

Public Disclosure Authorized

CONFORMED COPY

CREDIT NUMBER 4676-LK

Financing Agreement

(Emergency Northern Recovery Project)

between

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 11, 2010

Public Disclosure Authorized



CREDIT NUMBER 4676 -LK

FINANCING AGREEMENT

AGREEMENT dated January 11, 2010, entered into between the DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA (“the Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“the 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 forty million nine hundred thousand Special Drawing Rights (SDR40,900,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are March 15 and September 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 Dollars.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and, to this end, 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 Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. 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 (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is the Secretary, Ministry of Finance and Planning.
- 5.02. The Recipient's Address is:

Ministry of Finance and Planning
The Secretariat
Colombo 1, Sri Lanka

Facsimile:

94 11 2449823/94 11 2447633

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 Colombo, Democratic Socialist Republic of Sri Lanka, as of the day and year first above written.

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

By: /s/ Punchi Banda Jayasundera

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:/s/ Naoko Ishii

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient's effort to rapidly return IDPs to their original place of residence in the Northern Province, and restore their social and economic life.

The Project consists of the following parts:

Part A: Emergency Assistance to Returnees

Support to Returnees in their effort to re-engage in livelihood sustaining activities, such support to cover: (i) costs associated with the operation of multi-disciplinary mobile land task forces for each District to assist in the resolution of land disputes, surveys and studies required to rapidly restore the Returnees' contested property rights; (ii) the carrying out of demining awareness programs for the benefit of Returnees, Project staff and contractors; (iii) clearance of thick vegetative growth on paddy lands to prepare the land for cultivation; and (iv) the provision of seeds, and agricultural and fishing implements to assist Returnees in resuming paddy farming and marine fishing activities immediately following their return.

Part B: Work-Fare Program

Implementation of a work-fare program with a view to creating immediate employment for Returnees in the Northern Province, such program to consist of carrying out small scale, labor intensive repair and rehabilitation works of village level infrastructure and facilities, and to continue in effect until the Returnees have identified reasonable income opportunities in the villages and adjoining areas.

Part C: Rehabilitation and Reconstruction of Essential Public and Economic Infrastructure and Facilities

Implementation of a program of repair, reconstruction and restoration of vital public and economic infrastructure and facilities damaged by the armed conflict with a view to re-establishing inter-village connectivity, and providing access to schools, health clinics, markets, safe drinking water and essential public services and facilities.

Part D: Project Management, Oversight, Monitoring and Evaluation, and Special Studies

1. Support to the Recipient in the areas of Project management, coordination and monitoring.
2. Acquisition of vehicles and office equipment, and rehabilitation of facilities.
3. Provision of technical assistance for construction supervision and quality assurance of the works described under Part C of the Project.
4. Carrying out of audits, surveys, consultations, monitoring and evaluation studies, comprehensive needs assessments, strategic and feasibility studies, and special studies required to improve the development effectiveness of the Project, as well as the future long-term development of the Northern Province.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. For purposes of overall Project management and supervision, the Recipient shall, not later than March 15, 2010, establish, and thereafter maintain, for the duration of the Project, a unit (the Project Management Unit) at a central location in the Northern Province, to operate under the auspices of MNB, with staff in adequate numbers, and with qualifications, skills and terms of reference acceptable to the Association.
2. Pending such time as the Project Management Unit is established, the Recipient shall vest responsibility for the carrying out of the Project and the coordination of the activities thereunder in the RAP PMU, and in the RAP District Project Directors based in Jaffna, Vavuniya, Mannar, Kilinochchi and Mullativu Districts, respectively.
3. For purposes of Project coordination, programming and monitoring at the National level, the Recipient shall maintain, for the duration of the Project, a National Steering Committee chaired by the Secretary, MNB, whose composition and terms of reference shall be acceptable to the Association.
4. For purposes of Project coordination and programming at the District level, the Recipient shall maintain, for the duration of the Project, District Planning and Coordination Committees, chaired by the relevant District Secretary/Government Agent, whose composition and terms of reference shall be acceptable to the Association.
5. For purposes of Project supervision at the District level, the Recipient shall maintain Project Implementation Cells in each Participating District whose composition and terms of reference shall be acceptable to the Association.
6. The Recipient shall maintain mobile land task forces as provided for under the laws of the Recipient, whose composition and terms of reference shall be acceptable to the Association, to operate at the District level under the supervision of relevant District Secretaries and assist the Recipient in carrying out Part A.1 of the Project.
7. The Recipient shall carry out Part B of the Project through the relevant Divisional Secretaries and local government agencies, in consultation with the Returnees, and with the support of the RAP PMU.

B. Implementation Arrangements

1. The Recipient shall implement the Project in accordance with the Financial Management Operations Manual, the ESAMF and the Work-Fare Operations Manual, and except as the Association shall otherwise agree, the Recipient shall not amend, abrogate or waive any provision of any of the three above-stated documents. If any provision of the Financial Management Operations Manual, the ESAMF or the Work-Fare Operations Manual is inconsistent with a provision of this Agreement, the provision of this Agreement shall govern.
2. Where required under the ESAMF, the Recipient shall prepare an EMP, acceptable to the Association, prior to the commencement of any activity for which such EMP shall be required, and shall thereafter carry out such activity in accordance with the provisions of the EMP.
3. The Recipient shall: (a) employ, in accordance with the provisions of paragraph C of Section III of this Schedule, all of the financial management staff of the PMU by not later than January 31, 2010, and an internal audit firm by not later than May 1, 2010; (b) prepare and furnish to the Association, for its review and comments, a financial management operations manual that shall guide the implementation of the Project, and shall finalize said manual, by not later than January 31, 2010, taking into account the Association's comment thereon; and (c) establish, by not later than March 1, 2010, a financial management system to be maintained in accordance with the provisions of paragraph B.1 of Section II of this Schedule.
4. The Recipient shall at all times ensure that the return of IDPs under Phases III and IV of the Resettlement Plan meets minimum standards, acceptable to the Association, according to the following criteria: (a) adequacy, under internationally acceptable standards, of the financial and technical assistance provided to the Returnees, over and above the assistance provided to them by UNHCR and the World Food Program; (b) adequacy of the land dispute resolution arrangements available to the Returnees; (c) adequacy of the health and education services available to the Returnees, including access to schools and health services within a reasonable distance; and (d) adequacy of the grievance-redressed mechanisms available to the Returnees.
5. The Recipient shall:
 - (a) furnish to the Association every six (6) months, commencing on March 1, 2010, a rolling six-month activity plan, in form and substance acceptable to the Association, describing the activities to be carried out under the Project during the six-month period immediately following the date of said plan;

- (b) exchange views with the Association on such plan;
- (c) promptly make such adjustments thereto as the Association shall request in order to ensure that the objectives of the Project are met;
- (d) thereafter, carry out the Project in accordance with the six-month activity plan, as revised to take into account the Association's requests and comments; and
- (e) not amend said plan except after obtaining the Association's prior written consent.

C. Implementation Agreement

For purposes of coordinating the implementation of the Project activities, the Recipient shall enter with the NPC into an Implementation Agreement, satisfactory in substance to the Association, which shall provide, *inter alia*, that the NPC shall: (a) carry out the preliminary activities required for effective Project implementation and in accordance with the obligations, powers and authority of the NPC to ensure the provision of public services in the Northern Province; and (b) maintain, for the duration of the Project, a Provincial Planning and Coordination Committee, chaired by the Chief Secretary of the Northern Province, whose composition and terms of reference shall be acceptable to the Recipient and the Association, to ensure coordination of the Project activities at the provincial level.

D. Objective, Terms and Conditions of the Work-Fare Program

1. The objective of the Work-Fare Program is to implement small scale, labor-intensive works consisting of the repair and rehabilitation of village infrastructure and facilities by employing one member from each Returnee household as a daily wage laborer.
2. The Work-Fare Program shall provide a minimum of fifty (50) labor days of guaranteed employment for one (1) person from each Returnee household. Of the said fifty (50) days, each such person shall be eligible to use ten (10) days to repair his or her own home. The forty (40) days balance shall be allocated to priority public works selected by the community in accordance with the relevant procedures and criteria set out in the Work-Fare Operations Manual.
3. Special work-fare activities shall be provided for Returnee households with no able bodied workers, to ensure employment of at least one person in each such household.

4. Wages under the Work-Fare Program shall be set at twenty percent (20%) below the local unskilled wage in the relevant District in order to eliminate disincentives to take up more productive work.
5. The Work-Fare Program shall remain in effect until reasonable income opportunities are available to all the Returnees in their home towns and villages, or in adjoining areas.

E. Anti-Corruption

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

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 set forth in the Appendix to this Schedule. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2. Without prejudice to the provisions of paragraph A.1 above, the Recipient shall:
 - (a) furnish to the Association a mid-term review report, not later than December 31, 2010, summarizing the results of the monitoring and evaluation activities carried out by it pursuant to paragraph A.1 above , and setting out the status of the Project and the measures recommended to ensure its efficient completion and the achievement of its objectives; and
 - (b) not later than January 31, 2011, review the mid-term report jointly with the Association , and, thereafter, promptly take all measures that the Association shall recommend be taken in order to achieve the objectives of the Project.

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. 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 fiscal year of the Recipient. The audited Financial Statements 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 Works.** All goods and works 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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method	
(a)	National Competitive Bidding, subject to the provisions set out in Annex 2 to this Schedule
(b)	Shopping
(c)	Direct Contracting
(d)	Community-Based Contracting
(e)	Force Account

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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	Quality-Based Selection
(b)	Fixed Budget Selection
(c)	Least cost selection
(d)	Selection based on Consultants' Qualifications
(e)	Single-Source Selection
(f)	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 Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) (a) Goods, works, consultants’ services and Incremental Operating Costs; and (b) payments made under Part B of the Project for the Work-Fare Program.	9,440,000	100%
(2) (a) Goods, works, consultants’ services and Incremental Operating Costs; and (b) payments made under Part B of the Project for the Work-Fare Program.	15,730,000	100%
(3) (a) Goods, works, consultants’ services and Incremental Operating Costs; and (b) payments made under Part B of the Project for the Work-Fare Program.	15,730,000	100%
TOTAL	40,900,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, 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 SDR9,440,000 equivalent may be made for payments made prior to this date but on or after October 1, 2009, for Eligible Expenditures under Category 1, provided that 10,000 IDPs under Phases III and IV of the Resettlement

Plan have returned to their original places of residence in the Northern Province, as evidenced by a report to that effect by UNHCR;

- (b) Under Category 2 until a cumulative total 40,000 IDPs under Phases III and IV of the Resettlement Plan have returned to their original places of residence in the Northern Province, as evidenced by a report to that effect by UNHCR; or
- (c) Under Category 3 until a cumulative total of 70,000 IDPs under Phases III and IV of the Resettlement Plan have returned to their original places of residence in the Northern Province, as evidenced by a report to that effect by UNHCR.

2. The Closing Date is December 31, 2012.

**ANNEX 1
TO
SCHEDULE 2**

Project Performance Indicators

Project Development Objective	Baseline	By end of FY 2010	By end of FY 2011	By end of FY 2012
To Support the Recipient's effort to rapidly return IDPs to their original place of residence in the Northern Province and restore their social and economic life.	280,000 IDPs are living in camps, another 300,000 with relatives and friends.	30,000	90,000	100,000
Part A of the Project: Hectares of farmlands cleared	19,000 hectares of farm lands cannot be farmed due to thick vegetative growth	6,000	16,000	19,000
Part A of the Project Number of farmers/fishermen receiving seeds or agricultural and fishing implements (target 15,000)	Zero – Returned People do not have cash to purchase seeds and implements	9,000	14,000	15,000
Part B of the Project. Person days of work provided to returnees and conflict affected households (target 1,070,000 days)	Zero - No employment opportunities for Returned People in the first 50-60 days after return	1,000,000	1,070,000	-
Part C of the Project. Hectares of farm lands cultivated after rehabilitation of irrigation tanks, canals & ponds (target 12,000 ha)	53,000 hectares of paddy land had not been cultivated (abandoned) due to unavailability of irrigation water supply	4,000	10,000	12,000
Part C of the Project. Kilometers of rural road rehabilitated (target 650 km)	About 1200 Kilometers of rural roads badly damaged	100	600	650
Part C of the Project. Number of people provided with access to safe drinking water supply (target 30,000 IDPs)	About 80,000 Returned People do not have safe and regular water supply as 20 water supply schemes are dysfunctional due to war damage	4,000	24,000	30,000
Part C of the Project. Number of	Large number of public buildings	60	160	260

public buildings restored and functional (target 260 buildings)	severely damaged			
Part D of the Project. Regular Continuous Social Impact Assessments Conducted quarterly in project year 1 and bi-annually in project year 2.	Comprehensive social assessments to evaluate social qualitative aspects of the IDP return and project impacts are urgently required.	2	5	6

**ANNEX 2
TO
SCHEDULE 2**

National Competitive Bidding

In order to ensure economy, efficiency, transparency and broad consistency with the provisions of the Procurement Guidelines, goods, works, and non consultant services procured under the National Competitive Bidding (NCB) method shall be subject to the following requirements:

1. Only the Sri Lanka-specific Standard Bidding Documents satisfactory to the Association (and as amended from time to time and agreed with the Association) will be used.
2. Invitations for bids will be advertised in at least one widely circulated national daily newspaper, and bidding documents will be made available at least twenty-one (21) days before, and issued up to, the deadline for submission of bids.
3. Bidding documents will be issued by mail or in person to all who are willing to pay the required fee.
4. Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders (including state-owned enterprises or small-scale enterprises) in the bidding process. No special preferences will be accorded to any enterprises or bodies.
5. Qualification criteria will be stated in the bidding documents, and if a registration process is required, a foreign firm declared as the lowest evaluated responsive bidder shall be given a reasonable time for registering, without let or hindrance.
6. There will not be any restrictions on the means of delivery of the bids, which shall be either through post or hand-delivered. Electronic submissions will not be permitted.
7. Bids will be opened in public in one location, immediately after the deadline for the submission of bids, as stipulated in the bidding document (the bidding document will indicate the date, time and place of bid opening).
8. Evaluation of bids will be made in strict adherence to the criteria disclosed in the bidding document, in a format and within the specified period agreed with the Association, and within the bid validity period specified in the bidding document.
9. Except in cases of *force majeure* or exceptional situations beyond the control

of the implementing agency, the extension of bid validity will not be allowed without the prior concurrence of the Association: (i) for the first request for extension if it is beyond four weeks, and (ii) for all subsequent requests for extension irrespective of the period.

10. Contracts will be awarded to the lowest evaluated responsive bidder.
11. Bids will not be rejected merely on the basis of a comparison with an official estimate, without the prior concurrence of the Association.
12. Except with the prior concurrence of the Association, there will be no negotiation of price with bidders, even with the lowest evaluated bidder.
13. Re-invitation of bids will not be carried out without the prior concurrence of the Association.
14. All bidders and contractors/suppliers shall provide bid and performance securities as required in the bidding and contract documents.
15. A bidder's bid security will apply only to the specific bid, and a contractor's performance security will apply only to the specific contract under which they are furnished.
16. Bids will not be invited on the basis of percentage premium or discount over the estimated cost, unless agreed with the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each March 15 and September 15, commencing March 15, 2020, to and including September 15, 2029:	5%

*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.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “District Planning and Coordination Committee” means the committee established by the Recipient at each of the five Districts of the Northern Province and to be maintained in accordance with the provisions of paragraph A.3 of Section 1 of Schedule 1 of this Agreement to assist the Recipient in planning and coordinating the implementation of the Project at the District level.
5. “Environmental and Social Assessment and Management Framework” and “ESAMF” mean the guidelines dated November 11, 2009, prepared and publicly disclosed by the Recipient, and approved by the Association, for environmental and social safeguard management under the Project, including guidelines governing the undertaking of environmental analysis, and the development of environmental and social mitigation measures for all Project activities.
6. “Environmental Assessment” and “EA” mean an assessment to be prepared prior to the commencement of any Project activity that has the potential for adverse environmental impact, as provided for in the ESAMF.
7. “Environmental Management Plans” and “EMPs” mean the plans to be prepared as provided for in the ESAMF.
8. “Financial Management Operations Manual” means the manual to be prepared by the Recipient in accordance with the provisions of paragraph B.3(b) of Section I of Schedule 2 to this Agreement, as such manual may be revised from time to time with the prior written agreement of the Association.
9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005, (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.

10. “IDPs” means internally displaced persons within the territory of the Recipient.
11. “Incremental Operating Costs” means incremental recurrent expenditures incurred by the Recipient on account of the Project for traveling and subsistence expenses, office supplies, vehicle rental charges (including insurance), vehicle operating charges (fuel, maintenance, and insurance), maintenance of office equipment, telephone and other communications charges, office rent, bank charges, advertising costs, and salaries and contractual allowances of contract staff, but excluding salaries of officials of the Recipient's civil and public service.
12. “MNB” means the Recipient’s Ministry of Nation Building and Estate Infrastructure Development, or any successor thereto.
13. “Northern Province” means the Northern Province of the Recipient.
14. “NPC” means the Provincial Council established for the Northern Province.
15. “Participating District” means any one of the following Districts in the Northern Province: Jaffna, Vavuniya, Mannar, Kilinochchi and Mullaitivu; and “Participating Districts” means two or more such Districts as the context requires.
16. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 30, 2009, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
18. “Project Implementation Cells” means the units to be maintained in each Participating District in accordance with the provisions of paragraph A.4 of Section 1 of Schedule 1 of this Agreement to assist the Recipient in supervising the Project at the District level.
19. “Project Management Unit” means the unit to be established in accordance with the provisions of paragraph A.1 of Section 1 of Schedule 1 to this Agreement to assist the Recipient in the overall management and supervision of the Project.
20. “RAP District Project Directors” means the directors responsible for the implementation of the RAP Project at the District level.
21. “RAP PMU” means the Project Management Unit for the RAP Project.

22. "RAP Project" means the Community Livelihoods in Conflict Affected Areas Project (Yali Pibedemu Viyapruthiya) (Maru Eluchchithittam) provided for in the Development Credit Agreement dated July 23, 2004, (as amended to the date of this Agreement) between the Recipient and the Association.
23. "Resettlement Plan" means the Recipient's five- phased plan for the return of IDPs to their home towns and villages in the Northern Province, set out in a document dated November 15, 2009, submitted by the Recipient to the Association, as such plan shall be revised from time to time.
24. "Returnees" means IDPs whom the Recipient has returned to their original places of residence in the Northern Province in accordance with the Resettlement Plan and the provisions of this Agreement.
25. "UNHCR" means the United Nations High Commission for Refugees.
26. "Work-Fare Operation Manual" means the Recipient's manual dated November 30, 2009, acceptable to the Association, as such manual may be revised from time to time with the prior written agreement of the Association.
27. "Work-Fare Program" means the program described under Part B of the Project and Section D of Schedule 2 to this Agreement.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005, (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

"Section 2.07. Refinancing Preparation Advance

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank ("Preparation Advance"), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance."

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. *Suspension by the Association*”

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:
 - (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”