

# Chamroeun Microfinance Limited – Cambodia

## SOCIAL RATING

**S<sup>s</sup>BB**

Adequate social performance management and client protection systems.  
Satisfactory alignment to the social mission.



**Social Rating Committee:** March 2014. **Previous Social Rating:** BB, May 2011

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## SOCIAL RATING RATIONALE

|  |  |
|--|--|
| <b>SOCIAL PERFORMANCE MANAGEMENT SYSTEM</b>        | Chamroeun's social performance management system is adequate considering its stage of development. The governance shows a social orientation and a good capacity to maintain the focus on the social mission. The Board provides adequate social strategic guidance and the strategy presents a balanced social and financial approach. The strategy is overall aligned to the mission and includes an initial formalization of social objectives. The social performance tracking and monitoring system is good with some room for improvement on the poverty assessment tool in place. Social information informs the decision-making process.   |
| <b>CLIENT PROTECTION AND SOCIAL RESPONSIBILITY</b> | Product design is supported by an adequate analysis of the needs and preferences of the target population but unregulated compulsory savings are still collected with no proper information provided to clients. The risk of client over-indebtedness could be better mitigated by formalizing specific policies and improving the use of the CBC information. The policies to ensure a fair and respectful treatment of clients and data confidentiality need improvement and no grievance mechanism is in place. Chamroeun's social responsibility towards the staff is adequate despite the increasing turnover, while there is room for improvement in the formalization of policies to avoid harming the community and the environment. |
| <b>OUTREACH</b>                                    | Chamroeun has reached a large breadth of outreach and an adequate geographical coverage considering its stage of development. Outreach results indicate a good alignment to the mission thanks to the social vulnerability of the clients reached and the financing of income-generating activities. The poverty profile of the clients reached reflects the poverty orientation of the mission.   |
| <b>QUALITY OF THE SERVICES</b>                     | Chamroeun is working to diversify its credit product offer, which is overall adequate. The product design does not represent any barrier for the target population thanks to the flexible methodology, the accessible collateral and guarantee requirements, and the low minimum loan size. The quality of non-financial services needs to be further proven. The client drop-out is high.   |

| Institutional data                | Sep-13  | Social indicators                     | Sep-13 |
|-----------------------------------|---|---------------------------------------|--------|
| Active borrowers                  | 53,782  | Individual methodology, loans         | 65%    |
| Gross outstanding portfolio, US\$ | 6,568,624   | Female clients                        | 86%    |
| Branches                          | 39  | Average balance per borrower / GNI pc | 14%    |
| Total staff                       | 281   | Average disbursed loan amount, US\$   | 190    |
| Legal form                        | NBFI  | Average loan disbursed (\$PPP)        | 292    |
| Year of inception                 | 2005 as a credit program of EdM,<br>2009 as Limited Liability Company | Client drop-out ratio                 | 41%    |
| Network                           | Cambodia Microfinance Association                                     | PAR30                                 | 0.2%   |
| Area of intervention              | Urban   | Clients at third loan cycle           | 12%    |
| Credit methodology                | Group and individual  | Clients at ≥ fourth loan cycle        | 9%     |
| Financial services                | Credit, microinsurance  | Female staff                          | 24%    |
| Non financial services            | Trainings   | Female staff in management            | 40%    |
| Geographical coverage             | 14 out of 24 Cambodian provinces                                      | Staff turn-over ratio                 | 27%    |
|                                   |   | Portfolio yield                       | 44%    |
|                                   |   | Average annual percentage rate (APR)  | 46%    |
|                                   |   | Average transparency index            | 86%    |

See annex 2 and 4 for more details.

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