
**GRANT NUMBER E030-SB
CREDIT NUMBER 7105-SB**

Financing Agreement

**(Second Phase for Economic Resilience Project under the Pacific Islands Regional
Oceanscape Program)**

between

THE SOLOMON ISLANDS

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER E030-SB
CREDIT NUMBER 7105-SB

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the Solomon Islands (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of assisting in financing the project described in Schedule 1 to this Agreement (“Project”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient a grant and a credit, which are deemed as Concessional Financing for purposes of the General Conditions (collectively, “Financing”) in the following amounts to assist in financing the project described in Schedule 1 to this Agreement (“Project”):
 - (a) an amount equivalent to six million and two hundred thousand Special Drawing Rights (SDR 6,200,000) (“Grant”); and
 - (b) an amount equivalent to three million and seven hundred thousand Special Drawing Rights (SDR 3,700,000) (“Credit”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

- 2.04. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project and the Program. To this end, the Recipient shall carry out the Project through the Ministry of Fisheries and Marine Resources (MFMR), in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely that, the Fisheries Management Act has been amended, suspended, abrogated, repealed, or waived in a manner that is not compatible with international law, specifically the United Nations Convention on the Law of the Sea, or in a manner that would affect materially and adversely the ability of the Recipient to perform any of its obligations under this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 5.02. For purposes of Section 10.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Minister responsible for finance and treasury.

6.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

Ministry of Finance and Treasury
P.O. Box 26
Honiara
Solomon Islands; and

- (b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
677-27855	hkuma@mof.gov.sb

6.03. For purposes of Section 11.01 of the General Conditions:

- (a) The Association's address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

- (b) the Association's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423 (MCI)	1-202-477-6391	cdpngpacific@worldbank.org

AGREED as of the Signature Date.

THE SOLOMON ISLANDS

By



Authorized Representative

Harry Kuma

Name: _____

Title: Minister of Finance and Treasury

Date: 19-Jun-2022

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Stephen Ndegwa

Title: Country Director, PNG & Pacific Islands

Date: 07-Jun-2022

SCHEDULE 1

Project Description

The objective of the Project is to strengthen regional collaboration and national capacity for the management and the sustainable development of the oceanic and coastal fisheries sector in the Solomon Islands.

The Project constitutes the second phase of the Program and consists of the following parts:

Part 1. Strengthening Regional Collaboration and National Capacity for Oceanic Fisheries

- 1.1 Carrying out a program of activities to consolidate oceanic fisheries management, through: (a) construction of an extension of MFMR Headquarter Office and equipment of offices; (b) construction of the national Monitoring, Control and Surveillance (MCS) center in Noro; (c) strengthening of MCS Officers capacity; (d) implementation of vessel inspections in the archipelagic waters and/or territorial sea; (e) the promotion of the electronic port (e-Port) initiative for all landing and processing ports in the Solomon Islands; (f) the expansion of electronic monitoring on longliners and electronic reporting; and (g) provision of Training, required equipment and development of relevant studies aiming to enhance the revitalization, adaptation and modernization of the Observer Program.
- 1.2 Provision of technical assistance and Training to develop studies aiming at improving harnessing of the oceanic fisheries and their value chains to the Recipient's economy.

Part 2. Strengthening Regional Collaboration and National Capacity for Coastal Fisheries

Carrying out of a program of activities aiming to:

- 2.1 Strengthen policy and institutions, through: (a) the review of MFMR's organization structure and functions; (b) the development and enhancement of the capacity and skills of MFMR staff to meet increasing responsibilities and needs; (c) provision of technical assistance and relevant Training to carry out a review and, if applicable, dissemination of policy frameworks and legislations for both oceanic and coastal fisheries, including for aquaculture, tuna management, the Recipient's national plan of action for combatting illegal, unreported, and unregulated fishing, the Recipient's national inspection plan, standard operating procedures; Fish Aggregating Devices (FADs) regulations, community fisheries management plans, as well as recommendations for addressing inconsistencies between national legislations and the United Nations Convention on the Law of the Sea; (d) provision of Training and carrying out awareness activities on the Fisheries Management Act, and other relevant regulations; (e) the construction of

the Malaita Fisheries Office in Auki; and (f) provision of technical assistance and Training to provincial governments to support their development of provincial fisheries ordinances for Isabel, Temotu and Rennell-Bellona provinces.

- 2.2 Strengthen fisheries coastal management, through: (a) the empowerment of communities to better manage their fisheries through community-based resource management learning tools and preparation of community fisheries management plans, including *inter alia*, the provision of technical assistance, Training, Operating Costs and required equipment for the purpose; and (b) the development of a statistical system for coastal fisheries.
- 2.3 Develop and diversify local value chains, through: (a) provision of required equipment to the Recipient's FAD program to assist in the construction of 75 submerged inshore FADs; and (b) carrying out of relevant feasibility studies.

Part 3. Project Management

Supporting the Recipient in the areas of Project management, coordination, supervision, environmental and social safeguards, fiduciary aspects including procurement and contracts management, financial management, communication and monitoring and evaluation; all through the provision of technical assistance, Training, Operating Costs and goods required for the purpose.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. Project Steering Committee

To ensure proper oversight of the Project, the Recipient shall maintain throughout the Project implementation period, the project steering committee (“Project Steering Committee”), chaired by the Permanent Secretary of the MFMR, and comprised of, inter alia, representatives at Director level and above, from the Recipient’s ministries responsible for finance, environment, and justice (as needed), and the Project coordinator referred to in Paragraph 2(b) below, to be responsible for overseeing timely implementation and technical direction of the Project, as well as approving Annual Workplans and Budgets. To this end, the Recipient shall ensure that the Project Steering Committee shall meet twice every calendar year.

2. Ministry of Fisheries and Marine Resources (“MFMR”)

(a) To ensure proper and efficient implementation of the Project, the Recipient shall vest in the MFMR overall responsibility for implementation of the Project, including financial and procurement management, and shall ensure that MFMR has adequate resources required for implementation of the Project. To this end, the Recipient shall maintain the Project Management Unit (PMU), within MFMR, to be responsible for day-to-day implementation and monitoring of the Project.

(b) The Recipient shall ensure that the PMU is staffed with necessary personnel at all times during Project Implementation. To this end, the Recipient shall maintain in the PMU, a Project Coordinator, an Environmental and Social Advisor, a Project Administrative & Financial Assistant; and shall recruit no later than four (4) months after the Effective Date, a Project Accountant, a Senior Procurement Officer, and no later than one (1) month after the Effective Date, an Environmental and Social Officer; all with qualifications, experience, and terms of reference satisfactory to the Association.

3. National Technical Working Group (“NTWG”)

The MFMR shall maintain the NTWG consisting of technical staff from respective line departments, to be in charge of provision of technical inputs to the PMU, as

well as review results of the continuing development of the Project's implementation systems, processes, and Program Operations Manual.

B. Program Operations Manual

1. The Recipient shall by not later than three (3) months after the Effective Date, update, and thereafter adopt the Program Operations Manual ("POM"), in form and substance acceptable to the Association, setting forth detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement processing procedures including the decision-making process; (d) environmental and social standards and risks management; (e) monitoring and evaluation, reporting and communication; (f) data collection; and (g) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.
2. The Recipient shall carry out the Project in accordance with the POM; and except as the Association shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the POM, any provision thereof.
3. In the event of a conflict between the provisions of the POM on the one hand, and those of this Agreement on the other hand, the latter shall govern.

C. Annual Work Plans and Budgets

1. The Recipient shall prepare and furnish to the Association not later than November 30 of each year during the implementation of the Project (or such later date as the Association may agree) for the Association's no-objection, a consolidated Annual Work Plan and Budget containing all eligible Project activities and Eligible Expenditures, proposed to be included in the Project in the Recipient's following fiscal year, including a specification of the source or sources of financing for all Eligible Expenditures, and environmental and social safeguard measures taken or planned to be taken in accordance with the provisions of Section I.D of this Schedule.
2. The Recipient shall implement the Project in accordance with the Annual Work Plan and Budget accepted by the Association for the Recipient's respective fiscal year; provided, however, that in the event of any conflict between the Annual Work Plan and Budget and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Recipient shall not make or allow to be made any change to the Annual Work Plan and Budget without prior no-objection in writing.

D. Environmental and Social Standards.

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended, or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
6. The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors, and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.
7. The Recipient shall ensure that:
 - (a) all monitoring, control and surveillance activities carried out by the Recipient shall be under the control of a civilian fisheries officer or another civilian agency of the Recipient acceptable to the Association, and shall be carried out under terms of reference limited to fisheries monitoring, control and surveillance;
 - (b) each surveillance mission carried out by the Recipient shall be governed by detailed protocols prepared in accordance with terms of reference satisfactory to the Association, providing, *inter alia*, that: (i) the mission is a fisheries-priority mission and the mission task is duly recorded and documented prior and subsequent to the mission; (ii) memoranda of understanding in a form and substance acceptable to the Association are concluded between the agencies involved in the surveillance operations, including both government agencies and any civilian contractors involved; (iii) the accounts of the entities receiving or benefiting from the Financing for such mission are maintained in a manner enabling effective and verifiable compliance with the provisions of this Section I.D.7; (iv) the mission is conducted by personnel who have been properly trained in the operation of any equipment used in the mission; (v) the mission is under the control of an authorized fisheries officer, but subject to the overarching authority of the master of the vessel, in particular with respect to safety and emergency response; and (vi) where a fisheries priority mission is re-tasked for non-fisheries activities, the authorized fisheries officer on board shall record the change and the duration of the change, and the responsible agency for the non-fisheries task shall maintain a record of such changes and accounts in a manner acceptable to the Association demonstrating that the resourcing of the non-fisheries task is independent from the Financing,

and provide access to the Association or its representatives for audit in accordance with auditing rules acceptable to the Association;

- (c) where a patrol or surveillance mission has multiple tasks: (i) accounts are maintained in a manner acceptable to the Association which demonstrate that the Financing has been used for the exclusive purpose of financing fisheries surveillance activities; and (ii) that the Association is granted access to such accounts;
- (d) in accordance with Section 5.06 of the General Conditions, all goods, works, services and Operating Costs for fisheries monitoring, control and surveillance and related enforcement activities financed out of the proceeds of the Financing are used exclusively for the purposes of the Project, and not for any military purpose, or for any criminal investigation, prosecution, or proceedings, or for any other purposes unrelated to the objectives of the Project; and
- (e) all fisheries monitoring, control and surveillance and related enforcement activities carried out under the Project shall be compatible with Article 73 of the United Nations Convention on the Law of the Sea, specifically that: (i) vessels and their crew arrested in the Recipient's exclusive economic zone shall be promptly released upon the posting a reasonable bond or other security; (ii) penalties imposed by the Recipient for violations of fisheries laws and regulations in the Recipient's exclusive economic zone may not include imprisonment, in the absence of agreements to the contrary by the states concerned, or any other form of corporal punishment; and (iii) in cases of arrest or detention of foreign vessels, the Recipient shall promptly notify the flag state, through appropriate channels, of the action taken and of any penalties subsequently imposed.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall furnish to the Association each Project Report not later than one (1) month after the end of each semester, covering the semester.

2. Mid-term Review

The Recipient shall: (a) not later than three (3) years after the Effective Date (or such other date as the Association may agree), carry out a mid-term review of the Project and, prepare and furnish to the Association a mid-term report, in such detail as the Association shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to

paragraph 1 of this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and (b) review with the Association such mid-term report, on or about the date one month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objective, based on the conclusions and recommendations of the mid-term report and the Association's views on the matter.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to: (a) finance Eligible Expenditures; and (b) repay the Preparation Advance; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (Expressed in SDR)	Amount of the Grant Allocated (Expressed in SDR)	Percentage of Expenditures to be Financed (Inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training; and Operating Costs for the Project.	3,300,000	6,200,000	100%
(2) Refund of Preparation Advance	400,000	N/A	Amount payable pursuant to Section 2.07 (a) of the General Conditions
TOTAL AMOUNT	3,700,000	6,200,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date; except that withdrawals up to an aggregate amount not to exceed 50,000 SDR may be made for payments prior to this date but on or after February 1, 2022.
2. The Closing Date is July 20, 2027.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (Expressed as a percentage) *
On each February 15 and August 15: commencing August 15, 2032, to and including February 15, 2042.	1%
commencing August 15, 2042, to and including February 15, 2062.	2%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.05 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated April 21, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
4. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; and (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
5. “E-Port” means the Recipient’s electronic system that integrates the collection of data and information on catches, from port landing to export, in a digital format.
6. “Fish Aggregating Device” or “FAD” means a permanent, semi-permanent or temporary object, structure, or device of any material, man-made or natural, which is deployed, and/or tracked, and used to aggregate fish for subsequent capture. For

the purpose of the Project financing, the term will refer to devices that are anchored or otherwise attached to the seabed.

7. “Fisheries Management Act” means the Recipient’s Act No. 2 of 2015, which makes provision for the proper management and development of fisheries in the Recipient’s territory.
8. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, April 1, 2021, and January 1, 2022).
9. “MFMR” means the Recipient’s Ministry of Fisheries and Marine Resources, or any successor thereto.
10. “Mid-Term Review” means a mid-term review of the Project referred to in Section II.2 of Schedule 2 to this Agreement.
11. “Ministry of Finance and Treasury” means the Recipient’s ministry responsible for finance, or any successor thereto.
12. “Observer Program” means the national Observer Program implemented as a component of the Forum Fisheries Agency’s regional Observer Program. The Programs aim at providing a system of observation and data collection on-board fishing vessels, and at contributing to a regional database, to assist in the management of the tuna fisheries.
13. “Operating Costs” means reasonable incremental expenditures incurred on account of Project implementation and based on Annual Work Plans and Budgets accepted ex ante by the Association, including leasing and/or routine repair and maintenance of vehicles, equipment, facilities and office premises, fuel, office supplies, utilities, consumables, communication expenses (including postage, telephone and internet costs), translation, printing and photocopying expenses, bank charges, publications and advertising expenses, insurance, meeting expenses, travel, subsistence and lodging expenses, administrative staff, project implementation support personnel, and other administrative costs directly related to the Project, exclusive of salaries of any member of the Recipient’s (or any of its sub-divisions) civil service, sitting fees, bonuses, fees and honoraria or equivalent payments.
14. “Preparation Advance” means the advance referred to in Section 2.07 (a) of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on February 20, 2022.
15. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.

16. “Program” means the Pacific Islands Regional Oceanscape Program, a series of Project financed by the World Bank.
17. “Program Operations Manual” means a manual to be updated and adopted by the Recipient pursuant to the provisions of Section I.B of Schedule 2 to this Agreement, as such manual may be updated from time to time with a prior written approval of the Association.
18. “Project Management Unit” means the Recipient’s Project management unit established pursuant to the provisions of Section I.A.2 of Schedule 2 to this Agreement.
19. “Project Steering Committee” means the Recipient’s committee established pursuant to the provisions of Sections I.A.1 of Schedule 2 to this Agreement.
20. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
21. “Training” means reasonable costs of Project related training activities, including workshops, all based on terms of reference acceptable to the Association and Annual Work Plans and Budgets accepted ex ante by the Association, including preparation and reproduction of training materials, rental of facilities and equipment, transportation costs, tuition fees, per diem of trainers and trainees (if applicable), and any other expenses directly related to the Project preparation and implementation.
22. “United Nations Convention Law of the Sea Treaty” or “UNCLOS” means the international treaty which came into force on November 16, 1994, and provides a regulatory framework for the use of the world’s seas and oceans, *inter alia*, to ensure the conservation and equitable usage of resources and the marine environment and to ensure the protection and preservation of the living resources of the sea.