

---

GRANT NUMBER 0515-SOL(EF)

GRANT AGREEMENT  
(Strategic Climate Fund)  
(Solar Power Development Project)

between

SOLOMON ISLANDS

and

ASIAN DEVELOPMENT BANK

DATED 19 JANUARY 2017

---

SOL 48346

**GRANT AGREEMENT  
(Strategic Climate Fund)**

GRANT AGREEMENT dated 19 January 2017 between SOLOMON ISLANDS ("Recipient") and ASIAN DEVELOPMENT BANK ("ADB").

**WHEREAS**

(A) by a grant agreement of even date herewith between the Recipient and ADB ("ADB Grant Agreement"), ADB has agreed to make a grant to the Recipient from ADB's Special Funds resources in the amount of two million two hundred forty thousand Dollars (\$2,240,000) for the purposes of the Project described in Schedule 1 to the ADB Grant Agreement;

(B) the Recipient has applied to the Strategic Climate Fund ("SCF") for a grant ("SCF Grant"), to be administered by ADB, for the purposes of cofinancing expenditures under the Project;

(C) ADB, acting in its capacity as an implementing entity of SCF in accordance with the Financial Procedures Agreement dated 18 March 2010 between the International Bank for Reconstruction and Development and ADB, has agreed to make available to the Recipient the SCF Grant upon the terms and conditions set forth herein; and

(D) ADB has agreed to make the proceeds of the SCF Grant available to the Recipient upon the terms and conditions set forth herein and in the Project Agreement of even date herewith between the ADB and SP(as hereinafter defined);

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 modifications:

(a) Section 2.01(7) is deleted and the following is substituted therefor:

"Grant" means the SCF Grant.

(b) Section 2.01(13) is deleted and the following is substituted therefor:

"Project Agreement" means the Project Agreement of even date herewith between ADB and SP, as such agreement may be amended from time to time; and such term includes all agreements

supplementary to the Project Agreement and all schedules to the Project Agreement.

(c) The term "Project Executing Agency" appearing in Sections 6.01(a), 6.04(a), 8.01(c), 8.01(e), 8.01(i), 8.01(j), 9.01(b) and 9.02(b) of the Grant Regulations shall be substituted by the term "SP".

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

## **ARTICLE II**

### **The SCF Grant**

Section 2.01. ADB agrees to make available to the Recipient the SCF Grant in the amount of six million two hundred thousand Dollars (\$6,200,000).

## **ARTICLE III**

### **Use of Proceeds of the SCF Grant**

Section 3.01. The Recipient shall make the proceeds of the SCF Grant available to SP to be applied to the financing of expenditures on the Project in accordance with the provisions of this Grant Agreement and Section 3.01(a) of the ADB Grant Agreement.

Section 3.02. The proceeds of the SCF Grant shall be allocated and withdrawn in accordance with the provisions of Schedule 1 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 SCF Grant in accordance with the provisions of Schedule 3 to the ADB Grant Agreement.

Section 3.04. The Grant Closing Date for the purposes of Section 8.02 of the Grant Regulations shall be 30 June 2021 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 Project and operation of the Project facilities, the Recipient shall perform, or cause to be performed, all obligations set forth in Schedule 2 to this Grant Agreement, Schedule 4 to the ADB Grant Agreement and the Project Agreement.

Section 4.02. The Recipient acknowledges and agrees that this Grant Agreement is entered into by ADB, not in its individual capacity, but as implementing entity of the SCF. Accordingly, the Recipient agrees that (i) it may only withdraw SCF Grant proceeds to the extent that ADB has received proceeds for the SCF Grant from SCF, and (ii) that ADB does not assume any obligations or responsibilities of SCF in respect of the Project or the SCF Grant other than those set out in this Grant Agreement.

**ARTICLE V****Suspension**

Section 5.01. The following are specified as additional events for suspension of the right of the Recipient to make withdrawals from the Grant Account for the purposes of Section 8.01(k) of the Grant Regulations: the Recipient shall have failed to perform any of its obligations under the ADB Grant Agreement.

**ARTICLE VI****Effectiveness**

Section 6.01. 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 Grant Agreement shall have been duly executed and delivered, and all conditions precedent to its effectiveness (other than a condition requiring the effectiveness of this Grant Agreement) shall have been fulfilled.

Section 6.02. 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 VII**

**Miscellaneous**

Section 7.01. The Minister of Finance and Treasury 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

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 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.

SOLOMON ISLANDS

By   
\_\_\_\_\_  
MATHEW FOX  
Authorized Signatory

ASIAN DEVELOPMENT BANK

By   
\_\_\_\_\_  
XIANBIN YAO  
Director General  
Pacific Department

**SCHEDULE 1****Allocation and Withdrawal of SCF 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 SCF Grant and the allocation of the SCF Grant proceeds to such 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 SCF Grant shall be disbursed on the basis of the withdrawal percentage for each item of expenditure set forth in the Table.

Reallocation

3. Notwithstanding the allocation of SCF Grant proceeds and the withdrawal percentages set forth in the Table,

- (a) if the amount of the SCF Grant allocated to any Category appears to be insufficient to finance all agreed expenditures in that Category, ADB may, by notice to the Recipient, (i) reallocate to such Category, to the extent required to meet the estimated shortfall, amounts of the SCF Grant which have been allocated to another Category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such Category may continue until all expenditures thereunder shall have been made; and
- (b) if the amount of the SCF Grant allocated to any Category appears to exceed all agreed expenditures in that Category, ADB may, by notice to the Recipient, reallocate such excess amount to any other Category.

Disbursement Procedures

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

TABLE

<b>ALLOCATION AND WITHDRAWAL OF SCF GRANT PROCEEDS (Solar Power Development Project)</b>			
<b>Number</b>	<b>Item</b>	<b>Total Amount Allocated for SCF Financing (\$)</b>	<b>Basis for Withdrawal from the Grant Account</b>
1	Works	6,200,000	52.4 % of total expenditure claimed*
	<b>TOTAL</b>	<b>6,200,000</b>	

\* Exclusive of taxes and duties imposed within the territory of the Recipient.



**SCHEDULE 2****Execution of Project****Combating Money Laundering and Financing of Terrorism**

1. The Recipient shall ensure that SP complies with applicable laws and regulations of the Recipient on combating money laundering and financing of terrorism; and (b) SCF Grant proceeds are not used, directly or indirectly, in money laundering or financing of terrorism, including payment to persons and entities that are subject to financial sanctions of United Nations Security Council resolutions on combating the financing of terrorism.

2. ADB shall inform SCF in a timely manner if, during the implementation of this Agreement, ADB becomes aware that the SCF Grant proceeds are being used for money laundering or financing of terrorism, including any payment to persons or entities that is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.