

Ex-central bank chief named Kenyan finance minister amid rising inflation

Kenyan President William Ruto on Tuesday appointed former central bank governor Njuguna Ndung'u as finance minister to steer the economy through rising inflation, a heavy debt burden and drought.



Source: Reuters. Kenya's former central bank governor Njuguna Ndung'u at his office in Nairobi.

Ndung'u, an economics professor, led the central bank between 2007 and 2015, winning praise for presiding over the expansion of the financial sector and condemnation for prioritising growth over price stability in 2011.

Ruto was sworn in this month after a hard-fought electoral contest, in which he promised that he would create economic opportunities for the poor. But he faces a very narrow fiscal space to implement his policies, after the government of predecessor Uhuru Kenyatta ramped up public borrowing to fund infrastructure projects.

The country is also facing its worst drought in 40 years as cattle farmers lose their herds.

"We appreciate that we have a difficult economic situation on our hands," the president said as he unveiled his cabinet.

He urged parliament to swiftly approve his cabinet choices, so the government can start work on the economy.

Ruto also appointed a former vice president and deputy prime minister, Musalia Mudavadi, as his chief minister, a newly

created post, to co-ordinate government business.

He appointed Alfred Mutua, a former government spokesman and county governor, as minister of foreign affairs, and lawmaker Aden Duale as his defence minister.

But all eyes will be focused on Ndung'u due to the state of the economy.

Ndung'u, who earned his doctorate from a Swedish university, weathered a political storm in 2012 as parliament tried to oust him over currency turmoil the previous year, when the shilling weakened sharply and inflation soared.

A Reuters poll ranked him as the worst-performing African policymaker after the shilling plunged to its weakest-ever level while inflation soared.

He restored his reputation as a central banker in the following years, containing inflation after raising interest rates before gradually stabilising them.

The tenure of the current central bank governor, Patrick Njoroge, is set to end in June next year.

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