Dear Hon. Yatani,

We refer to the Financing Agreement Credit No. 5812-KE dated July 4, 2016 between the Republic of Kenya (the “Recipient”) and the International Development Association (the “Association”) (the “Financing Agreement”) for the Youth Employment and Opportunities Project (the “Project”). We also refer to the letter dated February 18, 2020 ref. no. EA/FA/240/111 ‘D’ (38) from the Principal Secretary National Treasury and Planning requesting the Association to restructure specified aspects of the Project.

We are pleased to inform you that the Association agrees to the request to restructure the Project. To this end, by countersigning this Letter, the Recipient agrees to the Association hereby amending the Financing Agreement as follows:

1. The Financing Agreement is generally amended by (a) replacing all references to “MPYG” with “MIIYA”, (b) replacing all references to “MIIT” with “MITED” and (c) replacing all references to “MLEAA” with “MLSP”.

2. Part A, paragraph 2 of Schedule 1 to the Financing Agreement is amended by deleting paragraph 2 and inserting a new paragraph 2 to read as follows:

   “Training and work experience in the informal sector. Provision of training especially suitable to vulnerable youth with limited education in the areas of: (a) life skills and core business skills; (b) job specific training and internships; and (c) services aimed at (i) upgrading of master craftsmen skills and (ii) developing and updating of NITA certification standards for traditional apprenticeship trades.”

3. Part A of Schedule 1 to the Financing Agreement is further amended by inserting a new paragraph 3 to read as follows:

   “Certification and quality assurance in the formal sector and in the informal sector: (a) certification of Beneficiaries through trade and competency tests and (b) quality assurance of skills training.”

Yours sincerely,

[Signature]

Hon. Ukur Yatani
Cabinet Secretary
National Treasury and Planning
Treasury Building
Harambee Avenue
P.O. Box 30007-00100
Nairobi - Kenya

Re: Republic of Kenya - Credit No. 5812-KE
Youth Employment and Opportunities Project
Amendment to the Financing Agreement
4. Part B of Schedule 1 to the Financing Agreement is amended by inserting a new paragraph 3 to read as follows:

“Micro and small enterprise policy. Development of a micro and small enterprise policy.”

5. Part A, paragraph 5 of Section I of Schedule 2 to the Financing Agreement is amended by deleting paragraph 5 and inserting a new paragraph 5 to read as follows:

“The Recipient shall cause: (i) the NITA to be responsible for implementing Parts A.2(c) and A.3 of the Project; (ii) the MSEA to be responsible for implementing Parts B.1, B.2(a) and B.3 of the Project; (iii) the MLSP to be responsible for implementing Part C of the Project; and (iv) the MIIYA to be responsible for implementing Parts A.1, A.2(a), A.2(b), B.2(b), and D of the Project.”

6. Part H.1(a) of Section I of Schedule 2 to the Financing Agreement is amended by deleting the phrase “Parts B.1(a) and B.2(a)” therein and replacing it with “Parts B.1, B.2(a) and B.3”.

7. Part H.1(b) of Section I of Schedule 2 to the Financing Agreement is amended by deleting the phrase “Parts A.1(b) and A.2(b)” therein and replacing it with “Parts A.2(c) and A.3”.

8. The table in Section IV.A. of Schedule 2 of the Financing Agreement is deleted and replaced with the table in the Annex to this letter.

9. Section I of the Appendix to the Financing Agreement is amended as follows:

(a) Definition 4 is amended and replaced to read as follows;

“Beneficiaries” means the eligible youths selected, in accordance with the Operational Manual, included in the Project Implementation Manual (as hereinafter defined) to receive life skills, core business skills, technical skills, internships, skills certification, business development services, or Business Start-up Grants under Parts A and/or B of the Project.

(b) Definition 17 is amended and replaced to read as follows;

“MITED” means the Recipient’s ministry responsible for industrialization and enterprise development including any successor thereto as acceptable to the Association.

(c) Definition 18 is amended and replaced to read as follows;

“MLSP” means the Recipient’s ministry responsible for labor including any successor thereto as acceptable to the Association.

(d) Definition 19 is amended and replaced to read as follows;

“MIIYA” means the Recipient’s ministry responsible for youth including any successor thereto as acceptable to the Association.

(e) Definition 22 is amended and replaced to read as follows;

“NITA” means the Recipient’s National Industrial Training Authority, a state corporation established under the Recipient’s Industrial Training (Amendment) Act of 2011, mandated to regulate and provide training in a number of areas, including any successor thereto.
In addition to the above amendments, please be notified that the Results Framework under the Project has also been revised.

A copy of the Restructuring Paper for disclosure is enclosed herein for your attention.

All the terms and conditions of the Financing Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

Please indicate your agreement with the foregoing amendments on behalf of the Recipient by countersigning and dating two (2) original copies of this Amendment Letter and returning one countersigned original to us. Upon receipt by the Association of the countersigned copy, the amendments shall become effective as of the date of your countersignature to this Amendment letter.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Carlos Felipe Jaramillo
Country Director
Kenya, Rwanda, Somalia and Uganda
Africa Region

AGREED:

THE REPUBLIC OF KENYA

Authorized Representative

Name: UKUR YATANI

Title: CS/National Treasury

Date: 22nd May, 2020

Enclosed. Disclosable Restructuring Paper
### Annex

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods (including vehicles), non-consulting services, consultants’ services, Training and Operating Costs</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) under Parts A.1, A.2(a) and A.2(b) to be implemented by MIIYA</td>
<td>27,963,000</td>
<td></td>
</tr>
<tr>
<td>(b) Under Parts A.2(c) and A.3 to be implemented by NITA</td>
<td>25,277,000</td>
<td></td>
</tr>
<tr>
<td>(2) Goods (including vehicles), non-consulting services, consultants’ services, Training and Operating Costs under Part B of the Project (excluding Business Start-up Grants, and Business Plan Competition Awards, and Innovation Awards)</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>(a) MSEA (Parts B.1, B.2(a), and B.3)</td>
<td>9,370,000</td>
<td></td>
</tr>
<tr>
<td>(b) MIIYA (Part B.2(b))</td>
<td>783,000</td>
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</tr>
<tr>
<td>(3) Business Start-up Grants under Part B.1 of the Project, to be implemented by MSEA</td>
<td>8,520,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Business Plan Competition Awards under Part B.2(a) of the Project, to be implemented by MIIYA</td>
<td>9,940,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Innovation Awards under Part B.2(b) of the Project, to be implemented by MIIYA</td>
<td>852,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Goods (including vehicles), non-consulting services, consultants’ services, Training and Operating Costs under Part C of the Project, to be implemented by MLSP</td>
<td>9,590,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Goods (including vehicles), non-consulting services, consultants’ services, Training and Operating Costs under Part D of the Project, to be implemented by MIIYA</td>
<td>12,640,000</td>
<td>100%</td>
</tr>
<tr>
<td>(8) Refund of Preparation Advance</td>
<td>1,565,000</td>
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</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td>106,500,000</td>
<td></td>
</tr>
</tbody>
</table>