

INSTITUTIONAL QUALITY AND ECONOMIC PERFORMANCE:
NEW EVIDENCE FROM SUDAN

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ABSTRACT

The paper investigates the way institutions along with other economic variables may affect the development process of a country. Our analysis focuses on Sudan, a Sub-Saharan African country which like many developing countries experienced vast changes in its economic and institutional environment and, despite all the efforts, it sufficiently lacks sound economic and political environment. For the years 1972-2008, the short-run and long-run relationships between institutions and other conditioning economic variables with economic growth are explored by using the Autoregressive Distributed Lag approach to cointegration. The empirical results of the analysis suggest that the policy makers should primarily focus on improving the institutions in Sudan, since along with other economic variables used in conventional growth studies, they play a key role in delivering long-run economic prosperity in this highly underdeveloped region of the world.

Keywords: Institutions Quality, Economic Growth, ARDL, ECM, Sudan.

JEL Classification: O5, C2.