

Mr. S.R. Attygalle  
Secretary  
Ministry of Finance  
Colombo  
Sri Lanka

*Re: Democratic Socialist Republic of Sri Lanka: COVID-19 Emergency Response and Health Systems Preparedness Project  
(Loan No. 9085-LK)  
Amendment to the Loan Agreement*

Dear Mr. Attygalle:

We refer to the Loan Agreement (“Agreement”) dated April 3, 2020, as amended, between the Democratic Socialist Republic of Sri Lanka (“Borrower”) and the International Bank for Reconstruction and Development (“Bank”), for the COVID-19 Emergency Response and Health Systems Preparedness Project (“Project”). We also refer to the letter from the Borrower dated February 19, 2021, requesting an additional financing to support procurement and distribution of COVID-19 vaccines under the Project. Said request would necessitate certain amendments to the Financing Agreement.

The Bank agrees to your request and proposes to amend the Agreement as follows:

1. Article 3.01 is amended to read as follows:

“3.01. The Borrower declares its commitment to the objectives of the Project and the MPA Program. To this end, the Borrower shall carry out (i) Parts 1.1, 1.3, 2, 3, 4 and 5 of the Project through its MoH and SMO PCLGA; and (ii) Part 1.2 of the Project through its MoH, MoF and State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment, Business Development and Underutilized State Resources Development, in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.”
2. The words “Ministry of Finance, Economy and Policy Development” in Article 5.01 are replaced with the words “Ministry of Finance”.
3. Part 1 (a) through (d) of Schedule 1 are now renumbered under “**1.1. Strengthening Health System Response**”.

4. The following Parts 1.2 and 1.3 are inserted under Part 1 of Schedule 1:

**“1.2 Social and Financial Support to Vulnerable Households**

- (a) Provision of Cash Transfers to the elderly, persons with disabilities, chronic disease patients and persons who lost livelihoods; and
- (b) Provision of In-Kind Support in the form of food packs to households under quarantine due to COVID-19.

**1.3 COVID-19 Vaccination**

- (a) Purchase, delivery and distribution of the Project COVID-19 Vaccine, and related cold chain commodities, personal protective equipment (PPE) and consumables, and other goods, services and operating costs necessary for safe immunization service delivery.
- (b) Risk communication and advocacy, related analytical work, training of health personnel, supervisory activities, transport, medical waste management, registration systems, and supporting of existing management information systems.”

5. Part 5 of Schedule 1 is amended to read as follows:

**“Part 5: Contingent Emergency Response**

Provision of immediate response to an Eligible Crisis or Emergency, as needed.”

6. Schedule 2, Section I.A.2 is amended to read as follows:

“2. The Borrower shall vest responsibility for the implementation of Parts 1.1, 1.3, 2, 3, 4 and 5 of the Project in MoH and SMoPCLGA, and of Part 1.2 of the Project in the MoH, MoF and State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment, Business Development and Underutilized State Resources Development. To this end, the Borrower shall:

- (a) maintain, throughout the implementation of the Project, the Project Management Unit within MoH for the purposes of day-to-day Project management and implementation, including financial management, procurement, and social and environmental safeguards issues, with the composition, responsibilities and terms of reference satisfactory to the Bank;
- (b) adopt the Project Operational Manual, satisfactory to the Bank and setting forth the procedures and requirements for the implementation of the Project activities, and after that implement the Project in accordance with such manual. The Project Operational Manual shall include *inter alia*, for Part 1.2 of the Project: the eligibility criteria for selection of Cash Transfer and In-Kind Support recipients, the procedures for making the Cash Transfers and In-Kind Support; the record

keeping requirements and fiduciary controls at different levels of implementation, and the audit requirements; and the monitoring and evaluation mechanisms;

- (c) ensure that the collection, use and processing (including transfers to third parties) of any Personal Data collected under the Project will be done in accordance with the requirements and procedures set forth in the Project Operational Manual, and ensuring legitimate, appropriate and proportionate treatment of such data; and
  - (d) establish and maintain, throughout the implementation of the Project, a Project Coordination Unit (PCU) within the State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment, Business Development and Underutilized State Resources Development; and maintain, throughout the implementation of the Project, the PCU-MoF; for the purposes of day-to-day Project management and implementation of Part 1.2 of the Project, including financial management and social and environmental safeguards issues, with the composition, responsibilities and terms of reference satisfactory to the Bank.”
7. The following new Section I.B, Section I.C, Section I.D and Section I.E are added immediately after Section I.A of Schedule 2:

**“B. Cash Transfers and In-Kind Support**

- (a) For the purpose of carrying out Part 1.2(a) of the Project, the Borrower shall provide Cash Transfers to eligible recipients in accordance with the provisions of this Agreement and the provisions of the Project Operational Manual; and
- (b) For the purpose of carrying out Part 1.2(b) of the Project, the Borrower shall provide In-Kind Support to eligible recipients in accordance with the provisions of this Agreement and the provisions of the Project Operational Manual.

**C. Vaccine Delivery and Distribution Plan**

- 1. In order to ensure adequate implementation of Part 1.3 of the Project, the Borrower shall, by no later than one (1) month after the Effective Date, or such later date as the Bank may agree, but in any event prior to the commencement of any delivery and distribution of Project COVID-19 Vaccines within the Borrower’s territory, prepare and adopt, a plan for COVID-19 Vaccine delivery and distribution (“Vaccine Delivery and Distribution Plan”), in form and substance satisfactory to the Bank, which shall include:
  - (a) rules and procedures for prioritizing intra-country vaccine allocation following principles established in the WHO Fair Allocation Framework, including an action plan setting out the timeline and steps for implementing such rules;
  - (b) rules and procedures establishing minimum standards for vaccine management and monitoring, including medical and technical criteria, communications and outreach plan, cold chain infrastructure, and other related logistics infrastructure;

- (c) rules and procedures for processing and collection of Personal Data in accordance with good international practice;
  - (d) vaccine distribution plan, including action plan setting out timeline and steps for immunization; and
  - (e) detailed guidelines and procedures for the purchase, delivery and distribution of the Project COVID-19 Vaccine, including, *inter alia*, with respect to: administration and coordination, monitoring and evaluation, financial management, procurement and accounting procedures, environmental and social safeguards, corruption and fraud mitigation measures, a grievance redress mechanism, roles and responsibilities for Project implementation, and such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Bank.
2. The Borrower shall carry out the Project in accordance with this Agreement, the Project Operational Manual and the Vaccine Delivery and Distribution Plan. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, or waive the provisions of the Project Operational Manual or Vaccine Delivery and Distribution Plan without prior approval of the Bank. In the event of any conflict between the provisions of the Project Operational Manual, Vaccine Delivery and Distribution Plan and this Agreement, the provisions of this Agreement shall prevail.

**D. Standards for COVID-19 Vaccine Approval**

All Project COVID-19 Vaccines shall satisfy the Vaccine Approval Criteria.”

8. The original Section I.B (Environmental and Social Standards) and Section I.C (Contingent Emergency Response) of Schedule 2 are renumbered to Section I.E (Environmental and Social Standards) and Section I.F (Contingent Emergency Response), respectively. Any reference to the original Section I.B or Section I.C to the Financing Agreement shall be deemed to reference to the renumbered Section I.E or Section I.F, respectively.
9. The renumbered Section I.E (Environmental and Social Standards) of Schedule 2 (is amended by amending the new Section I.E.7 to read as follows:
- “7. Should there be any use of security or military personnel in the implementation of Project activities and for provision of security to Project workers, sites and/or assets, the Borrower, through MoH, shall take the following measures related to the use of security or military personnel, if any, in the implementation of Project activities and for provision of security to Project workers, sites and/or assets, in a manner satisfactory to the Bank:
- (a) ensure standards, protocols and codes of conduct are followed for the selection and use of security or military personnel, and ensure that such personnel they have not engaged in past unlawful or abusive behavior, including sexual exploitation and abuse (SEA), sexual harassment (SH) or excessive use of force;

- (b) ensure that MoH enters into memorandum of understanding (MoU), with the MoD, setting out the arrangements for the engagement of the military or security personnel under the Project, including compliance with the relevant requirements of the ESCP;
  - (c) ensure that such personnel is deployed in accordance with the relevant requirements of ESSs and the ESCP;
  - (d) ensure that such personnel is adequately instructed and trained, prior to deployment and on a regular basis, on the use of force and appropriate conduct (including in relation to civilian-military engagement, SEA and SH, and other relevant areas), as set out in the Project Operational Manual and/or the ESMF;
  - (e) ensure that the stakeholder engagement activities under the Stakeholder Engagement Plan include a communication strategy on the involvement of security or military personnel under the Project; and
  - (f) ensure that any concerns or grievances regarding the conduct of such personnel are received, monitored, documented (taking into account the need to protect confidentiality), resolved through the Project's grievance mechanism; and reported to the Bank no later than fifteen (15) days after being received.”
10. The renumbered Section I.F (Contingent Emergency Response) of Schedule 2 is amended to read as follows:
- “1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project (“Contingent Emergency Response Part”), the Borrower shall ensure that:
- (a) a manual (“CERC Manual”) is prepared and adopted in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or 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 Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
  - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;

- (c) the Contingent Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
  - (d) neither the CERC Manual nor the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.
2. The Borrower shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Bank.
3. The Borrower shall ensure that:
- (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and
  - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.”
11. The table in Schedule 2, Section III.A is deleted in its entirety and replaced with the following:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, Training, Incremental Operating Costs, consulting services and Transportation Costs (effective April 3, 2020) for Parts 1.1, 2, 3 and 4 of the Project	34,912,500	100%
(2) Emergency Expenditures	0	

(3) Front-end Fee	87,500	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(4) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 4.05 (c) of the General Conditions
<b>TOTAL AMOUNT</b>	<b>35,000,000</b>	

12. Section III.B.1(b) is amended to read as follows:

- “(b) for Emergency Expenditures under Category (2), unless and until all of the following conditions have been met in respect of said expenditures:
- (i) (A) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Financing amounts under Category (2); and (B) the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and
  - (ii) the Borrower has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.”

13. Paragraph 1 of Section IV of Schedule 2 is amended to read as follows:

- “1. Should there be any activities carried out by the MoD under the Project, if any, all such activities shall be under the coordination of the MoH and shall be undertaken exclusively for the purposes related to the Project. All goods, works, services, Incremental Operating Costs, and Training financed by the Financing proceeds may be used by the MoD under the direction and control of MoH and strictly in accordance with the Project Operational Manual, Vaccine Delivery and Distribution Plan and other arrangements or protocols that the Bank may require for carrying out these activities.”

14. The following paragraphs 3 and 4 are added to Section IV of Schedule 2.:

- “3. The Borrower further undertakes that no Loan proceeds or resources may be used for security and military purposes or for any payments made to any security or military personnel without the Bank’s express approval.
4. The Borrower shall ensure that no withdrawal for any expenditure is claimed under this Project, where the Borrower, or any of its agencies, shall have financed or agreed to finance any such expenditure incurred under any other credit, loan or grant under any contract with the Bank or any national or international agency or organization or a sovereign government.”

15. The Appendix (Definitions) are amended are follows:

(i) The following definitions are incorporated in alphabetical order:

“Cash Transfer” means the cash transfer to be provided under Part 1.2(a) of the Project, which is to be provided in accordance with Section I.B(a) of Schedule 2 to this Agreement.

“CERC Manual” means the manual referred to in Section I.F of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Bank, and which is an integral part of the Project Operational Manual.

“COVAX Facility” means the COVID-19 Vaccine Global Access Facility, a mechanism through which demand and resources are pooled to support the availability of, and equitable access to, COVID-19 vaccines for all economies, and which is coordinated by Gavi, the Vaccine Alliance, the Coalition for Epidemic Preparedness Innovations (CEPI), and the WHO.

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

“Emergency Action Plan” means the plan referred to in Section I.F of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.

“In-Kind Support” means support in the form of food packs to be provided to households under quarantine due to COVID-19 under Part 1.2(b) of the Project, which is to be provided in accordance with Section I.B(b) of Schedule 2 to this Agreement.

“MoF” means the Ministry of Finance of the Borrower, or any successor thereto.

“PCU-MoF” means the Project coordination unit designated by MoF to coordinate the program for Cash Transfers for loss of livelihood and In-Kind Support for households in quarantine.

“Project Coordination Unit” means the unit referred to under Section I.A.2(d) of Schedule 2 to this Agreement.

“Project COVID-19 Vaccine” means a vaccine for the prevention of COVID-19, authorized by the Borrower’s national regulatory authority for distribution, marketing and administration within the territory of the Borrower, and purchased or deployed under the Project; “Project COVID-19 Vaccines” means the plural thereof.

“State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment, Business Development and Underutilized State Development” means the State Ministry of Samurdi, Household Economy, Micro Finance, Self-Employment, Business Development and Underutilized State Development of the Borrower, or any successor thereto.”

“SEA” means any sexual exploitation and abuse.

“SH” means any sexual harassment.



“SMoPCLGA” means the State Ministry of Provincial Councils and Local Government Affairs of the Borrower, or any successor thereto.

“Stakeholder Engagement Plan” means the Borrower’s stakeholder engagement plan dated March 5, 2021, and to be further updated for the implementation of the Project, and implemented in a manner acceptable to the Bank, as set forth in the ESCP, to ensure that stakeholder engagement and information disclosure activities under the Project are carried out in accordance with the Environmental and Social Standards, as said Stakeholder Engagement Plan may be revised from time to time, with prior written agreement of the Bank.

“Stringent Regulatory Authority” means a national regulatory authority (“NRA”) that is classified by WHO as a Stringent Regulatory Authority.

“Vaccine Approval Criteria” means that the Project COVID-19 Vaccine: (a) has received regular or emergency licensure or authorization from at least one of the Stringent Regulatory Authorities identified by WHO for vaccines procured and/or supplied under the COVAX Facility, as may be amended from time to time by WHO; (b) has received the WHO Prequalification or WHO Emergency Use Listing; or (c) has met such other criteria as may be agreed in writing between the Recipient and the Association.

“Vaccine Delivery and Distribution Plan” means the Borrower’s National Deployment and Vaccination Plan 2021 for COVID-19 referred to in Section I.B. of Schedule 2 to this Agreement, as the same may be amended from time to time with the Bank’s prior written approval.

“WHO” means the World Health Organization.

“WHO Emergency Use Listing” means a risk-based procedure for assessing and listing by WHO of unlicensed vaccines, therapeutics, and in vitro diagnostics with the aim of expediting the availability of these products to people affected by a declared public health emergency.

“WHO Fair Allocation Framework” means the rules which govern the allocation of vaccines to participants in the COVAX Facility, as developed by WHO, subject to periodic review by the COVAX Facility.

“WHO Prequalification” means a service provided by WHO to assess the quality, safety, and efficacy of medical products for priority diseases, and which are intended for United Nations and international procurement to developing countries.”

(ii) The following terms are amended to read as follows:

“Contingent Emergency Response Part” means any activity or activities to be carried out under Part 5 of the Project to respond to an Eligible Crisis or Emergency.

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

(iii) The following terms are deleted:

“Contingent Emergency Response Component Manual” or the acronym “CERCM” means the plan referred to in Section I.C of Schedule 2 to this Agreement, to be adopted by the Borrower 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 Borrower, associated with a natural or man-made crisis or disaster.”

(iv) The terms are renumbered in accordance with the insertions and deletions above. All other provisions of the Agreement, except as revised herein, remain unchanged.

Please confirm your agreement to the foregoing on behalf of the Borrower 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 Bank 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.

Yours sincerely,  
**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**



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Faris H. Hadad-Zervos  
Country Director  
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: 13-May-2021