Authors
Jessica Goldberg
University of Maryland

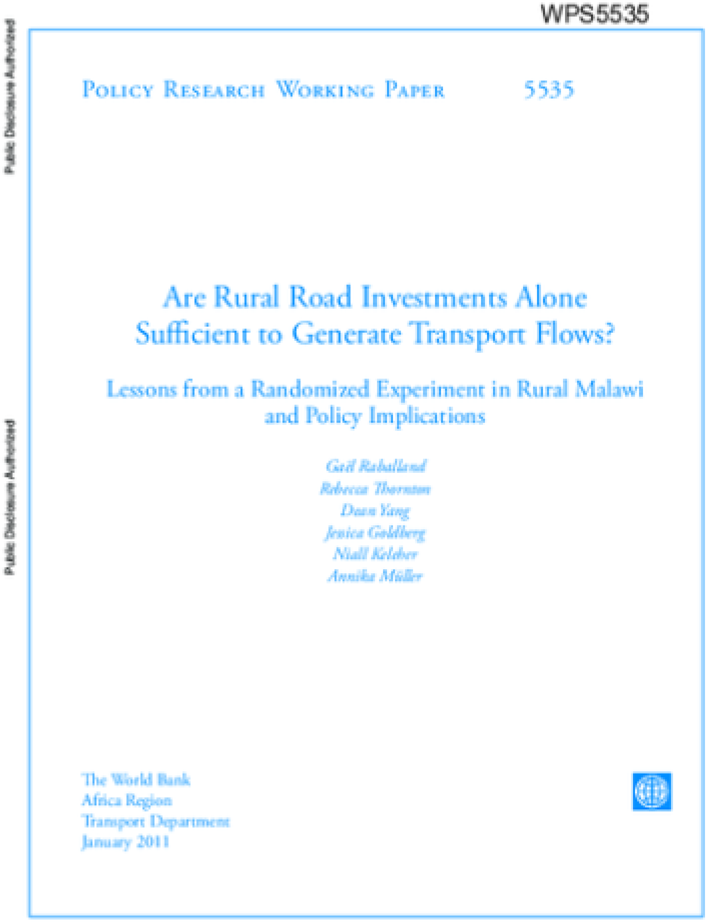
Rebecca Thornton
Professor of Economics

Dean Yang
University of Michigan

Niall Keleher
University of California, Berkeley

Annika Mueller
Harvard University

Gaël Raballand
World Bank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POLICY RESEARCH WORKING PAPER 5535

Are Rural Road Investments Alone Sufficient to Generate Transport Flows?

Lessons from a Randomized Experiment in Rural Malawi and Policy Implications

Gaël Raballand
Rebecca Thornton
Dean Yang
Jessica Goldberg
Niall Keleher
Annika Müller

The World Bank
Africa Region
Transport Department
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This paper draws lessons from an original randomized experiment in Malawi. In order to understand why roads in relatively good condition in rural areas may not be used by buses, a minibus service was subsidized over a six-month period over a distance of 20 kilometers to serve five villages. Using randomly allocated prices for use of the bus, this experiment demonstrates that at very low prices, bus usage is high. Bus usage decreases rapidly with increased prices. However, based on the results on take-up and minibus provider surveys, the experiment demonstrates that at any price, low (with high usage) or high (with low usage), a bus service provider never breaks even on this road. This can contribute to explain why walking or cycling is so widespread on most rural roads in Sub-Saharan Africa. In terms of policy implications, this experiment explains that motorized services need to be subsidized; otherwise a road in good condition will most probably not lead to provision of service at an affordable price for the local population.

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