December 2, 2011

The Honourable Rick Hou
Minister of Finance and Treasury
Ministry of Finance and Treasury
P.O. Box 26
Honiara, Solomon Islands

Honourable Minister:

SOLOMON ISLANDS: Amendment to the Financing Agreement for the Rural Development Project (Original Grant No. H332-SOL): Additional Financing (Grant No. H615-SB)

We refer to the Financing Agreement ("Financing Agreement") for the Solomon Island Rural Development Project dated September 24, 2007 between Solomon Islands (the "Recipient") and International Development Association (the "Association") as amended to date.

We would like to propose to amend the Financing Agreement to adjust the percentage of expenditures to be financed by the Financing as set out below.

In Schedule 2, Section IV.A, paragraph 1, the percentage of Eligible Expenditures to be financed is changed from twenty six percent (26%) (inclusive of reasonable Taxes) to (100%) (inclusive of Taxes) and the paragraph is amended to read as follows.

"The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance one hundred percent (100%) (inclusive of Taxes) of Eligible Expenditures, consisting of goods, works, services, Community Development Grants, SEF Grants, training, study tours and Incremental Operating Costs."

Unless the context otherwise requires and except where otherwise defined in this amendment letter, all capitalized terms contained herein shall have the meanings given to them in the Financing Agreement, as amended.

All of the terms and conditions of the Financing Agreement, as amended that have not been amended pursuant to this amendment letter shall remain unchanged and in full force and effect.
Please confirm your agreement on behalf of the Recipient to the amendment set out above by signing the form of confirmation set out below, returning one fully executed original of this amendment letter to us at your earliest convenience and retaining one original for your records. This amendment to the Financing Agreement shall become effective upon signature by both parties.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Ferid Belhaj
Country Director
Timor-Leste, Papua New Guinea and
Pacific Islands Operations
East Asia and Pacific Region

SOLOMON ISLANDS

By

Name: Hon. Rick Hou
Title: Minister of Finance
Date: 24 January 2012