

**MAKERERE**



**UNIVERSITY**

**THE EFFECT OF PUBLIC EXPENDITURE ON  
INFRASTRUCTURE ON ECONOMIC GROWTH IN  
SUBSAHARAN AFRICA**

**A CASE STUDY OF UGANDA**

**BY**

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## **ABSTRACT**

*The major objective of this study was to examine the impact of government expenditure on infrastructure and economic growth; the data used was sourced from the World Bank data base and the government expenditure components included government expenditure on infrastructure, energy, and telecom. The study applied Vector Auto Regression estimation technique using annual time series data for the period 1985 to 2016 to evaluate the impact of government expenditure on economic growth. The Johansen co integration test results revealed a long-run relationship between government expenditure on infrastructure, energy, telecom projects and GDP growth rate. While the Granger- Causality test indicated bi-directional causality between GDP growth rate and all the components of government expenditure that were used. And finally the VAR results revealed that government expenditure on infrastructure, energy, and telecom project, had a positive impact on economic growth. The study recommended additional expenditure on physical infrastructure such as roads, railways, airports, water facilities, energy (electricity) and telecom projects (communication) contribute significantly to the economic growth by increasing the productivity of the private and public sectors.*