

**B**olsa Amazonia is a regional partnership dedicated to developing small-scale commercial initiatives within the forest communities of Amazonia. The programme benefits the rural Amazonian population by facilitating their access to a growing market for sustainable products, such as paper made from plant fibres and medicinal oils derived from trees. Bolsas overall aim is to improve livelihoods while conserving biodiversity and promoting environmental awareness in the Amazon.

## The Role of the Private Sector

Bolsa Amazonia's core business is the creation and commercialisation of small-scale industrial enterprises which harvest and process value-added natural products. One of Bolsas' most notable successes – creating coconut fibre seats for Daimler Chrysler-Mercedes – has recently inspired a similar initiative in South Africa. Bolsas' main activities are capacity building, marketing and acting as a reliable broker between different market agents to facilitate business relationships. In addition, it gives greater visibility to regional products in national and international markets through its virtual showcase.

## The Role of UNDP

UNDP has recognised Bolsa Amazonia as an innovative partnership programme, supporting it financially in 2002 through its \$30,000 Equator Prize. UNDP has also facilitated Bolsas' access to local, regional and international policy dialogues. The exposure gained through such activities has had far-reaching impact, including opening up global industrial markets for Bolsas' products.



## Outcomes

Thousands of families have benefited from the employment opportunities and increased incomes provided by Bolsas projects. In addition, the programme has improved the provision of basic services, including local housing, electrical appliances, water treatment and sustainable energy. Measures have also been taken to improve food security. For example, a coconut agro-forestry consortium that produces commercial fibres also cultivates vegetables, fruits and nuts for food.

## Lessons

### Lessons learnt from the project so far include:

One of the greatest obstacles to the development of sustainable projects in areas like the Amazon is a lack of information about market opportunities. Bolsas' facilitator role in connecting buyers with sellers and potential products has therefore been crucial in creating the environment required for community-based, eco-entrepreneurship to flourish.

## Outcomes

The bank is on target to achieve its market outreach goal of 140,000 clients over the next 24 months. In the first two months of operation, 5,000 women, men and school children are beginning to save regularly and more than 1,000 villagers have acquired valuable money management skills. The foundation of an inclusive financial sector is being laid in the rural economy, and testimonials abound on the timeliness and value of the banking service and training.

The availability of a regular banking service has made it easier for microfinance institutions and savings group schemes to operate in the rural areas, enabling clients to bank savings and make transactions. Such operations are expected to increase, especially among low-end clients. The banking network is also being used by other institutions to broaden their outreach to rural communities. For example, the Fiji National Provident Fund, a pension scheme, is partnering with UNDP to promote its voluntary contribution scheme for rural people with transactions to be effected through the rural bank. The Capital Market Development Authority is intensifying its campaign to inform villagers of investment opportunities in the Suva stock exchange. In its 2005 budget, the Fijian government announced a 150 percent tax rebate for all financial institutions that extend services to the rural areas. ANZ and UNDP are now actively investigating ways to provide banking services to other countries in the Pacific that lack such services.

## Lessons

### Specific lessons include:

- Both partners were needed to "think outside the box." ANZ Bank came up with a strategy for servicing what is widely considered an unviable market. UNDP found a mechanism to collaborate with a commercial partner without jeopardizing its mandated neutrality. The partnership solidified quickly, since ANZ Bank and UNDP shared the same objectives and recognised each other's strengths. Both partners also recognise the importance of continued monitoring and learning to avoid potential glitches and to identify new opportunities.

- Having the right people to drive the partnership is also critical. The rural banking manager of ANZ Bank, supported by senior management, understood the longer term strategy of stimulating the growth of the rural economy. The UNDP project manager understood the commercial realities of the private sector and was able to find mutually acceptable solutions to many hard financial imperatives with the creation of social capital.
- UNDP can play a valuable facilitative and technical support role that builds on its neutrality, technical capability, local knowledge and strong pro-poor mandate.

- Facilitating partnerships that have strong social and economic outcomes and that benefit the majority of the poor and un-served requires time and commitment, but it does not require huge sums of money.

## The Role of the Private Sector

Nearly 340,000 people living in Fiji's rural villages and settlements have no access to banking services. While microfinance schemes supported by the government and UNDP have made some inroads in the rural areas, their outreach is less than 2 percent. Hence, the aim of the partnership between UNDP and the Australia and New Zealand Banking Group Limited (ANZ) is to start a commercial banking service for all rural communities in Fiji. The service, launched in October 2004, will be supported by a financial literacy training programme to enable rural people to better manage their money and to make informed choices about how they can best use the new banking service.

## The Role of UNDP

The establishment and operation of the rural banking service are funded by ANZ Bank. It consists of a fleet of six mobile banks that travel on a regular schedule to 150 designated rural villages in the main islands of Viti Levu, Vanua Levu and surrounding islands. The service is provided by 12 staff members who have been recruited and trained specifically with a view to providing a rural service based on person-to-person contact. The bank offers two savings products: a long-term savings account and an everyday savings/transaction account. Clients also have access to other banking products offered by the bank and can make transactions in any of its urban branches, including receiving deposits directly from relatives in towns and overseas. The service is also extended to rural schools with special runs every two weeks. Loan products will be offered during the second phase of the initiative, scheduled to begin by March 2005.

UNDP helped with the feasibility assessment by sharing experience in microfinance schemes; providing information on the rural economy and confirming that the poor are bankable. The partnership with ANZ Bank was formalised in a Memorandum of Agreement that recognises the importance of providing an inclusive, transparent, convenient and affordable service that meets the needs of the people. It also acknowledges the importance of empowering people to save and invest. UNDP also lent its support to the bank in securing specific dispensations from the Reserve Bank and made a joint presentation to the Prime Minister and key Cabinet Ministers to seek endorsement for the initiative. Materials designed by UNDP were used to train rural banking staff to reinforce messages of financial literacy among clients. UNDP continues to participate in the steering committee to share information and monitor the impact of the service, and to encourage other banks and institutions to respond to the many service gaps in the rural sector.