



SRI LANKA RESIDENT MISSION

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26 November 2015

Mr. R. M. P. Rathnayake
Director General
External Resources Department
Ministry of Policy Planning, Economic Affairs, Child, Youth & Cultural Affairs
The Secretariat Building
Colombo 1, Sri Lanka

Dear Mr. Rathnayake:

Subject: **Loan No. 3120-SRI (SF): Skills Sector Enhancement Program – Results-Based Lending Amendment to Loan Agreement**

1. We refer to the Loan Agreement (Special Operations) dated 27 May 2014 between the Democratic Socialist Republic of Sri Lanka ("Borrower") and Asian Development Bank ("ADB") ("Loan Agreement") for the Skills Sector Enhancement Program ("Program"), where ADB agreed to lend to the Borrower from ADB's Special Funds resources an amount in various currencies equivalent to thirty two million six hundred thousand Special Drawing Rights (SDR32,600,000). All capitalized terms used but not defined herein shall have the meaning given thereto in the Loan Agreement, unless the context requires otherwise.
2. On 4 October 2015, the Borrower requested ADB to amend DLI 9 and include Ceylon German Technical Training Institute as an implementing agency of the Program.
3. On 23 November 2015, ADB approved the proposed changes to the Program. To give effect to the changes, ADB proposes that Attachment 1 to Schedule 3 of the Loan Agreement be amended as follows:

9. DLI9: Improved medium term skills sector budgeting and expenditure

Prior Result	October 2014	May 2015	May 2016
3 year medium-term expenditure framework included in the amended 2014 appropriation bill	(i) MOFP has ensured <u>funding allocations for 2015 are in line with SSDP reflecting key priorities, and</u> (ii) MYASD and TVET <u>agencies developed 2015 workplan for the performance partnership agreements in line with SSDP including new initiatives to diversify TVET provision</u>	(i) PPAs are executed <u>between MYASD and TVET agencies in line with 2015 workplan and budget</u> (ii) At least 75% of 2014 budget allocations for skills development initiatives have been spent	(i) PPAs are executed <u>between MYASD and TVET agencies in line with 2016 workplan and budget</u> (ii) At least 80% of 2015 budget allocations for skills development initiatives have been spent

ASIAN DEVELOPMENT BANK
SRI LANKA RESIDENT MISSION
23, Independence Avenue
Colombo 7, Sri Lanka
Tel +94 11 267 4499 Fax +94 11 267 4488
www.adb.org/srilanka

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4. Save and except to the extent set out above, the Loan Agreement remains unchanged. (For the avoidance of doubt, the addition of Ceylon German Technical Training Institute as an implementing agency does not require amendment of the Loan Agreement.)
5. Pursuant to ADB's Public Communications Policy ("PCP") on disclosure and exchange of information, the amendment to the Loan Agreement will be posted on ADB's website within 2 weeks from the date that the amendment becomes effective, after removing any information that falls within the PCP exceptions as specified by the Borrower.
6. Please indicate the Borrower's concurrence to the amendment set out in paragraph 3 of this letter agreement and to the terms of this letter agreement, by countersigning each of the two originals of this letter agreement in the space indicated below. Please retain one fully signed original of this letter agreement for your records and return the other to ADB. The amendment as set out in paragraph 3 of this letter agreement shall take effect on the date of receipt by ADB of a fully-signed original of this letter agreement.

Yours sincerely,

Sri Widowati
Country Director
Sri Lanka Resident Mission

Accepted for and on behalf:

Democratic Socialist Republic of Sri Lanka

By:

Name:

Title: DR. R. H. S. SAMARATUNGA

Date: Secretary
Ministry of Finance
Colombo 01
Sri Lanka

cc: Mr. P. Ranepura, Secretary, Ministry of Skills Development and Vocational Training
Gi Soon Song, Principal Social Sector Specialist, South Asia Human and Social
Development Division

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SRI LANKA RESIDENT MISSION

23, Independence Avenue

Colombo 7, Sri Lanka

Tel +94 11 267 4499 Fax +94 11 267 4488

www.adb.org/srilanka