

ACCOUNTABILITY

Central bank's independence is an inseparable part of any monetary system that gives priority to ensuring price stability. At the same time, principles of modern democracies expect any independent institution performing public functions to be accountable for its actions. For Eesti Pank, the autonomous central bank of the Republic of Estonia, accountability entails explaining its economic policy views and decisions to the citizens of Estonia and their democratically elected representatives in a clear and profound manner. Accountability and autonomy of the central bank are two counterbalancing principles.

Legal framework for accountability and compulsory publications of the central bank

The scope of accountability of the central bank has been defined in various Estonian laws. Pursuant to the Law on the Security for the Estonian Kroon, the central bank is to publish at least once a month data on the volume of gold and foreign exchange reserves and the amount of Estonian kroons in circulation. These data are published in the form of **tables describing the balance sheet of Eesti Pank and foreign exchange reserves backing the kroon**. Pursuant to the Official Statistics Act and the Eesti Pank Act, the central bank is entitled as well as obliged to collect and publish **monetary, financial and balance of payments statistics** in its field of responsibility, according to rules laid down for this purpose. The statistical data are published on the bank's website. The Eesti Pank Act also requires publication of a bulletin at least once every three months in addition to the Annual Report of Eesti Pank. The **quarterly bulletins focus on monetary or financial policy** issues

in turns. The **Annual Report** includes the annual accounts for the year. The Supervisory Board of Eesti Pank approves the Annual Report and submits it, together with the auditor's report, to the Riigikogu. Along with the Annual Report of the central bank the Riigikogu receives the Annual Report of the Financial Supervision Authority after the report has been approved by its Supervisory Board. Governor of Eesti Pank also makes a presentation in the Riigikogu on the Annual Report of the central bank.

Accountability vis-à-vis the Riigikogu

Governor of Eesti Pank makes a presentation on the Annual Report every year. In addition, the bank and the Riigikogu cooperate in the form of meetings and bank representatives give explanations and comments in response to the issues raised by members of the Riigikogu.

The top executives and specialists of Eesti Pank meet regularly with the Finance Committee of the Riigikogu in order to explain the central bank's estimates on economic processes and discuss topical economic issues.

Upon request of parliamentary factions the top executives of Eesti Pank introduce the central bank's economic policy standpoints and activities. In 2008, economic adjustment and inflation processes were of most interest.

Eesti Pank was also requested to deliver its opinion on a draft act. In addition, Eesti Pank replied to an interpellation of members of the Riigikogu concerning the drafting of state budget and developments of interest rates on household loans.

Regular reporting on economic policy views and publication of economic data

The central bank's reliability for the public and the transparency of its activities are the preconditions for the smooth operation of the monetary system. Eesti Pank must provide both the general public and the experts with regular, profound and high-quality information on the economy. The central bank considers it important to offer easy and low-cost access to data (for example, regular publications of Eesti Pank are free of charge to subscribers and public libraries), and also to provide quality and timely information (for instance, there are very strict requirements for the system of publishing statistical data¹). In addition to providing information on the website and in various publications², it is possible to request information directly from the bank. Information can be requested by mail, e-mail or phone. In 2008, Eesti Pank received 3,751 inquiries, 73 of which were registered as requests for information.

¹ The data are to be published not only on a fixed date but also at a certain time of the day, and they have to meet internationally accepted quality criteria.

² The full list of publications of Eesti Pank in 2008 is available in the Annex to the Annual Report on page 154.