



# Fiscal and Monetary Policy: Macro-Fiscal Analysis, Debt Sustainability and Macroeconomic Modelling

12 – 16 July 2027

Paris - Right Bank business hotel



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### Introduction:

Fiscal and monetary policy decisions often rest on forecasts that do not reconcile, debt paths nobody has stress-tested and policy rates set without a shared view of the fiscal stance. When treasury, monetary and planning economists work from separate numbers, the policy mix pulls in two directions and credibility suffers. This Core Concept course equips economists and policy staff to link the sectoral accounts, fiscal rules, debt sustainability analysis, monetary transmission and model-based scenarios into one consistent framework. Participants build a Macro-Fiscal Policy Scenario Note for a case economy.

### Course Objectives:

- Reconcile the real, fiscal, monetary and external sector accounts of an economy into a consistent macroeconomic baseline
- Measure the cyclically adjusted fiscal stance and test a proposed budget against numerical fiscal rules
- Project public debt paths with the debt dynamics equation and stress-test them under interest, growth and exchange-rate shocks
- Evaluate monetary policy settings using transmission channels, policy-rule benchmarks and the constraints of the exchange-rate regime
- Build macro-fiscal forecasts and CGE-based scenarios that quantify the growth, inflation and distributional effects of policy options
- Draft a Macro-Fiscal Policy Scenario Note that recommends a coordinated fiscal and monetary policy mix

### Target Audience:

- Fiscal policy and macro-fiscal unit economists who prepare revenue, expenditure and deficit projections
  - Monetary policy and research department economists who assess inflation, policy rates and liquidity conditions
  - Planning and economic development analysts who build medium-term growth and investment scenarios
  - Public debt and financing strategy analysts who monitor borrowing needs and debt risk indicators
  - Policy advisers who brief decision-makers on the trade-offs between fiscal and monetary options
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## Course Outline:

### Day 1: Macroeconomic Accounts and the Consistent Baseline

- Four-Sector Macroeconomic Accounting Framework: Real, Fiscal, Monetary and External Accounts
- Saving-Investment Identity and Sectoral Financial Balances Matrix
- Output Gap Estimation: Production Function Versus Statistical Filter Methods
- Government Finance Statistics Presentation: Revenue, Expense, Net Lending and Financing
- Monetary Survey and Balance of Payments Consistency Checks

### Day 2: Fiscal Stance, Fiscal Rules and Debt Sustainability Analysis

- Cyclically Adjusted and Structural Primary Balance Calculation
- Fiscal Impulse and Fiscal Multiplier Estimates by Instrument
- Numerical Fiscal Rule Design: Debt Anchors, Deficit Ceilings, Expenditure Growth Limits and Escape Clauses
- Debt Dynamics Equation: Interest-Growth Differential and Debt-Stabilising Primary Balance
- Debt Sustainability Stress Tests, Contingent Liability Shocks and Fan Charts

### Day 3: Monetary Policy Frameworks, Transmission and Exchange-Rate Regimes

- Monetary Policy Regime Comparison: Inflation Targeting, Monetary Aggregate Targeting and Exchange-Rate Anchors
- Transmission Channels: Interest Rate, Bank Lending, Balance Sheet, Asset Price and Exchange Rate
- Policy Rate Benchmarks: Taylor-Type Rules and Neutral Real Interest Rate Estimates
- Liquidity Management Instruments: Open Market Operations, Standing Facilities and Reserve Requirements
- Pegged, Managed Float and Free Float Regimes: The Impossible Trinity and Reserve Adequacy Metrics

### Day 4: Policy Mix, Coordination and Macro-Fiscal Forecasting

- Fiscal Dominance, Monetary Financing Limits and Coordination Protocols
- Policy Mix Matrix for Demand, Supply, Commodity Price and Capital Flow Shocks
- Macro-Fiscal Forecasting Workflow: Revenue Elasticities, Expenditure Drivers and Financing Gap
- Semi-Structural Gap Models and Vector Autoregression Impulse Responses for Scenario Analysis
- CGE Model Mechanics: Social Accounting Matrix, Calibration and Closure Rules

### Day 5: Capstone: Macro-Fiscal Policy Scenario Note for a Case Economy

- Case Economy Baseline Build: Linked Sector Accounts and Medium-Term Projection
  - Adverse Scenario Simulation: Commodity Price Fall with Tighter External Financing
  - Policy Response Options Costed Through the Debt Path and Inflation Outlook
  - Forward Guidance, Fiscal Statements and Policy Communication Plan
  - Macro-Fiscal Policy Scenario Note Presentation and Panel Challenge
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## Skills You Will Gain:

- Macroeconomic Accounting Consistency
- Output Gap Estimation
- Structural Balance Analysis
- Debt Sustainability Modelling
- Monetary Transmission Assessment
- Exchange-Rate Regime Evaluation
- CGE Scenario Design
- Policy Communication

## Why Attend This Course:

- Leave with a Macro-Fiscal Policy Scenario Note for a case economy, built on a working baseline and defended before a panel
- Speak the same analytical language as colleagues on the other side of the fiscal and monetary divide
- Turn stress-test results and model scenarios into policy options that decision-makers can compare quickly
- Compare approaches with economists from ministries, monetary authorities and planning bodies facing different regimes and shocks

## Conclusion:

Credible fiscal and monetary policy depends on one consistent set of numbers and a clear view of how the two arms interact. The week moves from the four-sector accounts and output gap to fiscal stance, fiscal rules and debt sustainability, then to monetary regimes, transmission and exchange-rate choices, before combining them in the policy mix, macro-fiscal forecasting and CGE scenarios. The final day produces a Macro-Fiscal Policy Scenario Note ready for use in the next policy round.

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