



WP/17/197

IMF Working Paper

Benchmarking Social Spending Using Efficiency Frontiers

by Javier Kapsoli and Iulia Ruxandra Teodoru

IMF Working Papers describe research in progress by the author(s) and are published to elicit comments and to encourage debate. The views expressed in IMF Working Papers are those of the author(s) and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

I N T E R N A T I O N A L M O N E T A R Y F U N D

IMF Working Paper

Western Hemisphere Department

Benchmarking Social Spending Using Efficiency Frontiers¹

Prepared by Javier Kapsoli and Iulia Ruxandra Teodoru

Authorized for distribution by Lorenzo Figliuoli

September 2017

IMF Working Papers describe research in progress by the author(s) and are published to elicit comments and to encourage debate. The views expressed in IMF Working Papers are those of the author(s) and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

Abstract

Developing and low-income economies face the challenge of increasing public spending to address sizeable infrastructure and social gaps while simultaneously restoring the fiscal discipline weakened to counteract the effect of the global recession. Increasing the efficiency of social spending could be the key policy to address the dilemma as it allows the optimization of the existing resources by reducing spending inefficiencies. This paper quantifies the efficiency gap in the health and education sectors for a large sample of developing and emerging countries and proposes measures to reduce these gaps for the specific cases of El Salvador, Guatemala, and Honduras.

JEL Classification Numbers: H51, H52, I18, I28, O54

Keywords: Health, education, efficiency, developing countries, low-income countries

Author's E-Mail Address: jkapsoli@imf.org, iteodoru@imf.org

¹ The paper has benefited from the insightful comments of Roberto García-Saltos, Lorenzo Figliuoli, and Carlos Janada.