Making Public Investment More Efficient

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After a quarter century of decline, public investment has begun to recover in emerging market and developing countries.
Sizeable public investment efficiency gaps both across and within income groups. Average country is 27% below efficiency frontier with largest efficiency gaps among LIDCs.
Public Investment Management

The Public Investment Management Cycle

**Planning**
1. Fiscal rules
2. National & Sectoral Plans
3. Central-Local Coordination
4. Management of PPPs
5. Regulation of Infra. Corps.

**Allocating**
6. Multi-year budgeting
7. Budget Comprehensiveness
8. Budget Unity
9. Project Appraisal
10. Project Selection

**Implementing**
11. Protection of Investment
12. Availability of Funding
13. Transparency of Execution
14. Project Management
15. Monitoring of Assets
Evaluating Public Investment Management

PIMA Score by Institution

11–15. Implementing

1–5. Planning

1. Fiscal Rules
2. National & Sectoral Planning
3. Central-Local Coordination
4. Management of PPPs
5. Company Regulation
6. Multiyear Budgeting
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6–10. Allocating

- AEs
- EMs
- LIDCs
More efficient public investors get around twice the growth “bang” for their buck than less efficient public investors.

Public Investment, Efficiency, and Economic Output

Output impact after 4 years of a 1% of GDP increase in public investment

Profile of output impact of a 1% of GDP increase in public investment