

IFAC Independent Evaluation – Terms of Reference

The Irish Fiscal Advisory Council (IFAC) will undergo an independent evaluation in 2015 to assess the functioning of the Council with respect to its mandate under the Fiscal Responsibility Act 2012 (FRA) and its performance as an independent fiscal watchdog in support of sustainable growth in Ireland.

The evaluation is expected to assess the performance of the Council since it was set up in 2011 and established on a statutory basis on 31 December 2012.

Recommendations for improvement should be made as appropriate.

Evaluation Panel

The evaluation panel will have three members (including a chair) with relevant expertise in macroeconomics, fiscal policy and public policy. Its composition will include academic and public sector experience. The membership will have international representation. To provide an element of peer review, it will include member(s) with direct experience of similar independent fiscal institutions in other countries.

The panel will be independent of IFAC and the Irish government.

Objectives

The evaluation will assess the performance of the Council with respect to its mandate and obligations under the FRA. Each element of the mandate should be considered:

- To assess the official forecasts.
- To assess whether the fiscal stance of Government is conducive to prudent economic and budgetary management, including by reference to the EU Stability and Growth Pact.
- To monitor and assess compliance with the Budgetary Rule.
- To endorse, as it considers appropriate, the official macroeconomic forecasts prepared by the Department of Finance in relation to each Budget and Stability Programme.

It should make reference to the mission, goals and expected outputs set out in “Irish Fiscal Advisory Council Strategic Plan 2014-2016”.

It should consider the analytical capacity of the Council given its mandate, its independence, its accountability and its visibility. In particular, the evaluation should consider:

- The **context** the Council operates in, including its mandate, and the economic, political and institutional setting.

- The **inputs** available to the Council, including its financial and human resources; its organisational structure and operation; its access to information; and its analytical tools and resources. This should include consideration of the Council's tools for producing forecasts and modelling capacity. It should also include consideration of the Council's interaction with other similar bodies abroad and with other forecasters and commentators.
- The Council's **outputs** in terms of *Fiscal Assessment Reports*, other papers, and communications by the Council and its members. This should include the quality of the assessment of: the macroeconomic forecasts and budgetary projections; compliance with the fiscal rules; and the assessment of the fiscal stance. It should include consideration of the framework for endorsement of official forecasts and the rigour of the endorsement process. The appropriateness of the Council's work programme should also be considered.
- The Council's **impact** in terms of the Council's credibility in providing independent and soundly-based analysis and assessment, and its playing an appropriate role in public and political debate and policy-making. The effectiveness of its communication should be considered.

The views of key stakeholders should be sought, including the Department of Finance/Department of Public Expenditure Reform, the Oireachtas Joint Committee on Finance and Public Expenditure and Reform, the academic community and the media.

The evaluation should refer to the OECD Principles for Independent Fiscal Institutions.

The evaluation is not intended to assess the appropriateness of the Council's role as defined by the FRA. However, the evaluation may highlight any concerns about the FRA that affect the ability of the Council to achieve its mandate or perform effectively as an independent fiscal institution.

The evaluation is not intended to cover IFAC's statutory governance and financial management.

Mode of operation

The evaluation panel is expected to consider the relevant documents and make an initial visit to Dublin of 2-3 days to meet IFAC and relevant stakeholders.

The Council will submit relevant documentation to the evaluation panel in advance of the Dublin visit and make available any other relevant information required for the evaluation. The initial documentation submitted to the panel will include:

- A letter from the Council providing an overview of the documentation, the Council's view of the current challenges, and specific questions about its operation and future direction for the consideration of the evaluation panel.
- The published output of the Council (including the Council's Annual Report).
- A summary of media coverage.
- Relevant internal Council documents, including regular internal evaluations of aspects of Council performance.

During its work, the evaluation team will receive such additional information as it may require from the Council.

The evaluation panel is expected to present its initial findings to the Council on an informal basis.

The final report will be submitted to IFAC and sent by the Council to the Minister for Finance, the Oireachtas Joint Committee on Finance and Public Expenditure and Reform and published on IFAC's website.

The final report is expected to be 20-30 pages in length and be written in a way that is accessible to the general public.

Timing

The evaluation is expected to be completed during the summer of 2015, preferably in time to be included with the Council's annual report.