

**Speech by the Acting Secretary for Department of Treasury on the
Occasion of
Signing the Loan Agreement for the Port Moresby Sewerage System
Upgrade Project between the Independent State of Papua New Guinea
and the Japan International Cooperation Agency
Friday, 29 January 2010
At the
4th Floor Main Conference Room, Vulipindi Haus**

Introduction

Let me firstly take this opportunity to thank the Minister for Treasury and Finance Hon. Patrick Pruaitch, MP for appointing me to sign the Loan Agreement for Port Moresby Sewerage System Upgrade Project on behalf of the Independent State of Papua New Guinea.

It gives me great pleasure to stand here, as a representative of the Government, to officiate at this occasion of the loan signing for the Port Moresby Sewerage System Upgrade Project. Let me take this opportunity to acknowledge the presence of;

- JICA Resident Representative Mr. Kyoji Miztuani
- Counsellor General for Japanese Embassy Mr. Kazunori Kawada
- General Manager for Eda Ranu Mr. Billy Imar
- IPBC Chief Operating Officer Mr. Chris Burns
- The State Solicitor Mr. George Minjihau
- Staff of Minister's Office
- Representative of the Departments of National Planning & Monitoring and Treasury

- Ladies and Gentlemen

This project will rehabilitate and improve the sewerage system of Port Moresby, thereby protecting coastal marine environments and improving the health and living conditions of coastal communities around the city.

The Japan International Cooperation Agency, otherwise known as JICA, are facilitating this project by providing loan funding along with their technical expertise.

Background to Project

Port Moresby is experiencing rapid urbanization and increases in socio-economic activities. The current sewage system cannot adequately treat the increased volume of sewerage effluents resulting from the city's development.

Untreated sewerage is currently discharged into Joyce Bay where effluents decompose slowly due to the calm water and low water circulation. As a result, the marine ecology is degraded, local communities are at a higher risk of contracting diseases and coastal fishing activity has been reduced.

The Port Moresby Sewerage Upgrade Project will introduce a treatment system which will prevent pollutants from flowing into coastal areas, thus improving sanitary conditions, preserving marine environments and reviving the coastal fishing industry.

The project will be implemented by IPBC in partnership with Eda Ranu.

Financing of the Project

The estimated cost of the Project is K284 million of which K209 million will be borrowed from JICA and the remaining K75 million will be funded from Government revenue.

The loan component will be borrowed in Yen on highly concessional terms, consistent with the Government's Medium Term Debt Strategy. It is to be repaid over 40 years at an interest rate of 0.2 per cent.

The Outstanding Debt under JICA (former JBIC) as at 31st December, 2009 is K548 million (JPY18 billion). The new borrowing of K209 million will increase the total outstanding debt to K757 million when it is fully drawdown.

Gratitude and appreciation to JICA

I would like to end this speech by thanking JICA and the Government of Japan, on behalf of the PNG Government and people of Papua New Guinea, for contributing to sustainable development in Papua New Guinea by providing grant, technical and loan assistance. In particular, for the provision of this loan which will improve the coastal environment and living conditions around Port Moresby. I also would like discuss with JICA in future our other development aspiration after this loan project is implemented.

Ladies and Gentlemen, Thank you.