December 8, 2016

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

Dear Minister,

IDA Grant H415, IDA Credit No. 5379-SB & IDA Grant No. H9130-SB
Sustainable Energy Project
Additional Instructions: Disbursement Letter (First Restatement)

I refer to the Financing Agreement between the Solomon Islands (the “Recipient”) and the International Development Association (“Association”) for the above-referenced project, dated July 2, 2008 and the Financing Agreement for the Additional Financing dated April 1, 2014. The Agreement provides that the Association may issue additional instructions regarding the withdrawal of the proceeds of IDA Grant H415, IDA Credit 5379-SB & IDA Grant-H9130-SB (collectively, the “Financing”) and the Financing IDA 5455-MM (“Financing”). This letter (“Disbursement Letter”), as revised from time to time, constitutes the additional instructions and replaces the disbursement letter dated April 1 2014, by adding the Special Commitment method as set forth in Section I. paragraph (i) Disbursement Methods provided however that Attachments\(^1\) to the Disbursement Letter dated April 1, 2014 forms an integral part of this Disbursement Letter.

The World Bank Disbursement Guidelines for Projects, dated May 1, 2006, (“Disbursement Guidelines”) are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Financing is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

\(^1\) Includes (i) Attachment 1, World Bank Disbursement Guidelines for Projects, dated May 1, 2016; (ii) Attachment 2, Sample Form for Authorized Signatures; (iii) Terms and Conditions of Use of Secure Identification Credentials in Connection with Use of Electronic Means to Process Applications and Supporting Documentation, dated March 1, 2013; (iv) Attachment 4, Form of Statement of Expenditure; (v) Attachment 5, Form of Payments Against Contracts Subject to the Association’s Prior Review; and (vi) Form of Designated Account Reconciliation Statement.
I. Disbursement Arrangements

(ii) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Financing:

- Reimbursement
- Advance
- Direct Payment
- Special Commitment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is four (4) months after the Closing Date specified in the Financing Agreement. Any changes to this date will be notified by the Association.

(iii) Disbursement Condition (subsection 3.8). Please refer to the disbursement condition(s) in the Financing Agreement.

II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1). A letter should be furnished to the Association at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
Level 18, 14 Martin Place
CML Building
Sydney NSW 2000, Australia

Attention: Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed (a) applications for withdrawal, together with supporting documents, and (b) applications for special commitments, together with a copy of the commercial bank letter of credit, to the address indicated below:

The World Bank Office
26th Floor, One Global Place
5th Avenue corner 25th Street, Bonifacio Global City
Taguig City, Philippines

Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The Association may permit the Recipient to electronically deliver to the Association Applications (with supporting documents) through the Association’s Client Connection, web-based portal. The option to deliver Applications to the Association by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials (“SIDC”) from the Association for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have
registered as users of Client Connection. If the Association agrees, the Association will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The Association reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of Secure Identification Credentials”); and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Reimbursement, Direct Payments and Special Commitment is USD40,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Pooled Account to support the Sustainable Energy Project
- **Currency of Designated Account (subsection 5.4):** United States Dollars (USD).
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Financial institution acceptable to the Association
- **Ceiling (subsection 6.1):** USD200,000.

III. Reporting on Use of Financing Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement:**
  
  - List of payments against contracts in the form attached (Attachment 5), together with Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for all contracts subject to the Association’s prior review;
  
  - Statement of Expenditure in the form attached (Attachment 4) for all contracts valued at USD50,000 equivalent or less
• For reporting eligible expenditures paid from the Designated Account:

  o List of payments against contracts in the form attached (Attachment 5), together with Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for all contracts subject to the Association’s prior review;

  o Statement of Expenditure in the form attached (Attachment 4) for all contracts valued at USD50,000 equivalent or less

  o Designated Account reconciliation in the form attached (Attachment 6) and related bank account statements.

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Quarterly.

IV. Other Important Information


If you have not already done so, the Association recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Financing, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the Association by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact World Bank Loan Department at WFALN MANILA@worldbank.org using the above reference.

Sincerely,

[Signature]

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