

CENTRAL BANK OF KENYA



Remarks by

**PROF. NJUGUNA NDUNG’U
GOVERNOR
CENTRAL BANK OF KENYA**

at the

**OPENING OF THE
18TH EAST AFRICAN CENTRAL BANKING COURSE**

Monday, July 5, 2010

**Heads of Department,
Resource Persons,
Course Coordinators,
Course Participants,
Ladies and Gentlemen,**

On behalf of the Governors of the Bank of the Republic of Burundi, The National Bank of Rwanda, The Bank of Tanzania, The Bank of Uganda and on my own behalf, I take this opportunity to welcome you all to the 18th East African Central Banking Course. It is indeed a great honour for the Central Bank of Kenya to host this Course for the second time, on behalf of all the five central banks in the region.

The weather in Nairobi at this time of the year is cool and therefore quite appropriate for this kind of training. I therefore trust that you will enjoy yourselves, taking advantage of the facilities at the KSMS, and that your stay here will be comfortable, enjoyable, memorable and rewarding.

Origin of the EACB Course

Ladies and Gentlemen: The history of the EACB Courses dates back to the early '70s when the Central Bank Governors of the then East African Community countries decided that a programme of this nature should be undertaken for the region. The primary objective was to create a forum for middle level officers to interact and exchange ideas; create awareness as well as foster a deeper understanding of central banking particularly as it relates to monetary and fiscal policy issues. Today, this vision continues to bind the five East African countries as we witness the gradual convergence of our economies towards the proposed East African Monetary Union.

Even when we look back to this history, the recent events globally create an implicit demand for this course more than ever before.

East African Common Market Protocol

As you are aware, **Ladies and Gentlemen**, the East African Community (EAC) Common Market Protocol commenced on July 1, 2010. In addition to free movement of persons, labour, services and capital within the Community, we can now expect a

smoothly functioning Customs Union including complete elimination of all tariff and non-tariff barriers with a common external tariff, leading to a reduction in the cost of doing business across the East African Community. Further gains will be achieved when all the five countries move further up in the integration agenda.

As this process of integration takes place, it will create new institutions that require new expertise in their new mandates. In addition, the dynamic taking place in the global economy requiring new demands to support our range of policies. These developments make this course all the more important. You will be called upon to analyse unfamiliar areas from time to time.

Economic Integration

Ladies and Gentlemen: Economic integration comes with challenges. Some important lessons from the recent global economic crisis as well as the economic problems in Greece and Spain are a testimony to the requirement of policy convergence and appropriate coordination at the national level. Indeed, as in the case of Greece, a country's economic crisis can spark a contagion within and beyond the region. Unless resolved quickly and effectively from a common front, the spread could be more severe.

Every crisis has its lessons and opportunities, let us try to learn and filter through the crisis to learn and accumulate new experiences. But this requires new instruments and new knowledge frontiers to be reached.

Course Programme

Ladies and Gentlemen: The programme for this 18th EACB Course has been carefully designed to give you an insight and understanding of the roles and mandates of the East African Central Banks and other regulators in the financial sector. What tools central banks use to understand and drive the economy. The programme will in particular impart knowledge, skills and competencies in the field of monetary policy management, bank supervision, payments systems and the EAC monetary policy harmonisation and convergence framework. I believe that the Course will also prepare you in general management, especially for higher responsibilities, to enable you examine and recommend strategies that are appropriate for managing the economies in the region.

The Resource Persons have been selected from a highly competent list of experts, colleagues and practitioners in each field. It is therefore the expectation of the Governors that the Course will translate to enhanced productivity and ensure sustainable competencies expected in central banks. In this regard, I urge you to take advantage of the wealth of experience that will be shared over the next three weeks by both the Resource Persons and Fellow Participants and the institutions you work for, to enable you become exemplary performers in your significant role of taking this region to new economic frontiers.

Conclusion

In conclusion, **Ladies and Gentlemen**, I believe that we all appreciate the efforts and resources that have been put together to facilitate these Courses and would reiterate the fact that training and capacity building opportunities in our central banks receive very high priority. On my part, I wish to thank my fellow Governors for the support and determination they have continued to demonstrate to ensure the success of this central banking Course.

Finally, let me invite you to explore and share with your Kenyan counterparts, the experience that is 'Magical Kenya'. Nairobi is the only city that boasts of a National Park in the city and I hope that you will find time during or after the Course to visit the Park and other historical installations.

Official Opening of the Course

Ladies and Gentlemen, with those few remarks, it is now my pleasure to declare the 18th East African Central Banking Course officially opened.

Thank you and may God bless you all.