

Mr. Sajith Ruchika Attygalle
Secretary of Treasury
Economic and Policy Development
Ministry of Finance
Colombo
Sri Lanka

Re: Amendment following the activation of the Contingent Emergency Response Component (CERC) under the Local Development Support Project (Credit No 6371-LK)

Dear Mr. Attygalle:

We refer to the Local Development Support Project (Credit No 6371-LK) (“Project”) under the Financing Agreement dated May 14, 2019 (“Agreement”) between the Democratic Socialist Republic of Sri Lanka (“Recipient”) and the International Development Association (“Association”):

We also refer to: (a) your letter dated June 17, 2020 requesting activation of the contingent emergency response component of the Project (“CERCs”) in response to COVID-19; (b) ERD’s letter dated August 21, 2020 setting out reallocation details; (c) the CERC Emergency Operation Manual (“CERC EOM”) dated August 21, 2020; (d) Emergency Action Plan (“EAP”) dated August 21, 2020; (e) ERD’s letter dated August 28, 2020 requesting reimbursement of eligible expenditures; and (f) the Association’s letter dated September 8, 2020, notifying the Recipient of the activation of the CERC and the fulfillment of the conditions precedent to disbursement relevant to the disbursement Category for Emergency Expenditures under Part 5 of the Project under the CERC under Section III.A of Schedule 2 to the Agreement.

In order to restructure the Project for the purpose of reflecting the reallocation of funds and the impact of such reallocation on the achievement of the Projects development objective, the Agreement is hereby amended as follows:

1. All references in the Agreement to the “Ministry of Internal and Home Affairs and Provincial Councils and Local Governments” or “MIHAPCLG” shall be replaced by “Ministry of State for Provincial Councils and Local Government” or “MSPCLG”, respectively.

2. The Project development objective in Schedule 1 to the Agreement is amended to read as follows:

“To strengthen Local Government Authorities’ capabilities to deliver services to communities in a responsive and accountable manner, to support economic infrastructure development in Participating Provinces, and to provide immediate and effective response to an Eligible Crisis or Health Emergency.”

3. The disbursement table in Section III.A. of Schedule 2 to the Agreement is hereby deleted and replaced in its entirety to read as set forth in Attachment 1 to this letter.

4. The following new definitions are incorporated in alphabetical order in the Appendix to the Agreement, and the terms are renumbered in accordance with such insertions:

“‘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.”

“‘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.”

5. The definition of “MIHAPCLG” shall be deleted in its entirety and replaced by the following:

“‘MSPCLG’ means the Recipient’s Ministry of State for Provincial Councils and Local Government, or any successor thereto.”

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 letter of amendment to us. Upon receipt by the Association of the original of this letter of amendment countersigned by you, this letter of amendment shall become effective as of the date of the countersignature.

Sincerely,

Lada Strelkova

Lada Strelkova
Acting Country Director for Maldives, Nepal and Sri Lanka

AGREED:

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

By: *S. R. Attygalle*

Name: S. R. Attygalle

Title: Secretary to the Treasury

Date: 28-Jan-2021

Attachment 1

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Incremental Operating Costs, and Training under Parts 1, 2.2, 3 and 4 of the Project	14,915,000	100%
(2) Basic Transfers	32,500,000	100%
(3) Performance Transfers	5,000,000	18%
(4) Emergency Expenditures under Part 5 of the Project	17,000,000	30%
(5) Refund of the Preparation Advance	410,000	Amount payable pursuant to Section 2.07 (a) of the General Conditions
(6) Front-end Fee	175,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 3.08 (b) of the General Conditions
(7) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.06 (c) of the General Conditions
TOTAL AMOUNT	70,000,000	