

Loans as disservice: Cambodian women and predatory lending by unregistered
microfinance institutions

by

Evelyne Laurin
Bachelor Of Arts, University of Ottawa, 2010

A Thesis Submitted in Partial Fulfillment
of the Requirements for the Degree of

Master of Arts

in the Department of Geography

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Supervisory Committee

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Abstract

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Over the past three decades microfinance has become one of the most important policy interventions used by international development practitioners, offering loan opportunities to those who lack access to basic financial services. Women have been the primary targets of this poverty alleviation strategy as it was presumed that they would be empowered through increased control over their incomes. In Cambodia, these strategies are guided by a business-approach to development and enforce regulatory measures encouraging competition, marketization and commercialization, and in so doing, put more economic pressure on women borrowers. Through the concepts of debt and trust, the following thesis will argue against the motive of empowerment through microfinance programs. Since microfinance was not designed to address social inequalities, it will also argue that deeply embedded patriarchal power relations go unchallenged and the status of women within the household goes unchanged. In stark contradiction to the empowerment discourses lauded internationally, usurious moneylenders and unregistered microfinance institutions practicing predatory lending are actually encroaching upon Cambodian women's domestic and work space. A feminist ethnography was employed in seeking to unearth participants' understandings of their circumstances and giving them a voice, where the specific methodological tools included semi-structured interviews with Cambodian women who have taken loans. The analysis was guided by examining discourse in microfinance policy reports as well as interviews with employees of Microfinance Institutions (MFIs) and non-governmental organizations (NGOs). The resulting research is positioned within the critical literature in human geography on neoliberalization by examining whether or not the integration of the poor into the "market" benefits them or places them in highly exploitative circumstances.

Keywords: microfinance, poverty, women, Cambodia, empowerment, neoliberalization

Table of Contents

Supervisory Committee.....	ii
Abstract	iii
Table of Contents.....	iv
List of Acronyms	vii
List of Tables	viii
List of Figures	ix
Acknowledgments.....	x
Dedication.....	xi
Chapter 1. Introduction.....	1
1.1 Scope of the Study.....	1
1.2 Research Purpose.....	3
1.3 Research Context.....	4
1.4 Research Objectives.....	6
1.5 Research Questions	6
1.6 Qualitative Indicators	7
1.7 Personal Interest in Topic.....	9
1.8 Structure of Thesis.....	10
Chapter 2. Background and Literature Review.....	13
2.1 Cambodian Society.....	13
2.1.1 Geographical Context	13
2.1.2 Socio-economics	14
2.1.3 Historical Background	16
2.1.4 Political Economic Background	19
2.2 Methodologies of Credit	23
2.2.1 Solidarity Group	23
2.2.2 Village Banks.....	24
2.2.3 Self-Help Group.....	24
2.2.4 Savings-Led Microfinance	25
2.2.5 Ton Tin.....	25
2.2.6 Private moneylenders.....	26
2.3 Critical Review of Literature on Microfinance.....	26
2.3.1 International Microcredit Context.....	27
2.3.2 Current Trends in Microfinance in Cambodia	29
2.3.3 The globalization of microfinance: a form of financialization of development? ...	32
2.3.4 Mission Drift: Towards Greater Commercialization.....	34
2.3.5 Feminist Critiques of Neoliberal Development Programs: The Role of Women ...	35
2.3.6 The Social Role of Cambodian Women in Lending Practices.....	40
Chapter 3. Methodology and Methods.....	43
3.1 Methodology: Ethnography.....	43
3.1.1 Ethnographic research	44

3.1.2 Methodological and Ethical Orientations	45
3.1.3 Significance and Limitations of Research.....	47
3.2 Methods	47
3.2.1 Discourse Analysis.....	48
3.2.2 Interviews	48
3.2.3 Study Site.....	49
3.2.4 Recruitment.....	51
3.2.5 Field Research	53
3.3 Sampling and Participants	54
3.3.1 Sampling	54
3.3.2 Profile of Participants	55
3.3.3 Interview Locations	60
3.3.4 Demographics of the Women Micro Loan Holders	62
3.4 Data Collection	66
3.4.1 Conducting interviews.....	67
3.4.2 Interview Incentives.....	69
3.4.3 Recording and transcribing interviews.....	69
3.5 Ethical Considerations.....	70
3.5.1 Informed Consent and Possible Risks of Harm.....	70
3.5.2 Participants' Right to Withdraw.....	72
3.5.3 Anonymity and Confidentiality.....	72
3.6 Data Analysis.....	73
3.6.1 Preliminary Analysis	73
3.6.2 Thematic analysis	74
3.6.3 Interpretation of Data	77
3.7 Limitations.....	79
3.7.1 Limitations to Interview Methods.....	79
3.7.2 Limits to Confidentiality	80
3.8 Summary of Chapter	81
Chapter 4: Research Findings	82
4.1 Qualitative Indicators and Interviews	82
4.2 Participant Perceptions of Debt	83
4.2.1 Members of institutions' Perceptions of Debt.....	83
4.2.2 Group Participants' Perceptions of Debt	89
4.2.3 Individual Participants' Perceptions of Debt.....	96
4.3 Participant Perceptions of Trust.....	99
4.3.1 Members of institutions Perceptions of Trust.....	100
4.3.2 Lender Trust: Group Participants' Perceptions and Strategies	107
4.3.3 Individual Participants' Perceptions of Trust.....	116
4.4 Participant Perceptions of Empowerment	118
4.4.1 Members of institutions' Perceptions of Empowerment.....	118
4.4.2 Group Participants' Perceptions of Empowerment	123
4.4.3 Individual Participants' Perceptions of Empowerment.....	127
4.5 Participant Perceptions of Entrepreneurship.....	128
4.5.1 Members of institutions' Perceptions of Entrepreneurship.....	128
4.5.2 Group Participants' Perceptions of Entrepreneurship.....	130
4.5.3 Individual Participants' Perceptions of Entrepreneurship.....	131
4.6 Summary of Research Findings	132
Chapter 5 Discussion.....	133

5.1 Debt and Regulation	133
5.2 Significance of Financial Education for Debt in Cambodia.....	135
5.3 Significance of Group Lending for Trust and Empowerment in Cambodia	140
5.4 Significance of a Lack of Capital for Entrepreneurship in Cambodia.....	143
5.5 Loans as disservice: Cambodian women and predatory lending by unregistered microfinance institutions	148
Chapter 6: Conclusion	152
6.1 Summary of the research project.....	152
6.2 Methodological Barriers and Limitations	154
6.3 Possible Extensions of this Research.....	156
6.4 Concluding Thoughts.....	158
Bibliography	160
Appendix A. Letter of Information and Consent Form for Members of institutions	175
Appendix B. Letter of Information and Consent Form for Women micro loan holders	179
Appendix C. Script for Contact with Members of institutions	183
Appendix D. Interview Questionnaire for Members of institutions	185
Appendix E. Interview Questionnaire for Non-Members of institutions	187
Appendix F. Initial Contacts for Members of Institutions.....	189
Appendix G. Profile of Organizations Interviewed.....	191

List of Acronyms

Organization acronyms

Cambodian Women Development Agency (CWDA)
 Farmer's Livelihood Development (FLD)
 ActionAid Cambodia
 Urban Poor Women Development (UPWD)
 ACLEDA
 PACT Cambodia
 CARE Cambodia
 Habitat for Humanity Cambodia (HHC)
 Thaneakea Phum Cambodia LTD. (TPC)
 Credit Bureau Cambodia (CBC)
 Cambodia Microfinance Association (CMA)
 Hattha Kaksekar (HKK)

Other acronyms

Microfinance institutions (MFI)
 Non-governmental organizations (NGO)
 International non-governmental organizations (INGO)
 National Bank of Cambodia (NBC)
 The Association of Banks in Cambodia (ABC)
 Structural Adjustment Programme (SAPs)
 Rotating savings and credit associations (ROSCAs)
 Royal Government of Cambodia (RGC)
 Consultative Group to Assist the Poor (CGAP)
 United Nations Development Programme (UNDP)

Khmer terms

angkar - organization
 kam viti ennatien – credit program
 krom – group
 phum – village
 sahakoom – community
 samaki – solidarity
 Thaneakea Phum – Village Bank
 ton tin - From French tontine, a type of informal lending group

Currency

For the purposes of this study, it is important to note that 4,000 Cambodian riels are equal to approximately \$1 in US currency.

List of Tables

Table 1 Statistics on Cambodia.....	14
Table 2 Women Loan Holders Group Participant Demographics	64
Table 3 Women Loan Holders Individual Participant Demographics.....	66
Table 4 Themes and Categories Derived from Thematic Analysis	76
Table 5 Initial Contacts for Members of institutions	189
Table 6 Profiles of Organizations Interviewed	191

List of Figures

Figure 1 Multiple Borrowing at the National Level	31
Figure 2 Street and Market Areas in Phnom Penh.....	61
Figure 3 Neighbourhoods by Assigned Acronym in Phnom Penh	62

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Dedication

À ma belle famille, pour votre support et votre amour inconditionnel.

Chapter 1. Introduction

In just thirty years, microfinance has become one of the most important policy and programme interventions in the international development community (Bateman, 2010). The focus of this thesis is on the interconnection between microloans, poverty, and Cambodian women. Human Geographers are interested in the complex transactions between people, place, and health, recognizing that the places we occupy reflect and affect who we are, how we are, and how we are perceived. The purpose of this project is to apply a geographical theoretical and methodological framework to explore the lived experience of Cambodian women in Phnom Penh, and surrounding areas, involved in microcredit schemes ranging from private moneylending to regulated microfinance institutions.

1.1 Scope of the Study

According to the Consultative Group to Assist the Poorest (CGAP, 2002), a global partnership of leading organizations with the World Bank that seek to advance financial inclusion, microfinance has proven to be a powerful tool for poverty reduction internationally by improving the ability of poor people to increase incomes, build assets, and reduce their vulnerability during economic hardship. For nearly all of its evolution, the microfinance sector has accepted the assumption that women are a better credit risk than men and applied policies accordingly in its lending practices. In addition, studies have shown that when women bring extra income into the household, the children of the family are most often the direct beneficiaries in the form of better food, health care, and education (Kabeer, 1994; Rankin, 2001). In an effort to empower women with effective utilization of their social capital, many microfinance institutions (MFIs) have implemented solidarity groups in their female focused practices. Solidarity groups are a model of group lending encouraged by grassroots level microfinance programs where typically five women borrow and guarantee a loan. Solidarity groups have been portrayed on the one hand as a learning and participative environment, and on the other hand, as an added pressure on poorer communities with the potential to damage important support

networks and relationships by fostering hostile community environments (Cheston & Kuhn, 2002; Bee, 2011). In Cambodia, these strategies are guided by a business-approach to development and enforce regulatory measures encouraging competition, marketization and commercialization, and in so doing, put more economic pressure on women borrowers (Pollard, 2013). As a result, Cambodian women become “entrepreneurial subjects” of this neoliberal discourse, and earlier notions of empowerment that were emphasized in donor subsidized microfinance programs are no longer the bottom line (Norman, 2010). Consequently, many Cambodian women borrowers fall prey to predatory lending practices that impose unfair loan terms. According to the Federal Deposit Insurance Corporation (FDIC, 2006), predatory lending practices “convince a borrower to accept unfair terms through deceptive, coercive, exploitative or unscrupulous actions for a loan that a borrower doesn't need, doesn't want or can't afford” (p.10).

Cambodia has certainly not been immune to the trend in women's access to microfinance. In 2010, an estimated 75% of the world's microfinance borrowers were in Asia (MIX, 2012). During the past decade, the size of the Cambodian microfinance industry has grown more than four-fold (from just 256,000 in 2003 to 1.26 million in 2013) in terms of borrower accounts and nearly 40 fold in terms of portfolio, largely enabled by the inflow of foreign capital (Sinha, 2013). Outreach to women has been a focus for most Cambodian MFIs, with women being over 80% of the borrowers in 2006 (MIX, 2007). However, Cambodian women face important social and cultural barriers that are closely interrelated to economic factors (Chhay, 2011). Specifically, this new approach to empowerment appears to clash with the power relations embedded in this deeply patriarchal society which can negatively affect the social lives of the women it was initially intended to empower (Norman, 2010). Rankin (2001) argues that in some cultures, the imposition of microcredit programmes can actually exacerbate, rather than reduce or minimize existing social hierarchies. It can therefore not be assumed that microfinance programs are actually empowering by themselves, and there is a need to focus on the complex process of financial inclusion as a way of including women as full members of society. Accounts of mass suicides among borrowers in India and unethical lending practices in various developing countries have given microfinance the reputation of being a ‘death trap’ or ‘curse’ for the poor, who are already in precarious situations

and who lack social security networks, therefore creating a vicious cycle of multiple lending, over-indebtedness and coercive loan recovery practices (Melik, 2010). As has been documented in various countries (see Bee, 2011; Chhay, 2011; Karim, 2011), all too often, poor women are the victims of over-indebtedness with devastating consequences.

Since microfinance is positioned as a new form of ‘development’ it is important to indicate my understanding and usage of this term at the outset of this thesis. While, the term “development” implies the fullest social and economic growth of a society, “developing countries” is used to refer to those nations where large portions of the population do not enjoy equal access to institutions such as health care and education, and where basic needs such as food security, personal security, and rudimentary health care remain illusive. While acknowledging that the term “developing countries” has many unintended political connotations of “backwardness”, it is nevertheless necessary at times to utilize such imperfect terms. I will therefore use the terms “developing” or “Global South”, to reflect places in the world where serious gaps in opportunities and services exist for a majority of the population, and “developed” or “Global North” to refer to countries where, on the whole, the gap has narrowed for the majority of the population (Rasmussen, 2001).

1.2 Research Purpose

The purpose of this research is to interrogate the positive and negative social impacts of microloans on Cambodian women, and to determine how microfinance models can be better tailored to fit Cambodian women’s circumstances, or to consider whether alternative poverty reduction strategies should be sought. Few studies have focussed on the qualitative aspects of microcredit in Cambodia and their social contribution. By employing ethnographic methodologies, and undertaking intensive fieldwork, my research contributes a greater empirical understanding of the issues facing Cambodian women. Ethnography is a very useful and meaningful methodological approach to social research that attempts to understand cultural phenomena at a ‘deeper’ level by directly engaging with and building both rapport and empathetic understanding with research participants.

The significance of this research extends beyond this specific case study set in Phnom Penh, Cambodia. It applies to similar processes and dominant ideas of poverty in a variety of geographical settings, where poverty alleviation strategies are being imposed in the Global South by institutions from the Global North, offering a wider window on the larger debate on millennial development and the shift to market-oriented development policies of the 1980s. My research is positioned within the critical literature in human geography on neoliberalization by examining whether or not the integration of the poor into the “market” provide benefits or places them in highly exploitative circumstances.

1.3 Research Context

Microfinance, which has its roots in microcredit, evolved into the provision of a broader range of financial services, including the supply of loans and savings, but extending to micro insurance, micro leasing (typically of agricultural equipment) and money transfers, to low-income people. Poor households need access to the full range of financial services to generate income, build assets, smooth consumption, and manage risks—financial services that a more limited microcredit model cannot provide (CGAP, 2015). The term microfinance helps to differentiate these services from those which formal banks provide since they usually involve small amounts of money.

Microfinance’s global contributions was marked at the Microcredit Summit in 1997, and culminated at the United Nations World Summit, where it was recognized as a tool in the effort to achieve the Millennium Development Goals (MDGs) (UNCDF, 2005). The establishment of Cambodia’s microfinance industry was generated by policies from the World Bank and the Consultative Group for Assisting the Poorest (CGAP) during the 1980s to late 1990s. According to Augsburg & Fouillet (2010) “the climax of this hype for microfinance came with Muhammad Yunus and the Grameen Bank winning the Nobel Peace Prize in October 2006” (p.329), which again led to an unprecedented media consensus regarding the virtues of these entrepreneurship (microcredit) and social protection tools (saving, micro-insurance, and remittance) in terms of poverty eradication. As a result of the process of neoliberalization (Springer, 2010), there has been significant interest in the country’s microfinance sector, which has expanded

considerably in the last few years. Its growth has resulted in substantial competition leading to multiple borrowing, cross-lending and over-indebtedness of borrowers (Liv, 2013). In 2012, the aggregate loan portfolio was estimated at \$732 million with 1,197,722 borrowers across the country (Liv, 2013). Microfinance is practised through various institutions such as commercial banks, specialized banks, microfinance institutions and local and international non-governmental organizations (NGOs). However, there has been a marked increase in commercialization of microfinance in the form of licensed for-profit microfinance institutions that have grown from 10 to 37 in the years between 2004 and 2012 (Ovesen & Trankell, 2014). Ovesen and Trankell report that “while NGO microcredit had reached an estimated 50,000 borrowers in the mid-1990s, with the increasing commercialization the number of micro-borrowers had grown to 400,000 in 2004, and to a staggering 1.4 million in 2012, which equals half of all households in the country” (p.180). The eight largest non-bank MFIs in Cambodia (AMK, Amret, HKL, KREDIT, PRASAC, Sathapana, TPC and VisionFund Cambodia) account for 77% of the total number of microfinance borrowers in Cambodia (Liv, 2013, p.11).

Leading microfinance institutions face real challenges in lowering operational costs in order to reach new segments of the population. Meanwhile, NGO microfinance programs have failed to achieve significant scale, unable to optimize resources to drive greater volume of borrowers across market segments, and can't compete with the licensed microfinance sector, as they continue to depend on donor funds (Pickens, 2004). Recent research has demonstrated that in order to absorb the shocks of financial crises and debt, Cambodian borrowers are relying on a “symbiosis” of strategies that include private lending originating from the traditional patronage system in Khmer culture and labour migration to Thailand funded by microloans in order to cover the repayment of loans that they are taking out from microfinance institutions (Ovesen and Trankell, 2014; Bylander, 2014). Perhaps the figures recorded by MFIs don't represent accurately the reality of the situation for borrowers. Therefore, although women (and the poor in general) are constrained by social and cultural norms, affecting the type of work they choose. Silvey & Rankin (2011) point out that “a number of recent contributions stress

the power of the subjects of development to re-signify the spaces they inhabit, and in so doing rescript the geographies of development” (p.700).

1.4 Research Objectives

This thesis examines microcredit programs currently used in Cambodia as a whole in the context of that nation’s unique historical and social landscape. The goal of this research is to voice Cambodian women’s perspectives on the services provided by microfinance institutions, and other organizations that provide them with microloans. This goal will be achieved through the following objectives: a) understanding of needs of women borrowers b) listening to the experiences of women to find out where and when difficulties may arise and whether or not microloans have given them an opportunity for empowerment c) understanding the factors that contribute to the development of more successful relationships between women borrowers and MFIs and, d) defining and analyzing gender empowerment in the context of microfinance in Cambodia.

The following thesis will focus on the experiences of women with microfinance in Cambodia, which is expanding as a result of the intensifying commercialization of the local economy and its increasing integration within global processes of financialization. This study also aims to get the perspective of the respective institutions themselves to better inform the project and give wider social and economic context.

1.5 Research Questions

The focus of this thesis is on the qualitative success of microcredit schemes to foster gender empowerment, as evaluated by the qualitative indicators described in section 1.6, rather than on the financial performance of organizations which is usually measured by loan repayment ratios and loan growth. This thesis attempts to answer the following questions:

1. How does microfinance improve the social lives and well-being of poor Cambodian women?

- a) How much control do Cambodian women have over microloans and household finances?
- b) What does empowerment mean to Cambodian women in the context of market-based microfinance?
- c) How have women responded to the shift from donor-funded to market-based microfinance?
- d) What are the lessons to be learned from the daily lives of Cambodian women that need to be considered in the context of microcredit programs?

1.6 Qualitative Indicators

A qualitative approach was both appropriate and desirable for this study since concepts such as *empowerment* and *trust* are difficult to define and measure. Several different methodologies of microcredit, namely regulated and unregulated Microfinance Institutions, Solidarity Group models, Village Banking models, Self-help groups, Savings-led Microfinance, Ton Tin and private moneylending, were analyzed using four indicators as follows:

Debt: Most would agree that it is fair to pay back what we've borrowed, or else no one would ever lend anything to anyone else with an expectation of return. However, in the context of this study, most participants are in debt due to over-lending by unregistered lending institutions, poverty, and structural inequalities. In other words, the oppressive informal credit market has caused a crippling amount of debt in many Global South countries (Dowla, 2006). According to Chhay (2011) "indebtedness is one of the major causes of land sales and of an increasing gap in landownership between the poorest and the rich" (p.1128). Although debt can easily be calculated, I used this indicator in its broader sense, as "the state of owing money or a service", since small loans in Cambodia are often not recorded.

Trust: Trust refers to the firm belief in the reliability and ability of someone in relation to something or someone else. When applied to microfinance institutions, microcredit officers or private moneylenders, it usually refers to the trust these institutions place in the borrowers' capability of repaying a loan and willingness to do so.

According to Chhay (2011), the poorest households do not even have access to loans from local moneylenders because of “lack of trust in their capacity to pay back the loans” (p.1128). On the other hand, it can refer to levels of trust or distrust women borrowers have in financial institutions charging reasonable or unreasonable interest rates, and the consequences they may face when dealing with repayment issues. When discussed in relation to communities, trust is usually defined as ‘good relations,’ reciprocity, and mutual respect among members of a community. It can also refer to the trust created by social networks and social capital by establishing new norms and fostering a new level of social trust to solve the collective action problems of poor people’s access to capital (Dowla, 2006).

Empowerment: According to Ali & Hatta (2012), one dimension of empowerment is women’s absolute well-being, “where empowerment is seen as the process of improving the welfare of women and girls, and is indicated by outcomes that measure current status with respect to literacy and schooling, health and nutrition, labour force participation, contraceptive use, mobility, and ownership of clothing and assets” (p.113). Another dimension is women’s relative well-being, “where empowerment is seen as the process of improving the position of women relative to men within the household, and is indicated by women’s involvement in intra-household processes such as decision-making control over household income and assets, and control over loans taken” (p.113). Naila Kabeer (1999) emphasizes that resources alone do not empower women, but women’s agency when dealing with resources can. She describes agency as the process of decision-making, negotiation, and manipulation of resources in order to ensure they are used effectively. Finally, Ali & Hatta (2012) provide a more comprehensive definition of empowerment as “the achievement of expanded rights and opportunities including education, economic self-reliance, ownership and inheritance of property, political participation and the elimination of all forms of gender-based discrimination, violence, abuse, harassment, and exploitation (p.113). Most obviously, these definitions are based mainly on a western model of empowerment.

For the purposes of this study, empowerment is broadly defined as political, social, and economic power from within oneself; the ability to plan for one’s future, the ability to care for one’s family, and the power to change one’s future. The discourse

surrounding microfinance and empowerment has relied heavily on access to material resources such as credit, rather than emphasizing access to social resources such as education and health care.

Entrepreneurship: Entrepreneurship is the process of starting a business, a startup company or other organization, where the entrepreneur is a person who organizes and manages that business, usually with considerable initiative and risk. Entrepreneurial activities can be substantially different depending on the type of organization being started. Entrepreneurship ranges in scale from solo projects to major undertakings creating many job opportunities. For the purposes of this study, entrepreneurship refers to small entrepreneurial activities in informal sectors that involve establishing “trade” businesses. Smaller entrepreneurial businesses may need only limited financing to get them off the ground or need only relatively minor loans to get them up and running.

Millennial development strategies, such as microfinance programs, have come to be centered on poor women by what is perceived to be their inherent talents and abilities as entrepreneurs (Rankin, 2001; Roy, 2010). However, with the growing emphasis on the financial sustainability of NGOs and MFIs, and on the minimalism of service provisions, the role of women as entrepreneurs is fading.

1.7 Personal Interest in Topic

I became interested in the whole topic of microcredit after reading a chapter in a book called, *Half the Sky* by Sheryl WuDunn and Nicholas Kristof. This book is a series of stories about women and girls’ oppression in the Global South. Drawing on the breadth of their combined reporting experience, the authors present microfinance as a tool to empower women in developing countries. At the time, I was living and traveling in Asia and I was encouraged by its promise of long-term development, its focus on women and its adaptability to varying geographical locations. After consulting with Dr. Springer, a human geographer specializing in Southeast Asian conflicts, (who would later become my thesis supervisor), I was disheartened to learn that microfinance might not be fulfilling its promise of development for Cambodian women. This sparked my further interest in conducting research in a country where development efforts are being carried

out on a large scale. I visited Cambodia for six weeks in 2013, returning there in late 2014 to conduct field research. Cambodian people left me feeling sad yet hopeful, their warmth and generosity staying with me long after I had left.

1.8 Structure of Thesis

In the last few decades, the discipline of geography has been in constant evolution and has opened itself up to new avenues of research and interests, evolving to include perspectives ranging from women to ethnic minorities and continues to consider geographical knowledge from those that have been confined to the margins (Johnson, 2009). As such, my thesis will be informed by a range of feminist theories and their influence on geography, its epistemologies, its research methods and the ensuing fieldwork. This leads into a discussion of the perceived qualities, such as attributed to poor women in developing nations, and the ethical implications that surround the ‘empowerment’ discourse in microfinance. As such, this project is “profoundly geographical” and engages with complex social constructions of women, and men, in developing countries (Kobayashi, 1994, p.78).

This thesis has six chapters. This chapter has outlined the scope and objectives of this thesis, as well as the qualitative indicators that are to be used to shape the study. The remainder of the thesis sets out to address the research questions, and is broken down as follows:

Chapter Two is the literature review to give background and theoretical context to this thesis. There are two main sections in the literature review x and x. It describes the geographical, socioeconomic and historical background of Cambodia that helps to place the research in space and time, and to contextualize the evolution of microcredit and the microfinance sector in Cambodia. Chapter Two also gives an introduction to microcredit and its use as a model for economic development in developing countries around the world, and describes microcredit methodologies most commonly used in Cambodia. Finally, the literature review describes the microcredit context, the regulatory

environment in which it takes place, and the debates surrounding microcredit in Cambodia and internationally.

Chapter Three outlines the research methodology and the tools and approaches used in collecting the field data for this study. It describes the ethnographic methodological approach and feminist framework of this research project and the significance of the qualitative methods used. As well, it presents the sample data collected during the field research period with eleven members of institutions and thirty-six women loan holders who were interviewed. This section provides a description of the interview locations and demographic information about women micro loan holders. The research methods included a critical review of the literature and semi-structured interviews with Cambodian women who have received micro-credit as well as representatives from the credit organizations. The interview process is thoroughly described, as well as the study site and the profiles of the organizations, community groups and participants interviewed. Finally, data analysis methods and limitations to these methods, as well as other study limitations, are discussed.

Chapter Four presents participants' perceptions of concepts such as debt, trust, empowerment and entrepreneurship. This chapter is also used to investigate patterns of lending and borrowing by different types of financial institutions, organizations and individuals. The qualitative indicators are discussed at length and examples are given from specific organizations or participants for each qualitative indicator used in this study, and the implications they have on their needs for microcredit programs. Lastly, the participants' motivations to borrow money from various institutions are described and put in the women's specific life context.

Chapter Five provides a discussion of the research findings in relation to the main themes of debt, trust, empowerment and entrepreneurship, and their significance to financial education and literacy, financial inclusion, social networks, group lending, lack of capital, lack of consumer demand, and the sustainability of financial institutions. The research is also placed within its relevance to current trends in Cambodia's microfinance

sector and criticisms of this neoliberal strategy at an international level. I evaluate microcredit programs in Cambodia on a general level as they relate to the qualitative indicators of the study.

Chapter Six summarizes this thesis by aiming to meet the objectives and purpose, namely a critique of microcredit as a response to poverty reduction for Cambodian women. It summarizes the main findings and describes the limitations and difficulties of this research project. I will conclude by presenting possible extensions of this research and some final thoughts on my personal views on the most appropriate methodology of microcredit for Cambodia as a whole.

Chapter 2. Background and Literature Review

The goal of this chapter is to explore the literature related to development geography, feminist geography, microfinance and empowerment in order to situate this project at a conceptual intersection between these fields. This chapter answers the questions: how has a gender empowerment mission been integrated in microcredit programs across the globe? What combination of services, products or programs can Microfinance Institutions (MFIs) offer that will foster positive social impacts?

The chapter begins with an introduction to Cambodian society, giving a geographical and historical context to the introduction of microfinance as a poverty alleviation strategy, as well as its political economic background. Methodologies of credit practiced in Cambodia are described along with current trends in the Cambodian microfinance sector. Finally, the rationale and implementation of a gender empowerment mission approach is considered along with the multiple critiques ranging from the fields of economics and development to geography and sociology.

2.1 Cambodian Society

2.1.1 Geographical Context

Cambodia borders Thailand, Lao P.D.R., and Vietnam in Southeast Asia. The Kingdom of Cambodia has a rich culture that dates back 2,000 years; a land area of 181,035 square kilometres and a population estimated at 14.68 million in 2010 with an average annual growth of 1.46 percent (UNDP, 2013) as **Table 1** presents along with other socio-economic statistics for Cambodia. As in the rest of Southeast Asia, Cambodia's climate is characterized by two main seasons: the monsoon, which brings rain from mid-May to October, and dry season from November to April (UNDP, 2013). At first glance, Cambodia is a prototypical rice-growing Southeast Asian country with a large rural population. However, the political upheavals of the past forty years have played a significant role in altering Cambodia's countryside, population, and society. Consequently, Cambodia's economic development has been negatively affected and, according to Henry (2004), "while economic development may mitigate social and

political conflict through growth and fair distribution of its benefits, the case of Southeast Asia, in general, has led to land being appropriated for agricultural expansion, industrialization, and rapid urbanization” (p.10).

2.1.2 Socio-economics

Cambodia is ranked 136th out of 187 countries in the Human Development Index, with only Lao PDR and Myanmar ranked below it in Southeast Asia (UNDP, 2013). This ranking is due to a combination of factors (ecological, economic, social, and political), which also contribute to the vulnerability of the people in this region. The average life expectancy at birth in Cambodia is 63.6 years as of 2013 and 65.3 percent of the population are under the age of 30 (UNDP, 2013). Youth, defined as an age group between 15 and 30 years old, makes up 33 percent of the population, reflecting a significantly young labour force. An estimated 300,000 young Cambodians enter the labour market every year, but often they do not have the required skills to meet the needs of the labour market (UNDP, 2013). Access to basic resources is getting more difficult, especially when taking the increasing population into account that is compounding issues of food security and environmental degradation (Ramamurthy, Boreak, Ronnas & Hach, 2001).

Table 1 Statistics on Cambodia

Capital	Population	Area (in sq. km)	Languages
Phnom Penh	14.68 million	181,035	Khmer
Poverty rate	Per capita GDP	Human Development Index (HDI)	Human Development Rank (HDR)
19.8% in 2011	\$ 1,036	0.584	136 out of 187 in 2014

Source: UNDP, 2013

Economically, Cambodia has enjoyed strong growth rates during the past decade. However, as Derks (2008) states, this economic development has not benefited everyone; class differences have become more evident since the socialist economic system was abandoned in the early 1990s. Poverty has distinct gender manifestations; women’s literacy lags 20 percentage points behind that of men and approximately 20 percent of households are headed by a female member –one of the highest rates in the world

(Pickens, 2004). According to Brinkley (2011), Cambodia had no schools outside the capital until the 1940s and the majority of Cambodians relied on village monks who taught the principles of Buddhism. In 2004, 64 percent of females aged fifteen and above were literate compared to 85 percent of males; in addition, 64 percent of Cambodian women above twenty-five had not completed primary-level education as opposed to 46 percent of men (National Institute of Statistics, 2004). As is expected, today Phnom Penh has the highest literacy rate in all geographical domains in Cambodia, namely 90 percent for women and 97 percent for men (National Institute of Statistics, 2013). In contrast, only 70 percent of Cambodian women and 85 percent of Cambodian men are literate in rural areas (National Institute of Statistics, 2013). Along with gender disparities, Cambodia still suffers from urban-rural gaps in education and literacy. During field research in Cambodia, researcher Annuska Derks (2008) found that these differences in education were part of the rural and urban landscape and, while necessities of economic growth and national development are demanding a more prominent and influential role for women, “traditional and hierarchical tendencies controlling social mores, attitudes and behaviors” (p.54) are still shaping the social status of Cambodian women.

In any society, significant changes brought about by occurrences such as wars, famine, genocide, and the pressure of forces from outside the country will inevitably have a strong impact on many aspects of the society. Still, according to Rasmussen (2001), three features of Cambodian society have remained dominant: the Cambodian’s people’s connection to farming and the countryside, the patron-client system of social hierarchy, and the traditional role of the king and royalty. In order to effectively implement and carry out a development program such as microcredit in Cambodia, it is crucial to take these basic foundations of Cambodian society into account.

2.1.2.1 Class status: Patron - Client Relationships

In Cambodia, seeking support through patronage is still a foundational institution in society and an important part of the Khmer didactic moral codes. According to Ovesen and Trankell (2014), the origin of patronage lies in the need for support of peasant farmers from more established farmers, eventually becoming a monetary exchange through the form of credit in local village shops. Since the private moneylender was

usually a member of the local community, the relation between the lender and the borrower took the form of a patron-client relationship. Therefore, the relationship is more complex than the simple exchange of money and can cover a range of mutual obligations. In contrast to formal loans, Ovesen and Trankell (2014) argue, “because of the ongoing and personal nature of the relationship, there is room for occasional negotiations with regard to respite of the payment of interest and/or instalments on the principal” (p.184). The business and social implications for the private moneylender are possibly more important than that of a formal institution, and therefore he may be more willing to take business risks and foster a reputation of leniency towards clients. For most Cambodians, the first source of assistance in times of difficulty is still the patron. This relationship extends throughout all levels of Cambodian society, including national and local politics, and is very prevalent in the private sector as well. According to Rasmussen (2001), it often becomes a multi-tiered system, with clients dependent on patrons for some things, and able to become patrons in other circumstances to those who possess fewer opportunities than they do. Patronage is not permanent; it depends on the ability of the patron to deliver benefits. The establishment of NGO microcredit programs and an increase in access to formal microfinance institutions has disturbed the traditional power paradigm in the villages. However, as Springer (2011) argues, conditions of patronage in Cambodia engender considerable violence, as those without its protections are frequently forcibly removed from their lands when and where speculation determines a monetary value.

2.1.3 Historical Background

In order to understand how the donor community, and eventually the microfinance sector, has become so dominant in the neoliberal democratic reform project, it is worth briefly outlining Cambodia's contemporary history. Cambodia has been shaped by its agrarian society, its period of colonial occupation by the French, years of direct and indirect conflict, and years of reparation.

2.1.3.1 Independence (1954 – 1975)

As previously mentioned, French colonial rule came to an end with the country declaring independence in 1954 and forming a constitutional monarchy to become the Kingdom of Cambodia under Prince Norodom Sihanouk. There followed a period of relative stability throughout the 1950s, however a decaying economy, government corruption, and the rise of dissidence against an increasingly hard-line rule led to a general lack of confidence in the Sihanouk regime (Norman, 2010). According to Brinkley (2008), Sihanouk became increasingly paranoid about the growing popularity of the Khmer Rouge, whilst being equally concerned with the perceived close relationship with the US and its attempt to bring Cambodia into the war against the Vietnamese Communists.

The Western system of land use and property rights that the French had introduced continued after independence (Henry, 2004). Indebtedness became a trend in this era, indicating the low productivity of the rice fields and lack of adequate agricultural infrastructure in use. Moneylenders charged high interest rates for those farmers needing to make ends meet. The farmers were often forced to repay their debts by selling their next season's harvest at below market prices, thus leaving little for family consumption. A continual cycle of debt ensued, eventually leading to some farmers selling their land to pay off their debts to the moneylenders (Henry, 2004).

The last five years (1970 - 1975) of this "independent" period were tainted by the Cambodian civil war. Following Lon Nol's coup, the Khmer Republic was created to replace the monarchy and the Cambodian communists, the Khmer Rouge, began recruiting pro-Sihanouk followers. Throughout this five-year period, the Khmer Rouge, with the help of their Vietnamese communist allies, began choking off the capital of Phnom Penh. Major routes into the capital were cut-off, as were many of the waterways that were the supply routes to the capital (Henry, 2004).

The Americans continued to send missions into Cambodian territory to bomb Vietcong troops. This continued through 1973, when relative peace had been achieved in both Vietnam and Laos, but the Americans increased the intensity of the bombing on communist battalions in Cambodia. Inevitably, the spillover of US bombing raids on the Vietcong in Cambodia began to have an effect on the rural population who suffered

greatly through the deaths of thousands of villagers, the destruction of entire villages and arable land (Norman, 2010). Lon Nol turned his armed forces towards the rural countryside in an effort to repress opposition and dissent. By 1975, the Americans were evacuated and the capital city surrendered to the Khmer Rouge, with millions of civilian losses and refugees from the countryside.

2.1.3.2 Democratic Kampuchea (1975 – 1979) –The Khmer Rouge Years

The Khmer Rouge operated a ruthlessly brutal regime under the banner of 'Angkar' (the Organisation) an alias for the Communist party of Kampuchea that was now in full control of the country. Between 1975 and 1979, Pol Pot and the Khmer Rouge enacted a radical restructuring of society that is unparalleled in contemporary history, decimating the Khmer people and contributing to over one and a half million deaths through murder, starvation, disease, malnutrition and overwork (Norman, 2010). Immediate evacuation of Phnom Penh was ordered, until only 50,000 people remained in the capital. The communists dreamt of creating a new, classless country; where everyone was proclaimed equal and private ownership was abolished. Professions and classes were obliterated to remove all intellectuals; families were separated and the entire population was regrouped in the countryside.

Pol Pot was drawn to Mao Zedong's ideology of class warfare and the importance of poor peasants as ready receptacles for communist teachings (Henry, 2004). The Khmer Rouge attempted to deliberately enact a revolution of Cambodian society by liberating the Khmer people from the capitalist system (Norman, 2010). Money and private property were abolished, economic production was collectivised, urban elite and professionals were evacuated from the city and forced into labour, religious worship, freedom of speech and formal education were all banned (Norman, 2010). The killing began with the Lon Nol government officials, and continued to include Buddhist priests, Chinese and Vietnamese, and 60,000 Muslim Cham (Henry, 2004).

In 1979, the Vietnamese invaded Cambodia and brought the end to Pol Pot's rule. Mass relocation, lack of family support, destroyed infrastructure, and decimated agricultural land had left Cambodia shattered - to virtually start again from ground zero (Henry, 2004). Phnom Penh had been evacuated and abandoned by the Khmer Rouge.

The People's Republic of Kampuchea (PRK), under the leadership of the Khmer People's Revolutionary Party (KPRP), was established in an attempt to remove the radical dimensions of the Khmer Rouge era whilst keeping the government tied closely to communist principles emanating from Vietnam (Norman, 2010). Conflict carried on within Cambodia as a variety of factions attempted to resist the Vietnamese backed government, primarily these were the Khmer Rouges in retreat towards the Thai border, FUNCINPEC, a newly established party under Sihanouk, and the Khmer People's National Liberation Front (KPNLF) comprised of the remnants of the old Lon Nol government prior to 1975 (Norman, 2010). The brutal determination of the Khmer Rouge to end over two thousand years of Cambodian history and to start Cambodian society anew with an experiment in socialist utopianism, succeeded in hindering development in all aspects of Cambodian society (Rasmussen, 2001).

2.1.4 Political Economic Background

Cambodia's genocide was largely ignored due to Cold war geopolitics continuing to command the foreign policy agendas of Global North governments (Springer, 2010). Democracy only came to Cambodia in 1991 under a United Nations (UN) sponsored transition. The next sections will briefly outline this transition and the shifting global political climate.

2.1.4.1 Centrally Planned Economy (1979-1989)

Cambodia struggled through the 1980s with the Vietnamese in effective control of nearly the whole country. The Vietnamese invasion created massive upheavals throughout the countryside and displaced millions of families. According to Henry (2004), the new government for the People's Republic of Kampuchea continued using collective property rights for housing and land; however, all land was officially property of the State. This land was divided into solidarity units (*Krom Samaki*) and inhabitants could use the agricultural land while also sharing labour, draft animals, and any production equipment that may have survived the years of turmoil. Those areas with the highest level of collectivization were typically in the poorest areas with the fewest

physical assets, providing a measure of collective support to cope with a lack of draught animals, implements, or male labour, in some cases.

According to Rasmussen (2001), the most destructive aspect of the Khmer Rouge violence was the “blatant brutality toward the most fundamental elements of humanness” (p.17). Families were destroyed when brothers, sisters and children were forced to betray relatives, or be tortured or executed. As mentioned previously, the term *angkar*, which means ‘organisation’, was adopted by the Khmer Rouge as the name of their movement, and still creates a subtle feeling of tension and fear when used to discuss NGOs today. Most importantly, Rasmussen (2001) notes, crucial social tools such as trust, caring, patience and education became associated with extreme personal risk in the Khmer rouge era.

2.1.4.2 Free-market economy (1989 onward)

By 1991, the People's Republic of Kampuchea authorities realized the planned economic system was failing and it was officially abandoned. The economic system was reformed into a free-market economy where private property rights, which consisted of ownership for residential land buildings and possession rights for agricultural land were reintroduced. The land still belonged to the State, but Cambodians again had the right to possess and use the land. Informal resettlement resulting from the mass confusion of the previous two decades was accepted. According to Henry (2004), land was redistributed among households based on the number of family members and land availability, also taking into account soil fertility and location.

An agreement was finally reached in 1991 that ultimately led to the establishment of the United Nations Transitional Authority in Cambodia (UNTAC). Springer (2011) presents UNTAC’s involvement as a “triple transition: from a brutal state of war to a tenuous peace, from overt authoritarianism to an unconsolidated ‘democracy’, and from a command economy to a particular version of free-market neoliberal economics” (p.2555). Although the UNTAC has often been criticized for its failure to install a creditable democracy in Cambodia, it was able to re-establish civil society in the country with the help of hundreds of local NGOs, as well as research institutes and NGO coalition groups (Rasmussen, 2001). Cambodia's democratic transition since 1993 has been controversial, with questions over intimidation, corruption, elitism and patronage politics. However,

Norman (2010) notes that the arrival of UNTAC in 1992, after the signing of the Paris Peace accords, created a level of stability that had been absent in the country for decades, and marked a massive increase in the number of international non-governmental organizations (INGOs) and development projects aimed at the rebuilding of Cambodian society.

The Cold war ended following the collapse of the Soviet Union, which had already significantly disturbed global economics during the 1970s. According to Springer (2011), the global neoliberalization project, with actors such as the International Monetary Fund (IMF) and World Bank, “worked to reconstitute the global (im)balance of power by attempting to eradicate any residue of collectivism in the Global South through the imposition of brutal forms of economic discipline” (p.2554). The rise of world oil prices between 1973 and 1970 led to the Global North’s severe economic recession and to the Global South’s debt crisis. As Springer (2010) argues,

This unprecedented and unforeseen disruption of the world economy marked the beginning of an economic paradigm shift, as profound disillusionment with the record of state involvement in social and economic life swept over the Global North, leading to an unsophisticated and naïve belief that the most efficient economic regulator would be to “leave things to the market” (p.2).

The international donor community began to heavily promote the emergence and growth of civil society, with new development projects and aid programmes to address the debt crisis. The emerging neoliberal doctrine quickly became the economic orthodoxy in the Global North and was exported to the Global South.

In Cambodia, conflict between two major political parties in the late 1990s weakened the domestic economy and the international community’s confidence in Cambodia’s political stability. Henry (2004) suggests that these major impacts occurred even before the Asian financial crisis in neighbouring countries began to affect Cambodia. The crisis occurred due to drastic outflows of private capital, which created currency depreciation and plunging equity prices. Cambodia's financial sector was not immediately affected by the crisis, mostly because the private capital inflows were in the form of foreign direct investment. According to Norman (2010), “Cambodia represented a typical developing country that faced political and economic pressure from the donor community to reform political and economic structures to ensure a smooth transition from a centralised economic planning system to the free market” (p.172). Declining

incomes, loss of employment, and inflated prices on essential items all put increased pressure on the people's livelihoods.

In order to liberalise the economy further, the international donor community attempted to integrate the free market further into Cambodia through Structural Adjustment Programmes (SAPs). According to Norman (2010), the donor community at this stage tended to prioritise economic reform and poverty reduction through monetarist macro-economic reform typified by the Washington Consensus doctrine, yet the political problems facing the country, coupled with the financial instability that ensued, led to a reduction of loans and projects from donors. Nevertheless, there remained a continuing shift to a more “efficient” free market economy through privatisation of state assets, and public administration reform. Despite the distinct element of imposition in Cambodia's neoliberalization, powerful elites were only too happy to oblige. As Springer (2011) points out, “neoliberalism frequently opens opportunities for well-connected government officials to informally control market and material rewards, allowing them to easily line their own pockets” (p.2555).

The World Bank stated that governance in Cambodia needed more radical transformation than the Royal Government of Cambodia (RGC) had proposed and that in order to reduce poverty and fulfil the long-term strategy of good governance, specific attention had to be paid to making the state more accountable through enhancing financial transparency, decentralisation and the removal of barriers to private sector growth (Roy, 2010). However, as Springer (2010) argues, “the neoliberal agenda follows its own “development discourse”, and far from championing democracy through the concept of “good governance”, neoliberalization in the Cambodian context actually stands in irreconcilable contradiction to democracy” (p.153). The competition inherent to the capitalist system promotes social and economic inequalities, which are inseparable from their political counterpart, where Cambodia’s dominant political party, the Cambodian People’s Party (CPP), negotiated Cambodia’s transition and used its authority to informally control Cambodian markets so as to enhance their social status and enrich their economic standing by accumulating international financial institution and donor funds (Springer, 2010). Springer (2011) argues that “what constitutes ‘actually existing’ neoliberalism in Cambodia as distinctly Cambodian is the ways in which the patronage

system has allowed local elites to co-opt, transform, and (re)articulate neoliberal reforms through a framework that has ‘asset stripped’ public resources, thereby increasing peoples' exposure to corruption, coercion, and violence” (p.2555). In these ways, neoliberalization in Cambodia has greatly hindered the potential for social justice, intensified inequality, and is now increasingly pushing thousands of Cambodians into a position of landless poverty.

2.2 Methodologies of Credit

In Global South countries, especially in rural areas, it is estimated that as much as 50% of the working population are micro-entrepreneurs or engaged in micro-enterprise activities (Rasmussen, 2001). Some type of microcredit has always accompanied the existence of micro-entrepreneurs, with the most informal being credit from family, where relatives will make loans to each other. Rasmussen (2001) is quick to point out that these arrangements are characterized by uncollateralized loans that carry no or little interest, have open-ended repayment arrangements, and have a strong focus on reciprocity.

Non-Governmental Organizations (NGOs) and Microfinance Institutions (MFIs) and traditional moneylenders employ a wide variety of credit methods in Cambodia. Some of these include: Solidarity Group models, Village Banking models, Self-help groups, Savings-led Microfinance, Rotating Savings and Credit Association (ROSCAs), and Ton Tin which are described below.

2.2.1 Solidarity Group

The Solidarity Group model is based on peer pressure, whereby typically five women members guarantee loan repayment, and access to subsequent loans depends on repayment of loans by all members of that group (Grameen Bank, 2012). For many, this kind of group lending has become synonymous with microfinance. Group lending refers specifically to arrangements by individuals without collateral who get together and form groups with the aim of obtaining loans from a lender (Armendariz & Morduch, 2005). According to Armendariz & Morduch (2005), to compensate for borrowing without

collateral, “the special feature is that the loans are made individually to group members, but all in the group face consequences if any member runs into serious repayment difficulties” (p.86). In the Grameen-style group lending, groups were initially seen as sources of solidarity, offering mutual assistance in times of need. However, with time, Professor Yunus and his associates realized that the cost of screening and monitoring loans and the costs of enforcing debt repayments could be substantially reduced by the organization of the group itself (p.87).

2.2.2 Village Banks

The Village Banking model provides financial services locally rather than centralized in a formal bank. The community, through elected officers, manages the savings and distributes loans to individuals based on their ability to repay. The loans are backed by moral collateral so there is a need for social cohesion (Segrado, 2005). According to Pickens (2004), another characteristic of the model is the connection between savings and credit; some amount of monthly savings is compulsory. It is used as collateral against loans and to provision an internal fund from which the village bank can also make loans to members. Multiple organizations in Cambodia utilize some form of village banking methodology. Thaneakea Phum Cambodia (TPC) began lending with this model as a Care (NGO) project in the 1990s, and it has recently transformed into a limited liability company in order to complete the requirements for licensing. Pickens (2004) notes that “most decision making resides with the microfinance institutions, which exerts authority in setting compulsory savings amounts, establishing a scale for gradual increases in loan size, and deciding the amount of loans that will be made to the village bank for on-lending to individuals” (p.10).

2.2.3 Self-Help Group

The self-help group (SHG) shares some characteristics with the village banking model, notably compulsory savings. Like in village banks, SHG members save monthly, building up a loan fund that the group then uses to make loans to its members (Pickens, 2004). Interest payments are returned to the loan fund, helping increase its size over time.

Typically, there is an external source of credit from a NGO in addition to the internal fund. However, SHGs have more autonomy in choosing how they will operate, including the amount they will save, the frequency of meetings, and the use members make of loans (Rasmussen, 2001).

2.2.4 Savings-Led Microfinance

Similarly, Savings-led microfinance mobilizes members' savings as a significant source of loan capital but differentiates itself as a service independent of credit. The model's focus on savings has grown out of an increasing realization that poor households have much to gain from savings services, and that savings has been relatively untapped as a sustainable, large-scale source of capital, in contrast to the grant funding and loans from donors and capital markets used by most programs in Cambodia (Pickens, 2004). Members are required to make compulsory monthly savings of KHR 1000 and purchase at least one share of KHR 5000, which entitles the member to an annual dividend based on bank performance. Members can purchase additional shares or contribute to voluntary savings. However, Savings Banks do offer loans for productive purposes, consumption and emergencies, all at three percent interest.

2.2.5 Ton Tin

In Cambodia, a version of Rotating savings and credit associations (ROSCAs) has been around for hundreds of years. ROSCAs provide financial services to a group of people that make regular cyclical contributions to a common fund, given as a lump sum to one member each cycle (Grameen Bank, 2012). ROSCAs are a form of group credit, formed by individuals in one village or area, where members contribute a set amount each week or month; each member then takes turns receiving as a loan the aggregate contribution from all members. Once that member has repaid her or his loan, the next member takes a turn, and the cycle continues until all members have had the chance to borrow once. They were created as a way to avoid the steep costs charged by moneylenders, whose lending practices go unchecked and unregulated; however, social costs and obligations can be considerable (Armendariz & Morduch, 2005). The

Cambodian version for this type of informal credit, originally called tontine by French-speaking Cambodians, takes on more of a gambling aspect (Rasmussen, 2001). A group of people, usually between five and fifteen individuals, together decide how much to “invest” in the ton tin (the Cambodian spelling of the word). A meeting is held during which the group leader asks which member is willing to put up the highest amount of interest in order to borrow from all of the other members. The one bidding the highest interest then borrows the amount, minus the interest, from each member. After an agreed-upon interval, that member would repay each member with interest. At this time, she or he becomes a “dead member”, continuing to loan money but not borrowing. The member who manages to hold out until the last turn pays no interest, as there is no one left to bid against them. Ton tins are still a popular form of credit, especially in urban areas.

2.2.6 Private moneylenders

Finally, as was previously discussed in relation to the patronage system, traditional or private moneylenders are also present in Cambodia, providing those who need quick credit with high interest loans. In nearly every urban neighbourhood and every rural village, there exists a moneylender willing to loan money at short notice and at rates of interest range anywhere from 50% to 150%.

2.3 Critical Review of Literature on Microfinance

The shift to market-oriented development policies of the late 1980s has opened up a larger debate on dominant ideas and processes of poverty, as well as how to address these issues in a variety of geographical settings. Research in the fields of development, human geography and women’s studies has been particularly critical of the integration of the poor into the “market” as a process of neoliberalization that actually places them in highly exploitative circumstances (see Kabeer, 2001; Norman, 2010; Rankin, 2004; Roy, 2010). In addition, research in the Global South has demonstrated that women are disproportionately affected by financial crises, and therefore a female focus in the microfinance sector could affect their experience with microcredit and impact their

domestic and social lives. In the following section, I will take a political economic geographical lens and rely on feminist scholarship to demonstrate how conceptions of the economy, as well as economic and social outcomes of policy are shaped by ideologies and practices of gender and in turn, affect Cambodian women's use of microcredit as a household financial strategy (Pollard, 2013). Further, I will review some of the literature on microcredit and market-led strategies within development, and poverty reduction strategies more generally, by examining the opportunities and challenges Cambodian women borrowers are facing, as well as the local strategies they employ to deal with debt.

2.3.1 International Microcredit Context

Microcredit is a component of microfinance and refers to “small loans” whereas microfinance refers to the provision of loans along with other financial services (savings, insurance, payment services, etc.). Historically, Southeast Asia has been associated with increasing poverty and its economies perceived as debt-ridden and credit-constrained (Henley & Goenka, 2010). Facing major poverty problems especially in its rural regions, Indonesian, Thai and Malaysian governments started experimenting with ways of making credit more easily accessible to the rural populations (Henley & Goenka, 2010).

To a great extent, most microfinance clients are micro-entrepreneurs working as street vendors, farmers, fishermen, salesmen or other service providers (MIX, 2009). Regionally, the microfinance sector has developed with considerable variations. The average loan size in Asia is approximately \$ 200, in Africa and the Middle East about \$ 300, in Latin America around \$ 800 and in Central and Eastern Europe around \$ 2000 (MIX, 2009). In Asian countries, where group lending is preferred, there is a heavy reliance of the microfinance sector on women with 93.7% of borrowers are women (MIX, 2009).

In the early 1970s, NGOs and other aid agencies began to realize that a great need among micro-entrepreneurs was for an available source of capital to make their businesses financially self-sufficient and to increase the size of their output (Rasmussen, 2001). Microcredit loan cycles are usually shorter than traditional commercial loans with terms ranging from six months typically to a year with payments plus interest, paid weekly. Commercial banks are not willing to give very small loans to micro-

entrepreneurs, let alone lend to poor individuals, due to high transaction costs weekly payment collections require. However, social innovators from the Global South believed that small amounts of short-term capital (microcredit) can help poor people in the informal economy engage in productive activities and grow their way out of poverty. The poor are not likely to take out large loan amounts or be able to open a savings account with an opening balance of \$1,000. Usually, they invest in assets such as gold, jewellery, domestic animals, building materials, and things that can be easily exchanged for cash (Kiva, 2013). The early success of microcredit demonstrated that poor families in the informal economy are valuable customers and that it is possible to serve them in large numbers in a sustainable way (CGAP, 2015). Microfinance extends its financial services to include the supply of loans and savings, micro insurance, micro leasing and money transfers.

A very small window of success in the 1980s was followed by repayment problems, corruption in administration, and a reduction in the number of borrowers, creating growing inequalities in the microfinance sector within and between countries (Krishnan, 2009). During this time, micro-enterprise credit concentrated on providing loans to poor women to invest in tiny businesses, enabling them to accumulate assets and raise household income and welfare (Kiva, 2013). These experiments resulted in the emergence of nongovernmental organizations (NGOs) that provided financial services for the poor. In the 1990s, many of these institutions transformed themselves into formal financial institutions in order to access and on-lend client savings, thus enhancing their outreach. A microfinance institution (MFI) is an organization that provides microfinance services and can range from small non-profit organizations to large commercial banks. The majority of formal banks do not provide microfinance products as it is an expensive enterprise - you can make a lot more money on a large loan than a small loan, and you won't make much money holding savings accounts with very little funds in them.

The nature of microcredit - small loans - is such that interest rates need to be high to return the cost of the loan. There are three kinds of costs the MFI has to cover when it makes microloans: the cost of the money that it lends, the cost of the loan defaults and transaction costs (CGAP, 2015). The first two costs are proportional to the amount lent, however, transaction costs require roughly the same amount of staff time for meeting

with the borrower to appraise the loan, processing the loan disbursement and repayments, and follow-up monitoring (Kiva, 2013). This explains why interest rates for small loans are so high; when loan sizes get very small, transaction costs appear larger on a percentage basis because these costs can't be cut below certain minimums (Kiva, 2013).

Due to the emergence of a variety of small MFIs and NGOs practicing microfinance, the Royal Government of Cambodia (RGC) established a regulatory framework for the development of microfinance, a stricter regime for the operation and supervision of financial institutions in Cambodia. In November 1999, a “Law on Banking and Financial Institutions” (Royal Kram NS/RKM/1199 13) was enacted. The RGC recognized that microfinance was a vital mechanism for community development and one of the major goals of the law was to increase confidence in the banking sector (Pickens, 2004). Finally, in January 2000, the National Bank of Cambodia (NBC) issued Prakas No. B700-006 on the “Licensing of Micro-Finance Institutions”. Microfinance programs are required to register with the NBC and provide quarterly reports on savings and credit activities. In order to be licensed under the NBC, microfinance programs must restructure as a limited liability company or cooperative and meet certain thresholds for liquidity and paid-in equity (approximately \$62,000) (Pickens, 2004). According to Pickens (2004), one effect of the regulations has been to “shake out the microfinance sector by establishing a two-tier classification of licensed and unlicensed programs” (p.4). At the same time, there are over 80 NGO microfinance programs registered with the National Bank of Cambodia (NBC), however there may be many more operating under the regulatory radar.

2.3.2 Current Trends in Microfinance in Cambodia

Significant strides have been made in developing microfinance services in Cambodia over the past decade. In the early 1990s, Cambodia had virtually no formal financial institutions, and outreach to the poor was almost nonexistent. Today, a strong group of market-leading MFIs, complemented by numerous NGO programs, have extended financial services to many Cambodian households. Cambodia represents one of the fastest growing markets for microfinance in the world (Pickens, 2004, p.22).

However, the vast majority of this growth is accounted for by a few institutions. Leading

MFIs operate in 18 to all of the 24 provinces in Cambodia through 661 branch offices. According to Sinha (2013), this distribution applies not only to MFIs offering loans at the top or bottom ends of the scale but broadly to all average loan size classes.

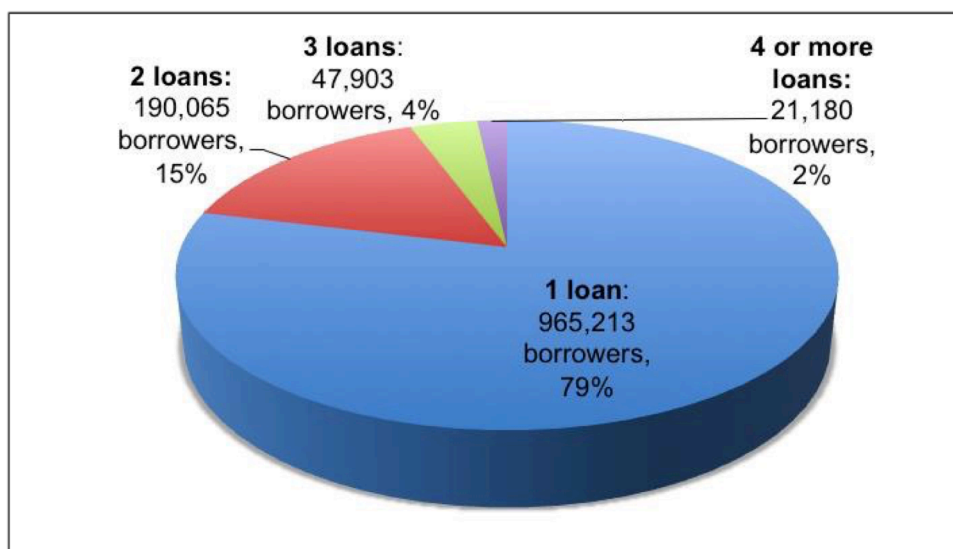
One consequence of NGO microfinance programs becoming independent limited liability companies is a shift in the attention to financial sustainability. As previously discussed, serving clients that take out smaller loans carries greater operating costs, so MFIs are going “up-market” and moving towards larger loan sizes focused on individual borrowers (Pickens, 2004). The majority of Cambodian households fall outside this target group, particularly in rural areas. Cambodia’s most successful microfinance provider, ACLEDA, has moved up-market towards individual micro entrepreneurs capable of absorbing larger loans. Smaller MFIs will have to serve rural households who still require credit, making it difficult for them to achieve financial sustainability and deliver adequate services.

It has been suggested that although the microfinance sector boasts high repayment rates, these figures could be masking the high sacrifices that borrowers make to meet payment schedules (Liv, 2013). This has led various stakeholders to recognize the severity of the problem and to try to determine which sectors are most affected. According to **Figure 1 (next page)**, aggregated national level data indicates that in 2013, 21% of total borrowers in the country had multiple loans: 15% had 2 loans, 4% had 3 loans and 2% had 4 or more loans (Liv, 2013, p.19). Based on consolidated village-level data, the eight MFIs are operating in 94% of the total number of villages in Cambodia (13,282 villages), where 76% of the active villages (10,212 villages) have more than 2 operating MFIs, reflecting the high competition in the sector (Liv, 2013, p.27).

In the past, the majority of microfinance activity has been in the area of credit. Few financial institutions have focused on delivering a liquid savings mechanism, whereby assets can be converted into cash quickly and with minimal impact to the price received; however, this trend may be shifting. Cambodia’s 39 MFIs reported \$2.03 billion in outstanding loans in 2014, rising 44 per cent compared to 2013. Of the 39 MFIs operating in Cambodia, seven have gained licences to accept deposits since a law was passed in 2007 allowing the practice. The total amount of savings at the seven deposit-taking MFIs reached \$897 million by the end of 2014, more than doubling from 2013,

according to the Cambodian Microfinance Association (Kunmakara, 2015). Both deposits and loans in Cambodia's banking sector increased about 30 per cent last year; deposits at all Cambodian banks reached \$10 billion, a 32 per cent increase from \$7.5 billion at the end of 2013, according to figures from National Bank of Cambodia (NBC).

Figure 1 Multiple Borrowing at the National Level



Source: Liv, 2013

Cambodia Microfinance Association (CMA) president Bun Mony said the boost in deposits reflected the positive performance of the Kingdom's economy, especially in rural areas where most of the MFI's clients are located. According to Mony, deposits collected from the Phnom Penh area represented about 30 to 40 per cent of all MFI savings, with the rest coming from the country's provinces. Prasac is the largest MFI with deposits worth \$305 million, followed by Hattarkasekar Limited (HKL) at \$173 million, Sathapana Limited at \$166 million, and Amret at \$153 million (Kimsay, 2015a). Nevertheless, according to a report from credit ratings agency Standard & Poor's, Cambodia's banking sector is high risk and moderately unstable due to the sharp rise in lending, and too many banks catering to too few clients (Kimsay, 2015b).

2.3.3 The globalization of microfinance: a form of financialization of development?

The international donor community, with actors such as the World Bank, the United Nations, and the International Labour Organization, has played an important role in popularizing microfinance in the mid-1990s. In 2002, it was estimated that approximately 2,500 microfinance institutions serve some 67.6 million clients in over 100 different countries (MIX, 2009). Before the 1970s and 1980s microfinance boom, the poor practically didn't have access to credit. Conventional banks avoided lending to the poor because it was believed they lacked the resources needed to invest in productive uses, and usually lacked credit histories and collateral to assess their creditworthiness (Sengupta & Aubuchon, 2008). Subsequently, credit to the poor was largely provided by local moneylenders at very high interest rates. MFIs can offer lower interest rates compared to moneylenders because of their ability to screen and monitor borrowers, in part due to their group lending practices and greater economies of scale (Sengupta & Aubuchon, 2008). There is by now a large body of scholarly and development literature on microcredit comprising surveys, critical development economic analyses and case studies that discuss microcredit's positive or negative effects on people living in poverty, and even further on poor women.

By following the history of microfinance within development, we get a glimpse of the dominant ideas about poverty and poverty alleviation that have been shaped by what is commonly called the "Washington Consensus", knowledge produced by a group of "think tanks" and institutions in Washington, such as the World Bank (Roy, 2010). Although the microfinance sector accounts for less than 1 percent of annual spending in the World Bank's and UNDP's budgets, it is everywhere and holds a special standing in the world of international development (Roy, 2010). As Rankin (2001) recognizes, "planners now regard markets as the favoured mechanism for achieving not only economic growth and efficiency, but also political freedom and social justice" (p.18). This points towards the process of neoliberalization in microfinance policy, where market logics and competitive discipline have become hegemonic assumptions. Despite this, there is no consensus on how to implement and use microfinance and it has taken many forms starting in Bangladesh, and branching out to regions of South Asia, Latin America and Indonesia.

Prior to the 1970s, the provision of financial services by donors and governments was mainly in the form of subsidized rural credit programs. With the goal of reaching the “poorest of the poor” in rural areas, the Grameen Bank of Bangladesh, founded by Professor Muhammad Yunus, popularized microfinance by removing the need for collateral in its requirements for small loans (Grameen Bank, 2012). The difference between microcredit and the subsidized rural credit programs was that microcredit insisted on repayment. The implementation of microcredit was used to fight poverty and to promote development in the poorer economic segments of the country, where many people rely on the informal sector for credit. The Grameen Bank was credited with the group lending approach and targeting women. In October 2011, the bank had 9,349 million borrowers, 97 percent of whom were women (Grameen Bank, 2012). The developments in this field showed that providing small loans could be done profitably on a large scale (Robinson, 2001).

Within these institutions was a discourse of entrepreneurship and empowerment, driven by the Consultative Group to Assist the Poor (CGAP), a donor forum based at the World Bank. CGAP’s mission statement reads: “Our mission is to improve the lives of poor people by spurring innovations and advancing knowledge and solutions that promote responsible, sustainable, inclusive financial markets” (CGAP, 2015). This statement espouses a sort of “minimalist microfinance” that believes that access to finance is the most important component of poverty alleviation. It emphasizes a more limited role for government, moving away from the idea of development as social services. It also relies on the economic freedom of the poor to build a kind of entrepreneurship that re-conceptualizes them as financial consumers. Rankin (2001) argues this shift in rationality removes the obligation of the state towards the disadvantaged poor and places it on “individuals acting as responsible agents of their own well-being” (p.20). Alternatively, it has been argued that the obligations imposed by institutions such as the Grameen Bank (meetings, memberships, repayment schedules) actually take away from their economic freedom, thereby disempowering them. At the same time, microfinance institutions are implementing more and more management techniques to mitigate the risk of lending to the poor. According to Roy (2010), MFIs are now concentrating on their institutions’ financial efficiency and sustainability in order to

compete in global financial markets, thus reducing the role of the state by deregulating and liberalizing national economies in order to increase the competitiveness of markets. So, although the neoliberal rationality commits to a laissez-faire ideology, its influence on how governments approach and structure microfinance involves it very much in the planning activity. Rankin (2001) claims, “framing the state this way in broad inclusive terms reveals it as a site of political struggle and contradiction, as the locus of highly contested planning activity, and as a mediating force in the articulation of global economic processes with local cultural forms” (p.22). Within this discourse of self-sufficiency and entrepreneurship comes a growing risk aversion to lend to the segment of the poor that is considered not creditworthy, the very segment of the population microfinance is supposed to help.

2.3.4 Mission Drift: Towards Greater Commercialization

Bateman (2010) observes that most MFIs have abandoned the subsidized Grameen Bank model and replaced it with the new commercialized microfinance model – that stresses the institution’s financial self-sustainability and profitability –reducing the potential benefits the poor can gain from dealing with MFIs. With the successful transition of NGOs practicing microfinance becoming for-profit financial institutions (e.g. ACLEDA in Cambodia), other international development institutions slowly began committing to this ‘best practice’ over subsidized programmes. Like CGAP, the Boulder Institute of Microfinance has also been an influential advocate of financial sustainability and inclusive financial markets. However, authors such as Roy (2010) argue that “Boulder’s dominant message, that microfinance will and should be fully absorbed into commercial banking, misses the very real threat that the poor will once again be redlined and marginalized” (p.61). Also, it has been argued that MFIs that target the poorest groups have higher costs and tend to require substantial state or donor subsidies (Henley & Goenka, 2010). In order for these MFIs to make their operations financially sustainable, they argue that they must charge interest rates that are high enough to cover their administrative and transaction costs in order to expand their services to the poor (CGAP, 2015). Once financial sustainability is reached, these microfinance providers can continue to serve their clients without needing funding or subsidies from external donors

or governments. Most MFIs in Southeast Asia have opted for this ‘best-practice’ microfinance by focusing on being commercially viable. The values of microfinance loan portfolios from MFIs in Southeast Asia are growing rapidly and becoming even larger than those of the formal institutions (Krishnan, 2009). Several authors are concerned that this growing commercialization of the sector will cause a mission drift away from serving the poor by focusing on business success rather than empowerment (see Bateman, 2010; Norman, 2010). Others (see Roy, 2010; Silvey & Rankin, 2011) argue that focusing singularly on this neoliberal commercialized approach to microfinance obscures the “counter-hegemonic trajectories within the sector that seek to engage credit as a mechanism for redistribution, not merely entrepreneurship” (Silvey & Rankin, 2011, p.700). Indicators of mission drift include increase in the average size of loans and a shift from group loans to individual loans with collateral. Importantly, this approach to microfinance relies perhaps too heavily on the creativity of poor entrepreneurs and the “social capital” they are expected to mobilize. The importance of social capital will be discussed in the next section.

2.3.5 Feminist Critiques of Neoliberal Development Programs: The Role of Women

As Rankin (2001) states (see also Kabeer, 1994) research across countries and cultures has shown that women in the Global South contribute more to the countries’ productive labour, more of their income to household well-being than men, and have higher loan repayment rates. Consequently, for the better part of its evolution, the microfinance sector has accepted the assumption that women are a better credit risk than men and applied policies accordingly in its lending practices. As Rankin (2001) has argued, their inclusion is made possible by what is perceived to be their inherent talents and abilities as entrepreneurs. This feminization of development places women at the forefront of interventions that “increasingly target women as the desired beneficiaries and agents of progress” (p.19). Although some authors (see Roy, 2010; Rankin, 2001) recognize the potential for microfinance development strategies to offer some progressive possibilities for women, they are very critical of the utilization of women’s social capital within the neoliberal agenda, adding cautions about the connections between “state power” and “gender oppression” (p.20). Through the new ‘business’ approach to

microfinance, women are both presented and reinvented as entrepreneurs in order to fit the neoliberal ideals of “self-sustainability” and “self-regulating markets”. As Pollard (2013) puts it,

some of the poorest women around the globe are being reconstituted as entrepreneurial financial subjects as the shifting front lines of neoliberal and colonial rationalities deploy the language of ‘empowerment’, ‘gender equality’ and ‘development’ to extend and deepen the reach of financial markets. (p.416)

In this way, recognition of women’s participation deepens the reach of capitalist markets to areas that were previously thought of as too “poor” or too “rural”.

Much of the research discussed above comes from feminist scholarship, which has been especially critical of development programs introduced by Western countries, and brings to light the normalized and gendered assumptions these programs can perpetuate. As Pollard (2013) argues, programs that follow a neoliberal rationality “portray human beings as autonomous and impervious to social influences” (p.406), which produces perhaps accounts of the ‘economy’ that are too simple, compared to fuller accounts that “resist separation of formal and informal, paid and unpaid, productive and reproductive” (p.407). And although it has been shown that women are disproportionately affected by financial crises (see Nagar et al., 2002; Pollard, 2013), it is most commonly women’s labour, also termed the labour of social reproduction, which forms a buffer in times of crisis. Women take on additional work both in and outside of the household in order to fill in whatever services they can no longer afford or that the state has withdrawn. Pollard (2013) argues these gendered “macro-economic patterns of inequality” (p.407) displace responsibility from the state onto women by expecting that “forms of unpaid community, household or individual care-work will take up the slack” (p.410). These domestic, local and social spaces are of great interest in this thesis which is aimed at improved understanding of the challenges women encounter when dealing with debt, and the power relations of gender and class that may determine whether access to credit fosters empowerment rather than imposing a greater burden.

In a similar vein, Maclean (2013) considers how citizens (both men and women) are led to accept the withdrawal of social services provided by the state not as a violation of their rights, but as a shift in accountability towards their own welfare in the market and community (p.459). MFIs and governments alike rationalize this shift in responsibility as

a process of economic freedom and empowerment. However, critics argue that this is a form of “neoliberal dumping of responsibility” (p.463) that takes women’s sense of responsibility for granted rather than valuing it. Maclean (2013) also reflects on the gendered and colonial constructions of “risk” and “responsibility” and argues that the way women are targeted by microfinance institutions for “risk averse” tendencies contradicts the value accorded to risk in male-dominated financial markets (p.456). Women in the Global South are expected to take risks in order to be successful in building microenterprises, however, due to their participation in mainly informal sectors, Pollard (2013) observes they are especially vulnerable to macro-economic downturns. There is a stark contradiction between the risks women are expected to take in order to invest in new business ventures and the conservative attitude that is expected of them from microcredit programs and Microfinance Institutions (MFIs) alike. Therefore, this may undercut the potential market-based strategies have in helping the “poorest of the poor”, primarily women, who are perhaps more in need of a subsidized social services such as food, healthcare and education. According to Rankin (2001), access to credit can be “liberatory only as long as it facilitates spaces for women, and others in subordinate social locations, to develop critical consciousness of cultural ideology as a foundation for collective action” (p.32). In Cambodia, the existing structures of exclusion perhaps don’t allow the creation of spaces for women in a commercialized microfinance sector.

In an effort to reinforce the notion of empowerment with effective utilization of social capital, many MFIs have implemented solidarity groups in their female focused practices. Based on a household survey in South India, Holvoet (2006) found that group membership plays a key role in helping women to assume household decision-making roles, both regarding loan use and other types of household decision making. The data showed that when women join a credit group, there appears to be a shift from norm-following and male decision making to negotiated decision making and in some cases female decision making on household issues, especially when women remain as group members for a long period of time. However, a significant amount of research criticizes microfinance as a system that intensifies gender inequality in resources, rights and power (Mayoux, 2001; Rankin, 2001, 2002). To begin with, microfinance does not incorporate all of the poor and this means that a number of poor people are excluded from

membership in micro-groups. According to Geleta (2014), “the fact that a significant number of poor people do not have the opportunity to join a group means that they do not create new or expand their prevalent social capital, and they remain socially disempowered” (p.421).

Other research has identified a number of positive outcomes of group membership for micro-entrepreneurs, in addition to its economic benefit, such as enhancing micro-entrepreneurs’ confidence, knowledge and awareness (Hunt and Kasynathan, 2001; Padia, 2005). However, this approach to empowerment denies the processes of power and domination in which social capital is created, potentially placing the extra burden of debt on poor women (Roy, 2010). Women who succeed in establishing networks of association, links and common values do not necessarily utilize the social capital created to their advantage (Geleta, 2014). Regarding this, Mayoux (2001) notes that some women included in microfinance programs in Cameroon generated low levels of income from the products they traded because the markets are dominated by men who had created their own social networks and associations. According to Mayoux (2001) “men’s domination of the markets is backed by discriminatory institutional relationships and structures” (p.32), which involves customary law that isolates women from accessing resources except through husbands. Thus when the social capital of women that emanates from forming micro-groups is located in a situation whereby gendered cultural capital is predominant, the possibility of transforming social capital into economic benefits is minimal (Geleta, 2014)

Social capital can also become a form of social collateral used by financial institutions to put more economic pressure on women borrowers (Pollard, 2013). Solidarity groups have been portrayed on the one hand as a learning and participative environment, and on the other hand, as an added pressure on poorer communities with the potential to damage important support networks and relationships by fostering hostile community environments (Cheston & Kuhn, 2002; Bee, 2011). It has been argued that solidarity groups can take advantage of social capital in negative ways by potentially damaging important support networks and relationships already existing in the community (Cheston & Kuhn, 2002; Bee, 2011). This consequence can be attributed to the institutions’ disciplining of its subjects as entrepreneurs and its prioritizing high

repayment rates and operational efficiency over poverty reduction and women's empowerment (Bee, 2011). The artificial solidarity created through this lending system does not hold up to external factors preventing loan repayment, and only those women with real safety nets are protected from the indebtedness microfinance programs can create (Bee, 2011). Finally, Rankin (2001) argues that in some cultures, the imposition of microcredit programs can actually exacerbate, rather than challenge, existing social hierarchies.

Policy makers and microfinance institutions (MFIs) alike believe that women are better credit risks since they tend to make more conservative investments and they are easier to monitor because they are less mobile than men (Sengupta & Aubuchon, 2008). It is argued that women have lower "moral hazards" than men and therefore produce higher repayment rates. Johnson (2004) also reasons that women's businesses have quicker turnover rates than men's, making their businesses more amenable to the regular repayment provisions demanded by most MFIs. Moreover, women may be prompted to ensure they repay their debts since historically they have not had access to credit and still receive fewer credit opportunities in comparison with men (Armendariz & Morduch, 2005). This fact, coupled with women's relative accessibility and easy monitoring, is more conducive to MFIs regularly enforcing repayment. Similar findings also indicate that women are perceived as better credit risks since MFIs carry fewer provisions for women. However, it is also important to recognize that higher interest rates are being charged and smaller loan sizes are being offered to women (D'Espallier, Guérin & Mersland, 2011).

The 'downsides' of social capital challenge the popular assumption that social capital helps the establishment of microfinance-based income-generation projects and assists development. According to Maclean (2013), despite its utilization for the promotion of loans repayment disciplining, capitalization and the creation of sustainable microfinance institutions, women's social capital has not always been useful for the improvement and the expansion of their livelihoods. As studies and literature have argued (Bee, 2011; Geleta, 2014), microfinance in many cases has resulted in the disintegration of already existing forms of relationships and association among poor women. In addition, rather than the generation of cooperative and supportive relationships among

poor women, Geleta (2014) argues that loan repayment requirement expectations and also the accumulation of debts have resulted in the intensification of “competitive individualism” (Molyneux, 2002, p.182).

2.3.6 The Social Role of Cambodian Women in Lending Practices

In Cambodian society, tradition plays a significant role in perpetuating gender disparity. Cambodian women are at a significant disadvantage relative to men when it comes to literacy due to social and cultural factors. Women are often kept at home to help with household work and to care for younger siblings, especially once they have completed primary school. At the same time, their belief system accords low value to work outside the home for women, effectively restricting their economic opportunities. As Chhay (2011) demonstrates, women are excluded from more profitable economic sectors and are mainly involved in the agricultural and informal sectors, such as garment factories and petty trade in urban centres. As such, women need to rely on a diversity of sources, such as income from small businesses, income from other family members or remittances sent from children working in the city or outside of the country, in order to repay loans. And, although credit operators in Cambodia report a high percentage of female borrowers, Chhay (2011) argues, “it has not been fully ascertained whether the credit women receive is used solely for female-owned and controlled businesses” (p.1126). Consequently, Cambodian families have fashioned local strategies in order to cope with debt and hard economic realities.

One of the important selling points of microloans provided by formal institutions was that it was believed to free the poor from reliance on the usurious rates of traditional moneylenders. Perhaps due to their high interest rates and the repayment pressure tactics they sometimes resort to, establishing a proper microfinance industry was thought to render these private lenders redundant. However, Bylander (2014) states that both moneylenders and MFIs report consistently expanding loan portfolios over the past decade, even though competition has increased. According to Ovesen and Trankell (2014), “what we have seen in recent years is a gradual adaptation of private lending practices to the conditions set by the microbanks” (p.191). This is most likely due to the fact that MFIs do not offer the necessary social support that their clients need. Former inhabitants of inner-city slum areas and small peasant farmers are usually the

economically most vulnerable population, having experienced a gradual exclusion from their local societies and customary occupations (Ovesen and Trankell, 2014). These are typically the individuals that will seek out moneylenders since they have fewer assets and require more flexibility in repayment. MFI loans can be too restrictive for these individuals since they may require a specific business proposition, monthly interest payments, repayment schedule, credit assessments, signatures of co-signers, etc. According to Bylander (2014), “because of these differences, MFI and informal loans are used differently and strategically to meet the differential needs of borrowers” (p.292). What is often seen is a simultaneous use by borrowers of loans from informal and formal institutions to take advantage of a number of opportunities, alternating between the two to cover the costs of either interest rates or loan repayments. Ovesen and Trankell (2014) point out that the “economic behaviour of ordinary people often defies the distinctions made by social science or by financial institutions” (p.188). Their field research shows that not only are borrowers alternating between sources of loans, they also depend on private loans to repay their more restrictive formal loan repayment schedules. In turn, private lenders actually began lowering their interest rates in order to compete with those set by MFIs. Even more interestingly, private lenders are now taking out loans from MFIs to finance their moneylending businesses.

As previous field research in Cambodia exemplifies, the local context is essential to mediate decision making for the use of microloans. The different livelihood strategies being developed and shaped around microloans demonstrates how Cambodian borrowers negotiate the entrepreneurial identities imposed by powerful economic institutions within the microfinance sector. According to Norman (2010), “This is part of a larger convergence between civil society and development occurring as part of the socially oriented “post-Washington consensus” (p.164). An intensification of the neoliberal rationality being promoted by development agencies may stimulate an expanding microfinance sector, however, it could prove to be detrimental to the social mission of microfinance, while not necessarily equating to entrepreneurial choice. As Norman (2010) argues, “Microfinance draws the poor into the market and promotes microfinance as a method to pick up the social cost of neoliberal restructuring, thereby de-prioritizing the creation of alternative approaches such as, for example, the organization of a state-

provided welfare safety net” (p.179). This minimalist approach to microfinance is too simplistic and does not recognize the ability of people to make decisions on matters that are important to themselves and not just about access to credit for economic opportunity. According to Bylander (2014) a context-free approach is perhaps not suitable in enabling income-generating microenterprises since it does not take into account “differential profits, education levels and motivation of borrowers” (p.303). Therefore, a more nuanced understanding of these dynamic economic and social processes are required in order to recognize the various cultural, environmental and social variables that influence the borrowers’ decision making. Undeniably microfinance in Cambodia has allowed access to credit and new sources of money for those previously excluded from the formal financial system. However, where alternative livelihood strategies exist that are lower risk and culturally preferred, availability to credit is unlikely to foster local entrepreneurship.

Chapter 3. Methodology and Methods

A qualitative, ethnographic approach was taken in this study. This approach was chosen in order to increase participants' involvement in the research process and to highlight and reveal their lived experiences (Butler, 2001). The aim of qualitative research is to give a broad understanding and appreciation of the social context surrounding a research topic. According to Henry (2004), "the focus of a study is placed within its unique characteristics" and without these, "the same events would have completely different meaning" (p.63). Specifically, I sought to discover answers to several questions related to whether or not Cambodian women feel empowered or burdened by their loans. And, what are their specific needs in relation to these financial programs? My specific methodological tools included semi-structured and group interviews with Cambodian women who have taken out loans with Microfinance Institutions (MFIs), NGO microfinance programs and/or other private moneylenders; semi-structured interviews with employees and staff of local MFIs, local and international NGOs, Cambodian women's organizations and other agencies; followed by textual analysis. By combining interviews with the different stakeholders, I was able to determine what combination of services, products or programs Cambodian MFIs can offer that will foster positive social outcomes. I used ethnographic methodologies and intensive fieldwork to ascertain a greater empirical understanding of the issues facing Cambodian women.

3.1 Methodology: Ethnography

Ethnography is the methodical study of people and cultures, of everyday life, where the researcher observes society from the point of view of the subject of the study with tools such as participant observation, fieldnotes, and interviews (Emerson et al., 1995). According to Herbert (2000), ethnography provides un-replicable insight into the processes and meanings that sustain and motivate social groups because "humans create their social and spatial worlds through processes that are symbolically encoded and thus made meaningful" (p.1). With tools such as participant observation, ethnographers can

study how people interact and interpret meaning by studying “what people do as well as what they say” (p.552). In the following section, I will outline the ethnographic research I conducted and the methodological approaches that best fit this study.

3.1.1 Ethnographic research

Each person's subjective worldview influences how he or she will act in certain situations and the researcher then attempts to discern other peoples' reasoning and perspective, to put meaning into their lives through their own constructions (Eyles, 1988). I chose to conduct my fieldwork aided by ethnographic methods and to present my research by interpretive explanations that describe events and their meaning within a specific social context (Henry, 2004). Because ethnography provides singular insight into these processes and meanings, Herbert (2000) argues, “it can most brightly illuminate the relationships between structure, agency and geographic context” (p.1). Since I am a novice field researcher, I used a very systematic approach by using Baxter & Eyles’ (1997) criteria of reliability and validity to ensure rigorous qualitative research results.

Whereas Steve Herbert (2000) argued ‘for ethnography’ in *Progress for Human Geography* 15 years ago, Billo and Mountz (2015) argue for institutional ethnography, given geographers’ different ways of studying institutions and different approaches to conducting ethnography. Originally conceptualized by sociologist and feminist Dorothy Smith (1987), institutional ethnography uses a range of methodological approaches to criticize and explore processes of subordination. Smith (1987) developed institutional ethnography as an ‘embodied’ feminist approach by constructing dominant social narratives present in schooling and health care. By uncovering the ‘ruling relations’ that produced single mothers as outside the norm, Smith (1987) exposed how teachers and other institutional actors are bound up in the production of dominant narratives and practices (Billo & Mountz, 2015).

According to Billo & Mountz (2015),

Institutional ethnography is valuable, useful, and productive for geographers as it holds potential to broaden their work on institutions – including their conceptualization, socio-spatial relations, effects in daily life – and potential contributions to social justice movements. (p.2)

Their research demonstrates that institutions are not uniform across times and places, although they often construct discourses and practices that produce a “coherent,

monolithic appearance” (17). This approach is appropriate for my study since it engages with discourse on dominant processes of oppression, attends to gender, race, ethnicity, sexuality, and class and brings to light differences within and among institutional actors and those affected by institutions. This approach is attentive to inequalities, relationships of power, and researchers’ social locations in conceptualizing institutions. Geographers doing work related to development agencies attend closely to the movement of ideas, discourse and policies about development and less often attend to personal experience. This research typically begins with discourse analysis and interviews with institutions, often focused on the role of elites within institutions (Billo & Mountz, 2015). Although this study does explore microfinance institutions and non-governmental agencies, its primary focus remains on Cambodian women who borrow loans from these institutions. Therefore, my methodological approaches will be focused on interviewing women micro loan holders and analyzing the results of these interactions.

3.1.2 Methodological and Ethical Orientations

According to Kobayashi (1994), social research is by definition political since we engage with research subjects and this engagement provide a means for social change. By operating as a researcher within the field, it is impossible for us to separate ourselves from it. As such, our participants are represented through the researcher, who holds a certain capability of empowering or disempowering them through his/her research. In order to take this engagement seriously, the researcher can give the participants’ ‘voice’ more prominence in the presentation of data. A qualitative feminist approach is appropriate for this research since I wish to comprehend participants’ own understanding of their circumstances and I believe a gendered lens is important given the traditional roles of Cambodian women in the workforce and the current neoliberal focus on women as promising entrepreneurs. Doing research can be an intrusion into the lives of the participants; feminist geographers have adopted collaborative and non-exploitative approaches to their research to address this issue. This approach uses methods that rely heavily on interpersonal skills (such as listening, being empathetic, validating the participant) that can produce better accounts of personal experiences (McDowell, 1997).

Fieldwork is an important component of geographical research but it holds a history of mis-representation, colonization and oppression (Sidaway, 1992). Alternatively, it can also open new dialogues with marginalized groups that have been silenced by dominant opinions and discourse (Sharp, 2005). Feminist geography has been concerned with providing spaces for oppressed groups to be heard, while not appropriating the “voices” of others (Kobayashi, 1994). Feminist methods put more emphasis on qualitative approaches since they take into consideration women’s position, the researcher’s position and the political nature of the fieldwork (Johnson, 2009). These methods also emphasize the researcher’s personal or political motivations for the study and differences in position between the researcher and the participants, all of which are important in creating a more complete picture of complex society (Butler, 2001). By employing a self-conscious critical reflexivity that takes my inherent biases into account before, during and after the fieldwork process, and incorporating these components into my research methods, I can ensure a high degree of honesty about the nature of the subjectivity that shapes my analysis and findings (Kobayashi, 2003). These concerns are seemingly amplified in the international or foreign fieldwork context.

At the heart of my research lie discussions of power relations, to which I am intrinsically linked as a white woman from the Global North doing research on women in the Global South. In order to unearth ethical dilemmas that my research with Cambodian women may pose, I will use some common themes from the works of a diversity of feminist academics (Haraway, 1988, Kobayashi, 1994; McDowell, 1997; Mullings, 1999) to rethink my role as a researcher in terms of objectivity, positionality, reflexivity, and representation. These terms will be defined in the following sections. Like most other feminist geographers whose work I will discuss, I worked towards a critical interpretation of power/knowledge production because I worry about the effects of my research in erasing the connections between power and knowledge. As Rose (1997) suggests, feminist geographers should keep these worries, and work with them. According to Howitt and Stevens (2010), cross-cultural field-based research involves many challenges, including respectful listening, engagement, attention to differences in cultural contexts and a “consideration of the implications of methods in the construction of meaning”

(p.40). These considerations will be important in producing knowledge that is both accountable and responsible (Haraway, 1988).

3.1.3 Significance and Limitations of Research

One benefit of this research at the societal level will hopefully be to shed light on some critical areas of microfinance in international development studies and present the stories of Cambodian women as entrepreneurs and small loan borrowers to light. As stated by Professor of development planning Ananya Roy (2010), the study of microfinance makes possible an exploration of the relationship between democratized development and the centralized and powerful institutions of financial development. Ways of understanding and explaining microfinance carries with it the power of “poverty knowledge”, and although this should be concerned with developing ways to diminish marginalization and vulnerability, it can simultaneously work to disempower them by categorizing and classifying them (Roy, 2010). This has often been the case in recent Cambodian history, where research has been distorted by political tensions during the civil war and even among factions of the ‘democratically’ elected government.

Accordingly, I have listened to the suggestions and opinions of my participants and was flexible in my research project so that it was inclusive of their goals and wishes. In this way, a further direct benefit of my research was that it provided a forum for collaborative and participatory interaction. Accordingly, the benefits to the participants arise from: 1) the research project's potential to minimize Cambodian women’s risk of being subjected to predatory lending 2) the potential for empowering those women by demonstrating compassion and care for their situation, and in acknowledging the realities of their lives; and 3) incorporating flexibility into the research design so that it is inclusive of participant goals, which is imperative to overcoming potential difficulties.

3.2 Methods

Tashakkori and Creswell (2007) argue that research questions are shaped by the purpose of the study and in turn establish the methods and the design of the investigation. According to many authors (see Hondagneu-Sotelo, 1988; McDowell, 1997), qualitative

research methods are more “appropriate” for uncovering difficult processes of discrimination, and are more flexible to the challenges of fieldwork. The research process does not end with the collection of data, but continues throughout the conceptualization of how we as researchers act as people (ethically, politically, and emotionally) while engaged in the process (Sharp, 2005).

My research assistant, Sok Kanha, and I conducted twenty-four interviews with 11 members of institutions, 5 groups of women micro loan holders, and 9 individual women micro loan holders. The number of interviews was determined by time constraints, availability of participants and access to participants. The following sections outline the steps taken to successfully complete the interview process.

3.2.1 Discourse Analysis

I was responsible for the collection of secondary data as well as facilitating data analysis and the creation of general theories (Williams, Vantha & Ngim, 2001). Literature and documents provide context for qualitative research and may triangulate with interviews to provide validity and support (Henry, 2004). The literature analysis for this research consisted of academic, historical, and popular texts (online news articles) as well as reports from research institutes, NGOs, MFIs and other agencies in Cambodia. Additionally, previous theses from other independent researchers in Cambodia were consulted. MFI literature was predominantly used to identify lending and borrowing trends by microfinance institutions and other lending institutions reported by the microfinance sector, including the historical and social aspects that shaped these trends.

3.2.2 Interviews

Interviews can reveal important insights on participants’ opinions and experiences and they can capture variations of these experiences between people of different class, age and gender. I conducted semi-structured interviews (see **Appendix D and E**) since they hold a certain degree of pre-determined order, but, as Dunn (2010) claims, “maintain flexibility in the way issues are addressed by the informant” (p.102). Valentine (1997) argues that using interviews as a research method can actually empower the people who

provide the data. My research assistant, Sok Kanha, and I recorded this information using a digital voice recorder, translated it during interviews and later transcribed it. I was responsible for transcribing interviews conducted in English (mainly with key informants) and overseeing the process of translation for the semi-structured interviews with Cambodian women.

3.2.3 Study Site

For the duration of my field research, I resided in the Boeung Keng Kang 1 (BKK1) area in Phnom Penh, and all but one interview was conducted in Phnom Penh. This is a very popular tourist area but is also home to many Cambodians who own a diversity of local businesses. Phnom Penh was built at the convergence of the Mekong, Tonle Sap, and Bassac Rivers at the end of the 14th Century. Today, the metropolitan city is home to about 1.5 million Cambodians and is the country's political hub. The Municipality of Phnom Penh (MPP) officially gained autonomy from State control in 1998. The MPP is under the budgetary direction and control of the Ministry of Interior of Cambodia. According to Henry (2004), the MPP has little incentive or power to raise their revenue through taxes since all income generated is passed directly to the Ministry of Finance, with little becoming available for municipal use. In early 2000, the MPP was seeking assistance for infrastructure developments, such as road improvements, drainage systems, electricity and water supply expansion, solid waste removal, sewerage, and on beautification schemes (Swan, 2001). According to Springer (2009), this appropriation of public space by the state is seen in cities throughout the Global South, including Phnom Penh, where a "strict neoliberal 'order' has effectively criminalized the public activities of the poor through the pretext of beautifying the city" (p.99). This is intended to spur economic growth in the city, but instead it often results in a negative impact on the urban poor through clearance and demolition of low-income and squatter settlements.

According to Springer (2010), the first half of the early 2000s saw privatization creep across the country and in response, a number of economic reforms, such as a change in land tenure policy, tax and marketing policies, a new investment law designed to attract foreign capital, and a separation of the state from production through the reduction of subsidies and the privatization of state-owned businesses, were introduced.

In July 2001, the Municipality devised a scheme to relocate 80 percent of the city's squatters to sites outside of the city, where services and infrastructure were far from sufficient (Henry, 2004). As population increases, efforts are geared toward job creation and urban planning to avoid more of a housing crisis in the future. According to Springer (2015), “gentrification in Phnom Penh has been discursively euphemized as ‘beautification’, where the presumed intention is to transform the aesthetic of the city from an ‘undeveloped’, anachronistic space of chaos into a ‘developed’, modern site that is well ordered for facilitating the inflow of investment capital and tourist revenue” (p.3).

A vast majority of the urban poor are rural migrants with little capital or assets, living in informal settlements and working in the informal sector in Phnom Penh (Henry, 2004). The poor are often viewed as a homogeneous group, without acknowledging the different levels of poverty and the unique characteristics at each location; however, it is important to recognize that there are inequalities between different groups based on economic status and access to assets (Henry, 2004). These assets can be divided into various types, such as natural, social, human, physical, and financial assets.

Phnom Penh's poor occupy land that is deemed important for development, making them vulnerable to forced evictions (Springer, 2015). Indeed, most of the poor migrate to work in the central core to look for employment opportunities, including motodup driver, cyclo driver, construction worker, scavenger, and fruit and vegetable vendor, from peri-urban areas where rents are cheaper. Motodup drivers and cyclo drivers are a common and licensed form of transport in Cambodia and the rest of Southeast Asia. The taxi typically carries one passenger, who rides behind the motorcycle operator, however some vehicles transport multiple passengers. The income from these occupations fluctuates and affects how much the family is able to consume each day. There is only the rare possibility for savings or investment. The urban poor are faced with many challenges, including a lack of sanitation and drainage systems, a lack of education and effective health care, and the threat of eviction. Urban poverty remains a profound problem in Phnom Penh, and a growing number of residents find themselves victimized by poverty, inequality, dispossession, and homelessness (Springer, 2015).

3.2.4 Recruitment

My supervisor, Dr. Simon Springer, contacted a colleague at Zaman University, Dr. Sok Udom DETH, the Dean of Academic Affairs, who posted a recruitment add for a research assistant for this research project. I was put in contact with Sok Kanha, a Cambodian student, for a Skype interview. We connected immediately and I was drawn to her social conscience and professional attitude.

Sok Kanha is a student at the Institute for Foreign Languages and is fluent in Khmer, English and Chinese. Kanha's past work experience included work as a freelance business consultant at ASKAP Gold Investment. Co. LTD and I felt her knowledge of the Cambodian financial system might prove helpful. I noticed very quickly she was very curious, resourceful and was able to build a good rapport with participants we were trying to recruit for the research project. I relied on her for the translation of my letters of information, consent forms and interview questions. During the interview process, we were able to form a relationship that allowed us to work well together and to share information and thoughts about the interactions with participants. Of even greater importance to me personally was the informal relationship we built. Kanha and I became, and remain good friends.

I asked Kanha to share her thoughts about her experience working with me. The following is what she wrote to me:

To begin with, I saw the job announcement by chance; I remember I was scrolling my Facebook wall when I saw one of my current classmates re-share the status, which was posted by one of the lecturers at Zaman University. It said a foreign student was in need of a female research assistant. I had been looking for a part-time job at that time and I thought it could be a good opportunity. At the same time, the job seemed to be very challenging and competitive since it was posted on Facebook so many people would also be interested in the job. However, I decided I would try, maybe it was not too late to e-mail the lecturer. I didn't hold much chance yet luckily I got his e-mail and he connected me with Evelyne Laurin, who was the principal investigator in the study. After e-mailing and Skyping with her, I agreed to join her research team. After a couple of weeks working with Evelyne, I found she was a very nice, friendly, caring and generous [person]. Working with her, I didn't feel pressured and I had so much fun.

Professionally, I found the research assistant position opened up my eyes and taught me communication and interviewing skills at a deeper level. Honestly speaking, after doing this research, I feel a lot more confident when interviewing people, and I know way more about important ethical considerations to be included when conducting interviews. I am currently working on a research report where I needed to interview people for their opinions and I was able to use the skills I acquired from working with Evelyne. Overall, it was a very joyful journey and I'm happy I was able to join in this research. Not only did it give me valuable working experience for my studies and career, but also friendship. I am happy to have been a part of it.

Once Sok Kanha had been recruited, we were responsible for recruiting participants for interviews. We recruited Cambodian women borrowers who were interested in participating in the research project and employees of MFIs, NGOs and INGOs. There was no prior relationship between these participants and myself or my research assistant. Prior to my departure for Cambodia, I emailed several members of institutions working for agencies and organizations. These emails/phone calls were not interviews, but rather established connections for my arrival in Phnom Penh. This consisted of a short written or verbal description of my research project and an invitation to participate.

There was no formal script for recruitment; participants were simply approached by saying hello, asking them how their day is going, and general small talk that is common in Cambodian culture. My research assistant and I would then introduce ourselves and indicate my role as a researcher and give a very brief indication of the work I was doing. Participants were then asked whether they would be interested in speaking about their experiences. When they expressed an interest in discussing their situation and experiences with me, my research assistant proceeded to read the letter of information, which provided all the "key pieces of information" the Ethics Committee required. If they were still interested in proceeding with an interview following this more detailed description of the research project, my research assistant read the letter of consent to obtain verbal consent. Although initially the participants were approached in public spaces, once they showed a sign of interest, some were inclined to move to a more private area, where both researcher and participant felt comfortable and safe.

For Cambodian members of institutions, the process of recruitment was identical to ‘women’ participants (i.e. saying hello, general small talk, an introduction to myself and my research assistant, before moving on to the letter of information should they express an interest in participating). The only difference was the location of encounter in this case showing up at a place of employment or phoning ahead. It is entirely appropriate to show up in person, and in fact, this is culturally preferable as it demonstrates respect for the other party, whereas phone calls and emails are considered informal modes of address in Cambodia. Showing up at a workplace is not to demand an on the spot interview, although this may occur, but rather to simply make contact. This is the way my supervisor, Simon Springer, has been recruiting participants for the past decade based on the advice of his Cambodian friends when he first started doing research in the country. For most foreign members of institutions, initial contact was made via email or phone since it is considered the more formal mode of address.

3.2.5 Field Research

The field research took place between October and December 2014 in Phnom Penh and its periphery. The first month was dedicated to gaining an overview of microfinance in Cambodia and improved understanding of women’s experiences as perceived by staff/employees of MFIs, NGOs and other organizations. The participants of these interviews served as key informants who helped to plan my subsequent field research. They guided me in finding answers to the following questions: who are the key stakeholders? How can I reach Cambodian women who deal with microfinance programs? How will I select interview participants?

This led to a month and a half of in-depth interviews with Cambodian women borrowers in the city of Phnom Penh and in surrounding rural areas. As Miles and Huberman (1994) suggest, early analysis was conducted by transcribing initial interviews into English during the fieldwork process in order to expedite analyzing the research findings. This allowed me to fine tune my research questions and modify them to suit the Cambodian context. However, interviews conducted in Khmer were interpreted to me on the spot, and fully translated following my departure from Cambodia by my research assistant. Sok Kanha was present for all but two interviews (with the Credit Bureau

Cambodian and the Cambodia Microfinance Association) and translated all but three interviews (with the two previously mentioned organizations and Thaneakea Phum Cambodia). I conducted these three interviews in English and transcribed them. The emerging research highlights were discussed with her immediately following each interview, typically over lunch. These conversations added to my insight of the content and key findings from the interviews.

3.3 Sampling and Participants

3.3.1 Sampling

Participants were selected using various forms of purposeful sampling. Key information sampling was used at the onset of the field research, whereas opportunistic and snowball sampling was used following those initial first three weeks. As Marshall (1996) points out, random sampling used in quantitative research is not appropriate for qualitative research since the purpose of quantitative research is to generalize the results to a certain population rather than trying to understand complex issues involving human behaviour, culture and society. Purposive sampling permits a certain level of flexibility during fieldwork in order to take advantage of new leads or unexpected meetings (opportunistic sampling).

The participants of the initial interviews served as key informants for my subsequent field research since they held special expertise in regards to my research question. Prior to my arrival in Cambodia, I compiled a list of organizations and lending institutions that would have knowledge of the microfinance sector. Additionally, I compiled a list of NGOs and women's organizations that could provide a different perspective on lending to Cambodian women. I relied heavily on key informants and my Cambodian research assistant to put me in contact with microcredit programs run by NGOs in rural areas surrounding Phnom Penh since they were harder to access. While in the field it quickly became apparent that it would not be possible to contact all the individuals listed in **Table 5 (see Appendix F)** given time and budget constraints, neither was it desired. During my first week in Cambodia, my research assistant and I revised these lists and contacts and created a "game plan" as to which we would reach out to first

and how we would go about doing that. In those first few weeks, we visited over 30 offices of NGOs and MFIs.

Participant selection for women micro loan holders was based upon a combination of purpose and serendipity (Bradshaw and Stratford, 2010). Sok Kanha and I approached women micro loan holders in person and if there was interest, we would present a letter of information (consent form). Bradshaw and Stratford (2010) define snowball sampling as a technique that “identifies cases of interest reported by people who know other people involved in similar cases” (p.75). Opportunistic sampling permitted a certain level of flexibility during fieldwork in order to take advantage of new leads or unexpected meetings. At times, while approaching street vendors in Phnom Penh, especially in market areas, women would approach us out of curiosity and we would take advantage of this interest.

3.3.2 Profile of Participants

‘Members of institutions’ Participants: Cambodian employees or international practitioners living or working in Cambodia (i.e., MFIs practitioners, municipal officials, government policy makers). Age, gender, race and class will vary.

‘Women micro loan holders’ Participants: All participants are Cambodian women. Most are poor, but age, ethnicity and socio-economic class varied. A fundamental criterion for participation in this research project is that the participant has taken out a microloan with some type of financial institution, whether formal or informal (NGO, MFI, private moneylender). Participants who have taken out loans with local/private moneylenders were not excluded from the research project, but I sought to interview women that have taken out loans from formal institutions, or both. In Cambodia, it is common to take out loans from both sources and the relationship between these various types of lending and borrowing is of interest to this project. A more detailed profile of the participants and organizations interviewed follows.

3.3.2.1 Profile of the Organizations Interviewed

Throughout the course of our field research, Sok Kanha and I interviewed 11 employees that I considered members of institutions due to their position within

institutions practicing microfinance with non-governmental organizations (NGOs) or their knowledge of the microfinance sector. Although we reached out to several more organizations, the following organizations listed in **Table 6 (see Appendix G)** were willing and available to speak with us in a timely manner. The Cambodian Women Development Agency (CWDA), Farmer's Livelihood Development (FLD) and Urban Poor Women Development (UPWD) are local NGOs that put us in contact with groups of women in and around Phnom Penh who participate in microloan programs, as well as discussed with us at length issues their organizations face when practicing microfinance. We also consulted with the following international NGOs: ActionAid Cambodia, PACT Cambodia, CARE Cambodia, and Habitat for Humanity Cambodia (HHC). Within the microfinance sector, we interviewed 1 employee of Thaneakea Phum Cambodia LTD. (TPC) and 2 employees of ACLEDA, both formally national NGOs that were converted to a microfinance institution and commercial bank, respectively. Finally, we interviewed a consultant for the Credit Bureau Cambodia (CBC), the leading provider of information for credit reporting in Cambodia, and the General Secretary of the Cambodia Microfinance Association (CMA), a professional association that promotes the sustainability of the microfinance sector.

3.3.2.2 Ethnographic Profiles of the Groups Interviewed

Following our interviews with Kou Sina, Chhoeun Sunlay and Hallie Mittleman, these participants connected us to community leaders. We explained our project to them and how many interviews we wanted to conduct. The women who participate with Urban Poor Women Development (UPWD) come from communities within Phnom Penh with varying degrees of poverty. One has been supported by UPWD for several years now and has become relatively independent. The second is in the mid-range, and the third is the poorest, which was described to us as being in "very poor condition" with most women earning only \$1 to \$2 a day. The community leaders gave us their contacts and we scheduled group interviews with them for the following weeks. On top of putting us in contact with these groups, Kou Sina ensured our safety by staying in contact with us and contacting local authorities prior to our arrival in the communities.

The women who participate with Cambodian Women Development Agency (CWDA) and Farmer's Livelihood Development (FLD) live in rural areas outside of

Phnom Penh and live on subsistence farming. They are also poor but live in a cleaner and safer environment.

Urban Poor Women Development (UPWD) Group 1

The first community we visited was Borey Mithpheap, near National Road 5, north of Phnom Penh. Thoung Yean is the community leader for the UPWD program. She is the link between the staff of UPWD and her community (70 families participating). They live in a community on the outskirts of Phnom Penh where approximately 100 families reside. It is near the Mekong River, and the accommodations are very basic: wooden planks for the floors, one big space, and curtains to separate rooms. Most houses have a basic toilet however, Thoung Yean spoke of certain families that do not, and have simply dug a hole that goes directly underneath the wooden planks to defecate. A cement floor now joins the rooms, but this is a recent addition. They had been asking the government for money to build this walkway for almost three years before it was built.

Kanha and I were led into Thoung Yean's house (which is basically a big room like all the others joined to it) and we sat down with 6 other women. They are all families who participate in the UPWD project. Although we started by interviewing one woman at a time, the interview became somewhat of a group discussion, with several women joining into others' questions and adding to their experiences. I think this is due to the fact that they live in a close community and are very involved in each other's lives. The women seemed more comfortable once the group discussion took place than when we asked them individual questions. At a later time during the interview, a few of the women asked to be excused in order to complete household chores.

Urban Poor Women Development (UPWD) Group 2

The second community we visited was Chom Roen in Chbar Ampov district, southeast of Phnom Penh. Korn Oun is the community leader for the UPWD program. She is the link between the staff of UPWD and her community. They live in a community on the outskirts of Phnom Penh. It is across the bridge near the Mekong River, however they don't have river access. Their housing accommodations are poorer than Group 1;

houses are made of wooden planks and metal grates, although some of them have cement bases but most did not.

It was difficult to find the location of our meeting since this community lives at the end of several small alleys. The roads leading up to it are in very poor condition, with holes, dirt and garbage. The condition of the environment is dirty; there is garbage everywhere, it smells of sewage and urine, most houses don't have doors for protection. According to Korn Oun, the condition of the neighbourhood was worse before (even harder road access, big potholes, stronger sewage smell, and gangsters at night) and during the wet season, the flooding can be so bad the sewage reaches the main floor of their house, so they can't use the basement area or roads. UPWD provided \$700 in order to repair the roads. There were five women present for the interview, including the community leader. Four of them are roughly forty, married with children. The fifth woman is Korn Oun's daughter, who is also married with children.

Urban Poor Women Development (UPWD) Group 3

The third community we visited was located north of Phnom Penh, near Chea Sophara Boulevard and the Royal University of Phnom Penh. It did not have a name (or it was never communicated to us). Soun Manak is the community leader of the savings and loans program initiated by UPWD. She was elected by the community members for her honesty and responsible management of money. Soun Manak travels to Siem Reap once a month to assist with workshops about community savings and loans programs. The community was formed in 1998. It currently has 48 families. The condition of the roads and homes were noticeably better than the two previous groups. There was not much garbage on the ground, it didn't smell, they had tables and chairs for us to sit on. The children and pets looked healthier too. One woman had a stroller for her baby, a luxury for most Cambodian women.

Through UPWD, this community started a village savings and loans scheme, managed by members elected by the community. There were four women present for the interview, who were all in their forties and married with children (and some grandchildren). The condition of their homes and the infrastructure of the community is clearly superior to that of Group 1 and 2. Although UPWD provided training and

workshops for the savings and loans program, the initial funding came from their own savings. This is important to note since it is something Group 2 would probably not be able to do with their limited savings. In order to take out loans, community leaders write up contracts and both parties sign them. They have a democratic system to ensure there is no corruption within their community. In order to take out a loan, the community leader must approve it, along with the approval/permission of one other community member. The women are not homeowners; they don't hold the blueprints for their homes yet, but they are fighting to get them in order to stop the government from seizing the land and developing a new water reservoir. There are plans to build a new reservoir on their property in place of the old one currently behind their homes.

Cambodian Women Development Agency (CWDA) Group 4

The fourth community we visited was Sak Sompov, in Sangkat Sak Sompov south of Phnom Penh. We accompanied the loan officer to a community an hour outside of Phnom Penh. They are not part of a savings and loan group, but part of the same community. They take out individual loans from CWDA. They were all in their thirties or forties, married with children. They raise chickens, grow vegetables and own other animals such as cows and oxen. They are relatively self-sufficient and rarely need to take out loans. The living standard in this community is stable. They live very simply but are able to survive on what they grow and raise. They are homeowners and the condition of their homes is relatively good. They didn't have much to say about MFI employees since most don't deal with them, and those that have were able to repay their loans on time. One of the CWDA loan program members invited us into her home for the interview and served us lunch at the end.

Farmer's Livelihood Development (FLD) Group 5

The last community we visited was the village of Sre Pring, in Borseth District, Kampong Speu (the province west of Phnom Penh). We conducted a group interview with borrowers from FLD's TKK program in Kampong Speu. The loan officers visit 16 villages in 2 days. There are 7 groups consisting of 35 people. The average loan is \$500 with an interest rate of 2.5%. The loan officers visit every 4 months if no problems arise

and once a month if they need to deal with any issues. It is a new program and the borrowers have taken out two loans in 2014. Kanha and I accompanied them to the first village, a small farming community. The purpose of their loans is mainly for animal raising (cows, pigs and chickens) or to buy land for farming. The condition of their houses is good but very basic. The children seemed well nourished; however, many of them were not in school on a weekday morning.

There are 8 women present for the interview, with about a dozen children. The community prefers not to borrow from MFIs because they require too many documents and the permission of local authorities. It also takes a significant amount of time, which is valuable to farmers. They prefer to borrow from their own savings bank so that the money stays in the community. The FLD program requires fewer documents from them, and most of the documents the community leader will arrange for them. However, the FLD only lends for agricultural purposes. They require 3 members of the community to guarantee a loan. Although they are very poor, the borrowers feel the lifestyle is better in the village than in the city in terms of quality of air and food.

Street vendors

Kanha and I drove and walked around Phnom Penh to find areas of the city where we could find female street vendors, or women running small businesses. In total, we interviewed 9 street vendors, with small businesses that included: noodle cart, ice cream cart, fried banana stand, sandwich stand, water and drinks cart, fruit cart and porridge cart.

3.3.3 Interview Locations

On all occasions, the individual research participant was allowed to determine the location where her interview took place, but always with an eye towards security for all parties involved to allow the participant to feel safe, comfortable, and secure during the interview process. In this regard, members of institutions were interviewed in their offices or in some sort of conference room. For women micro loan holders, the site of interviews varied in the five communities and villages that we visited. At times, the interviews were conducted in a public place in Phnom Penh (street, market area, etc.) (see

Figure 2), in neighbourhoods such as BKK1, BKK2, BKK3, TTP1 and TTP2 (see **Figure 3**). For group interviews, we conducted interviews in the group leaders' homes in three communities on the outskirts of Phnom Penh, as well as in Sak Sompov (south of Phnom Penh) and in Sve Pring (in the province of Kampong Speu). The chosen location was mutually agreed upon in terms of safety and security for all parties involved in the interview process. During the interviewing process, the following parties were present: the individual research participant, my research assistant, and myself. In addition, during group discussions carried out with Cambodian women microloan holders, members of the research participant's extended family and close friends were intermittently present during the interview. Having family and friends close at hand is part of the ebb and flow of everyday life in Cambodia where living arrangements are far more communal than is the experience of industrialized countries in the Global North.

Figure 2 Street and Market Areas in Phnom Penh



source: Evelyne Laurin

Figure 3 Neighbourhoods by Assigned Acronym in Phnom Penh



Source: WALLC Real Estate (2014)

3.3.4 Demographics of the Women Micro Loan Holders

During interviews, participant information for women micro loan holders, such as age, marital status, number of children, occupation, number of loans, average amount of loans, type of loans, reason for taking out loans, and with which institutions, was collected. Twenty-seven women were interviewed in groups (NGO groups) and nine women were interviewed individually (street vendors). While the participant selection

was random for individuals, groups interviewed were determined by their connection to a NGO (UPWD, CWDA and FLD). As shown in **Table 2** and **Table 3**, women micro loan holders associated with a group (UPWD, CWDA and FLD) have been designated a number, whereas individual street vendor participants have been given a pseudonym. The pseudonym was chosen randomly from a list of Cambodian women's first names (last names not included). In the following chapter, members of institutions have been identified by their full name, unless anonymity was requested.

The ages of the participants ranged from twenty-five to sixty-five years, with the average being forty years old. Twenty-seven participants were married, two were unmarried, three were widowed, two were divorced and two participants' marital status remained unknown. All participants had taken out a loan from a microfinance institution, a savings group, a private moneylender and/or from relatives or neighbours. The loan amounts ranged from \$50 to \$4000, with the average being roughly \$1000. Almost all participants, except for seven women, had borrowed multiple times. However, only a few had taken out multiple loans at the same time. Out of the twenty-seven group participants interviewed, nineteen had taken out loans with MFIs, ten had taken out loans with savings groups, nine had taken out loans with NGO microcredit programs, seven had taken out loans with a private moneylender, and two had taken out loans from relatives.

Out of the nine street vendors interviewed, six had taken out loans from MFIs, four had taken out loans from private moneylenders or business suppliers, and two had taken out loans from relatives. Participants had various reasons for taking out loans (outlined in Table 2 and Table 3), and they will be further detailed in the following sections. Most of the women were employed, yet it may still be maintained that their husbands were more fully employed or took jobs a greater distance from the home. Almost all of the participants' households were female-headed households, meaning that they managed the household accounts and spending. One of the reasons for this high incidence of female-headed households is that women typically have a more intimate knowledge of the families' daily requirements while the men are working out of the house.

Table 2 Women Loan Holders Group Participant Demographics

Group	Pseudonym	Age (approx.)	Children	Spouse	Occupation	Reason for loan	Amount of loan (\$)	Number of loans	MFI/moneylender
UPWD Group 1	1	60	Y	Y	Vegetable vendor/stay at home	Buy motorbike for my child to go to work, buy phone	600	One	AMK
	2	60	Y	Y	Grocery business/sells rice	Pay back private moneylenders, expanding business, wedding, funeral, sickness, was cheated on Ton Tin	4000	Multiple	HKK/private moneylenders
	3	30	Y	Y	Factory worker	For business and to pay off debt	1000	Multiple	ACLEDA/HKK
	4	30	N	Y	Stay at home	Buy motorbike for husband to be motodup driver	-	Multiple	AMK/Relatives
	5	65	Y	Y	Stay at home	Health care for sick child	1500	Multiple	AMK
	6	35	Y	Y	Stay at home	To pay for water and electricity	1500	Multiple	AMK/Neighbours
	7	35	Y	Y	Fried rice vendor	Expand business/buy land	1500	Multiple	Mliss/private moneylenders
	8	35	Y	Y	Works in a shop	Fix house	500	One	HKK
	9	40	-	-	-	Buy a house	-	Multiple	HKK
UPWD Group 2	10	30	Y	Y	Small business owner	Run a business	2500	-	Thineakea Phum
	11	60	Y	Y	Leader of the community	Pay back private moneylenders	1000	Multiple	Thineakea Phum
	12	35	Y	Y	Sells snacks	Sickness	125	Multiple	Khon Khmer (unregistered)/private moneylenders
	13	40	Y	Y	Stay at home	Sickness	175	Multiple	Arunraes (unregistered)/private moneylenders
U	14	30	Y	Y	Stay at home	Pay utility expenses	100	Multiple	Khon Khmer (unregistered)/private moneylenders
U	15	40	N	Divo	Leader of the	Business in the	500	Multiple	Community

P W D G r o u p 3				rced	community	market/Start up for community fund			savings fund/private moneylenders
	16	45	Y	Y	Stay at home	Fix car/fill land/fix house	500	One	Community savings fund
	17	40	Y	Y	Sells kid's snacks	Start business/fill land	100	Multiple	Community savings fund
	18	40	Y	Y	Sells fruit in the market	-	100	Multiple	Community savings fund
C W D A G r o u p 4	19	50	Y	Y	Stay at home	Buy child a motorbike/Make a toilet/fix house/Buy stall in market for children to sell chicken	500	Multiple	Prasak/CWDA
	20	35	Y	Y	Stay at home/Farmer	New toilet/new kitchen	-	Multiple	CWDA
	21	45	Y	Divorced	Stay at home	Children's education/food expenses	1500	Multiple	Prasak/CWDA
F L D G r o u p 5	22	45	Y	Y	Farmer	Buy fertilizer/buy farmland/buy cows	500	Multiple	Amret/HKK (FLD)/Savings group
	23	65	Y	Widow	Leader of savings group/Farmer	Buy farmland	500	Multiple	HKK (FLD)/Savings group
	24	25	Y	Y	Farmer	Buy fertilizer	250	Multiple	Amret/HKK (FLD)/Private moneylender/Savi ngs group
	25	35	Y	Y	Farmer	Buy cattle	100	Two	HKK (FLD)/Savings group
	26	40	Y	Y	Farmer	Buy cattle	400	One	Amret/HKK (FLD)/Savings group
	27	30	Y	Y	Farmer	Buy fertilizer	50	One	HKK (FLD)/Savings group

Table 3 Women Loan Holders Individual Participant Demographics

Given Name	Age	Children	Spouse	Occupation	Reason for loan	Amount of loan (\$)	Number of loans	Type of microloan institution
Darin	25	N	N	Noodle vendor	Street stall Noodle soup supplies Ill parents	300	Multiple	Private moneylender/Business supplier
Chavy	60	Y	Y	Rice farmer Cushion vendor	Farming supplies Livestock raising	500	Multiple	ACLEDA/TKP
Srey	30	Y	Widow	Ice cream vendor	Health care Vietnam trip Buy supplies for business	3500	Multiple	CBC/Relatives
Saran	35	Y	Y	Sandwich vendor	Buy wholesale supplies	1000	Twice	AGA
Maly	40	Y	Y	Fried banana vendor	Daily expenses	400	One	Punleou Khmer
Soriya	40	Y	Y	Water bottle vendor	Daily expenses	300	Multiple	Private moneylender/Ton Tin
Veata	40	Y	Widow	Rice farmer Fruit vendor	Buy supplies for market	500	Multiple	Amret/Chinese creditor/Relatives
Ary	35	Y	Y	Persimmon vendor	House renovations	3000	One	Amret
Leap	30	N	N	Noodle vendor	Help parents with daily expenses	75	Multiple	Private moneylender

3.4 Data Collection

Sok Kanha translated my initial interview questions from English to Khmer and assisted me in conducting interviews in Khmer. During the fieldwork, we revised the interview guides according to the success of interviews and based on suggestions or comments from participants. Sok Kanha was responsible for facilitating data collection through semi-structured interviews, group discussions and key informant interviews, whereas I was responsible for leading the research process, analyzing the field data and writing the final report and this thesis.

3.4.1 Conducting interviews

Semi-structured interviews:

Melissa Gilbert (1994) argues “the advantages one gains from using a qualitative interview method does not negate the power dynamics inherent in the research process, nor does it allow us to ignore the difficult moral questions that we must face when doing this kind of research”(p.94). In light of this, flexibility and reflexivity was built into my interview design to allow issues important to research participants to also be addressed, provided there was relevance to the research question. This is in accordance with feminist approaches, where the research emphasis is adjusted as a result of the issues that emerge during the interview (Bryman, Teevan, & Bell, 2009b). An interview schedule, a list of carefully worded questions, guided my interview process in order to reflect my literature review and knowledge of the problematic surrounding microfinance in Cambodia thus far (Dunn, 2010) (see **Appendix D** and **Appendix E**). I drafted structured interview guides and reviewed them with my supervisor and my research assistant in Cambodia. Interview questions needed to be specific enough for participants to be able to answer them, yet not restrict or lead the participants. At the same time, there was a need to balance using language that was comprehensible to the participants while making the research valued in an academic setting (Bryman et al., 2009b). This was addressed in the analysis of interview transcripts by putting interviewees’ comments in a wider research setting.

The interview schedules that I created for members of institutions and women micro loan holders varied considerably. The interview style I chose was responsive to, and depended upon the characteristics of the informant. I chose to employ a professional interviewing practice for members of institutions such as employees of MFIs and government agencies. On the other hand, I employed a more empathetic interviewing style for women micro loan holders such as Cambodian women borrowers. My interviewing style with employees and staff from NGOs and Women’s organizations was a combination of both of these styles. In some cases, I conducted interviews with members of institutions in English. In all instances, interviews with women micro loan holders were conducted by my research assistant and translated into English. I was committed to incorporating flexibility into this process by being open to reformulating questions, changing the order of questions and letting the interviewee direct the

conversation. My research assistant was essential in helping me formulate questions for interviews with women micro loan holders in order to be succinct in my wording of the questions and sensitive to certain issues. My interview schedules included a mix of primary and secondary questions. During interviews with women micro loan holders, I would begin the interview casually (e.g. cultural indications of kindness such as “where are you from?”, “have you eaten?” and asking about family members) was essential to establishing rapport and initiating a discussion. I used a hybrid of the funnel and pyramid structures (simple-to-answer questions first, leading into more abstract and reflective questions, and finally touching on sensitive issues) during interviews with members of institutions (Dunn, 2010, p.109). During some of our group discussions, interviews with women micro loan holders lead into more general discussions about poverty and the role of the government in the urban poor’s livelihood.

Group interviews:

Initially, I had hoped to use focus groups in order to facilitate discussions among women micro loan holders. In previous studies in Cambodia, focus groups were also used informally when the research team entered a village, where people would join or leave the discussion based on interest (Williams et al., 2001). The researcher found that it was a useful tool to identify people that researchers may want to interview later on and states that “focus group discussions were usually held in the village chief’s house or in a fairly public place like alongside the road or outside the village shop” (Williams et al., 2001, p.18). According to Bryman, Teevan and Bell (2009a), meanings and understandings develop out of interactions, and focus groups can provide insights that interviews can’t since the interaction between participants might encourage them to share opinions and ideas, as well as question each other’s understandings of certain issues.

Unfortunately, I was not able to establish a connection with a village bank or group lending organization prior to my departure. As such, I decided to conduct individual interviews with Cambodian women. However, once in Cambodia, members of institutions were able to put me in contact with lending groups. At first, I tried to conduct these interviews individually, but the women seemed more comfortable answering questions in the presence of others in their community. These spontaneous focus groups

were successful because the women would rephrase questions not understood for other members, ask each other questions and rephrase others' opinions when they were unclear. The concern many feminist researchers have in regards to allowing the voices of highly marginalized women to be heard persuaded me to allow these group interviews in order to make the women more comfortable and foster a non-hierarchical relationship between myself, my research assistant and my research participants (Bryman et al., 2009b). It was not desirable to isolate participants from the social network they are embedded in during these 'conversations' that constituted the interview.

3.4.2 Interview Incentives

Individual members of institutions were not offered any kind of monetary reimbursement for their participation. For each 'women micro loan holders' interview, the amount of \$2.00 was presented as a gift to thank individuals for their time. It was used as an incentive to recruit participants. The amount of \$2.00 is deemed appropriate because it represents a little more than the average daily wage in Cambodia, and the time spent talking to me for this research may have impeded participants' ability to make their daily wage. This was a tangible benefit that participants could take away from the study that had meaning to them in the short term. However, this is not a significant enough amount to introduce the possibility of bias or enticement. The participant was assured that if she decided to withdraw at a later stage, the compensation would still be hers to keep and I would not expect it to be returned to me. The participant was free to withdraw at any point during the data collection process (even during the interview itself) and would not have been asked to reimburse the compensation. Fortunately, most participants were enthusiastic to speak with us about their experience, and none withdrew from the research project.

3.4.3 Recording and transcribing interviews

Handwritten and/or typed field notes were used to keep a record of my critical inner dialogue. This was done on the same day that the interview took place. The field notes synthesized the interview, provided a backup record, and detailed gestures and

behaviours (non-verbal data) that weren't captured in audio recordings. As mentioned previously, interviews were audio recorded (unless participants requested otherwise) in order to compile the fullest record of it, and were later transcribed into English. The transcriptions took 3 months to complete. On reception of translated transcripts, I combined these with my typed field notes. The field notes and transcripts were also supplemented with contact summary sheets. A contact summary sheet, as defined by Miles and Huberman (1994), summarizes the main points of a field contact with some focusing or summarizing questions. It was used to guide my follow-ups, re-orient me to the contact when returning to a write-up and to guide my data analysis. I reviewed the written up field notes and answered each question briefly to develop an overall summary of the main points in the contact. This summary sheet drew on all the different data collection tools used and provided a structure for the analysis as a whole.

3.5 Ethical Considerations

This project required ethical approval from the University of Victoria Human Research Ethics Board to proceed. The following sections detail some of the requests and steps taken to fulfill ethical protocols.

3.5.1 Informed Consent and Possible Risks of Harm

Verbal consent for 'women micro loan holder' participants, as opposed to written consent, was chosen in an effort to protect the anonymity of the research participants, and thus significantly reduce any risks to participants involved in the study as a precaution. The intent was to assure the participants I was not linked to any microfinance institutions and was tasked with evaluating their loan repayments. Women micro loan holders were not under any risk due to their participation in this study; in fact, since I am a foreigner, many participants assumed I represented an international NGO. Participants may be extremely hesitant about signing their name to a document that could potentially identify them and link them to this research, whereas verbal consent provides no concrete evidence of their participation, and instead is a matter of mutual trust between informants and the researcher. Furthermore, many of the participants lack the ability to read and

write, and in this sense a written consent form may have been seen as an invasive and intimidating process. My research assistant translated the verbal and written consent letters into Khmer and gave a copy to all participants, regardless of whether they were asked to give verbal or written consent.

Only members of institutions were asked to sign a letter of consent. ‘Women micro loan holders’ were instead asked to verbally consent to participating in the research. Different letters of consent have been attached, one of which, for ‘women micro loan holder’ participants, was communicated verbally to the participant through my research assistant. Signed consent for members of institutions is standard practice in Cambodia, as public officials are well versed in “western” research protocols.

I did not record verbal consent responses since completing the interview was viewed as providing verbal consent, as stipulated in my ethics review. Recording verbal consent was deemed culturally inappropriate and may have made participants uncomfortable, can place undue pressure on participants, and may expose them to unnecessary risk. Verbal consent was documented in the form of a written notation that included the date, time, location, and pseudonym of participants to confirm that verbal consent was received prior to data collection and whether consent for audio recording was obtained.

Some research participants should be considered vulnerable based on their marginalized position within contemporary Cambodian society. My visible ‘otherness’ from Cambodians likewise reveals the asymmetrical power that underpins all social science research (Katz, 1994). In particular, some women micro loan holders may have felt stressed or experienced powerful emotions or discomfort in discussing their life circumstances because of the difficulties that are associated with over-indebtedness and predatory lending. Sensitivity at every stage of the research process served as my guiding principle. Nonetheless, I believe I was able to be sensitive towards my participants, taking a compassionate approach due to the poorer conditions under which some of the research participants live their lives.

Thus, in catering to the possibility of emotional distress, participants were informed that they could leave at any time, or could stop the interview at any time. In the field, none of the participants opted to stop the interview due to emotional distress, but a

few had to leave for practical reasons (i.e. for work, to pick up children at school, to make dinner). I was particularly sensitive to expressions of distress, and my research assistant was consulted prior to the interviews about watching for such cues. However, in some instances, the women micro loan holders were comfortable enough with us to share stories of crippling debt, spousal abuse and illnesses. In one instance, we felt the participant did not wish to push the subject of spousal abuse, therefore we did not press her and chose to side-track the conversation by asking another question or moving on to another participant. The reality of doing research in Cambodia is that emotional support is often close at hand, particularly for marginalized individuals as they frequently have their family members with them and have developed close bonds of affinity with their community. However, in other instances, they are solitary and don't have family or friends to rely on. I relied on my Cambodian research assistant to increase my sensitivity to the well being of participants and also in regard to establishing and maintaining rapport.

3.5.2 Participants' Right to Withdraw

Participants were told that they could withdraw from the research at any time as part of the consent process. This was written into the forms for signed consent, and was explained for verbal consent. They were also informed that their data would be destroyed should they choose to withdraw. Participants were provided with my research assistant's phone number as well as my email address. I also left this information with the lead contact (local authority, NGO employee, etc.) in the event the women micro loan holders participant did not own a phone or computer with Internet access. This information was provided on the letter of information and consent form, which we reminded them of at the end of the interview.

3.5.3 Anonymity and Confidentiality

In the following thesis, 'women micro loan holder' participants are anonymous and members of institutions are anonymous if they have indicated they do not wish to be identified. A consent form was created allowing the participant to either grant or not

grant permission to allow the researcher to use his/her identity in the research project. If the participant's preference was not to be identified, they did not need to grant permission; this was entirely at their discretion.

Confidentiality means the protection of the person's identity (anonymity) and the protection, access, control and security of his or her data and personal information during the recruitment, data collection, reporting of findings, dissemination of data (if relevant) and after the study is completed (e.g., storage). The confidentiality of 'women micro loan holder' participants was protected throughout the entire research project. The confidentiality of members of institutions was protected except in the written thesis work that arose from this research members of institutions are public officials who speak publically on the record about sensitive issues all the time, including in the Cambodian media.

3.6 Data Analysis

In this data analysis section I will cover the preliminary analysis conducted prior to and during field research, as well as the thematic analysis conducted following the field research period. The data analyzed for my research project includes a variety of "write-ups" in the form of processed field notes, contact summary sheets, translated interview and group interview transcripts, and transcribed interview transcripts (English interviews).

3.6.1 Preliminary Analysis

Careful note taking was carried out throughout the entire research process. This involved assembling field notes such as transcript files, contact summary sheets and analytical logs (Dunn, 2010). Additional analysis notes, in the form of summary sheets, were taken during fieldwork to identify myself as the researcher, underline my response to participants and how this may have affected my understanding or interpretation of the participant's narrative. Contact summary sheets were essential to supplement interview transcripts since they helped me remember certain contexts, situations or things that were

said informally, missed opportunities to prompt participants, or awkward wording of questions. These were filled out during the interview and transcribed no later than 24 hours afterwards. Dunn (2010) also recommends using analytical logs to explore what the interview has uncovered in relation to the research question and how it relates to the literature or theoretical/conceptual framework. My analytical logs were filled out as entries in my journal, separately from interview transcripts, in order to separate myself from the immediate interview and see the “bigger picture”. I conducted preliminary coding of key informant interview transcripts and consulted my contact summary sheets in order to familiarize myself with the data. This type of ‘open coding’ guided me in formulating interview questions for women micro loan holders and highlighted emerging themes. Interactions were also discussed with my research assistant following the interviews during the fieldwork period.

3.6.2 Thematic analysis

Although quantitative methods can provide a more extensive account of certain issues, concepts such as ‘empowerment’ are not easily defined or measured. Since my research questions explore some of these ‘hard-to-define’ concepts, qualitative research offered better analytical tools for taking the subtleties embedded in these processes into consideration. Thematic analysis was used to examine what is said rather than how it is said since the translation of interview transcripts created an additional re-interpretation of participants’ words. Boyatzis (1998) describes thematic analysis as a process in which meanings can be found in texts (interviews) and interpreted through the identification of patterns. It is most often used in ethnographic fieldwork since themes have a certain “richness of detail” that can provide better descriptive and interpretive approaches to transcripts and field notes (Luborsky, 1994). This richness comes from the sociocultural setting in which they are rooted, emphasizing the life stories, struggles and conflict of those being researched. When it was appropriate, I discussed emerging themes with my research assistant and key informants during the fieldwork process in order to judge whether or not my interpretations were accurate and best captured the voices of the participants.

3.6.2.1 Coding

According to Cope (2010), one of the main purposes of coding is for data reduction, organization and the creation of searching aids, and analysis. For those reasons, I used coding at various stages of the research process. The first stage of my analysis involved reviewing the first interview transcripts, and highlighting emergent patterns to guide my following interviews. From there I could reformulate key question areas and target specific groups for data collection. The second stage of analysis involved several readings of all interview transcripts in order to develop codes for the thematic analysis. I chose not to use a computer-assisted qualitative data analysis software (CAQDAS) due to financial and time constraints, therefore, initial coding was done using Microsoft Excel, copy and pasting important passages and assigning it a “key word”, “key concept” or “key theme”. I created a system of columns designed to help me easily situate myself in the interview and find key passages or themes (i.e Organization/ Name of Interviewee/ Keywords/ Themes/ Citations/ Notes). I also used a colour system and wrote key points of analysis at the bottom of each page, and then typed up those notes on the computer. This strategy was similar to the memos that Bryman et al. (2009a) describe as “building blocks for reflection” (p.256). Lastly, I created compiled Excel spreadsheets with a list of words and phrases that corresponded to specific categories in order to keep track of my progress, and for easier reference when completing the write-up of my analysis. This allowed for a better collective view of the data, and guided me in formulating potential hypotheses. The resulting themes and categories are listed in **Table 4** (next page). As mentioned earlier, ‘empowerment’ and ‘entrepreneurship’ were recurrent themes in the academic and popular literature surrounding women and microfinance. They remained important throughout the duration of the field research period; however, women micro loan holders and members of institutions alike consistently discussed issues that were related to overarching themes of ‘debt’ and ‘trust’. Finally, another overarching theme that was discussed at length with members of institutions and that is supported by many authors in the academic literature was the ‘neoliberalization’ of the Cambodian economy and its consequences on low income and poor micro loan borrowers.

Miles and Huberman (1994) remind us that codes cannot only be used at different stages of analysis, but also at different levels of analysis. Descriptive codes were used in the first stages to reflect patterns that were stated directly by research participants. Analytic codes were developed in the secondary analysis stages to code themes that emerged from the data (interviews and group interviews). Accountability for my interpretations was safeguarded by recording the development of analytic codes, which, as Cope (2010) points out, can “dig deeper into the processes and context of phrases or actions” (p.283). Baxter & Eyles (1997) recommend including “some discussion of why particular voices are heard and others are silenced through the selection of quotes” (p.508), which I also strove to do.

Table 4 Themes and Categories Derived from Thematic Analysis

Themes	Categories	Additional Categories
Debt	High interest rates Lack of capital Multiple loans Consumption smoothing Low financial literacy	Land seizures Predatory lending Private moneylenders Unregistered MFIs
Trust	Group lending Guarantee system Social collateral Losing face/shame Collateral Repaying capacity	Income and expenses Earning capacity Land titles Residential documents Risk assessment Eligibility process Credit Bureau Pressure tactics
Empowerment	Financial literacy Education Financial access Decision-making	Women’s groups Group lending Savings-led microfinance Village Banks
Entrepreneurship	Free-market Competition Business Profit	Financial sustainability Quotas
Neoliberalization	Self-help Self-reliance Responsibility of borrowers State regulation Government policies	

3.6.3 Interpretation of Data

As Baxter & Eyles (1997) state, “all qualitative researchers reflect actively on what they do and how they relate to their subjects” (p.505). In order to incorporate my reflexive observations into the actual analysis of my data, I used Brown and Gilligan’s (1993) voice-centred relational method of data analysis, which revolves around a set of three or more readings of the interview text. This “Listener’s Guide” was created in order to be responsive to different voices and to be better attuned to the relational aspect of women’s voices. As Brown and Gilligan (1993) argue, “voice, because it is embodied, connects rather than separates psyche and body; because voice is in language, it also join psyche and culture” (p.14-15). Since my interviews with Cambodian women were conducted with my research assistant in Khmer, and later transcribed in English, it was important I be very present during interviews, taking field notes of participants’ intonation, body gestures, and moods. During individual interviews conducted in Khmer, with members of institutions and street vendors, Sok Kanha directly translated participants’ responses and later fully transcribed them. During group interviews, however, it was difficult for her to directly translate every comment and response since participants would speak at the same time, have conversations with each other, or speak for a long time. Out of respect, Sok Kanha did not want to interrupt them or interject constantly. Therefore, she would write down notes in English for me to better follow the flow of the discussion, in case I needed to interject, ask for clarification or follow up on questions. These field notes were helpful during my initial analysis of interview transcripts. The first reading involved locating the speaker by getting a sense of the narrative she is telling. In addition, I reflected on my position as the researcher and the implications of interpreting the narrative I was reading. What might have influenced my interpretation of the women’s accounts? The second reading of the interview involved listening for the voice of the ‘other’ – how did the participant speak of herself (Brown and Gilligan, 1993)? The third and fourth readings involved analyzing the ways participants talk about relationships and their place in relation to them. In many cases, this involved the women’s relationship with the MFI or NGO staff, with their lending partners, with their husbands, or with other members of their family or community. These in-depth readings were crucial to becoming aware of potential challenges or constraints

Cambodian women face and how these may be shaped by the gendered and oppressive spaces created by a patriarchal society.

Additional analysis notes, in the form of summary sheets, were taken to position myself as the researcher, how I was responding emotionally and intellectually to the participant, and how this affected my understanding or interpretation of the participants' narrative (Mauthner & Doucet, 2003). This technique permitted a deeper understanding of the psychological and cultural significance of the participants' words. How are the deeply embedded power relations, whether within the household or in the community, experienced through their participation with microfinance? How are these relationships important to how Cambodian women perform their roles as mothers, wives, entrepreneurs and/or citizens? The summary sheet technique involved filling out a worksheet with two columns, one with the participant's words and the other with my reactions and interpretations to them. However, Mauthner and Doucet (2003) warn against the interpretive assumptions that what a participant says in an interview gives us "direct access to their subjectivity and lived experiences" (p.423). These ontological and epistemological assumptions informed both my research process and data analysis.

According to Mauthner and Doucet (2003), the voice-centred method is part of a "relational ontology in which human beings are viewed as interdependent and rooted in complex social networks" (p.422). I share their view that although subject accounts are not transparent, "it is possible to grasp something of their articulated experience and subjectivity through a research encounter" (p.423). This method offered a concrete way of recognizing myself in the analysis and how my emotional responses to respondents shaped my interpretations of their accounts.

Sandelowski (1998) recommends using first person narrative and being clear when "moving from research participants' accounts to your own accounts of these accounts" (p.377). Other suggested strategies include structuring the presentation of data by organizing them according to time, to prevalence, by concepts (codes) or themes (Sandelowski, 1998). I have opted to present the interview data by themes, but made a point to consider the prevalence of these themes in my discussion. According to Sandelowski (1998), a feminist approach involves minimal analytic intrusions from the researcher in support of allowing the data to speak for itself, while supplementing the

reader with context. However, as Crang (2001) points out, trying to stay as authentic as possible to the ‘voices’ of the participants sometimes involves trading off a certain degree of rigorous analysis. By incorporating reflexivity and positionality in the write-up process, whilst undertaking a critical assessment of the interview content and process through thematic analysis, I hope to have produced credible research results that empowered Cambodian women participating in this study.

3.7 Limitations

International fieldwork poses many challenges for researchers since it requires a prolonged time commitment and financial support (for research assistants, participants, and other travels costs). Along with these constraints, cultural and linguistic barriers may also limit access to participants and analysis of the research results, made more difficult through translation. These limitations are discussed in detail below.

3.7.1 Limitations to Interview Methods

Qualitative data took precedence over quantitative data for this study, in accordance with the goals of the research. As a result, while the small sample taken of Cambodia's women borrowers may not represent the greater whole of microcredit borrowers, the individual interviews were able to give personal context to thirty-six individuals who have, thus far, had no opportunity to voice their personal struggles.

Most Cambodians will avoid social conflict at all costs, and are conscious of their own “face” and the “face” of others. According to Rasmussen (2001), “face” in Cambodian culture can be roughly defined as a person’s pride or social standing. These two cultural attributes can often lead Cambodians to give the answer they feel is most desired, particularly when a person in authority is asking the questions. As a foreigner, it is possible participants associated me with authority figures; however we made sure to explain that I was an independent student researcher. Still, I often found myself asking Kanha to repeat questions during an interview if I had the feeling we were being told what the interviewee assumed we wanted to hear. Some of the participants accessing a

microcredit program with UPWD, CWDA or FLD may have feared reprisal from the local NGO over their answers. They may have felt they had to tell me the program was operating very well, or they were very happy with it, for fear the staff of the NGO would be displeased and perhaps not give them another loan.

For group interviews, Kanha and I interviewed five to seven women participating in a lending program, it was at times difficult to get any but the most outspoken members to contribute answers. As is very typical in Cambodian culture, people would agree to the opinions of the majority, often nodding their heads, but I suspect that the consensus was a way for members to avoid being singled out or contributing information that was too personal or could be conceived as controversial.

As was experienced by researchers before myself (see Rasmussen, 2001; Henry, 2004) Cambodian culture is very much status and hierarchy driven. At times, I made an ethical choice not to press political issues or other issues that highlighted the participant's vulnerability to abuse of power. For the scope of my project, it was more important to preserve the trust Kanha and I had built during the short span of our relationship with the participants. However, I found it appropriate to discuss predatory lending and indebtedness with employees of MFIs and NGO staff since they are commonly approached with these questions.

3.7.2 Limits to Confidentiality

There were limits to confidentiality due to the selection process. Since I used snowball sampling during the recruitment process, there was a possibility that research participants could be aware of other participants being approached for the research project. Whether or not the participant had agreed to participate in the project was never revealed. For women micro loan holders, names were never gathered even during the data collection stage, so names will never be reported. For members of institutions, if they chose anonymity, identifiers have been changed so that it will be impossible to correlate statements with individuals. Only my Cambodian research assistant and I had access to raw data in the password-protected files.

3.8 Summary of Chapter

By choosing a research approach that was better suited to tackle issues of representation and ethics, I am acknowledging my position as a white woman from the Global North doing research on women in the Global South, and how this affected and still affects how I filter the data of fieldwork through my own perceptions and interpretations (McDowell, 1992). As Herbert (2000) argues, “ethnographic effectiveness requires creating a space between the cultures where similarity and difference can be explored and explained in an ongoing reflexive process” (p.563). My knowledge depended to a certain degree on the willingness of participants to share their lived experiences with me and my success in gaining research insight also depended on my capacity to adapt to a different environment and culture. Moreover, the practical difficulties (e.g. poor road conditions, no response from participants, etc.) I encountered during the fieldwork period add context to my interpretations. During the interview process, a collaborative approach encouraged the participants to ‘voice’ their lived experiences and get involved in the discussion. One way to present the ‘voices’ of the participants in an honest way is by inserting direct quotes from interview transcripts and providing details of the participant, the context of the interview and other relevant details, as I have done in the following Research Findings Chapter (Butler, 2001). Since all interviews with Cambodian women were conducted in Khmer and translated into English by my research assistant, I have left these direct quotes unchanged to keep their meaning and cultural references. As Mullings (1999) argues, a better representation of the world can be found when the researcher engenders relationships based out of trust and cooperation, something she refers to as “positional spaces” (p.340). Speaking ‘for’ other people is ethically contentious, whereas by adopting a collaborative approach, Kanha and I fostered mutual respect and shared knowledge with the participants (Staheli & Lawson, 1994).

Chapter 4: Research Findings

“We are all in jail.” (Interview, Woman 13, UPWD Group 2, 30 October 2014)

The main goal of this chapter is to present the findings of the field research undertaken during interviews in Cambodia. The research began with two research objectives: to better understand the needs of Cambodian women who borrow from microfinance institutions (MFIs), non-governmental organizations (NGOs), and private moneylenders; and to represent the borrowers’ perspectives of microcredit on the basis of their experience with debt, trust, empowerment, and entrepreneurship. Chapter 5 will address two additional objectives: to contribute to the development of more successful relationships between women borrowers and MFIs; and to define and analyze gender empowerment in the context of microfinance in Cambodia.

This chapter is structured to present participants’ perceptions of the basis of the four central themes that emerged from the interviews. The data from these interviews is grouped according to the perspectives that emerged from the three categories of lenders: members of institutions, group participants, and individual participants (street vendors).

4.1 Qualitative Indicators and Interviews

In order to address the first objective (understanding the needs of borrowers), the findings are arranged into four main themes: a) debt; (b) trust; (c) empowerment; and (d) entrepreneurship. These thematic areas were discussed in Chapter 1; they emerged from the literature and the analysis of the interview data. Two of these indicators, empowerment and entrepreneurship, were chosen before the field research period on the basis of examining the literature on women and microfinance. The remaining two, debt and trust, emerged from the interviews and the subsequent thematic analysis. In order to address the second objective (the experiences of members of institutions), women micro loan holders, group participants, and individual participants were grouped under each theme. Most of the members of institutions were familiar with the concepts of empowerment and entrepreneurship, although their understanding of these concepts

sometimes differed from each other. Non-members of institutions discussed situations that dealt with debt and trust at length.

4.2 Participant Perceptions of Debt

Unethical lending practices in both developed and developing countries have given microcredit the reputation of being a trap for the poor—individuals who are already vulnerable and lacking social security networks—thus creating a vicious cycle of multiple borrowing and over-indebtedness. In the following sections, I will explore the perceptions of members of institutions and non-members of institution with regard to debt, and I will relate the stories that the Cambodian women borrowers had to tell about their life with debt.

4.2.1 Members of institutions' Perceptions of Debt

In order to regulate the microfinance sector, in 2000 the National Bank of Cambodia (NBC) instated the Law on “Licensing of Micro-Finance Institutions,” where licensed microfinance programs had to restructure themselves as a limited liability company or cooperative. The Credit Bureau Cambodia (CBC) was launched in Phnom Penh in 2012 with the goal of centralizing loan information from Cambodia’s banks and microfinance institutions. According to an anonymous source from the CBC, the Credit Bureau exists for the following two reasons:

First, to make sure people don’t become over indebted, because if people become over indebted it impacts the non-performing loan rate, and a high non-performing loan rate means no investment into Cambodia. So, the CBC acts as a policeman to make sure the market doesn’t become over indebted. Second, the Credit Bureau provides access to finance by making sure that the money that’s going into the economy isn’t at risk and that it is being deployed in a way that is helping to stimulate the economy. Lending money to a borrower who can’t afford the repayments doesn’t help the borrower or the economy. (Interview, November 19, 2014)

The NBC law does not prevent unlicensed programs from operating. This same source pointed out that this is one of the biggest challenges for the CBC and the microfinance sector as a whole:

You've got two MFI sectors. You have the regulated national bank MFIs, which are regulated by the central bank in terms of the amount of interest that they can charge, in terms of what their loan portfolio is, how they secure those loans, what their underwriting position is. Then you have another huge market, probably the same size again, which is an unregulated MFI or moneylenders in effect, which package themselves as MFIs but they're actually like a lending...what you'd called lending unions. Problem with those is that, sister, they are completely unregulated, the interest rates...I've seen interest rates ranging to 145%...they're criminal basically. They may not be operating with criminal intent but if you were to take that business model and regulate it, it would be a criminal operation...because they're unregulated. (Interview, November 19, 2014)

In the past ten years, competition within the microfinance market has become steep, and not-for-profit organizations practicing microfinance ultimately fail because borrowers with multiple loans will repay the registered MFIs ("big") or unregistered MFIs ("small") first. Microfinance institutions also ensure their own financial sustainability by analyzing local demand, security, and the number of eligible clients before establishing a branch in a rural location.

Ban Phalleng, Social Performance Management Unit Manager at Thaneakea Phum Cambodia (MFI), pointed out that Cambodia's microfinance sector financially outperforms those of India, the Philippines, and other Latin American countries (interview November 19, 2014). According to Hoy Sophea, General Secretary of the Cambodia Microfinance Association (CMA), the average Portfolio At Risk (PAR) for MFIs in Cambodia is 0.7%. However, she conceded that this does not include all lending institutions, and she acknowledged that there is definitely a problem of multiple lending and borrowing (interview, November 20, 2014).

There are currently 35 commercial banks, 9 specialized banks, 39 licensed MFIs, 38 registered NGOs, 60 unregistered NGOs, and countless unregistered MFIs and private moneylenders that practice microfinance. These smaller unregistered institutions will lend to almost anyone in order to get their share of the market. Kou Sina, program officer with Urban Poor Women Development (UPWD), put it this way: "The MFIs also compete with each other to get customers, so they need to give out loans. All in all, even if they don't give the loan to one individual, another MFI will. It's like they are competing with one another to get customers" (interview October 20, 2014).

Each MFI has its own strategy, mission, and appetite for risk. The new players may prefer a higher loan portfolio expansion and will therefore operate with more risk. However, well-established institutions will have a different risk regimen and policies for selecting clients. Ban Phalleng explained it this way:

Some MFIs require a lot of documents to confirm your income. But some MFIs say “Okay, thank you for approaching us, here is the loan.” Just like that. And even, we do the Credit Bureau. So this is the way the MFIs are trying to measure the risk appetite. We don’t want to put the clients in over indebtedness. (Interview, November 19, 2014)

Employees (i.e., loan officers) are incentivized by the amount of loans they negotiate and the number of customers they sign up they are paid according to the loans issued and the funds collected. Therefore, the social mission behind microfinancing goes out the window and translates to “how many customers can we get and how quickly can we get them?” Chhoeung Sunlay, program coordinator at the Cambodian Women Development Agency (CWDA), sees it this way:

The failure of the loans were that other organizations, and many financial institutions including private ones, emerged in the market, so that made our money fail, because we didn’t have any principles or rules. Like I said before, they [women] could borrow from anyone as long as they had their motorbikes, land titles, and everything. When they became strict to them [the MFI to the women], they pay back the money. Whereas those who are not strict to them, they don’t pay. So, that’s why it failed [CWDA's loan program]. (Interview, October 13, 2014)

This imperative to acquire large numbers of clients points towards the need for heavier regulation of the microfinance sector. However, a centralized commercial bureau does not align with capitalist or free market economy ideals. Nonetheless, getting rid of this unregulated financial market—with increased regulation by the NBC, the Interior Ministry, and the Justice Ministry—could benefit borrowers and solve social justice issues such as predatory lending. CMA General Secretary, Hoy Sophea, agrees, noting that a sustainable microfinance sector needs three conditions: “human strong” (choosing reliable borrowers), “system strong” (putting a real data information system in place), and “regulation strong” (writing and enforcing regulations) (interview, November 21, 2014).

One indicator of the growth of the microfinance sector is the decline in interest rates. With increased competition, some of the bigger MFIs charge less than 1% interest. According to Nou Sotiara, Vice President and Deputy Head of the Credit Division at

ACLEDA, Cambodia's economy is growing well; there is apparently considerable foreign investment into Cambodia and interest rates have never been this low (interview, October 28, 2014). The disadvantage of the current situation is that microfinance institutions now have a number of criteria to consider before approving a loan. Credit reports exist to facilitate better lending, better underwriting decisions, and better risk analysis. But, in the absence of regulatory measures to control this growing number of lenders, the regulations are worthless and will not have any impact.

Kou Sina, program officer for the UPWD, made the following observations with respect to the overabundance of unregistered MFIs and the challenges this poses for her organization:

Sok Kanha: So the MFIs that provide the higher interest rate loans, have they registered yet [with NBC]? Or are they just private moneylenders?

Kou Sina: I am not sure about this. They have the logos on their motorbikes, it's just I don't remember. They are not very famous. There are a lot of MFIs here. So we don't know which one. It's just on their bikes they have their own logos. They go to the villages every day, every week. But when we ask about the interest rates, it is higher. It is more expensive than Prasac, or Amret [registered MFIs].

Sok Kanha: How much higher?

Kou Sina: Before, it was almost 10%. Maybe around 10%, you can ascertain once you get to the villages. Because different women give different information, we need to ask them for the pay back document.

Sok Kanha: So they still borrow? They don't consult with you or anything?

Kou Sina: No they don't. Why would they need to come to us when those MFIs give out the loans so easily?

Sok Kanha: Immediately?

Kou Sina: Yes immediately.

(Interview, October 21, 2014)

Members of lending institutions recognize that small loans are often not being used for entrepreneurial purposes but for "consumption smoothing", described as the desire of people to spend in order to have a stable path of consumption. Chhoeung Sunlay, CWDA Program Coordinator, observed that "they don't use the money [borrowed] on the business, yet they use it to buy unnecessary stuff" (interview, October 13, 2014). As a consequence of this misappropriation of loan funds, no new income is

being generated by these small loans, and borrowers are forced to take out another loan with the same institution, or from another source. However, Kou Sina pointed out that the poor often don't have any other choice than to borrow immediately:

“When they need it, they borrow immediately to tackle the problems. If not, they don't have anything to eat.... If they didn't borrow the money, they would die. Only borrowing the money can help them solve the problems. After that, they would borrow from this person to pay back that person and the cycle goes on like this until they lose their house, land, etc.” (Interview, October 21, 2014)

Meas Chanthavy, senior program officer at PACT Cambodia, also reported a decline in loan repayments after some borrowers took out loans for emergency purposes rather than business expansion or creation. Tech Theavy, administration officer at Habitat for Humanity (HHC), reported that each family she has worked with is in debt to at least one or two MFIs at the same time. The reason, she said, is that they will take out a loan from one source for consumption, housing needs, or emergencies, and they will take out a second loan because they need to finance their business (interview, November 18, 2014). Theavy attributes this phenomenon to the rising number of unregistered MFIs that will enter villages and convince residents to take out loans with no collateral. To prevent this from occurring, HHC evaluates the income and repaying capacity of prospective borrowers. Theavy stated that “if we see that they aren't able to repay the loans, we won't force them to take out loans from us. Our institution wants the families to not only receive a loan, but also to have the capacity to repay and also gain benefits from it” (interview, November 18, 2014). Theavy nonetheless sees borrowers as being responsible for the growth of debt in Cambodia, observing that these borrowers need to evaluate their own repayment capacity—that they are not being forced to take out loans. Nou Sotiara, Deputy Head of Credit for ACLEDA, conceded that this is a common problem for ACLEDA, stating that “they want to borrow 5 million riels [\$1,200] and when we study their payback ability, they could only borrow 1 million, so they are not happy and they argue that we are so strict. This is to prevent them to be over indebted” (interview, October 28, 2014).

Hallie Mittleman, Management Advisor for Farmer's Livelihood Development's (FLD) microfinance program, had a positive attitude about microfinance as it is being practiced by NGOs, but was not able to address the issue with respect to larger financial

institutions. However, she was aware of the growing rate of debt due to borrowers taking out multiple loans given the inability of NGOs and other institutions to conduct a proper background credit check., Credit reports are not readily available for unregistered institutions, and as Hallie pointed out, borrowers are not always forthright about their credit history: “One of our requirements for our borrowers is that they don’t have any other debt. However, our understanding is that they’ll often lie about that. They’ll just say no” (interview, October 14, 2014).

When CARE Cambodia first began operating in Sre Ambel in 2012, 70-80% of people were in debt with MFIs. Following the introduction of the savings program, Care encouraged members to repay their loans to MFIs and to no longer borrow from MFIs but, instead, to borrow from their own community. Care’s savings-led microfinance program only allows its members to take out loans three times the amount of their savings—determined as being their capacity to repay—and in this way Care reduces the risk of loan defaults in case of business failures or other unforeseen problems. Currently there are only 20-30% of households still in debt with MFIs.

According to Sophorn Chov, field supervisor in Sre Ambel, over-indebtedness is due to MFIs providing loans to clients who do not have the capability of paying them back, or lending to clients who have no clear purpose as to how they will use the loan (such as no business plan). Chov concluded that MFIs are profit-oriented and therefore do not provide sufficient preparation for their borrowers to repay their loans. An anonymous source from the Credit Bureau Cambodia (CBC) agreed with this perspective, noting that “it’s about money. Anyone that sits at an MFI or a funder preaching about how good this is for the poor people, they don’t understand the reality on the ground” (interview, November 19, 2014). Kou Sina concurred, stating that “for banks and MFIs, they seek profitability. In order to succeed, they need not to have mercy, and this brings success. They have to take the land and stuff. Their general goal is to make profit” (interview, October 21, 2014).

Most members of lending organizations recognize that there is a serious lack of financial literacy amongst borrowers, and that this makes borrowers vulnerable to predatory lending and seizure of assets once they default on their loans. According to one anonymous source from the CBC:

You've got an uneducated populace and they're going around selling them microfinance. People don't understand, they're just getting money now, they don't understand interest rates, they don't understand what the cost of the loan is. Then, they're defaulting on the [loan]...and what people are doing is they're picking up the property. So, it's a property grab." (Interview, November 19, 2014)

Tech Theavy was discouraged to find that many Cambodian families do not know how to manage household finances, budget, or generate income in order to repay their debt. She stated that "families these days only know how to take out loans, yet they don't know how to generate income so that they could repay the loans" (interview, November 18, 2014). Many Cambodian women do not know how to calculate interest rates on a weekly or monthly basis, making it very easy for institutions or individuals to cheat these women or to charge them exorbitant interest rates. An anonymous source from the CBC recounted a typical situation resulting in Cambodian women becoming over-indebted:

I know one lady that's got 16 loans. She shouldn't be lent any money for starters. She's got one facility with Kredit [an MFI]. They've lent on the access to her land. She's got about three to four thousand dollars worth of debt. But then, if you look at the money that she's borrowed...one loan that was about \$500 and she's going to end up paying \$1700. Now, the banking argument is that it's such high risk, that's how we hedge our risk. This is a very high risk therefore we have to hedge it. But the reality is, it's not helping the poor people. It's a way of making money. (Interview, November 19, 2014).

Ban Phalleng observed that many clients have no understanding about finance and borrow with the intent of solving a problem "on the spot." According to Phalleng, "they have no financial plan. That's why sometimes they fall in over-indebtedness by themselves, even though we try to protect them" (interview, November 19, 2014).

4.2.2 Group Participants' Perceptions of Debt

"Small" unregistered MFIs, NGOs and private moneylenders typically cater to the participants from the five communities we visited. When asked if MFIs came to their community to practice lending, participants from UPWD Group 1 answered as follows:

UPWD Woman 2: Yes, yes they do. They include, CPC, AMK, Mliss, etc. It's just the small MFIs that come and ask for the borrowing but for the big ones, no not really.

UPWD Woman 3: They have their employees around the communities to ask if any of us would like to get loans. They give out their name cards then have a self-introduction. (Interview, October 29, 2014)

Group 1 participants typically borrow from unregistered MFIs and follow monthly repayment schedules. They take out loans to start a business or to improve their housing accommodations. Many of the women have husbands who also have a job, or they work with their husband in a small business (such as selling rice). They are also able to grow vegetables along the riverbank to offset their living costs. However, when faced with financial trouble, a few of the women admitted to borrowing from private moneylenders who charged them higher interest rates.

UPWD Woman 1 complained that “they look down on us that we are poor and we are going to cheat their money” (interview, October 29, 2014). UPWD Woman 4 felt more comfortable taking out loans with microfinance institutions, stating that “when we pay them, we pay both the interest and the loan. Whereas from the private moneylender, we could only pay back the interest rates, but the loan doesn’t change” (interview, October 29, 2014). UPWD Woman 3 summarized the situation as follows:

When we offer to pay them like \$50 to \$100, they don’t accept it. They need the amount of money they have lent us plus the interest rates. No bargain. It’s their way of doing business, so we can’t blame them. It’s just if they do this, it makes our financial situation a living hell. Sometimes they defame us and say that we are not trustworthy people. But for MFIs, when we take our loans, we would inform the local authorities, as long as we pay them according to the date, it is OK. (Interview, October 29, 2014)

UPWD Woman 5 put it this way: “I think that if we take out loans from the private source, it is going to be a lot. They take higher interest rate. If we borrow from Hattar [HKL], the interest rate not so high, it is just we need to pay them according to their arrangement” (interview, October 29, 2014).

Participants in UPWD Group 1 are very conservative with their repayment schedule; they make sure to repay their loan little by little every month and they will warn the MFI if they are unable to repay on the agreed date. As UPWD Woman 3 said, “pay back every month. If we are late, one day they charge us \$1. We pay 1 day before the date to be safe. When my kids just got the salary, I would pay them. I use my children’s salary to pay” (interview, October 29, 2014). Participants are rarely able to pay the loan back by themselves, and often rely on their children’s salaries. In many instances, the children calculate the interest owed monthly. In exchange, they are able to use their mother’s loan to buy a motorbike to drive to work.

According to the participants in the UPWD Group 1, almost 90% of the community has taken out a loan. Since UPWD has been helping this community for years, the participants are relatively well-informed about the risks associated with borrowing money. UPWD Woman 1 describes the situation this way:

They are this kind of organization that persuades them to borrow the money, and when they borrow the money, the interest rates is 720,000 riels [\$175] so they don't have the ability to pay back the money. It's even more expensive than the money we borrow from the banks. (Interview, October 29, 2014)

Another Group 1 participant, UPWD Woman 3, works in a garment factory. She explained that many of her co-workers borrow from private moneylenders within the factory at interest rates as high as 20%. Due to her lack of financial education, she became indebted to a private moneylender: "I borrowed 300\$ but then I didn't pay them the interest rate for a few months then the interest rate increased to be equivalent to the initial loan" (interview, October 29, 2014). This woman is now required to pay \$40 each month to cover the interest rate while her salary is approximately \$100. When asked whether her family was able to help her, she explained that she didn't dare and was in debt herself.

UPWD Group 2 reported that everyone in the community takes out loans, and that debt is a big problem in their community; the women reported that most people they knew had taken out a loan. UPWD Woman 11 observed that they has been forced into a cycle of debt:

The money revolves in the cycle. It's like people who survive on the state's salary. At the end of the month, people start to get desperate for money for food and other expenses. Therefore we lack only at the end of the months. We can't deal with this problem so we could only borrow from others. When we get the salary, we use it to pay back the loan that we have taken out. (Interview, October 30, 2014)

In comparison, only 10 members of UPWD Group 3's community are currently in debt. Here, the community savings fund has even been used by trusted members outside of this community. Similarly, only a small number of people take out loans in the community to which the CWDA Group 4 women belong.

The group members estimated that 50% of the 140 families in the village borrowed from a range of institutions. When asked if her living and financial situation was better or worse after borrowing from an MFI, UPWD Woman 1 replied that "it's

better because it's not private money" (interview, October 29, 2014). The community leader (for the Group 1 community) had a negative experience with private moneylending when one of the members of her Ton Tin group ran away with the group's money. When she tried to recover the stolen money by way of borrowing, she simply became more tangled up in debt. This same woman's daughter, UPWD Woman 4, observed that "they don't care if you could earn the money or not, they only care about the contract that you have with them that you need to payback every month" (interview, October 29, 2014). UPWD Woman 4 thought that debt could be managed only where family expenses are low and the income is fixed: "The debt is like, when you have a smooth month, you still have some money left to spend after paying back, and some months when we can't make much money, after the payment, we have nothing to spend." UPWD Woman 1 responded to this proposition, adding that "as a matter of fact, some months, we are so desperate, and we need to borrow the money from our neighbours. We borrow from the neighbors for a few days. They trust in us, and they don't take the interest rates" (interview, October 29, 2014).

Without question, many of the participants interviewed borrowed money to solve an urgent problem. As UPWD Woman 10 explained, "I used it to solve problem. If I didn't take out the loan, I wouldn't have been able to solve my problems. Therefore I needed to borrow the money to deal with problem from time to time" (interview, October 30, 2014). UPWD Woman 12 identified the urgency of their situation, noting how easy it is to become trapped in high interest loans:

Like right now I need to pay them weekly. I would say, "Can I borrow you some money to repay the weekly debt? When my husband got some money, I will repay you in a few days time. How much interest you want? 5,000 riels [\$1.25] or 10,000 riels [\$2.50]? You can have it." as long as I could deal with this moment, it will be fine. (Interview, October 30, 2014)

All the women from UPWD Group 2 have taken out multiple loans with either small microfinance institutions or private moneylenders. Their pattern is to take out a smaller loan with the private moneylenders in order to pay back the interest on the larger loan (held by the MFIs). The women have generally taken out larger loans to start a small business (such as selling treats), pay for health care due to illness, or fix problems in the house. Meanwhile, most small loans are used for daily living needs given that these women are unemployed.

Many of the husbands in Group 2 are ill, unemployed, or moto drivers who are not able to earn a stable income. The families are not able to grow any vegetables because they do not own any land. They are generally afraid of dealing with MFIs and would prefer to borrow from family and friends within the community. When asked if they felt the loans had a positive impact on their lives, participants responded by saying “not really,” and “it can actually make matters worse.” Many participants in Group 2 are in debt due to multiple borrowing. UPWD Woman 11 explained it this way:

Sok Kanha: What is the difference between “standing money” and “counting money”?

UPWD Woman 11: “Counting money,” for example, you take out 100,000 riels [\$25] loan. When there is due date and you don’t have money to pay back, so you need to borrow the money from the private moneylender to pay to the institution. When you need to pay 100,000 riels, you come to borrow at the private moneylender 100,000 riels and they start collecting your money 5,000 riels [\$1.25] per day. In 24 days, the loan is finished. If you borrow “standing money” for the 100,000 riels, you need to pay them 30,000 riels [\$7] a month. That’s 30% right? If you borrow the “counting money,” it’s only 20%.

Sok Kanha: So this is the private moneylenders’ method of collecting loans, right?

UPWD Woman 11: The one that I talked about earlier is the private moneylender. We get another loan to pay back to the MFIs, the small MFIs because it’s the due date and we are afraid that they are going to be a lot of people coming.

UPWD Woman 10: When we don’t have money to pay back, we need to borrow from other people. (Interview, October 30, 2014)

Similarly, participants from UPWD Group 3 explained that private moneylenders would count the money owed on a daily basis. For example, given a loan of 200,000 riels [\$50] the loan would typically be due in 22 days, which means that the moneylender would collect 10,000 riels [\$2.50] each day for 22 days. Although they were very poor, women from Group 2 would prefer to have remained debt-free and impoverished. Instead, they are plagued daily with the worry of having to manage their debt. UPWD Woman 12 describes it this way:

When I borrowed only from the private moneylenders, I could talk to them to delay the pay day. I can tell them to delay a few more days but for MFI, I can’t do that. If it’s Thursday, it has to be Thursday. Like she said, “be careful the motorbikes will be coming”. They will come to take the money on the day that is set and if we are being difficult, they will not lend us the money again. (Interview, October 30, 2014)

In this case, UPWD Woman 12 felt that the loan officers were not “out to harm” them because they understood that these loan officers were working hard to earn their salary. UPWD Woman 12 understood that the loan officers were most likely also poor, stating that “they said that they didn’t have money to help repay back the loan for us. When they said that, I felt pity for them as well. They got so dark from the riding around the communities” (interview, October 30, 2014).

CWDA Woman 19 expressed a similar sense of pity for MFI employees, saying that she felt an obligation to repay her loan because she was afraid that the employee would get fired:

When we always delay, like when we repay late for one or two days, the next month, the one who comes to collect the money would be another person; the old one is taken out. They are very strict. If the work isn’t smooth, they put the blame on the employees who come to collect the money. They would say the employees are not good, punctual, easily get tricked, etc. They take out the previous employee; the one who keeps the records of the loan demand is withdrawn. (Interview, November 12, 2014)

This woman’s experience with employees from Prasac (registered MFI) has been good. According to her, they use “gentle language,” not “arrogant, snobby language,” and they do not look down at members of her community.

The community leader for the UPWD Group 2 spoke about the misconception many people have that poor people fail to save money or plan for the future plans—that the poor try only to survive day by day. She argued that the poor face too many daily challenges, often needing money quickly to cope with an urgent problem, which leaves them unable to set money aside for the future. According to this woman, teacher’s salaries are too low, not even enough to support a family; teachers are consequently forced to demand bribes from students which means that, ultimately, poor families pay the price.

Women from UPWD Group 1 also spoke of the government’s unwillingness to help poor people (such as themselves); they identified the necessity to be self-reliant, and to rely on their own community in order to make money. Given their desperate situation, these women are grateful for loans available through the unregistered MFIs, yet at the same time, they feel imprisoned by these same loans:

UPWD Woman 14: We are also thankful to the organization that give us the loans.

UPWD Woman 12: What could I do when I get so sick. All I have is the family booklet to turn in to the MFI.

Sok Kanha: Now, your family booklet is with the organization?

UPWD Woman 14: Yes, it is.

UPWD Woman 13: We are all in jail. [chuckle]

(Interview, October 30, 2014)

The community leader for the UPWD Group 3 became entangled with debt as a result of a failed business attempt and the burden of increases in interest payments. At one time, this woman borrowed \$200 from an unregistered MFI but she was able to repay only the interest for some time. She describes the experience this way:

I borrowed for around two years. If I calculated the overall interest rate that I have paid, it was more than the initial loan that I had taken out. However at that time, I didn't think much about that. I only thought that I would do anything as long as they could give out loan to me. At that time, for the \$15 interest rate, they only needed the documents that had both of my husband's signatures and mine on it. (Interview, November 4, 2014)

As a result of their involvement with the self-help group, which has helped them learn how to calculate interest payments, UPWD Group 3 members now have a different perspective on debt and no longer attach shame to taking out loans.

Most participants from CWDA Group 4 could not borrow from registered MFIs since they did not officially hold title to their land. Consequently, they had no choice but to borrow from unregistered MFIs or private moneylenders. CWDA Woman 19 explains how multiple borrowing has driven her more into debt:

It's the fourth time already. The first time I took out \$800 loan, then 2,000, then 3,000... I just keep on taking out loans. Once I finished one loan, I would go and get another. The big organizations wouldn't give out loans if I don't have the ownership of the house and land. (Interview, November 12, 2014)

Another participant from Group 4 spoke of her experience with Prasac, a registered MFI. She found that, if one was late in repaying of the loan, and did not advise the loan officer, the charge was \$1/day. On the other hand, if the situation was explained to the loan officer, the repayment arrangement might be extended. CWDA Woman 21 proposed that it should be the borrowers' responsibility to evaluate his/her repayment capacity before taking out a loan:

Some people they take out loans like this: they work a lot and they spend all the salary that they earn, but they don't have savings. So, in order to have some money remain, they take out loans. They take out loans and they buy stuff with the money that is remaining. (Interview, November 12, 2014)

CWDA Woman 19 observed that, instead of saving up for a large expenses, people take out loans to pay for these expenses and then repay these amounts monthly. Similarly, CWDA Woman 21 argued that saving up for such expenses is “impossible”: “We are people who live in rural area, it's not easy for us to have a lot of savings to buy stuff. We have to repay every month. That's how we save money” (interview, November 12, 2014). She continued by saying that she was forced to take out a loan to feed her children and send them to school but, now that her children are older, she has been able to stop borrowing money. CWDA Woman 21 explained that her husband at the time (currently divorced) drank too much and put the family into debt. She was reluctant to continue speaking and CWDA Woman 19 came to her defense:

He was drunk day and night, night and day. He tortured her. They were quite rich but because her husband tortured her, abused her and wrecked everything, they sold all the properties. (Interview, November 12, 2014)

Participants from FLD Group 5, mainly farmers, reside in a rural village and live in rudimentary accommodations. However, most participants have stayed away from MFIs, preferring to borrow from their community savings fund. When asked if they were aware of the consequences of defaulting on a loan, FLD Woman 24 responded by saying that “it hasn't happened yet. Only sell the houses in cheap prices. They would take away the farmland titles. We haven't had that situation” (interview, November 20, 2014). Some members of the savings group rely on their children, who work in construction or in garment factories, to repay the family loan. FLD Woman 26 recognized that she has no capacity to repay a loan: “That is why I dare to take out loans. If I don't have anything, I don't dare to take out loans because I am afraid I have nothing to repay back” (interview, November 20, 2014).

4.2.3 Individual Participants' Perceptions of Debt

Unlike the responses we heard from women participating in the group setting, the women that we interviewed as individuals outside of a community setting reported

different experiences. Contrary to most group participants, street vendors were frequently in a larger amount of debt and had a small support network. Darin, a Phnom Penh street noodle vendor, found that she had no choice but to keep borrowing from her noodle supplier since there was no one else who would lend to her, and without a loan she risked losing her cart:

Sok Kanha: When you take out loan, the \$200 or \$300 loan, you would clear off the debt first before you take out another loan? Or you take out loan from here in order to repay another one?

Darin: Sometimes when the business doesn't go well, I would borrow from others. For example, when I got so sick.

Sok Kanha: Have you ever taken out loans from different places?

Darin: No, because they don't trust me. They are afraid that we are not going to repay them. I only know those who I do my business with [the supplier], so I take out loans from them. (Interview, November 24, 2014)

Darin worried that if she were unable to repay her debt, the moneylender would “do things that upset us” (interview, November 24, 2014). As well as working every day selling noodles, Darin takes care of her mother and father who moved to the city when they became disabled by chronic illness. Darin accumulated debt in order to pay for medical treatments. When I asked her how she managed to repay on time, she replied that “no matter how sick I am, I need to work. I need to repay. If for example, on that repaying day, we are unable to repay them the loan, at least we need to repay the interest rate” (interview, November 24, 2014).

It is common for those who furnish street vendors with their supplies to double as private moneylenders. Chavy, a rice farmer from Takeo province, comes to Phnom Penh during the dry season to sell cushions and blankets as a way to earn additional income during the off-season (interview, November 24, 2014). Like Darin, Chavy's private moneylender first supplied her with the material to sell and second, with a loan to start her business.

Similarly, Saran, a sandwich vendor who owns a kiosk with her husband, also borrowed money from her food supplier. While she did not encounter many repayment problems, Saran lacked the capital to make her business grow. She explained her situation this way: “When I need to buy wholesale I don't have enough savings, so I could only take out loans to buy them. Then, I could repay them later” (interview,

November 26, 2014). According to Saran, there are too many hidden fees with MFIs, such as ink fees to obtain signatures from local authorities. Saran also admitted to playing Ton Tin on occasion. When we asked why she played, she replied:

Saran: It is a kind of fun since it is spontaneous.

Sok Kanha: You get the money spontaneously.

Saran: Yes, in need. We don't need any signatures from the local authorities something like that. For example, when we need money, we can just bid the price instantly, and if we don't, our money is still there. If we take out loans from the MFI, the difficult part is we need to have land title. Number one, if we don't have land title, Ton Tin is a convenient choice for us. (Interview, November 26, 2014)

Srey, an ice cream vendor, borrowed money from her relatives for a health care trip to Vietnam. Upon her return, she borrowed from an MFI in order to clear her debt with her relatives. Although her relatives were not charging her interest, Srey said, "they are my relatives, I don't want to owe them money. I rather take out loans from others" (interview, November 24, 2014). She stated that she borrowed from the MFI because they allowed her to "repay little by little" according to her ability. Eventually, she borrowed a second time from this lender and, since she was a good client, they lowered her interest rate and allowed her to merge her loans. Srey claimed that this lender is not as strict as ACLEDA, explaining that "if we wanted to take another loan, we needed to bring money to clear off the first debt before we were eligible take out second loan. For this one it's different..." (interview, November 24, 2014).

Maly, a street vendor selling fried bananas, told us that she was currently not in debt because her husband raises pigs, though she worried that he would not get paid if the pigs were not raised properly. She took out a \$400 loan from an unregistered MFI to buy supplies for her business and, at the time of this interview, she had been able to repay her debt on time (November 26, 2014).

Soriya sells bottles of water in front of a high school. She has taken out multiple loans with private moneylenders who collect "counting money." Soriya told us that "initially, when I was desperate, I counted money from others. Later on, when I earn some money, and when people need to take out loans from me, I would give to them. This is how they count the money" (interview, November 27, 2014). It is not uncommon in Cambodia to practice moneylending if savings permit. Although there is some risk

involved, many people do it in order to make a quick profit. According to Soriya, borrowing only solves immediate problems: “It is better for a short period of time, then it is tighter again” (interview, November 27, 2014).

Ary, a fruit vendor at the Boeung Trabek Plaza in Phnom Penh, preferred not to borrow from her market supplier, claiming that it was too expensive and that she was afraid he would seize her property (interview, November 27, 2014). It is nonetheless difficult for her to save enough to meet her daily expenses, even with two incomes. Her husband, a construction worker, earns less than she does.

Leap sells noodles at the same market and borrows from her supplier. She believes that her moneylender would not cause her any physical harm if she were to be late with her loan repayment, but instead Leap would be required to repay her lender double the amount of her debt. Leap also believes that her lender would not harm her out of pity, given the business she runs (interview, November 27, 2014). Leap has been borrowing from the same supplier for years and has not been able to clear her debt. Each year, her interest rate climbs and, as soon as she clears one loan, she finds that she must take out another loan. She describes her situation this way:

It is so difficult. I need to get some money to him. I need to work so hard to earn the money to repay or else he wouldn't lend to me again next time. And he only gives out 200,000 riels [\$50] loan to me because I do this kind of business. (Interview, November 27, 2014)

4.3 Participant Perceptions of Trust

In Cambodia, there is a great deal of risk involved in lending money, especially to the very poor. Nonetheless, both individuals and institutions are willing to invest, but there is an expectation of a higher return relative to the risk of the loan. For smaller microfinance institutions that do not require formal collateral, the threat of “losing face” becomes the underlying collateral to this kind of agreement. An anonymous source from the CBC noted in an interview that, although only commercially regulated MFIs can hold the title to land as security, in reality, unregulated MFIs that practice unsecured lending

will use “bully boy tactics” to pressure the village chief to sell the land illegally so that these lenders can “pick up their money” (November 19, 2014).

Kou Sina (UPWD) pointed out to us that women from poor communities are not generally able to take out loans from MFIs with “good reputations,” by which she meant registered MFIs. Most poor communities have no access to funds from these registered MFIs because community members do not hold title to the land, nor do they possess other official documents, such as ID cards, which would assist in getting a loan. Consequently, these people have no other choice than to take out loans from unregistered MFIs which charge higher interest rates.

The following section explores various techniques developed by lenders to establish trust, and it describes the ways in which borrowers perceive these methods.

4.3.1 Members of institutions Perceptions of Trust

In the course of interviews with members of lending institutions, the concept of trust was brought up repeatedly and often discussed in relation to risk. Microfinance institutions have a low level of trust when it comes to lower income families, poor clients, and extremely poor clients from rural areas. As Ban Phalleng (TPC) put it, “we acknowledge that operating in this sector, there is risk management. That’s a problem we cannot escape” (interview, November 19, 2014). The general pattern, when it comes to banks and private moneylenders, is that the lower the level of trust, the higher the interest rate will be. However, in order to honour their mission of serving the poor, MFIs have developed diverse techniques for assessing risk analysis and repayment capacity.

Chhoeung Sunlay (CWDA) had an overall positive attitude about microfinance, but CWDA has since reduced their microfinance programs because larger microfinance institutions, such as ACLEDA, are not only better able to reach poor segments of the population but they are also able to offer lower interest rates. On the other hand, Sunlay pointed out an organization like ACLEDA must be able to secure collateral, whereas CWDA does not require collateral since it ensures repayment by practicing group lending (to groups of five women). According to Nou Sotiara (ACLEDA), most registered MFIs have the same “5C” formula: characteristics, cash flow, collateral, condition, and capital. Loan officers will make site visits to the homes and places of

business of prospective borrowers; they will consult with local authorities and “ask around” (interview, October 28, 2014).

Ban Phalleng pointed out that cash flow analysis is the main tool used to inform the branch manager before he/she approves the loan. Staff is trained to measure income flow and family expenses, as Nou Sotiara explains:

Normally we comply with confidentiality practice, so we have ways to ask the neighbors so that there would be no effects. We know that, in our Cambodian society, sometimes they are trying to hide their debt secrets so that no one could know about this. They don't let others know that they have borrowed or anything. (Interview, October 28, 2014)

Similarly, Ban Phalleng acknowledged that it was sometimes necessary to “ask around” and “inspect the local people” when the reported family expenses seemed too low. He detailed the eligibility requirements employed by TPC in the following way:

If you're not married yet, single, you [the loan] have to be acknowledged by your parents. If you are a widower, and you have a child over the age of 18 years old, acknowledged by your child. If they are still kids, you need to find a guarantor, relative or something like that. Regarding the product itself, we even design for no collateral or unsecure loans. It depends on the loan. For the unsecure loan, group guarantee loan, the maximum loan size is \$500. So you can use this amount for expanding your business without using collateral. (Interview, November 19, 2014)

Chhoeung Sunlay recognized that, in order to conduct effective microfinancing, the lending institution must require collateral. However, she was nonetheless quick to point out that this does not align with CWDA's mission of gender empowerment:

I don't take away their property because our organization helps poor people, but we seek out the information as a lesson for us. But we didn't apply the rule according to the law. We didn't apply the rule of loans as contemporary institutions do (referring to MFIs). This is a lesson for other institutions, so they have their rules: that they need land titles or property certificates before giving out loans. But we didn't do this. However, we boost women's confidence, make them be more self-confident. It goes against our mission (to require land titles or seize land). (Interview, October 13, 2014)

Tech Theavy (HHC) believes that, as an NGO, HHC does not have the right to take property away from its borrowers, nor does she believe this practice fits with their mission statement. In case of loan defaults, HHC will restructure the borrower's loan repayment schedule (interview, November 18, 2014).

CWDA continues to make loans to groups of women who have a good credit history, but much to her disappointment, Chhoeung Sunlay was obliged to discontinue

the microcredit program due to the organization's growing mistrust of borrowers who would not repay their loans and who would hide or run away when representatives from CWDA visited their homes. Sunlay became discouraged by these behaviours and admitted to using mild pressure tactics such as scoldings in order to force repayment from the borrowers:

If you're talking about scolding, yes, more or less there is some scolding involved. If not, they won't pay back the money. Because, for example, we also use heavy words towards them just for those who don't pay back the money and those who are cunning with us. For example, they tell us to go on this day, but then when we go there, they avoid us. We also warn them [...] about suing and stuff. (Interview, October 13, 2014)

Sunlay believes that scolding is unavoidable and preferable to the tactics private moneylenders will employ:

We are not going to apply violence on them, shoot them, throw them out but if it were for private [moneylenders], more or less, they do that. You also heard from radio broadcasting right? But for us, we only use language. Even you also do the same, right? We go a few times and they always avoid us. The length of time to go to their village...The use of language is a bit heavy. It's going to happen because they are lying to us. (Interview, October 13, 2014)

Sunlay's experience lending to women through the CWDA seems to have left her with little trust in these borrowers. She recalled conversations and messages left with borrowers in the course of her interview:

I tell them: "Why do you lie to me? Why are you avoiding me? Why don't you face us and tell us the reason why you don't have money to pay back. Why don't you tell us the date that you are possibly going to pay back the loan? Why don't you call us? You waste our time on travelling to talk to you." When we go there and don't see them many times, I ask you, can you trust in them? (October 13, 2014)

Tech Theavy from Habitat for Humanity (HHC) also found it difficult to trust borrowers. Consequently, HHC now requires collateral for housing loans. While borrowers are able to take out small loans (less than \$200) on the basis of their identity cards or residential documents, HHC requires collateral in the form of a land title for any amount above \$200. However, according to Theavy, borrowers would rather leave their land title with HHC (an NGO) than with an MFI because there is no fear that they will lose their land (interview, November 18, 2014). In fact, land titles held by HHC will

remain untouched until borrowers are able to clear their debt and reclaim their title—HHC will neither seize nor sell borrowers' properties.

Theavy explains the reasoning: “The reason that we do this is because of the past experience; when we didn't have their collateral, they had opportunities to take out loans from other places, so their repaying capacity lessened and as a result, the multiple loans make them become more in debt. It caused them to lose lands, houses, etc.” (interview, November 18, 2014). Theavy recalled a time when families that owed HHC would run away to avoid repayment:

Our loan is spoiled when the borrowers run away, we don't get any results back. It is like granting them. Where could we go to when they already run away? We don't touch or take away the guarantor's property or anything like that. The NGOs that have failed on the loans when they are working with families, the reason is that we don't confiscate their properties. We can only meet them, inform them, and encourage them. (Interview, November 18, 2014)

Ban Phalleng explained that Thaneakea Phum Cambodia (TPC) uses discretion when it comes to recovering loans. Clients are grouped into one of four categories: those willing and able to pay; those willing to pay, but having no capacity to pay; those not willing to pay but having the capacity to pay; and those not willing and having no capacity to pay (interview, November 19, 2014).

Thann Kanika, working with ActionAid Cambodia, had a somewhat more positive outlook towards borrowers. However, her organization benefits from international donors and does not charge interest. Although HHC initially received international funding, in 2013 donors stopped funding the housing loans project which meant that HHC could no longer afford to make loans without collateral.

ActionAid loans are negotiated mostly with women and farmers and come in the form of alternative currency, such as domestic animals provided for the purpose of farming, or seeds for growing food. This organization also practices group lending with a flexible repayment schedule. Specialists in each province conduct an eligibility selection process which requires specific identity documents from the prospective borrowers. Inevitably, some borrowers are unable to pay back their loans, but Kanika assured us that the organization does not use violence, pressure, or verbal abuse which would be seen as a threat to the borrowers (interview, October 17, 2014). Rather, ActionAid investigates

the reasons why a borrower is unable able to pay back the loan and works with the borrower to find a solution.

UPWD's microfinance program is also built on the basis of donor funding. Kou Sina (program officer) explains the arrangement with its donors: "We don't treat the money as loans. If it's a loan, we need to guarantee the donors that the money will be paid back. But we are not MFIs, we can't ask for the money back. It's why we tell them that the money is treated as grants" (interview, October 21, 2014). Sina understands that UPWD's system of revolving funds does not provide women with the incentive to make repayments, but she acknowledges that charging interest does not align with the organization's mission and goals. In the course of Sina's interview, she emphasized that UPWD wants to work with communities as partners, which means that the organization does not resort to any inappropriate language or behaviour to goad people into making payments. Sina notes that this UPWD is sympathetic to the challenges women are faced with, saying that "because lending to the poor is not a simple job...they borrow but they don't pay back. How could they ever repay us since they are also bound up with debt from others?" (interview, October 21, 2014).

According to Ban Phalleng (TPC), as long as the management and the focus of microfinance align with their original mission, the TPC model is a good one:

Microfinance, their mission is to serve the poor. But they also need sustainability, or to make a profit for expansion and stuff like this. So, if in the management or strategy it says, "Ok, we try to achieve 20% of our clients are poor or very poor," and 1% people with disability or excluded people. So as long as they have this target and they achieve this, it's good. They are doing right to their objective and their mission. And the NGO itself, because they have their mission and their objective, as long as under the management and the implementation achievement is right to what they have stated in their objective or their mission, they are doing right. Saving group is the same.

Overall, as long as it truly benefits the poor. (Interview, November 19, 2014)

Unfortunately, more and more, the social mission of MFIs is being abandoned in order to focus on profitability and sustainability.

Farmer Livelihood Development (FLD) runs a microloan program through Tunkaksekor, a social business that generates profit for the purpose of investment in other FLD programs. This organization deals mainly with livestock farmers (pigs, chickens, and cows); it is obliged to assess a farmer's eligibility as a borrower. FLD

establishes trust on the basis of income, expenses, assets, savings, and credit histories. Hallie Mittleman, management advisor for FLD, noted that while this process can be somewhat informal, it is nonetheless an effective exercise to ensure that the borrowers have sufficient assets in proportion to the amount being loaned. The FLD strategy is to provide loans on the basis of a group guarantee, an arrangement that relies on the reputation of the group within the community. Similarly, ActionAid program officers rely on information about the borrowers provided by local authorities in villages and communities.

The FLD also relies on the leader of the Village Saving and Loan Group (VSLG); the leader will receive a commission from the program based on the rate of repayment in order to make sure that the members make their repayment. FLD charges a 30% interest rate annually (2.5% each month), and offers a variety of payment plans. This organization also attempts to match the repayment schedule to the seasonal agricultural cycle.

Although UPWD does not charge interest, their program officer, Kou Sina, recognizes that successful MFIs have a thorough risk assessment and eligibility process in place to prevent loss of funds loaned out:

When we pay, we don't only pay for the interest rate, but also the original money we have borrowed. So if we couldn't pay them back, when they take our house, they don't lose anything. It is the strategy of the MFIs that are successful. They have very strong support documents and they work closely with the local authorities. When a problem occurs, the authorities will be working on it. They are all powerful people, so we need to pay them back. (Interview, October 21, 2014)

Hoy Sophea, General Secretary of the NGO, the Cambodia Microfinance Association (CMA), pointed out that local authorities do not always have the borrowers' best interest in mind, and will sometimes charge for the "service" of making multiple copies of land title certificates, enabling borrowers to request loans from more than one institution at a time (interview, November 21, 2014). Nonetheless, for MFIs such as ACLEDA, once these organizations have verified the credentials of a prospective borrower through the Credit Bureau system, local authorities remain the best source of information as to whether a borrower has other debts with private moneylenders.

Sometimes, MFIs are even able to get this information from private moneylenders who are attempting to collect their payments.

Sophea acknowledged that a serious problem of harassment and pressure exists—usually coming from smaller organizations that provide microfinance and present themselves as “NGOs.” According to Sophea, these organizations charge approximately 3% interest, having obtained a license to provide microfinance as an NGO from the Ministry of the Interior. She pointed out that it is not the mission of such enterprises to help the poor; they are providing microfinance under the guise of an NGO because it is less expensive to obtain this kind of license from the Ministry than it is to become a licensed MFI under the supervision of the National Bank of Cambodia (NBC) (interview, November 21, 2014).

According to Tech Theavy (HHC), small microfinance organizations will alert local authorities that individual borrowers are late in repaying a loan. Some of these organizations threaten to increase the interest rate; others come to the village in a group in order to collect on their loans. Theavy described this situation with some anxiety, emphasizing that borrowers feel shamed by losing face in this way and in front of their community (interview, November 18, 2014). An anonymous source from the CBC described this kind of intervention as “The Wild West”:

They’ll go and camp out on the....I know one woman in Siem Reap where the lenders would come around and camp out on her doorstep, calling her...just sitting there calling her names, making her look bad, threatening her with the police, threatening her about land and getting beaten up. They’re “bullyboy” tactics...to get the loan repaid. So, you have to ask yourself, if that’s the case, from the microfinance perspective...on the ground...let’s not talk about back office idealistic policy. On the ground, is it having a positive impact? I have to say, from my perspective, personally, it’s having a much more negative impact than it is a positive impact. It’s pushing people into indebtedness. (Interview, November 19, 2014)

In other instances, lenders employ pressure tactics to force members to repay their loans. Meas Chanthavy describes PACT Cambodia’s process this way:

“The groups have to make their own decisions in terms of what are the reasons that have been stalling the members to repay the loans. Is it because of business failure or their bad attitudes? They don’t want to pay back even if they have enough cash?” (Interview, November 11, 2014)

Although this NGO does not enforce loan repayments, there is a lot of pressure on the borrower from the lending group, given that the funds belong to the members and not the NGO. For example, the lending group will apply pressure by sending group representatives to the home of a borrower in order to discuss the problem. If necessary, these representatives will inform the village chief to participate in the discussion. Chanthavy proposes that this strategy is successful in the sense that members have formed their own groups; they know each other's business, are aware of everyone's occupation, and they can understand the problem more fully than a loan officer.

Similarly, CARE Cambodia has developed trust between borrowers and personal self-reliance by way of forming a savings group and encouraging members to buy shares from the group. In this arrangement, an individual member is required to buy at least one share, up to a maximum of five shares. The value of the shares varies depending on the group; it is calculated by estimating the lowest price that can be charged to make the shares affordable to the members. The share value can range from 2,000 riels [\$0.50] to 10,000 riels [\$2.50]. Each member can only borrow once during the session. The maximum loan amount is generally three times the amount of the money in the borrower's savings account.

CARE Cambodia groups charge between 3% and 5% interest. At the end of the weekly meetings, the leaders will ask members if they are having any difficulties with their repayments, or any problems in their household or elsewhere. If so, the leaders will investigate and try to facilitate a resolution, especially in cases where there are reports of domestic violence. In the case of domestic violence, if conditions do not improve, the group leaders will go to the authorities.

4.3.2 Lender Trust: Group Participants' Perceptions and Strategies

Women from UPWD Group 1 borrow money for business enterprises, house renovations, and vehicle purchases. They also borrow money to pay for health care treatments. Most MFIs do not provide loans for this purpose; many women admitted to having lied to MFIs in order to secure a loan. UPWD Woman 1 pointed out that another member of their community (UPWD Woman 5) lied to the MFI in order to borrow money for her surgery:

When they had no money, they didn't dare to tell the bank that they used the money to cure sickness because they were afraid that the bank wouldn't give out the loans to them. The bank was afraid that if we died because of the disease, we wouldn't have any money to payback. That's why they needed to lie that they used the loan to fix the house. That is what she wants to tell you that the bank doesn't allow her to do so. She needs to tell them that they use the money to fix the house so that they lend her \$1500. (Interview, October 29, 2014)

Where many unregistered microfinance institutions find it difficult to verify their clients' credit history, registered MFIs are able to use the services of the Credit Bureau and thereby gain access to a client's debt history with other registered MFIs. UPWD Woman 10 explained her own process as follows:

I only took out from this MFI. Because they approve the loan, they needed to check the data on the Internet whether we had been in debt with another MFI or other people. They created and formed the data. They have their network that combined all the information together on the Internet. Before they give us the loan they would check. They would see it if we used to take out loan from somewhere else. When they checked that for me, they charged me three dollars even if we have taken out loans from other MFIs or not. (Interview, October 30, 2014)

The community leader for Group 1 expressed mistrust of ACLEDA, believing that this microfinance provider has poor client services, requires too many documents to in order to establish a credit history, and looks down on poor people. We heard a similar complaint from the community leader for Group 3—that ACLEDA's interest rate is too high and that this organization would not approve any loans to members of her community.

On the other hand, both women saw Hattha Kaksekar (HKK) as welcoming, eager to help, and having fewer requirements. The community leader for Group 1 recognized that private moneylenders required the least documentation, but she nonetheless preferred not to deal with these lenders due to their high interest rates. Since this woman trusted HKK, she recommended this organization to many of the women in her community, including those present at the interview. According to her, HKK provided the best service amongst microfinance institutions.

Other women from Group 1 were concerned that the registered MFIs would seize their property in the event that they defaulted on their loans:

Sok Kanha: What kind of fine is there?

UPWD Woman 4: The fine refers to, for example, if we are late paying let's say on the 15th, we need to pay them but we are late until 20th, they fine you by charging you extra money, is that right?

Sok Kanha: Oh, so you mean it's adding on to the interest. So if they restrict your payment period to two years, after two years, let's say, two years and a month, what kind of fine would it be? Are they going to take the house?

UPWD Woman 3: I have heard that they say this too. We can't delay the date of paying.

Sok Kanha: So, what if you can't manage to pay them all the money, they would take the house?

UPWD Woman 7: If there is little loan left, they don't take away the house.

UPWD Woman 3: If you still have a lot of loan to go, they would take away your house.

UPWD Woman 4: I have heard they said so, that is why I am also worried about it. (Interview, October 29, 2014)

There is a strong belief on the part of most group participants that the MFIs wanted to cheat them. When asked whether or not she trusted MFI employees, UPWD Woman 11 replied, "No, I don't trust. When I calculated on my own [the interest she owed], they calculate my debt wrong; I needed to pay more of the money" (interview, October 30, 2014). UPWD Woman 11 believed that MFIs were taking advantage of her on the basis of an assumption about her poor financial education and her low level of literacy. As she put it, "That's why I stopped taking out loans from them. They are used to taking advantage of other people who don't do much of the thinking. When I totalled everything, I knew that it was more than the money I was supposed to pay" (interview, October 30, 2014).

Most of the women we interviewed were convinced that MFIs required too many documents and/or signatures from district authorities, which prompted many of these women to take out loans with unregistered institutions or private moneylenders. When asked about the process they undertook in order to get a loan, UPWD Woman 2 answered, "Give them the house deeds. We don't have house deeds but only the history of the land. Land title, family booklet, copied identity card. They are all the same. They [government] don't give us the house deeds" (interview, October 29, 2014). Typically, the MFI evaluates the size of the loan according to the size and quality of the land. UPWD Woman 2 enumerated the questions MFI representatives commonly ask:

They ask about our intention. They ask us why do we want to take out the loans? How much do you want? What is your income source? How much do you earn each month for the whole family?

What we are going to do with the money? Is it for business expansion or buying new vehicles for transportation? (Interview, October 29, 2014)

Participants from UPWD Group 1 complained to the community leader that it was hard to find an MFI that was willing to lend money with only a few requirements, such as a land title. It also turns out that many MFIs will discriminate against those individuals who own houses on the banks of the river, an area which is prone to flooding:

UPWD Woman 5: They asked us so many questions, but then they didn't give us the loan.

UPWD Woman 1: They asked, and they didn't tell us. Until we call them, we realize that they don't approve our loan. They don't work with this area.

Sok Kanha: Why could you borrow [indicating Woman 2]...from AMK and you couldn't?

UPWD Woman 1: Because her house is on the opposite of ours. That's the land side. (Interview, October 29, 2014)

Participants from UPWD Group 2 agreed that private moneylenders charged a high rate of interest, but they nonetheless sometimes preferred to go to these lenders if it meant quick access to a loan, a flexible repayment schedule, and the possibility of delaying a payment. UPWD Woman 3 explained that, in these cases, borrowers would still make an effort to repay private moneylenders on time in order to prevent losing face in front of their neighbours: "I never pay late, always before the deadline. Because I need to scrape for money to give to them before they come to ask for money themselves" (interview, October 29, 2014). Many of the women we spoke to were plagued with the daily reality of scraping money together to repay their debt and feed their children. UPWD Woman 13 put it this way:

I think if we were poor in the 1979 was better than we are poor now. Now, when we are poor, we get embarrassment. In 1979, we were not embarrassed, because wherever we went, the condition of everyone was the same. But now when we are poor, we are so embarrassed. (Interview, October 30, 2014)

Most of the women from UPWD Group 2 had borrowed money from smaller MFIs, organizations that were most likely unregistered (neither Sok Kanha nor I could recognize the names of the organizations). They had not been approached by registered MFIs because they did not have enough collateral, making it difficult for a lender to

verify their credit history. It seems that representatives of unregistered MFIs use “social collateral” tactics that are similar to those used by private moneylenders, i.e., by approaching borrowers daily at their homes in hopes of collecting debt.

In cases where multiple lenders provide loans to an individual, when the time comes to repay, the lenders come as a “gang” in order to intimidate their clients into repaying their loan. UPWD Woman 11 described this daily event to us as follows:

If there is someone who borrows the money but don't pay back, they need to help each other out. Three motorbikes from your institution, three motorbikes from my institution and the last one is another three motorbikes come to help your institution. Add on top of your three employees, there are going to be around ten people. They come together to the village, and the borrowers would be very embarrassed; therefore, they need to rush to pay back the loans. It's something like that. (Interview, October 30, 2014)

If these individual are unable to repay the loan on the day, they are likely to take out another loan from a private moneylender, probably at a high interest rate, in order to pay back the lenders on the day they show up. The representatives of these organization do not use force but they do rely on intimidation tactics.

In Cambodia, it is important not to “lose face” in front of one's neighbours, therefore this public intimidation tactic usually provides sufficient pressure to prompt the borrowers to pay back their debt in order to avoid public humiliation. When we asked the participants if the company representatives threatened them or used “heavy words,” they generally indicated that the scene these representatives make, and the embarrassment it causes these participants, is sufficient to prompt them to repay their debt.

According to Group 2, registered MFIs do not use this intimidation tactic; they operate through more formal channels, such as meeting with district authorities. UPWD Woman 11 describes the experience this way:

They come. It's just the way they talk is different from this. They don't use the same language like those who just turn in their family booklet or identity card. They call you up to the district authority. They have a talk over there instead of coming to your house and embarrass you in front of a lot of people. They have different approach. They come to call you as well, it is just they call you up to the district authority to deal with it. (Interview, October 30, 2014)

UPWD Woman 13, another participant from Group 2, described feelings of shame and anxiety in the course of dealing with “small MFIs”:

We don't have money. Like she has said, we are embarrassed. The small MFIs that give out loans, they are smart. They are really smart. They come together. For our terms we called it mental breakdown. There are so many motorbikes, I am so scared, plus I also feel so shameful. I think when I don't pay them on time, they would come with a lot of people, other people would view us, for example, the private moneylenders would think "Don't lend the loan to her, there are a lot of motorbikes that have come to her house". I have been thinking about that. Whatever I do, I need to save my face and my pride, save myself from embarrassment. I need to scrape for money; at least it could go away for a while. Then, we are more in debt. It's the case. Because of the shame, it makes us take out more loans. I don't want them to roam around me like that. (Interview, October 30, 2014)

UPWD Woman 13 would prefer not to borrow money but, at the same time, she is convinced that she can never stop the cycle of borrowing because she owes a lot of money to a variety of different lenders. The community leader for Group 2, UPWD Woman 11, had even been pressured by an MFI to take out consecutive loans under threat of losing the title papers to her land. She relates her experience in the following way:

UPWD Woman 11: It took me 10 months to repay them. I didn't do anything with the money.

Sok Kanha: You keep the money to return back to them?

UPWD Woman 11: Yes, I just kept the money to repay back to them, I also added my own money on top of it for the interest. Once I paid everything, I took back my land title. (Interview, October 30, 2014)

Some women prefer to borrow from private moneylenders—even at the rate of 20% interest— rather than borrow from an unregistered MFI because private moneylenders were not likely to use intimidation tactics. UPWD Woman 13 describes the difference as follows:

We always like to say, we don't want to have any connection with the organization's money. We don't like them because whenever they came, they were so intimidating and threatening. When it was the private money, when they come, we simply told them that we didn't have money today "can I pay you in thee or four days time?" They allowed us to. It was easier than the organization. For the organization, they needed to get the money. If they don't get the money, they would come a couple of times day; it was enough to make you so embarrassed. When it was the private ones, they would allow to stall for a few more days. (Interview, October 30, 2014)

Most women from UPWD Group 3 have never taken out loans from financial organizations, borrowing instead from the community savings program. Here, the

community leader, UPWD Woman 15, advises women who participate in the savings group to avoid MFIs. She shared her experience with us, expressing her distrust of MFIs and relating her fear of borrowing from such an institution in the future. UPWD Woman 15 said that “because even the land title is with the bank, I don’t feel safe since it isn’t with me. We don’t know if they have bad intention or anything on me, something like that” (interview, November 4, 2014). Similarly, participants from Group 3 felt that because they are able to trust the community savings fund, they are motivated to repay their loan. As UPWD Woman 16 describes the motivation this way:

It’s the same thing here. We can’t repay late as well. It’s the money of the self-help group. My community is also the same, one phase is ten months, and we need to repay enough amount of money every month. We can’t delay or anything as well. When we couldn’t repay, there are people come to ask for the money. But we put our credit, fame on the stake. (Interview, November 4, 2014)

UPWD Woman 15 pointed out that, in Cambodian culture “saving face” is very important; capitalizing on this fear of shame then becomes a useful tactic to prompt repayment within the community. In this context, “fame” translates to status and reputation (as noted above by other participants who believe that moneylenders have the potential to “defame” them). Since Group 3 comprises a tight knit community, members encourage each other, but also pressure each other to repay their debt. As UPWD Woman 16 noted, the fear of letting her group down drives her to repay her loan:

Like me, each month on the 10th, I need to repay on the 10th. Sometimes, the factory pay is on the 10th, so I will repay on the 11th, so on and so forth. We can only be late to this level. If it’s longer than this, I am petrified. I feel ashamed for my words that had said when I took out the loan. I told them that I would repay on the 10th every month. She is the representative for all of us. When the money is lost, I would feel so shameful just to walk around the neighbourhood. You see? When we come to take out loan, we thought about where were our sources of income before we decided to take out [\$300, \$400, or \$500] loan. Before they approve the loan, all of the representatives would have a small meeting to decide whether to give us the loan or not. (Interview, November 4, 2014)

The community savings group also relies on family members to guarantee the community loan. The members of this group have developed repayment strategies similar to those used by MFIs and NGOs. UPWD Woman 15 explains the thinking this way:

That's why I need to think of the strategies to prevent the money losing. I need to think of techniques to bind them. Even if one [guarantor] is not available, there will be two or three to repay the loan. I especially focus on those who own houses. I give out bigger loans to those who own houses because when they are about to sell the house, we will know. In the community, when we know that this person is going to sell the house, we could go to them and ask for the loan back. (Interview, November 4, 2014)

When we asked the community leader for Group 4 what advice she would give to other self-help groups, she replied, "I think the actions and attitudes are the elements that people see and analyze. If we do something that wins their trust, it's according to us. As long as you are honest and you are responsible for what you are doing" (interview, November 4, 2014). Other members of the group felt that trust was the most important element for the success of the self-help group. UPWD Woman 15 indicated that it was the representatives' duty to gain trust from the members:

I don't like when the representatives evaluate the members this and that. I don't do this. If things work or don't work, it is according to us the representatives. We need to reflect on ourselves. What are the points that make others not have trust in us? We need to see our mistakes instead, so the work could move forward. (Interview, November 4, 2014)

However, participants also recognized that it was their individual responsibility to honour their word and to uphold their reputation:

UPWD Woman 15: It's also because we think of our fame as well. It's not like we only do this. If we take this small amount of money, yet everyone knows the bad things that we have done, where can I go to hide my face?

UPWD Woman 18: Reputation and credit are very important. (Interview, November 4, 2014)

The community leader for CWDA Group 4, Woman 19, was better educated than most participants with respect to microfinance. She understood the reasons behind the procedures employed by microfinance organizations, especially the need to prevent fraud by requiring sufficient documentation up front:

There are more bad guys than good guys so the entrepreneurs need to protect their capital. They need to have enough documents before they approve the loans. Even if it's only \$50, we are also required to have a residential booklet, copied identity card, etc. but if you take out this big amount, you need to get the signature from the local authority. (Interview, November 12, 2014)

On the basis of Woman 19's connection to one of CWDA's employees (niece), the NGO agreed to lend money to this woman's community without collateral. She explained her situation to us as follows:

I am in the process of repaying. It's just been 12 months. When we are in debt, we need to tell others because if we hide about it, they would find out. One of my nieces is working in that sector; we can't lie to them. They will know if we lie to them that we are in debt. (Interview, November 12, 2014)

Members of the FLD community prefer not to borrow from MFIs because MFIs require too many documents as well as permission from local authorities. According to the members of the FLD community, this process takes up too much valuable time needed for farming. Community members prefer to borrow from their own savings so that the money stays in the community. This community savings group also uses the group guarantee system, which usually requires three to five members for one loan, where the amount of the loan is established on the basis of members' combined savings. The FLD has ensured that community savings groups have been trained to evaluate the repayment capacity of its members. FLD Woman 22 explained the evaluation process this way:

We see their capacity whether they can repay the loans, for example, whether they have cows, houses, farmlands, etc. These people we would give much amount of loans to them, yet for those who don't have much, we only allow 200,000 riels [\$50] or 300,000 riels [\$75]. (Interview, November 20, 2014).

However, for bigger expenses, members sometimes have no choice but to seek out private moneylenders or MFIs since the maximum loan amount with the savings group is two million riels [\$500]. In these instances, FLD advises the community group to borrow from the NGO rather than borrow from unregistered organizations, since they have a prior relationship with community members, which allows a certain amount of flexibility. The FLD program requires less documentation from a community group, and the community leader is usually able to arrange to get most of the required documents. However, the FLD only gives out loans for agricultural purposes and it requires three members of the community to guarantee the loan. In the event that both the savings group and the FLD are not able to lend to the amount needed, some participants set out to borrow from Amret, a popular MFI in rural areas. Although ACLEDA also has branches

in rural areas, their eligibility process is more rigorous and members of this particular community quickly became discouraged and sought another source.

Another common source of loan funds for participants in this group is neighbours and relatives. FLD Woman 24 said, “I only borrow my mom’s money to spend. [Laughing] For private no, but I borrow my mother’s money. It is my mom’s personal cash” (interview, November 20, 2014). Participants from this group are very close and trust one another. Members of this group will even take out a “group loan” if one member needs it, in order to avoid borrowing from an MFI or private moneylender.

4.3.3 Individual Participants’ Perceptions of Trust

Individual participants that we interviewed often stated that formal institutions, such as registered microfinance institutions and banks, did not trust that these individuals would repay their debt. As a consequence, they borrow from private moneylenders which charge high interest rates:

Sok Kanha: You take out loans from whom you do your business with?

Darin: If we take out loans from other people, they don’t trust us because they will think that we don’t repay to them.

Sok Kanha: Oh, I see.

Darin: It is difficult, so even if they take high interest rate, I still need to take from them.

Sok Kanha: Have you ever thought of taking out loans from the MFIs, like Amret, Hattarkaksekar, something like that?

Darin: I also think about that as well, but they say they need something like land title, something like that, but I don’t have since I rent house to live. (Interview, November 24, 2014)

For individual participants who joined a village bank or savings fund, trust is built on the group guarantee. For example, Chavy, rice farmer and seasonal street vendor, takes part in a farmer’s cooperative. When we asked her what would happen if she were not able to repay her loan, she said:

Sok Kanha: When you are not able to repay for a week or so, what will the employees do?

Chavy: So they would punish us by asking our group leader to repay for us. They don’t agree. They would take our lands, our titles.

Sok Kanha: So it is not like they increase your interest rate repayment?

Chavy: No they don't. It is certain that they will increase the money but...they would increase the interest rate only if you are the only one who take out loan but when you take out group loan, the group members will help repaying. If you take out loan on your own, you will be punished. (Interview, November 24, 2014)

Soriya, the street vendor selling bottled water, said that private moneylenders are not “good” or “bad,” rather they “are only good to us when we are good to them. If we are difficult and we always argue and stuff, they are not easy to us as well” (interview, November 27, 2014). She told us that it is common for private moneylenders to scold clients and use “heavy words,” which often happens to clients who borrow from multiple sources because it makes the moneylender nervous about getting repaid:

Sok Kanha: This happened just because it was late a few days?

Soriya: No, sometimes the borrowers were difficult.

Sok Kanha: Because they didn't trust them?

Soriya: Yes, yes. It's like they took out loan from here and from there. There were too many loans, so they weren't able to repay. Therefore, they were having an argument. If it were me, when I was in need of money, I took out loan from others but I had the capacity to repay. If I took more than my ability to repay, no I wouldn't. I only took out an average amount that I knew myself that I could be able to repay. (Interview, November 27, 2014)

A few participants also worried that they would go bankrupt due to dishonest customers. Veata, a fruit vendor at Boeung Trabek market, explained that she preferred selling in Phnom Penh because in her hometown, customers would not pay her immediately. When this happened, Veata would have to borrow from relatives or from a “Chinese creditor” for immediate capital. When we asked her what would happen if she could not repay her debt, Veata replied “I tried to collect money to repay to him in whatever ways. I rather stay hungry myself, as long as I have enough amount of money to repay [chuckle]” (interview, November 27, 2014). Ary, another street vendor, also talked about being extremely conservative with her spending, saying, “I don't dare to be extravagant” (interview, November 27, 2014). She is careful to repay her debt every month because Amret, a registered MFI, “easily” gave her a loan and she therefore wishes to “easily” repay it. She does not dare repay late for fear of losing the MFI's trust.

4.4 Participant Perceptions of Empowerment

There is no direct translation for the English word “empowerment” into Khmer. The concept is new to Cambodian society, and according to Rasmussen (2001), empowerment, signifying power from within, did not exist on an individual level in traditional Cambodian society. She argues that “the emphasis has always been on group consensus, and only those with access to economic, social, or political resources — patrons —had the power to take direct action” (p. 133).

In the course of interviews with women micro loan holders, the definitions we conveyed and the questions we asked with respect to empowerment were primarily related to basic coping and survival strategies. Only those Cambodians who are financially better off and better educated have the luxury to think in more political terms. Although ideas about empowerment held by those employed by microfinance organizations differed between individuals, most women who have been in the position of having to borrow money felt empowered if they were able to care for their families and perhaps send their children to school. The vast majority of women I met during my field research were concerned with daily living expenses, feeding their children, attempting to stay healthy, and repaying their debt.

4.4.1 Members of institutions’ Perceptions of Empowerment

According to Chhoeung Sunlay (CWDA), although Cambodian women manage household finances, men are still typically in control of the family income:

Sunlay: In Cambodian families, there is small amount of women that have little rights in the family. Have you ever noticed? I am telling the truth.

Sok Kanha: Yes.

Sunlay: Women are the ones who keep the money.

Sok Kanha: Yes, women are the ones who keep the money.

Sunlay: Even though the women don’t work, they also keep the money. It’s just the right in spending is not that much. For example, the husbands want to know about the money and it causes violence in the family.

...Yes, in families, it’s not like other countries. Our country is different. But there are always exceptions, at least a small amount of it. Women don’t keep money. But if the husband and wife

are both working, the woman's voice is also heard. But women have always had little voice.
(Interview, October, 13, 2014)

Kou Sina (UPWD) acknowledged that, in order for women to be empowered, they need an education to find the kind of work that would eventually generate a reasonable income:

Before, as a matter of fact, they didn't have an income; they were dependent on their husbands so they didn't have rights in decision making, even if it was just for buying outfits or attending parties, the women needed to get permission from their husbands or waiting to get the money from the husbands to buy or attend. We have seen this point, and we have given them choices to generate their own income. Giving out loans is one of the parts in empowering women in decision making (Interview, October 21, 2014)

One of ActionAid Cambodia's goals is to raise the status of women within the family by helping women support their family financially. This organization promotes the idea that this kind of support will give women more independence from their husbands, and thereby more decision-making power with respect to household finances. Thann Kanika, Administration Officer for ActionAid, noted that, with this kind of independence, "they don't have to receive any look down words from their husbands. They have more money to send their children to school for an education" (interview, October 17, 2014). According to Kanika, the main source of income for ActionAid is Child-Sponsorship donors who want to see Cambodian children, especially girls, get a better education.

Quite often, the representatives of the microfinance organizations we interviewed equated women's empowerment either with independence or with getting respect from their husbands. The thinking was that access to credit will give women control over household finances allowing them to better manage their business and eventually to repay their loans.

Urban Poor Women Development (UPWD), on the other hand, promotes the idea that empowerment comes when problems are tackled, such as food security, land rights, education, and AIDS. Once these issues are addressed, UPWD sees microfinance as a way to enhance women's abilities and increase their income. This organization also

recognizes that many of the urban poor are being evicted from their homes and have little knowledge about their property rights. UPWD has created a community profile program to facilitate a process that will allow the urban poor to acquire the title to their property. The UPWD process—“Community organizing”—entails collecting documents such as birth certificates, living booklets, land history, and land registration documents, all of which will help people defend their land rights.

Once a community has been established, the organization facilitates the creation of self-help groups. These self-help groups are meant to encourage income generation among the women by teaching them how to manage their finances; for example, they are taught how to record savings, deposit money, how to use banks, and how to calculate interest. UPWD has developed guidelines so that members can learn about revolving fund policies, how to use their money within the scope of a business, how to conduct business planning, and how to record, check, monitor, and ensure transparency and accountability in the community. Once a self-help group has been established, UPWD depends on community leaders to train other community members. Kou Sina explained the process this way:

After they have been taught, they become the trainers and start training other villagers. Because UPWD faces a shortage of employees, now we have only around ten employees, we need to depend on the community leaders who are outstanding. Until they are fully empowered, they could start with community forming, advocating, starting campaigns, and everything, we only need to coordinate. (Interview, October 21, 2014)

She also explained that UPWD’s microloan program provides the key to mobilizing women, not the project itself. The idea is that, once the women have been mobilized, UPWD can encourage them to participate in and coordinate their own projects.

PACT Cambodia, currently working in Sihanoukville, focuses on building women’s business development projects. Within this framework PACT offers savings programs, micro enterprises, and capacity building training, as well as vocational training such as agricultural skills. As part of PACT Cambodia’s commitment to the empowerment of women, women are elected to form managing groups. Members can borrow money at a 2% interest rate, and non-members can borrow at a 3%–4% interest rate. The group decides how often they meet (weekly or monthly), and how much will be

set aside for the group fund. Typically, loans taken out are approximately \$25, depending on the business in question. Agriculture groups usually meet monthly; they generally require bigger loans for farm equipment, seeds, or to make repairs. These groups also have the option of making voluntary savings contributions.

Meas Chanthavy, program officer with PACT, believes that savings-led microfinance is more beneficial to poorer borrowers who often need to take out a loan immediately:

They can take out loans right away during the meetings. They don't need many criteria to follow, get the signatures from local authorities, guarantee or collateral, stuff like that. At the end of the cycle, they are surprised with the dividends that they get because the money comes back to them.

(Interview, November 11, 2014)

One of PACT Global's goals is to help vulnerable people with limited livelihood choices. In Cambodia, as in most developing countries, women are more vulnerable to economic downturns, therefore PACT aims to help women generate an income and save money in order to become more self-reliant and thereby better able to help their families.

CARE Village Savings and Loans Association (VSLA) programs have been adopted on Cambodia given their success in countries such as Nigeria in 1996. The programs have been established in Sre Ambel district, Koh Kong province. The Care strategy is to empower women by building their confidence, by way of developing women's networking and decision making skills. In this setting, savings groups are typically formed of between 10 and 15 members. Care encourages communities to choose their own members by way of a democratic process. This NGO provides only guidelines and training for the group, and encourages self-reliance in their decision-making; it encourages communities to become completely independent but, depending on the circumstances, the organization will provide technical support to facilitate saving and lending strategies. Each savings group will have five representatives with different responsibilities: the primary leader (responsible for facilitating everything to do with the group, with the exception of counting the money); the record keeper; the box holder; and two money counters (the only ones who hold the money).

Apart from the savings project, Care has also established health care and educational projects in order to provide the community with as many different types of

trainings as possible to diversify and stimulate economic development and to improve their livelihood.

Representatives of microfinance organizations understand that the focus on women in microfinance is at least partially linked to their higher repayment rates. According to Nou Sotiara, Deputy Head of Credit with ACLEDA, 52.92% of all loans with ACLEDA were given to women in 2014. He gave credit to the focus on women in microfinance to Cambodia's history: "it dates back to the past with Princess Liu Yi, the queen. We value women. Women play a main role in families especially. The loans that we have been giving to women have lower risks. They think carefully and prudently" (interview, October 28, 2014). This suggests that the focus on women by most MFIs is simply good business on their part. Nonetheless, decades after the commercialization of the microfinance sector, women still do not have ready access to financial education and vocational training.

Vocational training programs are piloted primarily by NGOs and government agencies. Ban Phalleng, Thaneakea Phum Cambodia's (TPC) Social Performance Unit Manager, emphasized that "we want to encourage woman decision-making by using finance in the family. One more thing, in our custom, the knowledge of managing the finance, the woman is better" (interview, November 19, 2014). When asked about the focus on women in microfinance, the anonymous source from the CBC said, "Well, the reality is, if you want to get paid back, you loan to women. The women are much more responsible borrowers. Any study in the world can tell you that. Statistically, they are more responsible than male borrowers" (interview, November 19, 2014). However, this source did not distinguish between men and women when it came to speculating on which would be better at starting, expanding, or managing a business:

People are lending to women because they know women have a way higher repayment rate. I'm sure if men had a higher repayment rate, there would be a focus on lending to men. I don't think it's any empowerment type program. I think it's a purely economic leverage decision. (Interview, November 19, 2014)

This source did point out that, if microfinance was about empowerment, there would be more women employees in the organizations overall, as well as more women on the senior boards. Hallie Mittleman, FLD management advisor, clarified that the FLD focus

on women has been imposed to some extent by international donors: “That’s a donor question. That’s where the money has been coming from and that’s their focus and so NGOs will follow suit” (interview, October 14, 2014). According to Hoy Sophea, CMA General Secretary, the demand for financing coming from women has pushed the sector to invest in them. She argued that most men don’t want small loans because they don’t want to own small businesses like the ones that women run (interview, November 21, 2014).

4.4.2 Group Participants’ Perceptions of Empowerment

Group 1 has been in partnership with Urban Poor Women Development (UPWD) since 2008, when the community leader sought help from this local NGO to form a community. UPWD investigated problems within the community and found that it was struggling with land rights. The organization then invited lawyers to teach the community members about land laws because, from a legal perspective, the land at the riverbank belongs to the state. However, the community is fighting to get this land registered in the names of the individuals occupying the land.

UPWD Group 3 is also waiting to obtain official titles to the land. Originally, the land on which this group resides was abandoned because it is situated close to a water reservoir and at one time belonged to a government development project. Finally, after years of speculating and mapping, the community was allowed to register the land in their names.

UPWD made a “revolving” health care fund available to the Group 3 community members in the amount of \$700—from which women from the community could borrow for treatment, medication, and surgery. When borrowers are able to repay, this money goes back into the revolving fund allowing another members access to loan funds for health care purposes.

This organization has also funded community infrastructure and education projects by providing each eligible community member with an interest-free loan in the amount of \$15. UPWD Woman 11 (Group 2) did not think this was ideal:

When they gave out the loans, some people managed to pay off some of the debts then stop. Some other people they paid off the debts, and some people they just simply didn’t pay back. UPWD

didn't get enough money back home, so they stopped giving out loans because it doesn't go forward. It is a failure [...] or NGOs that give out loans without interest rates being calculated, the villagers, they don't pay attention and have any idea of improving or moving forward. If it is the money that people need to pay back every month, every week with interest calculated, they would be very rushed to pay the loan. (Interview, October 30, 2014).

Unfortunately, this is often the case with asset-less loans when there is no interest charged.

There was consensus among the women in UPWD Group 2 that living conditions in the provinces are better than in the city given that one would have more land upon which to grow food (vegetables, rice, and so on). Empowerment, in their minds, is related to self-reliance. These women thought that if they had land on which to grow food, there would be less need to borrow money.

On the whole, women from UPWD Group 2 agreed that NGOs are more helpful than the state. Although the government, technically, does allocate some money to these communities, the district attorneys (or other authorities) often pocket the money. According to the Group 2 community leader, UPWD helps the community by providing funding for health care, medicine, and infrastructure. However, UPWD's microfinance program was not successful in this community. The organization did not charge interest or require collateral, which resulted in the women not feeling a sense of responsibility for the loans and, consequently, delaying repayment. According to UPWD Woman 14, "they lent us the money to deal with urgent affairs we were having. We didn't pay them back, so they also lose their enthusiasm in helping us" (interview, October 30, 2014).

The women from Group 2 understand why UPWD does not lend to them anymore; they do not blame the NGO but they are discouraged and frustrated that members of their community did not pay back their loans. In contrast, members of UPWD Group 3 did repay their debts to the NGO, understanding that it was important not to "destroy the community name." UPWD Woman 11 from this group described a common problem they encountered with group-guaranteed lending: "Those who want to stand up, they want to pay back. But those who don't want to move an inch, they drag down those who want to stand up. Old people would say, fish in the basket, one fish is spoiled, so is other fish" (interview, October 30, 2014). Women from this group are grateful for the help given by the NGOs, but nonetheless feel discouraged by the lack of

improvement in their livelihood. They believe that it is the government's responsibility to help them but they have the sense that the government looks down on them.

UPWD Group 3 participants are involved in a community savings fund that is mostly comprised of women. Women request most of the loans as well given that they have a savings account with the program. The starting capital for this fund began with only two million riels [\$500]; at the time the interviews took place the fund had grown to 13 million riels [\$3000]. This community has also received funding for road construction from World Vision and from Theang Tnout (a local NGO). NGOs such as CLEQUE and ActionAid have provided assistance by way of education funding and workshops dealing with legal concerns. The Cambodian Women's Crisis Centre (CWCC) has also reached out to this community by providing help to deal with domestic violence.

For Group 3, one of the outcomes of being part of the self-help group is that these women have gained an understanding and appreciation of the responsibility that comes with borrowing money. The community leader, UPWD Woman 15, is very conscientious about overseeing the savings fund; she makes sure that money accumulated from the 2% interest charge is put aside, either for redistribution to the members, providing capital for loans, or funding for representatives to pay for legal documents. UPWD Woman 17 explained their system this way:

Overall, we have our account book. One account is for saving. One account is for capital. The last account is for interest rates so when we need to do withdraw money from a particular account, we need to know about that. When we are saving, we have our account book to note down the ins and outs of the money. And when it's capital, we also know it. How many borrowers there are, we know exactly. The interest rates also the same. After a year, when we divide the interest rates, we know how much we have. We have accurate records about this. (Interview, November 4, 2014)

This community savings group also gives bonuses to members who have saved more than one million riels [\$250]. When we asked them who taught them these savings methods, UPWD Woman 15 answered that:

At first, it was UPWD. They taught us. They would be like, if we go out and borrow money from organization, so the interest rates go to organization and we don't have any benefits for our community so the members in the community need to save up money. They give us some strategies. They let us think by ourselves that if we do it ourselves, the interest rates go back to our community; it helps increase the capital and we can also get the interest rates annually. These

make them [members] happy and they have more motivation to save money. (Interview, November 4, 2014)

Currently, UPWD Woman 15 in Group 3 is responsible for the savings fund, while UPWD Woman 16 evaluates loan eligibility and repayment capacity. According to these women, the savings fund is the outcome of a collaboration between all members; they noted that it is important to communicate with each other about problems or incidents in the community. UPWD Woman 15 felt that the success of a self-help group was dependent on the management of the fund by its representatives:

I don't only want my community to be better; I want other communities to be better like mine too. The money we keep need to be very prudential. It's not like I am judging, the communities that are not well managed, the fault falls to the representatives or the leader of the community. Sometimes, they spend the members' savings. They have spent the money, yet they don't put the money back or they might forget. But when the money is gone, they don't take the responsibility. This makes the members lose faith in their representatives. They stop the savings, so the process doesn't work. (Interview, November 4, 2014)

Participants in this group did differ in their opinions about the management of household finances:

UPWD Woman 16: If we talk about each family, that's too large of a scope. For my family, when the males got their salary, they would hand these in to the females to manage. They allow them to keep.

UPWD Woman 15: In my community, most women manage the finance in the households.

UPWD Woman 17: In my idea, I would like men to manage instead.

UPWD Woman 16: For me no, I would like to manage the money. When I see something nice, I would just buy it. I don't like to beg for money from others. (Interview, November 4, 2014)

It is important to note that managing household finances does not necessarily equate with control of household money since very often the male is the sole provider of salaried income.

Farmer's Livelihood Development (FLD) came to the Group 5 community with the proposal to form a savings group and from there, the community began to enlist members. After five years, the group savings fund has accumulated 20 million riel [\$5000] and holds forty members. The membership consists mainly of farmers, and funds are used to purchase fertilizer, cattle, and seed. When asked why they prefer to borrow from their own savings fund, FLD Woman 23 responded this way:

Because it's ours, it is easier. They come directly to our houses and we don't need any signature from the local authority. For Amret, we have to get signatures from many places, yet for our group, the money flows within us. It is easy. It is quick to use for the emergency and interest rate gets into our members' pocket. (Interview, November 20, 2014)

The savings group has empowered this community by giving it a sense of ownership of the money. However, in times of fertilizer shortage or drought, the savings fund is not always enough for each member to borrow funds at the same time. Although they are poor, members of this community have a strong sense of independence and pride. When asked whether they felt their livelihood prospects would be better in the city or in the country, they answered in the following way:

FLD Woman 27: The life in the countryside is better and easier. We go and get the wood to burn; it's good to sweat out. However in Phnom Penh, we only sit and I can't really do that. [Laughing].
[All women burst out laughing]

FLD Woman 25: In here, we work out! We stay at countryside, out of the city, we work out. Taking care of the cows, chopping grasses, etc. that make us sweating.
[Women laughing again]

Sok Kanha: So, what you mean is that the life in the countryside is better because in the city, people always sit. Regarding to food, is it also easier?

FLD Woman 25: Yes, it is. For here, everything is natural, the temperature hot and cold mix together. (Interview, November 20, 2014)

For this group, as with the other groups interviewed, the sense of empowerment is strongly linked to self-sufficiency, independence, and being able to provide for the family.

4.4.3 Individual Participants' Perceptions of Empowerment

MFI's with social missions, such as Thaneakea Phum Cambodia (TPC), provide their prospective borrowers with training and workshops to strengthen their financial management skills. According to Chavy, the seasonal street vendor and rice farmer, members of her farmer's cooperative were taught that individuals who are not able to repay their loan would have their house or farmland seized, and if the loan had been guaranteed, the guarantor would be obliged to repay the debt (interview, November 24, 2014). Other individual interviewees (street vendors), tended to equate empowerment with education; their complaint was that, although had access to loan funds, they lacked

the education, especially the financial literacy, to understand how to borrow securely and how to repay their debts.

4.5 Participant Perceptions of Entrepreneurship

As was confirmed by most members of institutions, by its original mission, microfinance institutions intend to serve poor clients and provide them with financial services to start or expand a business. The smaller-scale entrepreneurial enterprises considered in this study consisted of food stalls or carts (selling noodles sandwiches, ice cream, drinks, fruits, and vegetables), and small grocery shops.

4.5.1 Members of institutions' Perceptions of Entrepreneurship

Most MFIs in Cambodia have grown out of non-government organizations with a mission to empower the poor, enhance gender equality, and protect children's rights. Ban Phalleng (TPC, Social Performance) explained that, in light of this, MFIs design the product (small loans) for income generation or productive loans.

Farmer's Livelihood Development (FLD) is an NGO that practices microfinance through its TKK program. The aim of this program is to help rural farmers (mainly women) run sustainable businesses. FLD is in charge of training its borrowers to run their businesses and manage their finances by way of a village saving bank. This entails training FLD borrowers to save money by way of a community banking strategy, and in turn, learning how to lend. FLD uses a group lending system—usually between 5 and 9 individuals. The village bank group receives a commission from TKK for conducting this business.

Khmer Farmer Products is a social business in partnership with FLD that distributes agricultural products, such as fruits and vegetables. Overall, FLD seems to support rural farmers and entrepreneurs in a meaningful way. According to Nou Sotiara (ACLEDA), entrepreneurship is quickly spreading throughout Cambodia where, even in rural areas, people are learning to undertake business ventures. Chhoeung Sunlay (CWDA Program Coordinator) acknowledged that there is a lack of regulation of the

microfinance sector; she sees that borrowers are not planning ahead and she attributes most of the responsibility to the borrower's repayment capacity:

One of the factors is that many MFIs emerged, including registered and unregistered. And another factor is the individuals themselves don't think about their ability to pay back. They don't evaluate their own ability before borrowing. For example, they don't have plans to open up business before borrowing. (Interview, October 13, 2014)

Thann Kanika (Action Aid), speaking on the topic of multiple lending, emphasized that the lack of a business plan contributes to the growing rate of debt in Cambodia. She indicated that responsibility rests with lending institutions that do not require borrowers to have a clear business purpose and do not follow up with the borrows once loans have been made (interview, October 17, 2014). Nevertheless, Chhoeung Sunlay (CWDA) continues to believe in the ability of Cambodian women to contribute to community development:

Chhoeung Sunlay: Before, my project was working with poor women. They have the ability to do it. They have the perseverance to do it. They have ideas of what to sell. They can do it as long as they use the money on what they want to achieve. They can develop themselves a lot actually.

Sok Kanha: So they have the ability and capability to do it, it's just sometimes they are too desperate?

Chhoeung Sunlay: They want to do business but they don't have any money to do so. When we create a group of women [group lending] and help one another, they can do it. (Interview, October 13, 2014)

Chhoeung Sunlay declared, "it's all about people; if women borrow money to start a business, they can earn money and pay the loan back monthly while keeping their assets [...] it's people's will that they clearly possess" (interview, October 13, 2014). According to Sunlay, the success of microfinance rests on the will of the individual rather than the effectiveness of the development strategy:

Like I have said, it's like a knife with two blades. It's according to the individual. Do they do the right thing or the wrong thing? And like we said, when we can self-help, believe in ourselves, it's good already. But if we don't believe in ourselves and we don't self-help, when we use the money on the wrong direction, the poverty will still exist no matter how much help we have been provided. They will still face troubles. (Interview, October 13, 2014)

Nou Sotiara (ACLEDA) holds the same view; he acknowledged that there is a small proportion of borrowers who are negatively affected, and that in these cases the issues are generally family related. According to Sotiara, "most of time that they get the impact, it's

not about the loans, it's about their family. It's stemmed out from their family issue that affects them" (interview, October 28, 2014).

4.5.2 Group Participants' Perceptions of Entrepreneurship

Most participants we interviewed had, at the time we spoke to them, failed in their business attempts. According to UPWD Woman 7, a fried rice vendor, "These few days I haven't made any profit yet, only the initial capital. We spend a lot of money on the stuff. Then we pay back to others" (interview, October 29, 2014). UPWD Woman 3 attempted to start a T-shirt business by selling T-shirts to women with whom she worked in the factory. Unfortunately, Woman 3 had been cheated a number of times in cases where women did not pay after receiving their T-shirt because they had quit their job and moved on: "I gave them the product first then I would collect the money once they got paid" (interview, October 29, 2014). This is a typical outcome for informal businesses in Cambodia, where a lack of initial capital is common, and sellers often find themselves attempting to collect debts after the item has been "purchased."

Participants from UPWD Group 3 have taken out loans to start a business or to buy a "moto" in order to drive to work. At one point, the community leader from this group started a sewing business, but it failed because she had to travel too much. At the time of this research, all the women interviewed from UPWD Group 3, were staying at home in order to take care of their children and grandchildren. This allowed them to "self-sustain" and meant that they did not have to take out loans. Once group savings members have taken out loans in order to expand or further invest in their business, they are generally able live from their business income and they no longer need to take out loans. Over time, these group savings members became less enthusiastic about expanding or starting their business, rationalizing that they have too many responsibilities at home (cooking, cleaning, childcare). UPWD Woman 15 explained it this way:

Since we have our self-help group, now we don't have many members taking out loans. It's enough for them to have their own businesses. They have the income from their own businesses. They have taken the loan and it has helped them improve already. They have taken out loans to launch and expand the businesses and now the businesses are growing. (Interview, November 4, 2014)

The women in CWDA Group 4 described the impediments to starting small businesses:

CWDA Woman 21: I want to as well but my children say I should hold it first, wait until the condition is getting better than this.

CWDA Woman 20: All of them are working in a garment factory. They don't have time to do that and there is only the mother staying at home. What else can she do besides taking care of the grandchildren?

(Interview, November 12, 2014)

This group lives in a rural area where business opportunities are lacking and most work consists of farming, construction, and working in a garment factory.

4.5.3 Individual Participants' Perceptions of Entrepreneurship

It was common for individual participants to have aspirations to upgrade or expand their small business, but most believed that they lacked the capital to do so. The noodle vendor in Phnom Pehn, Darin explained, "Actually I have a plan that when I have more money left, I would like to open a place that is comfy for me to sell, but I don't have enough capital. The important thing is that we need more capital" (interview, Darin, Street vendor, 24 November 2014). Srey, the ice cream vendor, said that, in order to launch a business, borrowing was sometimes inevitable: "If we are waiting for our savings, it takes a long time. When we take out loans from others, even if we need to pay them interest rate, but it is convenient for us to generate income" (interview, November 24, 2014). The sandwich vendor, Saran said, "It's like I want to buy one thing, yet I couldn't save up to the desired amount so I need to take out loan to get it; and I will repay" (interview, November 26, 2014). As with the others, Soriya, who sells bottled water in front of a school, expressed a desire to expand her business but she lacked the capital and was able to save just enough to cover daily expenses such as rent, food, electricity, and the education fees for her children. When we asked her if she had a business plan, her response was as follows:

I don't know what to think. I lack too much money, so I couldn't grow bigger than this. It's like I have this much, and I could only do this much. If I sell in the market, the stall fee is expensive, and if I buy the stall, it is even more expensive. It is so difficult. I sell like this, even when there are people shooing me away, at least it is convenient for me to mobile around. When they don't shoo me, I still can sell. The income is stable. More or less, I earn some. If I want to expand, the first thing I need to consider is capital. I don't have capital. Overall, I am afraid that I don't have ability to save. My income is just enough for daily expenses. If I take out some money to save, it is

not enough. I only wish to earn some money just enough to spend. (Interview, November 27, 2014).

Veata, the fruit vendor at Boeung Trabek market, found herself in a similar situation, saying that “the not-borrow situation is of course better than the borrow one. However, I need to do business. If I don’t take out loans, I don’t have any money to do business” (interview, November 27, 2014). Leap, who sells noodles at the same market, revealed that she had aspirations of returning to her village to raise pigs, but that her business and her debts keeps her in Phnom Penh. She explained that, if she sold noodles in her village, she would not earn any money because she found that customers would eat first and pay back later. (Interview, November 27, 2014).

4.6 Summary of Research Findings

This chapter has described the experiences of Cambodian women with debt and an interpretation of our (mine and Sok Kanha’s) interaction with them during both group and individual interviews. By including the opinions of the representatives of microfinance organizations, it was possible to add context to the substance of the interviews with female loan holders. The subsequent interpretations presented differing ways of practicing microfinance in Cambodia.

In the course of my research, I came to a better understanding of the need that Cambodian women entrepreneurs have for better financial education and vocational training when it comes to credit and capital for their business ventures. Data analysis focused on capturing the perspective of these women with respect to the microfinance sector (both formal and informal), and the challenges these women encounter when taking out loans with MFIs, NGOs, and private moneylenders.

In the following chapter, I will address these challenges and analyze gender empowerment in the context of microfinance in Cambodia—a neoliberal development strategy that I believe is failing Cambodian women.

Chapter 5 Discussion

One of the greatest disservices you can do a man is to lend him money that he can't pay back.

–Jesse H. Jones, *The New York Times Magazine*, July 2, 1939.

In this chapter, I will address the challenges identified by Cambodian women micro loan holders. I will analyze the issue of gender empowerment by way of a qualitative evaluation of the success of microfinance programs. Although I will consider the financial aspects of running a successful microfinance institution, I did not have access to their financial records in the course of my research. While financial analyses of the Cambodian microfinance sector exist, it has been argued that the figures recorded by microfinance institutions (MFIs) do not accurately represent the borrower's reality (Liv, 2013). Since my focus throughout has been concerned with a qualitative evaluation, financial issues were covered only as they related to the qualitative aspects of microfinance. Specifically, themes that emerged from the interviews—debt, trust, empowerment, and entrepreneurship—will be discussed in relation to wider issues of regulation, financial education, group lending, lack of capital, and processes of neoliberalization that have infiltrated Cambodian society.

5.1 Debt and Regulation

In *Payback*, Margaret Atwood's (2008) book about the nature of debt, she explores the way in which debt is built into the human imagination and, as such, is a human construct that is used in various forms, both physical and metaphorical. Similarly, it is important to both Cambodian women, and to the country as a whole, to present an image of being debt-free. Cambodian women understand how debt can damage their reputation causing them to “lose face;” the Cambodian government requires a stable economy, or at least the appearance of one, in order to attract international investment into the microfinance and banking sector.

According to Sinha (2013), “relatively light regulation of microfinance, systematic requirements for deposit taking, and a positive approach to foreign private investors make the country a popular destination for international social investors” (p.1).

The capital supplied by international investments is a catalyst to generate the country's economy, create local investments and innovate products. When the Portfolio-At-Risk (PAR) rate is too high, the indication is that there are many non-performing loans, a situation which leads to debt. High levels of debt lower trust and prevent investment in the Cambodian economy. However, the "credit quality" is critical to the financial soundness of lending institutions and to the overall stability of the financial system. Credit quality is the principal criteria for judging the investment quality of a loan bond and informs investors of a loan's credit worthiness, or risk of default. Given the lack of regulation, Cambodia's microfinance sector is plagued by informal and predatory lending which is causing increased competition between institutions, but not the quality of credit.

According to J. Douglas Hoyes, a bankruptcy and insolvency counselor at Hoyes Michalos & Associates, "the easier it is to get credit, the more you get. And that drives up insolvency rates" (McFarland, 2015, para.7). A 2013 study by the Institute of Development identified Cambodian borrowers who have initiated as many as six separate loans. In this study, 51% of these borrowers reported having made a sacrifice on at least one occasion in order to make a loan repayment (Liv, 2013). Simanowitz and Knotts (2015) argue that the Cambodian government should consider regulatory caps on the number of loans that each client can take out in order to reduce over-indebtedness and avoid the harsh collection tactics often used by lenders when attempting to cover their liability.

Cases of multiple borrowing were revealed in the course of the interviews conducted in the course of this research. Participants described their daily struggle to "scrape" a few dollars together in order to cover the interest on their loans. The Institute of Development study (2013) revealed that borrowers with multiple loans tend to have smaller loans on average, but also found that the accumulated individual debt is much higher. In her examination of migration in Cambodia, Henry (2004) noted that the participants in her study were concerned about their inability to secure a livelihood, and she concluded that the few options available to these participants contributed to their financial insecurity. Sinha (2013) notes that in 2012, according to the Global Findex survey of the World Bank, only 4% of Cambodian adults held an account at a financial

institution compared to 41% of all adults worldwide, and 37% of women account holders in developing economies overall.

Although Cambodia is developing rapidly, with growth rates steady at 9% over the last ten years—according to the Asian Development Bank (2008)—the country's education system remains poor (Berkvens, Kalyanpur, Kuiper & Van den Akker, 2012). According to the National Education For All committee, education levels of Ministry employees vary, but the levels are poor in general, ranging from employees having no more than secondary education to those with an overseas education (Berkvens et al., 2012).

According to Sinha (2013), financial inclusion in Cambodia is so low as to be almost negligible, where those with the lowest income are essentially financially excluded. Sinha argues that, although regulation of multiple borrowing is important, the Cambodian government should focus on ensuring that MFIs assess client capacity to repay and make use of credit bureau data to reveal existing debt. Furthermore, an investment by Cambodia in financial education is greatly needed in order to prevent reckless lenders from pushing debt onto poor people who lack the knowledge they need to grasp the real risks.

5.2 Significance of Financial Education for Debt in Cambodia

From what I can determine from my research, one of the biggest barriers to the success of microfinance programs in Cambodia is the lack of financial education and literacy on the part of both borrowers and lenders. The 2008 National Population Census for Cambodia calculated the literacy rate for adults (over the age of 14) at 77.6%; in 1999, when last measured, the functional literacy rate—the ability to read, write, and make basic calculations—was calculated at 37.1%. UNESCO (2015) indicates that there is a disparity in literacy rates between males and females (85.1% among males to 70.9% among females), and between urban and rural populations (90.4% literacy in urban populations and only 74% in rural populations). Similarly, according to UNESCO's 2015 study on adult and youth literacy, in 2010 at least two thirds of Cambodia's illiterate were women.

This lack of education is related to the increase in individual debt in Cambodia. An anonymous employee for the Credit Bureau Cambodia (CBC) emphasized that microfinance as a poverty reduction strategy is not a good idea:

It just doesn't work. Because, you've got two problems: you've got an uneducated populace that is taking the loans and you've got an uneducated sales team that is issuing the loans. And then behind that you've got some semi-educated underwriters, back office people. (Interview, November 19, 2014)

A 2013 study by the Cambodia Institute of Development found that financial literacy is strongly associated with the struggle to repay, where borrowers with low financial literacy are more likely to struggle (Liv, 2013). This means that, the higher the borrower's education, or the more it increases, the less likely the struggle to repay. Similarly, the study indicates that economic factors (such as household income), are the primary contributing factors to indebtedness; borrowers who struggle to repay have, on average, a lower income combined with higher debt than those who never struggled (Liv, 2013).

Kou Sina, Program Officer with the Urban Poor Women Development (UPWD), believes that some self-help groups are more successful than others because their "original living condition" is better. She proposed that, although all the communities that UPWD works with are disadvantaged, attitudes between them vary and will influence the strategies and programs that different groups put in place:

In the better communities, they don't really gamble. They are hardworking, so they could pay back the money to the group, not to UPWD. In one of the communities, when I get there, I don't see much gambling happening. If I'm in Chamreoun [UPWD Group 2], several groups of people are gambling and drinking. It's according to the region. It is difficult for us to help them. Hence, we use different strategies to help them instead. For example, we educate them about violence, so that they are not going to abuse one another. (Interview, October 21, 2014).

CARE Cambodia, according to Sophorn Chov, one of its field supervisors, will include members who have little or no financial literacy. Balance sheets are presented at every meeting in order to indicate the number of shares purchased by each member. For example, when a member buys a weekly share, this will be indicated by an arrow-like stamp. This allows less literate members to count their stamps in order to keep track of how many shares they have. CARE Cambodia projects also include training in basic financial management and small business operations. According to our interview data,

most NGOs that practice microfinance incorporated financial education into to their programs. Nonetheless, at times, less literate members were subject to exclusion due to their lack of basic reading and writing skills. Meas Chanthavy, Pact (Cambodia), emphasizes that, before an organization can educate its members about business and marketing skills, it must teach people how to manage the self-help group (interview, November 11, 2014).

In the course of individual and group interviews, neither I (nor Sok Kanha) asked about education level directly. We assessed knowledge of financial matters on the basis of participants' answers to questions about loans, budgets, and business enterprises. Although most participants from UPWD groups were financially literate, they still believed that their basic lack of education prevented them from achieving their potential. UPWD Woman 13 said, "if it were my generation, we didn't get much of an education, but we have our next generation. Our children are also quite brilliant. They study a lot too. It's not like those who are poor in ideas are poor, but even if they have ideas, they are also poor." (Interview, October 30, 2014). She saw the education system as unequal; she emphasized that the government did not compensate teachers fairly, which tended to force teachers into corrupt activities (such as charging students for class sessions). According to UPWD Woman 13, the situation is getting worse:

They [children] don't know a thing. If the situation still doesn't change, doesn't have a real change, I guarantee to you that there will be no proper education. Only the rich, they could get their children to study at private schools, that would work. But for the poor, in 5 years time, the condition will be worse, I tell you. Like in the 1979, 1980, no one was envious or jealous over the other because they were all the same. We were all poor. But for this generation, the rich is getting richer and poor is getting poorer. (Interview, October 30, 2014).

As the group interview progressed, UPWD Woman 10 interjected, adding that the current employment situation for the women in this group is due to a lack of access to higher education. UPWD Woman 13 also blamed the government for not compensating teachers fairly, and for not investing in the education system: "I blame them even on the teaching systems. They should put more effort into this system. When it is almost the exam, the teachers would say, 'you guys might fail this year, give me 10\$ 15\$ I would give you a pass.' It's not just corrupted, it's up to the decaying point." (Interview, October 30, 2014).

UPWD Group 3 had superior financial literacy skills compared to the other groups in this study; the leader for this group (UPWD Woman 15) also has sales and business training and, with the support of UPWD, travels to teach other communities how to form a savings group or a rice bank group, how to sell their products, how to contact wholesalers, and how to make a profit. This contrasts to the financial literacy levels of the individual participants who on the whole had lower financial literacy and understanding, sometimes depending on their children to calculate interest payments. For example, Ary, a persimmon vendor in Boeung Trabek market, did not understand how interest rates were calculated. Instead, she trusted the MFI to tell her the exact amount of she was required to repay each month, including the loan and interest.

Representatives of microfinance organizations talked about the lack of training and education on the part of employees, especially on the part of employees at unregistered MFIs. Hoy Sophea, Cambodia Microfinance Association (CMA) pointed out that unregistered MFI employees are not properly trained to assess borrowers' repayment capacity, and that many employees are given incentives to enlist new clients and negotiate new loans. Sophea emphasized that these employees are under too much pressure to reach certain targets (for example, numbers of borrowers, and amount and size of loans) and, as a consequence, they tend to make irresponsible decisions. This results in low credit quality and significant pressure on prospective borrowers to take out loans. An anonymous source from the Credit Bureau of Cambodia describes it this way:

It's just a huge lack of financial information in the community as well. And when you get uneducated people writing fifteen loans, because they don't understand...they don't understand the concept of finance repayments, interest rates, compound interest rates...but now, people are starting to realize 'Hold on, all the MFIs are taking our land!'" (Interview, November 19, 2014)

According to the same source, the lack of financial education also extends to the National Bank of Cambodia (NBC):

The reality is...with the National Bank, there's not a lot of intellectual capital with the experience...because they've never had a finance market. So it's all new. The education they've got, it tends to be the education that's coming from the World Bank or the EU or any one of those organizations pushing to loan money to Third World countries. Because where does the money come from? Who's underwriting the money? Who's really underwriting the loans? Where is that

money coming from? It's coming from the EU and coming from the IMF [International Monetary Fund]. (Interview, November 19, 2014)

In recent years, the Cambodia Microfinance Association (CMA) has made efforts to educate both lenders and borrowers with respect to the risks involved in microcredit. The CMA encourages financial organizations to register with the NBC and use services of the Credit Bureau (CBC). This encouragement comes by way of training sessions provided to both borrowers and MFI employees. By the time of this research, the CBC had funded a program that would give financial education to every province in Cambodia. According to an anonymous source, prospective borrowers are encouraged by the CBC to “go to these finance vendors. They have to be regulated, they have to be part of the CMA, they have to be part of the Credit Bureau, and if they're not, then don't touch them” (interview, November 19, 2014).

The CMA partners with various agencies in order to provide financial education workshops to its members and borrowers. In 2006, the CMA received funding from the Agence Francaise de Development (AFD), and in 2007 from the Agence pour le Développement Autonome (ADA) in Luxembourg. In 2010, the CMA formed a partnership with Planet Finance, and in 2014 with the Good Return Initiative. These partnerships help the CMA prepare and conduct financial education workshops which, among other things, teach borrowers how to budget and how to develop a business plan.

Similarly, UPWD educates its members with respect to gaining access to low interest microcredit loans at regulated MFIs. In addition, the local branches of this not-for-profit organization urges its members to develop a business plan prior to borrowing. On the other hand, Kou Sina (UPWD program officer) explained that it is easy for borrowers to approach an MFI since these organizations visit poor communities daily; she emphasized that the problems women have when it comes to managing debt have to do with a lack of financial education rather than with a lack of access to financial services. According to Sophorn Chov, field supervisor for CARE Cambodia, once members of self-help groups understand interest rates, they are longer inclined to use

MFI services because they see that their savings will “flow out from their communities” (interview, November 14, 2014).

5.3 Significance of Group Lending for Trust and Empowerment in Cambodia

The approach of the Microcredit Summit Campaign (2000)—when it comes to providing microcredit for women—rests heavily on notions of dignity and empowerment, notions which are seen as important to the process of alleviating poverty. Kabeer (1999) proposes that women need to be empowered given that they are constrained by the “differentiated values, norms and perceived possibilities that accrue to different social groups by virtue of their positioning within the social hierarchy” (p. 7). MFIs that adjust their services to the specific financial needs of women are in a position to implement gender-specific policies such as providing women-friendly customer service, enhancing gender awareness when it comes staff recruitment, and offering flexible hours and accessible locations. Mayoux (2001) indicates that the ability of an MFI to develop empowering policies is usually dependent on the legal status and ownership structure of an MFI.

At the same time, studies show that regulations imposed by most MFIs tend to result in coercive practices, ones that usually put women in a more vulnerable position than men subject to the same regulations (D’Espallier et al., 2011). These practices include tactics such as those identified by the women borrowers interviewed in the course of this research. According to D’Espallier et al. (2011), regulations result in “harsh enforcement practices such as verbal harassment, intimidation, and social pressure” (p.768). Such practices highlight the importance of microfinance organizations having greater dedication to serving and monitoring the female client base and staying true to its original mission.

In Chapter 4 I indicated that “social collateral” was commonly used by unregistered MFIs and private moneylenders to pressure borrowers into repayment. This tactic is in direct contradiction to the mission of gender empowerment that popularized microfinance—a goal that has been generally considered as the best development

strategy, not only when it comes to reducing poverty, but also to when it comes to empowering the most marginalized members of society, especially women (Geleta, 2014). Microfinance institutions in the Global South provide their services primarily to poor women, a practice which is often connected to a desire to address gender inequality (Kabeer, 2001; Geleta, 2014).

The research literature shows that group-based microfinance can facilitate social integration through the formation of networks which in turn provide social capital which serves to empower women (Dowla, 2006; Rankin, 2001). Rankin (2001), looking microfinance in the context of the Newar tribe in Nepal, concludes that the formation of groups empowers women:

The greater potential in the micro-credit model for “empowering” women lies in the solidarity group concept: if such forums enable women to identify collectively as women, across polarising social differences, they may be able to generate new forms of critical consciousness that could lead to collective, overt forms of social action necessary for accomplishing ideological change. (p. 31)

Social collateral or social capital can be defined as “the internal social and cultural coherence of society, the norms and values that govern interactions among people and the institutions in which they are embedded” (Roy, 2010, p. 66). Social capital is used as a wider social support network that the poor may rely on for access to employment, housing, and other services. Rankin (2002) points out that “conversions across economic, social, and cultural capital are shaped by and reinforce processes of class power and advantage. In other words, the “capital” in social capital is not innocent” (p. 99). Such reinforcement of power can be seen in Cambodia and other South Asian countries, where the historical legacy of a patriarchal society keeps women economically compliant, disciplined by the threat of humiliation and “losing face.” The discourse surrounding microfinance constructs women as entrepreneurs and ties gender to poverty. International development programs that advocate for gender empowerment, thereby effectively disempower women by forcing them into microfinance programs that require enormous obligations and responsibilities, while at the same time maintaining traditional gender roles.

To ensure the lowest possible risk, trust is established on the basis of collateral, assets, proof of income, and legally binding agreements. These binding agreements

effectively strip the borrowers of their freedom, thereby disempowering them. Predatory lenders, commonly called “loan sharks” in Cambodia, are taking advantage of women’s social networks—often their only social capital—and shaming these women into repaying. Roy (2010) defines social capital as “the internal social and cultural coherence of society, the norms and values that govern interactions among people and the institutions in which they are embedded” (p. 66). In other words, social capital is what holds the wider network of social support together, making available to the poor the channels by which they can gain access to employment, housing, and other services. Social capital is also used to build self-esteem and social status, allowing women to better understand “where they stand.”

Given the nature of my research, it was important to take into consideration the social, cultural, and economic context of my participants, and from this understanding, explore what empowerment meant to them, rather than revealing my own conception of empowerment in the course of my interviews. In reality, notions of empowerment come down to the possibilities that are opened by having basic livelihood needs such as clean water, electricity, infrastructure, health care, and education. On the other hand, although most MFIs advocate for the importance of gender empowerment when it comes to running successful credit programs, they nevertheless do not seem to have a system in place for encouraging growth. In my view, one of the main reasons for the lack of concentration on the qualitative aspects of credit programs—such as trust and empowerment—is that the main emphasis tends to be on their technical aspects. Most NGOs already face the difficult task of teaching local staff the mechanics of running credit programs. Other Cambodian financial institutions, especially unregistered and unregulated ones, show a lack of technical knowledge on the part of their employees that takes priority over social justice mandates. While microfinance organizations have given lip-service to the empowerment mandate, their priorities show otherwise, namely their profit-oriented goals.

When to provide examples of empowerment in the course of individual and group interviews, participants would often tell us that empowerment meant “being able to provide for my family,” or “being able to pay for school fees for my children.” I found that most of the women who were staying home at the time to undertake childcare—and

who may have left their business venture in order to do so—were proud of staying in the home to look after their families instead of working outside the home.

Women participating in a savings-led program or a self-help group saw empowerment in terms of “being able to save money for my future.” Alternatively, women who found that they had to borrow from an MFI or a private moneylenders, gave little consideration to saving for the future and tended to negotiate loans for urgent and immediate purposes. We can therefore no longer consider access to credit as a sign of empowerment since in many instances such access will lead to over-indebtedness and disempowerment. If nothing else, the decision not to borrow from a credit institution or moneylender—and instead become a member of a savings group or self-help group, or rely solely on household income— simply reflects the differences in the economic and social circumstances of the various participants, as well as their aversion to risk. Many of the participants interviewed were already trapped in a cycle of poverty at the time of this study; it seems that they have few options available other than taking on small loans.

5.4 Significance of a Lack of Capital for Entrepreneurship in Cambodia

One of the most alarming signs that microfinance is not being carried out in order to support entrepreneurship is that most loans are generally used to finance basic necessities; most often, participants were using loans to repay medical bills. According to the 2013 Cambodia Institute of Development Study, profit from entrepreneurial activities could not be linked to repayment struggles because the majority of borrowers in the survey repaid their loans with income from their wages (Liv, 2013). While the majority of borrowers surveyed (nearly 75%) *reported* using a microcredit organization to finance productive, income-generating activities, the study found that the main source funds to repay loans came not from profits but from wage income (Liv, 2013, p. 56). Despite the consensus that microfinance is equated with entrepreneurship, the fact remains that the poor are migrating for work and incurring debts which they pay back when they receive their wages (Augsburg & Fouillet, 2010). This minimalist approach to microfinance doesn't work as a tool to reduce poverty or to empower women and there is an increasing body of evidence to support this.

Research also shows that there is an increase in the use of loans to offset the costs of migrating in response to the availability of work. My findings indicate that Cambodian women use MFI loans in multiple ways, sometimes financing this labour migration directly, and at other times borrowing for the purposes of an immediate investment and repaying the loan through remittances from abroad (or a combination of the two). In theory, this practice undermines the purpose of MFI loans since the funds do not go to support the generation of local income and the running of small enterprises. For this reason, most MFIs do not loan money for migration purposes, since this practice is considered a “non-productive purchase,” and there is no guarantee that the loan would be repaid.

Nonetheless, Bylander (2014) points out that “in rural Cambodia the expansion of microcredit has enabled, sustained and promoted undocumented international migration in important ways” (p. 285). This may be in part due to the lowered cost of both formal and informal credit, coupled with the expansion of migration networks throughout rural areas of Cambodia. Labour migration is perceived as a more reliable livelihood strategy—in contrast to starting a local microenterprise or expanding agricultural activities, which are seen as high-risk and unprofitable. Bylander observes that “because it was difficult to make a consistent profit through local livelihood strategies, holding a loan was regarded as a liability, not an opportunity” (p. 296). In these cases, microcredit is mainly used by borrowers having family members with salaried jobs or by households needing to finance a migration due to a financial crisis. Despite the fact that the main priority of MFIs in Cambodia has been to ensure everyone has access to credit, this impetus has not decreased the reliance of poor households on other livelihood strategies.

Historically, Cambodia’s microfinance sector was almost uniquely funded by international donors. Recent efforts are being made to build trust in the regulated microfinance sector and to promote capital investments by local and national investors in order to mobilize local funding and spur economic growth. Yet it seems that, when microloans are used to fund a new business, budding entrepreneurs tend to encounter a lack of consumer demand. The reasons behind this are simple: potential customers are also poor and lack the means to pay for the product or the services on offer, or similar

enterprises have basic goods already available. According to Hickel (2015) this feeds the cycle of debt:

In this context, new businesses end up displacing already-existing ones, yielding no net increase in employment and incomes. And that's the best of the likely outcomes. The worst – and much more likely – is that the new businesses fail, which then leads, once again, to vicious cycles of over-indebtedness that drive borrowers even further into poverty. (para. 4)

This cycle of debt presented a common problem for the street vendors we interviewed. For example, Veata, the fruit vendor, explained that she would “go bankrupt” since neighbours back in her province would not pay her back for goods she had “sold” without payment on the promise that she would be paid later (interview, November 27, 2014). Leap, the noodle vendor, described this situation in other words, saying that she had difficulty selling in her village because “everyone trusts in me” (interview, November 27, 2014). Participants also found that they lacked the capital to start a business if a loan from the community savings group (or self-help group) was the sole source of start-up funds.

Participants from FLD group were hesitant to borrow from MFIs since the interest rate profits would not benefit their community. Meas Chanthavy, working with PACT Cambodia, noted that community savings groups often encounter a lack of loan capital. For example, when a member needs to borrow more than the limit of \$500 set by the community savings fund, going to an outside agency is the only option unless the group is well established and has a sufficient savings. For example, if a member of the community needs to buy a big boat for fishing, the “outside” source for a loan is typically a private moneylender or an unregistered MFI. In the course of both group and individual interviews, several women admitted to “giving up” or “quitting” business ventures due to such challenges.

Representatives of lending organizations are aware of these challenges and agree that livelihood (income), must be addressed first. Kou Sina (UPWD) describes it this way:

The challenge is their income is less than their expenses. For example, they start with a grocery store and sell cookies or snacks for the kids. That is ok. The kids would buy. But other things, like a grocery store for cooking, the customers would buy but they don't pay the money. The problem

is they couldn't get the money to buy things to sell again and they also need to pay the money back to the lenders. The expenses for the family are bigger than their income. For example, electricity, water supply, education, health are not in balance (Interview, October 21, 2014).

The Cambodian government must also set up the appropriate systems in order for small businesses to succeed. Kou Sina believes that it is not the responsibility of the banks and MFIs—it is the responsibility of government to increase employment for local people: “if they work in the factories and get only \$120 per month, how could they make better of their lives? The money is only for the debt repayment and they don't get enough to eat” (interview, October 21, 2014). Access to credit provided by MFIs is not sufficient; more support from the government, in the form of subsidies, state assistance, and welfare support, is needed. Kou Sina maintained that national policies and programs to increase local employment and income are essential. According to Hoy Sophea, Cambodia Microfinance Association (CMA), the state has a responsibility to protect clients and to ensure that MFIs comply with their regulations. She believes the Royal Bank of Cambodia (RBC) should be able to regulate the microfinance industry by way of taxation laws and labour laws, and it should be involved in creating and implementing banking regulations. Ban Phalleng, working for Thaneakea Phum Cambodia (TPC,) a registered MFI, believes that the National Bank of Cambodia (NBC) and the Association of Banks of Cambodia (ABC) are making progress in terms of analyzing the market and implementing regulations. He explained that the microfinance sector is attempting to mobilize local funding by expanding geographically throughout Cambodia as a way of becoming less dependent on international funding. TPC's current focus is to expand their market base and give more Cambodians access to microfinance. Although Phalleng recognized that many Cambodians are already in debt, he nonetheless believes that the “economy as a whole” is growing and that the microfinance sector needs to keep expanding in order to maintain “economic momentum” (interview, November 19, 2014). He sees the next step in terms of implementing more regulations for consumer protection and giving local entrepreneurs more funding. All in all, most members of microfinance organizations agreed that more regulation and better support from the government was needed. It is worth point out that Hickel (2015) indicates that such

regulations and support systems are the very systems that neoliberalism has convinced us to abandon.

According to my observations, Cambodian women who were participating in a microcredit program with a non-profit or non-governmental organization, such as UPWD or FLD, were more likely to be well-informed and less likely to be caught in a cycle of over-indebtedness (although they may have been in the past). However, the representatives of financial organizations interviewed in the course of this research argued this form of microcredit is not sustainable. According to Ban Phalleng (TPC), the word non-profit “won’t be everlasting” and “the free market economy is the market people need to fight for their own survival” (interview, November 19, 2014). As is often argued by advocates of microfinance, a commercialized microfinance sector is beneficial to the lending institutions as well as to the stakeholders. Phalleng argued that, in order to be sustainable, MFIs need to target higher income clients as well as lower income clients:

Please do not ask the microfinance institutions to serve to the poor because they are too poor to afford the loan and to repay the interest. Or they have no livelihood skills yet and they need the NGO to help them to have livelihood skills and once they improve, they have skills and some income, and then they can afford to work and access microfinance. We do not exclude them, but giving them the loan is twofold, it can help or it can put them into bigger trouble. Microfinance institutions also get loans from other institutions and we also have to repay. And the client also gets the loan and has to repay. So it’s a strict financial stream. (Interview, November 19, 2014)

Although this justification is financially sound, the question is, what percentage of clients from the very poor and low income sectors are served by microfinance institutions? The social mission of microfinance is pushed to the sidelines and financial targets such as performance portfolios are prioritized. This was made evident to me when Ban Phalleng explained that microfinance organizations have a range of obligations:

It’s not only the reputation of the institution itself, but you need to also look at the time and money of the staff. If the client defaults, you’re sacrificing doing time with other businesses and other opportunities. And also our performance portfolio is not in a good position. As management, we also have responsibility to our board operator, shareholder and lender. (Interview, November 19, 2014)

In this context, sustainability essentially means profitability and funders are looking to get loans deployed by MFIs in order to get their investment back.

It is important to note the importance of the literature addressing “development” and “financial sustainability” coming out of the Washington Institutions, such as the World Bank and the International Monetary Fund —and the extent of its influence on emerging approaches to microfinance. These scholars raise important questions about the inequality of power relations in the process of international development. Roy (2010) asks, “If countries in the Global South were to own development, would they choose microfinance? Or is the prevalence of microfinance a sign of mandates imposed by the trustees of development, those with the power to set the agenda?” (p. 29). If the knowledge set by these institutions is privileged, and financial performance takes priority over outreach and social services, are the poor truly being served in a way that is advantageous to them? Has microfinance, as we know it in its market-driven form, become removed from its concerns for social interest? What is expected of women in this approach to microfinance?

5.5 Loans as disservice: Cambodian women and predatory lending by unregistered microfinance institutions

My research findings lead me to conclude that the only consistent winners in the microfinance arena are the lenders. Microfinance has been touted as a panacea for alleviating poverty on the grounds that it presents people with a win-win solution. According to Hickel (2015), microfinance “assures us that we—the rich world—can eradicate poverty in the Global South without any cost to us, and without any threat to existing arrangements of political and economic power” (para. 7). Whether or not microfinance is “working” has been hotly contested, but whether or not it is effective is no longer the pressing issue. An anonymous source from Credit Bureau Cambodia (CBC) puts it this way:

Where do you take the proof point of whether it’s working or not? And when you look at it, there will be a lot of cases where it is working. Someone has taken a microfinance loan for \$500, they’ve started their own weaving business and they’re now making profit and they’re repaying the loan. And that’s because of the microfinance sector. But, the question was, is that to help the poor people? No, they don’t do it to help the poor people. It is a profit based initiative, it just so

happens every time you throw the dice, some people benefit from it and some people lose from it. (interview, November 19, 2014).

The social mission of microfinance was propagated in order to develop its reputation as a poverty reduction strategy, but as it stands, according to Hickel (2015), “microfinance has become a socially acceptable mechanism for extracting wealth and resources from poor people” (para. 6).

Meanwhile, the Cambodian government needs to increase domestic production and entrepreneurship if the goal is to increase local economic activity. According to Kou Sina (UPWD), “Nowadays, they don’t encourage domestic products. The farmers who farm vegetables throw their products in the trash bins because they can’t find the market. For example, they grow potatoes, but they couldn’t find the market” (interview, October 21, 2014). Farmers who have invested in rice and vegetable yields are left with too much produce and end up having to sell it at a cheap price.

Bylander (2014) points out that Cambodian farmers use microcredit to finance labour migration, mainly to Thailand, in order to supplement their decreasing income. Labour migration is a common poverty alleviation strategy used by the poor in the Global South. Pollard (2013) emphasizes that “economic migration and forced migration have long been key elements of restructuring in poorer regions and nations” (p. 411). Just as it was assumed that the need for private moneylenders would decrease with an increase in access to credit, it was expected that there would be a reduction in the need for migration. Both these expectations are based on the assumption that households would be less inclined to borrow from private moneylenders or to pursue migration as an income strategy given their ability to gain access to microloans to finance their economic pursuits. However, these assumptions have not taken into account the local customs and social networks already in place—factors that may well influence decision-making.

Bylander (2014) identifies several external factors that have contributed to the growth of labour migration in Cambodia over the past two decades, noting that, “over time migration can become significantly lower-cost and lower-risk within communities as the result of networks and accumulated experiences that ensure greater information and mediate risk for would-be migrants” (p. 290). The factors include the institution of a

worker registration process in Thailand, changing demographics in rural areas, and a series of environmental shocks that led households to rely on labour migration as a livelihood strategy. When asked what was being done about business loans repurposed for migration, most representatives of financial lending institutions asserted that they did not approve loans for labour migration, however, most acknowledged it was difficult for their organizations to prevent the use of funds for the purpose of subsidizing travel in search of work.

As the anonymous source from the Credit Bureau Cambodia (CBC) speculated, if microfinance was really about poverty reduction, and not all about profit, there would be a system in place to address these problems. Instead, the blame is often put on the poor, who need to “lift themselves out of poverty” by way of accessing credit and starting a successful business. When the poor fail, the problem is framed as a private one rather than a political one. But, as Hickel (2015) advocates, “structural problems require structural solutions” which he notes begin by “democratising the World Bank and the IMF, renegotiating trade agreements, clamping down on capital flight, rebuilding labour rights, and so on” (para. 10).

Since microfinance does not address social inequalities, it does not challenge deeply embedded patriarchal power relations, and it does little to change the status of women within the household (Cheston & Kuhn, 2002; Bee, 2011). According to a study by Beth Bee (2011), even NGO microfinance policies have not been designed to address social inequalities but, instead, to increase the competitiveness of the female clients so as to transform them into “economically rational and disciplined female citizens” (p. 31). The solidarity lending system described by Bee (2011) did not help the poorest women among the group, rather it helped those who had the resources to make their payments, or those who had safety nets to protect them from the indebtedness such programs tend to create.

I observed a similar pattern in the course of my interviews with Cambodian women. Those women who were in a more beneficial situation, such as those who had a wide social support network (family and neighbours), were less likely to be over-indebted. Critics of the commercialization of the microfinance sector argue that

equating access to credit with a reduction in poverty does not take into account the local context or the financial opportunities that can impact the willingness of borrowers to become entrepreneurs (Norman, 2010; Bylander, 2014; Ovesen and Trankell, 2014). According to the criticism, the expansion of access to low-cost credit has not been matched with adequate opportunities to use this credit in low-risk and profitable circumstances. In rural areas, where local opportunities for income are low, increased availability of credit cannot counter long-standing local customs, such as private moneylending and migration in search of work—customs which have historical importance. Maclean (2013) argues that, although MFIs try to follow a neoliberal rational in the way they operate, the recipients of microloans are constantly challenging this rational by negotiating the risks and responsibilities involved in such an entrepreneurial approach.

Ultimately, access to credit has been widespread. However, relations of power embedded in Cambodian society—where gender and class largely determine one's lot in life—have not fostered empowerment. If anything, they have imposed an additional burden of debt on Cambodian women. As a means for social change, microfinance is unlikely to challenge the structures that continue to oppress women in Cambodia.

Chapter 6: Conclusion

Debt is the worst poverty.
–Thomas Fuller

This study employed a qualitative approach in order to allow for collaborative research between me and the Cambodian women selected for my study. I chose this approach in order to increase the involvement of my study participants in the research process. I conducted 24 semi-structured interviews with individual and group participants with the help of my research assistant Sok Kanha, who was responsible for translating the dialogue from Khmer to English. I consulted various stakeholders such as employees from local microfinance institutions (MFIs), local and international non-governmental organizations (NGOs), and Cambodian women's organizations. I also spoke with 27 women during group interviews (NGO groups), and 9 women individually (street vendors). The field research period from October to November 2014 was followed by interview transcription and in-depth textual analysis. In order to honestly present the voice of the participants, I have used multiple, rich, direct quotes from interview transcripts, and I have attempted to provide relevant details and additional context in the presentation of my research findings. In the following section, I will address the methodological limitations of conducting international fieldwork; I will describe my personal challenges as well as reflect on the barriers to understanding that we faced during field research in hopes of informing future research with Cambodian women who are living with debt.

6.1 Summary of the research project

This thesis examined microcredit programs currently in place in Cambodia—in the context of Cambodia's unique historical and social landscape. As it was originally conceived, the goal of this research was to examine the services and support mechanisms available to women who take out microloans, and to consider ways in which it might be

possible to reduce the vulnerability of these women to predatory lending and indebtedness.

In Section 1.3, four research objectives were laid out in order to answer the question of how microfinance may be an ineffective poverty reduction strategy. However, having considered the perspectives of the Cambodian women who participated in this research project, I cannot endorse the idea that investing further in microcredit programs is a viable way to help the poor. A relationship based on “owing” and “being owed” is unequal at its core; it cannot foster trust or empowerment. According to Geleta (2014), one of the reasons that microfinance—in essence, a profit-driven enterprise—has been regarded as a major development solution with wide support by development agencies is “the belief that it helps in the creation, development and expansion of social networks, associations and links among poor people, essential to transforming their living conditions and life choices” (p. 421).

Social capital is considered to be a crucial element in the empowerment of individuals (Dowla, 2006; Mayoux, 2001; Rankin, 2001); it is commonly assumed that group-based microfinance, such as solidarity groups, self-help groups, and village banks, help women to develop social capital. However, as Geleta (2014) argues, microfinance by itself will not help women build social capital; there is a need to critically examine the culture that dictates the nature and process of social relations and organization. It appears that microfinance does not improve the social lives and well-being of poor Cambodian women. Instead, it pushes these women further into debt and used social networks and cultural norms as collateral.

In the remote areas that lie beyond Phnom Penh, small-scale credit options such as village banks and self-help groups are perhaps more appropriate, as long as families have enough land on which to grow rice in order to repay seasonal loans. Nonetheless, as Rasmussen (2004) found, self-help groups are appropriate for areas where only small amounts of capital are needed to buy seeds, fertilizer, or to rent animals for labour. Another benefit of the self-help group approach is that it is often introduced by NGOs, which combine the microfinance program with financial education, and skills training, the lack of which is a significant barrier to Cambodian women who are attempting to start a small business. In addition, community-based credit systems are typically easier to

understand, particularly by those who have not been exposed to formal banking institutions in the past.

My effort to understand the experience of Cambodian with debt in the context of microfinance was carried out by combining a literature review with in-depth interviews that included a variety of stakeholders, and individual and group interviews with women who have taken loans. As a novice field researcher, I naturally attempted to follow a systematic approach in order to ensure reliable and valid research results. However, as is often the case in field research, I encountered a variety of methodological and personal challenges. I will reflect on these challenges in Section 6.2 and thereby hope to inform future research endeavours that focus on people living in poverty in the Global South.

6.2 Methodological Barriers and Limitations

International fieldwork poses many challenges for researchers since it requires a prolonged time commitment and financial support (for research assistants, participants, and general travels costs). Along with these constraints, cultural and linguistic barriers also limited my access to participants and made the analysis of my research data challenging given the necessity for translation. The research process, as it unfolded in Cambodia, unearthed many challenges that limited my understanding of the experience that Cambodian women have with debt; these limitations may contribute to a misrepresentation of their perspectives. Therefore, it became important to consider not only the content of my interviews, but also my experience of living through the process of conducting my research.

Although considerable planning went into developing the methodology for this project, a number of constraints limited not only my access to Cambodian women microloan holders but also to the quality of the information I was able to gather. Upon my arrival in Cambodia, I realized that I needed to make contact with employees from NGOs and MFIs quickly in order to schedule interviews within the two months set aside for my field research.

Although I was eventually able to make important contacts which helped me reach out to self-help groups comprised of Cambodian women, my first few weeks in

Phnom Penh were not as productive as I had hoped because I spent a lot of time going “door to door” with Sok Kanha without success. MFIs, especially unregistered ones, are noticeably more difficult to communicate with; we were often simply sent away, or our information letter was received without further response. Registered MFIs were somewhat more helpful, but they required us to jump through several “administrative hoops” before being able to speak to anyone; we were often sent to several departments and wasted a lot of time. In contrast, employees at NGOs were extremely helpful; they went out of their way to support our project, and were generally able to put us in contact with another organization if they were unable to participate.

As I noted in the methodology chapter, the knowledge I acquired depended to a large degree on the willingness of participants to share their thoughts with me. Sok Kanha and I are both novice researchers; the initial interviews we conducted posed a learning process for us both; they were more likely rife with the possibility that meaning and context was misunderstood or misrepresented. On several occasions during group interviews, some participants seemed confused by certain questions or were too shy to speak up in the group setting. It was also difficult for Sok Kanha to translate every comment directly, or to note every response, given the nature of group conversations. Consequently, she would also write notes in English so that I could follow the flow of the discussion in case I needed to interject, ask for clarification, or follow up on questions. Nonetheless, given that I was in a foreign setting and unable to communicate directly with participants, it was a challenge for me to address some of these issues “on the spot.” Often, the best I could do was to present a respectful and interested demeanor in the hopes of making the participants more comfortable while also relaying questions to Sok Kanha. It is impossible, however, to know the extent to which meaning, mine or the participants’, was always or accurately conveyed.

On the other hand, interviews with individual participants were more straightforward; I was better able to immediately address comments and take note of facial expressions and body gestures. Even so, we were sometimes distracted by the noise of a busy street or interruptions from other street vendors or customers. In retrospect, it became clear that I did not consider speaking with private moneylenders, particularly those who borrow from multiple sources. This is an oversight that would have enhanced

my understanding of debt in Cambodia, particularly the way in which women respond to the market-driven microfinance sector.

At the outset of this research, my understanding of microfinance programs in the Global South was limited and—it is now clear to me—naïve. As well as reading an array of academic literature on microfinance, I thoroughly examined the way in which microcredit programs had been implemented in the Global South, particularly in Cambodia. However, it is now obvious to me that lending and borrowing in Cambodia is more complex and many-layered than I anticipated. Given my immersion in the literature prior to my fieldwork—much of which sees microfinance as an empowering poverty alleviation strategy—it is easy to forget how omnipresent neoliberal ideology continues to be, in general and in Cambodia (Springer, 2010, 2015a). On closer consideration, it now appears that the intensification of free-market economic strategies consistently take advantage of the most vulnerable sectors.

Private moneylenders are often both predator and prey in this inescapable cycle of debt. Norman (2010) concludes that, “despite claims to the contrary from its advocates, neoliberal strategies do not imbue freedom of choice when faced with difficult economic climates, and the saturation of chronic indebtedness does nothing to help the coping strategies of the poorest in society” (p. 212). The rise in borrowing levels does not equate to entrepreneurial choice, but points towards desperate measures taken out of necessity in a country with no welfare state.

6.3 Possible Extensions of this Research

Throughout my interviews with representatives of microfinance organizations, I discussed potential approaches to poverty reduction that could apply to the Cambodian context. Two representatives—Hallie Mittleman from Farmer’s Livelihood Development (FLD), and an anonymous consultant for the Credit Bureau Cambodia (CBC), proposed “social businesses” as a potential solution to over-indebtedness. Social businesses are “cause-driven” businesses—where investors gradually retrieve the money they originally invested; they do not take any dividend beyond the original amount, and they typically

reinvest it into social programs. Hallie Mittleman, management advisor for FLD, explains the process this way:

The way the organization is separated [FLD], sort of, is that we have livelihood development projects, which are very standard, where you have type of arrangements where the NGO, they have donor money for a specific purpose and follow through with it, whereas TKK, we are more a social business and our goal is to generate a profit that we can then put back into our other projects of development for the people that we serve. (Interview, October 14, 2014)

The anonymous source from the CBC argued that not-for-profit or donor-based organizations were not sustainable and not “scalable” (meaning not able to maintain or improve profit margins while sales volume increases). According to this source, “When you have a social mission over and above the profit, but you still have the profit as an incentive...it gives you more to play with as a business” (interview, November 19, 2014).

It is important to note that a growing number of scholars argue strongly for overlooked approaches to development, such as income grants, by showing how the poor in the Global South use money in ways that confound stereotypical notions of aid and “handouts” (Hanlon, Barrientos, & Hulme, 2010). Hickel (2015) points out that “evidence suggests that direct cash transfers, with no strings attached, not only deliver success where microfinance fails, they appear to be the single most impactful anti-poverty intervention available” (para. 12). Similarly, a case study conducted in Akhuwat (Pakistan) by Rehman, Moazzam, and Ansari (2015) showed that an interest-free microfinance approach brings about changes in the lives of women—living conditions of the household, family well-being, and social status—when the take advantage of the services provided by the microfinance institution (e.g., vocational training and financial education).

Income grants and interest-free microfinance could help to surmount one of the biggest barriers to entrepreneurship—a lack of consumer demand—since small business owners are in a position to take advantage of increased local demand. This approach also brings about a change in attitude towards the poor, by allowing them to choose how to generate income and trusting their decisions.

Trust-building is a major challenge in the context of microfinance in Cambodia. Pickens (2004) points out that Cambodians are hesitant to enter into cooperative frameworks, such as lending groups or self-help groups, in light of historical conflicts,

and given the current state of political and social disorder. Microfinance programs, especially those undertaken by unregistered MFIs and private moneylenders, continue to erode social networks and prey on vulnerable citizens, especially poor Cambodian women. However, trust seems more apparent in programs where decision-making is more equitably shared and where members are able to share their experiences and contribute to group decisions (Pickens, 2004), pointing towards a need for further research into grassroots-level organizations that allow for non-hierarchical collaboration.

6.4 Concluding Thoughts

Cambodia represents one of the fastest growing markets for microfinance in the world; it is referred to by some as an “investor’s playground” (Sinha, 2013). Today, a large group of market-leading MFIs, complemented by numerous NGO programs, have extended financial services to many Cambodian households. Although the sector started with a concentration of offices in central and southern Cambodia, most MFIs have quickly spread to the north and, in recent years, have started to work in the economically underdeveloped northeast as well.

A geographical analysis of the research literature of the Cambodian microfinance sector has exposed the gender empowerment discourse, commonly touted as a social justice mission, indicating that it serves the neoliberal, profit-driven interests of local and international financial institutions. As more MFIs become increasingly commercialized, they promote neoliberal strategies for the success of their borrowers in a highly competitive market. Although the number and size of MFIs is growing steadily, and MFIs are expanding their client base to increasingly include women and the extremely poor, it should not be assumed that microfinance programs are empowering in their own right. More often than not, Cambodian women fall victim to predatory lending which leads to a cycle of debt since they face important social and cultural barriers that are closely interrelated to economic factors (Chhay, 2011).

The significance of this research extends beyond providing a better understanding of women’s participation in microfinance in Cambodia, given that similar processes of

disempowerment through neoliberal microfinance policies are being played out in a variety of geographical settings. A possibility for future research in Human Geography could include further investigation of international and grassroots-level development strategies that are truly committed to gender empowerment and promote the emancipation of women. This research shows that a profit-driven microfinance sector does not commit to such goals. Microfinance in its present form will only persist in strengthening the existing forms of exploitative and discriminatory structures, and likely produce new ones.

It seems to me that practitioners, policy makers, and donors should considering abandoning, or at the very least minimizing, microcredit schemes as the answer to poverty alleviation in Cambodia. Instead, the focus of the Cambodian government should be on the complex process of empowerment—beginning with education and literacy—as a means to include women as full members of the society and thereby address structural inequalities.

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Appendix A. Letter of Information and Consent Form for Members of institutions



**University
of Victoria**

Department of Geography
UNIVERSITY OF VICTORIA
P.O. Box 3060 STN CSC
Victoria, BC, CANADA, V8W 3R4
Phone: (250) 721-7340

Evelyne Laurin
MA candidate
(elaurin@uvic.ca)

Letter of Information –members of institutions

Dear Respondent,

RE: A study exploring the social impacts of microfinance programs on Cambodian women

My name is Evelyne Laurin, and I am the Principle Investigator in this study. I am a graduate student in the Department of Geography at the University of Victoria. As a graduate student, I am required to conduct research as part of the requirements for a degree in Human Geography. It is being conducted under the supervision of Dr. Simon Springer. You may contact my supervisor at springer@uvic.ca

The purpose of this letter is to ask you for your assistance in the conduct of this study and to give you the basic idea of what this research is about and what your participation will involve. Please read the information below, and before deciding whether or not to take part, if you would like more detail about something mentioned in this letter, or not included here, please feel free to contact me to ask for clarification. The knowledge gained from your participation will contribute to improving understandings of women and debt in contemporary Cambodia, and subsequently may improve responses to the management of conflicts surrounding these issues.

The purpose of this study is to examine the services and support mechanisms available to women who take out microfinance loans in order to consider how to reduce their vulnerability to predatory lending and indebtedness. It will do this by focusing on the experiences of women with microfinance in Cambodia which is expanding from the commercialization of the economy. This study aims at giving them a voice in the services provided by microfinance institutions and other organizations that provide them with microloans. It also aims to get the perspective of these respective institutions to better inform the project and increase the quality of the support mechanisms. It is expected that approximately 25 people will participate in this study.

Your participation in this research would require you to consent to doing an interview with myself (through a Khmer translator if necessary), lasting approximately one hour. During the interview you will be asked questions about your perceptions and understandings of microfinance programs and issues related to women and debt in Cambodia. You may feel discomfort as a result of discussing the difficulties that have shaped Cambodian experiences of poverty and overindebtedness. However, to alleviate any discomfort you might feel, please note that you are not required to respond to questions you do not feel comfortable answering. Furthermore, I will endeavour to make you feel as

comfortable as possible during the interview process, so that no injury and/or compensation are expected to arise from your participation.

Participation in the research project is completely voluntary, and you may refuse to participate. Similarly, should you agree to participate, you are free to withdraw from the research at any point in time during the actual research process for any reason whatsoever. You will not be asked for, nor should you feel compelled to give a reason for withdrawing from the study should they choose to withdraw. If you do decide to withdraw from this study all of the data you have provided will be immediately destroyed.

At your own discretion, you may choose to remain anonymous in this study. Should you take this option, your privacy, identity, and confidentiality will be protected by not using your name or any other identifying information in the research, only using second-person pronouns, and by keeping the raw data stored safely on a password protected computer. You will be asked what your preference is with respect to your anonymity. You will be asked for your explicit consent to use a digital audio recorder during the interview. You are not required to agree to be audio-taped, and if you do not want their voice recorded during the interview, written notes will be taken instead.

This research is funded through the Social Sciences and Humanities Research Council (SSHRC) and donor awards administered by the University of Victoria. The Department of Geography will have access to its findings as it will be published in the form of a thesis project.

There is no direct benefit to you from participating in this research. However, if you agree to participate in an interview with myself, please suggest a date, time, and location that are convenient for me to meet with you. Thank you for your kind consideration of this request, I look forward to hearing from you.

If you have any questions, concerns, or complaints regarding the nature or manner of this research project, please do not hesitate to contact me Evelyne Laurin, at:

Email: elaurin@uvic.ca

Phone: 1-778-676-1077

For an independent opinion regarding the research and the rights of research participants, you may contact the University of Victoria Human Research Ethics Board at:

Email: ethics@uvic.ca

Phone: 1-250-472-4545

Thank you for your assistance in conducting this important study.

Sincerely,

Evelyne Laurin



Department of Geography
 UNIVERSITY OF VICTORIA
 P.O. Box 3060 STN CSC
 Victoria, BC, CANADA, V8W 3R4
 Phone: (250) 721-7340

Evelyne Laurin
 MA candidate
 (elaurin@uvic.ca)

Letter of Consent – members of institutions

Project Title: Social Impacts of Microfinance Programs on Cambodian Women

Principal Investigator & Contact Number: Evelyne Laurin, 1-778-676-1077

I hereby acknowledge that:

1. I am aware of the nature and extent of my involvement in this research and that the interview process will take approximately 1 hour of my time.
2. I have received a copy of and read the Letter of Information, and have had all questions regarding it answered to my satisfaction.
3. I am aware that this research is part of an academic requirement to complete a Master's thesis and will be published in the form of thesis project submission.
4. I am aware that I can contact Evelyne Laurin, Dr. Simon Springer, or the University of Victoria Human Research Ethics Board, regarding any complaints or queries with respect to this research.
5. I am aware that this study is funded by the Social Sciences and Humanities Research Council and by donor awards administered by the University of Victoria.
6. I am aware of the potential risks involved in participating in this study (psychological, privacy, confidentiality), and I am satisfied by the safeguards in place to protect against these risks (the sensitivity of the researcher, no need to answer questions you are uncomfortable with, anonymity if desired, password-protected computer, locked cabinets).
7. I am aware that my participation is completely voluntary and that I am free to withdraw from the interview at any point in time. Should I choose to withdraw from the interview, I understand that I do not have to give a reason for my decision. Furthermore, I understand that should I choose to withdraw from this study, all of the data and information relevant to my participation will be immediately destroyed.
8. I am aware that only the researcher, Evelyne Laurin, her supervisor, Dr. Simon Springer and the research assistant will have access to the data.

9. I am assured that the researcher shall protect the confidentiality of my identity should I choose to remain anonymous, by not using my name or any other identifying information in the research, only using second-person pronouns, and by keeping the raw data stored safely on a password protected computer.
10. I am assured that the translator for the interview transcript will not have access to my identity and has signed a confidentiality agreement.
11. I have had all procedures explained sufficiently. If a translator was necessary, this research has been explained to me in Khmer by Ms. Sok Khana on _____ (date).
12. I have received a copy of this consent form.
13. My signature is my acknowledgement that I have agreed to take part in this research.
14. I grant/ do not grant* permission to allow the researcher to use my identity in this research.
15. I grant/ do not grant* permission to allow the researcher to digitally record my interview.

*Please indicate as appropriate.

Name and Signature of Participant

Date

Name and Signature of Principle Investigator

Date

Name and Signature of Translator (if required)

Date

Appendix B. Letter of Information and Consent Form for Women micro loan holders



**University
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Phone: (250) 721-7340

Evelyne Laurin
MA candidate
elaurin@uvic.ca

Letter of Information – ‘Women Micro Loan Holders’

*** Important Note: This form indicates what will be read aloud and explained to participants in seeking their participation.**

Dear Respondent,

RE: A study exploring the social impacts of microfinance programs on Cambodian women

My name is Evelyne Laurin, and I am the Principle Investigator in this study. I am a graduate student in the Department of Geography at the University of Victoria. As a graduate student, I am required to conduct research as part of the requirements for a degree in Human Geography. It is being conducted under the supervision of Dr. Simon Springer. You may contact my supervisor at springer@uvic.ca

The purpose of this letter is to ask you for your assistance in the conduct of this study and to give you the basic idea of what this research is about and what your participation will involve. Please read the information below, and before deciding whether or not to take part, if you would like more detail about something mentioned in this letter, or not included here, please feel free to contact me to ask for clarification. The knowledge gained from your participation will contribute to improving understandings of women and debt in contemporary Cambodia, and subsequently may improve responses to the management of conflicts surrounding these issues.

The purpose of this study is to examine the services and support mechanisms available to women who take out microfinance loans in order to consider how to reduce their vulnerability to predatory lending and indebtedness. It will do this by focusing on the experiences of women with microfinance in Cambodia which is expanding from the commercialization of the economy. This study aims at giving them a voice in the services provided by microfinance institutions and other organizations that provide them with microloans. It also aims to get the perspective of these respective institutions to better inform the project and increase the quality of the support mechanisms. It is expected that approximately 25 people will participate in this study.

Your participation in this research would require you to consent to doing an interview with myself (through a Khmer translator if necessary), lasting approximately one hour. Should you agree, you will be reimbursed \$2.00 as a token of appreciation for your time. During the interview you will be asked questions about your perceptions and understandings of microfinance programs and issues related to women and debt in Cambodia. You may feel discomfort as a result of discussing the difficulties that have shaped your experiences of homelessness, forced eviction, and/or social exclusion. However, to alleviate any discomfort you might feel, please note that you are not required to respond to questions you do not feel comfortable answering. Furthermore, I will endeavour to make you feel as comfortable as possible during the interview process, so that no injury and/or compensation are expected to arise from your participation.

Participation in the research project is completely voluntary, and you may refuse to participate. Similarly, should you agree to participate, you are free to withdraw from the research at any point in time during the actual research process for any reason whatsoever. You will not be asked for, nor should you feel compelled to give a reason for withdrawing from the study should you choose to withdraw. Any compensation that has been offered for your participation will not be asked to be returned. If you do decide to withdraw from this study all of the data you have provided will be immediately destroyed.

Your privacy, identity, and confidentiality will be protected by not using your name or any other identifying information in the research, only using second-person pronouns, and by keeping the raw data stored safely on a password protected computer. There are limits to your confidentiality associated with your participation due to the recruitment selection process. You will be asked for your explicit consent to use a digital audio recorder during the interview. You are not required to agree to be audio-taped, and if you do not want their voice recorded during the interview, written notes will be taken instead.

This research is funded through the Social Sciences and Humanities Research Council (SSHRC) and donor awards administered by the University of Victoria. The Department of Geography will have access to its findings as it will be published in the form of a thesis project.

There is no direct benefit to you from participating in this research. However, if you agree to participate in an interview with myself, please suggest a date, time, and location that are convenient for me to meet with you. Thank you for your kind consideration of this request.

If you have any questions, concerns, or complaints regarding the nature or manner of this research project, please do not hesitate to contact me Evelyne Laurin, at:
Email: elaurin@uvic.ca

For an independent opinion regarding the research and the rights of research participants, you may contact the University of Victoria Human Research Ethics Board at:
Email: ethics@uvic.ca
Phone: 1-250-472-4545

Thank you for your assistance in conducting this important study.

Sincerely,

Evelyne Laurin



Department of Geography
 UNIVERSITY OF VICTORIA
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 Victoria, BC, CANADA, V8W 3R4
 Phone: (250) 721-7340

Evelyne Laurin
 MA candidate
 elaurin@uvic.ca

Letter of Consent – ‘Women Micro Loan Holders’

*** Important Note: Verbal consent, rather than written consent will be sought in this study in order to protect the anonymity and safety of the participants. This form indicates what will be read aloud to participants in seeking their verbal consent. Participants will be informed that they have the option of answering either ‘yes’ or ‘no’ to each of the questions. A copy of the Khmer translation of this letter will nonetheless be given to participants**

Project Title: Social Impacts of Microfinance Programs on Cambodian Women

Principal Investigator & Contact Number: Evelyne Laurin, 1-778-676-1077

Do you hereby acknowledge that:

1. You are aware of the nature and extent of your involvement in this research and that the interview process will take approximately 1 hour of your time?
2. You have read the Letter of Information, or had it read to you, and have had all questions regarding it answered to your satisfaction?
3. You are aware that this research is part of an academic requirement to complete a Master’s thesis and will be published in the form of thesis project submission.
4. You are aware that you can contact Evelyne Laurin, Dr. Simon Springer, or the University of Victoria Human Research Ethics Board, regarding any complaints or queries with respect to this research?
5. You are aware that this study is funded by the Social Sciences and Humanities Research Council (SSHRC) and donor awards administered by the University of Victoria?
6. You are aware of the potential risks involved in participating in this study (psychological, privacy, confidentiality), and that you are satisfied by the safeguards in place to protect against these risks (the sensitivity of the researcher, no need to answer questions you are uncomfortable with, use of pseudonyms, assured anonymity, password-protected computer, locked cabinets)?
7. You are aware that your participation is completely voluntary and that you are free to withdraw from the interview at any point in time? Should you choose to withdraw from the interview, you understand that you do not have to give a reason for your decision and that any compensation that has been offered for your participation will not be asked to be returned? Furthermore, you understand that should you choose to withdraw from this study, all of the data and information relevant to your participation will be immediately destroyed?

8. You are aware that only the researcher, Evelyne Laurin, her supervisor, Dr. Simon Springer, and the research assistant will have access to the data?
9. You have had all procedures explained sufficiently to you in Khmer by Ms.Sok Khana?
10. You have received a copy of this consent form?
11. You are aware that while the research information you give may be published, you or your name will never be linked to the information you give?
12. You are assured that the researcher shall protect the confidentiality of your identity by not using your name or any other identifying information in the research, only using second-person pronouns, and by keeping the raw data stored safely on a password protected computer?
13. You are assured that the translator for the interview transcript will not have access to your identity and has signed a confidentiality agreement.
14. You understand that your consent to participate in this study is verbal rather than written, and you will not be asked to sign anything?
15. You agree to participate in this research project?
16. Do you hereby consent to allowing the researcher to digitally record the audio of your interview?

Appendix C. Script for Contact with Members of institutions



**University
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Phone: (250) 721-7340

Evelyne Laurin
MA candidate
(elaurin@uvic.ca)

*Script(s): e-mail, telephone, in-person

Dear Respondent,

RE: A study exploring the social impacts of microfinance programs on Cambodian women

My name is Evelyne Laurin, and I am the Principle Investigator in this study. I am a graduate student in the Department of Geography at the University of Victoria. As a graduate student, I am required to conduct research as part of the requirements for a degree in Human Geography. It is being conducted under the supervision of Dr. Simon Springer. You may contact my supervisor at springer@uvic.ca

The purpose of this (e-mail, call, visit) is to ask you for your assistance in the conduct of this study and to give you the basic idea of what this research is about and what your participation will involve. Please read the information below, and before deciding whether or not to take part, if you would like more detail about something mentioned in this letter, or not included here, please feel free to contact me to ask for clarification. The knowledge gained from your participation will contribute to improving understandings of women and debt in contemporary Cambodia, and subsequently may improve responses to the management of conflicts surrounding these issues.

The purpose of this study is to examine the services and support mechanisms available to women who take out microfinance loans in order to consider how to reduce their vulnerability to predatory lending and indebtedness. It will do this by focusing on the experiences of women with microfinance in Cambodia which is expanding from the commercialization of the economy. This study aims at giving them a voice in the services provided by microfinance institutions and other organizations that provide them with microloans. It also aims to get the perspective of these respective institutions to better inform the project and increase the quality of the support mechanisms. It is expected that approximately 25 people will participate in this study.

Your participation in this research would require you to consent to doing an interview with myself (through a Khmer translator if necessary), lasting approximately one hour. During the interview you will be asked questions about your perceptions and understandings of microfinance programs and issues related to women and debt in Cambodia. Please note that you are not required to respond to questions you do not feel comfortable answering.

Participation in the research project is completely voluntary, and you may refuse to participate. Similarly, should you agree to participate, you are free to withdraw from the research at any point in time during the actual research process for any reason whatsoever. You will not be asked for, nor should you feel compelled to give a reason for withdrawing from the study should they choose to withdraw. If you do decide to withdraw from this study all of the data you have provided will be immediately destroyed.

If you have any questions, concerns, or complaints regarding the nature or manner of this research project, please do not hesitate to contact me Evelyne Laurin, at:

Email: elaurin@uvic.ca

Phone: 1-778-676-1077

Thank you for your assistance in conducting this important study.

Sincerely,

Evelyne Laurin

***Note that no 'official' script will be used during phone calls or visiting offices to recruit participants, and as is the standard cultural practice in Cambodia this process will be much more organic and free flowing. In most instances, there is no relationship between myself and members of institutions, therefore I will be conscious of keeping a respectful and professional demeanor in order to foster the participants trust and collaboration.**

Appendix D. Interview Questionnaire for Members of institutions



**University
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Evelyne Laurin
MA candidate
(elaurin@uvic.ca)

Interview Questionnaire – members of institutions

1. Who is the main demographic in Cambodia's microfinance industry?
2. What do you make of the microfinance sector's current focus on women as entrepreneurs? Do you think these women benefit from taking out loans?
3. In your opinion, why do microfinance institutions prefer to give out loans to women rather than men?
4. Do you think microfinance as it is currently practiced in Phnom Penh and other regions of Cambodia is an efficient poverty alleviation strategy?
5. What factors do you think are contributing to the growing rate of debt in Cambodia?
6. In your opinion, are women being empowered through microfinance practices and services?
7. How much choice and control do you think poor Cambodian women should have over their loans?
8. What techniques or strategies do microfinance institutions use to ensure high repayment rates?
9. Have you ever heard of the employees of microfinance institutions or other organizations that practice microfinance threatening, intimidating, or using violence against women borrowers in order to pressure the repayment of loans? If so, why do you think they do this?
10. In your opinion, what is the role of poor women in development?
11. Do you think microfinance relies too heavily on the creativity of poor entrepreneurs? What role do you think the state should play? How involved should the state be in the microfinance industry?

12. Do you think a capitalist free market economy is good for Cambodia? Does everyone in Cambodia have equal opportunity to own property and make a living, or do some people have an advantage over other people?
13. What sorts of implications does the growing rate of debt have for Cambodian society?
14. In Cambodia, is there a consensus amongst development planners and other governmental officials as to how microfinance should be implemented?
15. What do you think of the growing practice of borrowers taking out “migra-loans” – loans used to fund travel to Thailand to seek employment opportunities?
16. Can the poor benefit from an integration into the “market”?
17. In your opinion, does microfinance carry a potential of doing harm?
18. CGAP’s mission statement reads: “At the core of microfinance is a fundamental belief that access to financial services empowers the poor by reducing their vulnerability and giving them choices”. Do you agree that access to finance empowers the poor?
19. Do you think the earlier models of microfinance organizations (non-profit socially motivated nongovernmental organizations) are outmoded and inefficient? Can financial institutions such as (name some Cambodian MFIs, etc.) better serve the poor? How so?
20. Do microfinance institutions seek out a specific segment of the poor that is deemed to be creditworthy, risk averse and entrepreneurial? Are there guidelines in place for this type of selection?
21. What do you think of CGAP’s insistence on building financial systems for the poor that are focused on the need for financial sustainability as a precondition for attaining massive outreach? Do you think this will help these institutions better serve the poor?

Appendix E. Interview Questionnaire for Non-Members of institutions



**University
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Department of Geography
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Evelyne Laurin
MA candidate
(elaurin@uvic.ca)

Interview Questionnaire – women micro loan holders

Cambodian women involved in microfinance:

1. Have you ever taking out a loan? If so, with what financial organization/institution?
2. How old are you? Are you married? Do you have a family?
3. Are you a homeowner? Are you employed?
4. If you are unemployed, how do you get money for household necessities, etc.?
5. What was the amount of the loan? Were you able to repay it? If not, why not?
6. What prompted you to take out the loan in the first place? What was the loan meant to be spent on?
7. What challenges did you encounter once you took out the loan?
8. Were you approached by the financial institutions' employees to repay your loan? How did they approach you? Did you feel supported by the institution?
9. Have you taken out multiple loans? If so, were they taken out at the same institution or at different ones?
10. Do you feel access to financial services has helped you mitigate challenges you face in your everyday life?
11. How do employees and staff from these financial institutions treat you?
12. Have you ever had any problems with employees or staff from these institutions? Have you ever felt threatened or pressured?
13. How do you feel about the conditions and regulations that are linked to these loans? Are they attainable?

14. Do you feel the government is doing enough to help poorer people gain access to financial services?
15. Is debt (or over indebtedness?) a problem in your village or community? How many family members and friends do you know that have also taken out loans?
16. Are there any NGOs or other not-for-profit organizations that have tried to help you? How have they helped?
17. Do you think debt is a big problem in Cambodia? Is debt worse in Phnom Penh than the provinces? Why do you think debt is such a problem in Cambodia?
18. Do you think a capitalist free market economy is good for Cambodia? Does everyone in Cambodia have equal opportunity to make a living, or do some people have an advantage over other people?
19. If you could tell the people of my country anything about yourself or Cambodia, what would you tell them?

Appendix F. Initial Contacts for Members of Institutions

Table 5 Initial Contacts for Members of institutions

Name of Organization	Type of Organization	Potential contact	Website
Cambodia Development Resource Institute	Research Institute	Dr. Rebecca F. Catala	http://cdri.org.kh/
NYEMO	NGO	-	http://www.nyemo.com/
Habitat for Humanity	INGO	Mr. John Zaidi	www.habitatcambodia.org
Oxfam Country Office	INGO	-	http://www.oxfam.org/en/countries/cambodia
Women's Organization for Modern Economy & Nursing	Women's Organization	Mr. Chea Sarith	www.womencambodia.org
ThaneakeaPhum (Cambodia), Ltd.	MFI	Mr. Ban Phalleng	http://www.tpc.com.kh/eng/index.aspx
Hattha Kaksekar Limited	MFI	-	http://www.hkl.com.kh/Index.aspx?IndexPage=1
Gender & Development – Cambodia (GAD/C)	NGO	Ms. Ros Sopheap	http://www.gadc.org.kh/
ActionAid International	INGO	Ms. Caroline McLand	www.actionaid.org/cambodia
Plan International - Cambodia	INGO	Mr. Oun Syvibola	http://plan-international.org/where-we-work/asia/cambodia
Ministry of Women's Affairs	Ministry	-	www.mowa.gov.kh
GIZ - Access to Justice for Women Project	Aid Organization	Mrs. Dagmar Maria Baer	http://www.giz.de/en/worldwide/17345.html
HAGAR Cambodia	NGO	Mr. Sareth Nhem	http://hagarinternational.org/international/our-work/where-we-work/cambodia/
VisionFund Cambodia	MFI	-	www.visionfund.com.kh
Cambodian National Council for Women	National Council	-	http://cncw.gov.kh/
Cambodian Women's Crisis Center	Women's Organization	-	http://www.cwcc.org.kh/
Project Against Domestic Violence	NGO	-	http://www.padvcambodia.org/
Cambodian Women for Peace and Development	NGO	-	http://cwpd.net/
Farmer's Livelihood Development	NGO	Hallie Mittleman	www.fldcambodia.org

Il Nodo - International Cooperation Cambodia	NGO	Martina Cannetta	www.ilnodoonlus.org
Cambodian Women Entrepreneurs Association	Not-for-profit	-	www.cweacambodia.com
Cambodian Women's Development Agency	NGO	Mrs. Chhoeung Sunlay	http://www.cwdagency.org
Equitable Cambodia	NGO	-	www.equitablecambodia.org
Association for the Development of Family Economics (ADIFE)	NGO	-	-
Urban Poor Women Development (UPWD)	NGO	Kou Sina	http://upwd.org/
Credit Bureau of Cambodia	Credit Bureau	-	www.creditbureaucambodia.com
AMK	MFI	Mr. Pete Powers/ Mrs. Pum Sophy	www.amkcambodia.com
KREDIT Micro Finance Institution	MFI	-	www.kredit.com.kh
ACLEDA	Specialised Bank	-	www.acledabank.com
Ministry of Commerce	Ministry	-	www.moc.gov.kh
Cambodian Microfinance Association	Association	Ms. Um Ratana	www.cma-network.org
Ministry of Economy and Finance	Ministry	-	www.mef.gov.kh
UNDP in Cambodia	UN in Cambodia	-	http://www.kh.undp.org/
CARE Cambodia	Aid Organization	Mrs. Deborah McSmith	www.care-cambodia.org
PACT Cambodia	INGO	-	www.PACTcambodia.org
Cambodia Community Savings Federation	CBMFIO	-	http://www.ccsf-cambodia.com/english/index.php
Self-help Group program of Church World Service	INGO	-	http://www.cwsglobal.org/about-us/
Farmer and Nature Net	Farmer's Association	-	http://www.fnn.org.kh/home.html
Association of Asian Confederation of Credit Unions	Association	-	http://www.aaccu.coop/membership.php
Cambodian Community Foundation Network	NGO and Association Network	-	http://www.ccfincambodia.net/Body.html

Appendix G. Profile of Organizations Interviewed

Table 6 Profiles of Organizations Interviewed

Organization	Type	Loan Provider?	Participant	Mission & Goals
Cambodian Women Development Agency (CWDA)	Local NGO	Yes	Sunlay Chhoeung, Program Coordinator for the Community Self-Prevention against Trafficking of Women and Children Program Formerly Outreach Coordinator for CWDA's microcredit program	The Cambodian Women's Development Agency (CWDA) grew out of the dissolved Phnom Penh Municipality Women's Association and was accredited as an NGO by the Supreme National Council in May 1993. CWDA aims to promote self-sufficiency and self-reliance in Cambodian communities and advance women's economic and social rights. They seek to address the problems resulting from two decades of civil war and political instability by empowering women through education, organisation and self-development.
Farmer's Livelihood Development (FLD)	Local NGO	Yes	Hallie Mittleman, Management Advisor for TKK's financial programs, which is the microfinance program under FLD	FLD (Farmer Livelihood Development) works in 413 rural villages, 83 communes, 24 districts and 8 provinces for the benefit of 87552 individuals. Their mission is to work with targeted communities on improving productivity, promoting, and creating jobs and improving Micro and Small Enterprise (MSE) practices. FLD became a licensed a microcredit operator in 2009. Known as Farmer Fund, this programme aims to promote job creation in rural communities. It promotes and develops rural community livelihood options in two provinces, Kompong Speu and Preah Vihear. The whole project will benefit 127 Village Savings and Loan Associations with 2,390 individual members, the majority of whom are female.
ActionAid Cambodia	INGO	No	Thann Kanika, Administration Officer at the Phnom Penh head office	Stemming from ActionAid International, ActionAid Cambodia works in partnership with twelve local agencies, including Urban Poor Women Development (UPWD). Their approach to securing change puts human rights front and centre, prioritizing empowerment, solidarity and community participation. They help to empower excluded groups by

				raising rights awareness, strengthening grassroots organizations and social movements and enabling people to have a say in the formal power structures that affect their lives. They strengthen solidarity by connecting and organizing people committed to a common cause, building alliances and deepening understanding and public awareness of poverty and justice issues. They campaign to mobilize people to take action, advocate for change and push local issues up the agenda at regional and national levels.
Urban Poor Women Development (UPWD)	Local NGO	No	Kou Sina, UPWD's Program Manager	The Urban Poor Women Development (UPWD) was established in August 1997 and registered with the Ministry of Interior in 1998. Since its inception, the organization is actively involved in influencing state legislation in favour of urban dwellers in urban slums area in Phnom Penh city, Cambodia. So far they have organized 20 communities in 3 Khans (Khan Mean Chey, Khan Russey Keo and Khan Sen Sok), with more than 1,100 families 12,220 people. They want residents in slum areas to live with dignity and high self-esteem and be able to contribute to promoting local good governance and public services toward sustainable communities. This can be achieved by facilitating community organizing processes and building capacities of women and youth leaders and of vulnerable groups in networking with others who support the interests of the communities.
ACLEDA	MFI	Yes	Nou Sotiara, the Vice President and Deputy Head of Credit Division, accompanied by Chrin Chheang, Assistant Vice President and Manager of Policy Development and Research Unit	ACLEDA Bank Plc. is a public limited company, formed under the Banking and Financial Institutions Law of the Kingdom of Cambodia. Originally, it was founded in January 1993, as a national NGO for micro and small enterprises' development and credit. ACLEDA Bank Limited was licensed by the National Bank of Cambodia as a Specialised Bank on October 07, 2000. On December 01, 2003, ACLEDA Bank, once again, was licensed by the National Bank of Cambodia as a Commercial Bank to

				enable it to provide full banking services according to the needs of the customers and the market and it was renamed ACLEDA Bank Plc. ACLEDA Bank Plc. is 51% owned by Cambodia interests, including its staff, with the remaining 49% taken up in equal parts by IFC (International Finance Corporation — a division of the World Bank), COFIBRED (Compagnie Financière de la BRED), JSH Asian Holdings Limited (a wholly owned subsidiary of Jardine Strategic Holdings Limited), and three investment funds.
PACT Cambodia	INGO	Yes	Meas Chanthavy, former senior program officer for women's economic empowerment	PACT works with local NGOs and donors to enable systemic solutions that allow those who are poor and marginalized to earn a dignified living by strengthening local capacity, forging effective governance systems, and transforming markets into a force for development. Their approach to building the capacity of local organizations, developing good governance and cultivating markets is carried out by individuals who adapt their members of institutions to their own environments and challenges. PACT Global Microfinance Fund (PGMF) was founded on the principle that credit alone is not enough for the poor to become income secure. Each client attends business education classes where they learn how to save and use their loans to develop and grow their income-generating activities.
CARE Cambodia	INGO	No	Sophorn Chov, Field Supervisor in Sre Ambel in the province of Koh Kong.	CARE Cambodia has been working with Cambodians since 1973, providing relief and development assistance within Cambodia and subsequently to Cambodian refugees on the Thai border. The Village Savings and Loans Association (VSLA) is a community savings model that was developed by CARE and has been implemented in 61 countries, with over 6 million active participants worldwide. Members agree to save a set amount each week over a period of time, usually nine months. The funds consist of a pool of money from which members can take out small loans at an agreed rate of interest,

				before the final total is eventually divided between members in proportion to how much each contributed. Some groups also set aside a portion of the money as a social fund for members.
Habitat for Humanity Cambodia (HHC)	INGO	Yes	Tech Theavy, Administration Officer at the Phnom Penh head office.	In partnership with homeowner families, Habitat for Humanity Cambodia builds, rehabilitates and repairs simple, decent homes with the help of volunteer labour and donations of money, materials and other gifts-in-kind. Habitat houses are sold to home partner families at no profit. Home partners repay through affordable, no-profit and mortgage loans. Their monthly loan repayments go into a local revolving fund to be used to build still more Habitat homes. Within five years, Habitat for Humanity Cambodia will help over 6,000 families living in six separate provinces with the greatest housing need. The plan is to provide shelter solutions alongside families in need of affordable housing and develop new partnerships with volunteers, donors, sponsors, churches, NGOs, local authorities and government officials.
Thaneakea Phum Cambodia LTD. (TPC)	MFI	Yes	Ban Phalleng, Unit manager of the Social Performance Management Division at TPC's head office in Phnom Penh	Thaneakea Phum (Cambodia), Ltd. (TPC) is a rapidly growing, regulated microfinance institution with a focus on serving entrepreneurs and families at the base of the socio-economic pyramid with the economic opportunities to transform the quality of their lives. TPC is currently the 5th largest MFI in Cambodia by number of borrowers and GLP. TPC was established by Catholic Relief Services (CRS) in 1994 to enable rural women to gain access to financial services that they could use to finance their microenterprises. At present, LOLC Micro Investment Ltd (LOMI) owns 60% of total shares, Developing World Markets (DWM) owns 36.97%, and the remainder is owned by TPC staff through an Employee Stock Ownership Plan (TPC-ESOP).
Credit Bureau Cambodia (CBC)	Credit Bureau	No	Anonymous consultant for	The mission of the Credit Bureau Cambodia Co., Ltd (or CBC) is to promote growth in Cambodia by encouraging responsible borrowing and lending within the Cambodian

				Economy. They believe an accurate and reliable credit reporting capability is essential to the financial stability, development and economic diversification of the Kingdom of Cambodia. Their mission is to provide accurate real-time credit information to Cambodian businesses and consumers, decreasing the risk of lending for businesses whilst at the same time making capital accessible to more Cambodian businesses and consumer borrowers.
Cambodia Microfinance Association (CMA)	Professional Association	No	Hoy Sophea, General Secretary	CMA plays a vital role in the local and international microfinance sector, providing a host of industry specific training courses, facilitating networking between members and stakeholders, advocating on behalf of members within the Cambodian legal context and promoting financial awareness to the Cambodian public. The association's goal is to help build stronger and more successful member microfinance institutions (MFIs). CMA operates as a sub-division of the Association of Banks in Cambodia (ABC) with approval from the National Bank of Cambodia (NBC). As a sub-division of ABC, CMA is an institutional member of ABC and can negotiate directly with NBC in relation to relevant microfinance matters.