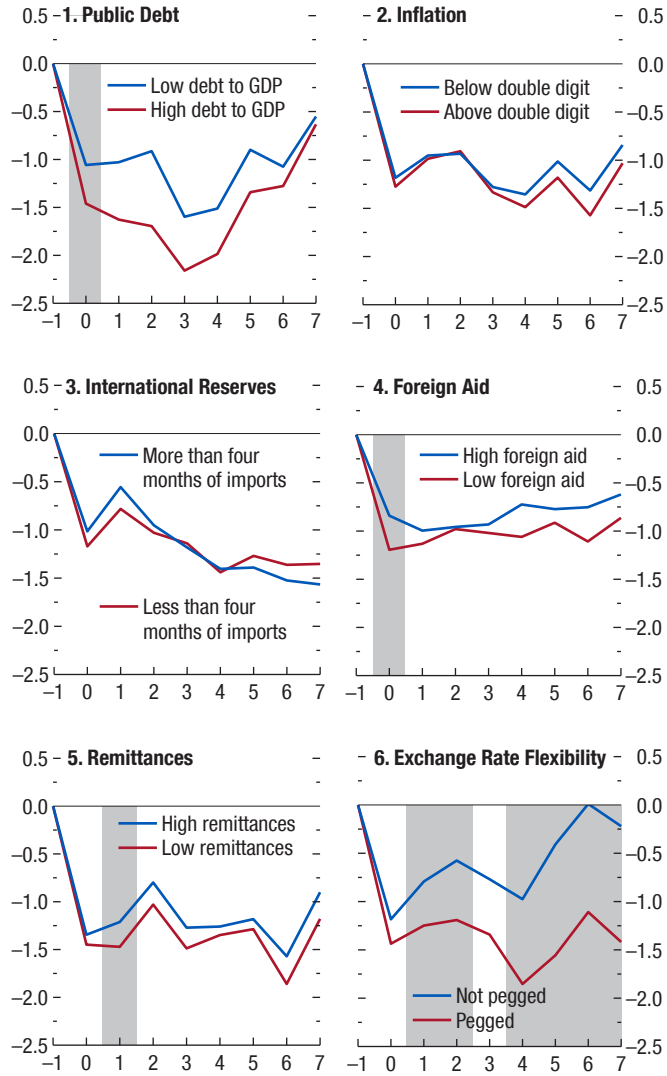


Figure 3.13. The Role of Policy Buffers
(Percent; years on x-axis)

There is some suggestive evidence that the contemporaneous effect of temperature on per capita output is marginally lower in countries with lower public debt, greater foreign aid inflows, and flexible exchange rates.



Source: IMF staff calculations.

Note: The panels depict how the effect of a 1°C increase in temperature on per capita output in the sample of countries with average temperature exceeding 15°C varies with the empirical proxy of a policy buffer. Horizon 0 is the year of the shock. Gray areas indicate that the blue and red lines are significantly different from each other at the 15 percent level. See Annex 3.3 for the exact definition of policy variables.