



Newsletter No. 11

May 2013

Hello members and supporters

Editorial

Bamboo Micro Credit is undergoing a gradual but steady change.

Bamboo started in 2007 in Bukittinggi, with \$1500 and two people, Peter Johnston and local resident Fikar. The following year we started an operation in Bandung city, which encountered problems and was closed down in 2010, as the person who was managing it could not continue, for personal reasons.

It was realized in 2011 that the model whereby we recruited an individual to run the local organization (as we did in Bukittinggi), was not viable. Efforts to recruit someone to take on the Bandung operations were not successful, for a variety of reasons. We also realized that working in urban areas was more difficult. We wondered what we needed to do to expand our operations in a way which reached those most in need, while ensuring the loans we made were repaid.

By a chance meeting with Helen Lok in Bandung, a founder member of PESAT, in January 2012, we were able to develop a partnership with PESAT to deliver micro finance loans to people living in villages around Bandung in West Java. Bamboo provides the funds and PESAT provides the local knowledge and manages the loan funds on behalf of Bamboo. This has now grown steadily and, although small in numbers at first, their loan portfolio is steadily growing.

Later that year, with the assistance of Duncan Graham and his wife Paulin, we were able to negotiate a partnership with Daya Pertiwi Foundation in Malang to provide loans in a locality in which they were already operating. Bamboo's no interest loans now complement their with-interest loans and are targeted to the poorest people in the community.

Our immediate objectives now are to expand our investment in PESAT and Daya Pertiwi, while ensuring that our operations in Australia and Indonesia are of the highest quality. We are exploring the possibility of offering no interest loans to existing borrowers for their children's education and we are also looking at getting funds to provide training to potential borrowers.

I am often asked the question ...what can we do to support Bamboo Micro Credit. My first answer is to say that money is what we need, but, while this is true, there are many other things people can do to support us such as encourage others to support us, host an event to raise funds, make a connection with your workplace to contribute funds to Bamboo, go and see for yourself, tell your friends...

"It's not a handout, It's a hand up"



Bamboo Micro Credit

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Another question which I'm asked is why we should support people in Indonesia. I'm happy to answer that question... around 50% of the population or 100 million people are living in poverty, with incomes of less than \$2 per day. We think that micro credit can help to raise people out of poverty, with targeted no-interest loans so please give generously. Bamboo Micro Credit's financial year ends on 30 June 2013 and your annual subscription will be due shortly. I hope you will renew your membership and at the same time consider making an additional donation.

Peter Johnston

Chair of the Board of Directors

Board of Directors

Two new Board members have joined us recently. Adele Carpenter is an engineer with Rio Tinto and brings with her not only her youth, but also her experience, while a student, on the committee running the Student Guild at Monash University. Bob Dannatt has worked extensively in SE Asia and has a wealth of experience in business. We welcome them both and look forward to their contribution to the ongoing management of Bamboo. Their profiles can be seen on the website.

PESAT (Bandung)

Pesat has begun making loans and so far, four loans have been made averaging 2,5 million Rupiah (\$A250). Additional borrowers are currently being assessed and further loans will be approved shortly. It will be recollected that Pesat works in outlying villages around Bandung in West Java and through its main work in installing clean water and sanitation, their workers develop strong relationships with the villagers. The success of their micro finance program, funded by Bamboo, depends greatly on this connection.

Our representative in Bandung, Colin Singer, has recently had discussions with Krishnan Muhamad, Pesat's Executive Director, who has responsibility for management of the Bamboo funds, and Mr. Singer has reported that the process of roll out of loans is proceeding extremely well.

Daya Pertiwi Foundation (Malang)

A formal agreement has been signed by Bamboo and DPF to manage Bamboo funds in a similar way to Pesat, in Malang East Java. Unfortunately, due to the illness of their CEO Made Polak, commencement of assessment of borrowers and their businesses has had to be delayed. We hope he makes a quick recovery. DPF has an extensive history of successful micro financing and Bamboo funds will be targeted at the poorest, initially in Wagir village, outside the City of Malang.

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Peter's story

In the last newsletter, we promised to tell the story of our Board Chair's experiences while in East Java to investigate the possibility of a partnership with Daya Pertiwi in Malang. Here is his story...

"I was staying with our good friends Duncan and Paulin Graham and we had travelled to a nearby town, Blitar, to visit some relatives of Paulin's. We stayed overnight with the family and the following morning were enjoying lunch under the patio, when Paulin's mobile rang. I had given a number of interviews to a paper in Malang and two articles were published about the possible partnership with Daya Pertiwi – which were worded to sound as if it was a done deal and money would begin to flow soon, so we had received quite a few calls already...asking for loans. However, in this instance, it was obviously a rather serious issue, as Paulin explained to me when she finished the call. Her sister lived in the same street and while we were away, she had been visited by two policemen, wanting to talk with us. This had caused consternation in the family, especially to their elderly mother, who had memories of the Suharto era, when a visit by police could be a serious issue. We quickly returned to Malang and I quietly moved into a hotel, so as not to cause any further problems for the family. I was, as can be understood, quite appalled that I seemed to have brought such trouble on the heads of my friends and Bamboo supporters. It was not clear what the problem was at that stage.

I subsequently learned that the callers were, in fact, from the Military Police, who have no civil jurisdiction at all and were operating on their own account. I later heard that they called again and brought an offering of organic vegetables from a garden they were cultivating! One of them asked Paulin's sister (a teacher at a local school) if his son could be admitted to her school. I had by then left and returned to Jakarta, so there were no further repercussions, but it just shows that well intentioned actions in a foreign country can have unanticipated consequences."

Comings and goings

Bob Dannat (new Bamboo Director) is paying a visit to Indonesia at the end of May and will spend some days in Bukittinggi with Fikar, our manager there. In addition to seeing some of the local scenery, he will carry out a security audit and make recommendations to the Board on his return.

Peter Johnston will attend the Communities in Control Conference on 27/28 May in Melbourne, where he hopes to make some good contacts and get ideas. He hopes also to see Helen Lok (one of the founders of PESAT and the person who initiated the contact with Bamboo which resulted in our partnership) as she is visiting Melbourne from Bandung.

A member has expressed interest in visiting West Sumatra and he has been put in contact with Fikar, who is an experienced tour guide.

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If any member wants advice or information about going to Indonesia and possibly visiting places where we operate, please contact Peter on 0431 039 909.

Useful bits

Our friends at Indonesia Institute have produced a blog, which has interesting articles. See it at <http://ourindonesiatoday.blogspot.com.au>

Duncan Graham has a great and often highly entertaining website www.indonesia.blogspot.com

We have come across a very interesting book entitled "*The Blue Sweater*" (and sub titled: *Bridging the gap between rich and poor in an interconnected world*) by Jacqueline Novogratz, an American who gave up her highly paid Wall St. job to go work with UNICEF in Africa when in her 20s. As the blurb says "From her first stumbling efforts as a young idealist venturing forth in Africa to the creation of the trailblazing organization she now heads, Novogratz tells gripping stories with unforgettable characters. She shows, in ways both hilarious and heartbreaking, how traditional charity often fails, but how a new form of philanthropy investing called "patient capital" can help make people self-sufficient and can change millions of lives. More than just an autobiography or a how-to-guide to addressing poverty, *The Blue Sweater* is a call to action that challenges us to grant dignity to the poor and to rethink our engagement with the world."

She now runs the Acumen Fund, a non-profit venture capital firm for the poor that invests in sustainable enterprises. She is a strong supporter of micro finance.

Peter said that it reminded him of his own progress as he set up Bamboo Micro Credit. We obtained the book from The Book Depository in the UK. They deliver free to Australia.

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