

LOLC Cambodia, Cambodia

SOCIAL RATING

BB+

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

Social Performance Management



Client protection, responsibility



Outreach



Quality of the services



D C B BB A AA

Social Rating Committee

Feb-19

Previous SR: BB, February 2014 (as TPC)

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SOCIAL RATING RATIONALE

SOCIAL PERFORMANCE MANAGEMENT SYSTEM

LOLC's governance is socially oriented, however SPM expertise needs to be further developed for effective social strategic guidance and supervision. There is an initial formalization of the social strategy, but social goals need to be better defined to fully reflect institutional intentions especially in terms of target population. Some relevant data are available to track the progress towards the achievement of the social goals, but the system potential is not yet fully exploited.

CLIENT PROTECTION AND SOCIAL RESPONSIBILITY

The social responsibility towards the staff is good. The compensation package is competitive and opportunities for training and development are available. LOLC is certified in client protection by the Smart Campaign and complies with the CMA Lending Guidelines' limits on high risk refinancing. On the other hand, current and projected growth rates might not be fully sustainable given the level of saturation in the market, which is however closely monitored.

OUTREACH

The breadth of outreach is very large. At September 2019, LOLC operates nationwide and is the third largest Cambodian microfinance providers in terms of number of borrowers. Available data show a broad outreach in line with LOLC's intention to target different client segments, which is however not fully captured in the mission.

QUALITY OF THE SERVICES

LOLC offers a good variety of financial services including credit, savings, leasing, money transfer, and payments. Loan and savings services do not present access barriers, present flexible and convenient features, and are appropriate to meet the needs of a broad clientele.

Institutional data		Sep-19	Social indicators	Sep-19
Active borrowers		279,704	Rural coverage, loans	92%
Active savers		279,393	Female clients	70%
Gross portfolio, USD		689,483,459	Female staff	20%
Total active savings, USD		345,148,901	Female staff in management	27%
Branches		79	Average disbursed loan amount, USD	2,716
Total staff		2,546	Portfolio for income generating activities	100%
Legal form	NBFI		Productive portfolio to microenterprises	74%
	Microfinance Deposit Taking Inst.		Average loan balance / GNI pc	179%
Inception	1994		Average saving balance, USD	1,235
Area	Network CMA		Client drop-out ratio	21%
Credit methodology	Urban-rural		PAR30	0.5%
Financial services	Individual, Group		Staff turn-over ratio	15%
Non fin. services	Credit, saving, payment		Average annual percentage rate (APR)	25%
Coverage	Financial literacy		Average transparency index	79
	National		Growth in active borrowers	22%

See annex 2 and 4 for more details.

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Social Rating Scale

Grade	Definition
^s AA	Excellent social performance management and client protection systems. High likelihood of achieving the social mission.
^s A	Good social performance management and client protection systems. Social mission likely to be achieved.
^s BB	Adequate social performance management and client protection systems. Satisfactory alignment to the social mission.
^s B	Moderate social performance management and client protection systems. Partial alignment to the social mission
^s C	Weak social performance management and client protection systems. Medium risk of mission drift
^s D	Poor social performance management and client protection systems. Risk of mission drift.

The modifiers “+” and “-” which can be added to the rating grade indicate small relative differences within each rating category.

More information: www.mf-rating.com

The information used in the social rating has been partly provided by the evaluated institution and partly collected during the meetings with the head executives, the staff and the clients of the institution. The analysis is based on internal MIS data and other official sources. MFR cannot guarantee the reliability and integrity of the information, as it does not conduct auditing exercises, and therefore does not bear responsibility for any mistake or omission coming from the use of such information. The social rating has to be considered as an external and independent opinion and it has not to be considered as a recommendation to realize investments in a specific institution.