Appendix Table II.9
De facto classification of exchange rate arrangements and monetary policy frameworks, April 30, 2012

The classification system is based on the members' actual, de facto arrangements as identified by IMF staff, which may differ from their officially announced, de jure arrangements. The system classifies exchange rate arrangements primarily on the basis of the degree to which the exchange rate is determined by the market rather than by official action, with market-determined rates being on the whole more flexible. The system distinguishes among four major categories: hard pegs (such as exchange arrangements with no separate legal tender and currency board arrangements); soft pegs (including conventional pegged arrangements, pegged exchange rates within horizontal bands, crawling pegs, stabilized arrangements, and crawl-like arrangements); floating regimes (such as floating and free floating); and a residual category, other managed. This table presents members' exchange rate arrangements against alternative monetary policy frameworks in order to highlight the role of the exchange rate in broad economic policy and illustrate that different exchange rate regimes can be consistent with similar monetary frameworks. The monetary policy frameworks are as follows.

Exchange rate anchor

The monetary authority buys or sells foreign exchange to maintain the exchange rate at its predetermined level or within a range. The exchange rate thus serves as the nominal anchor or intermediate target of monetary policy. These frameworks are associated with exchange rate arrangements with no separate legal tender, currency board arrangements, pegs (or stabilized arrangements) with or without bands, crawling pegs (or crawl-like arrangements), and other managed arrangements.

Monetary aggregate target

The monetary authority uses its instruments to achieve a target growth rate for a monetary aggregate, such as reserve money, M1, or M2, and the targeted aggregate becomes the nominal anchor or intermediate target of monetary policy.

Inflation-targeting framework

This involves the public announcement of numerical targets for inflation, with an institutional commitment by the monetary authority to achieve these targets, typically over a medium-term horizon. Additional key features normally include increased communication with the public and the markets about the plans and objectives of monetary policymakers and increased accountability of the central bank for achieving its inflation objectives. Monetary policy decisions are often guided by the deviation of forecasts of future inflation from the announced inflation target, with the inflation forecast acting (implicitly or explicitly) as the intermediate target of monetary policy.

Other

The country has no explicitly stated nominal anchor, but rather monitors various indicators in conducting monetary policy. This category is also used when no relevant information on the country is available.

Exchange rate arrangement (number of countries)	**Monetary policy framework**						
	Exchange rate anchor				**Monetary aggregate target**	**Inflation-targeting framework**	**Other[1]**
	U.S. dollar (43)	Euro (27)	Composite (13)	Other (8)	(29)	(32)	(38)
No separate legal tender (13)	Ecuador El Salvador Marshall Islands Micronesia Palau Panama Timor-Leste Zimbabwe	Kosovo Montenegro San Marino		Kiribati Tuvalu			
Currency board (12)	**ECCU** Antigua and Barbuda Dominica Grenada St. Kitts and Nevis St. Lucia St. Vincent and the Grenadines Djibouti Hong Kong SAR	Bosnia and Herzegovina Bulgaria Lithuania[2]		Brunei Darussalam			
Conventional peg (43)	Aruba The Bahamas Bahrain Barbados Belize Curaçao and Sint Maarten Eritrea Jordan Oman Qatar Saudi Arabia Turkmenistan United Arab Emirates Venezuela	Cape Verde Comoros Denmark[2] Latvia[2] São Tomé and Príncipe **WAEMU** Benin Burkina Faso Côte d’Ivoire Guinea-Bissau Mali Niger Senegal Togo **CEMAC** Cameroon Central African Rep. Chad Congo, Rep. of Equatorial Guinea Gabon	Fiji Kuwait Libya Morocco[3] Samoa	Bhutan Lesotho Namibia Nepal Swaziland			
Stabilized arrangement (16)	Cambodia Guyana Iraq Lebanon Maldives (04/11) Suriname Trinidad and Tobago	FYR Macedonia	Vietnam[5]		Tajikistan[4,5] (09/11) Ukraine[5]	Guatemala[5] (06/11)	Angola[4,5] (11/10) Azerbaijan[5] Egypt[4,6] (04/11) Lao P.D.R.[5]

Exchange rate arrangement (number of countries)	Monetary policy framework						
	Exchange rate anchor				Monetary aggregate target	Inflation-targeting framework	Other[1]
	U.S. dollar (43)	Euro (27)	Composite (13)	Other (8)	(29)	(32)	(38)
Crawling peg (3)	Nicaragua		Botswana				Bolivia[4,5] (11/10)
Crawl-like arrangement (12)	Ethiopia Honduras (07/11) Jamaica (06/11) Kazakh-stan	Croatia			Argentina[5] China[5] Rwanda[5] Uzbeki-stan[5,7] (04/08)	Dominican Rep.[5]	Haiti[5] Tunisia[6] (09/11)
Pegged exchange rate within horizontal bands (1)			Tonga				
Other managed arrange-ment (24)	Liberia[4] (11/11)		Algeria Iran (05/11) Singapore[4] (09/11) Syria[4] (04/11) Vanuatu		Bangla-desh (12/11) Burundi (07/11) Congo, Dem. Rep. of the (11/11) Guinea Kyrgyz Rep. Malawi (08/11) Nigeria Paraguay Yemen		Belarus (05/11) Costa Rica Malaysia Mauritania Myanmar Russia Solomon Islands (02/11) Sudan Switzerland (09/11)
Floating (35)					Afghani-stan (04/11) The Gambia Kenya Madagas-car Mongolia Mozam-bique Pakistan[4] (04/11) Papua New Guinea Seychelles Sierra Leone Sri Lanka (02/12) Tanzania Uganda Zambia	Albania Armenia[8] Brazil Colombia Georgia[8] Ghana Hungary Iceland Indonesia (02/11) Korea Moldova Peru (04/11) Philippines Romania Serbia South Africa Thailand Turkey Uruguay	India Mauritius

Exchange rate arrangement (number of countries)	Monetary policy framework						
	Exchange rate anchor				Monetary aggregate target	Inflation-targeting framework	Other[1]
	U.S. dollar (43)	Euro (27)	Composite (13)	Other (8)	(29)	(32)	(38)
Free floating (31)						Australia Canada Chile Czech Rep. Israel (08/11) Mexico (11/11) New Zealand Norway Poland (12/11) Sweden United Kingdom	Japan Somalia United States **EMU** Austria Belgium Cyprus Estonia (01/11) Finland France Germany Greece Ireland Italy Luxem-bourg Malta Nether-lands Portugal Slovak Rep. Slovenia Spain

Source: IMF staff.

Note: If the member country's de facto exchange rate arrangement has been reclassified during the reporting period, the date of change is indicated in parentheses.

[1] Includes countries that have no explicitly stated nominal anchor, but rather monitor various indicators in conducting monetary policy.

[2] The member participates in the European Exchange Rate Mechanism (ERM II).

[3] Within the framework of an exchange rate fixed to a currency composite, the Bank Al-Maghrib (BAM) adopted a monetary policy framework in 2006 based on various inflation indicators with the overnight interest rate as its operational target to pursue its main objective of price stability. Since March 2009, the BAM reference interest rate has been set at 3.25%.

[4] The exchange rate arrangement was reclassified retroactively, overriding a previously published classification.

[5] The de facto monetary policy framework is an exchange rate anchor to the dollar.

[6] The de facto monetary policy framework is an exchange rate anchor to a composite.

[7] This reclassification reflects only a methodological correction and does not imply a judgment that there was an alteration in the exchange arrangement or other policies. The change is applied retroactively to April 30, 2008, the date on which the Revised System for the Classification of Exchange Rate Arrangements became effective.

[8] The central bank has taken preliminary steps toward inflation targeting and is preparing for the transition to full-fledged inflation targeting.