

**The World Bank**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION(202) 473-1000  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

April 18, 2016

Hon. Snyder Rini  
Minister for Finance and Treasury  
Ministry of Finance and Treasury  
P.O. Box 26  
Honiara  
Solomon Islands

Dear Minister,

***Solomon Islands: IDA Credit No. 5574-SB, IDA Grant No.D022-SB  
Solomon Islands Rural Development Program II***

We refer to the Financing Agreement (“Financing Agreement”) between Solomon Islands (the “Recipient”) and the International Development Association (the “Association”), dated January 29, 2015. We also refer to your letter dated December 18, 2015 requesting the Association to amend the implementation arrangements of the Agriculture Supplemental Equity Facility (“ASEF”) Grants under Part 2(b) of the Project.

The Association concurs with your request and accordingly amends the Financing Agreement as follows:

1. Section I.D of Schedule 2 to the Financing Agreement is amended in its entirety and replaced with the following:

**“D. Agriculture Supplemental Equity Facility Grants”**

The Recipient shall make the proceeds of the Financing allocated to Part 2(b) of the Project available as ASEF Grants to Participating SMEs to provide supplemental equity financing in conjunction with a loan made by a Participating Commercial Bank to a Participating SME to finance an investment project, all in form and substance satisfactory to the Association, and in accordance with the Program Implementation Manual, including the Environmental Assessment/ Environment and Social Management Framework, and the following arrangements:

- (1) **Participating Commercial Banks.** The Recipient shall: (a) ensure that only commercial banks which have been approved, in writing, by the Association shall be eligible for participation under Part 2(b) of the Project; (b) prior to accessing the ASEF facility, each Participating Commercial Bank shall enter into a memorandum of understanding, with Recipient, through MAL, under terms and conditions acceptable to the Association and set forth in the Project Implementation Manual. Each such memorandum of understanding shall set out the respective roles and responsibilities of the Recipient and each Participating Commercial Bank in the implementation of Part 2(b) of the Project.
- (2) **Provision of ASEF Grants.** The Recipient shall, through MAL: (a) prior to making an ASEF Grant to a Participating SME, enter into an agreement with such Participating SME setting out the terms and conditions, acceptable to the Association, of the ASEF Grant, including the amount of equity contribution to be made by the Participating SME and a requirement that all investment projects financed by the ASEF Grant shall be carried out in accordance with the Anti-corruption Guidelines and the ESMF; and (b) with respect to each ASEF Grant, transfer the proceeds of such ASEF Grant to the account of the Participating

SME held at the corresponding Participating Commercial Bank upon authorization of the corresponding Participating Commercial Bank.

(3) **ASEF Grant Monitoring.** The Recipient shall ensure that: (a) the Program Coordination Unit shall perform annual reviews of all ASEF Grant transactions during the preceding twelve (12) months and provide the results of such reviews to the Association in each Project Report; and (b) make public, in a manner acceptable to the Association, at least every twelve (12) months, a list, certified by the Program Coordination Unit and CBSI, of all ASEF Grant transactions in the preceding period.”

- 2. The withdrawal table in Section IV.A.2 of Schedule 2 to the Financing Agreement is deleted in its entirety and replaced with the table in the Attachment to this letter of amendment.

All capitalized terms used in this letter of amendment have the same meanings assigned to them in the Financing Agreement. All the terms of the Financing Agreement not hereby amended will remain in full force and effect.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed two copies of this letter of amendment, and returning one copy to the Association. Upon receipt by the Association of the countersigned copy of this letter of amendment, the amendments herein shall become effective as of the date of the countersignature.

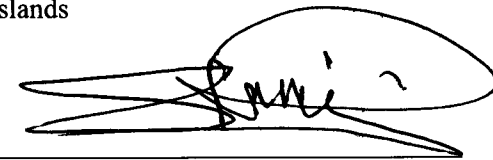
Sincerely,



Robert Utz  
Acting Country Director  
Timor-Leste, Papua New Guinea  
& Pacific Islands  
East Asia and Pacific Region

AGREED:

Solomon Islands

By: 

Authorized Representative

Name: Hon Snyder Rini

Title: Minister of Finance and Treasury

Date: 27/04/2016

**ATTACHMENT**

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultant services, Community Development Grants, Disaster Recovery Grants, Agri-business Partnership Grants, ASEF Grants, Training, and Incremental Operating Costs	2,700,000	3,300,000	100% of the amount disbursed for the Community Development Grants, Disaster Recovery Grants, and ASEF Grants; and 100% of all other Eligible Expenditures
<b>TOTAL AMOUNT</b>	<b>2,700,000</b>	<b>3,300,000</b>	