

15 December 2017

Mr. A. Pathinathan
Chief Secretary
Northern Provincial Council
63 Nallur Cross Street
Nallur, Jaffna Sri Lanka

Dear Mr. Pathinathan:

**Subject: Loan Nos. 2710-SRI/2711-SRI (SF): Jaffna and Kilinochchi Water Supply
 and Sanitation Project
 –Amendment to Project Agreement**

1. We refer to the Ordinary Operations Loan Agreement between the Democratic Socialist Republic of Sri Lanka (“Borrower”) and Asian Development Bank (“ADB”) dated 8 February 2011 (“Initial Ordinary Operations Loan Agreement”), the Special Operations Loan Agreement between the Borrower and ADB dated 8 February 2011 (“Initial Special Operations Loan Agreement”, together with the Initial Ordinary Operations Loan Agreement, “Loan Agreements”) and the Project Agreement between ADB and the Northern Provincial Council (“NPC”) dated 8 February 2011 (“Project Agreement”), for the Jaffna and Kilinochchi Water Supply and Sanitation Project (“Project”). All capitalized terms used but not defined herein shall have the meaning given thereto in the Initial Special Operations Loan Agreement, unless the context requires otherwise.

2. Further to the restructuring of the Project, ADB approved, on 28 November 2017, two loans for financing the Jaffna and Kilinochchi Water Supply Project (“Overall Project”), as described in Schedule 1 to the Ordinary Operations Loan Agreement between the Borrower and ADB dated 15 December 2017 (“Ordinary Operations Loan Agreement”). The Overall Project includes additional financing for the Project, as described as Component A in paragraph 2 of Schedule 1 to the Ordinary Operations Loan Agreement, and is financed by loans under the Ordinary Operations Loan Agreement, and the Ordinary Operations (Concessional) Loan Agreement between the Borrower and ADB dated 15 December 2017. The remainder of the Overall Project, as described in subparagraphs 1(a)(ii), 1(a)(iii) and 1(b) of Schedule 1 to the Ordinary Operations Loan Agreement, is financed from the existing loans under the Loan Agreements. To give effect to the Overall Project, ADB proposes that the Project Agreement be amended as follows:

Section 1.01 shall be deleted and replaced by:

“Wherever used in this Project Agreement, unless the context otherwise requires, the several terms defined in the Special Operations Loan Agreement and in the Loan Regulations (as so defined) have the respective meanings therein set forth, except that for purposes of this Project Agreement, the term “Project” means the portion of the Project described in subparagraph 1(b) of Schedule 1 to the Ordinary Operations Loan

Agreement for the Jaffna and Kilinochchi Water Supply Project between the Borrower and ADB dated 15 December 2017.”

3. Save and except to the extent set out above, the Project Agreement remains unchanged.
4. Pursuant to ADB's Public Communications Policy on disclosure and exchange of information, the amendment to the Project 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.
5. Please indicate the NPC's concurrence to the amendment set out in paragraph 2 of this letter agreement and to the terms of this letter agreement by countersigning each of the two original of this letter agreement in the space indicated below. Please retain one signed original of this letter agreement for your records and return the other to ADB. The proposed amendment shall take effect on the date of receipt by ADB of a signed original of this letter agreement.

Yours sincerely,



Sri Widowati
Country Director
Sri Lanka Resident Mission

- A. Accepted and agreed.
- B. Confirmed that the amendment to the Project Agreement does not contain information falling within the PCP exceptions.



For and on behalf of
NORTHERN PROVINCIAL COUNCIL

Name: A. Pathinathan
Chief Secretary
Northern Province

Designation: _____

Date: 22/12/2017