

INDEPENDENT EVALUATIONS OFFICE

TERMS OF REFERENCE. EVALUATION OF HORIZON
SCANNING AT THE BANCO DE ESPAÑA

Banco de España

1 Introduction

The Banco de España is navigating an increasingly complex, volatile and uncertain environment. Decisions – both technical and strategic – must be made amid rapidly changing external conditions and heightened uncertainty about the future. In recent years, the Bank has had to respond to major challenges, such as the energy crisis and the COVID 19 pandemic, with direct consequences for inflation, financial system resilience and institutional responsiveness. It now faces rising geopolitical uncertainty around the world and the impact of new issues such as emerging technologies (e.g. artificial intelligence) and climate change.

It is therefore essential that the Banco de España have appropriate structures and an agile approach to identifying key new trends at an early stage, analysing their possible impact and linking them to decision-making. This will enable the Bank to understand and adapt more swiftly to changes that could reshape the challenges ahead, as well as to detect risks and opportunities that could affect its goals.

Various areas of the Bank are engaged, to different extents, in identifying emerging trends (horizon scanning), with teams that have created structures and processes tailored to each unit's specific needs. A recent key step is the creation of the Global Trends and Institutions Analysis Office under the Directorate General Economics, which will help to coordinate efforts, strengthen capabilities and gain deeper insight into emerging trends.¹

Given this situation, it is particularly important that the Independent Evaluations Office (OIE by its Spanish initials), assisted by external experts, evaluate these activities, examining the **current framework**, making recommendations and identifying **areas for improvement**. This evaluation

¹ In this connection, the Banco de España has also created the Exploring (Testing) and Deploying New Technologies Department, which is part of the Directorate General Strategy, People and Data. Its functions include observing and analysing emerging technological trends (such as generative artificial intelligence, blockchain and quantum computing) in order to assess their potential use in the Bank.

will become a valuable source of knowledge and will help shape and implement the desired **operational model** for these activities, improving their **coordination** among the different areas of the Bank.

The aim of this document is to define the terms of reference for the evaluation of horizon scanning at the Banco de España.

2 Terms of reference

The evaluation will be conducted by the OIE, assisted by a panel of external experts of recognised standing in this field.

The findings of the evaluation shall be set out in an evaluation report to be submitted to the Governing Council of the Banco de España. The external experts may be asked to appear before the Governing Council in order to present their main findings and clarify any doubts.

The following terms of reference shall apply to the evaluation work:

1. **Independence and impartiality.** The OIE and the external experts shall work independently and objectively.
2. **Timetable and deliverables.** The work shall begin in the third quarter of 2026 and the OIE must deliver its report within approximately six months of the work starting.
3. **Cooperation.** The Directorate General Economics of the Banco de España and the other areas involved shall provide the OIE with all the necessary support and information. Members of the OIE and the external experts shall have access to all the information they require and may conduct online or face-to-face interviews with any Banco de España senior management and staff members they deem relevant to the performance of their tasks. If they see fit, information may also be requested from other external sources.
4. **Confidentiality.** Members of the OIE and the external experts shall treat as confidential any material and information not in the public domain that is obtained in the fulfilment of their duties, and shall refrain from making any public statements on the outcome of the evaluation without the prior authorisation of the Banco de España. They shall remain bound by this obligation even after the evaluation has concluded.
5. **Publication.** The evaluation shall be subject to the disclosure criteria established in the Terms of reference and the OIE guidelines, subject solely to the limitations of any applicable confidentiality considerations.

3 Scope and goal

The evaluation shall consist of a review of the current **horizon scanning management, capabilities and activities** at the Banco de España. This review, together with an understanding of the Bank's functions and goals as a central bank, will help to establish a **framework** for optimally implementing and using horizon scanning in its decision-making processes and in the fulfilment of its mission. To do so, insofar as the information available permits, a **peer analysis** shall be conducted of horizon scanning and the related governance arrangements at other regulators or relevant institutions in this field.

In sum, the findings of the evaluation will determine **how effectively and efficiently the Banco de España conducts horizon scanning, as a tool to support decision-making and the fulfilment of its mission as a central bank**. In addition, it could also serve to inform the strategic principles and functions that will frame the new Global Trends and Institutions Analysis Office's operating procedures.

The specific objectives of the evaluation are to assess and document:

- a) Whether there is **a clear consensus** at the Bank on what horizon scanning means and how it can contribute to the **fulfilment of its mission**.
- b) The **organisational set-up** and the **processes** supporting the performance of horizon scanning. In particular, the OIE will analyse the arrangements for coordination across the Bank's internal areas that conduct this type of activity.
- c) The appropriateness of the **methodologies** (tools, frequency, etc.) used to ensure the early identification of emerging trends and the effectiveness of their analysis. The **diversity of data sources used** will be a focal point.
- d) The suitability of the **human and technical resources**, in addition to the **competences** of the staff tasked with horizon scanning.
- e) The degree of **integration** of horizon scanning into key Bank **processes** and its actual influence on **decision-making**.
- f) The **organisational culture**, in order to assess the extent to which the Bank fosters an environment that is conducive to horizon scanning activities. This will include, among other aspects, a review of the communication channels available, the incentives to encourage participation in these activities, training, and interaction with other external organisations to facilitate the exchange of knowledge, expertise and challenges.