



Newsletter No. 13

November 2013

Welcome to our Bamboo Micro Credit Newsletter

Since the last Newsletter, there have been a number of significant developments affecting Bamboo.

The main issue has been the termination of our partnership on 30 September 2013 with Global Development Group (GDG). The impact of this is that we no longer have tax deductibility for donations to Bamboo, which is a major problem, as so many donors expect that their donations can be used to reduce their tax.

The partnership with GDG ended due to differences in expectations on technical issues. Bamboo Micro Credit did not wish for the termination to occur but negotiations were unsuccessful and GDG ended the partnership. This event has highlighted that partnerships between agencies can offer many benefits, but also potentially areas for difficulties. The Board of Directors of Bamboo quickly met when this issue arose and developed an action plan to move forward in a positive manner.

Your Directors are now seeking another partnership which will restore tax deductibility and at the same time, we are applying for tax deductibility status (DGR) in our own right, through AusAid and the Australian Tax Office. We are most grateful to those who have continued their contributions to Bamboo in the meantime.

Our partnerships in Indonesia continue to perform well and we are discussing a possible connection with a University in Bandung, involving foreign MBA students in fieldwork with Bamboo borrowers. More information about this will be provided as it develops. Colin Singer, our representative there was instrumental in providing us with the introduction.

News from our Operations

BUKITTINGGI, WEST SUMATRA

Our representative, Fikar helped start Bamboo in 2006 and he continues to manage our operations there as well as managing his successful tour business Life 'n EasyTours. His knowledge of the locality, combined with his love of its cultural heritage, has resulted in a growing loan portfolio. His knowledge and understanding of the area has produced a diverse loan base and an enviable rate of repayment, with only one partial default out of a total of 42 loans. He is currently managing 14 loans, with 4 more under consideration.

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



BANDUNG, WEST JAVA

Our partner, PESAT is steadily increasing the loans they are managing (nine at present) with others under consideration. As mentioned in the last newsletter, Adam Peaty paid a visit to PESAT in September and had discussions with members of their Board and CEO. You can read his report below.

MALANG, EAST JAVA

Daya Pertiwi Foundation, our partner in Malang, is now set to begin making loans, and funds have been provided to them. I am looking forward to meeting some of their staff and borrowers when I am in Indonesia in December

Peter Johnston, Chair, Board of Directors

NEWS ITEMS

Director's Resignation

The Board has accepted with regret the resignation of Mrs. Annette Law, who has been a Director since Bamboo was incorporated. The Board will replace her and we are now seeking someone, preferably female, with a strong interest in and connection with Indonesia.

Adam Peaty's visit to Bandung

Visit to In - Country Partner Organisation Pesat

Over October 1st and 2nd 2013 Vice Chairperson of Bamboo Microcredit Adam Peaty visited our partner agency Pesat in Bandung Java and carried out an audit of their processes, bookkeeping and documentation in relation to funds provided by Bamboo Microcredit for loans. The staff at Pesat were happy to co-operate with the audit process and most welcoming of the visit. Adam has reported that he found Pesat have good processes, bookkeeping and documentation in place. Pesat has been selecting borrowers for only a few months since partnering with Bamboo so the number of borrowers is fairly low currently, but Pesat staff are expecting the number to significantly increase during the next year or so.

Adam also accompanied Pesat staff on a field trip to several villages North of Bandung where Pesat has been working to help villagers improve their water supplies and water hygiene management. At one of the villages Adam interviewed some Bamboo borrowers to ascertain how helpful the Bamboo loans have been for them. All the

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borrowers interviewed reported they have experienced benefits in the form of being able to increase their income, develop their businesses through accessing working capital and in two cases employ others in their village to help them with their business.

The borrowers discussed the difficulty normally in accessing loans from banks, particularly if they do not have any suitable collateral, difficulty in meeting bank interest payments if a bank loan could be accessed, or the excessive charges of loan sharks (the alternative to banks). Overall the feedback was that the loans from Bamboo are greatly appreciated and are having a positive impact.

Annual Audit

For a second year, Guy Lehmann of Muntz and Partners has completed our Audit, which is a requirement of the WA Department of Commerce. He undertakes this for us free of charge and for this we are very grateful. If you need a CPA, we can recommend him and his office is at 196 Scarborough Beach Rd. Doubleview, phone 9445 3488.

Our Indonesian Representatives

During October, both Colin Singer, our representative in Bandung and Duncan Graham in Malang, were in Perth and the Chair of the Board and some of the Directors met with them to catch up on news from Indonesia and to tell them about Bamboo in WA. We are very fortunate that Colin and Duncan are able to support us in his way.

Bamboo Micro Credit (Inc)
www.bamboomicrocredit.org.au

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