

23 September 2019

Mr. R. M. P. Rathnayake  
Director General  
External Resources Department  
Ministry of Finance  
Colombo 1.

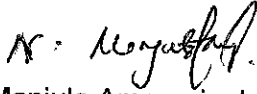
Dear Mr. Rathnayake:

**Loan Nos. 3650-SRI(COL)/3651-SRI: Skills Sector Enhancement Program  
– Additional Financing Results-Based Lending  
Amendment to Loan Agreements**

1. We refer to (i) the Loan Agreement (Ordinary Operations [Concessional]) (“Concessional Loan Agreement”) and (ii) Loan Agreement (Ordinary Operations) (“Regular Loan Agreement”, and together with the Concessional Loan Agreement, “Loan Agreements”), each dated 11 May 2018 between the Democratic Socialist Republic of Sri Lanka (“Borrower”) and Asian Development Bank (“ADB”) for the Skills Sector Enhancement Program – Additional Financing (“Program”). Under the Concessional Loan Agreement, ADB agreed to make a concessional loan to the Borrower from ADB’s ordinary capital resources in the amount of sixty million Dollars (\$60,000,000) and under the Regular Loan Agreement ADB agreed to make a loan to the Borrower from ADB’s ordinary capital resources in the amount of forty million Dollars (\$40,000,000), in each case for purposes of financing the Program. All capitalized terms used but not defined herein shall have the meaning given thereto in the Loan Agreements, unless the context requires otherwise.
2. On 11 July 2019, the Borrower requested, among other things, for ADB to amend the target values under DLI 3.
3. On 22 August 2019, ADB approved the proposed change to the Program. To give effect to the change, ADB proposes that the target values for DLI 3 set out in the DLI Matrix in Attachment 2 to Schedule 3 of the Concessional Loan Agreement be amended as set out in the attachment hereto (which such amendment shall also be applied in relation to the Regular Loan Agreement). For ease of reference, the proposed amendments are marked and highlighted.
4. Save and except to the extent set out in the attachment hereto, the Loan Agreements remain unchanged.
5. Pursuant to ADB’s Access to Information Policy (2018) (“AIP”), the amendment to the Loan Agreements 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 AIP exceptions as specified by the Borrower.

6. Please indicate the Borrower's concurrence to the amendment set out in the attachment hereto and 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 proposed amendment shall take effect on the date of receipt by ADB of a signed original of this letter agreement.

Yours sincerely,



Manjula Amerasinghe  
Officer-in-Charge  
Sri Lanka Resident Mission

A. Accepted and agreed.

B. Confirmed that the amendment to the Loan Agreements do not contain information falling within the AIP exceptions.

For and on behalf of

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

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

Name: Priyantha Rathnayake  
Director General  
Designation: Department of External Resources  
Ministry of Finance  
The Secretariat  
Date: Colombo - 01, Sri Lanka

cc: Mr. K. D. N. Ranjith Asoka, Secretary, Ministry of Industry & Commerce  
Gi Soon Song, Principal Social Sector Specialist, South Asia Human and Social  
Development Division

**Loan Nos. 3650-SRI(COL)/3651-SRI:  
Skills Sector Enhancement Program – Additional Financing**

**Amendment to Loan Agreements**

Disbursement-Linked Indicators	Baseline Value and Year	Target Values			
		Prior Results	2018	2019	2020
DLI 3: Increased availability of effective teaching staff in priority and emerging skill shortage areas	In 2013, no vocational teacher development policy and plan to address shortage of qualified teaching staff	At least 1,250 instructors received industry exposure training	Across all 7 IAs, at least 75-80% of needed vocational teacher positions filled	At least 2,500 instructors received industry exposure training, and a review of training program effectiveness completed	Across all 7 IAs, at least 75-85% of needed vocational teacher positions filled