

Grassroots loans boost business in rural Indonesia

Travellers are able to give something back thanks to a Perth-based charity helping the people of two towns start small businesses. **Niall McIlroy** reports.

Australians are making a difference in Indonesia by giving small, interest-free loans to locals wanting to start a business. The loans are paid by Bamboo Micro Credit, a charity fund set up in 2007 by Perth man Peter Johnston, who realised that even modest amounts of money could help Indonesian families to break the poverty cycle.

"I travelled extensively through Java and West Sumatra in 2007 and it crystallised in my mind there was a lack of official support for those who didn't have a job," said Mr Johnston.



This woman borrowed money to buy a sewing machine.

"Most of the little businesses I saw didn't look like they cost much so I decided that by contributing a little of my own money and using my background as a social worker I could start something that would achieve results."

With the help of a local guide, Mr Johnston starting lending to people in the West Sumatran town of Bukittinggi.

"We hadn't much clue what we were doing but we had a vision and we knew people in the community who could use the opportunity," Mr Johnston said.

"We made a few loans thinking we'd never see the money again, but much to my surprise, within months, some of the loans had been repaid."

Similar success was achieved in Bandung in West Java and Mr Johnston believes that about 50 loans averaging \$150-\$200 have since been paid.

"That figure may be enough to set up a roadside food stall," Mr Johnston said. "Another loan went to a family who used it to fix their truck, which then became available to other villagers to bring their produce to market. We loaned a small amount to a woman who bought a sewing machine and now supplies baby clothes to the local market."



The Bamboo team: Peter Johnston, Fikar (Bukittinggi manager) and Ibu Hindun Hasanah (Bandung manager).

Established small businesses have benefited from bigger loans, enabling them to gain momentum.

One woman, who supplies songkat, a gold-thread material used in ceremonies, was able to hire more employees.

The only charge to loanees is a small administration fee suggested, according to Mr Johnston, by some of the borrowers who wanted to show their gratitude by paying back more than they'd used.

"It's not welfare or a hand-out," he said. "It's about

giving people an opportunity, but not everyone is suitable to lend to. We rely solely on donations so we've got to know that the business being suggested is sustainable.

"About 95 per cent of loans are repaid, I think most banks would be pretty happy with that."

The word of mouth generated by these success stories means there are more applicants than funds available and new donors are welcomed.

Mr Johnston said many of those who have already

contributed have an affection for Indonesia and want to know more about our nearest neighbour.

"I produce a newsletter for those who donate and I'm also interested at looking into how we can enable people to see the places where the money has made a difference," he said.

It's hoped increased awareness can see Bamboo Micro Credit work in other parts of Indonesia, but Mr Johnston is eager to preserve the grassroots nature of the fund.

"The key is in finding qualified people who share our philosophy," he said.

"But we don't want to get so big that we lose personal contact with the people who we are lending to."



Bamboo's first borrower and his family. He has a small shop in a group of homes in Bukittinggi, primarily selling food products. His wife also prepares dishes for sale in the shop.

- Donations of more than \$2 are fully tax deductible. Visit bamboomicrocredit.org.au.
- The City of Geraldton-Greenough is considering a sister city relationship with Bukittinggi.

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