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**INTERNATIONAL MONETARY FUND**

**IMF Institute for Capacity Development (ICD)/ Joint Vienna Institute (JVI)**

**Course on Vulnerability Diagnostics (JV16.13)**

**Vienna, Austria**

**May 23-June 3, 2016**

**Program<sup>1</sup>**

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***Monday, May 23***

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9:00 a.m.– 9:20 a.m.		<b>Administrative Briefing</b> Mr. Alexander Prostimkin Joint Vienna Institute (JVI)
9:20 a.m. – 9:30 a.m.		<b>Opening Session</b> Mr. Martin Schindler, Deputy Director, JVI; Mr. Gianni De Nicolò, Senior Economist, IMF ICD; Mr. Maksym Ivanyna, Economist, JVI; Mr. Burkhard Drees, IMF Consultant.
9:30 a.m. – 10:00 a.m.		<b>Initial Test</b>
10:00 a.m. – 10:15 a.m.		Coffee Break
10:15 a.m. – 11:45 a.m.	L-0	<b>Vulnerabilities and Crises</b> <i>Mr. De Nicolò</i>  1. Macroeconomic stability and crises 2. Vulnerabilities and crises 3. Structure of the course
2:00 p.m. – 5:15 p.m.	<b>Unit 1</b>	<b>Forecasting Methods for Tail Risks</b> <i>Mr. De Nicolò</i>
	L-1	1. Defining and measuring tail risks 2. Logit models 3. A signal approach: ROC analysis
	W-1	External Vulnerabilities and Currency Crises

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<sup>1</sup> Unless otherwise stated, coffee breaks will be held from 10:30 a.m.–10:45 a.m. and from 3:30 p.m.–3:45 p.m.

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*Tuesday, May 24*

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9:00 a.m. – 12:15 p.m.	<b>Unit 2</b>	<b>Fiscal Vulnerabilities I: Assessing Debt Sustainability</b> <i>Mr. Ivanyna</i>
	L-2	1. Debt sustainability, debt crisis, and growth 2. Deterministic DSA in closed and open economies 3. Risk-based DSA
	W-2	Assessing debt sustainability: debt-stabilizing primary balance, IMF's approach to DSA
2:00 p.m. – 5:15 p.m.	<b>Unit 3</b>	<b>Financial Vulnerabilities I: Taxonomy and Measurement of Financial Risks</b> <i>Mr. Drees</i>
	L-3	1. Taxonomy of financial risks 2. Measurement of financial risks
	W-3	Measurement of risks and introduction to stress testing

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*Wednesday, May 25*

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9:00 a.m. – 12:15 p.m.	<b>Unit 4</b>	<b>External Vulnerabilities I: Bond Yields and Sovereign Default Risk</b> <i>Mr. Ivanyna</i>
	L-4	1. From fiscal distress to external crisis 2. Theory of sovereign default risk 3. Assessing risks in practice
	W-4	Explaining Sovereign Bond Interest Rates
2:00 p.m. – 5:15 p.m.	<b>Unit 5</b>	<b>Financial Vulnerabilities II: Detecting Financial Fragility</b> <i>Mr. De Nicolò</i>
	L-5	1. Overview of stress testing 2. Single-factor sensitivity analysis 2. Identifying stress testing scenarios: a case study.
	W-5	Bank stress test

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*Thursday, May 26*

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9:00 a.m. – 12:15 p.m.	<b>Unit 6</b>	<b>Fiscal Vulnerability II: Short-term risks</b> <i>Mr. Ivanyna</i>
	L-6	1. Interest rate growth differential and public debt 2. Refined analysis of growth and interest rate shocks
	W-6	Refined analysis of growth and interest rate shocks
2:00 p.m. – 5:15 p.m.	<b>Unit 7</b>	<b>External Vulnerabilities II: Current Account Imbalances</b> <i>Mr. Drees</i>
	L-7	1. Current account imbalances 2. External balance assessment (EBA)
	W-7	External Balance Assessment (EBA)

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*Friday, May 27*

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9:00 a.m. – 12:15 p.m.	<b>Unit 8</b>	<b>Financial Vulnerabilities III: Systemic Risk and Financial Cycles</b> <i>Mr. De Nicolò</i>
	L-8	1. Systemic risk 2. Financial Cycles 3. Measurement of Cycles
	W-8	Financial cycles and banking distress
2:00 p.m. – 5:15 p.m.	<b>Unit 9</b>	<b>Fiscal Vulnerability III: Stochastic DSA</b> <i>Mr. Ivanyna</i>
	L-9	1. Stochastic DSA vs. deterministic DSA 2. Main steps of stochastic DSA: estimating relationship between DSA inputs, fiscal reaction function, simulations
	W-9	Stochastic DSA

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*Monday, May 30*

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9:00 a.m. – 12:15 p.m.	<b>Unit 10</b>	<b>External Vulnerability III: Reserve Adequacy</b> <i>Mr. Drees</i>
	L-10	1. FX Reserves: definition, composition and trends 2. Analytics of reserve holdings 3. Normative assessments of reserve holdings
	W-10	International Reserves Adequacy
2:00 p.m. – 5:15 p.m.	<b>Unit 11</b>	<b>Financial Vulnerability IV: Spillovers and Contagion</b> <i>Mr. De Nicolò</i>
	L-11	1. Assessing systemic linkages: network analysis 2. Systemic risk measurement: VaR, CoVaR and $\Delta$ CoVaR
	W-11	VaR, CoVaR and $\Delta$ CoVaR

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*Tuesday, May 31*

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9:00 a.m. – 12:15 p.m.	<b>Unit 12</b>	<b>Fiscal Vulnerabilities IV: Long-term risks</b> <i>Mr. Ivanyna</i>
	L-12	1. Debt level and fiscal space 2. Fiscal gaps: full account of government assets and liabilities 3. Medium- and long-term fiscal adjustment needs
	W-12	Debt level thresholds; arithmetic of fiscal gaps and long-term adjustment needs
2:00 p.m. – 5:15 p.m.	<b>Group Workshop</b>	<b>Case Studies: Preparation for Participant Presentations</b>

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*Wednesday, June 1*

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9:00 a.m. – 12:15 p.m.	<b>Unit 13</b>	<b>The IMF Vulnerability Exercises</b> <i>Mr. Drees</i>
	L-13	1. Structure 2. Overview of key methodologies 3. Putting it all together
	W-13	Constructing a Vulnerability Index
2:00 p.m. – 5:15 p.m.	<b>Group Workshop</b>	<b>Case Studies: Preparation for Participant Presentations</b>

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*Thursday, June 2*

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9:00 a.m. – 12:15 p.m.	<b>Group Workshop</b>	<b>Case Studies: Preparation for Participant Presentations</b> <i>Facilitated by counselors</i>
2:00 p.m. – 3:15 p.m.	<b>Group Workshop</b>	<b>Case Studies: Preparation for Participant Presentations</b> <i>Facilitated by counselors</i>
3:30 p.m. – 5.00 p.m.	O-1	<b>Case Studies: Participant Presentations</b>
5:00 p.m. – 5.45 p.m.		<b>Final Test</b>

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*Friday, June 3*

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9:00 a.m. – 10:15 a.m.		<b>Course Evaluation and Presentation of Certificates</b>
10:30 a.m. – 12:00a.m.		<b>JVI Annual Lecture</b> Austria Finance Minister Shelling <b>Fiscal Framework in Europe</b>
12:00 a.m. --		<b>Lunch Reception</b>

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