



**Date:** 16 July 2020

**To:**

The Cambodia Microfinance Association (CMA)  
The Association of Banks in Cambodia (ABC)

**From:**

The Cambodian League for the Promotion and Defense of Human Rights (LICADHO)  
Sahmakum Teang Tnaut (STT)  
Cambodian Alliance of Trade Unions (CATU)  
Center for Alliance of Labor and Human Rights (CENTRAL)

We read your open letter addressed to our four civil society groups and published on the CMA Facebook page on the night of July 15<sup>th</sup>.

We respectfully decline your request to change any of the three reports regarding human rights abuses in Cambodia’s microfinance and microloan sector. The information and individual stories in these reports remains accurate. We will continue to protect the privacy of people who have chosen to share their stories with us on condition of anonymity. We encourage you, and all interested parties, to read the reports in full to better understand their purpose, methodology, and findings.

Human rights belong to each and every human being, and human stories are the foundation of qualitative research. One of our jobs as civil society groups is to amplify the voices of people who are suffering human rights abuses and tell their stories to a wider audience, in the hopes of making positive change in society to prevent these abuses from occurring. We will continue to share those voices, even when it means highlighting human rights issues linked to the microfinance and microloan sector in Cambodia.

We take this opportunity to once again reiterate the calls and recommendations that our civil society groups have made to all microloan providers in order to prevent human rights abuses in the sector including:

- Change internal rules of financial institutions to prohibit requiring land titles as collateral for all new microloans and loans targeting poor Cambodians.
- Calculate and publish the number of land titles currently held as collateral.
- Put an end to clients being pressured to sell land in order to repay debts and instead use existing legal mechanisms for default.
- Stop the use of up-front fees that result in effective interest rates exceeding the 18 percent annual cap instituted by the National Bank of Cambodia in March 2017.

- Support and facilitate independent sector-wide investigations into industry practices and ensure meaningful relief and remediation is provided to borrowers when wrongdoing is uncovered.
- Suspend debt repayments and interest accrual for at least 3 months, prioritising workers who have lost their jobs or had their jobs suspended as well as borrowers from impoverished communities and households, such as those identified through the IDPoor program, who are among the hardest-hit by the economic impact of COVID-19.

Respectfully,

**Center for Alliance of Labor and Human Rights**

**Cambodian Alliance of Trade Unions**

**The Cambodian League for the Promotion and Defense of Human Rights**

**Sahmakum Teang Tnaut**