

External Evaluation of the Economic Analytical and Research Activities of Banco de España

Terms of reference

The two main objectives of Banco de España are fulfilling its duties as a member of the European System of Central Banks (ESCB), and banking supervision. Economic analysis and research is essential for the fulfilment of these functions, and in enabling a Central Bank to be a constructive member of the international community of economic institutions. To contribute to the assessment of the impact of its economic analytical and research activities on the achievement of these objectives, the Banco de España has decided to undertake an external evaluation. The terms of reference for this evaluation are as follows:

Purpose. The main purpose of the evaluation is to provide insights and new basis for developing further the analytical and research capabilities of Banco de España. Under these terms of reference, economic analysis and research are understood as the set of activities supporting economic studies, in particular, those striving to meet academic standards, and excluding those performed exclusively for internal purposes.

With this aim, the committee's assessment should cover two areas:

1. Scope and output of economic analysis and research. To this respect, the committee's report should address the following issues:
 - a. The extent to which all departments of Banco de España with analytical responsibilities are engaged into economic analysis and research, and the coordination of these activities among them.
 - b. The analytical content of the studies and reports by which Banco de España externally communicates its institutional positions and policy decisions.
 - c. The scientific quality and the value added of the working papers and external publications of Banco de España's staff.
 - d. The impact of Banco de España's research and analytical output on the scientific community and other international institutions.
 - e. The promotion of economic analysis and research through the organization of conferences, seminars, international meetings, and other means.
2. Organization and management of economic analysis and research. The committee shall comment on:
 - a. The Research Plan of Banco de España, its organization by Research Programmes, and the process by which they are designed.
 - b. The relevance of the Research Programmes for the strategic objectives of Banco de España.
 - c. The definition of current research areas and the needs to strengthen others, in particular, those related to regulation of the financial system, the banking

supervision function of Banco de España, and the tools for the implementation of monetary policy.

- d. The management of economic analysis and research and the advantages and disadvantages of regular rotation of these responsibilities among the Senior Management (Directors of Department and Heads of Division).
- e. The hiring and professional development of researchers within Banco de España, and the advantages and disadvantages of the rotation of researchers among different business units.

Conditions

Professor Lucrezia Reichlin has agreed to chair the evaluation committee and Professors Ricardo Caballero, Jordi Galí and Luis Servén have agreed to conduct the evaluation of analytical and research activities of Banco de España. Their conclusions will be in a report to be submitted to the Executive Commission of Banco de España, under the following conditions:

1. The evaluators shall conduct their work freely and objectively, and deliver recommendations for improving the content and the impact of the research and analytical activities of Banco de España to the best of their professional abilities. In particular, should they consider it convenient, they could extend the range of issues to be addressed beyond those enumerated under the two areas mentioned above.
2. The Evaluation Committee will begin work in June 2010 and its final report should be available by December 2010. The Research Division of Banco de España will provide all the necessary support and information.
3. The members of the Committee shall also have access to interviews with all the Banco de España's management and staff that they may deem useful for the completion of its tasks. If considered appropriate, they may also request information from other sources.
4. They shall treat as confidential all the material and information not available to the general public that they may acquire in the fulfilment of their duties, and shall refrain from making any public statements on the results of the evaluation without the prior approval of the Banco de España. They will be bound by these obligations after the end of the evaluation.
5. The Banco de España reserves the exclusive right to publish the report.