

Course Structure and Standard Syllabus

Course Topic: Fiscal Policy

Course Title: Fiscal Frameworks (FF)

Objectives: This course starts with essential concepts to measure and analyze fiscal policy consistency and effectiveness, then moves to the study of fiscal frameworks as best practices devised to foster fiscal discipline (including fiscal rules and fiscal councils to promote transparency and accountability). Discipline in fiscal policy is essential to achieve macroeconomic stability and minimize the risk of unsustainable dynamics that hamper long-term adequate and inclusive growth.

The course concludes with thematic presentations by participants.

Upon completion of this course, participants should be able to:

- Describe recent fiscal policy methodologies and tools.
- Adopt a critical approach to assess data quality for fiscal policy.
- Identify appropriate fiscal rules for countries' specific problems.
- Use an in-year monitoring tool for fiscal performance.
- Contribute to building a medium-term budget (for consolidation or stimulus) while limiting recession risks and respecting sustainability.

Day 1

Briefing and quiz: 1.5 hours

Administrative briefing,

Opening session

Initial Test

Unit 1: 4.5 hours

L – 1

The importance of fiscal frameworks

- Role of government
- Fiscal policy: macro stability, allocation of resources for growth, and redistribution
- Institutions for fiscal policy effectiveness
- Course roadmap

O – 1

Initial fiscal frameworks description and issues. Presentation on participants' countries

- Fiscal institutions
 - Focus on levels, trajectories, ratios, and composition of public debt, and the composition of revenues and expenditures
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- Identify factors that could represent a fiscal risk

Day 2

Unit 2: 1.5 hours

L – 2 **The role of fiscal institutions: general overview**

- Why market discipline does not work and the need for strong fiscal institutions
- The budget as a strategic policy formulation tool
- Efficient use of resources
- Fiscal responsibility and transparency

Unit 3: 3 hours

L – 3 **Coverage of fiscal statistics**

- Definition of public sector
- Debt statistics
- Non-debt liabilities, off-budget entities, quasi-fiscal activities, and PPPs

W – 1 **Workshop: Measuring debt**

- Main concepts
- Measures of sovereign debt
- Manipulation of fiscal statistics

Unit 4: 3 hours.

L – 4 **Executing a fiscal plan: critical elements**

- Expenditure controls
 - Objectives and modalities of cash management and Treasury Single Account
 - Links with debt management
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Day 3

W–2 **Workshop: In-year expenditure control tool**

- Analysis driven by historical comparison
- Automatic alarm signals

Unit 5: 3 hours

L–5 **The deficit and procyclicality biases**

- Causes of fiscal policy bias
- Risks of persistent bias
- Policies to address fiscal biases

W–3 **Workshop: Cyclically adjusted budget: Kyrgyz Republic**

- Cyclically adjusted budget
- Fiscal stance
- Fiscal stimulus

Unit 6: 4.5 hours

L – 6 **Fiscal rules: Design**

- Objectives and taxonomy of fiscal rules
 - Numerical targets
 - Strengths and limitations (rules versus discretion debate)
 - Fiscal responsibility frameworks
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Day 4

	W – 4	Workshop: Fiscal rules <ul style="list-style-type: none">• Structural balance and escape clauses• Debt brakes• Automatic correction mechanisms
Unit 7: 1.5 hours	L–7	Fiscal rules: The role of Fiscal Councils <ul style="list-style-type: none">• Fiscal councils as a complement to transparency• Rationale and functions• Independence• Case studies
Unit 8: 1.5 hours	L–8	Invited lecture on regional fiscal topics of interest

Day 5

Unit 9: 1.5 hours	L – 9	Managing fiscal risks: Contingent liabilities <ul style="list-style-type: none">• Types and sources of fiscal risks• Disclosure• Relevance and impact• How to minimize their negative effects
Unit 10: 1.5 hours	L – 10	Monetary and fiscal policy interaction <ul style="list-style-type: none">• Central bank Independence/fiscal dominance• Coordination• Monetary unions and fiscal rules
Unit 11: 3 hours	O – 2	Participants’ debate. <ul style="list-style-type: none">• Review material from the week’s lectures and workshops• Prepare talking points for the debate• Debate pro and cons on three issues

Day 6

Unit 12: 3 hours	O – 3	Q & A session: where are we so far? Counselors <ul style="list-style-type: none">• Analysis of risks• Disclosure• Examples of risk mitigation strategies
Unit 13: 1.5 hours	L – 11	Fiscal transparency <ul style="list-style-type: none">• Benefits• IMF Code on Fiscal transparency• International experience
Unit 14: 3 hours.	L – 12	Fiscal sustainability and Debt Management <ul style="list-style-type: none">• Fiscal sustainability mechanics• Debt intolerance across countries and over time

- Debt Management: optimal and safe debt levels, interest rates

Day 8

	W – 5	Workshop: Debt Management	<ul style="list-style-type: none"> • Mexico success story • Institutional build up • External favorable conditions
Unit 15: 4.5 hours	L – 13	How to Design a Fiscal Policy Package	<ul style="list-style-type: none"> • Sector linkages and feedbacks • Stabilization and structural reforms • Asymmetric fiscal multipliers
	W – 6	Workshop Fiscal Policy Package	<ul style="list-style-type: none"> • Case study: Kyrgyzstan • Historical background and assess budget proposal • Form an alternative plan

Day 2

Unit 16: 4.5 hours	L – 14	Medium-term budget frameworks	<ul style="list-style-type: none"> • Objectives • Pre-requisites • Forecasting
	L – 14 (ctd)	Medium-term budget frameworks	<ul style="list-style-type: none"> • Key features • Implementation
	W – 7	Workshop: Medium-term budget frameworks	<ul style="list-style-type: none"> • Agree on the needed budget adjustment • Construct an aggregate expenditure ceiling • Identify disaggregated constraints for line ministers
Unit 17: 1.5 hours	L – 15	Fiscal frameworks in resource rich countries	<ul style="list-style-type: none"> • Fiscal policy under uncertainty caused by volatile commodity prices • How much to consume of nonrenewable resource wealth VS how much to save

Day 9

Presentations and quiz (6 hours)	O – 3	Participants' presentations: Applied topics from the course. Preparation (continued)	
		Final quiz	

Day 10

Presentations and closing (3.5 hours)	O – 3	Participants' presentations	
		Course evaluation, closing session, and presentation of certificates	
