Dr. R. H. S. Samaratunga  
Secretary to Treasury  
Ministry of Finance  
Colombo 1

Dear Dr. Samaratunga:

North East Local Services Improvement Project (NELSIP)  
Credit No. 4728-LK; Additional Financing for North East Local Services Improvement  
Project Credit No. 5688-LK; DFAT Grant No. TF013787  
Amendment to the Financing Agreement for the Extension of Closing Date and the Reallocation of Credit Proceeds

We refer to the Financing Agreement dated November 8, 2010 of NELSIP, the Financing Agreement dated December 9, 2015 of the Additional Financing to NELSIP, and the DFAT World Bank Partnership for South Asia Grant Agreement dated May 8, 2014 ("Grant Agreement") (as amended) between the Democratic Socialist Republic of Sri Lanka ("Recipient") and the International Development Association ("Association"). We also refer to the request dated October 17, 2016 of the Department of External Resources of the Ministry of National Policies and Economic Affairs to extend the Closing Date of the above referenced Financing Agreements and Grant Agreement.

We are pleased to inform you that the Association concurs with your request.

Accordingly, the Association has established August 31, 2017 as the later date for purposes of Section IV.B.2 of Schedule 2 of the Financing and Grant Agreements.

We agree with the proposal of the Ministry of Provincial Councils and Local Government, received in a letter dated November 9, 2016, to reallocate the Credit Proceeds under IDA 4728-LK. Accordingly, the table in Section IV.A.2 of Schedule 2 to the Financing Agreement IDA 4728-LK will be replaced as the one in the Annex.
Please indicate your agreement to this amendment by signing the form of
countersignature below and returning one original to us. Upon receipt of the countersigned
original by us, this amendment shall come into force as of the date of the countersignature
by you.

Sincerely yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Jasih Z. Pswarayi-Riddihough
Country Director for Sri Lanka and Maldives

CONFIRMED DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

By ________________________________
Authorized Representative

DR. R. H. S. SAMARATUNGA
Secretary
Ministry of Finance
Colombo 01
Sri Lanka.

Name: R.H.S. Samaratunga
Title: Secretary Ministry of Finance
Date: 2016. 12. 27
### Annex

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (Inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, consultants' services, Incremental Operating Costs and training and workshop</td>
<td>5,400,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Grants under Part 1 of the project</td>
<td>27,597,178</td>
<td>100% of amount disbursed</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>2,822</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions.</td>
</tr>
<tr>
<td>TOTAL</td>
<td>33,000,000</td>
<td></td>
</tr>
</tbody>
</table>