

## **Njuguna Ndung'u: Consolidating economic integration in Africa**

Remarks by Prof Njuguna Ndung'u, Governor of the Central Bank of Kenya, at the 9th Meeting of the Association of African Central Banks (AACB) Eastern Africa Sub-region, Nairobi, 14 July 2010.

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***Hon. Uhuru Kenyatta, Deputy Prime Minister and Minister for Finance of the Republic of Kenya;***

***Fellow Central Bank Governors of the Eastern Africa Sub-region;***

***The Executive Secretary General of the AACB;***

***Chief Executives of Regulatory Authorities in Kenya;***

***Distinguished Guests;***

***Ladies and Gentlemen:***

***Hon. Deputy Prime Minister and Minister for Finance***, allow me to thank you most sincerely for finding time from your busy schedule to grace this important meeting in the calendar of Central Banks in the Eastern Africa Region. Your presence here today demonstrates the serious commitment of the Government of Kenya to monetary and financial integration in the Continent as we strive to become a regional financial hub in line with Kenya's Vision 2030. For instance, just this month, we witnessed the launching of the implementation of the East African Common Market.

May I also extend a hand of welcome to my fellow Governors from the Eastern Africa sub-region present here today. I heartily thank you for finding time to be in Nairobi. This is indeed a very great honour to the Central Bank of Kenya and our country. I also warmly welcome the Executive Secretary of the AACB whose presence and contributions in the deliberations we look forward to.

We also appreciate the presence of the Chief Executives of other Financial Sector Regulatory Authorities in Kenya, whose presence here today signifies the all important synergy required between the different regulators in the process of financial integration.

***Hon. Minister***, the Abuja Treaty envisaged the integration of the African Continent through, among others, the strengthening of the sub-regional groupings and harmonization of national policies for the eventual evolution of a monetary union in the continent.

In line with this, the Assembly of Governors in the Continent have been implementing the African Monetary Cooperation Programme (AMCP) since they adopted it on September 4, 2002 in Algiers. The objective of this program is to put in place a common single currency and a common single central bank at continental level by 2021, at the end of a successful convergence process, in accordance with the African leaders' vision of consolidating economic integration in Africa.

Commendable progress in the implementation of the AMCP by the Eastern Africa sub-region has been made. Most of our active members have been meeting a number of the macroeconomic convergence targets, as we continue harmonization and co-ordination of macroeconomic and monetary policies. We recently embarked on Stage III (year 2009–2012) of the programme, whose successful implementation and assessment of macroeconomic performance will form a basis for the establishment of a Continent wide common Central Bank.

In addition ***Hon. Minister***, the assembly of Governors are working on a common strategy with regard to the establishment of the African Central Bank (ACB) as well as advising on the formation of both the African Investment Bank (AIB) and the African Monetary Fund (AMF). The realization of these institutions will bring us closer to a Continent wide monetary union.

**Hon. Minister and Fellow Governors**, benefits of integration have been evident across the globe, including securing access to larger markets, enhancing trade flows and in the process attracting the much needed foreign direct investments, lowering trade costs among neighbours, leveraging or locking in domestic reforms, increasing bargaining power and political cohesion among others. Notwithstanding these benefits, regional groupings in Africa have tended to give less emphasis to monetary integration. Under the AMCP, the Eastern Africa sub-region Central Banks evaluate each other annually to ensure convergence in policies as we pursue further monetary integration.

This meeting, **Hon. Minister**, will therefore consider the progress on the implementation of the African Monetary Co-operation Programme (AMCP) by the Eastern Africa sub-region countries in 2009; consider macroeconomic performance against the AMCP targets and the status of execution of the decisions of the 8th meeting of Governors of the sub-region held in Moroni, Comoros.

**My fellow Central Bank Governors, Ladies and Gentlemen**, with these few remarks it is now my humble duty to invite the Hon. Deputy Prime Minister and Minister for Finance to address and officially open this meeting.

**Welcome Hon. Minister.**