

## **Suspend MFI Debts and Return Land Titles Amid Covid-19 Pandemic**

The suffering of millions of Cambodians who are facing economic hardship due to the COVID-19 pandemic is being amplified by the country's ongoing over-indebtedness crisis, stemming from more than \$10 billion in loans from aggressive microfinance institutions (MFIs). More than two and a half million Cambodians currently hold microloans, with an average loan of more than \$3,800 – the largest amount in the world. This puts millions of Cambodians' livelihoods, health and land tenure security at risk.

The government must ensure that MFIs immediately suspend all loan repayments as well as interest accrual on loans for at least three months and return the millions of land titles currently held as collateral by MFIs to their owners. These actions are necessary to ensure that people are able to survive this crisis without risking their health or homes, and are able to avoid further risky loans that could lead to bonded labour, human trafficking and other human rights abuses.

Millions of workers in the tourism, garment and construction sector are facing layoffs and loss of wages. Government efforts to subsidise these losses have so far fallen short of fulfilling workers' basic needs. Cambodia's MFI debt – much of it collateralised with millions of borrowers' land titles – exponentially heightens the short- and long-term risks of this economic crisis.

We recognise the steps already taken by the National Bank of Cambodia (NBC) to encourage MFIs to offer re-scheduling and loan deferment on a case-by-case basis, and that Amret Microfinance Institution has announced deferments of both principal and interest payments for three months for some of their borrowers upon request. However, Cambodia has over 80 MFIs, and a case-by-case process will not work fast enough for the 2.6 million borrowers who need immediate relief. A more systematic approach is urgently needed. The NBC and Cambodian government should issue a sector-wide directive ordering MFIs to give all borrowers immediate relief, including returning their most valuable asset – their land titles – and suspending all repayments and interest accrual for at least 3 months, with the possibility of longer-term relief if the crisis continues.

All people, including MFI borrowers, deserve unhindered access to their land titles – now more than ever. The coming months will likely see hundreds of thousands of Cambodians lose jobs or wages in Thailand and Cambodia, and many of these people will return to their homeland in the countryside. Land tenure security has long been a difficult thing to ensure in Cambodia, and the risk posed by microfinance debt is far too pressing to ignore. Immediate steps must be taken to ensure that no one is forced to sell their land to make loan repayments during this economic crisis. The best way to avoid this dispossession crisis is to return land titles held by MFIs to their rightful owners and suspend repayments.

In addition, MFI debt disproportionately affects women, who make up 75% of MFI borrowers in Cambodia. The COVID-19 crisis has already sharply decreased demand in the garment sector, where 80% of the workers are women. While many Cambodians will be worrying about their next meal or how to afford basic necessities in the coming weeks and months, they should not have to worry about making a monthly payment to an MFI – particularly if non-payment could result in the loss of their land.

We understand the suspension of loan payments will have negative effects for MFIs. We also understand they will be taking on additional risk after returning the land titles used as collateral to their owners. However, this risk is commonly carried by MFIs in other countries, which rarely use an asset as fundamental as a land title for microloan collateral. In addition, Cambodia's MFI sector is highly profitable and has vastly greater access to capital and assistance than the average Cambodian household. All seven of the deposit-taking MFIs – which together hold the vast majority of all MFI loans – are owned by foreign entities, some of which are subsidiaries of some of the largest financial institutions in the world, others of which are European state-owned development banks. As MFIs in Cambodia have long claimed to be invested in the well-being of the poor and vulnerable, this crisis demands that MFIs give immediate relief to their borrowers.

We strongly urge the government and MFIs to prioritise the health and livelihood of Cambodian borrowers above all else by immediately suspending all MFI loan repayments and loan interest accrual for at least three months as well as returning land titles to their rightful owners.

Signed,

1. 92 Community (Phnom Penh)
2. 197 Land Community (Koh Kong)
3. 297 Land Community (Koh Kong)
4. 185K Tita Chambak Thom Community (Kampong Chnang)
5. Alliance for Conflict Transformation (ACT)
6. Anlong Run Community (Battambang)
7. Angdoug Thmor Community (Preah Sihanouk)
8. Boeung Chuk community (Phnom Penh)
9. Boeung Chuk A community (Phnom Penh)
10. Boeung Chuk Meanchey Thmei 2 (Phnom Penh)
11. Boeung Kak Community (Kampong Chhnang)
12. Boeung Pram Community (Battambang)
13. Boeung Trabek 4 community (Phnom Penh)
14. Bos Sa Am Community (Battambang)
15. Borei Sontepheap community (Phnom Penh)
16. Cambodian Alliance of Trade Unions (CATU)
17. Cambodian Center for Human Rights (CCHR)
18. Cambodian Food and Service Workers' Federation (CFSWF)
19. Cambodia's Independent Civil Servants Association (CICA)
20. Cambodian Informal Economy Workers Association (CIWA)
21. Cambodian Independent Teachers' Association (CITA)
22. Cambodian Labor Confederation (CLC)
23. Cambodian League for the Promotion and Defense of Human Rights (LICADHO)
24. Cambodian Tourism and Service Workers Federation (CTSWF)
25. Cambodia Youth and Monk Network (CYMN)
26. Cambodian Youth Network (CYN)
27. Center for Alliance of Labour and Human Rights (CENTRAL)
28. Chak Krey land Community (Banteay Meanchey)
29. Chek Meas Land Community (Svay Rieng)
30. Chikor Kraom Land Community (Koh Kong)
31. Chikor Leu Land Community (Koh Kong)
32. Choeung Prey Community (Kampong Cham)
33. Chorm Kravean Community (Kampong Cham)
34. Chray Indigenous Community (Ratanakiri)
35. C I 5 Community (Preah Sihanouk)
36. Coalition of Cambodian Apparel Workers Democratic Union (C.CAWDU)
37. Coalition of Cambodian Farmers Community Association (CCFC)
38. Community Peace-Building Network (CPN)
39. Community for Nature Protection (Pursat)
40. Deum Sroul Community (Phnom Penh)
41. Dok Por Community (Kampong Speu)
42. Dombe Community (Tbong Khmum)
43. Equitable Cambodia (EC)

44. Fishery Community (Koh Kong)
45. Fishery Resource Development Community (Kampong Chhnang)
46. Forest and Biodiversity Preservation Community (Svay Rieng)
47. Gender and Development Cambodia (GADC)
48. Hornng Samnom Community (Kampong Speu)
49. Indradevi Association (IDA)
50. Indigenous Youth Group (IYG)
51. Independent Democracy of Informal Economy Association (IDEA)
52. Kbal Tahean Forestry Community (Pursat)
53. Kean Teuk Land Community (Koh Kong)
54. Khmum Srakar Thlok Risey Community (Kampong Thom)
55. Khmer Thavrak
56. Klaing Teuk 78 Community (Siem Reap)
57. Koh Sdech Land Community (Koh Kong)
58. Koh Sralao Fishery Community (Koh Kong)
59. Lom Touk Community (Siem Reap)
60. Lor Peang Land Community (Kampong Chhnang)
61. Meanchey Land Community (Svay Rieng)
62. M'lop Tapang
63. Mother Nature Cambodia (MNC)
64. Network for Prey Long Protection in Mean Rith Commune (Kampong Thom)
65. Neutral and Imparial Committee for Free and Fair Elections in Cambodia (NICFEC)
66. Orm Laing Community (Kampong Speu)
67. Ou Ampil Land Community (Banteay Meanchey)
68. Ou Chheu Teal Community (Preah Sihanouk)
69. Ou Khsach Community (Preah Sihanouk)
70. Ou Tracheak Chet Community (Preah Sihanouk)
71. Ou Vor Preng Community (Battambang)
72. Peace Bridges Organization (PBO)
73. Phnom Kram Community (Siem Reap)
74. Phnom Thnort Community (Kampot)
75. Phnom Torteong Community (Kampot)
76. Phnom Sleuk Community (Battambang)
77. Phsar Kandal Village Land Community (Banteay Meanchey)
78. Phum 23 Community (Phnom Penh)
79. Phum Bo Loy Community (Ratanakiri)
80. Phum Dei Chhnang Community (Kampong Speu)
81. Phum Prasat Rang Land Community (Banteay Meanchey)
82. Phum Prasat Land Community (Banteay Meanchey)
83. Phum Sela Khmer Land Community (Banteay Meanchey)
84. Phum Ou Svay Land Community (Banteay Meanchey)
85. Ponlok Khmer (PKH)
86. Prek Ksach Land Community (Koh Kong)
87. Prek Takung Community (Phnom Penh)
88. Prek Takung 3 community (Phnom Penh)
89. Prek Takung 60 meters community (Phnom Penh)
90. Prek Tanou Community (Phnom Penh)
91. Prey Cheou Ou Domdek Community (Kampong Thom)
92. Prey Long Community (Kampong Thom)

93. Prey Peay Fishery Community (Kampot)
94. Tunlong Community (Kampong Cham)
95. Railway community (Phnom Penh)
96. Raksmeay Samaki Community (Kampong Speu)
97. Rolous Cherng Ek community (Phnom Penh)
98. Roum Met community (Phnom Penh)
99. Rum Cheik Land Community (Siem Reap)
100. Russey Sras community (Phnom Penh)
101. Sahmakum Teang Tnaut (STT)
102. Samaki 4 Community (Phnom Penh)
103. Samaki 3.1 community (Phnom Penh)
104. Samaki Romeas Haek Land Community (Svay Rieng)
105. Samaki Rong Roeung community (Phnom Penh)
106. Samrong Meachey (Phnom Penh)
107. Samrong Tbong community (Phnom Penh)
108. Sdey Krom Fishery Community (Battambang)
109. Setrey Klaing Sang community (Phnom Penh)
110. Sen Rekrey community (Phnom Penh)
111. Smar Sman community (Phnom Penh)
112. Skun Land Community (Siem Reap)
113. Somros Koh Sdech Fishery Community (Koh Kong)
114. SOS International Airport Community (Phnom Penh)
115. Spean Chhes Community (Preah Sihanouk)
116. Sre Ampel Water Fall Tourism Forestry Community (Kampong Chhnang)
117. Sre Prang Community (Tboung Khmum)
118. Steung Bort village Land community (Banteay Meanchey)
119. Steung Khsach Sor Forestry Resource (Kampong Chhnang)
120. Steung Meanchey community (Phnom Penh)
121. Tani Land Community (Siem Reap)
122. Ta Noun Land Community (Koh Kong)
123. The Cambodian NGO Committee on CEDAW (NGO-CEDAW)
124. Thmor Da Community (Pursat)
125. Thmor Thom Community (Preah Sihanouk)
126. Thnong Land Community (Koh Kong)
127. Toul Rada Community (Phnom Penh)
128. Toul Sangke A community (Phnom Penh)
129. Toul Sangke B Community (Phnom Penh)
130. Trapaing Chor Community (Kampong Speu)
131. Trapaing Krasaing Land Community (Siem Reap)
132. Trapaing Sangke Community (Kampot)
133. Trapaing Raing community (Phnom Penh)
134. Trapaing Ropov Community (Kampot)
135. Rural Cambodia Technological Support Organisation (RCTSO)