

## Appendix I. Monetary Policy Instruments: Chronological Developments

Table A1 Fiji. Monetary policy instruments: chronological developments and changes, 1984–2008

Year	Statutory reserve requirement	Discount lending rate (%)	OMO RBF note 91-day rate	Re-purchase rate (%)	Direct credit controls	Interest rate ceiling	Moral suasion	Secured advance facility
1984	SRD increased from 5 to 6%	Increased from 10.5 to 11% on 31 May		None	None	Yes	None	-
1985	No change	11%		None	None	Yes	None	-
1986	No change	Reduced to 8% on 4 Nov		None	None	Yes	None	-
1987	No change	Increased to 11% on 14 Sept		None	Yes	None	None	-
1988	No change 6%	11%		None	Yes	None	None	-
			Introduced					
1989	No change 6%	Lowered to 8% on 1 May	rate 4.28	-	Till May	None	None	-
1990	No change 6%	8%	5.07	-	None	None	None	-
1991	No change 6%	8%	5.83	-	None	None	None	-
1992	No change 6%	Reduced to 6% on 6 Nov	3.41	-	None	None	None	-
1993	6%	6%	2.41	-	None	None	None	-
1994	No change 6%	6.00	3.32	None	None	None	None	None
	Introduced unimpaired liquidity ratio at 16%							
1995	No change in SRD ratio No change in ULAR	6.00	3.50	None	None	None	None	None
1996	No change in SRD ratio No change in ULAR	6.00	2.81	None	None	None	None	None
1997	No change in SRD ratio	1.89	1.39	None	None	None	None	None

<i>Year</i>	<i>Statutory reserve requirement</i>	<i>Discount lending rate (%)</i>	<i>OMO RBF note 91-day rate</i>	<i>Re-purchase rate (%)</i>	<i>Direct credit controls</i>	<i>Interest rate ceiling</i>	<i>Moral suasion</i>	<i>Secured advance facility</i>
	No change in ULAR	The minimum lending rate (MLR) was linked to the RBF policy indicator rate- plus a margin of 50 basis points						
1998	SRD ratio reduced to 5% ULAR reduced from 16% to 10%	2.50	2.00	None	None	None	None	None
1999	ULAR abolished No change in SRD ratio	2.50	2.00	None	None	None	None	None
2000	No change in SRD ratio	8.00 MLR raised to 15% in May 2000, and then reduced to 10% in Sept 2000 and then further reduced to 8% in Oct 2000	2.53	None	None	None	None	None
2001	No change in SRD ratio	1.75 MLR reduced to 6% in March 2001. In October the MLR was linked to the RBF policy indicator rate plus 50 basis points	1.25	None None	None None	None None	None None	None None
2002	No change in SRD ratio	1.75	1.25	None	None	None	None	None
2003	No change in SRD ratio	1.75	1.19	None	None	None	None	None
2005	No change in SRD ratio	2.75	2.25	None	None	None	None	None
2006	SRD increased from 5 % to 7%	5.25 In May 2006, the MLR was the RBF Indicator rate plus 100 basis points	4.25	15.25	Yes	None	None	None
2007	SRD reduced from 7% to 6%	9.25	No issue	9.25	Yes	None	None	Yes
2008	No change in SRD ratio	6.32	No issue	6.32	Yes	None	None	Yes
2009	SRD reduced to 5%		No issue					

**Table A2** Papua New Guinea. Monetary policy instruments: chronological developments and changes, 1994–2009

Year	Minimum liquid asset ratio MLAR (%)	Cash reserve requirement (%) (a)	Kina auction facility rate (%) (b)	Kina facility rate (%)	Repurchase rate (%)	Lender of last resort (%)
1994	Introduced from 1974 15% of total deposits increased to 26.00%					36.50%
1995	MLAR decreased to 32.0%	-	Discount facility replaced by KAF KAF rate official rate signifies monetary policy stance KAF rate 18.00% (buy side only)			36.50%
1996	MLAR decreased to 27.0%	-	KAF rate reduced to 10.3% (buy side only)			36.50%
1997	MLAR decreased to 20.0%	-	KAF rate reduced to 10.20% (buy side only)			36.50%
1998	MLAR decreased to 0.0%	0.0%	KAF rate increased to 18.5% (buy side only)			36.50%
1999	MLAR increased to 25.0%	CRR increased to 5.0%	KAF rate reduced to 12.80% (buy side only)			36.50%
2000	MLAR no change remains at 25.0%	CRR no change remains at 5.0%	KAF rate reduced to 4.41% (buy side only)			36.50%
2001	MLAR no change remains at 25.0%	CRR no change remains at 5.0%	KAF rate increased to 11.25% (buy side) KAF rate increased to 12.75% (sell side)	Kina facility introduced KFR signals monetary policy stance KFR 12%	Introduced Kina repurchase agreement Buying at a margin 100 basis points above KFR	36.50%
2002	MLAR no change remains at 25.0%	CRR reduced to 3.0%	KAF rate increased to 13.25% (buy side) increased to 14.75% (sell side)	KFR increases to 14%	Buying at a margin 100 basis points above KFR	36.50%
2003	MLAR no change remains at 25.0%	CRR no change remains at 3%	KAF was abolished April replaced by repurchase agreement	KFR no change remains fat 14%	Buying at a margin 150 basis points above KFR	36.50%

<i>Year</i>	<i>Minimum liquid asset ratio MLAR (%)</i>	<i>Cash reserve requirement (%) (a)</i>	<i>Kina auction facility rate (%) (b)</i>	<i>Kina facility rate (%)</i>	<i>Repurchase rate (%)</i>	<i>Lender of last resort (%)</i>
2004	MLAR no change remains at 25.0%	CRR no change remains at 3%		KFR decreases to 7%	Buying at a margin 300 basis points above KFR	36.50%
2005	MLAR no change remains at 25.0%	CRR no change remains at 3%		KFR decreases to 6%	Buying at a margin 300 basis points above KFR	36.50%
2006	MLAR no change remains at 25.0%	CRR no change remains at 3%		KFR no change remains at 6%	Buying at a margin 150 basis points above KFR	36.50%
2007	MLAR no change remains at 25.0%	CRR No Change Remains at 3%		KFR no change remains at 6%	Buying at a margin 100 basis points above KFR	36.50%
2008	MLAR no change remains at 25.0%	CRR No Change Remains at 3%		KFR increases to 8%	Buying at a margin 100 basis points above KFR	36.50%
2009 March	MLAR no change remains at 25.0%	CRR no change remains at 3%		KFR no change remains at 8%	Buying at a margin 100 basis points above KFR	36.50%

*Notes:*

- (a) The CRR was introduced in August 1998 initially at 10.0%; however, it was temporarily suspended in December 1998 at 0.0%. As a result, the value for 1998 is 0.0%. The CRR was re-introduced in January 1999 at 5.0%.
- (b) The Kina auction facility was introduced on 1 May 1995. In March 1999, the facility was revised and the rate was determined through competitive bidding. In February 2001, the facility was further refined to fixed rates, at spreads above or below the monthly announced Kina facility rate (KFR).

**Table A3** Samoa. Monetary policy instruments: chronological developments and changes, 1998–2009

<i>Year</i>	<i>Reserve requirement</i>	<i>Discount lending</i>	<i>OMO</i>	<i>Repurchase rate</i>	<i>Direct credit controls</i>	<i>Interest rate ceiling</i>	<i>Moral suasion</i>
1998	LAR in existence		Central bank securities since 1998  Average indicator rate: 91-day yield				
1999	LAR abolished SRD at 4.8% on deposit liabilities		Average indicator rate: 91-day yield				
2000	No change in SRD		Average indicator rate: 91-day yield				
2001	No change in SRD	Based on the yield of CBS 91-day security plus 3% penalty	Average indicator rate: 91-day yield	Depends on the securities yield plus 3%	None	None	Yes
2002	No change in SRD	Based on the yield of CBS 91-day security plus 3% penalty	Average indicator rate: 91-day yield	Depends on the securities yield plus 3%	None	None	
2003	No change in SRD	Based on the yield of CBS 91-day security plus 3% penalty	Average indicator rate: 91-day yield	Depends on the securities yield plus 3%	None	None	
2004	No change in SRD	Based on the yield of CBS 91-day security plus 3% penalty	Average indicator rate: 91-day yield	Depends on the securities yield plus 3%	None	None	
2005	No change in SRD	Based on the yield of CBS 91-day security plus 3% penalty	Average indicator rate: 91-day yield	Depends on the securities yield plus 3%	None	None	
2006	SRD reduced from 4.8% to 3.5%	Based on the yield of CBS 91-day security plus 3% penalty	Average indicator rate: 91-day yield	Depends on the securities yield plus 3%	None	None	Moral suasion applied discouraging credit growth
2007	No change in SRD	Based on the yield of CBS 91-day security plus 3% penalty	Average indicator rate: 91-day yield	Depends on the securities yield plus 3%	None	None	

<i>Year</i>	<i>Reserve requirement</i>	<i>Discount lending</i>	<i>OMO</i>	<i>Repurchase rate</i>	<i>Direct credit controls</i>	<i>Interest rate ceiling</i>	<i>Moral suasion</i>
2008	SRD increased to 4.5% in March	Based on the yield of CBS 91-day security plus 3% penalty	Average Indicator rate: 91-day yield	Depends on the securities yield plus 3%	None	None	
2009			Average indicator rate: 91-day yield	Rate reduced to 5% in Feb	None	None	

**Table A4** Solomon Islands. Monetary policy instruments: chronological developments and changes, 1983–2009

Year	Liquid asset requirement ratio (%)	Statutory reserve requirement ratio (%)	Secured advance facility	Repurchase rate (%)	Interest rate ceiling	Moral suasion	Bokolo deposit
1983	LAR was introduced in 1983 LAR Ratio 15%	SRD was introduced in 1988 SRD ratio 5%			No ceiling until 1988		
1984	No change in LAR	No change in SRD			No ceiling		
1985	No change in LAR	No change in SRD			No ceiling		
1986	No change in LAR	No change in SRD			No ceiling		
1987	LAR increased to 27.5%	No change in SRD			No ceiling		
1988	No change in LAR	SRD was discontinued		Repurchase rate introduced 2.50%	Ceiling was imposed 18%	Yes	
1989	No change in LAR			No change	Ceiling continued		
1990	LAR increased to 35%			No change	Ceiling discontinued		
1991	No change in LAR			No change	No ceiling		
1992	LAR increased to 37.5%			No change	No ceiling		
1993	No change in LAR				No ceiling		
1994	No change in LAR			No change	No ceiling		
1995	LAR increased to 40%			Increased to 5%	No ceiling		
1996	No change in LAR			No change	No ceiling		
1997	No change in LAR			No change	No ceiling		
1998	No change in LAR			No change	No ceiling		
1999	Re-definition of eligible liquid assets: It includes till cash and deposit with CBSI). T-bills are excluded				No ceiling		

<i>Year</i>	<i>Liquid asset requirement ratio (%)</i>	<i>Statutory reserve requirement ratio (%)</i>	<i>Secured advance facility</i>	<i>Repurchase rate (%)</i>	<i>Interest rate ceiling</i>	<i>Moral suasion</i>	<i>Bokolo deposit</i>
2000	LAR 7.5%			No change	No ceiling		
2001	LAR 7.5%				No ceiling		
2002	LAR 7.5%			No change	No ceiling		
2003	LAR 7.5%			No change	No ceiling		
2004	LAR 7.5%			No change	No ceiling		
2005	LAR 7.5%			No change	No ceiling		
2006	LAR 7.5%			No change	No ceiling		
2007	LAR 7.5%			No change	No ceiling		
			SAF introduced to correct any deficits that banks may experience on short-term basis	No change			
2008	LAR 7.5%						Bokolo deposit facility offered: 1 year to 2 year maturities interest rate: at 3.5% to 5%
2009	LAR 7.5%			No change	No ceiling		

**Table A5** Tonga. Monetary policy instruments: chronological developments and changes, 1993–2009

<i>Year</i>	<i>Reserve requirement ratio (%)</i>	<i>OMO</i>	<i>Repurchase rate (%)</i>	<i>Direct credit controls</i>	<i>Interest rate ceiling</i>	<i>Moral suasion</i>	<i>Unsecured advance facility</i>
1993	SRD ratio introduced SRD at 5%						
1995	SRD ratio raised to 10%						
1998	SRD ratio raised to 12%			In place			
2000	SRD 15%	NRBT notes discontinued			None	Used since 2000	
2004				Removed			
2005				Re-imposed		In place	
2006 Dec-06		Resumed NRBT notes	10%			In place	10%
2007	SRD ratio reduced to 12.5% LAR introduced at 5%		12%	Removed		In place	
2008 Aug-08	SRD ratio reduced to 10%		10%			In place	6%
2009	SRD 10% LAR 5%						
Mar-09			6.00%			In place	
May-09			4.5%			In place	4.5%

**Table A6** Vanuatu. Monetary policy instruments: chronological developments and changes, 1984–2008

Year	Statutory reserve requirement	Discount lending rate	Open market type operations	Repurchase rate	Direct credit controls	Interest rate ceiling	Moral suasion
1980	None	10.97	None			none	none
1981	None	10.97	None				
1982	None	10.97	None				
1983	None	10.97	None		RBV issued guidelines: a) Rates to lending to productive sectors and re-financing of import-saving & export promotion and tourism projects should be in 12–14% range; b) Rates should not be more than 12–14% for small businesses, local enterprises with ni-Vanuatu participation; c) Banks average lending interest rate should not exceed 14.0% per annum; d) Bank spread between its weighted average 1–12 months fixed deposits and average lending should not exceed 4–5%; and e) Growth in personal lending should be restrained in order to allow for some increase in lending for (a) & (b)		
1984	None	10.97	None				
1985	None	10.97	None		Due to lack of bankable projects, RBV abrogated guideline (d)		
1986	None	10.97	None		Banks failed to adhere to the guidelines Interest rate in prod. sector exceeded 14%		
1987	None	10.97	None		RBV issued a firmer guidelines to banks to comply with the 14% ceiling by March 1987 At end 1987, interest rates was 10.0% Direct controls ceased in 1987		

Year	Statutory reserve requirement	Discount lending rate	Open market type operations	Repurchase rate	Direct credit controls	Interest rate ceiling	Moral suasion
1988	SRD was introduced at 10%	10.97	None		Interest rates determined by market forces		
1989	10%	10.97	None				
1990	10%	10.97	None				
1991	10%	10.97	None				
1995	10%	10.97	None				
1996	10%	10.97	None				
1997	10%	10.97	None				
1998	Due to VNPF crisis, SRD was replaced with prescribed reserve asset (PRA) ratio of 16%	10.97	Introduction of RBV notes	Introduced in 1998 at 6.20%			
	Enabled banks to subscribe to govt. issued bonds for funding VNPF payouts						
1999	PRA abolished	Abolished in May 1999	3.40%	5.87			
	SRD increased to 10%						
2000	10%		3.50%	7%			
2001	Reserve requirement at 10% of all vatu deposits and 50% of demand deposits in foreign currency		3.29% RBV notes since March 1998 as a fine tuning instrument In case of unwarranted high (low) liquidity, the RBV can absorb (inject) liquidity from (into) the system through issuing higher (lower) amounts of RBV notes	6.50%	None	None	None

Year	Statutory reserve requirement	Discount lending rate	Open market type operations	Repurchase rate	Direct credit controls	Interest rate ceiling	Moral suasion
			Average indicator rate: 91-day yield!				
			If the rate increases, it indicates tight liquidity in banking system; if rate declines it indicates easing liquidity or ample systems liquidity				
2002			4.98%	6.50%			
2003	No changes in SRD ratio from 2001-2007		4.15%	6.50%			
2004			3.50%	6.50%			
2005			4.34%	6.25%			
2006			5.16%	6.25%			
2007			4.25%	6.00%			
2008	In Nov. 2008 SRD was reduced to 8% of all vatu deposits & 50% of demand deposits in foreign currency	Re-Introduced in October 2008 Banks can borrow against their securities (RBV notes & govt. bonds)	4.30%	6.00%			
	Reduced to 5% of all vatu & 50% of demand deposits in foreign currency in Jan 2009	Interest rate reduced to 7.75% in Nov 2008					

Source: Reserve Bank of Vanuatu Quarterly Economic Review, various issues