
Financial Programming and Policies Workshop Description

Introduction: This policy-oriented workshop focuses on practical, hands-on aspects of macroeconomic and financial policy formulation. The goal is to widen participants' understanding of macroeconomic and financial policies as they are actually practiced in Ministries of Finance and Central Banks around the world. The course is based on the case study approach, which focuses on active learning by participants, drawing on professionals' experience in economic surveillance and providing advice and assistance to clients. Specific macroeconomic and structural policies are discussed in a framework emphasizing the complementarity of stabilization policies and structural reforms and the importance of policy coordination for sustained growth. Selected adjustment programs implemented by countries are used to illustrate how policies can be adapted to address changing economic conditions

Coverage: The course analyzes a case study of an actual country using the country's data. The case study describes in qualitative and quantitative terms recent developments in key sectors of the economy – the real, fiscal, monetary, and external sectors – and their interconnections. Participants are asked to formulate short-term macroeconomic projections if policies remain unchanged – the so-called *baseline scenario* – and to identify actual or emerging internal or external macroeconomic imbalances, such as accelerating inflation, a currency, banking or sovereign debt crisis. They then go on to identify a *policy scenario*, that is, a set of fiscal, monetary, exchange rate, and structural measures that could be realistically implemented given the country's economic, financial, political, and social constraints, and that could help restore internal and external balance and lay the foundation for sustainable growth. Issues of sequencing and coordination of policy measures are discussed, as is the need for appropriate external financing of adjustment efforts. The case study focuses on the application of macroeconomic and structural policies during actual recent episodes, including in the context of crises in several emerging markets. The course blends lectures with hands-on workshops in which participants learn and apply forecasting techniques and prepare adjustment programs that require a combination of analytical thinking, quantitative reasoning, and sound judgment. In addition, the course covers a wide array of current policy topics, the changing role of institutions, and the evolving architecture of the international monetary system. Such skills are directly transferable to business and consulting environments.

Organization: The length of this course varies from several days to a week depending on time availability; various forms of presentation are used in the course, including lectures and workshops that present and discuss country case studies. The workshops are conducted in small groups, under the guidance of counselors. They culminate in group presentations of macroeconomic forecasts of baseline and policy scenarios. Participants are strongly encouraged to contribute actively to the discussions in both lecture and workshop sessions. Participants may make brief presentations on specific reforms or policy choices in the context of staff lectures on associated topics.

Readings: At the beginning of the course, background material for each session is distributed.

Computers: Microcomputers and spreadsheet software are made available to participants throughout the course to facilitate completion of quantitative work. Access to e-mail software and the internet is also needed.