

## **Njuguna Ndung'u: The role of the Central Bank of Kenya in Kenya's economic transformation**

Talking notes by Prof Njuguna Ndung'u, Governor of the Central Bank of Kenya, at the NESAC Workshop on the Role of Central Bank in Economic Transformation, Kenya School of Monetary Studies, Nairobi, 29 May 2007.

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Hon. Amos Kimunya, Minister for Finance, Republic of Kenya  
Amb. Francis Muthaura, Permanent Secretary, Head of Civil Service and Secretary to the Cabinet,  
Permanent Secretaries,  
Mr. Byung Hwa Kim, Deputy Governor, Bank of Korea,  
Mr. Muhammad Ibrahim, Assistant Governor, Bank Negara Malaysia,  
Mr. Hemraz Oopudye Jankee, Director of Research, Central Bank of Mauritius,  
Distinguished Guests,  
Ladies and Gentlemen

I take this opportunity to warmly welcome you all to the Kenya School of Monetary Studies.

It is also a pleasure to specifically welcome our esteemed visitors from Korea, Malaysia and Mauritius who have joined us on this occasion.

I also wish to thank the National Economic and Social Council (NESAC) for their effort so far in developing the Vision 2030 that provides a roadmap for Kenya to attain middle income status by the year 2030. The Vision, as we have witnessed presented is well thought out. But there are still some building blocks required and this forum is one of those. The importance and significance of it is to situate the role of Central Bank into the Vision.

The Central Bank of Kenya is a key institution in this vision and like other key institutions, should learn from other successful countries.

Central Banks in the Eastern African region seem to face similar challenges – but the important role the CBK is expected to play in the vision 2030 is critical but some challenges are evident:

- Effectiveness of monetary policy instruments and fighting inflation.
- Thin markets; foreign exchange and financial markets.
- Problems of exogenous shock particularly those arising from bad weather and volatility in oil prices complicates for price stability.
- Financial sector stability in a global setting.

This workshop is timely and provides an opportunity for the CBK to re-evaluate its role in the Kenyan economic transformation in the context of the Vision 2030. I will come back towards the end to tie up what experiences the CBK will learn and adopt from the experiences of those successful cases.

Ladies and gentlemen, let me wish you productive deliberations and hope that we will find the workshop fruitful and informative.

Please feel free to bring to our attention the kind of facilitation that you may need to make this workshop successful.

Thank you very much.