

## **Njuguna Ndung'u: Building a platform for greater partnership**

Remarks by Prof Njuguna Ndung'u, Governor of the Central Bank of Kenya, at the Business Editors' Workshop, Naivasha, 2 May 2014.

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***Dr. Haron Sirima, Deputy Governor, Central Bank of Kenya***

***Mr. Jaindi Kisero, Managing Editor (Economic Affairs), Daily Nation***

***Business Editors here present***

***Central Bank of Kenya Colleagues***

***Other distinguished participants***

***Ladies and Gentlemen***

I would like to register my profound appreciation to you, members of the *Fourth Estate* for making time to attend this Workshop. No doubt, your role as editors is extremely demanding on your time. I believe this workshop is an important step in enhancing the partnership between the Central Bank and the Media, in line with the theme, *Building a Platform for Greater Partnership*.

As you may already be aware, it was once believed that central banks needed to be as uncommunicative and as secretive as possible due to the conventional idea that doing so would safeguard the autonomy of policy making, coupled with the perceived wisdom of saying as little as possible. However, the last 15 or so years has witnessed tectonic shifts regarding how central banks view their communications. Central Banks have recently begun to engage in public communications more proactively and purposely. The shift is validated by the linkage between enhanced communication and the achievement of economic outcomes. Transparency in the policy making process creates partnerships and best outcomes.

***Ladies and gentlemen:*** Communication is essential to the functioning of a modern central bank as a policy tool rather than merely a means of conveying information, as traditionally understood. Communication enhances the effectiveness of policy by improving the public understanding of policy objectives and enhancing the legitimacy of the message. An overriding priority for a central bank is to provide financial markets, and by extension the general public, the confidence that its policy actions are in the public interest. By clearly explaining its objectives, central banks gain public support and in the process, secure the opportunity to shape expectations and influence behavior in a desired direction. Additionally, the prevailing emphasis on communication is informed by the need to balance increased demands for central bank independence with an equally necessary accountability to the public. That means ensuring that policy objectives are communicated in a manner that is understood and comprehended by the target audience. By investing in communication, central banks earn the trust of the public to pursue its strategic priorities independently. In addition, the decisions made by the central banks are themselves important inputs to decisions by governments, firms and households.

***Ladies and Gentlemen;*** It is against this background that the Central Bank of Kenya began, a few years ago, reforming its public communications function in response to the heightened demands for information by the various stakeholders. Some of the recent initiatives in this direction include; acquisition of a Web Content Management System with broad functionalities to enhance interactivity and navigation; participation in public education initiatives and awareness campaigns through involvement in trade fairs such as ASK Shows; improvement in the quality of Central Bank publications; and improved mechanisms for handling media & public inquiries.

**Ladies and Gentlemen;** To effectively execute its mandate, the Central Bank relies on a wide range of information inputs from various stakeholders, including **the media**. The Monetary Policy Committee (MPC) for instance regularly reviews media coverage of the financial and economic news as well as media predictions about the likely direction of monetary policy. In addition, the Bank normally takes great interest in the media review of its decisions. The financial news therefore forms a useful part of what broadly shapes policy making. I will discuss more of this in my presentation.

**Ladies and gentlemen:** It is in view of your pivotal role as both information intermediaries and a unique target of our communication, that the Central Bank is keen to develop a structured engagement with the financial media. The Bank recognizes the need to “*ride on your backs*”, so to speak, to reach the ultimate stakeholder, the *mwananchi*. In order to empower you to undertake this role, the Central Bank would like to contribute, within its means, to the development of a budding financial journalism sector in Kenya through appropriate capacity building programmes for business journalists. As Kenya aspires to become a regional financial hub, the role of financial journalists cannot be gainsaid. The need for journalists with comprehensive economic reporting and analytical capabilities will become increasingly necessary if Kenya is to achieve and sustain the regional financial hub status. The Central Bank seeks to collaborate with the media in supporting broad based educational programmes for the society, such as *Financial Literacy* and promotion of a *Savings Culture*.

**Ladies and gentlemen:** All that I have described in my remarks emphasize the need for mutual cooperation and partnership. Indeed, this workshop’s theme is “*Building a Platform for Greater Partnership*”. Going forward, we at the Central Bank commit to working closely with you in *partnership* to serve our nation better. This workshop is therefore forms the start of a “*win-win*” engagement that leads to better service delivery for our stakeholders. We also look forward to learning from you as you constructively critique the effectiveness of our communication and offer suggestions.

Key questions moving forward in this partnership are: What are the practical steps that will anchor the partnerships between us? How do we ensure a sustainably structured framework in which policy intentions of the Central Bank gain traction in the public domain? How do we reduce superfluous noise that occasionally cloud the greater and more fundamental achievements in the policy terrain? How do we move forward with the agenda emerging from the cross-fertilization of ideas that will emerge from the workshop?

**Ladies and gentlemen;** the Central Bank proposes a structured capacity building programme targeting business writers who cover the financial sector. In collaboration with the Kenya School of Monetary Studies (KSMS), the Central Bank will be seeking the input of the financial media to develop an appropriate Business Editors’ training curriculum that takes cognizance of the needs of the financial sector, in light our stage of development. In addition, the Bank will be hosting a Business Journalists workshop once a year, which will be appropriately themed to reflect the issues of the time. Furthermore, the Central Bank in partnership with other financial sector regulators proposes the formation of a **Business Editors & Financial Regulators Forum**. The role of this forum shall be largely advisory and will be tasked with providing appropriate advice on public education campaigns on broad latitude of themes such as **financial education & literacy campaigns**, and other mutually agreed programmes within the core competencies of the media.

I believe these proposals will be refined as we go along and what emerges from this workshop will further shed more light in this regard.

Once again I thank you for taking time off your busy schedules to participate in this workshop. May I also take this opportunity to appreciate my colleagues at the Central Bank for organizing this workshop successfully. And to the management and staff of Enashipai Resort and Spa for the excellent hospitality extended to us.

**Ladies and gentlemen;** With these remarks, it is now my humble pleasure to declare this workshop officially opened.

Thank you.