

CENTRAL BANK OF KENYA



Remarks by

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GOVERNOR
CENTRAL BANK OF KENYA**

ON THE

**OCCASION OF THE OFFICIAL OPENING OF THE SCHOOL OF
ECONOMICS BUILDING**

*Kenyatta University
January 30, 2014*

The Chairman of Council, Prof. Ratemo Michieka;
The Chancellor, Mr. Benson Wairegi;
The Vice-Chancellor; Prof. Olive Mugenda;
Deputy Vice-Chancellors; Prof. John Okumu (Academic), Prof.
Keren Mburugu (Finance and Development), Prof. P. K Wainaina
(Administration) and Prof. Fredrick Graveris (Research,
Innovation and Outreach);
Dean, School of Economics; Prof. Nelson Wawire;
Senate Members;
Invited Guests;
Professors;
Lecturers;
Students;
Members of the entire University Community;
Distinguished Ladies and Gentlemen;

It is a pleasure and honour for me to officiate at the opening of this beautiful facility put up to address infrastructural challenges and support economics training at this University. I take this opportunity to thank the University Management for bestowing this honour on me and also for being visionary in addressing the infrastructural challenges that face many of our

universities, especially the public ones. A state of the art facility like this is as important as the discipline being taught and signals that the discipline will provide the best training capabilities.

Ladies and Gentlemen: Vision 2030 growth objective is to propel the country to the middle income country status. It is anchored on the investment and the capacity that should be developed. Economics is one such important discipline where we need to invest in and develop capacity to improve on public policy.

In this regard, may I congratulate Kenyatta University for making significant contributions towards building this knowledge pool and especially in the discipline of Economics, where as a country we still suffer serious capacity deficits. Putting up such a facility to further train the much needed economists is testimony that the University is addressing key gaps in nation building. In 2008, Kenyatta University was the second University after Nairobi to inaugurate a School of Economics in Kenya. There is indeed need for more universities to emulate the University of Nairobi and Kenyatta University to establish more Schools of Economics in Kenya to train more economists and satisfy the growing capacity requirements in both public and private sectors.

Ladies and Gentlemen: Let me enumerate a few recent developments that have pushed the demand for economists to a new high level;

- Adoption of the new constitution that has created a devolved government to the counties has generated huge demand for economists at the county level to support economic reforms and decision making based on sound evidence.*
- In addition new institutions have been defined by the new constitution. We need strong institutions to manage the process as strong institutions define the rules of the game and define the appropriate incentives - the basic tenets of strong institutions. You are familiar with the pitfalls of institutional failure.*
- Regional integration fronts at the EAC, COMESA and continental level provide us with the opportunities that call for building strong human capital base, especially in economic policy analysis to support the new institutional structures being created.*
- The discovery of natural resource wealth in our country will require knowledge of natural resources management for the current and future generations. This is important to avoid the*

Dutch disease outcomes that plagued other resource rich countries or what is now being called a “natural resource curse”.

- Kenya’s locational advantage in the EAC calls for building of critical infrastructure and capacity to provide leadership, efficient services to support the landlocked countries and policy direction in the region. A good example of the need for continuous build-up of human capacity is manifested in the rapid expansion of Kenyan banks in the EAC region, current at 282 subsidiaries.
- Growing demand for economic research and policy analysis to inform policy in various policy development areas; and the need to develop economic and forecasting models for assessment, monitoring and evaluation requires a critical mass of well skilled economists.
- The world is becoming more integrated through globalization, ICT development and liberalization of economies and financial markets. These developments are challenging to the economic policy making process. For instance, CBK is grappling with monetary policy in the face of changing financial architecture, dynamism, innovation and external shocks. These new challenges require dynamic, intellectual capacity to give solid advice. We are glad that KU is undertaking to build

the necessary capacity. In addition, the unconventional monetary policy in Europe and America give rise to global signals of weaknesses in the global economy to watch and react to, at all times.

- There is evidence of good macroeconomic management in the past that have ensured Kenya's economic growth. The growth outlook for 2013 and 2014 remains positive. Capacity is required to keep the economy on a positive growth trajectory in the coming years.

Ladies and gentlemen, let me take this opportunity to acknowledge that the CBK is a beneficiary of the capacity built from this University and has worked closely with the School of Economics to provide 5 internship slots for undergraduate students. This kind of partnership should be encouraged in order to improve quality in the training of economists at all levels.

Thus the need for building capacity is well motivated and cannot be over emphasized. The international community IMF, ACBF, AERC and others have supported institutions of higher learning in Kenya and it is important to work with them to continue producing highly skilled economists for absorption in the local and EAC market. Having worked with AERC, I know

the support we provided to the then Department of Economics. The continuous training and capacity building should continue to keep up with a dynamic changing world. Thank you for undertaking this endeavour to train and fill the existing capacity gaps of economists.

A word to the students making use of this facility: pursue excellence in economics to ensure the investment pays dividends to the country. It is the quality of education that we confer here that is critical and all stakeholders in this training should strive to achieve their best.

In conclusion, I would like to say that I have no doubt in my mind that the facility that we have opened today is going to add value to the training of economists at Kenyatta University. With these remarks, I now have the pleasure to declare the School of Economics Building officially opened.

PS: As a token of appreciation and as a scholar, I will provide the following of my latest works.

1. Kenya Policies for Prosperity – five copies.
2. Applied Time Series Econometrics – five copies.

Thank you