

Mr. S. R. Attygalle  
Secretary to the Treasury  
Ministry of Finance  
The Secretariat  
Colombo 01  
Sri Lanka

**Re: Democratic Socialist Republic of Sri Lanka - Ecosystem Conservation and Management Project (Credit No.5792-LK)  
Amendment to the Financing Agreement**

Dear Mr. Attygalle:

We refer to the Financing Agreement (“Agreement”) dated September 5, 2016 between the Democratic Socialist Republic of Sri Lanka (“Recipient”) and the International Development Association (“Association”), as amended, for the Ecosystem Conservation and Management Project (“Project”).

We also refer to the letter dated February 18, 2020, from the Department of External Affairs, Ministry of Finance, Economy and Policy Development, requesting a restructuring of the Project, which requires certain amendments to the Agreement.

We are pleased to inform you that after due consideration, the Association concurs with the request. According, the Financing Agreement is hereby amended as follows:

1. Schedule 1, Part 1, paragraph (ii) is amended to read as follows:

“(ii) Provision of support for piloting landscape planning and management involving all stakeholders in selected landscapes comprising contiguous areas with unique ecological, cultural, and socio-economic characteristics, including the development and implementation of landscape plans and management models, and provision of technical advisory services and facilitation of Training, public awareness and communications”

2. Schedule 1, Part 2, paragraph (a)(i) is amended to read as follows:

“(a) (i) identify and implement biodiversity-friendly and climate-smart existing or new livelihood options through participatory community action plans; (ii) develop capacity for business development and management and facilitate linkages to existing financing mechanisms; and (iii) develop capacity on natural resources management, livelihood development; and”

3. Schedule 1, Part 2, paragraph (b)(i) is amended to read as follows:

“(b) (i) scale up successful pilot models and implementation of other measures to address human-elephant conflict, including, implementation of a landscape conservation strategy

aimed at allowing elephants to continue ranging outside DWC PAs in other protected forests, while providing protection to farmers and village communities through protective solar electric fencing.”

4. Schedule 1, Part 4 is amended to read as follows:

“Provision of support for Project implementation and management including: (a) support in the areas of Project management, monitoring and evaluation, procurement, financial management, and environmental and social safeguards; and (b) provision of technical advisory services and Incremental Operating Costs, facilitation of Training, acquisition of goods and equipment.

5. A new Part 5 is added under Schedule 1 to read as follows:

**“Part 5: Contingent Emergency Response Component**

Provision of immediate response to an Eligible Crisis or Health Emergency.”

6. A new Section I.F is added under Schedule 2 to read as follows:

**“F. Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project (“Contingent Emergency Response Part”), the Recipient shall:

- (a) prepare and furnish to the Association for its review and approval, a Contingent Emergency Response Component Manual (CERCM) which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any special institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Emergency Expenditures; (vi) application of the any relevant safeguard instruments to the Contingent Emergency Response Part; and (vii) any other arrangements necessary to ensure proper coordination and implementation of the Contingent Emergency Response Part;
- (b) afford the Association a reasonable opportunity to review the proposed CERCM;
- (c) promptly adopt the CERCM for the Contingent Emergency Response Part as accepted by the Association;
- (d) ensure that the Contingent Emergency Response Part is carried out in accordance with the CERCM; provided, however, that in the event of any

inconsistency between the provisions of the CERCM and this Agreement, the provisions of this Agreement shall prevail; and

- (e) not amend, suspend, abrogate, repeal or waive any provision of the CERCM without the prior written approval by the Association.
2. The Recipient shall ensure that no activities are undertaken under the Contingent Emergency Response Part, unless and until the following conditions have been met in respect of said activities:
- (a) the Recipient has determined that an Eligible Crisis or Health Emergency has occurred, has furnished to the Association a request to include said activities in the Contingent Emergency Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
  - (b) all safeguard instruments as may be required for said activities have been prepared and disclosed in accordance with the ERM, the Association has approved all such instruments, and the Recipient has ensured the implementation of any actions which are required to be taken under said instruments.
3. Notwithstanding any provision to the contrary in this Section, Emergency Expenditures required for activities included in Part 5 of the Project shall be procured in accordance with the procurement methods and procedures set forth in the CERCM.”
7. The table in Schedule 2, Section IV.A.2 is deleted and replaced in its entirety as set forth in the Attachment to this letter.
8. Schedule 2, Section IV.B is deleted and replaced in its entirety as follows:

**“B. Withdrawal Conditions, Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
- (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 815,000 may be made for payments made prior to this date but on or after January 1, 2016 for Eligible Expenditures subject to the requirements referred to in paragraph (b) below;
  - (b) for Emergency Expenditures under Category (5), unless and until the Association is satisfied that all of the following conditions have been met in respect of said expenditures:
    - (i) the Recipient has determined that an Eligible Crisis or Health Emergency has occurred, has furnished to the Association a request to include said activities in the Contingent Emergency

Response Part in order to respond to said crisis or emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;

- (ii) the Recipient has ensured that all safeguards instruments required for said activities have been prepared and disclosed, and the Recipient has ensured that any actions which are required to be taken under said instruments have been implemented, all in accordance with the provisions of Sections I.F of this Schedule;
- (iii) the entities in charge of coordinating and implementing the Contingent Emergency Response Part have adequate staff and resources, in accordance with the provisions of Section I.F of this Schedule, for the purposes of said activities; and
- (iv) the Recipient has adopted the CERCM, in form and substance acceptable to the Association, and the provisions of the CERCM remain - or have been updated in accordance with the provisions of Section I.F of this Schedule 2 so as to be - appropriate for the inclusion and implementation of the Contingent Emergency Response Part.

2. The Closing Date is June 30, 2021.”

9. The new definitions for the “Contingent Emergency Response Component Manual”, “Contingent Emergency Response Part”, “Eligible Crisis” and “Health Emergency” have been added as follows:

“Contingent Emergency Response Component Manual” or the acronym “CERCM” means the plan referred to in Section I.F of Schedule 2 to this Agreement, to be adopted by the Recipient for the Contingent Emergency Response Part in accordance with the provisions of said Section.

“Contingent Emergency Response Part” means Part 5 of the Project.

“Eligible Crisis” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.

“Emergency Expenditure” means any of the eligible expenditures set forth in the Contingency Emergency Response Component Manual in accordance with the provisions of Section I.F of Schedule 2 to this Agreement, and required for the Contingent Emergency Response Part.

“Health Emergency” means an event that has caused, or is likely to imminently cause, a major adverse health impact to the Recipient, associated with a natural or man-made crisis or disaster.

All other provisions of the Agreement, except as revised herein, remain unchanged.

Please confirm your agreement to the foregoing on behalf of the Recipient by countersigning and dating the corresponding form of confirmation set forth below, and returning one fully countersigned original of this amendment letter to us and retaining one original for your records. This amendment letter shall become effective as of the date of the countersignature, upon receipt by the Association of a duly countersigned original of this letter by an authorized representative of the Recipient.

Sincerely,

*Idah Z. Pswarayi-Riddihough*

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Idah Z. Pswarayi-Riddihough  
Country Director for Maldives, Nepal and Sri Lanka  
South Asia Region

**AGREED:  
DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**

By:           *S. R. Attygalle*            
Name:           S. R. Attygalle            
Title:           Secretary to the Treasury            
Date:           29-Apr-2020

**Revised Withdrawal Table**  
**Section IV.A.2 of Schedule 2 to the Agreement**

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultants' services and Training under Parts 1, 2 and 3 of the Project	3,248,230	100% until the date of countersignature of this Amendment
(2) Goods, non-consulting services, consultants' services, Incremental Operating Costs, and Training under Part 4 of the Project	1,207,110	100%
(3) Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs under Parts 1, 2 and 3 of the Project	27,778,870	100% after the date of the countersignature of this Amendment
(4) Payments made for the Work for Cash Program under the Project	365,790	100% of amount disbursed after the date of the countersignature of this Amendment
(5) Emergency Expenditure under Part 5 of the Project	0	100%
<b>TOTAL AMOUNT</b>	<b>32,600,000</b>	