Abstract

For any economy to grow, financing is a very vital aspect. This study looks at how Kenya's economy is affected by financial resources for sustainable development. It specifically looks at the impact on Kenya's economic growth of foreign direct investment, remittances, external debt, and domestic credit to the private sector. The study was founded on the four theoretical foundations: Electric Paradigm Theory, Dependency Theory, Financial Intermediation Theory, and Institutional Theory. The study adopted correlational research design. Yearly data was collected from 1990 to 2023 on FDI inflows, remittance, external debt, domestic credit and GDP. The study used time series data since the data was collected on yearly basis. Once the data was collected, it was analyzed using STATA software. Descriptive statistics and inferential statistics were carried out as well as pre and post diagnostics tests. The findings showed that foreign direct investment (FDI) had a favorable effect on economic growth. It was also demonstrated that remittances, which encourage investment and the development of human capital, are essential to Kenya's economy. The findings also showed that, despite the possibility that they would negatively impact economic growth, legislative measures should be implemented to maximize their developmental effects. Based on the results, it can be said that Kenya's external debt is a barrier to its economic development. It was suggested that in order to draw foreign capital into important industries like manufacturing, technology, and infrastructure, governments should concentrate on diversifying investment opportunities. Enhancing financial inclusion initiatives is vital; further research is needed to expand on the discoveries about remittances' impact on development. There is also a need to conduct longitudinal studies to monitor the long-lasting effects of sustainable financial development on sustainability and financial stability