Hon. Henry Rotich  
Cabinet Secretary  
National Treasury  
Treasury Building  
Nairobi, Kenya  

**Re: Republic of Kenya: Cash Transfer for Orphans and Vulnerable Children, Credit No. 4553-KE  
Amendment to the Financing Agreement**

Honorable Rotich:

We refer to the Financing Agreement (Agreement), dated May 8, 2009, between the Republic of Kenya ("Recipient") and the International Development Association ("Association") as amended. We also refer to your letters dated February 8, 2013, and June 28, 2013, in connection with amending the Agreement for the above-mentioned Project to promote effective project implementation. The Association is pleased to notify you that it concurs with your request and the Agreement is amended as follows:

1. December 31, 2015, has been established as the later date for purposes of Section IV B (2) of Schedule to the Agreement.

2. Section 3.01 to the Agreement is amended by replacing "MGCSD" with "MLSSS."

3. All references to "District" are hereby amended to read as "Sub-county" and references to "Province" to read as "County."

4. Schedule 1 of the Agreement is amended to read "The objective of the Project is to increase social safety net access for extremely poor OVC households and to build the capacity of the Recipient to more effectively deliver the National Safety Net Program."

5. Part I of Schedule 1 to the Agreement is amended to read, as follows.

   Strengthening the National Safety Net Program through:

   (a) building the capacity of the various program systems to promote good governance through provision of goods, training and technical advisory services required for that purpose;

   (b) harmonizing the policies and mechanisms for implementing the various Cash Transfer Programs to improve sector coherence through provision of goods, technical advisory services and training required for that purposes; and
(c) building the capacity of the institutions responsible for the Cash Transfer Programs to promote more comprehensive and equitable coverage of the relevant household, through training, provision of goods and technical advisory services required for that purpose.

6. A new Paragraph F is added to Section 1 of Schedule 2 to the Agreement to read as follows:

"F. Safeguards

1. The Recipient shall throughout the implementation of the Project:

   (a) carry out the Project in accordance with the Vulnerable and Marginalized Groups Framework (VMGF);

   (b) not amend or waive or permit to be abrogated, amended or waived any provision of the aforementioned VMGF, without the prior agreement in writing of the Association; and

   (c) monitor regularly and include in its progress report, in Part A of Section II of this Schedule, progress made on compliance with the VMGF, and giving details of: (i) measures taken or to be taken in accordance with the said framework; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the said framework; and (iii) remedial measures taken or to be taken to address such conditions.

2. In case of any conflict between the provisions of the VMGF and the provisions of this Agreement, the provisions of this Agreement shall prevail."

7. The Appendix (Section 1. Definitions) to the Agreement is amended as follows:

   (a) Paragraph 8 is amended to read as follows: “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.”

   (b) New paragraphs 9 and 10 are added and read as follows:

   “(9) “County Children Offices” means, collectively, the offices established by the DCS in the Recipient’s county to deal with children’s affairs.

   (10) “County” means any of the forty-seven (47) geographical units provided for under the First Schedule of the Constitution of Kenya 2010 for purposes of local administration.”
(c) The former paragraphs “9” - “25” are renumbered as paragraphs “11-26” respectively.

(d) The new Paragraph 18 is deleted in its entirety and now reads as follows:

“18. MLSSS means the Recipient’s Ministry of Labour, Social Security and Services” or its legal successor thereto;”

(e) The new paragraph 19 on “Operating Costs” is hereby amended by replacing the words “Children offices and the District Children Offices” with “County and Sub-County offices” and the words “salaries of temporary staff” is inserted between the words “per diem” and “but.”

(f) Paragraph 22 is amended now reads as follows: “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.”

(g) Paragraph 28 is added to read as “Sub-County” means a decentralized unit established under Section 48 (1)(b) of the County Government Act, 2012 through which the Recipient’s County Governments provide services to local communities.

(h) The former paragraphs 26 and 27 are renumbered as paragraphs 29 and 30 respectively.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

Diarietou Gaye
Country Director for Kenya
Africa Region

AGREED:

REPUBLIC OF KENYA

By

Authorized Representative

Name: Henry K. Rotich

Title: Cabinet Secretary, The National Treasury

Date: 16th December 2013