UNIVERSITY OF NAIROBI
SCHOOL OF ECONOMICS

EFFECTS OF REMITTANCES ON ECONOMIC GROWTH IN KENYA: 1980 – 2010

COURSE CODE XEA 402

SUPERVISOR: Dr. OSORO O. KENNEDY

PRESENTED BY GROUP 43

X75/3767/2008 - NG’ANG’A KAMAUA PETER
X75/3778/2008 - TOROITICH BEN KIPLAGATT
X75/3788/2008 - BIWOTT PHILEMON KIPCHUMBA
X74/3591/2008 - MUTHUKA WINFRED MBITHE
X75/3766/2008 - KYALO MATILDA NTHENYA


May 2012
ABSTRACT

In many developing countries, remittance payments from migrant workers and businesses are increasingly becoming a significant source of external finance. Between 2006 and 2010, Kenya’s annual remittances increased to nearly 300%. This indicates that remittance income in Kenya has increased considerably in the last 30 years, with some minor fluctuations. This research paper, therefore, investigates the effects remittances have on Kenya’s economic growth. Using time series data of a 31-year period (1980-2010), we found that growth in remittances does lead to economic growth in Kenya. The research paper also discusses a number of policy issues arising from the results of the analysis in relation to remittances in association with expediting the process of granting residence visas and/or citizenship, regulation and enforcement, investment and savings schemes, promotion and education and taxing of migrant remittances.