

**THE DETERMINANTS OF FISCAL DEFICIT AND FISCAL  
ADJUSTMENT IN KENYA, 1972 – 1999**

**BY**

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## **ABSTRACT:**

Government policies are not only critical in determining the rate of economic growth, but also with regard to levels of private investment and the magnitude of credit to the private sector. The Kenya government has faced serious economic and financial difficulties from the early 1980's. These have in turn necessitated a wide range of policy reforms through adjustment Programmes supported by the World Bank and the International Monetary Fund. Chief among these has been fiscal policy adjustment.

This study seeks to illustrate the fiscal policy profile and determinants of fiscal deficits in Kenya over the past two decades. The study also seeks to empirically examine the macro-economic effects of budget deficit in Kenya over the past two decades.