Dr. P.B. Jayasundera  
Secretary  
Ministry of Finance and Planning  
Secretariat  
Colombo 1.

Re: GFRP - Grant No.TF013135  
‘Diri Sawiya’ Assisting People with Disabilities through  
Cash Transfers and Training Project

Dear Sir:

In response to the request for financial assistance made on behalf of the Democratic Socialist Republic of Sri Lanka (“Recipient”), I am pleased to inform you that the International Development Association (“World Bank”), acting as administrator of grant funds provided by Global Food Price Crisis Response Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed two million five hundred and ninety thousand United States Dollars (U.S.$2,590,000) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,  
INTERNATIONAL DEVELOPMENT ASSOCIATION  

Diarietou Gaye  
Country Director for Sri Lanka and Maldives
AGREED:
DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

By ________________________________
Authorized Representative

Name ________________________________
P. B. JAYASUNDERA
Secretary
Title ________________________________
Ministry of Finance and Planning
Colombo 01
Sri Lanka
Date: __30/11/2012__

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
Article I
Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement. In particular, the following such terms have the following meanings:

(a) “Beneficiaries” mean recipients of the cash allowance or participants in vocational training under the Project.

(b) “Disability Allowance” means a monthly cash allowance paid to the recipients of the Disability Allowance Program.

(c) “MoSS” means the Ministry of Social Services.

(d) “NSPD” means the National Secretariat for Persons with Disabilities.

(e) “DSS” means the Department of Social Services.

(f) “Operations Manual” means the manual adopted by the Recipient, satisfactory to the World Bank, referred to in Section 2.03(b) of this Annex, as the same may be amended from time to time with the prior agreement of the World Bank.

(g) “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 and revised in January 2011.


(i) “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in January 2011.


Article II
Project Execution

2.01. Project Objectives and Description. The objective of the Project is to provide targeted cash transfers and training for persons with disabilities in nine Northern districts in Sri Lanka as part of Government of Sri Lanka’s effort to improve the livelihoods of disabled persons. The Project consists of the following parts:
**Component 1: Cash allowances for vulnerable persons with disabilities:** providing a cash allowance of approximately Rs. 3,000 (US$ 24) per month to about 3,060 persons with disabilities for about 30 months in nine Northern districts of Sri Lanka. The allowances will be targeted to the most vulnerable households with severely disabled members. Beneficiaries will be selected using a scorecard methodology that prioritizes households for inclusion in the disability allowance program based on criteria including the income of the household, the severity of disability, the number of other working-age adults in the household, and the number of dependents.

**Component 2: Vocational training and skills development pilot program:** financing of a pilot vocational training and skills development programs for disabled persons ages 18 to 35 from vulnerable households. During their participation in trainings, beneficiaries will receive an allowance. Courses will be based on existing Vocational Training Modules and offerings will be finalized after a market analysis is conducted. This component will select beneficiaries through an application process and will fund training through a variety of public and private training providers. The project will work with all training partners to develop standards and guidelines for supporting trainees in accessing the labor market and building self-employment opportunities. The project will also provide training on disability issues for local government officials.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Social Services (MoSS) in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Institutional and Other Arrangements.**

(a) The Ministry of Social Services will be the implementing ministry for the project. Under the overall guidance of the Secretary, MoSS, the disability allowance component of the project will be overseen by the National Secretariat for Persons with Disabilities (NSPD) and the vocational training component would be overseen by the Department of Social Services (DSS). The Chief Accountant MoSS or her designee will be the focal point for Financial Management and Procurement under the project. The Secretary, MoSS, will designate technical and financial management/accounting staff to assist in the planning, budgeting, progress and output monitoring, financial management and procurement oversight, and preparing various progress and status reports required by Government and the World Bank.

(b) The Recipient, through the Ministry of Social Services, shall carry out the Project in accordance with the Operations Manual dated October 31, 2012, satisfactory to the World Bank, which inter alia includes the description of: (i) implementation arrangements; (ii) the procurement procedures and standard procurement documentation; (iii) reporting requirements, financial management and audit procedures; (iv) monitoring and evaluation arrangements; (v) selection criteria and terms and conditions for the selection of vocational training beneficiaries; (vi) cash allowance distribution criteria; and (vii) selection criteria and terms and conditions for the selection of cash allowance beneficiaries.

(c) Not assign, amend, abrogate or waive the Operations Manual or any provisions thereof if, in the opinion of the World Bank, such assignment, amendment, abrogation or waiver will materially and adversely affect the implementation of the Project. Any amendments to the said manual shall be made with the prior agreement of the World Bank. In case of any conflict between the provisions of the Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall govern.
2.04. **Donor Visibility and Visit.**

(a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.**

(a) The Recipient shall ensure that MoSS monitors and evaluates the progress of the Project and prepares Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth in the Appendix to this Annex. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one (1) month after the end of the period covered by such report.

(b) The Recipient shall cause the MoSS to prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.06. **Financial Management.**

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such 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 World Bank not later than six months after the end of such period.

2.07. **Procurement.** All goods and consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers," dated January 2011 ("Procurement Guidelines"), and the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers," dated January 2011 ("Consultant Guidelines").

2.08. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the procurement plan prepared by the Recipient and approved by the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions...
as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Cash Allowance</td>
<td>2,120,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Consultants’ Services, Training and Workshops, and Incremental Operating Costs</td>
<td>470,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,590,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this paragraph, the term: (i) “Training and Workshops” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services); and (ii) “Incremental Operating Costs” means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants’ services and salaries of officials of the Recipient’s civil service).

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is March 30, 2015.
Article IV
Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is Secretary, Ministry of Finance & Planning.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

- Ministry of Finance & Planning
- The Secretariat
- Colombo 01, Sri Lanka
- Facsimile: 94 11 2449823/94 11 2447633

4.03. **World Bank's Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

- International Development Association
- 1818 H Street, N.W.
- Washington, D.C. 20433
- United States of America
- Facsimile: 1-202-477-6391
- Cable: INTBAFRAD
- Telex: RCA 248423
Annex 1: Results Framework and Monitoring

Sri Lanka: ‘Dirisawiva’ Assisting People with Disabilities through Cash Transfers and Training

Project Development Objective (PDO):

The objective of the grant is to provide targeted cash transfers and training for persons with disabilities in nine Northern districts in Sri Lanka as part of Government of Sri Lanka’s effort to improve the livelihoods of disabled persons.

<table>
<thead>
<tr>
<th>PDO Level Results Indicators*</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>Cumulative Target Values**</th>
<th>Frequency</th>
<th>Data Source/Methodology</th>
<th>Responsibility for Data Collection</th>
<th>Description (indicator definition etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator One: Increase in overall household consumption among beneficiary households</td>
<td></td>
<td>Percentage</td>
<td>No information available</td>
<td>20%</td>
<td>Once</td>
<td>Follow-up surveys of beneficiaries; project monitoring reports</td>
<td>MoSS w/ Dept of Project Management and Monitoring; Beneficiary Surveys</td>
<td></td>
</tr>
<tr>
<td>Indicator Two: Percentage of beneficiaries from households in the bottom two quintiles*</td>
<td></td>
<td>Percentage</td>
<td>No information available</td>
<td>70%</td>
<td>Years 1 and 3</td>
<td>Baseline and follow-up surveys of beneficiaries; project monitoring reports</td>
<td>MoSS w/ Dept of Project Management and Monitoring; Beneficiary Surveys</td>
<td></td>
</tr>
<tr>
<td>Indicator Three: Beneficiary satisfaction with training</td>
<td></td>
<td>Percentage</td>
<td>No training provided</td>
<td>80%</td>
<td>Once</td>
<td>Follow-up surveys of beneficiaries; project monitoring reports</td>
<td>MoSS w/ Dept of Project Management and Monitoring; Beneficiary Surveys</td>
<td></td>
</tr>
</tbody>
</table>
### INTERMEDIATE RESULTS

**Intermediate Result (Component One):** Cash allowances provided to vulnerable persons with disabilities (USD 2.12 million)

<table>
<thead>
<tr>
<th>Intermediate Result indicator</th>
<th>Number</th>
<th>3,060</th>
<th>3,060</th>
<th>3,060</th>
<th>3,060</th>
<th>Numbers available on a quarterly basis</th>
<th>MoSS project monitoring reports</th>
<th>MoSS w/ Dept of Project Management and Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>One: Number of (male and female) beneficiaries that receive allowances*</td>
<td>□</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two: Percentage of beneficiaries that receive the full allowance amount*</td>
<td>□</td>
<td>Percentage</td>
<td>No information available</td>
<td>90%</td>
<td>100%</td>
<td>Baseline and follow-up surveys of beneficiaries; project monitoring reports</td>
<td>MoSS w/ Dept of Project Management and Monitoring</td>
<td></td>
</tr>
</tbody>
</table>

**Intermediate Result (Component Two):** Vocational and skills development training provided to the disabled (USD 470,000)

<table>
<thead>
<tr>
<th>Intermediate Result indicator</th>
<th>Number</th>
<th>0</th>
<th>50</th>
<th>150</th>
<th>300</th>
<th>Numbers available on a quarterly basis</th>
<th>MoSS project monitoring reports</th>
<th>MoSS w/ Dept of Project Management and Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>One: Number of (male and female) beneficiaries that complete training *</td>
<td>□</td>
<td>0</td>
<td>50</td>
<td>150</td>
<td>300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Two: Percentage of (male and female) beneficiaries employed or self-employed after participation in training*</td>
<td>□</td>
<td>Number</td>
<td>No information available</td>
<td></td>
<td>60%</td>
<td>Follow-up surveys of beneficiaries; project monitoring reports</td>
<td>MoSS w/ Dept of Project Management and Monitoring; Beneficiary Surveys</td>
<td></td>
</tr>
</tbody>
</table>

**Intermediate Result indicator Three:** Number of government staff and community leaders trained on disability issues

<table>
<thead>
<tr>
<th>Number</th>
<th>0</th>
<th>50</th>
<th>150</th>
<th>300</th>
<th>Numbers available on a quarterly basis</th>
<th>MoSS project monitoring reports</th>
<th>MoSS w/ Dept of Project Management and Monitoring</th>
</tr>
</thead>
</table>