

**ROAD INFRASTRUCTURE AND ECONOMIC
GROWTH IN UGANDA 1980-2010**

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Abstract

Uganda is a land-locked country with road infrastructure constituting the main mode of transport. However, by 2010 road coverage both paved and unpaved remains low (3112 km and 16888 km respectively), with all-weather paved roads accounting for just 16 percent of entire national road coverage in the country. The low road coverage constrains economic growth in terms of transportation of goods and services but the effect of road infrastructure on GDP has not been empirically investigated. This study fills this gap in knowledge by examining the effect of government spending on road infrastructure development on the economic growth of Uganda for the period 1980-2010. The study employed a Cobb-Douglas production model specifying the functional relationship between government spending on infrastructure development and economic growth. Road coverage in kilometers (sub-divided into paved and unpaved roads) was used as a proxy for government expenditure on roads.

Ordinary Least Square (OLS) method was used for the analysis. Error correction mechanism was used to establish short term equilibrium between road infrastructure and economic growth. Granger causality was also conducted and established a unidirectional causality from GDP to unpaved road infrastructure (using secondary data obtained from various issues of statistical abstracts, Background to the budget from UNRA, UBOS, MFPED as well as World Bank data base).

The results indicated that in the long-run a 1 percent increase in the number of kilometers of paved roads lead to 2.8 percent increase in GDP. Similarly, a 1 percent increase in the unpaved roads leads to 0.4 percent increase in GDP. Basing on the findings of the study government should commit more resources to increase provision of roads especially paved since they are relatively durable as well as making efforts for the unpaved roads to reach all parts including the rural areas to further stimulate economic growth through the multiplier effect. Also, both public and private sectors should increase on the directly productive capital in order to enhance sustainable economic growth in the country.