



Asian Development Bank

PACIFIC DEPARTMENT

17 June 2008

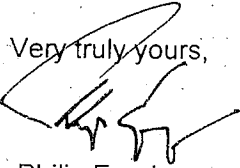
Mr. Shadrach Fanega
Permanent Secretary
Ministry of Finance
P.O. Box 26
Honiara, Solomon Islands

Dear Mr. Fanega:

**Subject: Grant No. 0078(SF)-SOL: Emergency Assistance Project
— Amendment to the Grant Agreement**

1. We refer to the Grant Agreement (Special Operations) dated 11 September 2007 ("Grant Agreement") entered into between the Solomon Islands ("Recipient") and the Asian Development Bank ("ADB") for the Emergency Assistance Project ("Project").
2. We regret that there has been an error in the attachment to Schedule 2 of the Grant Agreement ("Attachment") as the Attachment should first, reflect the percentage for each item to be financed by the Grant proceeds. For the avoidance of doubt, taxes and duties are not included in the financing of the Project. Secondly, the Attachment should exclude the references to the amounts to be financed by the cofinancer (i.e. the European Commission with respect to the Road Rehabilitation Component, which is fully financed by the European Commission exclusive of taxes and duties) and under the Government's contribution (for the avoidance of doubt, these amounts remain unchanged and are set forth in Appendix 2 of the Report and Recommendation of the President for the Project, which is attached as Appendix I to this letter). To reflect the above changes, we have amended the Attachment as set forth in Appendix II to this letter.
3. Except as amended, all the terms and conditions of the Grant Agreement shall remain in full force and effect and binding upon the Recipient.
4. Please indicate the agreement of the Recipient to the amendments described above by countersigning two (2) original counterparts of this letter in the space indicated below. One (1) signed original counterpart should be returned to ADB, and the other signed original counterpart should be retained by the Recipient for its records. The amendments shall take effect from the date of receipt by ADB of the countersigned original of this letter.

5. Please be advised that according to ADB's Public Communications Policy ("PCP") on disclosure and exchange of information, the amendments to the Grant Agreement will automatically be publicly disclosed within two (2) weeks after its effectiveness, unless ADB is advised by return mail that the amendments contain any information or data of a sensitive or confidential nature falling under the PCP exceptions.

Very truly yours,


Philip Erquiaga
Director General
Pacific Department

Accepted for and on behalf of:

SOLOMON ISLANDS

Signature: 

Name: SHADRACH FANEASA

Title: PERMANENT SECRETARY

Date: JUNE 20, 2008

ASIAN DEVELOPMENT BANK
RECEIVED
JUL 07 2008
PACIFIC OPERATIONS DIVISION

COST ESTIMATES AND FINANCING PLAN
(\$ million)

Item	Cost	Financing		
		ADB	European Commission	Government
A. Base Cost				
1. Civil Works				
a. Road rehabilitation	4.00	0.00	4.00	0.00
b. Wharf and jetty rehabilitation	2.15	1.95	0.00	0.20
c. Gizo water supply and sanitation	1.01	0.91	0.00	0.10
d. Maintenance	0.25	0.15	0.00	0.10
Subtotal (A1)	7.41	3.01	4.00	0.40
2. Equipment, Vehicles, and Furniture	0.25	0.20	0.00	0.05
3. Consulting Services				
a. Design and Supervision	0.34	0.27	0.00	0.07
b. Project Management	0.34	0.26	0.00	0.08
Subtotal (A3)	0.68	0.53	0.00	0.15
Subtotal (A)	8.34	3.74	4.00	0.60
B. Contingencies				
1. Physical Contingencies	0.71	0.61	0.00	0.10
2. Price Contingencies	0.70	0.60	0.00	0.10
Subtotal (B)	1.41	1.21	0.00	0.20
Total	9.75	4.95	4.00	0.80

ADB = Asian Development Bank, LBES = Labor-based equipment supported

No interest charges during construction as all financing is on a grant basis.

Taxes and duties are not included as externally-funded projects are exempt

Total and subtotal amounts might differ due to rounding.

Source: Asian Development Bank estimates.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Solomon Islands Emergency Assistance Project)				
CATEGORY				ADB FINANCING
Number	Item	Amount Allocated		Percentage and Basis for Withdrawal from the Grant Account
		Category	\$ Subcategory	
1	Civil Works	3,010,000		
1A	Road Rehabilitation		Nil	0 percent of total expenditure
1B	Wharf and Jetty Rehabilitation		1,950,000	91 percent of total expenditure
1C	Gizo Water Supply and Sanitation		910,000	90 percent of total expenditure
1D	Maintenance		150,000	60 percent of total expenditure
2	Equipment, Vehicles and Furniture	200,000		80 percent of total expenditure
3	Consulting Services	530,000		
3A	Design and Supervision		270,000	79 percent of total expenditure
3B	Project Management		260,000	76 percent of total expenditure
4	Contingencies	1,210,000		
	Total	4,950,000		