ABSTRACT
Chapter 1 briefly introduces the factors that influence maize production in Kenya, which are; price of maize, credit availability and cost of inputs. This chapter highlights the major problem facing Kenya currently which is food shortage.

In chapter two, the research focuses on the cobweb theorem, which explains how prices and output interact in a market; the law of supply and demand is also described, the factors affecting maize production are discussed in details and some journals are also used.

Chapter 3 describes the method that will be used to analyze the data that was collected. Gretlis used in analyzing the data.

Chapter four shows the results of the model. This shows that the model is significant. The results show that there exists a relationship between the dependent variable, maize output and the independent variables; price to produce per Kg, credit available and cost of inputs

The last chapter describes some of the recommendations that can be used to improve maize production in Kenya.
ABSTRACT

This paper attempts to determine the market penetration of Islamic banks in the Kenyan market. It attempts to single out the effect of advertisements costs and shariah compliant products on the customer deposits.

The study employs semi-annually time series data of Customer Deposits, Number of shariah compliant products and advertisement costs from 2007 to 2012. The linkage between customer deposits, number of shariah compliant products and advertisement cost is modeled. Multiple regression analysis is then used to analyze the model so as to test for the causality between variables of interest. The results indicate that both the number of products and advertisement costs are positively associated with customer deposits. Possible explanations for this relationship are given.
ABSTRACT

Access to financial services has greatly improved with the years. Micro-credit has been considered as tool for socio-economic development and that of poverty reduction, which is usually every government’s aim.

This study investigates micro-credit as tool of poverty reduction and empowerment among women. The objectives of the study are to find out whether access to micro-credit by women reduces poverty and to investigate the factors affecting the impact of microcredit among women. This study’s hypothesis is to find out whether there is a positive relationship between access to microcredit by women and poverty reduction. It utilizes desktop review as the main methodology to provide the overview of the current status of microcredit.

There is a positive relationship between access to microcredit by women and poverty reduction and that microcredit is a relevant method of poverty reduction especially if it hinges on other factors in the market. It has been recommended that proper assessments be done on the factors affecting the impact of microcredit and corrective measures should be taken so as to establish proper frameworks towards provision of microcredit to the poor women clients.
UNIVERSITY OF NAIROBI

SCHOOL OF ECONOMICS

“IMPACT OF INTEREST RATES ON PRIVATE INVESTMENT IN KENYA” (1980-2010)

A RESEARCH PAPER: XEA 402

BY

OMBAKA SOSPETER OMONDI – X75/3868/2008 0729176945
OWINO ARTHUR OKETCH – X75/3870/2008 0729078191
MUTIE BONIFACE KIOKO – X75/3589/2008 0738480736
MUSYOKA CLEMENT MUTHAMA - X74/3724/2008 0723273853

This is a research paper submitted in partial fulfillment of the requirements for the degree of Bachelor of Economics and Bachelor of Economics and Statistics, University of Nairobi.

SUPERVISOR:

DR. OSORO

MAY 2012
ABSTRACT

Private investment in Kenya in real terms, as well as a ratio to Gross Domestic Product (GDP) has been falling in some periods of 1980-2010. Viewed against the background of growing evidence of a link between investment and economic growth, an inconsistent and downward trend in Kenya’s private investment is a matter of concern. The question of what determines private investment behaviour in Kenya therefore becomes an important one.

This paper investigates the impact of interest rates on private investment in Kenya over the period of 1980-2010. Variables are first tested for unit root using the Augmented Dickey-Fuller (1979) technique. The long run private investment equation is derived using the Granger Causality cointegration. The unit root test reveals that all the variables under investigation are I(1) and are cointegrated in the long-run. The results further indicate that in the long-run, real interest rates and external debt stocks have negative effect on private investments, whilst real GDP has a positive influence. The long-run model is further found to significant.
UNIVERSITY OF NAIROBI

NAME: HIUHU EVANS MUNYAGA

REG NO: X74/28129/2009

UNIT: RESEARCH PAPER

TOPIC: EFFECTS OF CORRUPTION ON ECONOMIC GROWTH IN KENYA

SUPERVISOR: MR. OCHORO

JEL:H:H8
ABSTRACT
This research paper empirically investigates the effects of corruption on economic growth in Kenya using ordinary least squares. After regression of the data using Gretel software I found out that corruption which is my key independent variable has a negative effect on economic growth while population growth has a negative effect on economic growth and government final consumption expenditure has a positive effect on economic growth.
ABSTRACT

The role of foreign direct investments in promoting economic growth has been the subject of much debate among development specialists, researchers, aid donors as well as recipients in general and Kenya in particular. In spite of this, there are only few studies that investigate the contributions of foreign direct investments to economic growth in Kenya. This study explores the relationship between foreign direct investments and economic growth in Kenya using data that spans from 2000 to 2009 and establishing through causal study if changes in one variable cause changes in the other. The results show that foreign direct investments significantly contribute to the level of economic growth. The findings imply that Kenya could enhance its economic growth by effectively managing funds from foreign aid and by strategically strengthening investment plans.
ABSTRACT

This study analyzes the effect of government debt on GDP in Kenya for the period 1981 to 2010, and gives policy recommendations on how to improve the management of government debt in Kenya. The study examined the effect of government debt on the GDP by using a modified Barro growth regression model. The study finds that the government debt of Kenya, both external and domestic has generally been on an increasing trend during the period of the study. The results show that a small level of government debt is good for GDP as the effect on GDP is positive. However as the size of government debt increases over time, the effect on GDP becomes negative. The main recommendation of the study is for the government to maintain government debt at the optimum level where it is consistent with GDP growth.
RESIDENTIAL HOUSING DEMAND IN NAIROBI; A HEDONIC PRICING APPROACH

NAME: MONGARE G. KEMUNTO

REG NO: X75/29089/2009.

SUPERVISOR: DR. WILFRED NYANGENA.

A RESEARCH REPORT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF BACHELOR OF ECONOMICS AND STATISTICS, SCHOOL OF ECONOMICS, UNIVERSITY OF NAIROBI
ABSTRACT
The study is an assessment of the residential housing demand in Nairobi using a hedonic pricing approach. There is little research and study on the hedonic pricing approach in housing markets in developing countries such as Kenya. Most of the developing countries rely on price theory which focuses on the determination of price and quantities of already defined goods but does little in the evaluation of the extensive margin by which a good and in this case, a residential property is chosen. It has not incorporated the importance of heterogeneity and diversity of the attributes of a residential property and the role that it plays in the determination of the price and choice of the same.

The study used an OLS regression model to link House rent to various determinants. Results revealed that that the HSESIZE (number of bedrooms) were positively and significantly correlated to the VALUE (house rent). This implies that the higher the pollution number of bedrooms, the higher the rent. The results also indicate that EXPLEVEL (exposure level to pollution) was negatively and significantly correlated to VALUE (House rent). This implies that the higher the pollution exposure, the lower the rent. The results also indicate that ESLVRS(Leve of Ease to Recreational Facilities) was negatively and significantly correlated to VALUE (House rent). This implies that the higher the difficulty of accessing recreational facilities, the lower the rent. The results also indicate that ESLGDF(Leve of Ease to Garbage Disposal) was negatively and significantly correlated to VALUE (House rent). This implies that the higher the difficulty of accessing garbage collection facilities, the lower the rent.

An R squared of 0.639 indicated that the goodness of fit of the model was satisfactory. An F statistics of 6.917 and a p-value of 0.000 indicate that the overall model was significant. In other words, the independent variables are good joint predictors of house rent. The only significant predictors of house rent were house size, pollution exposure levels and distance to CBD.
ABSTRACT

External debts have been rising over the years in Kenya since we gained independence. This issue has raised an alarm in the economy as it has not only resulted to deterioration in the economic growth but also caused a glaring impediment to development. This paper will analyze the external debts in terms of its size and magnitude, its causes, its sources, its relationship with economic growth and its negative impacts to the Kenyan economy. This paper will also apply empirical analysis using the time series regression model to show the negative effects of external debts on economic growth. Several policy implications also emerge from the study such as sound macroeconomic management and external debt management policy.
ABSTRACT

It has been widely debated as to whether fiscal policy actually has an effect on the level of GDP and if so, whether a positive relationship or not. Governments across the globe have been pushed to the point of considering the implementation of fiscal policy on the GDP in a bid to 'rescue' the economy. The question that has been on most people's lips is 'What effect will the implementation of the fiscal policy have on the GDP in the long-term and short-term?' This paper looks at those effects that arise from the use of fiscal policy on the GDP. Fiscal policy is all about taxation and government expenditure while GDP is the measure of the total value of final goods produced by an economy.
ABSTRACT

This paper will look into the effects of budget deficit on the macroeconomic performance in Kenya during the period 1981-2010, based on important theoretical and empirical literature review. The study uses time series data in Kenya for the period 1981 – 2010. As previous papers show mixed results of the same study but in developing countries, this study still shows a relationship between budget deficit and macroeconomic performance, precisely, it shows the price level is responsive to changes in budget deficit in Kenya.
MONEY SUPPLY AND THE EXCHANGE RATE IN KENYA
(1980-2010)

BY
MARO B. BARISA
X74/23955/2009
SCHOOL OF ECONOMICS
UNIVERSITY OF NAIROBI

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THE REQUIREMENT FOR THE DEGREE OF ECONOMICS –
INTRODUCTION TO RESEARCH METHODS

NOVEMBER, 2012
ABSTRACT

This study sought to determine the relationship between the money supply in an economy and what its availability or its scarcity does to influence the exchange rate in the economy. The study was guided by the economic theory which states that the quantity supplied of any good is a function of the price of the good among others. This study used a descriptive research design to achieve its goal. Secondary data for exchange rates and money supply for 1980-2010 was used. Data was analyzed using regression analysis, descriptive statistics and correlation. Regression analysis has shown that money supply affect exchange rate significantly. Currency out of bank, domestic credit and currency in circulation are the most significant predictors of exchange rate. The study concluded that currency in Kenya fluctuates because of changes in supply and demand. The study recommended that the Central Bank of Kenya should stabilize the currency by focus on important elements of money supply such as currency out of bank, currency in circulation and domestic credit to reign on inflation that have characterized Kenyan economy in the recent past.
SOLID WASTE MANAGEMENT IN NAIROBI CITY BETWEEN 1993 TO 2012.

October, 2012

PRESENTER:
ARON MICHAEL OWINO
X74/27479/2009

Supervisor:
M/S DIANA N.KIMANI
Abstract

The city council finances its waste management services from revenues received into its general reserve from taxes, mostly land rates and service fee charged to residents for various services provided to them by the council. No special fee are charged to residents by the council for solid waste management services. Greater deterioration in submission of such funds has been experienced thereby thwarting the council’s effort in maintaining a clean environment. Further encroachment on dump sites is like addition of salt to an injury, that this study intend to investigate.

A look at time series data put on GretL regression analysis reveals strong relationship amongst variables like population, per capita GDP and budgetary allocations on public health department. After keen analysis of the results, various policy proposals have been suggested in order to bring the problem that cannot be totally eradicated, to a manageable level.

This project focuses on solid waste disposal issues within the city of Nairobi where NCC offer very limited sanitary services only but to a smaller spectrum. Since the issue of waste collection and disposal has not been adequately addressed, efforts of enactment of refuse policies impacting on low income earners constituting approximately 80% of the town residence, remain continually frustrated.

This study is structured towards waste minimization through recycling and re-use. It will also attempt to link community based organizations’ involvement on environmental protection and income generation circumvented from wastes and disposal habits.
ABSTRACT

GDP is a measure of aggregate activity hence an important macro-economic variable. But, two other variables; unemployment and inflation tell us about other important aspects of how an economy is performing.

Inflation affects a country’s growth, which may slow the rising trends of the economy. **Inflation will determine the general price level in the economy and therefore of much importance to both producers and consumers.**

Unemployment rate is the ratio of the number of people who are unemployed to the number of people in the labour force. Why care about unemployment? It is an indication of whether the economy is operating above or below its normal level of activity. In addition it is often associated with social consequences and affects the welfare of the unemployed. **Unemployment rates in Kenya have remained relatively high.**

Over the period between 2001 and 2010, the economy has shown mixed signals (no general trend of increase in growth or decrease). This is also the case for inflation where in one period there is high inflation followed by a period of low inflation.

The research is an investigation into the effect of inflation and unemployment on economic growth over the period. The findings of this paper indicate that there is a negative relationship between economic growth, inflation and unemployment.

The government should come up with the necessary policies to counter the negative effects of unemployment and inflation on economic growth. There are positive signs of economic growth while unemployment rate is decreasing with lower levels expected in future.