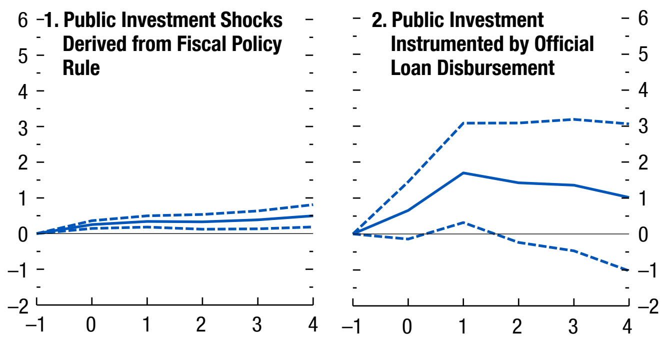
Figure 3.8. Effect of Public Investment on Output in Emerging Market and Developing Economies

(Percent; years on x*-axis)*

Various empirical approaches suggest that public investment shocks in emerging market and developing economies have a positive effect on output, albeit with a much wider variation in responses than in advanced economies.



Sources: IMF staff calculations, drawing on Corsetti, Meier, and Müller 2012; Kraay 2012, forthcoming; and Eden and Kraay 2014.
Note: $t = 0$ is the year of the shock; dashed lines denote 90 percent confidence bands. Shock represents an exogenous 1 percentage point of GDP increase in public investment spending.