Public Disclosure Authorized

CREDIT NUMBER 5812-KE

Financing Agreement

(Youth Employment and Opportunities Project)

between

REPUBLIC OF KENYA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated JULY 04 **, 2016**

CREDIT NUMBER 5812-KE

FINANCING AGREEMENT

AGREEMENT dated JULY 04, 2016, entered into between REPUBLIC OF KENYA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred six million and five hundred thousand Special Drawing Rights (SDR 106,500,000) (variously, "Credit" and "Financing"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

2.05. The Payment Dates are May 15 and November 15 in each year.

2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Recipient has established a Project Coordination Unit and has designated a dedicated National Project Coordinator, an Accountant, a Procurement Officer, and a Management Information Specialist (MIS), in accordance with the provisions of Section I.A of schedule 2 to this Agreement.

(b) The MSEA Subsidiary Agreement and the NITA Subsidiary Agreement have been executed on behalf of the Recipient and the MSEA and NITA respectively.

4.02. The Additional Legal Matter consists of the following, namely that the MSEA Subsidiary Agreement and the NITA Subsidiary Agreement have been duly authorized or ratified by the Recipient and MSEA and NITA and are legally binding upon the Recipient and MSEA and NITA in accordance with their terms.

4.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

4.04. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its Cabinet Secretary at the time responsible for Finance.

5.02. The Recipient's Address is:

The National Treasury
Treasury Building
P.O Box 30007-00100
Nairobi, Kenya

Facsimile:
254 20 330426; 254 20 218475

5.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at NAIROBI, KENYA, as of the day and year first above written.

REPUBLIC OF KENYA

By

Authorized Representative

Name: HENRY ROTICH.

Title: CABINET SECRETARY NATIONAL TREASURY

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: DIARIETOU GAYE

Title: COUNTRY DIRECTOR - AFRICA REGION

SCHEDULE 1

Project Description

The objective of the Project is to increase employment and earnings opportunities for targeted youths.

The Project consists of the following parts:

Part A: Improving Youth Employability

1. **Training and work experience in the formal sector.** Provision of targeted training to Beneficiaries in the areas of: (a) life skills and core business skills; and (b) job specific training and internships.

2. **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; and (b) job specific training and internships, including services aimed at: (i) upgrading of master craftsmen skills; and (ii) developing and updating of NITA certification standards for traditional apprenticeship trades.

Part B: Support for Job Creation

1. **Support for the self-employed.** Facilitating employment and earnings generation among urban and rural youth through the provision of: (a) Business Start-up Grants for business start-up activities; and (b) relevant business development services.

2. **Catalytic interventions for job creation.** Facilitating innovative interventions to create jobs for targeted youths through: (a) the provision of Business Plan Competition Awards for high-potential job creators; and (b) the provision of Innovation Awards for high-impact interventions for creating economic opportunities for the hard-to-serve youth.

Part C: Improving Labor Market Information (LMI)

1. **Identification of LMI system users and specification of LMI needs.** Provision of technical advisory services to identify priority LMI users and the type of indicators, analysis and reports needed, including details about the contents and their production ('Data Dictionary'), and carrying out of an assessment of data gaps to meet user needs and development of strategies and action plans with costs for bridging the data gaps.

2. **Production of LMI system content.** Provision of services to develop content for the LMI system to include labor statistics, reports analyzing these statistics, occupational outlook surveys, career navigator tools for job seekers, and a skills

inventory, among others, through financing of training, exchange programs, MIS development, equipping the LMI system unit with ICT equipment, consultancies and workshops.

3. **Dissemination of LMI system content and creation of awareness.** Provision of technical advisory services and equipment for the development and implementation of a communications strategy and the dissemination of LMI system content.

Part D: Strengthening Youth Policy Development and Project Management

1. **Building Youth Employment Policy development capabilities. B**uilding the MPYG's and other relevant ministries' and agencies' capacity to better review current policies and to conceptualize, develop and coordinate new policies and strategies, including, inter alia: (i) training for staff to support the review and development of policies; (ii) technical assistance to carry out organizational and functional reviews of various agencies involved in the youth employment dialogue and develop a strategy and action plan for improved coordination; and (iii) forums and workshops to support validation and consultation activities.

2. **Building capacity for monitoring and evaluation of youth employment policies and programs.** Carrying out of capacity-building activities for program evaluation in the MPYG to improve its ability to plan for, evaluate, and disseminate the impacts and cost-effectiveness of youth employment policies and programs and generate a more solid evidence base for decision-making, including inter alia, (i) capacity building for monitoring and evaluation; and (ii) the evaluation of selected youth employment programs, including programs and activities to be financed under the Project.

3. **Project Management and Coordination**. Provision of technical advisory services and logistical assistance to the PCU for Project management and coordination.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall vest the MPYG with the overall responsibility of Project coordination.

2. The Recipient shall establish, by no later than one month after the Effective Date, and maintain thereafter, a National Steering Committee (NSC), comprised of Principal Secretaries of the implementing ministries (MPYG, MLEAA, MIIT), and the National Treasury, the Chairman of the Council of Governors, and the Chairman of the National Youth Council, to be chaired by the Cabinet Secretary of the MPYG, and to be responsible for providing general oversight, overall supervision, and policy guidance in the implementation of the Project, and enhancing its visibility.

3. For the purpose of overseeing the implementation and progress of the Project and advising the PCU as needed, the Recipient shall establish by no later than one month after the Effective date, and maintain thereafter, a Project Implementation Technical Committee (PITC), chaired by the Principal Secretary MPYG, which shall include, as members, the Directors/Chief Executive Officers of the Departments/Agencies implementing the Project and the National Project Coordinator and coordinators of PIUs in NITA, MSEA and MLEAA.

4. To assist the PITC, the Recipient shall cause the MPYG to maintain the Project Coordination Unit (PCU), headed by the National Project Coordinator, who will report to the Principal Secretary of the MPYG, through the Director of the DOYA. Said PCU will include: (a) an Accountant, a Procurement Officer, a Monitoring and Evaluation Officer, a Public Communication Officer, an MIS Specialist, and adequate number of dedicated full time officers to manage the life skills and core business training and innovation challenge development; and (b) other short-term consultants in required number, including an impact evaluation specialist, a Communication Specialist and a Social Enterprise Development Specialist. Said PCU shall be responsible for: (i) Project management and progress reporting; (ii) managing the process of intake and channeling of eligible Beneficiaries to appropriate services; (iii) providing technical assistance in managing all major procurement under the Project; and (d) the execution of all the activities under Part D, as well as those activities under the responsibility of MPYG under Parts A and B of the Project.

5. The Recipient shall cause: (i) the NITA to be responsible for implementing Parts A.1(b) and A.2(b) of the Project; (ii) the MSEA to be responsible for implementing Parts B.1(a) and B.2(a) of the Project; (iii) the MLEAA to be responsible for implementing Part C of the Project; and (iv) the MPYG to be responsible for implementing Part A.1(a), A.2(a), B.2(b), and D of the Project.

B. Anti-Corruption

1. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Project Implementation Manual

1. The Recipient: (a) shall carry out the Project in accordance with the provisions of the Project Implementation Manual ("PIM"); provided, however, that in case of any conflict between the provisions of the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail; and (b) except as the Association shall otherwise agree, shall not amend, abrogate or waive any provision of the PIM.

D. Business Start-up Grants Under Part B.1 of the Project

1. The Recipient, through MSEA, shall make Business Start-up Grants to Beneficiaries in accordance with eligibility criteria and procedures set forth in the PIM, which shall, inter alia, include the following:

   (a) each Business Start-up Grant shall not exceed an amount of $400, in seed funding to invest in tools and inputs;

   (b) Beneficiaries shall include youth between 18 and 29 years of age, who are either unemployed or working in vulnerable jobs at the time of applying for Business Start-up Grants; and who have attained a minimum score on an entrepreneurial test as established in the PIM.

2. The Recipient shall, in availing Business Start-up Grants, ensure that: (a) fifty percent of the Beneficiaries shall have completed training under Part A of the Project and shall have expressed an interest in becoming self-employed; (b) another fifty percent of the Beneficiary shall be from a general pool of applicants that shall not have benefitted from any training under the Project; and (c) there shall be at least 50% women among the Beneficiaries.

3. The Recipient shall ensure that the proposed Business Start-up Grants shall not include any physical investment or other activity that may have an environmental impact.

4. The Recipient, through MSEA, shall disburse each Business Start-up Grant to Eligible Beneficiary in two tranches, with the first tranche upon completing an entrepreneurship orientation session, and the second tranche upon the submission of a simplified entrepreneurship plan outlining the investment and expenditures to be financed by the Business Start-up Grant, satisfactory to Association.

E. Business Plan Competition Awards Under Part B.2(a) of the Project

1. The Recipient shall make Business Plan Competition Awards to Awardees in accordance with eligibility criteria and procedures acceptable to the Association and set forth in the PIM, which shall include, *inter alia*, the following: (a) the proposed Awardee is a legal entity with the necessary managerial, financial and technical qualifications to carry out the Business Plan; (b) the proposed Business Plan shall have a growth potential that shall result in job creation for youth; and (c) the proposed Business Plan shall not include any physical investments or other activities which may have environmental impact.

2. For each Business Plan which has been determined to be eligible for financing under Part B.2(a) of the Project, the Recipient shall enter, through the Professional Management Company, into an Award Agreement, with an Awardee, under terms and conditions satisfactory to the Association, which shall include the following:

   (i) a description of the Business Plan, its budget, and applicable performance indicators;

   (ii) the provision that the Business Plan Competition Award shall be released in three tranches, with the first tranche upon signing of the Award Agreement, and subsequent disbursements for second and third tranches based on a detailed financial and performance report satisfactory to the Professional Management Company, and the Association;

   (iii) the obligation of the Awardee to: (A) carry out the Business Plan with due diligence and in accordance with sound technical, financial and administrative practices; and (B) maintain adequate records and at the request of the Association or the Recipient, have such records audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association.

F. Innovation Awards under Part B.2(b) of the Project

1. For the purposes of implementing Part B.2(b) of the Project, the Recipient shall hire an independent firm or a non-governmental organization, with experience and qualifications satisfactory to the Association, which shall be responsible for the application process, screening, training and evaluation of proposals for the Innovation Awards, as well as marketing and outreach.

2. The Recipient, through MPYG, shall provide Innovation Awards for eligible organizations which serve the targeted youth in accordance with the terms and procedures set forth in the PIM.

G. Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the VMGF and VMGPs. To that end, if any Project activities would, pursuant to the VMGF, require the preparation of a VMGP, the Recipient shall ensure that said activities shall not be implemented unless and until said VMGP has been: (a) prepared, in accordance with the VMGF and furnished to the Association for approval; (b) disclosed following approval of the Association; and (c) all measures required to be taken thereunder prior to the commencement of said activities, have been taken. Except as the Association shall otherwise agree in writing, and subject to compliance with the same consultation and information disclosure requirements as applied to the adoption of the aforesaid VMGPs in the first instance, the Recipient shall not amend or waive any provision of the VMGPs.

2. The Recipient shall, in its Project Reports, report on progress made on compliance with the VMGPs under the Project, giving details of measures taken in furtherance of the VMGPs and any conditions which interfere or threaten to interfere with the timely implementation of the VMGPs, and remedial measures taken or required to be taken to address such conditions.

3. The Recipient shall ensure that all advisory, analytical, planning, institutional capacity building, strategizing and such other services carried out under the Project shall be carried out according to terms of reference, satisfactory to the Association, requiring such services to deliver products which take into account, and are consistent with, the Association's social and environmental safeguard policies.

H. Subsidiary Agreements

1. (a) To facilitate the carrying out of Parts B.1(a) and B.2(a) of the Project, the Recipient shall make part of the proceeds of the Financing, in the form of grants, available to MSEA under a subsidiary agreement between the Recipient and MSEA, under terms and conditions approved by the Association (MSEA Subsidiary Agreement).

(b) To facilitate the carrying out of Parts A.1(b) and A.2(b) of the Project, the Recipient shall make part of the proceeds of the Financing, in the form of grants, available to NITA under a subsidiary agreement between the Recipient and NITA, under terms and conditions approved by the Association (NITA Subsidiary Agreement).

2. The Recipient shall exercise its rights under the Subsidiary Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreements or any of its provisions.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators as agreed between the Recipient and the Association. Each Project Report shall cover the period of six (6) months, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements and management letter for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:

(a) Limited International Bidding
(b) National Competitive Bidding, subject to the provisions set forth in paragraph 3 of this Section B
(c) Shopping
(d) Framework Agreements
(e) Direct Contracting

3. The following additional provisions shall apply to National Competitive Bidding, to the open tender procedures described in the Recipient's Public Procurement and Assets Disposal Act, 2015:

   (a) The tender submission date shall be set at least thirty (30) days after the later of: (i) the date of advertisement; and (ii) the date of availability of the tender documents.

(b) Recipient-owned enterprises shall be allowed to participate in the tendering only if they can establish that they are legally and financially autonomous, operate under commercial law and are independent agencies of the Recipient's government.

(c) Bidding documents and tender documents shall contain, *inter alia*, draft contracts and conditions of contracts, including provisions on fraud and corruption, audit and publication of award and shall be in form and substance satisfactory to the Association.

(d) Extension of tender validity shall be allowed once only, and for not more than thirty (30) days, unless otherwise previously agreed in writing by the Association.

(e) Tender evaluation shall be based on quantifiable criteria expressed in monetary terms as defined in the tender documents, and not on a merit points system.

(f) No domestic preference shall be used in the evaluation of tenders. Accordingly, contracts shall be awarded to qualified tenderers who have submitted the lowest evaluated substantially responsive tender.

(g) Notification of contract award shall constitute formation of the contract. No negotiation shall be carried out prior to contract award.

(h) The two envelope bid opening procedure shall not apply.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services**. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:

Procurement Method
(a) Quality-based Selection
(b) Selection under a Fixed Budget
(c) Least Cost Selection
(d) Selection Based on Consultants Qualifications
(e) Single Source Selection of consulting firms
(f) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Association
(g) Selection of consultants under Indefinite Delivery Contract or Price Agreement
(h) Selection of Individual Consultants
(i) Single-source procedures for the Selection of Individual Consultants

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects", dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods (including vehicles), non-consulting services, consultants' services, Training and Operating Costs		100%
(a) under Parts A.1(a) and A.2(a) to be implemented by MPYG	12,070,000	
(b) Under Parts A.1(b) and A.2(b) to be implemented by MLEAA (NITA)	41,170,000	
(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)		100%
(a) MIIT (MSEA) (Parts B.1 and B.2(a))	9,370,000	
(b) MPYG (Parts B.2(a) and B.2(b))	783,000	
(3) Business Start-up Grants under Part B.1 of the Project, to be implemented by MIIT (MSEA)	8,520,000	100%
(4) Business Plan Competition Awards under Part B.2(a) of the Project, to be implemented by MPYG	9,940,000	100%
(5) Innovation Awards under Part B.2(b) of the Project, to be implemented by MPYG	852,000	100%
(6) Goods (including vehicles), non-consulting services, consultants' services, Training and Operating Costs under Part C of the Project, to be implemented by MLEAA	9,590,000	100%
(7) Goods (including vehicles), non-consulting services, consultants' services, Training and Operating Costs under Part D of the Project, to be implemented by MPYG	12,640,000	100%
(8) Refund of Preparation Advance	1,565,000	Amount payable pursuant to Section 2.07(a) of the General Conditions
TOTAL AMOUNT	106,500,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for:

   (a) payments made prior to the date of this Agreement; and

   (b) under Category (4) unless the Recipient has appointed the independent Professional Management Company, in accordance with Section V of this Schedule.

2. The Closing Date is December 31, 2021.

Section V. Other undertakings: Business Plan Competition and Professional Management Company

The Recipient shall manage the Business Plan Competition Awards under Part B.2 of the Project with the assistance of an independent Professional Management Company (PMC) and shall, in this regard, recruit, in accordance with the provisions of Section III of this Schedule 2, said independent PMC, with qualifications and experience and terms of reference satisfactory to the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each May 15 and November 15, commencing November 2022, to and including May 15, 2054	**1.5625%**

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03(b) of the General Conditions.

APPENDIX

Section I. **Definitions**

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.

2. "Award Agreement" means any or all agreements signed between the Recipient, through the Professional Management Company, and the Awardee (as hereinafter defined) for the implementation of Part B.2(a) of the Project.

3. "Awardee" means a young entrepreneur up to the age of 35 years eligible to present a Business Plan and a recipient of a Business Plan Competition Award (as hereinafter defined) under Part B.2(a) of the Project, so declared after the completion of the processes included in the PIM (as hereinafter defined)

4. "Beneficiary" means the eligible youths selected, in accordance with the Operational Manual, included in the Project Implementation Manual (as hereinafter defined) to receive life skills, technical and entrepreneurship training, internships, or skills certification, or Business Start-up Grants under the Project.

5. "Business Plan" means any plan for expansion of business with the potential to create jobs for targeted youths, prepared and carried out by eligible entrepreneurs, and eligible for financing under Part B.2(a) of the Project.

6. "Business Plan Competition Awards" means Business Plan Competition Awards provided to eligible Awardees under Part B.2(a) of the Project.

7. "Business Start-up Grants" means Business Start-up Grants provided to eligible Beneficiaries under Part B.1 of the Project and selected pursuant to the provisions of Section I.D of Schedule 2 to this Agreement.

8. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

9. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).

10. "DNHRP&D" means the Department of National Human Resource Planning and Development, within the MLEAA (as hereinafter defined), or any successor thereto.

11. "DOYA" means the Directorate of Youth Affairs, within the MPYG, or any successor thereto.

12. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.

13. "Innovation Award" means an award provided to an eligible organization for the activity which aims to catalyze interventions to expand economic opportunities to youth between the ages 18 and 29 years considered hard-to-serve, to be financed under Part B.2(b) of the Project.

14. "Implementing Agencies" collectively refer to MLEAA, MSEA, MPYG, and NITA (all hereinafter defined).

15. "MSEA" means the Recipient's Micro and Small Enterprise Authority, a state corporation established under the Micro and Small Enterprise Act No. 55 of 2012, and mandated, inter alia, to formulate and coordinate policies that will facilitate the integration and harmonization of various public and private sector initiatives, for the promotion, development and regulation of the micro and small Enterprises.

16. "MSEA Subsidiary Agreement" means the Subsidiary Agreement referred to in Section I.H.1(a) of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to MSEA.

17. "MIIT" means the Recipient's Ministry of Industry, Investment and Trade, and any successor thereto.

18. "MLEAA" means the Recipient's Ministry of Labor and East Africa Affairs, or any successor thereto

19. "MPYG" means the Recipient's Ministry of Public Service, Youth and Gender Affairs, or any successor thereto.

20. "NSC" means the National Steering Committee, referred to in Section I.A.2 of Schedule 2 to this Agreement.

21. "NT" means the Recipient's National Treasury, or any successor thereto.

22. "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.

23. "NITA Subsidiary Agreement" means the Subsidiary Agreement referred to in Section I.H.1(b) of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to NITA.

24. "Operating Costs" means incremental expenses arising under the Project, including the costs for the management and monitoring of the Project activities, office supplies and consumables; communication; operation and maintenance of

office vehicles; per diem and travel costs for project staff; reasonable bank charges; and allowances and salaries of contracted staff (excluding salaries of the Recipient's civil servants).

25. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on January 8, 2016 and on behalf of the Recipient on January 19, 2016.

26. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011 (revised July 2014).

27. "Procurement Plan" means collectively each of the Implementing Agencies' procurement plans for the Project, both dated April 7, 2016, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

28. "PCU" means the Project Coordination Unit referred to in Section I.A.4 of Schedule 2 to this Agreement.

29. "PIM" mean the Recipient's Project Implementation Manual dated April 6, 2016, which includes detailed arrangements and procedures for the Project, including, *inter alia* (a) policies, administrative, financial management and procurement procedures as well as guidelines to be followed in the implementation and monitoring of the Project; (b) indicators on the performance of the PCU; (c) the modalities for monitoring and evaluating the results of the Project; (d) the format and content of progress reports; and (e) an Operational Manual detailing the specific modalities for screening and approving Business Start-up Grants, Business Plans Competition Awards and Innovation Awards and training under Part B of the Project; as the same may be amended and/or supplemented from time to time; and such term includes any schedule to the PIM.

30. "PITC" means the Project Implementation Technical Committee, referred to Section I.A.3 of Schedule 2 to this Agreement.

31. "PMC" or "Professional Management Company" means the company appointed by the Recipient pursuant to Section V of Schedule 2 to this Agreement.

32. "Training Costs" means the reasonable costs for the following expenditures incurred in providing training or workshops: travel by participants and presenters to the training or workshop site, per diem allowances of such persons during the training or workshop, honoraria for the presenters, rental of facilities, materials, supplies and translation and interpretation services.

33. "Vulnerable and Marginalized groups" or "VMGs" means distinct, vulnerable, social and cultural groups that may be identified pursuant to the studies outlined in the VMGF (as hereinafter defined) for the purposes of this Project.

34. "Vulnerable and Marginalized Groups Framework" or "VMGF" means an instrument prepared by the Recipient, satisfactory to the Association, disclosed in country and in the Association's Infoshop on March 1, 2016, outlining the basis for identifying vulnerable peoples and their rights, the appropriate consultative process as well as guidelines to avert, minimize, mitigate, or provide culturally appropriate compensation for any potentially adverse effects as the same may be amended from time to time with the Association's prior written concurrence.

35. "Vulnerable and Marginalized Groups Plan" or "VMGP" means each of the plans to be prepared by the Recipient, satisfactory to the Association, disclosed in country and in the Association's Infoshop, which sets out the measures to be carried out by the Recipient to ensure that: (a) VMGs affected by the project receive culturally appropriate social and economic benefits; and (b) when potential adverse effects on VMGs are identified, those adverse effects are compensated for, avoided, minimized, or mitigated.