

## INDEPENDENT EVALUATION OFFICE

## BANCO DE ESPAÑA'S RESPONSE TO THE EVALUATION OF INTERNATIONAL COOPERATION ACTION PLAN

Banco de España

As part of the Banco de España's annual evaluation plan, an assessment of its International Cooperation function has been conducted.<sup>1</sup> The evaluation, carried out by the Independent Evaluation Office (OIE) with the collaboration of three independent and renowned experts in the field,<sup>2</sup> aimed to analyze the strategic lines of international cooperation, specifically its governance, resources and incentives, efficiency and impact, as well as coordination with other institutions.

The Banco de España has defined the necessary actions to address the recommendations included in the evaluation report. Below are the main recommendations and the actions that the Banco de España commits to undertaking in the short and medium term to respond to them.

### Section I: Strategy and Planning

**Recommendation:** Establish clear objectives and priorities for International Cooperation, as their absence contributes to a reactive rather than proactive approach, and strengthen annual Action Plans with clear goals and initiatives.

- A mandate and strategic objectives for the International Cooperation function will be established, subject to approval by the Banco de España's governing bodies.

<sup>1</sup> International Cooperation (IC) is a component of the Banco de España's international relations. It is defined as the set of strategies, policies, and actions aimed at promoting and facilitating the transfer and exchange of knowledge, experiences, and best practices between the Banco de España and other central banks, supervisory and regulatory bodies, and international institutions with responsibilities in the monetary and financial sphere.

<sup>2</sup> Gill Hammond (Bank of England), Juan José Fernández Ansola (World Bank), and Alejandro Werner (Georgetown University).

Additionally, a triennial strategy, reviewed annually, will be developed to shift focus toward a more proactive approach to cooperation, as opposed to the current reactive one. This strategy will include, among other elements, the main long-term objectives and priorities for cooperation activities, key thematic areas of interest, and the associated budget for implementing the strategy.

- Annual action plans will also be defined, incorporating yearly goals and priorities for implementing the International Cooperation strategy.

**Recommendation:** Ensure geographic coverage aligns with the new strategic priorities, maintaining current coverage while establishing international cooperation priorities based on the new strategy.

- The triennial International Cooperation strategy will outline the geographic areas of interest for the Banco de España (geographic scope).

**Recommendation:** Assume a more proactive strategic leadership role in international cooperation and explore alternatives to address unmet needs of beneficiary central banks through current cooperation partners. Additionally, expand and diversify cooperation partners to enhance the efficiency and impact of activities.

- A gap analysis will be conducted to assess how current International Cooperation objectives are being met with existing partners. This analysis will enable (i) identifying new areas of work; (ii) establishing new collaborations with alternative strategic partners (e.g., IMF, BIS, World Bank, Alliance for Financial Inclusion, etc.) to improve the efficiency and impact of cooperation activities; or (iii) identifying new training formats. The results of this analysis will serve as input for defining the International Cooperation function's strategy.

## Section II: Governance

**Recommendation:** Implement a comprehensive budget for International Cooperation activities to assess the adequacy of their volume and composition and establish concrete priorities.

- A procedure will be defined, in collaboration with relevant internal areas, to quantify the total expenses associated with the Banco de España's International Cooperation activities. This analysis will serve as the basis for establishing the budgetary treatment of the function's strategic approach.

**Recommendation:** Transform the International Cooperation Committee (ICC), the Banco de España's primary governing body for International Cooperation, into a more strategic and proactive forum, with in-person meetings focusing on higher-value activities. Additionally, review the profile of Bank resources dedicated to International Cooperation. Furthermore, strengthen accountability and communication with the Banco de España's governing bodies.

- The ICC will be transformed into a more strategic, proactive forum focused on higher-value activities.
- The ICC chair will be given a more prominent role as a liaison with the governing bodies, fostering communication and accountability.

## Section III: Organization

**Recommendation:** Create an International Cooperation Institute (ICI) to consolidate all International Cooperation activities under a single umbrella, enabling standardized brand management, improved visibility, coordination, and efficiency of activities, and cost reduction.

- International Cooperation activities will be consolidated under the “Instituto de Cooperación Internacional del Banco de España” (ICIBE), whose creation must be approved by the Bank's governing bodies. The ICIBE will serve as the channel through which the International Cooperation strategy will be developed and implemented.
- The ICIBE's mandate will also be defined, outlining its functions, objectives, and governance, which will likewise require approval by the governing bodies.

**Recommendation:** Review the organizational structure of the International Cooperation Unit (ICU) to enhance efficiency, dedicating part of its efforts to planning and/or prioritizing activities and leveraging potential synergies

- An analysis of the ICU's current staff will be conducted in collaboration with relevant internal departments, considering various scenarios based on the ICIBE's development phases.
- Additionally, a pool of Advisers from across the Bank will be created to expand the resource base available for Cooperation activities. This pool will participate in organizing and/or implementing ICIBE activities.

## Section IV: Processes and Communication

**Recommendation:** Develop a formal framework to evaluate the impact of international cooperation activities to improve efficiency and facilitate strategic decision-making.

- A framework will be designed to measure the long-term impact of International Cooperation activities.

**Recommendation:** Establish a centralized International Cooperation knowledge repository at the Banco de España to document best practices and share lessons learned.

- A proposal will be prepared to implement a centralized repository containing courses, presentations, documents, videos, and best practices to facilitate the integration of Bank staff participating in international cooperation activities for the first time.

**Recommendation:** Develop an internal and external communication strategy to elevate the profile of International Cooperation.

- A comprehensive communication strategy (internal and external) will be designed to establish content and formats for disseminating information about International Cooperation, in line with the Bank's communication policy. For external communication, testimonial videos featuring participants in cooperation activities will be produced and shared on the Bank's website and promoted on social media to maximize visibility of the cooperation function.