

International Central Bank Cooperation: ESCB Best Practices

This best practice document was prepared by the Task Force on Central Bank Cooperation under the auspices of the ESCB's International Relations Committee. The Task Force comprises staff from all ESCB central banks who coordinate – within their respective institutions – cooperation activities at expert and management level with non-EU central banks. The focus of this document is thus confined to expert central bank cooperation of ESCB central banks with non-EU central banks and does not cover cooperation activities within the ESCB nor does it comprise policy cooperation.



Introduction

Cooperation among central banks is a well-established practice that began with the creation of an international network of major central banks in the first half of the last century, with the Bank for International Settlements being established in 1930.

Central bank cooperation comprises a large and diverse range of activities, the format and geographical focus of which have shifted over time. In particular, the creation of Economic and Monetary Union and EU enlargement, but also global developments, have impacted on the focus and format of central bank cooperation activities.

The central bank cooperation activities of the ESCB, comprising the ECB and the national central banks of all EU Member States, are largely demand-driven and are thus in response to specific requests.

This document describes best practices that illustrate the rationale, modalities and principles which the ESCB applies to its central bank cooperation activities.

Rationale

The mission of the ESCB's central bank cooperation activities – both individually and jointly – is to strengthen its relations with non-EU central banks and to foster sound central banking and supervisory practices, thereby contributing to monetary and financial stability. These activities primarily focus on central banks and supervisory authorities from developing countries and emerging market economies.

As part of their cooperation activities, the national central banks, the ECB and the ESCB jointly cooperate with central banks of developing countries and emerging market economies to discuss central banking policies and practices, thus enhancing mutual awareness of economic and financial developments. In addition, the ESCB's central bank cooperation activities provide a discussion forum for EU candidate countries and support their institutional capacity-building in their preparations for eventually joining the ESCB.

The national central banks also respond to established ties their countries may have with non-EU central banks, and share their experience in pursuing all their tasks under their mandate.

Practices

The ESCB's central bank cooperation activities are based on a number of principles:

Principle 1: Global monetary and financial stability

The essence of central bank cooperation is the transfer of expertise. When ESCB central banks put their expertise at the disposal of their peers, they contribute to the promotion of monetary and financial stability globally.

Principle 2: Relationship-building

Establishing and maintaining close professional relationships is key to sound and rewarding cooperation. For this reason, the ESCB has, through central bank cooperation, built up partnerships over many years with monetary and financial supervisory authorities around the world.

Principle 3: Openness and respect

The ESCB cooperates with its partners in a setting of openness and full respect. All interaction is guided by mutual understanding and trust, cultural awareness, and openness to ideas and opinions.

Principle 4: Efficiency

The members of the ESCB manage all resources prudently and promote effective and cost-efficient solutions, applying the principles of sound planning to all stages of the project cycle. Within the ESCB, potential synergies and economies of scale arising from central bank cooperation are identified and exploited to the extent feasible. Whenever appropriate, efficiency gains associated with the use of new digital platforms and tools are pursued.

Principle 5: Sustainability

The ESCB's central bank cooperation activities are aimed at having a sustainable impact in the sense that the result of the cooperation should outlast the specific activities. For this reason, activities are demand-driven and tailored to the needs of partner central banks, assuring ownership. Due regard is paid to the absorption capacities of the beneficiary institution.

Principle 6: Evaluation

The ESCB's central bank cooperation activities include – where appropriate – monitoring, reporting and feedback mechanisms to review activities and assess their relevance, efficiency, effectiveness, sustainability and impact in order to draw conclusions on how to strengthen future activities.

Modalities

Taking into consideration the different national approaches, central bank cooperation can best be characterised by a set of illustrative examples rather than by a general definition. The following examples show the main thrust of central bank cooperation activities:

- high-level contacts and discussions at policy level (such as conferences and bilateral meetings between members of the Board);
- peer-to-peer discussions;
- seminars, workshops, training courses or other learning events, including on innovative technology where appropriate, which are attended by representatives of central banks worldwide
- dedicated structured programmes (medium to long-term) to support institution-building and policy set-up, or regular missions, either at the technical or policy level
- coordination activities to obtain external financing (e.g. EU-funded projects), either following bilateral exchanges or on the basis of agreements with other central banks or institutions (e.g. international financial institutions, EU institutions, governments);
- wide range of further activities, such as secondments, visits, video/telephone conferences, responding to questionnaires.