

**PUBLIC EXPENDITURE AND ECONOMIC GROWTH
IN UGANDA FROM 1995-2014**

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ABSTRACT

The main purpose of this study was to establish the influence of public expenditure on economic growth in Uganda from 1995-2014. It was driven by three major objectives; To determine the trend of public expenditure from 1995 -2014; To determine the trend of economic growth from 1995-2014: To establish if there is significant relationship between public expenditure and economic growth from 1995-2014. Using time series data from the world bank and Uganda bureau of statistics, both correlational and regression analysis statistical tools were applied to investigate and build a model for explaining the variation in economic growth. The Gross Domestic Product (GDP) representing Uganda's GDP in Nominal terms is considered as the dependent variable in this study. Public expenditure (independent variable) is divided into three different attributes, for instance, public expenditure on consumption, public expenditure on education and public expenditure on health. The data shows that there have been irregular changes in real gross domestic product (RGDP) for years 1995 to 2014 throughout the nineteen-year period the study was conducted because the RGDP data registered some random increases and decreases within this time. The data further shows that there has been a rather constant variation in the percentage of public expenditure on health. Analysis of the public expenditure data reveals that public expenditure has registered some slight spikes for the last nineteen years. The data also shows that there has been an irregular and relatively low variation in the percentage of public expenditure on education. The results of the analysis indicate that there exists a negative relationship between Expenditure on health and economic growth. the results also show that there is a positive relationship between expenditure on consumption and economic growth. The data also reveals that the three different attributes to expenditure, for instance, expenditure on consumption, health and education explain only 16.96% of the variation in overall government growth. The study thus recommends that if the government is to spur economic progress through public expenditure, then the most appropriate of doing so should be through consumption. Furthermore, the data shows that although public expenditure, best form of government spending to stimulate the economy, is not a very reliable way of increasing economic activity.