ABSTRACT

Chapter one begins by introducing the problem is there any impact of debt on growth. It is then followed by a background looking into SSA and specifically Kenya. A statement of the problem follows this. Objectives of the study is set down followed significance of the study.

The study employed simple linear regression line through ordinary least squares (OLS) Debt servicing to exports are use and debt to GDP ratios are used to test where the crowding out and debt over hang theories exist. The study comes into the conclusion that they exist. The paper looks in the period between 1990 to 2007.

Lastly there is a summary of the findings. A conclusion to the study has been given as well as the recommendations that help avert the problem of external debt.