ABSTRACT

The study was carried out in order to establish whether taxation had an impact on FDI. Foreign direct investment in Kenya has seen somewhat strategize growth over the past years while taxation levels seemed to decline. It is with this in mind that this study sought to investigate the probable effect that taxation as a disincentive has on FDI. Data was collected from various government agencies that deal with either taxation or FDI. The taxes that were employee in the study include marginal effect tax rate. These stem from the formulation develops by Stapper 2010 and others.

The tool used to analyze the data was regression were in appropriate model was formed to find out the magnitude and direction of the impact of taxation on FDI. Sum of the marginal effective tax rates was considered the explanatory variable while FDI stocks were viewed as the independent variable in the model. In the study analysis carried out test were used including the Pearson correlation coefficient. The findings of the study observed taxation on foreign direct investment had a linear relationship within I the period 2005 – 2010. The marginal effective the rates showed a negative correlation on FDI. The study suggested that FDI in Kenya showed a great deal of sensitivity to the tax regime.
ABSTRACT

The purpose of this study to assess the impact of rabbit rearing on income generation among farmers in Gatanga District in ---County. The study specifically intends to establish the effect of the method of rabbit rearing, breeds of rabbit, the number of rabbits and rabbit rearing on income generation among the farmers. The study will cover all the… divisions in the district where the respondents will be drawn from the various locations within the district.

The will adopt randomly sampling where the researchers will purposely pick on rabbit farmers from the villages within the selected locations. As such the sample size for the study will be 120 farmers who will be identified by the village elders registered at the chief camps. The data for the study is mainly primary where interviews will be held to the selected farmers. Then data obtained will be analyzed by the use of various computer softwares e.g SPSS, Excel, and MS word for where the output will be presented in form of tables, charts and prose for interpretation, discussion and conclusion of the study.
Abstract

This paper investigates the determinants of poverty in Kiambu County. It uses household level data from 800 households in Kiambu County. The data is collected during the 2005-2006 period by the Kenya Integrated Household Budget Survey.

This study uses the probit model to derive determinants of poverty using stata software. The study found out household size, infrastructure (common road surface used as a proxy for infrastructure) and level of education are the major determinants of poverty in Kiambu County. This study proposes promotion of University education, infrastructure development and use of birth control methods as policy recommendations in the alleviation of poverty in Kiambu County.
ABSTRACT.

This paper attempts to determine the role of monetary policy in maintaining price stability in the Kenyan market.

The study employs the study employed correlational research design. The study used time series empirical data on the variables to describe and examine the effectiveness of monetary policy tools in maintaining price stability in Kenya by establishing correlation coefficients between the inflation and the monetary policy tools. The study used secondary data on the Consumer Price Index for inflation, 91-day Treasury bill rate, exchange rate, money supply (M3) and interest rates. The analyses entailed the computation of the various coefficients of Correlation denoted as ‘β’ in the model to determine the effectiveness of monetary policy tools in maintaining price stability in Kenya.
UNIVERSITY OF NAIROBI
SCHOOL OF ECONOMICS
RESEARCH PAPER

THE RELATIONSHIP BETWEEN FOOD PRODUCTION
AND ADOPTION OF MODERN METHODS OF
FARMING IN KENYA: A CASE FOR MAIZE

A PROJECT PAPER SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS
OF THE DEGREE OF BACHELOR OF ECONOMICS AND BACHELOR OF ECONOMICS
AND STATISTICS AT THE UNIVERSITY OF NAIROBI

May 2013
ABSTRACT

Sustainable agricultural growth is critical to uplifting the living standards of the people as well as generating rapid economic growth. However in spite of the importance of the agricultural sector, farming in Kenya has for many years been predominantly small scale, rain fed and poorly mechanized. In addition, institutional support and infrastructure have been inadequate. Poverty and food insecurity remain concentrated in the rural areas among low-income agriculturalists (particularly female-headed households), those who work on other people’s farms (agro-laborers) and marginal livelihood groups. Such challenges point to the need for targeted interventions that can improve production for resource-poor farmers and improve food security. Maize as the staple food in Kenya contributes significantly to food security. It is the most important cereal grain and it comes in different forms; green, milled or dry grain form. Maize production has increased in the recent past mainly attributed to improved access to fertilizer, maize seed, mechanization services and improved delivery of extension services to farmers.

The purpose of this study is to identify the relationship between food production and the adoption of modern methods of farming. The study uses maize production and use of fertilizer as a proxy for food production and adoption of modern farming techniques respectively. The research also assessed the direction and magnitude of changes in maize of production in Kenya.

We developed a regression model to analyze this relationship. We used maize output as our dependent variable and fertilizer consumed certified maize seeds and land allocated to maize production as the independent variable. In the course of our investigation we found out that the most significant independent variable remained as the amount of fertilizer consumed in metric tonnes. From our analysis this relationship is positive and fertilizer use has an incremental effect on maize production in Kenya.

Therefore the Government of Kenya should put measures to ensure the use of fertilizers in maize production is increased. This will translate to an increase in maize production in the country and thereby enhance food security and poverty reduction in the rural areas.
ABSTRACT

The fundamental objective of this study is to assess the impact of microfinance on small and medium enterprises (SMEs) in rural Kenya. Microfinance is a term used by many in different domains to fight poverty. Poverty is a syndrome that is affecting the developing countries and especially in sub Saharan Africa. This research is focused on three specific objectives: The first of them is to investigate whether micro finance institutions help its customers in developing their small or medium size businesses. The second aim is to find out whether rural SMEs can secure micro-financing with ease and on reasonable terms. Lastly, to determine if there are underlying factors, such as size of operation, securable wealth, or gender of application, is a factor in getting a loan. The micro finance institutions play a major role in accessing credit to those who cannot easily access credit from the commercial banks. This study sought to investigate the extent to which micro finance institutions in Kenya have been able to avail credit to the small scale enterprises in rural areas.

The study utilized the secondary sources of data focused on rural microfinance institutions, targeting the small scale entrepreneurs who receive services from the micro enterprises. The study sought to identify the microfinance policies that guide the lending to small scale agricultural enterprises. To assess the extent to which the micro finance practices influence small scale enterprises in the agricultural sector to invest in technology acquisitions: To analyze the effect of micro finance institutions policies in enhancing the acquisition of technological skills: To analyze the types of technologies employed by small scale entrepreneurs who have received loans from micro finance institutions.

The study found that some of the microfinance institutions have an extensive network which has been able to reach the very remote areas of rural Kenya. Other micro finance institutions have limited network and hence only accesses their services to some rural areas only. The study found that the group model which is used by some microfinance institutions is very effective in accessing microfinance services to the rural areas.

The study recommends that microfinance institutions should put more emphasis financing small scale enterprises in the rural areas which are engaged in production and manufacturing. The study recommends the use of the group model especially for the small scale entrepreneurs who wish to borrow for the first time and those who are credit averse. Training was found to be highly effective in making the small scale entrepreneurs better in the management of loaned funds and other services provided by microfinance institutions. The study therefore recommends that micro finance institutions should intensify training for the small scale entrepreneurs to make them more effective in managing funds loaned. Finally the study recommends that microfinance institutions should do more to reach the many unbanked Kenyans in the rural area.
UNIVERSITY OF NAIROBI
SCHOOL OF ECONOMICS
BACHELOR OF ECONOMICS AND STATISTICS
RESEARCH PAPER
XET 402

GROUP MEMBERS: 0714 213 594/0731 569 800
MARK OPANGA ONYANGO
OWITI TEDIUS MARK
MUTUVA JOY NDUKU
OUMA BRIAN OMONDI

X75/35062/2010
X75/32683/2010
X74/28065/2009
X75/32858/2010

RESEARCH TITLE
IMPACT OF TEENAGE PREMARITAL FERTILITY AND HIV/AIDS, ON
EDUCATION IN KENYA
ABSTRACT

This paper examines perspectives on teenage fertility and HIV and AIDS in Kenya using data from Kenya Demographic and Health Survey (KDHS) conducted in Kenya for the period 13th November 2008 to late February 2009 on never married female teenagers. We show that the average educational level of teenagers in different parts of the country has a significant effect on woman birth rates. According to the analysis, average fertility for teenagers in Kenya would decline if education were expanded to relatively high level. This finding illustrates that, there is a need to consider educational level to assess teenage pregnancy and school drop outs.

The paper also examines the impact of HIV and AIDS. We show that teenagers with low educational level lack knowledge of HIV and AIDS prevalence. Educational level should be considered for assessment of HIV and AIDS prevalence.
ABSTRACT

This study was designed to examine the relationship between dividends and share prices. Apart from investigating the underlying relationship between the company's share price and dividends, the study also purposed to establish whether investors made decisions to or not to invest in the stock market based purely on the payment of dividends. The study focused on randomly selected companies at the Nairobi Securities Exchange (NSE). A Stratified Sampling Method was used in the selection of the companies analyzed because of the segmentation of the market. Nation Media Group, Centum Investment, Car & General, Total Kenya, East African Breweries and Kakuzi Limited were used for the study. A Multiple Linear Regression Analysis model was used on a Time Series Data with Share Prices as the dependent variable whilst the independent variable was Dividends per Share. The control variables included; Current Ratio, Earnings per Share and Return on Equity. The results showed that Dividends per Share was significant in explaining Share Price with over 80% correlation between the two for Nation Media Group, Centum Investment and East Africa Breweries Limited. It is thus recommended that firms roll out a favorable dividend policy that will ensure continuous payment of dividends which will enhance the market share price, promoting the overall performance of the company.
ABSTRACT

Child mortality has not only been the problem of developing countries but also a problem among the developed nations. Attainment of equity in health care has been a source of major debate in the mainstream media between different parties advocating for different policy measures. This paper examines the impact of income inequality on child mortality using regression model that specifies income inequality (measured by Gini coefficient), GDP per capita and adult literacy as the main variables. Secondary panel data on individuals and households information is obtained from across 39 African countries using the Human Development Index (HDI) data of 2011. The findings of this paper indicate that income inequality is not a statistically significant cause of child mortality unlike income and adult literacy which impact significantly on child mortality.
ABSTRACT

Railway transport is the second most-used mode of transport after roads. It has been argued that the improvement of this mode of transport in Kenya would boost the economic performance of business enterprises. The study will examine the critical components of the Kenyan railway system as well as case study briefs on the regional and international scene.

The broad objective of the study is to assess the relevance of the railway transport system to the Kenyan economy. Furthermore, the study seeks to analyze the factors that contribute to the growth or decline of revenue in the railway sector in Kenya; to examine the impact of commercialization of railway systems in Kenya; and to propose recommendations that will help improve the railway situation in Kenya.

This study is expected to add to the existing knowledge. Moreover, it aims at value addition to the already existing information on the Kenyan railway system. The study is grounded on the comparative advantage theory. Secondary data will be collected from select key organizations, institutions and departments including the Kenya Railways Corporation headquarters, Rift Valley Railways among others. The purpose of visiting these organizations will be to obtain key data and information on the railway system in Kenya.

The study will apply multiple linear regression technique to analyze the study model with response variable as the total revenue and volume of the cargo, number of passengers and number of operational trains as the explanatory variables.

The findings of the study seek to determine whether railways system is relevant to the Kenyan economy. In conclusion, this study sets out to assess the progress that has been made in the railway sector and the role that this sector plays in the realization of the economic goals of Vision 2030.
UNIVERSITY OF NAIROBI
SCHOOL OF ECONOMICS

UNIT NAME: RESEARCH PAPER
UNIT CODE: XEA 402
SUPERVISOR: DR. BETHUEL KINYANJUI

RESEARCH TOPIC:
EFFECT OF ELECTIONS ON ECONOMIC GROWTH WITH RESPECT TO FOREIGN DIRECT INVESTMENTS AND NET EXPORTS: EVIDENCE FROM KENYA (1970-2011)

GROUP MEMBERS:

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Research Paper Submitted to the School of Economics in Conformity with the Requirement for Award of Degree in Bachelor of Economics (and Statistics) at The University of Nairobi-2013
ABSTRACT

The aim of this study was to investigate the effect of elections on economic growth with respect to foreign direct investments and net exports in Kenya for the period 1970-2011. The study was guided by the following objectives: To find out whether there is a significant difference in GDP during general election years and GDP in non-election years in Kenya as influenced by fluctuations in FDI and Net Exports, to find out the effect of FDI and Net Exports on GDP in Kenya and to find out the effect of general election on GDP with respect to FDI and Net Exports in Kenya.

Ordinary Least Squares Method was used in this study. The study showed that there was no significant difference in GDP in Kenya in election and non-election years. This study also indicated that FDI has no significant effect on GDP in Kenya but Net exports, on the other hand, has a significant contribution to GDP in Kenya.

Key Words: Gross Domestic product, Foreign Direct Investment and Net exports
TOPIC: Determinants of Poverty in Urban Slums: A Case Study of Kibera

Group final draft

Submitted in partial fulfilment of the requirements for the final year research project of the bachelor of economics degree

University Of Nairobi

Research Paper

Course code XEA 402

School Of Economics

May 2013
ABSTRACT

Poverty is a main concern in many developing countries. It is characterised by hunger, malnutrition, great morbidity, poor access to basic sanitation and minimum health services. The situation is more complicated in urban areas where there is overcrowding and pollution. The poverty picture in Kenya has not changed despite the many researches that have been carried out to study the determinants of poverty. However, total alleviation of poverty can only be achieved if the root causes of poverty are singled out and addressed.

To estimate the effect on the hypothesised determinants on consumption expenditure (indicator of poverty), we used a regression model. To estimate the dependent and independent variable in the regression model, questionnaires were administered to 40 households in Kibera. The findings revealed that gender, number of household members, on the job training, remuneration and inheritance were significant while age, education, number of earners in the household and years of residence in Nairobi were insignificant.
ABSTRACT

In economic literature, inflation is a rise in the general level of prices of goods and services in an economy over a period of time. When the general price level rises, each unit of the functional currency buys fewer goods and services. Consequently, inflation is a decline in the real value of money (a loss in the purchasing power in the internal medium of exchange). Economists generally agree that high rates of inflation and hyperinflation are caused by an excessive growth of the money supply. Views on factors that determine low to moderate levels of inflation are more varied.

Inflation in Kenya has been rising steadily over the last two years. Inflation trends in Kenya are measured by movements in the Consumer Price Index. The index measures price levels of a basket of goods. Food and fuel price movements accounts for 32% of index movement.

Economists have attributed this increase in inflation to increased access to credit by private sector. This has fuelled demand for goods and services in the economy. Over the past few years, many financial consumers in Kenya have been enjoying ease of credit. Many financial institutions have become less stringent on the prerequisites of acquiring credit. Therefore many small-scale entities are accessing credit more readily.

In this paper, we analyze inflation trends in Kenya during this period of aggressive growth of private sector credit.
UNIVERSITY OF NAIROBI

SCHOOL OF ECONOMICS

EFFECTS OF POPULATION ON SMALL SCALE AGRICULTURAL PRODUCTIVITY

SUBMITTED BY:

MWANGI SAMUEL KABIU X75/3754/2009
KIMANI JOHN CHEGE X74/3738/2009
GACHIE SAMUEL KABUE X75/3753/2009
NJOROGE LEONARD MWANGI X75/3840/2009
NDUNG’U DAVID KAMANDE X75/3791/2009

AUGUST, 2013
Abstract

This research proposal looks at the extent to which high population density mainly in the rural Kenya has affected small scale agricultural production. Using data from several sources and applying econometric techniques we are able to determine how increase in population has affected farming activity and more specifically farm productivity. Normally productivity in agriculture rises with rise in population density up to 600-650 people per km², beyond this level, productivity starts to decline. This study concludes that various policies ought to be put in place to arrest this situation in order to guarantee improved productivity in the future.
THE FACTORS AFFECTING OPERATIONAL SUSTAINABILITY OF MICROFINANCE INSTITUTIONS

SUPERVISOR: DR. ODHIAMBO SULE
DONE BY:

1. GACHOBE JAMES MAINA X75/1341/2008
2. NGATIA PETRONILLA NJERI X75/3762/2009
3. WATHO STEPHEN KIMWELI X74/3712/2009
4. OGOLA NICODEMUS OCHIENG X74/4022/2009
5. WANJOHI DORRIS WAITHIRA X74/3686/2009

A Research Paper submitted in partial fulfillment of the Requirements for the award of Bachelor of Economics and Bachelor of Economics and Statistics degree,
School of Economics, University of Nairobi

2013
ABSTRACT

It is a fact that about 4 billion people in the world live on less than US$2 per day. Despite this fact, poverty is still a major problem prevailing in today’s world. In the recent past there has been a tremendous growth of Microfinance institutions. Many poor people have therefore been able to access formal financial services through microfinance programs. Nevertheless a majority of potential clients still remain unserved and demand for financial programs remains a formidable challenge. This paper attempts to find out the factors that determine sustainability of microfinance institutions in Kenya and thereafter propose a way forward to achieving microfinance sustainability. The financial data of microfinance institutions from Kenya show that the return on assets and return on equity are the main factors which affect the sustainability of micro-finance institutions. The study was guided by the main objective which was to establish the factors that determines the sustainability of micro finance institutions in Kenya.

Microfinance is a term often applied to refer to small-scale financial services such as credit, savings and insurance among others. It is a tool that has been used overtime to alleviate poverty among the poor in developing countries. The microfinance industry has various players ranging from formal and regulated enterprises to informal MFIs.

A descriptive research study was used in this study and the model is a two-variable regression model. The data was obtained from the Central Bank of Kenya (Researchstat@cbk.go.ke). The findings of the study was that the two variables-ROA and ROE indeed had a significant effect on the sustainability of MFIs.
ABSTRACT

Sustainable agricultural growth is critical to uplifting the living standards of the people as well as generating rapid economic growth. However, in spite of the importance of the agricultural sector, farming in Kenya has for many years been predominantly small scale, rain fed and poorly mechanized. In addition, institutional support and infrastructure have been inadequate. Poverty and food insecurity remain concentrated in the rural areas among low-income agriculturalists (particularly female-headed households), those who work on other people’s farms (agro-laborers) and marginal livelihood groups. Such challenges point to the need for targeted interventions that can improve production for resource-poor farmers and improve food security. Maize as the staple food in Kenya contributes significantly to food security. It is the most important cereal grain and it comes in different forms; green, milled or dry grain form. Maize production has increased in the recent past mainly attributed to improved access to fertilizer, maize seed, mechanization services and improved delivery of extension services to farmers.

The purpose of this study is to identify the relationship between food production and the adoption of modern methods of farming. The study uses maize production and use of fertilizer as a proxy for food production and adoption of modern farming techniques respectively. The research also assessed the direction and magnitude of changes in maize of production in Kenya.

We developed a regression model to analyze this relationship. We used maize output as our dependent variable and fertilizer consumed certified maize seeds and land allocated to maize production as the independent variable. In the course of our investigation we found out that the most significant independent variable remained as the amount of fertilizer consumed in metric tonnes. From our analysis this relationship is positive and fertilizer use has an incremental effect on maize production in Kenya.

Therefore the Government of Kenya should put measures to ensure the use of fertilizers in maize production is increased. This will translate to an increase in maize production in the country and thereby enhance food security and poverty reduction in the rural areas.
ABSTRACT

The purpose of this study is to determine how oil supply shocks affect interest rate. The study also tries to find out how the Central Bank of Kenya has responded in the past to issues concerning inflation arising from oil supply shocks. With Kenya experiencing shocks resulting from dramatic increase in oil prices, there is need to establish whether there is a solution to tackling these shocks. Thus attention shifts to the monetary authority in place. Oil supply shocks require appropriate monetary policies and the adoption of a flexible exchange rate regime to prevent emergence of unsustainable current account deficits.

We used secondary data obtained from Kenya’s official statistical publications. An econometric model was used where we did linear regression on the time series data using the GRETl programme. It was observed that there exists a long-run positive relationship between interest rates and price of diesel and an inverse relationship between monetary aggregate, exchange rates and the interest rates. From the study, we recommend Kenya to rely exclusively on the interest rate instrument as a pure instrument policy.