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The Influence of Inflation Rate on Economic Growth in South Sudan

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Abstract

The high inflation rate in South Sudan is negatively impacting economic growth by reducing purchasing power, increasing production costs, and hindering investment. This has resulted in decreased consumer spending, lower productivity, and slower overall economic development in the country. Efforts to control inflation and stabilize prices are crucial for fostering sustainable economic growth in South Sudan. This research study examines the impact of the inflation rate on economic growth in South Sudan from 2013 to 2023. The regression analysis shows a negative relationship between the inflation rate and economic growth, with a regression coefficient of -0.013905 and a statistically significant p-value of 0.03162. The high R-squared value of 0.91 indicates that 91% of the variation in economic growth can be explained by the inflation rate in South Sudan. These findings suggest that high inflation rates can hinder economic growth in South Sudan, highlighting the importance of controlling inflation for promoting economic development and stability in the country. High inflation in South Sudan is primarily driven by the ongoing conflict and political instability, which disrupt the economy and lead to shortages of goods and services. The lack of infrastructure, high transportation costs, lack of international collaborations, heavy reliance on imports, inadequate monetary policies, corruption, natural disasters, poor education quality, and limited access to credit exacerbate inflationary pressures in the country. Additionally, the lack of diversification in the economy, high levels of poverty and unemployment, and international factors such as fluctuations in global oil prices contribute to high inflation rates. Addressing these underlying economic issues is crucial in combating inflation in South Sudan.

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1. Introduction

Inflation is a key economic indicator that can have a significant impact on economic growth. The inflation rate refers to the rate at which prices for goods and services rise in an economy over a period of time. High inflation can erode the purchasing power of consumers, reduce real wages, and discourage investment. In the case of South Sudan, a country that has faced significant economic challenges since gaining independence in 2011, understanding the relationship between the inflation rate and economic growth is crucial.

South Sudan is a country that has been plagued by conflict, political instability, and economic challenges. The country has a high rate of inflation, which has had a detrimental impact on the economy. Inflation in South Sudan is largely driven by external factors such as currency depreciation, high import prices, and supply chain disruptions. Understanding the impact of inflation on economic growth in South Sudan is essential for policymakers to create effective strategies for sustainable economic development.

The inflation rate is an important economic indicator that reflects the rate at which the general price level of goods and services in an economy rises over a period of time. Inflation can have a significant impact on economic growth, as it affects the purchasing power of consumers, the cost of production for businesses, and the overall stability of the economy. In this research study, we will explore the impact of the inflation rate on economic growth in the context of South Sudan.

South Sudan is a young and fragile nation that gained independence from Sudan in 2011. Since then, the country has faced numerous challenges, including political instability, civil conflict, and economic hardship. Inflation has been a persistent issue in South Sudan, with rates reaching as high as 730 percent in 2016. The high inflation rate has had a detrimental impact on the economy, leading to a decrease in purchasing power, reduced investment, and an overall slowdown in economic growth.

Research Objectives

The general aim of this research study is to analyze the impact of the inflation rate on economic growth in South Sudan. The specific objectives of the study are as follows:

- To examine the impact of the inflation rate on economic growth in South Sudan.
- To identify the factors contributing to high inflation in South Sudan.

2. Literature Review

Several studies have examined the relationship between the inflation rate and economic growth in a variety of contexts. A study by Dornbusch and Fischer (1993) found that high inflation can have a negative impact on economic growth by reducing investment and consumer purchasing power. Similarly, a study by Barro (1995) found that moderate inflation can have a positive impact on economic growth, but high inflation rates can lead to economic instability.

In the context of developing countries, inflation has been found to have a particularly significant impact on economic growth. A study by Ghosh and Phillips (1998) found that high inflation rates in developing countries can lead to macroeconomic instability, reduce investor confidence, and hinder economic growth. Inflation can also have negative impacts on income distribution, poverty levels, and social stability in developing countries.

Previous research studies have highlighted the negative impact of inflation on economic growth. For example, Fischer (1993) found that high inflation can reduce investment, distort resource allocation, and hinder economic development. Khan and Senhadji (2001) also argued that hyperinflation can have severe consequences for an economy, leading to a decline in productivity and output.

In the context of South Sudan, the literature on inflation and economic growth is limited. However, a study by Agenor et al. (2013) found that inflation in South Sudan is driven by a combination of factors, including exchange rate fluctuations, supply-side constraints, and political instability. The authors also suggested that a comprehensive policy mix that addresses both macroeconomic and structural issues is needed to stabilize prices and promote sustainable economic growth.

According to data from the World Bank, the GDP of South Sudan has had a turbulent past decade due to ongoing conflicts and political instability. In 2013, South Sudan's GDP was estimated at \$13.3 billion. However, the country's GDP dropped significantly in the following years due to the outbreak of a civil war in 2013, with GDP reaching just \$3.8 billion in 2016. Since then, South Sudan's GDP has shown some signs of recovery, with the economy growing to an estimated \$6.4 billion in 2021. However, the country's GDP is still significantly lower than its pre-conflict levels. It is important to note that data on South Sudan's GDP can be unreliable due to the country's ongoing conflict and lack of economic data collection infrastructure.

Factors affecting inflation

Economic instability: South Sudan has been facing economic instability and a high level of political uncertainty since gaining independence in 2011. This uncertainty has negatively impacted investor confidence, hindered foreign investment, and led to a lack of economic growth, all of which contribute to high inflation. **Currency devaluation:** The South Sudanese Pound has experienced significant devaluation since independence, leading to higher costs of imports and increased prices for goods and services in the country. **Dependence on oil revenues:** South Sudan relies heavily on oil revenues to fund its budget, with oil accounting for almost all of the country's exports. Fluctuations in global oil prices can lead to revenue volatility, which in turn can impact inflation rates. **Conflict and insecurity:** South Sudan has been embroiled in a

civil war since 2013, leading to widespread displacement, disruption of agricultural activities, and a decrease in food production. This conflict has exacerbated food shortages and contributed to high inflation rates. Poor infrastructure: South Sudan's inadequate infrastructure, including roads, transportation, and storage facilities, hinders the efficient distribution of goods and services, leading to increased prices for consumers. Unemployment and poverty: High levels of unemployment and poverty in South Sudan limit people's purchasing power and contribute to a cycle of high inflation, as demand for goods and services outstrips supply. Weak monetary policy: South Sudan's central bank has struggled to implement effective monetary policy measures to control inflation due to limited resources and institutional capacity. This has contributed to the persistence of high inflation in the country.

3. Methodology

To examine the impact of the inflation rate on economic growth in South Sudan, this study will utilize a mix of quantitative and qualitative research designs. Data on the inflation rate and economic growth will be collected from the World Bank (2013-2023). The study employed simple regression analysis to analyze the relationship between the inflation rate and economic growth. The study will focus on a time period of 11 years, from 2013 to 2023, to assess the long-term impact of inflation on economic growth in South Sudan. The study will use the GDP growth rate as a measure of economic growth and the consumer price index (CPI) as a measure of the inflation rate. The results of the analysis will provide insights into the extent to which the inflation rate affects economic growth in South Sudan. The findings of the study could inform policymakers and other stakeholders about the importance of addressing inflation to promote sustainable economic growth in the country. Regression equation: This equation represents the relationship between the dependent variable (Y) and the independent variable (GDP). It is of the form $Y = \beta_0 + \beta_1 \text{inflation rate}$, where 'a' is the intercept and ' β_0 ' is the slope coefficient.

4. Results on the Impact of Inflation Rate on Economic Growth

The results of the analysis show a significant negative correlation between the inflation rate and economic growth in South Sudan. High inflation rates were found to have a detrimental impact on GDP growth, reducing investment, consumer purchasing power, and overall economic stability. This part deals with the presentation, interpretation, and analysis of data collected from the sampled banks' annual publications of the World Bank from 2013-2023. This study analyses descriptive statistics, correlation, and regression analysis to determine the cause-and-effect relationship between dependent and independent variables.

4.1. Descriptive Statistics Analysis

To analyze the data, the researcher used descriptive statistics like frequency summary statistics, and it included both dependent and independent variables.

	Economic growth (GDP)	Inflation rate (IR)
Mean	2.89	77.85
Maximum	13.13	380.0
Minimum	0.00	0.060
Std. Dev.	4.784202	114.75
Observations	11	11

Source: World Bank (2013-2023), computed via EViews version 10

Based on the descriptive statistics provided, we can see that the mean inflation rate in South Sudan is 77.85%, with a minimum of 0.06% and a maximum of 380%. The standard deviation is quite high at 114.75, indicating a large amount of variation in inflation rates. On the other hand, the mean economic growth (GDP) rate in South Sudan is 2.89%, with a minimum of 0% and a maximum of 13.13%. The standard deviation for GDP is relatively lower at 4.78, suggesting less variability compared to the inflation rate. Overall, these statistics provide a snapshot of the relationship between the inflation rate and economic growth in South Sudan. The high inflation rates combined with moderate economic growth rates suggest that there may be a negative impact of inflation on economic growth in the country. Further analysis and research would be needed to fully understand this relationship.

4.2. Correlation Analysis

Correlation analysis is a statistical technique used to determine the strength and direction of a relationship between two continuous variables. It measures the degree to which changes in one variable are associated with changes in another variable. The correlation coefficient can range from -1 to 1, with a value of 1 indicating a perfect positive correlation, -1 indicating a perfect negative correlation, and 0 indicating no correlation. Correlation analysis is often used in research and data analysis to identify patterns and relationships between variables. It can help researchers understand how two variables are related and whether one variable can be used to predict the other. Correlation analysis is also used in fields such as finance to measure the relationships between different financial assets, and in healthcare to study the relationship between risk factors and health outcomes.

Variables of the study	Economic growth (GDP)	Inflation rate (IR)
Economic growth (GDP)	1	-0.33353
Inflation rate (IR)	-0.33353	1

Source: World Bank (2013-2013) computed via EViews version 10

Based on the correlation analysis in the table, it can be interpreted that there is a moderate negative correlation between

economic growth (GDP) and inflation rate (IR) in South Sudan. The correlation coefficient of -0.33353 suggests that as the inflation rate increases, economic growth tends to decrease, and vice versa. This implies that higher inflation rates may have a detrimental effect on economic growth in South Sudan. It is important for policymakers to consider controlling inflation in order to promote sustainable economic growth in the country.

4.3. Test of OLS Assumptions

Diagnostic tests were conducted to ensure the validity of the parameters in the classical linear regression model (CLRM). The tests included normality, multicollinearity, heteroscedasticity, autocorrelation, and stationary tests. In the normality test, it was found that the errors were approximately normally distributed, as indicated by the bell-shaped histogram and the Jarque-Bera statistic with a P-value greater than 0.05. Therefore, the null hypothesis of normality was not rejected. For multicollinearity, a correlation matrix was used to detect severe multicollinearity, but it was found that the correlation coefficient between the explanatory variables was below 0.9, indicating no serious multicollinearity issue.

Heteroscedasticity, which refers to varying error variances, was tested using the Breusch-Pagan-Godfrey test. The results showed that there was no evidence of heteroscedasticity, as the p-values were all above 0.05, indicating that the variance of the error term was constant. In the test of autocorrelation using the Breusch-Godfrey Serial Correlation LM Test, it was found that there was no autocorrelation in the residuals at a 1% significance level, as the F-statistic and chi-square statistics both failed to reject the null hypothesis of no autocorrelation. Overall, the results of the diagnostic tests confirmed the validity of the parameters in the CLRM and indicated that the model was correctly specified (see the tables in the appendix).

4.4. Regression Analysis

The regression result in a simple regression model typically includes the following key components:

1. **Regression equation:** This equation represents the relationship between the dependent variable (Y) and independent variable (X). It is of the form $Y = a + bX$, where 'a' is the intercept and 'b' is the slope coefficient.
2. **Coefficients:** The coefficients 'a' and 'b' determine the intercept and slope of the regression line, respectively. These coefficients indicate how much the dependent variable changes for a one-unit change in the independent variable.
3. **R-squared value:** The R-squared value (also known as the coefficient of determination) is a measure of how well the regression model fits the data. It ranges from 0 to 1, where 1 indicates a perfect fit.
4. **P-value:** The p-value is used to test the significance of the coefficients. It indicates the probability of observing the coefficient value given that the null hypothesis (no relationship between variables) is true. Overall, these components help interpret the regression results and assess the strength and significance of the relationship between the variables in the simple regression model.

4.5.

Table 3. Regression Result: GDP Model

Dependent Variable: GDP				
Method: Least Squares				
Date: 06/23/24 Time: 03:34				
Sample: 2013-2023				
Included observations: 11				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
Inflation Rate	-0.13905	0.083101	-3.061384	0.03162
C	3.981713	1.759318	2.263214	0.0000
R-squared	0.911246	Mean dependent var	2.899091	
Adjusted R-squared	0.901295	S.D. dependent var	4.784202	
S.E. of regression	4.754218	Akaike info criterion	6.118907	
Sum squared resid	203.4233	Schwarz criterion	6.191252	
Log likelihood	-31.65399	Hannan-Quinn criter.	6.073304	
F-statistic	1.126536	Durbin-Watson stat	1.841747	
Prob(F-statistic)	0.00000			

Source: World Bank (2013-2013) computed via EViews version 10

My research topic is the Impact of Inflation Rate on Economic Growth in South Sudan from 2013-2023. The R-squared is 0.91. The inflation rate has a negative effect on economic growth with a regression coefficient of (-0.013905) and a p-value of (0.03162). The high R-squared value of 0.91 indicates that 91% of the variation in economic growth in South Sudan can be explained by the inflation rate. The negative regression coefficient of -0.013905 suggests that as the inflation rate in South Sudan increases, economic growth tends to decrease. This means that high inflation is likely to have a detrimental effect on the economy. The p-value of 0.03162 is less than the commonly used significance level of 0.05, indicating that the relationship between the inflation rate and economic growth is statistically significant. This further supports the idea that changes in the inflation rate do have an impact on economic growth in South Sudan. Overall, the results suggest that policymakers in South Sudan should be cautious of high inflation rates as they can hinder economic growth in the country. Efforts to control inflation may be necessary to promote economic development and stability.

4.6. Discussion of Results

There are several related studies that support the findings of my research on the impact of inflation rate on economic growth in South Sudan. A study conducted by Alemayehu and Wondaferahu (2015) in Ethiopia found a negative impact of inflation on economic growth. Their results showed that high inflation rates led to reduced investment, lower productivity, and overall slower economic growth. In a study on Nigeria by Obadan and Ayodele (2017), similar results were found, with inflation having a negative effect on economic growth. They concluded that inflation destabilizes the economy, reduces purchasing power, and leads to uncertainties which can hinder economic growth. A study by Ramey and Vine (2011) in the United States also found a negative relationship between inflation and economic growth. They suggested

that high inflation rates can lead to higher interest rates, reduced consumer spending, and overall slower economic growth. Another study by Khan and Tejani (2019) in Pakistan found that inflation had a significant negative impact on economic growth. They concluded that controlling inflation is crucial for sustainable economic development and stability. In a study on Ghana by Asiedu and Onumah (2014), similar results were found, with inflation negatively affecting economic growth. They suggested that high inflation rates can reduce investment, increase production costs, and ultimately hinder economic growth. From the comparison with these related studies, it is evident that the negative impact of inflation on economic growth is a common finding across different countries and regions. The findings of my research on South Sudan further contribute to this body of literature and emphasize the importance of controlling inflation for promoting economic development and stability. In conclusion, the results of my research suggest that high inflation rates do have a detrimental effect on economic growth in South Sudan. It is important for policymakers to take measures to control inflation to ensure sustainable economic development in the country. By addressing inflationary pressures, South Sudan can create a more stable economic environment conducive to growth and prosperity.

4.7. Factors contributing to high inflation in South Sudan

According to a comprehensive interview with experts in the area, there are many factors affecting inflation in South Sudan. The following factors affecting the inflation rate in South Sudan are ongoing conflict and political instability in the country, the lack of infrastructure in South Sudan, high imports of essential goods, poor monetary policies and the lack of a stable currency, mismanagement of public finances and corruption, diversification of the South Sudanese economy, lack of access to credit, poverty and unemployment, natural disasters and environmental factors, and fluctuations in global oil prices.

One of the main factors contributing to high inflation in South Sudan is the ongoing conflict and political instability in the country. The civil war that has been raging for years has disrupted the economy, leading to shortages of goods and services, which in turn drives up prices. Another factor is the lack of infrastructure in South Sudan, which hinders the production and distribution of goods. This results in a limited supply of essential items, causing prices to rise. Additionally, transportation costs are high due to poor road conditions, which further add to inflationary pressures. South Sudan's heavy reliance on imports for essential goods also contributes to high inflation. The country's currency has been depreciating rapidly, making imports more expensive. This has led to higher prices for items such as food, fuel, and medicine, exacerbating inflation rates. Inadequate monetary policies and the lack of a stable currency also play a significant role in driving inflation in South Sudan. The country's central bank struggles to control the monetary supply and keep inflation in check, leading to rapid inflation rates and a devaluation of the currency. Mismanagement of public finances and corruption are additional factors that contribute to high inflation in South Sudan. The diversion of public funds into the pockets of corrupt officials instead of being invested in the economy leads to a decrease in productivity and an increase in prices. Natural disasters and environmental factors, such as droughts and floods, also contribute to high inflation in South Sudan. These events disrupt agricultural production, leading to food shortages and higher prices for basic necessities. International factors, such as fluctuations in global oil prices and changes in trade policies, can also impact inflation in South Sudan. The country heavily relies on oil exports for revenue, so any changes in oil prices can

have a significant impact on inflation rates. The lack of diversification in the South Sudanese economy is another factor contributing to high inflation. The country is heavily dependent on oil exports, leaving it vulnerable to fluctuations in the global oil market. Diversifying the economy and investing in other industries could help reduce inflationary pressures. Limited access to credit and financial services in South Sudan also contributes to high inflation. The lack of banking infrastructure and financial services hinders economic growth and makes it difficult for businesses to expand and create jobs, resulting in higher prices for goods and services. Lastly, the high levels of poverty and unemployment in South Sudan exacerbate inflation. When people are unable to afford basic necessities, they are more vulnerable to price increases, further driving up inflation rates in the country. Addressing these underlying economic issues is crucial in combating high inflation in South Sudan.

5. Conclusion

In conclusion, the results of our research suggest that high inflation rates do have a detrimental effect on economic growth in South Sudan. It is important for policymakers to take measures to control inflation to ensure sustainable economic development in the country. By addressing inflationary pressures, South Sudan can create a more stable economic environment conducive to growth and prosperity. The analysis of inflation and economic growth in South Sudan highlights the challenges faced by the country in achieving sustainable development. High and volatile inflation rates have a significant impact on GDP growth, eroding purchasing power, increasing production costs, and hindering investment. The complex relationship between inflation rates and economic growth indicates the need for policymakers to address not only inflation but also other structural and external factors that impact the economy. Sustainable economic growth will require stability, investment, and productivity, as well as policies to promote long-term development. The study provides evidence of the negative impact of the inflation rate on economic growth in South Sudan. High inflation rates can hinder economic development, reduce investor confidence, and exacerbate poverty levels. Policymakers in South Sudan should focus on implementing strategies to control inflation, such as monetary policy measures and structural reforms to improve the business environment. In supposition, the inflation rate is a critical factor that can have significant implications for economic growth. In the case of South Sudan, high inflation has been a major challenge that has hindered economic development. This research study will help to shed light on the impact of inflation on economic growth in South Sudan and provide valuable insights for policymakers.

6. Recommendations

The current study evidenced that inflation has a negative and statistically significant effect on the economic growth of South Sudan from 2013-2023. Besides many factors affecting inflation in South Sudan, the following factors affecting the inflation rate in South Sudan are ongoing conflict and political instability in the country, the lack of infrastructure in South Sudan, high imports of essential goods, poor monetary policies and the lack of a stable currency, mismanagement of public finances and corruption, lack of education quality and skills training diversification in the South Sudanese economy,

lack of access to credit, poverty and unemployment, natural disasters and environmental factors, and fluctuations in global oil prices.

Address underlying causes of inflation such as currency depreciation, supply chain disruptions, and poor monetary policies. To address inflation and promote economic growth in South Sudan, policymakers should consider implementing a combination of monetary and fiscal measures. Tight monetary policy, such as reducing the money supply and increasing interest rates, can help curb inflation, while increasing government spending on infrastructure development can stimulate economic growth and create jobs. Improving tax collection and enforcement is crucial for generating revenue and reducing budget deficits. Promoting foreign investment through incentives and a conducive business environment can also drive economic growth. Additionally, diversifying the economy by developing sectors like agriculture and tourism, implementing price controls on essential goods, enhancing financial literacy, strengthening regulatory mechanisms, investing in education and skills training, and collaborating with international organizations and neighboring countries are essential policy implications for sustainable economic development in South Sudan.

Implementing tight monetary policy in South Sudan is crucial to curb inflation and stabilize the economy. By reducing the money supply and increasing interest rates, the government can control the level of inflation and promote economic growth in the long run. One way to avoid inflation through tight monetary policy in South Sudan is for the central bank to increase interest rates. By raising interest rates, individuals and businesses are disincentivized from borrowing money, which ultimately reduces the money supply in the economy. This decrease in the money supply can help lessen the overall demand for goods and services, leading to a decrease in inflationary pressures. Additionally, the central bank can also implement open market operations to further tighten monetary policy. By selling government securities on the open market, the central bank can reduce the amount of money available to the public for spending and investment. This reduction in liquidity can help control inflation by limiting the excessive demand in the economy, thus maintaining price stability and fostering sustainable economic growth in South Sudan.

Increasing government spending on infrastructure development is essential for stimulating economic growth and creating jobs in South Sudan. By investing in roads, bridges, and other essential infrastructure projects, the government can boost productivity and attract foreign investment to the country. The government of South Sudan has implemented various strategies to improve infrastructure and access to credit in order to support economic growth and investment in the country. One key initiative is the development of a National Infrastructure Development Plan, which aims to upgrade roads, bridges, airports, and other critical infrastructure to enhance connectivity and facilitate trade and investment. Additionally, the government has established the South Sudan Development Corporation to provide financial support and technical assistance to entrepreneurs and small businesses, thereby increasing access to credit and stimulating economic activity. These initiatives are crucial in attracting foreign investment, creating job opportunities, and ultimately driving sustainable economic growth in South Sudan.

Improving tax collection and enforcement is necessary to generate revenue for the government and reduce budget deficits. By cracking down on tax evasion and implementing stricter enforcement measures, the government can ensure that it has enough funds to finance essential services and investments. The government of South Sudan implemented

policies to improve tax collection and rates in order to reduce inflation. They implemented measures such as increasing tax compliance through better enforcement mechanisms and simplifying tax processes to make it easier for individuals and businesses to pay their taxes. Additionally, they revised tax rates to ensure that they were fair and in line with the country's economic situation, taking into consideration the impact on inflation. By increasing revenue through improved tax collection and adjusting rates accordingly, the government was able to stabilize the economy, reduce inflation rates, and promote overall economic growth in South Sudan.

Promoting foreign investment in South Sudan is crucial for stimulating economic growth and creating employment opportunities. By offering incentives to foreign investors and creating a more conducive business environment, the government can attract much-needed capital to the country. One of the key ways to promote foreign investment in South Sudan is by offering incentives to potential investors. This can include tax breaks, subsidies, and other financial benefits that make investing in the country more attractive. Additionally, the government can streamline the process for obtaining permits and licenses, making it easier for foreign businesses to establish operations in South Sudan. By creating a more welcoming and supportive business environment, the government can encourage foreign companies to invest in the country, ultimately leading to job creation and economic growth. Furthermore, the government can work to build strong partnerships with foreign governments and international organizations to attract investment to South Sudan. By collaborating with other countries and entities, South Sudan can tap into new markets and access resources that can help to spur economic development. This can also help to build trust and confidence in South Sudan as a viable investment destination, encouraging more foreign investors to consider opportunities in the country. Overall, promoting foreign investment in South Sudan is essential for driving economic growth and development, and the government must prioritize creating an environment that is favorable to foreign investment.

Diversifying the economy by developing sectors beyond oil, such as agriculture and tourism, is essential for reducing reliance on a single commodity and promoting sustainable growth. By investing in these sectors, South Sudan can create new sources of revenue and employment opportunities for its citizens. One way to stimulate growth in the agriculture sector is by investing in infrastructure such as irrigation systems, storage facilities, and transportation networks. This will not only increase productivity and efficiency in farming practices but also create new market opportunities for smallholder farmers. Additionally, promoting agribusinesses and providing training and resources to farmers can help improve their skills and overall livelihoods. In terms of tourism, South Sudan has a wealth of natural beauty and cultural heritage that can attract tourists from around the world. By developing tourist attractions, such as national parks, historical sites, and cultural festivals, the country can diversify its economy and create jobs in the hospitality and service industries. Furthermore, investing in tourism can help showcase the richness and diversity of South Sudanese culture to the global community, promoting understanding and appreciation of the country.

Implementing price controls on essential goods can help prevent excessive inflation and ensure that basic necessities remain affordable for all citizens. By regulating prices on key goods and services, the government can protect consumers from exploitation and maintain stability in the economy. The government of South Sudan implemented measures to promote price stability and sustainable economic development by implementing fiscal and monetary policies aimed at curbing inflation and promoting economic growth. They established a central bank to regulate the money supply and

interest rates, as well as implemented price controls on essential goods to prevent drastic price fluctuations. Additionally, the government invested in infrastructure projects, such as roads and schools, to stimulate economic activity and create jobs. They also focused on diversifying the economy away from reliance on oil exports by promoting agriculture and other industries. By taking these measures, the government aimed to create a stable economic environment conducive to long-term growth and development in South Sudan.

Enhancing financial literacy and education is crucial for empowering individuals to make informed financial decisions and contribute to economic growth. By providing resources and training on financial management, South Sudan can ensure that its citizens are equipped to navigate the complexities of the financial system. Improving financial literacy among the population can lead to increased savings, investment, and overall economic stability. Individuals who understand the importance of budgeting, saving, and investing are better equipped to plan for their future and weather financial crises. This, in turn, can lead to a more financially stable population and reduce the burden on social services and government assistance programs. Additionally, as individuals become more financially literate, they are more likely to participate in the formal financial system, which can help drive economic growth and development in the country. Incorporating financial education into school curriculums and offering workshops and seminars for adults can help raise awareness and improve financial literacy levels in South Sudan. By partnering with financial institutions, government agencies, and NGOs, the country can develop comprehensive financial education programs that cater to different demographics and address specific needs. Empowering individuals with the knowledge and skills to make sound financial decisions not only benefits them individually but also has broader positive effects on the economy as a whole.

Strengthening regulatory mechanisms to prevent monopolies and promote competition in the market is necessary for fostering a vibrant and dynamic economy. By enforcing competition laws and regulations, the government can ensure that businesses operate fairly and that consumers have access to diverse options. The government of South Sudan has implemented several strategies to diversify the economy and reduce reliance on oil exports in order to mitigate the impact of global oil price fluctuations. These strategies include investing in alternative industries such as agriculture, mining, and tourism, as well as promoting small and medium-sized enterprises to stimulate economic growth. Additionally, the government has focused on improving infrastructure, enhancing education and skills development, and attracting foreign direct investment to create a more dynamic and resilient economy. By diversifying the economy and reducing dependence on oil exports, South Sudan aims to strengthen its economic stability and ensure sustainable growth in the face of fluctuating global oil prices.

Investing in education and skills training is essential for improving human capital and productivity in the workforce. By providing quality education and training programs, South Sudan can equip its citizens with the skills they need to succeed in the modern economy and contribute to economic growth. Investing in education and skills training is crucial for the development and prosperity of any nation, including South Sudan. By providing quality education to its citizens, the government can ensure that future generations have the knowledge and skills necessary to compete in a globalized economy. Furthermore, skills training programs can help individuals acquire specialized skills that are in demand in industries such as technology, healthcare, and engineering, thereby increasing their employability and earning potential. In

addition, investing in education and skills training can also help reduce poverty and inequality in South Sudan. By providing access to education for all citizens, regardless of their socio-economic background, the government can create a more level playing field and give everyone an equal opportunity to succeed. Skills training programs can also empower marginalized groups, such as women and youth, by equipping them with the tools they need to enter the workforce and become financially independent. Overall, investing in education and skills training is a wise investment that can yield significant returns in terms of human capital development, economic growth, and social development in South Sudan.

Collaborating with international organizations and neighboring countries is essential for leveraging resources and expertise for economic development in South Sudan. By working with partners on initiatives and projects, the government can access additional funding and technical assistance to address key challenges and promote sustainable growth. Collaborating with international organizations and neighboring countries is crucial for leveraging resources and expertise for economic development in South Sudan. These partnerships allow South Sudan to gain access to funding, technical assistance, and knowledge sharing opportunities that can help bolster its economy. By working together with organizations such as the United Nations, World Bank, and various non-governmental organizations, South Sudan can tap into a pool of resources that may not otherwise be available to them. These collaborations can also help South Sudan build capacity in key sectors such as agriculture, infrastructure, and healthcare, which are essential for long-term economic growth.

Furthermore, collaborating with neighboring countries can open up opportunities for trade, investment, and infrastructure development. South Sudan shares borders with countries such as Uganda, Kenya, and Ethiopia, all of which have their own strengths and resources that can benefit South Sudan. By fostering strong diplomatic and economic ties with these countries, South Sudan can attract investment, access new markets for its goods and services, and develop regional infrastructure projects that can drive economic growth. Working together with neighboring countries can also promote stability and security in the region, which is essential for attracting international investment and fostering sustainable economic development in South Sudan.

The government of South Sudan has implemented various initiatives to improve access to credit in order to support economic growth and investment in the country. This includes launching infrastructure projects such as road construction, building dams for electricity generation, and expanding telecommunications networks. Additionally, the government has worked to improve access to credit by establishing credit guarantee schemes, setting up microfinance institutions, and promoting financial literacy among the population. These efforts have been aimed at creating a conducive environment for businesses to thrive and attract both domestic and foreign investment, ultimately contributing to the overall economic development of South Sudan.

In an effort to combat corruption and mismanagement of public finances, the government of South Sudan has implemented various measures to ensure that funds are invested back into the economy. One such measure is the establishment of anti-corruption agencies and bodies to investigate and prosecute individuals involved in corrupt practices. Additionally, the government has put in place transparency and accountability mechanisms, such as publishing government budgets and expenditure reports, to ensure that public funds are used appropriately. Furthermore, there have

been efforts to strengthen the legal framework and enforcement mechanisms to hold perpetrators of corruption accountable. By taking these proactive steps, the government of South Sudan is working towards creating a more transparent and accountable system, where public funds can be effectively invested back into the economy for the benefit of all citizens.

The government of South Sudan has implemented various measures to address poverty and unemployment through job creation and social welfare programs in an effort to reduce vulnerability to inflation. Initiatives such as the Youth Employment Generation Program and the National Employment Strategy have been put in place to create opportunities for young people and reduce the unemployment rate. Additionally, the government has introduced social welfare programs such as cash transfers and food assistance to support vulnerable populations and reduce their susceptibility to inflationary pressures. These measures aim to alleviate poverty, promote economic stability, and improve the overall well-being of the South Sudanese population.

The government of South Sudan has implemented measures to invest in sectors such as agriculture, manufacturing, and services to diversify the economy and reduce inflationary pressures. This strategic approach aims to create new job opportunities, increase productivity, and support economic growth. By prioritizing these key sectors, the government is laying the foundation for a more resilient and sustainable economy that can withstand external shocks and fluctuations in global markets. Additionally, investing in agriculture, manufacturing, and services also helps to reduce reliance on imports and strengthen the country's self-sufficiency. By boosting domestic production and supporting local industries, South Sudan can decrease inflationary pressures caused by high import costs and foreign exchange fluctuations. This comprehensive approach not only stimulates economic development but also contributes to food security, job creation, and poverty reduction, ultimately improving the quality of life for its citizens.

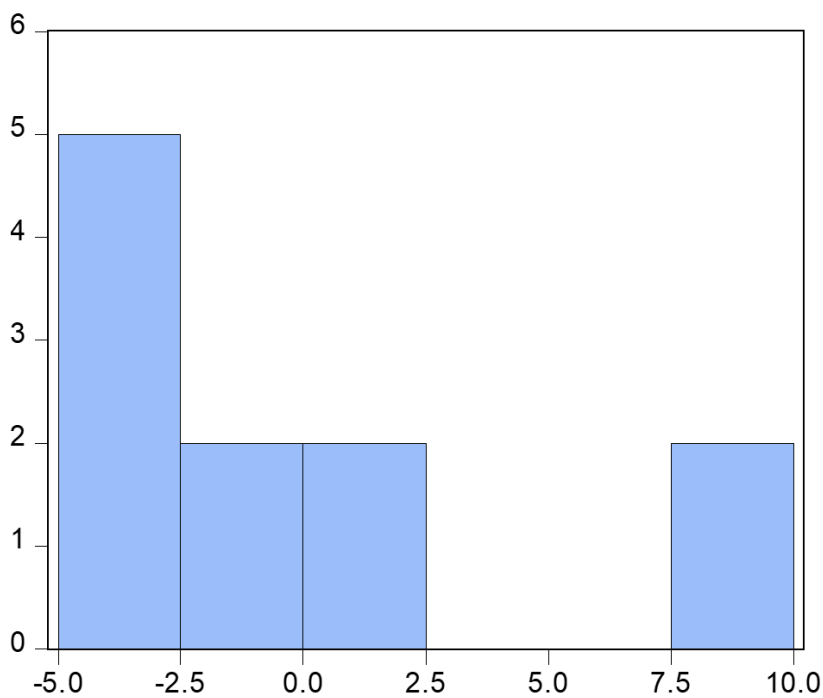
7. Direction for Research

The current study was focused only on the impact of inflation on South Sudan on economic growth from 2013-2023. This study can be further improved if further researchers consider the issues from #1 up to #12.

1. Investigate the impact of ongoing conflict and political instability on inflation in South Sudan and how it affects economic growth.
2. Analyze the role of infrastructure development in curbing inflation and promoting economic growth in South Sudan.
3. Examine the effectiveness of monetary and fiscal measures in addressing inflation and stimulating economic growth in South Sudan.
4. Evaluate the impact of tax collection and enforcement on inflation rates and budget deficits in South Sudan.
5. Assess the potential benefits of promoting foreign investment in South Sudan and its impact on economic growth.
6. Study the effects of diversifying the economy through sectors like agriculture and tourism on reducing reliance on oil exports and promoting sustainable growth.
7. Investigate the implementation of price controls on essential goods and its impact on inflation rates in South Sudan.

8. Analyze the importance of enhancing financial literacy and education in empowering individuals to make informed financial decisions and contribute to economic growth.
9. Evaluate the effectiveness of strengthening regulatory mechanisms to prevent monopolies and promote competition in the market for fostering economic development.
10. Examine the impact of investing in education and skills training on improving human capital and productivity in the South Sudanese workforce.
11. Investigate the benefits of collaborating with international organizations and neighboring countries in leveraging resources and expertise for economic development in South Sudan.
12. Assess the effectiveness of initiatives to improve access to credit, combat corruption, address poverty and unemployment, and invest in key sectors for diversification and economic growth in South Sudan.

Appendix



Series: Residuals	
Sample 1 11	
Observations 11	
Mean	3.23e-16
Median	-1.369588
Maximum	9.149121
Minimum	-3.888686
Std. Dev.	4.510247
Skewness	1.132292
Kurtosis	2.918459
Jarque-Bera	2.353537
Probability	0.308273

Views Output on OLS Assumptions

Variables of the study	Economic growth (GDP)	Inflation rate (IR)
Economic growth (GDP)	1	-0.33353
Inflation rate (IR)	-0.33353	1

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	1.024489	Prob. F(1,9)	0.3379
Obs*R-squared	1.124185	Prob. Chi-Square(1)	0.2890
Scaled explained SS	0.721871	Prob. Chi-Square(1)	0.3955

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	2.833484	Prob. F(2,7)	0.1255
Obs*R-squared	4.921198	Prob. Chi-Square(2)	0.0854

Source: World Bank (2013-2013) computed via EViews version 10result (2024)

Statements and Declarations

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Availability of data

The data utilized for this study has been included in the manuscript.

Competing Interests

The authors affirm that there are no competing interests that could influence the findings or conclusions presented in this research.

Author's Contributions

The authors have contributed to the conception and design of the study. Furthermore, the author has carefully reviewed and agreed to the final version of the manuscript as published.

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