INTEGRATED MICRO-FINANCE:
A BANKING AND FINANCIAL MANAGEMENT
MODEL FOR GRASSROOTS ENTREPRENEURIAL
DEVELOPMENT IN CAMBODIA

By

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ABSTRACT

Poverty exists in all countries, particularly in developing countries. Poverty has profound consequences for every aspect of the lives of people, and its conditions cry out for concerted action. It is, however, not easy to address and solve the multitude of problems arising out of poverty. Neither governments nor donor agencies have been able to eliminate poverty (Smith 2005). Nevertheless, in the last few decades, micro-finance has been used to enable the poor to engage in income generating activities, and provide self-employment for themselves and their families; in turn this has helped to fight the many negative aspects of poverty.

It should be stressed that poverty is a multi-dimensional problem; thus micro-finance alone cannot be considered as a panacea for poverty eradication. To remove extreme poverty there needs to be a comprehensive approach to address the multiplier effects of poverty—an appropriate mechanism with which to coordinate all the issues. The premise here is to stress that poverty elimination through grassroots development would require not only financial stimulation and support, but also expanding opportunities and access to education, knowledge and skills development. It is widely acknowledged that micro-entrepreneurs in Cambodia are constrained by poor health and/or illiteracy, basic business education and other non-financial factors that limit their capacity to utilise credit and even prevent them from accessing the financial services available (Vada 2002; Beresford et al. 2004; Flaming et al. 2005).

With respect to the above issues, this research aimed to develop a cost effective, integrated micro-finance model with non-financial services to deliver more comprehensive services to Cambodian micro-entrepreneurs. To the author’s best knowledge, such a research has never been undertaken before in Cambodia. This research, unlike many related field researches, aimed to address all the key factors of sustainable micro-entrepreneurship development; that is, both financial and non-financial
services. To achieve this objective, this research looked at the world’s much acclaimed micro-entrepreneurship development model, namely “the Grameen II micro-finance model”, as one that could be replicated successfully in the Cambodian context.

This research was based on a comprehensive literature review, an analysis of the micro-finance industry in Cambodia and of the Grameen II micro-finance model, the development of a theoretical framework, and the development of a survey approach. The survey approach was based on personal interviews with carefully selected respondents. This survey included a population of 15 licensed micro-finance institutions (MFIs), four specialised banks, and 15 commercial banks, and a sample of 200 randomly selected micro-finance clients (micro-entrepreneurs) who were clients of the participating micro-finance providers. However, out of the 34 selected financial institutions only 23 participated in the survey: 12 MFIs, 3 specialised banks and 8 commercial banks. The overall response rate was 68 percent. In respect to the data analysis, both qualitative and quantitative methods were utilised in this study.

This research identified that considerable improvement is still needed if the Cambodian micro-finance sector is to support micro-entrepreneurs’ income generating activities. The results from this study showed that most of the micro-finance providers were mainly focused on credit provision, which suggests that the majority of micro-entrepreneurs in Cambodia have not yet been fully serviced by institutional micro-finance providers. The study found that savings schemes, other financial services, and non-financial services such as literacy/numeracy and business training were largely undeveloped. The study also identified a need to provide a wider range of services, which will play an important part in making micro-finance more accessible and will have a greater impact for a greater number of micro-entrepreneurs, who need diverse services. Finding a cost-effective way to reach a larger proportion of the population with multiple services will be challenging. Nevertheless, this study suggests that the Grameen II micro-finance model can be one approach to meeting this challenge. The study revealed that the Grameen II micro-finance model could be replicated in the Cambodian context to provide cost effective, integrated
services in order to cater for the diverse needs of micro-entrepreneurs. The study also concluded that the Grameen II model is well suited to the developing of micro-finance initiatives, as well as micro-entrepreneurship in Cambodia.

Overall, this study will contribute significantly to knowledge about integrated micro-finance models for micro-entrepreneurship development in a developing country. The study helps to consolidate our understanding of integrated micro-finance for grassroots entrepreneurial development and of the field of micro-entrepreneurship generally, and has practical implications for researchers, practitioners and policy makers.
DECLARATION

I hereby state that this thesis contains no material that has been accepted for an award of any degree in any university or equivalent institution. To the best of my knowledge this thesis also contains no material previously published or written by any person, except as shown in the references of this paper.

Makara Moeung

_____ / ____ / 2008
DEDICATION

To Professor Mohammad Yunus,
the founder of the Grameen Bank, whose noble cause and devotion to micro-finance
inspired this research.

To all the eternal warriors, the micro-entrepreneurs of Cambodia,
without whose expressed need this thesis would not have been undertaken.
This research is indebted to many people; however, the one that I am most indebted to is my supreme father, Moeung Samphan, to whom I owe everything. Your profound wisdom, and eternal support and passion in me are all the keys to my success in life, including this fulfilment of my PhD.

I am also very grateful to my mother, Yuos Simorn, and my parents-in-law, Chea Sophara and Tan Maly, who have given me everlasting love and support in completing this study.

To my wife

Chea Chuktima, my son Phan Sophanith, and my daughters Phan Sophanisa and Phan Sophanica

For infinite reasons, you epitomise the phrase “unconditional love”. I feel eternally blessed to be your husband and father. You are the barometer of my success. Thanks for being there and bringing meaning and balance to my life.

I am also enormously indebted to the many other individuals and organisations that made this research possible. I owe a great deal to my principal supervisor, Professor Christopher Selvarajah, for his guidance, continuous support, encouragement, and insightful comments at various stages of this research. I am also grateful to the following persons who contributed in various ways to this thesis: Dr Dennis Foley (second supervisor); Professor Sheikh Rahman, Professor Shahid Yamin, Professor Louise Kloot, and Professor John Bowden.

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<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACLEDA</td>
<td>Association of Cambodian Local Economic Development Agencies</td>
</tr>
<tr>
<td>AIDS</td>
<td>Acquired Immune Deficiency Syndrome</td>
</tr>
<tr>
<td>AMK</td>
<td>Angkor Microheranhvatho Kampuchea</td>
</tr>
<tr>
<td>ARCM</td>
<td>Asia Resource Centre for Microfinance</td>
</tr>
<tr>
<td>BEP</td>
<td>BRAC Education Programme</td>
</tr>
<tr>
<td>BRAC</td>
<td>Bangladesh Rural Advancement Committee</td>
</tr>
<tr>
<td>CCRD</td>
<td>Credit Committee for Rural Development</td>
</tr>
<tr>
<td>CCSF</td>
<td>Cambodian Community Savings Federation</td>
</tr>
<tr>
<td>CEB</td>
<td>Cambodia Enterpreneur Building</td>
</tr>
<tr>
<td>CMA</td>
<td>Cambodian Micro-finance Association</td>
</tr>
<tr>
<td>COOPEC</td>
<td>Coopératives d’Épargne et de Crédit</td>
</tr>
<tr>
<td>CRECER</td>
<td>Crédito con Educación Rural</td>
</tr>
<tr>
<td>CE/E</td>
<td>Crédit-Épargne avec Éducation</td>
</tr>
<tr>
<td>CGAP</td>
<td>Consultative Group to Assist the Poor</td>
</tr>
<tr>
<td>CREDO</td>
<td>Cambodia Rural Economic Development Organisation</td>
</tr>
<tr>
<td>EHC</td>
<td>Essential Health Care Program</td>
</tr>
<tr>
<td>EMT</td>
<td>Ennatien Moulethan Tchonnebat</td>
</tr>
<tr>
<td>FINCA</td>
<td>Foundation for International Community Assistance</td>
</tr>
<tr>
<td>FOCCAS</td>
<td>Foundation for Credit and Community Assistance</td>
</tr>
<tr>
<td>FUCEC-Togo</td>
<td>Fédération des Unions de Coopératives d’Épargne et de Crédit du Togc</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Products</td>
</tr>
<tr>
<td>GIES</td>
<td>Groupements d’Interêt Économique et Social</td>
</tr>
<tr>
<td>GPS</td>
<td>Grameen Pension Savings</td>
</tr>
<tr>
<td>GRET</td>
<td>Groupe de Recherche et d'Echanges Technologiques</td>
</tr>
<tr>
<td>HFCE</td>
<td>Household Final Consumption Expenditure</td>
</tr>
<tr>
<td>HIV</td>
<td>Human Immunodeficiency Virus</td>
</tr>
<tr>
<td>HKL</td>
<td>Hattha Kaksekar Limited</td>
</tr>
<tr>
<td>HRLE</td>
<td>Human Rights and Legal Education classes</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
</tr>
</tbody>
</table>
The symbol “N” is used to indicate the total sample size. The symbol “n” is used for the number of cases in a limited portion of the total sample (re footnote number 1 example below).

1 For example, “In a sample of 15 financial institutions (1 commercial bank, 2 specialised banks, 12 MFIs), it was found that every institution had individual lending (N = 15) to finance micro- or larger scale businesses, followed by solidarity group-lending (n = 10) and the village bank (n = 4) as the main categories of micro-credit delivery models”.
This part of the thesis consists of only one chapter. This first part of the thesis introduces the research background, the research objectives, the research process and the structure of the thesis. Finally, the key terms used in this thesis are defined.

This part of the thesis consists of Chapter 1: Introduction.
CHAPTER 1
INTRODUCTION

1.1 Introduction

No matter what conditions the poor live in, they have their desires. They desire to have a secure life, a voice and a chance to be heard, and their children to be educated. Rather than charity, they want an opportunity, a chance to contribute to a better life. To fulfil these desires many poor people realise that they have to engage in entrepreneurial activities through self-employment. As a result, micro-financial services such as lending, savings, insurance products, and related services are being used to support micro-entrepreneurs to build incomes, assets and livelihoods. However, it is widely acknowledged that micro-entrepreneurs need not just micro-finance; they also need non-financial services to help them run their businesses more efficiently and effectively. It needs to be stressed that micro-finance is not a panacea and that expectations should not be built up so high that they become unrealistic and bound to fail. Micro-entrepreneurs live in poverty, and poverty has multifaceted problems which require multifaceted solutions to address the causes and conditions of their poverty. In this regard, this thesis is focused on developing a cost-effective integrated micro-finance model (finance plus) capable of delivering both financial and non-financial services to micro-entrepreneurs in Cambodia. The following sections will outline the background to this research, the research objectives, the research processes, the structure of the thesis, and the definition of terms used in the thesis.

1.2 Research Background

Micro-entrepreneurship development in Cambodia faces many major obstacles. Micro-entrepreneurs live in poverty and need a diverse range of financial instruments and other supportive non-financial services to run their micro-enterprises efficiently and
effectively, to build assets, stabilise consumption and shield themselves against unforeseeable risks. Anecdotal evidence suggests that limited access to financial services, the financial inflexibility of institutional lenders and usurious loans from formal and informal lenders are among the main obstacles to micro-entrepreneurs successfully pursuing their entrepreneurship goals. Moreover, limited access to basic health and education are other serious factors compounding the problems (Neal 2001; Kang 2002; Beresford et al. 2004; Flaming et al. 2005).

In many cases, micro-entrepreneurs are constrained by poor health and/or illiteracy, which limits their capacity to utilize financial services and even prevents them from accessing the financial services available. For example, illiteracy can hinder micro-entrepreneurs who want to start petty trading and keep records to find out if they are actually making money; ill-health can force them to use credit money to meet health-care expenses. It is widely acknowledged that such constraints exist for micro-entrepreneurs in Cambodia, especially in making use of micro-credit for production purposes (Vada 2002; Beresford et al. 2004; Flaming et al. 2005).

With respect to the above issues, the research question “How can a cost-effective integrated micro-finance model with non-financial services be developed to deliver more comprehensive services to micro-entrepreneurs?” is posed. To the author’s knowledge there has never been a research undertaken to address such a vital question for micro-entrepreneurship development in Cambodia. This research is unlike many related field researches in that it aims to address all the encompassing key factors of sustainable micro-entrepreneurship development, including financial and non-financial services. To address the research question above, this research looked at the world renowned and acclaimed micro-finance model, namely “the Grameen II model”, to replicate both its group-lending methodology and its main financial products into the Cambodian micro-finance context. The group-lending model of Grameen II will be used to not only address some of the issues embedded in the current group-lending models in Cambodia, but also to apply the model as a cost-effective vehicle to integrate and deliver both micro-finance and non-financial services to micro-entrepreneurs. In other words, this research will
attempt to follow the Grameen II microbanking model as a holistic approach (finance plus) that can be applied in the development of micro-entrepreneurship in Cambodia.

1.3 Research Objectives

The main objective of this research is to look at and recommend an integrated micro-finance model (finance plus) that could help to foster micro-entrepreneurship development in Cambodia. To fulfil this main research objective, five other sub-objectives were to:

1. examine the roles of financial institutions in promoting micro-entrepreneurship in Cambodia;
2. examine and identify the existing micro-finance programs and products and services rules that could affect micro-entrepreneurship in Cambodia;
3. identify gaps in financial and non-financial services for micro-entrepreneurship development in Cambodia;
4. examine the Grameen II micro-finance model in Bangladesh, including its group-lending methodology and its main financial products and services rules, and to identify its features with a view to successful replication in the Cambodian context for micro-entrepreneurship development; and
5. recommend an integrated micro-finance model that could deliver a cost-effective package of both financial and non-financial services to Cambodian micro-entrepreneurs.

1.4 Research Process

First of all, in order to recognise the conditions and key factors that affect micro-entrepreneurs’ livelihood and their businesses, this study will review the literature on poverty in Cambodia. Secondly, it will review related micro-finance literature that will help to shed light on the micro-finance sector in Cambodia and its role in promoting
micro-entrepreneurship. Thirdly, the literature on the *Grameen II micro-finance model* will be examined for its potential replication in the Cambodian context. Based on the literature review, a *theoretical framework* for the study will be designed.

The collection of primary data is based on two separate questionnaires that were designed to address the research question and objectives: 1) a financial institutions questionnaire, used to interview a total population of 15 licensed micro-finance institutions (MFI), four specialised banks, and 15 commercial banks; 2) a micro-finance clients questionnaire, used to interview 200 randomly selected micro-finance clients (micro-entrepreneurs) who are clients of the institutional micro-finance providers.

This research sought at least a 30 to 50 percent response rate from each of the intended financial institutions segments. Interviews were conducted with respondents who were either general managers responsible for operating their financial institutions, or were considered suitable to respond on their behalf. Similarly, a 30 to 50 percent or higher response rate was sought from the micro-finance clients—this anticipated rate could be achieved only if the participating micro-finance providers were willing to allow the researcher to interview their micro-finance clients (group loan clients).

After the data collection was completed, the data were analysed and the results interpreted. The research process is illustrated in Figure 1.1.
Figure 1.1 Research Process

Secondary Data: Literature Review

Theoretical Framework and Research Questions

Primary Data

Questionnaire Development

Data Collection

Data Analysis

Data Interpretation

Research Limitations

Findings and Conclusion

Future Recommendations
1.5 Structure of the Thesis

The thesis is divided into five parts as illustrated in Figure 1.2. Part one covers the introduction of the research; part two reviews all major related literature; part three describes the research strategy; part four presents the data analysis, interpretation and results; and finally part five discusses the conclusions, implications and limitations of the study and makes recommendations for future research.

Figure 1.2: Structure of the Thesis
**Part One: Introduction**

Part one has a single chapter providing the introduction and overview of the research. The overview describes the background of the research, the research objectives, research process, and the structure of the thesis.

**Part Two: Literature Review**

This part contains six main chapters. Chapter 2 looks at the conditions of poverty in Cambodia. Chapter 3 examines the micro-finance sector in Cambodia and other key related factors that may affect micro-entrepreneurship development in Cambodia. Chapter 4 discusses the problems of micro-finance in Cambodia. Chapter 5 discusses case studies of integrated micro-finance delivery models to elevate the poor. Chapter 6 discusses the Grameen II micro-finance model and its potential for replication in the Cambodian context. Chapter 7 addresses the theoretical framework, which is developed based on the research objectives and the literature review chapters as mentioned above.

**Part Three: Research Methodology**

Part three covers Chapter 8, namely the research methodology that outlines the survey approach, the methods of data analysis, and the framework for data analysis.

**Part Four: Primary Data Analysis and Results**

This part contains two main chapters: Chapter 9 and Chapter 10. Chapter 9 examines both the financial and non-financial intermediation of the participating financial institutions in the field of microfinancing in Cambodia. Chapter 10 analyses the responses from the micro-entrepreneurs who participated in the study.

**Part Five: Conclusions and Limitations, Implications and Recommendations**

The final part of the thesis consists of one chapter: Chapter 11. This chapter revisits the research objectives, and summarises the key findings of the study and its results and the
replication of the Grameen II micro-finance model. It concludes with the limitations of the research, the implications of the research, and recommendations for future research.

1.6 Definition of Terms

The following sections provide important terms that will be used throughout the thesis. Many terms in micro-finance can carry different meanings from one organisation or country to another. For the sake of clarity it is therefore necessary to define the key terms that are used in this thesis.

1.6.1. Micro-entrepreneurs

Wickham (1998: 5) stresses that in any discussion on entrepreneurship, it is important to provide the definition of entrepreneur, however, as soon as it is offered it presents an immediate problem. This is because there is no clear agreement on what are the essential features of an entrepreneur from one definition to another. Thus, to avoid ambiguity or focus and to grasp the true objectives of this research the word **micro-entrepreneur** is by definition: a needy poor who can blend his/her skills and ideas into products or services to create demands and markets and willing to contribute a strong personal involvement to take risk to make profit.

1.6.2. Micro-credit and Micro-finance

Micro-credit is defined differently from institution to institution and country to country. For example, the Micro-credit Summit Campaign, an organisation that supports activities to share best practices among micro-finance institutions throughout the globe to bolster the impact of micro-credit, defines micro-credit in this manner: programs extending **small loans, and other financial services** such as savings, to poor people for self-employment projects that generate income, allowing them to care for themselves and their families (Micro-credit Summit Campaign 2004). However, for the purpose of this study, micro-
credit is defined as: *a very small sum of money lent by financial institutions to micro-entrepreneurs, who are too poor to qualify for traditional bank loans, to enable them to start up or develop their micro-businesses for self-employment.*

The word “micro-credit” here is clearly defined as *only* a tiny sum of money\(^2\) that is lent to micro-entrepreneurs and *does not include any other financial services*. This is because micro-credit is not the same as micro-finance.

Micro-finance is much more holistic than micro-credit. Again, the term micro-finance is defined differently by different institutions or countries. However, for the purpose of this study micro-finance is defined as *provision of credit and other financial services and products for micro-entrepreneurs*. So, where micro-finance is ‘credit plus other financial products and services’, micro-credit is ‘only credit’. The following provides an example of micro-finance, which consists of:

- **Credit** – a US$200 loan for six months with an interest rate of 3 percent per month;
- **Savings** – deposits of US$2 a week with a market interest rate;
- **Microinsurance** – for a micro-entrepreneur to insure against natural disaster;
- **Pension** – a fund from weekly savings, disbursed after a micro-finance client retires; and
- **Scholarship** – a direct scholarship to a school-age child of a micro-finance client, repaid when the child finds his/her first job.

### 1.7 Summary

This chapter has discussed the research background, stressing that unlike many related field researches, this research aims to address all the encompassing key factors of sustainable micro-entrepreneurship development, including both financial and non-financial services. It has highlighted the research objective, which was to recommend a cost-effective integrated micro-finance model capable of delivering both financial and

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\(^2\) A tiny sum of money is referred to as a very small amount of loan money that is usually lent by institutional micro-finance providers in Cambodia and other developing countries such as Bangladesh; it can range from US$25 to US$300.
non-financial services to cater to the diverse needs of Cambodian micro-entrepreneurs. This chapter has also discussed the research process, the structure of the thesis, and the key definition of terms used in this research, namely, *micro-entrepreneurs, micro-credit* and *micro-finance*. 
This part of the thesis reviews the literature relevant to this study. This part will first cover the background to poverty in Cambodia such as its causes and challenges and the strategy needed to reduce its multiplier effects. This is followed by a review of micro-finance in Cambodia, beginning with the history of the Cambodian micro-finance sector, its regulation and the sources of micro-finance, including the formal (i.e. banks), semi-formal (i.e. MFI, non-government organisations (NGO)) and informal sectors (i.e. moneylenders, traders etc.). The key issues in micro-finance in Cambodia will also be looked at, such as the formal banks’ lack of involvement in micro-finance and the effects of this on the micro-finance sector, and the supply of financial and non-financial services that might be needed to assist micro-entrepreneurs’ capacity to run, sustain and improve their income generating activities.

Three case studies will also be looked at, with the aim of discussing how institutional micro-finance providers have used integrated micro-finance models to deliver both financial and non-financial services to address the multiple needs of micro-entrepreneurs. The discussion of the three case studies also aims to illustrate the real-world responses to the implementation challenges of integrated micro-finance delivery models.

This part also looks at the Grameen II model of entrepreneurial development in Bangladesh, and the possibility of its replication as a cost-effective integrated micro-finance model in Cambodia. Finally, the theoretical framework and the research questions will be developed to guide this research study to achieve its objectives.

Part 2 contains the following chapters:

- Chapter 2: Background to poverty in Cambodia
• Chapter 3: Micro-finance in Cambodia
• Chapter 4: Key issues of micro-finance in Cambodia
• Chapter 5: Case studies of integrated micro-finance models
• Chapter 6: The Grameen Bank model of entrepreneurial development in Bangladesh
• Chapter 7: Theoretical framework and research questions.
CHAPTER 2
BACKGROUND TO POVERTY IN CAMBODIA

2.1 Introduction
The aim of this chapter is to outline the issues relating to poverty in Cambodia and the implications for micro-finance and micro-entrepreneurship development. The chapter begins with a brief profile of Cambodia, including the country’s history and its political and economic turmoil, which have contributed to the nations’ poverty. The chapter then looks at rural livelihoods where poverty is prevalent. Finally, the chapter identifies poverty reduction strategies by emphasising micro-finance as a tool to enable the poor to create better livelihood options, particularly by supporting micro-entrepreneurship activities that eventually contribute to poverty reduction.

2.2 Poverty and Rural Economic Development
Poverty is the deficiency of common necessities, particularly having not enough money to take care of basic needs, such as food, clothing and housing, and few or no material possessions (Fitzgerald et al. 2007). Millions of families around the world are still victims of unjust economies that do not recognise their right to basic services, such as education, health care and credit, and relegate them to virtual slavery. These are people with untapped potential who suffer the pain of hunger and poverty, even though such deprivation is avoidable (Muhammad and Jolis 2003).

Some believe that people become poor because they make bad decisions. That may be true in some cases. Those who choose to indulge cravings for alcohol, drugs and gambling may easily lose their material assets. But not all poor people are poor as a result of bad judgment. Many have lost their jobs because of changes in industry. Many
working people have seen their life savings consumed by skyrocketing medical costs. And of the hundreds of millions of impoverished people in the developing world, most are poor through no fault of their own; the causes of poverty are often beyond the control of its victims.

This suggests that many different factors could cause poverty to an individual, a family or a nation. Thus there is no single general explanation of what really causes poverty. However, four common factors could be mentioned as the main causes of poverty (Wikipedia 2007):

1. *Environmental factors*, for example climate change that causes flood or drought could lead directly to a decline of agricultural yields and, hence, increase poverty;
2. *Economics*, for example when an economy experiences a severe recession the result is usually higher unemployment and therefore a further perpetuation of poverty;
3. *Governance*, for example weak rule of law can discourage investments and thus perpetuate poverty; and
4. *Demographics and social factors*, for example civil war and genocide are the main cause of poverty for many countries, including Cambodia (see section 2.4).

The causes of poverty rob people not only of their wealth, but also of their dignity; they cannot enjoy the respect of their fellow citizens. Poverty causes vulnerability, it breeds insecurity and instability, and it is an unfortunate source of anxiety in poor households, which makes them vulnerable to exploitation because of their inability to resist duress (Muhammad and Jolis 1999; Remenyi and Quinones 2000). Poverty breeds pandemics and diseases; it perpetuates and deepens impoverishment by sapping personal and national health and financial resources, which threatens the economies, social structures, and political stability of entire societies (Counts 2008). Therefore, poverty alleviation is imperative and is an indispensable obligation, towards which all efforts, resources and technologies should be directed.

The World Bank (The World Bank 2005) argues that the development of rural economy is fundamental in reducing poverty and is the main factor for increasing living standards.
To develop rural economy is to promote local entrepreneurship that encourages local enterprise and serves the needs of local residents, workers and businesses, and promotes stable employment and revenues by building on local competitive advantages (Blanca 2005). Overall, the development of rural economy will contribute to higher gross domestic product (GDP), higher employment and higher social benefits for an entire nation.

2.3 Profile of Cambodia

Cambodia is a Southeast Asian country which lies at the heart of Indochina, located between Laos to the north, Vietnam to the east and Thailand to the west (see Figure 2.1). It has a land area of 181,035 square kilometres, about 20 percent of which is used for agriculture (CAR 2007).

Cambodia’s climate, like that of the rest of Southeast Asia, is tropical, with plenty of rain during the monsoon season from May to November. The dry season is from December to April. However, between the seasons, there is very little seasonal temperature variation (SCW 2006). Cambodia’s environment is commonly described as disaster prone, as the country frequently experiences widespread floods and droughts, which have caused considerable economic losses and social and environmental impacts (Peou 2003).

The average population growth rate of Cambodia is 1.7 percent; the population increased from 13.4 million in 2004 to 13.7 million in 2005. Approximately 85 percent of the people live in rural areas (see Table 2.1 for more country facts) (NIS 2005).

The country has had a history of invasions, wars and political turmoil (see Appendix 2.1: Conflict Timeline). The nation gained independence from the French in 1953, and at the end of the Vietnam War the communist Khmer Rouge came into power in 1975. The Khmer Rouge began a four-year period of genocidal rule, which was responsible for the
deaths of around one to three million people, who were either executed or who starved to death. The communist Khmer Rouge regime ended with the Vietnamese invasion of 1979 (Chandler 1991; Becker 1998; Ray 2000; Wikipedia 2008).

Figure 2.1: Map of Cambodia

Table 2.1: Cambodia – Country Facts

<table>
<thead>
<tr>
<th>People</th>
<th>Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (millions)</td>
<td>13.7 GDP per capita US$325</td>
</tr>
<tr>
<td>Population growth rate</td>
<td>1.7% GDP Growth Rate 6.9%</td>
</tr>
<tr>
<td>Ethnicity: Khmer</td>
<td>96% GDP Composition by Sector:</td>
</tr>
<tr>
<td>Religion: Buddhism</td>
<td>95% - Services 34%</td>
</tr>
<tr>
<td>Languages: Khmer</td>
<td>95% - Industry 29%</td>
</tr>
<tr>
<td>Infant mortality rate</td>
<td>95/1000 - Agriculture 20%</td>
</tr>
<tr>
<td>Maternal mortality rate</td>
<td>4/1000 - Fisheries 9%</td>
</tr>
<tr>
<td>General fertility rate</td>
<td>129/1000 - Forestry 2%</td>
</tr>
<tr>
<td>Life expectancy</td>
<td>54.4 years Per capita HFCE US$272.75</td>
</tr>
<tr>
<td>Literacy rate (≥ 15 years old)</td>
<td>68.7% Unemployment rate 0.8%</td>
</tr>
<tr>
<td>Literacy rate: males</td>
<td>81.8% Labour force participation rate 74.6%</td>
</tr>
<tr>
<td>Literacy rate: females</td>
<td>58% Poverty rate (below US$1 a day) 35%</td>
</tr>
</tbody>
</table>


Note: HFCE = Household Final Consumption Expenditure; WB = World Bank; GDP = Gross Domestic Product.

The chronic warfare and civil strife in Cambodia left large-scale destruction of both human resources and the physical infrastructure. A financial system was almost non-existent during the Khmer Rouge regime and the Vietnamese occupation. The Khmer Rouge, with its aim to refashion Cambodia along feudal lines, abolished the financial system between 1975 and 1979. Following this (1979–1988), the Vietnamese instituted a
mono-banking system, but due to poor management and weak credit policies this system was rendered ineffective (Larson 2001).

In 1991, the signing of the Paris Peace Accord marked a significant step forward for establishing peace and stability throughout Cambodia. As a result of the accord, hundreds of international NGOs initiated development programs to help rebuild the country. The NGOs faced severe challenges to all kinds of development, including micro-finance (Larson 2001).

2.4 Poverty in Cambodia

The long political and economic turmoil contributed significantly to poverty in Cambodia today. Consequently, the revival of Cambodia’s economy to date has been heavily dependent on international donors, such as the Asian Development Bank, the World Bank, and the European Union (Flaming et al. 2005). Economic growth has been largely concentrated in urban areas, specifically the capital Phnom Penh and two other tourist gateways, Siemreap and Sihanoukville. As a result, poverty is lowest in the capital Phnom Penh, with only 11 percent of all households living below the poverty line. In contrast, poverty in rural areas is significantly higher, with 40 percent of the population living below the poverty line (UNDP 2007).

The economic growth rate has been strong over the last ten years, with annual real GDP growing at an average of 6.9 percent between 1994 and 2004 (NIS 2005). The number of people living on less than a dollar a day declined from 50 percent in 1994 to 35 percent in 2004, according to the World Bank (The World Bank 2006). Economic growth has been largely underpinned by the expansion of garment exports, tourism, construction and agriculture (Srey et al. 2006).
While the country has experienced economic growth, it is still one of the world’s poorest countries\(^3\), with a per capita GDP of around US$325 in 2006—less than a dollar a day (M-CRIL 2006; Srey et al. 2006). In this case, the long-term development of the country’s economy remains a challenge. The population still suffers from poor public health and education and productive skills, particularly in the poverty-ridden countryside, which suffers from an almost total lack of the basic infrastructure needed for developing a healthy economy (Beresford et al. 2004).

This is particularly caused by the government’s lack of capacity and resources to provide services and build infrastructure in rural areas. As a result, international NGOs continue to be major players in basic service delivery, taking on roles government has so far been unable to fulfil (AusAID 2003).

2.4.1. **The Challenge of Rural Livelihoods**

Households living in rural areas and/or engaged in agriculture business account for about 80 percent of the total population. Among the rural population, about 75 percent are farmers depending on agriculture, especially for subsistence (NBC 2006: 3). The rural economy is dominated by the agricultural sector, which employs most of the country’s workforce, with rice being the primary crop, and livestock raising and extensive fishing the other main economic activities (M-CRIL 2006).

Despite the bulk of the Cambodian population earning their living through agriculture, the Cambodian environment has been described as disaster prone. As an illustration, the extensive floods of 2000 and 2001 destroyed more than 15 percent of the country’s rice crop and made transportation of the surviving rice difficult if not impossible (SCW 2006). Since Cambodia is prone to natural disasters, it is characterized by food insecurity. Farmers and their ability to secure a livelihood are undermined by weather dependence

\(^3\) This is measured by both income and human development indicators. It ranked 130 out of 177 countries in the 2005 Human Development Index of the United Nations Development Programme (M-CRIL 2005, p. 5).
and alternating droughts and flooding (Fitzgerald et al. 2007). To make matters worst, rural livelihoods are also constrained by credit availability. As with any agriculture-based society, villagers in rural Cambodia need credit on a regular basis, for agriculture production, for undertaking other non-farm activities and for consumption purposes (NBC 2002). Lack of funds and access to institutional credit make people go to private moneylenders, from whom credit is expensive. The high cost of money reduces the net disposable incomes of households, affecting food security (Fitzgerald et al. 2007; UNDP 2007).

On the other hand, it should be noted that rural Cambodians do not engage in rice cultivation and general crop activity for more than an average four or five months (mainly because of the dry season); for the rest of the time they undertake micro or small business activity in order to sustain their livelihood. According to Chan and Sarthi (2002: 91), “the rural Cambodian average income from agriculture does not exceed 30 percent of total income; the rest comes from non-farming sources”. This suggests that cheap and reliable rural credit is needed to create more livelihood options as a sustainable solution to poverty reduction.

2.5 Poverty Reduction Strategy
Reducing poverty in Cambodia is difficult as it is structural. Poverty in Cambodia is a multidimensional problem, including lack of income, lack of opportunities, poor education and health (low capabilities), vulnerability (livelihood insecurity), powerlessness, and discrimination against women (MoEF 2000). In addition, Cambodia has a weak physical infrastructure, poor communication, and damaged and poor quality roads, which make access to rural areas difficult (UNDP 2006). To understand the most efficient point from which to start development (i.e. reducing poverty) there must be an appropriate mechanism with which to coordinate all the problems. This study claims that the most logical starting point for sustainable development is to begin generating income
to increase the income of the rural population, who are in the greatest need. It is only when the poor have a decent living income that they are able to send their children to school. It is often illiteracy that keeps people from seeking opportunities and a better life. Issues related to health, the environment, human rights and democracy are also better understood through education. Education is seen as a necessary requirement for breaking the cycle of poverty.

In this respect, micro-credit can contribute to poverty reduction by enabling people to start up a business and lift themselves out of poverty. It is commonly noted that the poor in Cambodia are trapped in extreme poverty by lack of access to cheap sources of funds and other financial services to meet their financial needs (Beresford et al. 2004; Pickens 2004; NBC 2006; Fitzgerald et al. 2007). Therefore, providing a cheap source of funding and reliable financial services for the rural poor to start up a business, stabilise consumption and build assets can empower people to move out of the poverty trap.

The next sub-section will discuss micro-finance as an essential tool to help the poor to undertake income generating activities and stay out of the vicious circle of poverty.

2.5.1. Micro-finance and Entrepreneurial Development for Poverty Reduction

About 80 percent of Cambodia’s labour force is self-employed or in unpaid family labour in micro and small enterprises. That percentage rises to 87 in the rural areas. Sixty percent of national household income is derived from self-employment, and this percentage rises to 71 percent in the poorer rural areas (Clark 2006). This suggests that the vast majority of the Cambodian population are poor entrepreneurs. It is commonly reported that these poor entrepreneurs have skills and ideas, but lack necessary resources, particularly money, to pursue their entrepreneurial ambitions (ILO 2000; MoC 2002; MoP 2002; Beresford et al. 2004). In this situation, micro-finance as the sole means to help the poor gain access to formal financial services for income generating activities is an indispensable instrument for poverty reduction in Cambodia.
Micro-finance enables grassroots people to use financial resources for entrepreneurial pursuits. In other words, micro-finance helps develop grassroots entrepreneurship. The meaning of entrepreneurship in a developing country is quite basic. It is about turning ideas into products and creating demand for the products. The end result is higher self-reliance, higher GDP, higher employment, food security, the creation of products to replace imported products; all of these eventually contribute to poverty reduction. Hence, easy access to micro-finance at the base level is a key to fostering entrepreneurial development in a developing economy and driving away poverty (Muhhamad and Jolis, 1999).

Despite the emphasis on micro-finance as a tool for grassroots entrepreneurial development and poverty reduction, the sector still has many problems to be solved. The history of micro-finance in Cambodia is relatively short; it came into existence less than two decades ago. As a result, the sector is still at a rudimentary stage. Flaming et al. (2005) reported that micro-finance in Cambodia is almost completely focused on the provision of credit. Other services besides credit, such as voluntary savings and microinsurance, barely exist (Pickens 2004). In addition, not all micro-finance providers have been able to serve the poorest of the poor, who need collateral-free loans. Matienzo (2001) reports that the most important criterion used by some licensed MFIs and registered NGOs in determining eligibility and therefore membership in the groups (i.e. group loan clients) is land ownership, which must be certified by the village and commune authorities. Thus, group-lending is collateral-based. The key issues in the micro-finance sector will be discussed in detail in the following chapter, particularly to see what influences these issues have on micro-entrepreneurship development.

2.6 Summary
As a result of a long history of warfare and civil strife, poverty in Cambodia is extensive, especially in rural areas, where the vast majority of the poor live and rely on agriculture for subsistence. Despite the bulk of the population earning their living through
agriculture, the Cambodian environment is prone to natural disasters, which has undermined the livelihoods of the poor. In such a situation, the poor cannot rely on agriculture as a sustainable livelihood, but need to derive incomes from multiple sources, such as micro- or small businesses. In this respect, with a target of cutting poverty in Cambodia, micro-finance is clearly needed to enable people to start up businesses and create more livelihood options besides agriculture to help increase the overall sustainability of their livelihood. Hence, easy access to micro-finance is seen as a strong mechanism for grassroots entrepreneurial development in Cambodia, as well as a key to escaping poverty and improving the lives of rural Cambodians. Despite this emphasis on micro-finance, the sector still has many issues to be solved, such as the lack of institutional credit supply and other services, including savings and insurance, which barely exist.
CHAPTER 3
MICRO-FINANCE IN CAMBODIA

3.1 Introduction
The aim of this chapter is to review the micro-finance literature as preliminary research to identify the key factors that influence micro-entrepreneurship development. It looks in particular at the micro-finance sector in Cambodia and the role of the sector in promoting and supporting micro-entrepreneurship in Cambodia. It is organised into three main sections. Section 3.2 provides the historical overview of micro-finance in Cambodia and its role in promoting micro-entrepreneurship. Section 3.3 looks at the micro-finance regulatory environment. Finally, section 3.4 reviews the recent development of the micro-finance sector in Cambodia and the supplies of micro-finance services from formal, semi-formal and informal sectors.

3.2 Historical Overview of Micro-finance Sector
The history of micro-finance in Cambodia is relatively short; it came into existence in the early 1990s as Cambodia came out of a long period of warfare and civil strife. This indicates that micro-finance came late to Cambodia, as the world of micro-finance had already witnessed the creation of many renowned micro-finance providers, such as Grameen Bank in Bangladesh and Bank Rakyat Indonesia’s Unit Deas, which made their loans long before the 1990s (Clark 2006).

In Cambodia, in 1992, the international organisations initiated relief and development programs to help rebuild the country. This included a number of micro-finance experiments that laid the foundations of a micro-finance industry (ARCM 2005). Micro-credit was first provided by NGOs together with humanitarian aid as a kick-start to new
business activities. The first micro-finance experiments were credit-oriented to fill the gaps left by the banking sector through a group-lending methodology, where members have to guarantee each other. Among the early players since 1991 are Groupe de Recherche et d’Échanges Technologiques (GRET), World Relief, and the Association of Local Economic Development Agencies (ACLEDA) (Lianto 1998).

By 1995, micro-finance initiatives were reaching a limited number of people, i.e. approximately 44,000 borrowers or 2.4 percent of households, with total loans amounting to about US$2.2 million (Lianto 1998). By early 1997, the new industry was reaching 225,000 borrowers, an estimated 12 percent of households, providing total loans amounting to about US$13 million (Lianto 1998). As a result of this rapid expansion of micro-credit programs in terms of outreach and the amounts of loans disbursed, the government felt that a regulatory framework was needed. The National Bank of Cambodia (known as NBC, the Reserved Bank) implemented regulations and licensing for MFIs that collect savings from their members and from the public. By the end of 2005, the main providers of micro-finance included one commercial bank, 15 licensed MFIs, and 23 registered NGOs (NBC 2006). Together, these institutions held an outstanding loan portfolio of approximately US$77 million, with a monthly interest rate between two and five percent (NBC 2006).

Micro-finance has increasingly become an important industry in Cambodia, with a diversity of players that has led to an expansion of the outreach and the range of services provided. Micro-finance has now been commercialised for sustainability; it is no longer humanitarian aid, it is a business. However, adopting a commercial approach to micro-finance does not mean that the depth of outreach to the poor and low income customers will be limited. Rather the commercialisation of micro-finance is expected to enhance the speed of poverty reduction and underpin the reconstruction of the Cambodian economy. So far, the Royal Government of Cambodia has recognised micro-finance as a vital mechanism in its assistance to community development in all fields and has been playing a key role in the development of this sector (Chun et al. 2001). The establishment of the Credit Committee for Rural Development (CCRD) in 1995 and the Rural Development
Bank (known as RDB, a state-owned bank) in 1998 to support and strengthen micro-finance services in rural areas was an important step in the development of the micro-finance sector. In addition, with support from the NBC, the Cambodian Micro-finance Association (CMA) was formed by a group of six MFIs in 2004 as a platform to share information, represent the micro-finance industry, organise training, and publish benchmarking reports (Clark 2006).

3.3 Micro-finance Regulations

The Royal Government of Cambodia has been playing a critical role in the development of micro-finance; it supports the sector through the introduction of policies creating a favourable environment for growth, particularly the development of the micro-finance institutions. The government has established a supportive regulatory framework for micro-finance through two regulatory instruments. The first is the Law on Banking and Financial Institutions enacted in November 1999, which provides a stricter regulatory regime to increase confidence in the banking sector (ARCM 2005). The second is Prakas No. B 7-00-06 (a ‘Prakas’ is a Cambodian government decree) issued by the National Bank of Cambodia (NBC) in 2000 and entitled the Licensing of Micro-finance Institutions; the Prakas states that micro-finance operators are expected to comply with certain requirements and to obtain licensed status, (see Tables 3.1 and 3.2) (NBC 2004). The NBC’s objectives in issuing the Prakas was to promote further access to rural finance and therefore support the sustainability and soundness of MFIs, and also protect the general public in their financial dealings with MFIs.

With reference to the Prakas, the NBC basically enforces two main alternatives for micro-finance operators in Cambodia: licensing for medium-sized micro-finance providers and registration for smaller entities such as rural finance operators (see Table 3.1). As of 31st December 2005, 15 MFIs were licensed and 23 were registered as rural finance operators (see Figure 3.1).
### Table 3.1: Prakas on Registration and Licensing of Micro-finance Institutions

<table>
<thead>
<tr>
<th>Categories of MFIs</th>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Registration</strong> with the NBC is compulsory for all NGOs, associations and other entities engaged in micro-finance, if they meet one of these conditions:</td>
<td><strong>For those engaged in credit:</strong></td>
</tr>
<tr>
<td></td>
<td>- Their loan portfolio outstanding is equal to or greater than KHR100 million.</td>
</tr>
<tr>
<td></td>
<td><strong>For those engaged in savings mobilisation:</strong></td>
</tr>
<tr>
<td></td>
<td>- The savings mobilised from the general public amount to KHR1 million or more, OR</td>
</tr>
<tr>
<td></td>
<td>- The number of their depositors is 100 or more.</td>
</tr>
<tr>
<td><strong>Licensing</strong> is compulsory for all micro-finance institutions, if they meet one of these conditions:</td>
<td><strong>For those engaged in credit:</strong></td>
</tr>
<tr>
<td></td>
<td>- Their loan portfolio outstanding is equal to or greater than KHR1,000 millions, OR</td>
</tr>
<tr>
<td></td>
<td>- They have 1,000 borrowers or more.</td>
</tr>
<tr>
<td></td>
<td><strong>For those engaged in savings mobilisation:</strong></td>
</tr>
<tr>
<td></td>
<td>- The savings mobilised from the general public amount to KHR100 million or more, OR</td>
</tr>
<tr>
<td></td>
<td>- The number of their depositors is 1,000 or more.</td>
</tr>
</tbody>
</table>

Note: KHR is a Khmer Reil or known as “Reil” (i.e the Cambodian national currency)

Licensed MFIs must also comply with a series of other prudential regulations including:

1) capital guarantee deposit of five percent of capital;

2) capital adequacy ratio of 20 percent;

3) reserve requirement of five percent of total voluntary deposits;

4) liquidity ratio: maintain liquid assets of at least 25 percent of total voluntary savings;

5) aggregate loan commitment to an individual borrower or a group of borrowers shall not exceed 10 percent of net worth; and

6) classifying their loan portfolio into four classes: standard, sub-standard, doubtful and loss, depending on the financial situation of the borrower and the timelines of principle and interest payments (see Table 3.24) (NBC 2002; NBC 2004).

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Please note: both the *specialised banks* that provide rural credit and the licensed MFIs have the same requirements of loan classification and provision regulation as shown in Table 3.2.
### Table 3.2: Loan Classification and Regulation of Licensed MFIs

<table>
<thead>
<tr>
<th>Classes of Loan</th>
<th>Definition</th>
<th>Provision Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard</strong></td>
<td>Good financial condition and punctual payment of principal and interest.</td>
<td>None</td>
</tr>
<tr>
<td><strong>Sub-standard</strong></td>
<td>Some payments of principal and/or interest are overdue by 30 days or more.</td>
<td>10%</td>
</tr>
</tbody>
</table>
| **Doubtful**    | Some payments of principal and/or interest are overdue as follows:  
I. Loans with original maturity ≤1 year that are ≥60 days overdue.  
II. Loans with original maturity >1 year that are ≥180 days overdue. | 30% |
| **Loss**        | Some payments of principal and/or interest are overdue as follows:  
I. Loans with original maturity ≤1 year that are ≥90 days overdue.  
II. Loans with original maturity >1 year that are past due for ≥180 days overdue. | 100% |


The 1999 Law on Banking and Financial Institutions was chiefly established to strengthen the regulatory system and prudential supervision of financial institutions in Cambodia (NBC 2006). The key objectives of the law were to establish a sound banking system, promote savings, and increase the confidence of the public in the banking sector (Clark 2006). The law also encouraged micro-finance programs to devote more attention to their financial sustainability. For example, the law on prudential regulations and supervision of MFIs (as shown above) makes the financial position of MFIs more transparent and places a premium on establishing institutions’ financial self-sufficiency.
Figure 3.1: The Banking System in Cambodia
As of 31st December 2005

**National Bank of Cambodia**
(Reserved Bank of Cambodia)

<table>
<thead>
<tr>
<th>Commercial Banks</th>
<th>Specialised Banks</th>
<th>MFIs</th>
<th>National Bank of Cambodia</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>4</td>
<td>15 Licensed/23 Registered</td>
<td>20</td>
</tr>
</tbody>
</table>

**12 Locally Incorporated**
- Foreign Trade Bank of Cambodia
- Advanced Bank of Asia
- Cambodia Asia Bank
- Canada Bank Ltd
- Cambodian Commercial Bank
- Cambodia Mekong bank
- Cambodian Public Bank
- Singapore Banking Corporation
- Union Commercial Bank
- Vattanac Bank
- ACLEDA Bank Plc
- ANZ Royal Bank Cambodia

**1 State Owned**
- Rural Development Bank

**3 Private Owned**
- Specialised Bank Peng Heng S.M.E Limited
- Cambodia Agriculture Industrial Specialised Bank
- First Investment Specialised Bank

**3 Foreign Branches**
- First Commercial Bank
- Krung Thai Bank
- May Bank

**15 Licensed/23 Registered**
- AMRET Co Ltd.
- Hatthakasekar
- Tong Fang Micro-finance
- Thaneak Phum Cambodia
- Cambodia Entrepreneur Building Ltd
- Scilanithh
- Angkor Microheranvatho
- Vision Fund (Cambodia) Ltd
- CREDIT Co. Ltd
- Prasac Micro-finance Institution
- Farmer Union Development Fund
- Cambodia Business Integrated in Rural Development
- Maxima Mikroheranvatho
- Intean Poalroath Rongroeurng
- CHC Limited

**23 Registered NGOs**
- Agriculture & Tourism Development Association
- Aid Farmers Association
- Association for Business Initiative
- Association for Development of Diversified Khmer Nation
- Buddhism for Development Association
- Cambodia Community Saving Federal
- Cambodia Credit to Abolish Poverty Organisation
- Cambodia Rural Economic Development Organisation
- Cambodia Women’s Development Agency
- CICM Cambodia
- Crop Supporting National Association
- Islamic Local Development Organisation
- Khmer Rural Development Association
- Kratie Women Welfare Association
- Lutheran World Federation
- Ministry of Rural Development Credit Scheme
- Northwest Development Association
- Rural Development Association
- Rural Economic Development
- Rural Family Development
- Social Development in Rural
- Ta Ong Soybean Development Association
- Women’s Saving and Development Cooperation

In addition, the licensing and regulation of MFIs (as shown in Table 3.2) is aimed at establishing their legal status and ensuring that they operate in a sound manner, allowing MFIs to mobilise more local and external resources to support their operations (NBC 2004). In general, the establishment of such a regulatory framework makes the financial position of MFIs more transparent and helps build permanent institutions capable of delivering financial services over the long term (Pickens 2004). However, these regulations can be regarded as restrictive for MFIs; i.e. the strong emphasis on financial sustainability could make licensed and registered MFIs reluctant or unable to serve clienteles that carry greater operating costs—including the micro-entrepreneurs who make up the bulk of Cambodia’s rural households (Pickens 2004: 4).

On other hand, the legal framework (NBC 2004: 135), defines micro-finance as “the delivery of financial services such as loans and deposits, to the poor and low-income households, and to micro-enterprises”. This definition implies that whether licensed or registered, MFIs are prohibited from other financial activities, including insurance. In other words, such strict regulation and supervision may suffocate the creativity and initiative of micro-finance institutions to serve an unserved or desperately needed range of other financial services (Flaming 2005).

The following section will discuss sources of micro-finance in Cambodia, including the formal, semi-formal and informal sectors.

3.4 Sources of Rural Finance

Three financial sectors currently offer rural financial services in Cambodia: (1) formal sector (i.e. commercial and specialised banks); (2) semi-formal sector (i.e. MFIs); and (3) informal sector (i.e. money lenders, family, friends and agricultural traders etc.). Each of these sectors is discussed in the following.

3.4.1. Formal Sector

As of 31st December 2005 there were 19 formal financial institutions in Cambodia: 15 commercial banks and four specialised banks (NBC 2006). However, only two commercial banks (ACLEDA Bank and Canadia Bank) and one specialised bank (i.e. the RDB) were
engaged in micro-finance activities (Flaming et al. 2005). Canadia Bank, with donors’ guarantees and technical support, has entered the wholesale market to provide loans to MFIs; however, the bank has so far processed few transactions (Flaming et al. 2005). Similarly, the RDB is also a financial wholesaler to micro-finance operators; it was established by the Royal Government of Cambodia in early 1998 to support the rural economy. It is financially under the supervision of the Ministry of Economy and Finance, and technically it is subject to the same prudential and supervisory regulations of the NBC as the other commercial and specialised banks (Beresford et al. 2004: 126).

The RDB is a public enterprise and is authorised to process all banking operations and loan services to support micro-finance activities. It has been assigned four main duties: (1) financing and refinancing for licensed MFIs and commercial banks which involves rural finance; (2) collaboration with commercial banks in agriculture and rural development; (3) negotiation with international donors and investors to support the financing of agriculture and rural development; and (4) provision of technical support and training for MFIs (CDC 2002; ARCM 2005). Despite its important role to support the provision of rural credit for micro-finance activities, the RDB is not a significant player in the micro-finance sector due to its bureaucratic paralysis as a government agent (Crenn 2004).

Overall, the Canadia Bank and the RDB are not major players in the micro-finance sector. With the exception of ACLEDA Bank\(^5\) which provides micro-finance services at the provincial and rural level (see section 3.4.1.1), other commercial banks concentrate their business activities in urban areas and have virtually no presence at district, commune or village level as they see the expansion to rural areas as high risk and high cost (Crenn 2004). As a result, the rural areas are financially under-served by mainstream banks. In this context, the semi-formal and informal financial sectors have been the de facto providers of financial services in rural areas (AMK 2005). Sections 2.5.4 and 2.5.6 will discuss these two sectors in detail.

\(^5\) For its significant involvement in micro-finance in comparison to other formal banks, it is discussed in details in section 3.4.1.1.
3.4.1.1. ACLEDA Bank: The Largest Provider of Micro-finance

The ACLEDA Bank is quite different to the Canadia Bank and the RDB in that it is involved in micro-finance business. It is not a wholesale lender to micro-finance operators, but it is a retail bank that provides direct micro-finance services to micro-entrepreneurs.

ACLEDA was established in early 1993, as a national NGO to provide credit for micro- and small enterprise development with assistance from many international aid agencies, such as United State Agency for International Development (USAID) and the United Nations Development Programme (UNDP) (Wikipedia 2006). ACLEDA has then risen through the ranks of a NGO to MFI, specialised bank and commercial bank. By October 2000, ACLEDA had become a specialised bank as a pro-poor financial institution, and was later licensed as a commercial bank in late 2003, allowing the bank to provide a larger number of services to poor and low-income people (ARCM 2005). ACLEDA has since become a leading provider of micro-credit, holding nearly 50 percent of the national market, and is one of the largest commercial banks with 181 offices in 24 provinces (ARCM 2005; ACLEDA 2007).

So far, ACLEDA is the most active lender in Cambodia, with average loan repayments greater than 98 percent (Clark 2006). As of 2005 it had a loan portfolio of US$98 million to 140,920 clients, of which 63 percent were women (ACLEDA 2005). It is also one of the biggest deposit collectors, with 92,413 active savers who have deposited nearly US$62 million (ACLEDA 2005).

ACLEDA Bank targets three classes of businesses: micro, small and medium-sized businesses; and the general public who live in both urban and rural areas, including farmers (In 2004: 3). ACLEDA Bank’s core lending, however, is not micro-lending. The International Labour Organisation (ILO) (2000) reported that ACLEDA Bank had modified its lending procedures progressively over time, with increasing importance being given to the small and medium enterprise component. The Asia Resource Centre for Microfinance (ARCM) (2005) reported that only 17 percent of ACLEDA’s loan portfolio was allocated to micro-loans and 48 percent to small individual loans, with an average loan size of US$540. Nevertheless, ACLEDA Bank is the largest provider of micro-credit in Cambodia and offers a range of services to micro-clients, including loans, savings, and payment and money transfer services.
For the purposes of this study the ACLEDA Bank’s loans and savings products that are designed for micro- and small-scale clients are discussed in detail below.

**A. Loan Products and services Rules**

ACLEDA has two loan products designed for micro- and small-enterprises: micro-business loans, and small business loans.

**I. Micro-business loans**

ACLEDA’s micro-business loans are classified into two separate components: 1) group loans, which were designed for low-income households whose properties cannot secure the loan, and 2) individual loans, which were created for upgrading group microloan clients who need bigger loans individually to expand their businesses (see Table 3.3 for loan terms and conditions).

### Table 3.3: Micro-business Loan Terms and Conditions

<table>
<thead>
<tr>
<th>Micro-business Loan</th>
<th>Loan Terms and Conditions</th>
</tr>
</thead>
</table>
| **Group loans**     | • Group formation is required: a group of 2 to 10 members is eligible to apply for a different size of loan individually up to US$375.  
                      • Charges interest rate ranging from 2% to 4% a month.  
                      • Group members are responsible for paying for a defaulting member—group guarantee. This group guarantee means the group must make an internal agreement on putting up assets to secure the loan. In addition to the group guarantee, sometimes collateral deposits are also required according to the estimated risk level.  
                      • Less frequent instalment payments can be made, bi-weekly or monthly rather than weekly, so as to reduce the opportunity cost of frequent payments at the bank’s branch office. |
| **Individual loans** | • This loan requires physical collateral as security, up to US$500 can be borrowed, with an interest rate between 2% and 4% a month.  
                       • Charges interest rate ranging from 2 to 4 percent a month.  
                       • Repayments can be made bi-weekly or monthly—the choice is up to borrower. |

Sources: In (2003); ACLEDA (2004); and Clark (2006).

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Note: micro-enterprise is a tiny business, which could be worth as little as US$50 to US$500, and usually the owner of the micro-enterprise is the employee, although sometimes the family members work as employees. Whereas, small-enterprise is referred to a larger size of business, which could be worth above US$500 up to US$10,000. Nevertheless, there is no right definition either for micro- or small-enterprise—it is dependent on the context of each country where the entrepreneurs live. For the purpose of this study these definitions are used to differentiate between micro- and small-enterprises.
The Bank’s lending methodology of micro-business loans is quite different to most of the traditional micro-credit lending approaches in Cambodia. There are three key differences that deserve attention. First, the lending requires a lot of paperwork. The prospective borrowers of either micro-business loans are required to fill in a formal business plan before getting a loan, and the borrowers must also agree to all loan conditions mentioned in every document, which they must witness by putting their thumbprints on the documents (In 2003: 5). Secondly, to some extent the Bank requires collateral for its micro-business loans. According to Ulrich et al. (2006: 11), the poor who need micro or small business loans find it difficult to access credit from ACLEDA Bank if they do not have collateral. In particular, this affects the poorest of the poor, who are afraid that the Bank will confiscate their only property if they are unable to repay their debt on time and so are generally forced to borrow from informal credit providers (see Section 3.4.3: for discussion of informal lenders), which charge much higher interest rates than the Bank (Ulrich et al. 2006). Thirdly, unlike most of the micro-finance operators in Cambodia (village-based banking), ACLEDA is a branch-based service provider. ACLEDA requires its borrowers of either micro-business loans to travel to one of its branch offices to get a loan or make a repayment, although a bank credit officer will go to a borrower’s house to collect a loan repayment if the loan is defaulted on (In 2003; Clark 2006).

II. Small business loans
ACLEDA’s small business loan is a collateralised individual loan. Collateral can be in the form of physical assets such as land and buildings, or via a guarantor, who will be liable to pay the loan should the borrower default. To be eligible for a loan a borrower must also have business ideas and technical skills and have had a permanent residence of at least one year in an area where a bank branch office operates. In addition, a borrower must be able to contribute at least 20 percent of the total investment with their own capital, and the loan request must not be over or equal 100 percent of the total value of their fixed assets (In 2004: 4-5). Loan can range from US$380 to less than US$10,000, with an interest rate of three percent a month. Monthly repayments are required (Clark 2006).

B. Saving Products and services Rules
Unlike most MFIs which require clients to have compulsory savings as part of their loan, ACLEDA Bank does not enforce compulsory savings for any of its loan products. Clark (2006) states that the compulsory savings used as a collateral requirement for a group loan was cumbersome for ACLEDA to manage. ACLEDA’s experience showed that its
compulsory savings created conflict among its customers, who sometimes lost their savings to their members over whom they had little influence. Consequently, the compulsory savings element was eliminated as a guarantee against default from ACLEDA’s group loan (Clark 2006: 48–50).

At present, ACLEDA has two voluntary savings products designed for micro- and small-scale savers: savings account and current account.

I. Savings Account
ACLEDA’s savings account is open to both the clients and the general public. This account is a micro-savings account, which requires an initial deposit of as little as KHR10,000 (≈US$2.50) with an interest rate of 4 percent per annum. This account requires no minimum daily balance, and no service fee is charged for account opening or closing (ACLEDA 2007).

II. Current Account
ACLEDA’s current account is open to both the clients and the general public. The current account is designed for small-scale savers and requires a minimum initial deposit of KHR400,000 (≈US$100). However, unlike the savings account this account is a cash management account that does not offer interest; it was created for those who need money for their day-to-day financial affairs either for personal or enterprise purposes. This account requires no minimum daily balance, and no service fee is charged for account opening or closing (ACLEDA 2007).

C. Other Products and Services
ACLEDA has no financial products designed for micro- or small-scale clients other than those described above. However, ACLEDA offers a money transfer service that any client can use to send or receive money locally. This service has been a complement to other financial products offered to both micro- and small-scale clients. For example, clients can use their saving account linked to the service to transfer money to pay suppliers, which eliminates the risk of robbery in transit and reduces the cost of physical transport that they customarily rely on, such as friends, taxis and third parties (Clark 2006).
3.4.2. Semi-formal Sector

At the end of December 2005, the semi-informal sector consisted of 15 licensed MFIs, 23 registered NGOs and around 60 unregistered NGOs, all of which were engaged in micro-finance activities (NBC 2006). This sector plays a key role in the expansion of micro-enterprise credit to micro-entrepreneurs, particularly in rural areas. Beresford et al (2004) report that there are nearly 90 NGOs in Cambodia that provide micro-finance services to nearly 420,000 micro-entrepreneurs in the rural areas. However, it is expected that there will be some consolidation in the coming years as many of the smaller NGOs are weak, and only a handful of large MFIs with extensive networks will remain (Beresford et al. 2004).

The micro-finance sector is dominated by 12 main players in Cambodia, which includes ACLEDA Bank (see Table 3.4). Behind ACLEDA as leader, AMRET⁷ has the second largest rural network and is best known as a replicator of the *Grameen Bank’s micro-credit delivery model* (Grameen Classic or Grameen I) in Cambodia. For these reasons, and for the sake of this research study, it is necessary to discuss AMRET’s credit and saving products and services in detail.

<table>
<thead>
<tr>
<th>Main Micro-finance Providers</th>
<th>Number of borrowers (rounded figures)</th>
<th>Loan portfolio outstanding (in US$ million)</th>
<th>Amount of deposits (in US$ millions)</th>
<th>Number of depositors</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACLEDA Bank</td>
<td>115,000</td>
<td>57.0</td>
<td>29.2</td>
<td>51,437</td>
</tr>
<tr>
<td>AMRET</td>
<td>101,000</td>
<td>7.3</td>
<td>0.2</td>
<td>110</td>
</tr>
<tr>
<td>PRASAC</td>
<td>65,000</td>
<td>7.5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TPC</td>
<td>36,000</td>
<td>3.1</td>
<td>0.37</td>
<td>59,931</td>
</tr>
<tr>
<td>AMK</td>
<td>23,000</td>
<td>1.3</td>
<td>0.002</td>
<td>393</td>
</tr>
<tr>
<td>Vision Fund</td>
<td>19,000</td>
<td>1.2</td>
<td>0.02</td>
<td>1,745</td>
</tr>
<tr>
<td>CCSF</td>
<td>14,700</td>
<td>0.4</td>
<td>0.15</td>
<td>14,673</td>
</tr>
<tr>
<td>Seilanithih</td>
<td>13,000</td>
<td>1.6</td>
<td>0.2</td>
<td>13,012</td>
</tr>
<tr>
<td>CREDIT</td>
<td>10,000</td>
<td>1.4</td>
<td>0.16</td>
<td>10,054</td>
</tr>
<tr>
<td>CEB</td>
<td>8,000</td>
<td>3.4</td>
<td>0.16</td>
<td>8,147</td>
</tr>
<tr>
<td>HKL</td>
<td>6,000</td>
<td>2.0</td>
<td>0.08</td>
<td>7,723</td>
</tr>
<tr>
<td>Credo</td>
<td>3,000</td>
<td>0.1</td>
<td>0.02</td>
<td>2,033</td>
</tr>
<tr>
<td>Maxima</td>
<td>1,000</td>
<td>0.2</td>
<td>0.02</td>
<td>10</td>
</tr>
</tbody>
</table>


⁷ AMRET is not an abbreviation; it is a Sanskrit word that conveys the notions of prosperity, durability and happiness—in short, it means immortal.
3.4.2.1. AMRET: Its Roles and Influence in the Micro-finance Sector

AMRET was established in 1991 as an experimental project of the French NGO Grope de Recherche et d’Échanges Technologiques (GRET), to deliver micro-credit to people living in the rural communities of Cambodia (AMRET 2003). By 2001, AMRET had become a regulated micro-finance institution and obtained its MFI license from the National Bank of Cambodia. AMRET had also transformed its group-lending technology from a village banking approach to a solidarity group methodology by adapting the Grameen classic model to the local context, using village associations as intermediaries (see Table 3.5) (ARCM 2005; Ulrich et al. 2006).

AMRET has mainly focused on rural population development; its low average loan size of US$119 shows its depth of outreach (MicrofinanzaRating 2006). AMRET’s core product still remains group loans, representing 79 percent of its total gross loan portfolio, although the future growth strategy foresees a stronger focus on individual loans (MicrofinanzaRating 2006). AMRET is now the leading MFI in Cambodia, and is second as micro-finance provider behind ACLEDA. At the end of 2005, AMRET had served 121,699 credit clients through 1,401 village associations in 12 provinces and cities of Cambodia (AMRET 2005: 17).

AMRET offers both loans and savings products to micro- and small-scale clients. Both of its loans and savings products and services rules are discussed in the following.

A. Loan Products and services Rules

AMRET has two loan products designed for micro- and small-enterprises: Solidarity Credit for micro-enterprises and Individual Credit for small-enterprises.

I. Solidarity Credit

AMRET’s Solidarity Credit is a group loan, which is designed to meet the needs of micro-clients who need credit as small as KHR100,000 (≈US$25) to a maximum of KHR600,000 (≈US$150) (AMRET 2005; ARCM 2005). To be eligible for this loan, prospective clients must first form a joint-liability group of five members. They then need to form a credit Village Association made up of several joint-liability groups (approximately 70 to 150 members), headed by a chief and a vice-chief (elected by the members of each group). Once the Village
### Table 3.5 AMRET’s Transformation from Village Banks to Village Associations

With the introduction of the Village Association model the roles and responsibilities of the main stakeholders have changed. AMRET is playing fully the role of a lending institution whilst the roles of the Village Association (VA) have been redefined as follows:

- VA committee consists of one Chairperson, one vice-Chairperson, and no more than one cashier is required.

- As an unofficial association (no legal entity), the Village Association plays the role of an intermediary by borrowing funds from AMRET and then lending them to its members.

- VA committee does not deal with cash management and record keeping; this is handled by credit agents who are AMRET staff.

- VA committee deals with administrative work in the Village Association and takes part in loan decision making.

**Reasons for the transformation from Village Bank (VB) to Village Association (VA) model:**

- Mismanagement and misuse of the funds by some VB committees, such as using the loan fund for their own purposes, or lending to their relatives or interested groups.

- Fraud and robbery: because the credit fund belonged to the VB and the fund was managed and kept by the VB’s cashier in the village, fraud cases by the committee happened and in other cases some VB funds were stolen.

- VB members (or clients) did not really care about the ownership of the credit fund in the VB; the members just wanted to borrow and they wanted more financial services. The management of the credit fund in the VB really relied on the VB committee.

- The growth of the VB was limited as it was dependent on the credit project or micro-finance institution, particularly in the event that subsidies from donors were cut.

**Advantages of the transformation:**

When successfully transformed, the credit project or micro-finance institution is able to

- expand its activities by serving more clients;

- provide more financial products to both existing and new clients; and

- become financially sustainable and ensure long-term services to the clients.

**Constraints of the transformation:**

- Some clients and VB committees have not agreed with the transformation, especially on the ownership of the fund.

- It requires time and effort to convince clients and other stakeholders.

- Some clients have refused to repay their loans.

Association is established, it receives a wholesale loan from AMRET, then retails the loan to its members, organised in solidarity groups. The Village Association does not deal with cash management and record keeping; these are done by the AMRET credit agent, which prevents mismanagement and misuses of the fund by the village association, as well as fraud and robbery (ARCM 2005; ARCM 2005; Ulrich et al. 2006).

Each member of the groups receives a loan on the same terms and conditions. AMRET’s Solidarity Credit does not require physical collateral to protect against loan default; however, members have a responsibility to pay for a defaulting member. Solidarity plays an important role in the group: in case of delinquency the whole group cannot have access to a new cycle of loans. The term of a loan is 6–12 months with an interest rate of 3.5 percent per month (using a declining balance calculation method). Monthly repayments are enforced, and principal repayments can be made at any time prior to loan maturity (ARCM 2005; ARCM 2005).

II. Individual Credit
AMRET’s Individual Credit is targeted at two groups of clients. The first group is the high creditworthy individual Solidarity Credit clients, who are engaged in larger scale activities and in small investments within village associations (i.e. for those who are moving faster in their businesses than their group members). The second target group is the creditworthy individuals who wish to borrow directly at district office level, especially those who live in district and provincial towns and are not covered by solidarity loan Village Associations (AMRET 2005; M-CRIL 2006). Clients who wish to apply for this type of loan can choose a product to suit their own needs, such as: 1) Business Loan, 2) Education Loan, 3) Home Improvement Loan, or 4) Household Consumption Loan (AMRET 2006).

This loan product requires physical collateral to ensure on-time repayment by clients. Applicants may apply for loans from the maximum Solidarity Credit ceiling (i.e. about US$150) up to KHR20,000,000 (≈US$5,000) with a duration of 6–24 months. The repayment schedule is set up according to the applicant’s business plan and may be re-negotiated during the life of each loan. The interest rate is 3.0 to 3.5 percent per month, depending on the loan size requested, using a declining calculation method (AMRET 2006).
B. Saving Products and services Rules

AMRET, like ACLEDA Bank, does not integrate compulsory savings into any of its loan products. At present, AMRET has only one voluntary savings product, which comes in the form of a certificate of deposit, which is offered to individuals (including AMRET’s staff), communities and institutions. The terms and conditions of this savings product are described in the following.

Certificate of Deposit

AMRET’s certificate of deposit applies different conditions according to whether local or US currency is used for depositing. It requires clients to deposit for at least three months, with a minimum amount of KHR100,000 (~US$25) for a deposit in local currency, or US$100 (~KHR400,000) for a deposit in US dollars. Depending on the specific term of the deposit, the interest rate offered is 7–10 percent (for three to 24 months) for local currency and 6–8.5 percent (for three to 24 months) for US dollars (M-CRIL 2006; MicrofinanzaRating 2006).

C. Other Products and Services

AMRET does not provide any other financial products designed for micro- or small-scale clients, such as money transfer or microinsurance. However, it is planning to introduce a money transfer service, which is strongly connected to the attractiveness of its savings product (MicrofinanzaRating 2006).

3.4.3. Informal Sector

Whereas the formal and semi-formal finance sectors have limited coverage in the rural areas, the main banking system for Cambodian micro-entrepreneurs depends on the informal credit sector (Clark 2006). The informal sources of credit comprise moneylenders, traders, friends and relatives. The informal credit market offers a very flexible interest rate which ranges from 0–10 percent (such as from relatives and friends) or more per month (usually from moneylenders and traders), and is willing to accept a greater variety of collateral with a greater enforcement capacity, compared to the formal and semi-formal sectors (Brett 2004; Beresford et al. 2004). The high flexibility of interest rates and the greater enforcement capacity of the informal lenders are due to proximity, amity and the dense social networks that allow them to have an absolute information and transaction costs advantage (Beresford et al. 2004).
Despite the mostly high interest rates that they charge, the informal lenders are usually approached in times of emergency. This is particularly due to their terms being more flexible than those of MFIs or banks when it comes to loan disbursement and repayment—with cash obligations convertible to kind or labour—though this may entail an even higher cost on the part of the borrower (Ulrich et al. 2006).

Due to the high cost involved in borrowing from the informal lenders, the poor are now borrowing less often from them and more from the semi-formal sector. Brett (2004) reported that between 1996 and 2004 there was a decrease in borrowing from the informal sector which corresponded to an increase in borrowing of about 27 percent from institutional sources. The poor people’s apparent preference for institutional lenders compared to informal sector could be attributed to lower interest rates and a wider range of services and products, as well as organisational reach at the local level (Brett 2004). The increased preference of borrowers for credit from institutional sources signals an important step in the institutional development of credit markets in rural Cambodia. Such a transition signals the need for institutional lenders to improve their lending technology as well as products and services and thus further encourage the poor to increase their banking activities with the financial institutions.

3.5 Summary

This chapter has provided a general picture of the micro-finance sector in Cambodia. It has highlighted the history of micro-finance in Cambodia since its inception to the present. It shows that micro-finance has now increasingly become an important industry in Cambodia, with a diversity of players. Despite this development, however, the micro-finance regulations seem to encourage micro-finance programs to devote more attention to their financial self-sufficiency. Such an encouragement could motivate MFIs to serve the upper market and ignore those micro-clients that are seen as risky customers. In other words, it may suffocate the creativity and initiative of the MFIs to serve micro-entrepreneurs, who desperately need a range of micro-financial services. The following chapter will discuss some other key issues in micro-finance, and their potential impacts on the development of micro-entrepreneurship in Cambodia.
4.1 Introduction

Despite the growth of MFIs in Cambodia, there are inhibiting factors that are still unsolved for the development of micro-entrepreneurs to help them to start up or develop their existing micro-enterprises. For this reason, the following sections look at the key issues in the micro-finance sector that are hindering the development of micro-entrepreneurship in Cambodia, including the lack of formal banks’ engagement in micro-finance; the limited supply of credit; limited savings services and products; the lack of insurance services and products; and collateral-based lending technology. This chapter also looks at the need for non-financial service integration as a move forward to improving the micro-finance system in promoting micro-entrepreneurship development in Cambodia. Section 4.8 highlights the available strategies for integrating non-financial services with micro-finance programs aimed to build micro-entrepreneurs’ capacity to improve and sustain their enterprises.

4.2 Lack of Formal Banks’ Involvement in Micro-finance

Rural entrepreneurs have little access to the formal financial system in Cambodia. This is due to the banks’ current products and existing delivery system being too expensive for the poor. Under the current system, aimed at collateral arrangements, the banks find lending to the poor risky (CCRD 1996; Kang 2002; Clark 2006). As a result there is a very limited exposure of banks to micro-finance; only one bank, ACLEDA Bank, out of fifteen banks in Cambodia provides pro-poor financial services to rural entrepreneurs.

There is no branch banking at all in the sixteen provinces in Cambodia that together account for 48 percent of the total population (Beresford et al. 2004). Where branches exist, they are concentrated in the provincial capital. Access to these banks is difficult for the village people and the banks also offer only limited services (CGAP 2004). The banks’ lending technology is also a deterrent to rural entrepreneurs as it is mainly asset-based and is not designed to cope with risk and imperfect information.
Robinson (2001) states that usually the boards and the chief executive officers do not know how the micro-finance business operates, and so many are unwilling to make exceptions to bank rules, such as waiving collateral requirements for microloans or accepting non-traditional forms of collateral that are appropriate for micro-borrowers. Clark (2006) states that, for banks, the perceived risk of financing micro-enterprise is particularly high because of the micro-entrepreneurs’ lack of collateral and the absence of acceptable substitutes. Consequently, the lack of collateral is one of the main barriers that micro-entrepreneurs encounter in accessing formal credit.

Brett (2004) argues that Cambodian specialist and commercial banks all have important roles in meeting the credit needs of rural investors and providing expanded services and products to rural clients that would promote more competition in micro-finance. Stronger competition would also stimulate better terms and services (e.g. reducing interest rates, amending collateral requirements) as appropriate, so that more rural people would have access to loans (Brett 2004).

4.3 Limited Supply of Credit

Despite the considerable growth of micro-finance providers, most demand for rural financial services continues to go unmet in Cambodia. At present, the rudimentary banking system is unable to address the demand from micro-entrepreneurs, who need micro-finance to stabilise consumption, build assets, and develop micro-enterprises. Picken (2004) states that this unmet demand is due partly to the virtual non-existence of commercial banking services outside the capital Phnom Penh and other major urban areas. With the exception of ACLEDA Bank, which has nationwide branch offices, banks do not yet serve the rural entrepreneurs.

Consequently, the current demand and supply gap for institutional rural finance is significant. The estimated rural credit demand of US$120–US$130 million per annum, of which one-third is for micro-credit varying from US$20 to US$300, is only fractionally met from institutional sources (RGC 2001; NBC 2002). Picken (2004: 6) reports that the entire micro-finance sector has recently topped only US$56.9 million in loans outstanding (i.e. loans that have been lent out and not yet paid), indicating that there is a long way to go in meeting demand.
An inadequate supply of credit is a major hindrance for Cambodian rural entrepreneurs, who often suffer from lack of capital to start up or expand their micro- or small enterprises. Making institutional credit available, particularly to rural entrepreneurs, is thus considered essential to upholding an entrepreneurial spirit and promoting economic development from the bottom up.

4.4 Limited Savings Services and Products

Poor households prefer services which provide convenient, safe mechanisms for accumulating small amounts of savings in order to smoothe consumption and respond to emergencies. Yet bank savings services are poorly developed in Cambodia. Flaming et al. (2005) report that micro-finance in Cambodia is almost completely focused on the provision of credit. Micro-finance in Cambodia is still very much credit-driven, with the exception of one micro-finance bank, the ACLEDA Bank, which offers attractive deposit services and uses savings to fund 43 percent of its lending portfolio (Peng 2001; Pickens 2004). In general, the MFIs’ credit portfolios are still financed by donors and investors, and not by depositors.

The Royal Goverment of Cambodia (RGC) (2001) reports that the demand for savings products, although not quantified, is significant and largely unmet because of: (i) the limited supply of savings services, (ii) the absence of secure and reliable savings facilities, (iii) the lack of appropriate products, (v) the high cost of service delivery, (iv) and the relative inexperience of micro-finance providers in managing savings.

Urashima (2000) reports that when savings products are offered they are generally not reliable in rural Cambodia. Most smaller MFIs tend to have compulsory savings requirements under which members control the group saving and lending among themselves (Urashima 2000). On the other hand, a number of registered NGO micro-finance providers are only marginally viable while some appear to be on the brink of collapsing, putting the savings of their members at risk (Bret 2004). Management and staff often have limited capacity in the management of savings and credit schemes; and their polices are often not clear to all clients (RGC 2001).
The problems of the inappropriate design of savings products and unreliable and poor management have resulted in a low level of savings within rural Cambodia (Urashima 2000; ILO 2000; Peng 2001). Compared to the US$56.9 million in outstanding loans, micro-finance programs had mobilised only US$1.3 million in deposits as of October 2003 (Pickens 2004: 3). Moreover, the low level of savings can also be explained by a lack of trust of potential depositors towards finance institutions, due to the history of failed banks in Cambodia in the past civil wars. As a result, this long chronic history has made Cambodian people, particularly the rural poor, save in-kind (e.g. gold, jewellery) or cash at home (Brett 2004). Nonetheless, the NBC (2006) states that the main reason for the low level of savings is the lack of safe and unreliable savings facilities in the rural areas. The ADB also believes that there would be a strong demand for saving in the rural communities in Cambodia if appropriate facilities were available (Conroy 2003).

4.5 Lack of Insurance Services and Products

Credit and savings are not the only financial services that are needed by the poor. Poor people face more risks than most of the non-poor, with more devastating consequences. Microinsurance products can help them handle unforeseeable crises, such as extreme weather, illness, and loss of livestock. They can also be a safety net to keep people from falling into poverty in the first place. Yet microinsurance service is virtually non-existent in Cambodia.

In particular, health problems and lack of adequate health care are critical issues for the poor; it is a documented fact in Cambodia that health problems often lead to indebtedness and landlessness (MoP 2002; CDRI 2003; Brett 2004). Ten Kate and Roeun (2004) report that sometimes the poor take out a loan to buy farming equipment, but spent the money on hospital bills when family members fall ill. In such cases, it is devastating for the poor, who are often forced to sell their belongings or even their land to pay for medical bills or to repay the debts.

For this reason, it is crucial to integrate microinsurance into micro-finance programmes as a safety net to help micro-entrepreneurs to mitigate unforeseeable risk. McCord (2000: 1) describes microinsurance as a risk management tool for poor families that brings the poor beyond self-savings into the leveraged position of risk pooling. Microinsurance is of
considerable importance to every micro-entrepreneur as it could play a vital role in mitigating unforeseeable risks and protect both the micro-entrepreneurs and their businesses from catastrophic events.

At present there is only one type of microinsurance product in Cambodia, micro-health insurance, which is provided to poor households by a French NGO, Groupe de Recherche et d’Échanges Technologiques (GRET). GRET has been active in Cambodia since the late 1980s in several fields of economic development (agriculture, micro-finance, water sanitation, etc.). GRET launched a micro-finance program in 1991 that progressively turned into a legally recognised micro-finance institution, namely AMRET.

In 1996, AMRET had a micro-credit impact study conducted on their clients, which showed that a primary destabilising factor for household budgets was illness. The study also confirmed that health-related expenses caused problems with all aspects of household finances, including the ability to repay debt. In response in 1997, AMRET approached GRET to create an autonomous unit to provide insurance in the same markets (i.e. GRET to provide its insurance services to AMRET’s clients) (McCord 2001). An autonomous experimental health insurance project was therefore launched by GRET in 1998 to create a viable system that could help AMRET’s clients protect their income against severe health expenses, as a complement to micro-credit (GRET 2000; McCord 2001; GRET 2004a). This new project was named “SKY”, a Khmer acronym for “Health for Our Families”, which serves both as a provider of in-home primary care (by GRET doctors) and a full-service insurer of secondary care (provided by public hospitals) (McCord 2001: 3–4; GRET 2004b: 1). The elements of SKY’s insurance product have gradually developed (see Table 4.1).

SKY has had a positive impact on the health status of project clients, who have also been able to reduce their health expenditure, thus generating savings that can be reallocated to more productive investments, and the decrease of indebtedness. In the future, the project aims to reach at least 25 percent of the population in the two provinces served (Kandal and Takeo). In 2005–07, the scheme entered into a scaling-up phase aimed at reaching self-sufficiency over a larger client base and designing new insurance products for other segments of the population (ARCM 2005; ARCM 2005).
Despite this exceptional initiative in micro-health insurance, other forms of microinsurance, such as loan/life insurance and livestock insurance, have not yet been developed in Cambodia.

### Table 4.1: SKY’s Product Description

<table>
<thead>
<tr>
<th>Target Market: clients</th>
<th>Rural poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Market: geographic</td>
<td>Two Cambodian provinces: Kandal and Takeo</td>
</tr>
<tr>
<td>Intended client benefits</td>
<td>Improved health of rural families</td>
</tr>
<tr>
<td></td>
<td>Improved financial stability</td>
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<tr>
<td></td>
<td>Respiratory tract infections</td>
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<td></td>
<td>Haemorrhaging fevers</td>
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<td>Typhoid fever</td>
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<td></td>
<td>Diarrhoea</td>
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<tr>
<td></td>
<td>Intestinal parasites</td>
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<tr>
<td></td>
<td>Ailments of the eyes</td>
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<tr>
<td>Product coverage: Children Primary Care</td>
<td>Respiratory tract infections</td>
</tr>
<tr>
<td></td>
<td>Food poisoning</td>
</tr>
<tr>
<td></td>
<td>Typhoid fever</td>
</tr>
<tr>
<td>Product coverage: Adults Primary Care</td>
<td>Asthenia (loss of physical strength)</td>
</tr>
<tr>
<td></td>
<td>Intestinal parasites</td>
</tr>
<tr>
<td></td>
<td>Critical surgery related to the torso only (US$53)</td>
</tr>
<tr>
<td></td>
<td>Natural Delivery (US$4)</td>
</tr>
<tr>
<td></td>
<td>Delivery using forceps or suction (US$15)</td>
</tr>
<tr>
<td>Product coverage: Secondary Care</td>
<td>Delivery by caesarean section (US$48)</td>
</tr>
<tr>
<td></td>
<td>Transport (for all secondary care except natural delivery conducted in home) (US$2.60)</td>
</tr>
<tr>
<td>Product coverage: Death</td>
<td>Any death (US$13) (except for children under 1 year)</td>
</tr>
</tbody>
</table>

| Limitations | Primary care must be provide by GRET doctor |
| | Coverage is limited to specific medical issues |
| | Secondary care is paid as a cash benefit regardless of cost of procedure. |
| | Medications must be purchased. GRET sells discounted drugs to insured |
| | Primary care from GRET available from 8H00 to 16H30 |
| Eligibility Requirements | Resident of target commune. |
| | Whole family (living in same compound) must join |
| Pricing: premiums | US$1.58 per year per person |
| Pricing: co-payments (primary care only, per illness not per visit) | Children = US$0.13 |
| | Adults = US$0.26 |

Others: 
- Medications purchased by insured at discounted price
- Clients are issued identity passbooks which also serve as health records
- Medical check-ups are provided upon payment of premium to assess client’s current condition and treat or advise. They are not used for exclusionary purposes.

4.6 Collateral-Based Lending: A Constraint

Due to the vulnerability of the poor to external shocks such as natural calamities and economic downturns, lending money to the poor in Cambodia is a high-risk business. The high probability of loan default undermines the viability of rural financial institutions.

Rural financial institutions are unable to lend based on cash-flow analysis, as they lack client financial information. Consequently, institutional lenders in Cambodia, such as commercial banks and other development finance institutions, are compelled to depend on real estate-based lending technology to cope with risk and the problems of imperfect information\(^8\) and imperfect enforcement\(^9\) (RGC 2001). This technology, as argued by Beresford et al (2004), discriminates against collateral-constrained borrowers, particularly micro-entrepreneurs.

Matienzo (2001: 7–8) reports that the most important criterion used by some licensed MFIs and registered NGOs in determining eligibility and therefore membership in the groups (i.e. group loan clients) is a certificate of land ownership, which must be certified by the village and commune authorities. Thus, such group-lending technology is basically collateral-based (Matienzo 2001). However, Cambodia’s uncertain legal system, especially the lack of legal infrastructure to support the enforceability of financial contracts, leads to problems in loan recovery and often to damaging confrontations with clients (CDC 2002; Beresford et al. 2004).

The Ministry of Planning (MoP 2002) reported that only ten percent of rural families hold legal land titles; the reliance on real estate as collateral means that the vast majority of Cambodian rural entrepreneurs have no access to institutional credit.

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\(^8\) Imperfect information here is referred to as a lack of information about micro-finance clients, such as their background, business and financial reports; this results in adverse selection and moral hazard for the institutional lenders. For example, adverse selection is where institutional lenders cannot screen riskier borrowers from safer ones; moral hazard is where institutional lenders cannot monitor the behaviour of the clients—both of which are accentuated in the case of poor borrowers.

\(^9\) Imperfect enforcement here is referred to as a limited liability of institutional lenders to apply sanctions against defaulted borrowers; e.g. due to the poor legal system, enforcement of loan repayment does not work very well; or the poverty of the borrower restricts the number of effective sanctions.
4.7 Beyond Micro-finance: The Need for Non-financial Services

In addition to financial hindrances, non-financial factors also directly hinder micro-entrepreneurship development. In addition to the lack of banking and financial support for Cambodian micro-entrepreneurs, people have little or no access to basic education, health care, and other non-financial services to improve their human capacity, which are necessary to sustain and foster their daily income.

It is widely acknowledged that micro-entrepreneurs in Cambodia need more than just micro-finance to address their plight. It should be recognised that lack of health knowledge, and other basic education such as literacy, numeracy and basic business skills can have adverse effects on micro-entrepreneurs’ ability to operate and sustain their enterprises (Ledgerwood 2000; Dunford 2001). The International Labour Organisation (ILO 2000) argues that financial services, as provided by the large number of micro-credit schemes and micro-finance institutions in Cambodia, are essential forms of assistance for micro- and small enterprises. However, these alone are not enough to help poor entrepreneurs achieve the all-round well-being and knowledge that are necessary to be able to identify viable business opportunities, create new enterprises and grow them, and see them contribute in an optimal way to job creation and poverty alleviation.

Placing unrealistic expectations on micro-finance is counterproductive; that is, micro-finance should complement, and not replace other development interventions (Bulletin 2005: 4). Dunford (2001) and Ledgerwood (2000) argue that if the poor entrepreneurs are not to slip back into the poverty trap, they need to be able to access non-financial services, particularly education, which will help them to improve their existing skills, compete, and run their businesses more efficiently and effectively in the long-run. So, wherever possible, such non-financial services should be combined with micro-finance programs. (These points correspond to the global consensus on the future direction of micro-finance, which is captured in the statement of “Key Principles of Micro-finance” developed and endorsed by the Consultative Group to Assist the Poor (CGAP)\textsuperscript{10}, and further endorsed by the Group of Eight (G8) leaders at the G8 Summit on 10 June 2004.)

\textsuperscript{10} CGAP is a consortium of 31 public and private donors that aims to expand access to micro-finance services for the poor. The Key Principles of Micro-finance are available on the CGAP website at www.cgap.org/keyprinciples.html.
Despite the need for non-financial services to improve human capacity, the integration of micro-finance with non-financial services is virtually non-existent in Cambodia (Kang 2002; Pickens 2004; Ulrich, Sem et al. 2006).

The following sub-sections discuss the need to incorporate social and enterprise development services as a complement to micro-finance for micro-entrepreneurs to build capacity.

4.7.1 Social Services

There are two categories of social services that need priority attention in order to be integrated into micro-finance programs: (1) health education; and (2) literacy and numeracy training. This is because Cambodian micro-entrepreneurs generally have low levels of health knowledge and of the literacy and numeracy skills that can significantly affect their capacity to compete and develop their enterprises (MOP/UNDP 2002; Beresford et al. 2004). Proponents of integrating micro-finance with education, for example, argue that being able to access credit is not adequate for improved health status, because health knowledge and intentions, such as how to identify nutritious foods or prevent particular illness or disease and other indicators of poor health, may be lacking (MkNelly and Dunford 1998; Hsiao 2001). Such lack of health knowledge can be costly, because it can lead to illness of either the micro-entrepreneur or their family members, which can undermine their ability to earn or increase income and/or jeopardise the household budget due to medical expenses (McCord 2000; Daley-Harris 2002). In Cambodia, for example, a micro-credit impact study undertaken by Groupe De Recherche Et d'echanges Technologiques (GRET) and Ennatien Moulethan Tchonnebat (EMT) in 1996 showed that a primary destabilising factor for household budgets was illness (GRET 2000). The study confirmed that health-financing issues caused problems with all aspects of household finances, including debt servicing (GRET 2000; McCord 2001).

Noble (2001) points out that financial consequences of sick clients can also adversely affect the MFIs’ performance and sustainability, including (1) delay in loan repayment; (2) inability to repay loans resulting in default\textsuperscript{11}; (3) poor attendance at MFI group meetings; (4) poor performance of the client’s business due to neglect and redirection of capital and; (5) undermining of the solidarity of the MFI client group.

\textsuperscript{11} For example, in the case of Grameen Bank, its study found that 44 percent of the bank’s loan defaults were due to illness, and that poor health prevented the borrowers from carrying out their economic activities, including repaying the loans (Hsiao 2001)
Poor health knowledge and sickness are critical issues for the poor; it is a documented fact in Cambodia that health problems often lead to indebtedness and landlessness (MoP 2002; CDRI 2003; Brett 2004).

On the other hand, literacy and numeracy training are other critical factors that deserve to be incorporated with micro-finance if micro-entrepreneurs are to build capacity. The supply of education services in Cambodia’s rural areas, whatever the reason for their being provided by the public or private sector, is not reliable, mainly due to the Khmer Rouge period (1975–1979), which effectively destroyed educational infrastructure. By the end of 1979, the vast majority of intellectuals had been executed or had died from starvation or overwork, and only about 3,000 qualified secondary teachers were alive in the country (Williams et al. 2001). The National Institute of Statistics (NIS) in Cambodia (NIS 2002) reported that most literate adults had received only very rudimentary formal education, and in the rural areas approximately 73 percent of women and 55 percent of men did not complete primary school. Consequently, the scant education for human development, particularly basic literacy and numeracy training, still leaves much to be desired. In many cases micro-entrepreneurs are constrained by being illiterate and innumerate, especially in making use of credit for production purposes (ECI 2004). For example, it can be disastrous when they are unable to create trading records to find out if they are actually making money or to determine appropriate financial strategies to achieve investment and other economic goals.

4.7.2 Enterprise Development Services

To a certain extent, micro-entrepreneurs need more than literacy and numeracy skills for their daily business operation; they need basic business management skills. The lack of basic business skills such as sales, marketing and production can adversely affect their business performance and even their survival in the long run (ILO 2000).

The ability to assess loan feasibility and profits, as well as the possession of sales and basic management strategies are necessities to assist micro-entrepreneurs directly in operating their businesses (Ledgerwood 2000). Such abilities are inevitable when the businesses grow and get more complicated to operate and manage. Ahmmed (2004) points out that different experiences show that micro-finance programs are more effective when run together with a business training program; otherwise, when income generating activities reach a certain extent, they face a slowing down of growth due to a lack of technical knowledge.
Therefore, providing micro-finance with basic business management skills is necessary to boost entrepreneurial capacity and managerial talent if micro-entrepreneurs are to be able to safeguard their enterprises in the long term. Nevertheless, it is clear that going beyond micro-finance is not an easy task for any MFI. There are, however, three different approaches that have been developed in other countries to provide both micro-finance and non-financial services. The three approaches, namely the link, the parallel and the unified, will be discussed in the following section.

4.8 Strategies and Challenges for Non-Financial Services Integration

Having discussed the need for non-financial services to be integrated, it is now crucial to turn to the specific challenges of incorporating non-financial services into micro-finance programs.

The primary premise is that the micro-entrepreneurs obviously need more than micro-finance. However, providing services beyond micro-finance may compromise an MFI’s sustainability. Dunford (2001: i) states that “the legitimate concern for sustainability, has made micro-finance practitioners very cautious about non-financial add-ons, as they believe that this can only be a drag on the drive for sustainability.”

The valid concern for micro-finance operations to combine with non-financial services is compelling. However, the sector cannot pretend to overlook clients’ poor health and other basic problems that must be addressed for the sake of the long-term survival of their businesses. If the primary objective of MFIs is to help micro-entrepreneurs get out of poverty through income generating activities, they need to balance the double bottom line by achieving both financial performance and social objectives.

The key challenges for MFIs in adding non-financial services as part of their micro-finance programs are: extra costs, extra commitment from management, and the viability of institutional operation. MFIs’ group-based lending mechanisms, however, have particular features that are well suited to addressing these challenges. MFIs that have group-based delivery mechanisms require their clients to form groups that meet at regular intervals for loan administration. This group-based forum is an appropriate venue for non-financial services delivery. Group-based micro-finance provides the lowest cost approach to delivering both micro-finance and non-financial services needed by micro-entrepreneurs (Dunford and
Denman 2001). Such a delivery system brings large groups of clients together in regular meetings. Good, informal education (e.g. adult education, literacy/numeracy training etc.) can be implemented effectively at the regular meetings to promote changes in personal behaviour and personal confidence. Such education technologies can cover a variety of education topics effectively and can only improve performance abilities so that clients are enabled to put their loans to more productive use and generate more profit and savings (Daley-Harris 2002). Thus, micro-entrepreneurship development objectives could be served well by the integrated delivery of micro-finance and non-financial services, made possible by the group-based lending model.

There are three important ways to take advantage of the opportunity to integrate non-financial services with the group-based lending model. Dunford (2001) defines the three possible strategies as follows:

1. **The linked approach** is when micro-finance and non-financial services are delivered by different specialised staff each employed by different independent organisations, but targeting the same end-users.

The linked strategy has been applied in many contexts, such as health, literacy and business skills training and others where MFIs have linked their group-based micro-finance programs with other organisations that target the same people in need. For example, in Nepal, the Small Farmer Development Programme, which provides micro-credit on a group-collateral basis to small groups of farmers for various income-raising ventures, has partnered with the United Nations Children’s Fund to provide non-financial services such as health, nutrition, education, water and sanitation to its clients (UNICEF 1997: 5).

Another example is Opportunity International in Africa, which has applied the linked strategy by partnering with other organisations that provide health education and legal services (such as advice on wills and inheritance laws for women and children) to its clients at weekly group meetings (Parker, Singh et al. 2000: 5). This strategic partnership approach has also been adopted by other institutional micro-finance providers such as Bangladesh Rural Advancement Committee (BRAC), Crédito con Educación Rural (CARECR), Foundation for International Community Assistance (FINCA), Foundation for Credit and Community
Assistance (FOCCAS) and Self Employed Women's Association (SEWA) to provide non-financial services to their clients.

2. The parallel approach, where micro-finance and other non-financial services are delivered separately to the same client group meeting by two or more different specialised staff employed by the same organisation.

The parallel approach is usually adopted by larger MFIs that have the capacity to create new units by themselves. This strategy can provide a broader range of non-financial services,\(^\text{12}\) which can result in larger impacts for clientele. This is because different specialised staff are trained to provide different services in their own particular sector, and no extra burden is put on them, which can be seen in the unified approach. However, sustainable financing seems to be its most critical challenge, as more and different services would demand more and different specialised staff, resulting in extra training and extra supervision, which creates too much of a financial burden on a single MFI (Dunford 2004).

Although MFI’s financial services may be financially self-sustained, its units that provide non-financial services need to rely predominantly on grants, in large part from third parties (Dunford 2006). For example, Katy (2004: 11) states that the parallel approach of the “Bangladesh Rural Advancement Committee’s (BRAC)\(^\text{13}\) non-formal education model will be difficult for many MFIs to replicate, due to its large dependency on external grants to cover high costs of training teachers and establishing schools, however, larger MFIs that receive a relatively large amount of donor funding, may be able to successfully implement such a parallel approach”. The Grameen Family of Companies is another example of a parallel approach that mainly depends on donor funding (Muhammad 2004).

3. The unified approach, where one generalist field staff from one organisation provides both the financial and non-financial services at clients’ group meetings. The unified strategy has been generally adopted to address the basic education needs of micro-entrepreneurs. Its key challenge seems to be the management of multi-tasked staff to deliver different-sector services. From a management perspective, it makes an extra demand in the form of

\(^{12}\) For example, Grameen Family of Companies is seen as a network created to cater for broader and different needs of Grameen Bank’s clients.

\(^{13}\) Refer to section 5.3 for discussions and illustration of the parallel approach of BRAC.
commitment from both the institutions’ governors and managers to carefully recruit, train and supervise the right kinds of staff for this multi-tasked job. This is to ensure that the high quality facilitation of both financial and non-financial services can be achieved.

On the other hand, when costs are combined for both financial and non-financial services the unified approach is a much less expensive model for MFIs to adopt than the parallel approach, and the most likely to be financially sustainable. This is mainly due to the fact that one staff member in the unified model can deliver two or more services at the same time as part of a regular group meeting, thus keeping the costs of the added service low. The delivery of non-financial services by generalist staff can be as basic as facilitating the Grameen Bank’s “Sixteen Decisions”. The Grameen Bank, with its well-known Sixteen Decisions, which have to be adhered to by each member, may be the pioneer of the unified model; this incorporation of social intermediation by promoting social change behaviours has made education cost-effective within the context of group-based lending (Dunford 2001)

As a result, Grameen Bank has inspired the Freedom from Hunger Campaign to develop a unified model with a deeper non-formal education strategy within the context of the village banking methodology, called “Credit with Education” (Kevane 1996). Credit with Education has so far been highly acclaimed as the most cost-effective integration of non-financial services in the field of micro-finance that follows a unified approach. Credit with Education is a strategy for providing self-financing micro-finance to female micro-entrepreneurs while simultaneously offering non-financial services such as family nutrition, women’s health, literacy, and micro-enterprise management skills.

Credit with Education now operates in sixteen of the poorest nations of Asia, Latin America, the Caribbean and Africa (Fortunes 2005), via organisation such as Pro Mujer, which is explained in Chapter 5, section 5.4. The Credit with Education program is a feasible example of how MFIs can deliver services beyond micro-finance to better cater for the needs of their clients without compromising service quality or financial viability.
4.9 Summary

After three decades of civil strife, Cambodia in the early 1990s had virtually no formal financial institutions, let alone those dedicated to serving the poor. To date, a strong group of market-leading MFIs, complemented by numerous NGO programs, has rapidly extended financial services to many Cambodian households. Despite this rapid expansion, the Cambodian micro-finance sector still faces many unresolved issues, such as substantial unmet demand and gaps in service, particularly savings and insurance. Moreover, non-financial services such as literacy and business training programs are not commonly offered to help strengthen micro-entrepreneurs’ capacity to run their businesses more efficiently and effectively, or to become better financial-service clients who can make profitable use of the financial services they receive.

Overall, the literature review indicates that there is a clear need for a low-cost micro-finance model capable of reaching a greater proportion of the population, as well as providing concurrent access to savings, other financial services and complementary non-financial services that will contribute to the overall development of micro-entrepreneurship in Cambodia. To respond to this continuum of needs, the Cambodian MFIs need to look at a cost-effective, integrated micro-finance model that would help, to a great extent, address both the financial and non-financial needs of Cambodian micro-entrepreneurs. In view of this, the next chapter will look at some of the case studies of the available integrated micro-finance models.
CHAPTER 5

CASE STUDIES OF INTEGRATED MICRO-FINANCE MODELS

5.1 Introduction
A holistic view of poverty leads to the question of whether MFIs should be providing services beyond micro-finance. In many cases paths out of poverty may be blocked by factors beyond the usefulness of financial services, or may even prevent people from accessing the financial services available. In these cases there is a strong argument for intervention other than micro-finance, or for supplementing financial services with other inputs such as health education, training, market support services, and so forth. However, incorporating non-financial services into micro-finance programs is not a straightforward task; there are specific challenges, such as extra costs and extra commitment from management.

Therefore the main purpose of this chapter is to use three case studies\(^{14}\) to illustrate some of the real-world responses to the implementation challenges of integrated delivery models. The three case studies are: the unified service delivery by Fédération des Unions de Coopératives d’Épargne et de Crédit du Togo (FUCEC-Togo); a parallel service delivery by the Bangladesh Rural Advancement Committee (BRAC); and a hybrid model of unified management and parallel delivery by Pro Mujer. All of the organisations discussed in the case studies share a commitment to offering both group-based lending and various types of education and other services to micro-entrepreneurs. All three organisations are attempting to do this for the long term, and are addressing the difficult issues of institutional and financial sustainability in the provision of financial and social services.

5.2 A Case of Unified Service Delivery by FUCEC-Togo
FUCEC-Togo is the Togolese credit union league. It is governed by a board of directors elected by the member credit unions, called COOPECs (Coopératives d’Épargne et de Crédit). The first COOPECs were founded in the 1970s. Each COOPEC is a financial cooperative governed by a board of directors elected by the cooperative members (one member, one vote).

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The COOPECs provide the typical savings and credit services of a credit union. In addition, since 1996, an increasing number of COOPECs have provided a service to poor Togolese women through a FUUCEC-sponsored program called Crédit-Épargne avec Éducation (Service CE/E). The service is provided through groups of 18–30 (average 24) women, which are called Groupements d’Interêt Économique et Social (GIES). Within each GIES, members organize themselves as solidarity groups of 4–5 individuals and elect a management committee to lead the whole GIES.

The GIES service delivery model is a variant of Credit with Education. A GIES meets in its own community with a FUUCEC promotrice (field agent) for one to two hours each meeting; meetings are weekly for the first few loan cycles (16 weeks each), then biweekly as the group demonstrates its reliability. One promotrice meets with the group to provide savings, credit and educational services at the same meeting. The GIES are generally located in rural areas served by once-weekly public transport. Therefore, the promotrices travel to their meetings on motorcycles provided by the Service CE/E.

The promotrice helps the GIES register itself to receive the Service CE/E and provides orientation training in five two-hour weekly sessions. During the first few loan cycles, the promotrice tends to lead the meetings while encouraging members to participate. This leadership role becomes progressively a facilitating role for the more mature groups (advanced loan cycles), allowing the GIES management committee to take on its group leadership responsibilities. A successful field agent must ensure this transfer of responsibilities within three to six loan cycles.

FUUCEC hires, trains and supervises the promotrices. They are assigned to form and manage the GIESs of the participating COOPECs, which are too small in staff and service area to employ and supervise a full-time promotrice. Before assignment to a program area, the promotrice receives two weeks of professional orientation so that she is well equipped to investigate villages to determine their potential for the Service CE/E, to promote the program to rural women, and to form groups of women who want to join. The promotrice is trained in adult education and training techniques. The program trainer conducts most of the training, but for some specific training the FUUCEC program benefits from external assistance from Freedom from Hunger or PLAN International Togo.
5.2.1 Micro-credit Services
The Service CE/E made its first loans in April 1996. The value of loans outstanding at December 31, 2000 was US$1,470,000 to 13,540 active borrowers (average loan size was US$109) in 550 GIESs served by 21 promotrices. Loan funds are provided by FUCEC as investments from its central liquidity fund. This fund is composed of deposits of all member COOPECs and serves the liquidity management needs of all member COOPECs. The ultimate sources of these funds are the savings deposits of COOPEC members, the great majority of whom do not participate in a GIES.

GIES members are not required to borrow but 98 percent had loans at the end of 2000. A borrower must be a member of a GIES (this includes payment of member fees); have a minimum amount of savings on deposit in the group account with the COOPEC; have completed the pre-membership training; attend GIES meetings regularly; have no repayment problems; and be engaged in economic activity deemed profitable enough by her solidarity group to allow weekly repayment of the loan.

5.2.2 Educational Services
To receive education from the Service CE/E, women must be GIES members, attend the weekly or biweekly meetings and be a current saver. Topics covered deal with health and nutrition (diarrhoea prevention and management, breastfeeding, infant and child feeding, immunization and family planning), better business development (“Increasing your sales” and “Knowing your real profit”) and GIES management.

Almost every GIES meeting (except when loans are disbursed by the promotrice or repaid in full by the group) includes a learning session. Each learning session takes about half an hour. Each topic, such as family planning, requires several learning sessions spread over several meetings, generally concentrated in one loan cycle of 16 weeks. Learning sessions are led by the promotrice with assistance of the women in the groups. She uses short dramas and sometimes visual images to introduce the subject and various discussion facilitation methods to encourage everyone’s contribution to develop and convey the key message. The sources of education materials and technical information, including updates and upgrades, are Freedom from Hunger and the Togolese Ministry of Health.

One of the recently introduced education topics of the Service CE/E is family planning. This topic is the favourite among all CE/E members; women are very engaged by the family
planning learning sessions. The topic is taught through drama, such as the one about Mouzou and his wife Sena, a couple with seven children. They all become sick at the same time while Mouzou is away. Sena takes them to a health centre, where she is given a prescription for medicine, but she holds the prescription for Mouzou to have filled. Days later, Mouzou comes home and finds Sena very sad. He asks her what the problem is. She shows him the prescription, but as she expected, Mouzou prefers to go for traditional medicine. While struggling to get proper treatment for her children, Sena is visited by Afi, a former classmate. Afi hardly recognizes Sena, because she has changed so much since her marriage. To help her friend, Afi pays Sena’s debts and also shares family planning information with Sena. Then Sena shares this information with Mouzou. The drama closes with the promotrice coming in and explaining a variety of methods of family planning, not only to Mouzou and Sena, but also to their whole community.

This story stimulates very animated discussion, because the women see themselves so clearly in the person of Sena. The methods of family planning introduced are hormonal pills, Norplant implants, quarterly DMPA injections, condoms, the IUD and others. Women are referred to the nearest health centre for more information and access to these methods. As a result of the family planning learning sessions, most GIES members are proud to show off the Norplant implants in their arms!

5.2.3 Evidence of Impacts on Clients and the Program
FUUCEC selects communities to receive the Service CE/E because of their reasonable proximity to member COOPECs and their relative remoteness from transportation corridors and cities, reaching out to communities where no financial institution or NGO is active. People in these communities are poor farmers living on their crops. As further evidence of their relative poverty, GIES members in some of these communities are still borrowing no more than US$40 after ten 16-week loans from the program.

The positive impact for GIES members has been documented by an external impact study conducted in February 2001 by two Togolese consultants. The main change in the lives of GIES members is financial. Families are not only sending their children to school more easily, but also they are able to take sick children to hospital. The program has also affected social life in families. Women receive more respect in their communities, especially from their husbands. They are more recognized as financial contributors to their households.
The program accounts for the cost of delivering financial and educational services together because the two services are so unified in the work of program staff and their supervisors and trainers. As of September 30, 2000, income from credit operations covered 94 percent of the unified costs of the Service CE/E. Grant funding for start-ups in new areas has been provided by both PLAN International and Freedom from Hunger. Technical assistance funded externally (e.g. training by Freedom from Hunger) is not included as revenue or expense in the tracking of program costs.

Its experience with the Service CE/E has convinced FUCEC that education added to small loans and savings is essential for changing the lives of poor people in rural communities. Despite difficult economic conditions that limit the potential of their micro-enterprises, poor women have stayed with the program, according to FUCEC, because they enjoy fellowship with others and the information they receive during learning sessions. This has helped the financial self-sufficiency of the program as well as the women. In addition, FUCEC has become convinced that the financial and educational services can be efficiently and effectively delivered together by the same promotrices, who serve an astounding average of 26 GIES each.

5.3. A Case of Parallel Service Delivery by BRAC
BRAC (Bangladesh Rural Advancement Committee) is a private, non-profit, nongovernmental organisation, founded in 1972 by the current Executive Director, Fazle Hasan Abed. Initially responding to the devastation caused by the war of independence in 1971, BRAC soon focused on sustainable development empowerment of the poor in rural areas of Bangladesh through micro-credit, health, education and training programs.

5.3.1 The BRAC Development Programme (BDP)
In total, BRAC had 3.64 million Village Organisation (VO) members (in all 64 districts of Bangladesh) at the end of 2000, 97 percent of whom were women. Within a village, a VO is composed of 7–8 BRAC groups of five, which are formed by individuals to give one another social collateral as a joint-liability group. Members are recruited by BRAC staff, with the requirement that member households meet three criteria: ownership of less than 50 decimals of land; sale of manual labour to make a living; and total assets amounting to less than the value of 50 decimals of land.
BRAC arranges weekly and monthly meetings with the VO members. Weekly meetings generally focus on credit operations: to collect savings, to decide who should get loans and for what purpose, and to make loan repayments. The monthly meetings are issue-based meetings called Gram Sobha. They provide functional education on issues that women members deem important. All these meetings are held within the community. Other forms of education (legal, social or health-related) are provided at additional meetings that are also held within the community. In addition, more specialized training may be provided at the local BRAC area office or, in some cases, in one of BRAC’s training and resource centres (TARCs).

BRAC’s members are mostly illiterate women. BRAC education aims to serve the needs of its members and be appropriate to the context of rural Bangladesh. BRAC provides many, mostly non-formal, learning opportunities to VO members, who regularly attend credit meetings, deposit savings and take loans from BRAC. Education meetings are held separately from credit meetings and are led by specialised staff. Field work is carried out by Program Organisers (POs), and there are separate credit POs, social development POs (responsible for human rights and legal education classes (HRLE) and Gram Sobhas) and health POs. The POs travel by bike to meet with the VOs and to see individual members.

5.3.2 Micro-credit Services

**Savings.** Collected weekly by BRAC (a minimum of 5 takas [US$0.90] per week and earning interest at 6 percent per annum). Savings can normally be withdrawn only when a member leaves the VO. When a member needs access to extra funds (in case of serious illness or natural disaster), she can withdraw her savings by submitting a special application.

**Loans.** BRAC offers four basic types of loans: *general loans* for use as borrowers decide; *program loans* targeted to certain sectors that BRAC wishes to promote and where it feels there is ample scope for poor people’s involvement (e.g. poultry, silk culture and social forestry); *housing loans* offered to help VO members build homes; and *rural enterprise loans* to set up non-farm businesses in rural areas (e.g. small restaurants, grocery stores, laundry and tailoring shops).

New VO members must wait six to eight weeks before applying for a loan. During this period, the member must regularly attend VO meetings, demonstrate knowledge and adherence to the rules and regulations of the VO, and maintain regular savings. The first loan
varies from US$28 to $56. The amount finally approved depends on various factors, such as the amount of savings the member has accumulated (for the first loan, at least 2.5 percent of the loan; for the second and subsequent loans, at least 5 percent), whether she seems competent to use a loan profitably, and whether she has the resources needed to make good use of the loan. The size of the loans gradually increases as a member shows that she is capable of regular and timely repayment of her loans. From the second loan, the amount increases to between US$74 and $93, rising up to $186 after several years of membership in the VO.

Loans are repaid in weekly instalments beginning the first week after the loan is taken: 46 instalments (at 46 meetings) over a maximum of 52 weeks at a flat interest rate of 15 percent. While there is generally one credit meeting each week, some meetings may be cancelled due to national holidays or other reasons.

**Insurance.** When a woman joins a VO, she must pay US$0.19 every year for a life insurance policy. The member must have a nominee who will receive US$93 in event of the VO member’s death.

### 5.3.3 Educational Services

**Gram Sobha (village meeting).** This provides a forum where women can learn and gain information informally through discussion and consultation with other members and BRAC workers. Various socioeconomic, legal, health and political issues are discussed (e.g. the need to prevent early marriages; how to stop domestic violence; how to prevent illegal divorces or bigamy; where to access various types of services, such as immunization days).

**Human Rights and Legal Education (HRLE).** This is offered to new VO members within one year of joining BRAC. Twenty-eight topics are covered, broadly divided into land laws, Muslim family law, Hindu family law, constitutional laws, basic human and constitutional rights, and criminal law. The course lasts for 30 days and is conducted by a volunteer called the Shebika, a longstanding VO member given special legal training at one of the BRAC TARCs and receiving US$0.37 per learner (half from the group member, the other half from BRAC).

**Essential Health Care Program (EHC).** BRAC decided to provide health education and basic forms of health care when research and experience in the field indicated that the illness of a borrower or someone in her family was a primary reason for difficulty in making
profitable use of loans. EHC educates both VO and other community members at a monthly education forum in the community, covering various health issues: e.g. local food sources of vitamin A, good nutrition during pregnancy and lactation, protection against six killer diseases through immunization, use of slab-ring latrines, and use of delivery kits for safe childbirth. Each meeting covers a new topic, has roughly 20 to 25 participants, and lasts for an average of 45 minutes to an hour. The health Program Organizer (PO) facilitates the meetings (encouraging learner discussion and participation) with the help of community health volunteers (Shasthya Shebikas).

The EHC has decided to replicate a successful pilot project to make men and women in the communities aware of certain reproductive health issues. The project trained Shasthya Shebikas, traditional birth attendants and traditional healers, to provide and discuss at people’s doorsteps information related to sexually transmitted diseases, including Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (HIV/AIDS), reproductive tract infections, sexual hygiene, and domestic violence. BRAC provided all these health workers with flip-charts and picture stories that explained the main issues and generated further discussion with an audience that is often illiterate. The project also trained the health workers to provide initial assistance and, as needed, to refer people to the appropriate care providers or government health facilities.

The visual aids were developed with great sensitivity to the fact that quite personal and sensitive issues were being addressed in a Muslim social environment. Prior advocacy work was done in the communities to explain the need and relevance of such discussion in the community, and the materials were shown to community leaders to ensure they did not object to any of the content.

The EHC has also started a new component dealing with pregnancy-related care. BRAC realized that although pregnant women are amongst the most vulnerable in its target population, not enough was being done to provide healthcare during that critical period. Through the Shasthya Shebikas and the health POs, the EHC is providing prenatal and postnatal care at the community level and has established referral linkages with the basic and comprehensive emergency obstetric care unit of the government.

**Vocational Training.** BRAC quickly realised that members needed not only capital, but also training and skills to take up various forms of income-generating activities. Thus, BRAC has been training women on poultry- and livestock-rearing, silk culture, fish culture, and how to
run non-farm-related businesses. Only active VO members qualify. Courses vary in length from three to 15 days and are mostly held in the BRAC area office, in Union Parishad offices, or at the activity location (in the case of fisheries or tree planting). BRAC employs specialised, highly qualified trainers to conduct all of the vocational courses.

**Non-formal Primary Education.** BRAC has a separate education program (BRAC Education Programme or known as BEP) to provide non-formal primary education in communities where there are few schools or for children who cannot attend regular, government-run primary schools. Many of the students in schools run or supported by BEP are from families with members of VOs.

5.3.4 Evidence of Impact on Clients and on BRAC

Husain found that 27 percent of VO-member households fall within the category of “extreme poverty”, 25.1 percent within “moderate poverty” and 47.9 percent above the poverty line. Measuring poverty in terms of economic well-being, Hussain found that “BRAC programs have been able not only to reduce the intensity and depth of poverty, but have also been able to reduce its incidence among its participants, though the reduction in incidence is apparently modest” (Daley-Harris 2002: 119).

Long-term, control-comparison impact research has been conducted by BRAC since 1992 in partnership with the International Centre for Diarrhoeal Disease Research, Bangladesh. The analysis shows the following results and impact of BRAC’s work:

**Nutritional status of children.** It was found that the prevalence of severe protein-energy malnutrition has significantly declined among the children of BRAC member households, but not among comparable households of non-members.

**Food and family expenditure.** The pattern of intra-household food distribution was examined through observation of a small sample of 25 households consisting of both girls and boys. This exercise revealed that among BRAC-member households, girls more commonly receive equal treatment in terms of food distribution. BRAC households also spend significantly more on food items compared to poor non-members.

**Family planning.** The current use of family planning methods was greater among currently married BRAC members (57 percent) than among poor non-members (49.6 percent).
**Education.** The changes in level of education from 1992 to 1993 were measured. While it was found that basic education had increased among all households, the increase was much greater in the case of BRAC-member households and a greater number of girls had obtained basic education.

**Child survival.** It was found that the survival rate of children belonging to BRAC households was better than that for children from poor non-member households, and in fact rather similar to the survival rate of children from non-poor households. The survival advantage associated with BRAC membership among the poor was largely the result of mortality differences in the first few months of life.

The cost of BRAC’s credit program is calculated separately from that of the educational programs. The total cost of delivering financial services includes all financial costs of capital lent to clients as well as all costs of external technical assistance. Based on financial performance in 2000, BRAC’s credit program was projected to become completely financially self-sustainable in 2001 and beyond. During year 2000, the credit program expanded from 3.2 million to 3.64 million members.

From the surpluses generated through the credit program and some of BRAC’s sector programs (such as poultry, silk culture, and social forestry), BRAC is able to fund some of its educational programs. Still, at present, all the educational components of BDP are funded predominantly by external grants. To the extent possible, BRAC has started collecting service charges from its members for certain forms of training (vocational) or education (for the HRLE course); however, all of the educational and training components are expected to rely partially on external funding for the foreseeable future.

Field POs are now selected and assigned to specific tasks and programs rather than being expected to master all aspects of BRAC’s development programs. A few years ago, there was not such a clear division of responsibilities. When the same staff were responsible for all tasks, the rigours of running an efficient credit program meant that other sectors and tasks tended to be neglected. Moreover, BRAC realized that a PO who is good at managing credit may not necessarily be suitable for carrying out social awareness-raising programs and vice versa.
The management of staff is specialized also, so that credit POs and other POs report to different staff at the BRAC area offices, as well as at the head office. Within BDP, there are separate management sections for micro-credit, health and social development. Non-formal primary education works as a completely independent program at the head office level, though it targets many children of BDP program members. Initially, all BRAC staff undergo a common training program of introduction to BRAC and its various programs, core values and method of work. Subsequently, staffs receive more specialized training that is directly relevant to their specific program work. Staff periodically get new training for new skills or to keep up with new developments within their field or within the organisation.

The most obvious benefits of specialization within BRAC are that staff become very skilled at their particular task; no tasks or programs are neglected; staff can be assigned to particular programs according to their abilities and interests; and there is clarity in terms of tasks to be performed by each person. The disadvantages of having separate staff looking after the different components of BDP are that it is sometimes difficult to ensure coordination between the different programs, and the total cost for separate staff and training for each program is obviously higher than if there were a single set of staff serving all BDP components.

There is strong support throughout the organisation for taking a holistic approach to development. BRAC field workers see a clear correlation between participation in education programs and the successful use of credit and involvement in the Village Organisations. BRAC, even if starting over again, will still commit to providing a broad package to promote the overall social, economic and political empowerment of poor people, especially women. When BRAC has prioritised one area (e.g. economic activities or social mobilization work) more than another, members have shown that they needed and demanded a more integrated package that would address several of their problems, not simply one area of their lives. This stems from the fact that all areas of poor people’s lives are interconnected and that a general improvement in their position is not possible without fighting on all fronts—health issues, education issues, legal issues, political issues and economic issues.

5.4 A Case of a Hybrid Model of Unified and Parallel Delivery by Pro Mujer
Pro Mujer is a non-governmental organisation founded on March 11, 1990 in Bolivia. Its mission is to support women who live in socioeconomic exclusion with integrated participatory services so that they may achieve personal, family and community sustainability.
The institution provides integrated services in credit, business development and health. An important element in all services is ongoing training, which is established as a basic pillar in the process of personal and group development. All of these services are provided to Pro Mujer clients, who are grouped into Communal Associations (a model adapted from the village banking methodology) and participate in the organisation as active clients.

Communal Associations (CAs) have an average of 23 members, with a range of 15 to 40 members. Ninety-eight percent of the clients of Pro Mujer are women. Meetings are held every 7, 14 or 28 days, depending on the seniority of the group and the credit terms under which they operate. Each meeting lasts two hours, during which, according to the established agenda, there is an organisational stage, a payment session and a training session (administration, business development or health), in addition to a session for addressing various matters related to the activities of the group.

Members of a CA organise themselves into solidarity groups and elect a management committee and a credit committee to facilitate the administration, implementation and control of resources and services provided by the Communal Association. Business and health managers are appointed to maintain the connections between the CA and services offered by Pro Mujer.

CA meetings are held in Pro Mujer focus centres; each CA has an assigned room. The health consultant and the office of business development are located in the same focus centre, and clients have direct access to these services on their CA meeting days. More than 80 percent of the clients live less than one and a half hour’s distance from the CA meeting places and Pro Mujer institutional offices. The remaining 20 percent live farther away, mainly due to a change in residence. Pro Mujer policy is to organize groups in zones of influence around each focus centre so that clients do not travel great distances to access the services.

Services are delivered by operating teams, each led by a credit officer/educator, who supervises all staff assistants providing services at a focus centre. Credit assistants advise CAs on the evaluation, granting and tracking of loans. Business assistants provide training and technical assistance for business development. Health assistants provide preventive health training and primary health-care services. In addition, a business technician and a physician give technical help to the personnel of these services and coordinate with the credit officers/educators, whose supervision is operational, not technical.
5.4.1 Financial Services
The Communal Association model is an adaptation of village banking to allow for educational development, growth and permanent and collective learning, both in the economic and social components. The credit component of Pro Mujer is directed exclusively toward investments in profitable economic activities. Pro Mujer does not grant consumer loans. The loans to individual members vary from a minimum of US$50 to a maximum of US$1,000. A member can receive a new loan for a greater amount if she repays the previous loan in a satisfactory manner.

Pro Mujer makes a group loan to the CA, which makes individual loans to its members. The first CA loan is for 12 weeks, the second for 16 weeks, the third and fourth for 20 weeks, the fifth and sixth for 24 weeks, and from the seventh loan onward, the term is 28 weeks. For the first two loans, individual members repay their CA in equal, weekly instalments. For the third and later loans, members can repay twice per month, but only if the CA indicators regarding organisation, cohesion, administration and the number of members are acceptable.

Loans may be in bolivianos, in which case the annual rate of interest is 48 percent, charged on unpaid balances, with no commission. Alternatively, loans may be in US dollars, with an interest rate of 30 percent per annum on unpaid balances plus a commission of two percent.

Before receiving the first loan, CA members participate in ten hours of training to organize the CA and impart information on the credit terms and the rules of the institution. Once this training is concluded, the CA receives its first loan. The repayment meetings allow for ongoing training, with the objective of strengthening the organisation and management of the CA. The management training sessions last 30 minutes per meeting, and depending on the needs of each CA, can total between four and eight hours during the term of each loan.

All CA members who receive loans are required to save. For the first three CA loans, the required savings rate is 20 percent of the loan value; for the next three loans, 15 percent of the loan is required; then for the next three loans, 10 percent is required. However, the CA, by agreement of all the members, can save at a rate higher than required by Pro Mujer in order to strengthen its savings fund. In addition to savings required by Pro Mujer and the CA, members have the option to deposit voluntary savings, which have no minimum or maximum and can be deposited or withdrawn on demand at any payment meeting of the CA. A
member’s voluntary savings earn a fixed 13 percent annual interest, calculated annually and distributed with the dividend payments.

Each member is a “shareholder” of the CA and receives dividends from CA earnings in the same proportion as her share of the total of required savings on deposit. Earnings of the CA include interest paid to its account in a commercial bank and interest paid by members who take “internal loans” from their CA’s (required) savings fund. Dividends are calculated and distributed at the successful close of each CA loan.

5.4.2 Non-financial Services: Business Development and Health Service

Business development has two components. First, there is training given at the CA meetings, totalling 3–6 hours per loan term. These are motivational and informative sessions on business improvement and the development of business skills among participants. Second, there is technical assistance, consisting of individualized client consultations, beginning with a diagnosis of the business and establishment of a program of improvements to be implemented gradually. Finally, there are follow-up visits to adjust the recommended program.

The health service also has two components, both of which inform and guide clients regarding contraceptive methods, pregnancy and childbirth, and sexual transmitted diseases (STDs), including HIV/AIDS. First, there is both group training and individual counselling. The participatory group training sessions last for thirty minutes with one topic per session. During each loan term, there are 3–6 hours of preventive health training per CA. Individual counselling is provided by health service staff to women clients or couples.

The institution has a training unit that periodically develops, evaluates and adjusts curriculum content and training materials and keeps the training program in line with the needs of the CA members. The material produced is specifically for the target population and for training using participatory methods. This methodology obtains knowledge from the clients, analyses it, introduces new information and contrasts the information with the experience of the group, generating new knowledge and attitudes. All this is done through various activities that facilitate multi-channel perceptions and participatory integration.

The second component is primary health-care services, for which the health service provides consulting rooms and trained medical personnel. The health service organizes frequent screening campaigns for early detection of breast and cervical cancer and STDs, so that
patients can receive the appropriate treatment and follow-up. The health service coordinates its activities with other community health service organisations. Demand for information and services about HIV/AIDS is increasing. For contraceptive methods, the health service offers couples the opportunity to decide on a method and receive it in the same consultation. Couples deciding on a natural method receive orientation in its use and individualized follow-up to ensure correct use of the method.

5.4.3 Impacts on Clients and Program Performance
The target population for Pro Mujer services corresponds to the threshold and moderate levels of poverty reported by the Bolivian National Statistical Institute. New CA members are almost solely socioeconomically marginalised women with no business or only a micro-business, who have limited access to credit, low family income, few economic resources, and little, if any, education. Fifty-one percent of the population from which CA members are recruited have had a family food crisis in the past year.

After several years of providing financial and non-financial services, Pro Mujer conducted impact evaluations that showed that the volumes of sales, earnings and family income are significantly higher among CA members than in a control group. CA members also had more operating capital and investment in inventory and were more likely to have stores, stands or other fixed points of sale.

CA members have greater access to information on family and reproductive health and are more likely to take their children to a doctor for both preventive and curative care. Home ownership and access to sewage and telephone services is higher. CA members are more likely to expand or diversify their businesses and differentiate business from home activities. They are more likely to participate in community activities and organisations in comparison with the control group, and are even more likely to hold executive office.

The benefits identified seem to be the result of the integrated delivery of services. Client satisfaction assessments indicate demand for and acceptance of this type of integrated offerings, which in both financial and non-financial services are highly valued. There is no evidence that the quality of either service has suffered from integration with the other. Pro Mujer had not accounted separately for financial and non-financial services until a new information system, just installed, allowed for separate financial tracking for each focus centre, for institutional personnel and for financial and non-financial services as cost centres.
Income sources are used separately for financial and non-financial services, and the program keeps accounting information separated by funding source. The costs for financial services include all financial expenses, but not those for external technical assistance.

The fiscal years 1999 and 2000 were a period of rapid program service expansion for Pro Mujer in Bolivia. In 2000 alone, there was a net increase of 7,152 clients, in both old and new service areas. Operational self-sufficiency, calculated only for the financial services cost centre, correspondingly fell from 121 percent in 1998 to 95 percent in 1999 and 94 percent in 2000, however, this rose to 120 percent in 2002 to 126 percent in 2003 and 134 percent in 2004—indicating an increase in the financial services revenue (Daley-Harris, 2002; Junkin, Berry, and Pérez, 2006).

Non-financial services represented 30 percent of costs during the fiscal year 2000. Only 20 percent of costs for non-financial services were covered by income directly generated by these services. In the future it is planned that financial income and income from non-financial services will cover the costs of non-financial services. But, until this is achieved, Pro Mujer has sustainability plans based on contributions from the community, its own funds and new financing. The sustainability of non-financial services is an institutional priority because it fully favours clients and because it qualitatively strengthens and improves the performance of the credit service.

As indicated above, staff assistants who work directly with clients are specialized in the service they deliver. Technical support is also specialized. On the other hand, the work of supervisory and middle-management personnel unifies all services at the focus centre level and higher. With this model, each credit officer/educator can supervise 90 CAs (about 2,250 members) with three credit assistants and two non-financial service assistants (health and business development).

A monitoring and tracking system by operating team and by service has been developed and is implemented in team and area meetings, during which the fulfilment of goals is analysed and strategies are proposed for improving service delivery and team performance and maintaining coordination ties. This information and analysis is consolidated monthly in a regional meeting in which reports are presented by team and by service and the difficulties and limitations are analysed. Finally, strategies are defined for improving the work during the next month and resolving the detected problems.
The executive director and management, as well as personnel and their teams, identify with the institutional mission to deliver integrated services. The teamwork provides strong support for this type of approach. The principal motive for this approach is that there is evidence that the population with which Pro Mujer works has various needs that go beyond a response to economic problems. Their condition of social marginalization is overarching, and therefore the intervention with this population should be integrated in order to give real results. Results of the different evaluations performed have demonstrated to management and staff the value of this type of intervention and the positive impact it has on the lives of clients, on the program itself and on the institution. If Pro Mujer were to start all over again, it would provide integrated services as it does now.

5.5 Summary
A holistic view of poverty leads to the question of whether institutional micro-finance providers should be providing services beyond micro-finance. For some organisations such as FUCEC-Togo, BRAC and Pro Mujer this is the path that they have taken. This chapter has shown that there is clearly great potential to enhance the impact of micro-finance through linkages to other development services, such as education and training components. It has illustrated how micro-finance providers can successfully bundle non-financial services together with their micro-finance programs through either parallel or unified models or a combination of the two (a hybrid model) from different sectors of development. In addition, it has shown that micro-finance providers can succeed in overcoming the challenge of combining micro-finance with non-financial services (such as health, literacy, non-formal primary school, basic business skills) without compromising their overall operational effectiveness and efficiency, as is demonstrated by FUCEC-Togo, BRAC and Pro Mujer.

CHAPTER 6: THE GRAMEEN BANK MODEL OF ENTREPRENEURIAL DEVELOPMENT IN BANGLADESH
6.1 Introduction
This chapter looks at the micro-finance model of the Grameen Bank, namely “Grameen II” or more formally “Grameen Generalized System”. This chapter begins with a review of the history of the Grameen Bank’s, followed by a discussion of its group-lending features and the range of its financial products. Finally, the chapter looks at the replication potential of the Grameen II model in the Cambodian context as a cost-effective integrated service delivery model to provide both financial and non-financial services to micro-entrepreneurs.

6.2 History of The Grameen Bank
Grameen Bank in Bangladesh is a world-renowned financial institution providing micro-financial and non-financial services to micro-entrepreneurs who are too poor to qualify for traditional bank loans. Its history goes back to an episode in Professor Muhammad Yunus’ life when he was Professor of Economics at Chittagong University in Bangladesh (Muhammad and Jolis 1999). During a famine which raged through the country in 1974, he came to realize that teaching elegant theories of economics alone was irrelevant, and the answer to eradication of poverty rested elsewhere.

The answer lay in micro-credit that would enable the poor to start their tiny businesses independently from the loan-sharks who turned them into slave-labour with outrageous interest rates. After witnessing the cycle of poverty that kept many of the poor enslaved to high-interest usersers in Bangladesh, Yunus decided to lend US$27 out of his own pocket to 42 poor villagers, who repaid him soon after (Muhammad and Jolis 2003). His reason for lending such a small amount was to find out if micro-credit would enable the poor to start up a very small business independently.

Yunus summed up this experience and concluded that micro-credit not only worked for the poor, but also that the poor were also creditworthy. Based on this evidence, he sought the help of a bank to offer micro-credit to the poor. This request was refused because the banking system’s criterion of credit-worthiness was guarantee based on collateral (Muhammad and Jolis 1999). His persistence paid off, however. He launched an action-research program in 1976, which was called the “Grameen Bank Project” (grameen means “village” in Bengali). The aim was to bring rural entrepreneurs into a viable banking network (Gibbons 1994). Yunus (quoted in Gibbons 1994: 11) reasoned that if financial resources could be made
available to the poor, at terms and conditions which are appropriate and reasonable, “millions of small entrepreneurs with their millions of small pursuits can add up to create the biggest development wonder”.

In 1983, the tiny Grameen Bank Project had become a recognised financial institution, named Grameen Bank (Muhammad and Jolis 1999). Grameen Bank has been operating since then in rural credit markets, characterised by imperfect information and imperfect enforcement, which have forced formal lending agencies, such as commercial banks or other financial institutions, to grant loans on the basis of asset ownership (Khandker et al. 1995). As a challenge to the collateral-based system, Grameen has developed its own non-physical collateral system, the social collateral system (see Section 4.3.1), which guarantees that those who have received a loan will repay it.

Over the years, Grameen Bank gained a reputation for its lending to small groups of micro-entrepreneurs. However, after two decades of remarkable growth it ran into trouble in the late 1990s, particularly due to a severe flood in 1998 in Bangladesh that led to a sharp decline in Grameen Bank repayments (Muhammad, 2001). Two-thirds of the country was under water for eleven weeks, resulting in terrible suffering and economic dislocation; thirty million people were driven from their homes, over a thousand people were killed, and rice crops were badly damaged (Muhammad 2007). As a result, members of Grameen Bank were badly affected; some died in the flood, many more lost relatives, and the homes, farms and farm animals of many were washed away, causing many to lose all their sources of income and become unable to continue their loan repayments (Counts 2008). Increasing arrears on loan repayments and increasing numbers of clients stopped attending the weekly meetings where bank business conducted. Consequently, the bank’s public image began to look tarnished and, internationally, the its microlending model was criticised, particularly in North America, where attention shifted to other forms of micro-finance (Rutherford 2004).

Throughout the crisis the Grameen management experimented with ways of dealing with the problems. As a result, the Bank saw the need to consolidate its experiments and to transform them into a new generation banking system—a more flexible system that would work well both in normal and disaster situations (see Appendix 6.1, which illustrates the key differences between Grameen I and Grameen II). The transformed model was called “Grameen II”, a
more user-friendly, flexible and responsive system than the earlier Grameen. Grameen II products address a wider range of financial needs. By late 2002 the Grameen II methodology had replaced the classic Grameen (or “Grameen I”) in all its branches (Muhammad and Jolis 2003).

As a result of these recent radical changes to the Grameen model and its financial products, this study set out to explore its new features including its group-lending methodology and its financial products, with a view to its successful replication in the Cambodian context. The major changes to the Grameen model needed to be scrutinised for their applicability in Cambodia, something that had never been conducted before. Many MFIs and NGOs in Cambodia involved in micro-finance had adopted, adapted or been influenced by Grameen practice—mainly the classic model.

6.3 The Grameen II Micro-banking Model

This section first aims to look at the Grameen II group-lending model, followed by an illustration of the structure of Grameen II banking facilities. Each of these points is discussed under the following sub-headings.

6.3.1 The Grameen II Group-Lending Model: The Collateral-Free Model

The concept of Grameen Bank’s micro-credit model is simple but effective (see Figure 6.1). It is based on the assumption that poor entrepreneurs have the skills (otherwise they would not survive), but not the tiny amount of capital required to operate a viable, productive micro-enterprise (Holcombe 1995). The Grameen micro-credit model was developed to provide credit to micro-entrepreneurs without the requirement of physical collateral, but social collateral is enforced. A system of social collateral is about social pressure, for example solidarity, responsibility and mutual trust within a group of borrowers. Potential borrowers (men and women, but women are strongly encouraged to apply) who wish to receive a loan have to organise themselves into a group of five individuals of the same sex. However, membership in a group is strictly limited to landless people who own less than half an acre of land, are not members of the same household, have similar economic and social backgrounds and reside in the same village (Gibbons 1994; Khandker et al. 1995).
In addition, before loans are offered to eligible borrowers, their group must be recognised by Grameen staff. The group of borrowers must participate in intensive training to learn about Grameen Bank’s philosophy, principles, procedures and the Sixteen Decisions\textsuperscript{15} (see Table 6.1). Once they can demonstrate their integrity and knowledge of the Bank, the group is recognised, and attends weekly centre meetings for a month with other such groups (Holcombe 1995).

The loans are disbursed in weekly\textsuperscript{16} instalments with the repayments schedule agreed by the borrower, the centre leaders, and the centre manager. In addition, the members are required to open three mandatory savings accounts: Personal Savings, Special Savings, and Pension Savings. If a member defaults, the whole group will be ineligible for further loans. The members therefore are responsible\textsuperscript{17} for overseeing one another’s activities and enforcing financial discipline so that no one runs into repayment problems (Muhammad 2001).

\textsuperscript{15} The Sixteen Decisions is a social constitution, which was drawn up by a meeting of centre chiefs in 1984. All new members are required to memorise the Sixteen Decisions. They represent the Grameen Bank’s attempt to respond to social dimensions of poverty, and are a series of principles and goals to ease the workings of the bank and help borrowers help themselves out of poverty (Counts 2008: 101).

\textsuperscript{16} The requirement of weekly instalments instead of longer ones is Grameen’s management strategy to ensure a low default rate, enhance self-discipline, and to give confidence that poor borrowers can manage the repayments. However, the amounts of weekly repayments are allowed to vary during the loan period (e.g. they are smaller during the lean season and bigger at other times), according to the pre-negotiated amounts, documented in an agreed repayments schedule (Muhammad 2001).

\textsuperscript{17} But repayment responsibility solely rests on the defaulting borrower—the group members are not responsible to pay on behalf of a defaulting member (Muhammad, 2004a).
Table 6.1: The Sixteen Decisions

<table>
<thead>
<tr>
<th>The Sixteen Decisions</th>
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<tbody>
<tr>
<td>1. We shall follow and advance the four principles of the Grameen Bank: discipline, unity, courage and hard work—in all walks of our lives.</td>
</tr>
<tr>
<td>2. We shall bring prosperity to our families.</td>
</tr>
<tr>
<td>3. We shall not live in dilapidated houses. We shall repair our houses and construct new houses at the earliest opportunities.</td>
</tr>
<tr>
<td>4. We shall grow vegetables all the year round. We shall eat plenty of them and sell the surplus.</td>
</tr>
<tr>
<td>5. During the planting seasons, we shall plant as many seedlings as possible.</td>
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<tr>
<td>6. We shall plan to keep our families small. We shall minimise our expenditures. We shall look after our health.</td>
</tr>
<tr>
<td>7. We shall educate our children and ensure that they can earn to pay for their education.</td>
</tr>
<tr>
<td>8. We shall always keep our children and the environment clean.</td>
</tr>
<tr>
<td>9. We shall build and use pit-latrines.</td>
</tr>
<tr>
<td>10. We shall drink tube-well water. If it is not available, we shall boil water or use alum.</td>
</tr>
<tr>
<td>11. We shall not take any dowry in our sons’ weddings; neither shall we give any dowry in our daughters’ weddings. We shall keep the centre free from the curse of dowry. We shall not practice child marriage.</td>
</tr>
<tr>
<td>12. We shall not inflict any injustice on anyone; neither shall we allow anyone to do so.</td>
</tr>
<tr>
<td>13. For higher income we shall collectively undertake bigger investments.</td>
</tr>
<tr>
<td>14. We shall always be ready to help each other. If anyone is in difficulty, we shall all help.</td>
</tr>
<tr>
<td>15. If we come to know of any breach of discipline in any centre, we shall all go there and help restore discipline.</td>
</tr>
<tr>
<td>16. We shall introduce physical exercise in all our centres. We shall take part in all social activities collectively.</td>
</tr>
</tbody>
</table>

Source: Rahnuma (1992: 79–80)

Should the group members still have difficulty helping a defaulting member, a centre, which is a village-level federation of six to eight groups (30–40 borrowers), can provide assistance (Gibbons 1994). The centre plays a critical role in Grameen’s microlending model. All matters relating to membership, financial and non-financial, particularly the exchange of money and the discussion of loans, are carried out openly in the centre. This openness is to prevent corruption and to encourage members to take greater responsibility (Muhammad and Jolis 1999; Rutherford et al. 2004; Holcombe 1995). The centre also has its own centre chief and deputy centre chief, who are elected from amongst the chairmen of the groups and hold
office for one year\textsuperscript{18}. They supervise the weekly meetings of the centre, recommend loan proposals, supervise loan activities and assist bankers in their work (Dharam 1984).

The open peer-monitoring mechanism is a unique feature of Grameen Bank’s microlending model; it works both within the group and at the centre level, eliminating the danger of group collusion when groups are self-selected, and better ensures that members repay the Bank (Khandker et al. 1995). In doing so, it replaces the traditional collateral-based system with social collateral, which is group responsibility, where group performance determines continued access to credit. Thus, this micro-credit model is mainly designed to overcome the problems of imperfect information, imperfect enforcement, and the collateral-based system, as well as to ensure the mutual viability of the borrowers and the lender.

\textbf{6.3.2 The Grameen II Financial Products}

The basic goal of Grameen I was to prove to a sceptical world that the poor are creditworthy and that, given credit, they will make every effort to pay back the money on time. However, the poor in Bangladesh, like the poor all over the world, face tremendous uncertainty and vulnerability, such as natural calamities and disease, which inhibit their ability to pay back on time. Despite these precarious living conditions, micro-finance practitioners have found that the poor will always pay back once their situation improves. The conviction that the poor will honour their debts is the operating principle of Grameen II. This section provides an overview of this operating principle of Grameen II by looking at the salient features of its banking facilities and its flexible system, both of which can work well in normal and adverse situations. The details of the Grameen II banking facilities structure is also provided in Appendix 6.2. The main features of Grameen II’s financial products are discussed in the following sections.

\textbf{6.3.2.1 Loan Products}

Muhammad (2002) states that Grameen II incorporated many new features in its methodology to address various crises and problems and to utilise new opportunities to allow micro-enterprise borrowers to move ahead faster. It discarded and modified the features that had become unnecessary or less effective. The Grameen II products were also developed to

\textsuperscript{18} This rule empowers members to have a chance to develop leadership skills and capacity to demand entitlements from government departments and to undertake self-help activities.
address a wider range of financial needs (see Figure 6.2). The loan products that are offered under Grameen II include: Basic Loan, Flexi-Loan, Bridging Loan, Micro-enterprise Loan, Housing Loan, Higher Education Loan, and Struggling Members Loan (see Table 6.2). Before each of these loan products is discussed, it is necessary to look at the compulsory savings that are related to some of these loan products.

Under Grameen II, for each loan an individual borrower takes, 5 percent is deducted and deposited in the borrower’s individual savings account. This deposit is divided into two compulsory savings accounts: 2.5 percent is placed in a Special Savings account, and another 2.5 percent is deposited in an open-access Personal Savings account (see section 6.3.2.2 for details of these mandatory savings products). In addition to the initial 5 percent compulsory deposit, a borrower must make weekly savings into her Personal Savings account, which is determined by the size of the loan, for example, Tk$^{19}$ 5 (approx. US$0.086) per week for loans up to Tk 15,000 (approx. US$258)$^{20}$. Withdrawal from the Personal Savings account can be made at any time for any amount; however, if the borrower is holding a Bridging Loan or a Flexi-Loan, the savings cannot be withdrawn (Dowla and Barua 2006). Another important dimension of Grameen II is the introduction of the Grameen Pension Savings scheme (GPS), which is obligatory for all borrowers with loans above Tk 8000 (approx. US$138). Members must deposit a minimum of Tk 50 (approx. US$0.86) each month in the account for five or ten years (see Figure 6.2$^{21}$). However, this is optional for borrowers with loans of less than Tk 8000 (Rutherford 2004).

The above discussion has outlined the compulsory savings of the Grameen II loan products, it is now necessary to turn the attention to the loan products. It should be noted that under Grameen II, it offers tailor-made loans that are designed to replace the old single-size-fits-all type of loans.

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$^{19}$ TK is Taka: the name of the Bangali currency.
$^{20}$ Figure 6.2 illustrates the mandatory weekly savings when a borrower is holding a loan.
$^{21}$ Note: the dash line in Figure 6.2 signifies that the GPS account can be either mandatory or voluntary to borrowers depending on the size of loans.
Table 6.2: Grameen II Loan Products at a Glance

<table>
<thead>
<tr>
<th>Types of Loan Products</th>
<th>Key Terms and Conditions</th>
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</table>
| **Basic Loan** | - Members must be seen as responsible borrowers (e.g. regular repayment and saving) by their fellow group members. Each time a borrower seeks a loan, they have to discuss it with their Group and Centre leaders. The borrower must have been a member for at least one week before taking a loan. Members of a group are allowed to take loans at the same time.  
- No physical collateral of any kind. A borrower’s loan is secured against their self assurance and against the help that the fellow members have agreed to give. Fellow members are not obliged to repay a loan if a member fails to do so—they are only obliged to do their best to help to solve the member’s problem.  
- Five percent of the Basic Loan will be deposited into two of the borrower’s own accounts, i.e. 2.5% goes to a Personal Savings account and another 2.5% goes to a Special Savings account.  
- For a new member, on average the first loan will not exceed Tk 5,000 (approx. US$ 86). This may rise if the borrower was previously a member of Grameen Bank and is now returning.  
- Future loans are determined by changes to the “loan ceiling’’, which occur in two ways: (1) based on loan repayment behaviour; and (2) based on savings balances.  
- Terms may range from 3 months to 3 years (or even more in special circumstances).  
- For loans of 12 months’ duration or more, a borrower may ‘top up’ the loan after six months. That is, the borrower may re-borrow the amount that has been repaid during the first six months of the loan term, adding that amount to the loan outstanding balance (this will automatically extend the term of the loan by a further period of six months).  
- All Basic Loans are repaid in weekly instalments, normally at the beginning of the week following disbursement of the loan.  
- Interest is payable on a borrower’s Basic Loan at the rate of 20 percent per annum. |
| **Flexi-Loan** | - The Flexible Loan is a Basic Loan that has been rescheduled because the borrower has repayment difficulties. It is only available when a member falls into serious repayment difficulty. Taking out a Flexible Loan is obligatory if a borrower fails to make Basic Loan repayment instalments for ten consecutive weeks.  
- The whole 5% of the loan will be deposited into the member’s Special Savings account (in this case, none is needed for a Personal Savings account), the whole of which is used towards repayment of the outstanding loan and interest. While holding a Flexi-Loan, withdrawal is not permitted from any savings accounts.  
- The borrower and the centre manager will agree a new term and schedule for the remaining outstanding loan balance. There are no fixed limits to the rescheduled term or the size of instalments.  
- Flexi-Loans can be ‘topped up’ like the original Basic Loan. After each six months, the borrower may re-borrow amounts already repaid in that six month period. |
| **Bridging Loan** | - It is the entitlement to borrow more than would be allowed under the normal Basic Loan ceiling, and is available if a borrower has savings with balances worth more than two-thirds of her loan outstanding balance.  
- The extra amount borrowed must be repaid within six months of taking the loan. It can be repaid in any amount at any time within the six month period.  
- It is charged at the same interest rate as a Basic Loan. While borrowers hold a Bridging Loan they may not withdraw from their savings. |
| **Micro-enterprise Loan** | - The Micro-enterprise Loan is a Basic Loan but larger in amount than what would be sanctioned under the normal Basic Loan rules. It is given to borrowers who can demonstrate that they have a viable larger enterprise capable of absorbing extra loan capital. In its operation, terms, repayment schedule and interest rate.  
- Borrowers are required to make a higher weekly deposit into their Personal Savings account. |
| **Housing Loan** | - To be eligible the borrower must discuss the loan with the branch manager as well as the centre manager, at a centre meeting in the presence of other members. The term of this loan ranges from 1 to 10 years with values ranging from Tk 5,000 to Tk 25,000 (approx. US$86 to US$431) at 8 percent interest a year. The repayment schedule is weekly. |
| **Higher Education Loan** | - Students of Grameen member families are eligible for this loan to cover their university education costs. The loan covers tuition, maintenance, and other university expenses, which goes directly to the student, who begins to repay (5% per annum) when the student begins to earn. |
| **Struggling Members Loan** | - This loan is available for beggars. Among beggars there are disabled, blind and retarded people, as well as old people with ill health. Existing rules of Grameen Bank do not apply to the borrowers; they make up their own rules. All loans are interest-free. Loans can be for a longer period of time and the repayment instalments are very small. For example, for a loan to buy a quilt or a mosquito net, borrowers are required to repay US$3.4 cents per week. |

Source: Dowla and Barua (2006)
The prime loan product of Grameen II is known as the Basic Loan. This loan can last for three months up to three years. While the minimum payment for an instalment is 1 percent of the loan, its instalments can vary depending on the business conditions or the capacity of the borrower to repay. Instalment payments must be negotiated between the borrower and the bank prior to approval of the loan. The loan repayment is flexible, it can be repaid through

Source: Adapted from Dowla and Barua (2006: 74)
monthly instalments, or chosen by the borrower to pay every two or three months instead of monthly instalments, or in three or more equal large instalments. Another important feature of the Basic Loan is that a member can top up the loan by borrowing the amount repaid in the first six months of the loan, adding the newly borrowed amount to the unpaid amount (Dowla and Barua 2006).

Under Grameen II, each borrower has her own loan ceiling, which is customised based on her performance, the group, the centre, and the amount of deposits in her savings accounts. There are two criteria by which Grameen II determines a borrower’s loan ceiling. Under the first method, the ceiling is determined by the total acceptable savings accumulated by the borrower in her savings accounts, that is including both voluntary and compulsory savings (except the mandatory Personal Savings). Under this criterion, the borrower can borrow up to one and a half times her total deposits after paying off an existing loan regularly. However, withdrawals from these deposits are not permitted (Rutherford 2004; Barua 2005?). Under the second criterion, the loan ceiling is based on the borrower’s performance, her group, and the centre. If the borrower repays the loan without missing any instalments and savings deposits, and attends all the weekly centre meetings, the borrower’s loan ceiling can be increased by ten percent. However, only five percent is permitted if the borrower repays her loan in full but misses some instalments and attends centre meetings irregularly. After measuring the status of the borrower employing the two criteria, the bank then approves a higher loan ceiling (Rutherford 2004; Barua 2005?).

The most important feature of the Grameen II model is that the group is no longer liable for individual loans; i.e. the group does not collectively guarantee any individual loan repayment. However, the groups still have a role to play. For example, the centre meetings of groups are still used to build social capital by promoting norms of good behaviour, networking to share information about health and business opportunities, and building trust. Grameen II still uses these centre meetings as an important forum for borrowers to continue to ensure the transparency of financial transactions. For example, during the centre meetings, instalments and savings deposits are collected in public, which prevents bank workers or borrowers from lying about the transaction. This public collection prevents distrust by precluding the possibility of the misuse of funds by the bank’s staff and providing a sense of ownership to the members. Centre meetings also benefit the borrowers in other ways, such as being informed about the availability of scholarship funds, higher education loans for their children, and other essential information, such as innovations in the use of the loan, best practices
adopted by other members, and even solutions to personal problems (Todd 1996; Rutherford 2006).

In addition to the Basic Loan, a borrower can take a Bridging Loan, which is the entitlement to borrow more than would be allowed under the Basic Loan ceiling, provided that a borrower has savings with balances worth more than two-thirds of her loan’s outstanding balance. Under such circumstances, the borrower can at any time borrow an extra amount so that the total borrowings are as much as 150 percent of the total acceptable savings balance (i.e. a combination of both voluntary and mandatory savings, except the compulsory Personal Savings). For example, if a borrower has US$100 in acceptable deposits and her outstanding loan balance is US$120, she will qualify for a Bridging Loan of US$30, which is the difference between 150 percent of US$100 and the loan balance of US$120. The borrower has to repay this extra loan within six months; however, at any time the borrower can take another Bridging Loan, provided that the earlier Bridging Loan has been repaid (Rutherford 2004; Dowla and Barua 2006).

In addition to the Bridging Loan, the bank offers a Micro-enterprise Loan, also known as a Special Investment Loan. Grameen introduced this loan because its experience showed that many borrowers were moving ahead in their businesses faster than others for many favourable reasons, such as proximity to the market and the presence of experienced male members in the family. The bank also observed that members who had such special advantages tended to demonstrate a rapid expansion in their investment capabilities. For these reasons, the bank provides a larger loan: the Micro-enterprise Loan. This loan is a Basic Loan but it is larger in amount than what would be sanctioned under the normal Basic Loan. This loan can be added to an existing Basic Loan without the usual loan ceiling, because the larger size of the loan is considered a temporary increase in the ceiling. The term of this loan is based on the activities or the type of business; for example, if a loan is issued for cow fattening, the maximum loan period is six months, whereas a loan used for providing a phone service has a maximum repayment period of two years. This difference in repayment time allows the borrower to synchronise repayment with the nature of the business (Barua 2005; Rutherford 2006).

Grameen Bank is also a pioneering organisation in providing loans for housing. It should be noted that a loan for housing is seen by the bank as a production loan not a consumption loan. This is because a house used by the poor is not only a shelter against the natural elements but
also improves their productivity. For these reasons, the bank keeps the interest rate low for these loans: eight percent per year with terms ranging from one to ten years with values ranging from Tk 5,000 to Tk 15,000 (approx. US$86 to US$259). The bank, however, charges 20 percent interest for a Housing Loan in excess of Tk 15,000, as a loan of this size is considered a Micro-enterprise Loan, which borrowers could use to buy or build rental property etc. (Dowla and Barua 2006).

**Table 6.3: Loan in Arrears Conditions**

Under Grameen II, a borrower is considered in arrears if one of the following conditions has occurred:
1. she fails to repay the contracted amount for a loan with a term of less than a year;
2. she fails to repay half of the contracted amount during the first six months (or twenty-six weeks) of a one-year loan;
3. she fails to repay the contracted amount (principal and interest) in the first six months for a loan with a term of more than one year;
4. she fails to repay the contractual amount on a Housing Loan or a Micro-enterprise Loan in the first twenty-six weeks;
5. she fails to repay a Bridging Loan on schedule;
6. she fails to pay the instalments for a GPS, which are due every twenty-six weeks; or
7. she fails to repay instalments for ten weeks at a stretch. Under classical Grameen (Grameen I), the bank would wait for a year before declaring a borrower in arrears for failing to meet the conditions stipulated in a credit contract. Now the borrower has to pass the quality contract check in the first six months of the loan.

Source: Dowla and Barua 2006: 92–3

Another pioneering step by Grameen Bank is about solving loan repayment difficulties. Under Grameen II, a loan is unlikely to be lost even if a borrower has serious problems making repayments and ends up in arrears (see Table 6.3). Under such circumstances, the bank allows a borrower to opt out of a Basic Loan in favour of a Flexible Loan. This loan is a renegotiated Basic Loan, which is not an independent loan; it is designed only to be a supportive and sensible way for borrowers to solve their repayment difficulties. Under this loan a borrower is allowed to have a new repayment schedule, as well as a reduced loan instalment size consistent with the borrower’s repayment capacity. While on this loan, the borrower is not allowed to withdraw from any of her savings accounts unless the money is used to pay off an outstanding loan. Moreover, unlike the Basic Loan, the full amount of the five percent deduction for mandatory savings is also used to repay overdue interest or loans outstanding (Rutherford 2004; Dowla and Barua 2006). Another feature of the loan is that it can be topped up by twice the amount repaid in the first six months of the loan, provided the borrower meets
all the conditions of the Flexible Loan, such as not missing any previous instalment payments and making regular weekly savings deposits. This condition, however, is only applicable for the first six months of the loan; the borrower then can borrow only the exact same amount that she will be repaying in each subsequent six-month period. Exercising this option helps a borrower not to exceed the original value of the Basic Loan. When the Flexible Loan is fully paid off, the borrower is again eligible for the Basic Loan (Rutherford 2004; Rutherford 2006).

From its inception, Grameen Bank has always encouraged its members to send their children to school. It is widely acknowledged that within poor families, significant additional financial resources are used for the children’s education. To ease the burden of the cost of education, the bank offers scholarships for high school students as well as a university education loan, known as a Higher Education Loan, to members’ children. It offers a limited number of scholarships at various levels of school education (from primary to high school) for students who are children of Grameen members. The main objective of the scholarships program is to encourage the children to get higher marks. Currently, each branch offers at least four scholarships each year; two are reserved for girls and two are open to both boys and girls (Rutherford 2004).

On the other hand, the higher education loan program provides loans for promising students of the Grameen Bank’s borrowers to attend university. This is intended to equip them with education and knowledge so that their families do not slip back into poverty. All children of borrowers who are on a Basic or Flexible Loan and have been members of the bank for at least a year are eligible to receive this loan. The loan covers all costs of higher education, from admission to a course to the successful completion of that course. The loan goes directly to the student, and the amount of the loan depends on the nature of the course and its duration. Once the loan is approved, the amount is transferred to a current account owned jointly by the borrower and the student. The interest is not charged on this loan during the course of study; however, a year after the successful completion of the course, the student shall begin to repay the loan (the principle plus 5% interest per annum) through monthly instalments. The size of the monthly instalment is determined in consultation with the student (Rutherford 2004; Dowla and Barua 2006).
As a micro-finance provider, Grameen Bank has been criticised for its failure to include the poor (the destitute such as beggars) in its micro-finance program. This failure was called “mission drift” (Dowla and Barua 2006). To respond to such criticism Grameen II has introduced an innovative program for the extreme poor called the Struggling Member Loan, which is an interest-free loan offered to the destitute, particularly beggars, who are usually disabled, old or infirm (Maniruzzaman 2006). The objectives of this program are to ensure that there will be no beggars in the bank’s areas of operation and to help such people find a dignified livelihood and to send their children to school. Due to the harsh conditions they live in, beggars are exempted from Grameen II’s rules; for example, they do not have to belong to a group, save, attend meetings, or make regular repayments. Also, they can choose the instalments and duration of the loan; in short, they can make up their own rules. These members can also borrow the amount repaid in the first thirteen weeks of the loan, instead of the twenty-six weeks for regular members (Rutherford 2004; Maniruzzaman 2006).

The most popular activity for beggar members is to carry a collection of popular consumer items, such as snacks, sweets, and cosmetics, which are bought with loans from the bank; members can sell these items at their convenience. It should be noted that beggar members are not required to give up begging, but they are encouraged to take up an income-generating activity so that they can stop begging when their daily income increases. The members are strictly forbidden, however, from repaying the bank with income from begging—they are not supposed to beg to repay the loan. The loan amount can be up to Tk 2000 (approx. US$30) and repayments less than or equal to Tk 20 (approx. US$0.30) per week (Barua 2005?; Dowla and Barua 2006).

To ensure that the program is working to its potential, the bank assigns one bank worker per beggar member and meets with that member regularly to help her find additional sources of income. Moreover, the bank requires the group and the centre to act as the beggars’ mentors and help them find alternative sources of income. Such an involvement of regular members and bank workers in implementing the program builds the confidence of the beggar member and helps ease the transition from begging to petty trading. The most important role, however, is played by the bank workers in charge of the beggar, who need to help and ensure that the beggars can run their business (Rutherford 2004; Dowla and Barua 2006; Maniruzzaman 2006?).
6.3.2.2 Savings Products

Unlike Grameen I, which mainly focused on credit delivery, Grameen II instituted many savings products as an important element of its new model; a crucial difference from the classical model. The most noticeable innovative aspect of Grameen II is therefore the introduction of numerous savings products (see Table 6.4) and a major emphasis on collecting savings from members and the general public. While there are some obligatory savings requirements under Grameen II, they are in fact positively linked to loan size, allowing the loan ceiling to increase savings increase. For example, higher savings can lead to better access to credit via the Bridging Loan, or with the Basic Loan a member can borrow the difference between her outstanding loan and 150 percent of her acceptable savings deposits, as mentioned in section 6.3.2.1.

Under Grameen II, every new member will first be issued with a Passbook for recording their Personal Savings. They then have to deposit Tk 5 (approx. US$ 0.086) daily in their Personal Savings account until their group becomes formally recognised by the Bank. After the group’s formal recognition, all of the members can receive credit simultaneously—at this stage they do not need to deposit the Tk 5 daily deposits. However, the members have to deposit a weekly savings, the amount of which is defined by the size of the loan along with 2.5 percent of the loan amount in their Personal Savings account (Barua 2005?; Dowla and Barua 2006). In addition to the Personal Savings, the borrowers are required to make extra mandatory savings of 2.5 percent of the loan amount into the Special Savings account. The principle and interest accumulated in this savings account, however, can be used to pay off any outstanding loan amount and the borrower can take the remainder when she leaves the group. In the event of a natural disaster or crisis, the borrower can apply to withdraw funds from this account (Rutherford 2005?).

Another important dimension of Grameen II is the introduction of the Grameen Pension Savings (GPS) scheme. This scheme was developed to meet the demand of both staff and borrowers to provide them as a vehicle to save for retirement, at the same time such a pension savings scheme would provide a secure source of funding for the bank. Under the GPS, borrowers are required to deposit a fixed amount regularly into an account. However, it should be noted that not all borrowers are required to deposit into this account, only those with loans above Tk 8000 (approx. US$138) have to contribute a minimum of Tk 50 (approx. US$86) a month into the account (Rutherford 2006).
## Table 6.4: Grameen II Savings Products at a Glance

<table>
<thead>
<tr>
<th>Types of Savings Products</th>
<th>Key Terms and Conditions</th>
</tr>
</thead>
</table>
| **Personal Savings**      | - On joining a borrower will be issued with a passbook which records her personal savings. It also records her loans, special savings, and loan insurance savings.  
- A borrower should deposit regularly into the Personal Savings Account at each weekly centre meeting. If the borrower holds a loan, the minimum weekly deposit should rise as the loan size rises; however, the centre may, if it wishes, agree upon a minimum weekly deposit amount for its members.  
- When a borrower takes any kind of loan except a flexible loan, an obligatory deposit equal to 2.5 percent of the loan value will be deducted from the loan and placed in her Personal Savings Account.  
- A borrower may withdraw savings from the Personal Savings Account at any time in any amount for any purpose, irrespective of the source and timing of the deposits (voluntary or obligatory). This applies equally to members without loans or with loan outstanding. However, if the borrower holds a Flexible Loan or a bridging loan the borrower may not withdraw savings. To withdraw savings, the borrower must go to the branch with the savings passbook.  
- A borrower earns interest on her personal savings balance at the rate of 8.5 percent a year based on the daily balance in the account, and payable annually. |
| **Special Savings**        | - A borrower’s passbook will also record the transactions on the Special Savings Account: an obligatory savings account that comes into use when the borrower takes a loan.  
- When the borrower takes any kind of loan, an obligatory deposit equal to 2.5 percent of the loan value will be deducted from the loan and placed in the special savings account (5% in the case of Flexi-Loans).  
- The amount deposited in this account cannot be withdrawn for the first three years under normal circumstances. After that, she can withdraw half the balance of the account once each three years, as long as she leaves at least Tk 2,000 (approx. US$ 35) in the account. However, if she holds a Flexible Loan or a Bridging Loan she may not withdraw savings. To withdraw, she must visit the branch with her passbook.  
- The borrower earns 8.5% on the Special Savings Account balances, and the interest is credited annually. |
| **Grameen Pension Savings (GPS)** | - The GPS is an obligatory saving scheme for old age for all borrowers with loans of Tk 8,000 (approx. US$138) or more, and is optional for all other members. It is a 'recurring' scheme in which a fixed sum (minimum Tk 50 (approx. US$0.86)) is deposited each month for a term of five or ten years.  
- The savings attract interest at 10 percent per annum for 5 year terms or 12 percent per annum for 10 year terms. Payments can be made up to three months late, provided a small additional amount is deposited with the late payments.  
- Any delay exceeding four months in making deposits to this plan will turn the account into a regular savings account with a reduced interest rate of 8.5%. If the account holder has a loan of Tk 8,000 or more and goes into arrears of more than four months on the GPS, the loan is shifted from Basic Loan to Flexible Loan status.  
- When the savings plan matures, it can be taken as a lump sum (deposits plus interest earned) or as monthly income. |
| **Fixed Deposits**         | - Grameen II offers Fixed Deposit Accounts to members. The deposit can be held for one to three years, and the interest rate varies with the length of time: 8.75 percent for one year, 9.25 percent for two years, and 9.5 percent for three years.  
- Funds can be withdrawn before maturity of the account, but the interest paid on premature withdrawal will depend on the time of withdrawal. |
| **Doubling in 7 Years Savings** | - This version of the Grameen Fixed Deposit Account returns double the amount deposited after seven years, with an interest rate of a little over 10% per annum. |
| **Monthly Income Savings** | - This version of the Grameen Fixed Deposit Account pays monthly income starting immediately after the sum is deposited, instead of term-end interest. The interest rate is 10.04 percent per annum for a five-year term account and 10.67 percent per annum for a ten-year term. |
| **Loan/Life Insurance Savings** | - This is an optional insurance that can be used to cover any Grameen loans. It is operated as a savings scheme.  
- Members choosing to use this service open a savings account and deposit 2.5 percent of the outstanding value of the current loan on the last day of the calendar year.  
- Extra deposits are required to retain cover for a second year only if the current loan outstanding value has risen, and the extra deposit is paid on the additional amount only. Interest on these savings is not paid to the saver, but is used to create an insurance fund.  
- In the event of the death of the borrower, the bank uses this reserve fund to off-set any balance in loan amounts, and the family may withdraw the deposits, net of interest. |

Source: Dowla and Barua (2006)
The advantages of the GPS scheme for the borrowers are twofold. First, the amount deposited will double in ten years (i.e. a compounded interest of 12% per year for the ten-year term), and even if the borrower leaves the bank she can still maintain her GPS with the bank. Second, it enables the borrowers to save a lump sum that can serve in the future as a pension, which can act as a safety net for borrowers in their old age (Rutherford 2004).

As a result of the successful implementation of the GPS, Grameen introduced other saving accounts, namely Fixed Deposit, Doubling in 7 Years Savings, Monthly Income Savings, and Loan/Life Insurance Savings. These accounts are offered to both members and non-members alike. One of the most popular savings schemes of Grameen Bank is Fixed Deposits, which is designed for members and non-members to use for paying for their children’s education and marriages, as well as to acquire various types of assets. The minimum initial amount for this account is Tk 1000 (approx. US$17), and the deposit can be held for one to three years with interest starting at 8.75 percent per annum for a one-year term and increasing to 9.5 percent per annum for a three-year term. The funds can be withdrawn before maturity of this account, but the interest paid on premature withdrawal will depend on the time of withdrawal; if the funds are withdrawn before one year, however, interest will not be paid (Dowla and Barua 2006).

Another savings scheme is the Double in Seven Years, which is similar to the Fixed Deposit scheme. The main distinction is that a depositor will receive double the amount deposited after seven years. The initial minimum requirement for the account is Tk 1000 (approx. US$17), and the amount deposited each time must be a multiple of Tk 1000. Members can also withdraw funds before the scheme matures (Rutherford 2004). Table 6.5 illustrates the amount depositors will receive if they deposit Tk 1000 and withdraw funds before their full maturity.

Another savings product introduced under Grameen II is the Monthly Income Plan. Under this scheme, the minimum deposit is Tk 20,000 (approx. US$299) and the
subsequent deposits must be a multiple of Tk 10,000 (approx. US$149), which can be for a five- or ten-year duration.

Table 6.5: Double in Seven Years Fund Maturity

<table>
<thead>
<tr>
<th>Duration</th>
<th>Principal and Interest at the End of the Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>After one year</td>
<td>Tk 1087</td>
</tr>
<tr>
<td>After two years</td>
<td>Tk 1193</td>
</tr>
<tr>
<td>After three years</td>
<td>Tk 1312</td>
</tr>
<tr>
<td>After four years</td>
<td>Tk 1450</td>
</tr>
<tr>
<td>After five years</td>
<td>Tk 1610</td>
</tr>
<tr>
<td>After six years</td>
<td>Tk 1795</td>
</tr>
<tr>
<td>After seven years</td>
<td>Tk 2000</td>
</tr>
</tbody>
</table>

Source: Dowla and Barua (2006: 120)

As the name of this scheme implies, its main difference to other savings schemes is that a depositor can receive interest monthly instead of waiting to receive the principal and the accumulated interest at the end of the account maturity. For example, if the account is opened with the minimum Tk 20,000, the account holder will receive Tk 160 (approx. US$2.40) as monthly income in the five-year term for a 10.04 percent interest per annum, and Tk 170 (approx. US$2.50) in the ten-year term for a 10.67 percent interest per annum (Dowla and Barua 2006). The account can be closed at anytime; however, if it is discontinued before one year, the interest distributed to that point will be subtracted from the principal amount so that the depositor will receive no interest. If the account is closed after one year but before the five- or ten-year maturity the schedule shown in Table 6.6 will be used to determine the interest.

Table 6.6: Rate of Interest for Monthly Income Plan

<table>
<thead>
<tr>
<th>Maturity</th>
<th>Rate of Interest (Simple Interest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than a year but less than three years</td>
<td>7.0%</td>
</tr>
<tr>
<td>More than three years but less than five years</td>
<td>8.0%</td>
</tr>
<tr>
<td>More than a five years but less than then years</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

Source: Dowla and Barua (2006: 121)
While borrowers are always concerned about debt burdens, they do not wish to die with a legacy of debt for their family members. Such concern results from cultural and religious sanctions against unpaid debt: they believe that if their debt remains unpaid after their death, their soul cannot rest in peace. Grameen II helps borrowers to alleviate that burden and removes the anxiety that comes with taking a loan by giving them the option to insure their loans; this is known as Loan/Life Insurance, and is operated as a savings scheme. To insure the loan, borrowers have to deposit three percent of the loan amount in the account for every new loan. However, borrowers must deposit an extra amount to retain cover for a second year if the loan outstanding on the last day of the second year exceeds the first year’s amount, and the extra deposit is paid on the additional amount only (Dowla and Barua 2006). Borrowers can use the 2.5 percent in their Special Savings account to make a partial payment to the loan insurance account. Interest at 12 percent a year on this account is not paid to the saver; instead it is used to create an insurance fund. In the event of the death of the borrower, the bank will pay off the outstanding loan amount (Rutherford 2004; Rutherford 2006).

6.4 Replication Potential of Grameen II Micro-finance Model in Cambodia

So far sections 6.2 and 6.33 have provided an overview of Grameen Bank’s history and its group-lending model, and illustrated its banking facilities that have been applied to help micro-entrepreneurs in Bangladesh to ease their many financial constraints. In this section the possibility of replicating the Grameen II group-lending methodology and its financial products in the Cambodian context are considered.

According to Gibbons (1994), the feature of the Grameen Bank most suitable for replication is its group-lending methodology. This is because the Grameen Bank’s financial facilities structure is based mainly on its group-lending technology as a vehicle for financial services delivery to micro-entrepreneurs. Therefore, before any attempt to replicate Grameen’s micro-finance model, its group-lending methodology should be first considered; i.e. whether the group-lending methodology is applicable in a country context.
for lending to the poor. Khandker et al. (1995) suggest that the group-lending model can be adopted in any poor country, where the country context requires such a lending technology to overcome the problems of collateral-based lending arising from imperfect information\(^\text{22}\) and imperfect enforcement\(^\text{23}\).

In line with this suggestion, many researchers have recognised that the Cambodian rural credit markets are characterised by imperfect information and imperfect enforcement, which have forced many institutional lenders to adopt an asset-based lending technology to cope with the risk of credit transactions (ILO 2000; RGC 2001; Kang 2002; Pickens 2004; Ulrich et al. 2006). This anecdotal evidence suggests that the group-lending methodology is applicable and is required in Cambodia to address the problems of collateral-based lending in its rural credit markets. Nevertheless, there is enough evidence to suggest that the group-lending methodology is feasible in Cambodia, since leading micro-finance providers such as ACLEDA Bank and AMRET have already been using this lending technology successfully to cope with risks, imperfect information and imperfect enforcement problems. Moreover, it should also be noted that Cambodia has significant racial and religious homogeneity, which is a further incentive for applying the group-lending methodology, which requires group formation and solidarity (Clark 2006).

Overall, the anecdotal evidence implies that the group-lending methodology of Grameen II should be replicable in the Cambodian context. Moreover, if the Grameen II group-lending were able to be replicated, there is no reason why the Grameen II banking facilities could not be adopted or adapted to enable the micro-finance providers in Cambodia to fill the gaps in their financial services. At the same time the model could be applied as a cost-effective group-lending vehicle to provide additional non-financial

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\(^{22}\) Imperfect information here is referred to as a lack of information on micro-finance clients, such as their background, business and financial reports, which results in adverse selection and moral hazard for the institutional lenders. For example, adverse selection is where institutional lenders cannot screen riskier borrowers from safer ones; whereas moral hazard is where institutional lenders cannot monitor the behavior of the clients—both of which are accentuated in the case of poor borrowers.

\(^{23}\) Imperfect enforcement here is referred to as a limited ability of institutional lenders to apply sanctions against defaulted borrowers; e.g. due to the poor legal system, enforcement of loan repayment does not work very well; or the poverty of the borrower restricts the number of effective sanctions.
services to micro-entrepreneurs for capacity building. Based on the literature review in Chapter 4, the Cambodian micro-finance sector lacks a wide range of financial products as well as non-financial services to meet the various needs of micro-entrepreneurs (Beresford et al. 2004; Flaming et al. 2005). For that reason, the Grameen II group-lending model and its extensive range of financial products has great potential for the Cambodian micro-finance sector.

6.5 Summary
This chapter outlined the history of Grameen Bank from its inception to the development of its transition from its previous micro-finance version to its new version: the Grameen II. The Grameen II micro-finance model was examined and illustrated, including its group-lending model and its banking facilities, which were developed to ease the financial needs of micro-entrepreneurs in Bangladesh. The chapter highlighted that unlike Grameen’s classic group-lending model and other group-lending models, the Grameen II group-lending model does not require physical collateral, joint-liability or group-guarantees. Although each borrower must belong to a five-member group, the group is not required to give any guarantee for a loan to its member or to be responsible to pay on behalf of a defaulting member. In addition, the chapter looked at the Grameen II banking facilities and its flexibility in helping to achieve the Grameen Bank’s overall goal of lessening the incidence of poverty through financial intermediation for self-employment.

Finally, the chapter examined the replication potential of the Grameen II micro-finance model in Cambodia. Anecdotal evidence suggests that the Grameen II group-lending methodology and its extensive range of financial products should be replicable in the Cambodian context to fill in the gaps in both the financial and non-financial services that presently hinder sustainable financial intermediation and the development of micro-entrepreneurship.
CHAPTER 7
THEORETICAL FRAMEWORK AND THE RESEARCH QUESTIONS

7.1 Introduction
This chapter is developed based on the literature reviews from Chapters 2 to 6. Chapter 2 focused on the causes and issues of poverty and on a strategy to reduce its effects on the poor. Chapter 2 identified that micro-finance would be a key strategy for poverty reduction in Cambodia; this is because micro-finance can enable poor people to start up businesses and create more livelihood options besides agriculture. In this sense, micro-finance is seen not only as a great mechanism for grassroots entrepreneurial development, but also it is a key to escaping poverty for millions of poor people in Cambodia. Despite this emphasis on micro-finance, Chapters 3 and 4 showed that the sector still has many issues to be addressed, such as a lack of credit supply and other services including savings and insurance, which barely exist.

In addition, Chapter 4 stressed that micro-entrepreneurs not only lack access to a variety of financial services but also they have been bypassed by other non-financial services, particularly education, which is needed to help them build their entrepreneurial capacity and managerial talent to run their businesses more efficiently and effectively in the long term. For that reason, Chapter 4 looked at strategies and key challenges for integrating non-financial services into micro-finance programs. In addition, Chapter 5 used case studies to illustrate some of the real-world responses to the implementation challenges of the integrated services delivery strategies, such as in addressing the difficult issues of institutional and financial sustainability in the provision of financial and social services.

On the other hand, Chapter 6 examined the acclaimed micro-entrepreneurship development model, namely the Grameen II micro-finance model, and whether it could be applied in the Cambodian context as a cost-effective, integrated approach to providing both financial and non-financial services to micro-entrepreneurs.
Overall, Chapters 2 to 6 provided the theoretical foundation for this research by reviewing the main literature on micro-finance in Cambodia and the Grameen II micro-finance model. The literature has identified the research issues and gaps that needed to be addressed in this research. The aim of this chapter is to develop a theoretical framework which builds upon the research objectives and the literature reviews in Chapters 2 to 6. The theoretical framework will be used as a guideline to meet the objectives of the study, as well as to establish the research questions for the study.

7.2 Theoretical Framework

The research in this thesis is designed to explore an integrated micro-finance model (finance plus)\(^{24}\) for micro-entrepreneurship development in Cambodia. Given that poverty levels in Cambodia are high, economic growth in Cambodia will have a minimal effect on the overall progress of the economy unless the poor are included in this development. Thus developing a micro-finance model to support micro-enterprise development is seen as a necessity and a valuable means of economically empowering the poor. If the goal of economic development includes improved standards of living, removal of poverty, access to dignified employment, and reduction in inequity, then it is natural to start with the poor. They constitute the majority of the population in Cambodia, and are under-employed and economically and socially disadvantaged.

The proposed theoretical framework for this research is personal economic development, and wherever there is development there is change. If poor people can improve their lives, their lives change; i.e. they triumph over the conditions of abject poverty. Nevertheless, it is widely recognised that the economic advancement of a poor family needs a broader enabling and sustaining environment. Micro-finance alone can start up the engine in the family, but that engine will later need refuelling, maintenance, expansion of capacity and a good road to make good progress. There is no doubt that reaching the survival point with micro-finance can be accomplished without difficulty; however, to go much further one needs other supportive programs, such as a good health-

\(^{24}\) Note that “Finance Plus” means finance plus non-financial services.
care system and education programs. If no such support system is developed the economic advancement made by the borrowers may come to a halt or even slide backwards.

The literature review has shown that institutional micro-finance lenders in Cambodia are adopting a minimalist approach (finance only) and have concentrated predominantly on credit as a tool to support micro-entrepreneurs. The literature review has also shown that lack of other non-financial services for human capacity building is another serious factor compounding the problems for micro-entrepreneurship development in Cambodia.

Dunford (2001) and Ledgerwood (2000) point out that unless social intermediation is integrated with micro-finance programs, finance alone will not help micro-entrepreneurs to stand on their feet to expand and grow their enterprise nor get them ready for sustainable financial intermediation. Following this line of argument and the abovementioned problems, the proposed framework on grassroots entrepreneurial development needs to focus on an integrated approach (finance plus) rather than a minimalist approach. Micro-entrepreneurs who live in poverty that is rooted in socioeconomic inequity can benefit from an integrated methodology that can deliver a combination of financial and non-financial services to help them improve their economic and social status.

Overall, it should be noted that such an integrated micro-finance model has two possible effects: one is its positive consequence for micro-entrepreneurship development which helps improve the lives of the poor; second is that the development of micro-entrepreneurship itself can be a catalyst for national economic growth. Franks (2000: 10) argues that “given proper underlying conditions, micro-enterprise may prove as an engine of growth for an entire country’s economy.” To cite, during the late 1980s, micro-enterprises participating in the BRI-KUPEDES credit project in Indonesia generated about one-eighth of the country’s economic growth; whereas in Bolivia in the early
1990s, the single most dynamic segment of the national economy was found to be small enterprises, which contributed significantly to overall economic growth (Franks 2000).

So far the key reasons for proposing the theoretical framework for this research have been discussed; it is now important to turn attention to what should be included in the framework. The proposed framework includes variables which emerged from the literature review as potential factors in developing an integrated micro-finance model for micro-entrepreneurship development in Cambodia. These variables are classified into three main categories: lending methodologies, financial intermediation, and non-financial intermediation. Table 7.1 shows the categories and the variables.

**Table 7.1: Variables Investigated in this research**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending methodologies</td>
<td>- Group-lending methodologies</td>
</tr>
<tr>
<td></td>
<td>- Individual-lending methodologies</td>
</tr>
<tr>
<td>Financial intermediation</td>
<td>- Loans</td>
</tr>
<tr>
<td></td>
<td>- Savings</td>
</tr>
<tr>
<td></td>
<td>- Micro-insurance</td>
</tr>
<tr>
<td></td>
<td>- Other financial products</td>
</tr>
<tr>
<td>Non-financial intermediation</td>
<td>- Social services</td>
</tr>
<tr>
<td></td>
<td>- Enterprise development services</td>
</tr>
</tbody>
</table>

These variables are used to develop a comprehensive framework of an integrated micro-finance model for micro-entrepreneurship development. The framework is illustrated in figure 7.1 and will be used as a guide for the research in this study.

The theoretical framework illustrates an integrated approach showing the lending methodologies; financial intermediation and non-financial intermediation that support micro-entrepreneurship development.
Given the complexity of developing the framework, it was necessary to try to encapsulate the major issues rather than elaborate on all of the interactions or specific details. Therefore, five main features of the framework are encapsulated as follows:

1. The framework focuses on an integrated approach instead of a minimalist approach. This focus enabled the researcher to investigate essential factors involved in constructing an integrated approach and to provide more substantial information about the characteristics of the integrated approach.
2. The framework recognises the multidimensional nature of the integrated approach by incorporating all relevant variables as suggested in the literature.

3. The framework identifies the key relationships and interdependence among the variables. In particular, it indicates the influence of lending methodology variables directly on the integrated approach and indirectly via financial and non-financial intermediation.

4. The framework suggests the need to take confounding influences between the different variables into consideration, both to account for possible associations and to enable a more accurate specification of the unique effects of an individual variable on the integrated approach to micro-entrepreneurship development.

5. Non-financial services such as social and enterprise development services are explicitly included in this framework. How these variables are chosen and integrated by financial institutions, such as through a unified, a parallel, or a linked strategy, will determine how and why an integrated approach can be used for micro-entrepreneurship development.

7.3 The Research Questions

Based on the research objectives, the literature reviews and the theoretical framework as discussed above, two main exploratory research questions were posed:

1. What are the main financial and non-financial obstacles to micro-entrepreneurship development in Cambodia?

2. Can the Grameen II micro-finance model be successfully replicated to address the key obstacles to micro-entrepreneurship development in Cambodia?

The first question aimed to investigate the main obstacles to micro-entrepreneurship development in Cambodia. The second question aimed to explore whether the Grameen II micro-finance model can be replicated successfully in the Cambodian context as a cost-
effective vehicle to deliver both financial and non-financial services to meet the diverse needs of micro-entrepreneurs.

These research questions will be investigated using the research methodology described in Chapter 8.

7.4 Summary
This theoretical framework provides a schematic guide for the research. It describes what variables the research will measure, and the appropriate statistical representation of the relationships it purports to measure. The framework suggests that developing an integrated micro-finance approach depends on a multitude of variables, which are classified into three main categories: lending methodologies, financial intermediation and non-financial intermediation. Overall, the theoretical framework explicitly emphasises an integrated rather than a minimalist approach in the development of micro-entrepreneurship in Cambodia.

The research is a new exploration of an integrated micro-finance model that focuses on the Grameen II microbanking model as a vehicle to deliver a package of both financial and non-financial services to micro-entrepreneurs; this has not been investigated previously in Cambodia. To explore the replicability of the Grameen II banking model, two main research questions were defined.
This part of the thesis consists of only one chapter. It aims to address the research methodology, survey approach, methods of data analysis, and the framework for data analysis.

This part of the thesis consists of Chapter 8: Research Methodology.
CHAPTER 8

RESEARCH METHODOLOGY

8.1 Introduction
The previous chapter introduced the theoretical framework and developed the research questions. The aim of this chapter is to describe the research methodology used in this study, consistent with the research process outlined in section 1.3. The chapter describes the population definition, sample, survey approach, instrument development, data collection, data analysis, and the framework for analysis.

8.2 Research Methodology
The research methodology of this study involved collecting and analysing the secondary and primary data (i.e. both qualitative and quantitative). The following sections describe each of the methods used.

8.2.1 Secondary Data Collection Method
Secondary data were gathered based on subject searches of library databases, and statistical evidence from a wide range of academic and associated public and government institutions, including journal articles, texts, electronic data government and semi-government publications. The data were used throughout this thesis, particularly from Chapters 2 to 7. These secondary data are a critical source of information to understand the history of the Cambodian micro-finance sector and its evolution to date, as well as the key factors that affect the development of the sector and its effects on micro-entrepreneurs. In addition, the data are used to check against the primary data findings in order to provide insights into the development of an integrated banking and financial model for Cambodia.
8.2.2 Primary Data Collection Method

The primary data were collected in the form of face-to-face interviews. This additional step was necessary as the study was based on the development of a particular philosophy or phenomenon in the context of a national culture. In the case of this research, the additional step was necessary to shed light on how the proposed integrated micro-finance model could be developed for grassroots entrepreneurial development in Cambodia. The primary data were collected through face-to-face interviews—i.e. the participants answered the questionnaires during the interviews. The data provided specific information on the current micro-finance sector in Cambodia, particularly the micro-finance delivery models, and the financial and non-financial services provided to micro-entrepreneurs.

Interviews were conducted with two main groups of respondents: 1) those who were working for the financial institutions; and 2) the micro-entrepreneurs, who were the micro-finance clients of the micro-finance institutional lenders. The two target populations are defined as follows:

Definitions of Target Populations

The first target population that was selected for primary data collection was the financial institutions; the second target population was the micro-entrepreneurs. With regard to the financial institutions population, three main financial institution groups were approached for data collection. These were: (1) the commercial banks; (2) the specialized banks; and (3) the MFIs. All of the 19 formal banks (commercial and specialised banks) and the 15 licensed MFIs were selected for interview.

A sample population of micro-entrepreneurs was randomly selected for interview. The target micro-entrepreneurs were micro-finance clients of the participating financial
institutions, particularly group loan clients, who had been with the institutions for at least two years\textsuperscript{25}, and had used the loans for income-generating activities.

\section*{8.3 Survey Approach}

\subsection*{8.3.1 Sample Design}

This research involved two different kinds of participants: the financial institutions (including commercial banks, specialised banks and micro-finance institutions) and the micro-finance clients (micro-entrepreneurs).

First, 34 representative senior executive officers of the three financial institution groups, who were responsible for daily banking operations, particularly in financial management and financial services methodologies, were approached to participate prior to the interviews. This target group of participants had to be interviewed because the aim of the research was to develop an integrated micro-finance model that is more flexible and cost-effective in delivering a combination of financial and necessary non-financial services to better cater for clients’ basic needs. Anecdotal evidence suggested that the institutional lenders provide only financial services, largely credit. On the other hand, it is widely acknowledged that money or micro-finance alone is not a panacea. The problems of Cambodian micro-entrepreneurs go well beyond micro-finance: they need to be able to read and write, have basic business skills to run businesses effectively, and maintain good health for themselves and their families. Therefore, participation by the finance providers was necessary to help the researcher to determine how their organisation s use or may want to use micro-finance as an instrument for financial and social intermediation for micro-entrepreneur clients.

\footnote{\textsuperscript{25} This is to make sure that the impact study can be more meaningfully analysed.}
At the beginning of each interview all participants were given a Statement of Disclosure and Informed Consent in the Cambodian language\textsuperscript{26} (see Appendix 8.1 for English version) If they agreed to take part, they were asked to sign a Form of Consent (see Appendix 8.2). The interviews were face-to-face, using a standard questionnaire back translated into Cambodian from English. The questionnaire contained both qualitative and quantitative questions (see Appendix 8.3 for English version). An English version was also provided to respondents on request.

The interviews of all the respondents from the financial institution took place at their headquarters, which were all situated in the capital, Phnom Penh. Obtaining interviews with senior executive managers in Cambodia was expected to be difficult, particularly in the commercial and specialised banks. Part of the difficulty may be due to their tight work schedules; however, it may also be due to their perception of micro-finance as being irrelevant to their banking business. Since the survey was focused on micro-finance, it generated a higher rate of participation from the senior managers of the MFIs than from the formal banks.

Second, a random sample of 120 representative micro-entrepreneurs was selected for participation in the survey\textsuperscript{27}. Since this research was mainly focused on entrepreneurial development at the grassroots level of society, this target group of participants had to be interviewed. The research was interested in how micro-finance clients use microfinancial services to improve their micro-enterprise operation as well as their livelihood. In addition, the research was seeking their opinions about what additional financial and non-financial services they considered necessary for them to improve their capacity in operating their businesses and improving their livelihood. In other words, participation

\textsuperscript{26} Please note: to meet the requirement of the Swinburne Ethics Committee, the questionnaires and other research protocol statements were back translated into Cambodian from English, and are attached in Appendix 8.6.

\textsuperscript{27} Note that after each financial institution interview, the researcher requested of the participating bankers that they allow the researcher to interview 10 of their micro-finance clients (micro-entrepreneurs), and there were only 12 participating financial institutions were providing micro-finance to the micro-entrepreneurs. As a result a random sample of 120 representative micro-entrepreneurs was selected.
from this group was necessary because their contribution would help the researcher to determine what services should be prioritized as most likely to help them to develop their enterprises.

Prior to each interview a Disclosure Form was read to the participants by the researcher (this was necessary as the vast majority of the client participants were illiterate; for this form see Appendix 8.4). The questionnaire contained both qualitative and quantitative questions (see Appendix 8.5). This sample was drawn from three main areas: the capital, Phnom Penh; Kandal province; and Kompong Speu province. All interviews with the micro-entrepreneurs were carried out individually at their centre group meetings (a public place where clients gather to conduct their financial transactions with loan officers). This approach was chosen to reduce costs, as well as to save time for the respondents and the researcher.

8.3.2 Questionnaire Design

For this research, two standard questionnaires were developed as instruments for data collection. Each questionnaire—one for the financial institutions and one for the micro-entrepreneurs—was designed to ask specific questions of each of the target populations.

The financial institutions questionnaire was developed to gather data from the financial institutions on four main categories of variables relating to (1) financial intermediation (e.g. loans and savings); (2) social intermediation (e.g. group formation and leadership training); (3) enterprise development services (e.g. marketing and business management training), and (4) social services (e.g. education and health), in which the financial institutions might or might not be engaged. These four categories of variables were mainly designed to look at the accessibility and flexibility of the financial and non-financial facilities provided to the micro-entrepreneurs in terms of whether they met or eased their multiple financial needs.
The micro-entrepreneurs’ questionnaire was designed as a short client survey (to complement the financial institutions questionnaire), in order to observe aspects of the clients’ environment (e.g. financial and non-financial factors) that affected their lives and businesses. The questionnaire contained three main categories of variables: 1) loans; 2) savings; and 3) non-financial products and services, the aim being to understand the micro-entrepreneurs’ financial and non-financial needs and expectations. The three categories of variables were focussed on how various financial and non-financial services could be provided to suit different needs and to increase the prospects for micro-entrepreneurs to build their incomes and assets.

Overall, the two questionnaires have a total of 130 questions, which provided a realistic insight into the specific areas of focus as indicated in the research questions, in particular the potential consequences of the key financial and non-financial obstacles encountered by micro-entrepreneurs. The questions also sought to explore the applicability of the Grameen II financial products and its group-lending model as a venue to integrate both financial and non-financial services to meet the multiple needs of the micro-entrepreneurs.

The response formats in both of the questionnaires is shown in Table 8.1. Table 8.1 shows that most of the questions in both questionnaires were closed questions, where the respondents were asked simply to select or rank one or more of the answers. Close-response format questions contained Dichotomous Response Format, Checklist, Multiple Choice and Likert Scale, which were employed mainly to help respondents to quickly choose a response that was the most appropriate for them. This helped to increase the time-efficiency of the survey process, but at the same time it did not compromise the quality of the data obtained as the responses for selection were based on

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28 This format allows the respondents to select between one of two alternatives, e.g. Yes/No or Male/Female (Leedy and Ormrod 2001).
29 This format contains a set of responses and the respondents can select those that apply—i.e. more than one response can be selected (Yoyle et al. 2002).
30 This response format requires respondents to choose just one response from a list of three or more alternatives (Yoyle et al., 2002).
31 This format consists of a set of items to which the research participant can indicate a degree of agreement or disagreement to each rather than simply checking those items with which they agree (Pallant, 2005).
rigorous literature reviews. In addition, the Close-response format questions were developed with alternative responses using the category ‘Other (please specify)’ to allow for unanticipated responses.

Overall, both questionnaires were designed to minimise ambiguity in questions, reduce interviewer bias, and provide data that would allow meaningful analysis and interpretation. Prior to administration, the questionnaires were pilot tested.

<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Type of Questions</th>
<th>No. of Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Institutions</td>
<td>Close-response format</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>Open-response format</td>
<td>18</td>
</tr>
<tr>
<td>Micro-entrepreneurs</td>
<td>Close-response format</td>
<td>32</td>
</tr>
</tbody>
</table>

### 8.3.3 Pre-testing of Questionnaires

Before the final administration, each question and the questionnaires as a whole were tested and evaluated. First, prior to the pilot test, the questionnaires were submitted to three academics at Swinburne University of Technology who are knowledgeable in the field of micro-finance for their recommendations. Secondly, both questionnaires were tested for credibility by a selected group of potential respondents. The financial institutions’ questionnaire was tested by five employees from financial institutions in Phnom Penh, including one commercial bank, one specialized bank and three micro-finance institutions. The micro-entrepreneurs’ questionnaire was tested by 12 randomly selected clients of the financial institutions who were micro-entrepreneurs.

With regard to the overall design of the two questionnaires, the aim of the pilot test was to identify if the questions and the structure of the questionnaires as a whole could be understood by the respondents and whether the questions were relevant and necessary.
Based on the feedback from the three academics and the pre-test with the potential respondents, both questionnaires were amended. Twenty-seven questions were slightly adjusted, and some of the items in the questions were either removed or added. Due to the adjustments of those twenty-seven questions, the pre-test questionnaire responses were discarded from the main study.

Despite the few changes to the questionnaires, the overall pre-test confirmed that:

1. The financial institutions’ questionnaire could be completed within ninety minutes and the micro-entrepreneurs’ questionnaire within thirty minutes.
2. The format of the questionnaires was clear and logical.
3. The questions were relevant and necessary to meet the objectives of the study.
4. The questions were precise and short.
5. The questions were well grouped and well sequenced by topic.
6. The questionnaires had high credibility.

The final questionnaires were again reviewed by the two PhD supervisors for accuracy.

8.3.4 Administering Questionnaires

Due to the nature of this research and the complexity of the questionnaires, which required researcher prompts with skips and filter facilities, the most appropriate way of data collection for both categories of respondents was face-to-face interviews. The key reasons for adopting the face-to-face interview method for both surveys are explained in Table 8.2.

The above reasons justified the face-to-face interview method for both the financial institutions’ and micro-entrepreneurs’ questionnaires. This method, though time consuming, was the most appropriate given the reasons in Table 8.2. In total, about 100 to 110 hours were involved in the face-to-face interviews. Due to the above key reasons,
the researcher was required to be present to administer the questionnaires personally to both categories of respondents.

Table 8.2: Reasons for Adopting the Face-to-Face Method

<table>
<thead>
<tr>
<th>Target Respondents</th>
<th>Key Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Institutions</td>
<td>Some of the questions needed to be explained verbally by the researcher. Such explanations would be too long to be written on the questionnaire. For example, the meaning and concept of Grameen’s Flexible Loan and Higher Education Loan and other questions about the strategies used for integrating non-financial services would need to be explained before the respondents could answer. The availability of the researcher was, therefore, critical.</td>
</tr>
<tr>
<td>Micro-entrepreneurs</td>
<td>As the vast majority of the micro-entrepreneurs were illiterate, the face-to-face method was the most appropriate method of data collection. This method allowed a significant level of interaction between the micro-entrepreneurs and the researcher, who in this scenario needed to explain each question and record the answers.</td>
</tr>
</tbody>
</table>

8.3.5 Data Collection Approach

8.3.5.1 Approach Process

As the two target samples were different, one being the lender and the other the borrower, the interviews for data collection were organised differently. To arrange interviews with the financial institutions, the researcher contacted the selected financial institutions by telephone, email and personal meetings.

The participation of the financial institutions’ senior managers was considered an important aspect of the research. In preparation for their participation and to ensure their
commitment to the research, the researcher contacted and gained the confidence of the following people\textsuperscript{32}:

1. the governor of the National Bank of Cambodia;\textsuperscript{33}
2. the secretary general of the National Bank of Cambodia;
3. the Chief Executive Officer of the Rural Development Bank;\textsuperscript{34} and
4. the general manager of ACLEDA Bank.\textsuperscript{35}

It should be acknowledged that in research in Asian countries such as Cambodia there is still an element of distrust and uncertainty, and building good relationships requires networking and time. As a result of the networking with key people and their support in this research, the researcher was able to access many of the potential participating bankers by using their existing relationships and networks.

On the other hand, with regard to the selection of the micro-entrepreneurs, senior bankers were approached. The senior bankers then provided access to clients (micro-entrepreneurs) who were managed by loan officers (credit agents). The credit agents were introduced to the researcher by the bankers and became instrumental in accessing the village associations where the micro-entrepreneurs gathered for their regular group meetings with the credit agents.

The following timetable and approach was used for the date collection:

- **October–November 2006**

The financial institutions’ survey was completed from October to mid November 2006. All 34 selected bankers were approached for interview by the researcher, however, not all of them agreed to participate in the survey. All the selected bankers were first contacted

\textsuperscript{32} These key people were introduced to the researcher in February 2006 by Mr Meoung Samphan (the researcher’s father), who are his friends. These people were keen to support the research project and provided their advice as well as some invaluable secondary sources of information for the research study.

\textsuperscript{33} It is the Central Bank of Cambodia.

\textsuperscript{34} It is a state-owned bank that has a role in providing wholesale funds to MFIs and supports their activities.

\textsuperscript{35} It is the leading micro-finance institutional lender in Cambodia.
by telephone and the key objectives of the research project were explained. They were then asked if they would agree to participate in the survey. To those who agreed to participate, the questionnaire was either emailed or given in person. Once the bankers agreed to participate they either telephoned or emailed the researcher to arrange an interview.

Each interview took between sixty and ninety minutes, but only twenty to thirty minutes for banks not engaged in micro-finance, particularly the commercial banks. This was because financial institutions not engaged in micro-finance had to answer only six questions. A Khmer questionnaire version was given to the respondents and the researcher, also a Khmer speaker, recorded the answers on the English questionnaire, along with side comments and observations. The interviews were not tape-recorded; this was to eliminate respondents’ anxiety about anonymity and confidentiality, in particular whether their voice recordings would be retained or disposed. As a result, the respondents felt comfortable to provide honest and reliable responses.

Finally, after each interview, the researcher requested of the participating bankers that they allow the researcher to interview 10 of their micro-finance clients. The purpose of the interviews and the research objectives were explained in detail to the participating bankers.

### November 2006–January 2007

The interviews with the micro-entrepreneurs were conducted during the same period as the interviews with the bankers. Prior to each interview with the micro-entrepreneurs the researcher explained (see Appendix 8.4) the research project verbally to the participants, as most were illiterate. It was a necessary part of the research protocol to explain verbally to the respondents the research objectives, the contents of the questionnaire, and their

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36 The statement of disclosure and informed consent were also included.
37 This time variation depended on how respondents answered the questions; e.g. some respondents had some side comments to make, which extended the interview time, as the researcher needed to record the comments.
38 An English version was also provided to those who preferred it.
39 The requests only applied to those organisations that provide micro-finance to the micro-entrepreneurs.
individual anonymity and confidentiality. As mentioned, each interview with a micro-entrepreneur took approximately twenty to thirty minutes. Although the questionnaire was significantly shorter than the financial institutions’ questionnaire, the time needed to develop a rapport and explain the questions was more significant. As with the financial institutions’ interviews, the interviews with the micro-entrepreneurs were not tape-recorded, for the abovementioned reasons.

8.3.5.2 Response Rate

In total, 23 of the 34 selected financial institutions participated in the survey: of 12 MFIs, three specialised banks and eight commercial banks. The overall response rate was 68 percent (see Table 8.3). The highest non-response rate was from commercial banks, which do not engage in micro-finance. Seven out of the eleven non-participating financial institutions in the survey were commercial banks, followed by three MFIs and one specialised bank.

<table>
<thead>
<tr>
<th>Institution Categories</th>
<th>Planned Sample Size (No.)</th>
<th>Actual Sample Size (No.)</th>
<th>Participation by category (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial banks</td>
<td>15</td>
<td>8</td>
<td>53</td>
</tr>
<tr>
<td>Specialised banks</td>
<td>4</td>
<td>3</td>
<td>75</td>
</tr>
<tr>
<td>MFIs</td>
<td>15</td>
<td>12</td>
<td>80</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>23</td>
<td>68</td>
</tr>
</tbody>
</table>

The highest response rate was the MFIs at 80 percent, followed by the specialised banks at 75 percent.

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40 This lower response rate from the commercial banks may be partially due to their tied schedule; however, may also be due to their perception towards micro-finance as irrelevant to their banking business, as a result many of them seemed to be uninterested in participating in the survey.
Within the 23 participating financial institutions, only 12\(^{41}\) were providing micro-financial services directly to micro-entrepreneurs, particularly for group loans. Each of these 12 financial institutions was asked by the researcher to provide contact details of 10 group loan clients for interview (see Table 8.4).

### Table 8.4: Response Rate of Clients Sample and Areas Covered

<table>
<thead>
<tr>
<th>Institution Categories</th>
<th>Interviewed Areas</th>
<th>Clients Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(No.)</td>
</tr>
<tr>
<td>1 Commercial bank</td>
<td>Phnom Penh</td>
<td>10</td>
</tr>
<tr>
<td>1 MFI</td>
<td>Phnom Penh</td>
<td>10</td>
</tr>
<tr>
<td>4 MFIs</td>
<td>Kompong Speu</td>
<td>40</td>
</tr>
<tr>
<td>6 MFIs</td>
<td>Kandal</td>
<td>60</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>120</strong></td>
</tr>
</tbody>
</table>

As a result, a sample of 120 micro-finance clients was interviewed: 10 each from the 12 financial institutions in three areas\(^{42}\): (1) Kandal province provided 60 clients from 6 institutions; Kompong Speu province provided 40 clients from 4 institutions; and 20 clients came from 2 institutions in Phnom Penh\(^{43}\) (see Figure 8.1 for research areas).

Of the total of 120 respondents, only 117 were reliable, giving a 97.5 percent effective response rate. Three respondents were considered unreliable because most of their responses were unclear; i.e. they provided too many answers to questions that needed only a single answer, and as a result it was difficult for the researcher to decide which answer was true or more reliable.

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\(^{41}\) The 12 financial institutions consisted of 11 MFIs and 1 commercial bank. One of the 12 MFIs as shown in Table 8.4 (Actual Sample Size) did not provide group loans; it only offered individual loans, which was outside the survey’s objectives and therefore was not asked for any of its clients to be interviewed.

\(^{42}\) The three covered areas were selected by the 12 financial institutions for the researcher to interview their clients. The three areas were not chosen by the researcher, although the researcher requested that the closest areas would be preferred in order to increase time- and cost-efficiency of the survey.

\(^{43}\) All the interviews conducted in Phnom Penh were on the capital’s outskirts.
8.4 Methods of Data Analysis

For the sake of meaningful statistical analysis and the stratification of results, code numbers were used for each group of respondents. For example, CB1, CB2 etc. represented respondents from commercial banks; SB1, SB2 etc. represented respondents from specialized banks; and MFI1, MFI2 etc. represented respondents from micro-finance institutions. Similarly, a code number was used for each micro-finance client interview; for example, MC1, MC2 etc.. The code numbers were to conceal the name or identity of all respondents. This research project was interested in the views and responses, not the identity of each participant. Eventually, the aggregated data were recorded and processed using the SPSS statistical package.
This study utilised both qualitative and quantitative methods for data analysis. The combined methodology allowed the researcher to interpret the findings more meaningfully to fulfil the research objectives. The quantitative method was used to provide numerical and certain types of factual information, and was also important in examining the behaviours and attitudes of the respondents toward particular issues. The qualitative method was used to analyse verbatim responses of the respondents, particularly their opinions and comments that were not covered in the questionnaires (i.e. the predetermined responses). Overall, the use of these combined methods validated the outcomes of the findings in a more meaningful way.

### 8.5 Framework for Data Analysis

The framework for data analysis was established based on the theoretical framework described in section 7.2 and the research questions in section 7.3. The theoretical framework provided a logical way to structure the data and the analysis on financial institutions’ engagement in both financial and non-financial intermediation. It also provided the direction for an integrated micro-finance approach for the development of micro-entrepreneurship in Cambodia.

To get the overall picture of how an integrated micro-finance model could be developed (see Figure 8.2), four main categories of data were analysed from the 23 participating financial institutions. This consisted of: 1) financial intermediation (credit delivery models, loan products, saving products); 2) social intermediation (group formation, leadership training); 3) enterprise development services; and 4) social services. In addition, three other main categories of data were also examined from the 117 participating micro-entrepreneurs, which detailed: 1) their access to different loan and savings products to meet different needs; 2) the non-financial problems that they faced in running their businesses; and 3) the impacts micro-credit have on their livelihood.
Figure 8.2: Framework for Data Analysis

**Categories of Financial Institutions**
- Commercial banks
- Specialised banks
- MFIs

**Financial Intermediation**
- Credit Delivery Models
- Loan Products
- Saving Products

**Social Intermediation**
- Group Formation
- Leadership Training

**Enterprise Development**
- Non-Financial Services Integrated Models
- Types of Services Being Provided

**Social Services**

**Major Findings & Recommendations**

**Overall Picture:** Replication of Grameen Bank II Micro-finance Model for Non-Financial Services Integration

**Microentrepreneurs: Micro-finance Clients**

**The Uses of Micro-financial Services**
- Loan Products
- Savings Products

**The Needs of Non-Financial Services**
- Health
- Education
- Business Development

**The Impacts of Micro-finance**
8.6 Summary

This chapter highlighted the research methodology that was used to investigate the research questions and fulfil the research objectives. The chapter discussed the research methodology, which consisted of primary and secondary data collection methods, and this was followed by three other main sections: the survey approach (sample design, questionnaire design, pre-testing of questionnaires, administering questionnaires, data collection approach, response rate); the methods used for data analysis; and the framework for data analysis.

The next chapter will discuss the research findings and their interpretation.
This part of the thesis analyses the primary data and provides a short summary of its results and implications. Part 5, the conclusion, addresses this further. This part will first cover the data gathered from the financial institutions to examine the financial and non-financial services that the institutions may or may not engage in. This is followed by the analysis of the data from the micro-entrepreneurs, which is intended to find out the financial and non-financial factors that affect their lives and businesses. Part 4 has the following chapters.

- Chapter 9: Analysis of Respondent Financial Institutions
- Chapter 10: Analysis of Respondent Micro-entrepreneurs

Please note that sometimes the total sample size varies (i.e. sometimes 11, 12 or 15 etc.) from one section to another throughout Chapter 9. Chapter 9 is the analysis of the data from the respondents from the financial institutions, of which there were three different samples: commercial banks, specialised banks and micro-finance institutions (MFIs). For that reason, some questions were developed to be answered only by a particular type of financial institution; for instance, as illustrated in example 1 below, only banks were eligible to answer a particular question, and MFIs were ineligible. However, some questions could be answered by both banks and MFIs, provided that the bank or MFI was involved in topic of the question; this is illustrated in examples 2 and 3. Thus, the total sample size varied according to the type of question.

- **Example 1:** In a sample of 11 banks (8 commercial banks and 3 specialised banks), only five of them responded that they were engaged in micro-finance. The five banks were involved in microlending to three types of clients in the micro-finance sector: 1) directly to individual micro/small entrepreneurs (required collateral), 2) to solidarity
groups (usually without a collateral requirement), or 3) indirectly to MFIs as financial intermediaries that on-lend to micro-entrepreneurs.

- **Example 2:** Data on rules of loan repayment obtained from a sample of 12 financial institutions (1 commercial bank and 11 MFIs) showed that all of the participating institutions invariably obliged group loans borrowers to repay monthly, which is unlike the Grameen Bank which allows for variable payment schedules.

- **Example 3:** In a sample of 15 financial institutions (1 commercial bank, 2 specialised banks, 12 MFIs), it was found that every institution had individual lending (N = 15) to finance micro or larger scale businesses, followed by solidarity group-lending (joint liability) (n = 10) and the village bank (n = 4) as the main categories of micro-credit delivery models.

On the other hand, please note that throughout Chapters 9 and 10 the symbol “N” is used to see the total sample size, whereas the symbol “n” is used for the number of cases in a limited portion of the total sample—this is illustrated in example 3.
CHAPTER 9
ANALYSIS OF RESPONDENT FINANCIAL INSTITUTIONS

9.1 Introduction
This chapter examines various contextual factors that affect the supply of financial and non-financial products and services to micro-entrepreneurs. The chapter investigates four important areas: (1) financial intermediation (e.g. lending technologies, loans and savings); (2) social intermediation (e.g. group formation and leadership training); (3) enterprise development services (e.g. marketing and business management training), and (4) social services (e.g. education and health) that the financial institutions may or may not engage in. Exploring these four areas will provide a greater understanding of the accessibility and flexibility of the financial and non-financial facilities that are offered to the micro-entrepreneurs that may or may not be able to meet or ease their multiple financial needs.


9.2 Financial Intermediation
9.2.1 Formal Banks’ Engagement in Micro-finance
In a sample of 11 banks (8 commercial banks and 3 specialised banks), only five of them responded that they engaged in micro-finance (see Figure 9.1). The five banks were involved in microlending to three types of clients in the micro-finance sector: 1) directly to individual micro/small entrepreneurs (required collateral), 2) to solidarity groups (usually without a collateral requirement), or 3) indirectly to MFIs as financial intermediaries that provide loans to micro-entrepreneurs.
It should be noted, however, that only three of the five banks offered either micro-credit or micro-finance directly to micro-entrepreneurs, and only one of those three delivered micro-finance services to solidarity groups that targeted poor micro-entrepreneurs; while the other two offered only micro-credit and targeted larger clients, such as individual loan clients that require physical collateral. This indicates that virtually no banks engaged in micro-finance or offered micro-loans directly to micro-entrepreneurs.

When the bankers were asked to provide their level of importance for not engaging in micro-finance (see Table 9.1), they thought that the most important reason was “micro-finance does not fit with their idea of banking” (M = 3.5), followed by four other main reasons, including:

- Micro-entrepreneurs’ lack of collateral (M = 3.13);
- providing micro-finance to micro-entrepreneurs is too expensive (not cost effective) (M = 2.88);
- micro-entrepreneurs are risky clients (the poor do not pay back) (M = 2.75); and
• to a lesser extent, they thought that their senior officers’ lack of adequate knowledge about the sector (M = 2) was another important reason for not engaging in micro-finance activities.

Table 9.1: Reasons for Banks Not Engaging in Micro-finance

<table>
<thead>
<tr>
<th>Reasons</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro-finance does not fit with the bank’s idea of banking</td>
<td>8</td>
<td>3.50</td>
<td>.75</td>
</tr>
<tr>
<td>Lack of collateral</td>
<td>8</td>
<td>3.13</td>
<td>1.45</td>
</tr>
<tr>
<td>Too expensive</td>
<td>8</td>
<td>2.88</td>
<td>1.35</td>
</tr>
<tr>
<td>Too risky</td>
<td>8</td>
<td>2.75</td>
<td>1.58</td>
</tr>
<tr>
<td>Senior officers’ lack of adequate knowledge about the sector</td>
<td>8</td>
<td>2.00</td>
<td>1.51</td>
</tr>
<tr>
<td>Too foreign</td>
<td>8</td>
<td>1.75</td>
<td>1.16</td>
</tr>
</tbody>
</table>

Note: 1) The reasons for not engaging in micro-finance were rated on a five point scale with 0 = Not important at all and 4 = Very important; 2) The Cronbach’s alpha = 0.777 (a reliable Cronbach’s alpha is ≥ 0.7). Std Deveation = Standard Deviation

These responses suggest that banks’ perceptions of micro-finance are shaped by a combination of the conventional lending policies of the banks; for example, tiny loans and savings do not fit with the idea of banking, and lending without bankable collateral would not fit with the banks’ ideology.

Such responses also indicate banks’ negative perceptions towards micro-finance and micro-entrepreneurs. However, despite such a negative indication, another finding confirmed that 62.5 percent (n = 8) of the bankers perceived that micro-finance potentially constitutes a profitable business for the banks (see Figure 9.2). This suggests that if banks’ conventional lending polices could be adapted to engage in micro-finance activities, micro-finance could be seen as another profitable business for the banks.
9.2.2 Delivery Methods of Micro-credit

In a sample of 15 financial institutions (1 commercial bank, 2 specialised banks, 12 MFIs), it was found that every institution has individual lending \((N = 15)\) to finance micro- or larger scale businesses, followed by solidarity group-lending (joint liability) \((n = 10)\), and the village bank \((n = 4)\) as the main categories of micro-credit delivery models. This finding suggests that most of the financial institutions adopted a hybrid lending model: an incorporation of individual, solidarity and/or village bank as the principal service delivery mechanism. This result also indicates that the majority of the institutions preferred solidarity group-lending over the village banking model, which requires fewer members per group.
9.2.3 Data on Loan Products

Data on loan products, in a sample of 15 financial institutions (1 commercial bank, 2 specialised banks, and 12 MFIs), found that all of the institutions provided individual loans, and 12 offered group loans. A few other loans products were also being provided, such as consumption loans (n = 5) and emergency loans (n = 1). These findings indicate that the institutional micro-finance providers in Cambodia offered a mix of lending products, particularly individual and group loans. However, this finding also shows that the institutions did not have a wide range of loan products to suit different needs of micro-entrepreneurs. On the other hand, there were no indications of the adoption of any of Grameen II’s financial products, such as Flexi-Loans and Bridging Loans, to better cater to the micro-entrepreneurs’ financial needs.

The following sub-sections examine each of the above reported loan products in more detail, in particular their key terms and conditions, and how accessible and flexible each of the products might be for micro-entrepreneurs to meet or ease their varied financial needs.

9.2.3.1 Data on Group Loans

A) Group Membership Eligibility
Despite no indication of adoption of Grameen II’s group loan product (Basic Loan), the data on group membership eligibility showed that most of the participating financial institutions were influenced by the Grameen’s group membership eligibility criteria.44 These are: only one member of the same household is eligible to apply for a loan; applicants must reside in the same village; there must be similar social and economic status within the group members; eligibility is based on land holding (landless or near landless); applicants must participate in an intensive training programme; applicants must demonstrate an understanding of the integrity and knowledge of the institution; and

44 Please note, Grameen Bank’s criteria for group membership recruitment are unchanged from Grameen I to Grameen II.
applicants must be formally recognised by the institution’s staff as eligible to apply for a loan (see Table 9.2 for statistical information).

Different to Grameen’s group membership criteria, two institutions reported that they required prospective members to have a good business cash flow in order to be eligible for group membership.

**Table 9.2: Grameen’s Main Criteria for Group Membership Eligibility**

<table>
<thead>
<tr>
<th>Grameen’s Criteria</th>
<th>Participating Institutions’ Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reside in the same village</td>
<td>100.0 % 12 N</td>
</tr>
<tr>
<td>2. Recognised by the institution’s staff</td>
<td>91.7 % 11 N</td>
</tr>
<tr>
<td>3. Participate in an intensive training</td>
<td>83.3 % 10 N</td>
</tr>
<tr>
<td>4. Demonstrate the integrity and knowledge of the institution</td>
<td>75.0 % 9 N</td>
</tr>
<tr>
<td>5. Not be members of the same household</td>
<td>66.7 % 8 N</td>
</tr>
<tr>
<td>6. Similar social and economic status</td>
<td>50.0 % 6 N</td>
</tr>
<tr>
<td>7. Landless or near landless</td>
<td>8.3 % 1 N</td>
</tr>
</tbody>
</table>

The findings shown in Table 9.2 revealed that the majority of the participating MFIs have similar group membership criteria to Grameen, which suggests that Grameen’s group membership criteria is replicable in the Cambodian context. On the other hand, unlike the Grameen Bank, the findings indicate that the participating institutions did not give priority to the poor or poorest in the community with regard to group membership; in particular, only one institution reported that it required potential members to be either landless or almost landless.

Another notable finding of the survey was that at least four (33.30%) out of 12 participating MFIs allowed more than one member of the same household to be part of the same group. This finding indicates that, unlike the Grameen’s group membership criteria which allow only one member from one household, some Cambodian MFIs do
not have such a restriction; this can potentially contribute less to building solidarity within communities, particularly in light of the general preference for lending and borrowing among family members which is already well established in Cambodia.

**B) Group Formation**

In a sample of 12 financial institutions (1 commercial bank and 11 MFIs), it was found that ten institutions required prospective clients to organize themselves in a group of individuals, i.e. self-selected by their group members. However, two other participating institutions reported that they also allowed their bank workers (credit agents) to help find prospective clients to form groups. This suggests that the solidarity and cooperation within a group might not be consistent as the group members are not self-selected by members themselves; therefore, a group could be ineffective when it comes to the need for group members to help each other, in particular to solve repayment problems.

Another interesting result of the survey on group formation was that most of the financial institutions (91.70%, n = 11) reported that they allowed both genders to form a group; that is both male and female members can be in the same group. This suggests that gender difference is not an issue in forming a group in the Cambodian context; this is in contrast to Bangladesh where, as dictated by social norms, men and women borrowers have to be in different groups. The data on group formation also found that most of the financial institutions (75%, n = 9) required three to seven members to form a group. This result reflects, to a great extent, the fact that most of the Cambodian micro-finance providers have adopted the solidarity group model.

**C) Centre Formation**

Data on centre formation showed that all the participating institutions (N = 12) have one rule in common; once the group is formed and recognised by the institution staff, it then has to meet with other such groups to form a centre in its neighbourhood for groups to meet regularly. Most of the participating institutions (75%/n = 9) reported that each of

---

45 A centre is a regular place where the borrowing groups are combined into a larger entity for meetings at the village level, where bank business is conducted.
their centres consisted of five to 15 groups, which suggests that the size of their centres is usually quite large in comparison to the Grameen Bank model of about seven groups per centre with five members in each group (Harper 2003: 98).

When the bankers (N = 12) were asked what the group’s regular meetings at the centre were for, all of them reported that they used the regular meetings to discuss groups matters in relation to both financial and non-financial issues, such as loan instalments and exchanging market information. However, none of them (N = 12) reported that the meetings of groups at the centre were used to implement a social development program, such as the Grameen Bank’s Sixteen Decisions (Rahnuma 1992: 79–80) or other purposes. This indicates that the composition and function of their centres is different to Grameen Bank, where the centre meetings are used to conduct banking transactions as well as to build social capital by promoting norms of good behaviour, networking to share information about health and business opportunities, and building trust among groups and among group members.

D) Leadership Positions
In a sample of 12 financial institutions (1 commercial bank and 11 MFIs), it was found that three institutions required each group of borrowers to have both a Chairperson and a secretary of the group, which is the same requirement as the Grameen Bank. Eight of the institutions, however, required only a Chairperson for each group of borrowers; and one did not require groups to elect their leaders. On the other hand, most of the participating institutions (75%, n = 9) that required either the groups to have a Chairperson or both a Chairperson and a secretary did not require the leadership of the group to rotate. Only two institutions required such leadership positions to be rotated. Overall, data on leadership positions suggests that, in contrast to the Grameen Bank, many of the Cambodian MFIs do not have a policy of regularly rotating the group leadership positions; however, such a policy is vital to prevent dominance by one person and to allow members of the group to learn leadership skills, which is necessary when their businesses expand.
E) Group Loan Eligibility

Data on group loan eligibility illustrated in Table 9.3 (N = 12: 1 commercial bank and 11 MFIs) showed that a large percentage of the institutions had similar criteria for group loan eligibility. These include: (1) a group member must be seen as a responsible borrower by fellow members (91.70%, n = 11); (2) a group member must have income-generating ideas (66.70%, n = 8); (3) and the member’s business must have been in operation for at least one year (66.70%, n = 8). Surprisingly, five institutions reported that they required physical collateral for group loans, and one reported that it required collateral if the loan size was more than US$125.

In addition, the research found that women were another key requirement for group loan eligibility. Eleven out of 12 participating institutions reported that they strongly preferred women as their group loan clients over men, which suggests that women were most likely to be eligible or to be granted a group loan. One explanation for this strong preference may be that the strategy of most micro-finance institutions is to specifically target women, who are commonly seen as better credit risks than men, since loan recovery rates have been higher for women than men around the world.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>%</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Women are preferred as group loans clients</td>
<td>91.7</td>
<td>11</td>
</tr>
<tr>
<td>2. A member must be seen as a responsible borrower by fellow members</td>
<td>91.7</td>
<td>11</td>
</tr>
<tr>
<td>3. A member must have an income-generating idea</td>
<td>66.7</td>
<td>8</td>
</tr>
<tr>
<td>4. Member’s business must have been in operation for at least one year</td>
<td>33.3</td>
<td>4</td>
</tr>
<tr>
<td>5. Member must have physical collateral</td>
<td>8.3</td>
<td>1</td>
</tr>
<tr>
<td>6. Loan size &gt; US$125 requires collateral</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Overall, the findings suggest that the group loan eligibility criteria being used by some of the participating institutions may deviate from the original target group of micro-credit:
the poor and very poor people in the community. The findings showed that only four participating institutions would finance new start-up businesses, and the rest of the participating institutions (66.70%, n = 8) required the business to have been in operation for at least one year before they would consider giving a loan. While these policies help ensure that micro-entrepreneurs can demonstrate that they can effectively manage their businesses and therefore manage loan repayments, micro-entrepreneurs who need seed capital to start a new business venture could be left out. The findings further suggest that micro-entrepreneurs could also be left out due to the asset-based lending mechanism employed by some of the micro-finance providers (42%, n = 5). Micro-entrepreneurs often have insufficient collateral, do not have the required collateral, or are not willing to pledge assets such as equipment or land to secure a loan as these possessions could be the only assets that they have. Thus, lending based on bankable securities would only force micro-entrepreneurs to rely on informal sources of funds instead of on institutional lenders.

F) Rules of Loan Repayment
Data on rules of loan repayment obtained from a sample of the 12 financial institutions (1 commercial bank and 11 MFIs) showed that all of the participating institutions invariably obliged group loans borrowers to repay monthly, which is unlike the Grameen Bank which allows for variable payment schedules. The research also found another inflexible rule of loan repayment: four of the participating institutions reported that if a member defaulted on loan, the member would be expelled from the group for non-repayment. This strict rule indicates that a defaulting borrower would not have a second chance to pay back. These two findings indicate that the rules on loan repayment are inflexible. This policy differs from that of the Grameen Bank, which does not force a defaulting member to leave a group but instead renegotiates the loan contract, including repayment schedule and amount, to one that is more “do-able” or achievable than the previous one. The Basic Loan (group loan) is therefore renegotiated to a Flexible Loan that is acceptable to the individual borrower and the bank.
Again, in contrast to the Grameen Bank’s rules of repayment, the research found that 11 out of 12 participating institutions forced group members to repay the loans of defaulting members. This is enforced because the loan is given on condition that the group guarantee all individual borrowers within the group. This result suggests that unlike the Grameen Bank, where the group is not liable for individual loans, most of the Cambodian micro-finance providers still apply a group guarantee mechanism as a way to secure loan repayment.

The research found, however, that most of the institutions (67%, n = 8) applied the same rule of loan repayment as Grameen Bank: where a group member is unable to repay, the whole group is deemed ineligible for further loans. This policy is to enforce peer pressure and the threat of social punishment within the group to ensure not only that a defaulting member but also the rest of the group members do their best to help a defaulting member to repay.

G) Interest and Repayment Rates of Group Loans
Data on interest rates obtained from a sample of 12 financial institutions (1 commercial bank and 11 MFIs) showed that group loans could be charged interest on average as low as 3.02 percent (N = 12) to as high as 3.41 percent (N = 12) a month (see Table 9.4).

<table>
<thead>
<tr>
<th>Table 9.4: Average Rates of Interest for Group Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimum monthly interest rate for</strong></td>
</tr>
<tr>
<td>N</td>
</tr>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>Std Deviation</td>
</tr>
<tr>
<td>Minimum</td>
</tr>
<tr>
<td>Maximum</td>
</tr>
</tbody>
</table>

Although an interest rate of three percent per month is usually quoted as usurious (Beresford et al. 2004; Clark 2006), the average rate of repayment for group loans was
found to be in excess of 90 percent, and the majority of the institutions reported repayment rates as high as 99 percent (N = 7) (see Table 9.5). This suggests that the poor have the capacity to pay at an interest rate of 3 to 3.50 percent a month without much difficulty.

Table 9.5: Average Rates of Repayment for Group Loans

<table>
<thead>
<tr>
<th>Average rates of repayments</th>
<th>N</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>90</td>
<td>1</td>
<td>8.3</td>
</tr>
<tr>
<td>93</td>
<td>1</td>
<td>8.3</td>
</tr>
<tr>
<td>96</td>
<td>1</td>
<td>8.3</td>
</tr>
<tr>
<td>98</td>
<td>1</td>
<td>8.3</td>
</tr>
<tr>
<td>99</td>
<td>7</td>
<td>58.3</td>
</tr>
<tr>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12</td>
<td>100</td>
</tr>
</tbody>
</table>

H) Average Loan Sizes
The average size of group loans was found to be approximately US$264 (N = 12) (see Table 9.6), which suggests that the poor are being served by most of the micro-finance providers. However, the following findings from the survey show that the micro-finance providers were rapidly moving away from the poor. As of December 2002, the ADB (2003: 21) reported that the average loan size was KR557,700, which is about US$145.40;\(^{46}\) four years later when the survey for this research was undertaken, the average loan size had increased by 82 percent.

Table 9.6: Average Group Loan Size

<table>
<thead>
<tr>
<th>Statistics</th>
<th>First loan size on average (KR)</th>
<th>First loan size on average (USD)</th>
<th>Average loan size (KR)</th>
<th>Average loan size (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>12</td>
<td>12</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td><strong>Mean</strong></td>
<td>356,333.33</td>
<td>89.08</td>
<td>1,056,666.67</td>
<td>264.16</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td>290,000.00</td>
<td>72.50</td>
<td>890,000.00</td>
<td>222.50</td>
</tr>
<tr>
<td><strong>Minimum</strong></td>
<td>150,000.00</td>
<td>37.50</td>
<td>310,000.00</td>
<td>77.50</td>
</tr>
<tr>
<td><strong>Maximum</strong></td>
<td>1,000,000.00</td>
<td>250.00</td>
<td>2,240,000.00</td>
<td>560.00</td>
</tr>
</tbody>
</table>

\(^{46}\) Note, the exchange rate used by the ADB at the time of its report was US$1 = KR3,835 (ADB 2003).
This increase in average loan size might be due to the clients’ loans having matured and larger loans being taken, or to institutions moving away from serving the poor and going “up-market”.

A closer look (refer Figure 9.3) at each of the institutions’ mean size of first loans and average loan sizes suggests that a drift has occurred from the micro-credit market. Figure 9.3 illustrates that the first three institutions’ loan sizes were geared more towards small-scale enterprises and that they were explicitly targeting wealthier segments of the population, perhaps ranging from moderately poor clients to wealthy clients, with mean sizes of first loans US$96 to US$250 and significantly high average loan sizes of up to US$50 to US$560. The second three institutions also tended to follow the first three institutions’ pattern by serving clients with average loan sizes from US$275 to US$355.

Six other institutions (G, H, I, J, K, L), on the other hand, designed their services and products for much poorer segments, from poor to relatively poor clients, with average loans size below US$200 to as low as US$78.

**Figure 9.3: Mean Sizes of Group Loans**
I) Group Loans Portfolio

Looking at the mean of the institutions’ total loan portfolio allocated to group loans further supports the above finding of a drift from the micro-credit market to the wealthier clientele. As can be seen in Table 9.7, more than half of the participating institutions allocated less than 50 percent of their total loan portfolio to micro-loans. This suggests that the total available funds of the institutions for financing rural credit are disbursed to small or medium enterprises rather than to micro-enterprises. In other words, more institutions are shifting away from micro-credit and from serving the poor.

Table 9.7: Average Percentage of Institutions’ Loan Portfolio Allocated to Group Loans

<table>
<thead>
<tr>
<th>Average total loan portfolio allocated toward group loans</th>
<th>N</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.00</td>
<td>1</td>
<td>8.3</td>
<td>8.3</td>
</tr>
<tr>
<td>10.00</td>
<td>1</td>
<td>8.3</td>
<td>16.7</td>
</tr>
<tr>
<td>15.00</td>
<td>1</td>
<td>8.3</td>
<td>25.0</td>
</tr>
<tr>
<td>30.00</td>
<td>1</td>
<td>8.3</td>
<td>33.3</td>
</tr>
<tr>
<td>40.00</td>
<td>2</td>
<td>16.7</td>
<td>50.0</td>
</tr>
<tr>
<td>46.00</td>
<td>1</td>
<td>8.3</td>
<td>58.3</td>
</tr>
<tr>
<td>60.00</td>
<td>1</td>
<td>8.3</td>
<td>66.7</td>
</tr>
<tr>
<td>70.00</td>
<td>1</td>
<td>8.3</td>
<td>75.0</td>
</tr>
<tr>
<td>84.00</td>
<td>1</td>
<td>8.3</td>
<td>83.3</td>
</tr>
<tr>
<td>90.00</td>
<td>1</td>
<td>8.3</td>
<td>91.7</td>
</tr>
<tr>
<td>99.00</td>
<td>1</td>
<td>8.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

9.2.3.2 Data on Individual Loans

Data on individual loans obtained from a sample of 15 financial institutions (1 commercial bank, 2 specialised banks, and 12 MFIs) showed that all individual loans were collateralised loans regardless of their size (see Figure 9.4), with the monthly average interest rates slightly below those of group loans (see Table 9.8). The higher interest rates in group loans were probably due to extra costs in microlending (i.e. higher administrative/operational costs and risk) and lack of competition among micro-credit lenders.
Figure 9.4: Sizes of Individual Loans: Minimum and Maximum

Table 9.8: Group and Individual Loans Monthly Interest Rates

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Minimum interest rate for a group loan (%)</th>
<th>Maximum interest rate for a group loan (%)</th>
<th>Minimum interest rate for an individual loan (%)</th>
<th>Maximum interest rate for an individual loan (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>12</td>
<td>12</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Mean</td>
<td>3.0</td>
<td>3.4</td>
<td>2.5</td>
<td>3.2</td>
</tr>
<tr>
<td>Median</td>
<td>3.0</td>
<td>3.5</td>
<td>2.5</td>
<td>3.5</td>
</tr>
<tr>
<td>Minimum</td>
<td>2.0</td>
<td>2.0</td>
<td>1.8</td>
<td>2.0</td>
</tr>
<tr>
<td>Maximum</td>
<td>4.0</td>
<td>4.0</td>
<td>3.0</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Note: MFI = micro-finance institution, CB = commercial bank, SB = specialised bank.
Data on individual size loan (N = 15) further showed that on average the minimum amount for individual loans was US$198, whereas the average maximum amount for individual loans was US$5,733 (see Table 9.9). This result indicates that most of the institutions provided individual loans that were quite small, thus meeting the minimum requirement considered accessible or absorbable by micro- and small-scale entrepreneurs.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>Minimum size (USD)</th>
<th>Maximum size (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Mean</td>
<td>198.33</td>
<td>5,733.33</td>
</tr>
<tr>
<td>Median</td>
<td>125.00</td>
<td>5,000.00</td>
</tr>
<tr>
<td>Minimum</td>
<td>50.00</td>
<td>500.00</td>
</tr>
<tr>
<td>Maximum</td>
<td>500.00</td>
<td>12,500.00</td>
</tr>
</tbody>
</table>

### Table 9.9: Average Size of Individual Loans

9.2.3.3 Data on Emergency and Consumption Loans

In a sample of 15 financial institutions (1 commercial bank, 2 specialised banks, and 12 MFIs), six reported that they had loan products other than those being investigated. The loan products reported, however, were re-classified for ease of data analysis. They fall into two main categories: emergency loans (n = 1) and consumption loans (n = 5) (see Table 9.10).

The two loan products shown in Table 9.10 indicates that many of the institutions (93%, n = 14) did not have an emergency loan category to address the immediate financial needs of the poor; such as medical expenses and other unforeseeable costs that can hamper the financial health of the poor in supporting their livelihood and their micro-enterprises. On the other hand, Table 9.10 shows that five out of 15 participating institutions provided consumption loans, but only three offered such them to group loan clients who were poor. This suggests that many of the institutions were not providing consumption loans for non-economic needs of the poor, such as housing and education.
Table 9.10: Consumption Loans and Emergency Loans

<table>
<thead>
<tr>
<th>Loan Products</th>
<th>n = 6</th>
<th>Description of Loan Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency loans</td>
<td>1</td>
<td>- Group/individual loan clients who have completed at least one loan cycle are eligible for the loan.</td>
</tr>
<tr>
<td>(N = 1)</td>
<td></td>
<td>- Family members are also eligible to apply for an emergency loan on the behalf of the client.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- The loan can be used for covering emergency expenses, particularly medical expenses in case of sudden illness or accidents as well as funeral expenses in case of a death in the family.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Maximum amount is US$100, and the maximum term is 10 months.ian.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- No physical collateral is required but clients need to present one personal guarantor.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Monthly interest is 2.5%.</td>
</tr>
<tr>
<td>Consumption loans</td>
<td>3</td>
<td>- Both group/individual clients are eligible.</td>
</tr>
<tr>
<td>(N = 5)</td>
<td>2</td>
<td>- Only individual clients are eligible.</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>- Bankable collateral is required.</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>- No physical collateral is required but one personal guarantor is needed.</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>- No physical collateral is required but must be approved by the group members.</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>- Loan granted based on the ability to repay, e.g. cash flows of the business.</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>- Can be used for a variety of purposes, e.g. education, wedding, funeral, festival, house/market stall improvements.</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>- Loan size: US$50-US$3000</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>- Loan term: 3–6 months</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>- Repayment term: fortnightly/monthly</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>- Monthly interest rate: 3–4%</td>
</tr>
</tbody>
</table>
9.2.4 Data on Savings Products

Data on saving products for micro- and small-scale savers were obtained from a sample of 15 financial institutions (1 commercial bank, 2 specialised banks, and 12 MFIs). The data show that only three institutions offered both voluntary and compulsory savings products, six offered only voluntary savings, three offered only compulsory savings, and three did not have any savings products at all. These findings show that many of the participating institutions did not provide a combination of compulsory and voluntary savings products to mobilise savings to build clients’ capital for consumption, emergencies or investment and to protect them against borrowing from moneylenders. Overall this overview of the findings suggests a lack of emphasis on savings products as a means of internal resource mobilisation for the financial institutions and a neglect of their importance for micro-entrepreneurs as a basis for investment, to smoothe consumption and respond to emergencies.

The following sub-sections explore both compulsory and voluntary savings products that are provided by the participating institutions (N = 15) in more detail, and the accessibility and usefulness of their savings products to micro-entrepreneurs.

9.2.4.1 Compulsory Savings

Data on compulsory savings were obtained from a sample of 13 financial institutions (1 commercial bank, and 12 MFIs). Analysis of the data indicates that forced savings were not widely practised as part of group-lending promotion in Cambodia. The research found that only five institutions required their group loan clients to deposit a portion of their loans into an obligatory personal savings account. In addition, the research also found that two out of the five institutions that required compulsory savings from the group loan clients also required that their individual-loan clients make obligatory personal savings. Nevertheless, these findings suggest that a large percentage of institutions (62%, n = 8) did not adopt the compulsory savings approach as a source of
stable capital from which to finance their lending operations and/or to act as loan guarantee reserves.

One of the most notable findings from the responses on compulsory savings was that all of the five institutions that imposed compulsory savings had a strict “non-withdrawable” savings policy. Table 9.11 highlights two institutions that prohibited their clients from accessing their compulsory savings. Clients were only able to access their compulsory savings if they dropped out of their group. Three other institutions also had a strict withdrawal policy for mandatory savings that did not permit their clients to withdraw unless their loans were fully repaid (see Table 9.11).

<table>
<thead>
<tr>
<th>Obliged to Grp/Ind Clients</th>
<th>Withdrawal Policy</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group loan clients</td>
<td>Unless exit from the group</td>
<td>2</td>
</tr>
<tr>
<td>Group loan clients</td>
<td>Until loan is fully repaid</td>
<td>1</td>
</tr>
<tr>
<td>Both Grp/Ind loan clients</td>
<td>Until loan is fully repaid</td>
<td>2</td>
</tr>
</tbody>
</table>

Note: Grp = group, Ind = individual

These findings indicate that the mandatory savings accounts developed by the participating institutions had no open-access policy to personal savings, which could discourage borrowers from saving more than was required. This is unlike Grameen’s compulsory savings account (Personal Savings), which has an open-access policy that allows a borrower to withdraw savings at any time in any amount for any purpose, irrespective of the timing of the deposits.

Other features differing from Grameen’s Personal Savings account were also found. Table 9.12 shows that in contrast to Grameen’s Personal Savings account, two out of the five institutions that imposed compulsory savings—did not require further regular deposits and one did not pay any interest at all on compulsory savings. These findings
suggest that unlike Grameen’s Personal Savings account, two institutions in this sample did not impose regular deposits into obligatory personal savings accounts as a way to discipline their borrowers’ saving behaviour or to provide the institution with the money it needed to operate. One institution did not provide an incentive (interest), which is essential to encourage borrowers to continue to make compulsory savings and to respect their obligations.

Table 9.12: Compulsory Savings Amounts and Interest Rates

<table>
<thead>
<tr>
<th>Deduction from the loan amount (%/Value)</th>
<th>Further regular deposit (%/Value)</th>
<th>Time of regular deposit</th>
<th>Interest rate p.a. (%)</th>
<th>Obligated to Grp/Ind clients</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$0.25</td>
<td>US$0.25</td>
<td>Monthly</td>
<td>None</td>
<td>Group loan clients</td>
<td>1</td>
</tr>
<tr>
<td>2%</td>
<td>0.17%</td>
<td>Monthly</td>
<td>6</td>
<td>Group loan clients</td>
<td>1</td>
</tr>
<tr>
<td>2%</td>
<td>None</td>
<td>n/a</td>
<td>12</td>
<td>Group loan clients</td>
<td>1</td>
</tr>
<tr>
<td>3%</td>
<td>0.25%</td>
<td>Monthly</td>
<td>7</td>
<td>Both types of clients</td>
<td>1</td>
</tr>
<tr>
<td>5%</td>
<td>None</td>
<td>n/a</td>
<td>8</td>
<td>Both types of clients</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: p.a. = per annum; n/a = not applicable; Grp = group; Ind = individual

9.2.4.2 Voluntary Savings

Data on voluntary savings obtained from a sample of 15 financial institutions (1 commercial bank, 2 specialised banks and 12 MFIs), show that six institutions did not offer any voluntary savings products. To a great extent, this finding suggests a lack of emphasis on voluntary savings products as an internal source of funds to finance lending operations. This could be due to the high cost of developing and delivering voluntary savings products to micro- and small-scale savers, or simply due to the public’s reluctance to trust financial institutions, with its consequent lack of demand for savings products.
On the other hand, the research found that out of 15 participating institutions, five offered fixed deposit accounts, two provided current accounts, and two provided both fixed deposits and current accounts\(^ {48} \). These findings indicate that the fixed deposit account was the most popular (47%, \( n = 7 \)) voluntary savings product provided to micro- and small-scale savers, while fewer institutions (27%, \( n = 4 \)) provided current accounts. The findings suggest that there could be lower demand for finance for emergency-driven needs (current accounts) and higher demand for developing larger, long-term funds to meet social needs such as family weddings, children’s higher education and other predictable life-cycle needs.

**A) Initial Deposit Requirements**

The findings on initial deposit requirements (\( n = 9 \)) indicate that most of the voluntary savings accounts required a low initial balance, making the account accessible for micro-savers. As shown in Table 9.13, eight out of 11 accounts (4 fixed deposits accounts and 4 current savings accounts) provided by the nine institutions required initial deposits of as low as US$0.125 to US$25. On the other hand, three other fixed deposits accounts were found to be typically designed for larger savers, particularly for small- to larger-scale savers, since the initial requirements were as high as US$50 to US$150 (see Table 9.13).

\(^{48}\) Fixed deposit accounts are referred to as medium- to long-term deposits that provide maximum returns for savers, who usually use this savings account to save for storing lump sums of money, or time-bound future expenses including: education, weddings, property purchase, retirement etc. Current accounts are referred to as a form of unlimited term deposits, which are designed for complete liquid to short-term savings to provide savers with more flexibility in withdrawing savings for on-demand use, particularly for managing day-to-day finances such as for food, health or emergencies.
Table 9.13: Minimum Initial Deposit

<table>
<thead>
<tr>
<th>Minimum Initial Deposit</th>
<th>US$</th>
<th>KR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Deposit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US$10</td>
<td>KR40,000</td>
<td>1</td>
</tr>
<tr>
<td>US$25</td>
<td>KR100,000</td>
<td>1</td>
</tr>
<tr>
<td>US$25</td>
<td>KR100,000</td>
<td>1</td>
</tr>
<tr>
<td>US$25</td>
<td>KR100,000</td>
<td>1</td>
</tr>
<tr>
<td>US$50</td>
<td>KR200,000</td>
<td>1</td>
</tr>
<tr>
<td>US$100</td>
<td>KR400,000</td>
<td>1</td>
</tr>
<tr>
<td>US$150</td>
<td>KR600,000</td>
<td>1</td>
</tr>
<tr>
<td>Current Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US$0.125</td>
<td>KR500</td>
<td>1</td>
</tr>
<tr>
<td>US$2</td>
<td>KR8,000</td>
<td>1</td>
</tr>
<tr>
<td>US$2.5</td>
<td>KR10,000</td>
<td>1</td>
</tr>
<tr>
<td>US$10</td>
<td>KR40,000</td>
<td>1</td>
</tr>
</tbody>
</table>

B) Interest Rates

Data on interest rates (n = 9) show that the rates of interest offered to savers were mainly based on the tenure of the deposit; for example, the longer the term, the higher the interest rate. As revealed in Table 9.14, seven participating institutions that provided fixed deposit accounts offered higher interest rates for longer term deposits (Table 9.14). However, unlike the current accounts (n = 4), the findings show that the tenure of the deposit did not affect the rates of interest offered. One possible explanation for this is that the four current accounts offered had unlimited terms (Table 9.14); therefore, the interest rates offered were fixed regardless of the tenure of the deposit. However, if a financial institution offered interest rates based on account balance\(^{49}\), a current account with an unlimited term can have different interest rates. This can be seen in Table 9.14; the second institution under the current account column provided a current account with an

\(^{49}\) For example, the smaller the savings below a certain threshold the lower the interest rate, or the larger the savings above a certain threshold, the higher the interest rate.
unlimited term, but offered different interest rates, that is from 0.5 percent to 5.0 percent per annum exclusively based on account balance. Overall, these results indicate a lack of emphasis on using the size of the account balance as a determinant for offering lower or higher interest rates, which can act as an incentive for savers to increase their balances or minimize the frequency of withdrawals.

Table 9.14: Interest Rates by Term and Account Balance

<table>
<thead>
<tr>
<th>Minimum Initial Deposit</th>
<th>Tenure of Deposits</th>
<th>A/C Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Term (months)</td>
<td>Minimum Interest rate (p.a.)</td>
</tr>
<tr>
<td>US$100</td>
<td>KR400,000</td>
<td>3</td>
</tr>
<tr>
<td>US$50</td>
<td>KR200,000</td>
<td>3</td>
</tr>
<tr>
<td>US$150</td>
<td>KR600,000</td>
<td>3</td>
</tr>
<tr>
<td>US$25</td>
<td>KR100,000</td>
<td>3</td>
</tr>
<tr>
<td>US$25</td>
<td>KR100,000</td>
<td>1 &lt; 3</td>
</tr>
<tr>
<td>US$25</td>
<td>KR100,000</td>
<td>3 &lt; 6</td>
</tr>
<tr>
<td>US$10</td>
<td>KR40,000</td>
<td>12</td>
</tr>
<tr>
<td>Current Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US$2.5</td>
<td>KR10,000</td>
<td>Unlimited</td>
</tr>
<tr>
<td>US$10</td>
<td>KR40,000</td>
<td>Unlimited</td>
</tr>
<tr>
<td>US$2</td>
<td>KR8,000</td>
<td>Unlimited</td>
</tr>
<tr>
<td>US$0.125</td>
<td>KR500</td>
<td>Unlimited</td>
</tr>
</tbody>
</table>

Note: 1) p.a. = per annum; 2) all listed interest rates for savings were in Riel only, savings in foreign currencies usually have lower interest rates than in Riel due to inflation and higher demands for Riel to on-lend to micro- and small-clients.

Another notable finding from Table 9.14 is that one institution offered a significantly high interest rate of 18 percent per annum, which is much higher than for three other
institutions that also provided current accounts. This is a very attractive rate of interest; however, despite the lofty interest rate, the research found that there were strict conditions for that current account: 1) the account is not for the general public; only existing loan-clients were eligible; (2) the account became dormant after 12 consecutive months of no transactions and would be liquidated after 24 consecutive months without activity. This implies that while the interest was highly attractive, its benefits to the institutions were limited; in particular, the savings account was inaccessible to the general public, who are potentially the key providers of stable and cheap funds for on-lending to the institution’s micro-credit clients.

C) Incentives: For Opening Voluntary Savings Accounts
Data on incentives for opening voluntary savings products obtained from a sample of nine financial institutions (1 commercial bank, 2 specialised banks and 6 MFIs) show that only one institution had developed an incentive system for its savings products. The incentive system that was used by the institution was “lottery drawing”, which was designed to make its savings products more attractive to the poor, and at the same time to maintain a minimum balance in the accounts. The institution reported that it holds a prize draw once a year and offers lottery coupons each month to deposit account holders based on a minimum monthly balance of US$20 (KR80,000); that is, clients have to keep a regular minimum balance of US$20 a month in order to receive one coupon. The prizes offered by the institution range from towels, radios, televisions to refrigerators. This finding implies that a strategy linked to accumulating coupons for the lottery would induce savers to make regular deposits in order to increase their chances of winning, and this regularity arguably would generate higher overall savings.

Despite this interesting finding, the research found that virtually all micro-finance providers (89%, n = 8) did not have incentive systems to encourage the poor to save with their institutions. This indicates a lack of emphasis on the use of incentives to encourage people to open savings accounts, which is a vital strategy to mobilise more savings.
D) Obstacles: In offering Voluntary Savings Products

In a sample of nine financial institutions (1 commercial bank, 2 specialised banks and 6 MFIs), six reported that they faced obstacles in offering voluntary savings products (see Figure 9.5). The main obstacles reported by the institutions were:

1. Low public confidence in financial institutions (n = 6);
2. Tax burden: withholding tax on interest paid on deposits (n = 4); and
3. Poor information management systems (n = 2).

![Figure 9.5: Obstacles in Providing Voluntary Savings Products.](image)

It is worth noting in Figure 9.5 that, unlike six of the MFIs interviewed, a commercial bank and two specialised banks did not report any major obstacles, such as low public confidence or the tax burden, on their financial intermediation. This might be due to public image (e.g. better banking facilities and offices) that helped them to gain public confidence and eased the task of mobilising savings. Furthermore, the expected returns on their delivery of savings services are usually higher than the MFIs (e.g. they have
wealthier clients who have larger account balances, and the ability to mobilise more savings from the public leads to lower administrative costs). As a result, their administrative expenses for withholding taxes for the taxation authorities might not be an issue.

On the other hand, the six MFIs interviewed cited low public confidence in financial institutions as the main obstacle to mobilising voluntary savings. The lack of trust in financial institutions could be largely due to the dreadful experience of Cambodians in the turbulent years of civil wars, from the 1960s to the 1990s. Furthermore, the public image of the Cambodian financial institutions was discredited when many unscrupulous financial institutions were exposed in 2002, which resulted in the NBC (National Bank of Cambodia, the Reserve Bank) closing its operations and with few clients being able to retrieve their savings.

The requirement of financial institutions to withhold taxes on interest on deposits was reported by four of the six MFIs in this sample as a “tax burden” on their savings product delivery. First, they cited the obligation to withhold taxes on interest on small savings accounts as increasing their administrative costs, including routine paperwork and labour. Secondly, they cited the withholding tax\(^{50}\) on interest incomes as one of the main disincentives for their micro- and small-scale savers to make deposits with the institutions, as the imposed tax liability reduced interest earnings on their small savings.

Overall, the findings on obstacles to offering voluntary savings accounts suggest that the financial institutions, particularly the MFIs, have few incentives to mobilise savings and/or provide a wide range of voluntary savings accounts that can be attractive to the poor who wish to save.

\(^{50}\) The withholding tax on interest income is 6% for fixed term deposits and 4% for current account savings.
9.2.5 Other Financial Products and Services

Interviews with a sample of 15 financial institutions (1 commercial bank, 2 specialised banks and 12 MFIs) revealed that relatively few products were offered by the participating institutions. The products provided by the 15 participating institutions were mainly individual loans, group loans and savings accounts (mostly fixed deposits) as their principal financial products, and no other financial products were offered to micro-clients. This indicates that the financial institutions have yet to develop a broad range of financial products, such as housing loans, education loans, loan/life insurance and pension savings schemes to meet the multiple financial needs of micro-entrepreneurs. Nevertheless, the research found that two institutions have planned to introduce life insurance and money transfer services to better address their micro-clients’ needs. It is encouraging to see that at least two institutions were planning to diversify their financial services to meet their micro-clients’ needs.

9.3 Non-Financial Intermediation

On non-financial intermediation, data obtained from a sample of 15 financial institutions (1 commercial bank, 2 specialised banks and 12 MFIs) showed that three were engaged only in enterprise development services (EDS), two only in social services (SC), and one in both EDS and SC; nine did not incorporate non-financial intermediation at all. Of the four institutions that delivered EDS, two had adopted the linked approach, one the unification approach, and one the parallel approach (see Table 9.15). Three of the institutions that engaged in SC had all applied the linked model (see Table 9.16).
### Table 9.15: Delivery Approaches of Enterprise Development Services

<table>
<thead>
<tr>
<th>Categories of Institutions</th>
<th>Delivery approaches</th>
<th>Enterprise development services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Basic business training</td>
</tr>
<tr>
<td>MFI</td>
<td>Linked</td>
<td>Yes</td>
</tr>
<tr>
<td>MFI</td>
<td>Linked</td>
<td>No</td>
</tr>
<tr>
<td>MFI</td>
<td>Parallel</td>
<td>No</td>
</tr>
<tr>
<td>CB</td>
<td>Unified</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Note: CB = commercial bank; MFI = micro-finance institution.

### Table 9.16: Delivery Approaches of Social Services

<table>
<thead>
<tr>
<th>Categories of Institutions</th>
<th>Delivery approaches</th>
<th>Social services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Health and nutrition training</td>
</tr>
<tr>
<td>MFI</td>
<td>Linked</td>
<td>Yes</td>
</tr>
<tr>
<td>MFI</td>
<td>Linked</td>
<td>Yes</td>
</tr>
<tr>
<td>MFI</td>
<td>Linked</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Note: MFI = micro-finance institution.

These findings reveal that the majority of the MFIs (60%, n = 9) did not engage in non-financial intermediation, highlighting a lack of focus on social development, in particular capacity building that is necessary to help the vulnerable poor to strengthen their capacity and at the same time help them become better financial service clients.
Those engaged in non-financial intermediation to address the non-financial needs of their clients mostly (83%, n = 5) adopted the linkage approach, which means linking their institutions to other organisations as their non-financial counterparts to offer non-financial services. This may suggest that because of the extra costs and management, most of them preferred to partner with other organisations to provide non-financial services to their micro-finance clients, while they focused on the delivery of micro-financial services. However, it should be noted that despite the low costs involved in adopting the linkage approach, it might be the least likely to reach large numbers of clients and be sustainable in the long-term. This is because the financial institutions and their non-financial counterparts are independent from each other and have big differences in management and mission, and do not always operate in the same areas, which is likely to limit their overlap in target populations and sooner or later could end their partnerships.

On the other hand, the research found at least two institutions that offered non-financial services through more sustainable approaches without partnering with other institutions, using the parallel and the unified approach. As shown in Table 9.15, an MFI was able to apply the parallel model, while a commercial bank was able to implement the unified model. The critical finding about the two institutions was that neither charged a fee for the EDS they offered; they also reported that their overall cost of integrating EDS with micro-finance was fully covered by revenues from their micro-finance operations. This implies that the two institutions were able to provide cross-subsidies from micro-finance to EDS by employing the parallel or the unified model. Furthermore, the two institutions reported that the add-on EDS did not compromise the sustainability of the institutions’ micro-finance and overall operations, implying that the integration of EDS with micro-finance programs can be sustainable for micro-finance providers.

Institutions that did not engage in EDS (73%, n = 11) or SC (80%, n = 12) were also asked if their institutions had considered delivering any one of the non-financial services in the future. Surprisingly, almost none of them intended to provide the services. Only
two responded that their institutions had considered providing enterprise development services. None of the institutions (n = 12) had planned to provide social services in the future. These findings clearly indicate a lack of emphasis on social services, and to a lesser extent on enterprise development services.

The two institutions that had considered offering EDS were also asked to provide their opinion on the integrated approaches that would be feasible when offering EDS (see Table 9.17). The responses indicate that the most feasible approach considered by the two institutions was the “Linkage” approach (M = 4), followed by three other approaches that they thought were feasible, including:

1. the parallel approach (create a separate unit) (M = 3),
2. the unified approach, to a lesser extent (M = 1.50), and
3. the creation of a separate institution (a spin-off) (M = 1.50).

<table>
<thead>
<tr>
<th>Opinions: feasible approaches</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Linkage approach</td>
<td>2</td>
<td>4.00</td>
<td>.000</td>
</tr>
<tr>
<td>The Parallel approach</td>
<td>2</td>
<td>3.00</td>
<td>1.414</td>
</tr>
<tr>
<td>The Unified approach</td>
<td>2</td>
<td>1.50</td>
<td>.707</td>
</tr>
<tr>
<td>A spin-off</td>
<td>2</td>
<td>1.50</td>
<td>.707</td>
</tr>
</tbody>
</table>

Note: 1) The level of opinion on feasible approaches was rated on a four point scale with 1 = Not feasible and 4 = Very feasible; 2) The Cronbach’s alpha = 0.833 (a reliable Cronbach’s alpha is ≥ 0.7).

These results reveal the attitudes of the two institutions toward the linkage system as the most viable option for providing EDS to their clients in the future. Again, as previously mentioned, such a partnership approach might be feasible in term of operational costs for the micro-finance providers; however, it has potentially little impact on the outreach, and might be the least sustainable approach in the long term. On the other hand, the institutions also considered the parallel approach as the second most feasible strategic
option over the unified approach. This may be due to the fact that the parallel system can result in larger impacts for clientele, in particular the ability to provide a broader range of services; this is because under this system different specialised staff are trained to provide different services in their own particular sector, and no extra burden is put on them, which is often the case in the unified system.

9.4 Summary

The chapter has shed light on the accessibility and flexibility of the financial and non-financial facilities that are being offered by the financial institutions in Cambodia to micro-entrepreneurs. The chapter provided summaries of the results obtained from both quantitative and qualitative data from interviews with the financial institutions. Further, the chapter looked at both financial and non-financial intermediation, which in turn provided a holistic picture of the Cambodian financial institutions’ engagement in and their support for micro-entrepreneurship development in Cambodia. The research findings and results are summarized in the following.

First of all, the research identified a lack of formal banks’ engagement in micro-finance, as only five out of 11 banks were found to be engaged in this sector. For those that were not involved in micro-finance (n = 6) the chapter discusses the key reasons for this. All of the key reasons reported by the bankers suggest that the banks’ perceptions of micro-finance were mainly shaped by a combination of its conventional lending policies, which emphasise that tiny or small loans and savings would not be profitable, and that lending without securities or collateral would be risky.

On the other hand, the survey of financial institutions found that those engaged in micro-finance were mainly credited-oriented. This showed a lack of emphasis on a broad range of financial products available to micro-entrepreneurs. The findings also report that very
small loans (micro-credit) provided to micro-entrepreneurs can help them engage in productive activities, and that micro-entrepreneurs require a variety of financial services to meet their multiple financial needs.

Few types of loans and savings products were offered, and their terms and conditions were found to be generally inflexible. For example, withdrawal of savings was not easily accessible, and clients were not permitted to move out of the rigid repayment of micro-loans and to a more flexible schedule. Such inflexible rules can be problematic if there is an overwhelming crisis or when a personal emergency occurs.

One of the most interesting finding from the survey was that many of the micro-finance providers were still focusing on the poor as their micro-credit clients. However, at the same time the research found that micro-finance providers were rapidly moving away from the poor. For example, a significant increase was observed in the average loan size of around 82 percent over the last four years (i.e. a comparison of ADB’s figure in 2002 with this survey’s finding in 2006).

Lastly, the survey of financial institutions found that nine out of the 15 did not incorporate non-financial services at all, which indicates a lack of emphasis on non-financial intermediation. Since micro-entrepreneurs live in poverty has and have multi-dimensional problems, micro-finance alone will not help them to stabilise consumption, build assets, and develop their micro-enterprises in the long term. Non-financial services, such as social and enterprise development services are no doubt necessary to help and strengthen their capacity and at the same time help them to become better financial service clients who can make profitable use of the financial services they receive.
CHAPTER 10

ANALYSIS OF RESPONSES FROM MICRO-ENTREPRENEURS

10.1 Introduction

Chapter 9 looked at financial and non-financial intermediation, and identified accessibility and flexibility of financial and non-financial services to micro-entrepreneurs (i.e. micro-finance clients) as an issue. This chapter looks at the micro-entrepreneurs’ attitude toward financial products, and aims to find out what types of financial products should be provided to meet the micro-entrepreneurs’ financial needs. The chapter also looks at other financial factors, such as micro-entrepreneurs’ saving behaviour and emergency expenses, in order to help further in identifying the types of financial products that suit their financial needs. In addition, the key non-financial problems that could affect the micro-entrepreneurs’ ability to manage and run their micro-enterprises will be explored. Finally, the impacts of micro-credit will be looked at, to identify whether micro-entrepreneurs can benefit from it.

Overall, this chapter sets out to provide additional data as a complement to Chapter 9, with the aim of exploring how a micro-finance model could be developed that integrates both financial and non-financial services to support micro-entrepreneurs and increase their ability to manage and run micro-enterprises efficiently and effectively.

This chapter is structured into six main sections (10.2 to 10.7).
10.2 Micro-entrepreneurs’ Attitudes towards Loan Products

10.2.1 Group Loans
10.2.1.1 Satisfaction with Group Loan Interest
How satisfied a borrower is with his or her loan interest plays an important role in determining whether or not that person will continue borrowing with an MFI, or if that person is likely to have a repayment problem in the future. The survey included such a question to probe for satisfaction about loan interest. Data on satisfaction with group loan interest rates obtained from a sample of 117 micro-finance clients showed that most of them expressed overall satisfaction with their loan interest rates. As illustrated in Figure 10.1, 57.3 percent (n = 67) responded that they were satisfied with their group loan interest rates, and at least 16.3 percent (n = 19) were more than satisfied or very satisfied.

Figure 10.1: Satisfaction with Group Loan Interest Rates
This suggests that a large segment (74%) of the sample (micro-entrepreneurs) considered that the average monthly interest rate of 3–3.4 percent\(^{51}\) was tolerable. In other words, it suggests that most of the micro-entrepreneurs were willing and able to pay high interest rates that can cover fully the costs to lenders. At the same time however, 20.5 percent (\(n = 24\)) of the sample were found to be dissatisfied with their group loan interest rates, and 6 percent (\(n = 7\)) were completely dissatisfied (see Figure 10.1). This implies that, to a lesser extent, the average monthly interest rate could be difficult for some micro-entrepreneurs to service, which in turn could diminish the demand for institutional loans in the short to medium run.

### 10.2.1.2 Repayment Policy

Data on repayment policies obtained from a sample of 117 micro-finance clients shows that none of their financial institutions (\(N = 12\)) would refinance their group loan or reschedule their loan term should they fall into serious repayment difficulties such as those due to natural calamities or serious illness. This finding suggests that all of the micro-finance clients would most likely end up in arrears and eventually default if they had serious repayment difficulties, as their lenders’ repayment policies were inflexible.

Micro-entrepreneurs live in precarious conditions that abound with high vulnerabilities; consequently, difficulties in making repayments on their group loans are inevitable. For this reason, the survey also included a question to probe for their views on flexible loans\(^{52}\). Participating micro-finance clients (\(N = 117\)) were asked to provide their opinions on flexible loans: that is, how important was it that their financial institutions

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\(^{51}\) Note, the 3% and 3.4% are minimum and maximum average monthly interest rate for group loans that were obtained from a sample of 12 financial institutions from this research study (refer to Table 9. 3).

\(^{52}\) Note, prior to questioning about Grameen Flexible Loans, all participating micro-finance clients (\(N = 117\)) were concisely told about the idea and intention of Grameen Flexible Loans. They were told that a Flexible Loan is a renegotiated group loan designed to allow them to renegotiate a new repayment schedule and choose an installment amount consistent with their repayment capacity. It is designed to be supportive and a sensible way to give them a new chance to carry on their micro-enterprise operation, and be able to repay their loan when they face serious repayment difficulties.
should provide flexible loans to them. A substantial percentage (63.2%/n = 74) of the respondents said that flexible loans were a very important loan product that should be offered. To a lesser extent, the remaining 36.8 percent (n = 43) thought that this type of loan was important or quite important as a new kind of loan product that should be provided (Table 10.1).

<table>
<thead>
<tr>
<th>Micro-finance Clients’ Opinions</th>
<th>Percent</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Important</td>
<td>10.3</td>
<td>12</td>
</tr>
<tr>
<td>Quite important</td>
<td>26.5</td>
<td>31</td>
</tr>
<tr>
<td>Very important</td>
<td>63.2</td>
<td>74</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>117</strong></td>
</tr>
</tbody>
</table>

Note: The level of opinions on flexible loans was rated on a four point scale with 1 = Not important and 4 = Very important.

These findings reveal micro-finance clients’ attitudes towards flexible loans; most expressed an overall high level of desire for such a product. This result also suggests a strong potential for micro-finance providers to try and replicate the Grameen Flexible Loan, which has the unique feature of a flexible repayment policy that can prevent clients’ repayment problems extending into full-blown cases of default.

10.2.1.3 **Attitudes towards Group Guarantee**

In a sample of 117 micro-finance clients, all of them (N = 117) responded that they were required to guarantee one another’s loans. This indicates that all of their financial institutions (N = 12) were using a joint liability method (group guarantee) where all members of a group are held liable for another member’s loan in the event that one cannot repay. In order to find out if the group guarantee is seen as fair by borrowers, the research included a question seeking their attitude toward group guarantee enforcement. The research found that only 23.1 percent (n = 27) thought that group guarantee enforcement was unfair to very unfair. Surprisingly, 28.2 percent (n = 33) considered the
group guarantee mechanism as fair, and nearly 49 percent (n = 57) thought it was quite fair to very fair (see Figure 10.2). This suggests that the group guarantee mechanism is feasible in the Cambodian context.

![Figure 10.2: Clients’ Attitudes to Group Guarantee Enforcement](image)

10.2.2 Bridging Loans

It is widely acknowledged that micro-entrepreneurs need extra money from time to time to enable them to take advantage of profitable investment opportunities. However, if such extra cash cannot be immediately obtained, they may lose investment opportunities. For this reason, the research included questions about bridging loans\(^{53}\), which is an extension of the use of savings to secure extra short-term cash after the group loan has been secured.

\(^{53}\) Note, prior to questioning about bridging loans all participating micro-finance clients (N = 117) were concisely explained about the idea and intention of Grameen Bridging Loans. They were told that the Grameen Bridging Loan is the entitlement to borrow more than would be allowed under the normal group loan ceiling; however, it is only available when a borrower’s outstanding balance falls below 150% of his/her total savings balance. For example, if a borrower has US$100 in his/her total savings balance and his/her outstanding loan value is US$120, he/she will qualify for a bridging loan of US$30, which is the difference between 150% of US$100 total savings (i.e. 150% * US$100 = US$150) and the loan balance of US$120.
disbursed. In other words, bridging loans enable micro-entrepreneurs to get some extra cash in addition to their group loan when they need it, based on their individual total savings capacity.

First, the respondents (N = 117) were asked if their financial institutions provided any kind of bridging loan. All 117 respondents said that their financial institutions had no bridging loan products. The respondents were then asked how important they thought it that their financial institutions should provide bridging loans. A large percentage (57.2%/n = 67) of the respondents considered bridging loans as a very important loan product for them. To a lesser extent, 42.8 percent (n = 50) thought that bridging loans were important or quite important to them (Table 10.2).

<table>
<thead>
<tr>
<th>Micro-finance Clients’ Opinions</th>
<th>Percent</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Important</td>
<td>10.3</td>
<td>12</td>
</tr>
<tr>
<td>Quite important</td>
<td>32.5</td>
<td>38</td>
</tr>
<tr>
<td>Very important</td>
<td>57.3</td>
<td>67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>117</strong></td>
</tr>
</tbody>
</table>

Note: The level of opinions on bridging loans was rated on a five point scale with 1 = Important and 3 = Very important.

These responses indicate a high demand for bridging loans and the opinion that Cambodian micro-finance providers should consider replicating the Grameen Bridging Loan to better address the micro-entrepreneurs’ short term financial needs, particularly the immediate need for extra cash to improve business condition and operation. On the other hand, such an indication of a high demand for bridging loans also implies that micro-entrepreneurs may be willing to save more in their savings accounts, in order to access extra cash that would otherwise not be saved.
10.2.3 Housing Loans

Micro-entrepreneurs live in poverty and their homes are usually dilapidated. Their homes serve not only as their abode but also their workplace, which could easily affect their health and their work productivity. For this reason, the research included questions about housing loans, which are designed to cover the costs of simple but sturdy building materials and sanitary latrines.

Data on housing loans obtained from the sample of 117 micro-finance clients showed that none of their financial institutions provided housing loans, while 86.3 percent of them (n = 101) expressed their desire for this type of loan. The remaining 13.7 percent (n = 16) showed no interest in the loan, which may suggest that their housing needs were being met.

Those who wanted their financial institutions to offer housing loans were then asked to rate on a three point scale how important they thought it that their financial institutions should provide housing loans. The majority of the respondents (65.3%/n = 66) thought it was very important that loans should be offered; 34.7 percent (n = 35) considered housing loans as quite important or important (see Table 10.3).

These responses suggest that micro-entrepreneurs have a high demand for housing loans. Most considered housing loans as a very important loan product to finance the repair of their dilapidated shelters. This finding also suggests that the Grameen Housing Loan is potentially replicable to address the need for adequate shelter to micro-entrepreneurs.

Note, prior to questioning about Grameen Housing Loans all respondents (N = 117) were told about the idea and intention of Grameen Housing Loans. They were told that the Grameen Housing Loan is long-term finance that can be used to cover the costs of simple but sturdy building materials and sanitary latrines that can make their home a safer and cleaner place to live and work in. A housing loan could be offered with terms ranging from 1 to 10 years with values ranging approximately from US$80 to US$450. The interest would be much lower than their group loan rate, i.e. as low as 8% to 10% a year.
Table 10.3: Extent to Which Housing Loans Should Be Provided

<table>
<thead>
<tr>
<th>Micro-finance Clients’ Opinions</th>
<th>Percent</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Important</td>
<td>5.9</td>
<td>6</td>
</tr>
<tr>
<td>Quite important</td>
<td>28.7</td>
<td>29</td>
</tr>
<tr>
<td>Very important</td>
<td>65.3</td>
<td>66</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>101</td>
</tr>
</tbody>
</table>

Note: The level of opinions on housing loans was rated on a three point scale with 1 = Important and 3 = Very important.

10.2.4 Higher Education Loans

The response from the people surveyed indicated that the poor did not want their children to be poor as adults; they wanted them children to be educated and perhaps join the government service, become successful businesspeople, or enter other respectable occupations. However, it is widely acknowledged that the cost of education is generally the main impediment to children’s continued education, particularly higher education. For this reason, the research also included questions about loans for higher education, to cover all the costs of higher education for the children of micro-entrepreneurs.

Data obtained from a sample of 117 micro-finance clients showed that none of their financial institutions provided higher education loans, while 70.1 percent of the micro-entrepreneurs (n = 82) expressed a desire for higher education loans for their children. A small fraction of the sample (9.4%/n = 11), however, showed no desire for the education loan. This could be due to many reasons, such as: their children having already finished higher education; they have enough savings to finance their children’s higher education; or they did not perceive higher education as necessary for their children’s education.

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55 Note, prior to questioning about the Grameen Higher Education Loan all respondents (N = 117) were concisely explained about the idea and intention of the Grameen Higher Education Loan. They were explained that the Grameen Higher Education Loan is offered directly to talented students who are children of borrowers. The loans are intended to cover all expenses for students such as admission fees, course fees and other related expenses from the beginning to the completion of their respective degrees. Students can begin to repay as low as 5% a year, when he/she begins to earn.
future. The remaining 20.5 percent (n = 24) did not respond, because they did not have children.

Those who wanted their financial institutions to offer higher education loans were asked to indicate the extent to which they thought loans for higher education were important for their children. Nearly 70 percent (n = 56) of those who responded thought it was very important that the loan should be offered. To a lesser extent, a small percentage (31.7% / n = 26) responded that higher education loans were quite important or important. Their main concern was that their children should not slip back into poverty (see Table 10.4).

<table>
<thead>
<tr>
<th>Micro-finance Clients’ Opinions</th>
<th>Percent</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Important</td>
<td>8.5</td>
<td>7</td>
</tr>
<tr>
<td>Quite important</td>
<td>23.2</td>
<td>19</td>
</tr>
<tr>
<td>Very important</td>
<td>68.3</td>
<td>56</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>82</td>
</tr>
</tbody>
</table>

Note: The level of opinions on higher education loans was rated on a three point scale with 1 = Important and 3 = Very important.

Overall, these responses suggest that micro-entrepreneurs have a high demand for higher education loans for their children. On the other hand, these responses suggest that the Cambodian micro-finance providers should consider replicating the Grameen Higher Education Loan scheme to help microentrepreneurs educate their children.
10.3 Micro-entrepreneurs’ Attitudes toward Savings Products

10.3.1 Pension Savings

Old age is a concern, especially among the poor. Most of their meagre earnings are for daily living expenses and there is often very little saved. As the poor grow older they worry how they are to support themselves when they cannot work. For this reason, the research included questions regarding pension savings accounts for old age, which enable borrowers to save a lump sum that can serve in the future as a pension.

Data on pension savings obtained from the sample of 117 micro-finance clients showed that none of their financial institutions provided pension savings accounts, while all the micro-entrepreneurs (N = 117) said that they wanted their financial institutions to offer this type of account. All of the participants were then asked to ascertain the extent to which they thought a pension savings account was important to them. Nearly 84 percent (n = 98) of the respondents viewed pension savings accounts as being very important and that they should be provided. To a lesser extent, a smaller proportion of the respondents (16.2%/n = 19) viewed a pension savings account as being quite important or important as a vehicle to save for retirement (Table 10.5).

These responses indicate an very strong, unanimous demand for pension savings accounts. This further suggests a strong potential for Cambodian micro-finance providers to consider replicating the Grameen Pension Savings Account as a scheme for micro-entrepreneurs to save for retirement.

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56 Note, prior to questioning about pension savings accounts all respondents (N = 117) were concisely explained about the idea and intention of a pension savings account. They were told that the Grameen Pension Savings account is an obligatory savings scheme for old age for all borrowers with loans of about US$150 or more, and is optional for all other borrowers. It is a recurring scheme in which a fixed sum of about US$1.00 is deposited each month for a term of five or ten years. The interest could be up to 10% per annum for 5 year terms or 12% per annum for 10 year terms. When the savings plan matures, it can be taken as a lump sum (deposits plus interest earned) or as monthly income.
Table 10.5: Extent to Which Pension Savings Accounts Should Be Provided

<table>
<thead>
<tr>
<th>Micro-finance Clients' Opinions</th>
<th>Percent</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Important</td>
<td>2.6</td>
<td>3</td>
</tr>
<tr>
<td>Quite important</td>
<td>13.7</td>
<td>16</td>
</tr>
<tr>
<td>Very important</td>
<td>83.8</td>
<td>98</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>117</td>
</tr>
</tbody>
</table>

Note: The level of opinions on pension savings accounts was rated on a three point scale with 1 = Important and 3 = Very important.

10.3.2 Loan/Life Insurance Savings

While borrowers are always concerned about debt burdens, they are particularly terrified at the possibility of leaving debt behind for the family to repay in the event of their death. It is the Cambodian belief that if debt remains unpaid after one’s death, one’s soul cannot rest in peace. Such concern stems from cultural and religious sanctions against unpaid debt. For this reason, the research included questions about insurance for loan repayment and life insurance policies, which are designed to relieve borrowers of this burden by giving them the option to insure their loans in the event of death.

Data on loan and life insurance obtained from a sample of 117 micro-finance clients showed that none of their financial institutions provided loan and life insurance savings programs, while 94.9 percent of the respondents (n = 111) expressed their desire for these facilities. The remaining 5.1 percent (n = 6) showed no interest in these schemes, which

57 Note, prior to questioning about the Grameen Loan/Life Insurance Savings all respondents (N = 117) were concisely explained about the idea and intention of this type of Grameen savings account. They were told that loan/life insurance savings accounts are optional insurance that covers all outstanding loans in case of the death of a borrower and operates as a savings scheme. Members choosing to use this service open a savings account and deposit three percent of the outstanding value of the new loan. Extra deposits are required to retain cover for a second year only if the current loan outstanding value has risen, and the extra deposit is paid on the additional amount only. Interest on these savings is not paid to the saver, but is used to create an insurance fund. In the event of the death of the borrower, the bank pays off the loan debt against this insurance fund, and the family will get back the entire amounts deposited by the borrower in the insurance savings account.
suggests that this small fraction of the sample might have stable income that could serve as a safety net to pay off their debt when needed, or simply that they have children on whom they can rely to pay off their debt. All of the participants (n = 111), who wanted the product were then asked to indicate the extent to which they thought that loan and life insurance savings were important to them. Nearly 77 percent of the respondents (n = 85) thought that they were very important and that these insurance savings accounts should be offered. To a lesser extent, 23.4 percent (n = 26) considered the insurance savings accounts as quite important or important for them (Table 10.6).

<table>
<thead>
<tr>
<th>Micro-finance Clients’ Opinions</th>
<th>Percent</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Important</td>
<td>6.3</td>
<td>7</td>
</tr>
<tr>
<td>Quite important</td>
<td>17.1</td>
<td>19</td>
</tr>
<tr>
<td>Very important</td>
<td>76.6</td>
<td>85</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>111</td>
</tr>
</tbody>
</table>

Note: The level of opinions on loan/life Insurance savings accounts was rated on a three point scale with 1 = Important and 3 = Very important.

These responses indicate a large demand for such an insurance savings scheme to be offered by financial institutions. In this case, the Cambodian micro-finance providers should consider replicating the Grameen Loan/Life Insurance Savings Account to address the debt burden that usually is left for the deceased client’s family to repay. On the other hand, the high demand for the insurance savings scheme also implies that clients are willing to save in order to secure their loans, which in turn enables the financial institutions to increase their savings mobilisation for on-lending.
10.4 Micro-entrepreneurs’ Saving Behaviour

Data on saving behaviour obtained from a sample of 117 micro-finance clients showed that keeping cash at home (67.5%, n = 79) was the most frequently used method of saving for future expenses, such as in the case of accident, sickness or other emergencies. This was followed by three other methods of savings: jewellery (30.8%, n = 36), excessive stock (29.1%, n = 34), and livestock (19.7%, n = 23). Surprisingly, none of the respondents (N = 117) had voluntarily kept their savings with financial institutions.

These responses suggest, to a great extent, that most of the institutional micro-finance providers may have no reliable savings facilities or no savings services at all. The responses also suggest a lingering distrust of the banking system, since the poor either preferred to keep their savings at home or invested in other form of assets to opening deposit accounts with financial institutions. However, it should be noted that such cautious saving methods might help micro-entrepreneurs to secure a stable source of income, even though the expected returns, safety and security of their savings remain low.

10.5 Sources of Funds for Emergency Expenses

Data on sources of funds for emergency expenses (N = 117) showed that only 23.1 percent (n = 27) of the respondents would use their own savings for emergency expenses, such as in the case of an accident, sickness, or some other emergency. The research, however, found that most of the respondents would turn to informal borrowing to obtain the funds to cover urgent expenses, instead of accessing their own savings. The informal credit sources include: relatives (79.5%/ n = 93), friends (35.9%/ n = 42), and money lenders (9.4%/n = 11). Interestingly, a small group of respondents (12.8%/ n = 15) said that in the case of urgent financial needs, they usually solicit credit from a financial institution to cover the expenses.
These responses indicate that micro-entrepreneurs customarily rely on informal sources of funds to finance their emergency expenses rather than on their personal savings. On the other hand, the findings indicate that a small fraction of the participating micro-entrepreneurs had usually solicited institutional credit to pay for their emergency expenses. Overall, the findings suggest a need for micro-finance providers to consider providing highly liquid savings services that are safe, reliable and convenient for micro-entrepreneurs, who can be encouraged to save with the financial institutions, and to increase their personal savings for emergency expenses. If this can be achieved, micro-entrepreneurs could be discouraged to borrow from the costly informal sector for their emergency expenses that otherwise could entail loan defaults due to over indebtedness.

10.6 Non-Financial Problems

Micro-entrepreneurs live in poverty that has multi-dimensional problems, both financial and non-financial. For this reason, the research included questions that aimed to identify non-financial key problems that affect the micro-entrepreneurs’ ability to run and sustain their businesses.

Data on non-financial problems (N = 117) showed that health was the most frequently cited problem (65.8%/n = 77) that micro-entrepreneurs faced in running their businesses efficiently and effectively, followed by five other problems: innumeracy (43.6%/n = 51), illiteracy (26.5%/n = 31), lack of business management skills (23.9%/n = 28), lack of technical skills (17.9%/n = 21), and lack of market information 58 (6.8%/n = 8) (see Table 10.7). These responses suggest a need for financial institutions to consider providing services beyond micro-finance, particularly non-financial services through education or training that could alleviate the above problems for micro-entrepreneurs.

58 This means to obtain either the market information from which they can buy the ones they require, or to obtain better market information in prices.
Table 10.7: Key Non-financial Problems for Micro-entrepreneurs

<table>
<thead>
<tr>
<th>Key Problems</th>
<th>Percent</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health problems</td>
<td>65.8</td>
<td>77</td>
</tr>
<tr>
<td>Innumeracy</td>
<td>43.6</td>
<td>51</td>
</tr>
<tr>
<td>Illiteracy</td>
<td>26.5</td>
<td>31</td>
</tr>
<tr>
<td>Lack of business management skills</td>
<td>23.9</td>
<td>28</td>
</tr>
<tr>
<td>Lack of technical skills</td>
<td>17.99</td>
<td>21</td>
</tr>
<tr>
<td>Lack of market information</td>
<td>6.8</td>
<td>8</td>
</tr>
</tbody>
</table>

Referring again to the above problems, it should be noted that health problems seem to be the most pressing issue faced by micro-entrepreneurs in running their enterprises. Data on non-financial problems (N = 117) further show that the majority of the respondents (79.5%/n = 93) had usually spent a lot of money on health-care, such as paying for medicines, seeing doctors, or going to hospital. Some of the respondents (33.3%/n = 39) even had used loan money to pay for medical care when they or their family members fell ill. This suggests that ill health is costly and that micro-entrepreneurs’ have to draw on their loan money and meagre household budgets, which puts pressure on their businesses and eventually their loan repayments.

10.7 Impacts of Micro-credit
There is always scepticism as to whether micro-entrepreneurs benefit from micro-credit. To clear that scepticism, the research included questions that sought to ascertain whether or not micro-entrepreneurs had benefited from micro-credit.

Data on impacts of micro-credit (N = 117) show that the vast majority of the respondents (micro-entrepreneurs) had benefited from micro-credit. Nearly 94 percent (n = 109) of the respondents reported that their family livelihood had improved because of micro-credit. In addition, 72.6 percent (n = 85) reported that micro-credit had made it possible
for them to send their children to school, and 67.5 percent (n = 79) claimed that because of being able to access micro-credit they could save some money for future expenses.

These responses indicate that, generally, micro-credit had had a positive impact on most of the micro-entrepreneurs and their families’ livelihoods. These responses also suggest that micro-entrepreneurs were capable of generating sufficient income and profit to repay loans and most of them were even able to save money for future expenses, and send their children to school. Overall, it can be concluded that most of the micro-entrepreneurs who received micro-credit had benefited from it, particularly in improving their livelihoods and in many cases those of their children.

10.8Summary

This chapter reported on the micro-entrepreneurs’ survey findings and summarised briefly the results from the quantitative and qualitative data obtained from the interviews. The chapter looked at the financial and non-financial factors necessary in determining the types of financial and non-financial products that should be developed to support micro-entrepreneurs’ well-being and their ability to manage micro-enterprises efficiently and effectively. The research findings and results of this chapter are summarised in the following.

This chapter began by examining the micro-entrepreneurs’ attitudes toward financial products, particularly loans and savings products. The survey identified that micro-entrepreneurs need more than just a basic group loan and compulsory savings to help them address their multiple financial needs. They showed a strong desire to have flexibility in their loan repayments, accessibility to extra cash in addition to their group loan when they need it, finance to rebuild their dilapidated shelters, and finance for their children’s higher education. In addition, the micro-entrepreneurs showed a strong desire to have savings schemes that can be used to save a lump sum for their retirement, as well
as insurance savings schemes that can be used to insure against their loans in case of death.

The strong desire for a broad range of flexible financial facilities suggests that the Grameen II types of financial products that had been surveyed in this research are potentially the right products to cater for Cambodian micro-entrepreneurs’ multiple financial needs. This in turn suggests that the micro-finance providers would not find it difficult to replicate the Grameen II financial products in the Cambodian context.

On the other hand, this survey found two pressing non-financial issues that were affecting the micro-entrepreneurs’ ability to manage and run their businesses efficiently and effectively; these were health problems and the ability to read and write in words and numbers. However, health problems were found to be the most frequently cited by micro-entrepreneurs, who in some cases reported that those pressures had forced them to use the loan money to cover their health expenses, thus reducing funds needed for their businesses. This suggests that there is a need for micro-finance providers to consider providing services beyond micro-finance, particularly health-care, health education, and to a lesser extent, literacy and numeracy training. For micro-entrepreneurs, making profits from the use of the financial services they receive is only one side of the equation; the other is the cost involved in being healthy and knowledgeable.

Nevertheless, this survey of micro-entrepreneurs found that micro-credit alone has positive effects on most of the micro-entrepreneurs and their family. Data on micro-credit impacts suggested that micro-entrepreneurs were capable of generating sufficient income and profits to repay loans, and most of them were even able to save money for future expenses and send their children to school. Overall, this survey indicates that despite strong desires for a variety of financial products and some pressing non-financial issues, micro-credit alone could enable most of the micro-entrepreneurs to engage in profitable businesses and improve their economic conditions.
PART 5: CONCLUSIONS

This part of the thesis consists only one chapter. This last part of the thesis is aimed to revisit the research objectives, and then followed by the review of the key findings that were reported in Chapter 9 and 10 with detail conclusions on each of the key findings. Finally, study limitations, implications and recommendations for future research will be presented.

This part of the thesis consists of Chapter 11: Conclusions and Recommendations.
CHAPTER 11

CONCLUSIONS AND RECOMMENDATIONS

11.1 Introduction

In this concluding chapter, the research objectives set out in this study will be revisited and summarised and the key findings and conclusions discussed. The chapter will then highlight the study limitations and implications, and make recommendations for further research.

11.2 Revisiting the Research Objectives

Micro-entrepreneurship development in Cambodia faces many major obstacles. Micro-entrepreneurs live in poverty and need a diverse range of financial instruments and other supportive non-financial services to run their micro-enterprises efficiently and effectively, as well as to build assets, stabilise consumption and shield themselves against unforeseeable risks. Therefore, the main objective of this research is to look at and recommend an integrated micro-finance model (finance plus) that could help foster the development of micro-entrepreneurship in Cambodia. To help fulfil this main research objective, five other sub-objectives set out to:

1. examine the roles of financial institutions in promoting micro-entrepreneurship in Cambodia;
2. examine and identify the existing micro-finance programs and products and services rules that could affect micro-entrepreneurship in Cambodia;
3. identify gaps in financial and non-financial services for micro-entrepreneurship development in Cambodia;
4. examine the Grameen II micro-finance model in Bangladesh, including its group-lending methodology and its main financial products and services rules, and to identify its features for successful replication in the Cambodia context for micro-entrepreneurship development; and
5. recommend an integrated micro-finance model that could deliver a cost-effective package of both financial and non-financial services to Cambodian micro-entrepreneurs.

Overall, achieving the above objectives would contribute to knowledge about the development of micro-finance, as well as micro-entrepreneurship in poor developing countries, such as Cambodia. To the author’s knowledge no research has been undertaken to explore an integrated model for micro-finance and micro-entrepreneurship development in Cambodia. In view of this, this study attempts to fill the gap in the literature. The study aimed to address this deficit by investigating and exploring all the encompassing key factors of sustainable micro-entrepreneurship development, including both financial and non-financial services.

The much acclaimed Grameen II micro-finance model for micro-entrepreneurship development in Bangladesh was explored, in an attempt to shed further light on aspects of micro-finance in Cambodia. Further, the purpose was to investigate how the Grameen II micro-finance model could be applied to create a cost-effective, integrated micro-finance model for the development of micro-entrepreneurship in Cambodia.

### 11.3 Summary of the Key Findings and Conclusions

This section reviews the key findings that were reported in Chapters 9 and 10. At the same time it provides detailed conclusions on each of the key findings. It starts with the key findings on financial intermediation (sub-sections 11.3.1–11.3.3) followed by non-financial intermediation (sub-section 11.3.4).
11.3.1 What Can Commercial Banks Do about Micro-finance?

The findings from the study revealed that the vast majority of banks did not engage in micro-finance. One of the key reasons behind this finding was due to the conventional lending policies of the banks; for example, tiny loans and savings were reported as incompatible with the idea of banking, and lending to micro-entrepreneurs without collateral would be risky for the banks. In addition to the conservative lending policies, the banks’ senior officers’ lack of knowledge about the sector was found to be another major reason for not engaging in micro-finance. This is because if senior officers do not know the micro-finance business, they are unwilling to engage in micro-finance, which requires them to make exceptions to bank rules, such as lending to groups and waiving collateral requirements for micro-loans.

However, despite a large percentage of banks not engaging in micro-finance, the majority of the commercial bankers perceived micro-finance as a profitable business for the banks. This leads to the conclusion that if the conventional lending policies of the banks could be adapted to engage in micro-finance activities, micro-finance could be a profitable business for the banks. In line with this conclusion, there is evidence that the involvement of banks in the commercialisation of micro-finance activities can be profitable. ACLEDA Bank in Cambodia has reported that engaging in micro-finance is profitable for the bank. ACLEDA Bank has been offering a wide range of services to poor and low-income people since 2000, and has been a leading provider of micro-credit, with a share of nearly 50 percent of the national market, and is one of the largest commercial banks, with 181 offices in 24 provinces (ARCM 2005; ACLEDA 2007).

Overall, the researcher believes that there is scope for the involvement of Cambodian banks in supporting the expansion of financial services to micro-entrepreneurs. The key premise here is that rather than focusing on one specific type of institution (the MFIs) as the viable alternative, the overall supply of financial services to micro-entrepreneurs should come from a variety of institutions, including commercial banks and specialised
banks. This variety will create more competition in rural credit, and more innovative products and services to heterogeneous groups of micro-entrepreneurs will eventuate. In another words, there will be provision of more accessible, cheaper and better products and services to micro-entrepreneurs.

The key question is, therefore: which lending model would be affordable for banks to adapt for the provision of micro-finance? Before answering this question, it should be noted that the main incentive of banks is profit maximisation rather than social development. They aim to promote financial development through a wide range of financial instruments, particularly loans, which are tied to tangible collateral. However, in the case of micro-entrepreneurs who do not have collateral to secure a loan, a separate lending window is needed to provide a possible alternative for banks to engage in micro-credit lending to micro-entrepreneurs. In view of this, the Grameen II micro-credit model is advanced as an appropriate model for the Cambodian banks to adopt or adapt in providing loans to micro-entrepreneurs without the requirement of physical collateral or joint liability.

11.3.2 What Can Be Done about Loan Products?

This study identified a lack of variety of lending products to cater for the different needs of micro-entrepreneurs. It showed that the group and individual loans were the only lending products being provided by the majority of financial institutions, with the use of a hybrid lending model (an incorporation of individual, solidarity and/or village bank) as the principle service delivery mechanism. In addition to the lack of variety, the study found that most of the terms and conditions of the group loans were inflexible, and to some extent could turn micro-entrepreneurs’ temporary repayment problems into full-blown cases of default.
This finding recognises that Cambodian micro-finance providers should have a higher degree of flexibility in their loan products. Particularly, when operating in areas that are prone to natural disasters, greater flexibility is needed to reschedule loan obligations and adjust the size of instalments to ensure maximum loan repayment in light of changed economic conditions. It should be stressed that flexibility in tailoring loans to fit the capacity of borrowers—in terms of the instalment size, payment frequency, and term of the loan—is important for maintaining portfolio quality and avoiding high default rates or bad debts to be written off. Nevertheless, micro-finance providers must be careful with repayment flexibility, which should increase rather than decrease credit discipline. Institutions that have a fixed approach to loan products or are not flexible to the needs of individual clients may create problems of over indebtedness or cause micro-entrepreneurs to seek credit from informal providers who charge them higher interest rates in exchange for easy access and flexible repayment obligations.

On the other hand, those institutions that recognise the vulnerability of clients and are able to design flexible products tailored to the specific needs of individual clients will attract customers and develop loyalty and repeat business. Many of the institutions fail to recognise the problems behind defaulting in repayments and fail to have a built-in temporary reprieve policy to allow borrowers to reschedule loans in arrears. In such situations, the challenge that the financial institutions face is to discover the real reasons behind repayment problems and provide assistance to borrowers; example of assistance are temporary reprieves to reschedule loans in arrears and repaying the total amount in small instalments until the borrower can get back to normality. In view of this, Grameen II’s Flexible Loan, which provides assistance to borrowers with loan repayment difficulties while maintaining credit discipline, might be the right product for the micro-finance industry in Cambodia. This loan system provides a lenient approach to best fit defaulting clients’ cash flow and repayment capacity. In line with this, the study also found that a substantial percentage of participating micro-finance clients expressed a high level of desire for the flexible loan, which helps to corroborate that if such a loan product is to be provided there is likely to be a strong demand for it.
Another important finding from this study was that while the terms and conditions of the group loans were inflexible, the group loans were generally secured through the use of group guarantees, where group members are held liable for each other’s loans in the event that one cannot repay. The prominent feature of the group guarantee methodology is its ability to enable the poor to access credit despite the lack of collateral associated with poverty. It should be recognised, however, that this methodology has its own disadvantages. The two most noticeable disadvantages are the possibility of passing on loans to a single member of the group; and informal agreements made among group members to avoid loan repayment.

These two disadvantages of the methodology could lead to the break-up of groups, which usually means that the entire group loan could no longer be collected. Due to a high likelihood of this risk, institutions that apply this methodology tend to charge high rates of interest as they have to factor the risk of default into the interest rate. This interpretation is evidenced from the finding in this study, where the average monthly interest rate on group loans was found to be between 3 and 3.5 percent. The key implication of high interest rates is their negative effects on micro-entrepreneurs’ business development. High interest can hamper seriously the micro-entrepreneurs’ economic growth, since high interest rates undermine their ability to achieve an adequate profit, and even to some extent inhibit micro-entrepreneurs from investing in productive income-generating activities. In the worst case scenario, with high rates of interest micro-entrepreneurs can run the risk of entering an everlasting cycle of indebtedness, which can make escape from the vicious cycle of poverty impossible.

In addition to the negative effects of the use of the group guarantee, the study found that some of the participating institutions even required physical collateral as an additional safety margin against the default of a member in the group. Lending based on bankable collateral makes it more difficult for micro-entrepreneurs to access a loan, if not impossible. This is because micro-entrepreneurs usually have insufficient collateral, or do
not have the required collateral to pledge for a loan. Such a lending technology implies high transaction costs for micro-entrepreneurs, who can easily lose the little property that they have. Consequently, lending based on bankable collateral would only force micro-entrepreneurs to rely on informal sources of funds instead of on institutional lenders. As an alternative, micro-entrepreneurs should be judged on the existence of a sound business plan and their ability to pay back a loan; as well, lenders should take into account the solidarity and strength of the groups and strengthen this form of social asset, which is particularly important for lending without collateral requirements.

Nevertheless, it is clear that the use of either the group guarantee methodology or physical collateral can lead to many negative effects for both lenders and borrowers. The Grameen II group-lending methodology is designed to avoid such negative effects by providing group loans (namely: Basic Loans) without the requirement of group guarantees or physical collateral of any kind. Fellow members of a group are not obliged to repay a loan if a member fails to do so; they are only obliged to do their best to help to solve the member’s problem. A borrower’s loan is secured against their self-assurance and against the help that the fellow-members have agreed to give. Under Grameen II a borrower’s loan can also be secured through a Loan/Life Insurance savings account operated as a savings scheme. Moreover, the Grameen II system allows borrowers with repayment difficulties to withdraw savings from their individual mandatory savings account, namely Special Individual Savings, as an additional option to pay off their loans.

### 11.3.3 What Can Be Done about Savings Products?

In relation to savings, the study found that the participating institutions did not offer a wide range of products to micro-entrepreneurs as a means to build their capital for consumption, emergencies and investment, and protect them against borrowing from informal lenders. Many financial institutions interviewed had a disproportionate or even exclusive focus on credit. This leads to the conclusion that savings have been relatively untapped as a sustainable internal resource mobilisation to finance a loan portfolio, and
ignores the importance of savings to micro-entrepreneurs as a basis for investment to smoothe consumption and respond to emergencies. Given the diverse needs of micro-entrepreneurs, it makes sense that the micro-finance providers should offer diverse savings products that meet a variety of needs. Moreover, it is critical to note that the key to success in operating a micro-finance institution in the long-term is the institution’s savings products, which are sustainable ways to mobilise internal sources of capital, in contrast to grant funding and loans from donors. Therefore, the key challenge for micro-finance providers is to design appropriately a range of savings products that are safe, reliable and easily accessible and will attract savings both from members and the general public. To establish this level of product service will enable micro-finance providers to become self-sufficient, establish ownership and be independent of international donors. In view of this, a range of client-friendly savings facilities of the Grameen II type could be the right products for Cambodian micro-finance providers to consider for replication, in order to diversify and to cater for the multiple needs of micro-entrepreneurs.

In addition to the lack of savings products, the results of the study showed that most of the terms and conditions of the available savings products were inflexible for savers to access their own savings, in particular compulsory savings. All of those participating institutions that imposed compulsory savings were found to have a strict “non-withdrawable” savings policy, such as prohibiting their clients from accessing their compulsory savings unless they withdrew from their group or until their loans were fully repaid. Such restrictions on withdrawal are designed to prevent the poor from withdrawing and spoiling the growth of their funds for trivial spending. However, what should be noted is that while this approach seems attractive in the short-run, in the long term it presents a significant dilemma for financial institutions; that is, it can create payment defaults and, as a worst case scenario, premature withdrawal from the scheme. First, restricting withdrawals can trigger cross-financing where clients borrow from other

59 Namely personal savings account, special savings account, pension savings account, conventional fixed deposits, fixed deposits that double in seven years, monthly income savings, and loan/life insurance savings.
institutional or informal lenders to manage their loan repayments or to respond to emergencies. In the long term, this can create indebtedness and eventual default for the financial institution. Second, non-withdrawable policies could prompt some of the most mature and valuable clients to leave financial institutions in order to access their locked-in savings.

In view of the above-mentioned issues, Cambodian micro-finance providers should consider an appropriate mechanism to allow withdrawal of locked-in savings. Programs that allow open-access savings could enhance the utility of savings for micro-entrepreneurs, particularly to prevent them from seeking cross-financing that can lead to problems of over-indebtedness. In support of this argument for open-access savings, Grameen II has two compulsory savings accounts that allow such flexibility, namely personal savings and special savings. The personal savings product is designed to allow a borrower to withdraw savings at any time in any amount for any purpose, irrespective of the timing of the deposits; the special savings allows for withdrawal but only once every three years, up to half the balance of the account. Such reasonable mechanisms not only make clients’ savings accessible in the event of repayment difficulties and emergencies, when investment opportunities arise, or to meet an unexpected expense. This flexibility would also discourage members from leaving the financial institution. Overall, these two types of compulsory savings accounts are potentially the right products for micro-finance providers in Cambodia to consider.

11.3.4 What Can Be Done about Non-Financial Services?
The findings from the study showed that the majority of micro-finance providers did not engage in non-financial intermediation, highlighting a lack of emphasis on social development. On the other hand, the research findings from the participating micro-entrepreneurs showed that their problems were surrounded not only by financial issues but also by non-financial problems. The participating micro-entrepreneurs cited several key non-financial problems that they faced in running their businesses efficiently and effectively, including health, innumeracy, illiteracy, lack of business management skills,
lack of technical skills, and lack of access to market information. These identified problems suggest a need for financial institutions to consider engaging in non-financial services, particularly through education or training that could relieve micro-entrepreneurs. It should be stressed that ignoring or overlooking non-financial services such as health care and other basic education needs can undermine micro-entrepreneurs’ ability to earn, increase their income or make viable investment opportunities. This lack of attention to the non-financial needs of borrowers can adversely cause an otherwise well-designed group-lending program to fail. This eventually threatens the institutions’ performance and sustainability. Therefore, it is necessary to recognise the importance of non-financial services, particularly health education, literacy and numeracy training and other basic business education that can help to alleviate the constraints faced by micro-entrepreneurs.

It is acknowledged that all non-financial problems are non-micro-finance business and outside the control of micro-finance providers; however, due to the related problems mentioned above, these must be considered if loan programs are to be successful in the long term. Nevertheless, it needs to be taken into consideration that any attempt to add non-financial services as part of a micro-finance program will face challenges, such as extra costs and extra commitment from management. Group-based lending mechanisms, however, have particular features well suited to address some of the key challenges. For instance, non-financial services (i.e. either education and/or training programs) can be implemented efficiently and effectively at regular groups meetings to enable micro-entrepreneurs to put their loans to more productive use and generate more profits and savings. For this reason, Grameen II’s group-lending methodology, which strictly requires groups to form a centre and attend regular meetings, could be one of the most appropriate avenues for delivering cost-effective, integrated micro-finance with the non-financial services needed by micro-entrepreneurs.

There are three possible ways to integrate non-financial services with Grameen II’s group-lending model. These are: the linked approach, the parallel approach and the
unified approach. Based on the literature review, the one most likely to be financially sustainable in the long term is the unified approach, where one generalist field staff from one organisation provides both the financial and non-financial services at the clients’ group meetings. This unified approach has been adopting by the Freedom from Hunger, which has so far been highly acclaimed as the most cost-effective integration of non-financial services model in the field of micro-finance. In line with this example, this study found that a participating commercial bank was sustainable in adopting the unified approach in Cambodia. The findings indicated that the participating commercial bank did not charge fee for its non-financial services, while its overall cost of integrating non-financial services was fully covered by revenues from its micro-finance operations. This implies that the commercial bank was able to provide cross-subsidy from micro-finance to non-financial services by employing the unified approach.

Overall, this leads to a conclusion that the unified model is applicable in the Cambodian micro-finance context, provided the financial institutions have the financial capacity to do so and all necessary steps are taken, such as the recruitment, training and supervision of the right kind of staff for the multi-tasked job of delivering both financial and non-financial services. This will help to ensure that a high-quality facilitation of both financial and non-financial services can be achieved. Nevertheless, it should be stressed that the choice of a suitable integrated delivery model depends on an institution’s will and capacity to implement a model that would include facilities that go beyond micro-finance.

11.4 Can the Grameen II Model Be Replicated Successfully in Cambodia?

The empirical findings from this study suggested that the Grameen II micro-finance model could be successfully replicated in the Cambodian context. The results from this study showed that 93 percent (n = 14) of the participating micro-finance providers were applying group-lending methodologies to deliver micro-finance, which suggests that the
Grameen II group-lending methodology could also be applied in the Cambodian context. Moreover, it should be noted that the group-lending methodologies adopted by participating micro-finance providers generally had similar criteria to the Grameen II group-lending methodology, particularly the requirement of prospective clients to organise themselves into a group and to attend regular meetings at a centre where a number of groups conduct their banking transactions etc. Such similarities in the group-lending criteria support the idea that the Grameen II group-lending methodology could be adopted or adapted to provide the Grameen II financial products in Cambodia.

In addition, the results from this study suggested that the Grameen II group-lending methodology is not just replicable in the Cambodian context, but it can also help the financial institutions to avoid the use of group-guarantees or collateral for lending to the poor. The Grameen II group-lending technology does not require any collateral against credit; nor does it require the borrowers to sign any legal instrument. However each borrower must belong to a five-member group, and there is no group-guarantee or joint liability—repayment responsibility solely rests on the individual borrower. The Grameen II group-lending uses social sanctions to punish members, as well as compulsory savings to guarantee that those who have received a loan will repay it. Such an innovative lending technology can help address the issues of group-guarantee and collateral-based lending in Cambodia.

In addition, the study findings suggested that the Grameen II group-lending technology could be used as a cost-effective vehicle to provide non-financial services to micro-entrepreneurs for capacity building. This is because the Grameen II group-lending requires regular client group meetings, which can be used as a forum to deliver low-cost education services or training that can enable clients to put their loans to more productive use.

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60 That is through prohibiting other members of the group from accessing a new loan cycle if one is unable to repay, which in turn puts pressure on the whole group to help a defaulting member to be able to repay. This creates not only a culture of solidarity, but also one of responsibility and mutual trust within a group of borrowers.
Having discussed the feasibility of replicating the Grameen II group-lending model in the Cambodian context, it is now important to look at the replication of the Grameen II financial products. Based on the study findings, the Cambodian micro-finance sector can be characterised by substantial gaps in services; that is, the sector is almost completely focused on the provision of credit, with some compulsory savings related to loans. The study found that although a few participating financial institutions were offering a range of financial products, these were either limited or inflexible when it came to meeting the micro-entrepreneurs’ multiple financial needs (Beresford et al. 2004). Micro-entrepreneurs by definition are poor and need a diverse range of financial instruments to cope with their precarious living conditions and run their micro-enterprises smoothly, build assets, stabilise consumption, and shield themselves against unforeseeable risks. For these reasons, it is concluded that the flexibility of the Grameen II banking facilities can work well both in normal and emergency situations. It is well-positioned to fill the gaps in financial services, particularly loans and savings services, to address the financial constraints of Cambodian micro-entrepreneurs.

By incorporating Grameen II banking facilities, the Cambodian micro-finance providers can offer more comprehensive financial services. Grameen II offers innovative custom-made credit to a poor borrower; that is, the instalment size can vary during the loan period and can be tailored to meet the needs of the borrower. Loans under Grameen II can be used for almost anything, and can be paid off early, or topped up, and up to three loan contracts can be held at once (by a mature and well-performing borrower). This allows fresh capital to be accessed frequently instead of only one loan per year. Moreover, borrowing risks under Grameen II can be contained by loan insurance savings, thereby removing some of the anxiety that comes with taking a loan. Finally, Grameen II has both liquid short-term and long-term savings products that can be used by Cambodian micro-finance providers to fill the gap in deposit services. This study reports that micro-savings services in Cambodia are very limited or not generally available. Access to both

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61 That is basic loan, housing loan and higher education loan.
liquid short-term and long-term deposit services can help rural people, including micro-entrepreneurs, to take advantage of investment opportunities, smoothe their consumption, manage emergencies such as severe sickness, injury and death, and provide for large expected expenses such as education and weddings. On the other hand, being able to offer a wide range of deposit services like Grameen II’s facilities would be an alternative source of funds for MFIs, resulting in reduced dependence by MFIs on donors’ funds and the enhancement of MFIs’ role as financial intermediaries.

In conclusion, the flexible conditions of the loan products and the wide range of savings products offered by Grameen II are the kind of innovations that the Cambodian microfinance providers require to support the multi-financial and non-financial needs of micro-entrepreneurs.

### 11.5 Study Limitations

The limitations of this study were time and money constraints. The study consisted of two different target populations: the financial institutions and the micro-finance clients (micro-entrepreneurs). Under the financial institutions population there were four groups of financial institutions that could have been approached for data collection. However, due to time and financial limitations, the study excluded one group of financial institutions, namely the registered NGOs. The registered NGOs are usually very small with assets of less than $200,000 US dollars, and they are the least involved in microfinance (NBC 2006); in addition, if this group of financial institutions was to be interviewed it would have been the most expensive and time-consuming target group. This is because their head offices, where the senior managers who would have been interviewed are based, are in the provincial capitals or at the village-level. The time and money required to conduct the face-to-face interviews would have been significant. Consequently, it was not feasible to include this group of financial institutions in the survey.
Nevertheless, the study covered all the key players in micro-finance, particularly the licensed micro-finance institutions, which dominate the whole micro-finance industry (Clark 2006).

11.6 Study Implications and Recommendations for Further Research

The findings from this study indicated important implications for both theory and practice. There are several implications for micro-finance theory and micro-entrepreneurship literature. First, this study supports the theory of integrated micro-finance for micro-entrepreneurship development discussed by several researchers, such as Dunford (2001) and Ledgerwood (2000). In addition, this study supports the statement of the Key Principles of Micro-finance developed and endorsed by the Consultative Group to Assist the Poor (CGAP)\(^\text{62}\), that micro-finance is not the only answer; in many cases the poor need other kinds of non-financial support in order to make use of the financial services they receive.

Secondly, there has been very limited research into understanding the effectiveness of an integrated micro-finance model (finance plus) and how useful such as model would be for the institutional micro-finance providers and their micro-finance clients (micro-entrepreneurs). This research sought to fill this gap by contributing knowledge to integrated micro-finance theory and ultimately providing further insight into the theory of micro-entrepreneurship. This study therefore will be helpful to future researchers investigating the link between the integrated micro-finance model and its contribution to micro-entrepreneurship development. Further researches will continue to improve our understanding of integrated micro-finance and micro-entrepreneurship development. Such studies are particularly needed in the least developed and developing countries.

\(^{62}\) CGAP is a consortium of 31 public and private donors who aim to expand access to micro-finance services for the poor. The Key Principles of Micro-finance are available on the CGAP website at [www.cgap.org/keyprinciples.html](http://www.cgap.org/keyprinciples.html).
In regard to practice, there are a number of important implications. The findings from this study showed significant implications for financial institutions. As previously discussed in section 11.4, Grameen II’s group-lending methodology and its financial products could be replicated by the institutional micro-finance providers in Cambodia to address a wide range of issues in the Cambodian micro-finance sector. These include filling the gaps in financial services, providing more flexible loans and savings products, addressing the issues of group guarantees or collateral-based lending, and delivering low-cost non-financial services to micro-entrepreneurs through the use of Grameen II’s group-lending methodology. Overall, if the Grameen II micro-finance model were to be successfully put into practice as an integrated micro-finance model, institutional micro-finance providers in developing countries such as Cambodia would be able to play a significant role in the creation of flexible and accessible financial and non-financial services to micro-entrepreneurs. This would in turn increase self-reliance for micro-entrepreneurs, who can act as engines of employment growth to further millions of poor people, and provide the underpinning for Cambodia’s economic reconstruction.

Given that this research concentrated on the replication of the Grameen II micro-finance model as a cost-effective integrated delivery model for micro-entrepreneurship development, future researches should concentrate on the feasibility and viability of such an integrated delivery services model, and what best practice looks like. The detailed workings of this Grameen II integrated delivery services model need greater illumination, and the perspectives of the clients toward such an integrated delivery services model need greater articulation. It is hoped that other researchers will build on the base that this research has laid, and move this analysis forward in another national context other than Cambodia’s in order to gain a worldwide perspective, so that practice can move forward on a sounder base of knowledge and experience.
11.7 Summary

The overall findings from this study led to a conclusion that considerable improvement is still needed, and is even necessary, in the Cambodian micro-finance sector. The results from this study showed that most of the micro-finance providers were focused mainly on credit provision, which then suggested that the majority of micro-entrepreneurs in Cambodia have not yet been serviced by the provision of institutional micro-finance. Most micro-entrepreneurs, since they lack collateral, have depended on their own meagre sources of capital. The study found that savings schemes, other financial services, and non-financial services such as literacy/numeracy and business training were largely undeveloped. The study identified a need to provide a wider range of services that will play an important part in making micro-finance more accessible and benefit a greater number of micro-entrepreneurs, who need diverse services. Finding a cost-effective way to reach a larger proportion of the population with multiple services will be challenging. Nevertheless, this study suggested that the Grameen II micro-finance model could be one approach to meeting this challenge. A further finding is that the Grameen II micro-finance model could be replicated in the Cambodian context to provide cost-effective, integrated services to cater for the diverse needs of micro-entrepreneurs. It is concluded that the Grameen II model is an innovative approach that is well positioned to take the next step in developing both micro-finance and micro-entrepreneurship in Cambodia. Therefore, practitioners, policy makers and donors are encouraged to conduct further researches that concentrate on the feasibility and viability of such an integrated micro-finance model and how that model might contribute to the overall development of micro-finance and micro-entrepreneurship in Cambodia.

The study also found that decisions about creating linkages by integrating other services into micro-finance need to be based on a clear conceptual understanding of poverty in the context of capacity and resources, and the trade-offs between the benefits and the costs to financial performance and focus.
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## Appendix 2.1: Conflict Timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1941</td>
<td>Norodom Sihanouk became King.</td>
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<tr>
<td>Mar 1955</td>
<td>Sihanouk abdicated and formed the Sankum Reastr Niyum (the People’s Socialist Cong to use Cambodian territory in their war against South Vietnam and the US started its secret bombing campaign from 1969-73 of suspected North Vietnamese and Viet Cong bases in Cambodia, killing and displacing thousands.</td>
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<tr>
<td>Mar 1970</td>
<td>Sihanouk was ousted in a coup and General Lon Nol took over as leader. Sihanouk set up a government in exile in Beijing with nominal control over the Khmer Rouge, which with the help of the North Vietnamese gradually gained control of large parts of the Cambodian countryside.</td>
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<tr>
<td>Apr 1975</td>
<td>Khmer Rouge took Phnom Penh and declared the year ‘Year Zero’. People from towns were forced into the countryside to work and currency, markets, schools, hospitals and temples were abolished. 1-3 million people died between 1975-9.</td>
</tr>
<tr>
<td>25 Dec 1979</td>
<td>Vietnamese invaded Cambodia.</td>
</tr>
<tr>
<td>7 Jan 1979</td>
<td>Vietnamese took Phnom Penh and the Khmer Rouge fled towards Thailand. The Vietnamese installed a government with ex-Khmer Rouge cadres Heng Samrin as President and Hun Sen initially as Foreign Minister and later Prime Minister. Famine ravaged Cambodia and thousands fled to Thailand as refugees.</td>
</tr>
<tr>
<td>1982</td>
<td>Coalition formed between Sihanouk’s FUNCINPEC, Son Sann’s Khmer People’s National Liberation Front and the Party of Democratic Kampuchea or the Khmer Rouge in opposition to the Heng Samrin-Hun Sen government. Fighting continued sometimes between the coalition parties who were never really united and also between the Coalition and the government.</td>
</tr>
<tr>
<td>Sep 1989</td>
<td>Vietnamese withdrew from Cambodia and fighting continued between the newly named State of Cambodia (SOC) government and the opposition coalition, which was internationally recognised as the Cambodian government. Nevertheless the SOC managed to keep hold of</td>
</tr>
<tr>
<td>Date</td>
<td>Event Description</td>
</tr>
<tr>
<td>------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Oct 1991</td>
<td>Paris Peace Accords signed (following 3 years of negotiations spearheaded by countries such as Indonesia, France and the United Nations) leading to the establishment of a SNC comprising of representatives of all four factions and UNTAC whose mandate was to prepare Cambodia for democratic elections.</td>
</tr>
<tr>
<td>May 1993</td>
<td>The Khmer Rouge withdrew prior to the elections, which were inconclusive with FUNCINPEC winning 58 seats, CPP 51 seats and the BLDP 10 seats.</td>
</tr>
<tr>
<td>24 Sep 1993</td>
<td>New government formed with two prime ministers – first prime minister Norodom Ranariddh of FUNCINPEC and second prime minister Hun Sen of CPP. Constitutional monarchy established with Sihanouk as King.</td>
</tr>
<tr>
<td>1994-8</td>
<td>Khmer Rouge troops and key personnel started defecting to the government. This included Leng Sary, Brother Number 3 in the Khmer Rouge hierarchy who defected in August 1996.</td>
</tr>
<tr>
<td>5-6 Jul 1997</td>
<td>Coup ousted Ranariddh. All new foreign aid to Cambodia stopped, Germany and the US withdrew all their development assistance and Cambodia’s application for full membership into ASEAN was suspended.</td>
</tr>
<tr>
<td>15 Apr 1998</td>
<td>Pol Pot died.</td>
</tr>
<tr>
<td>Apr-May 1998</td>
<td>Two of the last Khmer Rouge strongholds, first Anlong Veng and then Preah Vihear fell to the government.</td>
</tr>
<tr>
<td>26 Jul 1998</td>
<td>Second elections were held and this time Hun Sen’s CPP won 64 seats and Ranariddh’s FUNCINPEC 43 seats. The Sam Rainsy Party won 15 seats.</td>
</tr>
<tr>
<td>23 Nov 1998</td>
<td>Coalition government announced with Hun Sen as first prime minister and the CPP holding 16 of the most important financial and economic ministries whilst FUNCINPEC took the social ones and Ranariddh became leader of the National Assembly. CPP had full control of the military.</td>
</tr>
<tr>
<td>Dec 1998</td>
<td>Most of the remaining Khmer Rouge guerrillas turned themselves over to the government and on 25 December Khieu Samphan and Nuon Chea the last two key Khmer Rouge leaders defected ending the Khmer Rouge</td>
</tr>
</tbody>
</table>
A parliamentary election was held in Cambodia on 27 July 2008. Prime Minister Hun Sen's Cambodian People's Party won a majority of seats in the National Assembly. Compared to its recent past, the 2003–2008 period has been a stability for Cambodia.

## Appendix 6.1
From Grameen I to Grameen II: A More Flexible, Responsive System

<table>
<thead>
<tr>
<th>Grameen I</th>
<th>Grameen II</th>
<th>Reasons for Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>No provision to save for pension</td>
<td>Borrower deposits a fixed monthly amount in Grameen pension scheme (GPS)</td>
<td>To help borrowers build a nest egg for retirement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>To provide borrowers with an ownership stake in the bank</td>
</tr>
<tr>
<td>Obligatory savings accumulated in the group fund refundable after ten years of membership</td>
<td>Savings accumulated in obligatory special investment account refundable after three years of membership</td>
<td>To allow borrowers to save a lump-sum amount and then transfer the ownership to them as soon as possible and convenient</td>
</tr>
<tr>
<td>Amount of weekly personal savings same for all borrowers</td>
<td>Borrowers encouraged to save in any of several contractual savings schemes that fits their needs</td>
<td>To allow borrowers to save for specific reasons, such as to pay for the marriage and education of the children, to create a large asset base, and to meeting other long-term needs</td>
</tr>
<tr>
<td>No initiative to collect savings from non-members</td>
<td>Active campaigns underway to collect savings from non-members</td>
<td>To enable the bank to fund credit operation form its own sources</td>
</tr>
<tr>
<td>Borrowers unable to borrow against their savings</td>
<td>Borrowers free to borrow against their savings</td>
<td>To encourage borrowers to save</td>
</tr>
<tr>
<td></td>
<td></td>
<td>To enable borrowers to use “bridge loans” to meet short-term discrepancy between income and expenditure rather than using up savings meant for long-term needs</td>
</tr>
<tr>
<td>Multiple loan products</td>
<td>One Prime loan product: the basic loan</td>
<td>To streamline accounting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>To make the total amount owned transparent to borrowers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>To prevent borrower and staff from using one loan product to pay off another</td>
</tr>
<tr>
<td>Mostly one-year loans, with some exceptions</td>
<td>Loan duration can vary from three months to three years</td>
<td>To synchronise the supply of credit to borrower with his or her investment needs</td>
</tr>
<tr>
<td>Instalment size fixed</td>
<td>Instalment size variable during the loan period and can be tailored to needs of the borrower</td>
<td>To allow borrower to match the repayment schedule with the business environment and income flow, which is bound to change over time</td>
</tr>
<tr>
<td>From Grameen I to Grameen II (Continued)</td>
<td>Reasons for Change</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>--------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Grameen I</strong></td>
<td><strong>Grameen II</strong></td>
<td><strong>Reasons for Change</strong></td>
</tr>
<tr>
<td>Lump-sum and one-time repayment not allowed</td>
<td>Repayment subject to negotiation between staff and borrower at any time, although the minimum payment due depends on the duration of the loan</td>
<td>To allow borrowers to repay at their won convenience</td>
</tr>
<tr>
<td>Staggered loan distribution with two members receiving the loans first, then another two, and finally (in most cases) the group chair</td>
<td>Members can receive loan at any time irrespective of what others are doing</td>
<td>Borrowers’ ability to repay now well established, obviating the need to stagger loans to see if anyone has repayment problems; even if a borrower runs into trouble repaying the loan, he or she can always switch to a flexible loan</td>
</tr>
<tr>
<td>No new borrowing until the previous loan is repaid in full</td>
<td>A borrower, under certain conditions, can borrow the amount repaid into he first six months without repaying the loan in full</td>
<td>To allow the borrowers to take advantage of a new business opportunity through the infusion of fresh credit</td>
</tr>
<tr>
<td>Loans disbursed in one go</td>
<td>Loan disbursement can be varied and borrowers can receive credit in trenches</td>
<td>To match the need for credit over the investment cycle of the borrower</td>
</tr>
<tr>
<td>A common loan ceiling imposed for the whole branch</td>
<td>Borrowers each have their own loan ceiling based on savings and the performance of their group, center, and branch; it can be increased</td>
<td>To reward borrowers for good performance</td>
</tr>
<tr>
<td><strong>No hard and fast rules for a decrease in loan ceiling</strong></td>
<td>Loan ceiling can be decreased based on performance of borrower (e.g. missing center meetings or instalment payments)</td>
<td>To reward borrowers for the performance of others and thus use group and center membership positively</td>
</tr>
<tr>
<td>Part of loan (5%) sanctioned to borrowers deposited in a compulsory savings account (group fund) managed by the group</td>
<td>Borrowers required depositing part of the loan amount in two individually owned savings accounts: a personal savings account with open access (2.5%) and an obligatory savings account with restricted access (2.5%)</td>
<td>To allow borrowers to manage their own savings without the hassle of dealing with the group</td>
</tr>
</tbody>
</table>
### From Grameen I to Grameen II (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Grameen I</th>
<th>Grameen II</th>
<th>Reasons for Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family responsible for loan of deceased borrower, and female borrower responsible for loan outstanding even if her husband dies</td>
<td>Contributing to special savings account allows borrowers to ensure that outstanding loan will be paid off after their death, and extra contribution enables female borrower to cover loan outstanding against death of husband</td>
<td>To alleviate borrower’s fear about leaving debt behind for their families To protect female borrowers from poverty after the death of main income earner of the family</td>
<td></td>
</tr>
<tr>
<td>Borrower becomes default if she cannot repay the full amount in fifty-two weeks</td>
<td>Borrower becomes defaulter if she cannot pay the amount due according to repayment schedule within six months for basic loan</td>
<td>Six-month cut-off period acts as an early warning device in that if irregularities arise in the first six months of the loan, repayment in full at the end of maturity term is unlikely</td>
<td></td>
</tr>
<tr>
<td>Borrower could not become a defaulter from failure to make timely deposits in savings accounts</td>
<td>Borrower who fails to make four consecutive monthly GPS deposits will be treated as defaulter</td>
<td>Deposit in contractual saving accounts considered a sign of good behaviour; serial failure to make deposit considered a sign of impending problem with loan payments</td>
<td></td>
</tr>
<tr>
<td>Defaulter could borrow form the group fund</td>
<td>Defaulter cannot borrow from her savings account until all arrears are paid off</td>
<td>To ensure accumulated savings are used to pay off loan before they can be used for other purposes</td>
<td></td>
</tr>
<tr>
<td>No special program for the hardcore poor</td>
<td>Special program with easier loan terms, savings requirements, and repayment conditions for beggars</td>
<td>To emphasize that the need of the poorest of the poor for credit and savings is different from that of the regular poor</td>
<td></td>
</tr>
<tr>
<td>Funds for disbursement for new bank branches borrowed from head office at 12% interest</td>
<td>New branches can be self-financed form day 1 by mobilising savings from members and non-members prior to disbursement of credit</td>
<td>To ensure that branches reach profitability quickly and be self-reliant</td>
<td></td>
</tr>
</tbody>
</table>

Source: adopted from Dowla and Barua (2006: 249-252)
Appendix 6.2
Grameen II’s Products and Services Rules

The following discussions on Grameen II’s financial products and services rules are adapted from four main sources: (1) Muhammad Yunus, 2002, (2) Muhammad Yunus, 2004a, (3) Rutherford Stuart, (2004), and (4) Dowla and Barua (2006).

Loan Products and Services Rules
A. Basic Loans
The Grameen Bank’s new system ‘Grameen II’ basically has been built around one prime loan product, called ‘Basic Loan’. The Basic Loan is the most common loan type, and it is linked with many other aspects of the Bank’s activities. The rules of the Basic Loan are discussed as follows:

- **Loan eligibility:** a Grameen’s members have the right to borrow provided that they are seen as responsible borrowers (e.g. regular repayment and saving) by their fellow group members, who have a duty to assess the kind of loans they can manage. Each time a borrower seeks a loan, they have to discuss it with their Group and Centre leaders. Loans are disbursed at the branch office. Normally, the borrower will be expected to have been a member for at least one week before taking a loan. Members of a group may take loans at the same time. The old ‘staggered disbursement’ system in Grameen I has been discontinued.

- **Loan security:** Grameen Bank does not accept physical collateral of any kind. A borrower’s loan is secured against their self assurance and against the help that the fellow-members have agreed to give. The old ‘group guarantee’ system in Grameen I has also been discontinued. Under the new system fellow members are not obliged to repay a loan if a member fails to do so—they are only obliged to do their best to help to solve the member’s problem.
- **Obligatory savings:** Five percent of the disbursed value of Basic Loan will be deposited into the borrower’s own Personal and Special savings account: half of this amount will go to Personal Savings account, and half to Special Savings account (see below). Borrower of a loan with a disbursed value of Tk 8,000 (approx. US$ 138) or more must open and maintain payments into a Grameen Pension Savings (GPS) account with a monthly deposit of at least Tk 50 (approx. US$ 0.86) (see below).

- **First loan value:** For a new member, the first Basic Loan will be determined by the standards set and found workable in her area. On average the first loan will not exceed Tk 5,000 (approx. US$ 86). This may rise if the borrower was previously a member of Grameen Bank and is now returning. This sum will be the borrower’s ‘loan ceiling’ for the time being. Fellow members could recommend to the centre manager an amount that is more or less than the accepted standard in the area. The final decision will be reached by agreement between her, her fellow-members, and the centre manager (the bank worker).

- **Subsequent loan value:** Future Basic Loans are determined by changes to ‘loan ceiling’. Changes to the Basic Loan ceiling occur in two ways:

  1. Changes to loan ceiling based on loan repayment behaviour: if a borrower repaid her previous loan without missing any instalments or savings, and with a good meeting attendance record, her loan ceiling may rise by 10 percent. A further 10 percent increase can be earned if all her fellow centre members are also repaying loans with a 100 percent repayment rate. Where the individual or centre record is not perfect but still good, the rates may be 5 percent. Note that the Basic Loan ceiling may also drop, if repayment and attendance at weekly meetings are poor. For example, each time a borrower misses a loan or interest payment, the ceiling reduces by 2 percent. It may also reduce, by up to a maximum of Tk 500 (approx. US$ 8.60), for poor attendance at weekly meetings.
(2). Changes to loan ceiling based on savings balances: at any time, a loan ceiling may be assessed as not more than 1.5 times of a borrower’s combined savings account balances (all kinds of savings accounts, except Personal Savings account). For example, a holder of a Basic Loan can at any time apply for an extra amount, as long as that extra amount plus other existing total borrowings do not exceed 1.5 times the borrower’s total savings balance. Loans taken using this rule are known as ‘Bridge Loans’, which are provided based on total savings balances—i.e. the higher savings lead to better access to credit size (for further explanation see the following sub-heading: Bridging Loans).

- **Loan term:** a borrower will decide on what term is most appropriate for her, by taking advice from her group, centre leaders and centre manager. Basic Loan terms may range from 3 months to 3 years (or even more in special circumstances).

- **Loan top-up:** for Basic Loans of 12 months duration or more, a borrower may ‘top up’ the loan after six months (twenty-six weeks). That is, the borrower may re-borrow the amount that has been repaid during the first six months of the loan term, adding that amount to the loan outstanding balance. In such a case, the term of the loan is extended by a further period (usually six months) so that, in most cases, the weekly repayment amounts do not rise – and may even fall – as a result of a top-up. In some cases, the borrower may extend the loan term without topping up the loan amount.

- **Repayment schedule:** all Basic Loans are repaid in weekly instalments, normally beginning of the week following disbursement of the loan. A borrower will decide, taking advice from her group, centre leaders and centre manager, the repayment schedule most appropriate for her loan. Together, the borrower will prepare a repayment schedule and note it in the bank passbook. Weekly instalments may vary seasonally, or may be smaller at the start of the schedule than at the end, or in extreme cases every instalment may be different. The loan may be paid off in part or in total ahead of schedule.
- **Interest:** interest is payable on a borrower’s Basic Loan at the rate of 20 percent per annum. The total interest will be calculated and divided into equal weekly instalments for the life of the loan. If the borrower repays late, or extend the term of the loan, the borrower will continue to pay interest on the balance at the same 20 percent per annum rate. Note, however, that in no circumstances can the total interest paid on the loan may exceed the disbursed value of the loan.

**B. Bridging Loans**

A Bridging Loan is simply the entitlement to borrow more than would be allowed under the normal Basic Loan ceiling because a borrower has savings with balances worth more than two-thirds of her loan outstanding balance. Under such circumstances, the borrower can at any time borrow an extra amount so that the total borrowings are as much as 1.5 times the total savings balance. This ‘extra’ amount must be repaid within six months of taking the loan. It can be repaid in any amount at any time within the six month period. The Bridging Loan is charged at the same interest rate as a Basic Loan. While borrowers hold a Bridging Loan they may not withdraw from their savings.

**C. Flexible Loans**

The Flexible Loan is a Basic Loan that has been rescheduled because the borrower has repayment difficulties. This is an acknowledgement by Grameen Bank that repayment difficulties are inevitable for the poor and that the Flexible Loan is designed to be a supportive, non-shaming and a sensible way for borrowers to solve their repayment difficulties. At any time when borrowers feel that they are falling into repayment difficulties, they can discuss about taking a Flexible Loan with their group and centre members. A Flexible Loan is only taken when a member falls into serious repayment difficulty. Taking out a Flexible Loan is obligatory if a borrower fails to make Basic Loan repayment instalments for ten consecutive weeks, or fails to make GPS deposits for four months. A member cannot choose to take a Flexible Loan—it must be triggered by one of the above two circumstances. Other rules of Flexible Loan are discussed as follows:
- **Flexible Loan value**: Flexible Loans can be ‘topped up’ like the original Basic Loan. After each six months, the borrower may re-borrow amounts already repaid in that six month period. Under circumstances of excellent Flexible Loan repayment and deposit weekly savings regularly, the borrower may re-borrow up to twice the amount repaid in the previous six months. But a Flexible Loan cannot exceed in value the original Basic Loan of which it is only a rescheduling loan.

- **Flexible Loan term**: the borrower and the centre manager will agree a new term and schedule for the remaining outstanding loan balance. There are no fixed limits to the rescheduled term or the size of instalments.

- **Flexible Loan and savings**: borrowers with Flexible Loans may not withdraw from any of their savings accounts. Where Flexible Loans are ‘topped-up’ obligatory savings at the rate of 5 percent of the loan are made as usual, but are placed wholly in the member’s Special Savings account, the whole of which is used towards repayment of the outstanding loan and interest.

- **Completion of the Flexible Loan**: when the Flexible Loan is paid off in full (which can be done ahead of the revised schedule if circumstances change) the borrower is again eligible for Basic Loans. However, her loan ceiling will have to be refixed, starting from the entry-level or close to it in the most severe case, or equal to the most recent loan ceiling in the most favourable case, depending on the advice of the group and the centre members.

**D. Micro-enterprise Loan**

Many borrowers are performing better than others for many favourable reasons, such as proximity to the market, and presence of experienced male members in the family. Grameen Bank provides larger loans, called “Micro-enterprise Loans or Special Investment Loan”, for these fast moving members to enable them to take advantage of
their profitable investment opportunities. The Micro-enterprise Loan is a Basic Loan but larger in amount than what would be sanctioned under the normal Basic Loan rules. In other words, the Micro-enterprise Loan is treated in the same way as a Basic Loan, including its terms, repayment schedule, interest rate, and so on, except it is larger in amount than would be allowed under the Basic Loan rules. Unlike the Basic Loan, it is given only to borrowers who can demonstrate that they have a viable larger enterprise capable of absorbing extra loan capital.

Usually, at the discretion of the branch manager, a member may hold a normal Basic Loan and a Micro-enterprise loan at the same time. There are no fixed limits to the value of a Micro-enterprise loan, but a GPS of a high value and good savings behaviour are preferred before a borrower can be considered for a Micro-enterprise loan. ‘Gold Membership’ status will also help a borrower to qualify for a Micro-enterprise loan.

E. Housing Loans
To alleviate the pitiable condition of the shelters of poor people, Grameen Bank provides Housing Loans without collateral that are available with terms ranging from 1 to 10 years and values from Tk 5,000 to Tk 25,000 (approx. US$ 86 to US$ 431) at 8 percent interest per annum. A loan for housing exceeding Tk 25,000 can be taken as a Micro-enterprise Loan at the normal 20 percent interest per annum. To be eligible for the loan, the borrower must discuss the loan with the branch manager as well as the centre manager, at a centre meeting in the presence of other members to assess the borrower against certain priority criteria such as need, and quality and age of membership; as well as to prevent mismanagement and misuses of the fund by the borrower. In addition, the houses built with the loan must meet certain minimum standards to protect this investment—such as be used to purchase four reinforced concrete pillars, and sanitary latrine, and corrugated

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63 If a borrower has been a Member for five years and used basic loans with a 100% repayment record she will be recognized as a ‘Gold Member’. This entitles her to increase her loan ceiling more rapidly.
iron roofing sheets etc. The loan repayment schedule is weekly, but pre-payments are accepted.

F. Higher Education Loans
This Higher Education Loan programme provides loans for promising students of Grameen member families to attend university education. This is to equip them with education and knowledge so that the families do not slip back into poverty. The loan covers tuition, maintenance, and other university expenses, which goes directly to the student, who begins to repay (5% per annum) when the student begins to earn.

Note also that there is a scholarship programme for high-school students, which Grameen offers a limited number of scholarships (grants) at various levels of school education for students, who are children of Grameen members. It is offered as an incentive to encourage the children to get better grades in schools. Currently, each branch offers at least four scholarships each year, two reserved for girls and the other two open to both boys and girls.

G. Struggling Members Loans
Grameen Bank provides a special loan, called Struggling Members Loan, to reach out to the beggars. Among the beggars there are disabled, blind, and retarded people, as well as old people with ill health. Basic features of the loan program are:

1) Existing rules of Grameen bank do not apply to borrowers of this loan, that is the borrowers make up their own rules.

2) All loans are interest-free. Loans can be for a longer period of time and the repayment instalments are very small. For example, for a loan to buy a quilt or a mosquito net, borrowers are re-paying US$ 3.4 cents per week.

3) Beggar members are covered under loan insurance program without paying any cost.

4) Groups and centres are encouraged to become patrons to the beggar members.
5) Each member receives an identity badge with picture, name, and Grameen bank logo. They can display this to others to let them know that they are a Grameen Bank member and the institution stands behind them.

6) Members are not required to give up begging, but are encouraged to take up an additional income-generating activity like selling popular consumer items door to door, or at the place of begging.

The objective of this program is to provide financial services to the beggars to help them find a dignified livelihood and to send their children to school and eventually graduating into becoming regular Grameen bank members.

**Saving Products and Services Rules**

Under Grameen II there are three obligatory savings accounts that every member holds: (1) Personal Savings Account, (2) Special Savings Account, and (3) Pension Savings Account (note obligatory only for borrowers who have a loan over Tk 8,000). In addition to the three obligatory savings accounts that every member has, Grameen also offers a range of optional savings products: the conventional Fixed Deposits; Fixed Deposits that Double in Seven Years; the Monthly Income Savings; and Loan/Life Insurance Savings.

**H. Personal Savings**

On joining a borrower will be issued with a Passbook which records her Personal Savings. It also records her loans, Special Savings, and Loan/Life Insurance Savings. Personal Savings account’s rules are discussed as follows:

- **Depositing:** A borrower should deposit regularly into the Personal Savings at each weekly centre meeting, though the borrower may also deposit by visiting the branch. If the borrower holds a loan, the minimum weekly deposit should rise as the loan size rises (from Tk 5 a week for loans up to Tk 15,000, to Tk 50 a week for loans of Tk 100,000 or more) but the borrower may deposit more than this, and may vary the

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64 Note: Grameen Bank also offers Personal Savings account to the general public, which are essentially the same product as this members’ Personal Savings account.
amount of deposits each week. The centre may, if it wishes, agree upon a minimum weekly deposit amount for its members.

- **Obligatory deposit:** When a borrower takes any kind of loan except a Flexible Loan, an obligatory deposit equal to 2.5 percent of the loan value will be deducted from the loan and placed in her Personal Savings account.

- **Withdrawing:** A borrower may withdraw savings from the Personal Savings account at any time in any amount for any purpose, irrespective of the source and timing of the deposits (voluntary or obligatory). This applies equally to members without loans or with loan outstanding. However, if the borrower holds a Flexible Loan or a Bridging Loan the borrower may not withdraw savings. To withdraw, savings, the borrower must go to the branch with the savings passbook.

- **Interest:** A borrower earns interest on her Personal Savings balance at the rate of 8.5 percent a year based on the daily balance in the account, and payable annually.

I. **Special Savings**
A borrower’s Passbook will also record the special savings: an obligatory savings account that comes into use when the borrower takes a loan. Special Savings account’s rules are discussed as follows:

- **Obligatory deposits:** When the borrower takes any kind of loan, an obligatory deposit equal to 2.5 percent of the loan value will be deducted from the loan and placed in the special savings account (5% in the case of Flexible Loans).

- **Withdrawing:** For the first three years, she may not withdraw from her Special Savings. After that, she can withdraw half the balance of the account once each three years, as long as she leaves at least Tk 2,000 in the account. However, if she holds a
Flexible Loan or a bridge loan she may not withdraw savings. To withdraw, she must visit the branch with her Passbook.

- **Interest:** She earns interest on her Special Savings balance at the rate of 8.5 percent per annum based on daily balances and credited to her account annually.

### J. Grameen Pension Savings

Old age is a concern, especially among the poor. Most of their meagre earnings are for daily living expenses and there is often very little saved. As the poor grow older they worry about what will happen to them when they cannot work and earn any more. The Grameen Bank addressed this issue by introducing a Pension Fund for old age. The GPS is an obligatory saving scheme for old age for all borrowers with loans of Tk 8,000 (approx. US$ 138) or more, and is optional for all other members. It is a ‘recurring’ scheme in which a fixed sum (minimum Tk 50 (approx. US$ 0.86)) is deposited each month for a term of five or ten years. The savings attract interest at 10 percent per annum for 5 year terms or 12 percent per annum for 10 year terms, so that savings almost double after ten years (this is based on a cumulative interest rate that is compounded every year). Payments can be made up to three months late, provided a small additional amount is deposited with the late payments. Late payments of more than four months in arrears are not acceptable and the account is closed and the savings are returned, with lower interest.

If the account holder has a loan of Tk 8,000 or more and goes into arrears of more than four months on the GPS, the loan is shifted from Basic Loan to Flexible Loan status.

When the savings plan matures, it can be taken as a lump sum (deposits plus interest earned) or as monthly income, using the same system as in the Monthly Income Savings scheme (see sub-heading: M. Monthly Income Savings).
K. **Fixed Deposits**
Grameen II offers Fixed Deposit account to members and the general public. Lump sum deposits are made and attract interest starting at 8.75 percent per annum for a one-year term and up to 9.5 percent per annum for longer terms.

L. **Doubling in 7 Years Savings**
This version of the Grameen Fixed Deposit account returns double the amount deposited after seven years (an interest rate of a little over 10% per annum). It is offered to both members and the general public.

M. **Monthly Income Savings**
This version of the Grameen Fixed Deposit account pays monthly income starting immediately after the sum is deposited, instead of term-end interest. It is offered to both members and the general public. The interest rate is 10.04 percent per annum for a five-year term account and 10.67 percent per annum for a ten-year term.

N. **Loan/Life Insurance Savings**
Grameen II has introduced an insurance savings account cover for all its loans, operated as a savings scheme. Members choosing to use this service open a savings account and deposit 3 percent of the outstanding value of the new loan. However, borrowers must deposit an extra amount to retain cover for a second year if the loan outstanding on the last day of the second year exceeds the first year’s amount, and the extra deposit is paid on the additional amount only. In other words, if the outstanding amount remains the same on two successive year-ends, the borrower does not have to put in any extra money in the insurance savings account in the second year. Only if the balance is more, then she has to pay extra 3 percent of the incremental amount. Even if the outstanding amount happens to be several times more at the time of her death than what it was on the preceding year-end, under the rules of this program, the entire amount will still be paid off from the insurance fund.
An interest of 12 percent per annum on these savings is not paid to the saver, but is used to create an insurance fund. In the event of the death of the borrower, the bank uses this reserve fund to off-set any balance in loan amounts, and the family can also receive back the amount the borrower saved in the insurance savings account. Note that members may also take out similar insurance on the lives of their husband and for this additional coverage the borrowers have to deposit an additional 7 percent of the loan amount in the Loan/Life Insurance Savings.

Borrowers can use the 2.5 percent in their Special Savings account to make partial payment to the insurance savings account.
Appendix 8.1

Financial Institutions:
Statement of Disclosure and Informed Consent
Dear

We are carrying out a research project titled “Integrated Micro-finance: A Banking and Financial Management Model for the Grassroots Entrepreneurial Development in Cambodia”. To help to fulfil this research we need your participation and cooperation in this survey.

We are interested in determining how your organisation has used or may want to use micro-finance as an instrument for financial and social intermediation for the micro-entrepreneurs (micro-finance clients). In addition, we are interested in any non-financial services that your organisation has developed or may intend to develop to support micro-entrepreneurs both for their well-being and their enterprise development.

As a financial institution in a less developed country like Cambodia where the vast majority of the population are poor, your institution plays a significant role in the creation and innovation of flexible and accessible financial and non-financial services for the micro-entrepreneurs. Your participation could help us to create a flexible and cost-effective banking and financial model that can deliver a combination of both financial and non-financial services for the micro-entrepreneurs. This will, in turn, allow financial institutions to expand their outreach, and help micro-entrepreneurs to operate efficiently and effectively.

Your participation may take one hour to one hour and a half. In the session we will be asking a series of questions about your organisation that may or may not engage in:

- financial intermediation (e.g. loans, savings);
- social intermediation (e.g. group formation, leadership training);
- enterprise development services (e.g. marketing, business management training) and;
- social services (e.g. health, education).
All responses which you provide will remain confidential, even when the results are published. The data will be coded to ensure anonymity and confidentiality that no unauthorised person can identify or infer an organisation’s response. If you have any questions or queries please do not hesitate to contact us by phone, mail or fax as provided in the following.

On completion of the study, all participating organisations will receive a summary of the major research findings. We thank you for your assistance in participating in this research project.

If you have any complaints about the conduct of this research, please contact:

The chair
Human Research Ethics Committee
Swinburne University of Technology
Tel: +61 3 9214 5218
Email: kwilkens@swin.edu.au

Professor Chris Selvarajah (principal supervisor)

Mr. Makara Moeung (PhD candidate)

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Facsimile: +61 3 9214 8381
Email: cselvarajah@swin.edu.au; makara@net2000.com.au
Appendix 8.2

Signed Form of Consent
Signed Form of Consent

Project Name: Integrated Micro-finance: A Banking and Financial Management Model for the Grassroots Entrepreneurial Development in Cambodia

Researcher Name: Mr. Makara Moeung

I, ________________________________ (name and address of participant), have read (or have had read to me) and understood the information about this project. Any questions I have asked have been answered to my satisfaction.

I agree to participate knowing that my participation is entirely voluntary and that I may withdraw permission at any time.

I agree that research data collected for the study may be published or provided to other researchers on the condition that anonymity is preserved and that I cannot be identified.

SIGNATURE OF PARTICIPANT............................................ DATE .........................

SIGNATURE OF RESEARCHER............................................ DATE .........................
Appendix 8.3
Financial Institutions:
Survey of Micro-finance and Micro-entrepreneurship Development in Cambodia
Thank you for participating in this research project of micro-finance and micro-entrepreneurship development in Cambodia.

In this questionnaire we will be asking you a series of questions about your organisation as following:
1. financial intermediation (e.g. loans, savings);
2. social intermediation (e.g. group formation, leadership training);
3. enterprise development services (e.g. marketing, business management training) and;
4. social services (e.g. education, health).

All responses that you provide will be confidential, even when the results are published. All analyses will be conducted with aggregated data from all respondents. Moreover, the data will be coded to ensure anonymity and confidentiality that no unauthorised person can identify or infer any organisation’s response.

Organisation type: ___________
Date: ___________

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FIRST CATEGORY:
FINANCIAL AND SOCIAL INTERMEDIATION

SECTION I: CATEGORIES OF FINANCIAL INSTITUTIONS

Qt 1: Which of the following categories of financial institutions is your institution?
1 ☐ Commercial Bank (go to question 2)
2 ☐ Specialised Bank (go to question 2)
3 ☐ Micro-Finance Institution (go to question 7-8)

Qt 2: Does your institution engage in micro-finance?
1 ☐ Yes (go to question 3)
2 ☐ No (go to question 4-6)

Qt 3: Is your institution a wholesale lender or a retailer of micro-finance?
1 ☐ A wholesale lender to micro-finance operators (go to question 5-6)
2 ☐ A retailer of micro-finance: individual lending (go to qt 5, qt 34) and group-lending (go to qt 7-8)
3 ☐ Both as a wholesale lender and a retailer of micro-finance (go to question 7-8)

Qt 4: Has your institution ever considered engaging in micro-finance in the future?
1 ☐ Yes, as a wholesale lender to micro-finance operators (go to question 5-6)
2 ☐ Yes, as a retailer of micro-finance: lending to micro-finance clients (go to question 5-6)
3 ☐ Yes, as a wholesale lender to micro-finance operators and a retailer of micro-finance (go to question 5-6)
4 ☐ Not at all (go to question 5-6)

If yes, please specify the reasons:
Qt 5: In your opinion, what are the *reasons* that your bank is not providing micro-finance to micro-entrepreneurs?

(Please circle all that apply.)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Not at all important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Too risky: inability to repay</td>
<td>qt 5.1</td>
<td>0 1 2 3 4</td>
</tr>
<tr>
<td>Too expensive: not cost effective</td>
<td>qt 5.2</td>
<td>0 1 2 3 4</td>
</tr>
<tr>
<td>Too foreign: socio-economic and cultural barriers</td>
<td>qt 5.3</td>
<td>0 1 2 3 4</td>
</tr>
<tr>
<td>Lack of collateral</td>
<td>qt 5.4</td>
<td>0 1 2 3 4</td>
</tr>
<tr>
<td>Does not fit with the bank’s idea of banking</td>
<td>qt 5.5</td>
<td>0 1 2 3 4</td>
</tr>
<tr>
<td>Senior officers lack of adequate knowledge about the sector</td>
<td>qt 5.6</td>
<td>0 1 2 3 4</td>
</tr>
<tr>
<td>Others (please specify)</td>
<td>qt 5.7</td>
<td>0 1 2 3 4</td>
</tr>
</tbody>
</table>

Qt 6: In your opinion, do you think that micro-finance is a profitable business for the bank?

(The Questionnaire is finished here.)

<table>
<thead>
<tr>
<th>Profitability</th>
<th>Not at all profitable</th>
<th>Profitable</th>
<th>Very profitable</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0 1</td>
<td>2</td>
<td>3 4</td>
</tr>
</tbody>
</table>
SECTION II: LOAN PRODUCTS AND SERVICES RULES

Qt 7: Which micro-credit methodology does your institution use?
(Please tick all that apply.)
☐ Bangladesh Grameen II Solidarity Groups (qt 7.1)
☐ Solidarity Groups: joint liability (qt 7.2)
☐ Village Bank (qt 7.3)
☐ Individual Lending (qt 7.4)
☐ Others (please specify) (qt 7.6)

Qt 8: Which of the following micro-loan products, does your institution provide?
(Please tick all that apply.)
☐ Group loans (go to question 9-32) (qt 8.1)
☐ Individual loans (go to question 34-37) (qt 8.2)
☐ Flexible loans: a rescheduled group loan (go to question 38-40) (qt 8.3)
☐ Bridge loans: a higher loan ceiling than would be under group loan ceiling (go to question 41-42)
☐ Housing loans (go to question 43-46) (qt 8.5)
☐ Higher education loans: for group loan clients’ children (go to question 47-49) (qt 8.6)
☐ Struggling members loans (go to question 50-51) (qt 8.7)
☐ Other loan product(s) for group loan clients (please specify main terms/conditions) (qt 8.8)
GROUP LOANS

Qt 9: Are prospective clients required to organise themselves in a group of individuals?
1 ☐ Yes
2 ☐ No, the institution’s staffs do it
3 ☐ Both the prospective clients and the institution’s staffs do it

Qt 10: What are the main criteria used for assessing group membership eligibility?
(Please tick all that apply.)
☐ Reside in the same village (qt 10.1)
☐ Are not members of the same household (qt 10.2)
☐ Based on land holding: landless or near landless (qt 10.3)
☐ Have similar social and economic status (qt 10.4)
☐ Must participate in an intensive training to learn about the institution’s philosophy, principles, and procedures (qt 10.5) / Length of training _____ hrs / _____ days (qt 10.5.1-2)
☐ Can demonstrate the integrity and knowledge of the institution (qt 10.6)
☐ Must be recognised by the institution’s staff (qt 10.7)
☐ Others (please specify) (qt 10.8)
Qt 11: What are the main criteria for group members to be eligible to get group loans?
(Please tick all that apply.)
☐ Has been as a member of a group for a certain period of time before applying for a loan (qt 11.1)
☐ Seen as a responsible borrower by her fellow members (qt 11.2)
☐ Has an income-generating idea (qt 11.3)
☐ Has physical collateral (qt 11.4)
☐ Others (please specify) (qt 11.5)

Qt 12: On average, what is the size of group loans?
First loan size on average (qt 12.1): KHR__________
Loan size on average (qt 12.2): KHR__________

Qt 13: What is the loan repayment schedule for group loans?
1 ☐ Weekly instalments
2 ☐ Fortnightly instalments
3 ☐ Monthly instalments
4 ☐ Others (please specify): __________________

Qt 14: Do all members have responsibility to oversee each others activities and maintain financial discipline that no one gets into repayment problem?
1 ☐ Yes
2 ☐ No
Qt 15: Are group members obliged to repay a loan of its defaulting member?
1 ☐ Yes
2 ☐ No

Qt 16: If a member defaulted will s/he be expelled from a group for non-repayment?
1 ☐ Yes
2 ☐ No
If no, please elaborate why s/he will not be expelled.

Qt 17: If one member defaulted, will the whole group be ineligible for further loan?
1 ☐ Yes
2 ☐ No

Qt 18: Is there a gender preference for group membership?
1 ☐ Yes
2 ☐ No

Qt 19: Which gender is strongly preferred to be eligible for group loans?
1 ☐ Total women clients: ________ % (qt 19.1)
2 ☐ Total men clients: _________ % (qt 19.2)

Qt 20: Within a group, can there be a mixture of gender?
1 ☐ Yes
2 ☐ No
Qt 21: How many members are required to form a group?
(Please tick one that most closely corresponds to your answer.)
1 ☐ 3-5
2 ☐ 3-7
3 ☐ 3-10
4 ☐ Others: _______

Qt 22: Is a group required to have a Chairman and a Secretary of a group?
1 ☐ Yes
2 ☐ Only a Chairman of a group
3 ☐ Not at all (go to question 24)

Qt 23: Are Chairman and Secretary Positions required to rotate within the group members?
1 ☐ Yes
2 ☐ No

Qt 24: Do each individual groups have to hold their own regular meetings (e.g. to discuss matters that may affect a member’s ability to repay)?
1 ☐ Weekly meetings (go to question 25-26)
2 ☐ Fortnightly meetings (go to question 25-26)
3 ☐ Monthly meetings (go to question 25-26)
4 ☐ Not at all (go to question 25-26)

Qt 25: Do groups have a Centre (village association) to gather for regular meetings?
1 ☐ Yes
2 ☐ No (skip question 27-29)
Qt 26: What are the groups’ regular meetings at the centre for?
(Please tick all that apply.)

☐ To discuss all matters relating to membership both financial and non-financial (qt 26.1)
☐ To prevent corruption (qt 26.2)
☐ To pressure members to take more responsibility (qt 26.3)
☐ To implement a Social Development program, e.g. the Sixteen Decisions of Grameen Bank (qt 26.4)

Please specify the decisions: _______________________________________________________________

☐ To assist bankers in their work (qt 26.5)
☐ Others (please specify) (qt 26.6)

Qt 27: How many groups can form a Centre?
(Please tick one that most closely corresponds to your answer.)

1 ☐ 5-10
2 ☐ 5-15
3 ☐ 5-25
4 ☐ 5-30
4 ☐ Others: _______

Qt 28: Is a Centre required to have Centre Chief and Assistant Centre Chief?

1 ☐ Yes
2 ☐ No (go to question 30)
3 ☐ Only Centre Chief
4 ☐ Not applicable

Qt 29: Are Centre Chief and Assistant Centre Chief Position required to rotate?

1 ☐ Yes
2 ☐ No
Qt 30: What is the *monthly* interest rate for group loans?
Interest rate: from ____% up to ____% (qt 30.1-2)

Qt 31: On average, what is the percentage of institution’s loan portfolio allocated towards group loans?
Average loan portfolio allocated towards group loans: ____%

Qt 32: What is an average rate of repayments for group loans?
Average rate of repayment each year: ____%
Qt 33: Can group members, who are capable of absorbing extra loan capital eligible to get larger loans than would be sanctioned under the normal group loan?
1 ☐ Yes
2 ☐ No
If yes please specify:

INDIVIDUAL LOAN: micro/small-scale business loan
Qt 34: What is the institution’s definition of individual loan in term of loan amount?
Who is capable of absorbing a loan capital from KHR……………up to KHR……………...(qt 34.1-2)

Qt 35: What is the *monthly* interest rate for an individual loan?
Interest rate: from ____% up to ____% (qt 35.1-2)

Qt 36: What is the interest repayment schedule for an individual loan?
1 ☐ Weekly instalments
2 ☐ Fortnightly instalments
3 ☐ Monthly instalments
4 ☐ Other: ______________________
Qt 37: Is individual loan a collateralised loan?
1 ☐ Yes
2 ☐ No (please specify how loans are secured)

FLEXIBLE LOANS
Qt 38: What are the main criteria used for assessing flexible loans eligibility?
(Please tick all that apply.)
☐ Members who are current borrowers of group loans (qt 38.1)
☐ Borrowers, who fall into serious repayment difficulties (only beyond one’s control, e.g. natural disasters)
☐ Others (please specify) (qt 38.3)
Qt 39: How can a repayment schedule for a flexible loan be made?
- The borrower and the centre manager agree on a new term and schedule for the outstanding loan balance
- The borrower and the bank official agree on a new term and schedule for the outstanding loan balance
- Others (please specify) (qt 39.3)

Qt 40: Once eligible for the loan, what are the main conditions of this loan product?
- Flexi-loans can be topped up after each six months; the borrower may re-borrow amounts already repaid in that six month period (qt 40.1)
- In circumstances of excellent Flexible Loan repayment may re-borrow up to twice the amount repaid in the previous six months (qt 40.2)
- While holding a flexi-loan, the borrowers may not withdraw from any of their savings accounts (qt 40.3)
- Others (please specify) (qt 40.4)
BRIDGE LOANS: Changing to a higher loan ceiling

Qt 41: What are the main criteria used for assessing eligibility for bridge loans?
(Please tick all that apply.)
☐ Members who are current borrowers of group loans (qt 41.1)
☐ Good quality of membership (qt 41.2)
☐ Good loan repayment behaviour (qt 41.3)
☐ Borrowers who have high savings (e.g. with balances worth more than two-thirds of her loan outstanding balance) (qt 41.4)
☐ Others (please specify) (qt 41.5)

Qt 42: Once eligible for the loan, what are the main conditions of this loan product?
☐ The borrower can at any time borrow an extra amount so that her total borrowings are as much as 1.5 times her total savings balance (qt 42.1)
☐ The extra amount can be repaid in any amount at any time, but must be repaid in six months
☐ While the borrower holds a bridge loan she may not withdraw from her savings (qt 42.3)
☐ Others (please specify) (qt 42.4)
**HOUSING LOANS**

Qt 43: What are the main criteria used for assessing eligibility for housing loans?

(Please tick all that apply)

- ☐ Good quality of membership (qt 43.1)
- ☐ As long as s/he is a client (qt 43.2)
- ☐ There is a real need for a housing loan (qt 43.3)
- ☐ Has the ability to repay (qt 43.4)
- ☐ Others (please specify) (qt 43.5)

Qt 44: What is the institution’s definition of housing loan in term of loan amount?

(Please tick one that most closely corresponds to your answer.)

1. ☐ US$50 up to US$300
2. ☐ US$100 up to US$1000
3. ☐ US$150 up to US$2000
4. ☐ US$150 up to US$3000
5. ☐ Others (please specify): _______________

Qt 45: Are group loan clients eligible to apply for housing loans?

1. ☐ Yes
2. ☐ No
Qt 46: Once eligible for the loan, what are the main conditions of this loan product?

☐ For group loan clients, the borrower must discuss the loan with the Branch Manager as well as the centre manager, at the centre meeting in the presence of other members (qt 46.1)

☐ The houses build with the loan must meet certain minimum standards to protect this investment (e.g. the loan must be used to buy four reinforced concrete pillars and iron roofing sheets) (qt 46.2)

☐ Others (please specify) (qt 46.3)

HIGHER EDUCATION LOANS: for clients’ children

Qt 47: What are the main criteria used for assessing eligibility for higher education loans?

☐ Children of group loan clients who have been members of the bank for at least a year (qt 47.1)

☐ Children of group loan clients who qualify through admission tests to enter tertiary education programs

☐ Others (please specify) (qt 47.3)
Qt 48: What does a higher education loan cover?
- Tuition fee (qt 48.1)
- Other costs of higher education (please specify) (qt 48.2)

Qt 49: Once eligible for the loan, what are the main conditions of this loan product?
- During the course of the study, no interest is charged on the loan (qt 49.1)
- A year after the successful completion of the course, the student begins repaying the loan through monthly instalments (qt 49.2)
- Other (please specify) (qt 49.3)
STRUGGLING MEMBERS LOANS

Qt 50: What are the main criteria used for assessing eligibility for struggling member loans?
(Please tick all that apply.)
☐ Who are beggars (qt 50.1)
☐ Who are disabled (qt 50.2)
☐ Who are blind (qt 50.3)
☐ Who are old with ill health (qt 50.4)
☐ Others (please specify) (qt 50.5)

Qt 51: Once eligible for the loan, what are the main conditions of this loan product?
☐ The borrowers can make up their own rules (qt 51.1)
☐ The loans are interest-free (qt 51.2)
☐ The borrowers are forbidden from repaying the bank with income from begging (qt 51.3)
☐ Others (please specify) (qt 51.4)
SECTION III: SAVING PRODUCTS AND SERVICES RULES

Qt 52: What types of savings products does your institution have?
(Please tick all that apply.)
☐ Obligatory saving products (go to question 53) (qt 52.1)
☐ Voluntary saving products: particularly for micro-/small-scale clients (go to question 69) (qt 52.2)
☐ Not at all (go to question 75) (qt 52.3)

TYPE I: OBLIGATORY SAVINGS PRODUCTS

Qt 53: Does your institution enforce any of the following types of obligatory savings products for members?
(Please tick all that apply.)
☐ Obligatory personal savings account (go to question 54) (qt 53.1)
☐ Obligatory special savings account (go to question 59) (qt 53.2)
☐ Obligatory pension savings account (go to question 64) (qt 53.3)
☐ Others (please specify main terms/conditions) (qt 53.4)
OBLIGATORY PERSONAL SAVINGS ACCOUNT

Qt 54: *Kinds of loans*: what kinds of loans are borrowers obliged to deposit in their Personal Savings account?

(Please tick all that apply)

☐ Group loans (qt 54.1)
☐ Individual loans (qt 54.2)
☐ Flexible loans (qt 54.3)
☐ Housing loans (qt 54.4)
☐ Bridge loans (qt 54.5)
☐ Higher education loans (qt 54.6)
☐ Struggling members loans (qt 54.7)
☐ Others (please specify) (qt 54.8)

____________________________

Qt 55: *Obligatory deposit*: How much are borrowers obliged to deposit in the Personal Savings account?

(Please tick all that apply.)

☐ ____% of the loan value will be deducted from the loan (qt 55.1)
☐ A regular minimum deposits of ____% is further required (please specify the time of regularity)
    ____________ (qt 55.2-3)
☐ Others (please specify) (qt 55.4)

____________________________

Qt 56: *Withdrawal*: How can borrowers withdraw savings from their Personal Savings account?

(Please specify all that apply)

☐ Can withdraw at any time in any amount for any purpose (qt 56.1)
☐ Cannot withdraw this saving until the loan is fully repaid (qt 56.2)
☐ To withdraw, they must visit the branch with their passbooks (qt 56.3)
☐ Others conditions please specify:

____________________________
Qt 57: *Interest rate:* What is the interest rate for Personal Savings per year?

Interest rate per year: from ____% up to ____% (qt 57.1-2)

Term of payment _______________ (qt 57.3)

Qt 58: Are there *Others main conditions* of this saving product?

1 ☐ Yes
2 ☐ No

If yes, please specify:

OBLIGATORY SPECIAL SAVINGS ACCOUNT

Qt 59: *Kinds of loans:* what kinds of loans are borrowers obliged to deposit in their Special Savings account?

(Please tick all that apply.)

☐ Group loans (qt 59.1)
☐ Individual loans (qt 59.2)
☐ Flexible loans (qt 59.3)
☐ Housing loans (qt 59.4)
☐ Bridge loans (qt 59.5)
☐ Higher education loans (qt 59.6)
☐ Struggling members loans (qt 59.7)
☐ Others (please specify) (qt 59.8)
Qt 60: Obligatory deposit: How much are borrowers obliged to deposit in their Special Savings account?
(Please specify all that apply)
☐ _____% of the loan value will be deducted from the loan (qt 60.1)
☐ Others (please specify) (qt 60.2)
____________________________

Qt 61: Withdrawing: How can borrowers withdraw savings from their Special Savings account?
☐ For a certain period of time (specify: ____________) she may not withdraw from this savings account (qt 61.1)
☐ To withdraw, they must visit the branch with their passbooks (qt 61.2)
☐ Others conditions (please specify):

Qt 62: Interest rate: What is the interest rate for Special Savings per year?
Interest rate per year: from ____% up to ____% (qt 62.1-2)
Term of payment ___________ (qt 62.3)

Qt 63: Are there others main conditions of this savings product?
1 ☐ Yes
2 ☐ No
If yes, please specify:

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OBLIGATORY PENSION SAVINGS ACCOUNT

Qt 64: *Kinds of loans*: what kinds of loans are borrowers obliged to deposit in their Pension Savings account?

(Please tick all that apply.)

☐ Group loans (qt 64.1)
☐ Individual loans (qt 64.2)
☐ Flexible loans (qt 64.3)
☐ Housing loans (qt 64.4)
☐ Bridge loans (qt 64.5)
☐ Higher education loans (qt 64.6)
☐ Struggling members loans (qt 64.7)
☐ Others (please specify) (qt 64.8)

Qt 65: *Obligatory deposit*: How much are borrowers obliged to deposit in their Pension Savings account?

(Please specify all that apply)

☐ ____% of the loan value will be deducted from the loan (qt 65.1)
☐ A *regular* minimum deposits of _____ for loans up to _____ is further required (specify time of regularity) ___________ (qt 65.2-4)
☐ Others (please specify) (qt 65.6)

Qt 66: *Withdrawing*: How can borrowers withdraw savings from their Pension Savings account?

☐ For a certain period of time (*specify: ____________) she may not withdraw from this savings account (qt 66.1)
☐ To withdraw, they must visit the branch with their passbooks (qt 66.2)
☐ Others conditions (please specify):
Qt 67: **Interest rate**: What is the interest rate for Pension Savings per year?

Interest rate per year: from ___% up to ___% (qt 67.1-2)

Term of payment ___________ (qt 67.3)

Qt 68: Are there others main conditions of this savings product?

1 ☐ Yes
2 ☐ No

If yes, please specify:

---

**TYPE II: VOLUNTARY SAVINGS**

Qt 69: How many types of voluntary saving accounts is your institution providing?

(Please tick all that apply.)

☐ Fixed deposits account: for clients and non-clients (go to question 70) (qt 69.1)

☐ Doubling in 7 years savings account: for clients and non-clients (go to question 71) (qt 69.2)

☐ Monthly income savings account: for clients and non-clients (go to question 72) (qt 69.3)

☐ Others (please specify main terms/conditions) (qt 69.4)
Qt 70: What are the main terms and conditions of Fixed Deposits?
Interest rate per year (Riel): from ____% (term:      ) up to ____% (term:      ) (qt 70.1-2)
Larger size of savings, higher interest rate: Yes/No (qt 70.3)
Others (please specify): _____________________________________________________ (qt 70.4)

Qt 71: What are the main terms and conditions of Doubling in 7 years savings account?
Interest rate per year (Riel): from ____% (term:      ) up to ____% (term:      ) (qt 71.1-2)
Larger size of savings, higher interest rate: Yes/No (qt 71.3)
Others (please specify): _____________________________________________________ (qt 71.4)

Qt 72: What are the main terms and conditions of Monthly Income savings account?
Interest rate per year (Riel): from ____% (term:      ) up to ____% (term:      ) (qt 72.1-2)
Larger size of savings, higher interest rate: Yes/No (qt 72.3)
Others (please specify): _____________________________________________________ (qt 72.4)

Qt 73: Does your institution have incentive system to encourage potential clients to open voluntary saving accounts?
1 □ Yes
2 □ No
If yes, please specify the incentive system:
Qt 74: Are there any unfavourable restrictions or obstacles that your institution is facing in delivering voluntary savings products?

1 ☐ Yes
2 ☐ No

If yes, please specify:

LOAN/LIFE INSURANCE SAVINGS

Qt 75: Does your institution provide Loan/Life Insurance savings?

1 ☐ Yes (go to question 76) (qt 75.1)
2 ☐ No (go to question 77) (qt 75.1)

Qt 76: What are the main conditions of Loan/Life Insurance savings?

(Please tick all that apply.)

☐ Offer only to members (qt 76.1)
☐ This is an optional insurance covers for all kinds of loans, operated as savings scheme (qt 76.2)
☐ If this account is opened, a member needs to deposit a certain percentage (**specify: ____ %**) of the outstanding value of the current loan (qt 76.3-4)
☐ Interest on these savings is not paid to the saver, but use to create an insurance fund (qt 76.5)
☐ In the event of the death of the borrower, the bank sets off the loan debt against this reserve fund, and the family may withdraw the deposits, net of interest (qt 76.6)
☐ Others (please specify) (qt 76.7)
Qt 77: Does your institution provide any insurance products?

☐ Yes
☐ No

If yes, please specify:

SECTION IV: OTHERS FINANCIAL PRODUCTS

Qt 78: Are there any other financial products that your institution is providing to micro-clients apart from loan and savings products?

1 ☐ Yes
2 ☐ No

If yes, please specify the product(s) main terms and conditions:
SECOND CATEGORY: ENTERPRISE DEVELOPMENT SERVICES

Qt 79: Does your institution engage in Enterprise Development services?
1 ☐ Yes (go to question 83-88)
2 ☐ No (go to question 80-82)

Qt 80: Does your institution consider delivering Enterprise Development services?
1 ☐ Yes (go to question 81-82)
2 ☐ No (go to question 89)
If no, please specify:

Qt 81: What Enterprise Development services are required to satisfy the needs and wants of the intended clientele? (Please tick all that apply.)
☐ Basic business training: e.g. accounting, marketing or management topics adapted to enterprises’ needs (qt 81.1)
☐ Business advisory services: e.g. marketing or basic enterprise management (qt 81.2)
☐ Others (please specify) (qt 81.3): __________________________________________________

Qt 82: In your opinion, what are the feasible options for providing Enterprise Development services that meet both institutional objectives and clients’ objectives?

(Please circle all that apply.)

<table>
<thead>
<tr>
<th>Options</th>
<th>Not Feasible</th>
<th>Very Feasible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linked to others, enterprise development service providers</td>
<td>(qt 82.1)</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Create a separate institution (a spin-off)</td>
<td>(qt 82.2)</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Create a separate unit within the institution itself</td>
<td>(qt 82.3)</td>
<td>1 2 3 4</td>
</tr>
<tr>
<td>Unification: with the existing financial service delivery system</td>
<td>(qt 82.4)</td>
<td>1 2 3 4</td>
</tr>
</tbody>
</table>
Qt 83: Which delivery approach does your institution use to engage in Enterprise Development services?
(Please circle all that apply.)

☐ Linked to other, enterprise development service providers (go to question 84-86) (qt 83.1)
Please explain why it is being used: ________________________________

☐ Create a separate institution (go to question 84-88) (qt 83.2)
Please explain why it is being used: ________________________________

☐ Create a separate unit within the institution itself (go to question 84-88) (qt 83.3)
Please explain why it is being used: ________________________________

☐ Unification: with the existing financial service delivery system (go to question 84-88) (qt 83.4)
Please explain why it is being used: ________________________________

☐ Others (please specify) (qt 83.5)
__________________________________________________________________

Qt 84: What Enterprise Development services does your institution provide?
(Please tick all that apply.)

☐ Basic business training: e.g. accounting, marketing and management topics adapted to enterprises’ needs (qt 84.1)
☐ Business advisory services (qt 84.2)
☐ Others (please specify) (qt 84.3): ________________________________

Qt 85: Which target groups are Enterprise Development services provided to?

1 ☐ Group micro-loan clients
2 ☐ Individual loan clients
3 ☐ Both Group and Individual loan clients
4 ☐ Others (please specify): ________________________________
Qt 86: Does your institution charge for providing Enterprise Development services?
1 ☐ Yes
2 ☐ No
If yes, please specify how clients are being charged:

Qt 87: Does the revenue generated from financial intermediation cover the costs of delivering Enterprise Development services?
1 ☐ Yes
2 ☐ No

Qt 88: Does the add-on Enterprise Development services compromise your institution’s sustainability of micro-finance and overall operations?
1 ☐ Yes
2 ☐ No
THIRD CATEGORY: SOCIAL SERVICES

Qt 89: Does your institution engage in Social services?
1 ☐ Yes (go to question 93-98)
2 ☐ No (go to question 90-92)

Qt 90: Does your institution consider delivering Social services?
1 ☐ Yes (go to question 91-92)
2 ☐ No (this questionnaire is finished)
If no, please specify:

Qt 91: What Social services are required to satisfy the needs and wants of the intended clientele?
(Please tick all that apply.)
☐ Health and nutrition training (qt 91.1)
☐ Promote awareness of available health services locally (qt 91.2)
☐ Literacy and numeracy training: for clients (qt 91.3)
☐ Literacy and numeracy training: for clients’ children (qt 91.4)
☐ Others (please specify) (qt 91.5): __________________________________

Qt 92: In your opinion, what are the feasible options for providing Social Development services that meet both institutional objectives and client objectives?

(Please circle all that apply.)

<table>
<thead>
<tr>
<th>Option</th>
<th>Not Feasible</th>
<th>Very Feasible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linked to others, social development service providers (qt 92.1)</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Create a separate institution (a spin-off) (qt 92.2)</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Create a separate unit within the institution itself (qt 92.3)</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Unification: with the existing financial service delivery system (qt 92.4)</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Others (please specify) (qt 92.5)</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

p.252
Qt 93: Which *delivery approach* does your institution use to provide Social services?
(Please tick all that apply.)

☐ Linked to others, social development service providers (go to question 94-96) (qt 93.1)
Please explain why it is being used: _________________________________________________

☐ Create a separate institution (go to question 94-98) (qt 93.2)
Please explain why it is being used: _________________________________________________

☐ Create a separate unit within the institution itself (go to question 94-98) (qt 93.3)
Please explain why it is being used: _________________________________________________

☐ Unification: with the existing financial service delivery system (go to question 94-98) (qt 93.4)
Please explain why it is being used: _________________________________________________

☐ Others (please specify) (qt 93.5)
______________________________________________________________________________

Qt 94: What Social services does your institution provide?
(Please tick all that apply.)

☐ Health and nutrition training (qt 94.1)
☐ Promote awareness of available health services locally (qt 94.2)
☐ Literacy and numeracy training: *for clients* (qt 94.3)
☐ Literacy and numeracy training: *for clients’ children* (qt 94.4)
☐ Others (please specify) (qt 94.5): __________________________________

Qt 95: Which target groups are Social services provided to?

☐ Group micro-loan clients (95.1)
☐ Individual loan clients (95.2)
☐ Both Group and Individual loan clients (95.3)
☐ Others (please specify) (95.4): ____________________________
Qt 96: Does your institution charge for providing Social services?
1 □ Yes
2 □ No
If yes, please specify how clients are being charged:

Qt 97: Does the revenue generated from *financial intermediation* cover the costs of delivering Social services?
1 □ Yes
2 □ No

Qt 98: Does the add-on Social services compromise your institution’s sustainability of micro-finance and overall operations?
1 □ Yes
2 □ No
Appendix 8.4

Disclosure Form: Script to be read to Micro-finance Clients Participants

We are carrying out a research project titled “Integrated Micro-finance: A Banking and Financial Management Model for the Grassroots Entrepreneurial Development in Cambodia”. To help to fulfil this research we want your participation in this survey.

We are interested in determining how you have used micro-financial services to improve your micro-enterprise operation as well as your livelihood. We are also interested in your opinions about what additional financial and non-financial services that you think are necessary to access in order to improve your capacity to better operate your business and improve your livelihood.

So, in this interview we would like to ask you a series of questions such as: (1) loan products; (2) savings products; (3) non-financial services and; (4) impacts of micro-credit on your livelihood and family.

Overall, your participation in answering these questions could help us to create a flexible and cost-effective banking and financial model that could potentially deliver a combination of both financial and non-financial services to entrepreneurs like you. In addition, your contribution to this research and other participants could eventually help the financial institutions to better understand their clients’ want and to provide necessary services that wanted to help them to make profitable use of the financial services they receive and most importantly the ability to operate their enterprise efficiently and effectively.

If you voluntarily agree to participate in this research, all your responses that you provide will be kept confidential and anonymous even when the results are published. All analyses will be conducted with aggregated data from all respondents. Moreover, the data will be coded to ensure anonymity and confidentiality that no unauthorised person can identify or infer any person’s response.

If you would agree to participate in this survey we would highly appreciate your time and contribution.
Appendix 8.5

Micro-finance Clients:
Survey of Micro-finance and Micro-entrepreneurship Development in Cambodia
Researcher Certification
I, Makara Moeung, certify that I have read to the participant the disclosure form and that
the participant has voluntarily agreed to take part in the research.
Signature: __________
Respondent No.: __________
Date: __________

SECTION I: LOANS

GROUP LOAN
Qt 1: Are you satisfied with the interest rate that you are paying for the group loan?

Not at all satisfied  Very satisfied

\[
\begin{array}{cccc}
0 & 1 & 2 & 3 & 4 \\
\end{array}
\]

Qt 2: If you have serious difficulties in repayment, are you allowed to refinance and
reschedule your loan term and repayments?
1 ☐ Yes (go to question 4)
2 ☐ No (go to question 3)

Qt 3: In your opinion, how important do you think your financial institution should
provide flexible loans?

<table>
<thead>
<tr>
<th>During serious repayment difficulties, it gives me a chance to carry on my micro-enterprise operation, and to repay a loan</th>
<th>Not important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>(qt 3.1)</td>
<td>1   2   3   4</td>
<td></td>
</tr>
</tbody>
</table>

Other (please specify) (qt 3.2)

\[
\begin{array}{cccc}
1 & 2 & 3 & 4 \\
\end{array}
\]
Qt 4: Are you and your group members required to guarantee each other’s loans?
1 ☐ Yes (go to question 5)
2 ☐ No (go to question 6)

Qt 5: Do you think it is fair for group members to guarantee each other’s loans?

<table>
<thead>
<tr>
<th>Very unfair</th>
<th>Very fair</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

**BRIDGE LOAN**

Qt 6: Does your financial institution provide bridge loans?
1 ☐ Yes (go to question 9)
2 ☐ No (go to question 7)

Qt 7: Do you want your financial institution to provide bridge loans?
1 ☐ Yes (go to question 8)
2 ☐ No (go to question 9)

Qt 8: How important do you think your financial institution should provide a bridge loan?

<table>
<thead>
<tr>
<th>Important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

It allows me to borrow extra amount at any time, which can be used to expand the business or improve its conditions

Other (please specify) (qt 8.2)

| 1 | 2 | 3 |

**HOUSING LOAN**

Qt 9: Does your financial institution provide housing loans?
1 ☐ Yes (go to question 12)
2 ☐ No (go to question 10)
Qt 10: Do you want your financial institution to provide housing loans?
1 ☐ Yes (go to question 11)
2 ☐ No (go to question 12)

Qt 11: How important do you think your financial institution should provide a housing loan?

<table>
<thead>
<tr>
<th>Important</th>
<th>Very important</th>
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<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>(qt 11.1)</td>
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</tr>
</tbody>
</table>

It helps us to be more productive by having cleaner and safer place to live and work

<table>
<thead>
<tr>
<th>Important</th>
<th>Very important</th>
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<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>(qt 11.2)</td>
<td></td>
</tr>
</tbody>
</table>

Other (please specify)

HIGHER EDUCATION LOAN

Qt 12: Does your financial institution provide higher education loans?
1 ☐ Yes (go to question 15)
2 ☐ No (go to question 13)
3 ☐ Not applicable (tick if have no children still studying: go to question 15)

Qt 13: Do you want your financial institution to provide higher education loans?
1 ☐ Yes (go to question 14)
2 ☐ No (go to question 15)

Qt 14: How important do you think your financial institution should provide a higher education loan?

<table>
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<tr>
<th>Important</th>
<th>Very important</th>
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<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>(qt 14.1)</td>
<td></td>
</tr>
</tbody>
</table>

It gives our children an opportunity to go for a higher education, and do not slip back into poverty

<table>
<thead>
<tr>
<th>Important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>(qt 14.2)</td>
<td></td>
</tr>
</tbody>
</table>
Qt 15: Are there any additional loan products you would like your financial institution to provide?

1 ☐ Yes
2 ☐ No

If yes please specify:
SECTION II: SAVINGS

Qt 16: Which methods of savings are you using to save larger sums for future expenses?
(Please tick all that apply.)
☐ Jewellery (qt 16.1)
☐ Livestock (qt 16.2)
☐ Excessive stock (qt 16.3)
☐ Cash at home (qt 16.4)
☐ Deposit with a financial institution (qt 16.5)
☐ Others (please specify) (qt 16.6)

Qt 17: Where do you usually obtain money from in emergencies?
(Please tick all that apply.)
☐ From own savings (qt 17.1)
☐ Relatives (qt 17.2)
☐ Friends (qt 17.3)
☐ Moneylenders (qt 17.4)
☐ Take a loan from a financial institution (qt 17.5)
☐ Other (please specify): __________________   (qt 17.6)
PENSION SAVINGS

Qt 18: Does your institution provide a pension savings account?
1 □ Yes (go to question 21)
2 □ No (go to question 19)

Qt 19: Do you want your financial institution to provide a pension savings account?
1 □ Yes (go to question 20)
2 □ No (go to question 21)

Qt 20: How important do you think your financial institution should provide a pension savings account for old age?

<table>
<thead>
<tr>
<th>Important</th>
<th>Extremely important</th>
</tr>
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<tbody>
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<td>2</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
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</tbody>
</table>

LOAN/LIFE INSURANCE SAVINGS

Qt 21: Does your financial institution provide a loan/life insurance savings account?
1 □ Yes (go to question 24)
2 □ No (go to question 22)

Qt 22: Do you want your financial institution to provide a loan/life insurance savings account?
1 □ Yes (go to question 23)
2 □ No (go to question 24)

Qt 23: How important do you think your financial institution should provide a loan/life insurance savings account?

<table>
<thead>
<tr>
<th>Important</th>
<th>Extremely important</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>
Qt 24: Are there any additional savings products you would like your financial institution to provide?

1 ☐ Yes
2 ☐ No

If yes please specify:
SECTION III: NON-FINANCIAL SERVICES

SOCIAL AND ENTERPRISE DEVELOPMENT SERVICES

Qt 25: Are you literate?
1 □ Yes
2 □ No

Qt 26: Are you numerated?
1 □ Yes
2 □ No

Qt 27: Do you and your family usually spend a lot of money on healthcare, such as paying for medicine, seeing physician, or going to hospital?
1 □ Yes
2 □ No

Qt 28: Have you ever used the loan money to spend on hospital bills, paying for medicine or seeing physician when you or your family members suddenly fell ill?
1 □ Yes
2 □ No

Qt 29: What are the main problems, non-financially that you usually face in running your business efficiently and effectively?
(Please tick all that apply.)
□ Lack of business management skills (qt 29.1)
□ Illiterate: unable to read and write (qt 29.2)
□ Innumerate: unable to understand and work with numbers (qt 29.3)
□ Health problems (qt 29.4)
□ Others (please specify) (qt 29.5)
SECTION IV: IMPACTS OF MICRO-FINANCE

Qt 30: After taking loans from your financial institution, are you able to save some money for future expenses?
1 ☐ Yes
2 ☐ No

Qt 31: Does micro-credit help you and your family improve livelihood?
1 ☐ Yes
2 ☐ No

Qt 32: Does micro-credit help you to send your children to go to school?
1 ☐ Yes
2 ☐ No
3 ☐ Not applicable (tick if have no children who are still studying)
Appendix 8.6

Translated Questionnaires

And

Other Research Protocol Statements in Khmer
ប្រយោគប្រែកថ្នាក់: ស្តាប់សំដៅនៅក្នុងសៀវភៅទាំងនេះ ដើម្បីរៀបចំឱ្យសំខាន់ទាំងនេះកាន់តែបង្កើតឱ្យបានការ័ត្រីប្រសិទ្ធភាពក្នុងការប្រការប្រជាជន។

ប្រយោគប្រែកថ្នាក់: ស្តាប់សំដៅនៅក្នុងសៀវភៅទាំងនេះ ដើម្បីរៀបចំឱ្យសំខាន់ទាំងនេះកាន់តែបង្កើតឱ្យបានការ័ត្រីប្រសិទ្ធភាពក្នុងការប្រការប្រជាជន។
ការប្រើប្រាស់លេខ២៦៨។

The Chair
Human Research Ethics Committee
Swinburne University of Technology
Tel: +61 3 9214 5218
Email: kwilkens@swin.edu.au

Professor Chis Selvarajah (principle supervisor)

Mr. Makara Moeung (PhD candidate)

Australian Graduate School of Enterpreneurship (AGSE)
Swinburne University of Technology

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Hawthorn Victoria 3122 Australia
PO Box 218 Hawthorn
Tel: +61 3 9214 8462; +61 4172 88 888
Facsimile: +61 3 9214 8381
Email: cselvarajah@swin.edu.au; makara@net2000.com.au
ំបងប្រែឆ្នោតខ្មែរ 

ដូច្នេះត្រូវបានក្លាយឲ្យឈុំងាយស្រួល ដូច្នេះក្រុមហ៊ុនត្រូវបានក្លាយឲ្យបែសបែក។ 

ដោយសារព័ត៌មានប្រជាជនប្រការប្រឆាំងបានក្លាយឲ្យមានថ្នាំស្រីស្រគីដែលមានការសុវត្ថិភាព។
ប្រការរៀបរាប់ដើម្បីអាចចាប់ផ្តើមទូទៅក្នុងការងារស្ថានភាពក្នុងវិធីការងារក្រើបប្រឹងប្រែប្រុង

ការងារនេះមានរូបរាងនៅពាក្យសំខាន់ៗអំពីការបង្កើតការងារដែលមានន័យត្រឹមត្រូវនៅក្នុងវិធីការងារដែលប្រើប្រាស់នៅក្នុងការងារស្ថានភាព។

1. ប្រការរៀបរាប់ដើម្បីអាចចាប់ផ្តើមទូទៅក្នុងការងារស្ថានភាព

2. ប្រការរៀបរាប់ដើម្បីអាចចាប់ផ្តើមទូទៅក្នុងការងារស្ថានភាព

3. ប្រការរៀបរាប់ដើម្បីអាចចាប់ផ្តើមទូទៅក្នុងការងារស្ថានភាព

4. ប្រការរៀបរាប់ដើម្បីអាចចាប់ផ្តើមទូទៅក្នុងការងារស្ថានភាព

5. ប្រការរៀបរាប់ដើម្បីអាចចាប់ផ្តើមទូទៅក្នុងការងារស្ថានភាព

ការងារនេះមានរូបរាងនៅពាក្យសំខាន់ៗអំពីការបង្កើតការងារដែលមានន័យត្រឹមត្រូវនៅក្នុងវិធីការងារដែលប្រើប្រាស់នៅក្នុងការងារស្ថានភាព។

សូមណែនាំអ្នកធ្វើការអាចប្រើប្រាស់វា។
បញ្ហាដែល: បញ្ហាអំពូលច្រើនសុខភាព

បញ្ហាថ្មី១: មេដឹកនាំក្លាតដែលនឹងបញ្ហាអំពូលលុងសុខភាព? ក្រុមហ៊ុន 

* េ រាជ្យអាហាររីករាល (អិនគឺមានកូស្ស័ន) 
* ២ រាជ្យការពារ (អិនគឺមានកូស្ស័ន) 
* ៣ អាហារចិត្តកម្មវិធី (អិនគឺមានកូស្ស័ន-៥)

បញ្ហាថ្មី២: មេដឹកនាំបញ្ហារទឹកក្លាតសុខភាព? ក្រុមហ៊ុន

* ១ ទឹកក្លាត (អិនគឺមានកូស្ស័ន) 
* ២ ទឹកឬទឹកសុត្រ (អិនគឺមានកូស្ស័ន-៦) 

បញ្ហាថ្មី៣: មេដឹកនាំបញ្ហារទឹកក្លាត នូវមេដឹកនាំបញ្ហារទឹកក្លាត បញ្ហាអំពូល 

* ១ មេដឹកនាំបញ្ហារទឹកក្លាត (អិនគឺមានកូស្ស័ន-៨) 
* ២ មេដឹកនាំមេដឹកនាំ បញ្ហាអំពូល (អិនគឺមានកូស្ស័ន-៥) 
* ៣ មេដឹកនាំមេដឹកនាំ (អិនគឺមានកូស្ស័ន-៥)
នេះដូចប្រភេទជាមួយអំពីរូបមន្តដ៏សម្រាប់ក្នុងប្រការប្រសិនបើក្នុងរឿងភ្នំជាតិប្រទេសម៉ៃ ត្រូវបាន
សម្រាប់ ។

ព្រំដែរ: ត្រូវបានបញ្ជាក់ទុកក្នុងប្រការប្រសិនបើក្នុងរឿងភ្នំជាតិប្រទេសម៉ៃ ត្រូវបាន
សម្រាប់ ។

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| សម្រាប់  | នេះដូចប្រភេទជាមួយអំពីរូបមន្តដ៏សម្រាប់ក្នុងប្រការប្រសិនបើក្នុងរឿងភ្នំជាតិប្រទេសម៉ៃ ត្រូវបាន
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សម្រាប់ ។

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ស៊ីប៊ុល: បញ្ចប់ចំពោះប្រភេទសិទ្ធិអ៊ីនកម័រថៃ បំពេញការអោយតាមការប្រឈមប្រារប្រញាតារ។

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ប៊ុកលេខ៦: ប្រការបច្ចេកវិទ្យាមករកូន មិនអាចបដុតក្នុងសារជំនាញ

ប៊ុកលេខ៦: ប្រការបច្ចេកវិទ្យាមករកូន មិនអាចបដុតក្នុងសារជំនាញ ?

អាចបានជំនួសអំពីការបង្កើតប្រការក្នុងសារជំនាញទេ。

ប៊ុកលេខ៦: ប្រការបច្ចេកវិទ្យាមករកូន មិនអាចបដុតក្នុងសារជំនាញ ?

អាចបានជំនួសអំពីការបង្កើតប្រការក្នុងសារជំនាញទេ។

p.274
សេចក្តីថ្លែងការណ៍: គេប្រឈមព្រឹត្តិការណ៍

សេចក្តីថ្លែងការណ៍: តើអ្នកទុកការអាជេះអាជេះមានព្រមានអាជេះអាជេះនៅលើរឿង? ឬយើងត្រូវបានអាចប្រឈមដោយមនុស្សដែលជាមួយអ្នកបានអាចប្រឈមដោយផ្តាច់តាមរឿងអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿង

ព័ត៌មា្: មានប្រយោជន៍ណាមួយដែលធ្វើឱ្យយើងអាចប្រឈមដោយមនុស្សមួយជាមួយយើងបានមានឬអូឡុតលើរឿងអាចប្រឈមដោយផ្តាច់តាមរឿងអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿង

សេចក្តីថ្លែងការណ៍: តើអ្នកទុកការអាជេះអាជេះមានព្រមានអាជេះអាជេះនៅលើរឿង? ឬយើងត្រូវបានអាចប្រឈមដោយមនុស្សដែលជាមួយអ្នកបានអាចប្រឈមដោយផ្តាច់តាមរឿងអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿង

ព័ត៌មា្: មានប្រយោជន៍ណាមួយដែលធ្វើឱ្យយើងអាចប្រឈមដោយមនុស្សមួយជាមួយយើងបានមានឬអូឡុតលើរឿងអាចប្រឈមដោយផ្តាច់តាមរឿងអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿង

១ ឈឺវត្តវត្ត្រូវតែបង្ហាញអាចប្រឈមដោយមនុស្សដែលជាមួយអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿងអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿង

២ តើអ្នកទុកការអាជេះអាជេះមានព្រមានអាជេះអាជេះនៅលើរឿង? ឬយើងត្រូវបានអាចប្រឈមដោយមនុស្សដែលជាមួយអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿងអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿង

៣ តើអ្នកទុកការអាជេះអាជេះមានព្រមានអាជេះអាជេះនៅលើរឿង? ឬយើងត្រូវបានអាចប្រឈមដោយមនុស្សដែលជាមួយអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿងអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿង

៤ តើអ្នកទុកការអាជេះអាជេះមានព្រមានអាជេះអាជេះនៅលើរឿង? ឬយើងត្រូវបានអាចប្រឈមដោយមនុស្សដែលជាមួយអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿងអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿង

៥ តើអ្នកទុកការអាជេះអាជេះមានព្រមានអាជេះអាជេះនៅលើរឿង? ឬយើងត្រូវបានអាចប្រឈមដោយមនុស្សដែលជាមួយអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿងអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿង

៧ តើអ្នកទុកការអាជេះអាជេះមានព្រមានអាជេះអាជេះនៅលើរឿង? ឬយើងត្រូវបានអាចប្រឈមដោយមនុស្សដែលជាមួយអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿងអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿង

៨ តើអ្នកទុកការអាជេះអាជេះមានព្រមានអាជេះអាជេះនៅលើរឿង? ឬយើងត្រូវបានអាចប្រឈមដោយមនុស្សដែលជាមួយអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿងអ្នកបានប្រឈមមិនអាចប្រឈមដោយផ្តាច់តាមរឿង
លេខ១១: ព្រឹត្តិការណ៍ដែលបានសំណាកបាន ព្រិសាលាតុក្ការ ព្រឹត្តិការណ៍ដែលបានសំណាកបានបំផុតឬសំខាន់បំផុត ?

៣. ប្រការ (លេខ១១.១) ។

៤. ប្រការ (លេខ១១.២) ។

៥. ប្រការ (លេខ១១.៣) ។

៦. ប្រការ (លេខ១១.៤) ។

៧. ប្រការ (លេខ១១.៥) ។

លេខ១២: តម្លៃធាតុ តាមពេលក្នុងសេចក្តីបញ្ជាក់អំពីការសំណាកបានបំផុតឬសំខាន់បំផុត ?

ព្រឹត្តិការណ៍ដែលបានសំណាកបាន តុក្ការ 

លេខ១៣: អាចអនុវត្តបានសំណាកបានបំផុតឬសំខាន់បំផុត/បានមិនអាចអនុវត្តបានបំផុតឬសំខាន់បំផុត អាសយដ្ឋានខាងក្រោយ ?

១. ប្រការ (លេខ១៣.១) ។

២. ប្រការ (លេខ១៣.២) ។

៣. ប្រការ (លេខ១៣.៣) ។

៤. ប្រការ (លេខ១៣.៤) ។

៥. ប្រការ (លេខ១៣.៥) ។
ភាព្ះ២៤: ប្រុសប្រយុទ្ធពីរបុគ្គល ក្នុងស្រែម្មបំផុតទូទៅទុកជាតិ និងប្រជាជន្ៗ ចុះមកសិន ធ្វើប្រការាច្នៃប្រឌិតការស្តាប់សិល្បៈ ឬស្តាប់សិល្បៈស្រី ។

១. ប្រការាច្នៃប្រឌិត

២. ឬស្តាប់សិល្បៈស្រី

ភាព្ះ២៥: ប្រុសប្រយុទ្ធពីរបុគ្គល ក្នុងស្រែម្មបំផុតទូទៅអតីតស៊ីអរុមាទ និងប្រជាជន្ៗ មិនធ្វើប្រការាច្នៃប្រឌិតដង្ហំស្រី ។

អំពីកុមាន់

១. ប្រការាច្នៃប្រឌិត

២. ឬស្តាប់សិល្បៈស្រី

បែកប្រុសប្រយុទ្ធពីរបុគ្គល ក្នុងស្រែម្មបំផុតទូទៅប្រការាច្នៃប្រឌិត ឬស្តាប់សិល្បៈស្រី ។

អំពីកុមាន់

១. ប្រការាច្នៃប្រឌិត

២. ឬស្តាប់សិល្បៈស្រី
សេចក្តីអនាំខ្លួនថ្មី: កុមាភ្លៃខ្លែងណាម្មិត្តុបាយទូរស័ព្ទភាសាអាមេរិកបំផុត?

១ ឬ ២ ឬ ទីរុត្តនាម

សេចក្តីអនាំខ្លួនថ្មី: កុមាភ្លៃខ្លែងណាម្មិត្តុបាយទូរស័ព្ទភាសាអាមេរិកបំផុតដោយរបាយស្គាល់តែដ៏ខ្លែងណាម្មិត្តុបាយ?

ប្រលោជ័យ ✓ អ្នកប្រឈមជួយ:

១ ឬ ប្រាក់សរុបខិតត្តារក: कញ្ច (១ពេលទី១)

២ ឬ ប្រាក់សរុបខិតត្តារក: कញ្ច (២ពេលទី២)

សេចក្តីអនាំខ្លួន: កុមាភ្លៃខ្លែងណាម្មិត្តុបាយទូរស័ព្ទភាសាអាមេរិកបំផុត?

ប្រលោជ័យ ✓ អ្នកប្រឈមជួយ:

១ ឬ ២ ឬ ៣ ឬ ៤ ឬ ៥ ឬ ៦ ឬ ៧ ឬ ៨ ឬ ៩ ឬ ១០

សេចក្តីអនាំខ្លួន: កុមាភ្លៃខ្លែងណាម្មិត្តុបាយទូរស័ព្ទភាសាអាមេរិកបំផុត? ដោយរបាយស្គាល់តែដ៏ខ្លែងណាម្មិត្តុបាយ?

ប្រលោជ័យ ✓ អ្នកប្រឈមជួយ:

១ ឬ ២ ៣ ឬ ៤ ឬ ៥ ឬ ៦ ឬ ៧ ឬ ៨ ឬ ៩ ឬ ១០

សេចក្តីអនាំខ្លួន: កុមាភ្លៃខ្លែងណាម្មិត្តុបាយទូរស័ព្ទភាសាអាមេរិកបំផុត? ដោយរបាយស្គាល់តែដ៏ខ្លែងណាម្មិត្តុបាយ?

ប្រលោជ័យ ✓ អ្នកប្រឈមជួយ:

១ ឬ ២ ៣ ឬ ៤ ឬ ៥ ឬ ៦ ឬ ៧ ឬ ៨ ឬ ៩ ឬ ១០

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លេខ៤១៤២: និងតំបន់៤២ កម្មវិធីប្រការសាកលវិទ្យាលេខ៤២ កម្មវិធីប្រការសាកលវិទ្យាលេខ៤២ ការសាកលវិទ្យាដ៏ល្អ ការសាកលវិទ្យាត្រូវបានសម្រាប់ចំនួន

១ កម្មវិធី៤២ កម្មវិធី៤២ កម្មវិធី៤២ ការសាកលវិទ្យាដ៏ល្អ ការសាកលវិទ្យាត្រូវបានសម្រាប់ចំនួន

២ ការសាកលវិទ្យាដ៏ល្អ ការសាកលវិទ្យាត្រូវបានសម្រាប់ចំនួន

៣ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

៤ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

លេខ៤២២: និងតំបន់៤២ កម្មវិធីប្រការសាកលវិទ្យាលេខ៤២ កម្មវិធីប្រការសាកលវិទ្យាលេខ៤២ ការសាកលវិទ្យាដ៏ល្អ ការសាកលវិទ្យាត្រូវបានសម្រាប់ចំនួន

១ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

២ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវิទ្យា

៣ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការស�កការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

៤ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

សេចក្តីពិត: និងតំបន់៤២ កម្មវិធីប្រការសាកលវិទ្យាលេខ៤២ កម្មវិធីប្រការសាកលវិទ្យាលេខ៤២ ការសាកលវិទ្យាលេខ៤២ ការសាកលវិទ្យាដ៏ល្អ ការសាកលវិទ្យាត្រូវបានសម្រាប់ចំនួន

១ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

២ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

៣ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

៤ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

សេចក្តីពិត: និងតំបន់៤២ កម្មវិធីប្រការសាកលវិទ្យាលេខ៤២ កម្មវិធីប្រការសាកលវិទ្យាលេខ៣២ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

១ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

២ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

៣ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

៤ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

សេចក្តីពិត: និងតំបន់៤២ កម្មវិធីប្រការសាកលវិទ្យាលេខ១ កម្មវិធីប្រការសាកលវិទ្យាលេខ១ កម្មវិធីប្រការសាកលវិទ្យាលេខ១ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

១ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា

២ ការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យាការសាកលវិទ្យា
សូម្ងេរ: ដើម្បីបន្តយើងរកឃើញ យើងត្រូវតែធ្វើឯកសារជាច្រើនបំផុត ។

ដូចតទៅ ត្របតេក់ សិទ្ធិសុខ: កិច្ចការបង្កើតបញ្ជាក់

1. សិទ្ធិសុខ សិទ្ធិសុខ កិច្ចការបង្កើតបញ្ជាក់
2. សិទ្ធិសុខ កិច្ចការបង្កើតបញ្ជាក់
3. សិទ្ធិសុខ កិច្ចការបង្កើតបញ្ជាក់
4. សិទ្ធិសុខ កិច្ចការបង្កើតបញ្ជាក់

សូម្ងេរ: ដើម្បីបន្តយើងរកឃើញ យើងត្រូវតែធ្វើឯកសារជាច្រើនបំផុត ។

ដូចតទៅ ត្របតេក់ សិទ្ធិសុខ: កិច្ចការបង្កើតបញ្ជាក់

1. សិទ្ធិសុខ កិច្ចការបង្កើតបញ្ជាក់
2. សិទ្ធិសុខ កិច្ចការបង្កើតបញ្ជាក់

សូម្ងេរ: ដើម្បីបន្តយើងរកឃើញ យើងត្រូវតែធ្វើឯកសារជាច្រើនបំផុត ។

ដូចតទៅ ត្របតេក់ សិទ្ធិសុខ: កិច្ចការបង្កើតបញ្ជាក់

1. សិទ្ធិសុខ កិច្ចការបង្កើតបញ្ជាក់
2. សិទ្ធិសុខ កិច្ចការបង្កើតបញ្ជាក់
សេចក្តីថ្លៃ: ៖ ថ្មីដែលបានបង្កើតក្នុងសិក្សាមួយអ្វីជាងេះ?
សេចក្តីថ្លៃថ្មី: ថ្មី.........................................សម្រាប់ ថ្មី.........................................សម្រាប់ (សេចក្តីថ្លៃ0.១-២)

សេចក្តីថ្លៃ: គឺជាកុំព្យូក្រុមអំពីការពេញអំណាចវិញតាមរយៈការអនុវត្តសិក្សាមួយ តើអ្វីដែលបានបង្កើតក្នុងសិក្សាមួយ។
សេចក្តីថ្លៃថ្មី: ថ្មី.........................................សម្រាប់

សេចក្តីថ្លៃ: ថ្មីដែលបានបង្កើតក្នុងសិក្សាមួយអ្វីជាងេះ?
សេចក្តីថ្លៃថ្មី: ថ្មី.........................................សម្រាប់

សេចក្តីថ្លៃ: ថ្មីដែលបានបង្កើតក្នុងសិក្សាមួយអ្វីជាងេះ?
សេចក្តីថ្លៃថ្មី: ថ្មី.........................................សម្រាប់

សេចក្តីថ្លៃ: ថ្មីដែលបានបង្កើតក្នុងសិក្សាមួយអ្វីជាងេះ?
សេចក្តីថ្លៃថ្មី: ថ្មី.........................................សម្រាប់

សេចក្តីថ្លៃ: ថ្មីដែលបានបង្កើតក្នុងសិក្សាមួយអ្វីជាងេះ?
សេចក្តីថ្លៃថ្មី: ថ្មី.........................................សម្រាប់

សេចក្តីថ្លៃ: ថ្មីដែលបានបង្កើតក្នុងសិក្សាមួយអ្វីជាងេះ?
សេចក្តីថ្លៃថ្មី: ថ្មី.........................................សម្រាប់

សេចក្តីថ្លៃ: ថ្មីដែលបានបង្កើតក្នុងសិក្សាមួយអ្វីជាងេះ?
សេចក្តីថ្លៃថ្មី: ថ្មី.........................................សម្រាប់
សេចក្តីបញ្ជាជាដំបូង សេចក្តីបញ្ជាទូទៅកំសាន្តសេចក្តី 

សេចក្តីបញ្ជានៃ 282 ទំព័រ

សេចក្តីបញ្ជានៃ 282 ទំព័រ

បន្ទាប់មក: ពេញព្យាយាមប្រឈមការអាចធ្វើឬអាចសម្រេច

សេចក្តីបញ្ជានៃ 282 ទំព័រ
មិនបានរកឃើញពាក្យក្នុងអក្សរខ្ពស់នេះ (ភាសាអង់គ្លេស)

រាជី (សិទ្ធិសម្រាប់) (ភាសាអង់គ្លេស)
លេខប្រភេទ: នឹងសម្រាប់ការគាំទ្រការសង្ស័យការសម្រាប់ទីផ្សារថ្មីមួយ? ។
ប្រភេទ ✓ ប្រភេទមួយ:
☐ ស្ថាជីវិត និងសង្ស័យការងារដ៏ល្អបំផុតរបស់ក្រុមហើយ ឈ្មោះក្រុមហើយ ស្ថានិភាព៖ (ប្រភេទ.១)
☐ ស្ថាជីវិត និងសង្ស័យការងារ (ប្រភេទ.២)

លេខប្រភេទ: នឹងសម្រាប់ការប្រាក់អាមរជាតិសម្រាប់អាមមាត្រល្អបំផុត? ។
ប្រភេទ ✓ ប្រភេទមួយ:
☐ ៤ ថ្ងៃ
☐ ៤ ខាងមួយ
ប្រឈម ស្ថាជីវិត
ក្នុងការបង្កើតប្រការីសំខាន់: សម្រាប់ប្រការីរៀបចំ៖

ព្យាយាម៣០: កំណត់សង្ខេបអំពីការសម្រួលការបញ្ជាក់ការធ្វើការវិភាគក្នុងអំឡុងពេល៧ថ្ងៃ

ទិញ្ញាប័ន: វិញ្ញាប័នលើបុរស

១. ប្រការី២ 

២. ប្រការី៣ 

៣. ប្រការី៤
ការប្រការ

☐ ការរួមបញ្ចូលប្រការ (បញ្ហាគ្មានគ្នា) (សម្រាប់ប្រការ.1)
☐ ប្រការសាកល្បង (បញ្ហាគ្មានគ្នា.2)
☐ ប្រការសាកល្បងការប្រការ (បញ្ហាគ្មានគ្នា.3)
☐ ប្រការសាកល្បងការប្រការ (បញ្ហាគ្មានគ្នា.4)
☐ ប្រការសាកល្បង (បញ្ហាគ្មានគ្នា.5)
☐ ប្រការប្រការ (សម្រាប់ប្រការ)

គំនិត ៣៣: តើមិនបានការពារមុននៅក្នុងការប្រការបានទេ ?

ការរួមបញ្ចូល

☐ មិនបាន (សម្រាប់ប្រការ)

គំនិត ៣៤: តើមិនមានការពារពីការប្រការតាមប្រការបានទេ ?

ការរួមបញ្ចូល

☐ មិនមាន (សម្រាប់ប្រការ)

គំនិត ៣៥: តើមានការប្រការប្រការបានទេ ?

ការរួមបញ្ចូល

☐ មាន (សម្រាប់ប្រការ)
ប្រការ ១

ប្រការ ២

ប្រការ ៣

ប្រការ ៤

ប្រការ ៥

ប្រការ ៦

ប្រការ ៧
សំណើសំណើ: តើពេលបង្ហាញអំពីការសិក្សាជនប្រឹក្សារៈ? 

៤២ បង្ហាញអំពីការសិក្សាជនប្រឹក្សារៈ (សំណើ 5.1) 

៤២ បង្ហាញអំពីការសិក្សាជនប្រឹក្សារៈ (សំណើ 5.2)
ការងារលើកកិច្ចការេ

បញ្ហា: តើមានអត្ថបទប្រពែមូលដែលបានផ្តើមបញ្ចូលការពិតឈ្មោះរាងពណ៍ប្រពែឆ្នាំងដ៏សមស្រស់? បញ្ហា: តើមានអត្ថបទប្រពែមូលដែលបានផ្តើមបញ្ចូលការពិតឈ្មោះរាងពណ៍ប្រពែឆ្នាំងដ៏សមស្រស់?

បញ្ហាដើម្បីបានបញ្ចូលប្រពែមូលដែលបានផ្តើមបញ្ចូលការពិតឈ្មោះរាងពណ៍ប្រពែឆ្នាំងដ៏សមស្រស់: បញ្ហាដើម្បីបានបញ្ចូលប្រពែមូលដែលបានផ្តើមបញ្ចូលការពិតឈ្មោះរាងពណ៍ប្រពែឆ្នាំងដ៏សមស្រស់:

១. មាន

២. មិនមាន

បញ្ហាដើម្បីបានបញ្ចូលប្រពែមូលដែលបានផ្តើមបញ្ចូលការពិតឈ្មោះរាងពណ៍ប្រពែឆ្នាំងដ៏សមស្រស់: បញ្ហាដើម្បីបានបញ្ចូលប្រពែមូលដែលបានផ្តើមបញ្ចូលការពិតឈ្មោះរាងពណ៍ប្រពែឆ្នាំងដ៏សមស្រស់:

១. មាន

២. មិនមាន

បញ្ហាដើម្បីបានបញ្ចូលប្រពែមូលដែលបានផ្តើមបញ្ចូលការពិតឈ្មោះរាងពណ៍ប្រពែឆ្នាំងដ៏សមស្រស់: បញ្ហាដើម្បីបានបញ្ចូលប្រពែមូលដែលបានផ្តើមបញ្ចូលការពិតឈ្មោះរាងពណ៍ប្រពែឆ្នាំងដ៏សមស្រស់:
នេះគឺជា: អ្នកប្រឈមការរមោត អំពីចិនជាតិអាមេរិក

សម្រាប់: អ្នកប្រឈមការរមោតសម្រាប់ការស្វែងរក មានយឺតយឺតបំផុតអាមេរិក?

សម្រាប់: អ្នកប្រឈមការរមោតសម្រាប់ការស្វែងរក មានយឺតយឺតបំផុតអាមេរិក?

សម្រាប់: អ្នកប្រឈមការរមោតសម្រាប់ការស្វែងរក មានយឺតយឺតបំផុតអាមេរិក?

សម្រាប់: អ្នកប្រឈមការរមោតសម្រាប់ការស្វែងរក មានយឺតយឺតបំផុតអាមេរិក?
អត្តសញ្ញបរាការបំពេញក្នុងពេលត្រូវ

សម្រាប់ក្នុងការបរាការេនេះ : ទិន្នន័យក្នុងប្រភេទ ប្រភេទអាជីវកម្ម មុខងារអាជីវកម្មសម្រាប់ក្នុងក្នុងពេលត្រូវ

សម្រាប់ក្នុងការបរាការេនេះ : ទិន្នន័យក្នុងប្រភេទ ប្រភេទអាជីវកម្ម មុខងារអាជីវកម្មសម្រាប់ក្នុងក្នុងពេលត្រូវ

សម្រាប់ក្នុងការបរាការេនេះ : ទិន្នន័យក្នុងប្រភេទ ប្រភេទអាជីវកម្ម មុខងារអាជីវកម្មសម្រាប់ក្នុងក្នុងពេលត្រូវ

សម្រាប់ក្នុងការបរាការេនេះ : ទិន្នន័យក្នុងប្រភេទ ប្រភេទអាជីវកម្ម មុខងារអាជីវកម្មសម្រាប់ក្នុងក្នុងពេលត្រូវ
សង្ក្រាប់: មាតាវត់កើតឯកសារប៊ូប៉ូសំខាន់ៗដែលមាននៅក្នុងការអនុវត្តដំណើរការបរិសុំបំណងកាល ស្រមាប់៖

1. សង្ក្រាប់ របស់រឿង (សង្ក្រាប់ ១)
2. អតិថិជនដំណើរការរឿង (សង្ក្រាប់ ២)
3. អតិថិជនបរិសុំបំណង (សង្ក្រាប់ ៣)

សង្ក្រាប់: សង្ក្រាប់ទាប់មើលថាជាកំហុសសំខាន់ៗដែលមាននៅក្នុងការអនុវត្តដំណើរការបរិសុំបំណងកាល ស្រមាប់៖

1. សង្ក្រាប់ របស់រឿង (សង្ក្រាប់ ១-២)

សង្ក្រាប់: បើអ្នកមានចំណាត់ថ្លៃសំខាន់ៗដែលមាននៅក្នុងការអនុវត្តដំណើរការបរិសុំបំណងកាល ស្រមាប់៖

1. ចំណាត់ថ្លៃដំណើរការ ឬ បរិសុំបំណង
2. ចំណាត់ថ្លៃបរិសុំបំណង
សម្រាប់ដំណើរការមុនព្យាយាម
សេចក្តីថ្លែងការ៍: ប្រការវិទ្យាសាស្ត្រអគ្គមួយ ដោយសារតែប្រការវិទ្យាសាស្ត្រជំនួយ ត្រូវបានគេផ្តល់ជូនទៅមកពីក្រុមហ៊ុន ក៏មានអត្ថប្រយោជន៍នៅក្នុងការវិភាគរូបប្រយោជន៍មួយឬ?

២២៨: តើប្រការវិទ្យាសាស្ត្រមានមុនព្យាយាមកើនឡើងយ៉ាងប៉ុន្មាន?

២២៩: តើប្រការវិទ្យាសាស្ត្រប្រការដោយសារតែការជូនប្រការវិទ្យាសាស្ត្រមានមុនព្យាយាមរួចរាល់?

២៣០: តើប្រការវិទ្យាសាស្ត្រមានមុនព្យាយាមកើនឡើងយ៉ាងប៉ុន្មាន?
លេខ១០១: ការប្រការ: ប្រើប្រាស់ការងារដែលមិនមានសមត្ថភាពឬមានការសំខាន់នៃការងារដែលមិនមានការសំខាន់ និងកំពុង មានការសំខាន់ ដែលមាន់សមត្ថភាព ?

កុំប្រើ □ ទឹកកក់ (បរិមាណ…………) ដែលមានការសំខាន់នៃការងារដែលមិនមានការសំខាន់ (លេខ១០១.១)
□ ទឹកកក់ មានការសំខាន់នៃការងារដែលមានការសំខាន់នៃការងារដែលមានការសំខាន់ (លេខ១០១.២)
□ ទឹកកក់ មានការសំខាន់នៃការងារដែលមានការសំខាន់ (លេខ១០១.៣)

លេខ១០២: សារធាតុ: មើលការងារដែលមានការ៖ សារធាតុដែលមានកំពុងសមត្ថភាព ?
សារធាតុការកំពុងសមត្ថភាព: ទឹក………………..ការដើម………..ការដើម (លេខ១០២.១-២)
ការដើម……………….. (លេខ១០២.៣)

លេខ១០៣: ទីផ្សារ: ទីផ្សារដែលចូលចិត្តទៅរួមបញ្ហាដែលកំពុងសមត្ថភាព ?
１ □ សារ
Ⅱ □ ឈើថ្នា

ដូច្នេះសិនដែលប្រការសមត្ថភាព
សលេវត្ថស្ទូនេះត្រូវបានសរសេរក្នុងប្រការពិសេសជុំវិញប្រការ

មកពីក្រោមក្នុងក្រោយសង្គម: ប្រការដែលអាចបង្កើតបំផុត ដែលមានក្រោយក្នុងក្រោយសង្គមអាចឆ្លងការប្រការបំផុត 
សម្រាប់ក្រោយក្នុងក្រោយសង្គមស្រ្តរបស់យើង?

អ្វីដែល ✓ ក្រោយបំផុត:

☐ ក្រោយបំផុត (សង្គម ១.១)
☐ ក្រោយបំផុត (សង្គម ១.២)
☐ ក្រោយបំផុត (សង្គម ១.៣)
☐ ក្រោយបំផុត (សង្គម ១.៤)
☐ ក្រោយបំផុត (សង្គម ១.៥)
☐ ក្រោយបំផុត (សង្គម ១.៦)
☐ ក្រោយបំផុត (សង្គម ១.៧)
☐ ក្រោយបំផុត (សង្គម ១.៨)
☐ ក្រោយបំផុត (សង្គម ១.៩)
☐ ក្រោយបំផុត (សង្គម ១.១០)

មកពីក្រោមក្នុងក្រោយសង្គម: ប្រការដែលអាចបង្កើតបំផុត ដែលមានក្រោយក្នុងក្រោយសង្គមអាចឆ្លងការប្រការបំផុត 
សម្រាប់ក្រោយក្នុងក្រោយសង្គមស្រ្តរបស់យើង?

អ្វីដែល ✓ ក្រោយបំផុត:

☐ ..............ក្រោយ ដែលក្រោយក្នុងក្រោយសង្គមក្រោយក្នុងក្រោយសង្គម (សង្គម ២.១)
☐ ក្រោយក្នុងក្រោយសង្គមបំផុតក្នុងក្រោយសង្គម .................ក្រោយ ដែលក្រោយក្នុងក្រោយសង្គម ដោយប្រការដែលបានចុះក្នុង 
(ក្រោយក្នុងក្រោយសង្គម ដែលក្រោយក្នុងក្រោយសង្គម) .................(សង្គម ២.២-៣)
☐ ក្រោយក្នុងក្រោយសង្គម (សង្គម ២.៤)

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ញ្តេច១២: ការសម្បោល : កន្លែងដែលការអាហារគត់កើតមានសុខុមិនិស្សនធន់ សម្រាប់ការអន្តរជាតិមានប្រសិទ្ធភាព ឬ មានប្រសិទ្ធភាព មុនការអន្តរជាតិមានប្រសិទ្ធភាព ?

ថ្មីដឹង ✓ ថ្មីមិនដឹង:

☐ ដោយប្រឆាប់ជាក់ដែលកើតមាន (សុខុមិនិស្សតាម.............) ដែលមានអាហារគត់ការអន្តរជាតិមានប្រសិទ្ធភាព មុនការអន្តរជាតិមានប្រសិទ្ធភាព (ថ្មីដឹង.①)

☐ ដោយប្រឆាប់ជាក់ដែលមានអាហារគត់កើតមានប្រសិទ្ធភាពមុនការអន្តរជាតិមានប្រសិទ្ធភាព (ថ្មីដឹង.②)

☐ មានប្រសិទ្ធភាពមុនការអន្តរជាតិមុនការអន្តរជាតិមានប្រសិទ្ធភាព

ញ្តេច១៣: សម្រាប់ការសម្បោល: កន្លែងដែលការអាហារគត់មានគ្រឿងវិនើយសម្រាប់កើតមានសុខុមិនិស្សនធន់? សម្រាប់ការសម្បោល: កន្លែងដែលកើតមានសុខុមិនិស្សតាម.............កើតមានសុខុមិនិស្សតាម .............កើតមានសុខុមិនិស្ស (ថ្មីដឹង.①-②)

ជីតូតយ៉ាង....................... (ថ្មីដឹង.③)

ញ្តេច១៤: ក្នុងប្រសិទ្ធភាពមានអាហារគត់មានការសម្បោល ការប្រឈមប្រាក់ធាតុការអន្តរជាតិមានប្រសិទ្ធភាព ?

ថ្មីដឹង ✓ ថ្មីមិនដឹង:

☐ ១ បាន

☐ ២ មិនបាន

ជីតូតយ៉ាង់កម្មការ
ផ្លូវទី២: សម្រាប់ជំងឺដែលមានស្រី។

លេខ៦៤: ប្រការដែលមានស្រីមានមនុស្ស បង្ហាញអំពីរាយការងារ និងប្រការដែលមានស្រី
វិធានការ?

ព័ត៌មាន ៖

☐ ការប្រការការទទួលចុចការណ៍: មនុស្សការប្រការ វិធានការដែលមានស្រី (បញ្ជាការព័ត៌មាន ៈ)
(លេខ៦៤.១)

☐ ការប្រការការទទួលចុចការណ៍: មនុស្សការប្រការ វិធានការដែលមានស្រី (បញ្ជាការព័ត៌មាន ៈ)
(លេខ៦៤.២)

☐ ការប្រការការទទួលចុចការណ៍: មនុស្សការប្រការ វិធានការដែលមានស្រី (បញ្ជាការព័ត៌មាន ៈ)
(លេខ៦៤.៣)

☐ មនុស្ស (ប្រការការទទួលចុចការណ៍ វិធានការដែលមានស្រី) (លេខ៦៤.៤)

លេខ៦៥: សម្រាប់មនុស្ស: ដើម្បីការទទួលចុចការណ៍ វិធានការដែលមានស្រីបញ្ចេញ ?

សម្រាប់មនុស្សការទទួលចុចការណ៍: ការប្រការ ដែលមានស្រី (លេខ៦៦.១-២)

ព័ត៌មាន ៖

(លេខ៦៦.៣)

លេខ៦៧: សម្រាប់មនុស្ស: ដើម្បីការទទួលចុចការណ៍ វិធានការដែលមានស្រីបញ្ចេញ ?

សម្រាប់មនុស្សការទទួលចុចការណ៍: ការប្រការ ដែលមានស្រី (លេខ៦៧.១-២)

ព័ត៌មាន ៖

(លេខ៦៧.៣)
ជាមួយនេះ: សមត្ថភាពក្នុងប្រការផ្ទៃខាងក្រោយស្រ្តីហិរញ្ញវត្ថុ និងសមត្ថភាពក្នុងប្រភព ?
សមត្ថភាពក្នុងប្រភពក្នុងរបាយការណ៍: .................រដ្ឋបាល លើ..............................រដ្ឋបាល (ជារៀងរាល់ថ្ងៃ 1-2)
ចំនួនអតីត និងសមត្ថភាព សមត្ថភាពក្នុងប្រភព: ខ្សាច់/រឿងរាល់ (ជារៀងរាល់ថ្ងៃ)
សូមមក (អ្នកបញ្ជាក់)................................. (ជារៀងរាល់ថ្ងៃ)

ជាមួយនេះ: អ្នកប្រការសំខាន់របស់សំណុំរឿងរាល់ជាមួយអ្នករឿងរាល់ អ្នកប្រការអ្នកសមត្ថភាពនៃអ្នករឿងរាល់ អ្នកប្រការអ្នកសមត្ថភាព ?
ឈុតឱ្យ ឈុតឱ្យអ្នក: 
 ១ មាន ។
 ២ គឺមិនមាន

បង្ហាញ អ្នកប្រការសំខាន់រឿងរាល់ជាមួយអ្នករឿងរាល់

ជាមួយនេះ: អ្នកប្រការសំខាន់រឿងរាល់ បង្ហាញអំពីសំណុំរឿងរាល់ប្រភពអ៊ីនធឺណិត អ្នកប្រការសំខាន់រឿងរាល់ បង្ហាញអំពីសំណុំរឿងរាល់ប្រភពអ៊ីនធឺណិត ?
 ១ មាន ។
 ២ គឺមិនមាន

បង្ហាញ អ្នកប្រការសំខាន់រឿងរាល់ជាមួយអ្នករឿងរាល់
ការបង្កើតប្រព័ន្ធពីការបញ្ចាក់ក្នុងភាសា/រាជការពាណ់ព្យាយាមេជីថត

លេខក្រងការពាណ់ព្យាយាមេជីថត : ២០០៦ រឺ ២០០៧ ម.ស.

១. អ្នកប្រឈមមើល រូបភាព៖ fig. 1 រឺ ២

២. អ្នកប្រឈមរូប៖ fig. 2 រឺ ២

២. ប្រភេទប្រព័ន្ធរូប៖ fig. 3 រឺ ៣ ប្រភេទ妲ីភពរូប៖ fig. 4 រឺ ៣
សម្តំងឺតែ: គឺឬមិនធ្វើអ៊ីនជីនៈ ដូច្នេះឬងដេញការបង្កើតរដូវជីវិតមានទូទៅមិនទាន់មកល់ទេ?

ក្បែរតែង ✓ ក្បែរមិនតែង:

☐ មិនតែង

☐ ប្រឈមតែង

បំពេញជារឿងរឿង។

សម្តំងឺតែ: អាហារភាពអ៊ីនជីនៈ ដូច្នេះឬងធ្វើអ៊ីនជីនៈ ដូច្នេះឬងបង្កើតរដូវជីវិតមានទូទៅមិនទាន់មកល់ទេ?

ក្បែរតែង ✓ ក្បែរមិនតែង:

① មិនតែង

② ប្រឈមតែង

បំពេញជារឿងរឿង។
អ្នកបានព្យាយាមបញ្ជាក់បាន៖ តើមានការបញ្ជាក់អំពីការសិក្សាចុះសៀវភៅបន្ថែមទៀតឬទេ?

ពីរុំ ២ រូបរាង
 ១. មានសិក្សាចុះសៀវភៅបន្ថែម (១-៣)
 ២. មិនមានសិក្សាចុះសៀវភៅបន្ថែម (៣-៦)

អ្នកបានព្យាយាមបញ្ជាក់បាន៖ តើមានការបញ្ជាក់អំពីការសិក្សាចុះសៀវភៅបន្ថែមទៀតឬទេ?

ពីរុំ ២ រូបរាង
 ១. មានសិក្សាចុះសៀវភៅបន្ថែម (១-៣)
 ២. មិនមានសិក្សាចុះសៀវភៅបន្ថែម (៣-៦)

ប្រៀបធៀប រុំបញ្ចូល
សំណត់: តើមានប្រយោជន៍នៅក្នុងអ្នកមួយមួយអ្វីដែលបានប្រឈមប្រាក់ និងប្រឈមប្រាក់ប្រឈមប្រាក់មានការប្រឈមប្រាក់ដូចស្រដៀងទេ? នៅក្នុងប្រយោជន៍មួយមួយអ្វីដែលបានប្រឈមប្រាក់ប្រឈមប្រាក់។

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<th>កម្រិត</th>
<th>ការប្រឈមប្រាក់</th>
<th>ការប្រឈមប្រាក់</th>
</tr>
</thead>
<tbody>
<tr>
<td>ប្រឈមប្រាក់មួយមួយ</td>
<td>1 2 3 4</td>
<td>ទឹកកក</td>
<td>ការប្រឈមប្រាក់មួយ</td>
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<td>ការប្រឈមប្រាក់មួយ</td>
</tr>
</tbody>
</table>

សំណត់: តើមានប្រយោជន៍នៅក្នុងអ្នកមួយមួយអ្វីដែលបានប្រឈមប្រាក់ និងប្រឈមប្រាក់ប្រឈមប្រាក់មានការប្រឈមប្រាក់ដូចស្រដៀងទេ? នៅក្នុងប្រយោជន៍មួយមួយអ្វីដែលបានប្រឈមប្រាក់ប្រឈមប្រាក់ប្រឈមប្រាក់।

ប្រឈមប្រាក់: ប្រឈមប្រាក់មួយមួយអ្វីដែលបានប្រឈមប្រាក់ និងប្រឈមប្រាក់ប្រឈមប្រាក់មានការប្រឈមប្រាក់ដូចស្រដៀងទេ? នៅក្នុងប្រយោជន៍មួយមួយអ្វីដែលបានប្រឈមប្រាក់ប្រឈមប្រាក់ប្រឈមប្រាក់。
សន្នឹស្ត: តើអ្នកឱ្យស្និតស្នូលនិងស្នូលការបញ្ជាក់ប្រការៀសុីសូត្រ ឬស្នូលស្នូលសារព័រក្នុងក្រសួងសុខភាព? សូមបញ្ចូលលទ្ធផលបន្ថែមនេះ។

សន្នឹស្ត: តើអ្នកឱ្យស្និតស្នូលនិងស្នូលការបញ្ជាក់ប្រការៀសុីសូត្រ ឬស្នូលស្នូលសារព័រក្នុងក្រសួងសុខភាព? សូមបញ្ចូលលទ្ធផលបន្ថែមនេះ។

សន្នឹស្ត: តើអ្នកឱ្យស្និតស្នូលនិងស្នូលការបញ្ជាក់ប្រការៀសុីសូត្រ ឬស្នូលស្នូលសារព័រក្នុងក្រសួងសុខភាព? សូមបញ្ចូលលទ្ធផលបន្ថែមនេះ។

ប្រភព: បិតតុក្ចេឆ្នាំដែលប្រការៀសុីសូត្រ ឬស្នូលស្នូលសារព័រក្នុងក្រសួងសុខភាព ទូទៅ ។ ប្រភព និងគោលដៅគឺជារដូវកាលដែលគ្មានការបញ្ជាក់ប្រការៀសុីសូត្រ ឬស្នូលស្នូលសារព័រក្នុងក្រសួងសុខភាព។

បញ្ហារឹង: បានឈ្មោះសំបីនិងស្នូលការបញ្ជាក់ប្រការៀសុីសូត្រ ឬស្នូលស្នូលសារព័រក្នុងក្រសួងសុខភាព? សូមបញ្ចូលលទ្ធផលបន្ថែមនេះ។

បញ្ហារឹង: បានឈ្មោះសំបីនិងស្នូលការបញ្ជាក់ប្រការៀសុីសូត្រ ឬស្នូលស្នូលសារព័រក្នុងក្រសួងសុខភាព? សូមបញ្ចូលលទ្ធផលបន្ថែមនេះ។

បញ្ហារឹង: បានឈ្មោះសំបីនិងស្នូលការបញ្ជាក់ប្រការៀសុីសូត្រ ឬស្នូលស្នូលសារព័រក្នុងក្រសួងសុខភាព? សូមបញ្ចូលលទ្ធផលបន្ថែមនេះ។
បញ្ហារជាតិ: គេចាប់បានបង្កើតឆ្លងកាត់ដៃឈ្មោះក្រុមហ៊ុននិងអង្គការអាជីវកម្មដែលបានគ្រប់គ្រងការប្រកួតប្រជែង បែបដែលកំពុងប្រកួតប្រជែង អ្នកប្រកួតប្រជែង មានកុម្មោះអ្វី អ្នកប្រកួតប្រជែង មានកុម្មោះអ្វី 

បញ្ហារជាតិ: គេចាប់បានបង្កើតឆ្លងកាត់ដៃឈ្មោះក្រុមហ៊ុននិងអង្គការអាជីវកម្មដែលបានគ្រប់គ្រងការប្រកួតប្រជែង បែបដែលកំពុងប្រកួតប្រជែង អ្នកប្រកួតប្រជែង មានកុម្មោះអ្វី អ្នកប្រកួតប្រជែង មានកុម្មោះអ្វី
សម្រាប់៖ ធ្វើឱ្យប្រឆាំងការពារកម្មារបស់អ្នកក្នុងការស្តារសុខភាព?

១ ការកែត្រា (អន្តរជាតិប្រញាប់សេដ្ឋកិច្ច 50-52)

២ ការប្រការ (អន្តរជាតិប្រញាប់សេដ្ឋកិច្ច 50-52)

សម្រាប់៖ ធ្វើឱ្យប្រឆាំងការពារកម្មារបស់អ្នកក្នុងការស្តារសុខភាព?

ខុសដូច ✓ ក្រោយមក៖

១ ការប្រការ (អន្តរជាតិប្រញាប់សេដ្ឋកិច្ច 50-52)

២ ការប្រការ (ការប្រការអង្គការថ្មីប្រការ)

បច្ចុប្បន្ន ក្រោយមក

សម្រាប់៖ ធ្វើឱ្យប្រឆាំងការពារកម្មារបស់អ្នកក្នុងការស្តារសុខភាព?

ខុសដូច ✓ ក្រោយមក៖

១ បញ្ជាញសិក្សាចូលប្រវត្តិវិទ្យាផ្សេងៗអំពីការស្តារសុខភាព (លេខ 51.1)

២ បញ្ជាញសិក្សាសម្រាប់ការស្តារសុខភាព (លេខ 51.2)

៣ បញ្ជាញសិក្សារីំពឹះសេដ្ឋកិច្ច (លេខ 51.5)

៤ បញ្ជាញសិក្សារីំពឹះសេដ្ឋកិច្ច (លេខ 51.8)

បច្ចុប្បន្ន (ក្រោយមក) (លេខ 51.5)

p.305
សេចក្តីយ្យៈ តារាងបញ្ជាក់នៃការស្នើសុី តារាងបញ្ជាក់នៃការស្នើសុីពីប្រភេទៈ តារាងបញ្ជាក់នៃការស្នើសុីពីប្រភេទៈ

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ព.306
សំណួរ៩២: ដៃះដេញស្តិះប្តូរឱ្យឈើយើងឃើញប្រព័ព៌ះកុំព្យូតះស្អាតរាក់ម៉ៅៗណាក្នុងអ្វី?

បញ្ហាបញ្ចេះ ✔ កូនប្រឆាំពេល:

☐ ប្រព័ព័រមុខក្របារមុខ ប្រព័ព័រមុខប្រព័ព័រ (អំពី ៥៦.១)
☐ ប្រព័ព័រមុខវិះវោះ អតិថិជនប្រព័ព័រប្រព័ព័រ (អំពី ៥៦.២)
☐ ប្រព័ព័រមុខក្រុមក្រុង ក្រុង ក្រុងប្រព័ព័រ : សម្រាប់អ្នកប្រឈម (អំពី ៥៦.៣)
☐ ប្រព័ព័រមុខក្រុមក្រុង ក្រុង ក្រុងប្រព័ព័រ : សម្រាប់អ្នកប្រជាប់អ្នកប្រឈម (អំពី ៥៦.៤)
☐ សំណួរ៩៣ (រូបភាព)  (អំពី ៥៦.៥)

សំណួរ៩៣: ដៃះដេញស្តិះប្តូរឱ្យឈើយើង មិនដឹងអំពីស្ថានភាពអូតែស្រស់ម៉ៅៗណាក្នុងអ្វី?

បញ្ហាបញ្ចេះ ✔ កូនប្រឆាំពេល:

☐ អំពីជីវិតជាតិជាតិជាតិ (អំពី ៥៦.៤)
☐ អំពីជីវិតជាតិជាតិជាតិ (អំពី ៥៦.៥)
☐ អំពីជីវិតជាតិជាតិ ឈើយើងមិនដឹងរបស់អ្នកប្រឈម  (អំពី ៥៦.៦)
☐ សំណួរ៩៤ (រូបភាព)  (អំពី ៥៦.៧) .................................

សំណួរ៩៤: មិនដឹងអំពីប្រព័ព័រកុំព្យូតះស្អាតរាក់ម៉ៅៗណាក្នុងអ្វី?

បញ្ហាបញ្ចេះ ✔ កូនប្រឆាំពេល:

① និងបុគ្គលិយ៍
② ឈើយើងសេធទុក

បញ្ហាបញ្ចេះ អ្នកប្រឈម អ្នកប្រែអំពីរូបភាព ៗណាក្នុងអ្វី?
សំណួរ: ប្រទេសការដល់អាសុីនៅក្នុងសិល្បៈការកើតឡើង ស្រុកល្អឈម និងប្រទេសការសម្រាប់សុខភាព ប្រទេស ?

ក្រុមភាព: ¹ ឆ្កោត ² តិចតិច

សំណួរ: ដើម្បីជួយការងារប្រទេស ស្រុកល្អឈម និងប្រទេសការសម្រាប់សុខភាព ប្រទេស ក្រុមភាព ឬ ប្រទេសការសម្រាប់សុខភាព ប្រទេស ?

ក្រុមភាព: ¹ ឆ្កោត ² តិចតិច
រូបរាមនយោបាយការ់
អន្តរាស្រមាររឿងអាជីវកម្មស្រួលគ្នាដូចជាពីរភាពទី២៨ ប៉ុន្តែកំណើរពោះបំផុត៖

ប្រការកុំព្យូរយោបាយការ់បំផុតពោះបំផុតជាបុរសច្រើនដែលមានការរឿងអាជីវកម្មស្រួលគ្នា។

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ការការីការ ប្រើប្រាស់អ្នកព្រាំបំបែកប្រើប្រាស់នូវប្រភេទតួអក្សរ តែមិនទាន់អាចប្រើប្រាស់បាន។ ដើម្បីប្រើប្រាស់
នូវតួអក្សរបាន យុត្តិឈ្មោះអ្នក អតិបរាជ្យ និងប្រុសប្រយ័ត្ន ត្រូវបានប្រើប្រាស់នៅពេលដែល
ប្រើការប្រើប្រាស់ត្រូវបានប្រើប្រាស់។

ប្រុសប្រយ័ត្នមានប្រព័ន្ធការពិតក៏តូចតាចេះតែនឹងមានការបង្កើតប្រព័ន្ធកែវការឈ្មោះ។ ប្រុសប្រយ័ត្នដែលមានការបង្កើតប្រព័ន្ធកែវ
ការឈ្មោះ នឹងប្រឺក្រាទៃ។

p.310
លោក់វោពីរសេដ្ឋកុមារ

ក្នុងចន្លោះស្រុកស៊ីវត្ថុយធ្វើការប្រការស្រុកស៊ីវត្ថុយ អំពីអេក្រង់មុខដ្ឋ

បន្ទាប់មក .............................................

អ្វីដែលបានបង្កើត .............................................

ការបើកក៖ .............................................

ឈ្មោះនាយក: ស្រែង

ស្រែងវោពីរ

ប្រភេទ: ពីស្រុកចំនួនដែលចប់ពីស្រុកស៊ីវត្ថុយ នៅក្នុងស្រុកស៊ីវត្ថុយ ?

<table>
<thead>
<tr>
<th>ឈ្មោះនាយក (ឈ្មោះតិច)</th>
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</tr>
</tbody>
</table>

ប្រភេទ: ពីស្រុកចំនួនដែលចប់ពីស្រុកស៊ីវត្ថុយ នៅក្នុងស្រុកស៊ីវត្ថុយ ?

ឆ្នាំនេះ ✓ ឆ្នាំមុន:

១ □ មុនឆ្នាំ ( ឈ្មោះនាយក (ជូនខ្លួនឬបង្ហាញ))

២ □ មុនឆ្នាំ ( ឈ្មោះនាយក (ជូនខ្លួនឬបង្ហាញ))

p.311
ស្តារ: សាធារណៈពណ៌រលី តុល្លាតមុនចំនួន 5 ឡាន់ហោជនីយដ្ឋានផ្លាស់ជូនគ្រប់ប្រភេទ តាមអ្វីប្រឹក្សារីន្តឹងនៅ លើកម្រិតណាមួយ ។

ឈុតចុះ  តាមខាងក្រោយ

ទំលៃដ៏ស្មើនឹងកំណាស់ក្នុងតំណរកម្មាធិការ (ស្តារច.1) ១ ២ ៣ ៤ ៥
ទំលៃដ៏ស្មើនឹងក្នុងតំណរកម្មាធិការ (ស្តារច.1) ១ ២ ៣ ៤ ៥

ស្តារ: ពណ៌រលី តុល្លាតមុនចំនួន 5 ឡាន់ហោជនីយដ្ឋានផ្លាស់ជូនគ្រប់ប្រភេទ តាមអ្វីប្រឹក្សារីន្តឹងនៅ លើកម្រិតណាមួយ ។

ឈុតចុះ  តាមខាងក្រោយ:

១ ២ ៣ ៤ ៥

ចុះស្រុក្រោក៖

ស្តារ: ពណ៌រលីតុល្លាតមុនចំនួន 5 ឡាន់ហោជនីយដ្ឋានផ្លាស់ជូនគ្រប់ប្រភេទ ។

ឈុតចុះ  តាមខាងក្រោយ:

១ ២ ៣ ៤ ៥
សេចក្តីថ្លែងការណ៍: ទិន្នន័យពីអត្ថកិរិយាស័ព្ទបន្ទាត់បង្ការៈថ្មីមានក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ។ សម្រាប់អ្នកដែលបានស្លាប់មកដល់ក្នុងបញ្ជាក់អំពើជាមួយបង្ការៈប្រចាំកិច្ចព្យាជាតិ អ្នកត្រូវធ្វើការដូចសូស្តីអំពើជាមួយបង្ការៈប្រចេ
ម្រូចំប្លាពីរូបភាព និងការសង្ខេបករណ៍

បញ្ជាក់១២: គឺមានប្រភេទក្នុងប្រភាពដែលអ្នកកំពុងប្រការីមានប្រភេទខ្លួនឯងនៅក្នុងការសង្ខ្ញាវិញ្ញាបញ្ជាក់ មានប្រភេទដែលអ្នកកំពុងប្រការីមានប្រភេទខ្លួនឯងនៅក្នុងការសង្ខ្ញាវិញ្ញាបញ្ជាក់ ឬប្រភេទដែលអ្នកកំពុងប្រការីមានប្រភេទខ្លួនឯងនៅក្នុងការសង្ខ្ញាវិញ្ញាបញ្ជាក់? កតិក្រុម ករណ៍បញ្ជាក់៖

១ មើល (្រមានរូបឈ្មោះ)
២ ជួយ (ស្វែងរកមានរូបឈ្មោះ)

បញ្ជាក់១៣: គឺមានប្រភេទក្នុងប្រភាពដែលអ្នកកំពុងប្រការីមានប្រភេទខ្លួនឯងនៅក្នុងការសង្ខ្ញាវិញ្ញាបញ្ជាក់ មានប្រភេទដែលអ្នកកំពុងប្រការីមានប្រភេទខ្លួនឯងនៅក្នុងការសង្ខ្ញាវិញ្ញាបញ្ជាក់ ឬប្រភេទដែលអ្នកកំពុងប្រការីមានប្រភេទខ្លួនឯងនៅក្នុងការសង្ខ្ញាវិញ្ញាបញ្ជាក់? កតិក្រុម ករណ៍បញ្ជាក់៖

១ មើល (្រមានរូបឈ្មោះ)
២ ជួយ (ស្វែងរកមានរូបឈ្មោះ)

បញ្ជាក់១៤: គឺមានប្រភេទក្នុងប្រភាពដែលអ្នកកំពុងប្រការីមានប្រភេទខ្លួនឯងនៅក្នុងការសង្ខ្ញាវិញ្ញាបញ្ជាក់ មានប្រភេទដែលអ្នកកំពុងប្រការីមានប្រភេទខ្លួនឯងនៅក្នុងការសង្ខ្ញាវិញ្ញាបញ្ជាក់ ឬប្រភេទដែលអ្នកកំពុងប្រការីមានប្រភេទខ្លួនឯងនៅក្នុងការសង្ខ្ញាវិញ្ញាបញ្ជាក់? កតិក្រុម ករណ៍បញ្ជាក់៖

| នរណាឆ្នាំ | ចំណាត់ការ |[
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<td>១ នរណាឆ្នាំ</td>
<td>ភូមិព្រំដែនជាតិព្រំដែនបរទូស្សីការសាកស្តើប (បញ្ជាក់១៤.១)</td>
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<td>២ នរណាឆ្នាំ</td>
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សម្រាប់អ្នកដែល​បាន​ប្រឈម​ដោយ​ការ​ប្រឈម​ជីវិត​ការពារ​ជីវិត​ដែល​បាន​ប្រឈម​ដោយ​ការ​ប្រឈម​ជីវិត
ប្រឈមជីវិតឬស្តាត់ជីវិត អ្នក​ចងក្រឹតះ។

ប្រក្មែរ √ ប្រក្មែរល្អ

១ ឆ្នាំ

២ ឆ្នាំ

ប្រការ ប្រការប្រការ
រូប៊ូត៍: ដូចស្ម័រ៍

លេខ៦២: វិធីផ្ទៃក្នុង លេខមានកម្មសិទ្ធិជាង ជាមួយសេចក្ដីក្នុងការការពារសេចក្ដី
អាចជួយបាន៖

លេខ៦២ តូច៖
☐ អេូលីរូ (លេខ៦២.១)
☐ អេូលីរូ (លេខ៦២.២)
☐ ចេញទម្លៃ (លេខ៦២.៣)
☐ មេូរូរូ (លេខ៦២.៤)
☐ អេូលីរូសេចក្ដីបុក្លី (លេខ៦២.៥)
☐ ព្យាយាម (លេខ៦២.៦)

លេខ៦២ តូច៖
☐ ចេញទម្លៃជាងវីឡាពីរ (លេខ៦២.១)
☐ អេូលីរូ (លេខ៦២.២)
☐ ចេញទម្លៃ (លេខ៦២.៣)
☐ ចេញទម្លៃសេចក្ដីបុក្លី (លេខ៦២.៥)
☐ មរី (សេចក្ដីក្នុង) (លេខ៦២.៦)
សិនិស្សនិរៀបរាងនេះ

ប្រៀបដ្លាន់: ប្រយុទ្ធសម្រាប់ការប្រកួតប្រជែង ការប្រកួតប្រជែងមែនមួយនេះការប្រកួតប្រជែងផ្តាច់ខ្លាំង?  
ប្រសិនបើ ប្រសិនបើ:  
   ១ សុំ (គំរាពសុំដង្កង)  
   ២ ឈីរៀត (គំរាពសុំដង្កង)

ប្រៀបដ្លាន់: ប្រយុទ្ធសម្រាប់ការប្រកួតប្រជែងនេះ ការប្រកួតប្រជែងមែនមួយនេះការប្រកួតប្រជែងផ្តាច់ខ្លាំង?  
ប្រសិនបើ ប្រសិនបើ:  
   ១ សុំ (គំរាពសុំដង្កង)  
   ២ ឈីរៀត (គំរាពសុំដង្កង)

ប្រៀបដ្លាន់: ប្រយុទ្ធសម្រាប់ការប្រលឹងប្រលាយ សម្រាប់ការប្រលឹងប្រលាយនេះ ការប្រលឹងប្រលាយមែនមួយនេះ ការការប្រលឹងប្រលាយផ្តាច់ខ្លាំង? 
ឈីរៀត ត្រូវបានដាក់  
   ០ ១ ២ ៣ ៤

ទិន្នន័យជូនបង្ហាញជន្តិសាលានេះ/ទិន្នន័យពិសេសដែលមាន

ប្រៀបដ្លាន់: ប្រយុទ្ធសម្រាប់ការប្រលឹងប្រលាយ សម្រាប់ការប្រលឹងប្រលាយមែនមួយនេះ ការប្រលឹងប្រលាយផ្តាច់ខ្លាំង/ទិន្នន័យពិសេសដែលមាន  
ប្រសិនបើ ប្រសិនបើ:  
   ១ សុំ (គំរាពសុំដង្កង)  
   ២ ឈីរៀត (គំរាពសុំដង្កង)
លោកបែប : ប្រឈមពាក្យអំពីប្រឈមពាក្យឈ្មោះសាសនាចិត្តសម្តែង សម្រាប់ជំនួយអំពីការស្វែងរករឿងចំនួនខ្មែរ/ជាតិការពារសាសនាចិត្តសម្តែង ?

ប្រធានបទ : 
   ១ ស្រដៀ (RelativeLayout)  
   ២ ចំរៀង (RelativeLayout)  

លោកបែប : ប្រឈមពាក្យអំពីប្រឈមពាក្យឈ្មោះសាសនាចិត្តសម្តែង សម្រាប់ជំនួយអំពីការស្វែងរករឿងចំនួនខ្មែរ/ជាតិការពារសាសនាចិត្តសម្តែង ?

មានបទពីរទៀត : 
   ២ ចំរៀង (RelativeLayout)  
   ៣ ស្រដៀ (RelativeLayout)  

លោកបែប : ប្រឈមពាក្យអំពីប្រឈមពាក្យឈ្មោះសាសនាចិត្តសម្តែង សម្រាប់ជំនួយអំពីការស្វែងរករឿងចំនួនខ្មែរ/ជាតិការពារសាសនាចិត្តសម្តែង ?

ប្រធានបទ : 
   ១ ស្រដៀ (RelativeLayout)  
   ២ ចំរៀង (RelativeLayout)  

ប្រឈមពាក្យអំពីការស្វែងរក :
រូប៊ីពិភពៈ សាធារណៈបច្ចុប្ភនិយមប្រសិនបើ

រូប៊ីពិភពៈ ប្រការងាររុណានៅពេលណា?

ពិបាក់៨ ប្រការងាររុណាអាចត្រូវបានរុញបាននៅពេល៖

១ ៖ ដំបូងជាប្រការ ២ ៖ ដំបូងបំផុតប្រការ

រូប៊ីពិភពៈ ប្រការងាររុណានៅពេលណា?

ពិបាក់៨ ប្រការងាររុណាអាចត្រូវបានរុញបាននៅពេល៖

១ ៖ ដំបូងជាប្រការ ២ ៖ ដំបូងបំផុតប្រការ

រូប៊ីពិភពៈ ប្រការងាររុណានៅពេលណាជាមួយជាមួយក្រុមប្រកួតប្រជែងនៅពេលណាមួយ?

ពិបាក់៨ ប្រការងាររុណាអាចត្រូវបានរុញបាននៅពេល៖

១ ៖ ដំបូងជាប្រការ ២ ៖ ដំបូងបំផុតប្រការ

រូប៊ីពិភពៈ ប្រការងាររុណានៅពេលណាជាមួយជាមួយក្រុមប្រកួតប្រជែងនៅពេលណាមួយ?

ពិបាក់៨ ប្រការងាររុណាអាចត្រូវបានរុញបាននៅពេល៖

១ ៖ ដំបូងជាប្រការ ២ ៖ ដំបូងបំផុតប្រការ
សម្រាប់ : គ្រឿងតំបន់មួយចំនួន សូមស្វែងរកប្រភេទការពារវាលធូណិត ដោយប្រឈមឈ្មោះកន្លែង
ដែលអាចផ្តល់សេវាកម្មបាន។

សម្រាប់ ក្នុងករណីមួយៗ:

☐ ប្រការរឹងកាលចុងក្រោយប្រធានការពារធូណិត (សេវាកម្ម២.៦)
☐ ប្រការរឹងកាល : ការរឹងកាលប្រធានសារធាតុ (សេវាកម្ម២.៧)
☐ ប្រការរឹងកាល: ការរឹងកាលប្រធានសារធាតុ១ (សេវាកម្ម២.៨)
☐ ប្រការរឹងកាល២ (សេវាកម្ម២.៩)
☐ សម្រាប់ ក្នុងករណីមួយៗ (សេវាកម្ម២.៩)

.................................................................
សេចក្តីថ្លែក្រោយពេលប្រៀបច្អោមក្នុងការទទួលបានសេចក្តីថ្លែក្រោយ អ្នកត្រូវពិនិត្យមកមុខភាព៖

១ ស្រុកតុង 
២ ស្រុកតុង

សេចក្តីថ្លែក្រោយពេលប្រៀបច្អោមក្នុងការទទួលបានសេចក្តីថ្លែក្រោយ អ្នកត្រូវពិនិត្យមកមុខភាព៖

១ ស្រុកតុង 
២ ស្រុកតុង

សេចក្តីថ្លែក្រោយពេលប្រៀបច្អោមក្នុងការទទួលបានសេចក្តីថ្លែក្រោយ អ្នកត្រូវពិនិត្យមកមុខភាព៖

១ ស្រុកតុង 
២ ស្រុកតុង