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Abstract

In this paper, a global production frontier is estimated using stochastic frontier models to assess the contribution of transport infrastructure to countries' performance. We find that the role of infrastructure is underestimated under the exogeneity assumption indicating that handling endogeneity is crucial in the estimation. Results suggest that a better endowment of infrastructure contributes to economic growth, highlighting its importance in explaining differences in the economic performance of countries. Efficiency measures indicate that high-income countries are more efficient than low- and middle-income countries, suggesting that there is room for improving economic performance in countries with a lower income level. Better institutions also are essential to foster countries' economic output.