
LOAN NUMBER 3445-REG(SF)

GUARANTEE AGREEMENT
(Special Operations)

(Higher Education in the Pacific Investment Program – Project 2)

between

SOLOMON ISLANDS

and

ASIAN DEVELOPMENT BANK

DATED 3 NOVEMBER 2016

REG 42291

**GUARANTEE AGREEMENT
(Special Operations)**

GUARANTEE AGREEMENT dated 3 November 2016 between SOLOMON ISLANDS ("Guarantor") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a Loan Agreement of even date herewith between ADB and University of the South Pacific ("Borrower"), ADB has agreed to make to the Borrower from ADB's Special Funds resources a loan in various currencies equivalent to ten million nine hundred seventy-three thousand Special Drawing Rights (SDR10,973,000) on the terms and conditions set forth in the Loan Agreement, but only on condition that the Guarantor agrees to guarantee the obligations of the Borrower in respect of such loan as set forth herein; and

(B) the Guarantor, in consideration of ADB's entering into the Loan Agreement with the Borrower, has agreed to guarantee such obligations of the Borrower;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE I

Section 1.01. All the provisions of the Special Operations Loan Regulations of ADB, dated 1 January 2006, ("Loan Regulations") are hereby made applicable to this Guarantee Agreement with the same force and effect as if they were fully set forth herein.

Section 1.02. Wherever used in this Guarantee Agreement, the several terms defined in the Loan Agreement and in the Loan Regulations shall have the respective meanings set forth therein unless the context otherwise requires.

ARTICLE II

Section 2.01. Without limitation or restriction upon any of the other covenants on its part in this Guarantee Agreement contained, the Guarantor hereby unconditionally guarantees, as primary obligor and not as surety merely, the due and punctual payment of the principal of, and the interest and other charges on, the Loan, the premium, if any, on the prepayment of the Loan, and the punctual performance of all the covenants and agreements of the Borrower, all as set forth in the Loan Agreement.

Section 2.02. (a) It is the mutual intention of the Guarantor and ADB that no other external debt shall have any priority over the Loan by way of a lien on the assets of the Guarantor. To that end, the Guarantor undertakes (i) that, except as ADB may otherwise agree, if any lien shall be created on any assets of the Guarantor as security for

any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of, and interest and other charges on, the Loan; and (ii) that the Guarantor, in creating or permitting the creation of any such lien, will make express provision to that effect; provided that, if for any constitutional or other legal reason such provision cannot be made with respect to any lien created on the assets of any of its political subdivisions or agencies, the Guarantor shall promptly and at no cost to ADB secure the principal of, and interest and other charges on, the Loan by an equivalent lien on other assets of the Guarantor satisfactory to ADB.

(b) The provisions of subsection (a) hereinabove shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property; or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date.

(c) The term "assets of the Guarantor" as used in subsection (a) hereinabove includes assets of any political subdivision or any agency of the Guarantor and assets of any agency of any such political subdivision, including the Central Bank of Solomon Islands and any other institution performing the functions of a central bank for the Guarantor.

ARTICLE III

Section 3.01. The Minister of Finance and Treasury of the Guarantor is designated as representative of the Guarantor for the purposes of Section 11.02 of the Loan Regulations.

Section 3.02. The following addresses are specified for the purposes of Section 11.01 of the Loan Regulations:

For the Guarantor

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

Facsimile Numbers:

(677) 28173
(677) 27855

For ADB

Asian Development Bank
6 ADB Avenue
Mandaluyong City
1550 Metro Manila
Philippines

Facsimile Numbers:

(632) 636-2444
(632) 636-2446.

IN WITNESS WHEREOF the parties hereto, acting through their representatives thereunto duly authorized, have caused this Guarantee Agreement to be signed in their respective names as of the day and year first above written and to be delivered at the principal office of ADB.

SOLOMON ISLANDS

By 
MOFFAT FUGUI
Minister
Ministry of Education and
Human Resource Development

ASIAN DEVELOPMENT BANK

By 
ROBERT JAUNCEY
Regional Director
South Pacific Subregional Office