

# **Determinants of sustainable long term growth in Kenya;1973-2009**

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## **Abstract:**

The Kenya economy has been characterized by fluctuations in growth leading to poor economic performance over a long period of time. This study presents an empirical investigation on the determinants of long term economic growth in Kenya. The specific objectives of the study were to estimate the factors that determine long term economic growth and establish the nature and strengths of the relationship between economic growth and its determinants. The model used is an endogenized growth model. Data was collected on per capita GDP, investment, population, primary school enrolment, secondary school enrolment, life expectancy at birth, government expenditure, exports, money supply, inflation, manufacturing output, terms of trade and agricultural output. The data used for the analysis was secondary data collected from Republic of Kenya economic surveys, Republic of Kenya statistical abstracts and international financial statistics. Regression analysis was used to analyze the data. The coefficients for investment, secondary school enrolment, life expectancy at birth, government expenditure, money supply and exports were found to be significant. This means that they promoted economic growth. The coefficients for primary school enrolment, terms of trade and agricultural share of GDP were found to be insignificant. The coefficients for population increase, manufacturing as a share of GDP and inflation were found to be significant and negative therefore these variables retarded economic growth