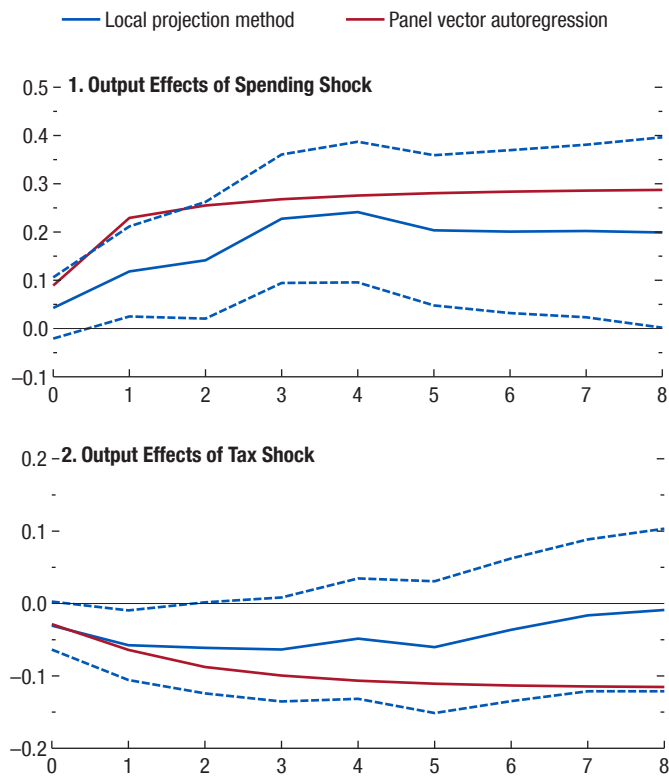


Annex Figure 4.3.1. Effects of Spending and Tax Shock on Recipient Countries' Output: Comparison with Panel Vector Autoregression
(Percent; quarters on x-axis)



Source: IMF staff calculations.

Note: $t = 0$ is the quarter of respective shocks. Solid blue lines denote the baseline response to respective shocks using local projection method; dashed lines denote 90 percent confidence bands; and solid red lines represent the response to respective shocks using panel vector autoregressions. Shocks are normalized to an average of 1 percent of GDP across source countries.