
GRANT NUMBER 0505-REG(EF)

GRANT AGREEMENT
(Externally Financed)

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

between

UNIVERSITY OF THE SOUTH PACIFIC

and

ASIAN DEVELOPMENT BANK

DATED 3 NOVEMBER 2016

REG 42291

**GRANT AGREEMENT
(Externally Financed)**

GRANT AGREEMENT dated 3 November 2016 between UNIVERSITY OF THE SOUTH PACIFIC ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

WHEREAS

(A) by a loan agreement of even date herewith between the Recipient and ADB ("ADB Loan Agreement"), ADB has agreed to make a loan (the "ADB Loan") to the Recipient from ADB's Special Funds resources in the amount of ten million nine hundred seventy-three thousand Special Drawing Rights (SDR10,973,000) for the purposes of the Project described in Schedule 1 to the ADB Loan Agreement;

(B) the Recipient has applied to the Clean Energy Fund ("CEF") under the Clean Energy Financing Partnership Facility for a grant, to be administered by ADB, for the purposes of cofinancing expenditures under the expanded project described in Schedule 1 to this Grant Agreement (the "Additional Financing Project"); and

(C) ADB has agreed to make the proceeds of the grant from CEF available to the Recipient upon the terms and conditions set forth herein;

NOW THEREFORE the parties agree as follows:

ARTICLE I

Grant Regulations; Definitions

Section 1.01. All provisions of the Externally Financed Grant Regulations of ADB, dated 8 April 2009 ("Grant Regulations"), are hereby made applicable to this Grant Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modification: the term "Project", as used in the Grant Regulations, shall mean the Additional Financing Project.

Section 1.02. Wherever used in this Grant Agreement, the several terms defined in the Grant Regulations and the ADB Loan Agreement have the respective meanings therein set forth unless modified herein or the context otherwise requires. Additional terms used in this Grant Agreement have the following meanings:

(a) "Consulting Services" means the services to be financed out of the proceeds of the Grant, as described in paragraph 4 of Schedule 1 to this Grant Agreement; and

(b) "Goods" means equipment and materials to be financed out of the proceeds of the Grant, including related services such as transportation, insurance, installation, commissioning, training, and initial maintenance, but excluding Consulting Services.

ARTICLE II

The Grant

Section 2.01. ADB agrees to make available to the Recipient a grant from CEF in the amount of one million five hundred thousand Dollars (\$1,500,000) ("Grant").

ARTICLE III

Use of Proceeds of the Grant

Section 3.01. The Recipient shall cause the proceeds of the Grant to be applied to the financing of expenditures on the Additional Financing Project in accordance with the provisions of this Grant Agreement.

Section 3.02. The proceeds of the Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 2 to this Grant Agreement, as such Schedule may be amended from time to time by agreement between the Recipient and ADB.

Section 3.03. Except as ADB may otherwise agree, the Recipient shall procure, or cause to be procured, the items of expenditure to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 4 to the ADB Loan Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2020 or such other date as may from time to time be agreed between the Recipient and ADB.

ARTICLE IV

Particular Covenants

Section 4.01. In the carrying out of the Additional Financing Project and operation of the Additional Financing Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 5 to the ADB Loan Agreement.

Section 4.02. (a) The Recipient shall (i) maintain separate accounts and records for the Additional Financing Project; (ii) prepare annual financial statements for the Additional Financing Project in accordance with financial reporting standards acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with auditing standards acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report, which includes the auditors' opinion(s) on the financial statements and the use of the Grant proceeds, and a management letter (which

sets out the deficiencies in the internal control of the Additional Financing Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.

(b) ADB shall disclose the annual audited financial statements for the Additional Financing Project and the opinion of the auditors on the financial statements within 14 days of the date of ADB's confirmation of their acceptability by posting them on ADB's website.

(c) The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Additional Financing Project and the Recipient's financial affairs where they relate to the Additional Financing Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove, and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient, unless the Recipient shall otherwise agree.

Section 4.03. The Recipient shall enable ADB's representatives to inspect the Additional Financing Project, the Goods, and any relevant records and documents.

Section 4.04. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as grant administrator for CEF. Accordingly, the Recipient agrees that (i) it may only withdraw Grant proceeds to the extent that ADB has received proceeds for the Grant from CEF, and (ii) that ADB does not assume any obligations or responsibilities of CEF in respect of the Additional Financing Project or the Grant other than those set out in this Grant Agreement.

ARTICLE V

Effectiveness

Section 5.01. The following is specified as an additional condition to the effectiveness of this Grant Agreement for the purposes of Section 9.01(e) of the Grant Regulations: the ADB Loan Agreement shall have been duly executed and delivered on behalf of the Recipient and shall have become legally binding upon the Recipient in accordance with its terms, subject only to effectiveness of this Grant Agreement.

Section 5.02. A date 90 days after the date of this Grant Agreement is specified for the effectiveness of this Grant Agreement for the purposes of Section 9.04 of the Grant Regulations.

ARTICLE VI

Termination

Section 6.01. The Grant Agreement and all obligations of the parties thereunder shall terminate on the date on which the ADB Loan Agreement terminates.

ARTICLE VII

Miscellaneous

Section 7.01. The Vice-Chancellor and President of the Recipient is designated as representative of the Recipient for the purposes of Section 11.02 of the Grant Regulations.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the Grant Regulations:

For the Recipient

University of the South Pacific
Laucala Campus, Private Mail Bag
Suva, Fiji

Facsimile Numbers:

+679 323 1521

+679 323 1520

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 Grant 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.

UNIVERSITY OF THE SOUTH PACIFIC

By 
RAJESH CHANDRA
Vice-Chancellor and President

ASIAN DEVELOPMENT BANK

By 
ROBERT JAUNCEY
Regional Director
South Pacific Subregional Office

SCHEDULE 1

Description of the Additional Financing Project

1. The objective of the Additional Financing Project is to enable the Recipient to provide expanded and equitable access to higher quality education in the Solomon Islands, especially for women and students from rural/remote areas.
2. The Additional Financing Project shall consist of construction of a solar panel photovoltaic system which will meet 75% of the energy needs at the Recipient's new campus in the Solomon Islands.
3. The Additional Financing Project is expected to be completed by 31 December 2019.
4. Consulting Services shall be provided to support the above activity.

SCHEDULE 2**Allocation and Withdrawal of Grant Proceeds**General

1. The table attached to this Schedule sets forth the Category of items of expenditure to be financed out of the proceeds of the Grant and the allocation of the Grant proceeds to the Category ("Table"). (Reference to "Category" in this Schedule is to the Category of the Table.)

Basis for Withdrawal from the Grant Account

2. Except as ADB may otherwise agree, the proceeds of the Grant shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Disbursement Procedures

3. Except as ADB may otherwise agree, the Grant proceeds shall be disbursed in accordance with the Loan Disbursement Handbook.

Retroactive Financing

4. Withdrawals from the Grant Account may be made to finance eligible expenditures incurred under the Additional Financing Project before the Effective Date, but not earlier than 12 months before the date of this Grant Agreement in connection with Consulting Services, subject to a maximum amount equivalent to 20% of the Grant amount.

TABLE

ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Higher Education in the Pacific Investment Program – Project 2 – Additional Financing)			
Number	Item	Total Amount Allocated for CEF Financing (\$) Category	Basis for Withdrawal from the Grant Account
1	Civil Works	1,125,000	9% of total expenditure claimed
2	Consulting Services	187,500	11% of total expenditure claimed
3	Unallocated	187,500	
	TOTAL	1,500,000	