

# Discover the Genesis of the Papua New Guinea Development Bank: A Historical Account

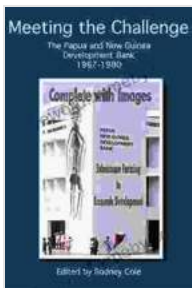


## **A Transformative Chapter in Papua New Guinea's Economic History**

The Papua New Guinea Development Bank (PNGDB) stands as a pillar of the nation's economic landscape, playing a pivotal role in financing development projects and supporting local businesses. This comprehensive article delves into the genesis of the PNGDB, tracing its origins, exploring its objectives, and highlighting its significant contributions during the formative years from 1967 to 1980.

## The Birth of an Economic Catalyst

The concept of a development bank in Papua New Guinea emerged in the mid-1960s, amidst the nation's transition towards independence. The Australian colonial administration recognized the need for a financial institution dedicated to stimulating economic growth and addressing the development challenges faced by the country.



### Meeting the Challenge: Genesis of the Papua New Guinea Development Bank 1967-1980 by Eva Taylor

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In 1967, the Papua New Guinea Development Bank Act was enacted, establishing the legal framework for the creation of the PNGDB. The bank's mission was to provide medium- and long-term financing to private sector enterprises, particularly those involved in agriculture, manufacturing, and tourism.

### Objectives and Guiding Principles

The PNGDB's mandate was multifaceted, encompassing the following key objectives:

- \* Facilitate the development of Papua New Guinea's economy by providing financial assistance to viable businesses
- \* Promote local ownership and

participation in the country's economic growth \* Foster the growth and modernization of the agricultural sector \* Support the expansion and diversification of industries \* Contribute to the development of infrastructure and basic services

To achieve these objectives, the PNGDB adopted several guiding principles:

\* Provide loans at concessional interest rates to borrowers who lacked access to traditional banking channels \* Offer technical assistance and advisory services to support business development \* Establish partnerships with other financial institutions and development agencies \* Operate on a commercially sound basis to ensure its financial sustainability

### **The Formative Years (1967-1980)**

The early years of the PNGDB were characterized by rapid growth and significant accomplishments. Under the leadership of its first general manager, George Easton, the bank established a strong track record of supporting key sectors of the economy.

During the period from 1967 to 1980, the PNGDB's lending activities focused primarily on:

\* Agricultural development, including plantations, livestock, and smallholder farming \* Manufacturing industries, such as food processing, textiles, and building materials \* Tourism infrastructure, including hotels and resorts \* Small and medium-sized businesses, especially those owned by Papua New Guineans

The PNGDB played a crucial role in financing the establishment and expansion of many new businesses, contributing to the diversification of the economy and the creation of employment opportunities.

## **Challenges and Successes**

The formative years of the PNGDB were not without their challenges. The bank faced a number of operational constraints, including a shortage of skilled staff, limited access to capital, and a challenging economic environment characterized by political instability and fluctuations in commodity prices.

Despite these challenges, the PNGDB's dedicated staff worked tirelessly to fulfill its mandate. The bank's prudent lending practices and strong financial management ensured its long-term sustainability.

Over the years, the PNGDB's efforts yielded tangible results:

\* Increased investment in productive sectors of the economy \* Expansion of domestic industries and job creation \* Promotion of economic ownership and participation \* Improvement of living standards and access to essential services

## **Legacy and Impact**

The PNGDB's legacy as a key driver of economic development in Papua New Guinea is undeniable. The bank's early achievements laid the foundation for subsequent growth and prosperity, and its continued operations have had a lasting impact on the nation's economic landscape.

Today, the PNGDB remains a cornerstone of the financial system, providing a vital source of funding for businesses and supporting the government's development agenda. The bank's success serves as a testament to the importance of targeted interventions and the power of collaboration in fostering sustainable economic growth.

The genesis of the Papua New Guinea Development Bank is a story of visionary leadership, dedicated staff, and a unwavering commitment to economic progress. From its humble beginnings in 1967, the PNGDB has evolved into a respected and influential institution, playing a pivotal role in transforming Papua New Guinea's economy and shaping its future.

As Papua New Guinea continues on its path of development, the PNGDB stands ready to meet the challenges and opportunities that lie ahead. By building on its rich history and adapting to the changing needs of the nation, the PNGDB will undoubtedly continue to be a driving force in the country's economic success.



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