; key monetary instrument is forex interventions, which offset central bank lending to government; interbank credit auction started mid-1995 becomes more active, with larger central bank participation; ongoing banking sector reform; external debt rescheduling; overall level of monetisation remains low; issue of treasury bills by auction from 1997; 1998 Russian crisis and drought, sharp rise in dollarisation, exchange rate allowed to depreciate in short term but recovers in part; loss of fiscal and therefore monetary control late 1999; treasury bill market development, held back 1998,	loosely structured discretion LSD

	resumes but slowly; crisis 2001 in major trading partner Turkey; continuing issues of tax evasion, low ratio of tax revenue to GDP, lax fiscal control, and corruption; 2003 credit auctions restarted and become, together with reserve requirements, main instrument of monetary control; Rose Revolution 2003, new government with ambitious reform agenda; efforts to reduce dollarisation; consolidation of banking sector 2000s but dollarisation remains high and monetisation low; 2006 target for reserve money; 2008 August war with Russia, GFC, strong fiscal but ineffective monetary response, leading to devaluation November; 2009-10 monetary and exchange rate reforms: ban on central bank direct lending to government, new auction mechanism for forex market, better liquidity forecasting, and reforms to standing facilities, as part of planned move to inflation targeting; point inflation targets (gradually declining) undershot 2009, overshot 2010-11, undershot 2012-14, undershot 2016, overshot 2017; periodic reversion to stabilising exchange rate; ongoing improvements in monetary operations, to strengthen monetary transmission and communication and to encourage dedollarisation; from 2016 efforts to reduce dollarisation, some decline, more on loan than deposit side; 2018 some improvements in liquidity management, forex interventions remain limited; severe adverse effect from Covid-19, but strong policy response and quick rebound; inflation target down to 3% 2018, target met 2018, nearly met 2020 and 2023, overshot 2019 and 2021-22; 2018-23 average inflation 6.1%, no expected inflation data available; concerns re possible threats to central bank independence; 2022 global commodity prices rises, Ukraine war; statistics mostly good by end of period	

Selected IMF references: RED 1993 pp2-4, 15-22, 74-7, 86-7; RED 1994 pp13-17, 21-2, 81-4; RED 1995 pp19-22, 26-9, 88; RED 1996 pp26-28, 30-1, 39-40; RED 1997 pp35-40, 42, 44; REDSI 1998 pp19, 24, 46-52; REDSI 2000 pp21-2, 57-61; REDSI 2001 pp9-11, 61-3, 73, 75-6, 80-2; SISA 2003 pp26-7; SR 2003 pp8-9, 13-14; SI 2006 pp6-11; SR 2006 pp13-15; SR 2009 pp5-7, 10-12; SR 2011 pp16-17; Ex Post Assessment of Longer-Term Program Engagement update March 2011 pp5, 7-8, and Appendix §§2, 5; SI 2013 pp5-7, 19-20; SR 2013 pp6, 11, 25-6; 1st Review under SBA 2014 pp9-10; Request for Extended Arrangement under EFF 2017 pp7, 13-15; SR 2018 pp13-15, 45; SR 2021 pp5-6, 13-16; SI 2024 pp7-9; SR 2024 pp5-8, 13, 23, 83-5.

Other sources: National Bank of Georgia website for *Annual Reports*; also *Monetary Policy Report* January 2024 pp31-3.

Kazakhstan experienced the same post-USSR disruption as other FSU countries but moved more quickly at first towards a stabilised market economy. It then had a long period of step-by-step changes in monetary operations, with periodic reversions to fixed exchange rates interrupting a trend towards indirect monetary instruments focused on price stability, with a more decisive but not sustained shift towards inflation targeting at the end of the period.

Years	**Targets and attainment**	**Classification**
1992-93	independence December 1991, with commitment and early actions to move to market economy; local branches of central and state specialised banks made 1991 into local banks, also some small commercial banks; membership of ruble zone but some local measures taken from 1991, to raise central bank refinancing rate and introduce reserve requirements, and to strengthen capacity of central bank (including from late 1992 credit auctions); end of USSR leads to disruption to trade and payments and high credit expansion 1991; cash shortages 1992 lead to measures to encourage use of cheques; by early 1993 government, which had been strong advocate of continuation of ruble zone, was contemplating introduction of own currency, plans made concrete after Russian currency reform mid-1993 and implemented late 1993	unstructured discretion UD
1994-2016	stabilisation programme with own currency derailed by central bank expansion of credit to net out and clear high domestic interenterprise arrears March 1994, which brings massive depreciation; stabilisation resumed June 1994; credit auctions become more important and more closely linked to central bank's refinance rate; directed credits continue but at refinance rate; banking sector reforms of various kinds, from prudential regulation to payments system, with restructuring of specialised banks; forex auctions from late 1993 determine official exchange rate with limited intervention; 1995 directed credits eliminated, rising use of treasury bills and central bank short-term notes, Lombard facility introduced, credit auction and reserve requirements adjusted, central bank autonomy increased; banking sector consolidation and reform; mid-1995 capital inflows lead to lower forex intervention and more emphasis on base money targets; credit auctions gradually replaced by OMOs; 1997 shift towards longer-term (two years) treasury bill trading; from mid-1990s increasing exploration, production and (via new pipelines) distribution of oil and gas; Asian financial crisis 1997; more serious adverse effects from Russian financial crisis 1998 contribute to shift from previous de facto crawl vs USD to freely floating exchange rate April 1999 with inflation as primary target, plus major depreciation, followed by switch to forex intervention to prevent large capital inflows causing appreciation; strong trend of monetisation (decline in velocity); stabilisation fund for	loosely structured discretion LSD

	excess oil and gas revenues set up 2001; exchange arrangement is now managed float, with policy focused on competitiveness and inflation; some growth in government securities markets; 2004-5 talk of future move to inflation targeting, but shallow financial markets, low monetisation and hence unpredictable money demand pose problems; banking sector very concentrated and reliant on external financing; mid-2000s accelerating monetary and credit growth, plus large capital inflows, complicate monetary policy; scope and level of reserve requirements increased 2006; GFC hits banks hard via cut in external financing, burst of property bubble and revelation of large NPLs; GFC badly affects economic activity via other channels as well as banking; central bank provides general liquidity injections and specific support to weak banks, government cuts taxes; exchange rate vs USD, stabilised since late 2007, devalued early 2009, with trading band widened asymmetrically early 2010; previous dedollarisation reversed; banking sector recovery very slow and difficult, with continuing high overall level of NPLs; exchange rate trading band abandoned early 2011 but central bank still manages rate closely; 2013 reserve requirements revised, more use of repo operations to control liquidity, expected move to more active use of OMOs with new policy rate within interest rate corridor; 2014 inflation targeting formally adopted as medium-term goal, although arguably a number of prior issues need to be resolved first, on monetary operations and instruments, forward-looking behaviour by central bank, and high dollarisation; 2014 Russian-Ukrainian war, sharp fall of ruble; early 2014 devaluation plus narrow exchange rate band, renewed focus on exchange rate stability; late 2014 fall in oil price; exchange rate band asymmetrically widened late 2014 and again mid-2015; 2015 start of Eurasian Economic Union; mid-2015 central bank sets out plan for phased transition to inflation targeting over period to 2020, including new policy rate supported by OMOs; late 2015 exchange rate arrangement moves to managed float; inflation target band missed for most of 2015 and 2016	
2017-20	inflation within target band 2017-19, nearly attained 2020; 2019 improvements in liquidity management, some of changes needed for full-fledged inflation targeting with exchange rate flexibility now in place, but dollarisation remains high and central bank still undertakes quasi-fiscal activities; banking sector remains weak, credit growth low; 2019 change in government increases focus on social issues; 2020 improvements in central bank communication	loose inflation targeting LIT
2021-23	inflation targets well overshot, inflation expectations well above target from 2020; Covid-19 major impact but strong policy response and prompt rebound; 2021 new monetary	loosely structured discretion LSD

	policy committee, slow moves towards full-fledged inflation targeting, monetary transmission and central bank credibility remain weak; early 2022 social unrest; 2022 global commodity price rises, plus risk of spillovers from sanctions on Russia; significant dedollarisation; central bank digital currency late 2023; national account data poor, other statistics broadly adequate	

Selected IMF references: BPSA 1993 pp34-45, 57-60; SR 1993 pp12-17; BPSA 1994 pp2-3, 22-31, 38-9; RED 1995 pp1-4, 35-7; RED 1997 pp29-31, 36; RED 1998 pp16; SR 1999 pp4-8, 10-12; SR 2000 pp9, 23-4; SR 2002 pp9-10, 19-20; SR 2003 pp6, 9, 11-12; SR 2004 pp7-8, 15-16; SR 2005 pp6-8, 15-16; SR 2007 pp7-13; SR 2008 pp3-8, 11; SR 2009 pp3-9, 14; SR 2010 pp3-7; SR 2011 pp6-7, 11-16; SR 2013 pp6, 10, 11-12; SI 2014 pp17-27; SR 2014 pp12-13; SR 2015 pp4-5, 13-14; SR 2017 pp11-12; SRIA 2017 p3; SR 2018 pp11-12; SR 2019 pp8-9; SR March 2022 pp4-6, 8, 10-11, 15-16; SR 2024 pp6-7, 10; SRIA 2024 pp8-10.

Other references: National Bank of Republic of Kazakhstan (2015), *Monetary Policy of the Republic of Kazakhstan to 2020*, available at https://www.nationalbank.kz/file/download/64198, accessed 9.6.22; National Bank of Republic of Kazakhstan (2021), *Monetary Policy Strategy 2030*, available at https://www.nationalbank.kz/file/download/66386, accessed 9.6.22

Kosovo euroised from 2000, at an early stage in its separate development, and continued that policy after it claimed independence in 2008.

Years	**Targets and attainment**	**Classification**
2000-23	formally province of Serbia, under UN administration (UN Mission in Kosovo, UNMIK) from June 1999 following war involving Serb forces and NATO bombing; 1999 use of DM (replaced by euro 2002) legalised, dinar remains legal tender but falls out of general use; Banking and Payments Authority set up to develop payments and banking systems, later bank supervision and regulation; strong remonetisation; new Constitutional Framework 2001 includes provisional institutions of self-government; elections to Assembly 2001, 2004; 2008 new government declares independence (not recognised by Serbia); 2008 central bank set up, with focus on financial development and stability; limited adverse effects from GFC 2008 (most banks foreign-owned, limited international integration except for high and continuing inflow of remittances); 2010 central bank legal powers extended; issues of fiscal control in context where no public debt securities existed before 2012 (first treasury bills); issue of appropriate level of forex reserves; efforts to develop emergency liquidity assistance framework; 2014 fiscal rule; ongoing work to strengthen financial supervision; 2018 some evidence of exchange rate overvaluation, but international reserves adequate; severe but short-lived effect from Covid-19; 2022 global commodity price rises; 2022 some continuing overvaluation, reserves a bit below adequate (on IMF metrics); statistical database largely adequate by end of period, reforms ongoing	use of another sovereign's currency UASC

Selected IMF references: *Kosovo – Macroeconomic Issues and Fiscal Sustainability* 2000 pp3-6; *Kosovo – Institutions and Policies for Reconstruction and Growth* 2002 pp2-8, 11-13, 17-19; *Kosovo – Gearing Policies towards Growth and Development* 2004 pp38-50; Request for SBA 2010 pp4-6, 10-11; SR 2011 pp3-5, 19; SR 2013 pp9-12, 22-3; SR 2015 pp10-12; SR January 2018 pp38-9; SR December 2021 pp4-8; SR 2022 pp43-7; SRIA 2022 pp7-9; *1st Reviews under SBA…* October 2023 pp13-15; *2nd Reviews under SBA…* May 2024 pp13-15, 20.

Kyrgyz Republic experienced similar disruptions to other FSU countries from the dissolution of the USSR, but introduced its own currency earlier and moved more quickly towards market mechanisms in the financial area. Its exchange rate was relatively flexible throughout, and by the end of the period it was using mainly indirect monetary instruments to pursue price stability, but in a context of weak monetary transmission mechanisms.

Years	**Targets and attainment**	**Classification**
1992-93	independence (out of USSR) late 1991, some early moves to market economy with prices mostly liberalised by end-1992, but macro policies expansionary in context of ruble area developments; May 1993 introduction of national currency, with its exchange rate determined via weekly auctions, enables some stabilisation in spite of continued disruption to trade and payments from dissolution of USSR, but derailed by high directed credits to SOEs mid-1993, then stabilisation gradually resumed from late 1993; local banks formed from branches of USSR central and specialised banks, plus some small new commercial banks	unstructured discretion UD
1994-2023	central bank relied in 1993 mainly on directed credits and refinancing but from 1994 made more use of indirect instruments: credit auctions from February 1993, treasury bill auctions from May 1993, Lombard facility started August 1993 but redesigned mid-1994, and emergency facility late 1994; 1994 bank lending to SOEs in financial difficulties banned; many banks turn out to be financially unsound in spite of attempts to improve supervision and official support; financial market volumes remain low; more use of reserve requirements from 1996; securitisation of outstanding central bank lending to government enables reverse repos in treasury bills from mid-1997; increase in interbank money market activity and secondary treasury bill trading; revival of banking system 1996-7 but financial intermediation remains low; 1997 start of gold production raises growth; new law prohibits central bank lending to government; mid-1998 forex auctions ended, interbank forex market consolidated with new electronic trading system; severe GDP, exchange rate and financial effects from 1998 Russian financial crisis; fall in money demand and rising dollarisation; major banking crisis late 1998 to 1999, restructuring 1999 and especially 2000; central bank issues own bills from mid-2000; exchange rate managed, with view to reserve accumulation and smoothing (only); shallowness of securities markets hinders liquidity control and monetary policy; high level of external debt, arising from long-running problems of fiscal control; from 2001 remonetisation; Tulip Revolution 2005 leads to change of president; major financial sector reforms from 2006; GFC shock 2008 sharply affects prices and economic activity in what is now very open economy, leads to demonetisation	loosely structured discretion LSD

	and dollarisation; dollarisation and importance of emigrant workers' remittances complicate monetary policy; 2010 political protests and ethnic violence lead to new interim president, new (parliamentary democracy) constitution and new elected president 2011; largest bank shown mid-2010 to be insolvent, messy resolution process, problems in other banks, weaknesses in legal arrangements; as of 2013 monetary policy aims mainly at price stability, pursued via effects on reserve money of OMOs, forex operations, reserve requirements and other instruments, but credit and other channels of monetary transmission are weak, fiscal control is variable, and attainment of targets for inflation, reserve money and broad money is often poor; de facto independence of central bank is well below de jure; 2013-15 external (regional) shocks, depreciation vs USD; 2014 shift from monetary base to policy rate as key instrument, with standing facilities to provide corridor, plus focus on price stability, in context of substantial exchange rate flexibility; dollarisation varies but overall remains high; membership of Eurasian Economic Union 2015; interbank market activity falls 2016 despite shift in monetary operations, interbank rate close to floor of corridor; 2018 central bank (which is financial supervisor as well as monetary authority) takes over ailing bank; Covid-19 has severe impact, despite mainly fiscal policy response, rebound 2021-2; ongoing but slow reforms aimed towards adoption of inflation targeting; 2022 Ukraine war affects commodity prices and remittances; periodic forex intervention; 2023 interest rate corridor made symmetric, improved transmission from policy rate to interbank rates, but not yet to market rates, continuing interest rate caps on central bank note auctions, central bank independence still limited; central bank purchases of gold complicate monetary policy; statistical database adequate	

Selected IMF references: RED 1993 pp1-3, 20-5, 31, 61-5; RED 1995 pp1-2, 21-8, 34-5; RED 1996 pp11-14, 68-70; RED 1997 pp20-22, 24-7, 55-6; SR 1997 p14; RED 1999 pp28-32, 44-6, 56-7; SR 1999 pp5-16; SISA 2000 pp16, 64-78; SR 2000 pp18-20; SR 2001 p8; SR 2003 pp18, 20; SR 2004 p18; SR 2006 pp18, 20; SI 2011 pp3-8; SI 2013 pp18-29; SR 2015 pp16-17, 27-9, 40; 3rd Review under ECF 2016 pp14-15, 49-52; SR 2019 pp7-9, 10-11; SR 2021 pp 5-7, 13-15; SR 2023 pp12-13, 33; SI 2024 p5; SR 2024 pp8-11, 39-40; SRIA 2024 pp13-16.

Other references: National Bank of Kyrgyz Republic (2014), *Monetary policy for the first quarter of 2014*, available at https://www.nbkr.kg/DOC/02072014/000000000027615.pdf, accessed 24.5.22, p10; National Bank of Kyrgyz Republic (2016), *Annual Report for 2016*, available at https://www.nbkr.kg/DOC/12062017/000000000047196.pdf, accessed 24.5.22, pp34-5.

Moldova initially suffered from the difficulties of the Russian economy, but left the ruble area and introduced its own currency two years after independence. Monetary and exchange rate policies and institutions evolved over a long period before it adopted inflation targets. But it was unable to attain those targets consistently for more than a few years.

Years	Targets and attainment	Classification
1992-93	independence (out of USSR) August 1991; relatively rich Trans-Dniester region seeking independence since 1990, armed conflict 1992 with Russian involvement, ceasefire mid-1992; at first continued use of Russian ruble but aim of introducing new national currency, within wider but gradual move to market economy; central bank set up mid-1991 from local branch of USSR central bank, short on personnel and expertise, able in principle to set limits on banks' interest rate spreads, to set quantity and price of refinancing and to set reserve requirements, but large fiscal deficit and credit allocation is decided mainly by government; other banks reorganised, some new small commercial banks; membership of ruble area limits scope of monetary policy and exposes economy to Russian developments; 1992 cash shortage, large inter-enterprise arrears, rapid credit expansion allowed; ruble-denominated coupons issued mid-year become main element of cash in circulation; fixed official and floating interbank exchange rates, unified at market rate September 1992; interest rates aligned with Russia; Russian currency reform mid-1993	unstructured discretion UD
1994-2011	after phasing out of preferential credits to priority sectors and start of central bank regular credit auctions, national currency issued November 1993 at rate of 1 leu = 1000 coupons; start-1994 central bank given responsibility for monetary policy and greater role in bank supervision; central bank now using reserve requirements and interest rates more, as well as credit auctions, with focus of policy on reserve money; forex interventions limited in principle to smoothing, but in practice exchange rate stabilised vs USD; treasury bills issued but secondary trading limited; some OMOs from 1997; ongoing issues of fiscal control, continuing delays to structural reforms; Russian financial crisis August 1998 has severe adverse effects including sharp depreciation, renewed rise in inflation, weakening of banking sector, and rapid dollarisation; heavy use of reserve requirements; treasury bill market freezes but recovers from 2000; major change of government 2001 delays, but does not alter direction of, economic policies; remittances from workers abroad become more important from 1998; 2004-5 political pressures for exchange rate stability vs USD; 2005 greater use of	loosely structured discretion LSD

	issues of central bank certificates and deposit auctions; increased focus on European integration; 2006 Moldovan wine subject to Russian embargo; 2006 price stability made primary goal of central bank, but financial markets still shallow, monetary transmission weak, and dollarisation high; 2007 rising FDI inflows; GFC 2009 leads to deep but short recession; 2010-12 adverse effects from euro area crisis; 2010 new monetary policy strategy announced, including inflation target pursued mainly via OMOs, with policy rate and wide corridor, but targets well overshot 2010, 2011	
2012-14	wide inflation targets met; 2012 drought; rising concerns about financial problems at some banks; 2014-15 political deadlock and tensions; late 2014 banking crisis: disclosure of fraud in three related large banks leads 2015 to their collapse and costly closure, collapse of (local currency) interbank market, and resignation of central bank governor and first deputy governor	loose inflation targeting LIT
2015-23	wide inflation targets well overshot 2015, undershot 2016, overshot slightly 2017, undershot 2018, nearly attained 2019, undershot 2020, well overshot 2021-3 but two-year ahead expectations from 2020 within inflation target range though sharp rise 2022; shallowness of financial markets, weakness of banks and intermittent forex interventions lead to poor monetary transmission mechanism; rise of lightly regulated non-bank credit organisations; as of 2020 central bank independence is weak, policy rate operation and transmission mechanism are poor, reserve requirements favour dollarisation; severe impact of Covid-19, weak policy response, but rebound 2021; 2022 forex interventions previously inconsistent with inflation targeting brought into line under new strategy; 2023 another central bank governor dismissed, IMF calls for strengthening of central bank independence; statistical data adequate by end of period	loosely structured discretion LSD

Selected IMF references: Pre-membership Economic Review 1992 pp3-15; Pre-membership Economic Review Supplement 1 pp60-3; RED 1993 pp18-22, 24, 78-83; SR 1993 pp5-9; RED 1994 pp16-21, 24-25, 73-4; RED 1995 pp12, 67-8; SR 1995 p10; RED 1996 pp17-20, 23; SR 1996 pp17-19; RED 1998 pp21, 25, 28-34; SR 1998 pp8, 13-16; RED 1999 pp19-23, 36-8; RED 2000 pp23-5, 35; SR 2000 pp18-19; SR 2004 pp13-14; SI 2005 pp7-8, 12-22, 25-6; SR 2005 pp7, 14-16, 24-5; SR 2006 pp9, 13, 17; SR 2008 pp10-12, 19-21; SI 2010 pp31-5; SR 2010 pp15-16, 17; SR 2014 pp8-9 14-15; SR 2015 pp7-10,15-16; SR 2017 pp8-10, 13-15, 18-19; SI 2020 pp15-16; SR 2020 pp7, 22-4, 35; SI 2021 pp3-12, 21-2; SR 2021 pp6, 13-14; SR 2023 pp7-8, 15-16, 33, 52; SRIA 2023 pp8-10; *5th Reviews under ECF and EFF…* June 2024 pp7-8, 13-16, 27.

Other references: National Bank of Moldova (2010), 'Monetary policy strategy of the National Bank of Moldova for 2010-2012', available at https://www.bnm.md/en/content/monetary-policy-strategy-national-bank-moldova-2010-2012, accessed 27/4/22; National Bank of Moldova (2012), 'Medium-term monetary policy strategy of the NBM', available at https://www.bnm.md/en/content/medium-term-monetary-policy-strategy-0, accessed 27/4/22; and National Bank of Moldova website for data.

Montenegro had euroised even before it left the union with Serbia in 2006, and continued that strategy afterwards, despite recurring problems with fiscal deficits and a rising government debt ratio.

Years	Targets and attainment	Classification
2001-23	joined with Serbia in Federal Republic of Yugoslavia and its successor State Union of Serbia and Montenegro, but beginning to decouple with adoption of Deutsche Mark as parallel currency 1999 and sole legal tender end-2000, then euro from 2002; 2006 referendum followed by independence; government aims to join EU; central bank (set up 2000) concerned with credit growth, banking supervision and regulation; large and growing banking sector, mainly foreign-owned, highly concentrated; post-independence boom followed by large impact from GFC; central bank responds strongly, but banking system needs major and lengthy adjustment; structural fiscal deficit emerges and leads to increasingly problematic long-term rise in debt ratio; 2010 legal changes raise central bank independence and tighten banking regulation; very large highway project from 2015 likely to further increase debt ratio, despite strategy of fiscal consolidation; ongoing efforts to improve financial supervision and safeguard financial stability, but little response to IMF calls for banking sector consolidation; 2017 three domestic banks, one large, identified as weak, placed under supervisory action plans; very steep recession from Covid-19 but strong, mainly containment and fiscal but partly monetary, response, and rebound 2021; 2022 major new programme to arrest outward migration; war in Ukraine brings commodity price rises and affluent inward migration; 2023 some concern re independence of central bank; statistical data better but scope for improvement	use of another sovereign's currency UASC

Selected IMF references: SR Serbia and Montenegro 2005 p11; SI 2008 pp5, 11-14, 65-6; SR 2008 pp10-11, 20-1; SR 2009 pp7-9, 14-16; SR 2010 pp5-7, 11-14; SR 2011 p11; SR 2012 pp15-16; SR 2015 pp14-18; SR 2018 pp19-24; SR 2019 pp17-22; SR 2022 pp4-9, 13-15; SR 2024 pp13-14; SRIA 2024 pp5-7.

Other reference: Central Bank of Montenegro, *Annual Reports*, see also https://www.cbcg.me/en/core-functions/monetary-policy/instruments (accessed 20.7.24).

North Macedonia had some years of incoherent policy at first but then settled on an arrangement under which, although no formal parity was specified, the exchange rate was de facto pegged to the DM/euro and monetary policy was focused successfully on its stability.

Years	Targets and attainment	Classification
1992-93	independent late 1991, out of breakup of Yugoslavia, first as Former Yugoslav Republic of Macedonia, from 2019 as North Macedonia; April 1992 new Macedonian denar, initially pegged to DM, devaluation October 1992 and switch to basket peg, rising parallel market premium, further devaluation December 1992, peg abandoned mid-1993; new central bank uses selective credit refinancing facilities, also reserve and liquidity requirements, but accommodates SOEs' credit demands; currency reform May 1993; old, financially unsound, commercial banks controlled by client SOEs, new banks set up from 1993	unstructured discretion UD
1994-97	early 1994 fiscal and monetary stabilisation programme focused on reserve money and inflation, with passive rediscounting of commercial bank credits to SOEs replaced by other mainly direct monetary instruments; efforts to accelerate structural reforms; 1995-6 exchange rate stabilised, restructuring of major bank; 1996 interbank money market set up, volume remains limited; failure of large savings house 1997, moves to clean up financial sector more widely; mid-1997 devaluation vs DM;	loosely structured discretion LSD
1998-2023	primary objective is price stability, nominal anchor is exchange rate vs DM (later euro), no parity specified but range of variability narrow; reserve money is intermediate target, while active instruments are bank-by-bank credit ceilings and central bank daily short-term credit auctions; payments system in need of reform; first half 1999 Kosovo crisis effects limited, quick recovery; credit auctions give way to weekly auctions of central bank bills at various maturities, credit ceilings become supervisory rather than monetary devices, by April 2000 monetary instruments are mainly indirect; 2001 uprising by ethnic Albanians, ending with peace agreement conferring more recognition on and power to Albanian minority; payments system reform 2001; 2002-3 more volatility in exchange rate but stability restored at preceding level; 2003 reorganisation of forex market; central bank bill auctions move from fixed price to fixed quantity; 2004 application to join EU, blocked by Greece over dispute about name; as of 2006 relatively low monetisation and financial intermediation, considerable euroisation; by 2006 some improvement in government securities market; effects of GFC 2008 largely contained; as of 2009 main monetary instrument is 28-day central bank bill, though transmission is weak and unclear, but reserve requirements and macro- and micro-prudential policies remain important; policy rate but no corridor;	loose exchange rate target LERT

	imperfect capital mobility (due to limited integration with global financial system) allows for limited monetary autonomy; some gradual de-euroisation; 2012 adjustments to bill auctions, new deposit facility and new weekly facility for banks to obtain liquidity; 2015-16 domestic political tensions, adverse effects from Greek crisis, strong action taken to avoid depreciation; 2017 political deadlock after elections obstructs policymaking, but mid-year new government; 2018 resolution of dispute with Greece on country's name opens way to EU accession negotiations but other continuing political obstacles; 2019 moves to strengthen macroprudential policies; large but short-lived impact from Covid-19, strong policy response; 2022 policy rate spread against euro narrows, but domestic transmission weak; forex reserves adequate; 2022 Ukraine war, commodity price rises; 2023 concerns about central bank independence; statistics mostly acceptable by end of period, ongoing improvements	

Selected IMF references: RED 1993 pp16-22, 32-3, 81; SR 1993 pp2-3, 4-6; RED 1995 pp1, 11-13, 27-8; SR 1997 pp4, 5, 17-19; RED 1998 pp37-8, 39-44, 78-80; RED 2000 p17; SR 2000 p21; SR 2002 pp12, 22-3; SR 2003 pp14, 16; SI 2006 pp54-9; SR 2006 p27; SI 2009 pp9, 12-14; SR 2009 pp4-5, 11, 20; SR 2011 pp19-20; SI 2012 pp3-5, 15-16, 22-3, 25-9; SR 2012 pp9, 15-16; SR 2014 p19; SR 2015 pp8, 12-13; SR 2016 pp15-16; SR 2017 pp4; SR 2019 pp16-18; SR 2022 pp4-5, 17-18; SI 2024 pp23-33; SR 2024 pp11-13, 24-6, 76; SRIA 2024 pp3, 9-11.

Serbia had years of conflict in the 1990s, with little or no coherent economic policies. Reform and stabilisation from 2001 involved elements of exchange rate stabilisation and very high euroisation, together with gradual developments towards indirect monetary instruments and eventually inflation targeting (unusual with such high use of foreign currency, but more or less successful).

Years	Targets and attainment	Classification
1992-2000	[No IMF reports, no data, classification tentative] initially Serbia was dominant element of Federal Republic of Yugoslavia, and of its 2003 successor the State Union of Serbia and Montenegro, both including Montenegro, but latter formally euroised end-2000 and became independent in 2006; currency in Serbia initially old Yugoslav dinar, which had been experiencing high inflation for many years and underwent hyperinflation in early 1990s, with currency conversions 1992, 1993 and (twice) 1994; exchange rate floating; high inflation again in late 1990s; conflicts in first half of 1990s and Kosovo war 1998, with multiple adverse effects; little structural change to economy from socialist policies of 1980s; formal fiscal deficits kept low by unsustainable means including drastic expenditure cuts, non-servicing of external debt, build-up of non-debt arrears and quasi-fiscal lending (mainly to agriculture and energy) by central bank	unstructured discretion UD
2001-08	from late 2000 stabilisation, reconstruction and reform under new government, with international isolation ended, managed float of unified exchange rate, end of quasi-fiscal lending, fiscal tightening, limits on central bank borrowing by government and wider structural reform; restructuring of monetary instruments: 2000 resumed issue of central bank bills, 2002 reform of reserve requirements and new central bank lending facilities; remonetisation from low base, continuing euroisation; bank restructuring including closure of four large state-owned banks; 2003 on political tensions following assassination of prime minister hinder reforms; alternating concerns of monetary policy with inflation and external deficit make for swings in exchange rate policy which undermine credibility and encourage euroisation (which reaches 70% for loans and deposits); by 2006 central bank using repos as instrument but pass-through to other interest rates weak and no real interest rate corridor; early 2006 shift towards more exchange rate flexibility, with view to gradual transition to inflation targeting; adverse effects from GFC 2008	loosely structured discretion LSD
2009-12	formal wide converging continuous targets for headline inflation met 2009-10, missed 2011 and most of 2012; expected inflation within band most of 2011 but above band from late 2011	loose converging inflation targeting LCIT

2013-23	formal wide continuous targets for (volatile) headline inflation missed 2013, near-missed 2014-16, met 2017-20, near-missed 2021 but well missed 2022-3; short-term inflation expectations above band from 2013 to mid-2014, above band 2022-3, but longer-term expectations largely contained; wide interest rate corridor, weak transmission from policy rate to money market rates; very gradual decline in euroisation; exchange rate stabilised, IMF argues for more flexibility; strong policy response limits downturn from Covid-19, and leads to quick recovery; 2022 commodity price rises and Ukraine war; statistical database broadly adequate by end of period	loose inflation targeting LIT

Selected IMF references: First Review under SBA September 2001 pp4-8, 11-13; SISA 2002 pp4, 14-21; SR 2002 pp5-8, 16-19; SISA 2005 pp67-75; SR 2005 pp9-10, 13-14, 16-17; SI 2006 pp42-6; SR 2006 pp19-21; SR 2008 pp7-8; SR 2010 p13; SI 2013 pp122-30; SR 2013 pp11-12, 29; SR 2015 p31; SR 2017 pp17-19, 34, 80-3; SR 2019 pp5, 15-17, 31; SR 2021 pp 4-7, 13-16, 26, 48-9; SR 2023 pp11-12, 25, 27, 30, 34, 51; SRIA 2023 pp6-9; *3rd Review under SBA…* June 2024 pp4-5, 9-10, 15, 22, 26.

Other references: National Bank of Serbia website for *Inflation Reports* and data.

Tajikistan suffered similar dislocation to other FSU countries from the collapse of the USSR, but also several years of civil war. It moved slowly towards a market economy and introduced its own currency only in 1995 (and with little success). It then embarked slowly and often reluctantly on structural reform and stabilisation, with a second new currency in 2000 and a gradual evolution towards modern monetary operations by the end of the period.

Years	**Targets and attainment**	**Classification**
1992-96	independence (out of USSR) late 1991, within ruble area; initial moves towards market economy half-hearted and/or obstructed by destructive civil war 1992-4 and 1996-7; local branches of USSR banks turned into central and specialised banks, some commercial banks owned by state enterprises; central bank lacking in expertise and power over other banks, with no framework for monetary control or banking regulation, imposes reserve requirements and tries to limit bank lending, but officially directed credits and membership of ruble area preclude independent monetary policy; collapse of inter-republican payments system, build-up of interenterprise arrears, cash shortages, high credit expansion; early 1994 currency reform aimed to replace pre-1993 with new Russian rubles although no agreement yet reached with Russia on monetary union, but large amounts of cash deposited in bank accounts and frozen so cash shortage worsened; late 1993 influx of pre-1993 rubles from other FSU countries now issuing own currencies; widespread wage payment arrears; new Tajik currency introduced mid-1995, with exchange rate set via auctions in new forex market; large rise in directed credits leads to loss of confidence, depreciation, demonetisation and dollarisation, while forex auctions at times replaced by administrative forex allocations; 1996 authorities struggle to regain control in face of floods and renewed fighting	unstructured discretion UD
1997-2023	peace agreement mid-1997 allows return to reform and stabilisation, with forex auctions restarted (alongside curb market) and directed credits in theory no longer allowed; by late 1997 monetary policy conducted mainly through refinance facility and forex interventions (no OMOs due to absence of treasury or central bank papers); many banks financially unsound; 1998-9 some disruptions to peace process; 1998 fall in world cotton price and Russian crisis lead to policy slippages with rising directed credits, latter banned late 1999 in policy correction but recovery of past credits difficult; treasury bill issues from late 1998, growth slow; improved banking supervision and regulation, some restructuring; new currency introduced October 2000; 2000-3 macro policies unevenly implemented, high quasi-fiscal activities, directed credits, banking system and monetary instruments remain weak; 2004 monetary policy more effective, directed credits again in theory prohibited,	loosely structured discretion LSD

	growing importance of remittances (mainly from Tajik workers in Russia); 2006-7 heavy borrowing from China for infrastructure projects; as of 2007 main monetary instruments are reserve requirements and issuance of central bank bills, exchange rate stabilised (but without intervention); 2008-9 GFC brings fall in remittances and economic growth, policy shifts towards more exchange rate flexibility and more emphasis on reserve money; 2009 special audit of central bank reveals major gaps in balance sheet; banking sector weakened, needs support and reform; financial markets still small and inactive, directed lending continues; 2015 adverse effects from Russian slowdown; increased forex market restrictions, long-standing official reluctance to promote growth of government securities markets, plus delays in dealing with financially unsound and poorly managed banks (some state-owned); 2016 crisis in and bailout of two large banks; mid-2017 forex market re-unified; 2017 rise in stock of government securities, introduction of standing credit facilities, talk of eventual move to inflation targeting, though monetary transmission remains weak and policy remains focused on reserve money growth; 2019 new standing facilities to make symmetric interest rate corridor, some improvements to central bank monetary operations, bank supervision and macroprudential policies, but scope for more reforms in both monetary and forex areas including greater exchange rate flexibility; Covid-19 met by fiscal and monetary easing (including depreciation), growth rate has only minor dip; exchange rate varies with Russian ruble but otherwise limited initial spillovers from Ukraine war; data provision broadly adequate but scope for improvements	

Selected IMF references: RED 1994 pp1-2, 16-18, 26-7, 40-2; SR 1994 pp5-6, 8-9, 10; RED 1996 pp2-5, 24-9, 36-7, 101-4, 121-4; RED 1997 pp6-11, 35, 40-3, 52-4; SR 1998 pp5, 6-11, 16-17; RED 2000 pp4-5, 27-31; SR 2001 pp8, 15-17; SISA 2002 pp5-13; SR 2002 pp10-11; SISA 2005 pp36-7; SR 2005 pp9, 12; SR 2007 pp7, 8, 10; SR 2009 pp12-15, 20; SR 2011 pp9, 12-13, 16; SR 2013 pp5, 8, 12-13; SR 2015 pp5, 10-13, 44-8; SR 2017 pp8-9, 17-18, 31-2; SR 2019 pp7-8, 10-12, 36-7; SR 2022 pp4-5, 10-11, 17, 18; SR 2023 pp4-6, 11-13, 23; SRIA 2023 pp10-12; *Request for PCI…* February 2024 pp5, 13-14.

Turkmenistan had a difficult and far from complete transition from central planning, affected by the disruptions of the end of the USSR but introducing its own currency. It then had a decade of heavy direct controls and directed lending by the central bank before fixing the exchange rate to the USD as a nominal anchor and moving in a limited way towards market mechanisms. However, credit growth to the private sector remained very low, financial market development insignificant, and direct controls pervasive.

Years	Targets and attainment	Classification
1992-95	independence (out of USSR) late 1991, moves towards market economy but commitment to continued major role for state; local branches of USSR central and state banks turned into local banks; central bank initially lacking in expertise and institutional capacity, but mid-1993 reforms to legal status, reserve requirements and refinancing practices, plus start of weekly credit auctions; membership of ruble area means country affected by price liberalisation and disruptions to monetary and payments arrangements originating in Russia; late 1993 new national currency introduced, with forced bond conversion whose proceeds are not well used; more changes to refinancing and reserve requirements, credit auction volumes low and discontinued late 1994, poor bank compliance with regulations, central bank lending to SOEs directed by political authorities, administrative measures to reduce interest rates; 1993-5 lack of access to regional gas pipelines affecting sales of gas to Europe and rising arrears owed on gas purchases by FSU countries lead to direct controls being strengthened and provide excuse for lack of progress on structural reforms; exchange rate (supposedly set in weekly forex auctions) heavily managed with frequent devaluations, import compression measures, parallel market with low volume but high premium	unstructured discretion UD
1996-2007	major reforms announced end-1995, including emphasis on monetary stabilisation carried out by more autonomous central bank; start-1996 (previously multiple) exchange rates unified with large devaluation, reserve requirements unified, credits directed by presidential decree suspended, moves towards market-determined interest rates, banking supervision improved; from mid-1996 forex auctions, but heavily controlled, and commercial bank rate diverges from official; complications from operations of Foreign Exchange Reserve Fund; late 1996 wages doubled by decree and directed credits resumed at large scale, but central bank sold more foreign exchange 1997, stabilising exchange rate, and reduced frequency of credit auctions to control liquidity; main monetary instrument is now forex sales, with reserve requirements not often changed and treasury bills, issued on tap by government, playing no monetary role; 1997 rising arrears lead to recurring	loosely structured discretion LSD

	suspensions of gas exports to Ukraine; exchange rates re-unified April 1998 with devaluation; Russian crisis August 1998; commercial bank forex market closed end-1998; rise of extrabudgetary funding, continued directed credits, forex rationing; 1998-9 bank restructuring strengthens government control, central bank financing of budget deficits (automatic, via overdrafts) increases, growing parallel market premium and rising external debt, little progress on structural reform; from 1999 with resumed gas exports to Russia and Ukraine, high hydrocarbon-driven growth (even on sceptical IMF estimates) brings major economic recovery, with falling inflation, but state retains dominant role in economy, economic (and political) controls are tightened, and macro policies remain inconsistent; quasi-fiscal activities and extrabudgetary funds preclude fiscal transparency; official exchange rate pegged to USD but massive spread (> 400%) in parallel market; 2005 IMF still not convinced by high growth rates reported by Turkmen government, authorities continue to insist on state-driven, control-heavy, economic strategy	
2008-23	policy changes under more outward-looking government from 2007 including exchange rate unification and reorganisation of forex market over first four months of 2008, with currency then pegged to USD at rate closer to preceding parallel market rate (whose premium largely disappears), with mandatory narrow spreads in the forex market, plus plans to limit directed credits and reform banking sector; 2009 currency redenomination (1 new manat = 5000 old), banking sector reforms, but directed lending (sterilised by forex sales) continues; limited effects from GFC; some movement away from state-dominated to more market economy, but very slow, e.g. economy remains financially closed with banks largely state-owned and lending mainly to SOEs; new state development bank 2011 takes over some directed lending from central bank, but authorities resist IMF pressure to eliminate this practice, or to allow greater exchange rate flexibility (which would require major prior developments in monetary policy and financial markets); start-2015 fall in energy prices and Russian slowdown lead to large devaluation; heavy controls on forex transactions, rising parallel market premium; new development strategy for 2018-24 involves limited movement towards market economy and fiscal consolidation, but has little monetary or exchange rate content; IMF continues to press, in vain, for large devaluation to correct overvaluation; credit still mostly directed to SOEs; statistical database adequacy, quality, accuracy and timeliness need to be improved	augmented exchange rate fix AERF

Selected IMF references: [note BPSA 1993 not available] SR 1993 pp7, 11-13, 17-19; BPSA 1995 pp1-2, 28-9, 32-4, 37, 40, 42, 47-9; SR 1995 pp3, 5, 8-9; RED 1996 pp1, 20, 24-7, 35-6; SR 1996 pp5-6, 14-16; RED 1997 pp32-6, 38-41, 53-6, 92-6; RED 1998 pp6, 42-5, 51, 57-8; RED 1999 pp7-8, 33-4, 37-8, 40; SR 1999 pp4-10; [Note no Article IV reports 2000-03 because of data inadequacy and political events] SR 2004 pp5-19, 35; SR 2005 pp7-13, 16-18; SR 2007 p8; SR 2008 pp8-9, 12-13, 14-15; SR 2009 pp4, 8-10; SR 2010 pp10-11; SR 2011 pp8-10; SR 2013 pp10-13, 15; SR 2015 pp15-16, 23; SR 2018 pp9-12, 14, 18, 20, 22, 36; SR 2019 pp7-9, 13-14, 31; SRIA 2019 pp5-6; AREAER 2022 (published 2023); 'IMF Staff Completes 2024 Article IV Mission to Turkmenistan' (press release April 15, 2024).

Ukraine took several years from its exit from the USSR to develop coherent strategies and institutions, and then stabilised its exchange rate for many years (with periodic adjustments). Policy weaknesses and exogenous forces led to a float of the exchange rate in 2014 and Ukraine subsequently moved towards the adoption of inflation targeting. However, it proved difficult to hit those targets, and when Russia invaded in 2022 Ukraine had to introduce other emergency measures including fixing its exchange rate.

Years	Targets and attainment	Classification
1992-96	independence (exit from USSR) late 1991 but continued membership of rouble area; central bank and initially four specialised state banks created in 1990-1, but many small commercial banks also being set up; single-use coupons (valid and required only in state stores), issued in 1991, in 1992 become multiple-use and function as surrogate currency (amid shortage of roubles and collapse of rouble payments system throughout former USSR); inflation spike from price liberalisation early 1992; build-up of large inter-enterprise and inter-state arrears, to which Russian central bank reacts harshly; late 1992 coupons become Ukrainian currency 'karbovanets', with exit from rouble area in context of multiple and falling exchange rates; large budget deficits and SOE credit demands financed entirely by bank credit; sporadic attempts to tighten monetary policy via cuts in refinancing, rises in reserve requirements and credit controls, but repeatedly reversed; 1992-3 very high inflation leads to rising dollarisation and demonetisation; 1994 improvements in payments system and foreign payments arrangements; exchange rates briefly unified mid-1993 before reversion to multiple rates and renewed restrictions; 1994 new law on separation of powers allows start of stabilisation and reform programme, including liberalisation of prices and of forex market (exchange rates re-unified, with some intervention) and credit contraction, but political tensions continue to obstruct economic reforms; 1995 first issues of treasury bills; mid-1996 new constitution	unstructured discretion UD
1997-99	late 1996 new permanent currency 'hryvnia' (= 100,000 karbovanets), exchange rate managed within informal and frequently adjusted band vs USD; August 1998 significant fallout including sharp depreciation from Russian financial crisis, but comparable crisis in Ukraine averted; early 1999 central bank issues own CDs	loosely structured discretion LSD
2000-13	2000 policy reverts to stabilising exchange rate de facto (at depreciated level), with official rate fixed daily by central bank and intervention to ensure interbank rate remains within narrow band around official; monetary policy is subordinate to peg and focused on base money, in context of remonetisation base money targets are often missed; some ongoing structural reforms, but delays to planned	loose exchange rate targeting LERT

	privatisations; as of 2003 monetary policy aims at price stability via exchange rate stability, but primary and secondary government securities markets are weak, there is no benchmark interest rate, forex interventions and reserve requirements are key policy instruments, and monetary transmission mechanism is not clear; 2004 acute political tensions but financial crisis averted; authorities resist IMF pressure for exchange rate flexibility 2004, but allow small appreciation 2005; 2005-08 authorities argue for gradualism on exchange rate flexibility and over eventual move to inflation targeting; deep adverse effect from GFC; exchange rate band widened early 2008, large depreciation with banking as well as currency crisis 2008-9; exchange rate stabilised from 2010 at new level; 2011 official rate set more closely in line with interbank rate, both heavily managed; authorities slow to phase out 2009 banking crisis measures and resistant to IMF pressure for exchange rate flexibility 2012-13 (and market expectations of devaluation late 2012), but current policy mix arguably involves exchange rate overvaluation plus large fiscal deficits (and quasi-fiscal losses) and is unsustainable, while monetary operations need range of reforms; rising political tensions late 2013 as president puts association agreement with EU on hold	
2014-23	early 2014 president removed from office, Russia annexes Crimea and sponsors secessionist movements in eastern Ukraine, triggering economic crisis with float (large depreciation) of exchange rate and deep recession, and increased central bank financing of budget; mid-2014 new programme involves shift to money-based operations as prelude to adoption of inflation targeting, plus insolvent bank resolution and reform; exchange rate mostly allowed to float, with further sharp but temporary depreciation and inflation spike 2015; late 2014 EU association agreement ratified, early 2015 Minsk Protocol; situation in eastern Ukraine remains unresolved with recurrent outbreaks of fighting; dispute with Russia over gas imports and tariffs; changes over several years to processes, communications and operational framework of monetary policy (including policy rate and corridor) lead to formal adoption end-2016 of (converging) inflation targeting; high (informal) target for 2016 attained, lower (formal) targets for 2017 and 2018 overshot (with expectations well above band), lower target for 2019 attained at end but not on average, 2020 target well overshot (with expectations above band), targets for 2021-22 well overshot, target for 2023 attained at end but well overshot on average (with expectations from early 2022 well above band); strong response to Covid-19, milder recession 2020 than expected, recovery 2021; February 2022 Russian invasion, economic	loosely structured discretion LSD

	consequences likely dire, emergency policy measures include fixing of exchange rate, with devaluation July 2022, hike of policy rate plus suspension of policy rate adjustments, short-lived provision of liquidity facilities, and central bank financing of expanded fiscal deficits; 2022 continuing deep and wide impact of war, exchange rate remains fixed, adjustments to monetary operations; mid-2023 central bank strategy for easing interest rates and forex restrictions with view to return to inflation targeting, October 2023 move from corridor to floor-based framework, exchange rate now managed instead of fixed; statistics more or less adequate, room for improvement	

Selected IMF references: RED 1993 pp34-41, 43, 52, 53-5; SR 1993 pp2-5; RED 1994 pp3-4, 37-42, 46-7, 54-6; SR 1994 pp2-7; SR 1995 p7; RED 1996 pp1-3, 24, 26-8, 107-8; RED 1997 pp27, 30-6; RED 1999 pp46-47, 50-53; SR 1999 pp4 9-12, 21-2; SR 2002 pp13, 18-19; SI 2003 pp40-2, 44-8; SI 2004 pp60-7;SR 2004 pp21-5, 45; SR 2005 pp11-14, 20-3; SI 2006 pp45-7, 58, 61; SR 2006 pp26-8; SR 2008 pp9-10; SR 2012 pp16-17, 37, 50-8, 68-74; SR 2013 pp9-12, 21-2, 26, 65-8; *SBA request* April 2014 pp5-8, 11-17; *1st Review under SBA…* 2014 pp5-12, *1st Review under Extended Arrangement…* July 2015 pp4-6, 8-10; *2nd Review under EFF…* September 2016 pp16-17; SI 2017 pp38-50; *Request for SBA…* December 2018 pp17-18, 25; *Request for SBA…* June 2020 pp11-12, 21; *1st Review under SBA…* November 2021 pp5-8, 16-17; *Request under RFI…* March 2022 pp3-7; *Program Monitoring with Board Involvement…* December 2022 pp5-10, 21-3; *Request under EFF…* March 2023 pp9-16, 32-8, 58; *1st Review under EFF…* June 2023 pp28-30, 43, 45; SR 2023 pp8, 24-6, 42-4; SRIA 2023 pp7-10; *3rd Review under EFF…* March 2024 pp5-9, 23-5; *4th Review under EFF…* June 2024 pp18-20.

Union of Soviet Socialist Republics had been for many years a centrally planned economy with no role for monetary policy. Some reforms were introduced from the late 1980s, but political and economic tensions affected their coherence and contributed to the dissolution of the union at the end of 1991.

Years	Targets and attainment	Classification
1974-87	centrally planned command economy, monobank with responsibility to provide finance for investments as determined by plan, with no role for monetary policy; some piecemeal changes to central planning and role of prices from mid-1980s, but little impact on banking or monetary arrangements	multiple direct controls MDC
1988-91	beginning of two-tier banking system, previous monobank Gosbank now formally becomes central bank, but has little independence or effective instruments, five specialised banks created out of Gosbank, later becoming commercial banks; end-1990 Gosbank and specialised banks split on territorial lines; multiple exchange rate arrangements; deficit financing by Gosbank, rising inflation, despite January 1991 monetary reform and April 1991 'anti-crisis' programme; rising tensions between republics of USSR, failure to agree monetary or trade cooperation; growing political and economic problems and upheavals, including attempted coup August 1991 and cash shortages late 1991, leading in December 1991 to dissolution of USSR (with takeover of Gosbank by Central Bank of Russia)	unstructured discretion UD

Selected IMF references: [Note USSR was not member of IMF, so no Article IV reports available] *The Economy of the USSR: Summary and Recommendations*, 1990, pp2-11; *The Economy of the Former USSR in 1991*, 1992, pp1-3, 11-19, 25-8.

Uzbekistan experienced a less difficult exit from the USSR than some FSU countries, introduced its own currency in 1994, but insisted on maintaining a dominant economic role for the state. In principle it pursued economic growth and price stability, with heavy controls on foreign trade and exchange, a banking system subject to a range of interventions, and inflation and growth data which were disputed. In the absence of effective instruments (reflecting the limited development of both banks and financial markets), it came to rely from the early 2000s on a managed float of the main exchange rate supported by a range of varying controls and restrictions, until at the end of the period a change of president opened up the possibility of genuine forex liberalisation and structural reform.

Years	**Targets and attainment**	**Classification**
1992-4	independence (out of USSR) declared September 1991, slow and partial moves towards market economy, with state retaining extensive control; branches of USSR banks made into local central and large commercial banks early 1991, some other new small commercial banks; initial commitment to staying within ruble area, but disruptions from monetary policies in Russia and from breakdown of USSR trade and payments arrangements, Russian currency reform mid-1993 and failure to agree on new ruble zone lead to issues of sum coupons (at par with and to circulate alongside new Russian ruble) November 1993, with limit on amount to be exchanged, prior to issue of new national currency in early 1994; early 1992 cash shortage; from mid-1992 rapid expansion of credit to government and SOEs; mid-1994 new currency sum (= 1000 sum coupons) issued, with official rate pegged to USD, unified with cash rate based on depreciated parallel market rate late 1994 and then determined via weekly forex auctions, amidst efforts to tighten policy on both stabilisation and structural reform; interbank credit auctions weekly and with higher volume from late 1994	unstructured discretion UD
1995-2023	central bank gets high degree of independence plus more control of and responsibility for gold and forex reserves 1995-6, but one large state-owned bank continues to have role; reserve requirements gradually reduced; treasury bills issued (by auction) from 1996, some bought by nonbanks, slow growth of secondary market; 1996 central bank short-term CDs issued; ongoing banking reforms; expansionary policies countered by growing exchange restrictions, start-1997 multiple currency arrangement formalised with three legal forex markets (and auctions now daily); continuing directed credits via banks to agriculture and industry, as part of import-substitution strategy; trade and exchange controls, import compression; central bank repo operations from late 1997; authorities resist pressure for forex market unification and liberalisation, and spread between parallel and official forex markets widens; problems of data on inflation (arguably underestimated) and GDP growth	loosely structured discretion LSD

	(overestimated?); as of 1999 monetary policy complicated by directed lending and lack of effective instruments; mid-2000 official and commercial bank exchange rates unified, reducing overvaluation, but two new rates introduced and forex regime made even more restrictive, authorities resist calls for full exchange rate unification and wider-ranging liberalisation; 11 September 2001 and Afghanistan regime change lead to major announced shift in policy towards structural reform; 2001-2 exchange rates unified and depreciated but still managed, while forex liberalisation limited and trade restrictions increased; IMF still regards data on inflation and growth as distorted; 2001 central bank limits then tries to terminate directed lending, and moves towards control of reserve money via operations in CDs; some forex liberalisation but more trade restrictions 2002-3; banking system weak and inefficient, partly due to state actions of various kinds, from periodic cash restrictions to role of banks in tax administration, leading to decline in financial intermediation; 2003 sum becomes convertible for current account purposes; 2004 human rights abuses and lack of economic reform lead EBRD to reduce its aid; 2005 IMF continues to rely on its own inflation estimates; 2006 Fund for Reconstruction and Development set up, with aim of accumulating excess resource revenues and channelling them to fund government-selected long term projects; by 2006 policy of gradual nominal depreciation vs USD (in face of high external inflows); GFC leads to falls in exports and remittances, but effects limited by strong credit and fiscal policy response; authorities resist IMF calls for lower role for state and greater exchange rate flexibility; 2011-12 depreciation rate increased, central bank continues to accumulate arguably excessive forex reserves; 2014-15 spillovers from Russian political and economic developments, including unwanted real appreciation and widening spread in parallel market; forex market remains highly restricted; change in development strategy under new president from end-2016 aimed at opening up and liberalising economy: major forex market liberalisation late 2017, initiation of range of other structural reforms, and plan for medium-term move to inflation targeting, plus adoption of needed reforms to quality and availability of economic data; credit boom from liberalisation but also in directed lending; 2019 central bank announces move to inflation targeting in 2023, IMF calls for end of directed lending and limits on forex intervention; impact of Covid-19 moderated by comprehensive policy response, fall in growth rate but no recession; interest rate corridor around refinancing rate 2020; dollarisation has declined but still significant; 2021 transmission from policy to other interest	

	rates remains very weak; 2022 Ukraine war, with possible spillovers from sanctions on key partner Russia and other effects, authorities respond with decisive rise in policy rate; 2023 money and security market developments designed to improve transmission; statistical database broadly adequate but need for further improvement	

Selected IMF references: Pre-membership Economic Review 1992 pp25-6; BPSA January 1994 pp3, 35-42; SR December 1993 pp2-3, 5-7, 11-12; BPSA December 1994 pp1-2, 23-7, 38-9; SISA 1996 pp27-8, 32, 44-7, 52-3; SR 1996 pp10, 11; RED 1997 pp38, 41, 55-60; SR 1997 pp14, 17-18; RED 1998 pp93, 103, 106-7, 121-7; SR 1998 pp25-6; RED 2000 pp7-8, 15-16, 19, 21, 23, 92; SR 2000 pp14-16; RED 2001 pp6, 7, 14-16, 59-68; SR 2001 pp17-25; SR 2002 pp5-10, 11-12, 49; SISA 2003 pp17-18; SR 2003 pp6-7, 8, 10-12, 45-8; SI 2004 pp20-40; SR 2004 pp5-6, 7, 9, 14-16; SI 2005 pp11, 16-18, 22-23, 46-51; SR 2007 p6; SR 2008 pp11-12; SR 2010 p12; SR 2013 pp7, 8, 12; SR 2015 pp4, 9-12, 18; SR 2018 pp5-6, 13-14, 16-17; SR 2019 pp13-16, 19-20, 36, 62; SR 2021 pp4-9, 12-14, 34, 45-6; SR 2022 pp10, 14; SR 2024 pp13-15, 53-4, 67- 8.

Yugoslavia already had a hybrid economic system, and was aiming to move further towards a more decentralised and market economy while maintaining self-management, but changeover to conventional banking system and monetary policy was erratic and difficult. Adjustments to exchange rate to preserve competitiveness and recurring monetary expansions led to inflation-depreciation spiral which eventually became uncontrollable.

Years	Targets and attainment	Classification
1974-87	economic arrangements sometimes described as 'market socialism' with elements of centralised planning, direct controls, self-management (strengthened under new more federal constitution 1974) and free markets; after bank reforms of 1971-2, central bank at federal level plus national banks in each republic with some autonomy, plus 'business banks'; monetary policy focused on both growth and inflation; main instruments are selective credit controls, together with reserve requirements, liquidity ratios, and rediscount ceilings, but planned transfer of lending from central to business banks is difficult and monetary control poor; decentralisation restricts scope for fiscal policy; controlled forex market from mid-1973, exchange rate set, with frequent changes and without announced margins, at 'realistic' level by central bank in relation to USD and/or DM, at varying rates that imply occasional breaks in cross rates; 1974-5 attempts to transfer credit decisions to business banks in absence of capital market; 1976-7 major banking reforms, with continued emphasis on credit growth; credit ceilings reintroduced 1978; credit and monetary control remain poor, recurring problem of inflation (related to wage setting and lack of financial discipline in firms) countered by depreciation aimed at stabilising real exchange rate in terms of producer prices (which typically rise less rapidly than retail), e.g. in 1981 and again in 1982; more emphasis on interest rates from 1982, but real rates mostly negative; rising levels of external borrowing; growing importance of remittances from expatriate workers; monetary policy complicated by valuation effects from frequent exchange rate changes and by interenterprise credit; 1986 forex market reform, more active exchange rate policy; bank-by-bank credit targets remain main instrument, backed up by rediscount limits, reserve requirements and, less important, central bank bills sold to banks; over 1980s focus on growth and poor financial discipline (with banks owned and managed by their main company borrowers) make for rising inflation and continuous depreciation	loosely structured discretion LSD
1988-91	1988 credit ceilings abolished, reserve requirements (in 1988 imposed on credits as well as deposits) become main instrument, policy eased despite stabilisation programme; 1989 further banking reform, end of price controls, some	unstructured discretion UD

	wider liberalisation and large devaluation, monetary policy accommodating; end-1989 currency made convertible and pegged temporarily to DM, moves to establish interbank money market; 1990 new stabilisation plan, initially successful but not sustained, inflation-depreciation spiral resumes from mid-late 1990; 1991-2 republics secede and Yugoslavia dissolves, armed conflicts and hyperinflation	

Selected IMF references: RED 1973 pp20-2, 44; RED 1974 pp52-4; RED 1975 pp27-31, 47-8; RED 1977 pp43-9, 77-8, 91; *Yugoslavia - Exchange and Trade System*, 1978, pp9, 13; RED 1979 pp34-5, 96-104; RED 1980 pp38-41, 52, 66-7; RED 1982 pp28-33, 65; SR 1982 pp8-9; RED 1983 pp9-11, 19-20; SR 1983 p8; RED 1985 pp43-5, 64-5; SR 1985 pp13-15; RED 1986 pp41-2, 125-6; RED 1987 pp1-2, 70-5, 150-5; SR 1987 pp13-6, 18-19; RED 1988 pp32-3, 37, 51-2; RED 1988 pp1-2, 38-41, 59-60; SR 1988 pp7, 9-11; RED 1991 pp1-2, 26-31, 37. [no further IMF reports available]

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