

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	2018-09: Building capacity to strengthen access to housing microfinance in Cambodia
Country / Region	Cambodia
Partner Financial Institution	LOLC, Cambodia
Grantee	Nadacia Habitat for Humanity International (NHFHI)
Overall Budget	CHF 100,805 (40% self-contribution)
SCBF Contribution	CHF 60,355 (60% co-funding)
Date of Approval	15.11.2017
Duration	3.2018 – 9.2019, extended to 2.2020
Context	<p>Despite the extensive outreach of financial institutions that serve the low-income people, Cambodia’s financial inclusion rate is lower compared to other countries in the East Asia and Pacific region. The average account penetration for adults (22%), for women (20%), and for adults in the poorest 40% of households (18%) is low. In terms of credit, 28% of all adults (older than 15 years old) borrowed from financial institutions in 2014, up from 19.5% in 2011. A large number of Cambodians continue to borrow from family and friends (36.2%), as well as from informal moneylenders (18.2%).¹ The Cambodian microfinance sector has grown significantly in the past few years and is regulated by the central bank. The microfinance sector is mainly dominated by two types of MFIs: MFIs registered with the central bank and the other non-registered MFIs such as NGOs. As of September 2017, the collective outreach of 68 MFIs included total portfolio outstanding of \$3.993.42M with 1.8M borrowers and \$1,932M in deposits with a depositor base of 1.8M. Housing microfinance is one of the core product offerings for a financial institution serving the low-income people and is aligned with the overall financial inclusion goal in providing expanded products and services that meet different needs of low-income families.</p>
Current Status of the MFI	<p>LOLC is recognized as one of the top five microfinance players in Cambodia. As of June 2017, LOLC operated in all of Cambodia’s 25 provinces through 77 branches powered by 1,985 committed staff. LOLC has a USD 252 million gross loan portfolio serving 205,527 borrowers through seven diverse loan products. With the support from SCBF, this project aims to further build up capacity of LOLC by developing a dedicated product level strategy and housing function and a new micro-mortgage product.</p>
Objective and Main Activities	<p>This capacity building grant from the SCBF would enable Habitat’s Terwilliger Center for Innovation and Shelter to provide the needed technical assistance to LOLC, one of the leading microfinance institutions in Cambodia to improve their HMF products, including potential for entering the space for micro-mortgages, and increase the potential of taking these products to scale in a sustainable manner.</p> <p>Over 18-month period LOLC would be able to introduce a new micro mortgage product and grow and manage its housing portfolio by gaining inputs on product level strategy and product management principles. Upon project completion, 2,520 families/clients will have access to improved financial products and services for home improvements/construction and approximately \$8,400,000 capital will be invested in home improvements.</p>

¹ Source: Social Performance Task Force’s paper of RIF Regulation Mapping: Cambodia.