

Trailblazer Foundation

Village Fund Report - 2007-2009

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Executive Summary

From the program's inception in a single village in 2007, it has expanded to help villagers from 7 regional villages create a combined \$1807 in local capital. This capital was used to finance 46 loans to 38 villagers, with an average loan size of \$39. The default rate remains at 0%, with infrequent delinquency.

Through this judicious use of micro-lending, participating villages have produced a 16% (\$284) return on starting capital, covering \$227 in village expenses and retaining a profit of 3% (\$57).

Program Overview

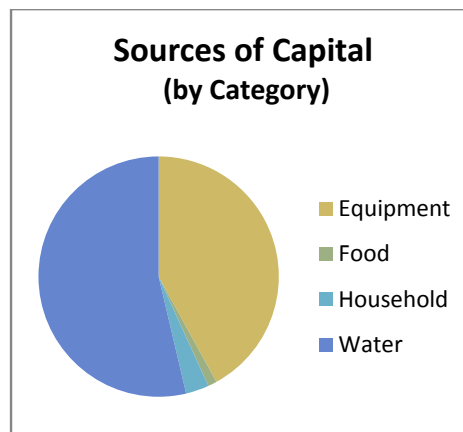
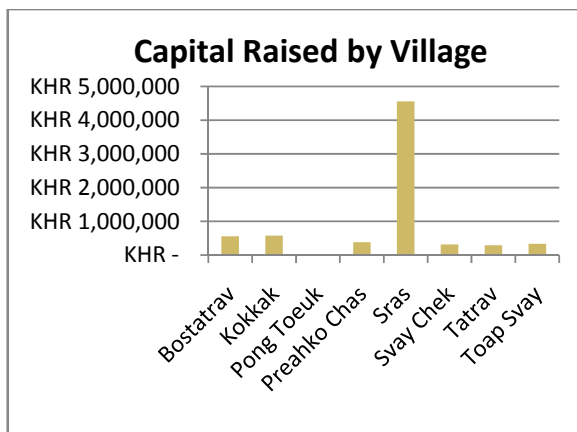
The Trailblazer Cambodia Organization's "Village Fund" program is a new and innovative way of providing for immediate needs while creating self-sustaining micro-finance funds to support village development.

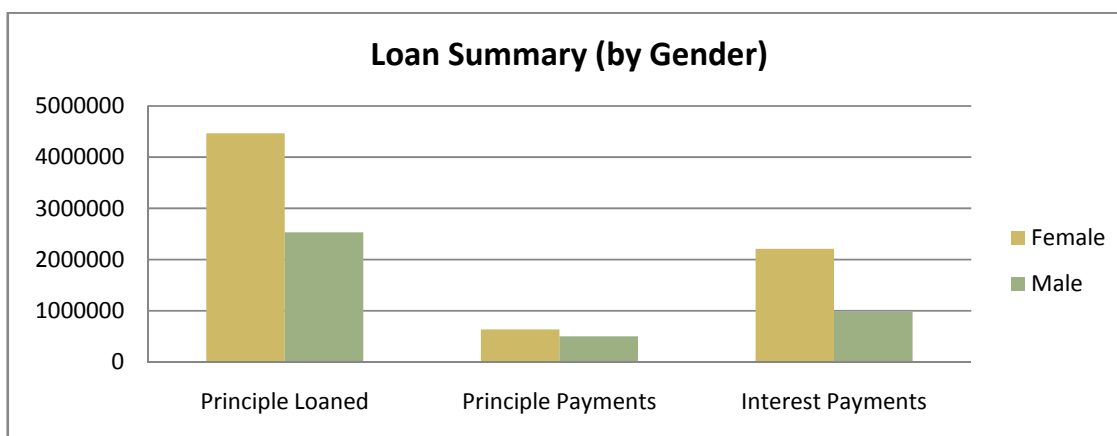
This program consists of three re-enforcing stages:

1. **Raising Capital:** When villagers purchase subsidized clean water, small business, or other items, their contributions form a village-level pool of capital.
2. **Loans and Expenses:** This capital pool is owned at a village level, with a local finance committee managing its use as capital for micro-lending, or to pay for village needs such as roads and bridges.
3. **Repayment:** Borrowers return capital over a 12 month period, at a 2% monthly interest rate, increasing the overall size of the credit pool available to others from the village.

Raising Capital

Within the 7 participating villages, \$1,750 in starting capital was raised through small purchases by villagers. The flagship village, Sras, raised \$1,125 for their fund, which is currently valued at \$1,325 due to an effective use of the loan program (discussed further in "Loans and Expenses").





Sources of Capital

The following is an analysis of the 3 current source of capital, subsidized payments by villagers for clean water, small business, and household/miscellaneous items.

Clean Water

The water program remains the largest source of capital, with over 250 bio-sand water filters distributed, as well as 45 pull pumps and 45 wells (31 pump wells, 14 pit wells). After subsidization, villagers' payments for water-related items have created \$932 for local Village Funds, or 49% of total fund capital.

Item	Units Purchased	Total Cost	Village Fund Capital	Payments To Date
Water Filters	253	\$11,385	\$506	\$371
Pull Pumps	45	\$4,500	\$135	\$117
Pump wells	31	\$4,575	\$153	\$94
Pit well	14	\$3,920	\$98	\$98
Concrete Rings	10	\$52	\$40	\$40
Totals	343	\$24,432	\$932	\$719

Capital Sources: Small Business

Beyond basic needs, Trailblazer continues to encourage small business growth within villages. To date, villagers have been granted funds for a stationary shop, sewing machines, well drilling tools, and industrial machines. After subsidization, villagers' payments from these items represent another \$677 for local Village Funds, or 36% of fund capital.

Item	Total Cost	Village Fund Capital	Payments To Date
Drilling tools	\$806	\$403	\$300
Stationary shop	\$412	\$103	\$103
Industrial machines	\$180	\$90	\$83
Sewing machines	\$162	\$81	\$52
Totals	\$1,560	\$677	\$538

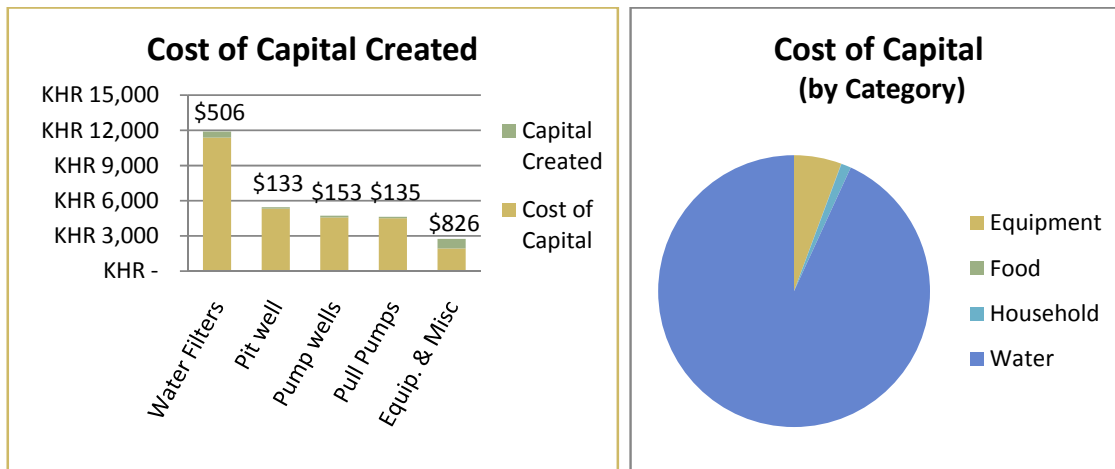
Household and Misc.

Other capital grants include extending capital for household items or community needs. After subsidization, villagers' payments for household and miscellaneous items represent the smallest source of Village Fund capital, providing over \$83, or 15% of fund contributions.

Item	Total Cost	Village Fund Capital	Payments To Date
Flip flops	\$270	\$68	\$0
Dessert Materials	\$15	\$15	\$15
Totals	\$285	\$83	\$15

Cost of Capital

As the products purchased by villagers are subsidized, capital acquired by the Village Funds come at a cost to Trailblazer. While enabling the \$1750 in Village Fund capital, Trailblazer has extended \$27,703 worth of clean water, small business, and other materials.



Subsidy Schedule

Items are subsidized according to need as well as ability to pay. Clean water items are highly subsidized (96-98%) as they are considered basic needs. Business equipment and other profit-generating items, such as drip irrigation systems, are subsidized at the lesser rate of 25-50%.

	Unit Cost	Subsidy (%)	Cost to Villager
Water Filters	\$45.00	96%	\$2.00
Pull Pump	\$100.00	97%	\$3.00
Pump Well	\$150.00	97%	\$5.00
Pit Well	\$280.00	98%	\$7.00
Concrete Ring	\$13.00	23%	\$10.00
Flip Flops	\$0.50	50%	\$0.25
Business Equipment		50%	50%
Stationary Shop		25%	25%

Using Capital: Loans & Expenses

Capital raised by Trailblazer Village Funds has primarily been used as principle for small loans, with \$1804 (103% of starting capital) having been loaned to date. The interest from these loans has added \$287 (16% of starting capital) to the Village Funds.

Funds can also be used to cover village expenses, with \$227, or 13% of starting capital having been used for expenses to date. Villages vary widely in their use of funds for loans or expenses, with different villages spending from 0-59% of fund capital on expenses.

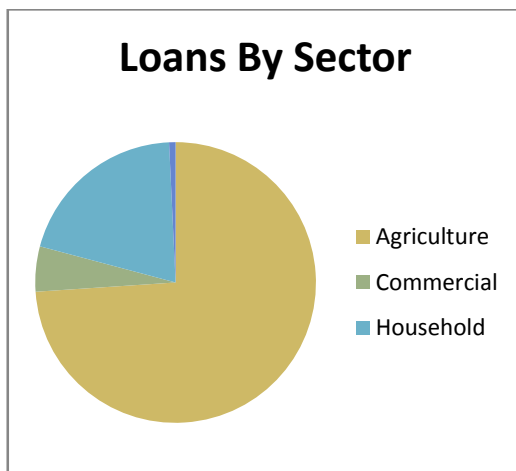
Five villages have begun loaning funds, with three of these villages loaning enough to cover expenses and increase the overall size of their fund. After expenses, the villages have retained a profit of \$57, with current capital representing 103% of starting capital.

Loans

Trailblazer Villages have made 46 loans to 38 villagers, amounting to \$1804 in principle and \$227 in revenue. The average loan was R 157,000 (\$39), with individual loans ranging from R 15,000 (\$3.75) for a Bostatrav child's healthcare to a revolving credit line totaling R 1,450,000 (\$362.50) for a Sras woman to operate her rice wine farm. The latter loan was the most profitable, producing a 22% return on investment over 2 years.

Loans by Sector

The bulk of loans (74%) have been used to promote agriculture through the purchase or grains, livestock, equipment, and labor. Household concerns represent a significant portion of loans as well (20%), as household healthcare trails only Agricultural Goods as the second largest use for loans (7% of principle granted). Commercial goods (excluding agriculture) comprise the remaining 6%, consisting mainly of supplies for local groceries shops and lumber yards.

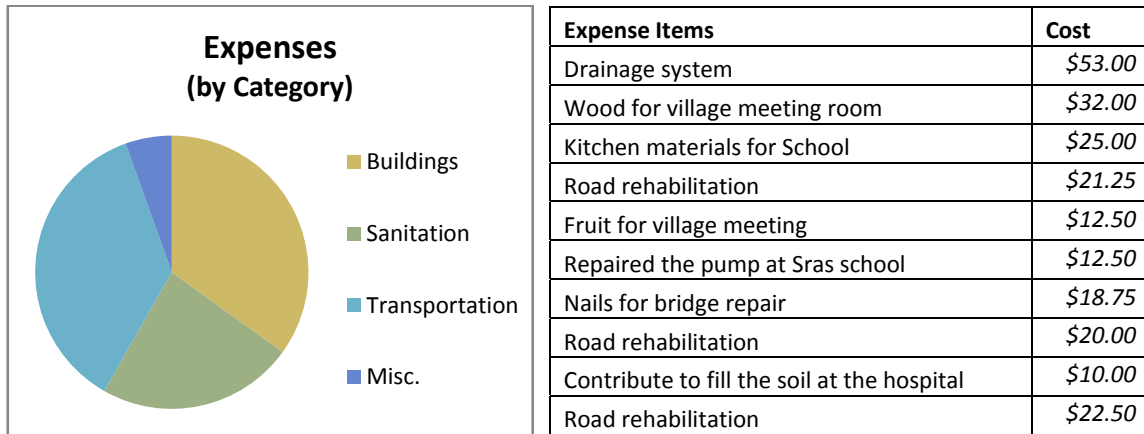


Loan Uses	Principle (KHR)	Portion
Ag. Goods	4,654,000	70%
Healthcare	491,100	7%
Comm. Goods	350,000	5%
HH Maintenance	300,000	4%
HH Misc	240,000	4%
HH Construction	200,000	3%
Ag. Real Estate	200,000	3%
Ag. Labor	114,000	2%
HH Ceremonial	100,000	1%
HH Debt	20,000	0%
Totals	6,669,100	100%

Expenses

Trailblazer villages spent \$227 on community-related expenses over the 2007-2009 reporting period. Of note, 96% of these expenses were incurred in Sras, which maintains an overall profit of 16% on their fund.

Most expenses which were paid for from the Village Funds were infrastructure related, including transportation (36%), building repair (35%), and sanitation (23%). Among fund uses were repairs to roads and bridges, a hospital at Svay Chek, a village meeting room in Kokkak, and the school at Sras.



Returning Capital: Re-payments

As of 2009 closing, villagers have repaid 48% of the \$1,805 loaned, with interest payments totaling \$285. This represents an average of 16% return on loaned funds.

The funds retain a combined "cash on hand" balance of \$396, or 22% of the fund size. The remaining 78% is split between interest-bearing loans (\$940, 52% of funds) and outstanding payments owed for purchased items (\$473, 26% of funds).

The default rate of loans remains (happily) at 0%.

Conclusions

Due to the high level of adoption, and the success of local villages in profitably managing their funds, the Village Fund program will be continued and expanded in 2010. Suggestions for improvements in 2010 and beyond will be made in a separate report, and will include improvements to records management and optimization of the subsidy schedule.

Proposals to expand the Village Fund program based on the success of micro-credit lending may include micro-savings accounts, as well as less traditional models such as "rice banks" and a credit-based pig farming program.