

CENTRAL BANK OF KENYA



Remarks by

PROF. NJUGUNA NDUNG'U
GOVERNOR
CENTRAL BANK OF KENYA

at the

REGIONAL COURSE ON THE METHODOLOGY OF COLLECTION,
COMPILATION AND ANALYSIS OF INTERNATIONAL
REMITTANCES STATISTICS

Hilton Hotel, Nairobi
Monday, November 17, 2014

Dr. Sehliselo Mpopu, Director, Macroeconomic Management

Programme – MEFMI;

Distinguished Facilitators and MEFMI Staff;

Delegates;

Ladies and Gentlemen:

It is a privilege for me to join you on this important occasion of the official opening of this regional course on “Methodology for Collection, Compilation and Analysis of International Remittances Statistics”.

Allow me from the onset, to extend a cordial welcome to you all on behalf of the Government of Kenya. We are indeed honoured and happy to host this important activity here in Nairobi, Kenya.

I would like also to extend a very special welcome to the delegation from MEFMI. We are honoured to host one of your capacity building events this year. As always this has attracted a high level of interest and attendance, an indication of the perceived need to bridge the existing capacity gaps in the compilation of remittances statistics.

Let me also thank the distinguished resource persons, Dr. Emmanuel Kumah, who was formally of the IMF Statistics Department, and Mr. Moris Mpopu from the Reserve Bank of

Zimbabwe for accepting to bring their expertise to this course. I am confident that their vast knowledge will enable them to share experiences in this critical policy area and contribute immensely to the enhancement of skills in the MEFMI region.

As you are all aware, international remittances have grown to become significantly important in providing foreign exchange and financing. They, particularly, support millions of poor recipients. We cannot therefore afford to ignore the quality of data for such an important contributor to economic growth and development.

Until recently, unlike other countries with significant numbers in the diaspora, we in Africa have paid little attention to the role of remittances in our development thinking. This must now change. There is increasing awareness of the importance of these remittances due to the fact that, unlike other financial flows, remittances mostly go directly to households, either for investment or consumption smoothing. Therefore, they have important poverty alleviation benefits. The critical questions are therefore how much of this money is coming into our economies and through what channels?

In Kenya, for instance, estimates of remittances captured only from formal channels that include commercial banks and other authorized international remittances service providers, have averaged USD118.2 million per month so far in 2014, from USD107.5 million per month in 2013. This places remittances as an important source of foreign exchange. Indeed they have grown exponentially in recent years to surpass some of the major traditional sources.

In Sub-Saharan Africa, remittances have become one of the important enablers of economic growth and of poverty reduction. As such, remittances contributed up to 3% of GDP over the last five years and to more than 20% of international flows. For example, in Nigeria, remittances account for more than a quarter of GDP, while in Lesotho they account for more than 20 percent of GDP. There are indications that international remittances to Africa exceed USD30 billion annually, affect 25 million recipient households, and have the potential to stimulate economic growth and reduce poverty.

International remittance flows often exceed Foreign Direct Investment in Africa and account for more than twice as much as the world's total Official Development Aid.

In this regard, there is no doubt that the capture of timely, reliable, accurate and comprehensive statistics is pivotal to the region's macroeconomic policy management and deliberate policy must be designed to attract more inflows from our compatriots abroad. It is therefore important to increase transparency and make it easier and more cost effective for remitters to use legitimate channels, particularly in our region.

While a majority of developed economies are largely compliant with the acceptable best practices, many developing countries, including MEFMI member countries still have work to do, mainly due to inadequate technical capacity among some data compilers.

Without an adequate pool of skilled personnel, our efforts to bridge the capacity gaps in data compilation in the region will be futile. The importance of regular capacity building activities, interactions and sharing of experiences amongst ourselves, and benchmarking to international best practice therefore, cannot be overemphasized.

I am happy to note that this course will make an important contribution to improving our understanding on how to collect, compile and analyse international remittances statistics in line with the 6th Edition of IMF's Balance of Payments Manual (BPM 6) and the IMF International Remittances Guide. This is indeed,

in line with IMF's and MEFMI's mandate of imparting hands-on skills.

I therefore, expect the course to bring together information on key statistical activities currently undertaken by the statistical organizations in our respective countries and to identify what more can be done to further improve the quality and timely availability of statistics in this area.

May I urge you all to make the most out of this rare opportunity so that when you return to your respective institutions, you can take the lead in ensuring that our region benefits fully from this invaluable initiative. This, however, can only be realized through individual commitment, free exchange of ideas, sharing of experiences and a good sense of open-mindedness among all participants.

It is also my hope that strong networking links will emerge out of this course to foster a long-run exchange of ideas and experiences among professionals in the region. Once we have the correct classification of data, then we can open another chapter of how to use it in policy making. This will also inform us on how to target the diaspora to channel investments in specific areas – like Diaspora Bonds

As I conclude, I appeal to you to take some time out of your densely packed schedule to enjoy the hospitality of Nairobi. Freely explore the boundless beauty of our country, sample local cuisine and explore the attractive tourism products on offer.

It is now my singular honour to declare this course officially open, and I wish you fruitful discussions and a memorable stay in Nairobi.

I thank you all for your attention