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. Gretl is 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

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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.
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

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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 (Level 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 (Level 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 pvalue 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.