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| MACROECONOMIC POLICY COMMUNICATION |
| Blended course: Self-paced content |
| COURSE PLAN - MODULE 4 |

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# MODULE 4: Policy Communication: Approaches, Techniques, and Tools

## UNIT 0: Introduction to Module 4

Let's focus on policy communication in practice, where theory meets real-world application. In this module, we'll guide you through the essential behavioral approaches, techniques, and tools in policy communication.

Any public agency, such as a central bank or treasury, should define a strategic framework for policy communication. First, we'll explore the main building blocks of such a strategy. We'll look at the institutional guidelines needed to operate a strategy. Next, we'll detail the communication cycle around policy decisions. We'll also cover the standard features of a communication toolkit. Then, we'll discuss the organizational foundations of policy communication. Finally, we'll specify approaches to segmenting target audiences.

**By the end of this module, participants will be able to:**

1. *Explain effective communication and dissemination strategies for different audiences.*
2. *Identify the benefits of establishing clear* *internal communication guidelines.*
3. *Organize a standard toolkit for policy communication.*
4. *Segment stakeholders and target audiences into key groups.*
5. *Identify the main components required to conduct a communication impact assessment.*

# SECTION 1: Effective communication strategy in practice

## UNIT 1.1: Main building blocks of a communication strategy

There is no one-size-fits-all approach to designing a policy communication strategy. Different central banks and treasuries (ministries of finance) use different approaches.

Why? Because each must adapt to its unique policy regime and the political and cultural environment in which it operates. Focusing on the policy regime, an exchange rate targeting central bank would aim to promote the benefits of exchange rate stability, while an inflation targeting one would highlight its price stability objective, defined as a numerical inflation target. A treasury with an explicit fiscal rule specified in terms of a debt ceiling would communicate differently from a treasury without any such a rule.

There is a range of other factors that feed into designing a communication strategy. Operational details play a role. Cultural environment matters, as does the economic and financial literacy of the population. Finally, to make a strategy well-focused and tailored, the economic situation and the agency’s reputation among the public need to be considered. For example, is the central bank trusted or not at this moment? Has the fiscal rule been enforced in the past?

While each factor shapes the communication strategy, the strategy is usually based on the same principles or building blocks. These principles revolve around three questions:

First it is “Why”, the second is “How”, and the third is “What”.

Let’s look at these questions, and the answers, in greater detail in the following video.

### <VIDEO 1.1> "Designing an effective policy communication strategy” [word count: 472]

We can borrow the “Start with Why” paradigm from author Simon Sinek.

Before answering “How” and “What”, we must define “Why”. The “why” defines policy communication goals. These need to be set in a way that allows the central bank to measure communication’s success.

Defining policy communication’s main goals is paramount: Why does a central bank communicate and what does it want to achieve?

For any central bank, regardless of regime, the primary strategic goal of communication is to broaden the understanding of its status, mandate, and monetary policy objective.

An inflation-oriented central bank aims to inform the public about the primacy of the price stability objective, inflation target, and the importance of low inflation for long-term growth and prosperity. Equally important is to speak about the value of a transparent and operationally autonomous central bank.

A central bank operating under an exchange rate peg has similar objectives, as expectations play a crucial role in any regime.

An exchange-rate pegging central bank aims to reassure the public of its efforts to achieve a stable exchange rate over the medium term. This is achieved through its international reserves. To sustain the credibility of a peg and anchor inflation expectations, a central bank must credibly communicate its foreign exchange position.

The “How” question is addressed by the central bank’s institutional foundations and communication tools and techniques.

How a central bank communicates depends on the institutional setup: What is the policymakers’ appointment process and the policymaking body’s decision-making typology? This can be either individualistic, with a single decision maker or decision makers who have individual votes and speak for themselves; or collegial. A collegial body arrives at decisions by consensus, and each member takes ownership of those decisions. This decision-making typology influences the central bank’s communication style. The institution then speaks with either a single voice or multiple voices.

The answer to the “What” question is a set of two messages. First, what is the institution’s status and mandate? Second, what is the reasoning behind their policy decisions and forecasts?

Let’s start with messages on status and mandate: At an inflation-oriented central bank, messages should reinforce the price stability mandate and the inflation target level. Every public engagement by central bank officials must explicitly mention the inflation target and its horizon.

For central banks operating exchange rate pegs, the focus is on foreign exchange reserves, import coverage, and capital flows (if they are relevant for a given country). For example, the widely recognized international norm for sufficient ‘import coverage’ is 3 months. There are similar benchmarks for appropriate reserve levels vis-à-vis capital flows.

Besides status and mandate, it’s essential to explain the reasoning behind the agency’s policy decisions and forecasts. Inflation-oriented central banks focus on key messages about macroeconomic forecasts and the economic analysis behind them. Explaining past forecast errors promotes trust in the institution.

**<END OF VIDEO >**

## UNIT 1.2: Outline of a model communication strategy

A monetary policy communication strategy is usually adopted as an internal document approved by a central bank’s top decision-making body.

Apart from setting the strategic communication goals, the document would include the main strategic communication messages, segment target stakeholder groups, and propose tactics, tools, and techniques for reaching out to each target group individually. In summary, the strategy document outlines how a central bank can systematically employ a wide variety of communication tools to effectively transmit its messages to a wide array of audiences.

A typical strategy is formulated along a model outline <INSERT HYPERLINK TO PDF #1>. (***NOTE:*** *This is a general template that does not refer to any particular central bank, however, it is tailored to an inflation-oriented central bank.*)

### <INTERACTIVE ACCORDION\_DOCUMENTATION TOOL>

**Outline of a strategic framework for monetary policy communications**

*(Content also available in a separate PDF titled “Outline* *of a strategic framework for monetary policy communications”)*

**<INTERACTIVE OUTLINE\_END>**

Developed countries’ central banks prepare and pursue specific and elaborate monetary policy communication strategies as part of their overall communications, such as Sweden’s Riksbank. This central bank even makes its strategic Communication Policy document public.

## UNIT 1.3: Internal Guidelines Governing External Communication

As part of their communication strategies, a growing number of central banks set strict internal rules for their staff on public and media engagement.

They adopt and implement internal principles for governing a central bank’s external communications on policy issues for two reasons:

One is to maintain and reinforce communication discipline and ensure all public speakers stay on message.

Another is to help prevent noise in financial markets and in the wider public around central bank actions and policy leanings. Such "noise" can arise, for example, when a central bank policymaker is quoted in the media reiterating the current policy stance. If this statement is made a few days before an upcoming policy meeting, it may be interpreted as having new, forward-looking significance, even though it conveys little new additional information.

In some central banks, regulations governing external communication on policy are referred to as “Communications Policy”.

Let's dive into how these guidelines and regulations function in practice.

### <VIDEO 1.2> "Internal guidelines for external communication” [word count: 218]

Central banks must define the roles and responsibilities of policymakers and staff in external communications.

Let’s describe a typical example of how the roles are divided.

Policymakers, such as the Governor or Chairman, are typically the main policy spokespersons.

Other Monetary Policy Committee members or Board members can also speak on monetary policy and share independent policy conclusions. The Bank’s dedicated public spokesperson, commonly the Director of Communication, handles non-policy topics. This role involves making public statements on organizational issues and answering media inquiries.

Central bank staff are restricted from speaking to the media or making public pronouncements about policy or other core functions. Many central banks have implemented specific regulations regarding how staff should conduct themselves professionally in public and on social media.

Let’s explore special rules for staff communication on policy.

Heads of departments may be authorized to speak PUBLICLY within their areas of expertise. For example, the Head of Monetary Operations would be authorized to speak on liquidity auctions or changes in reserve requirements. These authorized management members are referred to as “expert spokespersons.” Only these officials authorized by internal guidelines can communicate on behalf of the institution.

At some central banks, regulations prohibit any communication that would anticipate future policy decisions. They require observing a “media blackout” or “media quarantine” period before policy decisions.

**<END OF VIDEO >**

The world’s most transparent central banks make their rules for communication around policy decisions available to the public.

An example of this is the so-called “blackout guidelines” implemented by the Bank of Canada.

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| **Blackout guidelines**  Consult our "blackout" guidelines for communications around fixed announcement dates.  Eight times a year, the Bank announces its decision on the setting of its key policy interest rate (the overnight rate target). Members of the Bank's Governing Council observe a communications "blackout" around the announcement of the interest rate decision. This "blackout" (or "no-comment" period) is intended to help mitigate unnecessary speculation about monetary policy actions. During the blackout, Governing Council members refrain from giving speeches and from speaking to the news media or other outside parties about the economic outlook and the direction of monetary policy, or about anything else that could be considered relevant to the economic outlook and their interest rate decision. Other senior representatives of the Bank are also expected to adhere to the blackout guidelines.  The key policy rate decision is published on a Wednesday at 9:45 Eastern Time. The blackout ends at 10:30 a.m. Eastern Time when the press conference associated with the decision begins.  In January, April, July and October, when the Monetary Policy Report is published concurrently with the key policy interest rate decision, the blackout begins on Tuesday – eight days prior to the rate decision.  When the policy rate decision is not published in conjunction with a Monetary Policy Report, the blackout begins on Wednesday – seven days prior to the rate decision. |

The Czech National Bank issues these so-called “media quarantine” guidelines.

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| **Media quarantine**  Bank Board members generally refrain from commenting on monetary policy issues for one week before the CNB Board’s monetary policy meeting. In the week between the monetary policy decision and the publication of the minutes of the Bank Board meeting, they comment on them to only a limited extent in accordance with the CNB’s published official communications.  “Media quarantine” (or “media blackout”) is an institutional communication rule that is astandard instrument for modern central banks. In the Czech Republic, it consists in members of the Bank Board and other CNB representatives refraining from commenting on monetary policy issues, the economic outlook and other topics that might be relevant to decisions on policy rates for one week before monetary policy meetings (held eight times a year). In the period between the monetary policy meeting and the publication of the minutes of the meeting, Bank Board members and other CNB representatives only make comments consistent with the Bank Board’s decisions and the CNB’s published official communications.  The central bank takes such action in order to prevent speculation about current monetary policy decision-making and to ensure that there is a level playing field – particularly for the financial markets – for receiving and processing this sensitive information. The media quarantine period always starts one week before the monetary policy meeting (usually at 3.00 p.m. on a Thursday) with the publication of the planned attendance of Bank Board members at that meeting. Monetary policy meetings may exceptionally be held on a Wednesday (due, for example, to the attendance of the CNB Governor at the ECB General Council meeting). In such cases, the media quarantine period is one day longer and starts on a Wednesday. The media quarantine period usually ends at 9.00 a.m. on the following Friday with the publication of the Minutes of the Bank Board Meeting. This document, approved by the Bank Board, is a single, consensual output that summarises the latest monetary policy decision and the preceding discussion and is available to all media and market participants at a single fixed time. It is therefore inappropriate for Bank Board members and other CNB representatives to appear in the media and present their individual opinions on monetary policy before the minutes are published.  Exceptions from the media quarantine rule may be made if the Bank Board judges that the benefits of doing so outweigh the benefits of media quarantine. |

Central banks set specific rules of public engagement for even their highest-ranking officials—members of their policymaking panels (i.e., board or monetary policy committee members).

The rules of public engagement by policymakers are applied at central banks with collegial decision-making monetary policy committee or board (the so-called “collegial committee types”), as well as at central banks whose policymaking panels make decisions collectively, but each member has an individual vote (the so-called “individualistic committee types”).

The approach taken by a decision-making committee in crafting policy decisions directly impacts how its members communicate in public settings. Members of individualistic committees are allowed to express their own views internally with votes and may communicate individual statements externally.

[Click on the **Interactive Presentation** below for examples of central bank guidelines governing external communication by policymakers.]

**<Interactive Course Presentation\_START>**

A summary of the typology of decision-making committees is illustrated in the following:

**<Asset 4.1.3\_Committee types>**A black and red chart with black text

Description automatically generated

***Source:***G. Price and A. Wadsworth (2019), "Effective monetary policy committee deliberation in New Zealand", RBNZ Bulletin, Vol. 82, No. 1 April 2019. Available at <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/publications/bulletins/2019/rbb2019-82-01.pdf>

Based on A. Blinder (2006) ‘Monetary policy by committee: why and how’, DNB Working Paper No 92. Available at <https://www.princeton.edu/~ceps/workingpapers/118blinder.pdf>

**INDIVIDUALISTIC COMMITTEE**

The **Bank of England**’s Monetary Policy Committee and the **Czech National Bank**’s Board arrive at decisions in an “individualistic” manner. The votes of their members are publicly disclosed, providing the members with freedom to individually speak in public.

The **Bank of England** has put in place communications guidance for members of its Monetary Policy Committee. Still, the document states that:

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| “*members are fully entitled to explain their policy position in public but in doing so should respect the best collective judgment embodied in the Monetary Policy Report and the Forecast. They should express their views in a way that maintains the Bank’s reputation for constructive policy debate*”. |

**Sveriges Riksbank** (Sweden) is another example of a central bank that has an individualistic committee, the Executive Board. Its members express their policy views by publicly disclosed votes and individual public statements. Still, Executive Board members remain subject to specific rules:

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| Executive Board members’ external communication A large part of the members' work involves meeting people, listening, explaining and answering questions. It is therefore important that the members’ communication is also open and clear, especially when it comes to monetary policy, where the outside world demands guidance and nuances regarding market-sensitive decisions. The Executive Board makes decisions collectively, but each member has an individual voice and view to be communicated. To contribute to open, clear and trusting communication, the Executive Board shall therefore:   1. Communicate both the views of the Riksbank and their own stance. The members of the Executive Board shall take joint responsibility for spreading knowledge about the Riksbank’s views, tasks and operations. In matters relating to the monetary policy decision, only the Riksbank's decisions shall be communicated after the monetary policy decision has been published. The members can only present their own positions in the economic debate after the minutes have been published. 2. Not anticipate their own or the Board’s future decisions. Once the minutes of the meeting have been published, the members may present their own personal deliberations regarding the decisions made and the forecasts. They may, for example, comment on new statistics and relate them to the earlier forecast and give an account of the basis for the decisions – that is which variables are always important and which may be of particular importance at the time concerned. They shall not, however, anticipate their own or the Board's future decisions. 3. Strive to take part in external public appearances that are open to the media. External appearances by members of the Executive Board should normally be open to the media and announced on the Riksbank’s website. The members shall be open to discussions and meetings with important target groups and provide broad access to information, however, taking into account the limitations resulting from the regulations on confidentiality and the above requirement that information deemed to be market-sensitive shall be communicated internally and externally at the same time. 4. Respect the quiet period prior to the monetary policy decisions. - The members of the Executive Board shall abstain from external statements concerning macroeconomic developments or monetary policy for seven calendar days before the decision is made public. Members may, however, attend meetings related to their international missions or attend necessary meetings with other authorities during that period. - If the member wishes to attend events or meetings on other areas of activity during this period, the matter shall be consulted with the Head of Communications and the other members shall be informed. 5. Strive to express their arguments clearly and briefly. The minutes of the monetary policy meetings shall enable the examination of the Executive Board's work. They shall report what was said at the meetings. To facilitate examination, the members should express themselves briefly, clearly and with a focus on their own arguments. |

***Source:*** The Riksbank’s communication policy, January 2024. Available at <https://www.riksbank.se/en-gb/about-the-riksbank/how-the-riksbank-is-governed/internal-regulatory-framework/policies/communication-policy/>

**GENUINELY COLLEGIAL COMMITTEE**

On the other hand, the **European Central Bank**’s (ECB) Governing Council is a good example of consensus decision-making bodies operating in a “genuinely collegial” manner. The votes of its members are not publicly disclosed and members’ ability to express individual views on policy in public is restricted.

The **Reserve Bank of New Zealand**’s (RBNZ) is another example of an institution whose policy body decides by consensus and that has set elaborate rules for external communication by its Monetary Policy Committee (MPC) members:

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| *Third, MPC members may make additional public comments after the decision. These comments must “draw on the MPC’s official communications and on the Governor’s media conference remarks”. Allowing MPC members to reiterate official communications to their communities or economic sectors via public remarks could increase the reach of MPC communications. Further, the charter states that any non-public remarks by members regarding the decision should “avoid providing, or appear providing, new information to a subset of individuals.”*  *Fourth, the charter also permits MPC members to publicly communicate different views on the balance of risks and economic outlook behind the monetary policy decision. The risk of these comments reducing policy clarity is mitigated as the charter requires members to speak “with respect for other members and the MPC as a whole. Members are to consult with the MPC within a reasonable timeframe in advance of any public communication, refrain from characterising the individual views of other MPC members, and ensure such communication is publicly advised in advance and on the record (on the Bank’s website) in real-time.”* |

***Source:***G. Price and A. Wadsworth (2019), "Effective monetary policy committee deliberation in New Zealand", RBNZ Bulletin, Vol. 82, No. 1 April 2019. Available at <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/publications/bulletins/2019/rbb2019-82-01.pdf>

**<Interactive Course Presentation END>**

# SECTION 2: Communicating decisions and forecasts

## UNIT 2.1: Regular communication around policy

When it comes to policy, central bank communication centers on a key anchor event, such as the regular review of monetary or macroprudential policy or a corresponding reassessment of macroeconomic forecasts and the overall macrofinancial conditions.

Many central banks review monetary policy eight times a year, with four of these reviews linked to quarterly macroeconomic forecasts. A regular communication routine is then organized around each of these policy meetings. Many central banks follow a set pattern of communication activities before and after a policy decision meeting.

In the following video, we show how to arrange a routine schedule of communication activities.

### <VIDEO 2.1> "Elements of a Communication Routine” [word count: 428]

A regular schedule of communication events begins with the publication of a policy decision in a press release.

The central bank’s first communication activity in this sequence is informing the markets and public about a new policy decision via a decision announcement. This announcement is best published on the day of the decision to mitigate leaks of market sensitive information.

The second event in a communication routine is a press conference. It is held shortly after a press release with the decision, ideally on the same day. The Governor chairs the conference and provides a public statement explaining the decision and answers media questions.

The next step is publishing the flagship policy report and related outreach activities to key stakeholders.

The flagship report is published within days of the policy decision either as a Monetary Policy Report or a Financial Stability Report. Many inflation-oriented central banks publish a summary of decision-makers’ debate in policy meeting minutes.

Engaging stakeholders involves meetings with experts and analysts. Held alongside the release of a new macroeconomic forecast, these sessions explain the main assumptions and trends.

Sticking to an established communication scheme is imperative.

First, this applies whether policy changes or remains the same. Even a “no-change” decision is a decision. Transparent central banks maintain their established routines, even if they hold a policy meeting outside a regular schedule.

Second, central banks must maintain their communication routines during good and bad times. Central banks sometimes abandon carefully designed routines and resort to cryptic communication when economic conditions worsen, or difficult decisions are made. This can erode goodwill and damage the central bank’s reputation. It is tempting to highlight pleasant news by saying, for example, “economic growth is higher than last year,” while concealing unpopular angles, for example, “economic growth increased in the oil producing sector, while other sectors declined, and unemployment increased.”

Establishing and maintaining communication routines is crucial for several reasons:

First, markets and the public learn to better understand central bank policy through ongoing communication.

Second, regular reviews help markets, and the public adapt to central bank behavior, learn how the bank interprets economic developments, and how it forms its outlooks. Consistent communication helps central banks manage expectations and make markets and stakeholders understand its so-called policy reaction function. This in turn enables better anticipation of future policy actions.

As former Federal Reserve Chairman Ben Bernanke said, a well-run central bank provides as much information as possible.

As central banks’ policy frameworks become more sophisticated, policymakers must devote more attention to communication. This encourages the use of increasingly intricate communication techniques.

**<END OF VIDEO >**

## UNIT 2.2: Macroeconomic forecasts: Publication and ownership

A key element of the standard communication routine is the publication of macroeconomic forecasts. This is commonly done in the press conference and the monetary policy report.

Forecasts contain complex information about the assessment of the current state of the economy and its most likely future evolution. In policymaking practice, forecasts serve as a benchmark against which a decision-making body evaluates risks and makes a final policy decision. The way a policy decision reflects the perceived risks associated with macroeconomic forecasts enables expert observers to reconstruct the policymaker’s “policy reaction function”. In other words, when a similar risk or event emerges in the future, experts are better able to anticipate the policymaker's decision, thereby enhancing the effectiveness of the policy.

A good practice in central banking is to clearly identify the ownership of macroeconomic forecasts, as this significantly influences how policymakers convey their views in public.

Three forecast ownerships are employed in central banks:

**<Asset 4.2.2\_forecast ownership>**

* staff-owned
* bank-owned
* board-owned

*Explore the following document for a closer look at the main features of each approach.*

### <PDF #5>

**Ownership of forecast and consequences for communication**

Clarifying the ownership of macroeconomic forecasts fosters healthy internal debate between technical staff and policymakers, while also ensuring smooth coordination of external communication by individual members of the policymaking panel.

Here we discuss the features of each of the three main forecast ownership frameworks: “staff-owned,” “bank-owned,” and “board-owned”.

In general, the more distant policymakers are from the internal forecast and policy-formulation process at the technical staff level, the less possible it is for a policy institution to embrace either the bank-owned or board-owned forecasts.

**Who Owns the Forecast?**

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| **Format** | **Who prepares the forecast** | **Policymakers’ relation vis-à-vis the forecast** | **Example** |
| Staff-owned | Staff independently; the policymaker asks for scenarios and may give ex post comments; the forecast typically has a strong technical underpinning (“model-based forecast”) | Can publicly distance themselves from the forecast; possibility of dissent from the majority view (suitable for an “individualistic” policymaker) | Bank of Israel, Czech National Bank |
| Bank-owned | Staff closely interacting with the policymaker; the forecast may have a strong technical underpinning (“model-based forecast”) | Mostly defends the collective forecast of the institution; little room for dissent (suitable for a “collegial” policymaker) | Norges Bank, Reserve Bank of New Zealand, Bank of Uganda (all 3 deciding by consensus), The Bank of Thailand (its Monetary Policy Committee decides by a majority vote) |
| Board-owned | Board members design the forecast, and the staff provide technical support; the board members may ask for preparation of more than one baseline forecast; the technical underpinning is typically less important than in the staff-owned forecast | Policymaker defends only her individual forecast; dissent communicated through minutes and interviews (suitable for a “individualistic” policymaker) | Bank of England, Riksbank |

**Consequences for policy communication**

The forecast and policy analyses give guidance on policy and provide the necessary content to develop a policy narrative for external communication by an institution and its policymakers.

Forecast ownership pre-determines the communications behavior of policymakers and requires an institution to adopt specific guidelines for policymakers’ public engagement. The more institutional the forecast is (i.e., “bank-owned”), the less freedom is granted to policymakers to publicly express their individual views of an economy’s future course *(See* "Effective monetary policy committee deliberation in New Zealand", RBNZ Bulletin, Vol. 82, No. 1 April 2019. Available at <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/publications/bulletins/2019/rbb2019-82-01.pdf>).

Thanks to the publication of macroeconomic forecasts, and policymakers’ communication about them, private analysts tend to coordinate their own forecasts via central bank forecasts. Empirical evidence supports this idea, that central bank forecasts coordinate the forecasts of private agents, particularly those of central bank watchers, such as private sector analysts (*See* J. Filáček and B. Saxa. (2012): [Central Bank Forecasts as a Coordination Device: Evidence from the Czech Republic](http://auco.cuni.cz/mag/article/show/id/135). Czech Economic Review. Available at https://www.cnb.cz/en/economic-research/research-publications/cnb-working-paper-series/Central-Bank-Forecasts-as-a-Coordination-Device-00001).

As an expression of an institution’s transparency, it is useful to explain the staff-to-policymaker interactions publicly in monetary policy reports and on the official website.

In the case of the Czech National Bank (CNB), policy Board members are free to publicly express their individual reservations vis-à-vis the published “staff-owned” forecasts, including their alternative view of the staff-forecast interest rate trajectory (the CNB is one central bank that publishes an endogenous interest rate path embedded in its macroeconomic projections).

The publication of the CNB’s endogenous interest rate forecast was found to have reduced the uncertainty of private forecasts, which along with routine communication has supported the coordination of private forecasters in the case of inflation. The forecast for inflation was, predictably, considered sensitive to the risk assessment made publicly by policymakers on the CNB’s Board. Since the Board votes individually, each member’s public pronouncement is watched closely and may become a market-moving event.

**<END OF PDF>**

## UNIT 2.3: Communication Routines: “Drip feed” vs “Dump all”

When pursuing their communication routines, central banks tend to follow one of two distinct approaches.

One approach is to provide a “drip feed” of information. This means first publishing a policy decision and headline economic rationale—and then releasing more detail and background over time after an initial decision announcement, usually over a period of one or more weeks.

The other approach is to “dump all” information at once. This involves providing all necessary details, including the policy report, and all background material in one, all-encompassing, “big bang” policy announcement.

Leading inflation-oriented central banks use either of these two communication approaches. For example, the European Central Bank, the Czech National Bank, and the Reserve Bank of Australia belong to the “drip feeders”, while the Bank of England or the Bank of Canada can be categorized as “dump all” practitioners.

The following table provides a summary of communication tactics of leading inflation-oriented central banks:

**<Asset 4.2.3\_Table\_communication tactics>**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Monetary Policy Statement: Publication on the Day of Monetary Policy Decision** | **Monetary Policy Statement:**  **Standard, Pre–Set Time for Publication** | **Press Conference: Number of Hours Since Statement Publication** | **Monetary Policy Report: Number of calendar days from Monetary Policy Decision Publication** |
| **Advanced economies** | | | | |
| Australia | ✓ | ✓ (2:30 p.m.) | 1 (3:30 p.m.) | 2 |
| Canada | next day | ✓ (10:00 a.m.) | 0 (10:00 a.m.) | 0 |
| Czech Republic | ✓ | ✓ (2:30 p.m.) | 1 1/4 (3:45 p.m.) | 7 |
| Euro area | ✓ | ✓ (2:15 p.m.) | 1/2 (2:45 p.m.) | 8 |
| Israel | ✓ | ✓ (4:00 p.m.) | Same afternoon | 0 |
| New Zealand | ✓ | ✓ (2:00 p.m.) | 1 (3:00 p.m.) | 0 |
| Norway | next day | ✓ (10:00 a.m.) | 1/2 (10:30 a.m.) | 0 |
| Sweden | next day | ✓ (9:30 a.m.) | 1 1/2 (11:00 a.m.) | 0 |
| U.K. | next day | ✓ (12:00 p.m.) | 0 (12:00 p.m.) | 0 |
| U.S. | ✓ | ✓ (2:00 p.m.) | 1/2 (2:30 p.m.) | 0 |

**Sources:** Central bank websites and IMF staff calculations.

The “dump all” approach requires thorough preparation of all communication outputs prior to simultaneous publication. It is no surprise then that the “dump all” central banks make their policy announcements only the next day after a decision was adopted. This provides staff with several extra hours to finalize the monetary policy statements, put finishing touches on the speaking notes for the press conference, and make any last-minute adjustments to the monetary policy report before all these are simultaneously published. Notably, most “dump all” central banks, with the notable exception of bilingual Canada, are those where the report is published in one language only.

In contrast, the “drip feed” tactic gives the central banks’ policymakers and staff more time to finalize the documents for publication. It also allows audiences to gradually digest all the relevant information, with the amount of detail and complexity of information increasing over time. In practice, the general public and mainstream media pay more attention to the first drip of policy news on the decision day. The subsequent “feeding” of more detailed forecast and policy analysis is usually closely watched only by smaller expert audiences, such as private sector economists and financial market participants. Needless to say, “drip feed” makes it easier to prepare documents in two or more languages for smaller and more resource-constrained institutions, such as the Czech National Bank (Czech/English), Riksbank (Swedish/English), Bank of Thailand (Thai/English), and Bank Al-Maghrib (French/Arabic/English).

This document <INSERT PDF #6> explores in greater detail examples of both “dump all” and “drip feed” approach, and their respective pros and cons from the perspective of developing and emerging markets.

### <PDF #6>

**Country Examples: “Dump all” vs “Drip feed”**

**“Dump all” Examples: Bank of England and Bank of Canada**

In contrast to other central banks that adopt a “dump all” approach, the Bank of England and the Bank of Canada are notable exceptions. Both central banks promptly release all information at once, without any delay between the publication of a decision and the subsequent explanatory and background communication.

Other advanced countries’ central banks following the “dump all” approach have a 30-minute to 1-hour gap between the publication of a decision and a press conference.

The Bank of England, as of mid-2024, simultaneously publishes its policy decision, the breakdown of policymakers' votes along with a summary of their debate (the so-called “minutes”), its quarterly forecasts in the Monetary Policy Report, and holds a press conference—all at the same time, at 12 p.m. the day after a decision was adopted.

The Bank of England changed the way it announces its monetary policy decisions as part of its push for greater clarity in 2015.

Pre-2015, the announcements were made on separate days, in what the then Bank of England Governor Mark Carney called "a drip-feed of news".

**“Drip feed” Examples: The European Central Bank and Czech National Bank**

Among advanced economies’ central banks, the European Central Bank (ECB), the Czech National Bank, and the Reserve Bank of Australia, belong to the “drip feeders”.

In the case of both central banks, the day of the decision is reserved for discussing main highlights. The details and expert background about policy and forecasts are published in their Monetary Policy Reports with a delay of about one week from the day of a decision. The Czech National Bank Board’s minutes of policy deliberations also come a week later.

Using the example of the Czech National Bank, this schedule details how a “drip feed” communication sequence looks in practice.

|  |
| --- |
| ***9.00 a.m.****– Start of the Bank Board’s monetary policy meeting*  ***2.30 p.m.****– Publication of the Bank Board’s decision*  ***3.45 p.m.****– Press conference*  **On the day of the rate decision**  The monetary policy meeting opens with the Monetary Department presenting the [macroeconomic forecast](https://www.cnb.cz/en/monetary-policy/forecast/), its risks and uncertainties, and other monetary policy considerations. In addition, the Monetary Department gives the Bank Board its recommendation on interest rates and overall communication. The meeting is also attended by representatives of the Financial Stability Department, the Financial Markets and Resolution Department and the Communications Division.  The presentation and the first round of questions is followed by the second part of the meeting, where only the Bank Board and the heads of these units are present. The Bank Board members express their views on the current situation and indicate how they will vote. At the end of the meeting, the Bank Board votes on interest rates and exceptionally also on other monetary policy measures.  The outcome of the meeting is then published and presented at a press conference in the afternoon in the form of a statement of the Bank Board. The ratio of the votes cast and the reasons for the decision are disclosed along with the decision itself.  **Eight days later**  [Minutes of the Bank Board meeting](https://www.cnb.cz/en/monetary-policy/bank-board-decisions/) are published on the Friday following the monetary policy meeting. They present key arguments attributed to specific Bank Board members so the public can learn about the arguments made during the meeting.  When a new forecast is available, the [Monetary Policy Report](https://www.cnb.cz/en/monetary-policy/monetary-policy-reports/) is published together with the minutes of the meeting. It describes the forecast, the baseline and additional scenarios, and monetary policy considerations. When a new forecast is not available, a description of the risks to the inflation forecast assessed by economists from the Monetary Department is published.  **Six years after the monetary policy meeting**  All detailed transcripts of the Bank Board’s monetary policy meetings, along with all the inputs that were available to the Bank Board for its decisions in the whole of the given year, are published at the end of January six years later. |

**Source:** [Czech National Bank](https://www.cnb.cz/en/monetary-policy/bank-board-decisions/how-does-the-bank-board-make-decisions/).

The practices of “drip feeders” seem better suited to developing and emerging market central banks. In Southeast Asia, the Bank of Thailand is a good example of a “drip feeding” central bank. Its monetary policy communication sequence is presented below:

|  |
| --- |
| **Monetary Policy Communication**  **Recognizing the importance of monetary policy communication to the public, the MPC**  **employs various channels of communication, both in Thai and English, such as (1) publishing**  **a press statement at 14:00 and holding a press conference regarding the results of the**  **meeting at 14:30 on the day of the Committee meeting, (2) publishing edited minutes of**  **the MPC meeting two weeks after the meeting, and (3) publishing the Monetary Policy**  **Report every quarter.** |

**Source:** [The Bank of Thailand’s Monetary Policy Report](https://www.bot.or.th/content/dam/bot/documents/en/our-roles/monetary-policy/mpc-publication/monetary-policy-report/MPR_2024_Q2.pdf)

**The pros and cons—****from the perspective of developing and emerging markets.**

“Drip feed” tactics are more suitable for emerging market and developing economies for three main reasons:

1. **The “dump all” practice is resource intensive and coordination heavy.** Central banks in developing and emerging markets operate under severe resource constraints. Their staff’s most immediate priority before a policy meeting is to prepare and submit sound economic analysis internally to the policymakers to support their decision. Once a decision is taken, the staff usually need at least one week to edit and format the reports intended for external publications, often in two or more languages. In recent years, there have been notable improvements. Many developing and emerging market central banks publish a policy statement with a decision on the same day it is made. In many countries, the staff are making efforts to further streamline internal organization and editorial work to allow for a policy report to be published within days, instead of weeks, after a decision announcement.
2. **“Dump all” requires complex arrangements.** Under the "dump all" tactic, it is a good practice to provide a policy press release and a monetary policy report under embargo. This allows members of the media to process the information without the pressure of real-time news reporting, ask background questions, and accurately report on the central bank's decision and economic analysis, thereby limiting the risk of factual errors and misinterpretations. The embargo regime necessitates additional investments and efforts from both central banks and media organizations—such as lock-up rooms—to protect the confidentiality of the information before it is cleared for publication. In most cases this is not a feasible arrangement in developing and emerging markets. Furthermore, the media must possess sufficient credibility for an agency to rely on their discretion not to disclose embargoed, predominantly sensitive information. In developing and emerging markets, there are typically concerns regarding the media’s potential to leak information prior to the embargo deadline, rendering the embargo tactic inapplicable. The risks associated with the unauthorized dissemination of sensitive information far outweigh the potential benefits of delivering a more comprehensive communication package through the “dump all” strategy.
3. **The media, markets and other key stakeholders have limited capacity to process large amounts of information.** Low-income and emerging market central banks have been investing in improving financial literacy among the public. Such efforts help enhance the understanding of complex forecast and policy analysis topics among specific stakeholder groups. However, the capacity of their audiences to absorb sophisticated information remains low. The "drip feed" tactic, which allows audiences to gradually receive increasing amounts of detailed and complex information over time, is thus more suitable for such central banks.

The table shows an overview of the tactics in selected emerging market and developing economies:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Monetary Policy Statement: Publication on the Day of Monetary Policy Decision** | **Monetary Policy Statement:**  **Standard, Pre–Set Time for Publication** | **Press Conference: Number of Hours Since Statement Publication** | **Monetary Policy Report: Number of Calendar Days from Monetary Policy Decision Publication** |
| **Emerging Market and Developing Economies** | | | | |
| Brazil | ✓ | ✓ (after 6:00 p.m.) | n.a. | 8 |
| Chile | ✓ | ✓ (6:00 p.m.) | n.a. | 1 |
| Colombia | ✓ | Immediately after decision | Same day | 2 |
| Ghana | ✓ | n.a. | Same morning | 0–23 |
| Kazakhstan | ✓ | ✓ (12:00 p.m.) | n.a. | 16 |
| Kenya | ✓ | no | 24 (1 day later) | 3–33 |
| Nigeria | ✓ | no | (no press conference) | 3–37 |
| Philippines | ✓ | n.a. | n.a. | 1 |
| Russian Federation | ✓ | ✓ (1:30 p.m.) | 1 1/2 (3:00 p.m.) | 8 |
| Rwanda | next day | n.a. | n.a | 5**–**20 |
| South Africa | ✓ | ✓ (3:00 p.m.) | 0 (3:00 p.m.) | 26 |
| Tanzania | next day | n.a. | n.a | 0–12 |
| Thailand | ✓ | ✓ (2:00 p.m.) | 1/2 (2:30 p.m.) | 14 |
| Uganda | ✓ | no | 0 | Up to 20–30 |
| Ukraine | ✓ | ✓ (2:00 p.m.) | 0 (2:00 p.m.) | 7 |
| Zambia | next day | n.a. | same day | Currently no MPR. First MPR to be published in March 2024 |

MPR = monetary policy report.

Sources: Central bank websites and IMF staff calculations.

**<END OF PDF>**

## UNIT 2.4: Standard Policy Communication Toolkit

Within their established communication routines, central banks use a full range of communication tools and techniques. The most common are press releases, press conferences, public notices, reports, speeches, and various public outreach events.

A state-of-the-art communication toolkit adopted in leading inflation-oriented central banks ensures that all key stakeholders, domestic and international financial markets, and the wider public have equal access to critical information. This traditional toolkit is summarized in the following table:

**<Asset 4.2.4\_Table\_traditional toolkit>**

|  |  |  |
| --- | --- | --- |
| **Transparency, Communications Tools and Events** | **Purpose** | **Best Practice Among Leading Central Banks** |
| Advance calendar of regular policy meetings and macroeconomic outlook updates (monetary policy report publications) | Anchoring expectations of key external stakeholders about the timing of regular updates to the macroeconomic projections on economic growth, inflation, etc. | A calendar published on the website with scheduled dates of monetary policy meetings and policy report publication (usually for the full year ahead). |
| Policy press release | Communicating the key high-level messages merging from a regular, quarterly assessment of the economic outlook and the monetary policy stance. | Issued with the same frequency as the number of policy meetings. |
| Press conference | Openly explaining to the wider public, in plain language, the way the central bank sets monetary policy based on the assessment of the economic outlook and surrounding risks and uncertainties. | Governor or Chairman of the Board presents the policy decision and provides an overview of the economic developments outlook at a live-streamed event, ideally held on the day of the publication of the Policy Press Release. |
| Analytical report (monetary policy or inflation reports) | Telling a consistent story behind macroeconomic forecasts and explaining how current and future policy decisions and actions —and the main factors influencing them—aim to stabilize the economy and safeguard the exchange rate stability. | Published quarterly, matching the frequency of full-fledged macroeconomic forecast updates. The aim is to make the report as forward-looking and policy-oriented as possible. |
| Press release on analytical (monetary policy) report | Highlight the key forecast and other (public finance and investment) messages, in line with the “layering" approach to communications. | Issued on the day of the monetary policy report publication. Focused on the narrative about the economic outlook and other key messages of the given analytical publication. |
| Expert meeting | Increasing economic and policy transparency by detailing the policy motivations and the macroeconomic projections to a diverse group of experts. | Organized in regular intervals, ideally quarterly, in conjunction with the monetary policy report publication. |

Central banks’ policy communications have evolved along with the advances in digital technology and the changing communication landscape.

Although the traditional toolkit has emerged as a foundational approach, the prioritization of digital media varies depending on (1) the capacity and resources of a central bank and (2) the public’s access to digital media.

Let's explore the evolution of the central bank communication tools and techniques in detail in this video.

### <VIDEO 2.4> "Tools and techniques for policy communication” [word count: 364]

Central banks used to rely heavily on the media to convey their messages to the public, via press releases, announcements, press conferences and reports. However, digital communication advancements have enabled them to skip the middleman and directly communicate with the public. The internet and social media have become their megaphone.

Central banks in developed, developing, and emerging markets now operate multiple online accounts simultaneously. For instance, the Bank of Thailand uses platforms such as Facebook, X, YouTube, and Instagram.

Central banks’ new digital tools increase the need to complement lengthy, text-based economic reports with visually appealing images and infographics.

Central bank economists prioritize economic and factual accuracy in their reports. While some may believe their job ends once the report is posted online, in reality, posting a report is just the beginning!

Hence, central banks employ various communication tools beyond posting reports and visuals on their websites and online media.

Public outreach and dialogue with stakeholders through lectures, meetings, and community forums are indispensable to a central bank’s toolkit, in both advanced and low-income countries.

Former Bank of England Chief Economist Andy Haldane emphasized that it is crucial to first, engage with diverse audiences, second, utilize various media channels and third, listen.

Importantly, a central bank must actively communicate both after a policy decision and during the time between regularly scheduled policy meetings.

There are four stages of such communications.

First: Key tools include press releases and online posts to spread a clear policy message after a decision.

Second: A news conference provides on-record explanations for a decision. Engaging media through on-record interviews or background briefings offers ongoing policy guidance between decision meetings. Off-record briefings may be necessary for explanations and clarifications on background.

Third: Meeting business leaders, holding monetary policy forums with experts, and giving prepared speeches are equally important from meeting to meeting. In some central banks, senior policymakers publish blogs or post their views on social media.

Fourth: Public outreach is linked to policy reports, which are usually published quarterly after major updates to macroeconomic forecasts.

As Andy Haldane said, listening is as important as talking. Dialogue enhances communication, ensuring that all key messages from a policy decision are effectively disseminated.

**<END OF VIDEO >**

Over the past decade, the communications landscape for central banks has been profoundly transformed by several factors: a loss of trust in expert authority, the relentless 24-hour news cycle, the re-emergence of economic crises, and finally, sweeping technological advancements.

This transformation has prompted central banks to adapt their policy communication toolkits, prioritizing timely information dissemination and proactive public engagement via new online technologies.

This document **<INSERT PDF #7>** looks at traditional and innovative tools of policy communication in greater detail.

### <PDF #7>

**Traditional vs. innovative tools of communication**

Despite the advent of digital platforms, traditional methods of communication remain the primary mode of delivery, holding substantial importance for central banks.

**Traditional Tools**

Press releases and press conferences continue to be the most widely used tools for external communication.

The policy press release has retained its prominence (also referred to as “Monetary Policy Statement”, “Board Statement”, or “Monetary Policy Communique” by some central banks).

That said, the world’s leading central banks keep upgrading even this traditional communication tool. For instance, the European Central Bank (ECB), upon a “strategic review” of its communication practices in 2021, has [made its monetary policy release more accessible](https://www.ecb.europa.eu/press/economic-bulletin/articles/2022/html/ecb.ebart202108_02~5c1e5a116d.en.html). The ECB replaced its “introductory statement” with the new “monetary policy statement”, which is more streamlined and has a stronger narrative.

**Going digital**

With the emergence of new technologies, central banks have tested and adopted novel communication approaches in the digital domain. They have learned to harness digital tools and social media platforms for transparent and relatable communications, ensuring two-way engagement with diverse audiences.

The Czech National Bank won the Central Banking Transparency Award for 2015 after speeding up its communications procedures in the wake of its momentous exchange rate commitment, expanding into social media and becoming the first central bank to create an online blog for senior policymakers.

Since 2015, the Bank of England has published a staff blog, “Bank Underground”, offering shorter, punchier access to central bank analysis, including when it deviates from established bank policy positions.

The European Central Bank has also embraced “new” communication platforms and technologies as part of its policy communication portfolio, to reach out especially to younger people who increasingly consume news on online platforms. The central bank has strengthened its social media presence, including on X (formerly Twitter), LinkedIn, Instagram, and YouTube.

The Bank of Jamaica made headlines in financial press worldwide after using reggae-inspired music videos to teach people about inflation and monetary policy, releasing a series of videos on X. A Bank of Jamaica information feature, titled Centrally Speaking, has aired as a TV, radio, and newspaper program. It covers various aspects of the central bank, including monetary policy. The TV versions are available on the [YouTube channel](https://bit.ly/3eJPARl).

Social media offers central banks a straightforward way to interact directly with the public. According to respondents to a Communications Benchmarks survey published by Central Banking, social media accounts for more than half of all their communications material, on average. Communication teams at many central banks use social media and digital platforms like WhatsApp to engage directly with key audiences and gather feedback.

**Instagram and TikTok: New frontiers for central banks**

Central banks are increasingly turning to Instagram to get their messages across. The audiovisual social media network is helping central banks offer financial education and other campaigns targeted at younger generations, to complement their traditional communication methods.

[Several central banks](https://www.centralbanking.com/central-banks/monetary-policy/communication/4522021/central-banks-turn-to-instagram-to-reach-younger-generations) have launched official Instagram accounts since late 2018, including the European Central Bank, the Deutsche Bundesbank, Banque de France, Bank of Portugal, and the Hong Kong Monetary Authority. These follow much earlier launches by, for example, the Federal Reserve Bank of Chicago and Bank Indonesia.

The posts with the highest engagement rates tend to be those that are people-orientated, while special posts such as that embed trivia and quizzes—help improve interaction with followers.

Seventy-one central banks were on the Instagram platform as of December 2021, according to the Central Banking’s Central Bank Directory.

Deutsche Bundesbank has had broad success with its “In the lift with...” series of Instagram stories. The posts featured central bank employees alongside a corresponding Instagram video story about the work they do.

The Hong Kong Monetary Authority designed a series of videos featuring actress Mandy Chan and former chief executive Norman Chan. The goal of the campaign was to remind people to use public Wi-Fi more cautiously to protect their online passwords, including digital keys to bank accounts.

After Instagram, the next frontier for central banks may be TikTok. Bank Indonesia is ahead of its peers. It started posting in 2022, with videos touting Indonesia's potential as a center for Islamic ﬁnance and comedy sketches on how to pay parking ﬁnes online. The Central Bank of Trinidad and Tobago has also been actively posting to [TikTok](https://www.tiktok.com/@centralbanktt), with educational videos about banknote security features and similar topics featuring local influencers.

All these novel approaches help central banks connect with audiences who have not been traditionally on the receiving end of their communication. Research suggests that more accessible, relatable, and visual communication can increase the impact of central bank messages.

**<END OF PDF>**

# SECTION 3: Who communicates and to whom?

## UNIT 3.1: Foundations of a communication function

Central bank policymakers cannot communicate effectively without the support of communication experts. Nowadays, no central bank exists without a dedicated communication function. This may range from having no communication professional (as was the case in mid-2024 at the Central Bank of Aruba, for instance) to a large department with more than one hundred staff (such as the communication department at the Bank of Canada).

According to the Communications Benchmarks survey, published by Central Banking, the average communication team has around 20 staff, but this number varies widely.

As central banks develop their communication function, it is imperative to establish both the communication strategy and operational guidelines at the appropriate levels of the institutional hierarchy from the outset.

This document **<INSERT PDF #8>** suggests a role model approach to formalizing the institutional framework for the communication function.

### <PDF #8>

**Structure of Documents on Institutional Policies and Procedures**

In the institutional framework for the communication function, it is important to distinguish (1) *strategic issues,* such as goals and principles, along with stable institutional-wide procedures, including those for interdepartmental cooperation, from (2) *operational issues* managed by departments and divisions on a day-today basis. Operational issues should be kept out of strategic documents to preserve *operational flexibility and adaptability*, thus enabling *efficiency of operations*, *including by adapting new technologies and techniques.*

As higher-level documents, communication ***strategies and policies*** should be approved by the management of the institution and focus on longer-term institutional and interdepartmental matters that are not likely to require changes for some time.

The ***terms of reference***for the communications unit (department or division) should support the implementation of the institutional strategies and policies. The *terms of reference* would include the *goals*, *responsibilities,* and the main *functions* of the communications unit. At the same time, divisional management (in consultation with the immediate supervisor if needed) would have the authority and flexibility to define and adjust operations at any time to *enhance their efficiency, including by adopting new technologies and techniques.*

Key divisional functions and operations would be formalized in the ***departmental/divisional guidelines or a manual***. The guidelines or a manual would normally cover procedures for media and social media monitoring and analysis; maintenance of the registry of media requests and institutional responses; conceptual approach to visual materials, including their production and storage and the use of stock photos; and others. The divisional guidelines are important for the consistency of operations and to ensure more efficient and faster onboarding of new staff members.

|  |  |  |
| --- | --- | --- |
| Institutional Management | Departments/Divisions Terms of Reference | Departments/Divisions  Manuals |
| Strategies, policies, and strategic issues, such as *goals* and *principles*, along with stable institutional-wide procedures, including those for interdepartmental cooperation. | These include the *goals*, *responsibilities*, and the main *functions* of the departments and divisions. | Manuals (or guidelines) for staff describe the implementation of key *functions*, *operations, and procedures* of the departments and divisions. |

**<END OF PDF>**

## UNIT 3.2: Organization of a communication function

The work of communication specialists has a direct impact on how an institution and its policies are perceived and received. In this section, we focus on the roles and importance of these communication professionals.

Three main factors influence how a communication function is organized.

**<Asset 4.3.2a\_influencing factors>**

|  |  |  |
| --- | --- | --- |
| Central bank governance | Complexity of forecasting and policy analysis system | Policy fluency of key audiences |

These three factors, in turn, determine how elaborate central banks’ media outputs and policy reports can be. More advanced and forward-looking policy framework calls for proactive, well-considered, and controlled communications—this requires support by a strong communication function.

In leading central banks, both in developed and emerging market/developing countries, consensus has emerged around two main principles for organizing the communication function:

**<Interactive hotspot\_START>**

**<Asset 4.3.2b\_influencing factors>**

* A dedicated Department of Communication is established and properly staffed
* Director of Communication reports to the Governor (or Chairman) and serves as the institution’s spokesperson

**Dedicated Department of Communication**

The best practice is to have the department as a standalone unit, as part of a wider office of the central bank governor. Its main responsibility is managing internal and external communications.

Key roles include:

* public relations with a focus on media (crafting and disseminating press releases), events (organizing press conferences, expert meetings and other public forums) and public inquiries,
* managing the official website and digital platforms
* facilitating internal communication, and managing internal online platform (intranet)
* speechwriting (a dedicated speechwriting function is a feature of advanced countries’ central banks; in emerging countries’ central banks, expert departments are usually tasked with writing policymakers’ speeches)
* editorial functions, particularly editing and translating of main publications, including research publications by the agency (e.g., working paper series)
* monitoring and evaluation of media coverage, messaging resonance, policy pickup and public image, for feedback to refine communication strategy
* educational activities to enhance public understanding of financial and economic issues

Traditionally, media relations have occupied a substantial portion of a communication team’s time. However, a growing trend is prioritizing digital platforms and direct public outreach to a diverse range of audiences.

Besides this core responsibility for public and media relations, the relative share of the above communication roles varies greatly among central banks, given the variability of their governance setups and policy fluency of the audiences.

**Director of communication reporting to the governor**

As head of the department, the director of communication most commonly serves as the central bank’s official spokesperson for nonpolicy topics. In this capacity, the director should ideally report directly to the central bank governor, have unrestricted access to top-level policy maker(s), and ensure smooth coordination of communication across a central bank’s array of policies.

**<Interactive hotspot END>**

## UNIT 3.3: To whom does a central bank communicate?

Effective implementation of a policy communication strategy requires central banks to understand their target audiences. No wonder leading central banks invest time and money in proactively mapping key stakeholders and their preferences. This allows them to more effectively tailor their communication.

Segmenting and understanding target audiences enhances communication strategies. There are various ways of segmenting target audiences.

In the simplest form, two main target groups are considered: professional audiences and the general public, also known as the layperson audience. To get tailored and effective messaging toward each group, central banks segment these core audiences even further.

**<Interactive hotspot OR STATIC VISUAL\_START>**

**<Asset 4.3.3\_audience segmentation>**

**Professionals**

* **Business leaders**: This includes bank CEOs and company CEOs.
* **Economic experts and analysts**: This includes economists with banks and corporations, or experts in academia.
* **Foreign investors**: This includes bond holders as well as corporate investors.

**General public**

* **Key policy influencers**: This includes parliamentarians and professional observers in think tanks.
* **Adult population**: This can be further segmented into urban and rural population, or into economically active (e.g., workers) and inactive (e.g., pensioners).
* **Youth and schoolchildren**: This is an important group, that can serve as an effective amplifier of simple messages to their parents and grandparents. This group can be further segmented into subgroups by age. For instance, Germany’s Deutsche Bundesbank has aimed to reach young people aged 18–30 by organizing a public forum called Euro20+, including a town hall with the governor: <https://www.youtube.com/watch?v=cDSurJuxzdU>

**The institution’s employees**

Besides the two main external groups, one additional audience should not be overlooked: the institution’s own employees (communicating the salient policy messages internally is paramount to ensuring that all staff comprehend central bank communications).

**<Interactive hotspot END>**

Why is it important to conduct this detailed segmentation? Because key concerns for each audience segment will differ, and hence communication approaches should be elaborated and tailored to each.

# SECTION 4: Assessing effectiveness of policy communication

## UNIT 4.1: Impact assessment: Why and How

Impact assessment is vital for ensuring that the communications efforts are effective and aligned with the agency’s objectives. By setting clear goals, defining key performance indicators, using benchmarks, and employing the right tools, central banks and treasuries can measure the success of their communications and make data-driven adjustments to improve future communication efforts.

Impact assessment is crucial for understanding the effectiveness of a communications strategy. It helps the communications department to:

* Assess whether the intended messages are reaching the right audience.
* Measure the effectiveness of communications activities, messages, and policy pickups.
* Identify both areas of success and areas in need of improvement in media presence.
* Provide data-driven insights to adjust future strategies and improve public engagement.

By conducting impact assessment, institutions can link their communications efforts to tangible outcomes, ensuring that resources are used efficiently, and that institutions’ key messages resonate with the public.

To conduct a thorough impact assessment, the communication department will need:

**<HOTSPOT\_START>**

**<Asset 4.4.1\_impact assessment>**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Clear objectives** | **KPIs and Metrics** | **Monitoring Tools** | **Benchmarks** | **Timeframe** |

* **Clear Objectives**: Establish a specific, measurable goal that targets specific audience group and aligns with the overall communication strategy to guide the assessment.
  + **Examples:** (1) The public understands the inflation objective of the central bank of 3% of CPI annual growth. (2) The public understands that the Treasury will strive to keep the debt-to-GDP ratio below 60%.
* **Key performance indicators (KPIs) and metrics**: Define the key performance indicators and metrics that will help to quantify the success (or failure) of the key communications efforts.
  + **Examples:** (1) Media mentions: The total number of media mentions received over the course of a month. (2) Downloads: The number of downloads within a month of the release of an analytical paper.
* **Monitoring Tools**: Use platforms that track media mentions, audience sentiment, and overall reach to gather relevant data.
  + **Examples**: (1) Use Adobe Analytics to assess the volume of unique visitors on the agency main webpage. (2) Use Emplifi to evaluate the engagement score of your social account.
* **Benchmarks**: Set benchmarks to compare current performance either against past efforts or industry competitors.
  + **Examples:** To compare the media mentions of the recent monthly press conference, analyze it against the media mentions from last month’s press conference.
* **Timeframe**: Determine a specific time period to collect and analyze data, ensuring it captures the most relevant impact.
  + **Examples:** (1) For a monetary policy announcement, use two to three days to monitor the media and social media mentions. (2) Use a longer period, say, one month, to monitor the traffic to the landing page.

**<HOTSPOT\_END>**

Let’s highlight each of these components of impact assessment in the following units.

## UNIT 4.2: Setting Clear Objectives

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Clear objectives** | **KPIs and Metrics** | **Monitoring Tools** | **Benchmarks** | **Timeframe** |

To establish a clear objective, you must identify how you define success. Consider the following questions:

* What would a successful communication look like?
* Is the success of the agency’s communications work measurable?
* What behaviors, actions, or sentiments do you expect from your audience following your communication(s)?

The definition of success is different for different institutions. However, some typical definitions include:

**<Flashcard?\_START>**

* Greater public understanding of policy aims and actions, and awareness of the institution’s mandate and policies.
  + **Example:** In a poll 60% of respondents correctly identify the institution’s quantitative target, policy mandates, and so on.
* Positive sentiment toward the institution’s policy decisions by stakeholders.
  + **Example:** Inflation expectations (or expectations of debt evolution) converge on the institution’s communicated projections.
* Media and social media mentions are on message.
  + **Example:** 80% of media coverage prominently mentioned your message of cutting interest rates.

**<Flashcard?\_END>**

## UNIT 4.3: KPIs and Metrics

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Clear objectives** | **KPIs and Metrics** | **Monitoring Tools** | **Benchmarks** | **Timeframe** |

The effectiveness of communication needs to be assessed regularly. Let us focus on the quantitative measurement of impact in communications efforts, specifically through digital data. Although various aspects of communications cannot be easily quantified due to their informal or nondigital nature, measurable digital metrics can provide concrete insights into the effectiveness of communication efforts.

To measure success, the agency needs to define key performance indicators (KPIs) such as:

**<HOTSPOT\_OR ACCORDION\_START>**

* **Volume of mentions**: How frequently is the message mentioned across media platforms?
  + For example, the IMF assesses media impact following the release of the World Economic Outlook by tracking news articles that referenced either the IMF or the IMF Chief Economist by name.
  + What could be an equivalent metric for your institution?
* **Quality of engagement:** How many people are returning to the site? How long are they staying?
  + For example, using tools like Adobe Analytics or Google Analytics, one can easily track the volume of traffic to specific webpages and the time visitors spend on each page.
* **Engagement rates**: Are people discussing or sharing the communications?
  + On social media, you can measure engagement by adding up the likes, comments, and shares each post receives.
  + Do you think it useful to also count the “thumb downs”?
* **Sentiment assessment**: Is the public responding positively or negatively to your message?
  + By reviewing people’s comments and shares, one can gauge the general trend in audience sentiment toward the message. Additionally, various online tools are available to assist with this assessment.

**<HOTSPOT\_OR ACCORDION\_END>**

**What Can Be Measured:**

Tracking the trend of the following results over time and comparing them with benchmarks helps reveal the effectiveness of communications efforts.

<HOTSPOT\_OR ACCORDION\_START>

* **Input** (**What was communicated)**—The number of communication activities undertaken by the agency within a specified timeframe, including the dissemination of key messages through press releases, media briefings, and social media posts.
  + Example: the number of publications or interviews conducted in a given period.
* **Output** (**What was obtained in response)**—Direct results generated by the communication activities, such as media coverage and social media mentions.
  + Example: the number of news articles that mention your institution.
* **Outcome (What was achieved)**—Message resonance by target audiences of communications activities, such as key message pickup by top-tier global media.
  + Example: How many news articles by top-tier global media mentioned the institution prominently (in the title or first paragraph)
* **Impact** (**What was changed)**—Long-term effect of communications activities on institution’s reputation and level of trust.
  + Examples: (1) changes in public opinion or trust index, which can be analyzed using targeted surveys, (2) changes in the expectations of inflation

**<HOTSPOT\_OR ACCORDION\_END>**

**Performance assessment by type of media:**

Another way to differentiate the projects you are measuring is through the categories of owned, earned, and paid media:

**<HOTSPOT\_OR ACCORDION\_START>**

* **Owned media**: Channels directly managed by the organization, such as the website, blog, social media accounts, and newsletters. The agency controls the message and narrative through these channels and can measure the volume of traffic and engagement (e.g., page views, shares, downloads).
  + You can gather data using web analytics tools or directly from your own platforms, as most social media channels provide performance metrics for your posts.
* **Earned media**: Publicity gained organically through others’ mentions, shares, or content about the organization, such as press coverage or social media mentions. This is often harder to measure, but has high impact for credibility and brand visibility, as it reflects how external sources view the organization or its messages. Metrics may include number of media mentions, share of voice, sentiment analysis, and audience reach.
  + Using a media analytics platform, one can perform keyword searches to determine the volume and themes of media articles mentioning the institution or policy.
* **Paid media**: Media exposure bought by your organization, including digital ads (display, social media, search ads), sponsored content, and traditional advertising. This can help expand reach and enhance visibility to targeted audiences. One can analyze the return on investment to assess effectiveness.
  + Paid marketing on social and traditional media is a common strategy in many countries for promoting a message. If your agency uses paid promotion on YouTube to feature one of your videos, you can analyze the engagement generated from this marketing effort. Typically, engagement increases significantly when funds are allocated to promotion.

**<HOTSPOT\_OR ACCORDION\_END>**

## UNIT 4.4: Monitoring Tools

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Clear objectives** | **KPIs and Metrics** | **Monitoring Tools** | **Benchmarks** | **Timeframe** |

Several tools can help track and measure the impact of your communications efforts:

* **Media and social media monitoring platforms**: Tools like Meltwater, Brandwatch, or Talkwalker track media mentions, sentiment, and reach. Keep in mind your institutional budget—these monitoring platforms are not free!
  + For example, the IMF uses Brandwatch (<https://www.brandwatch.com/>) to analyze the volume of social media posts mentioning the IMF over a specific period. Brandwatch can also identify trending topics within these mentions, highlighting the key themes people are discussing.
* **Owned social media analytics**: Platforms like Hootsuite or Emplifi provide data on social media engagement and sentiment.
  + For example, the IMF uses Emplifi (<https://emplifi.io/>) to publish and analyze social media posts on X, Facebook, Instagram, and LinkedIn. This platform provides insights into the reach of the agency’s posts (how many people saw them) and engagement metrics (how many people interacted with them).
* **Web analytics**: Platforms like Adobe Analytics or Google Analytics track traffic, engagement, and behavior on the owned-media platforms.
  + For example, the IMF uses Adobe Analytics to track audience traffic to the World Economic Outlook’s landing page. Adobe Analytics can also provide insights into where the audience is coming from (e.g., search engines), their geolocation (e.g., target countries or cities), and the average time spent on the page.
* **Surveys**: Public perception surveys can measure the effectiveness of your messaging on audience sentiment.
  + For example, the IMF conducts surveys to gauge public perceptions of the organization. The survey results can reveal whether people are familiar with the IMF’s mandate and recent policy decisions.
* **Benchmarking Tools**: Tools that allow one to compare an agency’s performance (e.g., page views of the website, number of media mentions garnered after posting a new policy paper) with industry standards or competitors.
  + For example, some websites can provide industry benchmark data, offering insights into standard performance metrics within the sector.

## UNIT 4.5: Benchmarks and Timeframe

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Clear objectives** | **KPIs and Metrics** | **Monitoring Tools** | **Benchmarks** | **Timeframe** |

To assess the impact and make the impact data meaningfully, compare (or benchmark) the performance of the communication efforts against:

* **Past performance**: Use historical data as a benchmark to see the agency’s progression.
  + For example, the IMF compares the media mentions from this year’s Annual Meetings to those from last year’s to determine if there was an increase or decrease in coverage.
  + What could be an equivalent metric for your ministry or central bank?
* **Peer institutions or industry standards**: Evaluate how your communication efforts compare with similar institutions.
  + For example, the IMF compares its volume of media mentions with that of the World Bank during the Annual Meetings.
  + Who are your institution’s international peers? (Needless to say, finding a comparator agency may be challenging for low-income and emerging market countries.)

Besides benchmarking, another important component of impact assessment is to set a proper timeframe for monitoring. Decide on the duration of the assessment:

* **Short-term monitoring**: For campaigns with immediate objectives, such as a policy announcement, consider using end-of-day, 2-day, 3-day, or 7-day durations.
* **Long-term monitoring**: To track ongoing public sentiment around issues like inflation and inflation expectations, interest rates and yield curves, or public debt evolution, one may consider using 30-day, quarterly, or 6-month durations.

# SECTION 4:

# Unit 4.5 Module 4 Takeaways

Effective policy communication relies on a clear strategic framework, incorporating well-defined goals, institutional guidelines, and audience-specific approaches. Establishing standardized communication cycles, a dedicated communication structure, and leveraging tools like press releases, digital platforms, and stakeholder engagement fosters consistency. Proactively refining techniques and mapping target audiences (e.g., professionals, the public, and internal staff) ensures relevant and accurate information reaches all stakeholders, further enhancing organizational efficiency and securing public trust.

**Consider the following key takeaways from this module:**

* Policy communication in practice involves applying strategic frameworks, tools, and techniques tailored to different target audiences and institutional guidelines.
* Communication strategies should outline goals, target audiences, main messages, tools, and approaches for continuous assessment.
* Establishing clear internal communication guidelines helps maintain coherence and discipline.
* Regular communication on decisions and forecasts is essential, using routine events and digital platforms for direct public engagement.
* A standardized communication toolkit enhances transparency and consistency across all stakeholders.
* A communication function needs to be institutionalized with a dedicated department and a spokesperson reporting to senior leadership.
* Proactive mapping of audiences is critical, segmenting audiences into professionals, general public, and internal employees to refine communication tactics.
* Regular assessment of communication output should be conducted, using clear goals, key performance indicators, and metrics across media to align strategies, evaluate impact, and drive improvements.

## Knowledge Check

**1.** **<Multiple choice>** ***What is the best practice approach to designing a central bank communication strategy?***

1. Always focus on monetary policy, and disregard other factors.

**<Feedback>** This is **incorrect**. There is no one-size-fits-all approach to designing a central bank communication strategy. Each central bank must adapt to its unique policy regime, operational details, and cultural environment.

1. One central bank may easily adopt the strategy of another central bank, because central bank policies are all governed by the same set of rules and principles.

**<Feedback>** This is **incorrect**. There is no one-size-fits-all approach to designing a central bank communication strategy. Each central bank must adapt to its unique policy regime, operational details, and cultural environment.

1. Strategies are easily applicable from one central bank to the other, because they all share the goal to effectively communicate policies and actions to the public, financial markets, and other stakeholders.

**<Feedback>** This is **incorrect**. There is no one-size-fits-all approach to designing a central bank communication strategy. Each central bank must adapt to its unique policy regime, operational details, and cultural environment.

1. There is no one-size-fits-all approach to designing a central bank communication strategy.

**<Feedback>** This is **correct**. Because each central bank must adapt to its unique policy regime, operational details, and cultural environment.

**2.** **<Multiple choice>** ***Which approach for releasing information relating to a policy decision is more suitable for developing and emerging markets?***

1. The so-called **“drip feed”** approach.

**<Feedback>** This is **correct**. This approach provides policymakers and staff with additional time to finalize all documents for publication, which is crucial when central banks face resource constraints. It also allows non-expert audiences to gradually digest all the relevant information which is important in populations with lower levels of financial literacy.

1. The so-called **“dump all”** approach.

**<Feedback>** This is **incorrect**. This tactic is highly resource intensive and is thereby more suitable for developed countries’ central banks.

1. The agency can switch at will between **“drip feed”** or **“dump all”** strategies.

**<Feedback>** This is **incorrect**. A central bank needs to consciously design its communication strategy and tailor its tactics to its own capacity and the environment that receives its communication outputs.

1. A **“silent treatment”** approach is preferable as there is no need to release information in support of the policy decision.

**<Feedback>** This is **incorrect**. A central bank needs to provide supporting information, considering absorption capacity in various audiences.

**3.** **<Checkbox>** ***What are the three main broadly accepted principles for organizing the communication function in policy institutions, both in developed and emerging market/developing countries?*** (Select three that apply*.*)

1. A dedicated department of communication is established.
2. Director of Communication reports to the top representative of the institution—in case of central banks, to the governor (or chairman).
3. The Department of Communication is properly staffed.
4. An institution’s spokesperson can only be its head or top representative.

**<Feedback>** Consensus has emerged around the following main principles for organizing the communication function:

* A dedicated department of communication is established.
* The Department of Communication is properly staffed
* A director of communication reports to the head of the institution (in central banks, to the governor or chairman).
* The director of communication typically serves as the institution’s spokesperson, speaking on behalf of the institution on non-policy topics while the policymakers make pronouncements on policy.

**4.** **<Checkbox>** ***Which of the following elements do policy institutions need to put in place in order to conduct a thorough impact assessment?*** (Select all that apply*.*)

* 1. An independent third-party consultant
  2. Benchmarks and timeframe
  3. Clear objectives
  4. Defined key performance indicators and metrics
  5. Prior assumptions about an intended impact
  6. Monitoring tools

**<Feedback>** An impact assessment requires benchmarks and a defined timeframe, along with clear objectives, key performance indicators and metrics, and appropriate monitoring tools.

**5.** **<Multiple choice>** ***Which of the following is considered a qualitative metric for conducting an impact assessment?***

* 1. Number of mentions

**<Feedback>** This is **incorrect**. Number of mentions is a quantitative metric.

* 1. Average duration of video views

**<Feedback>** This is **correct**. The average duration of video views is considered a qualitative metric, as it reflects the depth of audience engagement and the quality of their interaction with the content.

* 1. Unique visitors to webpages

**<Feedback>** This is **incorrect**. Unique visitors count is a quantitative metric.

* 1. Downloads of articles

**<Feedback>** This is **incorrect**. Downloads of articles count is a quantitative metric.