



Newsletter No. 12

August 2013

Hello members and supporters

Editorial

Welcome to Bamboo Newsletter No.12 Editorial,

from the Chairperson:

The main article this month is from our Director Bob Dannat about his trip to Bukittinggi in West Sumatra to see what goes on there. It's good to know that the Directors are actively involved in the operations of Bamboo.

Bob has started a trend, as the Vice Chair Adam Peaty and his wife travel also to Indonesia in September, visiting Bali, Jogjakarta and Bandung, where Adam will meet Krishnan Muhamad, the CEO of PESAT and Helen Lok, a founder of PESAT and the person who was the catalyst in starting the partnership with Bamboo. He will also undertake an audit of our joint operations, using a template we have developed. In addition, he will meet some of our borrowers and see the communities where they live.

We have been fortunate to have some new volunteers in Nathan Dyson and Chay Booker, both Murdoch University students in their final year studying Indonesian language and culture. They have introduced some exciting ideas about promotion of Bamboo and we can expect interesting developments in the next few months. They plan to go to Indonesia early in 2014 and we hope they will visit the places where we operate in Java and Sumatra, while checking out ways to publicize Bamboo.

Our partnership agreement with Daya Pertiwi in Malang, East Java, after many delays, is about to commence. The ill health of their CEO Made Polak and administrative problems in Indonesia have combined to delay getting it off the ground, but we are told that everything should be ready to begin making loans in September.

We are very fortunate to have representatives in Bandung and Malang, who keep an eye on how things are going. Colin Singer and his wife Aat have been strong supporters of Bamboo in Bandung and Duncan Graham and his wife Erlinawati introduced us to Daya Pertiwi in Malang. We are most grateful to them for the work they have done for Bamboo to ensure our interests are represented in each location in Indonesia, as we cannot be there all the time. We thank them for their support.

Peter Johnston, Chair of Board of Directors.

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



News items

- Bamboo will be featured in an article in the “Subiaco Post”, a local newspaper serving the Western suburbs of Perth.
- Peter Johnston, Chair of the Board, will be visiting Malang and Bandung in December.
- Bamboo income for the last three years has doubled each year. This is an incredible result and it is hoped it can continue for this year. Thanks to those who are paying a monthly contribution, as this helps us to budget ahead, knowing we have the income.
- We have renewed our membership of the Australia Indonesia Business Council for 2013.

Feature article by Bob Dannat

As a newly installed director of Bamboo Micro Credit (BMC), I decided to visit our outlet in Bukittinggi, Sumatra, during the period 26-28th May this year. The flight with Garuda was somewhat arduous since I had to transit via Bali and Jakarta with overnight stops in Jakarta both ways – however ‘jam karet’ (rubber time) is a way of life in Indonesia. I was met at Padang Airport by our Bukittinggi manager, Fikar. We then spent 3 hours on the 90km journey on a crowded Trans Sumatra highway - the result of a public holiday.

Bukittinggi is a pleasant town with population above 90,000 residents – the majority being of the Minangkabau ethnic group. The town is 930m above sea level and thus enjoys a mild climate with temperatures between 16.1° to 24.9°C. A notable feature is the surrounding ring of volcanoes which erupt occasionally with the dust producing a very rich soil which supports a thriving, small lot, agricultural industry. The area is subject to earthquakes and foreign aid had helped to rebuild houses damaged in recent earthquakes.

An interesting feature of the Minang population is that it is the world's largest matrilineal society; properties such as land and houses are inherited through female lineage. Men are encouraged to leave their home town to study and do business in other parts of the country and then return home with knowledge and experience to develop the local economy. After marriage a man commonly goes to live in his bride's house. The women are renowned for their weaving skills and produce magnificent detailed cloths embossed with gold thread, called songkan.

Given the close knit society and the plentiful supply of food and water, I was interested in why there is a need for small loans provided by BMC. I found that despite the positive aspects of this society there are some underlying traps which can lead to hardship and entrenched poverty. One of the important traps is the lack of a free health

“It's not a handout, It's a hand up”



Bamboo Micro Credit

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care system such as we enjoy in Australia. If a child gets seriously ill or if a pregnant woman requires a caesarean operation, it may take all of a family's savings to pay for the medical care. This often results in families resorting to loan sharks who charge exorbitant interest rates and sometimes trap a family into an endless spiral of debt. Other reasons for loss of funds are natural disasters, repairs to equipment, business failure and plain misfortune.

Education is highly prized among the Minang people and the funds required to send a child to a remote university and to pay the fees are often beyond the reach of the average family. To accumulate additional funds, many households plan to expand their existing businesses and a micro loan from BMC can make this dream a reality.

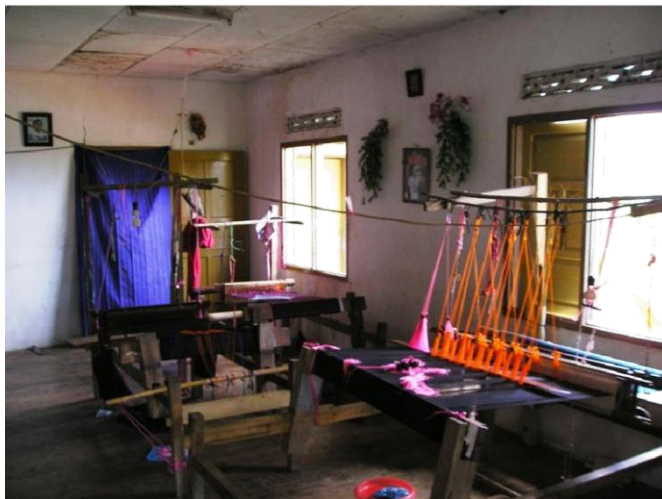
Below is photograph of me at a small shop (toko) which has been expanded with the aid of loans from BMC. At the rear of the shop the couple have installed a sewing machine to conduct repairs to clothing and on the other side is a small kitchen where meals are prepared to sell to customers.

The next photograph is taken at the market stall of a second hand shoe business with the owner in the background. He had been trapped by loan sharks and could not buy new stock for sale. Our loan rescued him from the downward spiral and he is well on the way to generating some profits from his store.

The last photograph is of a weaving loom at one of the home businesses in the countryside. The owner is a widow who has sent her daughter to University in Padang. The daughter is now in her final year and is short of funds to pay her final education fees and to buy a laptop computer which will be essential in her future career. Our loan provided the materials for the mother to increase the output of her weaving business. Some years' prior her house was destroyed in an earthquake and rebuilt, mainly through the physical labour of our manager.

Bamboo Micro Credit (Inc)
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