

No. 10942

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**INTERNATIONAL DEVELOPMENT ASSOCIATION  
and  
AUSTRALIA**

**Letter Agreement relating to undertakings made by the Commonwealth of Australia with reference to the Development Credit Agreement—*Highway Project*—between the Association and the Administration of the Territory of Papua and New Guinea (with annexed the said Development Credit Agreement and the General Conditions Applicable to Development Credit Agreements). Washington, 24 June 1970**

*Authentic text: English.*

*Registered by the International Development Association on 5 February 1971.*

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**ASSOCIATION INTERNATIONALE  
DE DÉVELOPPEMENT  
et  
AUSTRALIE**

**Accord par lettre se rapportant aux engagements pris par le Commonwealth d'Australie au sujet du Contrat de crédit de développement — *Projet relatif au réseau routier* — entre l'Association et l'Administration du Territoire du Papua-Nouvelle-Guinée (avec, en annexe, ledit Contrat de crédit de développement et les Conditions générales applicables aux contrats de crédit de développement). Washington, 24 juin 1970**

*Texte authentique : anglais.*

*Enregistré par l'Association internationale de développement le 5 février 1971.*

LETTER AGREEMENT<sup>1</sup>

THE COMMONWEALTH OF AUSTRALIA

June 24, 1970

*Re: Credit No. 204-PNG (Highway Project)*  
Undertakings by the Commonwealth of Australia

Dear Sirs:

We refer to the Development Credit Agreement (*Highway Project*) between the International Development Association (the Association) and the Administration of the Territory of Papua and New Guinea (the Borrower), of even date herewith.<sup>2</sup>

It is the policy of the Commonwealth Government in relation to the Territory of Papua and New Guinea to assist towards its economic advancement by providing help through budgetary support. So long as the Commonwealth remains responsible for the said Territory this policy will be continued to the extent that the said Territory's needs are not met by financial help from other sources.

The Commonwealth Government understands that, in connection with the above-mentioned Project, arrangements have been made by the Borrower to provide funds in an amount sufficient to meet the cost thereof, presently estimated in the equivalent of U.S. \$13,000,000. The equivalent of U.S. \$9,000,000 would come from the above-mentioned Credit and the Loan from the International Bank for Reconstruction and Development and the remainder from the Borrower's own resources, including financial assistance from the Commonwealth Government, if necessary. The Commonwealth Government confirms that the funds to be provided from such assistance will be made available to the Borrower promptly as required to enable it to meet the cost of the Project. Should the cost of the Project exceed the equivalent of U.S. \$13,000,000, the Commonwealth Government, so long as it remains responsible for the said Territory, will take such action, in consultation with the Association and the Borrower, as shall be appropriate and feasible in the light of all the circumstances to assist the Borrower to obtain the needed funds. If, before the completion of the

<sup>1</sup> Came into force on 25 November 1970, the date when the above-mentioned Development Credit Agreement entered into force upon notification by the Association to the Government of Australia and to the Territory of Papua and New Guinea.

<sup>2</sup> See p. 114 of this volume.

Project, a constitutional change were made whereby the Commonwealth Government would no longer be responsible for the said Territory or for any part thereof within which any part of the Project is to be carried out, the Commonwealth Government will, before the effective date of such change, use their best endeavours, in consultation with the Association and the Borrower, to ensure that sufficient funds will be available to the said Territory.

We wish to confirm that, (i) pursuant to sub-section (1) of Section 75A of the Papua and New Guinea Act 1949-1968, where any moneys are borrowed by the Borrower by way of a public loan, as defined in sub-section (2) of said section, the Commonwealth is deemed, by force of the said section, to guarantee the due payment of all moneys (including interest) payable by the Borrower under the terms and conditions in accordance with which the moneys are borrowed and the provisions relating to public loans contained in the laws of the said Territory in force at the time of the borrowing; (ii) pursuant to sub-section (2) of the said section, the above-mentioned Credit will, upon being approved or ratified by an ordinance of the Borrower, qualify as a public loan for purposes of sub-section (1) of the said section; and (iii) so long as the Commonwealth Government remains responsible for the said Territory, the Commonwealth Government will ensure that any necessary permission is granted to the Borrower to enable it to purchase the currencies required to service the above-mentioned Credit.

We also wish to confirm that:

1. The Commonwealth Government will take or cause to be taken all action necessary or appropriate to enable the Borrower to perform all covenants, agreements and obligations of the Borrower set forth in the above-mentioned Development Credit Agreement and will not take, or within the limits of the Commonwealth's constitutional powers, permit any of its political subdivisions or agencies to take, any action which would prevent or interfere with the performance by the Borrower of such covenants, agreements and obligations;
2. The principal of, and service charges on, the above-mentioned Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Commonwealth of Australia or laws in effect in its territories; and
3. The above-mentioned Development Credit Agreement shall be free from any taxes that shall be imposed under the laws of the Commonwealth of Australia or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

Very truly yours,

Commonwealth of Australia:  
[Signed — Signé]<sup>1</sup>

By Authorized Representative

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433

### DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 24, 1970, between INTERNATIONAL DEVELOPMENT ASSOCIATION (hereinafter called the Association) and ADMINISTRATION OF THE TERRITORY OF PAPUA AND NEW GUINEA (hereinafter called the Borrower);

WHEREAS the Borrower has requested the Association to assist in the financing of the cost of the Project described in Schedule 2 to this Agreement;

WHEREAS the Borrower has also requested the International Bank for Reconstruction and Development (hereinafter called the Bank) to provide additional financing for such Project and, by a loan agreement of even date herewith<sup>2</sup> between the Bank and the Borrower, the Bank agrees to provide such financing in an aggregate principal amount equivalent to four million five hundred thousand dollars (\$4,500,000); and

WHEREAS the Association and the Borrower intend that, to the extent practicable, the proceeds of the credit provided for in this Agreement be disbursed on account of expenditures under such Project before disbursements of the proceeds of the loan provided for in such loan agreement are made;

NOW THEREFORE, the parties hereto hereby agree as follows:

#### *Article I*

#### GENERAL CONDITIONS; DEFINITIONS

*Section 1.01.* The parties to this Development Credit Agreement accept all the provisions of the General Conditions Applicable to Development Credit Agreements of the Association, dated January 31, 1969,<sup>3</sup> with the same force and effect as if they were fully set forth herein, subject, however, to the modifications thereof set forth in Schedule 5 to this Agreement (said General Conditions Applicable to Development Credit Agreements of the Association, as so modified, being hereinafter called the General Conditions).

<sup>1</sup> Signed by J. Plimsoil — Signé par J. Plimsoil.

<sup>2</sup> See p. 79 of this volume.

<sup>3</sup> See p. 138 of this volume.

*Section 1.02.* Wherever used in this Development Credit Agreement, unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Loan Agreement" means the loan agreement of even date herewith between the Bank and the Borrower, and such term includes the General Conditions Applicable to Loan and Guarantee Agreements of the Bank dated January 31, 1969, as made applicable thereto, all agreements supplemental to such agreement and all schedules thereto, as such agreement, supplemental agreements and schedules may be amended from time to time;

(b) "PWD" means the Department of Public Works of the Borrower; and

(c) "Standards" means design standards referred to in Section 4.01 (d) of, and defined in Schedule 4 to, this Agreement.

## Article II

### THE CREDIT

*Section 2.01.* The Association agrees to lend to the Borrower, on the terms and conditions in this Development Credit Agreement set forth or referred to, an amount in various currencies equivalent to four million five hundred thousand dollars (\$4,500,000).

*Section 2.02.* (a) The Association shall open a Credit Account on its books in the name of the Borrower and shall credit to such Account the amount of the Credit.

(b) The amount of the Credit may be withdrawn from the Credit Account as provided in, and subject to the rights of cancellation and suspension set forth in, this Development Credit Agreement and in accordance with the allocation of the proceeds of the Credit and of the Loan set forth in Schedule 1 to this Agreement, as such allocation shall be modified from time to time pursuant to the provisions of such Schedule or by further agreement among the Association, the Bank and the Borrower.

*Section 2.03.* The Borrower shall be entitled to withdraw from the Credit Account in respect of the reasonable cost of goods or services required for the Project and to be financed under this Development Credit Agreement:

- (i) such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for expenditures under Category IV of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement;
- (ii) the equivalent of sixty-five per cent (65%) of such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for goods or services included in Category I of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement; and

(iii) the equivalent of eighty per cent (80%) of such amounts as shall have been paid (or, if the Association shall so agree, shall be required to meet payments to be made) for goods or services included in Categories II (a), II (b) and III of said allocation of the proceeds of the Credit and of the Loan;

provided, however, that if there shall be an increase in the estimate of such payments for goods or services included in any of the Categories I, II and III, the Association may by notice to the Borrower adjust the stated percentage applicable to such Category as required in order that withdrawals of the amount of the Credit then allocated to such Category and not withdrawn may continue *pro rata* with the payments remaining to be made for goods or services included in such Category.

*Section 2.04.* It is hereby agreed, pursuant to Section 5.01 of the General Conditions, that withdrawals from the Credit Account under Category II of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement may be made on account of payments made prior to the date of this Agreement but after April 29, 1969.

*Section 2.05.* The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

*Section 2.06.* The Borrower shall pay to the Association a service charge at the rate of three-fourths of one per cent ( $\frac{3}{4}$  of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

*Section 2.07.* Service charges shall be payable semi-annually on June 15 and December 15 in each year.

*Section 2.08.* The Borrower shall repay the principal amount of the Credit withdrawn from the Credit Account in semi-annual installments payable on each June 15 and December 15 commencing December 15, 1980 and ending June 15, 2020, each installment to and including the installment payable on June 15, 1990 to be one-half of one per cent ( $\frac{1}{2}$  of 1%) of such principal amount, and each installment thereafter to be one and one-half per cent ( $1\frac{1}{2}$ %) of such principal amount.

### Article III

#### USE OF PROCEEDS OF THE CREDIT

*Section 3.01.* The Borrower shall apply the proceeds of the Credit in accordance with the provisions of this Development Credit Agreement to expenditures on the Project, described in Schedule 2 to this Agreement.

*Section 3.02.* Except as the Association shall otherwise agree, (i) the goods and services to be financed out of the proceeds of the Credit under Category I of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement shall be procured on the basis of international competitive bidding in accordance with the *Guidelines for Procurement under World Bank Loans and IDA Credits*, published by the Bank in August 1969, and in accordance

with such other procedures supplementary thereto as are set forth in Schedule 3 to this Agreement or as shall be agreed between the Borrower and the Association, and (ii) contracts for the procurement of all goods and services to be financed out of the proceeds of the Credit shall (except as otherwise provided in such Schedule) be subject to the prior approval of the Association.

*Section 3.03.* Except as the Association may otherwise agree, the Borrower shall cause all goods and services financed out of the proceeds of the Credit to be used exclusively in carrying out the Project.

#### *Article IV*

##### PARTICULAR COVENANTS

*Section 4.01.* (a) The Borrower shall carry out the Project with due diligence and efficiency and in conformity with sound engineering, administrative, and financial practices, and shall make available, promptly as needed, all funds, facilities, services and other resources required for the purpose.

(b) The Borrower shall cause the roads included in Parts I through III of the Project to be constructed by contractors satisfactory to the Association and the Borrower, and employed under contracts satisfactory to the Association and the Borrower.

(c) The Borrower shall, in the carrying out of the Project, employ consultants acceptable to, and to an extent and upon terms and conditions satisfactory to, the Association.

(d) The Standards to be used for the roads included in the Project are set forth in Schedule 4 to this Agreement as such Schedule may be modified by agreement between the Association and the Borrower.

(e) The Borrower shall furnish to the Association, promptly upon their preparation, the reports, plans, specifications, contract documents and work schedules for the Project and any material modifications subsequently made therein, in such detail as the Association shall reasonably request.

(f) The Borrower shall make arrangements satisfactory to the Borrower and the Association regarding insurance against marine, transit and other hazards incident to the acquisition, transportation and delivery to the place of use and installation of all equipment that is to be imported by the Borrower and financed out of the proceeds of the Credit.

*Section 4.02.* (a) The Borrower shall cause the public highway system of the Borrower to be adequately maintained and shall cause all necessary repairs thereof to be made promptly, all in accordance with sound engineering practices and shall provide, promptly as needed, the funds, facilities, services and other resources required for the foregoing.

(b) The Borrower shall take such steps as shall be reasonably required to ensure that the dimensions and axle-loads of vehicles using its public highway

system shall not exceed limits consistent with the structural and geometric design standards of the roads used.

(c) The Borrower shall collect and record on a continuing basis in accordance with appropriate statistical methods and procedures such technical, economic and financial information as shall be reasonably required for proper planning of maintenance, improvements and extensions of its highway system.

*Section 4.03.* The Borrower shall maintain or cause to be maintained records adequate to identify the goods financed out of the proceeds of the Credit, to disclose the use thereof in the Project and to record the progress of the Project (including the cost thereof) and to reflect in accordance with consistently maintained sound accounting practices, the operations and financial condition of the departments of the Borrower responsible for the carrying out of the Project or any part thereof; shall enable the Association's representatives to inspect the Project, the goods and any relevant records and documents; and shall furnish or cause to be furnished to the Association all such information as the Association shall reasonably request concerning the expenditure of the proceeds of the Credit, the Project, the goods to be financed out of the proceeds of the Credit, and the administration and operations with respect to the Project of the ministries or departments of the Borrower responsible for carrying out the Project or any part thereof.

*Section 4.04.* (a) The Borrower and the Association shall cooperate fully to ensure that the purposes of the Credit will be accomplished. To that end, each of them shall furnish to the other all such information as it shall reasonably request with regard to the general status of the Credit. On the part of the Borrower, such information shall include information with respect to financial and economic conditions in the territories of the Borrower and the international balance of payments position of the Borrower.

(b) The Borrower and the Association shall from time to time exchange views through their representatives with regard to matters relating to the purposes of the Credit and the maintenance of the service thereof. The Borrower shall promptly inform the Association of any condition which interferes with, or threatens to interfere with, the accomplishment of the purposes of the Credit or the maintenance of the service thereof.

(c) The Borrower shall afford all reasonable opportunity for accredited representatives of the Association to visit any part of the territories of the Borrower for purposes related to the Credit.

*Section 4.05.* The principal of, and service charges on, the Credit shall be paid without deduction for, and free from, any taxes, and free from all restrictions, imposed under the laws of the Borrower or laws in effect in its territories.

*Section 4.06.* This Agreement shall be free from any taxes that shall be imposed under the laws of the Borrower or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.



*Article V*

## REMEDIES OF THE ASSOCIATION

*Section 5.01.* If any event specified in Section 7.01 of the General Conditions shall occur and shall continue for the period, if any, therein set forth, then at any subsequent time during the continuance thereof, the Association, at its option, may by notice to the Borrower declare the principal of the Credit then outstanding to be due and payable immediately together with the service charges thereon and upon any such declaration such principal, together with such charges, shall become due and payable immediately, anything in this Development Credit Agreement to the contrary notwithstanding.

*Article VI*

## EFFECTIVE DATE; TERMINATION

*Section 6.01.* The following event is specified as an additional condition to the effectiveness of this Development Credit Agreement within the meaning of Section 10.01 (b) of the General Conditions; namely, that all the conditions precedent to the effectiveness of the Loan Agreement other than the effectiveness of this Development Credit Agreement shall have been fulfilled.

*Section 6.02.* The following is specified as an additional matter, within the meaning of Section 10.02 (b) of the General Conditions, to be included in the opinion or opinions to be furnished to the Association:

that the Ordinance of the Borrower authorizing or ratifying this Development Credit Agreement and the Loan Agreement has been laid before each House of Parliament of the Commonwealth of Australia.

*Section 6.03.* The date of October 18, 1970 is hereby specified for the purpose of Section 10.04 of the General Conditions.

*Section 6.04.* The obligation of the Borrower under Section 4.02 of this Development Credit Agreement shall terminate on the date on which this Development Credit Agreement shall terminate or on a date 30 years after the date of this Development Credit Agreement, whichever shall be the earlier.

*Article VII*

## MISCELLANEOUS

*Section 7.01.* The Closing Date shall be December 31, 1974 or such other date as shall be agreed between the Borrower and the Association.

*Section 7.02.* The Administrator of the Territory of Papua and New Guinea is designated as representative of the Borrower for the purposes of Section 9.03 of the General Conditions.

*Section 7.03.* The following addresses are specified for the purposes of Section 9.01 of the General Conditions:

## For the Borrower:

His Honour The Administrator of the Territory of Papua and New Guinea  
Port Moresby  
Papua and New Guinea

## Address for cables:

Admin  
Port Moresby

## For the Association:

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

## Address for cables:

Indevas  
Washington, D.C.

IN WITNESS WHEREOF, the parties hereto, acting through their representatives thereunto duly authorized, have caused this Development Credit Agreement to be signed in their respective names and to be delivered in the District of Columbia, United States of America, as of the day and year first above written.

International Development Association:

By J. BURKE KNAPP  
Vice President

Administration of the Territory of Papua and New Guinea:

By G. A. Low  
Authorized Representative

## SCHEDULE 1

## ALLOCATION OF PROCEEDS OF THE CREDIT AND OF THE LOAN

<i>Category</i>	<i>Amounts Expressed in Dollar Equivalent</i>
I. Road construction, improvement and development . . .	6,070,000
II. Engineering and Services:	
(a) By Consultants . . . . .	1,440,000
(b) By PWD . . . . .	190,000
	} 1,630,000
III. Management Consultancy Services . . . . .	80,000
IV. Fellowships (excluding salary) . . . . .	50,000
V. Unallocated . . . . .	1,170,000
	<u>9,000,000</u>

## ALLOCATION OF THE PROCEEDS OF THE CREDIT

1. The amount of the Credit shall be withdrawn from the Credit Account as provided under article II of the Development Credit Agreement, and shall be applied to expenditures under any of the Categories I through IV, until the total of such withdrawals, and of the commitments, if any, in respect of such expenditures, shall have reached the equivalent of \$4,500,000.

## ALLOCATION OF THE PROCEEDS OF THE LOAN

2. The amount of the Loan shall be withdrawn from the Loan Account as provided under article II of the Loan Agreement, and shall be applied to expenditures under any of the Categories I through IV, after the amount of the Credit shall have been exhausted, except that withdrawals from the Loan Account may be made prior to such exhaustion in respect of commitments referred to in Section 2.04 (b) of the Loan Agreement.

## REALLOCATION UPON CHANGE IN COST ESTIMATES

1. If the estimate of the cost of the items included in any of the Categories I through IV shall decrease, the amount of the Credit then allocated to, and no longer required for, such Category will be reallocated by the Association and by the Bank, or by the Bank, as the case may be, to Category V.

2. If the estimate of the cost of the items included in any of the Categories I through IV shall increase, an amount equal, in the case of Category IV, to the portion, if any, of such increase to be financed out of the proceeds of the Credit and of the Loan, or, in the case of Category I, an amount equal to 65% of such increase, or, in the case of Categories II (a), II (b) and III, an amount equal to 80% of such increase, will be allocated at the request of the Borrower by the Association and the Bank, or by the Bank, as the case may be, to such Category from Category V, subject, however, to the requirements for contingencies, as determined by the Association and the Bank, or by the Bank, as the case may be, in respect of expenditures under any of the other Categories.

## SCHEDULE 2

## DESCRIPTION OF THE PROJECT

The Project consists of:

- PART I. Construction of the following new roads to either primary/flat or primary/hilly Standards and generally with a gravel surface between:
- (a) Kundiawa and Minj (about 25 miles);
  - (b) Kudjip and Kagamuga (about 22 miles), and
  - (c) Mount Hagen–Togoba (about 6 miles).
- PART II. Construction of a new road between Kaupena and Assissi (about 35 miles) of secondary/hilly Standards.

- PART III. Surfacing of Kagamuga–Mount Hagen road (about 5 miles).
- PART IV. Engineering services for:
- (a) detailed engineering of works in I through III above, and for supervision of the construction thereof;
  - (b) detailed engineering for the reconstruction of Minj–Kudjip road; and
  - (c) detailed engineering for a new road between Madang and Kundiawa via Yakumbu.
- PART V. Management consultant services to help implement organizational and administrative changes in PWD.
- PART VI. Fellowships for training abroad of Papuans and New Guineans in the field of transportation, in particular, public works.

The Project is expected to be completed by June 30, 1974.

### SCHEDULE 3

#### PROCUREMENT

With respect to contracts for goods and services in Category I of the allocation of the proceeds of the Credit and of the Loan referred to in Section 2.02 of this Agreement and with reference to Section 3.02 of this Agreement, the following procedures shall apply:

(a) For the purpose of bidding, construction shall be bid in three separate contracts as follows:

- (i) Kundiawa–Minj (about 25 miles)
- (ii) Kudjip–Mount Hagen (about 27 miles)
- (iii) Mount Hagen–Togoba and Kaupena–Assissi (about 41 miles)

Bids for all parts shall be called simultaneously. Bidders shall have the opportunity to bid for one, or any combination, of the three contracts and the evaluation of bids shall be made on the basis of the lowest evaluated bid or bids.

(b) Prior to issuing invitation for tenders, the Borrower will submit to the Association and to the Bank for approval a copy of the tender documents and a list or lists of prequalified contractors.

(c) The time interval referred to in Section 3.1 of the *Guidelines for Procurement under World Bank Loans and IDA Credits* between the invitation to bid and bid opening shall be not less than 60 days.

(d) Bid bonds shall be required of tenderers in accordance with Section 2.5 of said Guidelines.

(e) The successful tenderer or tenderers shall furnish a performance bond or bonds to the value of six per cent (6%) of the contract price or prices, which bond or

bonds shall remain in force until six months after completion of the works to which the bond or bonds apply.

(f) Prior to awarding any contract, the Borrower shall submit to the Association and the Bank for approval an official record of the opening of bids, an evaluation of the bids received, the Consultants' recommendations to the Borrower, if any, on the bidding and the Borrower's proposal concerning the contract and the award.

(g) As soon as possible after the execution of any contract and prior to the submission to the Association or to the Bank of the first application for withdrawal of funds from the Credit Account or from the Loan Account in respect thereof, a certified copy of such contract shall be sent to the Association and the Bank.

SCHEDULE 4  
DESIGN STANDARDS

	<i>Design Speed (mph)</i>	<i>Absolute Min. Radius of Horizontal Curvature (ft)</i>	<i>Normal Maximum Gradient (%)</i>	<i>Max. Length at Normal Maximum Gradient (ft)</i>	<i>Absolute Maximum Gradient (%)</i>	<i>Max. Length at Abs. Max. Gradient (ft)</i>	<i>Formation Width (ft)</i>	<i>Pave-ment Width (ft)</i>
<i>(i) Geometric</i>								
Primary/Flat-Rolling .....	50	800	4	6,000	7	3,000	34-40	22
Primary/Hilly .....	40	500	6	4,000	8	2,000	32-38	22
Primary/Mountainous .....	25-30	170	8	1,600	10	800	26	20
Secondary/Flat-Rolling .....	40	500	6	4,000	8	2,000	34	20
Secondary/Hilly .....	30	250	8	2,000	10	1,000	28	20
Secondary/Mountainous .....	20-30	100	10	1,500	12	750	24	18
Tertiary/Flat-Rolling .....	40	500	6	4,000	8	2,000	28	12
Tertiary/Hilly .....	20	100	10	1,500	12	750	22	12
Tertiary/Mountainous .....	15	60	12	1,000	14	500	22	12
<i>(ii) Structural</i>								
<i>a) Loading N.A.A.S.R.A. H20-S16-44 loading</i>								
<i>b) Width: Bridges up to 150 ft total length, 24 ft carriageway; Bridges of total length 150 ft or greater, 12 ft carriageway.</i>								

“Primary” standard implies 500-5000 vpd within ten years of design year; “Secondary” implies 100-500 vpd, and “Tertiary” 30-100 vpd.

## SCHEDULE 5

## MODIFICATIONS OF GENERAL CONDITIONS

For the purpose of this Development Credit Agreement, the provisions of the General Conditions are modified as follows:

(A) Paragraph 5 of Section 2.01 is deleted and the following paragraph is substituted therefor:

“5. The term ‘Borrower’ means the Administration of the Territory of Papua and New Guinea.”

(B) The last four lines of Section 4.01 shall read as follows:

“may be made in respect of expenditures in the currency of the Commonwealth of Australia or of the Borrower, such withdrawals shall be made in such currency or currencies as the Association shall from time to time reasonably select.”

(C) Sub-paragraph (ii) of paragraph C of Section 6.02 is deleted and the following paragraph is substituted therefor:

“(ii) the Bank shall have suspended in whole or in part the right of the Borrower to make withdrawals under any loan agreement with the Bank guaranteed by the Commonwealth of Australia because of a failure by the Commonwealth of Australia to perform any of its obligations under such agreement.”

(D) Paragraph (d) of Section 6.02 is deleted and the following paragraph is substituted therefor:

“(d) An extraordinary situation shall have arisen which shall make it improbable that the Project can be carried out or that the Borrower will be able to perform its obligations under the Development Credit Agreement or there shall occur any such change in the nature and constitution of the Borrower as shall make it improbable that the Borrower will be able to carry out its obligations under the Development Credit Agreement.”

(E) The words “The Borrower” are deleted in paragraph (e) of Section 6.02 and in the sixth line of Section 7.01 (b) and the words “The Commonwealth of Australia” are substituted therefor.

(F) The term “or the Commonwealth of Australia, as the case may be” is added after the word “Borrower” in paragraph (k) of Section 8.03.

(G) Paragraph (a) of Section 10.01 is deleted and the following paragraph is substituted therefor:

“(a) the execution and delivery of the Development Credit Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action, including action of the Commonwealth of Australia; and”.

INTERNATIONAL DEVELOPMENT ASSOCIATION

GENERAL CONDITIONS, DATED 31 JANUARY 1969

GENERAL CONDITIONS APPLICABLE TO DEVELOPMENT CREDIT AGREEMENTS

*[Not published herein. See United Nations, Treaty Series, vol. 703, p. 244.]*