THE IMF'S ADVICE ON EXCHANGE RATE POLICY

ISSUES PAPER FOR AN EVALUATION BY THE INDEPENDENT EVALUATION OFFICE (IEO)

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I. Introduction

1. The International Monetary Fund (IMF) was created with a key purpose to promote exchange stability and to avoid competitive exchange depreciation. Originally, the IMF was charged with the role of guardian of the system of fixed (but adjustable) exchange rates. Later, in 1978, when the Articles of Agreement were amended to allow each member considerable freedom in choosing its preferred exchange rate regime, the IMF assumed an obligation to exercise surveillance over the effective operation of the international monetary system and members' obligations under Article IV, including those on exchange rate policies. Though members may generally select exchange rate arrangements of their choice, it is their obligation to collaborate with the Fund to promote a stable system of exchange rates and to avoid manipulating exchange rates or the international monetary system to prevent effective balance of payments adjustment or to gain an unfair competitive advantage over other members.

2. Surveillance has largely evolved into a form of policy dialogue between the Fund and its members. The Fund's role in providing advice on member countries' exchange rate policies has been a subject of considerable debate both within and outside the institution. Complicating the IMF's role in exchange rate surveillance are the considerable freedom the Articles give member countries to choose their preferred exchange rate regimes (which may limit the scope of what the IMF can say about regime choice)[1] as well as the absence of a widely agreed economic theory to analyze many exchange rate issues. Given the resulting lack of professional consensus and the large margin of error inherent in most analytical tools, experts often hold divergent views on whether a change in exchange rate regime or in the exchange rate level is needed for a given country. Effective surveillance is thus a challenging task, all the more so with the diversity of exchange rate arrangements and the expansion of private capital flows in recent years.

3. Debate has centered on a number of issues. For example, one set of issues concerns the role of the Fund as overseer of the international monetary system and how to promote a stable system of exchange rates. The Fund's view has been that exchange rates are only one element of economic policy and must be seen in this overall context. The exchange rate, when determined by market forces, is an endogenous variable that reflects the interaction of domestic and foreign economic policies. The boundary between exchange rate and other macroeconomic policies, which is weak in any case, thus blurs even further in a world of flexible exchange rates. Deepening and more integrated capital markets, moreover, seem to have allowed larger imbalances to be financed over longer periods and thus further complicated sustainability assessments and the attendant analysis of exchange rate-related vulnerabilities. Some outside critics have argued, however, that such a view may result in the IMF becoming less willing to express clear views on exchange rate issues and suggested

[1] See Appendix I, Section A.

several alternative approaches, including the proposal that the Fund publish reference exchange rates for some or all members.

4. Another set of issues concerns the IMF's views on exchange rate regime choice. Following the East Asian crisis, the international debate focused on the desirability of "two corner solutions," i.e., only a fully flexible exchange rate or a hard peg is viable under high capital mobility. Since the Argentine crisis, the IMF has been seen by many as strongly favoring a flexible exchange rate underpinned by inflation targeting as the only viable regime under most circumstances. Critics have argued that the IMF should be more open to other types of arrangements, depending on the level of institutional development, the currency composition of balance sheets, and other country-specific considerations.

5. Given this background, the Independent Evaluation Office (IEO) is undertaking an evaluation of the IMF's advice on exchange rate policy, including its relationship to surveillance. For the purpose of this evaluation, exchange rate policy advice will be defined broadly to include any IMF advice on exchange rate issues, particularly those relating to members' regime choice and sustainability, and to measures directed at resolving or avoiding currency misalignment and external imbalances. On the basis of this definition, the evaluation seeks to answer the following overarching questions:

- Is the role of the Fund in exchange rate policy advice clearly defined and understood?
- What has been the quality of IMF advice on exchange rate policy? Has it kept up with best practice and structural changes in global capital markets?
- Have multilateral perspectives adequately complemented the bilateral assessments?
- Has the dialogue with country authorities been effective?
- What has been the impact of IMF advice on exchange rate policy?

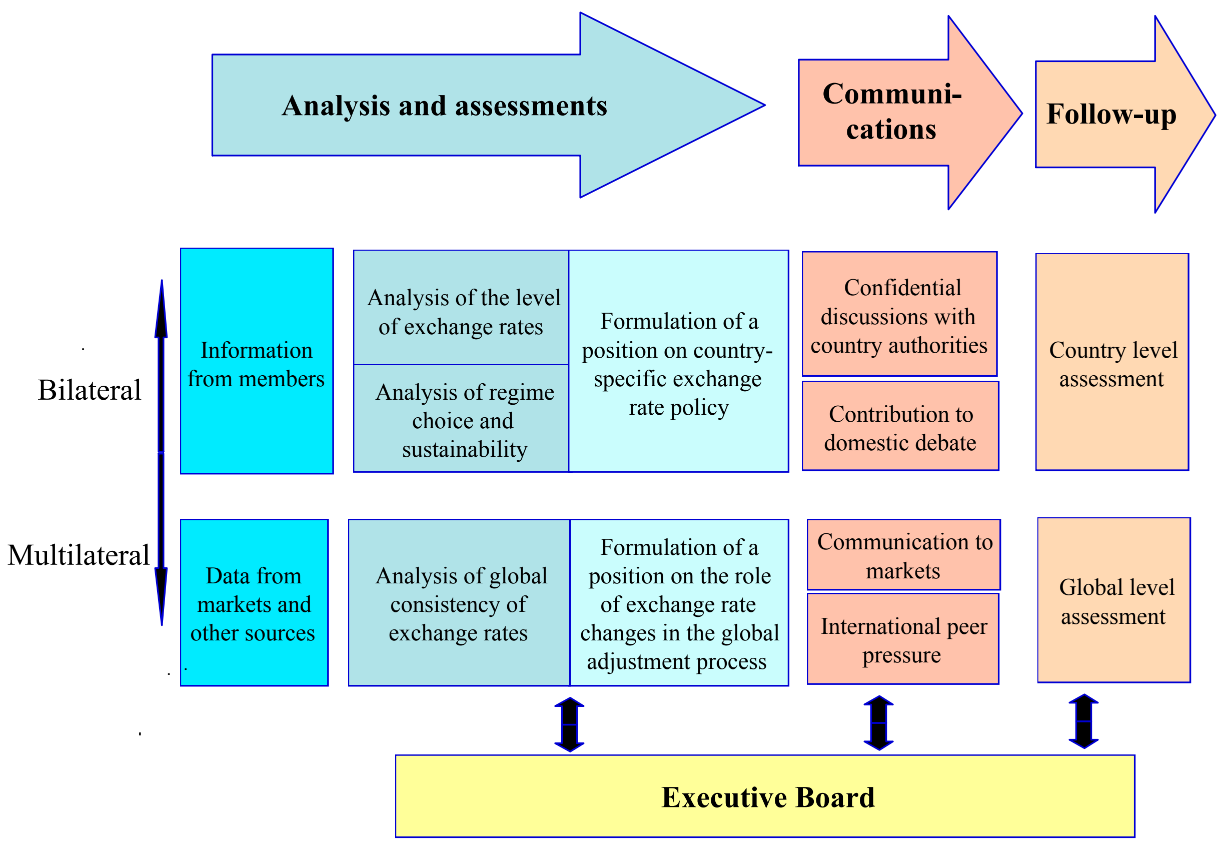
6. In asking these questions, the IEO hopes to enhance transparency and contribute to ongoing discussions on how best to conduct exchange rate surveillance. Although exchange rate surveillance has been frequently reviewed within the Fund, internal reviews have not assessed the content of policy advice per se, as called for by the Executive Board during the 2002 and 2004 Biennial Surveillance Review discussions. This evaluation seeks to shed light not only on the process of surveillance, but also on the content of the advice itself.

7. The rest of this note is organized as follows. Section II outlines schematically the process by which the IMF provides advice on exchange rate policy. Section III breaks down the overarching questions outlined above into more specific evaluation questions at different stages of the surveillance process. Section IV explains the scope and methodology of the evaluation and presents the countries selected for closer examination. Finally, Appendix I provides an overview of the principles and instruments relevant to the IMF's exchange rate surveillance, and Appendix II describes the process of country selection.

II. THE IMF'S EXCHANGE RATE POLICY ADVICE

8. Exchange rate surveillance is a continuous process. For each "cycle," however, the process of providing advice on exchange rate policy can be represented by a multi-stage "results chain" that connects "inputs" with IMF activities and their outcomes (Figure 1). The evaluation covers three (partially overlapping) stages of this process: (i) analysis and assessments; (ii) communication of policy advice (including review by the Executive Board); and (iii) follow-up, including continuous monitoring between cycles. Each stage embodies bilateral and multilateral components, which we consider to be two complementary perspectives inherent in any surveillance activity.

Figure 1. The IMF's Exchange Rate Policy Advice



9. At the first stage, IMF staff assesses the appropriateness and sustainability of a country's exchange rate policy (e.g., both the regime and the prevailing level), by taking into account its compatibility with the country's overall policy environment and external conditions. The IMF's dual mandate (as overseer of members' compliance with their obligations and of the international monetary system) effectively requires consistency between bilateral and multilateral assessments. In principle, once staff and management have come to a particular view, their assessment is reviewed and may be modified by the Executive Board; it is only when the view is endorsed by the Board that it becomes the IMF's official position. A key input into these assessments, and the starting point of the

surveillance process, is the provision of relevant information by national authorities—including information that is required under Article VIII, Section 5—the availability and quality of which may affect the overall effectiveness of policy advice.

10. At the second stage, once a position on a particular issue is formed, it needs to be communicated to the relevant audience. The IMF relies largely on persuasion and peer pressure to influence national policies, using different channels: bilateral discussions at the staff level, review at the Board level, national and international policy debate, and even possibly through the disciplining role of markets. To be effective, the IMF must choose the most appropriate channel(s) for a particular message, recognizing that communications with the authorities of members is the primary channel and keeping in mind that some information is market-sensitive and that analytical and practical difficulties in generating reliable assessments of exchange rate issues invariably lead to significant margins of error. The real or perceived market-sensitivity of some issues may impose constraints on what management and staff can share with the Executive Board, let alone with the public, with implications for transparency.

11. At the third and final stage, there must be a follow-up to the advice given, in view of the actual or prospective actions taken by national authorities and in light of subsequent domestic and international developments. These assessments will feed into the next surveillance cycle and may also trigger more direct measures, such as technical assistance or conditionality in IMF-supported programs. To follow up on its advice for greater exchange rate flexibility, for example, the IMF may offer technical assistance on developing an appropriate institutional framework, including possibly legal and operational aspects of implementation. Regardless of whether specific advice was given, the IMF would need to monitor developments continuously until the next "cycle" begins.

III. Evaluation Questions

12. Building on the conceptual framework outlined above, the evaluation seeks to answer the overarching questions stated at the outset of this paper. To assist in this process, evidence will be gathered on a number of more detailed issues at each stage of the results chain, namely: (a) analysis and assessments, (b) communications, and (c) follow-up.

A. Analysis and Assessments

13. In assessing the effectiveness of the IMF's analysis and assessments of exchange rate policy, the evaluation aims to address questions such as:

- Are the obligations of the Fund and its members under the Articles, as well as the principles and concepts laid out in the 1977 surveillance decision, clearly defined and operational? How useful are other internal guidelines?

- How well has the IMF identified relevant issues in a timely manner? How does the Fund assess the appropriateness of a country's chosen exchange rate regime? How does it assess the level of exchange rates?

- Is the IMF's use of analytical methods adequate for these purposes and to what extent are structural developments in financial markets taken into account? Does the Fund have access to all relevant information and data?

- Has the IMF taken account of country-specific factors (e.g., institutional frameworks, political constraints, trade patterns, extent of integration into global capital markets, balance sheet mismatches or dollarization) appropriately in its bilateral assessments? Is the IMF's position objective and consistent across countries as well as symmetrical with respect to countries with undervalued and overvalued currencies?

- Is there sufficient attention to the spillovers of a country's exchange rate policy on other countries or the international monetary system? To what extent have bilateral and multilateral assessments of exchange rates provided different perspectives? How well have these been integrated?

- How are views on exchange rate issues formed within the IMF (e.g., misalignment of a currency or the desirability of a particular exchange rate regime)? Who is accountable? How are different views, if any, reconciled? Are such views and their evolution sufficiently documented?

- What is the role of the Executive Board in formulating the Fund's policy advice? Does it receive candid assessments of exchange rate issues, as well as a range of views, from the staff? How effective is the Board in formulating collective views?

B. Communications

14. Effective dialogue is a key feature of successful policy advice. In choosing the right channel(s) of communication and influence, transparency will have to be traded off against the potential for adverse reactions in the financial markets and by policy makers, while accountability and analytical difficulties call for additional considerations. To assess the impact of these considerations on the IMF's policy dialogue, the evaluation seeks to answer, among others, the following questions:

- Has there been sufficient engagement by the IMF staff with member country authorities on exchange rate issues? To what extent have assessments of exchange rate issues been "crowded out" by attention to other issues?

- Is the IMF appropriately clear and candid in expressing its assessments? How do country authorities view Fund advice on exchange rate issues, relative to other sources?

- In providing policy advice to national authorities, does the Fund spell out alternative policy options (e.g., different ways of achieving exchange rate flexibility or alternative nominal anchors)? Does it provide an adequate rationale for each of these? Has the advice been sufficiently forward-looking, particularly regarding the vulnerability a country's exchange rate regime could pose as a result of external developments?

- What has been the effectiveness of various channels of communication in delivering the IMF's advice? How has the perception of market-sensitivity influenced the way the Fund communicates its views? How valid is the perception?

C. Follow-up

15. Exchange rate surveillance requires continuous monitoring of countries' policies and stock-taking of their reactions to the Fund's advice, in part to initiate the next surveillance cycle. The following questions may help illuminate the IMF's activities in this area:

- Is there a systematic follow-up to the Fund's advice? What action does the Fund take when there is disagreement with country authorities on exchange rate issues?

- Is there sufficient policy dialogue with national authorities in determining how exactly Fund advice can be implemented in practice? Does the Fund offer adequate technical assistance to help countries implement its policy advice when requested?

- What instruments, other than technical assistance, are used to support exchange rate policy advice? How effective are they?

- What has been the impact of IMF exchange rate advice on the policies adopted by countries? Are there systematic differences between program and nonprogram countries?

IV. Scope and Methodology of the Evaluation

16. A preliminary review of IMF documents suggests that the Fund's advice on exchange rate policy has shifted in favor of greater exchange rate flexibility in recent years. For this reason, the focus of the evaluation is placed on the 1999–2005 period (following the East Asian crisis), although it may be necessary to go back further in time on some specific issues. The choice of 1999–2005 places the focus of the evaluation on more recent experience. In line with the IEO's terms of reference, however, the evaluation will not make judgments on the IMF's policy advice currently being given in specific country cases.

17. The evaluation is based on a desk review of the IMF's public and internal documents and interviews with staff, country authorities, Executive Directors, and other stakeholders, including academics and market participants. IMF documents are analyzed for (i) identification of relevant issues; (ii) quality of analysis; and (iii) candor of assessments. In judging the quality and candor of analysis, the evaluation will chiefly rely on indirect indicators, as suggested by the evaluation questions in section III above. The analysis may also involve assessments of the ex post performance of various analytical tools (for example in the case of internal CGER exercises or exchange rate forecasts), of best practices and of

views identified in the academic literature, and subjective judgment on the clarity with which the rationale for a particular position is explained.

18. Because the discussion of sensitive issues related to the level of exchange rates or the choice of exchange rate regime may not be fully documented, it is envisioned that the weight of interviews with staff and national authorities will be significant. The evaluation may also conduct a survey of national authorities. A similar survey may be conducted among IMF staff and Board members to assess the roles of staff, the Board, and management in the formulation of the IMF's exchange rate policy advice.

19. A review of the latest Article IV staff reports for all member countries (and economic areas) will be followed by a more selective, but intensive, review of a limited number of country cases. Using a set of indicators as well as consultations with IMF staff, members of the Executive Board, and other stakeholders, the evaluation team has identified 30 economies for this purpose. The selection is detailed in Table 1, which may be supplemented by adding additional economies at a later stage of the evaluation (see Appendix II for the selection process). Eventually, the team will select about 10-12 countries (or areas) from the final list for more detailed analysis, including country visits.[2]

Table 1. Sample Countries for the Evaluation [1/ 2/]

Africa	Asia-Pacific	Europe	Middle East and Central Asia	Western Hemisphere
CEMAC/WAEMU	Australia	Bulgaria	Egypt	Brazil
Guinea	China	*Euro Area*	Morocco	Ecuador
Rwanda	Hong Kong SAR	Iceland	Saudi Arabia	El Salvador
South Africa	Japan	Lithuania		Jamaica
Tanzania	Korea	Norway		Mexico
	Malaysia	Russia		Peru
	Singapore	Ukraine		United States
		United Kingdom		

1/ Italicized entities refer to regional monetary unions.

2/ The regions correspond to the geographical jurisdictions of IMF area departments.

[2] In addition, the evaluation team also intends to draw on the findings of earlier IEO evaluations, where relevant, in gathering additional evidence.

Principles and Instruments of Exchange Rate Surveillance

A. Principles and Procedures

Article I of the IMF Articles of Agreement proclaims one of the purposes of the Fund to be "to promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation." Article IV, Section 1, specifies that "each member undertakes to collaborate with the Fund and other members to assure orderly exchange arrangements and to promote a stable system of exchange rates." In particular, members are required to "avoid manipulating exchange rates or the international monetary system in order to prevent effective balance of payments adjustment or to gain an unfair competitive advantage over other members." Article IV, Section 3(a), then endows the Fund with the dual responsibility to (i) "oversee the compliance of each member with its obligations under Section 1 of this Article," and to (ii) "oversee the international monetary system in order to ensure its effective operation." Article IV, Section 3(b), provides that the Fund shall exercise "firm surveillance over the exchange rate policies of members."

The Executive Board decision of 1977 (Decision No. 5392, as amended) provides a means to implement the Fund's surveillance functions under Article IV, Section 3(b) and gives guidance to members with respect to their exchange rate policies. This so-called Surveillance Decision states, for example, that the "surveillance of exchange rate policies shall be adapted to the needs of international adjustment as they develop" and that the "Fund's appraisal of a member's exchange rate policies shall be based on an evaluation of the developments in the member's balance of payments, including the size and sustainability of capital flows, against the background of its reserve position and its external indebtedness." The Executive Board, in 1999, further clarified aspects of this appraisal when it stated that "the Fund should offer its own views to assist national authorities in their policy deliberations" on exchange rate policy and "seek to ensure that countries' policies and circumstances are consistent with their choice of exchange rate regime."[3]

Operationally, the principles of exchange rate surveillance, as stipulated in the Articles of Agreement and clarified by the Executive Board over time, can be summarized as follows:

- First, no single exchange rate regime is best for all countries in all circumstances.
- Second, a member country may choose the exchange rate regime it intends to apply to fulfill its obligations under Article IV, Section 1, except for a peg to gold.

[3] Summing Up of the Board discussion on "Exchange Rate Regimes in an Increasingly Integrated World Economy," September 31, 1999.

- Third, the IMF seeks to provide clear and candid advice to members on the consistency of that regime with their national policies and circumstances as well as members' obligations under the Articles of Agreement.

- Fourth, analysis and policy advice on exchange rate matters should be cast against the general economic situation and policy strategy of the member.

B. Instruments of Exchange Rate Surveillance

In conducting exchange rate surveillance, the IMF has an array of instruments at its disposal, including analytical tools and channels of communication. The analytical tools include:

- Real effective exchange rate indices, export market share, purchasing power parity calculations, and models of saving/investment balance are used to assess the level of exchange rates and detect possible misalignments. The latter two approaches are used in the context of the Coordinating Group on Exchange Rate Issues (CGER), an interdepartmental group of IMF staff charged with the task of assessing the medium-term equilibrium exchange rates for industrial country currencies within a multi-country framework. The coverage of countries is now being extended to include some emerging market economies.

- Regime choice criteria, including those suggested by optimum currency area (OCA) theory, are used to assess the appropriateness of a particular exchange rate regime for a given country. Although the academic literature does not provide clear-cut guidance, particularly given the possible endogeneity of OCA criteria, the following elements are typically considered important: the degree of integration with international capital markets; openness and the diversity of production and trade; the nature of economic shocks facing the country; fiscal policy and labor market institutions; and the level of international reserves.

- External and public sector debt sustainability analysis and early warning systems for currency crises are used to assess the sustainability of exchange rate policy and its consistency with other policies. In debt sustainability analysis, the dynamics of a country's debt position are assessed on the basis of a macroeconomic baseline scenario, which is then stressed to gauge the sensitivity to changes in macroeconomic projections.

- Global models, such as the Research Department's Global Economy Model (GEM), are employed to assess the role of exchange rate changes in the global adjustment process.

- Balance sheet analysis is used to examine the risks resulting from mismatches in the maturity, currency, and capital structure of a country's financial assets and liabilities. This provides a basis for assessing the impact or desirability of exchange rate adjustment.

To communicate its views, the Fund can choose from a variety of instruments, including:

- The Article IV process provides for different levels of advice and confidentiality—confidential discussions at the staff level, peer pressure at the Executive Board level, and public debate and, possibly under certain cases, even market discipline through the publication of staff reports and the Summing Up of Board discussions.

- Ad hoc consultations under the 1977 Surveillance Decision, which authorizes the initiation of a confidential discussion with a member when the Managing Director "considers that [its] exchange rate policies may not be in accord with the exchange rate principles." This procedure has never been activated in the past.

- Consultations under the 1979 supplemental surveillance procedures, under which an informal and confidential discussion with a member can be initiated when the Managing Director "considers that important economic or financial developments are likely to affect [its] exchange rate policies or the behavior of the exchange rate of its currency." This procedure has been used only twice in the past, for Sweden in 1982 and for Korea in 1987.

- The semiannual World Economic Outlook report and other multilateral surveillance publications.

- Program conditionality and reviews.

There may be other public and private channels. In addition, technical assistance may be used to support analytical work and follow-up.

COUNTRY SELECTION

The selection of the 30 economies in Table 1 in the text involved a three-stage process. First, the evaluation team selected three systemically important economies (for their importance in the Fund's multilateral surveillance)—the euro area, Japan, and the United States. In addition, another monetary union was included—with the final choice to be made among the Central African Economic and Monetary Union (CEMAC) and the West African Economic and Monetary Union (WAEMU).

Second, the team provisionally selected a number of additional economies from a list of 78 economic areas that met two or more of the following six selection criteria (see the end of this Appendix for a complete list), which were considered to identify cases in which exchange rate issues are likely to have been particularly relevant:[4]

- Largest multi-period current account (CA) imbalance, both in percent of GDP and U.S. dollars, during 1999–2005 (measured on the basis of rolling, two-year averages);
- Percentage change in and coefficient of variation for the real effective exchange rate (REER) during 1999–2005;
- Change in foreign exchange reserves over 1999–2005, in percentage terms and in relation to the M2 money stock at end-1998;
- Average trade openness, measured as the sum of exports and imports divided by GDP, during 1999–2005;
- Regime change (based on the IMF Monetary and Financial Systems Department's de facto classification of exchange arrangements);[5] and
- De facto dollarization (countries with a score of 10 or more on IMF staff's composite dollarization index).[6]

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[4] The table lists only those economies that are in the 10th percentile and above the 90th percentile for the first two criteria as well as for average trade openness, and those that are above the 80th percentile for the reserve change criterion; the data are taken from the IMF's WEO database.

[5] The MFD classification was consolidated into (i) floating, (ii) intermediate (including conventional pegs), and (iii) hard pegs, in order to avoid including countries that only introduced a marginal change in their regime.

[6] Research Department, "Macroeconomic Policies in Dollarized Economies," SM/03/126, April 2003. The classification is based on data for 1996-2001.

Third, following consultations with IMF staff, members of the Executive Board, and other stakeholders, 26 economies were added to the list of monetary unions and systemically important countries selected at the outset. In making its decision, the evaluation team aimed to include a geographically diversified group of economies that met the various criteria, as well as a sufficient number of countries that had an IMF-supported program or received IMF technical assistance (TA) on exchange rate issues during 1999–2005. Following comments received on an earlier draft of this paper, the team also sought to include a sufficient number of economies that had undergone an exchange rate regime change or, in a few instances, countries with particular experiences that may enhance learning, even when the minimum of two selection criteria was not necessarily met.

Table A.1: Potential Sample Economies 1/

Economy	Current Account		Real Exchange Rate		Foreign Reserves		Average Trade Openness	Regime Change	De facto Dollarization	Memorandum	
	US$bn	Percent of GDP	Change in Percent	Coefficient of Variation	Change in US$bn	Change Scaled by M2				Program	Technical Assistance
Algeria		16			7	32					X
Angola			125	22		27	146		VH		X
Argentina	-10		-52	40			33	3, 1	VH	SBA	
Australia	-41				4		41				
Azerbaijan, Rep. of		-29						1, 2		PRGF	
Bahrain							149		H		
Bangladesh							35	2, 1		PRGF	X
Belize		-21		3							
Bosnia & Herzegovina		-25		3		33			H	SBA	X
Brazil	-25						27			SBA	X
Brunei Darussalam		70		3							
Bulgaria						20			VH	SBA	X
Burundi			-26	19			33			PRGF	X
Cambodia						28			VH	PRGF	
China	114				96						
Congo, Dem. Rep. of			-35	88				1, 2, 1	H	PRGF	X
Czech Republic	-6				2						
Ecuador						1067		2, 3		SBA	X
Egypt			-31	25				1, 2, 1			X
El Salvador				2				2, 3			
Eritrea			44					2, 1			
Guinea			-46					1, 2	H	PRGF	X
Guyana		-17					203			PRGF	
Hong Kong	17				5		312				
Hungary	-9		33								
Iceland				3				2, 1			
India	-10				15		32				
Indonesia			37						H	EFF	
Korea	23				23						
Kuwait	25	37		3							
Kyrgyz Republic						24			H	PRGF	
Lebanon	-3	-18		20					VH		
Lesotho		-21	-49	64						PRGF	
Libya		33	-78		5	25					
Lithuania				3		16				SBA	
Malaysia	17	13			6		217				
Maldives		-26					163				X
Mauritania		-36				29				PRGF	X
Mexico	-18				6					SBA	
Moldova						20			H	PRGF	X
Mongolia						24	150		H	PRGF	
Morocco				3	2						X

Table A.1: Potential Sample Economies (concluded)

	Current Account		Real Exchange Rate		Foreign Reserves					Memorandum	
Economy	US$bn	Percent of GDP	Change in Percent	Coefficient of Variation	Change in US$bn	Change Scaled by M2	Average Trade Openness	Regime Change	De facto Dollarization	Program	Technical Assistance
Mozambique		-20							VH	PRGF	X
Myanmar 2/			260	105			1	2, 1			
Nicaragua		-23							VH	PRGF	X
Norway	41	15			4						
Pakistan							34	2, 1, 2		SBA, PRGF	X
Peru				3			36		VH	SBA, EFF	X
Poland	-11				2						
Romania	-7		34		2	23		1, 2, 1		SBA	
Russia	73	14	85		24	37			H	SBA	
Rwanda			-27				35			PRGF	X
São Tomé & Príncipe		-32				14			VH	PRGF	X
Saudi Arabia	69	24			2						
Seychelles		-20					180				
Sierra Leone			-47	20		17			H	PRGF	X
Singapore	30	26			6		393				
Slovak Republic			50		2		150				
Slovenia				2				1, 2			
South Africa	-9				2						
Sri Lanka				3				2, 1		SBA, EFF, PRGF	
Sudan			56			332	35	1, 2, 1			X
Suriname			52					2, 1			X
Switzerland	51	14		3							
Tajikistan						17			H	PRGF	
Tanzania			-35						H	PRGF	
Trinidad and Tobago		15				18		2, 1, 2			
Turkey	-19		40		4			2, 1	H	SBA	
Ukraine					3	42		1, 2		SBA	X
United Arab Emirates	21	17			2						
United Kingdom	-45			2	2						
Uruguay								2, 1	VH	SBA	
Uzbekistan			-52	46				2, 1			
Venezuela	16	13			2			2, 1, 2			
Vietnam								2, 1	H	PRGF	X
Yemen			35			33			H		X
Zambia		-19	109						VH	PRGF	X
Zimbabwe			-27	90				2, 1		SBA	

Notes: 1/ Regime changes are coded as 1/ floating regimes, including managed floats; 2/ intermediate regimes, including conventional pegs; and 3/ hard pegs. Programs are coded EFF/ Extended Fund Facility; ESAF/ Enhanced Structural Adjustment Facility; PRGF/ Poverty Reduction and Growth Facility; and SBA/ Stand-by Arrangement.

2/ The extremely low openness figure for Myanmar reflects the use of a highly distorted official exchange rate in the conversion of foreign currency receipts and payments.