About the book(s):

The compendium Volume III and Volume IV are published on the occasion of the 20th anniversary of our Ph. D. Program "Agricultural Economics and Related Sciences". Both volumes contain quite a large number of papers pertaining to the issues and challenges in rural development from former and present students of the program as listed below.

The Volume III consists of twenty-one papers organized under five broad sub-headings (1st - 5th). The first group of papers are in General Equilibrium modelling, which basically deals with the role of Agriculture in the macro economy using CGE approach. The second block presents agricultural sector models dealing more specifically with the agricultural sector. The third section is all about impact assessment of development interventions and socioeconomic projects in rural areas. Correspondingly, the fourth subsection deals with efficiency and productivity of agricultural production focusing on energy variations between farms and regions. Frontier Production Function and Data Envelope Analysis are applied. And finally, the fifth chapter highlights different methods and practices concerning conservation and management of natural resources. These contributions aim to mitigate environmental problems thereby reducing the hunger, malnutrition and poverty.

The Volume IV is comprised of seventeen papers organized under four major chapters (6th - 9th). Section six contains five papers about agricultural markets, marketing activities, technology adoption, commercialization and efficient allocation of available resources. The seventh chapter is about policy issues and rural finance and credit, a major production constraint faced by the farmers specifically in rural areas of developing countries. More critical and catchy issues are included in the eighth chapter "poverty and food security issues". Topics regarding education and extension in relation to agriculture are presented in the ninth section. And this section ends up with the most commonly spoken issue women’s role and capacity to cope with household shocks.

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Issues and Challenges in Rural Development:
Compendium of Approaches for Socio-Economic and Ecological Development in Developing Countries
Vol. III

Editors:
Siegfried Bauer
Evelina Budjurova
Preface

Five years after publication of Volume 1 and 2 the Department of Project and Regional Planning of the Justus – Liebig University of Giessen, Germany, presents this compendium (Volume 3 and 4) with scientific contribution of former and present students of Ph. D. Program “Agricultural Economics and Related Sciences” from developing countries.

This program has been running since 1991 and during of its existence more than 58 doctoral students from Developing Countries completed their study and returned as professionals to their home countries. Most of them are employed in higher positions at universities, government institutions, companies and private firms. At their present work, they act as multiplier and extend their knowledge to the benefit of own country. The impact on the economic and social situation by the investments in human capital justifies exactly the public financing (development aid of the German Government) and also the development objectives of this program.

In the third volume of this compendium, scientific articles of our former and present PhD students are grouped into the following broad topics:

- Sectoral and regional modelling in the agriculture,
- Project Analyses and Evaluation,
- Productivity and efficiency analysis,
- Environmental and resource use analyses.

The fourth volume will consist of the following topics:

- Market analysis and resource allocation,
- Political issues and rural finance,
- Poverty and food Security,
- Education, extension and gender aspects

Besides these different subjects, the contributions cover a wide range of geographical locations – the home countries of our former and present PhD students: Kenya, Sudan, Madagascar, China, South Korea, Nepal, Pakistan, India, Bangladesh, Vietnam, Ethiopia and Thailand.

We offer special thanks to all contributor for the prompt reaction and the submission of papers. Finally, we deeply appreciate the generous support extended by the DAAD (German Academic Exchange Service) for this publication and for continuous support and financing this program. We appreciate also the support from our university and from the State Hessen.

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CHAPTER 2

2.3 INVESTMENT AND ECONOMIC GROWTH IN SUDAN: TRENDS AND CAUSAL RELATIONSHIPS (1990 - 2009)

Mutasim Ahmed Abdelmawla¹, Khalid Hassan Ali Siddig²

Abstract

This paper investigated from an empirical point of view, the trends in real GDP and real domestic investment, Granger bivariate causality test between economic growth and domestic investment, and the impacts of investment rate and the degree of trade openness on economic growth in Sudan over the period (1990-2009). Data on the variables of interest were obtained from the Central Bank of Sudan and the Central Bureau of Statistics. The empirical results revealed that real GDP and real investment in Sudan exhibited significant positive trends over the period under consideration, with estimated annual average growth rates of 7.4% and 9.8%, respectively. Furthermore, the Granger causality test showed that real investment causes economic growth, with the F ratio significant at (10%), while economic growth is found to be statistically insignificant in enhancing real investment. The empirical results further signified that both the coefficients of the investment rate and trade openness are statistically significant at (1%) in stimulating the economic growth. However, the magnitude of the coefficient of trade openness is quite small. The study recommended raising more real financial resources for the purpose of investing in economic and social infrastructure as well as in oil exploration. Industrialization is highly recommended for import substitution purposes and for increasing the value added for Sudan’s exports so as to benefit more from trade. These require encouraging domestic saving, attraction of foreign funds, strengthening foreign relations, and facilitating the investment procedures.

Keywords: Economic growth, Granger causality, Sudan.

1. Introduction

According to the Economic Commission for Africa (ECA, 2008), Africa has maintained the strong growth momentum of the last few years and achieved a 5.8 per cent growth rate in 2007, up from 5.7 per cent in 2006 and 5.2 per cent in 2005. As in previous years, the growth performance in 2007 was driven mainly by robust global demand and high commodity prices. Other factors underpinning the sustained growth momentum include continued consolidation of macroeconomic stability and improving macroeconomic management, greater commitment to economic reforms, rising oil production in a number of countries, increased private capital flows, debt relief and increasing non-fuel exports. Africa has also

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witnessed a decline in political conflicts and wars, especially in West and Central Africa, though peace remains fragile in some parts of the continent.

As in previous years, North Africa’s growth remained high (5.9% in 2007) with increased oil and gas production and high oil prices. Additional growth factors include increased FDI flows (to Sudan for example) and increased public investment (Algeria and Libya). Sudan recorded the highest growth rate (11.0%) in 2007 followed by Egypt (7.0%) and Tunisia (6.0%). Economic reforms that stimulated domestic investment and a rebounding tourism sector underpinned growth in Egypt, while growth in Tunisia benefited from expansion in industry and the services sectors, which contributed to faster economic diversification. Real GDP growth rate declined sharply in Morocco (from 7.9% in 2006 to 3.0% in 2007) due to adverse weather conditions and declining agricultural output. In Mauritania, real GDP growth went from 11.4% in 2006 to 1.0% in 2007, because of the contraction in oil production caused by technical problems at the Chinguetti field (ECA, 2008).

The impact of the economic and financial crisis on Africa became evident in 2009, with the unfolding of the second-round effects of the shock. These effects took the form of weakened demand and lower prices for exports of goods and services, decreased remittances and reduced private capital inflows to much of the continent. As a result, GDP expanded by a mere 1.6 per cent in 2009 compared to 4.9 per cent in 2008, breaking six consecutive years of economic growth of 5 per cent or more. As economic activity weakened, so did employment in the majority of African countries. The sum of these developments is that the prospects of meeting the MDGs, including the goal of halving poverty by 2015 and achieving meaningful progress in social development, have become even more daunting (ECA, 2010).

Since Sudan gained its political independence in 1956 and up to end of the 1980s, the economy has been characterized by slow economic growth performance accompanied by limited structural transformation. As in many African countries, Sudan’s economic growth record was volatile, including sub-periods of negative and positive economic growth. Since the 1990s, economic growth rates in Sudan exhibited upward trends.

This paper aims at investigating from an empirical point of view, the trends in real GDP and real domestic investment, checking the existence and direction of Granger (1969) bivariate causality test between economic growth and domestic investment, and examining the impacts of investment rate and the degree of trade openness, as macroeconomic policy variables, on economic growth in Sudan over the period (1990-2009).

The importance of the study stems from the fact that macroeconomic reforms and sustainability of economic growth are pre-requisites for development and structural transformation of the economies of Less Developed Countries (LDCs).

Furthermore, the most important of the Millennium Development Goals (MDGs), which sets the target of halving poverty by the year 2015, cannot be realized unless there is sustained economic growth in Africa at a minimum level of seven percent.

To accomplish the research objectives, the study utilized data collected from the Central Bank of Sudan and the Central Bureau of Statistics. The empirical results revealed that real GDP and real investment in Sudan exhibited significant positive trends over the period under consideration, with estimated annual average growth rates of 7.4% and 9.8%, respectively. The Granger (1969) causality test showed that real investment causes economic growth, with the F ratio significant at (10%), while economic growth is found to be statistically insignificant in inducing real investment. The empirical results further signified that both the coefficients of investment rate and trade openness are statistically significant at (1%) in stimulating the economic growth. The study recommended raising more real financial resources to be invested in economic and social infrastructure as well as in oil exploration. Industrialization is highly recommended for import substitution and for increasing the value added for Sudan’s exports. These require encouraging domestic saving, attraction of foreign funds, strengthening foreign relations, and facilitating the investment procedures.

The remainder of the paper is organized as follows: section (2) reviews the literature on economic growth in Sudan, while section (3) illustrates the methodology and data used in the study. Section (4) discusses the empirical results and policy implications of the findings. Finally, some concluding remarks are reported in section (5).

2. Economic growth in Sudan: a review

At independence in 1956, Sudan’s GDP was estimated as amounting to Ls. 284.2 million (US$ 795 million). Per capita GDP amounted to Ls. 28 or about US$ 78 classifying Sudan among the poorest countries in the world. Not surprisingly, the economy was dominated by agriculture, which contributed about 61% of GDP. There was virtually no industrial sector to speak of (with a contribution of about 1.1% of GDP) with the services sector accounting for the remaining 37.9% of GDP (Brown, 1992).

According to Ali and Elbadawi (2002), the period 1975-1979 registered an overall average growth rate of 4.1% per annum, compared to an overall negative average growth rate of 1.21% per annum over the period 1960-1974. Despite this improvement in development performance, economic growth in Sudan remained volatile with a coefficient of variation of 2.7. Furthermore, the period 1980-1989 registered negative and highly volatile growth rates. The 1990s registered positive growth rates, with an annual average rate of 0.33% per annum during the first half of the decade. In contrast, the second half
of the 1990s registered sustained and stable positive growth at progressively higher rates.

Bannaga (2002) analyzed the impact of SAPs on economic growth in Sudan for the period (1960-2000). He found that the economic growth rate in Sudan has been fluctuating around a constant mean during the last forty years. This result could imply that either economic policy in Sudan has failed to bring about large changes in the GDP growth rate, or that some factors have the pushing impact such as drought and terms of trade shocks. However, the structural policies themselves were designed to increase the ability of the economy to absorb external shocks in the long run. In fact, proposals of the 1970s for building large dams and changing the exports structure have yet to be implemented. For these and other similar reasons, SAPs have failed to improve the economic growth performance in Sudan.

Many studies have also been conducted to examine the impacts of development strategies on Sudan's economic growth. For example, Eshag (2000) examined the impacts of import substitution and export promotion on economic growth. Ordinary least squares (OLS) method was applied to a Cobb-Douglas type of production function, using annual time series data for the relevant variables covering the period (1970-1990). The regression results reveal that both development strategies have had a positive and significant impact on GDP growth over the sub-period (1970-1978), while for the second period (1978-1990) export promotion have had a positive and significant impact on GDP growth. These results remain the same in spirit when the model is estimated for the whole period (1970-1990). These results provide clear evidence that import substitution strategy has failed as a development strategy especially if the sector remains under government control. Instead, policies should focus more on a well-designed export promotion strategy, through expansion and diversification of exports, together with the removal of agricultural taxes.

Along the same line, Hussein (2003) examined the impact of export promotion and import substitution strategies on the growth of real GDP in Sudan for the period (1960-2001), which is divided into three sub-periods, namely (1960-1978), (1979-1989) and (1990-2001). The results reveal that export promotion strategy has played an important role in the development process during the period (1979-1989), while import substitution strategy has not played a significant role in the development process over the period under study.

Abdelmawla (2005) examined the impact of external debt on Sudan's economic growth over the period (1978-2001). The explanatory variables incorporated in the empirical model include the growth in the ratio of external debt to GDP, real export earnings and inflation. The empirical results reveal that external debt works against economic growth. The results also indicate that the growth rate of real export earnings stimulate economic growth, while inflation impacts negatively. Thus, the findings of the study support the need for comprehensive debt relief measures. The study recommended the adoption of export-led growth strategy besides improving infrastructure.

Mahran (2007) argued that the Sudan's economy has witnessed major transformations during the last three decades. Full government control over economic activities characterized the period of the 1960s, while an inward-looking strategy dominated development policy during the early 1970s and mid 1980s. Economic difficulties assumed crisis proportions during the second half of the 1970s, following the ambitious development program launched at early 1970s. The failure of the investment boom to increase the economy's productive capacity has accelerated the crisis. By the late 1970s, the government was confronted by falling export earnings, increasing import bill, accelerating budget deficit, and mounting foreign debt. In the face of continuous economic deterioration, economic reforms became inevitable. Thus, the government launched three short-term development programs, starting June 1978, with financial assistance from the IMF. These programs aimed at improving the current account, attracting foreign capital and foreign investment, increasing capacity utilization, reducing the rate of inflation, and promoting economic growth. However, until 1985, the final outcome of these policy packages was stagnation in exports, increase in imports, deterioration in the trade balance and the balance of payments, accumulation of foreign debt, soaring inflation rates, loss of the national currency of its purchasing power, and increasing poverty. It has been a monumental task to move the economy dramatically from a state of downward trend and somewhat central control that characterized the period of the 1970s and 1980s, to a free-market economy in the 1990s.

Despite the dismal economic performance during the last three decades, the period 1990-2002 witnessed an impressive growth performance for GDP (10.22%), industry (5.9%), services (20.36%), and per capita income (5.9%). Furthermore, the results for the 1990-2002 suggest that while investment and current expenditure have exhibited significant upward trends, with growth rates of 15.8% and 8.6% respectively, the trends of development expenditure and expenditure on social services turned out to be insignificant. These results provide a clear evidence for the dramatic shift in policy, particularly for the assiduous efforts that have been made since early 1990s to create a more conducive environment for the attraction of more investment (Mahran, 2007).

According to data compiled from the Central Bank of Sudan (2009) as shown in table (1), Sudan’s average economic growth rate over the period (2005-2009) is estimated at (7.5%), while the average growth in real money supply is estimated at (14%). The average contributions of agriculture, industry and services to GDP over the same period are estimated at (30.8%), (25.6%), and (43.6%), respectively.
Table 1. Selected Economic Indicators for the Sudan Economy

<table>
<thead>
<tr>
<th>Item (%)</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic growth rate</td>
<td>5.6</td>
<td>9.9</td>
<td>8.1</td>
<td>7.8</td>
<td>6.1</td>
</tr>
<tr>
<td>Contribution of Agriculture to GDP</td>
<td>33.2</td>
<td>31.6</td>
<td>28.9</td>
<td>29.3</td>
<td>31.1</td>
</tr>
<tr>
<td>Contribution of Industry to GDP</td>
<td>22.0</td>
<td>23.7</td>
<td>29.2</td>
<td>29.2</td>
<td>23.9</td>
</tr>
<tr>
<td>Contribution of Services to GDP</td>
<td>44.8</td>
<td>44.7</td>
<td>41.9</td>
<td>41.5</td>
<td>45.0</td>
</tr>
<tr>
<td>The growth in money supply (M2)</td>
<td>44.7</td>
<td>27.4</td>
<td>10.3</td>
<td>16.3</td>
<td>23.5</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>8.4</td>
<td>7.3</td>
<td>8.1</td>
<td>14.3</td>
<td>11.2</td>
</tr>
</tbody>
</table>

Source: Central Bank of Sudan (2009).

3. Methodology and Data

As mentioned earlier, the ultimate objective of the present paper is to investigate from an empirical point of view, the trends in real GDP and real domestic investment in Sudan over the period (1990-2009). In addition to that, Granger bivariate causality test between economic growth and domestic investment will be performed. Finally, Ordinary Least Squares (OLS) technique will be adopted to examine the impacts of investment rate and the degree of trade openness, as macroeconomic policy variables, on economic growth in Sudan.

The trends in real GDP and real domestic investment will be estimated by fitting a least – squares linear regression trend line to the logarithmic annual values of these variables in the relevant period. According to the trend coefficients, the least squares growth rate of each variable will be computed.

To examine the causal relationship between economic growth and domestic investment, Granger (1969) bivariate causality test will be adopted. Granger’s definition of causality is based on two notions. The first is that the future cannot cause the past, while the past and present cause the future. The second notion is that causality exists only between two stochastic variables. It is not possible to talk about causality when the two variables are deterministic. Granger’s test utilizes a one-sided distributed lag method, which is based on the incremental forecasting value of the past (or past plus present) history of one variable on another. A time series X is said to Granger-cause Y if it can be shown, usually through a series of F-tests on lagged values of X (and with lagged values of Y also known), that those X values provide statistically significant information about future values of Y. The test works by first doing a regression of ΔY on lagged values of ΔX. Once the appropriate lag interval for Y is proved significant (t-stat or p-value), subsequent regressions for lagged levels of ΔX are performed and added to the regression provided that they are significant in and of themselves, and add explanatory power to the model.

The above exercise can be repeated for multiple ΔX's (with each ΔX being tested independently of other ΔX's, but in conjunction with the proven lag level of ΔY). More than 1 lag level of a variable can be included in the final regression model, provided that it is statistically significant and provides explanatory power.

Finally, to examine the impacts of investment rate and the degree of trade openness, on economic growth in Sudan, the (OLS) technique will be adopted. The multiple regression model to be estimated takes the following general form:

\[ Y_t = F(I_t, N_t) \]

(1)

Where:

- \( Y_t \): Economic growth rate (the growth in real GDP).
- \( I_t \): Investment rate (investment-GDP ratio).
- \( N_t \): Trade openness.

The investment rate is considered as one of the key determinants that enhance the level of economic growth. In fact, countries that grow quickly are countries that invest a substantial fraction of their GDP. So, the coefficient of the investment rate is expected to be positive.

Trade openness is measured as the share of total trade (export plus imports) in GDP. According to Abdelmawla (2008), many economists illustrated that trade and trade reforms are important determinants of differences in either incomes or growth. Thus, the coefficient of trade openness is also expected to be positive.

To accomplish the research objectives, annual time series data covering the period (1990-2009) are utilized. The data on the variables of interest (available on request from the authors) are collected from official sources namely, the Central Bank of Sudan Annual Reports and the Central Bureau of Statistics, Khartoum.

The next section reports the empirical results and policy implications of the findings.

4. The Empirical Results

By applying the Ordinary Least Squares (OLS) technique, we estimated the trend equations for real GDP and real investment in Sudan over the period (1990-2009). The estimation results are shown in tables (2), where the figures inside the parentheses are the t-ratios of the estimated trend coefficients and those inside the square brackets are the significance levels.
Table 2: Estimated Exponential Functions for Real GDP and Real Investment in Sudan (1990-2009)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Constant (a)</th>
<th>Coefficient (b)</th>
<th>F-Ratio</th>
<th>(R^2)</th>
<th>D.W.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP</td>
<td>4.24</td>
<td>0.071</td>
<td>427.43</td>
<td>0.97</td>
<td>1.18</td>
</tr>
<tr>
<td></td>
<td>(83.71)</td>
<td>(21.10)</td>
<td>[0.000]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Investment</td>
<td>2.13</td>
<td>0.093</td>
<td>154.55</td>
<td>0.90</td>
<td>1.78</td>
</tr>
<tr>
<td></td>
<td>(23.65)</td>
<td>(12.43)</td>
<td>[0.000]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Own Calculations.

The estimation results of tables (2) reveal that both real GDP and real investment exhibited upward trends over the study period. Furthermore, all trend coefficients are found to be statistically significant at 1% level as indicated by the t-ratios. Based on the F-ratios, it is clear that all regression equations are significant at the 1% level. After solving the autocorrelation problem for the estimated trend equation of the real GDP, the Durbin – Watson statistic (D.W) indicates that there is no autocorrelation problem at 1% level in both estimated equations. According to the trend coefficients, the compound growth rates of real GDP and real investment are estimated at (7.4%), (9.8%), respectively. Furthermore, the average investment rate over the study period is estimated at (18.12%), with a coefficient of variation equals (23.84%).

Attempts are also made to examine from an empirical point of view, the effectiveness of real investment (\(I_t\)) in inducing economic growth (\(Y_t\)) and the effectiveness of economic growth in enhancing real investment in Sudan. In particular, we tested for the existence and direction of causality between these two variables. The results of Granger (1969) causality test are reported in tables (3) and (4), where \(N\) denotes the number of non-seasonal time lags in the test. To induce stationary, we specified Box – Cox transformation parameter as equal to (1) for each time series.

Table 3. Causality between Economic Growth and Real Investment in Sudan. \(Y_t = F (I_t)\) (1990-2009)

<table>
<thead>
<tr>
<th>N</th>
<th>F-Ratio</th>
<th>P-Value</th>
<th>The Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3.01</td>
<td>0.10</td>
<td>Real investment causes economic growth</td>
</tr>
<tr>
<td>2</td>
<td>2.67</td>
<td>0.10</td>
<td>Real investment causes economic growth</td>
</tr>
</tbody>
</table>

Source: Own Calculations.

In summary, the results in tables (3) and (4) indicate that real investment causes economic growth, with F ratio significant at (10%), while economic growth does not Granger cause real investment. The F-Ratios were obtained by varying the order of lags from 1 to 2. Thus, more real resources both domestic and foreign are required to be invested in different projects so as to achieve higher and sustainable economic growth.

The (OLS) method is adopted to estimate the model in equation (1). The estimation results are given in table (5), where the figures inside the brackets are the t-ratios of the estimated parameters:

Table 5. Estimated Equation for the Economic Growth Model (1990-2009)

<table>
<thead>
<tr>
<th>Coefficient of</th>
<th>(R^2)</th>
<th>F</th>
<th>D.W.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(l_t)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(N_t)</td>
<td>0.88</td>
<td>62.99</td>
<td>1.48</td>
</tr>
</tbody>
</table>

Source: Own Calculations.

The results in table (5) signify that the estimated equation is statistically significant at 1% level as indicated by the F ratio. The coefficient of determination \(R^2\) suggests that 88% of the variations in economic growth is explained by the variations in investment rate (\(I_t\)) and the degree of trade openness (\(N_t\)). The value of Durbin-Watson statistic indicates that there is no autocorrelation problem at 1% level. All coefficients have their expected signs. Both the coefficients of investment rate and trade openness are statistically significant at (1%) level. However, the magnitude of the coefficient of trade openness is quite small. These results suggest that the investment rate turned out to be more significant than trade openness in enhancing economic growth in Sudan during the period under consideration, both in terms of the magnitude of the coefficient and the t-ratio. According to these results, Sudan should allocate more real financial resources for the purpose of investment in all sectors, particularly in the areas of economic and social infrastructure. These include among others, investment in roads, bridges, telecommunication, education, health, and agricultural extension. Increasing investments in oil exploration is of
paramount importance. Industrialization is highly recommended for import substitution purposes as well as for increasing the value added for Sudan’s exports for the purpose of stimulating the competitiveness of Sudan’s exports. These require encouraging domestic saving, attraction of foreign funds, strengthening foreign relations, and facilitating the investment procedures in one-stop-shop.

5. Concluding Remarks

This paper aimed at investigating from an empirical point of view, the trends in real GDP and real domestic investment, checking Granger bivariate causality test between economic growth and domestic investment, and examining the impacts of investment rate and the degree of trade openness, as macroeconomic policy variables, on economic growth in Sudan over the period (1990-2009). Data on the variables of interest were obtained from the Central Bank of Sudan and the Central Bureau of Statistics. The empirical results of the study revealed that real GDP and real investment in Sudan exhibited significant positive trends over the period under consideration, with estimated annual average growth rates of 7.4% and 9.8%, respectively. Furthermore, the Granger causality test showed that real investment causes economic growth, while economic growth is found to be statistically insignificant in enhancing real investment. The empirical results further signified that both the coefficients of investment rate and trade openness are statistically significant at (1%) in stimulating the economic growth. The study recommended raising more real financial resources for the purpose of investing in economic and social infrastructure as well as in oil exploration. Industrialization is highly recommended for import substitution purposes and for increasing the value added for Sudan’s exports so as to benefit more from trade. These require encouraging domestic saving, attraction of foreign funds, strengthening foreign relations, and facilitating the investment procedures.

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