



Village Banks

For poor families who survive on very little money, getting ahead in life can seem out of reach. ALWS are making it possible for families to save money, and to take out small loans in order to start or improve a small business. This helps the families to be able to save enough money for seeds to plant, or to buy food if their crops do not produce what they need. Village banks help promote food security in villages!

We'll use the Preak II Village and their Bank as an example to show you how a Village Bank works to change lives in Cambodia!

The village people themselves expressed that they would like to set up a Village Bank, and so after much consultation the Lutheran Team funds this venture.

Before new loans are issued, the Village Bank Committee explain:

- The loan is for business only, and that it requires a business plan (loan amount, own resources, gross profit, net profit). If the person is illiterate or unsure, they receive help with their business plan. This step ensures that people have really considered what they are doing, and understand fully what they are getting into. Secondary business loans can be taken out to expand a business, but there must be an updated Business Plan.
- The person taking out the loan must be able to show a regular weekly savings plan.
- In special circumstances, emergency loans for members will be considered with no interest, but these loans must be repaid in 15 days.
- The interest rate is 3% per month and the total loan must be repaid in 6 months. (Compared to local money-lenders who charge between 10% - 30% per month and a private bank who also charges 3% per month, but requires collateral + guarantor + all profits go to the bank.)
- Profits: 60% dividend to members / 40% added to capital

Lives are changed as families are able to develop their lives through these business loans.



Village Bank volunteers Heng Veun (Secretary), Chean Huy (cashier), and Tang Slek (Chief of Village Bank). Chean Huy (aged 22 years) says, *"I was elected to the committee. The members trust me because I am a teacher. I am happy with this position because I have a chance to help."*

	Businesses	Families	Total Loans (Riel)
1	Grocery Shop	2	400,000
2	Local Cakes Shop	2	400,000
3	Rice Soup Shop	1	200,000
4	Chicken Raising	8	1,600,000
5	Pig Raising	10	2,000,000
6	Rice Production	12	2,400,000
7	Vegetable Planting	1	200,000
8	Fish Farming	1	200,000
9	Duck Raising	1	200,000
		38 members	7,600,000

The Investment Summary of the Preak II Village Bank for 2010—38 families who were given a chance to make their lives better!



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