



# Papua New Guinea: Supporting Inclusive Finance through the Development of Private Sector Banking

Project Name	Supporting Inclusive Finance through the Development of Private Sector Banking		
Project Number	51170-001		
Borrower/Company	Kina Securities Limited		
Country	Papua New Guinea		
Location	Nation-wide		
Approval Number	7612		
Type of ADB Assistance / Amount	7612	Ordinary capital resources	USD 10.00 million Approved
Strategic Agendas	Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Private sector development		
Sector / Subsector	Finance - Finance sector development		
Gender Equity and Mainstreaming	Some gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Private Sector Financial Institutions Division		
Responsible ADB Officer	Flegler, Paul Robert		
Project Sponsor(s)			
Description	ADB funding consists of an equity investment of up to \$10,000,000. The investment will be in the form of new equity, and ADB is expected to have an ownership stake of approximately 6%. The shares to be acquired by ADB will be denominated in Australian dollars and listed on the ASX. ADB is expected to provide capacity building TA to help strengthen governance and risk management; implement an environmental and social management system (ESMS); and develop Kina Bank's digital service delivery channels and SME finance business, including women-owned SMEs.		
Objectives and Scope	ADB funding consists of an equity investment of up to \$10,000,000. The investment will be in the form of new equity (through a fresh issuance of shares), and ADB is expected to have an ownership stake of approximately 6%.		
Linkage to Country/Regional Strategy	The project will contribute to the following operational priorities of Strategy 2030 (i) addressing remaining poverty and reducing inequalities and (ii) accelerating progress in gender equality. Kina Securities Limited's (KSL) focus on serving the local SME segment, which has high employment potential, and the emerging middle class will help build the conditions for inclusive growth. The partnership with ADB will help KSL better serve these segments. This is consistent with the government's efforts to promote inclusive growth and with the governments Financial Sector Development Strategy, 2018-2030. It is also consistent with ADB's country partnership strategy for PNG, 2016-2020 to promote private sector development.		
<b>Safeguard Categories</b>			
Environment	FI		
Involuntary Resettlement	FI		
Indigenous Peoples	FI		
<b>Summary of Environmental and Social Aspects</b>			
Environmental Aspects	KSL and its wholly owned subsidiaries will screen all loan applications against ADB's Prohibited Investment Activities List (PIAL). KSL and its sub-borrowers will comply with national laws and regulations and also with ADB's Safeguard Policy Statement (SPS, 2009) requirements. Environment category A projects will be excluded from KSL operations. KSL will establish and maintain an appropriate ESMS framework satisfactory to ADB on subscription. ADB will work with KSL to develop and implement an ESMS commensurate with identified risks and impacts associated with KSL sub-borrowers' business operations.		
Involuntary Resettlement	The activities of KSL's financial services provider subsidiaries are not expected to cause involuntary resettlement impacts. KSL reported, and ADB validated during due diligence, that no preexisting Kina Bank loans were for business activities causing category A involuntary resettlement impacts. All large corporate loan applications are assessed for compliance against national laws and regulations. Through application of the environmental and social management system framework and subsequently the ESMS, activities having category A involuntary resettlement impacts will be excluded from KSL's operations.		
Indigenous Peoples	The project is not expected to entail any significant impact on indigenous peoples.		
Stakeholder Communication, Participation, and Consultation	N/A		
<b>Timetable for assistance design, processing and implementation</b>			
Concept Clearance	24 Jul 2017		
Due Diligence			
Credit Committee Meeting	15 Mar 2018 to 15 Mar 2018		

Approval

02 Dec 2019

Last PDS Update

06 May 2020

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Project Page

<https://www.adb.org/projects/51170-001/main>

Request for Information

<http://www.adb.org/forms/request-information-form?subject=51170-001>

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