Annual Microfinance Conference 2015

“Healthy Growth for Sustainable Development”

23 December 2015
Independence Hotel, Preah Sihanouk province

ANNUAL MICROFINANCE CONFERENCE REPORT

Organized by:
Cambodia Microfinance Association
Funded by:
ADA Luxemburg
Sponsored by:
Credit Bureau Cambodia (CBC)
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BACKGROUND

Since 2008, CMA has organized annual events that bring together policy makers, prominence business leaders and key stakeholders’ representatives to discuss current trends and key issues related to Microfinance development and growth in Cambodia. Sustainable social impacts, healthy competition, client protection and financial education initiatives were some of the main topics regularly appeared in those annual events.

Annual Microfinance Conference 2015 (AMC 2015) features keynote presentations from the industry champions and panel discussion on one of the most critical aspects of Microfinance in Cambodia, i.e. 'Healthy Growth'.

This year event, like its predecessors, funded by ADA Luxembourg. AMC 2015 is the first being planned and designed for the future where ADA’s generous support is no longer available and to gradually and fully self-financing itself in a few years either through registration fees, sponsorship or other supports. This self-financing could be enabled by highly professional event organization, with strong, rich and useful contents generation and delivering, engagement of respectable champions in the sector and across economic spectrum and high relevancy to current development and future trend, etc. Credit Bureau (Cambodia) has also provided support to the event.

OBJECTIVES AND SCHEDULE

The Annual Microfinance Conference was organized with three main objectives:

- To provide forum for discussion on the critical elements affecting the growth and development of Cambodia’s microfinance sector and the economy
- To encourage strong professionalism in microfinance sector and revitalize Institutions’ social goals
- To debate and instill highly responsible and healthy growth strategy across the

TENTATIVE PROGRAM:

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<tr>
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<th>Description/Activity</th>
<th>Remark/Responsibility</th>
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<tr>
<td>08:00-08:30</td>
<td>Registration and arrival of guests</td>
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<tr>
<td>08:30-08:35</td>
<td>Cambodian National Anthem</td>
<td>All participants</td>
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<tr>
<td>08:35-08:45</td>
<td>Welcoming address</td>
<td>Oknha Dr. Bun Mony, Chairman of Cambodia Microfinance Association</td>
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<tr>
<td>Time</td>
<td>Session Title</td>
<td>Speaker(s)</td>
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<tr>
<td>08:45-08:55</td>
<td>Welcoming remark</td>
<td>H.E Chou Vannak, Deputy Director General of Ministry of Economy and Finance</td>
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<td>08:55-09:05</td>
<td>Keynote opening remark</td>
<td>H.E Ouk Maly, Deputy Governor of National Bank of Cambodia</td>
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<td>09:05-09:35</td>
<td>Networking refreshment</td>
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<td>09:35-09:55</td>
<td>Microfinance: Professionalism and healthy Competition – Regional Leader, Cambodia Context</td>
<td>Mr. Chan Mach, CEO of Kredit Microfinance Institution Plc.</td>
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<td>09:55-10:15</td>
<td>Overcoming Key Challenges of Client Protection Principle Certification</td>
<td>Mr. Sok Voeun, CEO of LOLC (Cambodia) Plc.</td>
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<td>10:15-10:30</td>
<td>Q&amp;A</td>
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<td>10:30-10:50</td>
<td>Enabling environment for healthy growth in Cambodia Microfinance Sector: Policy Perspectives</td>
<td>Mr. Ney Sakal, Director of Department of Financial Market and Institutions, of Ministry of Economy and Finance</td>
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<td>10:50-11:10</td>
<td>Sector Growth and Monitoring: Credit Bureau Perspective</td>
<td>Mr. Pascal Ly, CEO of Credit Bureau Cambodia</td>
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<td>11:10-11:40</td>
<td>Q&amp;A and Open Forum</td>
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<td>11:40-13:00</td>
<td>Networking Lunch</td>
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<td>13:00-14:30</td>
<td>Workshop on Social Performance Management (Client Protection and consumer awareness) 1. Video on Universal Standards (6 Standards) 2. Voice of the Client and Consumer Awareness - Financial Education 3. Sector Wide Challenges - Specific Topics (Over indebtedness, Rescheduling) 4. Certification Process of Smart Campaign</td>
<td>Speakers/Moderator:  - Mr. Ear Techkung, CMA  - Ms. Diana Tjoeng, Good Return  - Mr. Ban Phalleng, LOLC  - Ms. Valeria Pujia, Microfinanza</td>
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<tr>
<td>14:30-15:00</td>
<td>Networking refreshment</td>
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<td>15:00-16:30</td>
<td>Plenary Panel Discussion 'MFIs: Promoting Healthy Growth Strategy'</td>
<td>Moderator: Oknha Dr. Bun Mony, Chairman of CMA  Panel:  - Mr. Chea Phalarin, CEO of Amret  - Oknha Hout Iengtong, CEO of HKL  - Mr. Kea Borann, CEO of AMK  - Mr. Sim Senacheert, CEO of Prasac  - Mdm. Top Soksamphea, COO of VFC</td>
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CONFERENCE THEMES

The main theme of the Annual Microfinance Conference 2015 “Healthy Growth for Sustainable Development”, selected thoroughly to reflect cautiously the phenomenal growth of the microfinance sector during the last couple of year and emphasize the important role it's playing in sustainable social development of the country.

The Conference divided into 4 main sessions:

1. Opening session: featuring welcoming remark, keynote address or opening remark
2. Keynote, presentations/speech delivered by:
   - Professionalism and healthy Competition – Regional Leaders, Cambodia, Mr. Chan Mach, CEO of KREDIT Microfinance Institution Plc.
   - Overcoming key Challenges of client protection principle certification-Mr. Sok Voeun, CEO of LOLC (Cambodia) Plc.
   - Enabling environment for healthy growth in Cambodia Microfinance sector: Policy perspectives-Mr. Ney Sakal, Director of finance markets & Institutions
   - Sector growth and Monitoring: Credit Bureau perspective-Mr. Pascal Ly, CEO of Credit Bureau Cambodia
3. Certification process of Smart Campaign Workshop on Social Performance Management (Client Protection and Consumer Awareness)
   - Video on Universal Standards
   - Voice of the client and consumer Awareness
     - Financial Education
   - Sector Wide Challenges
   - Specific topics(Over indebtedness, reschedule)
4. Plenary Panel Session: MFIs: promoting Healthy Growth Strategy

Moderator: Oknha Dr. Bun Mony, Chairman of CMA

Panelist

- Oknha Hout Iengtong, CEO of HKL
- Mrs. Top Sokamphe, COO of VFC
- Mr. Sim Senacheert, CEO of Prasac
- Mr. Mom Choeun, COO of AMK
- Mr. Chea Phalarin, CEO of Amret

CONFERENCE ORGANIZATION

The Annual Microfinance Conference 2015 was organized by Cambodia Microfinance Association (CMA). The organizing committee includes:

- Mr. Yunn Sovanna, General Secretary
- Mr Lam Rovaiy, Training and Development Manager
- Mr Ear Techkung, Project Manager, Client Projection Initiative
- Mr Uk Phaikdey, Program Officer, CAFE Initiative Program
- Miss Hok Chheng Ieng, Senior Admin & Finance Officer
- Mr Hoy Saksa, Junior Training and Development officer
- Miss Um Ratana, Junior admin & Finance officer
- Mr. Neat Thirith, Training Specialist
- Mr. Touch seireywattana, Receptionist

The organizing committee was responsible to ensure that every aspect and logistic arrangement of the Annual Conference is smoothly implemented.

MODERATOR/FACILITATOR, SPEAKERS & GUESTS OF HONOR

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<th>No</th>
<th>Name</th>
<th>Role/Responsibility</th>
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<tr>
<td>1</td>
<td>Oknha Dr. Bun Mony</td>
<td>Welcoming address &amp; Moderator of Panel Discussion</td>
<td>CMA</td>
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<td>H.E Chouk Vanak</td>
<td>Remark</td>
<td>MEF</td>
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<tr>
<td>3</td>
<td>H.E Ouk Maly</td>
<td>Keynote opening remark</td>
<td>NBC</td>
</tr>
<tr>
<td>4</td>
<td>Mr. Chan Mach</td>
<td>Speaker</td>
<td>KREDIT</td>
</tr>
<tr>
<td>5</td>
<td>Mr. Chea Phalarin</td>
<td>Panelist</td>
<td>AMRET</td>
</tr>
<tr>
<td>6</td>
<td>Oknha Hout Iengtong</td>
<td>Panelist</td>
<td>HKL</td>
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<td>7</td>
<td>Mr. Mom Choeun</td>
<td>Panelist</td>
<td>AMK</td>
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<td>8</td>
<td>Mr. Sim Senacheert</td>
<td>Panelist</td>
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There were 149 participants (20 females) at this conference including representatives from:

- Ministry of Economy and Finance (MEF)
- Ministry of Interior (MoI)
- Chamber of commerce
- Good Return
- National Bank of Cambodia (NBC)
- Oikocredit, BlueOrchard
- ACLEDA Bank, Cambodia Post Bank
- Association Bank of Cambodia (ABC)
- Credit Bureau (Cambodia) Co. Ltd
- Various Microfinance Institutions and Rural Credit Operators
INTRODUCTION

The annual microfinance conference 2015 under the main theme “Healthy Growth for Sustainable Development” on 23 December 2015 in Preah Sihanouk Province was officially opened at 8.30 am with 149 (women=20) eminence leaders and representatives from MFIs, Financial Institutions, Regulators and Government, and from investors and other key stakeholders.

The Annual Microfinance Conference held with three main objectives:

i. To provide forum for discussion on the critical elements affecting the growth and development of Cambodia’s microfinance sector and the economy
ii. To encourage strong professionalism in microfinance sector and revitalize Institutions’ social goals
iii. To debate and instill highly responsible and healthy growth strategy across the Microfinance sector

1. OPENING SESSION: FEATURING WELCOMING REMARK, KEYNOTE ADDRESS OR OPENING REMARK

The event was welcome address by Oknha Dr. Bun Mony, Chairman of CMA and welcoming remark by H.E Chouk Vanak, Deputy Director of General Department of Financial Industry, Ministry of Economy and Finance. Finally, the conference was keynote opening remark by H.E Ouk Maly, Deputy Governor of National Bank of Cambodia

Figure 2: Distinguished guests attending the conference

1) Welcoming Address of Oknha Dr. Bun Mony, Chairman of CMA

In his welcoming address, he emphasized that CMA organizes this conference to announce the success for the year, appreciation the achievement of members who have got during this year performance and to create pleasure opportunity that allow private sector, donors, regulators and government officer for meeting each other and building network to get closer and discuss issue to prepare ourselves to face with new challenges in the upcoming future. He also highlighted the CMA achievement such as: CMA got 63 members which 45 licensed by National Bank of Cambodia, 6 financial leasing companies and 12 rural credit operators (September 2014, CMA had 44 members which 38 licensed by National Bank of Cambodia and other 6 were rural credit operators). Today, MFIs is covering all 25 provinces and capital
city in Cambodia through 1,354 operational offices with portfolio outstanding about USD 2,721 million and 1,931,381 of active customer while in September 2014, there were 1,150 offices with outstanding Portfolio only USD 1,797.46 million and 1,720,978 of active borrowers which increase by 18% 51% and 12% respectively within 1 year and PAR>30 days was at 0.66%. Separately, there are 8 MFIs have obtained Deposit-taking License from National Bank of Cambodia and have collected saving from the public approximately USD 1,241 million from 1,351,410 depositors. If we compare to previous year as of September 2014, there was only USD 811 million from 1,054,435 depositors which increase by 53% and 28% respectively for during a year. According to this result, it proved that the clients have put more trust in microfinance business in Cambodia and this factor also reflects that microfinance sector has been successfully penetrating in daily living of Cambodian.

He strongly emphasized the conference is to strengthen professionalism in microfinance operation to guarantee stable growth in its operation and that meeting would bring out some sorts of presentation of succeed experience in client protection principle, financial literacy, micro and small credit management and others financial services. The discussion on how to manage each institution in the current rapid growth of the industry, and risks protection to guarantee sustainable growth were included in this program and participated by top 5 MFI such as Prasac, Amret, HKL, AMK and Vision Fund Cambodia.

Figure 3: Oknha Dr. Bun Mony delivered welcoming address

2) Welcoming Remarks of H.E Chou Vanak, Deputy Director General Department of Financial, Ministry of Economy and Finance

In his welcome remarks, H.E Chou Vanak, Deputy Director General Department of Financial, Ministry of Economy and Finance mentioned that the conference is an importance for discussion together between regulator, policy maker, development partners, investors and financial service providers in order to work together to identify the common resolutions to encourage microfinance sector for healthy growth for sustainable development to contribute social economic development and poverty reduction.

He also highlighted Cambodia’s Microfinance sector has been growing rapidly intern of products, services, quality and quantity if compared to the same period of the time past year:
- Scale credit for the 3rd quarter of 2015 amount US$2730 million, increased 52% compared to the 3rd quarter of 2014.
- Deposit for the 3rd quarter of 2015 amount US$ 1.240 million, increased 53% compared to the 3rd quarter of 2014.
- The number of clients for 3rd quarter of 2015 has 1.93 million, increased 13% compared to the 3rd quarter of 2014.

He added that according to rapidly growth of Cambodia’s microfinance sectors, the sector also faced some challenges which require to be solved immediately. The Economic and Financial Policy Committee of the Ministry of Economy and Finance organized a meeting on the situation and explore solutions to the current challenges and the future financing of micro-finance sector. The meeting established two working groups which the 1st group led by the Ministry of the Interior, responsible for monitoring and strengthening the management and registries of microfinance operators, and the second group led by National Bank of Cambodia responsible for studying the possibility to reduce interest rates and prepare regulations necessary for consumer protection and increase the effectiveness of credit to vulnerable people.

**Figure 4: H.E Chou Vanak delivered welcoming remarks**

3) **Keynote speech of H.E Ouk Maly, Deputy Governor of National Bank of Cambodia**

In her opening speech, she emphasized the importance of the conference that it is a good opportunity for credit operators, MFIs and relevant stakeholders to discuss and challenge together and also sharing experiences, perceptions and lesson learnt.

She also mentioned 2016 is the 10th anniversary of the Cambodian Microfinance years after Samdech Techo Hun Sen, Prime Minister of the Kingdom of Cambodia has announced 2006 as Cambodia’s Microfinance.

She has raised three importance points of the relationship between “growth “and ‘vulnerability” of the Cambodia’s Microfinance sectors to be considered in this conference:

1. Marketing competition and multiple debts
2. Lack of Microfinance Institutions’ management systems.
3. Ease the conditions of the credit provision.
Figure 5: H.E Ouk Maly delivered Opening speech

Figure 6: Group activity
2. SUMMARY OF PRESENTATIONS FROM KEYNOTE PRESENTATIONS DELIVERY:

a. Professionalism and healthy Competition – This session was delivered by Mr. Chan Mach, CEO of KREDIT Microfinance Institution Plc.

- With support from shareholders, investors, clients, and specially NBC, MFI industry have grown much such as: Coverage areas, Asset, Number of Clients and outstanding, Technologies, Product diversities and Skills
- Cambodia’s Microfinance Sectors contribute Economic Growth
- Number of banks, MFIs and Credit operators is growing and competitive.
- The average credit growth is 36% and the average credit growth/GDP growth is 25.25
- Professional competition is a part to contributes to sustainable growth of MFIs
- Create agreed Standard Rules (SR) in competition in which penalties included then the working group to discuss and circulate to related staffs
- Implementation of SR and solve any problems with good coordination on time and fairly.

He also suggested that CMA members should consider following points:

- Code of Ethic of LOs: Remember that “what we are doing is also for clients, not only incentives for staff and the profit for institution”
- Build the culture of caring and protecting the sector at grassroots level.
- Improper refinance
- Saying bad of others
- Limited ceiling of multiple loans (group loan and individual loan)
- Collaborate each other to educate villagers, authorities on pricing and collection method of non-regulated money lenders
- Join with Good Return for financial literacy
b. Overcoming key Challenges of client protection principle certification - this session was delivered by Mr. SOk Voeun, CEO of LOLC (Cambodia) Plc.

- LOLC is the first MFI in Cambodia that has received CPP certificate during SPTF annual conference 2015
- Overview of certification focus on 3 Ps (Paper, Process & People). Paper is written policy/ manual/ guideline complied with approved standard and well in place. Process referred to MFI implementing process and procedure in compliance to standards & internal control mechanism and People referred to the practice of staff and client whether they understand and implement it. Reschedule loan policy. MFI to inform client about the availability of product/ policy.....
- Loan recovery policy (delinquency management). MFI to detail each steps and staff attitude to the arrear loan. How MFI collect the loan in arrear....
- Assets that cannot be liquidated. MFI to list the asset that cannot be seized even loan is delinquent.....
- Changes to contract wordings, forms, and tools like repayment schedule, data privacy agreement, brochures, etc....
- Collection point compensation model. Compensation to the landlord shall not relate with the interest collection...
- Privacy of client data. Concept is quite new for MFIs. Credit officer has to inform client how their information will be used, and how to inspect debt's information...
- Provide client a disclosure mechanism and have the client review the term and conditions in multiple times. It consumes staff times and reduces productivity.
- It is easy for credit officers and other field staffs to remember the 7 principles, but do they understand how the 7 principles are translated into daily tasks.
- Staff have to understand/remember policies which requires multiple times of trainings;
- It needs multiple stakeholders to review policies... Different assessors and reviewers, different comments ...
- Client Protection Principle Campaign for Staff
- Client Protection Principle Campaign for Clients
- It needs strong cooperation from all departments to monitor the quality of refined policies.

c. Enabling environment for healthy growth in Cambodia Microfinance sector: Policy perspectives- This session was delivered by Mr. Ney Sakal, Director of finance markets & Institutions

- Background of the Policy Committee in Cambodia’s Microfinance Sectors
- Role and responsibility of Policy committee in Cambodia’s Microfinance sectors
- The challenge in the microfinance sectors such as
  - People still realize that the credit provider belong to government.
  - Microfinance operators such as banks, MFIs & association providing loan are more likely profit rather than non-profit humanitarian organization.
  - Credit provision yet to meet market needs
Microfinance Operators provide loan with high interest rate while the National Bank of Cambodia not yet determine the standard interest rate.

Credit yet to meet market needs

There are still many microfinance operators named associations or non-profit organizations and not registered with National Banks of Cambodia.

Microfinance operators do not comply with proper professional code of conducts that affecting the entire microfinance sector.

Progress of Cambodia’s Microfinance sector support policy

d. Sector growth and Monitoring: Credit Bureau perspective—This session was delivered by Mr. Pascal Ly, CEO of Credit Bureau Cambodia

- Credit Bureau of Cambodia is covering a range of customers from bank to microfinance, leasing and rural credit operator

  Industry Performance
  o Operator: 112
  o Customer: 1.9 Million
  o Account: 2.5 Million
  o Loan Portfolio: $10,047 Million
  o PAR: 1.2%
  o Average Loan Size: $3,960
  o Female Borrower: 70%

- Microfinance Performance
  o Operator: 51
  o Customer: 1.5 Million
  o Account: 2 Million
  o Loan Portfolio: $2,875 Million
  o PAR: 0.49%
  o Average Loan Size: $1,434
  o Female Borrower: 75%

- Cambodia is the country with youngest population from 20-39 years old with high credit utilization

- 30-39 years old is the highest credit usage in Cambodia microfinance: The highest credit utilization is within the age of 30-39 years old which account of 33% of the total loan portfolio and The category of 20-29 years old is majority represented by customers from 25 years old

- Business Loan and Personal Finance are the two main products offered by MFI

- US Dollar is dominance in Cambodia microfinance both in urban and rural areas

- In average, customer hold 1.2 loan accounts with microfinance institution

- Microfinance borrower is shown to be more loyal to their institution

- Cambodia is considered to be a good microfinance market as maintaining good quality of loan with PAR30 below 1%
- Loan performance and its quality is vary depending on geographical location

**Figure 7: Activity session in key note presentation**

3. SUMMARY OF WORKSHOP ON SOCIAL PERFORMANCE MANAGEMENT (CLIENT PROTECTION AND CONSUMER AWARENESS)

3.1 Video on Universal Standards-

- The Video on universal standards for social performance management was played to all participants, covering some key massages as following: What does it mean by social performance management (SPM)
- SPM support microfinance institutions to achieve social goal.
- The Universal Standards for Social Performance Management (the Universal Standards) to clarify and standardize social performance management (SPM) practices and bring together good successfully practices throughout the industry into one comprehensive manual. They were created by and for people in microfinance as resources to help financial institutions (FIs) achieve their social goals.
The Universal Standards manual organizes SPM practices into the following six dimensions:

- Define and Monitor Social Goals
- Ensure Board, Management, and Employee Commitment to Social Goals
- Design Products, Services, Delivery Models and Channels That Meet Clients' Needs and Preferences
- Treat Clients Responsibly
- Treat Employees Responsibly
- Balance Financial and Social Performance

In other words, social performance is about making an organization's social mission a reality, whatever that mission is. The followings are one of the more commonly promoted social values in microfinance:

- Providing financial and/or nonfinancial services to greater numbers of poor and excluded people
- Improving the quality and appropriateness of services already being offered
- Increasing revenue generated by clients' businesses
- Building clients' sense of empowerment
- Reducing vulnerability
- Alleviating poverty
- Improving an MFI's impact on the environment or the community

3.2 Sector Wide Challenges - The session was delivered by Ms. Valeria Pujia, Microfinanza

- Microfinanza Srl is an Italian leading microfinance consulting company, with 15 years of experience in providing worldwide microfinance consultancy services and technical support (assessment – TA – training – evaluation - research) in different areas:
  - SPM / CPP
  - Product Development
  - Corporate governance, Risk Management and Business Planning
  - Green Microfinance
  - Credit Bureau
  - The 7 CP Principles implementing
    - People
Why it is important?
- Prevent over indebtedness (CPP2)
- Papers to avoid over indebtedness Complaint mechanism (CPP7)

3.3 Certification Process of Smart Campaign - this session was delivered by Mr. Ear Teckug, Project Manager

Rating Agency
- M-Cril
- Microfinanza
- Microrate
- Planet Rating

42 MFIs worldwide and that one from Cambodia

The Path to Certification
- Endorse the Client Protection Principle
- Self-Assessment
- Certification Ready-Certified
- None Certification Ready-Assessment and Use of Tools, and Systematic Effort to upgrade Practice-Certificate Ready

Assessment Options
- Self-assessment
- Accompanied self-assessment
- Smart assessment/Third party Assessment

Assessment Process
- Review of Documents
- On site assessment
- Debrief
- Draft Report
- Final Report
3.4 Voice of the client and consumer  

**Awareness** - this session was delivered by Diana Tjoeng, Good Return

- Good Return is an Australian non-profit & technical assistance provider working across 9 countries in Asia-Pacific.
- **Why** build the consumer’s financial capability?
- **Quality growth** of clients and loan portfolio
- Address client drop out ratio
- Work toward **Smart Certification** (client protection) → attract donor and investor capital
- Enhance **mutual trust and respect** between consumer and financial service providers (FSPs)
- Building capability goes beyond knowledge and skills to focus on **behavioral outcomes for consumers and FSPs**
- Success for the FSP: More financially capable clients = improved portfolio quality
- Success for the Consumer: Improved money management & ability to use financial services = better financial decisions & outcomes
- **How to build consumer’s financial capability?**
- Delivery Channels: CAFE Accelerators and CAFEF2F training
- Update on CAFE Cambodia
- Shared resourcing of program: Good Return: salaries and travel costs of technical advisors; research and development of training materials.
- Cambodia Microfinance Association: project management support; local travel costs.
- Financial Service Providers: trainer salaries; material printing; Accelerator tools; Smart Assessments.
- Phase 1 now complete and evaluation underway, in preparation for Phase 2 to commence early 2016
- CAFE Phase 2 will start in early 2016 with existing partners
- Focus on MFI’s performance indicators & monitoring participant behavior against these indicators
- During Phase 2, limited spaces will be offered to motivated new partners
- To express interest please talk to us at the conference or contact:
  - Phaikdey ([po@cma-network.org](mailto:po@cma-network.org))
  - Diana ([diana@goodreturn.org](mailto:diana@goodreturn.org))
- **Conclusion:** For Healthy Growth & Sustainability, We Can Build The Consumer’s Financial Capability Towards Shared Responsibility
3.5 Sharing experience regarding to apply Client Protection Principle by Mr. Phalleng from LOLC (Cambodia) Plc

- He highlighted the key challenges to encourage all departments get involved with client protection principle. He added it needs strong cooperation from all departments to monitor the quality of refined policies. And it is very difficult to make clients understand about the product term, privacy data, rights, and pricing etc. Client illiteracy and old-age clients are less care of term and condition of products.

Figure 8: Activity session in Social Performance Management

4. SUMMARY OF PLENARY PANEL SESSION: MFI PROMOTING HEALTHY GROWTH STRATEGY

This session discussed the main themes of conference “Promoting Healthy Growth in Microfinance for Sustainable Development. This session was moderated by Okhna Dr. Bun Mony, CMA Chairman with following panelist from well-respected MFIs:

Panelists for this session included:

- Okhna Hout Iengtong, CEO of HKL
- Mrs. Top Sokamphea, COO of VFC
- Mr. Sim Senacheert, CEO of Prasac
- Mr. Mom Choeun, COO of AMK
- Mr. Chea Phalarin, CEO of Amret
The moderator asked the following question to each panelist.

Q1: What are the factors make Cambodia’s Microfinance sectors growth? What do you think?
- Internal Institutions (high productivity & long-term service provision)
- Good government (Management and leadership) of Institution
- Market demand = high demand
- loan portfolio and quality of loan
- External factor = economic activities = GDP
- Easy to access in term registration
- Active support from authorities
- Demand of client
- The capacity of credit officer increased
- The political stability, national security, policy provide opportunity for MFIs to growth
- Regulation is important but it should focus on ensuring that MFIs assess client capacity to repay and utilize credit bureau data on clients’ existing debt, rather than imposing arbitrary caps on the number of loans.

Q2: What are the positive and negative impacts of growth in Cambodia microfinance sector?
- **Positive impacts**
  - Increased awareness of client in term of using financial services and products
  - Contribute to GDP & economic
  - The accessibility of the financial services to at most of the people
  - The social goal of the microfinance sector is to free the Cambodian people from poverty line. So growth gives opportunities for people to get off poverty.
- **Negative impacts**
  - When the loan is not used for business purpose,
  - When lack of proper loan assessment,
  - When not a professional implementing/competition,
  - When not sensitive enough to the update information about world economics/crisis/social changes

Q3 Regarding to factors of growth and concerns about negative impacts, what is your strategy to address them?
- Not extend self in a not suitable situation
- Not ease the terms and conditions in order to provide loan
- Be professional practice
- Financial education and client protection policy
- Strict to the social goal
- Provide more opportunity for difficult clients
- Strengthen internal human resource
- Determine the level of growth that will not harm to the sector
- The healthy growth is not only for the sector, but also for the client
- The investor should see the policy in place first before provide fund to any MFI
- Control financial services and products
- Capacity building to staff on specific skill and analysis
- Improve internal systems such as policies, process & structure
5. CLOSING REMARK DELIVERED BY OKHNA DR. BUN MONY

Okhna Dr. Bun Mony, CMA Chairman, delivered closing remarks thanking distinguished participants and individuals involved in organizing the conference and announced that the conference was successful conducted and achieved its objectives as expected. The conference officially closed at approximately 5.30 pm.