

Njuguna Ndung’u: Revolutionising finance for agricultural value chains

Remarks by Prof Njuguna Ndung’u, Governor of the Central Bank of Kenya, at the opening ceremony of the international conference on “Revolutionising finance for agricultural value chains”, Kenya School of Monetary Studies, Nairobi, 15 July 2014.

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His Excellency, Hon. William Ruto, Deputy President of the Republic of Kenya;

Her Excellency, Tumusiime Rhoda Peace, Commissioner for Rural Economy and Agriculture, African Union Commission;

Hon. Akinwumi Ayodeji Adesina, Minister for Agriculture and Rural Development, Nigeria;

Mr. Henry Rotich, Cabinet Secretary for The National Treasury;

Mr. Felix Koskei, Cabinet Secretary for Agriculture, Livestock and Fisheries;

Honourable Ministers;

Ambassadors;

Development Partners;

Fellow Governors and Deputy Governors of Central Banks;

Distinguished Ladies and Gentlemen:

It gives me great pleasure, on behalf of the Central Bank of Kenya, the Kenya School of Monetary Studies and on my own behalf, to welcome you to Nairobi and to this Conference on “Revolutionising finance for agricultural value chains”.

I would, like, first of all, to recognize the role of the Technical Centre for Agricultural and Rural Cooperation for African Caribbean and Pacific countries (CTA) in bringing together the stakeholders in agricultural and development finance to discuss this highly important development agenda.

The Conference seeks to share experiences on innovative models of financing agricultural value chains and to further explore opportunities and challenges in expanding financial inclusion to rural households. The objective of this conference is very much in line with the development goal of promoting inclusive growth and the facilitative role of the financial sector in achieving this goal. The presence of His Excellency, the Deputy President of the Republic of Kenya in this opening ceremony, goes to show the commitment of the Kenyan Government to the inclusive finance and growth objective.

Your Excellency, Ladies and Gentlemen; Evidence shows that much of the gains in growth experienced in Africa in recent decades have largely been driven by efficiency gains and not due to new investments in the productive sectors. Achieving the growth targets envisioned in our national development objectives such as Vision 2030, would therefore require unlocking the bottlenecks to growth. These include among others, increasing savings and investment; improving the business environment; closing the infrastructure gaps; reducing telecommunications costs; and formalizing the informal sector.

In the last few years, Kenya has made great strides in unlocking some of these bottlenecks in the financial sector. Innovations in technology that enable ICT-empowered financial services platform coupled with conducive regulations have led to a large proportion of the previously unbanked population to be mainstreamed in the formal banking system. Central banks in the region are committed to improving access to financial services and products to a much larger number of individuals and small businesses because it is good for management of both monetary policy and the stability of the financial system.

Your Excellency, Ladies and Gentlemen; the overall objective of this Conference is to promote the development of smallholder and agri-business inclusive finance. To this effect, the Conference brings together:

1. Financial institutions to learn about innovative financial tools and products;
2. Farmers organisations that will help solve their members' financial challenges;
3. Central banks, Ministries of Finance, agriculture and other government agencies seeking to discover how to develop and strengthen an enabling environment, that will enhance financial access and unlock agricultural growth in their respective countries;
4. ICT developers willing to showcase their agri-finance innovations and build a strategic network;
5. Development practitioners and the academia who will share their experiences, get acquainted with new developments and challenges, and strike new partnerships.

Your Excellency, Ladies and Gentlemen: Banks all over the world are concerned with risk mitigation and appropriately pricing these risks. This is more pervasive in the agricultural sector. This forum seeks to address these issues by sharing experiences of innovations that are aiding banks, insurance companies and other financial institutions to safely reach out to such sectors and sub-sectors in sustainable ways. This is the model we would like to learn and enact in our economies.

With these remarks, ladies and gentlemen, it is my honour and duty to once again welcome you all to the Kenya School of Monetary Studies, and to our international guests, we feel very honoured to host you. I now wish to invite the Chairman of AFRACA to give his remarks.

Thank you.