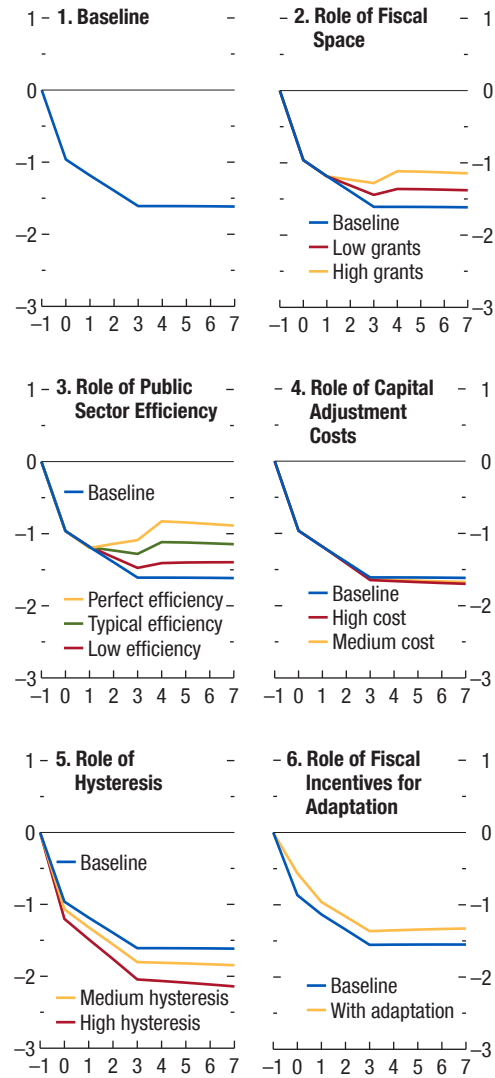


Figure 3.2.1. The Role of Policies: A Model-Based Analysis

(Real GDP, deviation from steady state; years on x-axis)



Source: IMF staff calculations.

Note: The baseline assumes no additional grants in panels 2 and 3, low adjustment cost in panel 4, no hysteresis in panel 5, and no adaptation in panel 6. In panel 2, additional grants amount to 0.5 percent of GDP in low grants scenario, and 1 percent of GDP in high grants scenario. In panel 3, all simulations, except the baseline, assume high additional grants.