

# ACCOUNTABILITY

Over the last fifty years the central bank's independence has emerged as an indispensable element of a monetary system which 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, it is the obligation to explain its monetary and financial policy vision 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 several Estonian laws. Pursuant to the Law on the Security for the Estonian kroon, the central bank is to publish at least once a month the data on the volume of gold and foreign exchange reserves, and the amount of the 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 a quarter and the Eesti Pank Yearbook once a year. The **quarterly bulletins focus on monetary or financial policy issues in turns**. The **yearbook** is published along with the financial report for the year. The Supervisory Board of Eesti Pank approves the annual report and, together with the auditor's report, submits it to the Riigikogu. Along with the annual report of the central bank the Riigikogu receives the annual report of the Financial Supervision Authority approved by the Supervisory Board of the Financial Supervision Authority. The Riigikogu hears the presentation of the Governor of Eesti Pank on the annual report.

## Accountability vis-à-vis the Riigikogu

Governor of Eesti Pank makes the presentation on the annual report of Eesti Pank every year. Moreover, the bank and the Riigikogu cooperate in the form of various meetings and the bank gives explanations and comments in response to the issues raised by members of the Riigikogu.

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

Upon request of parliamentary factions, the top executives of Eesti Pank present the views on economic policy developments and the activities of the central bank. In 2005, the criteria for acceding the euro area and meeting these criteria, as well as the role of a national central bank of the euro area were of most interest.

Interpellations of members of the Riigikogu in 2005.

- An interpellation of the members of the Riigikogu Andres Herkel, Tõnis Lukas, Helir-Valdor Seeder, Peeter Tulviste, Mart Laar, Mart Nutt and Trivimi Velliste on the reliability of banking in Estonia and of Eesti Pank with a view of a case related to potential conflict of interest of Ain Hanschmidt, former governor of Eesti Ühispank.



- An interpellation of Kadi Pärnits, a member of the Riigikogu, regarding details of the case related to Ain Hanschmidt, former governor of Eesti Ühispank and his acquisition of holdings in the shipping company Tallink.
- An interpellation of the members of the Riigikogu Marko Pomerants, Taavi Veskimägi and Olari Taal concerning preparations made for obtaining full membership in the European Economic and Monetary Union (EMU), and meeting the Maastricht price stability criterion.

#### Regular reporting on economic policy views and making economic data available to the public

The central bank's reliability for the public and the transparency of its activities are the preconditions for the smooth operation of a monetary system. Eesti Pank must provide both the general public and specialists with regular, profound and high-quality information on economy. The central bank considers it important to offer convenient and low-cost access to data (for example, regular publications of Eesti Pank are free of charge to subscribers as well as to public libraries), and also to provide high quality and timeliness of information (for example, there are very strict requirements concerning the system of publishing statistical data<sup>1</sup>). In addition to providing information on the web site and in various publications<sup>2</sup>, it is possible to request information directly from the bank. Information can be requested by mail, e-mail or phone. In 2005, Eesti Pank received 1,494 queries, 258 of which were registered as requests for information.

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<sup>1</sup> 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.

<sup>2</sup> The full list of publications of Eesti Pank in 2005 is available in the Annex to the Annual Report on page 112.