



Economic and Social Research Institute

Peer Review Report

July 2010

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Peer Review of the Economic and Social Research Institute

Foreword

Following on from the publication of the Institute's Research Strategy 2008-2013, and in line with international best practice, the ESRI Council commissioned its first formal peer review of Institute research earlier this year. The Report of the international Peer Review Panel* is now complete and has been submitted to the Council.

The Council is pleased that the distinguished Panel has strongly endorsed the high academic standards, independence and policy relevance of the Institute's research. Favourable comparisons with the research outputs of other research centres and institutes internationally were noted together with positive feed-back from Irish stakeholders who have commissioned research projects from the Institute.

The Panel focused on some important issues that the Institute needs to address in relation to its capacity to meet changing demands. Noting the significance of its major data projects [the longitudinal study of children and the health data], and its modelling infrastructure [including Hermes (the macro-economic model) and SWITCH (the tax benefit model)], the Panel identified macroeconomics as the area where major strategic issues arise in relation to the development of existing and new models. The Panel was supportive of the Institute's policy of greater engagement with other research centres, both national and international. The Panel identified this as a way to achieve critical mass, and saw national linkages as having particular potential in the macro area.

The Panel expressed concern that the extent of the Institute's dependence on commissioned research limits its ability to achieve the goals in its strategic plan, and specifically to undertake research in areas of important national significance, such as labour markets, education, health and social inclusion.

The issues raised by the Panel in relation to the Institute's future development will be addressed in early 2011 as part of the Council's mid-term review of the 2008 – 2013 Research Strategy.

On behalf of the Council, I would like to congratulate the Institute staff on the strong endorsement of the quality of their research. I would also like to thank the members of the Panel for their substantial inputs into the Review process and the stakeholders for the time and attention they gave to their meetings with the Panel. Henceforth, there will be a formal international peer review every five years.

Mary Finan

Chairman

* The international researchers were Professor Ray Barrell (National Institute for Economic and Social Research, UK); Professor Walther Muller (University of Mannheim, Germany); Professor Stef Proost (University of Leuven, Belgium), Professor Karen Siune (University of Aarhus, Denmark). The Irish members, who co-chaired the Review, were Mr Donal Murphy (former DG of the CSO) and Ms Mary Walsh (former partner of PWC).

1. Background

This is the first Peer Review that has been undertaken at the Economic and Social Research Institute (ESRI) and it is envisaged that the review process will be repeated periodically. It was featured in the Institute's *Research Strategy 2008-2013, Research for a Changing Ireland*¹ and will feed into the mid-point review of the strategy later in 2010.

The members of the Peer Review panel were:

- Professor Ray Barrell, Director of Macroeconomic Research at the National Institute of Economic and Social Research, UK;
- Professor Walter Müller, Professor Emeritus for Sociology at Mannheim University;
- Donal Murphy (Co-Chair), former Director General of the Central Statistics Office (CSO);
- Professor Stef Proost, Professor, Energy, Environment and Transport Studies, in the Department of Economics at the Catholic University of Leuven;
- Professor Karen Siune, Director of the Danish Centre for Studies in Research and Research Policy, University of Aarhus;
- Mary Walsh (Co-Chair), a chartered accountant.

The Review Panel was asked to assess the extent to which the Institute is achieving the objectives set out in its *Research Strategy 2000-2013, Research for a Changing Ireland* and specifically to address the following issues:

Research Agenda

1. Is the ESRI's approach to its research agenda, as set out in its current strategy, appropriate? Does it deal adequately with the breadth of the research agenda relative to the size of the Institute?

Research Quality

2. Is the ESRI's research of similar quality and quantity to that of relevant and comparable institutions in other countries?
3. Does the quality of the Institute's publications and briefings for government agencies and departments meet the required standards?

Research Dissemination

4. Is the Institute's process for disseminating its results appropriate, in terms of the resources available and the Institute's mission?

Research Role

5. Does the Institute fulfil its role as an independent centre for policy research?

¹ http://www.esri.ie/about_us/the_institute/esri_research_strategy_20/ (pages 17 and 41)

Internal Organisation

6. Is the synergy between ESRI's research activities and the commissioned work with government agencies optimal?
7. Is the cooperation between the ESRI and other international and national research groups adequate and appropriate?
8. Are the ESRI's data-gathering activities efficiently organised and are processes in place to get maximum research gain from these activities?
9. Are there ways of improving the productivity of the ESRI? Could the Institute's approach to recruitment and staff development be altered to improve the rate of productivity?

2. Context

The ESRI was founded in 1960 with the mission of producing research based on empirical analysis that would inform policy. Today the ESRI produces high-quality research that contributes to understanding economic and social change and that informs public policymaking and civil society in Ireland and throughout the European Union (EU). It has developed and implemented a sustainable research agenda that matches closely the long-term economic and social challenges facing Ireland. In addition to producing a range of research outputs, its researchers have contributed to expert committees and commissions set up by the Irish government. The ESRI has trained several hundred young researchers who have gone on to work in a research capacity at institutions in Ireland, Europe and North America. Other former researchers are working in senior roles in the public sector and in international organisations, representative organisations, financial services and academia².

The current staff of the Institute is 108 of which 42 are post graduate level research staff including 34 PhDs. Apart from research, the Institute is implementing two large scale national data collection and analysis projects – the *National Longitudinal Study of Children in Ireland (Growing Up in Ireland)*³ for the Office of the Minister for Children, and the *Hospital In-Patient Enquiry Scheme and National Perinatal Reporting System*⁴ for the Health Services Executive (HSE).

The Institute is incorporated as an independent not-for-profit organisation with charitable status, registered as a company limited by guarantee. Its Board is a Council consisting of up to 14 members, representative of the social partners, public bodies, universities, other research institutes and includes the Director. The Irish government has no role in appointing the Council but it has been traditional for the Secretary General of the Department of Finance to be a Council member.

² http://www.esri.ie/staff/research_alumni/

³ http://www.esri.ie/Childrens_Longitudinal_Study/

⁴ http://www.esri.ie/health_information/hipe/

3. ESRI Funding Model

The Institute receives an annual grant-in-aid from the Department of Finance to support the scientific and public interest elements of the Institute's activities, such as:

- Publication of the *Quarterly Economic Commentary* and the *Medium-Term Review* and the maintenance and development of a macro-economic model;
- Bringing commissioned work to the scientific and academic standard required for publication;
- Methodological research;
- Publicising the ESRI's work in conferences, seminars etc.;
- Interacting with public and professional bodies, national committees, visiting delegations (IMF, OECD, rating agencies, etc.);
- Participation in major EU supported projects and networks by providing national co-funding;
- Dissemination of publications at an affordable cost and free-to-download via the website;
- Provision of services such as access to the ESRI library by researchers and the general public.

The grant-in-aid represents approximately 27 per cent of the Institute's income (averaged over 3 years). Excluding the two major programmes relating to surveys and data analysis (i.e. Children's Longitudinal Study and the Health (Hospital) data)), this is equivalent to 45 per cent of the income to support research. The remaining 55 per cent of income is raised from:

- major research programmes funded by government departments and state agencies;
- competitive research projects funded by national grant agencies, government departments, state agencies and international bodies such as the European Commission;
- membership and Quarterly Economic Commentary (QEC) subscriptions;
- sponsorship by Irish business.

4. Review Process

The structure and timetabling of the site visit was organised by the ESRI in consultation with the Review Panel members. To improve the efficiency and scope of its Review, the Panel was broken into two teams for several sessions. The composition of the teams was as follows:

- *Team 1:* Mary Walsh (Chair); Prof Stef Proost; Prof Ray Barrell;
- *Team 2:* Donal Murphy (Chair); Prof Karin Siune; Prof Walter Mueller.

On 11 May, 2010, the Review Panel members were provided with the following data as background for the Review:

A: Organisation

1. Terms of Reference / Timetable for the Review
2. Brief biographies of Peer Reviewers

B: Academic/Research Papers

3. Brief details on the ESRI
4. Overview by the ESRI Management Committee on progress of the implementation of the 2008-2013 Strategy
5. Summaries of research programme areas, *Growing Up in Ireland* project with sample outputs, report on Health Information Activities with sample outputs (for Teams 1 and 2). These summaries comprised a self-assessment report by each programme area in the ESRI to form a basis for discussion with the Panel
6. Biographical details on Research Leaders (for Teams 1 and 2)
7. Relevant ESRI key performance indicators (prepared for the Council)
8. "Centres of Research Excellence in Economics in the Republic of Ireland", *The Economic and Social Review*, Vol. 38, No. 3, Winter 2007

C: Strategy and Annual Review of Research Documents

9. ESRI Research Strategy 2008-2013: Research for a Changing Ireland
10. Annual *Review of Research* reports for 2005, 2006, 2007, 2008, 2009.

D: Background internal ESRI documents

11. ESRI Strategic Review, 2004
12. ESRI Submission for Expenditure Review Initiative, 2005
13. Expenditure Review Document of the Grant-in-Aid to the ESRI, 2006

The Peer Review commenced with a preliminary meeting of the Panel at 18.00 on 26 May. The Panel met for full day sessions on 27 and 28 May and presented initial conclusions to two Council representatives and the Management Committee on 28 May.

In the course of its visit to ESRI the Panel met with:

- The Director and other members of the ESRI Management Committee;
- Two representatives of the Council;
- The Research Leaders of each research programme;
- A group of junior researchers representative of a range of research programmes;
- Two economic journalists;
- Two economic commentators representing the social partners;
- Representatives of 12 key stakeholders.

In advance of the visit members of the Panel interviewed representatives of the CSO and of the major political parties in Ireland.

The full programme for the Peer Review is attached in an Appendix. The Panel had unfettered access to the Institute's staff and Council representatives. All requests for additional information in the course of the review process were dealt with speedily and professionally.

5. General Observations of the Panel

Based on its own knowledge and expertise, as well as the observations of stakeholders, the Panel confirms that the ESRI is nationally and internationally recognised and respected for the high academic standards and policy relevance of its economic and social research. It is also accepted that through its research, it has played a critical role in Irish life and policy making, and has an unchallenged reputation for independence, academic excellence, objectivity and impartiality.

The Institute has an eminent international standing through (i) its involvement over many years both as a partner and the leading institution in a large number of research initiatives sponsored by the EU, (ii) its collaboration with leading research institutions in other countries, and (iii) its participation in international research networks and conferences. This international involvement has kept the ESRI fully abreast with the latest policy and related research developments.

The ESRI combines a high public standing, a critical mass of highly qualified full-time research staff, an extensive research remit, a multi-disciplinary team-based project approach, long experience in the application of the latest research techniques to policy issues, the ability to process and analyse large databases, use of economic models, and extensive international contacts. The Panel was particularly impressed by the professional culture of the Institute and the expertise, enthusiasm, collegiality and commitment of its staff.

6. Conclusions Relating to the ESRI's Research Agenda

The Panel considered whether the ESRI's approach to its research agenda, as set out in its current strategy is appropriate. It also considered whether the ESRI's approach to its research agenda deals adequately with the breadth of the research agenda relative to the size of the Institute.

The Institute's research agenda is grouped under the four headings:

- Research which is focused on informing policies related to Economic Growth;
- Research which seeks to inform policies relating to Social Progress;
- Research at the interface between Economic Growth and Social Progress;
- Research at the interface between Economic Growth and Environmental Sustainability.

These four core areas are sub-divided into 15 research programmes:

- Macroeconomics
- International Economics
- Technology, Innovation & and Productivity
- Equality
- Social Inclusion
- Health
- Education
- Labour Market
- Migration/Demography

- Social Cohesion and Quality of Life
- Taxation, Welfare and Pensions
- Energy
- Environment and Natural Resources
- Transport and Infrastructure
- Competition and Regulation

The ESRI has built its research agenda around leading experts in the field, the output of each of whom is augmented by flexible multi-disciplinary teams of colleagues with the requisite analytical skills. In the Panel's view, the ESRI's research agenda is interconnected, strategic and relevant and evidences significant research capacity. However, there were concerns in the Panel that the research potential in the social domain of the institute is seriously affected by the recent loss of several experienced, highly-productive senior research staff members who are internationally recognised as experts in this area.

The Panel feels that the four core areas have been well-chosen but that some consolidation of the 15 overlapping research programmes (of which 14 were reviewed by the Panel⁵) could improve public perception and the public profile of the research agenda. For example, the *equality, social inclusion, social cohesion and quality of life* programmes could benefit from consolidation, and it seemed to the Panel that the *international economics* and *technology, innovation and productivity* programmes were collectively a proxy for *enterprise policy in an international context*.

The overall strategy can be considered as a matrix of capabilities, available at the Institute, in which it wants to pursue policy-related research in accord with its core mission. However, the Panel is of the view that the ESRI is close to the limit of its capacity and will require additional human and financial resources to hold its current position. It needs to investigate a more viable public good research funding basis to ensure that it can effectively perform its core function of providing independent, high quality and policy relevant research.

Except for those for which there are long term contracts and conventions, the research objectives in other programmes will only be pursued in as far as funds can be found. The first question is whether that potential for additional funding exists. The second question is whether it makes strategic sense to continue in that direction. Whether it makes sense to continue any particular line of research depends on the presence of strong "competitors" and on the level of demand and funding possibilities. For some programmes, other research centres are becoming more active in Ireland but often they cannot offer the continuity or coherence of the ESRI. The Institute has good collaboration with some research centres. It may be worthwhile to make an assessment over time of the Institute's position in relation to the other centres for each programme in its research portfolio. As regards the various research programmes, it may also make sense to categorise these in terms of those in which there is a demand

⁵ The Transport and Infrastructure programme was not considered by the Panel as the research leader in this area was on a one-year leave from the Institute at the time of the Panel meetings. However, colleagues from this research area, who work in related areas, were involved in the discussions with the Panel.

in Ireland as well as internationally, a demand only in Ireland, a demand only internationally and no demand at all.

Based on its discussions with the stakeholder groups, the Panel observes that it is important that the research outputs of the ESRI are very closely aligned with the various sources of its funding, so that stakeholders who are contracting research can be assured that the contracted outputs in each area are fully delivered and that the funds assigned are used solely for the purposes intended.

Although a number of stakeholders considered that the ESRI's work should focus more on medium to long term issues, the Panel is of the opinion that the Institute should actively promote that all its work contributes to understanding the conditions and appropriate policies for medium and long term economic growth and social progress in Ireland.

6.1 *Macro-economics*

The Panel thinks the short to medium term forecasting is excellent and robust work. While there is an advantage to have a consensus on ESRI as the primary independent source, there is obviously also a danger that there could be insufficient input of new or conflicting views because the Universities do not generally undertake research on macro-economics with an Irish policy focus.

The stakeholders consider that this area represents excellent and very independent work that is a reference for Ireland. There is a demand for more medium term forecasts (every year) and there is, given the economic crisis, also an urgent need for a revision of estimates of medium to long term prospects for Ireland. A stakeholder mentioned that in meetings with ESRI the rating agency representatives usually meet the short term rather than medium term forecasting team, and that perhaps the two teams could present together on these occasions.

There is also a demand for more financial sector modelling, and especially some work on the links between the financial sector and the rest of the economy. Partly at least, this requires close cooperation with the Central Bank, which has to be persuaded that data on deposit and lending spreads by sector are essential, as are wealth data.

There is a clear need to ensure that the core macro-economic models are regularly updated, and it is clearly regrettable that it has not been possible to undertake a full medium-term review exercise in 2010. The Panel also feels that the ESRI should seek to demonstrate the potential of the micro-economic research to stakeholders that have hitherto focussed on the macro-economic area.

The macro-economics programme is an important area of research in the ESRI and accounts for an important share of its core funding. There are four major challenges in this area. Firstly, the grant in aid may be reduced further. Secondly, there will be a need to develop a new generation of macro-models. Thirdly, some key personnel could leave or retire. Fourthly, there is a need to integrate better some of the micro-economic research into the macro-economic area, as multiple agent modelling is

probably the way forward for macro-economics. The ESRI has been wise to avoid the small three-equation DSGE models⁶ that have failed in the last year or two, but should begin to think about how to move its structural modelling forward to an optimising agent framework. Moving into the large DSGE models, as at the US Federal Reserve, is, however, expensive, and it is not a good time to start this as these models achieve equilibrium more quickly than a reasonable description of the economy being modelled would suggest. In the view of the Panel, it would be wise to wait for the next generation of models to emerge.

6.2 Enterprise policies

We found good scientific work on R&D and Foreign Direct Investment (FDI) that is well integrated into the international scientific community via European R&D funding. Participation in European networks is a key strength of ESRI, and is to be encouraged as these networks tend to generate good publications as well providing a strong line of research funding. This area is central to understanding medium term growth, although it will be important to continue to distinguish between the location of activity and the location of profits. Hence much of this work should be on plant level data where available.

The attraction of new FDI is crucial for Ireland. The sponsoring agencies (Forfás, IDA Ireland) use their own evaluation model for FDI investors and call only marginally upon ESRI's expertise.

The Panel sees two major challenges for ESRI in this programme. The first is to integrate the results of the international R&D and FDI work into Irish policy work. This may be via coefficients in the macro model or via other inputs into policy work. Secondly, it is difficult to understand that the sponsoring agencies do not call more upon ESRI's modelling expertise (i.e. migration, labour markets, long term macro, R&D spillovers). This may require a better integration of the more spatial general equilibrium approaches being developed at European level (e.g. HERMIN⁷, etc.)

6.3 Energy

According to the self assessment report, the energy sector is covered by the macro-economic HERMES model. This allows researchers to answer long term questions on demand and explore the effects of external price shocks (oil, gas, etc.). The Panel supports the proposed collaboration in energy modelling research with the Sustainable Energy Research Group⁸ in University College Cork (UCC) and with the Electricity Research Centre at University College Dublin (UCD).

There is very policy-relevant research in this area at the more micro or sectoral level. The Panel heard about some very interesting research on energy security, competition and regulation questions using *ad hoc* models. Research has been undertaken on electricity interconnection with the UK and the costs and benefits of interconnection in scenarios where the role of wind power may be growing. It has also covered the

⁶ Dynamic stochastic general equilibrium models

⁷ http://www.esri.ie/publications/search_for_a_working_pape/search_results/view/index.xml?id=1665

⁸ <http://www.ucc.ie/en/serg/>

reliability of gas supply and how to cope with interruptions. These are important questions for which the Institute has been able to secure funding, part of it from the private sector.

The stakeholders were very enthusiastic at ESRI's success in stimulating the debate on Ireland's energy future. The funding for the *Energy Policy Research Centre*⁹ is likely to decrease because of the budgetary difficulties and it may be appropriate to seek to augment the funding in this area from further private-sector sources.

The major challenge will be to continue this area of work with reduced funding from existing sources. Other public bodies (Department of Environment, Heritage and Local Government; Forfás) recognise the quality of this work and may provide additional funding.

6.4 Environment/natural resources

The Panel considers that excellent and internationally recognised work is being conducted in this programme. Climate change is important and is covered very well and with excellent academic quality. The relevant stakeholders also appreciate this work and have been funding extensively some more work on data collection organised by electoral district. The Panel is unsure whether it is really useful for Ireland to know where CO₂ emissions take place as only total emissions for the country matter.

The challenge ahead is to move from the climate change area that has been very rewarding in terms of funding and publications into new areas that may be more relevant for Irish environmental policy-making. One of the next urgent issues to cope with is the water pollution in the context of the European Water Framework Directive.¹⁰ The Irish Environmental Protection Agency (EPA) has the technical knowledge in-house, but cannot provide the economic modelling component – the Panel notes that ESRI is well placed to do this and it could be an important area of work for the future.

6.5 Education

In this area ESRI has a unique record in Ireland of contributing encompassing research on all levels of the educational system, also including transition from school to work and continuing education and training. Research is both academically rigorous and had major impact on reforms of the Irish system of education. One of the core accomplishments over recent years is the *Post-Primary Longitudinal Study* that has produced innovative qualitative and quantitative longitudinal research on students' experiences as they move through the schooling systems and on the factors affecting educational choices.

The Panel compliments the research team's initiative in this domain for developing a consortium of ten different policy stakeholders each partially funding the extension of

⁹ http://www.esri.ie/research/research_areas/energy/energy_policy_research_ce/

¹⁰ http://ec.europa.eu/environment/water/water-framework/index_en.html

this study to cover the post-school period through the new *Leaving School in Ireland Study*.¹¹ This initiative is indicative of the close relationship that the Institution has built with policy stakeholders in this area and highlights one innovative funding approach that might be pursued in other research domains in the current difficult budgetary climate.

The Panel also encourages the team's intention to capitalise in the future from the opportunities for education-related studies provided by the new *Growing Up in Ireland* data. The coming waves of the nine-month old cohort should especially be exploited to cover pre-school education, an area which is crucial especially for children from disadvantaged and migration backgrounds, yet appears to be little addressed in the work of the team so far.

6.6 Labour market

Despite the long and admirable record of the ESRI in high quality research into all dimensions of the Irish labour market and the continued need for research in the current deteriorating labour market conditions, the Panel was concerned to be told that relevant government departments and agencies show limited interest at present in the research and no desire to commit to long-term programme funding. It finds this lack of interest in funding research to be particularly surprising in the light of the valuable anonymised large-scale survey microdata now available from the CSO and the potential to exploit the administrative data available on welfare claimants in collaboration with the *Department of Social Protection*.

6.7 Health

The Panel was impressed by the efficient and professional manner in which the Institution has developed, manages and analyses the ongoing large-scale *Hospital Inpatient Enquiry (HIPE)* and *National Perinatal Reporting System (NPRS)* on behalf of the Health Service Executive (HSE). The Panel also notes the ESRI's valuable data sets and extensive research evidence that it has produced for the *Expert Group on Resource Allocation and Finance*¹² and would expect it to be well positioned to participate in delivering on the expected research agenda that should emerge from its deliberations.

6.8 Equality, social cohesion and quality of life

The ESRI has been among the internationally leading players in these areas. It has done outstanding work in the theoretical and methodological grounding of the study of poverty and social exclusion through broadening the concept beyond 'financial at risk of poverty' and developing multidimensional combinations of monetary and non-monetary indicators of deprivation. ESRI's work on taking measurement errors in poverty assessment into account and on modelling poverty dynamics has significantly altered the views about the prevalence of persistent poverty in the international research community. Through their exceptional expertise in analysing European comparative and longitudinal databases (such as the European Community Household Panel and EU-SILC) ESRI's researchers have won a competitive edge in European

¹¹ http://www.esri.ie/research/research_areas/education/leaving_school_ireland/

¹² http://www.dohc.ie/consultations/closed/resource_allocation/

comparative poverty and quality of life research. Also the research programme on *Equality and Discrimination* has produced several high quality studies with a strong policy focus relating to the Equality Legislation in Ireland. The Panel is concerned that funding for continued research during the current economic downturn is expected to be significantly curtailed by the large reduction in the budget of The *Equality Authority* and the amalgamation with government departments or dissolution of other relevant agencies.

6.9 *Growing Up in Ireland longitudinal study*¹³

The Panel considers this new national longitudinal study of children being carried out by a consortium of researchers with the ESRI as the primary contractor and Trinity College Dublin (TCD) as the sub-contractor to be a ground breaking initiative which has the potential to rank with the leading child cohort studies in the world. In this context the Panel supports the proposal to establish a *Centre for Longitudinal Studies* which would enhance national capability in this area and support the undertaking of high-quality research on children and on ageing (linked to the TILDA¹⁴ longitudinal ageing study, in which both the ESRI and TCD also participate). In terms of substantive research the initiative opens rich opportunities for promising future studies in ESRI's present research portfolio but also allows extension into new domains especially in the area of family development.

7. Conclusions Relating to the ESRI's Research Quality

The Panel considered two aspects of the Institute's research quality:

- How the Institute compared, in research quality terms, with comparable institutes known to the Panel members;
- The quality of the Institute's publications and its briefings for government agencies and departments.

7.1 *International comparison*

In forming its view on the relative research quality of the Institute, the Panel considered the matter in the context of the key relevance of ESRI's:

- macroeconomic analysis and forecasting role;
- policy focus;
- monitoring and analysing the development of Irish society.

By comparison with other policy research institutes, and particularly by comparison with other members of AIECE (the European Association of Conjuncture Institutes, which includes CPB, INSEE, NIESR, OFCE, IfW in Kiel, DIW), which meets twice a year with Panel member Ray Barrell as the new President, the Panel is of the view that the ESRI stands out in terms of its academic productivity and its interaction in the European policy debate. Its output is among the highest quality internationally for economic and social research and it has a high standing in the European comparative research community.

¹³ <http://www.growingup.ie/>

¹⁴ <http://www.tcd.ie/tilda/participants/>

Given its particular combined social and economic focus and the degree to which social and economic researchers are closely integrated, the ESRI is one of the institutes with best potential for integration of different research programmes into policy questions.

7.2 Publications and briefings quality

Just as it is of the view that the ESRI performs well in international comparisons, the Panel finds that its publications are similarly of a high quality, and contribute to achieving the Institute's enviable reputation.

In achieving publication in peer reviewed journals, the Panel feels that the Institute's researchers should focus on journal quality as well as on the quality of their research to further enhance their own reputation and the ESRI's status. Indeed, based on the quality of their research, the Panel observed that in many areas of its focus ESRI researchers could publish in better journals – i.e. the quality of their research output warrants publication in more prestigious journals.

In terms of the quality of its briefings, the stakeholders were universally positive in their comments and overall the impression is that the Institute is achieving a gold standard. In particular the *Quarterly Economic Commentary* is highly regarded.

The seminars undertaken by the Institute to foster debate around important policy issues are also highly regarded by stakeholders.

As is inevitable in an interaction such as this, there were some areas where concerns were expressed by stakeholders and other interested participants. These included a need to focus on making the research output more attractive and understandable to the media. There was also a constant demand (in the economic area) for an increased medium term focus; this could possibly be achieved by a somewhat greater focus on, and more regular update of the *Medium-Term Review*.

Many stakeholders in the economic area mentioned the absence of financial sector expertise in the Institute (which the panel recognises will come as no surprise to the Institute) and emphasised the importance of developing this capacity in future either directly or by collaborating with another body.

A number of minor issues were mentioned, including occasional delivery issues, but it was emphasised that these were the exception rather than the rule.

8. Conclusions Relating to the ESRI's Research Dissemination

This aspect of the Panel's review focuses on the Institute's dissemination of its research output. The Panel was informed by its own, rather limited, review of the content of Institute's publications and also by the comments of the stakeholders and the other groups consulted in the review process.

There are three aspects to the Panel's conclusions in this area:

- The role of the ESRI in providing a platform for informed objective debate on policy issues;
- The need for a bridge between the ESRI's research output and the wider community of potential users;
- The availability of the ESRI's research.

8.1 Policy debate

Both the Institute's funders and the wider policy-making community regard the ESRI's seminars to be of central importance to the formation of policy in Ireland. The need to hold seminars, to publicise them, to provide a platform for public and impartial debate was a constant refrain. Seminars – which may also be held to inform a single funder or policy group – are an important means by which the ESRI influences the policy debate with its research output. They are particularly important because many of the stakeholders see the ESRI as providing a platform for and taking the lead informed role in policy debate in Ireland.

8.2 Bridging research output to potential users

A number of the groups mentioned a need to actively “market” the Institute's research output in order to maximise its scientific input into the policy debate. Suggestions in this regard ranged from basic communication of the existence of research reports to alerting specific groups (e.g. the press, interested policy makers) with a brief summary of research outputs. This issue was specifically mentioned by the Press representatives who highlighted that much of the Institute's output is worthy of media coverage but that there is no clear system in place to alert the appropriate journalists of the publication of specific research papers that may be newsworthy.

Although all the groups consulted praised the ESRI's willingness to take questions and to comment on its research output, some emphasised that they would also like to be specifically advised of newsworthy issues. This could perhaps be achieved by

- appropriately tailoring and directing of the Institute's monthly *eNewsletter*¹⁵;
- publicising the availability of its existing *Email Media Service* for receiving Press Releases by email;
- introducing a new *Twitter* or *RSS* news alert service;
- making direct contact with policy specialists and media representatives

to achieve more pro-active engagement with the policy and media community in Ireland.

8.3 Availability of research

The Panel was advised by some of the groups consulted that not all the Institute's output, such as the *Quarterly Economic Commentary*, was available on its website free of charge. The Panel appreciates that this is done for commercial reasons and that it becomes available on the website after one month. However, depending on its financial contribution, it might be worth revisiting this policy.

¹⁵ http://www.esri.ie/news_events/newsletter/

9. Conclusions Relating to the Institute's Research Role

Based on the observations of the Panel and the feedback from stakeholders, the ESRI has an unchallenged reputation for independence and professional credibility. This was confirmed and emphasised by all the groups consulted, and most regarded the Institute's independence as central to its contribution to policy-making in Ireland. To the extent that there were any observations in this area from stakeholders, they revolve around whether the range of policy options researched by the Institute is wide enough (i.e. encompass options outside the consensus area, for example in labour market activation research) and not whether particular items of research output were impartial.

The ESRI seems to occupy quite a special position in Ireland with its focus on independent research and on policy-making in both the economic and social spheres. This brings its own challenges, which are well understood by the Institute.

A number of stakeholders mentioned the Institute's lack of expertise in the banking/financial sector, particularly in the context of its response to the economic crisis. The press in particular would have appreciated more guidance in this area during the crisis. However, they were not paying for that guidance and nor was the government. Should the Institute seek to acquire additional expertise in the banking/financial sector, the Panel observes that many organisations in Ireland and internationally will be seeking to develop this area, and collaboration with another body may be a better model for the Institute.

In order to maintain its contribution in the policy area, it may be worth including policy relevance as a performance metric (in addition to publication in peer reviewed journals) of all research staff members.

10. Conclusions Relating to the Internal Organisation of the Institute

The Panel considered four aspects relevant to the internal organisation of the Institute

- The degree of synergy between its research activities and the commissioned work for government agencies;
- Co-operation with other international and national research groups;
- Data gathering and research gain from data-gathering activities;
- Productivity of the Institute.

10.1 *Synergy between research activities and commissioned work*

It seems to the Panel that the ESRI structure is designed to achieve synergy between commissioned and core-funded research activity.

There is very valuable policy research potential associated with the use of anonymised microdata now coming from the new comprehensive *Growing Up Ireland National Longitudinal Study of Children* and in the future from the *Irish Longitudinal Study on Ageing (TILDA)*¹⁶ projects, as well as from the *Anonymised Micro Databases* now

¹⁶ <http://www.tcd.ie/tilda/participants/>

increasingly available from the Central Statistics Office (CSO)¹⁷ under the provisions of the Statistics Act 1993 and in the *Irish Social Science Data Archive (ISSDA)*¹⁸.

However, the potential contribution to long term economic and social progress of the research potential in these areas may not be fully recognised by many stakeholders. The Panel believes that it will be important to realise this potential but recognises that further funding or collaboration with other bodies is needed for such purposes.

Stakeholders providing the Institute's funding emphasised the importance of the ESRI's focus on research on the Irish macro-economy. Other stakeholders highlighted the need to contribute to international comparative research and the importance of internationalising the entire research output of the Institute. In the Panel's view, these two approaches are fully compatible.

10.2 Co-operation with international and national research groups

Based on its interaction with the ESRI's staff and stakeholders, the Panel's view is that the level of international cooperation is good and provides clear benefits. In view of the current economic and budgetary position in Ireland, this area of the Institute's activities may be easier to expand in the short to medium term.

Other national research groups with which the Panel interacted confirmed positive interaction in the social, environmental and economic areas. The Institute's involvement in the *Growing Up in Ireland* and *TILDA* longitudinal studies demonstrates close co-operation in the social field.

Seen from a European perspective the social issues treated by ESRI are very interesting. The recent expansion of the EU might prove these issues, and the methodological research approaches used, to be of even greater relevance than it is recognised at the moment. The expertise established at the Institute should be of great interest to social scientists in other countries.

10.3 Data gathering

Based on its review, the Panel considers that the ESRI's data gathering activity is efficient and its increasing access to anonymised microdatabases has more than balanced the closure of its own survey unit. It observes that it is important to exploit these microdata sets for maximum research output. Furthermore, it is desirable that the Institute should continue its policy of sharing its own microdata in an anonymised format with other researchers. The *Irish Social Science Data Archive (ISSDA)*¹⁹ provides the basis for doing this,²⁰ and the Panel notes that arrangements are in hand for the anonymised data from the first wave of the children's longitudinal survey to be lodged in the ISSDA.²¹

¹⁷ http://www.cso.ie/aboutus/access_microdata.htm

¹⁸ <http://issda.ucd.ie/index.html>

¹⁹ <http://issda.ucd.ie/index.html>

²⁰ Together with the CSO, the Institute played a key role in the establishment of ISSDA.

²¹ Responsibility for providing access by researchers to the research microdata file rests with the Office of the Minister for Children and Youth Affairs and the CSO.

10.4 Productivity

Tools

Models are an important capital for the ESRI. They allow the Institute to embody empirical relations and to put this at the disposal of policy studies at short notice. However, it should have a development and maintenance plan for each of its important models together with a focus on longer term issues, succession of senior people, development of new models in parallel with old ones, etc.

Human capital

The Panel was particularly impressed by the commitment, enthusiasm and collegiality demonstrated by both junior and senior research staff. The closely integrated teams – particularly the fact that social and economic specialists work together on projects – mean that staff working at ESRI enjoy a high quality working environment. In particular, junior staff benefit from the access to experts in their field of research and from exposure to some of the best in the Irish research community.

In its discussions with junior researchers, the Panel understood that staff work assignments and involvement vary widely in terms of opportunity to undertake research of personal relevance. The Panel feels that the Institute might benefit in productivity terms if it gave all junior research staff an opportunity to undertake some personal research work, even based on a small percentage of the total time available. This could, perhaps, be achieved if achieving progress on researcher's individual research agendas and contributions to policy debate was included in their career development plans and reviewed at periodic evaluation meetings. However, junior researchers have to be continually reminded that their research agenda must have a close fit with their sources of funding, and not just be based on good ideas.

Notwithstanding its collegial approach, there may be potential to improve the skill base of its staff (particularly in relation to the models and to research methodologies) by accessing the Institute's internal capacity in a more structured way in its staff training programmes.

The ESRI's productivity can obviously be enhanced by external collaborations and the Panel considers that the Institute should continue to seek to optimise such opportunities. The Panel is aware of the Institute's plans to create a research alliance with Trinity College Dublin, and supports this development.

Organic evolution of capacity is essential in a policy-oriented institute, as the skill sets that are needed in all areas are not in general nurtured amongst university based academics and are no longer common in government bodies. Although it may be possible to source new capacity externally, the Institute's ability to remain at the leading edge of this field will depend on its ability to retain and develop its staff members.

The Institute's productivity is also influenced by its governance processes. Currently, the Council sets the strategy of the ESRI, acts in an oversight role and also undertakes normal corporate governance functions. Additional input is provided by an 80-

member Forum. The Panel considers that the effectiveness and efficiency of the Forum might be improved if smaller “expert/policy research advisory groups” were convened in relation to the different research programmes of the Institute.

Appendix

Peer Review Visit: Timetable 26-28 May 2010

Wednesday 26 May

| <i>Time</i> | <i>Participants</i> | <i>Purpose</i> |
|-------------|---|--|
| 18.00 | <p>Panel Members Mary Walsh, Donal Murphy, Karen Siune, Walter Mueller</p> <p>ESRI: Gillian Davidson, Frances Ruane</p> | Preliminary meeting of Panel |
| 19.00 | <p>Panel Members Mary Walsh, Donal Murphy, Walter Mueller</p> <p>ESRI Council Representatives Michael Kelly Professor Brendan Walsh (President)</p> | Preliminary meeting of Panel and Council Representatives |
| 19.30 | <p>Panel: Mary Walsh, Donal Murphy, Karen Siune, Walter Mueller</p> <p>ESRI Council Representatives Michael Kelly Professor Brendan Walsh (President)</p> <p>ESRI Management Committee Frances Ruane (Director) Gillian Davidson John Fitz Gerald Philip O'Connell Miriam Wiley James Williams</p> | Dinner |

Thursday 27 May – Morning

Meetings with ESRI Director, Division Managers and Research Leaders

| <i>Time</i> | <i>Participants</i> | <i>Purpose</i> |
|--------------------|---|--|
| 08.30-10.00 | Full Panel ESRI Management Committee: Frances Ruane (Director), Gillian Davidson, John FitzGerald, Philip O’Connell, Miriam Wiley, James Williams | 1) General introduction (30 min): 2) Discussion of the Institute’s Document in relation to the 2008-2013 Strategy |
| 10.00-10.30 | Full Panel | Preliminary reflection and coffee break. |
| 10.30-11.45 | Team 1: Mary Walsh (Chair), Stef Proost; Ray Barrell. ESRI: John Fitz Gerald, Richard Tol, Sean Lyons, Paul Gorecki | Energy; Environment & Natural Resources; Competition & Regulation |
| 10.30-11.30 | Team 2: Donal Murphy (Chair), Karen Siune; Walter Mueller ESRI: Philip O’Connell, Emer Smyth | Education; Labour Market |
| 11.45-12.45 | Team 1: Mary Walsh (Chair), Stef Proost, Ray Barrell. ESRI: John Fitz Gerald, Iulia Siedschlag | Macroeconomics; International Economics; Technology, Innovation & Productivity |
| 11.30-12.45 | Team 2: Donal Murphy (Chair), Karen Siune; Walter Mueller ESRI: Miriam Wiley, Richard Layte, Helen Russell, Fran McGinnity | Health; Equality; Social Cohesion & Quality of Life |
| 12.45-14.00 | Full panel | Lunch |

Thursday 27 May – Afternoon

Meetings with Research Leaders and Junior Researchers

| <i>Time</i> | <i>Representatives</i> | <i>Purpose</i> |
|-------------|--|--|
| 14.00-14.45 | Team 1: Mary Walsh (Chair), Stef Proost, Ray Barrell. ESRI: Alan Barrett, Philip O’Connell | Demography and Migration |
| 14.00-14.45 | Team 2: Donal Murphy (Chair), Karen Siune; Walter Mueller ESRI: James Williams | <i>Growing up in Ireland</i> |
| 14.45-15.30 | Team 1: Mary Walsh (Chair), Stef Proost, Ray Barrell ESRI: Tim Callan, Helen Russell | Taxation, Welfare & Pensions; Social Inclusion |
| 14.45-15.30 | Team 2 Donal Murphy (Chair), Karen Siune, Walter Mueller ESRI: Miriam Wiley | Health Information Activities |
| 15.30-16.00 | Full Panel ESRI: Adele Bergin, Delma Byrne, David Duffy, Pete Lunn, Cathal McCrory, Samantha Smith | Meeting with younger researchers |
| 16.00-18.00 | Full Panel | Closed meeting to discuss key findings |
| 18.00-19.00 | Full Panel Media Representatives: Brendan Keenan – <i>Irish Independent</i> Cliff Taylor – <i>Sunday Business Post</i> Social Partners’ Representatives: Marie Sherlock – <i>SIPTU</i> Fergal O’Brien, <i>IBEC (Employers’ group)</i> | Drinks with media and social partners’ representatives |
| 19.00 | Full Panel | Dinner |

Friday 28 May

Meeting with External Stakeholders and Panel Deliberations

| <i>Time</i> | <i>Participants</i> | <i>Purpose</i> |
|-------------|--|--|
| 9.00-10.00 | Team 1: Mary Walsh (Chair), Stef Proost, Ray Barrell. Stakeholders: Department of Finance National Treasury Management Agency Central Bank of Ireland | Meeting with external stakeholders |
| 9.00-10.00 | Team 2: Donal Murphy (Chair), Karen Siune, Walter Mueller Stakeholders: Department of Social Protection National Economic and Social Council European Foundation | Meeting with external stakeholders |
| 10.15-11.15 | Team 1: Mary Walsh (Chair), Stef Proost, Ray Barrell. External Stakeholders: 1) Department of Communications, Energy & Natural Resources 2) Environmental Protection Agency 3) Forfás | Meeting with external stakeholders |
| 10.15-11.15 | Team 2: Donal Murphy (Chair), Karen Siune, Walter Mueller External Stakeholders: 1) Higher Education Authority 2) National Council for Curriculum and Assessment 3) Equality Authority | Meeting with external stakeholders |
| 11.15-14.30 | Full panel | Generate key findings, agree conclusions |
| 14.30-15.00 | Full panel Council Representatives: Michael Kelly Professor Brendan Walsh | Oral presentation of the most important observations |
| 15.00-16.00 | Full panel Director, Management Committee and Council Representatives | Oral presentation of the most important observations |