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EU GRANT NUMBER TF0B4791

# **EU Single-Donor Trust Fund Grant Agreement**

**(Local Development Support Project)**

**between**

**DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION**

**acting as administrator of EU Single-Donor Trust Fund for the Local Development  
Support Project**

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**GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as administrator of European Union (“EU” or “Donor”) Single-Donor Trust Fund for the Local Development Support Project

**WHEREAS:**

(A) The Recipient, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) The Recipient has also requested the Bank to provide additional assistance towards the financing of the Project and by an agreement dated May 5, 2019, between the Recipient and the Bank (“Financing Agreement”), the Bank has provided such assistance in an amount of seventy million Dollars (\$70,000,000);

and

(C) The Bank, acting as administrator of the EU Single-Donor Trust Fund for the Local Development Support Project, has also agreed, on the basis, *inter alia*, of the foregoing, to extend the grant provided for in Article III of this Agreement to the Recipient upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, the Recipient and the Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement) apply to and form 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 Standard Conditions or in the Appendix this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project, through MSPCLG at the national level, and through the Provincial Councils (PCs) at the provincial level in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement.

**Article III  
The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed twenty million Euro (€20,000,000) (“Grant”) to assist in financing Part 2.1 of the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donor to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donor under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV  
Recipient’s Representative; Addresses**

- 4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is Secretary, Ministry of Finance.
- 4.02. For purposes of Section 7.01 of the Standard Conditions: (a) the Recipient’s address is:
- (a) the Recipient’s address is:
- Department of External Resources  
The Secretariat  
Colombo 1, Sri Lanka; and
- (b) the Recipient’s Electronic Address is:

Facsimile:                      E-mail:  
94 11 2447633                      [dg@erd.gov.lk](mailto:dg@erd.gov.lk) / [info@erd.gov.lk](mailto:info@erd.gov.lk)  
94 11 2387153

4.03. For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development  
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail
248423 (MCI) or 64145 (MCI)	1-202-477-6391	<a href="mailto:CD-SLMV@worldbank.org">CD-SLMV@worldbank.org</a>

AGREED as of the Signature Date.

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

By

*S. R. Attygalle*

\_\_\_\_\_  
Authorized Representative

Name: S. R. Attygalle

Title: Secretary to the Treasury

Date: 28-Jan-2021

INTERNATIONAL BANK FOR RECONSTRUCTION AND  
DEVELOPMENT/  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
acting as administrator of EU Single-Donor Trust Fund for the Local  
Development Support Project

By

*Lada Strelkova*

\_\_\_\_\_  
Authorized Representative

Name: Lada Strelkova

Title: Acting Country Director

Date: 14-Jan-2021

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is 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 emergency.

The Project consists of the following parts:

#### **Part 1: Strengthening Local Government Planning Systems**

Provision of technical and operational support for preparation and updating of the Local Authority Participatory Development Plans (LAPDPs), including the carrying out of consultations with local communities at the ward levels to identify needs and priorities of the communities for infrastructure and social and economic services.

#### **Part 2: Improving Local Services and Economic Infrastructure**

- 2.1. *Improving Local Service Delivery:* (a) Provision of Performance Transfers to Eligible LGAs for the implementation of the prioritized infrastructure and social and economic services identified in the LAPDPs prepared under Part 1 of the Project; (b) performing preparatory assessment and studies for the provision of Performance Transfers; and (c) carrying out of related Project management activities through the day-to-day coordination, implementation, communication, monitoring and evaluation of activities under Part 2.1.
  
- 2.2. *Economic Cluster Support:* Carrying out a program of activities to support the PCs for identification and provision of infrastructure for local economic development, through analyzing potential economic clusters or value chains required for investments across the LGAs, and carrying out pilot investments in the prioritized economic infrastructures of selected LGAs.

#### **Part 3: Institutional Development**

Carrying out of a program of activities to: (i) promote information and awareness raising campaign; (ii) strengthen the capacity of the LGAs in Project implementation; (iii) provide training of trainer programs to SLILG, MDTUs, ward councilors, and relevant governmental institutions in the areas of participatory approaches, resources and asset mapping, local and area based planning, public expenditure and financial management; (iv) develop monitoring and evaluation system using smart mobile technology; (v) provide technical assistance, training and capacity building program to the MSPCLG , the FC, and

relevant governmental institutions; (vi) improve training capacity and facilities of SLILG; and (vii) provide technical support for the rollout of new accounting systems of selected LGAs.

**Part 4: Project Management**

- 4.1. *Project Management*: Carrying out the day-to-day coordination, implementation, communication, monitoring and evaluation of activities under the Project.
- 4.2. *Audits*: Provision of technical and operational support for: (a) Project external and internal audits, independent monitoring of environmental and social safeguards and procurement; (b) independent performance assessment of the LGAs; and (c) capacity building to the NAOSL, MSPCLG and PCs in Project audit activities.

**Part 5: Contingent Emergency Response**

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

## SCHEDULE 2

### Project Execution

#### **Section I. Institutional and Other Arrangements**

##### **A. Institutional Arrangements**

1. The Recipient shall maintain, throughout the implementation of the Project, the National Project Steering Committee, having a composition and terms of reference satisfactory to the Bank, to provide strategic and policy guidance on the implementation of the Project, support the coordination of Project activities and review the overall performance of the Project.
2. The Recipient shall maintain, throughout the implementation of the Project, a Project Coordination Unit under the MSPCLG , with adequate professional and administrative staff in numbers and with qualification and experience and under terms of reference satisfactory to the Bank, and headed by a national Project coordinator, which unit shall, *inter alia*: (a) carry out overall Project coordination including overall financial management and reporting; (b) monitor and evaluate the Project's performance; and (c) manage the Project-level grievances and complaints procedures in a manner acceptable to the Bank.
3. The Recipient shall maintain, throughout the implementation of the Project, Project Implementation Units, headed by the CLG of each PC, with adequate professional and administrative staff in numbers and with qualification and experience and under terms of reference satisfactory to the Bank, responsible for management and coordination of Project activities at the provincial level.
4. For purposes of Part 2.1 of the Project, the Recipient shall maintain an independent performance assessment agency for such purposes during the implementation of Part 2.1 of the Project.

##### **B. Project Operations Manual**

1. The Recipient shall ensure that the Project is carried out in accordance with the Project Operations Manual and shall not amend, revise or waive nor allow to be amended, revised or waived, the provisions of the Project Operations Manual or any part thereof without the prior written agreement of the Bank.
2. In the event of any inconsistency between the Project Operations Manual and this Agreement, the provisions of this Agreement shall prevail.



**C. Implementation Agreements**

1. To facilitate the carrying out of the Project at provincial level, the Recipient shall make part of the proceeds of the Grant available to each PC under an agreement, between the Recipient, through the MSPCLG, and that PC (the “Implementation Agreement”) as the same may be amended from time to time. Each Implementation Agreement shall consist of terms and conditions agreed between the Recipient and the Bank which shall include the following:
  - (a) the proceeds of the Grant shall be made available to the PC as a grant;
  - (b) the PC shall be responsible for execution, management and coordination of Project activities at the provincial level, and shall maintain staff with skills, qualifications and experience, and in sufficient numbers, as set out in the Project Operations Manual and agreed with the Bank;
  - (c) the PC shall make Performance Transfers available to Eligible LGAs in accordance with the eligibility criteria, guidelines and procedures set out in the Project Operations Manual;
  - (d) the PC shall carry out the Project in accordance with the Anti-Corruption Guidelines, the Project Operations Manual, and the Safeguards Instruments;
  - (e) the PC shall report to the Recipient in a timely manner any issues impacting or potentially impacting the implementation of the requirements of this section;
  - (f) the PC shall allocate sufficient and appropriately qualified staff with adequate resources to enable the PC to carry out its obligations under the Implementation Agreement; and
  - (g) the PC shall review overall progress of Project activities at the provincial and local level.
  
2. The Recipient shall exercise its rights under each Implementation Agreement in such a manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Implementation Agreement or any of its provisions.

3. The Recipient shall: (a) ensure that all budgetary allocations related to the Project are timely released to the appropriate agencies of the Recipient and of the PCs, as shall be required for the effective implementation of the Project; and (b) apply suitable internal controls to ensure that payments of budgetary expenditures, including monthly or quarterly reconciliations thereof, shall be made in a timely manner, together with an appropriate accounting of budgetary advances, if any, with a view to keeping said advances separate from budgetary expenditures.

**D. Sub-projects**

1. For purposes of Part 2.1 of the Project, the Recipient shall provide Performance Transfers to the Eligible LGAs for implementation of Sub-projects in accordance with criteria, guidelines and procedures set out in the Project Operations Manual.
2. The Recipient shall make appropriate legal and other arrangements, satisfactory to the Bank, whereby the Recipient shall provide each Eligible LGA with a Performance Transfer, as the case may be, on terms and conditions satisfactory to the Bank and set out in the Project Operations Manual.
3. The Recipient shall obtain rights adequate to protect its interests and those of the Bank, including the right to:
  - (a) suspend or terminate the right of the Eligible LGAs to use the proceeds of the Performance Transfers or obtain a refund of all or any part of the amount of the Performance Transfers then withdrawn, upon the LGAs' failure to perform any of its obligations under the terms based on which the Performance Transfers were provided;
  - (b) require each Eligible LGA to:
    - (i) carry out its supported activities with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient, the Project Operations Manual, and the Safeguard Instruments;
    - (ii) provide, promptly as needed, the resources required for the purpose;
    - (iii) as appropriate, procure or use the goods, works and services to be financed out of the Performance Transfers in accordance with the provisions of the Procurement Regulations;

- (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the supported activities and the achievement of their objectives;
- (v) (1) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the supported activities; and (2) at the Recipient's or the Bank's request, have such financial statements audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and promptly furnish the statements as so audited to the Recipient and the Bank;
- (vi) enable the Recipient and the Bank to inspect the Sub-projects and any relevant records and documents;
- (vii) prepare and furnish to the Recipient and the Bank all such information as the Recipient and the Bank shall reasonably request relating to the foregoing; and
- (viii) complete the Sub-projects before the Closing Date.

**E. Annual Work Plans and Budgets**

1. The Recipient shall furnish to the Bank for approval as soon as available, but in any case, not later than November 30 of each Fiscal Year during Project implementation, an annual work plan and budget ("Annual Work Plan and Budget") for the Project for each subsequent Fiscal Year, of such scope and detail as the Bank shall have reasonably requested, except for the annual work plan and budget for the first Fiscal Year which shall be furnished prior to the commencement of the relevant activities under the Project.
2. The Recipient shall, not later than two (2) months after furnishing each Annual Work Plan and Budget referred to in the preceding paragraph to the Bank, finalize and adopt, and thereafter ensure that the Project is carried out in accordance with, such plan and budget as agreed in writing with the Bank.

**F. Safeguards**

1. The Recipient shall ensure that the Project is carried out in accordance with the Safeguard Instruments.
2. Without limitation upon the provisions of the preceding paragraph, whenever any site-specific Safeguard Instrument is required for any proposed Project activity in accordance with the provisions of the Environmental and Social Management Framework or Resettlement Policy Framework, as the case may be, the Recipient shall, prior to the commencement of such activity, proceed to have such Safeguard Instrument:
  - (a) prepared in form and substance satisfactory to the Recipient and the Bank;
  - (b) except as otherwise agreed with the Bank in writing, submitted to the Bank for review and approval; and
  - (c) thereafter, publicly consulted, adopted and locally disclosed before the commencement of any affected Project activities.
3. Except as the Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, any of the afore-mentioned, or any provision of any one thereof.
4. Without limitation upon the provisions of the preceding paragraph, the Recipient shall ensure that, whenever provisions of any Safeguard Instrument are varied or altered, such variation or alteration shall be appropriate, necessary and minimized, and that adequate mitigation measures shall be identified and incorporated in the design of the Project, as shall be acceptable to the Bank.
5. The Recipient shall ensure that each contract for civil works required for the Project and to be financed out of the proceeds of the Grant includes the obligation of the relevant contractor to implement and monitor the applicable requirements of the Safeguard Instruments.
6. The Recipient shall ensure that: (a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Bank's environmental and social safeguards policies, as well as the Recipient's own laws relating to the environmental and social aspects; and (b) in drafting any regulations, guidelines or procedures and carrying out capacity building activities under the Project, due attention is given to said policies and

laws, in accordance with the applicable requirements of the Safeguards Instruments.

7. The Recipient shall undertake regular environmental and social appraisal, supervision, monitoring and evaluation of Project implementation, in accordance with guidelines and procedures satisfactory to the Bank, and shall take all necessary measures on its part to regularly collect, compile, and submit to the Bank, as part of the Project Reports, information on the status of compliance with the Safeguard Instruments, giving details of:
  - (a) the measures taken in furtherance of the Safeguard Instruments;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguard Instruments; and
  - (c) remedial measures taken or required to be taken to address such conditions.
8. In the event of a conflict between the provisions of any of the Safeguard Instruments and those of this Agreement, the provisions of this Agreement shall prevail.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Documents; Records**

In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

- (a) all records evidencing expenditures under the Project are retained for five years after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and
- (b) the representatives of the Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

**B. Project Reports**

The Recipient shall furnish to the Bank each Project Report not later than one month after the end of each calendar semester, covering the calendar semester.

**C. Mid-Term Review**

The Recipient shall: (a) on or about the date twenty-four (24) months after the Effective Date, prepare and furnish to the Bank a mid-term report, in such detail as the Bank shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to this Agreement, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the Bank such mid-term report, on or about the date forty-five (45) days after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Bank's views on the matter.

**Section III. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table.

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in Euro)</b>	<b>Percentage of Expenditures to be Financed (exclusive of Taxes)]</b>
(1) Goods, works, non-consulting services, consulting services, Incremental Operating Costs, Training under Part 2.1(b) and (c) of the Project	700,000	100%
(2) Performance Transfers under Part 2.1(a) of the Project	19,300,000	82%
<b>TOTAL AMOUNT</b>	<b>20,000,000</b>	

**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 Signature Date; or
  - (b) under Category (2) unless and until the Recipient has furnished to the Bank evidence acceptable to the Bank that the sub-manual governing Performance Transfers under Part 2.1 of the Project has been duly adopted by the Recipient.
2. The Closing Date is December 30, 2022.

## APPENDIX

### Definitions

1. “Affected Persons” means persons who, on account of implementation of the Project, have experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such persons must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.
2. “Annual Work Plan and Budget” means the plan and budget referred to in Section I.E of Schedule 2 to this Agreement; as said plan may be modified from time to time with the prior written no-objection of the Bank.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January, 2011, and as of July 1, 2016.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “CLG” means Commissioner of Local Government in each of the PCs, or any successor thereto.
6. “Eligible LGA” means a Local Government Authority eligible to receive the Performance Transfer, as the case may be, and responsible for the implementation of the Sub-project; and “Eligible LGAs” mean more than one Eligible LGA.
7. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s framework, acceptable to the Bank, dated September 1, 2018 and publicly disclosed on September 25, 2018, for undertaking environmental and social analysis and developing sub-project-specific mitigation measures for all Project activities, as said Framework may be revised from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such Framework.
8. “Environmental Management Plan” or “EMP” means any environmental management plan to be prepared and disclosed by the Recipient, as required by the ESMF and agreed with the Bank, as set out in Section I.F of Schedule 2 to this Agreement, setting forth, inter alia: (a) the specific actions, measures and policies



designed to maximize the benefits of the Project, as well as eliminate, offset or mitigate any adverse environmental impacts, or reduce such impacts to acceptable levels, during its design, construction and operation phases; (b) location, timeframe and mitigation costs; (c) reference to the relevant laws, regulations, and contract documents; and (d) responsibility for implementation and supervision, as said plan may be revised from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such plan.

9. “FC” means the Recipient’s Finance Commission, or any successor thereto.
10. “Fiscal Year” and the acronym “FY” mean the Recipient’s fiscal year, which commences on January 1 and closes on December 31 of each year.
11. “Implementation Agreement” means the agreement referred to in Section I.C of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to each PC.
12. “Incremental Operating Costs” means the reasonable costs incurred by the Recipient for purposes of the day-to-day implementation of the Project, including maintenance of vehicles and equipment, fuel, office supplies, utilities, consumables, office rental and maintenance, bank charges, advertising expenses, travel of staff (including per diems and accommodation) and salaries of selected contracted support staff, but excluding salaries and salary top-ups of the Recipient’s civil servants.
13. “Local Authority Participatory Development Plan” or “LAPDP” mean the plan prepared and approved by the LGA under Part 1 of the Project.
14. “Local Government Authorities” or “LGAs” means the following local government authorities which make up the third tier in the governance structure of the Recipient and fall under the administrative authority of PCs as set out in the 13<sup>th</sup> Amendment to the Recipient’s Constitution:
  - (a) the Recipient’s Pradeshiya Sabhas, as defined in, and empowered by, the Recipient’s Pradeshiya Sabhas Act (No. 15 of 1987);
  - (b) the Recipient’s Municipal Councils as defined in, and empowered by, the Recipient’s Municipal Council Ordinance and Amendment Act of 1987; and

- (c) the Recipient's Urban Councils as defined in, and empowered, by the Recipient's Urban Councils Ordinance and Amendments Act of 1987; and "LGA" means any one of such LGAs.
15. "MDTU" means each management development training institute in the Participating Provinces.
  16. "MSPCLG" means the Recipient's Ministry of State for Provincial Councils and Local Government, or any successor thereto.
  17. "NAOSL" means the Recipient's National Audit Office of Sri Lanka, or any successor thereto.
  18. "National Project Steering Committee" means the committee established by the Recipient, through MSPCLG, on January 16, 2019 and to be maintained in accordance with paragraph 1 of Section I. A of Schedule 2 to this Agreement, or any successor thereto.
  19. "Participating Provinces" means Recipient's Northern, Eastern, North Central and Uva provinces, or such other province as agreed with the Bank and "Participating Province" means any of such provinces.
  20. "PC" means the Provincial Council, a body having jurisdiction over each of the Provinces as provided for in the 13<sup>th</sup> amendment to the Constitution of the Recipient; and "PCs" means more than one PC.
  21. "Performance Transfer" means each grant to be provided out of the proceeds of the Grant to the Eligible LGA to carry out a Sub-project under Part 2.1 of the Project and designed to reward well-performing LGAs in accordance with eligibility criteria and procedure set out under the Project Operations Manual; and "Performance Transfers" mean more than one Performance Transfer.
  22. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017.
  23. "Project Coordination Unit" means the unit established within the Recipient's MSPCLG and referred to in paragraph 2 of Section I.A Schedule 2 to this Agreement; or any successor thereto.

24. “Project Implementation Unit” means the unit to be established within each PC and referred to in paragraph 3 of Section I.A Schedule 2 to this Agreement; or any successor thereto.
25. “Project Operations Manual” means the Recipient’s operations manual dated May 7, 2019, adopted by the Recipient, through the National Project Steering Committee, referred to in Section I.B of Schedule 2 to this Agreement, in form and substance satisfactory to the Bank, containing detailed arrangements and procedures for: (i) institutional coordination and day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) environmental and social safeguards management; (v) monitoring, evaluation, reporting and communication; (vi) sub-manuals governing Performance Transfers, including therein the eligibility criteria, appraisal, approval and administration arrangement and procedures for Sub-projects; and (vii) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project, as said manual may be modified from time to time with the prior written no-objection of the Bank; and such term includes any schedules, annexes and attachments to the Project Operations Manual.
26. “Resettlement Action Plan” or “RAP” means a plan, to be prepared and disclosed by the Recipient and agreed with the Bank, in accordance with the guidelines and procedures set forth in the ESMF and RPF, as set out in Section I.F of Schedule 2 to this Agreement, setting forth principles and procedures governing the acquisition of land and related assets, and the compensation, resettlement, and rehabilitation of Affected Persons, as said plan may be revised from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such plan.
27. “Resettlement Policy Framework” or “RPF” means the framework, acceptable to the Bank, dated September 1, 2018 and publicly disclosed on September 21, 2018, setting out the modalities for land acquisition under the Project and describing the policies, procedures, plans and actions (including preparation of the Resettlement Action Plans), and institutional measures related to land acquisition and other social impacts that may arise during the implementation of the Project, as said framework may be amended from time to time with the Bank’s prior approval.
28. “Safeguard Instruments” means, collectively, the Environmental and Social Management Framework and the Resettlement Policy Framework, and any additional safeguard instruments including Environmental Management Plans and/or Resettlement Action Plans, to be prepared in accordance with the ESMF and RPF with respect to activities under the Project, as said instrument may be revised from time to time with the prior written agreement of the Bank, and such term includes any annexes or schedules to such.

29. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.
30. “SLILG” means Sri Lanka Institute of Local Government under the MSPCLG responsible for enhancing the institutional and management capabilities of the PCs and LGAs, or any successor thereto.
31. “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Bank Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.
32. “Sub-project” means an investment activity at local level to be carried out by an Eligible LGA, which meets the criteria for financing from the proceeds of a Performance Transfer under Part 2.1 of the Project, set out under this Agreement and the Project Operations Manual.
33. “Training” means the reasonable costs of trainings, seminars, workshops, conferences, study tours, conducted in the territory of the Recipient and/or overseas under the Project, including: (a) the fees of training institutions and courses; (b) domestic and international travel costs, lodging costs, and subsistence/per diem allowances for both trainers and trainees; (c) the rental of training facilities; and (d) preparation, purchase or reproduction of training materials; but excluding salaries and allowances of the Recipient’s civil servants or other regular staff of the Recipient.