



## CENTRAL BANK OF KENYA

### CENTRAL BANKS' 2016 FORUM PREPARATORY ROUND TABLE MEETING

Kenya School of Monetary Studies, Nairobi

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Ladies and Gentlemen, It is with great pleasure that I welcome you to Nairobi for the Round Table meeting. Let me at the outset express my gratitude to AFRACA for organising this meeting as well as the Technical Centre for Agricultural and Rural Co-operation (CTA) for their continued support. I am aware that this is an agenda-setting meeting, which is supposed to be a precursor to the upcoming 2016 Central Banks Forum. This planning meeting is therefore very necessary by virtue of the different regions represented here today.

It is indisputable that the support of regulators is key in the success of agricultural Financing. Without appropriate rules, regulations and guidelines from the Central Banks, commercial banks and other investors are not likely to come to the agricultural commodities market and it is therefore imperative that Central banks are on board early in facilitating process and procedures that embed within respective country statutes.

Poverty remains is still a universal situation in the African continent and living standards need to improve further. Whereas most countries in Africa have improved macro-economic conditions and infrastructure, the low productivity in agriculture has left most of the workforce still underemployed in this sector.

The IMF 2014 Regional Economic Outlook Report for Sub-Saharan Africa observed that increasing agricultural productivity delivers significant social dividends to the population living in the continent.

**First:** Agriculture employs by far the most individuals and gains in agriculture are important because many workers will remain in the sector for a long time as agriculture is more labor intensive than other sectors.

*Second:* Compared to the Formal Job Market, the skills needed for agricultural activities are less specialized and require less training.

*Third:* evidence from the Sub-Saharan Africa suggest that growth in agriculture in the last few decades has been among the most important contributors to poverty more decisively than growth in cash crops.

Ladies and Gentlemen: Access to finance remains a major constraint to agricultural development. Whereas African countries have focussed on providing larger access to credit to the poor, through special credit lines or specialized credit institutions, including state-owned banks and microfinance institutions, empirical evidence on the impact of these interventions have had mixed results.

Indeed, Kenya's financial legal landscape has seen significant changes. The Central Bank of Kenya has made significant strides in promoting financial inclusion which extends to rural and agricultural communities as well. Mobile Banking Technologies and agency banking models have ensured that rural communities can easily access finance within their localities.

The central Bank of Kenya Act and Banking Act have been amended, national Payment Systems Act enacted and a host of regulations and Prudential guidelines adopted to provide for the development of robust legal, regulatory and supervisory frameworks for both mobile financial services and agency banking to thrive.

SACCOs are equally important institutions in rural and agricultural economies and CBK has instigated appropriate reforms in the SACCO sector to ensure sound management practices are in place for effective financing of rural communities.

Ladies and Gentlemen, as we commence these deliberations today, we also need to remain cognizant of new challenges that keep emerging in the various regions that we come from. Food Security, Climate Change as well as Ebola and Political Insurgencies/conflicts remained a threat to Agricultural communities and need to be addressed, concertedly.

Nonetheless, we certainly need to take a long and serious look at our agricultural situation in the continent and see what role the Central Bank can actively play in developing solutions for agricultural communities in Africa. I am very encouraged to see various stakeholders participating in this Round Table Meeting. Central Banks can play a crucial role of ensuring the success in agriculture by capturing the views of all the stakeholders to shape appropriate policies

AFRACA has, and continues to play a crucial role as a lead advocate in providing international platforms, such as this one, to bring both public and private sector players together to deliberate on how we can increase investments in Agriculture. The AFRACA Central Banks Forum is an important event in our Calendar and we want to give it special focus. I sincerely hope that your interest will be sustained throughout the two days of discussions and deliberations. I am very optimistic that the 2016 Central Bank's forum will stimulate new thoughts for policy and practical actions in rural and agricultural finance in Africa.

With these remarks, Ladies and Gentlemen, it is my pleasure to declare the **'Central Banks 2016 Forum Preparatory RoundTable Meeting'** in Nairobi officially opened.

Thank You