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the FDB

**bulakin**



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# Finance readily accessible to farmers

**In April this year, the Board approved amendments to the Bank's Agricultural Loan Policy in line with the Bank's objective to grow the agricultural sector, provide food security for local consumption and have a positive impact on balance of payments through import substitution and increase in export value.**

Government's import substitution and export promotion policies centre on resource-based industries because it has enormous potential to remarkably improve not only livelihoods of the people who own them, but spur the self-sufficiency that Fiji needs to be able to counter the impact of inflation as well as aging trade agreements and the removal of preferential prices – both of which are influenced by political bias.

As a development bank whose mission it is to provide finance and financial advisory service that will assist in the economic development of Fiji in particular the development of agriculture, commerce and industry, the amendment to the Bank's agricultural lending policy is timely.

Changes to the Bank's agricultural lending policy allows for flexibility on the security and equity that farmers will now need to secure a loan. Some of these changes include:

### Equity Requirement

- Minimum equity has been reduced to 10% from the 20% subject to viability.
- If viability does not exist then the discretion lies with

Management to increase the equity to a level where viability exists.

### Land Lease

- Remaining term of lease with an unexpired term of less than 10 years has been removed under the Exclusion clause.
- Class J leases are now included in the financing.

### Term of Loan

- The term of loan will be subject to the remaining term of lease and not exceed 15 years. This includes remaining term for Class J leases.
- Where the remaining term is too low for viability, confirmation of renewal or extension must be sought.
- Due to the removal of exclusion clauses and possible reduction of the term of loan, repayment is worked out based on the crop cycle and the Bank will recover the loan at the earliest time depending on the margin, loan amount and the turnover period. Options are available for risk management and refinancing.

The above changes also include lending to sugar cane farmers.

Farmers interested in accessing this facility are welcome to enquire at any FDB branch.

Meanwhile, the Bank increased its market share in the resource-based sector over the pass year. At the end of June 2010, the Bank has managed to secure lending to 58% of the (agricultural) market – up from 53.6% in 2009 and 46.7% in 2008.



## in this issue →

- 3 Wave Casher
- 4 New Appointments  
New Branchers
- 5 Cost of development banking  
Sustainable energy financing policy
- 6 2009 SBA winners' profile
- 8 ISEF Facility
- 9 2009 Money Smart
- 11 ADFIP meet with JBIC

## Board & about us

### FDB Board

Chairman:	Bob Lyons (w.e.f. 29/09/10)
Deputy Chairman:	Jitoko Tikolevu
Directors:	Joseva Serulagilagi Manasa Vaniqi Ilaisa Cavu Isikeli Tikoduadua Mason Smith
Board Secretary:	Saiyad Hussein
Chief Executive Officer:	Deve Toganivalu

### Our Vision

To be a dynamic financial service provider in the development of Fiji.

### Corporate Objectives

To be a profitable and self-sustaining financial institution.

### Our Mission

We provide finance, financial and advisory services to assist in the economic development of Fiji and in particular the development of agriculture, commerce and industry.

### About Us

The Fiji Development Bank was established under the Fiji Development Bank Act (Cap 214) on 1 July 1967. The Bank is an autonomous statutory body, the operations of which are controlled by a Board of Directors appointed by the Minister of Finance.

Under the Act, the Bank provides finance for projects that contribute to the development of the Fiji economy and to improve the quality of life for the people of Fiji. Loan funds are provided for Agricultural, Small and Medium Enterprises, Corporate and Micro Enterprise projects. The Government also uses the Bank, as a financial instrument in its development projects/plans and special assistance programmes that may be necessary from time to time.

Over the years Bank has introduced a range of loan packages and services aligning it with its strategic objectives and customer demands. At the same time, the Bank has the challenging task of matching its competitiveness level with that in the banking and finance sector.

The Bank has played a significant role in developing the various economic sectors of the country and believes in a strong corporate social programme which it undertakes through Money Smart™, a financial literacy programme in secondary school and its annual Small Business Awards.

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BulaKin is a composite of bulletin and bula the Fijian greeting. Kin represents a group of descendants of a common ancestor.

# Talking point



At the close of our 2009/2010 financial year on 30 June, the Bank posted a provisional operating profit of \$2.36 million. The modest profit continues to uphold an unbroken record by the Bank since it started operating on 1 July, 1967. While this was a decline of close to 33% percent from the 2008/2009 profit of \$3.48million, the Bank's gross portfolio on the other hand, grew by 1.2 percent from \$433 million to \$438 million for the same period.

When we consider that the overall economy has been sluggish, the provisional result is due mainly to diligence in controlling spending and curtailing expenditure on non-priority items.

Progress is also being made by the Bank in achieving its 60:40 (Focus:non-Focus) portfolio as set out in the (revised) strategic plan for 2010-2012. At the end of June this year, the Bank's ratio stood at 36:64, an improvement from the initial 33:67 the Bank held before the restructure was undertaken in 2008.

To improve on our agricultural portfolio and continue to maintain our position as the leading financier in this sector, the Bank is working with the Ministry of Primary Industries to provide support to farmers in the dairy, sheep, potato and rice farming industry. Boosting farming development in these key areas will also go a long way in helping Government reduce importation of these goods.

I welcome the 2010/2011 financial year with renewed verve and commitment to expanding our client portfolio by 2 percent this financial year and helping our clients grow their business.



**Deve Toganivalu**  
Chief Executive Officer

## Editorial



Anyone going into business for him or herself in my opinion should be awarded a medal. The citation of course would read: "For charting a course into waters unknown". The majority of new businesses usually fold within a year for various reasons and those that do make it to the second, third and tenth year, are those that have exceptional people at the helm.

In this issue we bring you stories of three of our clients who, despite the odds, persevere because of the passion and practical experiences they bring to their businesses. Also, we bring you updates on policies, lending facilities and what we are doing in the community.

On a side note, on 10 October Fiji celebrates 40 years of independence. Looking back, we have come a long way and to make the next 40 years those of prosperity, we need to cultivate and nurture the spirit of entrepreneurship and the "can do" spirit that western cultures are so well known for. The Bank has been doing its part by sponsoring Money Smart™, a financial literacy programme in all secondary schools Fiji-wide since 2007.

Enjoy this issue.



**Sylvia Low**  
Editor

# Wave Casher

**In 1976, Isireli Verebasaga (Snr) approached the Fiji Development Bank for assistance to fund his water sports business. At the time Isireli (Snr) had secured a contract with the Warwick Hotel on the Coral Coast to provide a glass bottom boat for coral viewing, snorkeling trips, bay fishing, deep sea fishing and the popular banana boat ride.**

With 30 years of experience in the industry, Isireli groomed his two sons, Isireli (Jnr) and Joe on the various aspects of running the business. Prior to his retirement in 2005, Isireli (Snr.) won the Tourism Category for the Small Business Awards that year. Upon his retirement, Isireli (Snr) divided his assets amongst his sons.

With his one boat, Isireli (Jnr), now 45, struggled to keep his side of the business afloat then in 2007 with a loan from FDB under the Seed Capital Revolving Fund (SCARF) he bought his second boat and two engines. He has since paid this off.

A second loan under the Small Business Scheme not long after, saw him purchase a 15-seater and a 10-seater minivan for transporting tourists from their hotel to the jetty where he operates.

Isireli (Jnr) established Sports Fishing Fiji, a charter boat service for deep sea and reef fishing as well as snorkeling also based out of the Warwick Hotel. He and his family live a stone's throw from the hotel at nearby Qalito Settlement where his wife Lereani, 42, runs Margie's Store. Lereani was also assisted through the Bank's Small Business Scheme.

"I started off with a small lean to building and now I have a proper store from where I sell snacks and basic food items to the residents in the settlement as well as the tourists who go on our boats," Lereani said.



Lereani Verebasaga

In three short years, Isireli (Jnr) has gone into semi-retirement allowing his sons Kemu, 26, and Ben, 25, who both hold Class 6 Masters, skipper the two boats while he concentrates on the administration aspects of the business.

"Isireli still goes out but only on request from our repeat clients who visit from overseas," Lereani said. The family work six days a week and earn around \$750 for a half day charter. Their expenses range between \$300 and \$600 a week depending on what needs servicing or repairs aside from the usual fuel top up. The family plan to expand their lucrative business by buying a bigger vessel some day.

Talking with Lereani, one immediately gets the impression this is one savvy business woman. Candidates in the masters in business administration programme would do well to spend some time in her company to appreciate the fundamentals of how to operate and grow a small business. She brooks no nonsense.

Married at 16 years-old, Lereani worked alongside her husband at the Warwick – he with his father's contracted charter and her in the food and beverage section. It was at the hotel that Lereani learned how to price items and what food and snack items tourists go for when here. She has taken this valuable piece of lesson and applied it to her canteen business where she stocks high-end sweets and confectionary for tourists.

Where most village or settlement shops turn over \$100 to \$150 a week, she easily makes that and more, in a day.

"I grew up in Naboutini, Serua and every Saturday my father would

send me down to the main road with coconuts, mandarine and chillies to sell. The money I made from that, I used for my bus fare to school the next week so if I didn't sell it, I didn't go to school," recalls the mother of four.

***There being no free lunch at Lereani's house, her children also know what it means to earn their bread.***

"My children all do some form of work to earn their allowance especially the two younger ones, Maggie, 18, and Mesake, 13, who either help sell in the shop or they do marketing for the charter where they earn a commission, this way it is good for the money to be circulating within the family," she said.

"I go fishing or looking for prawn everyday to get food for my family and if my kids want to eat something from the shop, I tell them they have to buy it. I don't give *dinau* (credit) to my family and I don't give *dinau* to my neighbours," she said, adding that while this subjects her to jibes about stinginess, she doesn't allow it to bother her because she knows how important it is to maintain a good cash flow.

***The fruit of Lereani and Isireli's (Jnr) hard work has allowed her to take her children overseas for holidays at least once a year.***

"We have already visited New Zealand and Sydney. Our next trip is to the Gold Coast," she said.

You hear about people making waves with their businesses, but the Verebasaga family it appears are cashing in on the waves that they have churned in their wake as they chart their course towards success.



### ADFIAP in Manila

Bula and Greetings from Manila! Thank you for sending us a copy of FDB's maiden issue of BulaKin which I, on behalf of the ADFIAP Secretariat here, congratulate Deve and you for.

It's interesting to note the "transformation" of FDB by now giving more assistance to priority sectors of the Fijian economy as development banks should really go for. The development banking "cycle" has indeed come to its starting point once again and this is replicated in many parts of Asia-Pacific – that DFIs or development banks are again called to the fore to "fill the gap" in the financial needs of the economy and "make a difference" for the country. I must admit it is not an easy mandate and that the owners of the DFI, namely, the State should provide support to it financially.

As to the FDB BulaKin, it is good that a balance of bank and client-related news are "blended" together in the newsletter. This is excellent because sometimes there is a tendency to make a newsletter bank-centric when in fact it's the people (both FDB staff and clients) that should be featured as they are the important ones to be highlighted as far as the development bank and its work is concerned.

Once again, our congratulations and keep it up!

Warm regards to everyone at FDB from us here.

**Octavio B. Peralta**  
**Secretary General**  
**Association of Development**  
**Financing Institutions in Asia and**  
**the Pacific (ADFIAP), Philippines.**

## New Appointments

**The Board of the Fiji Development Bank has confirmed the appointments of Mr. Saiyad Hussein and Mr. Tevita Madigibuli to senior executive positions within the Bank.**

Mr. Hussein is now the General Manager Finance and Administration, replacing Mr. Lasantha Thennakoon who resigned in late 2009. Mr. Hussein was the Manager Finance prior to his appointment.

Mr. Madigibuli is now the General Manager Operations, replacing Mr. Umarji Musa who has retired after 36 years with the Bank. Mr. Madigibuli was the Manager Asset Management Unit prior to his appointment.

In late September, Government also announced the appointment of Bob Lyons as the chairman of the Board. He replaces John Prasad who has taken up an acting appointment as chief executive officer for the Fiji Sugar Corporation.

### Nauru High Commission in Fiji

I received a copy of your first issue of Bulakin.

I must say that I am most impressed with the quality and presentation of your news items. I find the stories so inspiring particularly the ones on the farmers, that I am sending a copy to our micro-financing people in Nauru. Perhaps they could learn something from what Fiji is doing and I would recommend to them that they undertake a study tour to places like Fiji to learn as much as they can and take it back home.  
Regards,

**Peter Jacob**  
**First Secretary**

### Fiji High Commission in London

Your first issue of the FDB bulakin has been received with thanks.

The publication is a very good project by the FDB and an office so far away in London like ours certainly appreciates it very much to see the work of FDB benefitting the local farmers and the new initiative on Money Smart with the Ministry of Education.

Our view is that the more it is widely circulated to extensively include the far away districts and island the better as they can be assisted through your programmes thus helping the community as a whole.

**Yours sincerely,**  
**Semesa Sautu**  
**Counsellor for High Commissioner**

## New Branches

**In a bid to boost growth in the agricultural sector, the Fiji Development Bank has opened its doors in Nabouwalu, Bua in September, bringing to 10, the number of branches that the Fiji Development Bank has operational around the country. An eleventh branch in Waiyevo, Taveuni is expected to be operational by October 2010.**

Chief Executive Officer Deve Toganivalu says that the additional branches will provide the impetus needed to spur resource-based development as well as improve financial services to the people of Bua and Taveuni.

"The new branches are something that we have worked on for the past year and finally it is becoming a reality," he said, adding "I know the people in Bua and Taveuni are as excited as we are to finally provide for them full banking service instead of the agency service provided previously."

The two areas were serviced previously through agency visits from the Bank's Seaqqa and Savusavu Branches respectively.

The new branches will now afford clients in the area on the ground service, faster turnaround in assessments and decisions as well as provision of financial facilities that are better suited to their needs.

# Cost of Development Banking



Saiyad Hussein

**The cost of funds dictates the rates at which we lend, says General Manager Finance and Administration, Saiyad Hussein.**

“Commercial banks and other lending institutions that have credit

institution licenses (CIL) take savings and/or term deposits where they pay nominal interest rates, which is why they can afford to lend these on to customers at competitive rates,” he said.

“The Fiji Development Bank on the other hand borrows from the market and it is the market that sets the rate at which we can access their funds so if they lend to us at eight percent for example, which is already high, by the time we on-lend these funds, they are higher than that provided by commercial banks and other financial institutions for the same facility.”

The Bank also raises funds through long term and short term bonds and promissory notes. The acquisition of a CIL is a strategic objective in the Bank’s revised Strategic Plan (2010-2012).

In November 2009 the Reserve Bank of Fiji lifted the interest rate spread policy announced in April 2009, which now allows all commercial banks and licensed credit institutions to lend above the four percent ceiling set previously. FDB for its part maintains its spread well below 2.5 percent so that it can remain competitive.

“As a development financial institution, our focus is in ensuring that we assist local businesses and government, develop the economy through the focused sectors,” Mr. Hussein said.

The focused sectors are: agriculture; mining & quarrying; transport, communication & storage; manufacturing; wholesale/retail/hotels & restaurants; and professional business services.

A review of the Bank’s pricing model in February this year saw a slight increase in rates take effect from 1 April 2010. The interest rates are now between 6.6 and 15.6% from the previous 6.0 - 15.6%.

## Sustainable Energy Financing Policy

**In Government’s 10-point economic plan for achievement by 2020, Fiji is “to convert up to 90 percent of all electricity generated from fossil to renewable sources.”**

The policy while favourable to the environment is also designed to reduce the nation’s fuel import bill which can lie anywhere between \$700 million and a billion dollars annually depending on what the market price is on the given day.

In view of this economic target, the Bank’s board recently approved the implementation of the Sustainable Energy Financing Project (SEFP) facility for anyone interested in obtaining financing for this particular purpose.

The SEFP policy is also in support of the work of the Department of Energy and the World Bank in promoting the use of solar, hydro or coconut oil fuel (alternative fuel for diesel generators) for lights or electricity generation. Through the implementation of the SEFP, the following



Bio-diesel plant on Koro Island

renewable energy systems are supported:

- Solar Photovoltaic (PV) System;
- Pico – Hydro System; and
- Fuel Switching System where coconut oil will be used as a diesel fuel alternative for generating electricity.

The scheme will cater for energy financing loans of up to \$50, 000, an interest subsidy of 6% and a maximum loan term of seven years. The facility is not a standalone product – it must have an income generating prospect. The Bank’s normal prudent screening and credit assessment process applies. Enquiries about this facility can be made at any FDB branch.

# Start Small, Think Big!

Whilst all businesses have the potential, not all of them will become large corporations. The focus instead should be on the ability of small businesses to economically empower the individuals operating them, the economy and ancillary service providers through the provision of employment and services. These comments were made by chief guest, Dr. Nur Bano Ali, President of the Suva Chamber of Commerce at the 6th annual Small Business Awards (SBA) ceremony which was held earlier this year.

“In fact this sector is not serviced very well at the current time because it is left to market forces and the larger institutions who cannot justify the support as it does not necessarily make economic sense to deploy resources to encourage this sector,” she said, adding “this has to change and I urge intervention at government level to provide the facilitative support mechanism to grow this sector particularly at this time of Fiji’s economic disposition, one that is in need of growth.”

The emphasis and focus on small businesses, Mrs. Ali said is a global phenomenon and very well justified because the collective strength and power of small businesses to multiply and grow the economy is phenomenal.

Chief Executive Officer of the Bank, Ratu Deve Toganivalu said that while small businesses cannot compete with larger businesses in terms of turnover, they can be just as competitive, just as creative and in their own way, just as successful as large businesses in Fiji.

“Your small business is a reflection of your hard work, perseverance, dedication and sacrifice. Be proud of your small business,” he said in his congratulatory address to recipients.

The 2009 Awards was the sixth since its inception in 2004. Winners were given \$1,500 as their main prize, with the overall winner walking away with an additional \$3,000. **Start Small, Think Big** was the theme for the 2009 awards.

## 2009 SBA Winners' Profile



Bharti Ben Bhatia (L) and Dharmesh Kumar Bhartia of Priyesh Hair Cutz.

**Priyesh Hair Cutz winner of the Professional Services Category sponsored by Connect.**



Laurence Sinha (L) (now former Manager Special Projects for Ryna's Business Management and Lekima Naukula) of FINTEL.

**Ryna Business Management winner of the Wholesale/Retail Category sponsored by FINTEL.**



Kalisi Ratuwara (L) of Cara's Tours and Ahara Khan of Fiji Sun.

**Cara's Tours winner of the Tourism Category sponsored by Fiji Sun.**



Ram Karan (L) of Karan's Farm Fresh and Ian Curtis from Crest Chicken

**Karan's Farm Fresh winner of the Agriculture Category sponsored by Crest Chicken.**



Kelera Kau'ata (L) and Inia Naiyaga of the Reserve Bank of Fiji.

**Kelera Kau'ata winner of the Open Category sponsored by The Reserve Bank of Fiji.**



Mere Sagaitu (L) of Sagaitu Craft Centre and G. Rajakumar of New India Assurance.

**Sagaitu Craft Centre winner of the Manufacturing Category sponsored by New India Assurance and the Overall Category sponsored by the Fiji Development Bank.**

# Improving Lives and Building Smiles

“The year’s theme of *Improving Lives and Building Smiles* is indeed appropriate and in line with Government’s policy of reducing poverty to a negligible level by 2014,” said Permanent Secretary for Agriculture, Mason Smith as he launched the seventh annual FDB sponsored Small Business Awards.

“If we are to make this happen, (that is to alleviate poverty) then it is imperative, that we all work together—the FDB, financial institutions, the department of agriculture, fisheries & forestry, other Government Ministries and the private sector—we must synergize our efforts and ensure that our comparative advantages are pooled so that those that need our services the most are provided with all the necessary advice, training and assistance in order to ensure the success of their businesses thereby improving their lives and bringing a smile to their faces.”

Mr. Smith added that Government is in the process of putting together policy and legislative changes to stimulate the growth of small and micro enterprise businesses.

“Government cannot go at it alone - we must synergize our efforts and ensure that our comparative advantages are pooled so that those that need our services the most are provided with all the necessary advice, training and assistance to improve their lives and bring a smile to their faces.”

The following are the categories for 2010:

- \* Professional Services sponsored by Sun Insurance
- \* Agriculture sponsored by Crest Chicken
- \* Tourism sponsored by Fiji Development Bank
- \* Manufacturing sponsored by New India Assurance
- \* Wholesale/Retail sponsored by FINTEL
- \* Open sponsored by Reserve Bank of Fiji



## Seeking new opportunities

For two days in April (28-29) this year, the Bank participated in the National Centre for Small and Microenterprise Development’s (NCSMED) Small Business Expo held at Sukuna Park in Suva where our Customer Service officers handled customer enquiries. The Bank also provided giveaway prizes at the grounds and presented at the *Accessing Funds for your Business* session, which was part of a workshop series in tandem with the expo.

Close to 100 exhibitors including SMEs covering aquaculture, agriculture, food processing,

handicrafts, garment manufacturing, tourism, herbal medicine, jewellery making, paper manufacturing and other sectors were represented at the event.

For a week in July (21-24) the Bank also participated in the Ministry of Primary Industries organised Agriculture Showcase at the Vodafone Arena in Suva. Over the four days. The Bank received 67 enquiries of which 45 were loan related with an average value of \$16,800 per enquirer.

In August, FDB again participated in a similar exhibition only for a week

this time for the Reserve Bank of Fiji who hosted micro and small entrepreneurs as well as financial and commercial stakeholders at the Microfinance Village during the 2010 Hibiscus Festival (20-28 August). The Bank had a booth at the Village where a total of 153 enquiries were registered. The value of the potential new business was valued at close to \$15,000 per enquirer.

Manager Research, Marketing and Business Development, Asaeli Tamanitoakula said such events presented an opportunity for the Bank to familiarize potential customers on the different facilities that the Bank has to offer.

# Helping make life better for others



Baby Ashaz

**Staff of the Fiji Development Bank are always ready to get behind a good cause. So far in 2010, they have come together on four occasions to raise money for people they felt, deserved a hand up at a difficult time.**

## ISEF Facility

At the end of July 2010, the Reserve Bank of Fiji announced the merging of its Export Finance Facility and the Import Substitution Facility into the Import Substitution and Export Finance Facility (ISEFF). This facility is available through the Fiji Development Bank.

The RBF has a total of \$40 million available through this facility with loans limited to a maximum of \$1 million per business.

ISEFF is aimed at providing cheaper funds to farmers, service providers and producers to enhance production capability and export. An increase in local production will address food security and self-sustenance leading to reduction in reliance on imports and generate more export opportunities. The export aspect of this facility advances competitiveness and ensures the availability of credit to the export sector. Under the ISEFF, all exporters are eligible to obtain credit at concessional rates of interest. Similarly, businesses in the agricultural sector that are producing goods which result in a reduction in imports are also entitled to tap into the Facility.

### Export Finance

Funding is available for the export of:

- **All goods by primary and secondary exporters:** Primary exporters produce/manufacture while secondary exporters act as agents and distributors for their clients.

- **Certain professional services** e.g. architectural, engineering and maritime services.

### Import Substitution

This Facility is available to new and existing local agricultural businesses involved in import substitution. Businesses may apply for concessional funding for the production of the following:

- Fruits
- Vegetables
- Root crops
- Dairy produce
- Beef
- Aquaculture

*This list is compiled at the discretion of the RBF and may be changed at any time.*

Below are key features of the ISEFF:

- Reduced administrative requirements.
  - Streamlined approvals process.
  - No minimum eligibility funding amount but businesses can borrow up to \$1 million. RBF reserves the right to raise the credit ceiling under special circumstances.
  - Interest rate is set at 6% per annum\*
  - Loan term of six months with option to roll over for a maximum term of 5 years.
  - The advance value provided to primary and secondary exporters is based on FDB's credit evaluation.
  - Normal FDB screening for credit assessment applies.
- \* Variable based on cost of funds at the time of borrowing.

In March, Cyclone Tomas left a devastating trail in the Northern Division. Staff took up personal collections and held bring-and-buys in branches around the country and raised \$250, which the Bank matched to round off to \$600. The donation was made to the Fiji Red Cross Society.

Also in March, the country and indeed everyone at the Bank was devastated to hear about the 7 year-old girl who was alleged to have been sexually assaulted on the school premises before the start of classes early in the morning.

This particular case struck a definite chord and everyone at head office pulled together money to buy the girl Easter confectionary, fruits, soft toys, toiletries and books to aid her in her recovery in hospital.

With the assistance of police, a small team visited the girl's mother to express our profound sadness at the event and relayed best wishes for her child's recovery.

In June an email alert as well as a TV news story on month-old baby Ashaz Zabed of Lautoka who was born with a rare low blood sugar condition, saw staff host another mufti day and bring-and-buy to raise money for his medical evacuation. The staff raised close to \$400 in this effort. A cheque was presented to Mohammed Zabed, Ashaz's father.

In early September, staff got together again to raise money for the annual Biggest Morning Tea, in support of the Fiji Cancer Society. An organised bring-and-buy as well as Eid Mufti Day saw the staff raise \$336.50, which was matched dollar-for-dollar and rounded off to \$700 by the Bank.

# 2009 Money Smart™ Winners



Koro High School



Lekutu Secondary School

**In May and June this year, FDB presented the annual Money Smart™ awards to four schools around the country. The Bank and its partner in this endeavour, the Ministry of Education congratulate the following schools:**

#### **Urban Category**

Nadi Sangam (SKM) College (Nadi)

#### **Rural Category**

Korovuto College (Nadi)

#### **Remote Category**

Lekutu Secondary School (Bua)

#### **Very Remote Category**

Koro High School (Koro)

The winning schools received a cash prize of \$500 each from the Bank. In its third year, Money Smart™ is a financial literacy programme included in the Commercial Studies syllabus for all third form students in 163 secondary schools throughout Fiji and one in Tuvalu. It is funded by the Bank.

The criteria set previously to decide category winners were amended to reflect a fairer awards system for schools submitting their results for the competition. The process of assessing moderated results remained only the classification of schools changed to the Ministry of Education's classification of Urban, Rural, Remote and Very Remote, which now allows the schools to compete fairly where previously geographical divisions unnecessarily disadvantaged schools based on their access to resources.

Sharing her experience as a student of Money Smart™ in 2009, Form Four

student of Koro High School, Miriama Waqawai, said that with Money Smart™ she and her peers learnt to budget, use and save money.

"Last year I sold green coconuts in school, toffee at home and I even took a job like washing our car. All the money I collected, I put in my money box as savings. Some of my friends brought fruits, lakri and barfi (Indian sweets) to school."

General Manager Business Risk Services, Nafitalai Cakacaka says Money Smart™ is the long term option to client advisory services set up by the Bank over the years to help small business clients particularly, manage their finances.

"It was an expensive lesson that taught us several valuable lessons not the least of which was that it is very difficult to re-train and teach older clients to change spending habits formed over a good number of years," he said.

"You will agree that it is very difficult to change a mind set or habits that have been developed over a several decades so why not try and develop instead, a generation of entrepreneurs who are taught how to plan, budget and save from a very early age – hence Money Smart™.

"It is pleasing to see that already, young people are employing their entrepreneurial skills by creating a savings plan based not only from pocket money given by their parents and guardians but through small business like selling guavas, mangoes

and other items that they have accessed from their back yard gardens," he said

"When I hear of such ingenuity, I am encouraged and heartened to see that the theory can be applied practically and that children are learning as intended, the value of money and of savings."

Meanwhile, as part of the Bank's ongoing support to Money Smart™ the Bank handed over close to \$52,000 worth of resource materials that included money boxes, resource and work books, a computer and key tags to the Ministry of Education in early May this year.

"We view Money Smart™ as an investment in the future because we know that a financially literate generation who are innovative, enterprising and better at managing personal finances is the way forward out of poverty and improved livelihoods for all our citizens," said FDB CEO Deve Toganivalu as he handed the items over.

"The sponsorship through resource materials, operational costs for teacher training and awards for winning schools amongst other things, has been provided by the Bank at a value of close to \$180,000 for the last three years."

He continued that the FDB through Money Smart, was in compliance with the Reserve Bank of Fiji's intension to engage financial institutions under its Financial Inclusion programme through the Financial Systems and Compliance Office that was announced in April 2009. The office established was to develop and monitor several critical areas including microfinance and financial literacy. FDB is a member of the respective working groups that will take Financial Inclusion and Financial literacy forward for Fiji.

# Valili Pearls

Pearl farming is not for the impatient or the faint hearted, just ask Ratu Jone Maivalili. For the last 9 years, the Wailevu chief has persisted with his dream to create a successful pearl farm in Savusavu Bay and it appears that his determination and foresight is finally coming to fruition.



Ratu Jone Maivalili

“I was in the United States for a short while in 1999 and it was there that I decided that I wanted to return to my village and utilize the natural resources that we had,” said the former Air Fiji pilot who gave up time in the sky over a decade ago for a more permanent relationship with the land and the sea.

“When I came back, the fisheries department had started experimenting with pearl farming under the Commodity Development Fund here in Savusavu. I began experimenting with oysters and before I knew it I was hooked.”

Ratu Jone said his work experience at the JHunter Pearl pearl farm when it started at Nawi Island in 2001, also furthered his interest.

“At that time, there was very little information available on the industry. The Tahitians didn’t allow foreigners into their pearl school and the Japanese didn’t share their industry secrets with anyone so it was very, very hard to break into this business,” he said.

“In 2001 and 2002, to gain experience, I requested to be attached to the Fisheries Pearl Project Farm in Savusavu because I was genuinely interested in learning about pearls and eventually starting my own pearl farm which I did in 2003 at Matuku Bay.”

Between 2004 and 2005 Government started teaching locals about pearl farming. Then in 2006, Ratu Jone caught a break when he visited Japan.

“What I learnt there in one week was more than I had here in the last five years,” he said.

Ratu Jone recognizes that the financial outlay to properly undertake pearl farming as a business venture is substantial which is why in late 2008 he applied for and was given an agricultural loan facility with the Fiji Development Bank to take his pearl farm to the next level.

With the boost to his cash flow, he built a pearl seeding house at his Matuku Bay farm, which unfortunately suffered damage during Cyclone Tomas in March this year and had to be repaired. He has also managed to place 50,000 spats out on lines with another 10,000 oysters now reaching maturation.

“The lack of oyster shells to seed the pearls is a huge problem,” Ratu Jone said, adding “what we need is a collectors’ industry where coastal villagers collect spats and sell them to farmers.”

“The other option is to set up hatcheries but this is expensive and unreliable. Hatcheries can be used for research purposes. But I firmly believe that to drive the Industry at a faster pace Government should consider setting up collector farmer.” Ratu Jone used to source his shells

from Bua, Macuata and Nagigi but has set up his own collector farm at Mua Bay. Each shell he said, can be seeded up to six times. Any more after that will yield low grade pearls.

With his oysters ready for harvesting in October 2010, Ratu Jone is seriously considering combining two harvests for sale in April 2011 to fetch a better price.

“Selling my pearls at an auction is the next step up from selling it at wholesale,” he said, continuing “at auctions for Fiji Pearls in Japan only selected buyers are invited to be present and selling my pearls at auction is what I plan for my harvest but to get there I have to first make sure that the pearls that I take across are of a very high quality.”

“The local market is limited and the money is not as good compared to an auction. I believe that if we limit ourselves to the local market, we will not be able to grow.”

Ratu Jone believes that the local seas are rich in the minerals necessary to generate high grade pearls and he is determined to see that his farm produces pearls worthy of sale on the international market. Having survived thus far in such a high maintenance industry, one doesn’t doubt the veracity of his promise to do so.

Meanwhile, Government in recognizing the potential of the pearl farming industry for the export market, value adding and the positive impact on rural livelihoods reduced the fiscal duty on raw materials used for pearl farming from 32 to three percent in its 2010 budget.



L - R: Fuimanono Falefa Lima, Manabu Homma, Ruichi Kaga, Kenichi Iwase, Deve Toganivalu and John Prasad.

# ADFIP meet with JBIC

**“As development financing institutions, we need to set forth for our respective countries, a plan that will allow us to exploit our own resources so that the financial gains obtained can be channeled to build a strong social infrastructure that will in turn improve the lives of our people,” said former FDB board chair John Prasad at an FDB dinner hosted for members of the Association of Development and Financing Institutions in the Pacific (ADFIP) and the Japan Bank for International Cooperation (JBIC) held in Suva in August.**

“I believe there is no time like the present for us to start taking stock of where we are and where we see ourselves a decade or two from now. I know that for Fiji, we would like to see ourselves self-sustainable in terms of our food source, goods and services; that tourism will grow to a level that will decrease the leakage of the tourism dollar; and that our people have a good standard of health, education and welfare.

“These are only some of the immediate goals we have set for ourselves and we continue to work hard towards achieving them and as a group of Pacific islanders who share a common interest, through ADFIP, we have a stronger standpoint from which to rally the much needed financial resources that will allow us to continue development in this regard.

“I am glad that our friends from JBIC accepted our invitation to be here and I look forward to positive outcomes from this meeting.”

The ADFIP convened in Suva on 18 -19 August, 2010 for its annual meeting. From the time of ADFIP’s establishment in 1986, FDB has funded the operating costs of the Secretariat which it also hosts at its Suva head office.

The meeting was a significant one in that ADFIP took the opportunity to also invite the Japan Bank for International Cooperation (JBIC – formerly the Import Export Bank) to meet with them as a group and as respective countries on a bilateral basis.

“JBIC’s presence was an opportunity also for them to have bilateral discussion with governments in the region on any direct investment opportunities that may arise,” said ADFIP Chair Fuimanono Falefa Lima.

“In the two days we (ADFIP) had fruitful discussions with them on capacity building for staff at our respective institutions as well as how best we can access a line of credit from them for qualifying projects in our respective countries.

“JBIC have very limited investment in the Pacific and they are very interested in looking at avenues through which they can further this development through financing and we will continue this dialogue and further build on the good relationship that we have already formed.”

JBIC is the international wing of the Japan Finance Corporation, a policy-based financial institution of Japan which conducts lending, investment and guarantee operations

while complementing private sector institutions.

JBIC’s resident executive officer for Asia and Oceania based in Hong Kong, Ryuichi Kaga said that discussions with ADFIP gave rise to an agreement that JBIC would help strengthen capacity building, financing and the technical transfer of financial products. No specifics were disclosed as discussions are on-going.

“Pacific countries are important to JBIC and we would like to expand our cooperation with people in the region, particular through joint-ventures where possible” Mr. Kaga said.

JBIC prioritises its financing towards development of natural resource projects that include mining as well as manufacturing.

ADFIP was established in 1986 to promote the interest of its member development financing institutions (DFIs) in the Pacific and to advance cooperation and establish machinery for the systematic exchange of information among members.

**The annual conference is rotated between member countries and attended by the chief executives of ADFIP’s member DFIs and invited guests from interested organizations. Under the supervision of the Secretary of ADFIP, who is also the chief executive officer for FDB, the secretariat staff coordinates all activities of the Association and manages its finances.**

# No Regrets

**In 2006, Viliame Komainaua, 57, was looking at making a fresh start outside of Suva and decided on his mother's island of Koro in the Lomaiviti Group.**

Originally from Lomaloma, Vanuabalavu in Lau, Vili moved with his wife Mereani, 52, and his three youngest children to his mother's village at Sinuvaca after he received an assistance of \$3,600 from the ex-prisoners association to start a copra dryer business.

In 2008, he became a client of the Fiji Development Bank when he was given credit through the Bank's micro finance facility with which he bought a second copra dryer.

"I was working as a security guard in Suva in 2006 and it was very hard to make a living for my family," Viliame said.

"My mother had about 150 acres of land here on Koro and I thought why not go there and do some farming, which I did and when I got here I started planting *dalo* (taro) and now I have 10,000 *tausala dalo* in the ground."

Koro is a volcanic island, spectacularly beautiful and laid back. It is rich in marine and agricultural



resources chief amongst which are *dalo*, *yagona* and coconuts – in that order of preferred cash crop on the island.

In March this year, Prime Minister Frank Bainimarama opened a bio-diesel plant at Nacamaki on the northern tip of the island. Bio-diesel has an appeal for maritime dwellers particularly because of the current (high) fuel prices and the opportunity such a plant presents to the improvement of their economic circumstance.

Koro has a total of 14 villages of which 13 have electricity generators. Of the 13 only 12 were operational when *BulaKin* visited the island in June.

The plant produces approximately 3,000 litres of 20:80 mix (diesel to coconut oil) that five of the villages on the island use for their generators. The plan is to convert at least one village every month to the green product.

In June, bio-diesel was retailing at \$1.90 a litre and the landed cost of diesel was \$2.06. Villages who use

the greener fuel say that they do not need to spend as much time or money on the maintenance of their generators compared to the period where they used diesel.

"The first batch of copra that I supplied to the plant was probably one of the worst," Viliame said with a laugh adding "now I tell them that they should give me a bonus!" These days, Viliame supplies only A-grade copra to the bio-diesel plant.

He buys the shelled coconut flesh for 20 cents per kilo from the nearby villagers. He sells the dried copra to the plant for \$600 per tonne.

"The plant has changed a lot of things for me. Before when I dried my copra, a middle man used to buy from me for 35 cents a kilo and sell it to the processors in Savusavu," Viliame said, adding "I am making more money now than before and I have no regrets."

With the opening of the plant and the price that good grade copra fetches, more and more villagers are looking at the abundant crop to make a living off on Koro.

The Fiji Development Bank provides financing for Agriculture, Small & Medium Enterprises (SMEs), Corporate and Micro Enterprise. These loans are broadly categorized into Focused and non-Focused Sectors as follows:

**FOCUSED**

- Agriculture including Forestry and Fishing
- Mining & Quarrying
- Manufacturing
- Transport, Communications and Storage

- SME and Micro Loans in
  - Wholesale, Retail, Hotels and Restaurants
  - Professional & Business Service Sectors

**NON-FOCUSED**

- Building & Construction
- Private Individuals
- Real Estate
- Larger Loans in
  - Wholesale, Retail, Hotels and Restaurants
  - Professional & Business Service Sectors