

The Perspective of infrastructure
on local economic development
in the local communities in
Africa “ the voice of the
beneficiaries”

By

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What is infrastructure

- ▶ Infrastructure is a complementary factor of production.
- ▶ Hard infrastructure refers to the physical networks necessary for the functioning of a sector. This includes roads, bridges, railways, school buildings, hospital buildings, IT networks etc.
- ▶ Soft infrastructure refers to all the institutions that maintain the economic, health, social, and cultural standards of a country. For example educational programs, constitutions etc.

Why infrastructure spending?



$$GDP = K^{\alpha} L^{1-\alpha} Infrastructure$$

Is this the most efficient mass transport? (Hard Infrastructure)



Do we have a semblance of order? (Soft Infrastructure)



Can the transport system withstand weather vagaries?



Electricity subsector

- ▶ Power outages remain a challenge
 - ▶ 82% of firms reported to have experience power outages WBES 2013.
 - ▶ 13 → average number of electricity power outages per month (WBES 2013)

Grainger, Corbett Alden and Zhang, Fan. (2017) show that a 10 percent increase in the duration of outages on average leads to a 0.14 percent decrease in a firm's total revenue and a 0.36 percent decrease in the value added, all else being equal.

- ▶ 44 days → is the average number of days it takes to receive an electricity connection service (Africa average 41 days) (WBES 2013)

Interventions

	Electricity Capacity (MW)	Start	Completion	Is it completed?
Isimba	183	2013	2016	No!
Karuma	600	2013	2017	No!
Bujagali	250	2007	2012	Yes

Interventions cont'

- ▶ SGR was conceived to ease movement of goods along the Northern Corridor. Indeed, the SGR Protocol was effectively signed in May 2014 by Kenya, Rwanda, South Sudan and Uganda. *In Uganda construction was supposed to start in FY 2016/17.*
- ▶ Kampala-Jinja Highway 77km → *Compensation on the Southern Bypass was expected to commence in March 2017.*
- ▶ Kampala - Northern Bypass 21Km → Expected completion is June 2018!
- ▶ Mukono-Kyetume-Katosi/Nyenga 74Km → expected completion September 2017!
- ▶ Government invested in earth moving equipment at each district to aid in maintenance and opening of murram roads.

PIM challenges

- ▶ SGR → to date Uganda is still engaging in land compensation! No metric ton of steel has been put on ground yet.
- ▶ Northern by pass is a 21 KM road → implementation has pretty much outlived its usefulness as traffic jam has caught up with it.
- ▶ Issues to do with quality of the public investments → cracks at Karuma Dam, collapse of the Kabale-Katuuna Road → suggesting poor quality work.
- ▶ Rural Electrification Agency → we have witnessed power lines transverse villages without connections to homes!

PIM challenges cont'

- ▶ Over 90 percent of development road projects are contracted to foreign companies which are predominantly Chinese.
- Weakened multiplier effects of huge government investment in infrastructure investment.

Way forward

- ▶ Solution could lie in capacity development in PIM → this could imply having a storage of ready to projects or projects that suitable for households under varying circumstances.
- ▶ The cost to inefficiency among public officials could be increased. For example is it enough to interdict or even imprison a public official under whose watch Karuma Dam developed cracks? Could we go ahead and attach private property?
- ▶ Linking skills development to infrastructural skill requirements.

Many thanks