May 29, 2014

Honorable Rick N Houenipwela
Minister of Finance and Treasury
Ministry of Finance and Treasury
P.O. Box 26
Honiara, Solomon Islands

Dear Honorable Minister,

Solomon Islands: Rapid Employment Project (Grant No. TF095966)
Amendment to SPF Grant

We refer to the Grant Agreement dated March 24, 2010, between Solomon Islands (the Recipient) and the International Bank for Reconstruction and Development and the International Development Association (collectively, the World Bank), acting as administrator of grant funds provided under the State and Peace-Building Fund (SPF), as amended (the Agreement).

We propose to amend the Agreement to increase the amount of available Grant funds by an additional one million four hundred thousand United States dollars (US$1,400,000). The increase in Grant funds reflects additional contributions received from SPF.

1. The first paragraph of the Agreement is amended by revising the aggregate value of the Grant funds not to exceed three million two hundred twenty-one thousand two hundred fifty United States dollars (US$3,221,250) ("Grant") on the terms and conditions set forth or referred to in said Agreement.

2. Section 1.01 of the Annex to the Agreement is amended to read as follows:


3. Subsection (o) of Section 1.02 of the Annex to the Agreement is amended to read as follows:

(o) "Training means reasonable costs incurred by the Recipient for Project related training, including purchase, translation, and publication of materials, rental of facilities, course fees, workshop supplies, rental of equipment, reasonable
honorarium of resource persons, and travel, accommodation, and subsistence of participants, including study tours.

4. Part 1(B) of Section 2.01 of the Annex to the Agreement is amended to read as follows:

(B) Urban Works, Services, and Environmental Awareness Campaign: executed by HCC and consisting of: (i) the provision of Sub-Grants to Community Groups for the carrying out of urban works and services including restoration of footpaths, construction of stairs leading to settlements, construction/repair of drainage systems, waste collection, river clean-up, brushing of road sides, parks, and other public areas; (ii) urban works carried out by Local Works Contractors; (iii) the provision of technical assistance and training to build the capacity of Community Groups carrying out urban works and services and of HCC; and (iv) an environmental awareness campaign.

5. Section 2.02 of the Annex to the Agreement is amended to read as follows:

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part 1(A) and Part 3 of the Project through MID and Part 1(B), Part 2, and Part 3 of the Project through HCC in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

6. Section 2.04 of the Annex to the Agreement is amended to read as follows:

2.04 Project Monitoring, Reporting, and Evaluation.

(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank and set forth in the Program Operational Manual. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Training, Consultants’ Services, and Incremental Operating Costs under Parts 1, 2, and 3 of the Project</td>
<td>$1,711,250</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-Grants under Part 1(B) of the Project</td>
<td>$1,335,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Works, under Parts 1(A) and 1(B) of the Project</td>
<td>$175,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>$3,221,250</strong></td>
<td></td>
</tr>
</tbody>
</table>

7. Section 2.06(a) is amended to read as follows:

(a) General. All goods, works, non-consulting services, and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods, works and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

8. The table in Section 3.01 of the Annex to the Agreement is deleted in its entirety and replaced by the table attached below:

9. The Closing Date set out in Section 3.03 is amended to June 30, 2015.
Except as specifically indicated in this Letter of Amendment, all terms and conditions of the Agreement otherwise 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 both enclosed copies of this letter in the space provided and returning one signed copy. This Amendment will become effective on the date of the Recipient’s countersignature.

Sincerely,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION

By [Signature]
Franz R. Drees-Gross
Country Director
Timor-Leste, Papua New Guinea
& Pacific Islands
East Asia and Pacific Region

AGreed:

SOLOMON ISLANDS

By [Signature]
Authorized Representative

Name Rick Nelson Houenipwela
Title Minister of Finance
Date: 30.05.2014

Enclosures: