ABSTRACT

This paper broadly examines the impacts of horticultural exports and economic growth between 1981 to 2010. Although there have been efforts towards diversification of the export sector, Kenya's exports are still dominated by primary agricultural products. Horticultural products consist of fruits such as pineapple, passion fruits, oranges, mangoes, avocados among many others, vegetables such as French beans, cucumber, lettuce, groundnuts, onions, coriander, cauliflower among many others and cut-flower such as carnations, roses, astroemeria, cut foliage, papyrus among others. Horticultural exports are now Kenya's third largest foreign exchange earner after tea and coffee. According to HCDA Statistics, these results are exported to France, Netherlands, Germany, Belgium and Italy being the main importers. The largest single market being the United Kingdom.

The Export-Led Growth (ELG) theory has been used to review the literature of horticultural exports in chapter two. This theory states that foreign trade in general play a key role in the country's economic growth. It reflects the view that export-oriented policies help stimulate economic growth both directly as a component of aggregate output and indirectly through efficient resource allocation and stimulation of technological improvement. A review of various past studies has also been used in this study.

In chapter three an empirical model has been used in the study. The dependent variable in the study is GDP growth while the explanatory variables include net exports, government expenditure, exchange rate and inflation CPI.

In chapter four a summary statistics is given to show the mean and standard deviation of the various variables. A correlation analysis is also used to show whether two or more variables used are related to each other. The correlation value could either be negative or a positive value. Lastly, a regression analysis is also done which finds the cause and effect relationship among variables and their level of significance in the model. GDP growth was therefore regressed against the set of explanatory variables using ordinary least squares.

Lastly in chapter five the summary, conclusion and recommendations of the study are given.