Leibniz-Gemeinschaft

Der Senat

17. Juli 2013

Stellungnahme zum ifo Institut – Leibniz-Institut für Wirtschaftsforschung an der Universität München e.V.

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Vorbemerkung

Die Einrichtungen der Forschung und der wissenschaftlichen Infrastruktur, die sich in der Leibniz-Gemeinschaft zusammengeschlossen haben, werden von Bund und Ländern wegen ihrer überregionalen Bedeutung und eines gesamtstaatlichen wissenschaftspolitischen Interesses gemeinsam gefördert. Turnusmäßig, spätestens alle sieben Jahre, überprüfen Bund und Länder, ob die Voraussetzungen für die gemeinsame Förderung einer Leibniz-Einrichtung noch erfüllt sind.[1]

Die wesentliche Grundlage für die Überprüfung in der Gemeinsamen Wissenschaftskonferenz ist regelmäßig eine unabhängige Evaluierung durch den Senat der Leibniz-Gemeinschaft. Die Stellungnahmen des Senats bereitet der Senatsausschuss Evaluierung vor. Für die Bewertung einer Einrichtung setzt der Ausschuss Bewertungsgruppen mit unabhängigen, fachlich einschlägigen Sachverständigen ein.

Vor diesem Hintergrund besuchte eine Bewertungsgruppe am 25. und 26. Oktober 2012 das ifo Institut – Leibniz-Institut für Wirtschaftsforschung an der Universität München e. V. Ihr stand eine vom Institut erstellte Evaluierungsunterlage zur Verfügung. Die wesentlichen Aussagen dieser Unterlage sind in der Darstellung (Anlage A dieser Stellungnahme) zusammengefasst. Die Bewertungsgruppe erstellte im Anschluss an den Besuch den Bewertungsbericht (Anlage B). Das ifo nahm dazu Stellung (Anlage C). Der Senat der Leibniz-Gemeinschaft verabschiedete am 17. Juli 2013 auf dieser Grundlage die vorliegende Stellungnahme. Der Senat dankt den Mitgliedern der Bewertungsgruppe und des Senatsausschusses Evaluierung für ihre Arbeit.

1. Beurteilung und Empfehlungen

Der Senat schließt sich den Beurteilungen und Empfehlungen der Bewertungsgruppe an.

Das ifo Institut – Leibniz-Institut für Wirtschaftsforschung an der Universität München e. V. (ifo Institut) hat den **Auftrag**, angewandte, politikorientierte Wirtschaftsforschung zu betreiben, Forschungsergebnisse, Daten und Informationen allen Interessierten aus Wissenschaft, Wirtschaft, Politik und Öffentlichkeit bereitzustellen und politische Entscheidungsträger zu beraten. Diesen Auftrag erfüllt das ifo Institut sehr erfolgreich. Es leistet substanzielle Forschungsbeiträge, die international wahrgenommen werden, und nimmt eine wichtige Brückenfunktion zwischen akademischer Forschung und Politikberatung wahr.

Die **Entwicklung** des ifo Instituts verlief in den letzten Jahren sehr positiv. Noch 1998 war das Institut äußerst kritisch beurteilt worden. Der jetzige Präsident leitete nach seinem Dienstantritt 1999 grundlegende Veränderungen ein. Die Leistungen des Instituts verbesserten sich seitdem erheblich. Wie vom Leibniz-Senat empfohlen, wird das Institut seit 2010 wieder gemäß seiner Gesamtmission gefördert. Die Ergebnisse der Evaluierung zeigen, dass diese Entscheidung richtig war. Die Bilanz der Forschungs-, Dienstleistungs- und Beratungsarbeiten hat sich hervorragend entwickelt. Mittlerweile zählt das ifo Institut zu den führenden europäischen Wirtschaftsforschungsinstituten.

Verschiedene leitende Wissenschaftler, die die positive Entwicklung zusammen mit dem Vorstand vorangetrieben hatten, sind nach der letzten Evaluierung zu anderen renommierten Forschungseinrichtungen gewechselt oder in den Ruhestand getreten. Den dadurch verursachten

[1] Ausführungsvereinbarung zum GWK-Abkommen über die gemeinsame Förderung der Mitgliedseinrichtungen der Wissenschaftsgemeinschaft Gottfried Wilhelm Leibniz e.V.

personellen Umbruch hat das Institut überzeugend gemeistert. Es gelang, eine Reihe ausgewiesener Nachwuchswissenschaftlerinnen und Nachwuchswissenschaftler zu rekrutieren.

Die **Leistungen** in den acht Arbeitsbereichen des Instituts werden einmal als „exzellent", zweimal als „sehr gut bis exzellent", dreimal als „sehr gut" und zweimal als „gut bis sehr gut" bewertet. Zahl und Qualität der wissenschaftlichen Publikationen sind gleichermaßen sehr gut. Mit seinen verschiedenen, hervorragend geführten Datenbanken nimmt das Institut zudem bedeutende wissenschaftliche Dienstleistungsaufgaben wahr. Hervorzuheben sind die *Database for Institutional Comparisons in Europe* (DICE) sowie das gemeinsam mit der LMU betriebene *Economics and Business Data Center* (EBDC), in dem die aus Unternehmensbefragungen gewonnenen Daten verfügbar gemacht werden. Auch im Bereich der forschungsbasierten Beratung von politischen Entscheidungsträgern wird überzeugende Arbeit geleistet. Diese schlägt sich in einer Vielzahl von Gutachten und Stellungnahmen nieder. Zudem unterstützen Wissenschaftlerinnen und Wissenschaftler des Instituts die *European Economic Advisory Group* bei der Erstellung von Gutachten. Seinen hohen Bekanntheitsgrad in der Öffentlichkeit verdankt das Institut nicht zuletzt dem regelmäßig veröffentlichten ifo Geschäftsklimaindex, der aus den Daten von Unternehmensbefragungen generiert wird.

Die Höhe der eingeworbenen **Drittmittel** ist beeindruckend. Auch die Einnahmen aus Projektfinanzierungen sind angemessen. Das Institut sollte allerdings die DFG-Einnahmen steigern.

Auf zwei Themenfeldern verfolgt das ifo Institut unterstützenswerte **Ausbaupläne**. Zum einen soll die empirische Migrationsforschung intensiviert werden. Entsprechende Arbeiten werden zunächst im Rahmen eines im Wettbewerbsverfahren der Leibniz-Gemeinschaft eingeworbenen Projektes finanziert und im Anschluss daran im Rahmen der institutionellen Förderung. Zum anderen möchte das Institut die Arbeiten im Bereich der Klima- und Ressourcenökonomik nach Ablauf einer Landesförderung fortsetzen. Der Schwerpunkt sollte nach Auffassung des Senats auf den auch aus der Perspektive des Instituts im Vordergrund stehenden angebotsorientierten Inhalten liegen. Solche Arbeiten sollten mit zusätzlichen Mitteln von Bund und Ländern gefördert werden.

Die **Kooperation** des ifo Instituts mit der Ludwig-Maximilians-Universität München (LMU) ist sowohl im Bereich der Forschung als auch im Bereich der Ausbildung des wissenschaftlichen Nachwuchses ausgezeichnet. Neben dem Präsidenten des ifo wurden alle acht Forschungsbereichsleitungen gemeinsam mit der LMU auf eine Professur berufen. Eine wichtige Funktion bei der Zusammenarbeit zwischen dem ifo Institut und dem *Center for Economic Studies* (CES) an der LMU übt die vom Land Bayern finanzierte CESifo GmbH aus. Sie koordiniert ein Netzwerk von mittlerweile über 900 Wissenschaftlerinnen und Wissenschaftler aus aller Welt. Für die internationale Sichtbarkeit der wirtschaftswissenschaftlichen Forschung von ifo Institut und LMU ist die Kooperation in diesem Netzwerk ein wichtiger Schritt.

Der **Vorstand** des ifo Instituts hat in den vergangenen Jahren mit Unterstützung engagiert arbeitender Beiräte (Wissenschaftlicher Beirat und Nutzerbeirat) beeindruckende Arbeit geleistet. Der Präsident des Instituts gehört zu den renommiertesten deutschen Wirtschaftswissenschaftlern. Es gelingt ihm immer wieder, wichtige öffentliche Debatten zu den verschiedenartigsten wirtschaftspolitischen Themen anzustoßen. In den nächsten Jahren werden beide Vorstandsmitglieder (Präsident und kaufmännische Leitung) in den Ruhestand treten. Um diese Positionen erneut erstklassig besetzen zu können, muss das Aufsichtsgremium die jeweiligen Prozesse zur Benennung ihrer Nachfolgerinnen bzw. Nachfolger rechtzeitig angehen.

Der Frauenanteil im Bereich Forschung, wissenschaftliche Dienstleistungen und Beratung muss erhöht werden. Von neun wissenschaftlichen Leitungspositionen ist lediglich eine mit einer Frau besetzt. Eine deutlich verbesserte **Gleichstellung der Geschlechter** ist unter Befolgung des Kaskadenmodells anzustreben.

Insgesamt liefert das ifo Institut mit seinen grundlagen- und anwendungsbezogenen Forschungsarbeiten sowie den daraus abgeleiteten, weithin sichtbaren Service- und Beratungsleistungen wichtige Beiträge zu gesellschaftlich relevanten Themen. Damit erfüllt das ifo Institut die Anforderungen, die an ein Institut von überregionaler Bedeutung und gesamtstaatlichem wissenschaftspolitischem Interesse zu stellen sind. Die Verbindung von Forschungs-, Dienstleistungs- und Beratungsaufgaben zählt in der vom ifo Institut gebotenen Weise nicht zu den Aufgaben einer Hochschule. Eine Eingliederung des ifo Instituts in eine Hochschule wird daher nicht empfohlen.

2. Zur Stellungnahme des ifo Instituts

Der Senat begrüßt, dass das ifo Institut beabsichtigt, die Empfehlungen und Hinweise aus dem Bewertungsbericht bei seiner weiteren Arbeit aufzugreifen und umzusetzen.

3. Förderempfehlung

Der Senat der Leibniz-Gemeinschaft empfiehlt Bund und Ländern, das ifo Institut als Einrichtung der Forschung und wissenschaftlichen Infrastruktur auf der Grundlage der Ausführungsvereinbarung WGL weiter zu fördern.

9 October 2012

Annex A: Status Report

Ifo Institute -
Leibniz-Institute for Economic Research
at the University of Munich

Contents

1. Structure and tasks

Development and funding

The Ifo Institute – Leibniz Institute for Economic Research at the University of Munich (Ifo) was founded in January 1949 by merging the *Süddeutsches Institut für Wirtschaftsforschung* and the *Informations- und Forschungsstelle* at the Bavarian Statistical Office. ***I****nformation* and ***Fo****rschung* (Research) in the field of economics were established as the Institute's purpose in its by-laws, hence the abbreviation "Ifo". 50 % of Ifo's institutional funding is provided by the Federation (*Bund*) and 50 % by the *Länder*.

Ifo was first evaluated by the German Council of Science and Humanities (*Wissenschaftsrat*) in 1982. Based on the Council's second evaluation (1996 -1998), the responsible political bodies decided to change Ifo's classification as a research institute, to that of an institute providing research-based services. In this context it was also decided to reduce Ifo's institutional funding.

In the first evaluation of Ifo conducted by the Senate of the Leibniz Association in 2005/2006, Ifo asked for a reclassification as a research institute. In response, the Senate (Statement 14 June 2006) requested the submission of a "coherent working programme" for Ifo's future activities as a research institute. Based on this programme, the Leibniz Senate (Statement 4 March 2009) recommended to fund Ifo again as a research institute. The Joint Science Conference (*GWK*), as the responsible political body, endorsed this recommendation and Ifo has received funding as a research institute once again since 2010 as a result.

Responsible ministry at *Länder* level:

– Bavarian State Ministry of Economic Affairs, Infrastructure, Transport and Technology

Responsible ministry at federal level:

– Federal Ministry of Economic Affairs and Technology (BMWi)

There is also a branch of Ifo in Dresden. This branch does not constitute a department of the institute since it provides special services for the *Land* of Saxony. It is funded exclusively by the *Land* of Saxony and the third-party revenues that it generates.

Ifo's legal form and tasks

Ifo has the legal status of a registered association. The purpose of the association is set out as follows in its by-laws (as of 29 June 2011):

"*The Association pursues non-profit purposes, exclusively and directly, in accordance with the section on tax-deductible purpose of the German tax code. The purpose of the Association is the promotion of science and research. This purpose is fulfilled especially by*

– *empirical economic research, especially the conducting of research projects and research events as well as research co-operations;*

– *data collection and analysis in the area of economics and economic policy also with the help of scientifically based surveys;*

– *making research results, data and information available via publications, events and other media forms to researchers and to decision-makers in politics, administration and business as well as the general public with the goal of participating in the public policy debate as well as providing the scientific basis for decisions.*

– *the promotion of young researchers.*"

Ifo's official bodies

The General Meeting (of the members of the registered association) decides on a large number of issues including changes to the institute's by-laws, its annual accounts and the discharge of the Executive Board. In addition, it also selects the members of the board of trustees. Natural and legal persons from Germany and abroad can become members of the association. The association currently has around 402 members (31. 12. 2011). They primarily consist of companies from industry and trade, banks and insurance companies, business associations, as well as chambers of commerce and industry.

The Executive Board consists of the chairman (president) and one or two board members who are elected by the Administrative Council for a period of five years. The Board members' terms of office can be extended. The President of the Ifo Institute is appointed jointly by Ifo and the LMU.

Ifo's Administrative Council has a supervisory and consultative role. It consists of the chairman of the board of trustees, the deputy chairman of the board of trustees, a professor from each of the economics and business faculties of the LMU, a representative of the responsible ministry of the Federal Government (*Bundesregierung*) and another representative of the responsible ministry of the Bavarian State Government, the chairman of the Scientific Advisory Council, as well as up to five further members who are elected from the General Meeting. The Chairman of the Administrative Council is also the Chairman of the Board of Trustees.

The Board of Trustees is composed of personalities from academia, business, politics, trade unions and administration. It supports the Executive Board in fulfilling its tasks.

The Scientific Advisory Council (SAC) consists of international researchers and experts. It provides independent quality control and advises the Executive Board and the Administrative Council of the Ifo Institute on its long-term research and development plans.

In addition to the official bodies described in Ifo's by-laws, the institute also has a User Advisory Council (UAC). This body primarily has the task of advising Ifo on the continued development of its services. Details of the work of the Scientific Advisory Council and the User Advisory Council are provided in section 6 (quality assurance).

The CESifo GmbH

Since 1999, together with the appointment of the new president of the institute, ifo has been more firmly connected to LMU by the foundation of the CESifo GmbH. CESifo GmbH is jointly owned by the Ifo Institute and the LMU, and it is predominantly financed by the State of Bavaria. The purpose of CESifo GmbH is to sustain an international research network and link the Center for Economic Studies (CES) at LMU and the Ifo Institute both to one another and to the international research community. CESifo is an international platform for the exchange of economic ideas and the stimulation of joint research projects (see sections 4 and 5). It is also used as a brand name for the international coordination and dissemination of research activities of the ifo Institute and CES.

In 2002, the Bavarian State Government designated Ifo as an Institute *at* the University of Munich, following an offer by the LMU Senate. This nomination – also expressed in the name of the institute – has no legal implications, but it stands for Ifo's approach to economic research as an institution that aims at building bridges between academia and public policy.

2. General concept and profile

Working Programme

In the working programme, submitted by the Ifo Institute to the Leibniz Senate to prepare the reconversion into a research institution, Ifo's mission was redefined in terms of its activities as a research institution. In the updated version of 31 January 2012, the working programme states:

"*The Ifo Institute is a European think tank that forms a bridge between academic research and public discourse. It focuses on applied economic research with clear policy implications to achieve greater stability, prosperity and social cohesion for Europa and the world.*"

To follow this mission, Ifo uses four methodological principles, which also feature in the working programme:

i) Policy orientation

Ifo focuses on policy-oriented research. It makes the theoretical and empirical insights of economics available to the public discourse and for policy-makers and, in turn, derives its research topics from the current public policy debate.

Ifo does not primarily conduct research into the theoretical or methodological foundations of economics as universities do, but concentrates its resources on today's policy-relevant problems that are of immediate importance to society and that are constantly changing. It does occasionally make methodological contributions where these are directly relevant to its policy-oriented research.

ii) Flexibility

Ifo provides scientific research capacity in various fields of economics, which is available on public demand for specific research projects. In the view of Ifo, it is impossible to anticipate public demand years in advance, or the challenges that European economies may face in the future, but it is possible to provide expertise in the major domains where these demands might emerge.

iii) Empirics

Ifo aims to provide a sound empirical foundation for its policy recommendations, which calls for both econometric tools and profound institutional knowledge. Ifo's Database for Institutional Comparisons in Europe (DICE) and the large number of Ifo staff who are well-trained in the field of micro-econometrics ensure that this principle is practically applied in its work.

iv) International focus

The policy conclusions reached by Ifo researchers in their studies always involve international comparisons. All of Ifo's projects are consequently checked with regard to their international comparative dimension by an internal control system ("Euro Control") to ensure that international comparisons are actually drawn in all of Ifo's projects.

The scientific work of Ifo is divided amongst eight research departments, which correspond to the main areas of activity and competences outlined in the working programme. They are led by department heads, who are all professors jointly appointed by Ifo and the LMU. The eight research departments, which are described in more detail in section 3, are:

1. Social Policy and Labour Markets
2. Human Capital and Innovation
3. Public Finance
4. International Trade

5. Energy, Environment and Exhaustible Resources
6. Business Cycle Analyses and Surveys
7. Industrial Organisation and New Technologies
8. International Institutional Comparisons

The research departments are supported by the four infrastructure units: Press, Publications, Conferences; Library; Finances and IT; Human Resources.

Development of the institute since the last evaluation

As mentioned in section 1, the period since the last evaluation has been a phase of significant change for the institute, which has impacted the weighting of the main research focus points, policy advisory work and scientific services, as well as Ifo's strategic research orientation. In the last evaluation Ifo was still evaluated as a (research-based) service institution. As a result of this evaluation, the Senate of the Leibniz Association requested the submission of a "coherent working programme" for Ifo's future activities as a research institute. Based on this programme, the Leibniz Senate recommended in 2009 to fund Ifo again as a research institution in the future.

As a strategy for the transition from a service institution to a research institute, the working programme stated that the main focus points should shift fluidly from service to research and policy advisory work. However, some of Ifo's service products should continue to exist, especially the business surveys and the Database for International Institutional Comparisons (DICE), as well as the large number of tools for transferring knowledge to society. Future financial growth will be used to further develop policy-oriented research. The transition from service to research had the greatest impact on the Departments of Branch Research (now Industrial Organisation and New Technologies Department) and on the International Institutional Comparisons Department. At the time of the last evaluation, both departments were mostly responsible for service tasks whereas research now accounts for a high and rising share of the departments' work.

Since the positive evaluation of the working programme by the Leibniz Senate its research policy orientation has not changed. As for the individual research departments, especially in the Industrial Organisation Department and the New Technologies and International Institutional Comparisons Department mentioned above, there has been a greater emphasis on research. In addition, in the Energy, Environment and Exhaustible Resources Department environmental economic research has been expanded to include research into climate change and energy policy.

Results

<u>Research</u>

After the last evaluation, the number of articles published in peer-reviewed journals increased from 33 (2006) to 45 (2007) to 55 (2008). In the institute's view, the subsequent drop to 50 (2009) and 44 (2010) was a result of leading scientists relocating to other universities. The majority of the positions were refilled by October 2010. In 2011, the number of publications in peer-reviewed journals was 55 (24 in the A+ to B categories).

Using the *Handelsblatt* rankings to classify the journals in which Ifo economists publish, the Institute produced two published or accepted publications in A+ journals, 13 in A journals, 19 in B+ and 37 in B journals (see appendix 2 for a list of publications) in the period from 2009 to 2011.

In the German *Handelsblatt* ranking of the top 100 economists in German-speaking countries with the best current research achievements (since 2007), four Ifo department heads are listed. Furthermore, all six of Ifo's department heads aged under 40 are included in the *Handelsblatt* ranking of under 40 year-olds of September 2011. Two of them are amongst the top five.

Ifo analysed its scientific output according to the RePEc list (Research Papers in Economics, www.repec.org). In the RePEc rankings of economic research institutes and economics faculties in Germany of April 2012, Ifo is ranked third, after the European Central Bank (ECB) and the Institute for the Study of Labor (Bonn) and followed by the CESifo. In the rankings of individual researchers at institutes and universities in Germany the president of Ifo is ranked first, and one of Ifo's department heads is ranked eighth.

<u>Research-based work results</u>

Research-based services continue to account for a considerable share of the results achieved by the Ifo Institute. These services cover:

a) Scientific services and infrastructure tasks:

- company surveys and the analyses and indices that are based upon them
- business cycle analyses and forecasts
- supply of information for international institutional comparison (Database for Institutional Comparisons in Europe - DICE)
- supply of data from Ifo surveys and other corporate data (LMU-Ifo Economics and Business Data Center - EBDC)
- contributions to mass education in the field of economics and supply of additional economic information (e. g. lecture series given by Ifo's president, recorded and broadcast by the Bavarian broadcasting service (Bayerischer Rundfunk), or one-off events with live-streaming via the internet and archiving of video recordings in the media libriary of Ifo, or DVDs especially used in schools)

b) Scientific advisory work:

The Ifo Institute achieves knowledge transfer to politics and society by contributing to the public debate over economic policy discussions (contributions to the policy debate) on one hand, and by offering advice to decision-makers (policy advisory contributions) on the other hand.

- In view of Ifo, contributions to the policy debate appear to be a particularly effective way of reacting to new economic policy challenges quickly and objectively, independent of third parties. Since its reorientation in 1999, the Ifo Institute has turned participation into economic policy debate into one of the main focuses of its work. It has emphasised various issues in the public debate including store closing times, income generated by money creation on the part of central banks during the introduction of the euro, the activating welfare state, mass unemployment, the location crisis, system competition, migration in the welfare state, German reunification, direct investment, outsourcing, climate change, energy policy, bank regulation, Greece, euro crisis, Target balances, public debt or the future of education.
- Policy advisory contributions are made in form of commissioned research for public institutions, the participation in the European Economic Advisory Group (EEAG, see section 4) at CESifo, the Membership of Ifo scientists in scientific advisory councils and commissions set up in public institutions, the participation in hearings conducted by state institutions, and individual advisory discussions with high-ranking state decision-makers.

c) Knowledge and technology transfer:

To achieve knowledge transfer, Ifo mainly relies on publishing articles in newspapers and journals, as well as in its economic policy-oriented periodicals and publications. The most important of these are:

- the quarterly *CESifo DICE Report* is aimed at researchers and economic-policy practitioners in government and business
- the monthly German-language journal *Ifo Konjunkturperspektiven* is aimed at members of the business community, the government and the media
- the quarterly English-language journal *CESifo World Economic Survey* reports and analyses the results of the Ifo World Economic Survey, which is the international equivalent of the Ifo Business Survey
- the German-language bi-monthly *Ifo Schnelldienst* is aimed primarily at members of the business community, government and the media, as well as the general public. It is Ifo's most visible German publication.

Further development and appropriateness of institutional funding

The research focus of the Institute will not change in the foreseeable future. It is within this framework that Ifo wants to respond to the economic challenges in the German and European economy. Five examples for challenges of this type are migration, knowledge society, demographic change, global climate change and the euro crisis.

An extension of the research capacities that goes beyond the normal growth of 5 % of institutional funding under the Pact for Research and Innovation is planned in two areas:

To step up migration research, Ifo is establishing the Centre of Excellence for Migration and Integration Research (CEMIR) between 2012 and 2014. The funding for this project has already successfully been secured under the Leibniz Association's competitive scheme (SAW). Four Ifo departments are involved in this project (International Institutional Comparisons, International Trade, Human Capital and Innovation, Social Policy and Labour Markets).

The second area to be expanded is the work on climate and resource economics in the Energy, Environment and Exhaustible Resources Department. The expansion of this new research focus is being financed for a fixed duration by the Bavarian State Ministry of Economic Affairs, Infrastructure, Transport and Technology. The start-up financing of up to 700 K€ per year was approved for the period from July 2008 to December 2013. When the start-up financing expires, Ifo plans to continue extending its research in this area. To this end, Ifo is requesting a long-term increase in its institutional funding in its 2014 Programme Budget.

Ifo's Revenue and Expenditure

Ifo's revenue in 2011 totalled approx. 15.75 M€. Appendix 4 gives a detailed list of Ifo's revenue and expenditure from 2009 to 2011.

<u>Institutional funding</u>

In 2011, Ifo's institutional funding amounted to 8.5 M€, 50 % of which was provided by the Federation (*Bund*) and 50 % by the *Länder*.

<u>Revenue from project funding grants</u>

In the period from 2009 to 2011, the revenue from project funding grants ranged from 1.2 M€ to 1.5 M€. Each year it accounts for approximately 10 % of Ifo's revenue.

From the total revenue from project funding grants in the period from 2009 to 2011 the share of funds provided by the Federal and *Länder* governments accounted for 41 % to 45 %. The share of funds provided by the EU accounted for 19 % to 25 %, and the share of funds provided by the German Research Foundation (DFG) accounted for 7 % to 9 %. In the same period the Ifo institute received in total 1.2 M€ on the basis of the competition scheme of the Leibniz Association (SAW, before 2011 those funds were granted as subsidy of the institutional funding).

Revenue from services

The revenue from services provided by Ifo ranges from 3.3 to 4.4 M€ per year, accounting for between 26 % and 30 % of Ifo's revenue. Almost the whole amount stems from commissioned work conducted by Ifo.

3. Subdivisions of Ifo

The eight research departments at Ifo, which correspond to the main areas of activity and competences outlined in the working programme, are presented below. For each department the number of employed (31 December 2011) Full Time Equivalents (FTE) and the year in which the department head started to work at Ifo are given in brackets after the name of the department.

1. **Social Policy and Labour Markets** (7 FTE, 2010)

The Social Policy and Labour Markets Department studies labour markets and family economics, evaluates social, family and employment policy measures and institutions, and analyses the incentives of the taxation and transfer system. It applies its methodological core competences in applied theoretical research and micro-econometric analysis with an emphasis on causal identification.

Since 2009, the department has produced 20 published or accepted articles in peer-reviewed journals (18 since the arrival of the new department head in 2010), nine of them in the categories A, B+ and B. Furthermore, the department advises the federal government on social and family policy issues (as illustrated by two evaluation studies for the Federal Ministry of Family Affairs, Senior Citizens, Women and Youth and the Federal Ministry of Finance). It also has an international network thanks to research professors and guest researchers.

In the period from 2009 to 2011, there were almost no revenues from project funding grants. In the same period the department raised 1.1 M€ from services based on contract work.

The most important internal partners are the Departments of Public Finance, of Human Capital and Innovation, of International Trade and of International Institutional Comparisons. With the latter three departments there is also a link to the new Centre of Excellence for Migration and Integration Research (CEMIR, see above).

2. **Human Capital and Innovation** (10 FTE, 2004)

The department analyses how education and innovation policies can advance the knowledge base of highly-qualified future workers and enhance the innovative capacity of the economy. To understand which policies work, the department mostly employs microeconometric methods that allow for quasi-experimental evaluation. Since the last evaluation, the department has extended its research on the economics of education to include the analysis of historical data on education.

Since 2009, the department has produced 46 published or accepted articles in peer-reviewed journals, 21 of them in journals of the category A+, A, B+ and B. It also brings its scientific competence into policy advisory work and the policy debate, in particular in the field of education. In addition, the department plays an active part in the international scientific community. The department runs the European Expert Network on Economics of Education (EENEE). The researchers in the department are invited as guest researchers to international universities, including Stanford, Harvard and UC Santa Cruz.

In the period from 2009 to 2011, revenue from project funding grants totalled 380 K€. In addition, the department raised 400 K€ under the Leibniz Association's competitive scheme (SAW). In the same period the department raised 1.2 M€ from services based on contract work.

The department cooperates with the Social Policy and Labour Markets and Industrial Organisation and New Technologies Departments. Furthermore, it is also involved in CEMIR (see above).

3. **Public Finance** (4 FTE, 2012)

The Public Finance Department uses macro- and microeoconometric techniques to investigate whether governments are pursuing sustainable fiscal policies, forecasts public revenues and expenditures, and elaborates on politicians' behaviour from a Public Choice and Political Economy perspective. The department provides practical proposals for economic policy-making in Germany and Europe to preserve an efficient social market economy. Under its new head the Public Finance Department has recruited new staff, but retains its public finance focal points.

Since 2009, the department has produced 25 published or accepted articles in peer-reviewed journals, five of them in the categories B or B+. Under the new department head knowledge transfer in the form of policy advisory work and contributions to the policy debate, as well as its international networking, will continue to be pursued. In the period from 2009 to 2011, the revenues from project funding grants were 100 K€. In the same period the department raised 320 K€ from services based on contract work.

Its most important internal partners are the Human Capital and Innovation, International Institutional Comparisons, Business Cycle Analyses and Surveys and Social Policy and Labour Markets Departments.

4. **International Trade** (5 FTE, 2010)

The International Trade Department was a spin-off from the previous Environment, Regions and Transport Department aimed at boosting research in international trade, an area of growing importance to Ifo. The department analyses how existing imperfections in the markets for goods, labour and finance shape the effect of globalisation on the prosperity and social cohesion of nations, and on the environment. Furthermore, it discusses policy implications such as which labour market institutions and policies are optimal in a globalised world. The research approach combines theoretical modelling and empirical methods to quantify the effects of reform policies in general equilibrium. The department acts as an interface within Ifo on international trade issues.

From 2009 to 2011 the department produced 24 published or accepted articles in peer-reviewed journals, 13 of them in the categories A, B+, B. It contributed to policy advisory work and the policy debate (e. g. evaluation of Hermes cover for the Federal Ministry of Finance in 2011). By virtue of the nature of its research, a characteristic of the International Trade Department is its international network of partners, research professors and guest researchers.

In the period from 2009 to 2011, revenue from project funding grants totaled 200 K€. In addition, the department raised 380 K€ under the Leibniz Association's competitive scheme (SAW). In the same period, the department raised 125 K€ from services based on contract work.

The major internal collaborative partners are the Energy, Environment and Exhaustible Resources and International Institutional Comparisons departments. The department also works closely with three other Ifo departments in the context of CEMIR (see above).

5. Energy, Environment and Exhaustible Resources (11 FTE, 2010)

The main focus of the Energy, Environment and Exhaustible Resources Department is on the challenges that arise from mitigating and adapting to climate change. These challenges encompass analysis of the inter-temporal allocation of exhaustible fossil fuels and the design of efficient climate and energy policies as well as the effects of climate change on the environment. The department's goal is to provide policy advice based on sound empirical and theoretical research that reacts flexibly to the ongoing policy debate, but which also encompasses the long-run and international perspective of climate-related policies. The department is still under construction.

In the period from 2009 to 2011, it produced 21 published or accepted articles in peer-reviewed journals, 5 of them in category B. Furthermore, it contributed to policy advisory work (with several expert reports commissioned for the Federal Ministry of Finance) and public policy discussion, particularly with reference to the new main research area of climate change and energy.

In the period from 2009 to 2011 revenue from project funding grants totalled 1.2 M€. In the same period, the department raised 800 K€ from services, mostly based on contract work.

Its most important internal partners are the International Trade and Industrial Organisation and New Technologies Departments.

As explained in section 3, the department plans to expand its research on climate and resource economics. The start-up financing was approved by the Bavarian State Ministry of Economic Affairs, Infrastructure, Transport and Technology from 2008 to 2013. To continue and further expand its work in this research area, Ifo is applying for a long-term increase in institutional funding when this start-up financing expires.

6. Business Cycle Analyses and Surveys (29 FTE, 2007)

The Business Cycle Analysis and Surveys Department is one of two Ifo departments (the second one is the International Institutional Comparisons Department, see below) in which research-based services constitute core competences and tie up significant resources (18 FTE non-academic staff). In response to the last evaluation the previously separate responsibilities for business cycle research and business surveys were combined into a single department.

The department focuses on the collection of survey data (especially the business survey, which forms the basis of the Ifo Business Climate Index as well as the World Economic Survey), on the preparation of national and international business cycle forecasts, and on research in the areas of macroeconomics, forecasting processes and survey methodology. It also offers its competence in forecasting and survey techniques for consulting and policy advice. In particular, the department is involved in the Joint Economic Forecast for the federal government.

The department aims to create a scientific foundation for its research. In the period from 2009 to 2011, it produced 20 published or accepted articles in peer-reviewed journals, 5 of them in B+ and B journals. The main focus of its work, however, lies in knowledge transfer and other services. The department is affiliated with the Economic and Business Data Center (EBDC). It was founded and is operated in conjunction with both the economics and business faculties of the LMU, and was accredited as a research data centre by the Council for Social and Economic Data in 2011.

In the period from 2009 to 2011, revenue from project funding grants totalled 1.1 M€. In the same period, the department raised 2.8 M€ from services mostly based on contract work.

The major internal collaborative partners are the Industrial Organisation and New Technologies, Public Finance and Social Policy and Labour Markets Departments.

7. **Industrial Organisation and New Technologies** (17 FTE, 2010)

The Industrial Organisation and New Technologies Department was created in autumn 2010 and replaced the previous Industry Research Department, which primarily conducted service tasks and was entirely financed by third-party revenues from commissioned projects, and notably the provision of industry reports for the DG-Verlag (so called "special industry branch reports"). On the departure of a number of older Ifo researchers the department was given a new scientific orientation.

Using both empirical and theoretical tools of applied microeconomics, the department analyses macroeconomic trends by investigating their microeconomic drivers. Work in the department classically covers studies of individual industries and their competitive processes, but also looks at the contribution of individual industries and technologies to overall economic growth, as well as studies of corporate behaviour and even of behaviour within companies. In addition, it publishes special branch reports with close ties to business, which specifically includes authorship of the industry branch special reports.

In the period from 2009 to 2011, the department produced 9 published or accepted articles in peer-reviewed journals, 4 of them in A+ (American Economic Review), A and B+ journals.

In the same period the revenues from project funding grants were 190 K€, while the department raised 3.8 M€ from services mostly based on contract work.

While in the past collaborative work inside Ifo was mainly done with the Business Cycle Analyses and Surveys Department, cooperation with the Human Capital and Innovation, Energy, Environment and Exhaustible Resources and International Trade Departments will become more important in the future.

8. **International Institutional Comparisons** (8 FTE, 2010)

The International Institutional Comparisons Department is the second of the two research departments that is strongly characterised by services (the other one is the Business Cycle Analyses and Surveys Department, see above). The core task of this department is the maintenance and further development of the Database for Institutional Comparisons in Europe (DICE). DICE is an international database that compares regulations relevant to economics and supports research in the field of international institutional comparisons. The department publishes a quarterly journal in this field (CESifo DICE Report).

The department combines services with scientific research. In the period from 2009 to 2011, it produced 18 published or accepted articles in peer-reviewed journals, ten of which appeared in category A, B+ and B journals.

In the same period, the revenues from project funding grants were 170 K€ and the department raised 40 K€ from services based on contract work. In addition, the department raised 400 K€ under the Leibniz Association's competitive scheme (SAW).

The department will take over leadership of CEMIR, (see above), in which most of its collaborations inside Ifo take place. It also cooperates with the Public Finance Department, which is not part of CEMIR.

4. Collaboration and networking

Collaboration with the Ludwig-Maximilians-Universität München (LMU)

The legal basis for cooperation with the LMU is a general cooperation agreement dating from 1997 and a contract from 1999 about the foundation of the CESifo research network that firmly linked the Ifo Institute with the Center for Economic Studies (CES) at the LMU. Since 2002 Ifo has been named an "Institute at the University of Munich", recognising the close cooperation between the two institutions.

Based on an additional agreement made by the Ifo Institute and the LMU with the Bavarian government in 2004 , Ifo has a total of eight tenured W3 endowed professorships, which may be used for the joint appointment of leading researchers (in addition to the president's university chair). Furthermore, five post-docs have been employed as interim professors at the LMU since 2009.

For the training of doctoral students an agreement was made with the LMU that Ifo doctoral students – insofar as they are not in the doctoral programmes of other universities – become members of the Munich Graduate School of Economics (MGSE). Ifo's department heads are also involved in the lecture programme at MGSE. This programme has been expanded by additional doctoral seminars at the Ifo Institute, which are also open to graduate students at the LMU (see section 5 for more information on the promotion of junior academics).

At the time of the last evaluation, cooperation with the LMU was limited to working with its Faculty of Economics. As part of the joint establishment of the Economics and Business Data Center (EBDC, see above) and the appointment of the Industrial Organisation and New Technologies Department head, cooperation has been extended to the LMU's Faculty of Business Economics. In addition, the Business Cycle Analyses and Surveys Department now cooperates with the LMU faculty responsible for statistics.

CESifo GmbH

The purpose of CESifo GmbH (official name: Munich Society for the Promotion of Economic Research) is to link the Center for Economic Studies (CES) at the LMU and the Ifo Institute with both one another and with the international economic research community. The activities of CESifo GmbH are supported by the institutional funding, assured on a long-term basis from the Bavarian State Ministry for Economic Affairs, Infrastructure, Transport and Technology. It also strives to raise additional external funds to finance its activities, in particular from grants and sponsorships. Together, CESifo GmbH, the Center for Economic Studies (CES) at LMU Munich and Ifo form the CESifo Group.

CESifo GmbH pursues the following key tasks:

- Promotion of exchanges between the LMU and the Ifo Institute, as well as the promotion of young economists
- Promotion of international research collaborations, particularly through support of the global network of researchers and funding for research visits
- Analysis of economic developments in the European Union and generating ideas in the debate on European economic policy
- Organisation of events with an economics and economic-policy orientation
- Editorship of economics and economic policy publications.

CESifo GmbH is divided into four programme areas: Scientific networking, European policy advice, Conducting the Munich Economic Summit and Organisational tasks.

Programme area 1: Scientific networking

Promoting collaboration between economists from the LMU and Ifo and their integration into the international research community is the key strategy for raising the quality of economic research at Ifo and the LMU to an international level.

One contribution to international networking is made by the guest researcher programme coordinated by CESifo. Along with the Richard Musgrave Visiting Professorship, this gives CESifo staff the opportunity to meet internationally renowned researchers who come to Munich for a research stay. A further element of networking researchers from Ifo and the LMU with international researchers is the granting of jointly processed research projects leading to a book publication, published by MIT Press.

The most important aspect for the international positioning of CESifo is the continued expansion of the CESifo Research Network and support of the network's activities. Currently, 944 established economists from 36 countries (as of 31 December 2011) are members of the CESifo Research Network. There are eight areas within the network headed by one director (Macro, Money and International Finance; Applied Microeconomics; Public Sector Economics; Employment and Social Protection; Global Economy; Economics of Education; Energy and Climate Economics and Behavioural Economics). The annual area conferences bring together network members with similar research interests and promote the exchange of ideas within each area.

International networking, and especially the running of the CESifo Research Network, also includes the editorship of numerous scientific publications. The most prominent of these publications is the "CESifo Working Paper Series", which publishes the scientific work of the network members at an early stage and stimulates discussions on the issues addressed. The Working Papers are sent to over 200 libraries throughout the world. They are also distributed through SSRN, RePEc and the CESifo website.

Programme area 2: European policy advice

CESifo has many activities, and especially publications, in the area of policy advice at a European level. The European Economic Advisory Group at CESifo (EEAG) is particularly important. This is a European advisory council founded in 2001 by CESifo to give both policy-makers and the general public independent and scientifically-based advice on current issues of economic development in the EU. In addition to the Ifo president, the council includes economic experts from several European countries who write an annual report and also provide an economic forecast for the European economy. Several departments at Ifo contribute to the work of the EEAG, which uses Ifo's Database for Institutional Comparisons in Europe (DICE) for its work.

Programme area 3: Munich Economic Summit

The Munich Economic Summit (MES) is an international economic policy-oriented conference that CESifo organises together with the BMW Foundation Herbert Quandt in partnership with three leading European newspapers (The Times of London, The Wall Street Journal Europe and Handelsblatt). The speakers include presidents, prime ministers and ministers from around the world, central bank presidents, CEOs and board members of globally active companies and researchers. The annual Munich Economic Summit is funded – with the exception of the personnel costs of the organisers – by corporate sponsorship.

Programme area 4: Organisational tasks

To keep overheads to a minimum, the conceptual and managerial tasks are performed by the staff at Ifo and CES. The Ifo president is CEO of the CESifo GmbH, while the other Ifo's Executive Board Member is responsible for the commercial management. CESifo employs six staff members. The financing of Ifo and CESifo is strictly separated. CESifo has an accounting system independent of Ifo, as well as its own financial management system (DATEV).

Collaboration with other German and international universities

The Ifo Institute also has cooperation agreements with the German universities of Augsburg, Dresden, Giessen, Konstanz, Leipzig, Münster, Erlangen-Nuremberg, Regensburg and Passau. Collaborations with non-German universities are not usually formalised. They include the University of California at Berkeley, Princeton University, UC Santa Cruz, Nottingham University, St. Andrews University (UK), the University of Helsinki, St. Gallen University and ETH Zurich.

Other important national collaborations

In the area of policy advice, the most important national collaborative project is the Joint Economic Analysis (*Gemeinschaftsdiagnose*) commissioned by the Federal Ministry of Economics and Technology. Here Ifo and ETH Zurich have formed a consortium and work on the two annual reports together with the other contractors commissioned by the ministry.

Other important international collaborations

On the basis of a cooperation agreement with the *Institut national de la statistique et des études économiques* (INSEE) in Paris and the *Istituto nazionale di statistica* (Istat) in Rome, Ifo publishes a forecast of the international economic outlook for the Eurozone three times a year.

In the area of business surveys, Ifo provides the European Commission with the results of business surveys, and also meets on a regular basis with representatives of the European Commission to discuss methodological issues of survey-based business-cycle research.

In attracting participants for its surveys, Ifo is supported by trade associations. One important partner is the International Chamber of Commerce in Paris, the official partner of the Ifo Institute in the implementation of the World Economic Survey. There is also long-term cooperation with international groups whose representatives abroad participate in this international economic survey.

As a Euroconstruct member, Ifo works closely with a network of European research institutions in the field of the construction and housing industries. This network holds bi-annual conferences and publishes forecasts of construction activity in 15 European countries.

Research professors and visiting researchers

All Ifo research departments cooperate with renowned international economists as research professors (see appendix 1). The integration of research professors has been expanded in recent years. The number of research professors has increased from 14 at the time of the last evaluation to 38 in April 2012. Moreover, the position of Ifo "research associates" has been established to also include highly talented young economists in collaborations.

Visiting researchers are just as important for the Ifo research departments as the research professors. In the last evaluation period (2002 to 2004), the visiting research programme of the Ifo Institute was in its initial phase. To facilitate the accommodation of visiting researchers, a guest apartment was built in one of Ifo's buildings. Since then, the number of visiting researchers has increased to 53 in 2011. Ifo only invites guest researchers who are experts in areas covered by the Ifo Institute, and who are expected to collaborate and jointly publish with members of the Ifo staff. As mentioned earlier, visiting at either the Ifo Institute or CES is a precondition for becoming a member of the CESifo Research Network (see above).

5. Staff development and promotion of junior researchers

Personnel structure and staff development

On 31 December 2011, Ifo employed 99 scientific staff in research, scientific services and policy advice, 45 of whom were PhD students. Almost 50 % were third-party funded and 75 % had fixed-term contracts. Its scientific staff is supported by a non-scientific staff, which comprised of 41 members on that date. Furthermore, 53 members of staff were employed in administrative functions at the Ifo Institute. Finally, there were 26 student assistants and trainees (on 31 December 2011). See appendix 4 and 5 for further details of Ifo's personnel structure.

Promotion of gender equality

23 % of the scientists in research, scientific services and policy advice are female (see Appendix 5). The Gender Equality Promotion Plan was last updated in 2011 in agreement with the Gender Equality Officer, who informs the Administrative Council about the status of gender equality at the Institute on an annual basis. In Ifo's opinion, the low percentage of women in research, especially in management positions, is not specific to Ifo, but reflects the general situation within the field of economics.

To increase the number of women in research Ifo tries to recruit as many female students as possible for doctoral positions and to offer optimal family-friendly working conditions (flexitime, teleworking, lectures at conferences and continuing education during parental leave, etc.). The aim of these measures is to be able to retain these women in postdoctoral positions after they have completed their theses.

Furthermore, Ifo also recruits female doctoral students on an unscheduled basis. If the opportunity arises to hire qualified female doctoral students who have submitted unsolicited applications, special positions are created for them. To counter the risk of female doctoral students being headhunted before they complete their studies, young female economists are offered special support.

Promotion of junior researchers

On 31 December 2011, Ifo employed a total of 45 doctoral students. In the period since the last evaluation, 44 graduate students successfully completed their studies, which usually takes between three and a half and four years. According to the institute, it was necessary to retain 24 graduates as researchers at the institute in order to consolidate the middle generation of Ifo staff, which had been reduced in previous years.

The doctoral students are members of the Munich Graduate School of Economics (MGSE) and participate in the structured lecture and examination programme at LMU Munich. Training at MGSE is supplemented by additional educational opportunities at Ifo, which enable students to develop their empirical knowledge, their familiarity with institutions and their methodological skills, and give them experience in practical projects and policy advice, as well as in contributing to the policy debate. In 2010 the position of a doctoral intermediary ("Doktorandenbeauftragter") was created to give the students a central contact person who organises experience sharing and inter-departmental qualification activities.

The academic training of Ifo's post-docs builds on the measures contained in the doctoral programme. However, the emphasis lies on publishing papers in leading journals, international networking and profile-building in policy advice and the policy debate. Additional important measures for post-doctoral researchers include stays abroad and the effective writing of public presentations.

Tenured employment contracts for researchers at the Ifo Institute are rare. Since 2009, no single staff member below the level of head of department has been tenured. If a tenure decision is to be taken, the Scientific Advisory Council is consulted.

In recent years, there has been a strong demand from domestic and foreign students for internships at the Institute. About 40% of the internships have been awarded to female students. Internships are primarily offered to suitably qualified students from Ifo's partner institutions. A longstanding cooperation exists with the University of Princeton, which sends at least one intern to Ifo every year for a stay of several weeks.

Vocational training for non-academic staff

The professional qualification of non-academic staff includes apprenticeship training and a continuing education programme.

Ifo offers an apprenticeship programme in office communication. One training position is usually filled per year. The statutory training plan is expanded by the Institute to increase the scope of the apprenticeship.

To promote the continuing education of non-academic personnel, a systematic annual survey determines the additional demands faced by non-academic employees and what qualifications are necessary to meet these demands. The annual continuing education programme for non-research staff comprises on average approximately 127 internal and external training measures.

6. Quality assurance

Internal quality management

Ifo has set up a certified quality management system based on DIN ISO 9001. The quality goals in this system are identical to the criteria used by the German Research Foundation (DFG) and the Leibniz Senate to evaluate their non-university research facilities.

The Ifo Management System is the organisational framework within which the individual building modules and instruments are harmonised, especially in terms of:

- Setting strategic and operative goals (for example, in the Working Programme and Programme Budget)
- Determining framework conditions and processes (for example, promotion of equal opportunities, further education and project management)
- Determining rules of behaviour (for example, rules of good research practice, working time rules)
- Monitoring goal achievement (for example, cost/performance calculation, statistics of performance data)
- Incentives (for example, career management, performance-related pay, awards)

In 1999 Ifo introduced a performance-related allocation of resources to the individual research departments. The financial requirements for demanding research are only provided in those research areas which, based on past experience, have led to publications in internationally renowned, peer-reviewed journals. The allocation is set out in the annual Programme Budget.

The Programme Budget is basically a target agreement made with the research department heads. They determine the target goals not only for research, policy advice and services for the scientific community, but also for the amount of external funds to be acquired. Furthermore, in 2007, Ifo set up a scheme for individual performance-related pay.

Quality management by the Scientific Advisory Council and User Advisory Council

The Scientific Advisory Council (SAC) is the statutory body established by Ifo to assess the scientific achievements of the Institute and to advise the Executive Board and Administrative Board on departmental and interdepartmental aspects of the scientific work programme, as well as on Ifo’s national and international collaborations. It is also involved in the procedure for appointing Ifo department heads and advises on the main issues related to the continued development of CESifo activities.

SAC members are appointed by the Administrative Council upon the recommendation of the Executive Board and the SAC. The appointment is for four years, and one reappointment is possible. The selection of SAC members depends on their areas of expertise and their scientific reputation. The Council is constituted so that each department at the Institute has at least one competent, internationally recognised member on the Council. As a rule, the SAC meets twice a year in Munich.

At SAC meetings Ifo's President reports on the development of the parameters set out in the Programme Budget. The report also covers CESifo activities, particularly the development of the CESifo Research Network and its areas. The Advisory Council makes recommendations on the basis of these meetings.

While the SAC focuses on the scientific aspects of Ifo’s performance, the task of the User Advisory Council (UAC) is to advise the Institute on the development of service activities. To link the activities of the two councils, the chairman of UAC regularly attends SAC meetings and is fully involved in its activities.

UAC was established during the period in which Ifo was classified and subsidised as a service institution. After Ifo was reclassified as a research institution (2010), Ifo's Board decided to retain this body since its suggestions had proved very useful. Through the UAC, Ifo seeks to intensify its contact with its major user groups (science and research, government institutions, businesses, including trade associations, national and international media). The UAC meets once a year and receives annual reports on the implementation of its recommendations.

Implementation of recommendations from the last external evaluation

The recommendations of the Leibniz Senate from the last evaluation and the way in which Ifo has implemented these recommendations have been discussed in previous sections in their own specific contexts. In the following overview the recommendations from the last evaluation (Summary of the Evaluation Commission’s recommendations, Leibniz Senate, Official Statement 2006, B-15/16) are given in italics followed by the status of implementation.

<u>Recommendation 1:</u>

“Ifo’s improvements in research quality and its efforts to increase its ties to the academic and policy community are graded highly. It should continue the transformation process towards greater quality of research and service. However, Ifo’s vision of focusing on the European welfare state is regarded with reservation by some experts.”

According to the Institute, Ifo has consistently pursued a course of excellence in research, policy advice and scientific services; it has anchored this in its mission statement and has reached a very high level of achievement in all areas (see section 3).

Recommendation 2:

"Ifo should develop a coherent research programme, which defines research issues based on an Institute mission and the steps to be taken in order to implement the mission. This programme should also include comments on those services which should be abandoned and the research fields which should be established or enlarged instead. Research and services should be linked more closely."

According to Ifo, the institute's Working Programme for its work as a research institution (as of 2010) has been radically redesigned and the mission statement reformulated. This applies both to the Institute as a whole and to the programmes of the research departments. In its Official Statement of 4 March 2009, the Leibniz Senate assessed the "Working Programme" as "very convincing" and encouraged the Institute to pursue this path. Since this statement, the Institute has further improved the consistency of its planning and strengthened, above all, the link between its research departments (see section 2).

Recommendation 3:

"The research-oriented departments should be strengthened by developing a clear research agenda. These research agendas should be more compatible with the Institute's mission, which would also increase positive research externalities within Ifo. The research topics need to be focused better. In doing so, the departments need more guidance from the Management of the Institute."

For the implementation of this recommendation see recommendation 2.

Recommendation 4:

"The output of high quality scientific publications and the amount of competitively raised research funds should continue to be prioritised and, therefore, be strengthened."

The number of articles published in peer-reviewed journals has been increased. At the same time, the number of articles in high-ranking journals (A+ to B) as a share of the total number of peer-reviewed papers published has risen. This is the case for all of Ifo's research departments. The share of EU funding and other external funding awarded in competition with other institutions has more than doubled since the last evaluation. In return, contract research for government agencies has been limited to studies that are scientifically productive or challenging in terms of economic policy, resulting in a significant decline in income from government-commissioned research (see section 3).

Recommendation 5:

"The quality of econometric, statistical and survey methods is not adequate by international standards and should be improved. As already suggested by the WR, Ifo should engage more in methodological research to continue developing the business survey data and using these data more intensively for research output, even for high quality microeconomic studies. The methodological efforts started recently should be encouraged."

This recommendation was implemented immediately with a series of structural and personnel measures. In the Official Statement of the Leibniz Senate of 4 March 2009, Ifo's progress "on the road to the integration of services and internationally competitive and innovative research" was positively assessed (Leibniz Senate, Official Statement 2009, Report of the Expert Commission, 8).

<u>Recommendation 6:</u>

"It should be considered whether business surveys could become a special service unit parallel to the SOEP at DIW since they are not especially compatible with Ifo's general mission. Regarding forecasting, Ifo should consider abandoning it and, regarding business branch research, one should examine the option whether this kind of work could be become self-financing and institutionally separated."

After extensive consultation with the Scientific Advisory Council and the User Advisory Council (and in consultation with the Executive Board), these two recommendations were not adopted. Both councils have consistently taken the view that spinning-off Ifo surveys (similar to the Socio-Economic Panel at DIW) would be the wrong course. The merger of the departments for business surveys and for economic forecasts and the intensification of cooperation among Ifo's research departments was considered to be the better approach. The same applies to industry branch research. Apart from the fact that spinning-off these departments would have met with insurmountable obstacles in terms of labour laws, there were also strategic reasons (in particular, the collection of specific industry knowledge at Ifo) for maintaining industry branch research at the Ifo Institute.

<u>Recommendation 7:</u>

"The CESifo Research Network should be used more in order to initiate cooperative research between Ifo and network members. At the same time, the intellectual input of Ifo to CESifo activities should become more transparent."

The Ifo Institute and CESifo GmbH have taken up these recommendations. By aligning the structure of the CESifo Research Network with Ifo's department structure, by introducing joint, large-scale projects (e.g., "How to Construct Europe?"), by cooperative events and other organisational and staffing measures, Ifo can now guarantee that each of its research departments works together with members of the CESifo Research Network. The division of tasks has been refined and mutual input is transparent. This cooperation is contractually-based and presented in both the joint annual report and on the joint website.

<u>Recommendation 8:</u>

"Ifo should introduce quality management including an appropriate incentive system."

Ifo has heeded this recommendation. It has a professional quality management system in which the scientific quality objectives and a coordinated system of material and immaterial incentives are integrated (see section 7).

<u>Recommendation 9:</u>

"Both SAC and UAC should carry out their assessments more critically; the UAC should pay more attention to the service-oriented departments and therefore be reconstituted to better represent the broad interests of scientific users."

According to Ifo, both councils have implemented this recommendation. The User Advisory Council has been newly constituted to some extent, and expanded by the addition of two academic experts.

Appendix 1

Organisation Chart

Ifo Institute
Poschingerstr. 5, 81679 Munich
Postbox 860460, 81631 Munich
Phone +49 (0)89/92 24 - 0
Fax +49 (0)89/98 53 69
Ifo in the Internet: http://www.cesifo-group.de
E-mail: ifo@ifo.de

Organisation Chart

1 July, 2012

ifo Institute
Leibniz Institute for Economic Research at the University of Munich

Executive Board

Hans-Werner Sinn (President)
Meinhard Knoche

Departments

Business Cycle Analyses and Surveys
Kai Carstensen
- National and international economic activity forecasts
- Macroeconomic analyses
- Business surveys
- Provision of survey data and methodological competence

Research professors: Rüdiger Bachmann, Gebhard Flaig, Gernot Müller, Horst Rottmann, Eric Sims, Jan-Egbert Sturm, Frank Westermann, Joachim Winter, Ulrich Woitek

Public Finance
Niklas Potrafke
- Fiscal federalism and local finances
- Evaluation of fiscal and taxation policy
- Public debt in Germany and Europe

Charles Blankart, Thiess Büttner, Wolfgang Eggert, Marko Köthenbürger, Georg Milbradt, Alfons J. Weichenrieder

Social Policy and Labour Markets
Helmut Rainer
- Labour market economics
- Family economics
- Evaluation studies in the area of social, family and labour market policy and institutions

Dan Anderberg, Marco Francesconi, Robert Haveman, Martin Werding

Human Capital and Innovation
Ludger Wößmann
- Economics of education and knowledge creation
- Innovation and change

Sascha O. Becker, Robert Fairlie, Eric A. Hanushek, Robert Havemann, Kai Konrad

Industrial Organisation and New Technologies
Tobias Kretschmer
- Industrial organisation
- New technologies
- Enterprise research
- Editorship of the industry-branch reports *Branchen special*

Research professors: Roy Batchelor, Eugenio Miravete

Energy, Environment and Exhaustible Resources
Karen Pittel
- Climate and exhaustible resources
- Environment
- Energy

Wolfgang Buchholz, Ngo Van Long, Michael Rauscher, Cees Withagen

International Trade
Gabriel Felbermayr
- Trade and environmental policy
- Globalisation and labour markets
- Trade costs and potential

Peter Egger, Wilhelm Kohler, Mario Larch, Devishash Mitra, Assaf Razin, Scott Taylor

International Institutional Comparisons
Panu Poutvaara
- Database for Institutional Comparisons in Europe (DICE)
- Research studies dealing with institutions and international comparisons
- Research into migration and the coordination of a Centre of Excellence for Migration and Integration Research
- Publication of the *CESifo DICE Report*

George Borjas, Stephan Klasen, Giovanni Peri, Thomas Stratmann, Andreas Wagener

Executive Departments

Scientific Staff
Wolfgang Meister

Executive Support Staff
Barbara Hebele, Sabine Kolbinger, Monika Ottl, Anja Rohwer, Caroline Schiller

Quality Management
Johanna Plenk, Stefan Sauer

Controlling / Equal Opportunity AGG
Dorothea Pohlmann

Data Protection
Marina Bohachova

LMU-ifo Economics and Business Data Center (EBDC)
Ralf Elsas, Kai Carstensen

Technology Projects
Michael Medla

International Advisory Projects
Siegfried Schönherr

Dresden Branch
Marcel Thum (Director)
Joachim Ragnitz (Managing Director)
Research professors:
Michael Berlemann, Georg Milbradt, Ronnie Schöb

Central Departments

Human Resources
Meinhard Knoche

Finances and IT
Sabine Dehof

Library
Petra Braitacher

Press, Publications, Conferences
Hans-Werner Sinn, Meinhard Knoche

Ombudsman

Arnold Picot

Appendix 2

Publications[1)]

	Time period			
Publication types	2011 total[2)]	2011 pub.[3)]	2010	2009
Total publications	**481**	**440**	**338**	**323**
Monographs	23	23	20	25
Individual contributions in edited volumes	116	114	10	28
Journal articles with peer-review system[4)]	94	55	44	50
of which A+	*1*	*0*	*0*	*1*
of which A	*8*	*7*	*5*	*0*
of which B+	*10*	*5*	*7*	*2*
of which B	*18*	*12*	*7*	*12*
of which C+	*19*	*3*	*9*	*14*
of which C	*15*	*8*	*10*	*9*
of which others	*23*	*20*	*6*	*12*
Articles in other journals	173	173	209	165
Work and discussion papers	69	69	54	54
Editorship (edited volumes)	6	6	0	1
"Number of publications per full-time equivalents "research and scientific services" (however without graduates; number of full-time equivalents according to the "Annex to Section 6.1-A"))	10,86	9,93	7,85	7,52
"Articles in peer-reviewed journals" per full-time equivalent by "academic staff in research and policy advisory work" (however without graduates)	2,12	1,24	1,02	1,16

1) incl. Dresden branch

2) Published in 2011 plus accepted but not published in 2011

3) Publications already published in 2011

4) "Peer-reviewed journals"

Appendix 3

Revenue and Expenditure

	Revenue (resources used in financial year)	2011			2010			2009		
		T€	% [1]	% [2]	T€	% [1]	% [2]	T€	% [1]	% [2]
Total revenue (amount I., II. and III.; excluding DFG fee)		15.750			14.780			13.981		
I.	**Revenue (Summe I.1., I.2. und I.3)**	14.342	100,0		12.641	100,0		12.288	100,0	
1.	Institutional funding (excluding construction operations and acquisition of property	8.505	59,3%		8.135	64,4%		7.351	59,8%	
1.1	Institutional funding (excluding construction operations and acquisition of property) by the federal government and states according to AV-WGL	8.505			8.135			7.351		
1.1.1	*of which received on the basis of the Leibniz Competition Scheme (SAW Scheme)*	*315*			*519*			*346*		
1.2	IInstitutional funding (excluding construction operations and acquisition of property), provided that it is not according to AV-WGL									
2.	Revenue from project funding grants	1.478	10,3%	100,0	1.185	9,4%	100,0	1.384	11,3%	100,0
2.1	DFG	108		7,3%	78		6,6%	130		9,4%
2.2	Leibniz Association (competition scheme[3])									
2.3	Federal government, states, local authorities	606		41,0%	528		44,6%	607		43,9%
2.4	EU	273		18,5%	294		24,8%	313		22,6%
2.5	Economy (further breakdown according to origin of source, if applicable)	348		23,6%	194		16,3%	156		11,2%
2.6	Foundations (further breakdown according to origin of source, if applicable)	126		8,5%	76		6,4%	159		11,5%
2.7	Other sponsors (further breakdown according to origin of source, if applicable)	16		1,1%	15		1,3%	19		1,4%
3.	Revenue from services	4.360	30,4%		3.321	26,3%		3.553	28,9%	
3.1	Revenue from commissioned work	4.102			3.052			3.288		
3.2	Fees from the sale of data and database services	144			145			145		
3.3	Revenue from publications	113			124			120		
3.4	Other service fees									
II.	**Miscellaneous revenue[4]** (e.g. membership fees, donations, rent, reserve fund withdrawal)	**1.093**			**1.824**			**1.377**		
III.	**Revenue for construction operations** (institutional funding by federal government and states, EU structure funds, etc)	315			315			315		

	Expenditure	T€	T€	T€
Expenditure (excluding DFG fee)		15.750	14.780	13.981
1.	Personnel	10.794	9.863	9.353
2.	Equipment	4.512	3.727	3.736
3.	Equipment investments and acquisitions	222	152	219
4.	Construction operations, acquisition of property	117	964	382
5.	"Reserves" (e.g. cash assets, expense carryovers)	106	73	291
6.	Miscellaneous			

DFG fees (to the extent that they were paid for the institute – 2.5% of the revenue from institutional funding)	208	208	0

[1] Numerals I.1, I.2 and I.3 equate a total of 100%. Thus, the procentual relationship between "institutional funding (excluding construction operations and acquistion of property)", "revenue from contributions for project funding" and "revenue from services" is asked for

[2]Numerals I.2.1 to I.2.6 amount to 100%. Thus, the procentual relationship between the various origins of sources pertaining to " revenue from contributions for project funding " is asked for.

[3] as of 2011 granted as subsidy of project financing

[4] Subsidy of Dresden: 2011: 618 ,000. €, 2010: 626 ,000 €, 2009: 582,000.

Appendix 4
Staff Financing[1]

– Actual numbers in full time equivalents and number of employees; basic financing and third-party funding
– (as of: 31/12/2011) –

	FULL-TIME EQUIVALENTS[2)]			PERSONS
	2011			2011
	Total	of which third-party funded		Total
	Number (100%)	Number	Percent	31.12.2011
Research and Scientific Services	**99,88**	**47,57**	**47,6%**	**140**
a) Scientific staff in research, policy advisory work and scientific services	**66,79**	**39,76**	**59,5%**	**99**
President , department head (Prof. C2, W3)	9,00	2,00	22,2%	9
Acting departmental head with fixed tenure professorship (W3)	0,25			1
Senior Researcher (E15, E15Ü)	11,6	7,60	65,5%	11
Researcher (E13, E13Ü, E14)	23,44	7,66	32,7%	33
PhD student (E13/2)	22,5	22,50	100,0%	45
b) Non-research staff in research, policy advisory work and scientific services	**33,09**	**7,81**	**23,6%**	**41**
Research specialist (E13, E14)	5,00			5
Specialist (E9-E12)	11,81	7,81	66,1%	14
Clerk(E6-E10)[3)]	16,28			22
Helpers and trainees	**10,96**	**4,77**	**43,5%**	**26**
Student assistant	5,67	3,41	60,1%	24
Trainee	5,29	1,36	25,7%	2
Administration	**50,88**	**11,53**	**22,7%**	**53**
a) Head of business	**1**	**0,00**	**0,0%**	**1**
Business executive board member (B3)	1,00			1
b) Executive department (exc. Executive board members)	**5,19**	**1,65**	**31,8%**	**6**
Specialist (E13-E15)	2,62	0,65	24,8%	3
Executive board assistant (E9-E12)	2,57	1,00	38,9%	3
c) Press, Publications and Conferences, Library	**19,77**	**4,48**	**22,7%**	**18**
Specialist (E13-E15)	4,44			5
Clerk (E6-E11)	13,65	3,35	24,5%	11
Librarian (E8-E12)	1,51	1,13	74,8%	1
Technical staff (internal printing press, E7)	0,17			1
d) Human Resources	**2,50**			**3**
HR clerk (E9-E11)	2,50			3
e) Finances and IT	**21,09**	**5,40**	**25,6%**	**23**
IT department head/group head (E13-E15Ü)	2,00	1,00	50,0%	2
Finances clerk (E8-E11)	3,78	2,78	73,5%	4
IT support (E9-E12)	5,58	0,75	13,4%	6
Maintenance (Post, reception, caretaker, driver)	8,40	0,87	10,4%	9
f) Apprentices	**1,33**			**2**
Scholarship holders at the Institute	**1,67**	**1,67**	**100,00%**	**3**
PhD students	1,67	1,67	100,00%	3
Post-docs				

1) Including Dresden branch

2) Full-time equivalent human resources actually available annually

3) Including department assistants

Appendix 5

Temporary Employment Contracts and Proportion of Women on Academic Staff[1]

– Actual numbers of employees; basic financing and third-party funding (as of: 31/12/2011) –

	Total staff	Fixed-term contracts		Total staff	Proportion of women		Total of women	Fixed-term contracts	
	Number (100%)	Number	Percent	Number (100%)	Number	Percent	Number (100%)	Number	Percent
Scientific staff in research, policy advisory work and scientific services	**99**	**74**	**74,7%**	**99**	**23**	**23,2%**	**23**	**19**	**82,6%**
President, department head (Prof. C2, W3)	9	1	11,1%	9	1	11,1%	1		
Acting departmental head with fixed tenure professorship (W3)	1	1	100,0%	1					
Senior researcher (E15, E15Ü)	11	1	9,1%	11					
Researcher (E13, E13Ü, E14)	33	26	78,8%	33	8	24,2%	8	5	62,5%
PhD student (E13/2)	45	45	100,0%	45	14	31,1%	14	14	100,0%

Scholarship Holders at the Institute			
PhD students	3	2	66,7%
Post-docs			

1) Including Dresden branch

[1] Employment acc. to BAT, TVöD or classification according to other pay and wage tariff schemes (e. g. for medical staff) for persons who are financed from institution resources (incl. vocational trainees and visiting scientists, provided they are paid from basic institutional funding or from third-party funding, etc., but not incl. internships (0), diploma students (16), ancillary staff (12), scientists without payment (7), PhD students without payment (3), and persons under other contracts for works and services (1)). In the case of joint appointments, persons whose salaries are reimbursed proportionately by the institute.

12 March 2013

Annex B: Evaluation Report

Ifo Institute –
Leibniz-Institute for Economic Research
at the University of Munich

Contents

1. Summary and main recommendations

The Leibniz Institute for Economic Research at the University of Munich (Ifo) is one of Europe's leading think tanks in economics. It acts as an important intermediary between academic research and the public discourse on topical issues of economic policy. Ifo's voice is not only heard in Germany but also throughout Europe. The institute's sound economic analyses are based on state-of-the art theoretical and empirical methods. This is, together with Ifo's high presence in media, the basis for the institutes high reputation.

It has not always been like this. In 1998 a highly critical evaluation by the German Council of Science and Humanities led to a restriction of the institute's commissioned tasks to providing research-based services. This only changed after the next evaluation in 2006 when the Leibniz Association Senate recommended a return to Ifo's original mission status. This return had been conditioned on the fulfillment of requirements concerning the research programme. The fulfillment was positively attested in 2009. Ever since the institute has developed outstandingly well. It has managed the necessary reshaping of its research and services masterfully. Ifo is by now recognized as one of the leading economic research institutes in Germany and Europe.

In the recent years the institute has successfully completed personnel changes in mid-level leadership. Five new heads of department have been appointed in 2010 and another one in 2012. This was necessary, since some of the institute's major senior researchers have relocated to other distinguished research institutions or have reached retirement age. Throughout the restructuring phase, the Ifo's Executive Board could always count on the support of it's very dedicated committees (Scientific Advisory Council and User Advisory Council).

The work done by Ifo's eight departments is generally rated as very good, in some cases as excellent. The quantity and quality of Ifo's publications have continued to increase since the last evaluation and is now excellent. Various indicators like the research rankings and journal classifications prepared by the *Handelsblatt* also document the institute's research performance. Furthermore, Ifo carries out important scientific infrastructure tasks, which are based on its excellently managed databases. Those are also rich sources of economic information for politicians, journalists and other non-scientists.

In the area of political consultancy Ifo contributes to several prominent economic reports. The most important examples are the Joint Economic Analyses prepared for the German Federal Ministry of Economics and Technology and the "Report on the European Economy" of the European Economic Advisory Group (EEAG). The institute generates a significant percentage of its income through its contract work in the area of political consultancy.

The President of the institute is one of the most eminent German economists. He is not only highly recognized as a researcher but also as a man initiating and pushing public debates on topical issues of economic policy. The result is a strong visibility in the mass media. In addition, other researchers of the institute also increasingly contribute with their expertise to the public debate.

The cooperation between Ifo and Ludwig-Maximilians-Universität München (LMU) is excellent. In addition to the Ifo President, all eight heads of department hold joint professorships with LMU. Ifo's doctoral students take part in the structured teaching and examination programmes of the Munich Graduate School of Economics (MGSE). The cooperation with LMU is not only restricted to the Center for Economic Studies (CES). Following the appointment of the head of the Industrial

Organisation and New Technologies Department, the cooperation has been extended to LMU's Munich School of Management. This led to the foundation of the joint Economics and Business Data Center (EBDC).

The CESifo GmbH (official name: Munich Society for the Promotion of Economic Research) is of crucial significance for the cooperation between Ifo and the Center for Economic Studies (CES) at LMU. It is financed by the *Land* of Bavaria. The most important aspect for the international positioning of CESifo is the continued expansion of the CESifo Research Network. Currently, more than 900 fellows and affiliates from all over the world are members of the network. In addition, CESifo organises several conferences, which bring together the leading scientists of different research areas. The most important ones are the annual area conferences of the CESifo Research Network and the The Munich Economic Summit (MES). The latter is an international economic policy-oriented conference that CESifo organises together with the BMW Foundation Herbert Quandt in partnership with three leading European newspapers (The Times of London, The Wall Street Journal Europe, and the *Handelsblatt*).

Particular attention should be paid to the following recommendations in the evaluation report:

General concept and profile (Section 2)

1. Following the successful reshaping of the institute in the last years, the proposed phase of organizational and strategic consolidation is welcomed. In order to be able to flexibly respond to new research topics emerging from ongoing economic developments, the institute should continue to intensify cooperation between the individual departments. To achieve this, Ifo has to ensure that appropriate structures exist to address cross-departmental issues efficiently.
2. Up to 31 December 2013, the research on climate change and energy policy will be financed through a project grant from the Bavarian State Ministry of Economic Affairs, Infrastructure, Transport and Technology. In order to continue and expand these activities Ifo is seeking a temporary, four-year increase in institutional funding in the 2014 programme budget in the context of a "spezifischen temporären Sondertatbestandes" (in accordance with the Leibniz Association's budget drafting procedures). Themes which are conducive to producing novel research results and could give Germany the leading edge should become the focus. To this extent, the institute's plans for consolidating and extending its work on climate change and energy policy receive partial support by the review board.
3. It is recommended to intensify research on the demand for Ifo's research-based services and consultancy and also to develop appropriate indicators of demand. This would allow Ifo to respond even better to usage needs.

Staff development and promotion of junior researchers (Section 5)

4. In the next few years, the two Executive Board members, President and Commercial Director, will retire. In order to find first-class successors for these positions the Supervisory Board must initiate the respective nomination procedures in good time.
5. The institute has managed the personnel changes in mid-level leadership very well by recruiting outstanding, internationally renowned young researchers. For the new heads of department the future will mean maintaining their own very good research performance whilst growing into the responsible role of a senior scientist.
6. Ifo employs a number of meaningful measures to increase the percentage of women, particularly amongst the academic staff. It is recommended to continue efforts to increase the percentage of women in scientific positions, particularly at leadership level, and to gear these

efforts to the DFG's cascade model adopted by the Leibniz Association. The Supervisory Board has the task of monitoring the implementation of the cascade model to promote equal opportunities.

2. General concept and profile

The Leibniz Institute for Economic Research at the University of Munich (Ifo) is one of Europe's leading think tanks in economics. It acts as an important intermediary between academic research and the public discourse on topical issues of economic policy. Ifo's voice is not only heard in Germany but also throughout Europe. The institute's sound economic analyses are based on state-of-the art theoretical and empirical methods. This, together with Ifo's high presence in the media, is the basis for the institute's high reputation.

The work done by Ifo's eight departments is generally rated as very good, whereby the Department of Human Capital and Innovation stands out particularly and is even rated as excellent (see Chapter 3). The volume and the quality of Ifo's publications have continued to increase since the last evaluation and are now outstanding. Irrespective of whether the various departments are more weighted towards research or services, the institute most convincingly succeeds in combining the research and application-related aspects of its work across all its departments.

Development of the institution since the last evaluation

Since the appointment of Ifo's President in 1999 the institute has developed outstandingly well. As a result of the Science Council's critical evaluation of the institute's research performance in 1998, its mission was restricted to performing research-based services from 2000 onwards. Since then, Ifo's Executive Board, supported by very dedicated committees (Scientific Advisory Council and User Advisory Council), has produced an impressive performance. Very good human resource management, which has brought excellent researchers to the institute, was the particular tool that made it possible to substantially improve research performance. The Leibniz Association's Senate also endorsed this at the Ifo institute's evaluation in 2006. Based on this positive evaluation and an additional statement by the Senate on Ifo's research programme in 2009, the institute's mission was deservedly extended again in 2010. Ifo now receives funding for research, scientific services, and consultancy.

Some of the younger senior scientists, who played a seminal role in enhancing Ifo's research performance and thus, in the successful reshaping of the institute, have since progressed to positions at other distinguished research institutions. As a number of senior scientists also reached retirement age, Ifo has undergone a phase of mid-level personnel changes in the last few years. The institute managed these changes very convincingly. In 2010 five new heads of department have been appointed and another one in 2012. As a result, the institute now has a very good basis for consolidating its position as one of the leading economic research institutes in Germany and Europe.

Results

<u>Research</u>

The quality and the quantity of Ifo's publications have continued to increase since the last evaluation and are now excellent. Publication performance continuously improved until 2009. Due to personnel changes (see above) it briefly dropped, but after the appointment of the five heads of department in 2010 (followed by another department head appointment in 2012) it reached today's all-time high level (see Status Report, appendix 2). The institute's research performance is also documented by various indicators like the number of publications and the research rankings prepared by the *Handelsblatt,* which are much regarded by economists.

Research-based scientific services

With its excellently managed databases Ifo provides important infrastructure for academia and interested non-scientists. The institute's most important work in this area is conducted in the two service departments, (i) Business Cycle Analyses and Surveys and (ii) International Institutional Comparisons.

The research-based scientific services undertaken in Business Cycle Analyses and Surveys relate to business surveys. The derived business climate indices and forecasts significantly contribute to the high visibility of Ifo. Access to the survey data is provided via the Economics and Business Data Center (EBDC) which is maintained jointly with LMU.

Apart from conducting research, the department for International Institutional Comparisons maintains and develops the Database for Institutional Comparisons in Europe (DICE), which has already been rated as excellent at the last evaluation.

It is recommended to intensify research on the demand for the research-based services and consultancy and also to develop appropriate indicators of demand. This would allow Ifo to respond even better to usage needs.

Policy advice and public debate

Own research and research-based services are the institute's basis for contributing to the national and international debates on economic policy. Ifo is not only involved in the Joint Economic Analyses prepared for the Federal Government, but also in the report of the European Economic Advisory Group (EEAG). The institute generates a significant percentage of its income through its contract work in the area of political consultancy.

The President of the institute is one of the most eminent German economists. He is not only highly recognized as a researcher but also as a man initiating and pushing public debates on topical issues of economic policy. The result is a strong visibility in the mass media. In addition, other researchers of the institute also increasingly contribute with their expertise to public debates.

Comprehensive video footage of lectures, talks and TV clips on Ifo's website constitutes another important contribution of knowledge transfer to the broad public.

Further development and appropriateness of institutional funding

Following the successful reshaping of the institute in the last years, the proposed phase of organisational and strategic consolidation is welcomed. In order to be able to flexibly respond to new research topics emerging from ongoing economic developments the institute should continue to intensify cooperation between the individual departments. To achieve this, Ifo has to ensure that appropriate structures exist to address cross-departmental issues efficiently.

In the two areas of Migration as well as Climate and Resource Economics the institute is extending its activities. It is appreciated that Ifo has been able to raise funds under the Leibniz Association's competitive procedure (SAW) to step up migration research. This will facilitate the establishment of the Centre of Excellence for Migration and Integration Research (CEMIR) between 2012 and 2014. It will be coordinated by the head of the department for International Institutional Comparisons (see Chapter 3), though four departments will cooperate. It is welcomed that Ifo plans to use own funds to consolidate and continue the development of the centre beyond the duration of the SAW project.

Up to 31 December 2013, the research on climate change and energy policy will be financed through a project grant from the Bavarian State Ministry of Economic Affairs, Infrastructure, Transport and Technology. In order to continue and expand these activities Ifo is seeking a temporary, four-year increase in institutional funding in the 2014 programme budget in the context of a "spezifischen temporären Sondertatbestandes" (in accordance with the Leibniz Association's budget drafting procedures). Themes which are conducive to producing novel research results and could give Germany the leading edge should become the focus. To this extent, the institute's plans for consolidating and extending its work on climate change and energy policy receive partial support by the review board (see Department of Energy, Environment and Exhaustible Resources in Chapter 3).

Ifo's revenue and expenditure

In 2011, Ifo's institutional funding from the Federation and the *Länder* was 8.5 m€. Provided that the work on climate change and energy policy receives additional funding from 2014 onwards in the context of a "spezifischen temporären Sondertatbestandes" the financial provisions for the institute's task will be adequate.

It is welcomed that, between 2009 and 2011, Ifo managed to raise more than one million euro under the Leibniz Association's competitive procedure (SAW).

At 1.5 million euro in 2011, the amount of revenue from project grants was appropriate. The institute should, however, try to increase the share of revenue from projects funded by the German Research Foundation (DFG).

At approximately 3.5 to 4.5 million euro per annum, the amount of revenue from services is gratifyingly high. Almost the entire sum stems from commissioned work.

Overall, in terms of buildings, apparatus, and personnel, Ifo is appropriately equipped. The IT infrastructure is very good. Ifo should however consider whether it is possible to back up the institute's valuable data at a larger distance from the institute than is currently the case.

3. Subdivisions of Ifo

1. **Social Policy and Labour Markets** (7 FTE, 2010)

The Department of Social Policy and Labour Markets focuses on labour markets and family economics with particular emphasis on evaluation studies of social, family and employment policies and institutions. The former department head accepted an appointment at Ruhr-Universität Bochum (RUB) in autumn 2008. Shortly thereafter, the deputy department head became professor in economics at Munich University of Applied Sciences. As a result, the working capacity of the department was reduced until a new head of department was appointed on 1 January 2010.

The new, highly-productive head of department has set his focus on family economics. Under his leadership the department has made great progress and now has a clear strategic direction. The entire department has contributed to a publication performance which is considered being very good.

Furthermore, the department has become a sought-after partner in the field of political consultancy. It has, for example, contracted attractive research projects designed to evaluate family policy measures by the Federal Government. The transfer of research results to policy advice and public debate functions excellently. It is welcomed that the department maintains close contact to the ministries and the media. The theoretical research conducted in the department finds application in project work.

The department is a visible member of its scientific community. The work mostly concentrates on issues of national interest, but there is also a growing number of collaborations with groups in other European countries. In order to continue this positive development and to increase international networking and visibility the department should increase efforts in bidding for competitive funding from the EU. Overall, the department is rated as very good to excellent.

2. Human Capital and Innovation (10 FTE, 2004)

The research of the Department of Human Capital and Innovation focuses on (i) the economics of education and knowledge generation (economics of education) and on (ii) innovation and technological change (economics of innovation). Since the last evaluation the department has managed to keep improving its outstanding performance. The head of department is one of the most distinguished experts for economics of education found in Germany. Ifo managed to retain him despite the presence of several offers from other universities. In accordance with a recommendation from the last evaluation the department has been expanded at post-doc level.

The publication performance of the entire department is excellent. A large amount of work is published in peer-reviewed journals, including repeated publications in leading international journals. It is also well recognized that funding for two projects has been raised under the Leibniz Association’s competitive procedure (SAW). The department plays an active role in the international scientific community as evidenced by its coordination of the European Expert Network on Economics of Education (EENEE).

Furthermore, the department does excellent work in providing research-based advice to political decision-makers. Income from contract work is high. It is impressive to see that the most challenging empirical methods are employed in the analysis of topical political issues. Overall, there is a good balance between research and political consultancy. In the public debate, too, the department – particularly the head of department – has achieved an important and visible position.

The department does a great deal to promote junior researchers. In 2011, a total of 11 doctoral students were supervised and a member of staff successfully completed his *Habilitation* at LMU. Three of the department’s post-docs are currently working on their *Habilitation*. The junior researchers in this department have high potential. As a whole, the department is an outstanding example for the linkage between scientific excellence, political relevance and international visibility. The department is rated as excellent.

3. Public Finance (4 FTE, 2012)

The Public Finance Department concentrates its efforts on budget policy. It forecasts public revenues and expenditures and investigates the sustainability of fiscal policies. It does so from a public choice and political economy perspective. The former department head became professor at the University of Erlangen-Nürnberg in October 2010. Up until then, the department had developed exceptionally well. The research performance was very good to excellent and the department was successful obtaining third-party funding. During the transition phase prior to the arrival of the new head of department in April 2012, the department's performance was noticeably weaker.

The successor chosen to head the department is a young, dynamic researcher who already has a remarkable publication record. He combines competence in public finance with marked expertise in political economy. Hopes are high that the department is back again in combining high-quality research with intensive activities in political consultancy.

In the past, tax analysis contributed significantly to the institute's profile and generated various collaborations and third-party revenues. Given that the new head of department has a different research focus, the institute should consider how additional expertise could be recruited in this area.

Altogether, following the departure of the very successful, former head of department and a subsequent period of reduced productivity, Ifo has now managed to convincingly realign the department. The department is rated as very good.

4. International Trade (5 FTE, 2010)

In 2009, Ifo decided to upgrade the research area International Trade to become a full department. This was in an attempt to keep the excellent head of department from leaving the institute. Shortly thereafter, the respective head of department accepted an attractive position at ETH Zurich and was followed by a number of his staff from Ifo. Not long afterwards, the deputy head of department accepted a W-3 professorship at the University of Bayreuth. All this made recruiting a pressing issue. The new head of department joined Ifo in October 2010 and became head of department in April 2011. The changes made reshaping the department necessary. It now concentrates on the effect that market imperfections have on the prosperity and social cohesion of nations in a globalized world.

The department's work is impressive and produces internationally visible publications in high-impact journals. In addition to high-quality results from basic research, the department also conducts very good applied and consultancy-related work. Furthermore, it is very successful in raising third-party funding from the Federation and the *Länder* as well as from the DFG. Apart from the head and deputy head, the department exclusively employs doctoral students who all do a good job. The department cooperates closely within Ifo as well as with research professors of the CESifo network. Multifarious collaborations also exist with other research groups in Europe.

Altogether, the department is rated as very good to excellent. With the new head of department it has the potential to become even better, once the restructuring phase has come to an end.

5. Energy, Environment and Exhaustible Resources (11 FTE, 2010)

The main focus of the Energy, Environment and Exhaustible Resources Department is on the economic challenges of climate change. Besides this, work is done on exhaustible resources at large and on energy policy, in particular. The head of department, who joined Ifo in 2010, has produced a convincing performance and has great expertise in her field. The topics addressed in this department are all very interesting and it is appreciated that econometric methods are applied on a regular basis. Both, the departments research performance as well as its contributions to political consultancy and the public debate are rated as very good.

Concerning the institute's plans to consolidate and extend work on climate change and energy policy it has to be noted that some of the themes addressed are already the subject of intensive and successful research at other economics institutes of the Leibniz Association. Hence the department should consider focusing more on themes that threaten to be under-researched in Germany. A particularly promising area might be research on supply-side issues of climate change and energy policy. With his work on the Green Paradox the president of the institute has prepared the ground. Investigation of the supply-side of the markets for fossil energy resources is a perspective which has been neglected so far. Due to Ifo's previous work and its outstanding networking in the international scientific community, it is predestined to drive this new research direction. To this extent, the institute's plans to consolidate and extend work on climate change and energy policy are partially supported by the review board.

6. Business Cycle Analyses and Surveys (29 FTE, 2007)

The Department of Business Cycle Analyses and Surveys focuses on the collection and maintenance of survey data used for forecasting national and international economic activity. The data forms the basis of the Ifo Business Climate Index and the World Economic Survey. The department is one of two in which research-based services are core tasks. The research done it is mainly on forecast methods, and survey methodology.

The department's activities significantly contribute to Ifo's high public visibility. Its research-based consultancy activities, particularly business surveys and the forecasts of economic activity, are amongst the most highly-regarded in the German-speaking area. The department is also involved in the Joint Economic Forecast prepared for the Federal Government.

The data collected in the surveys cover time series, especially for commercial use, and also micro-data for research. The data is made available through the Economics and Business Data Center (EBDC). This center is run jointly with LMU. EBDC enjoys the official status of a research data centre and offers ideal conditions for accessing the data it provides.

In response to recommendations made at the last evaluation, the work on economic forecasts and business surveys was merged into one department. This facilitates the coordinated development of methodological research in both areas of activity. The greater emphasis on methodological research has led to an increase in scientific output in the form of presentations at conferences and articles in peer-reviewed journals. This promising development should be continued. It is the best way of ensuring that scientific services and political consultancy remain on a firm methodological footing. It has to be mentioned that the department also does some very good research on issues that are not directly related to the methodological development of surveys and economic forecasts. Altogether, the department is rated as very good.

7. Industrial Organisation and New Technologies (17 FTE, 2010)

The Department of Industrial Organisation and New Technologies is concerned with studies of individual industries and new technologies and their contribution to economic growth. In addition, the department produces special branch reports with close ties to business. It was created in 2010 and replaced the previous service Department of Industry Research, which was entirely financed by third-party revenues from commissioned work. The retirement of a number of researchers made it possible to give the department the new scientific profile. The new head of department, who was appointed in October 2010, is an established academic who already held a chair in Management at LMU. Under the new leadership and the new nomenclature, the department is well positioned to carry out work in areas intersecting economics and management.

At the last evaluation it was recommended to examine whether the former Department of Industry Branch Research should spin-off and become a consulting company on the basis of its volume of third-party revenue. The institute decided against this, on the advice of the Scientific Advisory Council Ifo had good reasons for continuing with the production of industry branch reports even after reshaping the department. The special knowledge acquired by this kind of work can be used to benefit other research and consultancy projects at the institute. In line with a further recommendation from the last evaluation the industry branch reports now contain a section on the European perspective.

The service and consultancy performance in this department is very good. Up until 2010, the department did not conduct any form of research. However, already in 2011, some notable publications have already appeared in high-ranking, international journals. The re-structuring process initiated in the department must now be systematically continued. The department is rated as good to very good. Given the excellent research record of the new head of department and the convincing plans for further development it has the potential to achieve at least a very good performance.

8. International Institutional Comparisons (8 FTE, 2010)

The Department of International Institutional Comparisons is one of the two Ifo departments that focus on science-based services and political consultancy. The department is mainly responsible for the maintenance and development of the Database for Institutional Comparisons in Europe (DICE). DICE is an international comparative database of economically relevant regulations and institutions, which is the basis of the quarterly CESifo DICE Report. The database is excellently managed and is a significant service for external researchers from which important information is derived for the public. It was already rated as excellent at the last evaluation. It would be desirable to conduct intensive usage research to gather more information on the impact of the database such that Ifo could respond to usage needs even better than before.

Until 2010, the department was able to extend its research work in the field of international institutions which had a long tradition. After the retirement of the head of department, a very established researcher was recruited for the leadership position and the spectrum of themes was expanded concomitantly. This led to a growth in scientific output in the form of articles in high-ranking international field journals. This development should be continued to ensure that scientific services and political consultancy, which are the core tasks of the department, remain on a firm methodological footing in future as well. At present, the publications deriving from the department are, however, too concentrated on the head of department and his deputy.

Based on the expertise of the new leadership, from 2012, the department has taken on the coordination and development of the Center of Excellence for Migration and Integration Research (CEMIR). The Center involves four Ifo departments and is supposed to conduct high-quality, internationally comparative research on migration. It is well appreciated that this work will receive project funding from the Leibniz Association’s competitive procedure (SAW) until 2014. After that Ifo itself will assume financial responsibility for continuing the project.

In future, both of the department’s research directions must be more closely interlinked. This includes elucidating the relationship between research work and DICE. An attempt should be made to better integrate junior researchers in the research work. The department is rated as good to very good. Given the excellent research record of the new head of department it has the potential to achieve a very good performance at least.

4. Collaboration and networking

Collaboration with Ludwig-Maximilians-Universität München (LMU)

Since the last evaluation, Ifo's cooperation with Ludwig-Maximilians-Universität München (LMU) has been developed further and is now excellent. Not only the president, but also all Ifo's eight heads of department now hold W-3 professorships at LMU. The cooperation is not only restricted to the Institute of Economics and the Center for Economic Studies (CES). Following the appointment of the head of the Industrial Organisation and New Technologies Department cooperation has been extended to LMU's Munich School of Management. This led to the foundation of the joint Economics and Business Data Center (EBDC).

Cooperation in the training of doctoral students has also been developed. Ifo's doctoral students take part in the structured teaching and examination programmes of the Munich Graduate School of Economics (MGSE). Since the last evaluation, the number of doctoral candidates at the institute has risen from 20 to almost 50. The MGSE programme is complemented by additional doctoral seminars held at Ifo which are also open to doctoral students at LMU.

CESifo GmbH

The CESifo GmbH (official name: Munich Society for the Promotion of Economic Research) is of crucial significance for the cooperation between Ifo and the Center for Economic Studies (CES) at LMU. It is financed by the *Land* of Bavaria. Through the activities of CESifo it has been possible to raise the quality of economic research at Ifo and LMU to international level.

CESifo's seminal activity is the maintenance and continued development of the CESifo Research Network. Currently, more than 900 fellows and affiliates are members of the CESifo Research Network. In accordance with a recommendation made at the last evaluation, cooperation with Ifo researchers was intensified by aligning the structure of the network with the eight departments at the institute. CESifo generates numerous academic publications such as the CESifo Working Paper Series. Furthermore, in the last few years, many documents have been written which take a critical stance on the potential development of the EU and especially the Eurozone. Members of the network as well as members of CES and Ifo have been intensively engaged in the European debate with the European Economic Advisory Group (EEAG) playing an important role. This European expert advisory board was established by CESifo in 2001 to provide policy makers and the public with independent, scientifically-sound guidance on questions of topical economic issues in the EU.

Of particular significance for the work of Ifo are the research professors who closely cooperate with the eight departments in the framework of joint projects. It is welcomed that the research professors have been integrated more thoroughly in the last few years and that it has become possible to include especially talented junior researchers in collaborations as research associates. The procedure for selecting research professors should, however, be more transparent in future.

In addition, CESifo organises several conferences, which bring together the leading scientists of different research areas. The most important conferences are the annual area conferences of the CESifo Research Network and the The Munich Economic Summit (MES), which is an international economic policy-oriented conference that CESifo organises together with the BMW Foundation Herbert Quandt in partnership with three leading European newspapers (The Times of London, The Wall Street Journal Europe and the *Handelsblatt*).

Other important national and international collaborations

In the field of research, Ifo collaborates closely with many external academics from home and abroad. Among them are numerous researchers from the most eminent economics departments around the world, such as Berkeley, Princeton, Harvard and Oxford. Most of these collaborations are conducted within the CESifo Network.

In the field of national policy advice, the Joint Economic Analyses prepared for the Federal Government provides the most important example of collaboration: Ifo and ETH Zurich have formed a consortium and work together with other contractual partners of the Federal Government on the bi-annual reports. Ifo also closely cooperates with the European Commission on business surveys. It not only provides the Commission with the results of its business surveys but also regularly meets Commission representatives to discuss methodological issues related to survey-supported business-cycle research.

5. Staff development and promotion of junior researchers

Personnel structure and staff development

In the next few years, the two Executive Board members, President and Commercial Director, will retire. In order to find first-class successors for these positions, the Supervisory Board must initiate the respective nomination procedures in good time.

Some of the younger senior scientists, who played a seminal role in enhancing Ifo's research performance, have since progressed to positions at other distinguished research institutions. Furthermore, a number of senior scientists also reached retirement age. **The institute has managed the personnel changes in mid-level leadership very well by recruiting outstanding, internationally-renowned young researchers. For the new heads of department the future will mean maintaining their own very good research performance whilst growing into the responsible role of a senior scientist.**

Currently, Ifo employs 99 scientists in research, scientific services and political consultancy of whom 45 are doctoral candidates. The close cooperation with LMU, which has become closer over the last few years, opens up excellent opportunities for recruiting suitable junior researchers. The work undertaken in research, scientific services and political consultancy is supported effectively by 41 non-scientific members of staff (research coordinators, apprentices etc.). The personnel structure is appropriate for the institute.

Promotion of gender equality

23% of scientists employed in research, scientific services and political consultancy are women. One of the eight heads of department is female. **Ifo employs a number of meaningful measures to increase the percentage of women, particularly amongst the academic staff. It is recommended to continue efforts to increase the percentage of women in scientific positions, particularly at leadership level, and to gear these efforts to the DFG's cascade model adopted by the Leibniz Association. The Supervisory Board has the task of monitoring the implementation of the cascade model to promote equal opportunities**.

Promotion of junior researchers

With just under 50 doctoral students Ifo makes a valuable contribution to promoting junior researchers. The average length of doctoral studies is approximately three and a half years. It is welcomed that doctoral students take part in the structured teaching and examination programmes of the Munich Graduate School of Economics (MGSE) at LMU, apart from the few who are taking their doctorates at other universities. The number of post-docs is appropriate for the institute.

So far, Ifo has often continued to employ doctoral candidates after they complete their doctorates in order to strengthen mid-level faculty. Now, the institute should try to recruit more external candidates for such positions. Given Ifo's international visibility it should even be possible to appoint candidates from outside of Europe to post-doctoral positions. This is another way of intensifying scientific exchange with the international, economic community.

Vocational training for non-academic staff

Ifo trains apprentices in Office Management/Communications but should consider whether more than one apprenticeship could be filled per year. It is welcomed that many former apprentices continued to be employed at Ifo in the most diverse functions (e.g. human resources assistant, editorial assistant, executive assistant, financial assistant).

6. Quality Assurance

Internal quality management

Ifo's internal quality management is outstanding. In response to the evaluation conducted by the Science Council in 1998, Ifo developed a certified quality management system in accordance with DIN ISO 9001 that is continuously developed, integrating new tools and procedures. The institute's quality objectives are defined in the management handbook and are thus transparent for all the employees.

It is welcomed that Ifo introduced the performance-related allocation of resources to the individual research departments back in 1999; it takes place in the context of drafting the annual budget. Furthermore, in 2007, the institute developed a system of performance-related pay for individuals. Cost and performance accounting (KLR) practice is exemplary.

Quality management by the Scientific Advisory Council, User Advisory Council and Supervisory Board

Both the Scientific Advisory Council and the User Advisory Council monitor the institute critically and constructively. This is evidenced, for example, by the meticulous reports to the annual board meetings, especially the last audit in 2011. Both boards can take a large credit for Ifo's excellent development in the last few years. It was a wise decision to invite the chairperson of the User Advisory Council to attend the Scientific Advisory Council meetings on a regular basis in order to interlink the activities of the two boards.

The Administrative Council convincingly conducts its business as Ifo's supervisory board.

Implementation of recommendations from the last external evaluation

The recommendations made by the Leibniz Senate at the last evaluation and the way in which Ifo has implemented these recommendations have been discussed in previous sections in their own specific contexts. In the following overview, the recommendations from the last evaluation (Summary of the Evaluation Commission's recommendations, Leibniz Senate, Official Statement 2006, B-15/16) are given in italics followed by the status of implementation.

Recommendation 1:

"Ifo's improvements in research quality and its efforts to increase its ties to the academic and policy community are graded highly. It should continue the transformation process towards greater quality of research and service. However, Ifo's vision of focusing on the European welfare state is regarded with reservation by some experts."

Ifo has successfully continued the process of enhancing the quality of research and services (see Section 2).

Recommendation 2:

"Ifo should develop a coherent research programme, which defines research issues based on an Institute mission and the steps to be taken in order to implement the mission. This programme should also include comments on those services which should be abandoned and the research fields which should be established or enlarged instead. Research and services should be linked more closely."

In its Official Statement of 4 March 2009, the Leibniz Senate assessed the "Working Programme" as "very convincing" and encouraged the institute to pursue this path. For the evaluation of the current research programme see Section 2.

Recommendation 3:

"The research-oriented departments should be strengthened by developing a clear research agenda. These research agendas should be more compatible with the Institute's mission, which would also increase positive research externalities within Ifo. The research topics need to be focused better. In doing so, the departments need more guidance from the Management of the Institute."

The departments now have a clearer research agenda. See Section 3 for the evaluation of the departments at Ifo and Section 2 for the institute's mission.

Recommendation 4:

"The output of high quality scientific publications and the amount of competitively raised research funds should continue to be prioritised and, therefore, be strengthened."

The number of articles published in peer-reviewed journals and the share of external funding raised in competition with other institutes has been increased (see Section 2).

Recommendation 5:

"The quality of econometric, statistical and survey methods is not adequate by international standards and should be improved. As already suggested by the WR, Ifo should engage more in methodological research to continue developing the business survey data and using these data more intensively for research output, even for high quality microeconomic studies. The methodological efforts started recently should be encouraged."

The institute has increased its efforts in methodological research to continue developing the business survey data and uses these data more intensively for research output (see evaluation of the Business Cycle Analyses and Surveys Department in Section 3).

Recommendation 6:

"It should be considered whether business surveys could become a special service unit parallel to the SOEP at DIW since they are not especially compatible with Ifo's general mission. Regarding forecasting, Ifo should consider abandoning it and, regarding business branch research, one should examine the option whether this kind of work could be become self-financing and institutionally separated."

After consultation with the Scientific Advisory Council and the User Advisory Council (and in agreement with the Executive Board), these two recommendations were not adopted. Instead, the departments for business surveys and for economic forecasts have been merged into one department (see evaluation of the Department of Business Cycle Analyses and Surveys in Section 3). Furthermore, there were strategic reasons (in particular, the collection of specific industry knowledge at Ifo) for maintaining industry branch research at the institute (see evaluation of the Department of Industrial Organisation and New Technologies in Section 3).

Recommendation 7:

"The CESifo Research Network should be used more in order to initiate cooperative research between Ifo and network members. At the same time, the intellectual input of Ifo to CESifo activities should become more transparent."

Ifo and CESifo GmbH responded to these recommendations by aligning the structure of the CESifo Research Network with Ifo's departmental structure. Now, each of the research departments works together closely with members of the CESifo Research Network (see Section 4).

Recommendation 8:

"Ifo should introduce quality management including an appropriate incentive system."

Ifo has heeded this recommendation and introduced a professional quality management system in which the scientific quality objectives and a coordinated system of material and immaterial incentives are integrated (see Section 7).

Recommendation 9:

"Both SAC and UAC should carry out their assessments more critically; the UAC should pay more attention to the service-oriented departments and therefore be reconstituted to better represent the broad interests of scientific users."

The work of both boards is now rated as very good (see Section 6).

Appendix

1. Review Board

Chair (Member of the Senate Evaluation Committee)

Wolfram F. **Richter**	TU Dortmund University, Chair in Public Economics

Vice Chairman (Member of the Senate Evaluation Committee)

Wolfgang E. **Nagel**	TU Dresden, Chair in Computer Architecture

External Experts

Dennis **Epple**	Carnegie Mellon University, Pittsburgh, Chair in Economics
Harry **Flam**	Stockholm University, Professor of International Economics
Bernd **Hansjürgens**	Helmholtz Centre for Environmental Research, Leipzig, Department of Economics
Kornelius **Kraft**	TU Dortmund University, Department of Economic Policy
Bernd **Lucke**	University of Hamburg, Department of Economics
Jack **Mintz**	University of Calgary, Chair in Public Policy
Joachim **Möller**	University of Regensburg, Chair of Economics and Director of the Institute for Employment Research
Frank **Smets**	European Central Bank, Director General of the Directorate General Research
Two additional reviewers called off at short notice	

Federal Representative (Member of the Senate Evaluation Committee)

Ulrich **Krafft**	Federal Ministry of Education and Research, Bonn

Representative of the Länder (Member of the Senate Evaluation Committee)

Susanne **Eickemeier**	Ministry of Higher Education, Research and the Arts, Hessen

2. Guests

Representative of the responsible Federal Department

Wolfram **Klamm**	Federal Ministry of Economics and Technology, Bonn

Representative of the responsible Land Department

Jesko **Rölz**	Bavarian State Ministry of Economic Affairs, Infrastructure, Traffic and Technology

Chairman of the Scientific Advisory Council

Robert **Haveman**	University of Wisconsin-Madison

Chairman of the User Advisory Council

Rolf **Tschernig**	University of Regensburg

Representative of the Leibniz Association (Spokesperson for Section B "Economics and Social Sciences")

Heiderose **Kilper**	Leibniz Institute for Regional Development and Structural Planning, Erkner

Representative of the Joint Science Conference Office (GWK-Büro), Bonn

Rebekka **Kötting**

3. Representatives of collaborative partners (one-hour interview)

Rick **van der Ploeg**	University of Oxford, Professor of Economics and Area Director "Public Sector Economics" of the CESifo Network
Bernd **Huber**	President of Ludwig-Maximilians-Universität (LMU), Munich

25 March 2013

Annex C: Statement of the Institution on the Evaluation Report

Ifo Institute -
Leibniz-Institute for Economic Research
at the University of Munich

Der Vorstand des ifo Instituts – Leibniz-Institut für Wirtschaftsforschung an der Universität München e. V. (ifo) dankt den Mitgliedern der Bewertungsgruppe für die geleistete Arbeit. Das Institut ist mit dem Inhalt des Bewertungsberichtes einverstanden und wird die darin enthaltenen Empfehlungen aufgreifen. Das ifo betrachtet den Bewertungsbericht als Anerkennung seiner Arbeit und Ermutigung, den eingeschlagenen Weg engagiert fortzusetzen.