

January 17, 2017

Dr. R.H.S. Samarathunga  
Secretary  
Ministry of Finance  
The Secretariat  
Colombo 1  
Sri Lanka

Dear Dr. Samarathunga:

***Sri Lanka: Agriculture Sector Modernization Project (Credit No. 5873-LK)  
Amendment to Financing Agreement***

We refer to the Financing Agreement (“Agreement”) entered into between the Democratic Socialist Republic of Sri Lanka (“Recipient”) and the International Development Association (the “Association”) even dated herewith, extending a credit (Credit No. 5873-LK referred to as the “Credit”) for the financing of the Agriculture Sector Modernization Project (“Project”).

We further refer to Section I. B.1, B.3, B.5, B.7, C.1, C.3 (a), D.1, D.3 and D.7 of Schedule 2 to the Agreement where the reference to the date of August 30, 2016 shall be changed to “within three (3) months after the Effective Date” based on our correspondence. Similarly, the reference to the date of September 15, 2016, in Section I.D.5 of Schedule 2 to the Agreement, shall be changed to “within three (3) months after the Effective Date”. Accordingly, we propose to amend the said paragraphs under Section I of Schedule 2 to the Agreement as follows:

**“B. Implementation of Part 1(b) of the Project (Matching Grants Program)**

1. The Recipient shall establish, within three (3) months after the Effective Date or no later than the date on which the first Matching Grant is proposed for financing in accordance with the MG Operations Manual, whichever occurs earlier, and thereafter maintain throughout the implementation of the Project, a MOPI-Project Management Unit under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, an environmental specialist, a social specialist; and other financial management, procurement, and administrative staff, in each case with qualifications, experience and under terms of reference satisfactory to the Association.
  
3. The Recipient shall establish, within three (3) months after the Effective Date or the date on which the first Matching Grant is proposed for financing in accordance with the MG Operations Manual, whichever occurs earlier, and thereafter maintain throughout the implementation of the Project, a Board of Directors with composition, qualifications, experience and under terms of reference satisfactory to the Association, and provided with sufficient resources.

5. The Recipient shall establish, within three (3) months after the Effective Date or the date on which the first Matching Grant is proposed for financing in accordance with the MG Operations Manual, whichever occurs earlier, and thereafter maintain throughout the implementation of the Project a Technical Review Group with composition, qualifications, experience and under terms of reference satisfactory to the Association and provided with sufficient resources.
7. The Recipient shall: (a) adopt within three (3) months after the Effective Date, a Matching Grants Operations Manual in form and substance satisfactory to the Association; (b) carry out the Project in accordance with the MG Operations Manual; and (c) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the MG Operations Manual or any part thereof without the prior written agreement of the Association.

**C. Implementation of Part 1(c) of the Project (Partial Credit Guarantees)**

1. The Recipient shall: (a) adopt within three (3) months after the Effective Date, a Partial Credit Guarantees Operations Manual in form and substance satisfactory to the Association; (b) carry out the Project in accordance with the PCG Operations Manual; and (c) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the PCG Operations Manual or any part thereof without the prior written agreement of the Association.
3. The Recipient shall cause:
  - (a) the Ministry of Primary Industries, within three (3) months after the Effective Date, to enter into a Memorandum of Understanding with the Central Bank of Sri Lanka in form and substance satisfactory to the Association setting forth policies, rules, and procedures to govern the provision of Partial Credit Guarantees under Part 1 (c) of the Project;

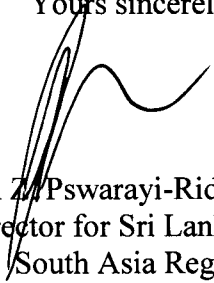
**D. Implementation of Part 2 of the Project**

1. The Recipient shall establish, within three (3) months after the Effective Date, and thereafter maintain throughout the implementation of the Project, an MOA-Project Management Unit under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, an environmental specialist, a social specialist; and other financial management, procurement, engineering, and administrative staff, in each case with qualifications, experience and under terms of reference satisfactory to the Association.
3. The Recipient shall: (a) adopt within three (3) months after the Effective Date, an ATD- Operations Manual in form and substance satisfactory to the Association; (b) carry out the Project in accordance with the ATD-OM; and (c) not amend, revise or waive, nor allow to be amended, revised or waived, the provisions of the ATD-OM or any part thereof without the prior written agreement of the Association.

5. The Recipient shall cause each of the Participating Provinces to establish, within three (3) months after the Effective Date, and thereafter maintain throughout the implementation of the Project, a Provincial Project Management Unit under the direction of qualified management provided with sufficient resources, and staffed with competent personnel in adequate numbers including, among others, a Project director, an environmental specialist, a social specialist; and other financial management, procurement, engineering, and administrative staff, in each case with qualifications, experience and under terms of reference satisfactory to the Association
  
7. The Recipient shall establish, within three (3) months after the Effective Date, and thereafter maintain throughout the implementation of the Project a Coordination Committee with composition and terms of reference satisfactory to the Association. The Coordination Committee shall be responsible for coordination between the Ministry of Agriculture and the Participating Provinces on the implementation of Part 2 of the Project.”

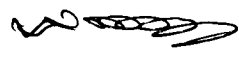
All other provisions of the Agreement, except as revised herein, remain unchanged.

Yours sincerely,

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

Agreed:  
Democratic Socialist Republic of Sri Lanka

By: \_\_\_\_\_

  
Name: Dr. R.H.S. Samarathunga  
Title: Secretary, Ministry of Finance

Date: January 17, 2017