

22 May 2015

Dear Sirs,

Re: Solomon Islands : Project number 2000000720 and 2000000707
Rural Development Programme II, (RDP II)

1. I refer to the Agreement dated 20 May 1978 between the International Bank for Reconstruction and Development and the International Development Association (the "Association") and the International Fund for Agricultural Development (the "Fund").

2. I also refer to the Rural Development Programme II (the "Programme") which is to be partly financed by a grant from the Fund and a loan from the Fund (the "Fund Financing") under a Financing Agreement between the Solomon Islands (the "Recipient") and the Fund dated 7 May 2015 (the "Fund Financing Agreement"). Copies of the Fund Financing Agreement have been furnished to you under separate cover.

3. For the purpose of the Programme, and with the agreement of the Recipient, as set forth in Section D of the Fund Financing Agreement, the Fund hereby appoints the Association to act as the Cooperating Institution within the meaning of Article III (The Cooperating Institution) of the Fund's "General Conditions for Agricultural Development Financing" dated 29 April 2009 (the "General Conditions"), subject to and in accordance with the contractual terms and conditions on which the Fund provides financing for the Programme. The Association hereby accepts such appointment.

4. In this Letter of Appointment, unless the context otherwise requires, the term "Fund Financing Agreement" also refers to the General Conditions, as incorporated therein.

./.

International Development Association
Washington, D.C. 20433

cc: The Honourable
Minister for Finance and Treasury
of the Solomon Islands
Honiara

5. The Fund and the Association shall fully cooperate to ensure an effective coordination of their respective actions in connection with, and the achievement of, the purposes of the Fund Financing. To this end, *inter alia*:
 - (a) the Fund shall notify the Association when the Fund Financing Agreement enters into force;
 - (b) the Fund shall promptly inform the Association and exchange views whenever it is proposed:
 - (i) to modify materially the Financing Agreement related to the Fund Financing; or
 - (ii) to take any action under Sections 12.01 (Suspension by the Fund), 12.02 (Cancellation by the Fund) 12.05 (Acceleration of Maturity) of the General Conditions and other applicable remedies;
 - (c) the Fund shall promptly inform the Association of any suspension, cancellation or acceleration or repayment in advance of maturity of any amount of the Fund Financing;
 - (d) notwithstanding sub-paragraph (b), above, the Fund shall retain its independent right of decision and action under the Financing Agreement with respect to any such matter;
 - (e) the Association shall submit to the Fund within 6 months after the end of the applicable fiscal year (31 December) the Programme's audited financial statements. In addition, the Association shall provide IFAD, within 2 months after receipt of such audited financial statements, with its written comments on the quality of the audit report and financial statements as well as an action plan to address eventual internal control issues, if any, identified during the audit;
 - (f) on request from the Fund, the Association shall furnish to the Fund reports on the execution of the Programme.
6. The Association shall administer all procurement financed from the proceeds of the Fund Financing in accordance with the same procedures which apply to procurement financed from its own financing.
7. (a) The Association shall process each application for withdrawal from the Fund Financing submitted by the Recipient to the Association to determine the amounts which the Recipient is entitled to withdraw from the Fund Financing in conformity with the relevant provision(s) of the Fund Financing Agreement.
 - (b) The Association shall promptly advise the Fund of the amount which the Recipient is entitled to withdraw from the Fund Financing. The Fund shall make appropriate arrangements to make the necessary payments of such amounts.
 - (c) From time to time, the Fund shall inform the Association of the amounts available for withdrawal from the Fund Financing.
8. The Fund hereby authorises the Association to enter into special commitments, on behalf and for the account of the Fund, to pay amounts out of the proceeds of the Fund's Financing in respect of the cost of goods or services required for the Programme and to be financed out of the Fund Financing. Any such special commitment shall, once it has been

notified to the Fund, constitute an obligation on the part of the Fund to pay, notwithstanding any subsequent suspension or cancellation of the Fund Financing, the amount to be disbursed out of the proceeds of the Fund Financing in fulfilment of such special commitment.

9. The Fund and the Association shall each be entitled to terminate this appointment at any time by written notice to the other party, whereupon this appointment shall terminate six months after the date of such notice.

10. This Letter of Appointment shall enter into full force and effect as from the date of countersignature hereof.

11. Please confirm your agreement with the foregoing by signing the two copies of this Letter and returning one signed original to the Fund for its records. Additionally, once countersigned, please send copies of this Letter to the Recipient as set forth on the first page of this Letter.

Yours sincerely,

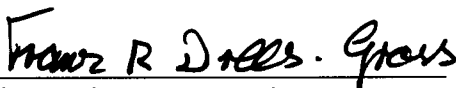
INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT



John Murray McIntire
Associate Vice President
Programme Management Department

CONFIRMED:

INTERNATIONAL DEVELOPMENT ASSOCIATION



Authorized Representative

Date: 1 June, 2015