December 7, 2016

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

Dear Minister,

**LDCF Grant No. TF016614 and GFDRR Grant No. TF016425**

Community Resilience and Disaster Risk in Solomon Islands Project

**Additional Instructions: Second Restatement Disbursement Letter**

I refer to the Grant Agreement ("Agreement") between the Solomon Islands ("Recipient") and the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as (i) implementing agency of the Least Developed Countries Fund ("LDCF"); and (ii) as administrator of grant funds provided by various donors under the Global Facility for Disaster Reduction and Recovery ("GFDRR"), for the above-reference project dated April 1, 2014. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of LDCF Grant No TF016614 and GFDRR Grant No. TF016425 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions and replaces the Disbursement Letter dated April 1, 2014 as restated on February 2, 2016 to increase the Designated Account ceiling limit as set forth in Section II. paragraph vi. Advances provided however that Attachments' to the Disbursement Letter dated April 1, 2014 form an integral part of this Disbursement Letter.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), 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.

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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, List of Payments Against Contracts that are subject to the Bank’s prior review; (v) Attachment 5, Form of Customized SOE and (vi) Form of Statement of Expenditure; and (vii) Form of Designated Account Reconciliation Statement.
I. Disbursement Arrangements

(i) 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 4 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Grant Agreement.

II. Withdrawal of Financing Proceeds

(i) Authorized Signatures (subsection 3.1). An authorized signatory letter in the Form attached (Attachment 2) 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 19, 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, through the World Bank’s Client Connection, web-based portal, following the instructions for electronic delivery. In case the recipient does not have internet access, the World Bank may permit the delivery of applications for withdrawal, together with supporting documents, in accordance with subsection 3.3, to the following address:

The World Bank
26th Floor, One Global Place
5th Avenue corner 25th Street
Bonifacio Global City, Taguig
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") provided in Attachment 3; 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 Commitments is USD50,000 equivalent.

*(vi) Advances (sections 5 and 6).*

- **Type of Designated Account (subsection 5.3):** Pooled Account to support the Community Resilience and Disaster Risk in Solomon Islands Project.
- **Currency of Designated Account (subsection 5.4):** Solomon Islands Dollars (SBD)
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Financial Institution acceptable to the World Bank.
- **Ceiling (subsection 6.1):** SBD5,000,000 which are made up of SBD 3,300,000 for LDCF Grant and SBD1,700,000 for GFDRR Grant.

During implementation, these individual ceilings may be revised from time to time based on project needs upon approval by the Bank but should be at all times within the combined ceiling of SBD5,000,000.

### 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 that are subject to the World Bank’s prior review, in the form attached (Attachment 4) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices).
  - Custom Statement of Expenditure in the form attached (Attachment 5), for payments made under subproject agreements in Category 2;
  - Statement of Expenditure in the form attached (Attachment 6) for all other expenditures/contracts;
Honourable Snyder Rini

December 7, 2016

For reporting eligible expenditures paid from the Designated Account:

- List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 4) together with records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices).

- Custom Statement of Expenditure in the form attached (Attachment 5), for payments made under subproject agreements in Category 2;

- Statement of Expenditure in the form attached (Attachment 6) for Community Grants, expenditure Category 3;

- A Designated Account Reconciliation Statement in the form attached (Attachment 7) with a copy of the related bank statement.

For requests for Direct Payment: records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices.

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

Monthly

IV. Other Important Information


From the Client Connection 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.

If you have any queries in relation to the above, please contact WFALN Manila at WFALN_Manila@worldbank.org using the above reference.

Sincerely,

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

cc: Mr. Harry Kuma, Permanent Secretary, Ministry of Finance and Treasury
    Ms. Dalcy Tozaka, Director FEDU, Ministry of Finance and Treasury
    Mr. Melchior Malaki, Permanent Secretary, Ministry of Environment, Conservation and Meteorology