



## **OXFORD ANALYTICA**

# **VENEZUELA MONETARY TRANSPARENCY**

**Country Report 2006**

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# VENEZUELA



## COMPLIANCE RATINGS

<i>Monetary transparency</i>	2006	2005	2004	2003
Clarity of roles	••	••	••	••
Open decision process	••	••	••	••
Availability of information	•••	•••	•••	•••
Central bank accountability	•••	•••	•••	•••
<b>Score</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>

## OUTLOOK & COMMENTARY

If President Chávez remains in power following December's presidential elections, which is probable, the erosion of the independence of the Central Bank of Venezuela (BCV) is likely to continue. Moreover, the losses that the BCV is incurring this year -- as a result of the huge costs it faces in trying to stem the liquidity generated by highly expansionary fiscal policy -- may well be repeated next year unless there is a change in course of fiscal policy. Such a change is highly unlikely unless oil prices weaken significantly.

The institutionalisation of a 'parallel budget', centred on the National Development Fund (Fonden), which draws funds away from the BCV, is also reducing the BCV's ability to stem the rise of liquidity in the economy. That task is further complicated by the continuation of foreign exchange controls, which permit Venezuelan companies only controlled access and households only limited access to US dollars.

These factors point to a difficult year ahead for the BCV, in terms of the effectiveness of its operations and in terms of its ability to redress the power of the executive over monetary policy. In these circumstances, monetary transparency is likely to suffer further.

## EXECUTIVE SUMMARY

### 2.50 Intent declared

The operational autonomy of the Central Bank of Venezuela (BCV) has been further reduced in 2006, as the implementation of the 19 July 2005 amendment to the BCV Law (LBCV) has progressed and the government has strengthened its influence over the institution. Commentators stated that government pressure on the BCV has become so regular and intense in 2006 that the level of resistance offered by the BCV's Board of Directors has fallen compared to previous years.

There are three major areas of concern for monetary transparency: i) the dominance of fiscal policy, the transfer of funds away from the BCV, and the continuation of controls on foreign exchange operations have undermined the central bank's capacity to implement monetary policy; ii) the establishment of the National Development Fund (Fonden) and the government-owned Treasury Bank are undermining the agency roles performed by the central bank on behalf of the government; and iii) concerns are being raised about the accuracy of some BCV data.

Commentators asserted that the BCV no longer sets long-term monetary policy targets or goals. It is now the government that announces the annual inflation target, following consultation with the BCV. The BCV then establishes annual, monthly and weekly 'corridors' (i.e. ceilings and floors -- which are not published) for growth of the monetary base. The BCV continues to make concerted efforts to sterilise excess liquidity, but those efforts have become increasingly costly (in terms of the interest payments required), resulting in the BCV incurring losses this year.

The government's Treasury Bank (Banco del Tesoro) became operational this year. This new institution is taking on several of the responsibilities previously held by the BCV. These include management of the internal and external public debt, and treasury operations of the government. According to the government, centralisation of these activities into one entity will improve efficiency; in practice, it will permit the government to exert greater control over aspects of the financial system, without having to overcome possible (primarily passive) resistance from the BCV.

Also of concern for monetary transparency are the operations of the Fonden (the National Development Fund). Since its creation in 2005, Fonden has received transfers totalling 17.5 billion US dollars (7.5 billion of which was transferred from PDVSA to Fonden, and the remainder transferred from the BCV's international reserves). It is unclear how much of these funds have already been spent, although a significant portion are believed still to be held outside of Venezuela. There is little transparency about how funds are transferred to Fonden, and no publicly available analysis about how the activities of this fund will impact the economy in the medium-to-long-term.

Concerns are also being raised about the accuracy of BCV data (traditionally, the BCV has had a very good reputation for data quality). Several commentators believe that the level of inflation is being deliberately underestimated so that the government does not lose support ahead of the presidential election this December. Although this may be an exaggeration, it illustrates the sharp decline in trust in some BCV data.

Venezuela's overall score is unchanged from last year.

## 1. CLARITY OF ROLES, RESPONSIBILITIES, AND OBJECTIVES OF CENTRAL BANKS

### ●● Intent declared

#### **The objectives and institutional framework of monetary policy**

The operational autonomy of the Central Bank of Venezuela (BCV) has been further reduced in 2006, as the implementation of the 19 July 2005 amendment to the BCV Law (LBCV) has progressed and the government has strengthened its influence over the institution. The dominance of fiscal policy, the allocation and transfer of funds away from the BCV, and the continuation of controls on foreign exchange operations have undermined the central bank's capacity to implement monetary policy.

#### **Central bank objectives and responsibilities**

The constitution sets out the objectives and responsibilities of the BCV, which are also ratified by the LBCV.<sup>1</sup> The main objectives of the central bank are to achieve price stability and maintain the value of the Venezuelan currency domestically and internationally. The BCV is also responsible for regulating financial markets and administering Venezuela's international reserves -- the latter subject to limitations imposed by the amendment to the LBCV on 19 July 2005.

The BCV shares responsibilities for foreign exchange policy with the executive. This situation has continued to seriously hamper the central bank's ability to attain its objectives, since the government has had strong incentives to attenuate the impact of fiscal policy via changes in the foreign exchange framework, i.e. periodic devaluations of the Venezuelan bolívar. This has been the case since the executive imposed a fixed exchange rate and controls on foreign currency operations in February 2003. The foreign currency controls have gradually been loosened, but remain in place.<sup>2</sup>

#### **Operational autonomy**

The BCV's formal autonomy is enshrined in Article 318 of the constitution, which states that the BCV is autonomous from other branches of government. Furthermore, Article 320 of the constitution seemingly reinforces this autonomy by stipulating that the BCV should not -- under any circumstance -- be subordinate to the executive. However, the BCV is only entitled to 'participate' in the design of foreign exchange policy, and is required to coordinate its monetary policy with the fiscal policy of the Ministry of Finance (MoF) to pursue the agreed macroeconomic objectives. The BCV's formal autonomy therefore becomes ambiguous when considering all these shared responsibilities.<sup>3</sup>

In addition, the LBCV authorises the National Assembly to resolve differences that emerge between the BCV and the government over the coordination of macroeconomic policies. However, the law does not explain a precise method by which these differences can be resolved.<sup>4</sup> The BCV's independence is further undermined by the National Assembly's capacity to approve the central bank's operational budget and to remove its board members by a two-thirds majority vote, should the board fail to meet its policy objectives without reasonable justification.<sup>5</sup> In the current context of government domination of the National Assembly, these concerns have been exacerbated.

Furthermore, between August 2004 and January 2005, about 200 people left the BCV, some voluntarily, although most not. There have been further departures of experienced staff since. As a result of these developments, the BCV's primary focus has shifted to executing monetary policy only within the limitations imposed by government

policy, and this year for the first time questions have arisen about the level of technical competence in some areas of the BCV.<sup>6</sup>

## **Institutional relationship between monetary and fiscal operations**

The constitution and Articles 44-47 of the LBCV define the relationship between the central bank and the government. The BCV may not lend to the central government or issue any guarantees. Although the BCV may not finance fiscal deficits, commentators argued that this is now being done indirectly through Fonden.<sup>7</sup> As a result of the BCV's reduced international reserves, and of its need to restrain the inflationary consequences of the government's huge rise in expenditure by absorbing liquidity from the economy, the BCV in 2006 will post a loss for the first time in its history.<sup>8</sup>

The government in 2005 created the Treasury Bank (Banco del Tesoro), which became operational this year. This new institution is taking on several of the responsibilities previously held by other institutions of the state (notably the BCV), and by private banks. These responsibilities include management of the internal and external public debt, and treasury operations of the government. It will receive funds from government tax receipts and (according to some commentators) transfers from the National Development Fund (Fonden).<sup>9</sup> According to the government, centralisation of these activities into one entity will improve efficiency; in practice, it will permit the government to exert greater control over aspects of the financial system, without having to overcome possible resistance from the BCV. The Treasury Bank will also act as a commercial bank, providing financial services such as credit cards. Basic accounts of the Treasury Bank are already publicly available on the website of the Banking Superintendence (SUDEBAN). The government has also established other, significantly smaller banks in recent years, such as Banco del Pueblo and Banco de la Mujer. Some of these do not report to SUDEBAN.<sup>10</sup>

### **Lending to government**

Article 36 of the LBCV prevents the central bank from financing the government and from guaranteeing government and sub-national government obligations. The central bank cannot provide any long-term lending or lending without any type of financial guarantee to institutions other than to multilateral organisations and foreign central banks. However, there are no specific provisions about lending to state-owned financial institutions, although long-term lending is prohibited.

### **Central bank involvement in the rest of the economy**

The BCV is responsible for regulating financial markets. The BCV is also responsible for managing the government's Macroeconomic Stabilisation Fund (FEM), previously the Investment Fund for Macroeconomic Stabilisation (FIEM). However, although this Fund has maintained a constant balance of about 750 million US dollars for several years, its relative importance has decreased sharply over the last two years as the government has established alternative funds such as Fonden.

Commentators continue to stress that the exchange framework introduced in February 2003 -- a fixed exchange rate alongside foreign currency controls -- has been implemented with numerous ad hoc amendments that are more in line with the government's political agenda than any economic rationale.<sup>11</sup> Particular concern continues to be raised by the impact of foreign currency controls on liquidity in the financial system, as private banks now have a large stock of government debt. The government has used these resources to finance current public spending.<sup>12</sup>

As had been expected following intense pressure from the highest levels of government, the National Assembly amended the LBCV on 19 July 2005 to enable the government to make use of the BCV's international reserves above a certain 'optimal' level to finance public spending, by transferring these to Fonden. Although the BCV, in

consultation with the National Assembly, officially decides the optimal level, in practice this is a political decision made by the executive. According to commentators, the level is set at 29 billion US dollars for 2006 and the excess is being transferred to Fonden. The amendment to the LBCV also states that PDVSA is no longer legally required to sell all the dollars it receives from oil exports to the BCV. PDVSA has only to sell those dollars needed to meet the BCV's optimal level of reserves.<sup>13</sup>

Fonden disburses its funds for purchasing foreign debt, and goods and services in foreign currency, and to maintain a reserve in case of disasters; some commentators state that infrastructure and social projects are also being paid for out of Fonden. Since its creation in 2005, Fonden has received transfers of funds totalling 17.5 billion US dollars (7.5 billion of which was transferred directly from PDVSA to Fonden, and the remainder transferred from the BCV's international reserves). It is unclear how much of these funds have already been spent, although a significant portion are believed still to be held outside of Venezuela.<sup>14</sup>

Fonden manages these funds in a form of parallel budget, without clear rules to regulate it, and without auditing, accountability or parliamentary oversight.<sup>15</sup> However, Finance Minister Nelson Merentes provides a monthly overview of Fonden's accounts to the Finance Committee of the National Assembly, and the government has suggested that Fonden's accounts will be made publicly available by the end of this year.<sup>16</sup>

In addition, PDVSA manages a separate fund called Fondespa (Fund for the Economic and Social Development of the Country). Commentators note that this fund contains two billion US dollars, but that there is no publicly available data about the destinations of these funds. It is unclear whether or not this is (or used to be) a 'rotating fund', which is constantly replenished to two billion dollars. According to some commentators Fondespa funds are designated for making investments in foreign currency, while other commentators believe they are being used to finance social development projects. Fondespa appears not to have been merged with Fonden as had been planned in 2005.<sup>17</sup>

The government is using Fonden in part as a mechanism to avoid the monetisation into bolivars of some of PDVSA's dollar oil revenues -- thereby helping to stem rising levels of liquidity in the economy (M2 rose by 50% in each of 2003 and 2004, and by 35% in 2005). In this sense, channelling funds directly from PDVSA to Fonden rather than via the BCV (7.5 billion dollars out of Fonden's total revenues of 17.5 billion) is of some assistance to the BCV in its efforts to restrain inflation.<sup>18</sup> However, those funds that are transferred from the BCV to Fonden (10 billion dollars so far) -- to the extent that Fonden channels them into the Venezuelan economy rather than keeping them in dollars -- raise the ratio of bolívar liquidity in the economy to BCV dollar reserves and so present a risk to the BCV's future ability to ensure monetary stability.

Moreover, there is little transparency about how funds are transferred to Fonden, and no publicly available analysis about how the activities of this fund will impact the economy in the medium-to-long-term.<sup>19</sup> International doubts over the policy of allowing the government to spend and invest central bank reserves are affecting the perceived credibility of overall economic policy, despite the fact that fiscal risks are contained for the time being while the price of oil remains relatively high.

### **Central bank profit allocation**

The reform to Article 65 of the LBCV -- which permits BCV profit allocation every six months instead of at the end of the fiscal year -- notionally enhances the government's ability to indirectly finance fiscal deficits. Article 71 of the LBCV establishes that at least 10% of any profits are allocated to the General Reserve Fund. The law also limits the amount allocated to the Reserve Fund to 15% of all the profits. The remaining resources are allocated to the National Treasury within a six-month period.

Any losses incurred by the BCV are required to be covered with resources from the General Reserve Fund. If reserves are insufficient, the Treasury must cover the losses. If the Treasury does not have sufficient funds, the

government should issue debt. As the BCV will post losses in 2006, it remains to be seen whether these mechanisms will be implemented.

### **Agency roles performed by the central bank on behalf of the government**

The constitution and the LBCV define the central bank's agency roles.<sup>20</sup> These include acting as financial agent to the executive in its internal and external debt operations, the administration of international monetary reserves, and acting as a depository for National Treasury funds. The BCV also advises the government on public credit operations, and comments on the effects of the budget. These services are provided without obligation to the executive, which must reimburse the central bank for any expenses incurred. The establishment of Fonden and of the Treasury Bank are undermining the agency roles performed by the central bank on behalf of the government.

## 2. OPEN PROCESS FOR FORMULATING AND REPORTING MONETARY POLICY DECISIONS

### ●● Intent declared

#### **The framework, instruments, and targets of monetary policy**

The constitution, together with the LBCV and the Organic Law on the Financial Administration of the Public Sector (LOAF), establish the institutional framework for macroeconomic coordination. According to this framework, the BCV sets monetary policy but its targets and instruments must be consistent with the overall macroeconomic plan. Concerns have become more acute in 2006 over the ability of the BCV to prioritise price stability over the government's fiscal policy objectives. Overall, the monetary policy framework has been shaped by the fixed exchange rate (currently 2,150 bolivars/US dollar) and exchange controls, the rising levels of expenditure of the government, and the requirement for the BCV to transfer reserves to Fonden and for PDVSA to allocate additional revenues directly to Fonden.

#### **Framework and monetary targets**

The BCV's webpage does not make available a concise document that explains its monetary policy framework and the instruments used to attain its objectives. The LBCV requires the central bank to use a medium-term framework and publish its monetary targets and the instruments used, as agreed in the annual policy discussions with the government. However, the BCV is not announcing a clear monetary policy or monetary targets. The *Macroeconomic Coordination Agreement* for each fiscal year has to be published by the time the National Assembly approves the annual budget bill, but this document has hitherto not been made publicly available. Commentators have noted that the agreement is still signed annually, but has little significance.<sup>21</sup>

Inflation is measured by changes in the consumer price index (CPI), which is produced through a limited survey that only covers Caracas, and is highly distorted owing to the government's introduction of price controls.<sup>22</sup> Commentators asserted that the BCV no longer sets long-term monetary policy targets or goals.<sup>23</sup> It is now the government that announces the annual inflation target, following consultation with the BCV. The BCV then establishes annual, monthly and weekly 'corridors' (ie ceilings and floors -- which are not published) for growth of the monetary base. The BCV continues to make concerted efforts to sterilise excess liquidity, but those efforts have become increasingly costly (in terms of the interest payments required), resulting in the BCV's incurring of losses this year.<sup>24</sup>

#### **Monetary instruments**

The BCV intervenes in monetary markets through two types of operations: repurchase operations to manage liquidity in the financial system, and interventions in secondary bond markets. The latter follow clear rules and are made electronically through an auction system, with details of the central bank's activities published on the same day. Any changes to the liquidity target are published in the BCV's *Monthly Report* and *Weekly Brief*.<sup>25</sup>

Given the very high levels of liquidity in the economy and the losses now being incurred by the BCV -- and assuming that the government continues with its highly expansionary fiscal policy -- there is a risk that these two monetary instruments will prove increasingly inadequate for stemming future rises in liquidity. Some commentators have suggested that recent debt issues by the government have the primary purpose of absorbing domestic liquidity,

so the Ministry of Finance is “starting to do the BCV’s job”, in the realisation that the BCV will find it increasingly difficult to do so itself.<sup>26</sup>

## **The monetary policy-making body**

### **Monetary board**

As set out in Article 15 of the LBCV, the principal monetary policy-making body within the central bank is the Board of Directors. The executive appoints five members of the seven-member board, with the other two appointed by the National Assembly. One member (from the president’s appointees) must be a minister from the economic cabinet, but not the finance minister. The president also appoints the BCV president, who presides over the Board of Directors. The appointment of the BCV president is subject to legislative ratification, and the LBCV contains procedures for replacing the current BCV board members on completion of their tenures.

The LBCV clearly makes the Board of Directors responsible for the management of monetary policy and the central bank’s administrative decision-making. The terms of office for the board are also set out in the LBCV, but they do not ensure the independence of the directors. Non-compliance with the price stability objective as agreed in the annual plan can result in members’ removal from the board.<sup>27</sup>

Commentators stated that government pressure on the BCV has become so regular and intense in 2006 that the level of resistance offered by the BCV’s Board of Directors has fallen compared to previous years. BCV President Gastón Parra Luzardo is widely regarded as being close to the government.<sup>28</sup> Commentators suggest that, of the members of the Board, only Domingo Maza Zavala and, particularly, Armando León, continue to seek to assert the BCV’s independence.<sup>29</sup>

### **Advance meeting schedule**

Advance schedules for board meetings are unavailable, since ordinary board meetings take place every Tuesday and Thursday. Tuesday meetings review previous events and set out an agenda for decisions to be adopted at the subsequent Thursday session.

## **Public statements on monetary policy**

The constitution mandates the publication of BCV board minutes. Decisions are published on the BCV website, although this typically happens with a lag of three months.<sup>30</sup> Details of board decisions and BCV operations are also disclosed through press releases available on the website. Other monetary policy statements are published in the *Annual Report* and the year-end address of president of the BCV.<sup>31</sup> However, commentators noted that the quality of the *Annual Report* and the year-end address of the president of the BCV have decreased substantially. The addresses now contain more political reasoning explaining key decisions, and are less critical of government policy than previously. Some commentators asserted that they now lack economic reasoning, good statistics and increasingly relevance to analysts and markets, as key elements of monetary policy are now determined by the government. The last address did not contain a GDP forecast for the following year. Other monetary information is still published as before, but there are more delays in the publication of the information.<sup>32</sup>

Aside from the headline inflation target announced annually by the government, the BCV now uses only intermediate monetary base ‘corridor’ targets that are not made available to the public in the BCV minutes. There is no procedure for explaining the operation of monetary policy. The BCV has econometric models, but does not make them public.<sup>33</sup>

### **Periodic publications**

The BCV publishes a number of periodic reports. In addition to the *Annual Report*, the central bank publishes the *Monthly Report*, which includes a short description of monetary policy decisions and the financial operations undertaken, and information on financial markets, monetary aggregates, central government public finances and economic legislation adopted during the month. The *Monthly Report* also discloses all adopted and issued regulations. The BCV also releases weekly and daily statements containing financial and foreign exchange market data.

### **Public hearings**

The BCV does not hold public hearings or regularly provide commentary on regulations and decisions it adopts. A framework for incorporating broad public consultation over technical changes in the operation of monetary policy does not exist.

### **Regulations on data reporting by financial institutions to the central bank**

Articles 48-55 of the LBCV establish rules governing the relationship between the central bank and other banks. It contains provisions on the requirement for private sector financial intermediaries to provide the information that the BCV may request on their operations, the data necessary to evaluate their financial situation, and all information required by the central bank to adequately perform its functions.

### 3. PUBLIC AVAILABILITY OF INFORMATION ON MONETARY POLICY



#### Release of central bank data

Venezuela does not subscribe to the IMF Special Data Dissemination Standard (SDDS), but meets the requirements of the General Data Dissemination System (GDDS). The coverage of analytical accounts and time series has been improved compared to several years ago; most of these data are available through the *Statistics Information* page on the BCV website.<sup>34</sup> Although the BCV authorities had previously mentioned their intent to publish an advance release calendar, it is still not available.<sup>35</sup> Commentators judge that the BCV data are, in general, still of good quality, but in recent months some doubts have arisen.

Several commentators believe that the level of inflation is being deliberately underestimated so that the government does not lose support ahead of the presidential election this December. Although this may be an exaggeration, it illustrates the sharp decline in trust in some BCV data. A lack of clarity is generated by the fact that the BCV has not specified the basket of goods on which recent inflation calculations are based, so the proportion of goods whose prices are fixed contained in the calculation is not known. It was also noted that since 2003 the BCV has not published disaggregated investment data (i.e. data distinguishing public from private investment).<sup>36</sup>

The BCV's *Weekly Brief* provides detailed information on the central bank's financial and foreign exchange operations, monetary policy aggregates, and foreign reserves. The *Monthly Report* provides a detailed analysis of the economy, focusing on changes in domestic price indices, monetary aggregates, interest rates, and foreign reserves. The report also contains a summary of the monetary and foreign exchange operations of the BCV for the previous month and provides a summary of decisions taken by the Board of Directors.

#### The central bank balance sheet

Articles 66-67 of the LBCV require the periodic disclosure of the central bank's balance sheet. Monthly statements have continued to be released within 15 days of the reference period. The six-month balance statement is also released within 15 days of the end of the reference period, while the annual statement is published with a lag of 30 days from the end of the fiscal year.

#### Lender of last resort

Article 48 of the LBCV authorises the central bank to carry out lender of last resort operations. The BCV may only perform these operations after reviewing the financial statements and the balance sheets of the beneficiary institutions. Previously, loans had a 30-day duration and could be extended only once up to a 90-day period. However with the amendment to the LBCV, the BCV can now provide loans for up to two years, which has caused some concern.<sup>37</sup> All loans must be guaranteed with credit instruments or securities. The BCV does not publicly disclose the methodology followed to account and report on emergency lending operations to distressed institutions.

## Public information services

The BCV produces a variety of regular and *ad hoc* reports, and data can be accessed through the *Statistics Information* page on the BCV website. It maintains a comprehensive website (though up-to-date information in English is limited) that sets out details of its operations. BCV officials are available to address any specific query raised by interested parties.

However, in 2005 and 2006 there has been a significant decline in the number of working papers published on the website -- from fourteen in each of 2003 and 2004 to four in each of 2005 and 2006. Some commentators have suggested that this is a reflection of diminished technical capacity within the BCV.<sup>38</sup>

## 4. ACCOUNTABILITY AND ASSURANCES OF INTEGRITY BY THE CENTRAL BANK



### Accountability before a designated public authority

As set out in the constitution and Article 77 of the LBCV, the central bank is accountable to the National Assembly in terms of compliance with policy objectives. To this end, the BCV must submit a report every year to the National Assembly explaining its monetary policy and performance. In addition, the constitution and the LBCV (Articles 81-86) give the Comptroller General and SUDEBAN the authority to monitor all central bank operations.

### Financial statement

#### Audited financial statement

The BCV is required to produce a financial statement that must be audited externally.<sup>39</sup> The statement must be published within three months of the end of the financial exercise. The monthly and quarterly BCV balance sheet, and the annual financial statements are available in the *Statistics Information* section.<sup>40</sup> An annual financial statement is also published as part of the *Annual Report*. However, the audited statements are not readily available to the public.

#### External and internal audit

The central bank's *Internal Regulations* (Title IV, Articles 88-89) provide the framework for internal auditing.<sup>41</sup> The constitution and the LBCV both contain provisions for an independently audited financial statement. The statement is produced by the BCV and audited externally by a private firm, which may be national or foreign. The same firm may not be hired more than three consecutive times, and is selected by the executive after consultations with the BCV.

### Conduct of officials

Articles 28-30 of the LBCV contain general directives on rights and responsibilities for all BCV employees. Article 18 sets out standards of conduct for board members, while Article 19 details those for the BCV president. In addition, as established by Article 28, the Board of Directors is in charge of issuing complementary statutes that set out standards of conduct for employees. Details of these statutes are not publicly available.

## INTERVIEWS

Representatives of *Oxford Analytica* interviewed the following individuals during a visit to Venezuela between 6 and 10 November 2006:

### Ministry of Finance

#### 6 November 2006

Guillermo Ortega	General Coordinator	Public Policy Evaluation Unit
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### Central Bank of Venezuela (BCV)

#### 10 November 2006

An interview was conducted with a senior official of the Central Bank of Venezuela on condition of anonymity.

## ADDITIONAL INTERVIEWS

#### 6 November 2006

Pedro Ravelo	Consultant	World Bank
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#### 7 November 2006

Leonardo Vera Azaf	Senior Economist	Banco Mercantil
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#### 8 November 2006

José Guerra Brito	Former Head of Economic Research	Central Bank of Venezuela
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#### 9 November 2006

Ana María Di Leo	Assistant Director	Veneconomía
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José Manuel Puente	Faculty member	Centre for Public Policy, IESA
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#### 10 November 2006

Esteban Sánchez	Head of Economic and Fiscal Research	Econ. & Fin. Counsel to the Nat. Assembly
Ricardo Quiroz	Economic and Fiscal Research	Econ. & Fin. Counsel to the Nat. Assembly

## NOTES

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- <sup>1</sup> Constitution of the Bolivarian Republic of Venezuela, 1999 *Constitución de la República Bolivariana de Venezuela* (as amended, in Spanish only): [www.bcv.org.ve/c3/constitucion.asp](http://www.bcv.org.ve/c3/constitucion.asp)  
LBCV, *Ley del Banco Central de Venezuela* (as amended in 2002, in Spanish only): [www.bcv.org.ve/c3/refleybcv.asp](http://www.bcv.org.ve/c3/refleybcv.asp)
- <sup>2</sup> BCV: *Normativa del Régimen de Administración de Divisas; Convenio Cambiario No. 1-2* (in Spanish only): [www.bcv.org.ve/c5/admonddivisas.asp](http://www.bcv.org.ve/c5/admonddivisas.asp)
- <sup>3</sup> Interviews in Venezuela, 27-30 October 2003.
- <sup>4</sup> Article 91, LBCV.
- <sup>5</sup> Article 319 of the constitution.
- <sup>6</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>7</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>8</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>9</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>10</sup> Interviews in Venezuela, 6-10 November 2006. The Treasury Bank's accounts for August are available at: [www.sudeban.gob.ve/documentos/balance\\_publicacion/Balance-Publicacion-Agosto-2006.xls](http://www.sudeban.gob.ve/documentos/balance_publicacion/Balance-Publicacion-Agosto-2006.xls)
- <sup>11</sup> Interviews in Venezuela, 25-28 October 2005.
- <sup>12</sup> Interviews in Venezuela, 8-12 November 2004.
- <sup>13</sup> Interviews in Venezuela, 25-28 October 2005.
- <sup>14</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>15</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>16</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>17</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>18</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>19</sup> Interviews in Venezuela, 25-28 October 2005 and 6-10 November 2006.
- <sup>20</sup> Chapter III, Articles 44-47, LBCV.
- <sup>21</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>22</sup> Interviews in Venezuela, 27-30 October 2003.
- <sup>23</sup> Interviews in Venezuela, 25-28 October 2005.
- <sup>24</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>25</sup> *Boletín Mensual* (in Spanish only): [www.bcv.org.ve/c1/Publicaciones.asp?Codigo=98&Operacion=2&Sec=True](http://www.bcv.org.ve/c1/Publicaciones.asp?Codigo=98&Operacion=2&Sec=True)  
*Síntesis Semanal* (in Spanish only): [www.bcv.org.ve/c1/Publicaciones.asp?Codigo=1671&Operacion=2&Sec=True](http://www.bcv.org.ve/c1/Publicaciones.asp?Codigo=1671&Operacion=2&Sec=True)
- <sup>26</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>27</sup> Article 27, LBCV.
- <sup>28</sup> Interviews in Venezuela, 25-28 October 2005 and 6-10 November 2006.
- <sup>29</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>30</sup> *Decisiones del Directorio en Materia de Política Monetaria* (in Spanish only): [www.bcv.org.ve/actpm/sintesisapm.asp](http://www.bcv.org.ve/actpm/sintesisapm.asp)
- <sup>31</sup> These documents are available at: [www.bcv.org.ve/c1/Publicaciones.asp?Codigo=91&Operacion=2&Sec=True](http://www.bcv.org.ve/c1/Publicaciones.asp?Codigo=91&Operacion=2&Sec=True)
- <sup>32</sup> Interviews in Venezuela, 25-28 October 2005 and 6-10 November 2006.
- <sup>33</sup> Interviews in Venezuela, 8-12 November 2004 and 6-10 November 2006.
- <sup>34</sup> *Información Estadística* (in Spanish only): [www.bcv.org.ve/c2/indicadores.asp](http://www.bcv.org.ve/c2/indicadores.asp)
- <sup>35</sup> Interviews in Venezuela, 25-28 October 2005.
- <sup>36</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>37</sup> Interviews in Venezuela, 25-28 October 2005.
- <sup>38</sup> Interviews in Venezuela, 6-10 November 2006.
- <sup>39</sup> Articles 87-88, LBCV.
- <sup>40</sup> *Estados Financieros del BCV* (in Spanish only): [www.bcv.org.ve/c2/indicadores.asp](http://www.bcv.org.ve/c2/indicadores.asp)
- <sup>41</sup> *Reglamento Interno del Banco Central de Venezuela* (in Spanish only): [www.bcv.org.ve/c3/reglabcv.asp](http://www.bcv.org.ve/c3/reglabcv.asp)