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**Statement by Mr. Sigurgeirsson and Mr. Vaikla on The Central Bank Transparency
Code - Staff Proposal
(Preliminary)
Executive Board Meeting
July 2, 2020**

We welcome the staff proposal on the IMF Central Bank Transparency Code (CBT), which is a useful tool for central banks by providing guidance and best practices related to transparency, thereby contributing to strengthen institutional pillars across the membership. The CBT appropriately reflects the evolution of central bank activities, mandates and functions, and the increased complexity of policy toolkits over the last decade. It also removes the unnecessary overlap with financial policies covered by other international standards. **We broadly agree with the general principles of the CBT and support the five-pillar framework covering key areas of central banking.** We would like to make the following points for emphasis.

Transparency of central banks is an important element in supporting accountability and public trust in the institutions thereby contributing to the effective pursuit of central bank objectives. One important aspect of building trust in the institution is to adapt communication to its target audience. Transparency needs to be appropriately balanced with the legitimate needs for confidentiality. Thus, we welcome that the CBT recognizes these needs in the context of market sensitive issues, financial stability considerations, and personal data. The right balance varies across different central banks and different activities and has to be reflected in the context of each central bank's legal framework and other constraints.

We support the explicit statement of the voluntary nature of the CBT to ensure that it is not misunderstood to be a legally binding document. It is also important that the CBT is flexible, easy to use, and sufficiently high-level to be suitable to all member countries with different central bank frameworks, including with due attention to different needs of different monetary policy regimes, and varying levels of institutional development. We welcome that the CBT recognizes the specificities of the legal frameworks applying to central banks that are part of currency unions. This is important not only in the formulation of the CBT but also in its concrete application.

The revised categorization of transparency practices into three levels - core, expanded, and comprehensive – which provides a good basis for the assessments. These labels provide a sensible balance between a neutral scale to guide central banks in mapping and assessing the evolution of their transparency frameworks, while limiting possible perceptions of rating, grading, and ranking. Furthermore, dividing categorization into three levels makes the code more relevant for central banks at different starting points.

We agree with the proposal to carry out CBT pilot reviews on a voluntary basis over the next two years. Participation in the pilot assessments should reflect the diversity of the membership. The outcomes and experiences of the pilots should be reported to the Board for review and discussion. It would be beneficial to have some of the pilot reviews connected to capacity development activities where the CBT code could be a useful diagnostic tool. We welcome that staff plans to develop a guidance note and a template for future voluntary assessments. *Could staff elaborate on the potential timing of these plans? Could staff also explain how the CBT code could be employed in capacity development activities as a potential diagnostic tool?*