

18. Juli 2012

**Stellungnahme zum
Institut für Weltwirtschaft an der Universität Kiel
(IfW)**

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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 15. und 16. September 2011 das Institut für Weltwirtschaft an der Universität Kiel (IfW). Ihr stand eine vom IfW 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 IfW nahm dazu Stellung (Anlage C). Der Senat der Leibniz-Gemeinschaft verabschiedete am 18. Juli 2012 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 den Empfehlungen der Bewertungsgruppe an.

Die Forschungen des Instituts für Weltwirtschaft (IfW) sind sowohl theoretisch als auch empirisch ausgerichtet und methodisch auf aktuellstem Stand. Auch erarbeitet das Institut seinem Auftrag entsprechend forschungsbasierte Dienstleistungen für Politik, Wirtschaft und interessierte Öffentlichkeit. Zentrale Themen sind die internationale Arbeitsteilung und die Wissensallokation im Zusammenhang mit wirtschaftlichem Wachstum. Insbesondere werden umwelt- und entwicklungsökonomische Fragen der Globalisierung sowie die monetären, fiskalpolitischen sowie konjunkturellen Interdependenzen der Weltwirtschaft untersucht.

Der Senat begrüßt die sehr positive **Entwicklung**, die das IfW seit der letzten Evaluierung genommen hat. Seinerzeit war das Institut mit Blick auf die zurückliegenden Jahre verhalten bewertet worden. Hohe Erwartungen wurden in die inhaltlichen und strukturellen Planungen des damals neuen Präsidenten gesetzt. Diese Erwartungen haben sich erfüllt. Insbesondere in Bezug auf die wissenschaftliche Leistungsfähigkeit und die internationale Sichtbarkeit hat sich das IfW stark verbessert. Das Institut hat sich ein hohes Leistungspotenzial erarbeitet und ist in der internationalen Wirtschaftsforschung sehr anerkannt. Der Senat sieht das Institut in einer guten Ausgangslage, um international weiter an Bedeutung zu gewinnen. Dazu muss es jedoch sein Arbeitsprogramm in der Forschung noch konsequenter als bislang auf zentrale Zukunftsfragen der Weltwirtschaft fokussieren und seine Beratungsleistungen auf diesem Gebiet immer wieder kritisch hinterfragen.

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

Die **Arbeitsergebnisse** des IfW sind in fünf Forschungsbereichen sehr gut. In einem Bereich werden sie als exzellent bewertet, in einem weiteren als gut mit einer sehr guten Perspektive für die Zukunft. In den letzten Jahren ist eine deutliche, insbesondere qualitative Steigerung der Publikationsleistung festzustellen. Die Leistungen in den wissenschaftlichen Serviceeinheiten für Prognose und Beratung sind sehr gut und gut. Es wird anerkannt, dass das Institut die erforderliche Verbindung zwischen Forschung und Beratung strukturiert angeht. Diese Verbindung sollte konsequent vertieft werden um sicherzustellen, dass die Grundlagenforschung in Politikberatung und Prognosetätigkeit einfließt und umgekehrt Beratungsbedarfe auf die Forschungstätigkeit rückwirken. Außerdem wird angesichts aktueller Entwicklungen in der makroökonomischen Forschung empfohlen, dass sich das IfW verstärkt der Aufbereitung entsprechender innovativer Daten widmet.

In Kiel werden sehr renommierte und international sichtbare Veranstaltungen durchgeführt. Das *Global Economic Symposium* (GES) konnte in kurzer Zeit als herausragendes Treffen führender Persönlichkeiten aus Wissenschaft, Wirtschaft und Politik zur Lösung aktueller weltwirtschaftlicher bzw. gesellschaftlicher Probleme etabliert werden. Das GES trägt maßgeblich zur internationalen Sichtbarkeit des Instituts bei.

Das IfW ist auf nationaler und internationaler Ebene sehr gut vernetzt. Die **Kooperation** mit der Universität Kiel hat sich seit der letzten Evaluierung aufgrund der Initiative des Instituts in weiten Teilen gut weiterentwickelt. Bis zum Jahr 2008 war nur der Präsident des IfW gemeinsam mit der Universität berufen. Seitdem wurden weitere Personen gemeinsam berufen. Der Senat begrüßt, dass die vier in den kommenden Jahren frei werdenden wissenschaftlichen Leitungsstellen in gemeinsamen Berufungsverfahren, wie sie für Leibniz-Einrichtungen üblich sind und auch die Lehrleistungen regeln, besetzt werden. Der Senat empfiehlt dem IfW, die universitäre Zusammenarbeit weiter zu stärken. Das kann wie vorgesehen mit der Universität vor Ort erfolgen, gegebenenfalls sollte aber auch mit anderen Hochschulen kooperiert werden.

Die **Nachwuchsförderung** am IfW hat sich gegenüber der letzten Evaluierung stark verbessert, die Promovierenden werden nunmehr sehr gut ausgebildet und betreut. Sie sind in ein Doktorandenprogramm an der Universität Kiel eingebunden. Auch wissenschaftliche Nachwuchskräfte nach der Promotionsphase erhalten am IfW eine sehr gute Förderung. Der Senat begrüßt, dass der Anteil befristeter Beschäftigungsverhältnisse empfehlungsgemäß gesteigert wurde. Gleichzeitig arbeitet das Institut daran, besonders guten Nachwuchskräften eine Perspektive vor Ort bieten zu können. Mit gemeinsamen Berufungen auf Juniorprofessuren und *Tenure-track*-Verfahren wurden geeignete Instrumente eingeführt.

Die sehr positive Entwicklung des Instituts ist wesentlich auf die hervorragende **Leitung** durch das Präsidium zurückzuführen. Der Präsident hat das Institut in beeindruckender Weise umgestaltet. Unterstützt wird er von einer dienstleistungsorientierten Verwaltung. Es wird begrüßt, dass der **Wissenschaftliche Beirat** der Ausrichtung des Instituts entsprechend international besetzt ist. Er begleitet die Arbeit des Instituts, ebenso wie der Stiftungsrat, kritisch und fair. Empfehlungsgemäß wurde das Institut im Jahr 2007 in der Form einer Stiftung öffentlichen Rechts verselbständigt.

In den vergangenen Jahren hat das IfW die Einnahmen aus Drittmitteln der Forschungsförderung empfehlungsgemäß gesteigert. In Bezug auf das Gesamtinstitut sind die **Drittmittelerträge** sehr gut. Sie belaufen sich mittlerweile auf 30 % der institutionellen Förderung.

Insgesamt agiert das Institut in der Personalgewinnung zurückhaltend und wenig strategisch. Das IfW sollte eine mittel- und langfristige **Personalstrategie** entwickeln und sich bei Neubesetzungen

aktiv um Bewerbungen bemühen. Das gilt insbesondere für die Gewinnung von Frauen, die in Forschung und wissenschaftlichem Service, insbesondere in Leitungspositionen, stark unterrepräsentiert sind. Der Senat begrüßt, dass der Zuwendungsgeber den festen Stellenplan aufgegeben hat und somit das IfW nun eine gute Grundlage für eine aktive Personalpolitik hat.

Der Senat hält abschließend fest, dass das IfW eine sehr erfolgreiche Einrichtung der internationalen Wirtschaftsforschung ist. Das Institut erbringt grundlagen- und anwendungsbezogene Forschung, sowie weithin sichtbare forschungsbasierte Service- und Beratungsleistungen. In dieser Kontinuität und Reichweite können die Aufgaben nicht von einem Hochschulinstitut erfüllt werden. Die theoretische und empirische Forschung des Instituts sowie die wissenschaftlichen Servicearbeiten widmen sich anspruchsvollen und gesellschaftlich hoch relevanten Themen und Problemen. Damit erfüllt das Institut die Anforderungen, die an eine Einrichtung von überregionaler Bedeutung und gesamtstaatlichem wissenschaftspolitischem Interesse zu stellen sind.

2. Zur Stellungnahme des IfW Kiel

Der Senat begrüßt, dass das IfW beabsichtigt, die Empfehlungen und Hinweise aus dem Bewertungsbericht bei seiner weiteren Arbeit zu berücksichtigen.

3. Förderempfehlung

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

Annex A: Status Report¹

Kiel Institute for the World Economy (IfW)

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¹ This status report, compiled by the Evaluation Office, has been approved by the institute and the responsible federal and state departments.

1. Development and Funding

The Kiel Institute for the World Economy (Institut für Weltwirtschaft an der Universität Kiel, IfW) was founded by Bernhard Harms in 1914 as Königliches Institut für Seeverkehr und Weltwirtschaft. It has its roots in the University of Kiel, Staatswissenschaftliches Seminar, which was established in 1899. The IfW is affiliated with the University of Kiel as an independent institution. In 1934, the institute was given its present name.

Since 1977, the IfW has been receiving institutional funding, in equal measure, from the German Federal Government and the Community of the German States (Länder). The Schleswig-Holstein State Ministry of Science, Economic Affairs and Transport has primary responsibility for the institute. The Federal Ministry of Economics and Technology oversees the work of the institute as funding representative of the Federal Government. Before 2007, the institute was a dependent state agency; thereafter it became a legally independent public foundation.

The last evaluation of the IfW by the Senate of the Leibniz Association (Leibniz-Gemeinschaft, WGL) took place in September 2004. Based on a subsequent evaluation report, a statement by the Senate and a joint statement by the two responsible ministries, the committee of the Bund-Länder Commission for Educational Planning and Research Promotion (today: Gemeinsame Wissenschaftskonferenz) recommended continued funding of the institute.

2. General Research Concept and Focus Areas

In accordance with its statute, the Kiel Institute for the World Economy aims to be a leading non-university research institution for issues of global economic affairs: “The IfW devotes itself to the internationally oriented research on socially urgent problems in the world economy” (Statute §2, para 1). The central and first **mission** of the institute is to generate theoretical and empirical research on issues in global economic affairs that are significant to society. The research strives to be solution-oriented. The second mission of the IfW is to supply policy advice, to engage in the public discussion and to establish multistakeholder networks on these issues. Its third mission is post-graduate education and scientific outreach and publication services, focused on global economic affairs. These three missions are mirrored in the tripartite structure of the institute’s activities:

- the Academy, providing research on global economic affairs,
- the Think Tank, providing policy advice information and networks to address global economic problems, and
- the Education and Services Area, providing education, outreach, and publications.

The IfW seeks to make its three missions complementary. The hallmarks of the IfW’s work are its focus on socially important problems, solution-oriented research, and research-based, multi-stakeholder networking. Much of the institute’s work has a long-term perspective on global economic affairs (Weltwirtschaft) which is interpreted broadly to include not only global economic phenomena (such as international trade and climate change), but also national and regional problems that are pervasive in many parts of the world (such as unemployment and monetary transmission problems).

The IfW considers itself to be the only German research institute whose research, think tank and education/service activities focus primarily on addressing problems of global economic affairs. The institute sees its work as distinct from the work characteristically conducted at universities in the following respects: Research is conducted within teams, organized by research areas. This enables the IfW to take on large, complex, long-term projects and provides a basis for the creation, handling

and updating of large data sets (such as the IfW's trade and FDI data banks) necessary for the empirical testing of complex global phenomena.

The acting president assumed his office shortly after the last evaluation, in October 2004. The overall **strategy** and structure of the institute was then newly determined, partly through the vision of the President's Office and partly through the ideas and initiatives emerging from the so called "Kiel Institute Dialogue". This Dialogue is an ongoing process of brainstorming, planning and structuring. It consists of regular meetings covering all the IfW staff or all the IfW researchers. Since the last evaluation, the institute's research has been determined through the combination of a top-down strategy and a bottom-up process in which researchers suggest research topics (see chapter 6 "Management"). The strategic aim is to ensure that the institute's research efforts address socially significant problems and issues. Its work is directed towards projects in which research, think tank, education, networking and dissemination pursue complementary aims, as well as towards single-mindedly pursuing its study of globalization and complex interrelations among global economic phenomena. This approach enables the institute to generate an exchange of ideas among its research, forecasting, policy advice, education and knowledge dissemination domains. It also permits the IfW to create networks that take advantage of this cross-fertilization.

Since the last evaluation, the institute has implemented changes to its **organizational system**. The departments were abandoned (see chapter 6 "Management") and all the institute's staff members received new job descriptions. The institute's mission is reflected in each of its Research Areas and Centers, and aims to generate synergies between them. For administrative and budgetary purposes, the IfW's activities are divided into five programs: The Academy contains three research programs with two or three research areas organized around a coherent set of research projects. The IfW's Think Tank and Education/Services Programs are each divided into centers (see appendix 1). The Infrastructure domain supports the five programs.

Program 1: The International Economy and International Economic Policy deals with the causes and consequences of a growing integrated world economy. The unifying research theme is a better understanding of the changing roles of certain tasks and skills, sectors, and regions in the structure of output and employment of a dynamic world economy. The two Research Areas both analyze the consequences of globalization, although from a clearly distinct perspective and with a clearly distinct focus.

The Research Area "Global Division of Labor" (4.09 FTE²) has as its focus trade, foreign direct investment and the reactions of firms and labor markets to globalization pressures. More specifically, the research covers three themes that attempt to understand the implications of the globalization process: "Foreign Direct Investment", "Outsourcing and Trade in Services", "Trade and Adjustment". The Research Area combines researchers working on a common theme using different data and techniques. In terms of micro data, researchers have, for example, worked with firm level data for Germany, the UK, Ireland, Sweden, Chile, China and Ghana, as well as with worker level data for Germany, the UK and Denmark. Other research has looked at aggregate cross-country or cross-region data to investigate similar issues. The combination of micro and macro data and the analysis of data for different countries bring to the fore important complementarities that aid the under-

² Employees and scholarship holders in research and scientific service (including doctoral candidates and supporting service staff) in full-time equivalents (FTE). At the end of 2010, the IfW had 76.6 FTE in research and scientific service (see chapter 8 "Personnel").

standing of the processes at work. As for future research, the Research Area will try to build on its strength in the analysis of micro data by investigating potentials for international comparison studies using micro data for different countries. This will be done in cooperation with partners in Germany and abroad.

The Research Area “Knowledge Creation and Growth” (3.21 FTE) focuses on the role of knowledge (its creation, flow and contribution to growth) in the globalizing economy. In its – mainly empirical – analyzes, the Research Area gives particular attention to the geographical, institutional and cultural context of knowledge creation and growth. The rationale is that in a globalized world, the crucial determinants of competitiveness, innovation and growth are not ubiquitously available but stick – at least temporarily – to specific locations. Core research themes include the changing location of innovative activity, growth determinants of knowledge-based firms, the actors and mechanisms behind international knowledge flows and the interrelation between firms’ international activities and their ability to innovate. Researchers pursue their common research agenda using a variety of data sets and econometric techniques. They have worked with firm-level and regional level data sets for the US, Germany, Italy, the UK, Ireland, Hong Kong and China, reflecting a wide variety of institutional settings and distances to the world technology frontier. In view of the increasing globalization of R&D and the rapid growth of knowledge production and knowledge-intensive activities in emerging economies, the Research Area is planning to intensify its research on the emerging knowledge economies of China and India in the near future.

Program 2: Economic Policies for Sustainable Development focuses on two major aspects of sustainable development, namely global climate and environmental issues and strategies for poverty reduction in developing countries.

Focusing on the allocation of environmental and natural resources, the Research Area “The Environment and Natural Resources” (11.88 FTE) investigates the determinants of increasing natural resource scarcity by assessing their impact on the allocation of production factors and on the changes they bring to the world economy. The policy focus lies on the efficient use of climate policy instruments and on the role of technology for moving toward a sustainable growth path for the world economy. The research projects are divided into the topics “International Climate Policy,” “Land Use and Bioenergy,” “Natural Resource Scarcity” and “Valuing the Ocean.” The Research Area has special competence in theoretical and applied climate-economy modeling (computable general equilibrium CGE and optimal control models). Model based analysis is complemented with econometric and geographic information system-based analysis. Furthermore, the Research Area is engaged in interdisciplinary research, e.g., participating in the Excellence Cluster “Future Ocean” (funded within the framework of the so-called Excellence Initiative, see chapter 3 “Cooperation”). As a prospect for future research, the Research Area will try to cover the whole range of activities from basic research to applied empirical work all the way to the scientific support of regulatory activities.

The Research Area “Poverty Reduction, Equity, and Development” (6.0 FTE) aims at creating knowledge that may help developing countries, as well as the broader development community, to devise strategies for poverty reduction and sustainable development. The research revolves around four themes, all relating to important dimensions of developing countries’ integration into the world economy. More specifically, the Research Area addresses questions arising from the specialization of many developing countries in agriculture and mining (“Rural Development”, “Resources and Governance”) and the causes and effects of major international resource flows (“Aid Allocation

and Aid Effectiveness”, “Migration and Remittances”). The Research Area’s expertise lies in a wide range of empirical methods (time-series, econometrics, micro-econometrics, dynamic panel estimation, CGE modeling) that allows it to address research questions in a flexible way. In much of its econometric research, the Research Area employs data sets that are not available in the public domain and that contain data often obtained through extensive field work in developing countries and transition countries. In the foreseeable future, the Research Area will shift priorities within the above-mentioned themes. The scope of research on migration, for example, will be broadened substantially by examining the effects on children and the elderly left behind and by incorporating the perspective of destination countries.

Program 3: Macroeconomic Activity and Policy studies sources and consequences of macroeconomic fluctuations and the instability of the financial sector, as well as the repercussions of global changes on the welfare system.

In the Research Area “Monetary Policy under Market Imperfections” (5.57 FTE), research revolves around the role of market imperfections and institutions in dynamic general equilibrium (DSGE) models. The project on “Labor Markets” works on the fluctuations of unemployment over the business cycle and the implications of labor market frictions for business cycle dynamics. The project on “Growth and Cycles” empirically analyzes the long-term consequences of recessions and develops a unified, theoretical framework for analyzing business cycles and growth. The project on “Macroeconomic policies” focuses on the policies used to smooth business cycle fluctuations. While the modeling of market imperfections within the DSGE framework is the core theoretical expertise of the Research Area, the intensive interaction with the institute’s Forecasting Center provides it with strong expertise by using such empirical methods as VAR modeling and Bayesian estimation. Prospects for future research are considering behavioral aspects in analyzing labor markets, investigating the short- and long-run effects of recessions with a particular focus on international transmission effects and analyzing the intersection of firm entry and monetary policy.

The aim of the Research Area “Financial Markets and Macroeconomic Activity” (2.46 FTE) is to contribute to a deeper understanding of the magnitude as well as the structure of risks in the financial sector and the dependencies between the various players in a globalized financial system. The project on “Forecasting in Macroeconomics and Finance” aims at the development of more realistic behavioral models of financial markets by expanding the traditional macro models by factors such as sentiment, interaction and heterogeneity of agents, and most importantly the interaction between the financial and real sphere of the economy. The project on “Risk and Volatility in the Financial Sector” considers the network structure of credit relations on the interbank market and uses improved volatility models in risk assessment. In the project “Behavioral Models of Financial and Betting Markets”, modern decision theory under risk is applied, which is based on insights from psychological research, to the analysis of financial markets. The implications of these theories are tested by controlled laboratory experiments. The Research Area has expertise in behavioral finance, empirical finance and macro finance. Moreover, it benefits from a long tradition of research based on dynamic system theory, which allows tackling the dynamics that arise from the interactions of economic agents in financial markets. In the future, the Research Area plans to focus on three more issues: on the empirical analyzes of decision making in betting markets, on the test of regulatory measures with artificial financial markets as a wind tunnel, and on the project “Network Effects and Systemic Risk in the Banking Sector”.

The Research Area “Reforming the Welfare Society” (3.44 FTE) focuses on the challenges that globalization poses for the labor market. It evaluates the effectiveness of various labor market policies and whether a welfare system based on welfare accounts is more efficient in insuring workers and redistributing income than the current system of welfare services. The Research Area blends insights from international trade, labor economics, and macroeconomics to offer a global perspective on the welfare state. At the same time, the Research Area explicitly accounts for the behavioral consequences of welfare policies at the micro-level, and has developed distinctive micro-founded models of the labor market. Theoretical analysis is complemented by empirical work using both simulation exercises and microeconomic methods. The Research Area also has a focus on the global health economy. In the future, it plans to work on emerging global challenges to healthcare, such as population aging and antimicrobial resistance. Further prospects for the future are to expand research to the dynamic effects of globalization on the labor market, to the effects of immigration and to behavioral incentives generated by labor market policies.

Program 4: The Think Tank aims at providing policy advice, at engaging in public analysis and debate on current economic affairs, and at creating networks for addressing economic problems from a global economic perspective. IfW states that the three centers of this Program pursue these aims in distinctive, often complementary ways. According to the institute, in all three centers, the policy analyses and recommendations are research based and respond to important social issues. These analyses and recommendations are usually published and disseminated to the relevant decision-makers. The activities rest upon IfW’s own research capacities, as well as the associated IfW networks. The institute states that Think Tank activities also stimulate the policy debate within IfW and sharpen the policy orientation of research in the research areas.

The Forecasting Center (9.45 FTE) provides economic forecasts for Germany, Europe and the world, combined with policy advice (mainly for Germany and Europe). This is done on the basis of the regular analysis and forecast of the macroeconomic development activity, together with an analysis of monetary, fiscal and social policies. The Forecasting Center has succeeded in two competitive tenders of the Federal Ministry of Economics and Technology for the “Gemeinschaftsdiagnose”, the so-called joint forecasts for the German economy. In this context it cooperates with other economic research institutes in Germany. In the European context it cooperates with the EUROFRAME Group and the Association of European Business Cycle Research Institutes (AIECE; see chapter 3 “Cooperation”). The Forecasting Center runs the *Kieler Konjunkturgespräche*, produces an annual Subsidy Report for Germany, and takes an active role in the official tax revenues estimates of the Federal Government (Arbeitskreis Steuerschätzung). One of the main challenges of the future is seen in the improvement of the forecast models. Thus, the Forecasting Center is working on indicators of financial stress that incorporate many interest rates and measures of volatility on financial markets.

The purpose of the Economic Policy Center (5.71 FTE) is twofold: to raise the visibility of the IfW as policy advisor, particularly in Germany, and to stimulate the policy debate within the institute. The Economic Policy Center is meant to react promptly to relevant external events requiring a policy response, especially one that brings IfW’s global economic perspective to bear. The Center organizes one-day policy workshops in cooperation with external partners from German ministries. Its staff members continuously publish articles in policy-oriented journals and in-house publications such as Kiel Policy Brief, IfW-Fokus, E-Books, etc. They represent the IfW in external advisory groups, expert panels and policy-focused conferences and organize studies commissioned and funded by ministries and other public institutions.

The annual Global Economic Symposium (GES, 8.85 FTE) is meant to be a high-level global problem-solving exercise. It aims at bringing together leading decision-makers from academia, politics, business and civil society to develop joint strategies and visions in order to tackle well-defined global problems. The Global Economic Symposium was launched in 2008 and takes place annually. It combines the expertise of the institute's researchers (who organize most of the Symposium sessions) with strong international networks. The Symposium is supported by an internet platform, initiated jointly with the German Library of Economics (ZBW), and each Symposium generates a book of solution proposals (*Global Economic solutions*) that is disseminated to major international organizations and national governments. While becoming more and more established, the Global Economic Symposium will aim in the future at strengthening the dissemination of solution proposals and at becoming a catalyst for the institute's three missions, in particular for concrete projects in the research areas.

The institute's activities in **Program 5: Education and Services** are meant to have a distinct international orientation, both with respect to the content and the users of the services that are offered. The institute states that in addition, the education and service activities in this program have positive impacts on research work by raising the quality of its research staff, attracting new talented researchers, and by intensifying the institute's academic cooperations.

The Education Center (3.05 FTE) offers various education services that focus on global economic affairs. The main focus of the activities is on the education of junior researchers, including the IfW's own doctoral candidates. The IfW uses its advantages, namely its large staff of researchers, its worldwide contacts with many academic and policy institutions, and its direct access to the world's largest library in economics, to conduct its *Advanced Studies Program*, which is a ten-month program with courses taught by internationally renowned scholars. 152 economists have graduated from the program since the last evaluation. The strategy of the *Kiel Institute Summer School in Economic policy* (KISSEP), established in 2007, is to use these advantages on a smaller scale by focusing on a single topic (closely related to the topics of the IfW, and taught by an international group of experts) and with particular emphasis on economic policy issues.

The aim of the Scientific Outreach Center (2.3 FTE) is to improve the links of the IfW to the global scientific community and to promote contacts with external research institutions and individual researchers at various levels (Research, Events, and Education). According to the institute, in the last years the IfW expanded its international network of research fellows and complemented it by a network of research affiliates comprised of junior economists who cooperate with the IfW Research Areas on particular projects. The IfW has established a number of joint research networks in cooperation with other institutions. These include the poverty research network PEGNet and the macroeconomics research network *Ensuring Economic and Employment Stability* (EES). To strengthen and expand its international network, the IfW identifies outstanding performance in the area of global economic affairs through various awards and prizes that enjoy a high international reputation: the *Bernhard Harms Prize*, the *Global Economy Prize* (introduced in 2005) and the *Excellence Awards in Global Economic Affairs* (launched in 2007). In the future, special attention will be given to the integration of young upcoming researchers in the institute's research endeavors.

The aim of the Publication Center (4.43 FTE) is to contribute to the fast and widespread dissemination of research results by providing refereed publication platforms for the global scientific community and to support the dissemination of results from the IfW's think tank activities through policy-related publication series. The institute offers two publication platforms for the international

community of researchers: *Review of World Economics* (Weltwirtschaftliches Archiv founded in 1913) and *Economics – the Open Access-Open Assessment Online E-Journal* (launched in 2007 together with the German National Library of Economics, see chapter 3 Cooperation). To assure the quality of the publications in the two journals, all submissions are subject to a referee process. Moreover, the IfW maintains and edits various publication series to disseminate results of its economic forecasting and policy advising activities.

The **Infrastructure Centers** provide internal services and therefore are not part of the programs. The Public Relations Center contributes to the rise of the IfW's national and international media presence, compared to the last evaluation. The Fundraising Center activates private-sector sources of funding for a variety of IfW activities. The Grant Center provides information on research grants from national and international research foundations and supports the IfW's grant application process. The Web Services Center has created, administered and maintained a new website, offering access to IfW research, promoting the IfW's Think Tank activities, and enabling exchange between IfW staff and its stakeholders. Finally, the IT Structures Center ensures the uninterrupted, state-of-the-art supply of IT hardware and software.

3. Cooperation

Cooperation with Kiel University: The president of the Kiel Institute is a full professor at the Faculty of Economics, Business Administration and Social Sciences. He was appointed in a joint appointment procedure of the IfW and Kiel University by the state prime minister. The IfW and the Faculty have an official cooperation agreement concerning so-called "shared" full and junior professorships: Up to five full professorship positions can be filled in an appointment procedure that is jointly executed by the IfW and Kiel University at equal terms. The five appointees are financed from IfW's institutional budget. According to the agreement, they work 50% of their time at the Faculty of Kiel University. In exchange, a corresponding number of university professors contribute 50% of their workload to the institute. The first of these full shared professorship positions was tendered and filled in 2007. Up to now, four shared full professorships (two IfW plus two Faculty tandem partners) have been initiated under the agreement (one of them being in the tendering process) as well as two junior professorships. At the moment, the agreement is under revision in respect to the teaching load for shared professorships. The official cooperation agreements with the Faculty also envision professorial exchange (professors from the Faculty do research at the IfW for a semester, while IfW researchers provide the corresponding teaching services at the Faculty) and IfW's participation in the new cross-discipline Quantitative, Business and Economic Research Institute (QBER).

Cooperation with Kiel University is furthermore realized through teaching and supervision of students, as well as through joint research projects and joint applications for third-party funds. Important research cooperations include the participation in the Future Ocean Excellence Cluster within the framework of the Excellence Initiative by the German federal and state governments to promote science and research at German universities. The IfW is part of an initiative of the Faculty applying for funding within the framework of the Collaborative Research Centre program (SFB) of the German Research Foundation (DFG).

Cooperation with the German National Library of Economics (ZBW): The Kiel Institute for the World Economy and the neighboring ZBW share all common administrative services in accounting, personnel management, and facility management (see chapter 6). In addition to administrative issues, the cooperation agreement focuses on scientific cooperation in documentation and retrieval,

and joint research and dissemination projects. IfW and ZBW jointly operate the open access online journal *Economics* and jointly organize the Global Economic Symposium.

Cooperation with Extra-University Research and Service Institutions: There are numerous cooperations between the institute's research areas and universities, extra-university research and service institutions. For example, in 2010, the institute initiated a science network with the German Institute of Global and Area Studies (GIGA) and the Chinese Academy of Social Science (CASS). The Kiel Earth Institute (KEI), a virtual institution designed to research key issues concerning the interaction of economic and environmental/resource systems, was jointly founded in 2008 by the IfW and the Leibniz-Institute of Marine Sciences (IFM-GEOMAR). The IfW is a founding member of the *Euro-Latin Study Network on Trade and Integration* (ELSNIT), which is supported by the Inter-American Development Bank and organizes annual research meetings on the empirical dimension of trade integration together with institutes in Barcelona, Florence and Paris. With regard to policy advice, the institute has a cooperation agreement with *Bruegel* and a partnership with *Friends of Europe* (both think tanks in Brussels). The institute's Forecasting Center conducts biannual joint forecasts (*Gemeinschaftsdiagnose*) with the Centre for European Economic Research (ZEW). It is the lead partner in conducting the Economic Assessment of the Euro Area in the context of the EUROFRAME Group (with partners in Poland, the Netherlands, Ireland, Finland, United Kingdom, France, Italy and Austria) and cooperates in the context of the Association of European Conjunction Institutes (AIECE) Working Group on Commodities.

Other Areas of Cooperation: Within the context of the Global Economic Symposium, the IfW cooperates with a number of partners from the private sector under the Global Economic Partnership (GEP) scheme. It also cooperates with several other international research institutes as part of the GES Knowledge Partner Program, such as the Getulio Vargas Foundation (Brazil), the OECD and the India Development Foundation.

Research Visits: Beyond area-specific research networks and cooperation, the institute has an international network of research fellows and research affiliates. Numerous researchers visited the IfW during the reporting period. The majority of the visits had a duration period of between one and four weeks (2008: 81; 2009: 74; 2010: 89) and most of them took place in context with the Advanced Studies Program, the Summer School and the Excellence Awards. Eighty percent of the visitors came from abroad. In addition, there were eleven research visits to the institute with a duration period of more than four weeks, four of them financed by DAAD scholarships.

Twenty-one IfW staff members visited other institutions during the reporting period. Most of the visits lasted less than one month. It is a policy of the IfW to encourage and financially support staff members to visit other research institutions both in order to upgrade skills and to establish joint research networks. This in particular holds for young staff members during their dissertation stage: ten young staff members were given the opportunity to attend the National Bureau of Economic Research (NBER) Summer School in the years 2008-2010. In addition, seven post-doc staff members benefited from a so-called Kiel Fellow position at the NBER, which enables them to stay at the NBER and to participate in joint research projects with US colleagues.

4. Research Results

Publications: The IfW has changed its publication strategy since the last evaluation. The aim has been to increase the number of publications in internationally renowned peer-reviewed journals by setting incentives, guidelines, and clear input-output performance indicators through annual ex ante target agreements between the Research Areas and the President's Office. As a general rule,

every scientific staff member engaged in the Research Programs is expected to produce at least one refereed publication per year (based on twelve person months in research). Thus, the output of refereed publications increased from 0.9 per full-time equivalent academic staff member in Programs 1-3 in 2006 to 1.7 in 2010. In the last three years, IfW staff members have published 183 articles in peer reviewed journals (2001-2003: 99 articles), 46 more have been accepted for publication. The institute states that the quality of the refereed publications has also increased, with 13 publications in journals ranked A or B (none prior to 2006) and the majority of refereed publications in journals ranked C and D (prior to 2006 the majority was ranked in E).³

The main IfW **service** products in the field of education and publication (Advanced Studies Program, Summer School, Review of World Economics) are described in chapter 2 (see Program 5: Education and Services). Apart from the institute's DOME database on cross-border mergers, the institute has, for many years, handled and regularly updated two databases on US, Japanese and German Foreign Direct Investment abroad and on international merchandise trade disaggregated by commodity groups and partner countries.

Knowledge Transfer, Consultation: The IfW participates in public debates through economic policy analyses commissioned mainly by the EU and Federal Ministries (Finance, Education and Research, Economics and Technology). Studies commissioned by ministries are always subject to a competitive bidding process. Such studies are generally published in accordance with ministerial rules that ensure that studies are released after a reasonable period of grace. IfW staff members serve on approximately 30 external councils and advisory boards. A user statistic for the institute's various electronic policy-oriented publications was introduced in 2009. According to this statistic, the average number of users ("hits") per month in 2010 was 2,500 for the Kiel Policy Brief, 4,000 for the IfW-Fokus, and 14,000 for the Kiel Discussion Papers. The institute states that measures to strengthen its presence in national and foreign media resulted in more than 6,000 clippings about the Kiel Institute's output in print, online, broadcasting, and TV media per year.

Workshops, Conferences, Prizes: During the reporting period 2008-2010, the institute served as host for 31 conferences and workshops with international participation. It also organized 9 external events in the context of its research projects and in cooperation with other European research institutions. In 2008, the IfW launched the now-annual Global Economic Symposium, with over 400 participants during two full days (see chapter 2, Program 4: Think Tank). Three prizes are awarded by the IfW (see chapter 2, Program 5: Education and Services). During the reference period, IfW staff members received prizes and awards for their work, including the Gossen-Preis of the Verein für Socialpolitik 2009 and the Senior Prize for the best scientific publication 2007-2008, based on the German Socio-Economic Panel Data.

5. Promotion of Junior Academics and Non-Academic Staff

Twenty-two IfW staff members (about one third of all researchers) were working on their dissertation at the end of 2010. Twelve dissertations were completed between 2008 and 2010 and 106 diploma, Magister and Master theses have been supervised by IfW staff members (including all supervisions of those who hold shared professorships with Kiel University). **Doctoral candidates**

³ The IfW uses a modified version of the journal ranking published by the German Economic Association (German Economic Review 9(4): 532-538). A: top general interest journals, B: leading field journals, C: very good general interest and field journals, D: good international journals, E: the rest of the internationally recognized refereed journals.

are usually employed on the basis of an employment contract for 50 to 75% of a full workload. As the majority of them are financed by third-party research projects, the topics of their dissertations are linked to their project work. Most of the doctoral candidates participate in the *Doctoral Program in Quantitative Economics* at Kiel University. The program's focus on quantitative methods fits well with the empirical research focus of the institute. To avoid conflicts between project work at the IfW and the doctoral program, there is an agreement that courses that normally must be taken within one year can be stretched over a longer period for IfW employees. When participating in the doctoral program, candidates choose a supervisor from Kiel University who is in contact with the head of the relevant research area at the IfW (the "mentor"). Due to the increasing number of shared professorships, supervisors are more and more often also members of the IfW staff. In 2010, a Coordinator for Doctoral Education was established, who acts as the contact person for all dissertation-related questions at the Kiel Institute. The average duration of doctoral studies is 4.07 years. During the reporting period, three IfW dissertations received prizes from Kiel University and one was awarded the Leibniz Nachwuchspreis for young social scientists 2008.

At the end of 2010, 14 **Post-Docs** in the early stages of their career (up to five years after receiving their doctorate) and two junior professors were working at the Kiel institute. Within the reporting period, two **junior professorships** were positively evaluated and extended.

Apart from the participation in the doctoral program at Kiel University, **junior academics** have access to IfW's *Advanced Studies Program*, the *IfW Summer School on Economic Policy* (see chapter 2, Program 5: Education and Services), special courses on quantitative methods (both internal and by invited experts), Staff Seminars, Lunchtime Seminars and the Erich Schneider Seminar (organized in cooperation with Kiel University). During the reference period, about 80 seminars were held on average per year. Junior researchers also use the opportunity to attend courses and summer schools outside of Kiel, such as the National Bureau of Economic Research (NBER) Summer Institute in Cambridge, Mass, or an external course on quantitative methods.

The IfW *Internship Program* was established in 2006 and provides **Diploma/ Master students** with the opportunity to obtain first insights into the activities of the institute's research and to participate in selected projects. This program also serves to identify high-potential economists at an early stage of their career and to raise their interest for later employment at the IfW. In the reference period 2008–2010, 90 students participated in the *Internship Program*.

The IfW does not have **vocational training** posts for non-academic staff. However, in 2010, nineteen non-academic staff members participated in one or several external courses relating to IT qualifications, controlling, accounting and budget law.

6. Management of the Institute

On January 1, 2007, the Kiel Institute for the World Economy changed its **legal structure** from a non-independent state agency to an independent public foundation. The German National Library of Economics (ZBW), which was part of the institute prior to 2007, also became independent as a public foundation. The Kiel Institute and the neighboring ZBW still share a joint **administration**. Individual administrative staff members are assigned to either IfW or ZBW. Cost sharing principles are applied.

The Board of Governors (Stiftungsrat), as the **supervisory body** of the institute, approves the program budget, accepts the audit report, and takes notice of developments in specific areas through presentation of the work programs in each session. The **Scientific Advisory Council**

(Wissenschaftlicher Beirat) advises the IfW on all issues of its mission and reports to the supervisory body on its assessment of the IfW's performance. Furthermore, the institute is supported by an Economic Advisory Board (Wirtschaftsbeirat) advising IfW on think tank and research issues of importance for the private sector.

The President, Vice President, Management Coordinator and the Program Coordinators form the **Management Board**, which is responsible for implementing decisions taken by the President. The Management Coordinator oversees the implementation of organizational decisions by the President and is supported by a controller.

The entire **organizational structure** of the institute (see appendix 1) has been changed since the last evaluation. The previous five research departments were dissolved and replaced by three research programs containing seven research areas, three centers for think tank activities (Forecasting, Public Policy, GES), three centers for educational services and other services (Education, Scientific Outreach, Publications), and five centers for infrastructure (Public Relations, Fundraising, Grants, Web Services, IT Structures). The majority of scientific staff members allocate their time input to both Research Areas and Centers. Specialized staff members (working only in the Research Areas or Centers) must be approved annually by the president. The infrastructure centers provide internal services and therefore are not part of the Programs. Each Program plus Infrastructure is supported by a Program Coordinator who contributes to cross-fertilization between the Research Areas and the Centers and ensures the steady flow of information between these entities and the President's Office.

The **work program** is determined through the combination of a bottom-up process in which researchers suggest research topics and a top-down process in which the President's Office ensures the direction and coherence of all research efforts. The latter is supplemented by institute-wide brainstorming meetings. The institute's work program is based on application of projects for institutional funding by heads of Research Areas to the president (see chapter 2). Third-party-funded projects are encouraged and supported, provided that their research focus coincides with the mission of the institute and matches the institute's quality requirements.

In 2007, annual **target agreements** (Zielvereinbarungen) were introduced to establish annual input-output performance standards and milestones. They have been continually extended in their scope and depth to such an extent that they have become both an important management and quality control instrument. With the introduction of the **discretionary budgets** (Verfügungsbudget) in 2009, the allocation of institutional resources to Research Areas and Centers follows performance criteria in terms of research and services output.

Quality control measures are applied in all three domains (Academy, Think Tank, and Education and Services). The institute follows the rules for good scientific practice by having appointed a senior staff member to investigate possible compliance problems.

7. Financial Resources

During the reporting period, the average annual total budget of the Kiel Institute was approximately 10.7 million Euros. Seventy-four percent of the revenues stem from institutional funding, in relation to 23.4% from third-party funding for research promotion. For detailed information on revenues and expenditures, please refer to appendix 3.

Over the last years, the institute has undertaken a number of steps to increase the share of **third-party funding**, especially in research. There is now an established Grant Center and the explicit

goal for each Research Area to reach the target of 30% of person months financed by third-party funding. As a result, in 2010 third-party funds for research promotion added up to approximately one third of the institutional funding (2.4 in relation to 7.5 million Euros), whereas in 2002 they amounted to one fifth only (1.1 to 5.5 million Euros). Additional third-party funds stem from sponsors that help finance different events and prizes awarded by the IfW. The *Global Economic Symposium* is mostly financed from external funds; the *Advanced Studies Program* and the *Kiel Summer School* receive tuition from their participants.

The institute's **budget** is annually submitted to the institute's funders as a program budget. A public-finance-type management plan (Überleitungsrechnung) is also established and submitted to the state. Standard costing (Kosten-Leistungs-Rechnung) is used to allocate the program budget to the particular programs. As an internal management instrument, an output-oriented time allocation concept is used to optimize the cost-performance index. An annual work plan including research staff members' activities within the programs and the centers and based on a person-month schedule serves as the basis for this (for the discretionary budgets see chapter 6 "Management"). By applying certain management principles, the institute can, within the operating budget, shift funds between programs. Also as of 2011, the institute will be able to carry over 20% of the operating budget to the next year. Because the regular core budget increase has been changed to 5%, the institute's needs are more adequately funded than previously.

Facilities: The Kiel Institute has a main office building and a second office building that also offers several guest rooms (Haus Weltclub, HWC). The renovation of the main building was completed in 2009 and the staff is now well-housed. As the IfW often has problems providing rooms for additional personnel involved in third-party-funded projects, HWC will be remodeled in 2012 and 2013 to provide more office space. The Kiel Institute and the German National Library for Economics (ZBW) have joint administrative offices that are easily accessible for the staff at both institutions. The institute can use rooms in the Library for large conferences, etc. (since the institute does not have any rooms that are large enough for such purposes). The computer facilities are well-suited to the needs of the staff.

8. Personnel

At the end of 2010, the IfW employed 156 persons, corresponding to 100.6 full-time equivalents (FTE). Among the 127 persons in research and scientific service, 22 were doctoral candidates (15.25 FTE) and 40 were student research assistants (10 FTE). Fifty-nine percent of research and scientific staff had limited employment contracts (see appendices 4 and 5).

While the number of non-scientific staff was slightly reduced, the number of scientists increased from 44 full-time equivalents in December 2007 to 66.53 full-time equivalents in December 2010. This was partly possible through an increase in third-party funding. Also, the institute designed a flexible form of research arrangements based on part-time contracts to attract junior researchers from abroad to conduct longer-term joint research efforts with IfW research staff.

The employment scheme (Stellenplan) in the personnel budget was accepted officially and bindingly by the institute's funders until the end of 2010. Replacement of the employment scheme by a more flexible employment quota (Stellenquoten) is underway. For the time being, the institutional personnel funding is sufficient to finance a core of researchers in the Research Areas and Centers and to provide for administrative and secretarial support, as funds can be shifted. However, it is difficult to compete with other research institutions worldwide in recruiting research personnel, particularly at senior levels. The main difficulty in attracting new staff is due to (i) the lack of suffi-

cient and attractive double-career opportunities for highly qualified couples, (ii) non-competitive salary levels compared to comparable institutions abroad, and (iii) the lack of university positions with civil servant status (Beamtenstatus).

Tenure track positions are available for untenured post-graduates who meet the institute's quality criteria in terms of publication in highly ranked refereed international journals and whose expertise is considered central for furthering the missions of the institute. A written concept for the procedure to obtain tenure at the IfW is underway. In addition, the institute has the option to fill four Junior Professorship (W1) positions jointly with the Faculty of Kiel University, provided that funds can be made available from both sides.

Between 2008 and 2010, four staff members received professorships (**Rufe**) from other universities.

Women are still underrepresented on the research staff (23% is female), especially in leading positions. The institute's gender equality representative is involved from the start in all hiring decisions and all measures that affect the IfW's personnel. Affirmative action at the IfW comprises various part-time schemes, telework, child care provisions and special measures especially for female junior researchers. In 2010, the institute received a certificate for its equal opportunity endeavors (Total E-Quality).

9. Recommendations of the Last Evaluation

The IfW responded to the recommendations stated in the evaluation report of 2005 (highlighted in italics) as follows:

1. In June 2009, the Scientific Advisory Council gave an Interim Report on the implementation of the reforms put forward by the new president, as well as on how the recommendations given in the last evaluation are dealt with.
2. *Recommendation to focus the research agenda on a smaller number of related issues and to integrate more intensively into international networks (EU networks, EU fundraising):* IfW has reduced the number of research units to three programs and seven areas (from five research departments and sixteen research groups in 2004). Having thus sharpened its research agenda, the institute states that it has been very active in linking up to international networks and creating new ones. EU funding was increased from an average of 121,300 Euros in 2001-2003 to an average of 168,400 Euros in 2008-2010 (see appendix 3).
3. *Recommendations to better the publication record (in particular publications in international renowned journals) and to raise third-party funds (preferably in research competition from DFG):* The institute states having put particular emphasis on setting clear and binding criteria for academic quality through a ranking scheme for journals and thus having achieved a significantly higher output of publications in internationally renowned and refereed journals than before the last evaluation (see chapter 4 "Results"). The IfW has also been successful in obtaining more research funds under competitive conditions. DFG funding, for instance, increased from an average of 45,900 Euros per year 2001-2003 to an average of 524,000 Euros per year 2008-2010 (see appendix 3).
4. *Recommendation concerning legal independence of the institute:* Since 2007, the institute has been a legally independent public foundation.

5. *Recommendation to increase the number of temporary contracts financed by the institutional budget:* The share of temporary contracts for scientific personnel in the institutional budget rose from 27% by the end of 2004 to 59% by the end of 2010 (see appendix 5).

6. Due to the dissolution of the former HWWA Institute in Hamburg, the *recommendation concerning cooperation with HWWA* became redundant.

7. *The recommendation to deepen cooperation between the IfW and the Kiel University* has been implemented through a number of cooperation agreements (see chapter 3 “Cooperation”). Most of the doctoral candidates working at IfW participate in the Graduate Program *Quantitative Economics* at Kiel University, in which the institute’s Advanced Study Program is also integrated. The average duration of doctoral studies is now 4.07, which is in accordance with a recommendation from the last evaluation (see chapter 5 “Promotion of Junior Academics”).

8. *Recommendation to set up a fellowship program and to improve the supervision of doctoral candidates:* Most of the doctoral candidates pass through the Graduate program *Quantitative Economics* at the Faculty (see above and chapter 5). The institute states that honorary professors and heads of Research Areas now take a more active position in supervising doctoral projects. The institute has set up a research fellowship program for postgraduates (the Excellence Awards in Global Economic Affairs).

9. *Recommendation to introduce a program to increase the number of temporary stays abroad of members of the institute and to increase the number of visiting researchers from abroad who stay for more than one month:* Seventeen staff members were given the opportunity to attend the National Bureau of Economic Research (NBER) Summer School in the years 2008-2010 (including seven Post-Docs benefiting from the so-called Kiel Fellow position at the NBER). However, during the reporting period a total of 21 IfW staff members visited other institutions, as opposed to 35 visits in 2001-2003 (see chapter 3 “Cooperation”). The number of visitors to the IfW was increased to 244 researchers in 2008-2010 (2001-2003: 109). Visiting researchers from abroad staying longer than a month are given flexible work contracts. They are thus listed as staff members and not as visitors.

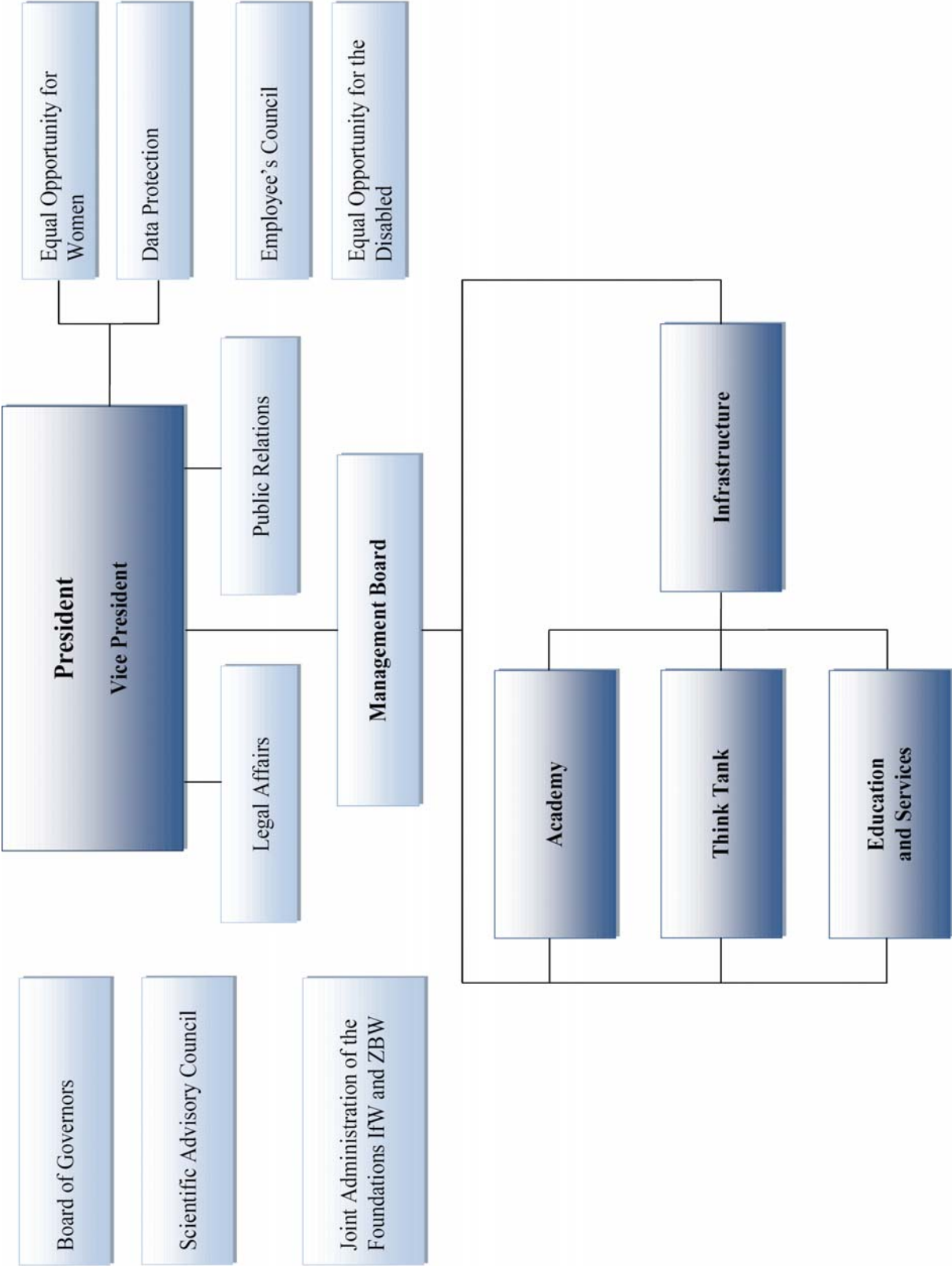
10. *Recommendation to found a GmbH performing commercial assignments for services:* The institute states that from the very beginning, for legal as well as economic reasons, the implementation of this recommendation has proven more time consuming than expected, especially in the light of intensive fundraising activities following the establishment of the Global Economic Symposium. Furthermore, the economic crisis of 2008/2009 meant a setback in implementing this initiative. The objective remains on the agenda, however. A business plan is still in discussion with interested stakeholders from the private sector.

11. *Recommendation concerning the division of competencies between the Scientific Advisory Board and the Steering Committee:* The idea to set up a Steering Committee was abandoned by the institute.

12. The *Economic Archives* have been closed and their financial means have been transferred to the budget of the public foundation National German Library of Economics (ZBW).

Appendix 1

Organization Chart



Appendix 2

Publications

	Time period		
	2008	2009	2010
Total number of publications	185	221	249
Monographs	2	1	0
Individual contributions to collected editions and serials	12	12	9
Articles in peer reviewed journals (including articles accepted for publication)	59	65	105
Articles in other journals	13	18	21
Working and discussion papers	96	124	114
Editorialship (monographs, collected works)	3	1	0
"Total number of publications" per FTE ¹ in "Research and scientific service (without doctoral candidates)"	6.4	6.7	7.6
Number of "Articles in peer reviewed publications" per FTE ¹ in "Research and scientific service (without doctoral candidates)"	2.04	1.96	3.21

¹ FTE are defined as full-time equivalents of all scientific staff members working in the three research programs and in the Think Tank program.

Appendix 3

Revenue and Expenditure
(in €1,000)

Revenues (spent in budget year)		2008			2009			2010 ¹⁾		
		T€	% ²⁾	% ³⁾	T€	% ²⁾	% ³⁾	T€	% ²⁾	% ³⁾
Revenues (total sum I., II. and III.; without contribution to DFG)		10,603.0			10,786.5			10,746.4		
I.	Revenues (sum I.1., I.2. und I.3)	9,750.8	100.0		10,153.2	100.0		10,106.7	100.0	
1.	Institutional funding (except for construction work and real estate)	7,387.9	75.9		7,432.4	73.2		7,504.2	74.2	
1.1	Joint institutional funding by Federal Government and Federal States on the basis of the implementation agreement for Leibniz-institutions (AV-WGL) (except for construction work and real estate)	7,387.9			7,432.4			7,504.2		
1.1.1	Amount thereof obtained in competitive allocation processes ("SAW-Verfahren")	215.0			419.3			304.3		
1.2	Institutional funding other than 1.1 (except for construction work and real estate)	0.0			0.0			0.0		
2.	Third-party funding for research promotion	2,075.3	21.3	100.0	2,397.0	23.6	100.0	2,357.5	23.4	100.0
2.1	German Research Foundation (DFG)	518.4		25.0	559.0		23.3	494.6		21.1
2.2	Federal Government, Federal State(s) (Bund, Land/Länder)	486.6		23.4	706.3		29.5	800.4		34.0
2.3	EU project funds	169.9		8.1	158.4		6.6	176.8		7.5
2.4	Business and industry (main sources: 2008+2009: Financial Times, DIHK, 2009 - DIHK)	21.9		1.1	5.0		0.2	25.0		1.1
2.5	Foundations (main sources: 2008: Stiftung Geld und Währung; 2009: Bertelsmann Stiftung)	119.5		5.8	13.8		0.6	0.0		0.0
2.6	Other project funding (main sources: 2008: Fielmann AG, Wintershall Holding AG; 2009: Fielmann AG, Wintershall Holding AG, ZBW; 2010: ZBW, Wintershall Holding AG, Veolia, Wiedeking Stiftung)	759.0		36.6	954.5		39.8	860.7		36.5
3.	Income from service and commercialisation of results	287.6	2.9		323.8	3.2		245.0	2.4	
3.1	Scientific service	108.3			107.7			138.9		
3.2	Scientific consulting	0.0			0.0			0.0		
3.3	Commissions	0.0			0.0			0.0		
3.4	Publications	138.5			152.9			83.6		
3.5	Commercialisation of results based on intellectual property rights, e.g. patents	0.0			0.0			0.0		
3.6	Commercialisation of results (other than 3.5)	40.8			63.2			22.6		
II.	Other income (e.g. ZBW-reimbursement)	535.5			558.3			564.6		
III.	Revenues for construction work (institutional funding by Federal Government and Federal States, EU structural funds)	316.7			75.0			75.0		

Expenditure (spent in budget year)		T€	T€	T€
Expenditure (without contribution to DFG)		10,603.0	10,786.5	10,746.4
1.	Personnel	7,173.4	7,443.1	7,827.4
2.	Costs for materials	2,366.5	2,557.9	2,012.5
3.	Investment for equipment and procurement	134.1	73.4	70.0
4.	Construction work, real estate	316.7	58.8	35.0
5.	Allocation to reserves ("Rücklagen")	183.9	181.8	472.0
6.	Other (transitional 3rd Party funding)	428.4	471.5	329.5

Contribution to DFG (if paid for the institution – 2,5 per cent of the revenues from institutional funding)	184.6	190.2	190.9
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1) Preliminary data: yes / no

2) Figures I.1, I.2 and I.3 add up to 100 per cent. The issue here is the proportion (in %) of "Institutional funding (except for construction work and real estate)", "Third-party funding for research promotion" and "Income from service and commercialisation"

3) Figures I.2.1 to I.2.6 add up to 100 per cent. The issue here is the proportion (in %) of the different third-party funding sources for research promotion.

Appendix 4

Employees Funding
– as of December 31, 2010 –

	FULL-TIME EQUIVALENTS			PERSONS
	Total number	Financed from third-party funding		Total no. of persons
	Number (100%)	Number	%	Number
Research and scientific service	76.6	23.58	31	127
Professors / directors (C4, W3 and similar)	2.59			4
Scientists in managerial functions ¹ (B3, A15, A16, E15 and similar)	10.8			14
Scientists in non-managerial functions ¹ (B3, A13, A14, E13, E14 and similar)	37.36	6	16	46
Heads of junior research groups/ Junior professors/ "Habilitanden" (C1, W1, A14, E14 and similar)	0.53	0.53	100	1
Doctoral candidates (A13, E13, E13/2 and similar)	15.25	8.25	54	22
Student research assistants	10.07	8.80	87	40
Supporting service				
Information technology (E9 to E12, upper grade)	3.63	0	0	7
Administration²	12,24	0	0	25
Head of Administration	0,5			1
Internal management (budget, human resources and similar) (E9 to E12, upper grade)	5,33	0	0	10
Internal management (budget, human resources and similar) (E5 to E8, middle grade)	2,53	0	0	7
Maintenance	3,88	0	0	7
Vocational trainees	0			0

¹ Almost all Research Area and Center heads contribute to other units, where they have no managerial function. Only the time input as Research Area or Center head is counted for "Scientists in managerial functions".

² Staff of the joint administration (Kiel Institute and the German National Library of Economics) that has time input in the IfW. This also includes staff with ZBW contracts. Staff with IfW contracts is in total 20.38 FTE.

Appendix 5

Limited Employment Contracts and Proportion of Women

– In persons and as full-time equivalents (FTE); financed by basic institutional and third-party funding as of December 31, 2010 –

	Total number of persons			Persons with limited employment contracts		
	Number (100%)	Number	%	Number	%	
Research and scientific service	87	43	49			
Professors / directors (C4, W3 and similar)	4	0	0			
Scientists in managerial functions ¹ (B3, A15, A16, E15 and similar)	14	2	14.29			
Scientists in non-managerial functions ¹ (B3, A13, A14, E13, E14 and similar)	46	18	39.13			
Heads of junior research groups/ Junior professors/ "Habilitationen" (C1, W1, A14, E14 and similar)	1	1	100			
Doctoral candidates (A13, E13, E13/2 and similar)	22	22	100			

	Total number of persons			Women		
	Number (100%)	Number	%	Number	%	
	87	20	23			
	4	0	0			
	14	0	0			
	46	13	28.26			
	1	1	100			
	22	6	27.27			

	Total number of women			Women with limited employment contracts		
	Number (100%)	Number	%	Number	%	
	20	13	65			
	0	0	0			
	0	0	0			
	13	6	46.15			
	1	1	100			
	6	6	100			

¹ Almost all Research Area and Center heads contribute to other units, where they have no managerial function. Only the time input as Research Area or Center head is counted for "Scientists in managerial functions".

Annex B: Evaluation Report

Kiel Institute for the World Economy
Institut für Weltwirtschaft (IfW)

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Appendix:

Review Panel, Guests and Co-operation Partners

1. Summary: Evaluation and Significance of the Institute, Key Recommendations

The mission of the Kiel Institute for World Economy is to develop solutions to urgent problems in global economic affairs. Areas of focus include the international division of labor, business and knowledge allocation, the impact of globalization on environmental and developmental economic issues, and the monetary, politico-economic and cyclical interdependence of the global economy. The Institute's theoretical and empirical research focuses on academically challenging and socially highly relevant issues and problems which are examined using the most current methods. In addition, the IfW develops and provides research-based services in the areas of politics, the economy and for the interested public sector. It pursues an integrative approach to research, service and the education of junior academics, and includes a network of national and international experts in its work.

The IfW's last evaluation was rather moderate in result, but great expectations were put on the new president at the time and his convincing plans for the content-related and structural reorganization of the Institute. These expectations have been fulfilled. The improvements which have been implemented since the last evaluation are impressive. The inclusion in European networks, the international visibility and the quality of publications has greatly improved. The IfW has regained its traditionally high service potential and has once again advanced to a very successful institute for international economic research. It is positioned among the leading German economic research institutes and is globally recognized in international economics.

The Institute has set itself the ambitious goal of becoming a global hub for policy-oriented research on global economic affairs within the next few years. As of yet, the Institute has not been able to fulfill this aim in each of its areas. In particular, the Institute must orient its work program more consistently to the key issues and decisive questions regarding the future global economy. There is a great need for this not only in research but also among those who request consulting and advising services, because not even the IfW – as a global institute – has been able to adequately react to the global economic crisis, much less anticipate it. The Institute has taken an important step in the right direction with the Global Economic Symposium, a high end annual gathering of leading academics and policy makers with the aim to develop solution proposals for the most urgent problems facing the global economy and society. The IfW will be in keeping with its own ambitious aspirations if it is possible to successfully apply the gained knowledge to the Institute's research and advising activities.

The following is a summary of the key points highlighted in bold face from the evaluation report:

Overall Concept and Work Focus Areas (Section 2)

1. According to prior recommendation, the number of academic units has been reduced since the last evaluation. However, the Institute continues to engage in many different issues, so that it should strive for further focusing. The IfW should particularly ensure that its issues are more consistently linked with the overarching theme of the Institute, its global dimension. Its research and advising activities should be oriented on the key global economic issues. The IfW should strengthen its policy profile in particular areas of the global economy. This would raise the Institutes' reputation and public awareness for its work. The IfW is currently in the position to achieve this goal.
2. The link between policy advising/forecast activities and research should be strengthened, despite the progress which has already been achieved.

3. It is important to also address the new appointments scheduled for 2014 and 2017 early on and to agree upon the denominations with consideration for the strategic overall concept of the IfW.

Co-operation (Section 3)

4. With all co-operation models (so-called “tandem professorships”, joint appointments), it must be ensured that positions funded by the IfW do not entail a heavier teaching load than is normal (meaning two semester hours for a full position, provided that no financial compensation is made).
5. The strategic focus of appointments should ensue in co-operation with Kiel University. It is recommended that the Institute and the university develop a joint strategy in terms of timing, subject area, and model of collaboration for joint appointments. In the context of these negotiations, the IfW must follow its own medium and long-term content-oriented plans in a self-assertive way. Depending on the results of the negotiations, the Institute could consider co-operating with other universities in certain areas.

Work Results (Section 4)

6. Due to its global orientation, the Institute rightly strives to attain an even greater importance on the international level. This should be realized through research and advising activities with a focus on key global economic issues. A further desirable increase of publication in internationally received academic journals is also expected.
7. Recent developments in international trade shifted from the macro-sectoral perspective to the micro-firm level perspective. This shift makes information on and research with firm level data important. Such data are, however, rarely available. The Institute should, therefore, re-consider collecting and providing innovative data and should turn this into a competitive advantage as a non-university institution.

Personnel (Section 8)

8. The Institute must develop a medium and long-term personnel strategy for its academic staff including PhDs and Postdocs. This requires a pro-active recruiting strategy. The Institute has been much too restrained in this area in the past. The IfW must find ways to initiate applications from suitable candidates well in advance of replacement needs.
9. Women are under-represented in the areas of research and scientific service. This also holds for PhD candidates. There is only one woman in a leading position (junior professor). The Institute should make particular use of the pro-active recruiting strategy recommended above in order to initiate applications from qualified women.

2. General Research Concept and Research Areas

The work of the Kiel Institute for World Economy is to develop solutions to urgent problems in global economic affairs. The Institute’s theoretical and empirical research focuses on academically challenging and socially relevant issues and problems which are examined using the most current methods. In addition, the IfW develops and provides research-based services in the areas of politics, the economy and for the interested public sector. In order to fulfill its mission, it pursues an integrative approach to research, service and the education of junior academics. The IfW has developed in a very positive way since the last evaluation.

The research program of the IfW is ambitious, challenging and in most parts consistent. This applies especially to Program Areas 1 and 2 (see below for the structure and content of Program Area 3).

The link between research areas (RAs) in all three program areas could however be strengthened to better utilize the complementarities. **According to prior recommendation, the number of academic units has been reduced since the last evaluation. However, the Institute continues to engage in many different issues, so that it should strive for further focusing. The IfW should particularly ensure that its issues are more consistently linked with the overarching theme of the Institute, its global dimension. Its research and advising activities should be oriented on the key global economic issues. The IfW should strengthen its policy profile in particular areas of the global economy. This would raise the Institutes' reputation and public awareness for its work. The IfW is currently in the position to achieve this goal.**

The relationship between the areas of research and service (meaning forecast and consultation) has greatly improved since the last evaluation and is now balanced. It is positive that the Institute aims for spillovers between both areas in a structured manner and facilitates the process by engaging overlapping personnel. In addition, academic staff has been hired who are highly qualified for both areas. **The link between policy advising/forecast activities (Program Area 4) and research (Program Areas 1-3) should be strengthened, despite the progress which has already been achieved:** (i) Basic research carried out by the Institute must actually flow into the areas of policy advising and forecast activity to further develop and improve the models and tools used. (ii) At the same time, tools must be developed to allow the inspiration of policy-oriented research by issues raised through the forecast and advisory activity. (iii) As a whole, policy advising at the IfW is demand driven in that it reacts to tenders and calls. The Institute, however, should establish an agenda of how to think a few years ahead. It should be able to identify future issues early on and also strive to help shape the agenda of policy makers, as is already happening in the RA "The Environment and Natural Resources". (iv) Building up a firm level data base on international trade (see also Section 4 Work Results) would additionally contribute to a better linkage between policy advice and research.

Four academic positions will be vacated at the IfW during the next few years (see below Co-operation, Personnel). The plans to fill one of the vacancies in the area of ethics in economics in 2012 are advanced and very welcome. Regarding recent developments in the world economy, research in this field seems increasingly necessary. Plans for a stronger focus on behavioral economics as envisioned by the Institute are also welcome, as they have already been implemented in several research areas. **It is important to also address the new appointments scheduled for 2014 and 2017 early on and to agree upon the denominations with consideration for the strategic overall concept of the IfW (see also Section 3 Co-operation).**

The following comments and recommendations have been made regarding the IfW research areas:

Program Area 1: The International Economy and International Economic Policy

The Research Area "Global Division of Labor" produces applied research on various aspects of international trade and its effects on resource allocation and income distribution that is very convincing. Firm-level and individual data are used to pose questions that are highly relevant for economic policy. Models and methods are state-of-the-art. The group has made great progress in terms of its publication record over the past few years; it is led by a renowned academic and is well integrated in international research networks. However, existing complementarities with the RAs "Welfare" and "Knowledge Creation" should be better utilized. The group focuses on the effects that globalization has on labor. It should include the technology effects on labor and the interdependencies between labor and technology. In addition, the group should consider building up firm-level data ca-

capacities. There is a large need for source data in this area; such capacity could also prove to be an asset for advisory activities. The Research Area's overall performance is very good.

The Research Area "Knowledge Creation and Growth" contributes to a better understanding of how globalization affects the creation and flows of knowledge and of the impact of knowledge on growth. It is a small group (in terms of full time equivalents) which carries out analyses for industrialized as well as emerging economies. The group performs theory-based, reduced-form empirical research, using state-of-the-art methods. The publication record is good (with publications mainly in field journals), and has a very solid upward trend. In addition to using established firm-level data sets, the group collects innovative data (e.g. by conducting a survey among firms in China, and by compiling data from official Chinese sources). The group can rely on its international research staff for this. The group's performance is good, with a very good perspective for the future.

Program Area 2: Economic Policies for Sustainable Development

The Research Area "The Environment and Natural Resources" addresses climate policy, (international) land use change, marine policy issues and resource economics. The group's performance is excellent by national and international standards. Its research has international scope and it is clearly application-oriented (e.g. by creating an EU-wide certification scheme for bio-energy). Modeling and methods are advanced state-of-the-art. There are several well-published papers in international field journals. The record in third party funding is remarkable and the strategic perspectives are very promising. The group is already embedded in the Cluster of Excellence "The Future Ocean" and collaborates successfully with the Leibniz Institute of Marine Sciences IFM-GEOMAR and – in the environmental sciences – with Kiel University. The interdisciplinary co-operation between the natural and social sciences is extraordinary and a great asset. The head of the group, a renowned researcher, holds strategic positions in important committees (e.g. he chairs the German National Committee on Global Change Research). The group is recommended to strengthen the co-operation with the Research Area "Poverty", as joint projects are very promising. A strengthened co-operation with the Department of Agricultural Economics at the Faculty of Agricultural Sciences at Kiel University would also have a positive effect. Particularly, in the project on land use a university partner (within or outside Kiel) should be involved.

The Research Area "Poverty Reduction, Equity, and Development" assesses issues of rural development, resources and governance, aid allocation and aid effectiveness, and migration and remittances. These are all important issues. The group's research performance has greatly improved since the last evaluation. It is now rated as very good. The group is leading in several areas, particularly in the area of aid effectiveness. The methods use standard advanced empirical and econometric modeling. The publication record has developed well not only in quantitative terms but also and foremost in terms of quality. A successful partnership with an external researcher has contributed to this improvement. The share of third-party funding has risen over the past few years and should continue to do so.

The group has succeeded in establishing links with researchers outside university and abroad. At the same time, it should strengthen links within the IfW, in particular with the RA "The Environment and Natural Resources" and with university research (within or outside Kiel). The lack of a professorship in Development Economics at Kiel University is regrettable and reduces the scope for collaboration. The Institute should, on the one hand, consider filling one of the upcoming vacancies (cf. Section 3 Co-operation) in this area. On the other hand, competencies should be gained, for example, within the scope of co-ordinated funding programs. This is also im-

portant to achieve critical mass for further methodological development that may take the direction of behavioral approaches (including lab and field experiments and randomized control trials) in the study of development issues. The existing plans for this are supported.

Program Area 3: Macroeconomic Activity and Policy

A focus on macroeconomic aspects of labor markets and the interaction with other dimensions of macroeconomic activity and policy, such as monetary policy, fiscal policy, or welfare policy, appears unique in the landscape of German research institutions. This focus is timely and promising but it is currently not reflected in the formal structure of Program 3. The names of the Research Areas “Welfare” and “Monetary Policy” do not reflect the research activities which are conducted. They are closely related in terms of methods and content. The Research Areas in Program 3 are more driven by theoretical research questions than by policy relevance. The research groups are linked to think tank activity by overlaps in personnel, but this has not yet affected the work results. Therefore, special efforts should be made here to strengthen the interaction between research and service.

The Research Area “Monetary Policy Under Market Imperfections” combines a state-of-the-art macroeconomic modelling of the labor market and its implications for business cycles and stabilization policy with applied empirical business cycle research, linked to the Forecasting Center. The group has improved its publication record considerably (also by building on its network of external researchers). The group’s research performance is very good, although the lack of third-party funding must be considered a deficit. This can be explained to some extent by the relatively recent establishment of the group but must improve. It is regarded as positive that the Institute’s management has clearly recognized this need and will closely attend to the application phase announced for the Research Area. No doubt, the group would benefit if headed by a full-time senior researcher. Currently the Research Area relies on external cooperation partners.

The group’s work has reach-out to central banks. The group is empirically broad based. The global dimension of the IfW, mentioned above in the assessment of the Overall Concept, should also be reflected in this Research Area, e.g. by taking a larger cross-country perspective and also investigating the interaction and coordination of macro policies. A re-naming of this Research Area may be warranted to reflect this broader scope.

The Research Area “Financial Markets and Macroeconomic Activity” addresses two major research themes: agent based models in asset pricing and behavioral models of financial and betting markets. There are two renowned senior researchers involved (as “tandem professors” with Kiel University, see Section 3 Cooperation) who make a significant contribution to the group’s very good publication record. The research output of this rather small group has developed in a very positive direction; it is now rated as very good with an excellent perspective for the future.

A very promising project (funded within the scope of the Leibniz Association’s competitive procedure) addresses the stability of financial networks using agent based models with a link to behavioral economics (behavioral biases, animal spirits). An empirical analysis using Spanish and/or German interbank lending data is planned at a later stage. The project has a very relevant topic with high potential, particularly regarding modeling development whereas it would benefit if the research issues addressed had a broader scope. The project has the potential to strengthen the policy advice activities of the group, its links within IfW and could contribute to its global dimension. In the past, the group has shown an ability to apply computational work to policy advice, as for example in the discussion of a transaction tax. The group should be encouraged to pursue a similar strategy when working on the interbank market.

The main focus of the Research Area “Reforming the Welfare Society” is on labor markets and labor market policy. It is closely related to the RA “Monetary Policy” in terms of methods and content (see above) but the main difference lies in its normative approach, as compared to the more positive approach pursued in “Monetary Policy”. The research is both theoretical and empirical, and publications are of good and very good quality. The team is young and motivated. One of the “tandem professors” contributes significantly to the very good research output (see Section 3 Cooperation). The group has increased its third party funding in the last year and should continue to do so.

The group is supported in its plans to extend research to social policy and to include the political economy dimension of welfare state reform. In particular, it is intended to broaden the perspective to international aspects of welfare state reform.

Program Area 4: Think Tank

The Forecasting Center performs very well. It is very productive in terms of the frequency (quarterly) and the scope (Germany, the Euro area and the world) of its economic forecasting activity. It is the most media-present unit of the IfW and very successful, considering the high and continued demand for its output (publications, press releases). The Forecasting Center participates in the so-called “joint forecast” for the German economy, which is tendered by the Federal Ministry of Economics and Technology. Thus, the group’s work is demand-driven (see above). The link to the Research Area “Monetary Policy” will contribute to the development of the forecasting methods. The Forecasting Center is recommended to monitor and to evaluate its forecasting performance on a regular basis.

The Economic Policy Center transmits knowledge on policy issues to decision makers in a systematic and organized way. There is a strong demand for this service, which is well served by means of appropriate formats such as workshop series arranged by the center for the Federal Ministry of Finance. The link between research and consultancy is strengthened by so-called economic policy circles. These are IfW-internal brainstorming events attended by the representatives of the research units. Although the Center produces good results there is still scope for improvements. Regular monitoring should be introduced to track the effectiveness of the implemented measures and their sustainability.

The Global Economic Symposium (GES) is a high end annual gathering of leading academics and policy makers with the aim to develop solution proposals for the most urgent problems of the global economy and society. The underlying concept is extremely innovative and ambitious and is put into place in an excellent manner. The event consists of 24 workshops, each addressing one particular global challenge. In each workshop, a number of leaders (from academia, politics or business/society) present their solution proposal. These proposals are accessible on the web well before the event. The ensuing debate is intended to help the audience and the organizers to identify the 'best' proposals which, after the conference, are published as conference proceedings. GES greatly helps the IfW to build and maintain its international network. In practical terms, it achieves a dual goal: first, creating visibility and recognition of the Institute among leaders and in the media; second, creating each year a lasting awareness within the IfW of important ('key') global challenges. It is impressive that 80 percent of its budget (€ 1.4 million) is third-party funding. The GES will shape the Institute in the future.

For information on **Program 5 Education and Services**, see Work Results and Promotion of Junior Academics.

3. Co-operation

The co-operation with Kiel University has made progress in many areas since the last evaluation. A close and successful collaboration has been implemented by the Faculty of Business, Economics and Social Sciences and the IfW in post graduate studies (see Section 5 Promotion of Junior Academics). Numerous Institute employees are involved in academic teaching. Academics from the Institute and the Faculty conduct joint research projects and are active in joint applications for co-operative third-party funded projects. A great success has been the IfW's participation in the Cluster of Excellence "Future Ocean", to which several faculties of Kiel University contribute.

Up until 2008, only the president of the IfW was appointed jointly with the Faculty. Other academics in leading positions were not. Starting in 2008, the collaboration intensified through joint appointment procedures. The IfW and the Faculty have started an innovative scheme of "shared professorships" (or "tandem professorships"), which means that two professors share the teaching load and each partner works with 50 percent of his or her time at both institutions (see Status Report, page A-8). This scheme has worked well so far, as it brings in high-quality researchers from the faculty to the IfW, and the IfW contributes in terms of research and teaching to the faculty. The existing "tandems" (one full and one junior professorship) have been productive in terms of research output and collaborative projects. Thus, the evaluators consider the tandem scheme an excellent way to strengthen the collaboration between the IfW and the Faculty of Economics.

Four academic positions will be vacated at the IfW during the next few years (previous B3 positions). It is regarded as positive that all these vacancies will be filled in the context of regular joint appointment procedures with the Faculty. In the medium term – after the current employees reach retirement age (in 2012 and 2014, respectively, and two in 2017) – seven leading academics from the IfW will be appointed jointly with Kiel University. In the co-operation contract dated September, 2011, the rules applying to these joint appointment procedures are described according to the process normally used by institutions of the Leibniz Association. **With all co-operation models (so-called "tandem professorships", joint appointments), it must be ensured that positions funded by the IfW do not entail a heavier teaching load than is normal (meaning two semester hours for a full position, provided that no financial compensation is made).**

The necessity to view the appointment replacements with regard to the strategic concept has already been mentioned in Section 2 General Concept. At the same time, it is necessary to further strengthen the institutional collaboration with the University. Therefore, **the focus of appointments should ensue in co-operation with Kiel University. It is recommended that the Institute and the university develop a joint strategy in terms of timing, subject area, and model of collaboration for joint appointments. In the context of these negotiations, the IfW must follow its own medium and long-term content-oriented plans in a self-assertive way.** For example, for quite some time, the Institute has wanted to strengthen the area of Development Economics with a professorship. This is considered reasonable but could not yet be realized together with Kiel University. **Depending on the results of the negotiations, the Institute could consider co-operating with other universities in certain areas.**

Further National and International Co-operations

The IfW is very well-networked on the national and international levels. The co-operations with the Leibniz Institute for Marine Sciences IFM-GEOMAR (Kiel Earth Institute, Cluster of Excellence "Future Ocean") already mentioned are worth particular notice. Within the Leibniz Association, the IfW co-operates with the Centre for European Economic Research (ZEW) in the framework of joint

forecasting as well as in various contexts with the German National Library of Economics (ZBW). On a European level, the IfW is a part of various networks. Therefore, it fulfills the recommendations from the last evaluation. In the framework of the Global Economic Symposium, the collaboration extends to international foundations and the private sector. The IfW has a network of international academics and co-operates with several intensively. This is obvious from the number of joint, highly reputable publications. During the reporting period, numerous external guests visited the Institute. Most of them came for a shorter period in the context of project collaboration or training programs (cf. 5 Promotion of Junior Academics). Guest visits by employees of the IfW are supported. A co-operation with the National Bureau of Economic Research (NBER in Cambridge, MA) has to be mentioned in this context.

4. Work Results

The IfW's research performance and results are predominantly very good. In one Research Area, they are excellent, in another good with a very good perspective for the future. The IfW has re-directed its publication strategy so as to increase the proportion of publications in higher ranking journals. Regarding the quality of the publications in particular, the Institute has significantly improved. It is remarkable that some of the senior researchers that have worked for the Institute for a long time, have responded extremely well to the call to publish more visibly in international journals. Besides very good publications in leading field journals, several publications may also be found in so-called A and B journals of general scope. Some of the highest ranking publications were produced by external partners or in close co-operation with those. **Due to its global orientation, the Institute rightly strives to attain an even greater importance on the international level. This should be realized through research and consulting activities with a focus on key global economic issues. A further increase of publication in internationally leading academic journals is then to be expected.**

The range of services offered by the IfW in terms of policy advice and forecasting are of good quality and are in high demand. The Global Economic Symposium deserves particular mentioning. It represents an excellent format which contributes to the visibility of the Institute and is extremely important for its future development. The IfW has documented its output in policy advising in an overview of assessments and reports. During the reporting period, it advised several federal ministries, among others. It actively engages in knowledge transfer through events and publications and addresses the public audience in Germany through its media contributions. It is recommended to conduct a thorough impact analysis on the in-house publications produced for policy advising (Kiel Policy Brief, IfW Focus).

The *Review of World Economics (Weltwirtschaftliches Archiv)*, edited by the Institute since 1913, is well-established in the academic community and has a reasonable citation index. In collaboration with the German National Library of Economics (ZBW), the Institute has launched a new journal called *Economics* as open access and open assessment e-journal. This represents an innovative and – in the best sense of the word – risky undertaking that is unique in Germany. The journal is largely third-party funded. It is a great achievement to offer it with an open internet-based evaluation scheme. The journal has been accepted for listing in the Social Sciences Citation Index (SSCI) recently. This is a prerequisite for the compilation and assignment of an impact factor and hence an important step for becoming a recognized international journal.

It would be desirable that in its research the IfW place more emphasis on global trade issues, such as, for example, the analysis of trade policy issues which are at the core of negotiations within the

Doha Round. Moreover, the Institute works primarily with imported/purchased data, respectively with data collections provided by co-operation partners. It is only in certain Research Areas, that additional data are gathered. Data collections are of particular value for research areas analyzing international trade and international macro. **Recent developments in international trade shifted from the macro-sectoral perspective to the micro-firm level perspective. This shift makes information on and research with firm level data important. Such data are, however, rarely available. The Institute should, therefore, re-consider collecting and providing innovative data and should turn this into a competitive advantage as a non-university institution.** More specifically, the Institute may consider investing in the capacity of building up a data base on firm level data on international trade, intra-firm trade, international financing issues, and possibly foreign direct investments.

5. Promotion of Junior Academics

The promotion of junior academics has strongly improved since the last evaluation and the PhD students are now very well supported and trained at the IfW. They are part of the Doctoral Program in Quantitative Economics at Kiel University, to which numerous IfW academics also contribute. At the same time, the PhD students greatly benefit from the opportunities of further training that are offered to them at the Institute itself: The IfW is well known for organizing a Summer School and an Advanced Studies Program on a yearly basis. These programs bring first-rate academics from all over the world to Kiel. They are important assets to the Institute and its employees. The dissertations are supervised, as has been recommended, by a substantially larger number of senior researchers. The possibility to collect early experience in policy advising is particularly attractive for the doctoral students and the opportunity to participate in the Global Economic Symposium is a further incentive to become involved in the discussion of the economically and politically most pressing problems of the world. It is appreciated that the IfW has recruited a Coordinator for Doctoral Education. The duration of the doctoral studies has been reduced from five years at the time of the last evaluation to slightly more than four years now.

Postdocs also enjoy very good support. They benefit equally from the academic training programs at the Institute as well as from the exchange opportunities offered. As a result, job perspectives are good. It is appreciated that the Institute appoints junior professors jointly with the University. During the reporting period, two junior professorships were positively evaluated and extended. Converting fixed-term contracts to long-term employment has been rare in the past years, which corresponds to the recommendations of the last evaluation. It is, however, important to provide good young talent with perspectives at the Institute. In this context, tenure-track schemes are currently being developed at the Institute that should clearly define criteria for decisions by the Institute's management concerning long-term employment.

The non-academic personnel take advantage of various training measures offered by the IfW. The IfW's internship offer is explicitly appreciated, as it represents an appropriate tool to bond students with the Institute at a very early stage.

6. Structure and Management

The IfW's Management Board provides excellent leadership. Since the appointment of the president in 2004, the Institute has taken a remarkable turn in positive development. The president re-structured the Institute in an impressive way and displayed outstanding management qualities. He

implemented the changes with the involvement and agreement of the employees. Overall, the IfW has undergone a cultural change towards an institution characterized by modern leadership and innovation.

The Institute's leadership is supported by an efficient and service-oriented administration. It was a convincing decision to maintain a joint administration even after the German National Library of Economics (ZBW) became a legally independent institution.

The IfW has taken on an organizational structure that positively impacts the implementation of its working program. The research activities take place in the three program areas of the "Academy". Each of these program areas comprises two or three Research Areas in which project work is carried out. The IfW's research-based services are worked out in the Program Section 4 "Think Tank" and Program Section 5 "Education/Services". A specialization in either research or services is not envisaged, so that the majority of academic staff members allocate their time to both research and services. This leads to a structural strengthening of the desired combination of research and services. The five infrastructure areas (Public Relations, Fundraising, Grant, Web Services, IT Structures) work professionally and contribute to the success of the Institute.

The Scientific Advisory Council accompanies and assesses the work of the Institute in a critical and fair way. It meets once a year and in June, 2009, presented an interim report on the state of the Institute's development which was received positively by the Senate of the Leibniz Association. The Council's content-oriented suggestions should be complemented by recommendations on the allocation of resources as reflected in the program budget. It is appreciated that the Council reflects the international outreach of the Institute through its members. Due to the changes in personnel in 2011, it is expected that all members of the Council will be in a position to take part in the meetings on a regular basis.

The Foundation Council fulfills its statutory tasks well in terms of its role as a Supervisory Board. As recommended, the Institute was transformed into a legally independent public foundation as of January 1, 2007. This process was constructively accompanied and supported by the boards of the IfW and the responsible Länder-department. The bylaws of the Institute have been largely formulated in accordance with the regulations of the Enforcement Agreement WGL (Ausführungsvereinbarung AV-WGL). They should be amended insofar as directions by the supervisory boards concerning policies of research and science may not be taken against the vote of a representative of the country or the federal government.

The Institute uses adequate tools of internal quality management (input/output performance control, performance-related distribution of funding). The Advisory Council should however discuss collecting complementary performance data in order to further closely monitor the quality assurance measures.

7. Financial Resources

The IfW's financial endowment from institutional funds is adequate (in 2010 approximately 7.5 million Euro).

As recommended, the income from third-party research funding has increased. With a total of 2.4 million Euros, it currently amounts to roughly 30 percent of institutional funding. A substantial share is provided by the federal government and Länder, as well as by other project sponsors (see table, Appendix 3). Funding by the German Research Foundation (DFG) has multiplied since the last evaluation and amounts to 21 percent of third-party research funding in 2010. In that same year,

7.5 percent of all funding comes from the EU. During the reporting period, the IfW has also bid in competitive schemes by the Leibniz Association (SAW schemes).

Regarding the entire Institute third-party revenues are very good. However, third-party funding is discrepant between the groups. The Global Economic Symposium Center is financed almost exclusively by third-parties. The Research Area “The Environment and Natural Resources” is also very strong in acquiring third-party funding. Other Research Areas have been less successful and in one case there is no third-party funding at all, although the research performance would correspond to a successful funding application process. It is expected that third-party funding will increase in the near future, as the potential for such an increase exists. The Institute has realized this and has made the announcement to finance 30 percent of personnel through third-party funding as an objective for the academic sections. A Grant Center has been set up to support the sections in achieving this objective.

The IfW’s program budget is derived from a cost-benefit calculation based on an output-oriented time allocation concept. It is appreciated that the use of funds is no longer constrained by annual budgeting and that the Institute takes advantage of the more liberal budget regulation which have become effective only in 2011 and which better accord with the specific requirements of a research institute.

The IfW’s main building was recently renovated to provide for the appropriate space and technological equipment. It is appreciated that further renovations will be undertaken to create additional space for third-party funded projects.

8. Personnel

Eighty percent of the IfW’s personnel of 159 employees work in research and scientific services. Of these 127 employees (76.6 full-time equivalents), among them 40 student research assistants, 59 percent are employed on a limited contract. This is more than before and complies with given recommendations. It is appreciated that the funding body has given up the fixed plan of long-term positions (Stellenplan). From 2011 onwards, a more flexible employment quota was introduced, which is a clear improvement.

The re-structuring of the Institute has meant a big change to all its members. This process has been managed in a very successful way which strongly relied on participation and mutual agreement. The result is an excellent working atmosphere. New ideas and measures (e.g. the Global Economic Symposium, the Policy Circle) have also contributed to the attractiveness of the IfW as work place.

The joint appointments of shared professorships have meant an institutional innovation. The necessity to treat appointments more strategically has already been stressed in Section 2 General Concept and Section 3 Co-operation. **The Institute must develop a medium and long-term personnel strategy for its academic staff including PhDs and Postdocs. This requires a proactive recruiting strategy. The Institute has been much too restrained in this area in the past. The IfW must find ways to initiate applications from suitable candidates well in advance of replacement needs.** The IfW should also strive to balance the relation between the number of academic units and the number of senior researchers. The objective should be to have one jointly appointed professor serve as the head of each Research Area.

It is appreciated that the IfW actively engages in shaping work-life balance measures. The gender mainstreaming policy of the Institute agrees with the requirements of the “Enforcement Agreement Gender Mainstreaming” of the federal government and the Länder (Ausführungsvereinbarung

Gleichstellung). **Still, women are under-represented in the areas of research and scientific service. This also holds for PhD candidates. There is only one woman in a leading position (junior professor). The Institute should make particular use of the pro-active recruiting strategy recommended above in order to initiate applications from qualified women.**

9. Recommendations of the Last Evaluation

The IfW has successfully implemented the recommendations given by the Senate of the Leibniz Association in 2005 (see Status Report pp A-14 to A-16):

1. The required interim report of the Scientific Advisory Council was presented in 2009. The Senate found no reason to recommend an early examination of funding requirements to the federal government and the Länder.
2. By reducing the number of topics, the research program has become more focused. Overall it is challenging and consistent. However, there is still scope for improvement. Specific recommendations are provided in Section 2 Overall Concept. The IfW is active in European networks and successful in competitive funding by the EU.
3. The number of publications in refereed journals has increased since the last evaluation, and the quality of publications in particular has improved. Revenue from third-party research funding has also increased. It currently amounts to 30 percent of the institutional funding. However, third-party funding is discrepant between the groups (see Section 7 Financial Resources). Funding from the DFG has increased significantly since the last evaluation.
4. In 2007, the Institute gained institutional independence.
5. As recommended, the proportion of employees with limited contracts has increased.
7. and 8. The co-operation with Kiel University has made progress in many areas (see Section 3 Co-operation). The PhD students are integrated into the University's doctoral program and are well-supported and trained by the IfW. The duration of the doctoral studies has been reduced as recommended (see Section 5 Promotion of Junior Academics). Against this background, it is no longer considered necessary for the IfW to establish a graduate program of its own.
9. The IfW registered an increase in the number of external guests (see Section 3 Co-operation). There is a fellowship program designed for participation in the Summer School at the National Bureau of Economic Research (NBER), which is beneficial to both doctoral students and Postdocs.
10. The integrative approach of research, policy advising, and forecasting is essential for the success of the Institute. The IfW has implemented appropriate measures so as to further strengthen the ties between research and service. This is appreciated and should be pursued further (see Section 2 Overall Concept). The outsourcing of service activities into a GmbH is not considered reasonable at the present.

The bases for recommendation 6 and 11 have been removed; recommendation 12 has been implemented according to changed framework conditions.

Appendix

1. Evaluation Group Members

Chair (Member of the Leibniz Senate Evaluation Committee)

Prof. Dr. Dalia Marin	University of Munich, Chair in International Economics
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Vice Chairman (Member of the Leibniz Senate Evaluation Committee)

Prof. Dr. Wolfram F. Richter	TU Dortmund University, Chair in Public Economics
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External Experts

Prof. Dr. Harry Flam	Institute for International Economic Studies, Stockholm University
Daniel Gros , Ph.D.	Center for European Policy Studies (CEPS), Brussels
Prof. Dr. Hans-Peter Grüner	Department of Economics, University of Mannheim
Prof. Dr. Bernd Hansjürgens	Department of Economics, Helmholtz-Centre for Environmental Research (UFZ), Halle
Prof. Stephan Klasen , Ph.D.	Department of Economics, University of Göttingen
Prof. Dr. Jan-Pieter Krahnen	Department of Finance, Frankfurt University
Frank Smets , Ph.D.	Directorate General Research, European Central Bank, Frankfurt
Prof. Dr. Alexandra Spitz-Oener	Chair of Applied Microeconomics, Humboldt University Berlin
Prof. Dr. Uwe Sunde	Swiss Institute for Empirical Economic Research (SEW), University of St. Gallen

Federal Representative (Member of the Leibniz Senate Evaluation Committee)

Dr. Dieta Lohmann	Federal Ministry of Education and Research, Bonn
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Representative of the Länder (Member of the Leibniz Senate Evaluation Committee)

Dr. Martin Dube	Ministry for Education, Science and Culture of the State of Mecklenburg-Vorpommern, Schwerin
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2. Evaluation Group Guests

Representative of the responsible Federal Government Department

Dr. Volker Hallwirth	Federal Ministry of Economics and Technology, Bonn
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*Representative of the responsible Länder Department*Ingrid **Malecki**Ministry of Science, Economic Affairs and
Transport of the State of Schleswig-Holstein,
Kiel*Chairman of the Scientific Advisory Board*Prof. Dr. Josef **Falkinger**Chair in Public Finance and Macroeconomics,
University of Zurich*Representative of the Leibniz-Association (Spokesperson for Section B "Economics and Social Sciences")*Prof. Dr. Wolfgang **Franz**Centre for European Economic Research
(ZEW), Mannheim**3. University Representative resp. Co-operation Partner (for an approx. one hour discussion)**Prof. Dr. Gerhard **Fouquet**

President of Kiel University (cancelled his participation at short notice due to illness)

Prof. Dr. Roman **Liesenfeld**Dean of the Faculty of Business, Economics,
and Social Sciences, Kiel UniversityProf. Philipp **Schröder**School of Business, Department of Economics,
Aarhus UniversityProf. Dr. Martin **Visbeck**Leibniz-Institute of Marine Sciences Kiel IFM-
GEOMAR (now: GEOMAR Helmholtz Centre for
Ocean Research Kiel)

March 28, 2012

Annex C: Statement of the Institution on the Evaluation Report

Kiel Institute for the World Economy (IfW)

Das Institut für Weltwirtschaft (IfW) bedankt sich für den hohen persönlichen und konzeptionellen Einsatz und die Aufmerksamkeit, die die Leibniz-Gemeinschaft und die Gutachterinnen und Gutachter dem IfW im Zuge der Evaluierung haben angedeihen lassen. Die Fairness und das jederzeit konstruktive Moment der Evaluierung sind von allen Mitarbeiterinnen und Mitarbeitern mit großer Befriedigung aufgenommen worden und haben sie darin bestärkt, den grundsätzlich als positiv befundenen Reform- und Innovationsprozess im IfW weiter zu verfolgen und dabei die von den Gutachterinnen und Gutachtern niedergelegten Empfehlungen ohne Einschränkungen umzusetzen.

Das IfW kann dabei bereits auf einige Reformschritte verweisen, die als Empfehlungen aufgeführt wurden. Im Programm 3 wurde kritisiert, dass die Namen der beiden Bereiche „Reform der Wohlfahrtsgesellschaft“ und „Geldpolitik in unvollkommenen Märkten“ nicht mehr die aktuellen Forschungsaktivitäten reflektierten. Mittlerweile wurden die Bereiche umbenannt in „Globalisierung und Wohlfahrtsstaat“ (Globalization and the Welfare State) bzw. „Makroökonomische Politik in unvollkommenen Märkten“ (Macroeconomic Policy under Market Imperfections). Erfreulich ist auch, dass in diesen Bereichen, in denen sich die Gutachterinnen und Gutachter mehr Drittmittel bzw. mehr Think Tank Aktivitäten gewünscht hatten, mittlerweile Drittmittelprojekte mit explizitem Politikfokus genehmigt wurden.

Außerdem wurde bereits kurz vor der Begehung (aber nach Einreichung der Berichts) ein *tenure track scheme* für befristet beschäftigte Wissenschaftlerinnen und Wissenschaftler in Zusammenarbeit mit allen Gremien im IfW (in Form einer Dienstvereinbarung) verwirklicht, das nachweisbare und faktenmäßig belastbare Kriterien sowie transparente Prozeduren enthält. Dieses *tenure track scheme* hat bereits seine erste Bewährungsprobe erfahren und bestanden.

Das IfW möchte auch betonen, dass die Drittmittelerfolge des Prognosezentrums parallel zu denen anderer Bereiche, die von den Gutachterinnen und Gutachtern auch gewürdigt wurden, aus seiner Sicht sehr aner kennenswert sind.