



October 2014 Annual General Meeting

Chairpersons Report

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This year has been a challenging period. There have been successes as well as some unresolved issues. However, Bamboo has continued to progress and develop.

Revenue for the financial year 2013/14 was marginally over the previous period at \$Au10,919 which was an excellent result. This has been converted into 150 loans since we commenced in 2007. As can be appreciated, income is perhaps our major concern, as, if we do not have funds, we cannot operate. So, knowing that we have a regular income means that we can plan for the future. We acknowledge and thank all our donors, especially those who donate on a regular monthly basis, as the income has allowed us to budget more confidently ahead.

A major setback occurred in September 2013, when Global Development Group made a sudden decision to terminate the partnership which we had with them, with minimal warning, so that we lost Tax Deductibility for Australian donations, which we thought at the time was a major catastrophe. This did not eventuate, as our income stream did not reduce. It did, however, affect our plans to seek funds from the Corporate sector.

This apparent setback has had a positive effect, in that the Directors resolved to apply for Deductible Gift Recipient (DGR) status in our own right. This is a major undertaking, involving approval from Dept. of Foreign Affairs and Trade and Australian Tax Office. The process often takes years to reach completion, for an overseas aid organization, as we are classified. We have submitted our application and are hopeful that the time frame can be reduced, given the quality of our application.

Policies and processes may not seem very important in such a practical program as Bamboo Micro Credit, however, as it has grown over the years, it has become



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essential that we have clearly stated policies and procedures to guide our practice. One of our Directors, Dr. Bob Dannatt, using his experience in the Aviation Industry and running his own business, has helped us to develop those policies and we are now in the position that we can clearly state our position on most issues.

Our relationships with our partners in Indonesia have developed very well and we have excellent relationships with them. They are essential to Bamboo's successful operations in Indonesia and we will nurture our relationship with them. Each of the partners is, however, different from each other and though we will be looking to develop a common agreement (MOU) with them, each has individual issues in regard to how it manages Bamboo funds.

Some seven years after the establishment of Bamboo Micro Credit and after 4 years of incorporation in WA, it gives me great pleasure to see the growth of the organization in Indonesia and Australia. We now operate from three locations in Indonesia, in partnership with our colleagues there, in Bandung, West Java, in Bukittinggi in W. Sumatra and in Malang East Java. The partnerships have enabled strong connections with the local communities, which have assisted our partners to identify suitable borrowers and support them by providing loans.

It is not difficult to find instances where our loans have made a difference to people's lives, but one case stands out for me. It seems to me to capture the essence of our goal, to assist people to help themselves. In a small village some 30 kilometers from Bukittinggi in W.Sumatra, on the slopes of a volcanic landscape, the villagers were able to produce a wide variety of vegetables from their plots, but their problem was to get their produce to the market in Bukittinggi. Ali, one of the villagers owned a small truck, but it was sadly in disrepair, when I viewed it with Fikar, who took me to the village. He explained that the owner was seeking a loan to repair the truck, so that he could start a business carrying produce to the market. I was skeptical that the truck could be repaired, but was assured that Ali, with the help of the local people could repair the truck and have it running for Id Rp 3 million (\$Au300), for which we agreed a loan. On my next visit, I was delighted to meet Ali in the vibrant Bukittinggi market with a truck load of vegetables from his village. He and his fellow villagers had successfully repaired the truck, he had repaid the loan and the villagers had



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access to a market which gave them a better return, even after they paid the owner of the truck for transport costs.

Our repayment rate of loans is 99%, which would be the envy of banks, although we anticipate that as our number of loans grows, this may reduce. It is clear that our borrowers value the excellent terms which they can access and so are willing to repay their loans. However, I must stress that micro credit involves intensive involvement with borrowers and it requires regular follow up to ensure repayment. While our loan conditions allow flexibility in repayment, we insist that borrowers maintain contact and explain the occasions they cannot make repayments.

Micro credit is an ideal way to support people from poverty, but we are keen to look at ways to assist borrowers to develop businesses which are sustainable. In many instances, borrowers can only see business opportunities which are within their limited vision. Often, these businesses are not viable or sustainable and are susceptible to failure. This was a major topic for discussion at a Conference in Bandung on 13/14 October 2014, attended by three Bamboo Directors, representatives from all three Indonesian partners and our representatives in Malang and Bandung. This was the first time all players had met together and there was much stimulating discussion of matters of mutual interest and exchange of ideas. We all returned to our homes full of issues to work on and questions to answer.

While Bamboo will be consolidating the partnerships in Indonesia over the next year, we will be looking at opportunities to develop other partnerships both in Australia (to raise funds) and Indonesia (to locate additional partners in other locations).

I would like to thank the Directors for their hard work over the past year, as well as our donors and supporters. Without them, Bamboo Micro Credit would not exist.

Peter Johnston,

Chair of Board of Directors October 2014.