

Dynamic Learning and Human Capital Development

Susanna Grigoryan

Recent Staff Member, Monetary Policy Department, Central Bank of Armenia

Student, Global Forecasting School

November 2025

Hello everyone, I'm **Susanna Grigoryan**, an economist at the **Central Bank of Armenia** and a **Level One student at the Global Forecasting School**. In this session, we explore how FPAS Mark II transforms the Central Bank of Armenia into a modern learning institution—one where human capital, knowledge sharing, and continuous improvement stand at the center of credible monetary policy.

FPAS Mark II transforms not only the analytical framework of monetary policy but also the institutional processes through which policymakers learn, collaborate, and develop expertise. For a small open economy like Armenia, where uncertainty is persistent and shocks originate from multiple external sources, human capital becomes a core pillar of the monetary policy framework. The FPAS Mark II manual emphasizes that disciplined learning is central to sustaining credibility, strengthening judgment, and improving the quality of policy decisions over time.

Under FPAS Mark II, analytical tools and models are only as effective as the people who use them. The manual stresses that credibility comes not only from correct decisions but from the institution's demonstrated ability to learn and improve. This requires staff who can integrate modeling results, scenario analysis, financial data, and judgment-based narratives—a skill set developed over time through structured learning. FPAS Mark II positions human capital as a macroeconomic asset. Staff skills determine whether the institution can correctly diagnose risks, interpret uncertainty, and support least-regrets decisions.

The Mark II framework embeds learning directly into the policy cycle. After each round, teams conduct post-mortems assessing forecast accuracy, scenario usefulness, communication effectiveness, and risk interpretation. This ensures that lessons are carried into the next cycle, creating an institutional memory. The manual underscores that central banks cannot avoid mistakes—but they can demonstrate an ability to learn

faster than others. This learning capacity is central to long-term credibility and to sustaining anchored expectations in a volatile world.

FPAS Mark II also introduces a structured rotation mechanism across teams. Analysts rotate between forecasting, scenario development, external-conditions monitoring, and specialized modules such as the financial cycle or inflation decomposition. This increases resilience by ensuring that institutional knowledge does not rest with a few individuals. Rotations prevent analytical silos, broaden skill sets, and ensure that staff gain exposure to multiple components of the FPAS system.

On-the-job learning is reinforced by structured training routines that include daily analytical briefings, weekly seminars on FPAS tools, monthly cross-team workshops, case-based exercises using past policy rounds, and internally taught courses on modeling, expectations, and risk assessment. These routines ensure that learning is continuous rather than sporadic. They also prepare staff to take on roles with higher responsibility, including presenting scenarios, leading policy workshops, and drafting executive briefings.

The Mark II framework also places strong emphasis on global learning. Staff participate in regional workshops, collaborate with partner institutions, present analytical work in international seminars, and engage with research communities. The manual views external learning as essential—exposing staff to new methodologies, alternative frameworks, and global best practices in uncertainty-aware policymaking.

Credibility in FPAS Mark II is shaped not only by decisions but by the institution's demonstrated ability to adapt and improve. Transparent communication of learning, including acknowledgment of past errors, reinforces public trust. A central bank that learns is one that consistently upgrades its analytical capacity, reduces vulnerability to external shocks, and strengthens its long-term policy framework.

Dynamic learning and human capital development form the backbone of FPAS Mark II. By embedding learning routines, rotations, and continuous feedback loops into the policy process, the Central Bank of Armenia ensures that its staff remain adaptive, analytical, and capable of supporting risk-based decision-making. Human capital is not a complement to FPAS Mark II—it is one of its foundations.

Thank you for watching, and I would like to acknowledge **Douglas Laxton, Martin Galstyan, Jared Laxton, Asya Kostanyan, and Sophio Mkervolidze** at the **Global Forecasting School** and **The Better Policy Project** for their guidance and support in producing this video.

Literature & Further Reading

- Dincer, N., & Eichengreen, B. (2014). “Central Bank Transparency and Independence: Updates and New Measures.”
<https://www.ijcb.org/journal/ijcb14q1a6.htm>
- Laxton, D., M. Galstyan, and V. Avagyan (eds.) (2023). *The Prudent Risk Management Approach to Price Stability*. Better Policy Project (Unpublished mimeograph). https://www.thebetterpolicyproject.org/_files/ugd/bf672a_44316592afd24e26add8648beeb507a2.pdf
- Freedman, C., & Laxton, D. (2009). “Why Inflation Targeting?” IMF Working Paper 09/86. <https://www.imf.org/external/pubs/ft/wp/2009/wp0986.pdf>
- Debelle, G., & Laxton, D. (1996). “Is the Phillips Curve Really a Curve? Some Evidence for Australia.” IMF Working Paper 96/37.
<https://www.imf.org/en/publications/wp/issues/2016/12/30/is-the-phillips-curve-really-a-curve-some-evidence-for-canada-the-united-kingdom-and-the-2079>