The Pandemic Crisis and the Black Sea Region- Impact, Policy Responses and the Role of Multilateral Development Banks

Global Economic Developments and Trends

The outlook for the global economy has deteriorated sharply in the first half of 2020 as the Covid-19 pandemic has spread and cases have risen. The priority given to safeguarding public health in most countries resulted in lockdowns that significantly slowed economic activity globally, particularly in the period from March to May. Demand has collapsed but so has supply, and supply chains and international trade have been severely disrupted. As of May and June 2020, European countries have begun a staged process of re-opening societies and economies, with many restrictions remaining in place in order to try to enforce social distancing standards that are considered essential for the containment of the spread of the pandemic.

The re-opening carries various risks and concerns about flare-ups of the pandemic and possibly even 'second waves', and these promise to remain prominent features of public life until a successful treatment or vaccine become available on a mass scale. Such treatments or vaccines have yet to be found, despite the massive mobilization of financial and scientific resources to develop and authorize for use such 'cures'.

Most scenarios contain an assumption/ hope that by 2021, at least one vaccine (and/ or treatment) will be authorized for use and will become widely available, thus beginning the containment of the disease.

Clearly, there is much uncertainty regarding when and whether a cure all vaccine or treatment will become available. The longer the situation persists, the greater the damage to global activity. Furthermore, most forecasts assume that immediately after the Covid-19 pandemic crisis is over, economic activity will re-start from where it was before the lockdown: with the same supply and demand, the same organization of production and distribution, that employment will return to pre-crisis levels and all fiscal and monetary stimulus will not carry over economic costs if and when undone. How realistic such assumptions are is anyone's guess.

Global growth forecasts vary widely among international organizations and rating agencies, depending upon adequacy of assumptions, accuracy of the models and perhaps bias in judgment. However, all project declines; for instance, the IMF, in its April 2020 World

Economic Outlook, sees the global economy contracting in 2020 by -3.0% before recovering rapidly in 2021, with a projected GDP growth rate of 5.8%. The contraction will be more severe in advanced economies, which are projected to experience a contraction of -6.1%, than in developing economies, where the projection is at -1.0%. This continues a pattern observed consistently over the last two decades in which developing economies outperform more advanced economies, and projections for 2021 likewise anticipate a more robust recovery of 6.6% in developing economies, than in advanced economies where it is expected to be around 4.5%.

The Decoupling of Finance from the Real Economy

The unprecedented global response of the public sector, consisting of huge fiscal stimulus and even more massive liquidity provision by central banks, stands in contrast to the tendencies towards austerity that accompanied the public sector response to the global financial crisis of 2008, particularly in Europe. One of the most striking features of the crisis is the paramount role played by central banks, in particular those representing reserve currency issuers such as the US Federal Reserve and the European Central Bank. They enjoy a level of market trust and credibility that appears to exceed that of any other government or international institution, and this has permitted them to implement their massive liquidity provision policies without any serious resistance to the possible side-effects and consequences of these policies, in the short as well as the long terms.

Nevertheless, it has- as a side effect- contributed to a significant decoupling of the perceptions and behavior of financial markets relative to actual economic realities. Economic activity collapsed and unemployment surged, and the bad debts of banks are sure to grow, while governments are experiencing widening imbalances of key economic indicators as they try to counter the economic collapse. Yet financial markets have behaved in a manner uncorrelated to economic activity. After an initial freeze up, and a sharp widening of spreads, lending and the terms for loans have recovered substantially, particularly for sovereigns. Even more striking is the behavior of stock markets, which have grown sharply since late March; it suggests that investors and market participants more generally seem to be pricing in a V-shaped recovery for the global economy, even though there is no data to support such expectations.

What is unclear, and can only become known after the fact, is whether this rise in confidence (a) presages an economic recovery which will pick up pace in coming months and lead to a recovery in both output and wealth generation, as well as consumption and investment; or

(b) represents a premature liquidity fed euphoria that will eventually realize that it has occurred in a void, with the real economy failing to recover sufficiently, and creating a renewed loss of confidence such as the one experienced in the first pandemic panic in March.

Prevailing projections are for global economic activity to decline sharply in Q2, but to stabilize in Q3 and to recover in Q4, before returning to full speed growth in Q1 of 2021. Yet, if such anticipation proves over-optimistic, these rallies may have occurred too fast and gone too far, and in turn may give a signal that would drive markets into a new confusing 'correction'. Moreover, if downside risks to forecasts materialize, depending on how sharp and prolonged the downturn ultimately is, failure to see recovery in the third or fourth quarter of this year at the latest, as appears to be the prevailing assumption, financial markets may experience convulsions towards the end of the year, in anticipation of worse news for 2021. This may well occur (i) if it takes longer to contain the spread of new cases, (ii) if there are 'second waves' of outbreaks, or (iii) the economic downturn has permanent or long-lasting wealth destroying effects, affecting national economic structures and/or international economic relations, and thus implying weaker activity in 2021 and a recovery occurring beginning in 2022.

Fitch recently reported "At this point in time, it is still too early to know whether financial markets are accurately pricing in a swifter recovery, or whether deteriorating economic conditions will once again drag equity and bond markets lower, and towards their recent lows."

Pandemic Crisis Impact on the European Union

The EU Commission Spring 2020 Economic Forecast projects that the Eurozone economy will contract by 7.75% in 2020 and will grow by 6.25% in 2021, not sufficient for a complete recovery which will drag into 2022. The EU economy is forecast to contract by 7.5% in 2020 and grow by around 6% in 2021. Realistically, the EU Commission foresees that the crisis has severely affected consumer spending, industrial output, investment, trade, capital flows and supply chains. The Commission expects that progressive easing of containment measures should set the stage for a recovery. However, the forecast assumes that investment will remain subdued and the labor market will not have completely recovered.

Following the sovereign debt crisis in select Eurozone countries in the aftermath of the global financial crisis of 2008, the public and foreign debt dynamics of member countries remains an issue of particular concern to the EU. The report notes that "After having been on a declining trend since 2014, the public debt-to-GDP ratio is also set to rise. In the euro area, it

is forecast to increase from 86% in 2019 to 102¾% in 2020 and to decrease to 98¾% in 2021. In the EU, it is forecast to rise from 79.4% in 2019 to around 95% this year before decreasing to 92% next year."

Despite this increase, Eurozone countries have experienced no difficulties in accessing financial markets during the pandemic, and while spreads relative to benchmark German bonds have widened for some of the more highly indebted countries and/ or those worst affected by the pandemic, their borrowing costs have remained reasonable and have improved notably as the mood of financial markets has improved. This further underscores the power of the European Central Bank and the high degree of credibility that it enjoys in financial markets, since the ECB has extended its bond buying programs to all Eurozone member countries, providing a 'protection' that has notably decreased investor risk aversion.

Pandemic Crisis Impact in the Black Sea Region

As in other cases, estimates for the degree of economic contraction in the Black Sea Region[1] in 2020 vary. The IMF (April 2020 WEO) expects a relatively severe economic contraction, likely exceeding -5.0% for 2020 and a recovery on the order of 4.0% for 2021. Moreover, it stresses that downside risks are considerable and could lead to much worse outturns. By contrast, EBRD is more upbeat and projects a somewhat smaller contraction of around -4.0% in 2020 while it expects a stronger recovery in 2021, possibly around 5.0% or even more. The WB (June GEP) revised its projections considerably downward between April and June and is in its estimate of coronavirus impact, and is even more pessimistic than the IMF for 2020, and between the IMF and EBRD in its projections for 2021

BSTDB's original projections concerning the Black Sea Region in 2020 were for real GDP growth of approximately 2.4% for the year. Despite ongoing global uncertainties, the ultra-loose credit conditions and the expected stabilization of activity in the European Union were factors likely to improve growth prospects relative to 2019. However, the outbreak of the coronavirus pandemic and the lockdowns that have constituted key public health responses to contain its spread have had significant negative consequences for financial market and economic activities in the Black Sea Region.

[1] The Black Sea Region includes the eleven BSTDB member countries of Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, and Ukraine, as well as Serbia,

Regional economies all went into comprehensive lockdown in February or March of 2020, and have begun to open up gradually, in a staged manner, in May and June. Relative to Western Europe and other hard-hit spots, the Black Sea Region confronted the pandemic with relative success, and most countries rank very favourably on questions of infection rates and deaths attributable to the pandemic. This better than expected response to the pandemic and the gradual graded economic opening being attempted, raise hopes that the extent of damage to the economies will be contained and the fears about permanent damage in some sectors, which would have resulted in long term or even permanent loss in wealth generating capacity, will not materialize.

Thus, BSTDB's projection for 2020 is that the Black Sea Region will experience a contraction of GDP of -4.7%, with a moderate turnaround in 2021, as GDP is projected to grow at 2.5%, and continue with growth reaching 3.0% in 2022. In contrast to the years 2017-2019, in which each and every country of the Region posted positive GDP growth in each of those years, in 2020 all of them are projected to experience negative growth. However, in 2021 the current expectation is that all twelve countries will post positive growth, even if it is moderate in some cases.

GDP Forecasts for Black Sea Region Economic Performance in 2020 By Institution

	EU	EBRD	IMF	World Bank
Albania	-4.8%	-9.0%	-5.0%	-5.0%
Armenia	na	-3.5%	-1.5%	-2.8%
Azerbaijan	na	-3.0%	-2.2%	-2.6%
Bulgaria	-7.2%	-5.0%	-4.0%	-6.2%
Georgia	na	-5.5%	-4.0%	-4.8%
Greece	-9.7%	-6.0%	-10.0%	na
Moldova	na	-4.0%	-3.0%	-3.1%
Romania	-6.0%	-4.0%	-5.0%	-5.7%
Russia	-5.0%	-4.5%	-5.5%	-6.0%
Serbia	-4.1%	-3.5%	-3.0%	-2.5%
Turkey	-5.4%	-3.5%	-5.0%	-3.8%
Ukraine	na	-4.5%	-7.7%	-3.5%

Sources- Published Reports of the various agencies in Q2 2020. BSTDB numbers from national statistical agencies

Clearly, the imponderables associated with the evolution of the pandemic render any projection highly uncertain. Depending on how the pandemic plays out in coming months,

and until it is deemed to be fully under control (due to the discovery of a comprehensive cure or vaccine), its rejuvenation may yet cause succeeding rounds of economic hardship, and the lingering uncertainty will impact new investment activity negatively and may also be disruptive to trade, supply links, and other essential economic activities. Limiting the contraction to -5% will be a relative success and should lay the foundation for a stronger recovery from 2021 onwards. Under such a scenario the damage to key macroeconomic indicators would also be milder.

Fiscal and debt indicators in all countries are deteriorating in 2020, as governments seek to mitigate slowdown effects by increasing their counter-cyclical spending. Depending on structural features, some are experiencing declines in reserves while the sharp fall in international commerce will reduce the current account surpluses of traditional net exporters, and the current account deficits of net importers- as import contraction will outweigh their (smaller) decline in exports.

Risks to the Forecast

If the crisis has long lasting effects, with changes including relocation of manufacturing from Asia to Europe and the US, changes in work relations and industrial organization, including adjustment of supply-chains and methods of production, there will also be changes in the patterns of capital flows and international trade direction and size. These in turn will affect investment and spending decisions which will necessarily imply a slower and more protracted recovery, as it would depend on the speed and depth of adjustment to the new normal of international economic relations. Globalization may experience a retreat as countries seek to diversify sources of supply- in order to reduce dependence upon one dominant producer- as well as to shorten supply chains and shipping channels, in efforts to reduce disruption risks in the future.

The impact this may have on regional integration is difficult to project and depends primarily on the degree of trust between/ among regional states and their willingness to open up to each other and seek to cooperate. On the one hand, there could be a significant positive boost with increased specialization and the development of more efficient economies of scale for producers with expanded access to the regional markets. But on the other hand, countries may seek to achieve greater degrees of autarky, and to reduce potential dependence on neighbors; this would have a deleterious effect on regional cooperation and growth and instead lead to greater degrees of self-sufficiency.

Economic growth forecasts assume a supply side response in the aftermath of the pandemic crisis. However, if there is rather a persistent demand shock, prices will decline further, unemployment will remain high, investment will be delayed or redirected, corporate earnings will decline and consequently economic recovery may take years to return to pre-crisis levels, while in the meantime economic structures may change irreversibly. Relocation of production facilities away from low labor cost locations will likely result in more automation and robotization, while e-commerce and distance working may become regular/predominant features of post-pandemic societies. This along with calibrated policies can help to move towards a greener, more sustainable, economy, with technology, including IT and biotechnology, as engines of growth.

In conclusion, in the aftermath of the Covid-19 pandemic crisis the world economy may emerge less consumption driven, and therefore less debt dependent, more balanced, greener and more sustainable; however, the pandemic may also aggravate geo-political and economic tensions pre-dating the crisis and affect the way the international economic system works. Time and patience may be needed for an economic paradigm shift and a new normal to emerge. The consequences are difficult to anticipate, as the pandemic crisis was initially symmetric in impact, leading to lockdowns, but the consequences will asymmetrically affect countries, regions and the international order.

Responses to the COVID-19 Pandemic in the Black Sea Region

Faced with the COVID-19 challenge, all countries of the Black Sea Region took unprecedented measures to minimize the negative impact on their citizens and economies. While there were minor differences in degree, all countries introduced country wide lockdowns, closed borders, schools and universities, restaurants and all non-essential businesses, advised work-at-home whenever possible. These policies focused on stopping the spread of the virus and had significant negative economic impact. To counter the negative impacts of the policies governments also implemented various fiscal and monetary policies in the range of 2.0-14.0% of GDP. Calculations indicate that total fiscal measures in the Black Sea Region will correspond to at least US$ 125.0bn or roughly 4.1-4.5% of GDP.

While differing in details, the policies were broadly similar across the countries. These include increase in direct fiscal spending, reallocations from previous spending categories, provision of guarantees, tapping international funds, reaching SWAP deals, etc. Below is the broad categorization of the policies taken by countries of the Region:

- additional spending on healthcare for hiring of new healthcare personnel, doctors, acquisition of necessary medical equipment, protective gears, tests, funding laboratory research and test of new vaccines, etc.
- additional allocations for social assistance and/or wage support for unemployed and/or to affected companies that promise not to fire their staff.
- tax deferrals
- transfers to development/state banks and funds to increase their capital to ease liquidity in the market.
- loan guarantees to affected companies and subsidies for interest payments on loans.
- introduction and/or expansion of the facilities that provide subsidized loans to SME and other affected businesses.
- deferral of the loan principal payments, extension of loans by the affected businesses and allowance for commercial banks not to categorize them as impaired.
- temporary easing of banking ratios and/or provisioning requirement to provide liquidity in the market.
- cut of the monetary policy rate, again to ease access to liquidity.
- intervention in foreign exchange market to prevent volatility in the exchange rates.
- utility bill support (payment postponement, partial coverage by the state or some other) either to affected companies and/or vulnerable groups of people.
- temporary price regulations for few essential items and export bans for some essential items were introduced in some countries.
- SWAP lines either with EBRD or ECB were provided for some countries, while in others Central Banks either introduced or expanded SWAP lines to domestic commercial banks.
- Some countries reached agreement with the IMF on new programs of support; much use was made of the IMF’s new Rapid Credit Facility which provides rapid concessional financial assistance to low income countries facing urgent balance of payment needs. Key features of this RCF is that it provides access to foreign exchange liquidity quickly and flexibly, with limited conditions and none of the traditional requirements for detailed reform programs.
- In a few countries, businesses were banned from firing their staff, while foreclosures, tax audits/controls were also suspended.

Starting in May, and continuing into June, all Black Sea countries had initiated staged easing of the restrictive measures as COVID-19 related statistics started to improve. Countries have presented mostly staged re-opening plans that envisage full return to the normal by the end of June 2020 or at the beginning of the third Quarter, albeit subject to the trend on virus related statistics.

Responses of Multilateral Development Banks to the COVID-19 Pandemic

Many Multilateral Development Banks (MDBs) have announced initiatives to support their countries of operation to deal with the immediate and medium term health and economic effects of the COVID-19 pandemic. For the most part, the announcements have involved the adaptation, of existing programs, and the amount to which expanded financing has been limited. The primary reason for this is that while MDBs have a demonstrated track record of mobilizing large sums of financing then deploying it rapidly, this increases pressure on their capital base.

Prior to the pandemic, MDBs had come under considerable pressure to increase their operational activity at their existing levels of equity. In the post 2008 global financial crisis environment, governments have cut back spending in efforts to reduce vulnerabilities and improve key macroeconomic indicators in areas such as fiscal spending, debt and the current account. This has come at the expense of public investment and, in much of the Black Sea Region, has coincided with weak private investment as regional banks and firms undertook efforts to deleverage and/ or reduce their exposure to foreign currencies.

The resulting investment gaps have increased demand for MDB financing and risk mitigation products. MDBs have tried to respond, and have increased their balance sheets, but this has eroded key capitalization ratios and brought them near to what are considered prudential levels for this category of financial institutions. Because of the ongoing fiscal consolidation efforts, governments are less willing and/ or able to inject the needed new capital in MDBs.

With the onset of the COVID-19 pandemic, calls went out immediately for MDBs to join in the monetary and fiscal expansions undertaken around the world to try to offset some of the problems caused by the economic collapses. However, for the aforementioned reasons, and as Standard & Poor's reports that:

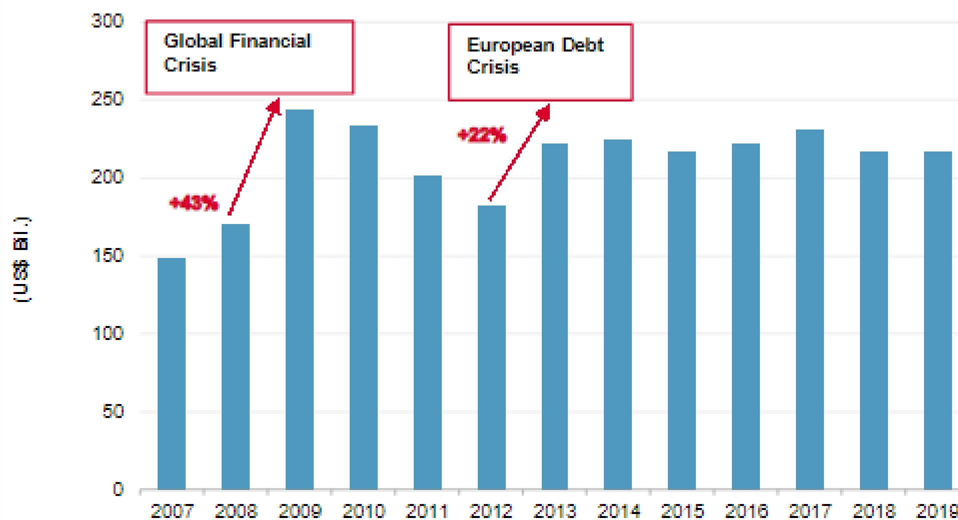
> "The financing packages that have been made public to address the fallout from COVID-19 do not represent a meaningful increase in financing commitments

compared to deployment levels had COVID-19 not materialized, though there are a few notable exceptions";

and (MDBs) "are addressing the effects of COVID-19 through existing instruments" with an emphasis on fast-disbursing loans to public and private entities.

Table 1 shows how during two previous major financing crises, MDBs increased their commitments in the immediate aftermath, responding to sharply increased demand and a call for them to act counter-cyclically to mitigate the worst effects of each crisis.

Table 1 Lending Commitments of the Largest MDBs globally



Source: Standard & Poor's

MDBs were able to ratchet up lending quickly because they possessed the necessary headroom to do so. In the years prior to the 2008 global financial crisis, MDB lending had slowed as private sources of financing had become cheap and plentiful. In the run up to 2008, the sharp rise in levels of private financing to emerging markets had absolutely dwarfed official sources such as MDBs. The upside of this slowdown was that MDBs were in a good position to respond quickly as they did and many received capital increases in the aftermath of 2008 as rewards for their quick response, and in recognition of their ability to leverage additional resources quickly.

However, the higher level of growth has been sustained, in order for invested capital to 'be put to work' and not be left underutilized, especially in light of the investment gap. Putting capital to work to maximize usage is logical, but despite notable capital increases for the World Bank Group and the African Development Bank in 2018-19, it has left MDBs on the whole with less room for expansion to respond to the pandemic induced crisis.

As a result, with less headroom for growth, MDBs have emphasized readjustment of priorities and repurposing of lending activities. This is both natural and necessary, as the economic downturn has resulted in the deferral or cancellation of much investment, which traditionally has been the core MDB activity. Instead, the need has arisen for quicker disbursing activities to the private sector such as trade financing, working capital for larger corporates, and sustained support to SMEs which often are the first ones cut off during a financial crisis. For the public sector, needs have shifted to activities such as balance of payment and budget support, with a focus on enhancing or supplementing the capacity of the health sector, which has come under the most strain during the pandemic.

Given the growth limitations due to capital constraints, MDBs have also sought to increase their own off-balance sheet activities- chiefly guarantees and guarantee-like instruments, and other activities that focus primarily on risk mitigation.

Similarly, they have sought to free up capital by obtaining guarantees from sovereigns, risk coverage from insurance firms, and to a very limited degree securitization and sale (or risk transfer) of assets.

A striking feature that sticks out from an analysis of the policy responses to the pandemic crisis as regards commercial financing institutions relative to MDBs is that while unprecedented amounts of resources in the form of liquidity creation have been made available to commercial banks, there has been no such provision for MDBs, which are considered self-sufficient supranational entities that fall outside the purview of central bank regulation on the one hand, and already enjoy certain privileges and immunities on the other hand- primarily their so called 'preferred creditor status'.

However, there have been valid questions raised about how much of the liquidity that was created was intended to be channeled through commercial banks to benefit the 'real economy' has actually done so. Banks have raised their holdings of liquidity considerably, but the amounts that have actually been on-lent to corporates (including SMEs) and households operating in the rest of the economy have, as a rule, been considerably smaller. MDBs, by way of contrast, have a much better track record of applying all available resources to actors in

the real economy, whether in the public or private sector. The amounts involved are smaller, and MDBs do have prudent limitations as to how much they may leverage themselves, thus constraining their ability to expand. However, they have demonstrated an ability to grow to their prudential limits and to do so demonstrably via lending for real economic activity.

Concluding Ideas and Food for Thought

One area which deserves greater attention is the role that reserve currency central banks may play in helping out other countries which, through no fault of their own, find themselves swept up in the crisis. While there are limits to how much an institutions such as the Fed or the ECB may do, beyond the massive quantitative easing programs their cooperation with other central banks has proven decisive for helping to stabilize currencies, and hence preserving economic activity, in other countries. Fed and ECB swap lines with other central banks (and each other) have had a very positive calming effect on markets

Better yet, just the existence of a swap line has proven sufficient to soothe market nerves, as during the current crisis, Fed dollar swap lines have been utilized far less than expected when they were activated. The trend in the aftermath of the 2008 financial crisis, and the 2020 pandemic induced economic downturn, is that demand rises sharply as market panic suddenly sets in, but then eases considerably, and fairly quickly as the plentiful availability of liquidity. While this arrangement may seem to duplicate the IMF, it has the advantage of not burdening the borrowing government with new debt since the central banks lend to each other, and then the beneficiary central bank on-lends to eligible beneficiaries in its home country of operation (countries in the case of ECB). It can also be arranged and implemented very quickly, and relative to the total size of liquidity issued by the Fed and the ECB, the sums involved are very small. While these institutions may be cautious about further extending such a program, and the risks it may generate, the potential benefits for emerging markets are huge, and the goodwill it would generate represents an additional positive externality that deserves consideration. At a time where international cooperation is under considerable strain, such technocratic swap lines underscore the importance of collaboration and the low cost high impact ways that countries may help each other.

Permitting MDBs to expand their activities, without new capital injections, but also without jeopardizing their standing with credit rating agencies and investors is a much trickier issue. MDBs can help and want to help, but if doing so results in deterioration of creditworthiness, then such expansion will significantly hinder their longer term ability to mobilize financial resources quickly and cheaply. If a member country with a reserve currency issuing central

bank is one of their major shareholders, said central bank may be able to establish an emergency liquidity facility that would cover MDBs of the member country. Absent that, establishing MDB emergency liquidity facilities with an international lender of last resort- the IMF comes to mind- may be worth consideration.

While emergency liquidity facilities can improve access to financing (and the terms upon which it is accessed), they do not address the question of capital erosion as leveraging ratios rise. For this, some form of regulatory intervention, or innovation, may be required. Bank regulators, spearheaded by the Band for International Settlements and its Basel Committee for Banking Supervision, have justifiably tightened the description of what may or may not constitute Tier 1 Capital for financial institutions. However, in doing this, regulators have had commercial institutions and their high risk taking propensity in mind, as these have led to excessive lending and inadequate concern for the quality thereof, ultimately triggering financial crises that are painful and cleaned up at great cost to taxpayers. MDBs, while not shareholder financial value maximizing institutions, have long been constrained by the same definitions, and given their much more conservative risk profile, have for the most part been limited in how much they can leverage their capital.

Increasing lending without increasing capital, but also without deteriorating key financial ratios unacceptably, can only occur if specific definitions are provided for what constitutes Tier 1 capital for an MDB. Without actual additional cash in hand, is there a way that callable capital, or an instrument such as specially designed promissory notes, can be structured and recognized so as to constitute Tier 1 capital, without requiring actual payment in cash?

Securitization, still at a nascent stage, is another area which deserves attention since if MDBs can source and develop an operation, and then sell it to an interested investor or fund, this would offer the opportunity to involve the private sector in more emerging market financing, and it would genuinely free up MDB capital for use in new activities. Short of an actual capital increase, this represents the best way to enhance MDB capital. Securitization has been discussed at length in the past, but making progress with the packaging and sale of MDB assets requires much standardization, and the resolution of many, often vexing, legal and technical details.

The common thread behind these ideas, and what should be the underlying feature of any initiative concerning the enhancement of the capacity of MDBs to operate in light of fiscal limitations of their shareholders, is that it should enable MDBs to meet the growing

expectations for expanded activity in a balanced manner that does not raise concerns about undermining their creditworthiness.

Institution of such mechanisms, separately or in tandem, or variations thereof, would greatly enable the ability of MDBs, both large and small, to muster the necessary firepower to behave in a counter-cyclical manner during economic crises such as the current one caused by the pandemic. In the post-pandemic environment, they would also permit continued heightened activity overall, as the structural investment gap that has emerged in many emerging (and developed) economies since the 2008 financial crisis is certain to grow and remain a key challenge in coming years

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