

World Bank approves \$750m in budgetary support to Kenya

The World Bank has approved \$750m lending to Kenya for budgetary support, pegged on reforms in public procurement to curb graft, the multilateral lender said.



Source: REUTERS/Johannes P. Christo

In 2019, the East African nation qualified for the World Bank's Development Policy Operations (DPO), which lends cash directly to the Treasury for budget support instead of financing specific projects.

The loan, which comes with an annual interest rate of about 3.0%, is the second tranche of a credit facility initiated in 2020, the World Bank said. The first tranche was disbursed last June.

Reforms tied to the loans include the establishment of an electronic platform for public procurement to foster transparency and reduce opportunities for corruption, it said in a statement.

"By the end of 2023, the program aims to have five strategically selected ministries, departments, and agencies, procuring all goods and services through the electronic procurement platform," the bank said.

The initiative will also support energy reforms, by creating a platform for clean energy investments which has the potential to attract more investors, the World Bank said.

Under President Uhuru Kenyatta, Kenya has expanded borrowing in recent years, to fund the construction of infrastructure such as roads and railways.

Increased borrowing has angered some critics who point to a consistently gaping annual fiscal deficit.

Still, the World Bank was complementary of the government's commitment to steering the economy in the right path.

"The government of Kenya has maintained the momentum to make critical reforms progress despite the disruption caused by the pandemic," said Keith Hansen, country director for Kenya.

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