

Mr. S. R. Attygalle
Secretary Treasury
Ministry of Finance, Economic & Policy Development
The Secretariat
Colombo 1
Sri Lanka

Re: Democratic Socialist Republic of Sri Lanka: Strategic Cities Development Project
Amendment to Financing Agreement
Credit Number 5428-LK; Credit Number 5800-LK

Dear Mr. Attygalle:

We refer to the Financing Agreement (“Agreement”), originally dated September 12, 2014 (as amended and restated on July 20, 2016), as amended, between the Democratic Socialist Republic of Sri Lanka (“Recipient”) and the International Development Association (“Association”) for the Strategic Cities Development Project. We also refer to the letters: (a) dated February 28, 2020 from the Department of External Resources; and (b) dated April 1, 2020 from the Secretary to the President, both of which are requesting certain amendments to the Agreement.

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

1. The terms “Ministry of Megapolis and Western Development” has been deleted and replaced with the terms “Ministry of Urban Development, Water Supply and Housing Facilities” throughout the Agreement.

2. The following phrase shall be inserted in Part 1 of the Project under Schedule 1 between the words “priority investments in Kandy City,” and “to improve connectivity,” as follows:

“except for: (A) the construction of a functional terminal building and bus parking facilities; (B) the construction of 150-meter-long skywalk; (C) development of pedestrian-friendly public space; and (D) the construction of a diversion of Meda Ela,”

3. Part 5 of the Project under Schedule 1 is added as the following:

“Part 5: Contingent Emergency Response Component

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

4. New Section I.E of Schedule 2 to the Agreement is added as the following:

“E. 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 safeguards instruments as may be required for said activities have been prepared and disclosed in accordance with the CERCM, the Recipient 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.”
5. The withdrawal table in Section IV.A.2 of Schedule 2 to the Agreement shall be deleted and replaced with the table in the Annex to this amendment letter.
6. Section IV.B.1 of Schedule 2 to the Agreement is revised to be re-numbered as Section IV.B.1(a), and Section IV.B.1(b) is added as follows:
 - “ ; or (b) for Emergency Expenditures under Category (2), 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 prepared and disclosed all safeguards instruments required for said activities, 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.E.(2)(b) of this Schedule;
 - (iii) the entities in charge of coordinating and implementing the Contingent Emergency Response Part, has provided sufficient evidence satisfactory to the Association that it has adequate staff and resources 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 relevant or have been updated in accordance with the provisions of Section I.E of this Schedule so as to be appropriate for the inclusion and implementation of the activities under the Contingent Emergency Response Part.

7. The definition for the “Ministry of Megapolis and Western Development” has been deleted and the new definitions for the “Contingent Emergency Response Component Manual”, “Contingent Emergency Response Part”, “Eligible Crisis”, “Health Emergency” and “Ministry of Urban Development, Water Supply, and Housing Facilities” have been added as follows:

“‘Contingent Emergency Response Component Manual’ or the acronym “CERCM” means the plan referred to in Section I.E 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.E 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.

‘Ministry of Urban Development, Water Supply and Housing Facilities’ means the Recipient’s Ministry of Urban Development, Water Supply and Housing Facilities, or any successor thereto.”

8. 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,

Idah Z. Pswarayi-Riddihough

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

Agreed:

Democratic Socialist Republic of Sri Lanka

By: *S. R. Attygalle*
Name: S. R. Attygalle
Title: Secretary to the Treasury
Date: 16-Apr-2020

ANNEX

Category	Amount of the Original Credit Allocated (expressed in SDR)	Amount of the Additional Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (exclusive of Taxes)
(1) Goods, works, non-consulting services, consultants' services, Training and Incremental Operating Costs under the Project	47,862,685	39,900,000	100%
(2) Emergency Expenditures	0	0	
Cancellation effective as of March 2, 2020	47,137,315		
TOTAL	95,000,000	39,900,000	