

No. 12298

**INTERNATIONAL DEVELOPMENT ASSOCIATION
and
AUSTRALIA**

**Letter of Undertaking constituting an agreement relating to
the Development Credit Agreement (*Ports Project*) of
21 July 1972 between the Association and the
Administration of Papua and New Guinea. Washing-
ton, 21 July 1972**

Authentic text: English.

*Registered by the International Development Association on 21 February
1973.*

**ASSOCIATION INTERNATIONALE
DE DÉVELOPPEMENT
et
AUSTRALIE**

**Lettre d'engagement constituant un accord relatif au
Contrat de crédit de développement (*Projet portuaire*)
en date du 21 juillet 1972 entre l'Association et
l'Administration du Papua et de la Nouvelle-Guinée.
Washington, 21 juillet 1972**

Texte authentique: anglais.

*Enregistrée par l'Association internationale de développement le 21 février
1973.*

LETTER OF UNDERTAKING CONSTITUTING AN AGREEMENT¹
BETWEEN THE INTERNATIONAL DEVELOPMENT ASSOCIATION AND AUSTRALIA RELATING TO THE DEVELOPMENT CREDIT AGREEMENT (*PORTS PROJECT*) OF 21 JULY 1972² BETWEEN THE ASSOCIATION AND THE ADMINISTRATION OF PAPUA AND NEW GUINEA

COMMONWEALTH OF AUSTRALIA

July 21, 1972

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

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

Dear Sirs:

We refer to the Development Credit Agreement (*Ports Project*) between the International Development Association (the Association) and The Administration of Papua New Guinea (the Borrower), of even date herewith.²

It is the policy of the Commonwealth Government in relation to the Territory of Papua New Guinea (the Territory) to assist towards its economic advancement by providing help through budgetary support. So long as the Commonwealth remains responsible for the Territory this policy will be continued to the extent that the 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 US\$11,100,000. The equivalent of US\$9,200,000 would come from the above-mentioned Credit 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 US\$11,100,000, the Commonwealth Government, so long as the Commonwealth remains responsible for the 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 Project, a constitutional change were made whereby the Commonwealth would no longer be responsible for the Territory or for any part thereof within which any part of the Project is to be carried out, the

¹ Accepted by the Association on 21 July 1972 and came into force on 8 February 1973, the date of entry into force of the said Development Credit Agreement.

² The said Agreement entered into force on 8 February 1973. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Association as document CN 326 PNG, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Letter of Undertaking.

Commonwealth Government will, before the effective date of such change, use its best endeavours, in consultation with the Association and the Borrower, to ensure that sufficient funds will be available to the Territory.

We wish to confirm that, (i) pursuant to sub-section (1) of section 75A of the Papua New Guinea Act 1949-1971, 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 Territory in force at the time of the borrowing; (ii) pursuant to sub-section (2) of the said section, the above-mentioned Credit will, if authorized, approved or ratified under the laws 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 remains responsible for the 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 (i) to enable the Borrower to perform all covenants, agreements and obligations of the Borrower set forth in the above-mentioned Development Credit Agreement; and (ii) to enable the Papua New Guinea Harbours Board (PNGHB) to perform all covenants, agreements and obligations of PNGHB set forth in the Project Agreement of even date herewith¹ between the Association and PNGHB and in the Subsidiary Loan Agreement to be entered into between the Borrower and PNGHB; 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 or PNGHB of such covenants, agreements and obligations; provided, however, that no amendments are made without the approval of the Commonwealth Government, to the Development Credit Agreement, the Project Agreement and the Subsidiary Loan Agreement, that would substantially increase the obligations of the Commonwealth Government under this paragraph.

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 or laws in effect in its territories; and

3. The above-mentioned Development Credit Agreement and Project Agreement shall be free from any taxes that shall be imposed under the laws of the Commonwealth or laws in effect in its territories on or in connection with the execution, delivery or registration thereof.

Very truly yours,

Commonwealth of Australia:

By J. PLIMSOLL

Authorized Representative

¹ The said Project Agreement entered into force on 8 February 1973. As it does not constitute an international agreement or a part of the present Agreement, it is not reproduced herein. However, it was published by the Association as document CN 326 PNG, a certified true copy of which was transmitted to the Secretariat together with the documentation submitted for registration of the present Letter of Undertaking.