LAND TITLING IMPROVES ACCESS TO MICROCREDIT IN CAMBODIA: BE CAREFUL WHAT YOU WISH FOR

Conference Paper · March 2020

Milford Bateman
Juraj Dobrila University of Pula

LAND TITLING IMPROVES ACCESS TO MICROCREDIT IN CAMBODIA: BE CAREFUL WHAT YOU WISH FOR

MILFORD BATEMAN

Faculty of Economics and Tourism, Juraj Dobrila University at Pula, Croatia: International Development Studies, St Marys University, Halifax, Canada: Future Forum, Phnom Penh, Cambodia; FINDE, Fluminense Federal University, (UFF), Rio de Janeiro, Brazil.

milfordbateman@yahoo.com

Paper prepared for presentation at the
"2020 WORLD BANK CONFERENCE ON LAND AND POVERTY"
The World Bank - Washington DC, March 16-20, 2020

Abstract: The poverty reduction and developmental role of land titles has been a contested issue since the concept was popularised in the early 2000s by Peruvian economist Hernando de Soto and the World Bank. Among other things, land titles were held to provide vital local economic development impetus because they could be used as collateral in order to increase the supply of microcredit, thereby supposedly allowing every individual in poverty an opportunity to escape their predicament by engaging in individual entrepreneurship. Initially, financial institutions in the global south resisted to accept land titles, resulting in minimal impact, but land titles are now increasingly used as collateral. The one country where this process has gone furthest is Cambodia, where land titles are now almost obligatory and this has helped to increase the volume of microcredit in circulation to world-record levels. This paper addresses the question as to whether or not this breakthrough institutional development has had the positive impact on Cambodia's poor that de Soto, the World Bank and other advocates of land titling have long argued it would.

Key Words: microcredit, land titles, Cambodia, poverty, development

Introduction

> Without legal title, property is not secure. ... People do not invest in homes or communities where they are insecure. They cannot sell them or pass them on to their children. Perhaps worst of all, without property titles, homeowners cannot use their dwellings as collateral to borrow money that would help them escape poverty.
>
> World Bank (2003, quoted in Gilbert, 2012: v)

> I have just come here from a trip to Africa which provided me with all kinds of fresh evidence of the importance of politics...In Ghana...a new President is working with a great Peruvian economist, Hernando de Soto, to bring the assets of poor people in to the legal system so they can be collateral for loans.
>
> Former US President Bill Clinton (quoted in Manji, 2006: 2)

After many years an issue placed on the back burner, from the 1980s onwards the issue of land titling came back into vogue in a very big way. One of the most influential voices on this issue has been Peruvian economist Hernando De Soto (1989, 2000). De Soto's central claim was that the global poor needed to bring to life the enormous value of the 'dead' capital they possess in the form of the land and buildings they informally occupy and use. Magically materialised into life as a formal land title, possession of this new 'living' capital would lead on to a number of important benefits for the global poor.

The international development community, especially the World Bank, very quickly aligned with de Soto's ideas. As Manji (2006:8) put it with regard to the World bank's signature report *Land Policies for Growth and Poverty Reduction* (Deininger, 2003); "(I)n both its language and its substantive content the report draws on de Soto's work".

Chief among the claims made by de Soto and the World Bank, and the specific focus of this paper, is that formal land titles held by the poor could be used as the necessary collateral for them to obtain microcredit. Increased access to microcredit would, in turn, make possible the establishment of a new microenterprise and, it is claimed, this would lead to the automatic generation of the necessary increased income flow that an individual requires to escape poverty. De Soto thus joined with another pioneering individual, Dr Muhammad Yunus of Grameen Bank and 2006 Nobel Peace Prize fame (Yunus with Jolis, 1998), in proclaiming that global poverty would very soon be eradicated thanks to a massive increase in the availability of microcredit and the global expansion in the number of individual microenterprises and self-employment ventures that this would supposedly entail.

This paper considers the longer-term impact of De Soto's land titling ideas in Cambodia, a country almost unique in the global south today on account of having come closest to operationalising his key ideas. By this I mean two things: first, formal land titles are now held by a large number of its poorest citizens; and, second, from around 2010 onwards Cambodia's growing rafts of microcredit institutions (hereafter MCIs) began to unconditionally accept those formal land titles as collateral and, as a result, by the late 2010s Cambodia was the world's most microcredit penetrated country. If De Soto's ideas about the development 'power' of land titling as collateral actually stand up in practice, therefore, there is probably no better location than Cambodia to reveal this.

The rest of this paper is structured as follows. The next section summarises De Soto's arguments relating to the capital-raising power of land titling and its insertion into the global microcredit movement. Section three briefly describes what have been the results of the many programs in the global south designed to promote land titling. Section four explains how the land titling movement emerged in Cambodia in the 2000s, which is followed in section five by an analysis of how it was that spectacular growth from 2010 onwards was achieved by the microcredit sector, latterly thanks to the use of land titles as collateral. Section six then discusses the negative impacts of the microcredit model in Cambodia that, it can argued, have not only swamped the few positive impacts registered, but have diluted much of the progress on poverty reduction and local economic development achieved thanks to *other* important developments (such as the rise of the garment sector, tourism, and Chinese investor-driven construction). Section seven points to the uncomfortable fact that the use of land titles has led to the poor in Cambodia increasingly being forcibly separated from their land. Section eight provides a short summary.

2. A strategic alliance emerges between land titles and microcredit

The notion that formal land titles are an important aspect of capitalism has been around since the time of Adam Smith and Karl Marx. However, repeated failures of land titling reforms to generate the anticipated impetus towards economic development and growth, especially in Africa (Nyamu-Musembi, 2006; 8), meant that by the 1980s the concept had become moribund. From the late 1980s the situation changed once again and the role of land titles was catapulted into the very heart of crucial discussions within the international development community as to how to facilitate poverty reduction and development in the global south.

This latest resurrection of the land titling agenda emerged as a direct result of the global neoliberal project that commenced following the election into office of Margaret Thatcher in the UK in 1979 and Ronald Reagan in the US in 1980. This sea-change in economic and political philosophy brought to prominence earlier libertarian ideas, especially associated with Hayek (1944) and Friedman (1962), that portrayed individual entrepreneurial initiative as the most important key to economic development, poverty reduction and individual freedom. With this, the nature of individual survival in the global south changed very considerably. Keynesian welfare state policies, state intervention and the deployment by the poor of all forms of 'collective capabilities' (e.g., trade unions), all of which throughout recent history have greatly improved the economic and social situation of the poor in the western economies (for example, see Chang, 2002), were all to be now blocked and dismantled. The global poor were instead expected to work and survive within the new neoliberal capitalism solely as individual micro-entrepreneurs aiming for nothing more than to compete on the market in order to secure their own 'small piece of the action'. What had always been viewed by the global poor as a desperate last-gasp survival mechanism - struggling to survive in informal microenterprises and self-employment ventures – was thus now reconfigured into something far more positive and transformative. This 'pulling oneself up by one's own bootstraps' approach gained massive popularity among neoliberal-oriented western governments and in the international development community (Smith and Thurman, 2007).

However, there remained one central problem with the new 'bootstraps' approach: by definition, the poor generally did not possess the financial resources to begin to engage with individual entrepreneurship projects. Muhammad Yunus' microcredit movement was only just emerging in the 1980s, and at that stage at least (see the discussion below) it did not seem likely that it would be able to provide the required volume of small-scale capital necessary to kick-start mass micro-entrepreneurship in the global south. Enter Hernando De Soto. By converting into formal land titles the 'dead' capital the poor held in the form of the land and buildings they informally occupied or used, de Soto argued, a 'live' asset would be created - a land title – that could be used as the required collateral needed to obtain as much microcredit as might be wanted. This new flow of credit could then be used to invest in a new or existing microenterprise, which was then expected to generate the required increase in income to ensure an escape from poverty. Crucially, the World Bank emerged alongside de Soto as one of the most determined supporters of land titling (Deininger, 2003). Major programs to facilitate land titling were begun by the World Bank and other development agencies almost everywhere across the globe.

It also greatly helped to validate de Soto's ideas that they perfectly complimented the work of the US-trained Bangladeshi economist and future (in 2006) Nobel Peace Prize laureate, Dr Muhammad Yunus, widely seen as the pioneer of the global microcredit movement (Bateman, 2010). In the late 1970s Yunus began to develop his own model of microcredit, a model that aimed to achieve the very same result as de Soto's land titling concept: unlocking the financial support necessary for the global poor to begin to engage in mass individual entrepreneurship. Yunus' breakthrough idea was to deploy a system of 'social collateral', or group guarantees, in order to minimise potential defaults. This involved grouping together individuals who wished to access a microcredit agreeing to repay the microloan of everyone else in their group.

Ironically, it was the eventual *failure* of Yunus's model of microcredit that ensured De Soto's ideas concerning the use of land titles would gain international traction. While initially celebrated, it soon became clear to the international development community that Yunus's microcredit model was unworkable in two important senses. First, it was deemed ineffective, even by supporters, because it simply could not disburse anywhere near enough microcredit to make a real difference in terms of global poverty. Even with the large subsidies provided to many MCIs, it was argued that the amounts on offer were always going to be too small to fund the sort of outreach required to make a significant impact on global poverty. Second, Yunus' microcredit model was specifically resisted within the neoliberal policymaking community precisely because of its reliance on a constant flow of subsidies to function, a feature that was anathema to neoliberals. A replacement 'neoliberalised' (see Bateman, 2010) microcredit model thus emerged, one based on commercial for-profit market-driven principles. Leading proponents of the new for-profit model Otero and Rhyne (1994) and Robinson (2001) argued that it was the only way to provide the vast quantities of microcredit required to make a real difference to poverty in the global south.

The new for-profit model of microcredit quickly began to spread around the global south. Most new MCIs were thereafter founded on for-profit principles, while existing non-profit MCIs were encouraged to convert over to for-profit respectability. In addition, the 'social collateral' concept began to be seen as an impediment to the rapid growth and maximum profitability that the MCIs, and specifically their senior managers and investors, now saw as their operating imperative. It was gradually phased out and replaced by a variety of more conventional individual lending methodologies, especially those backed up by narrow personal guarantees (for example, two individuals known to the client legally commit to repaying the microloan in the event of default). However, some MCIs also began to search for an even *more* effective way of controlling for the inevitable default losses that come with rapid growth. Soon most of the largest MCIs began to adopt standard commercial banking collateral practices that incentivised a client to repay on pain of losing that collateral. These practices included the use of various forms of traditional physical collateral and, in the process, this led to the growing acceptance of land titles as collateral.

In theory, therefore, by the early 1990s the global poor stood to benefit from two powerful and overlapping global financial movements: a rapidly growing supply of microcredit, thanks to the efforts of Yunus, and, thanks to de Soto, an increasingly easy way for the global poor to tap into that supply of microcredit using land titles as the required collateral. In many respects, de Soto and Yunus represented an historic pincer movement that, it was claimed, portended a swift market-driven 'bottom-up' eradication of global poverty under neoliberal capitalism.

3. De Soto's ideas struggle to make an impact

In the early 2000s a number of countries in the global south began major land titling programs. Inevitably, de Soto's influence and stature in his native country led to Peru embarking on one of the largest land titling programs, funded by the World Bank. Similar World Bank-funded programs were begun across East Africa, including in Tanzania. A new land titling movement was underway. In time, the impact of these various projects was assessed. Many evaluations produced broadly positive assessments. For example, studies undertaken in de Soto's own Peru claimed significant benefits (Paniritis, 2007). Others concurred that land titling in the global south as a whole has produced the poverty reduction benefits de Soto ascribed to the concept (Deininger, 2003; CLEP, 2008).

In general, however, the emerging empirical evidence on the ground did not confirm a positive impact from land titling projects (Gilbert, 2002, 2012; Cousins *et al*., 2005; Manji, 2006; Nyamu-Musembi, 2006; Durand-Lasserve and Selod, 2007; Kennedy, 2009; Payne, Durand-Lasserve and Rakodi, 2009; see also the summary of the evidence by Lawry, 2014). Not even in De Soto's native Peru was there any really concrete evidence that its a major land titling effort had led to a direct reduction in poverty (Durand-Lasserve *et al*., 2007: 33-49). Why was there so little impact?

Woodruff (2001) helps to explain when he usefully identified the three separate transformations de Soto argued were required for his signature idea to address poverty and promote development: (1) land titles must become ubiquitous, (2) land titles must then be accepted as collateral, and (3) the resulting increase in the availability of credit must then be transformed into an increased income for the individual and the community thanks to accelerated microenterprise development. The first of these required transformations has increasingly been realised, while the third is largely *assumed* by de Soto (and by Muhammad Yunus and by neoliberal policymakers in general) to be the automatic response of the poor to the increased availability of microcredit. But the second required transformation emerged as the immediate bottleneck: both established banks and the emerging MCIs in the global south appeared to be reluctant to accept land titles as collateral (Lawry *et al*., 2014: 63). This scenario was documented in Peru, for example, where Kagawa (2001: 14) reported that, "land titles have not been sufficient to open doors to access to credit" (see also Calderon, 2004).[1] In Tanzania, another important early test-bed for De Soto's ideas, Stein *et al* (2016) found that local banks were quite unwilling to accept newly issued land titles as collateral. If MCIs remained unwilling to accept land titles as collateral, then the major component of de Soto's argument

[1] Moreover, it should be noted that in later years when Peru began to experience a microcredit boom, land titles played no role whatsoever in this. Instead, as Bird (2019:72) documents, this phenomenon came about thanks to effective regulations and a comprehensive credit reporting system that quickly excluded the weakest borrowers from the microcredit system.

would fall down: the poor will not have sufficient access to microcredit, and so cannot fully engage in individual entrepreneurship in order to escape their poverty.

Importantly, however, in more recent times the financial sector's aversion to using land titles as collateral has begun to break down. This is due to the increased sophistication and capacity of the global microcredit sector and, not least, its insatiable quest for profit and growth that encourages the search for innovative ways to achieve these new commercial objectives. For many MCIs today it is easy, if not incumbent upon them, to begin to accept new types of collateral in order to be able to rapidly pump out very large volumes of microcredit while as much as possible ensuring an acceptably low risk of non-repayment. Whether or not this vast amount of microcredit is really required by the poor, or can be productively used by them, is no longer of any importance; it is enough that it allows for the MCI to grow as rapidly as possible. It now only remains for the third transformation to kick into action - accelerated microenterprise development – and poverty and local economic development will be successfully addressed.

One country in particular, Cambodia, would now appear to be the obvious case study to illustrate how de Soto's ideas relating to the collateral aspect of land titles might work in practice (or not). Cambodia is not only the one country where land titles have become the dominant form of collateral used by MCIs, but since the mid-2010s this has resulted, as de Soto argued it would, in a massive increase in the volume of microcredit in circulation. If de Soto's ideas really do hold water into the longer-term, therefore, then they should now be working in Cambodia more than anywhere else in the global south; an explosion of development-enhancing microenterprise development and substantial poverty reduction progress should be the logical end results. Is this the case?

4. Land titling and a rising supply of microcredit in Cambodia

The movement for land titling took off in Cambodia not long after peace returned to the country and after the right to privately own land was reintroduced in 1989 (Dwyer, 2015). Following the 1992 land law, the public was invited to apply for land titles, both for farming land and residential units, in order to affirm their right to continue occupancy and use rights. Over 4 million applications for land titles were quickly received (World Bank, 2002; 3). Due to the new post-war government's tardiness in building institutional capacity, however, most of the initial 4 million applications for land titles could not be immediately serviced, and by 2001 as little as 15 percent of them had been confirmed.

By the late 1990s, the land titling movement began to make more progress. A number of international humanitarian NGO were able to report that land titles were not just a little more common, but were now also starting to be used by the poor to access microcredit (Biddulph, 2000; Kassie and Sokunthea, 2000). Nonetheless, the World Bank needed things to be done quicker (see World Bank, 2002: 4-5). Moves began in 2002 to establish the Land Management and Administration Project (LMAP), a 15 year $US45 million World Bank-funded program (World Bank, 2002). The aim of LMAP was to quickly provide as many as one million land titles. The World Bank made it clear in the LMAP project proposal document (World Bank, 2002:14) that one of its principal goals was "Increased investment, both domestic and international, due to a better access to credit and establishment of a more secure, stable and predictable investment climate". A further aim was to achieve "Greater efficiency of land use because of the development of land markets in both rural and urban areas" (*ibid*, 14). However, the LMAP project was subsequently cancelled prematurely, in 2009, when it became clear that the scheme was being misused to the benefit of Cambodian elites, including land developers.[2]

Putting the aborted LMAP behind it, a new high profile land titling program, termed Order 01, began in 2012 under the personal auspices of the Cambodian Prime Minister Hun Sen. The overall declared aim of this new program, just as with the LMAP before it, was that it was all about addressing poverty and exclusion in the rural areas. In particular, a high priority was placed on it enabling the poor to use land titles as collateral in order to access as much microcredit as they might wish to in order to upgrade their farms (Milne, 2013). In announcing the project, Hun Sen himself claimed that it was "A good thing for people (..) that their primary land titles can be used to deposit in banks in request for loans . . . this should help people to develop fast and have a vast economic effect on their own livelihood." (quoted in Milne, 2013: 327). This new program began to make some progress in creating and legitimising a new supply of formal land titles.

Crucially, the movement towards land titling was also given decisive impetus from the demand side. From the late 2000s onwards Cambodia's MCI's began to abandon their NGO non-profit roots and to

[2] The LMAP scheme was found to have deliberately avoided working with one particular group of vulnerable people on account that their land was needed for a luxury real estate development project. Pressured by the internationalNGO community, the World Bank attempted negotiations with the Cambodian government to bring the scheme back into compliance, but to no avail, thus leading to its cancellation (Milne, 2013:324).

convert into straight-forward for-profit businesses, in common with the changes taking place elsewhere in the global microcredit sector. Inevitably, growth and profit maximisation soon came to the fore, and this required that ways were found to minimise the defaults that are a typical by-product of rapid credit growth. With land the most important asset of the poor, Cambodia's new commercially-oriented MCIs began to realize that land titles would make a very good form of collateral to hold in order to both impart pressure to repay on time and to recover funds, somehow, in the event of non-repayment. They were now not just more than willing to accept a land title as collateral in order to reduce their risk of default; they began to make it an almost compulsory requirement.

The first to use land titles to a major extent was ACLEDA, the then largest MCI in Cambodia. Now its largest commercial bank (but still with a major microloan portfolio), ACLEDA reached this pinnacle thanks to its commercialisation in the late 1990s and the very rapid growth that followed. And, at least partly, this impressive growth was helped by accepting land titles: in the early 2010s, one in three of the new microloans ACLEDA issued were backed by land titles (Open Development Cambodia, 2013). The other smaller MCIs soon caught on to what ACLEDA was doing. By 2015 the use of land titles to access a microcredit was becoming embedded as standard practice (Diepart and Sem, 2015:57; Green, 2019: Grimsditch and Schoenberger, 2015; 32). Not coincidentally, the volume of microcredit disbursed in Cambodia began its rise to today's stratospheric heights.

The very latest confirmation of the importance of land titles comes from the humanitarian sector (see Licadho and STT, 2019). Based partly on the confidential testimony of two senior MCI executives employed in two of the largest MCIs in Cambodia, it was confirmed that land titles are now routinely demanded by all of the major MCIs. The reason being that obtaining land titles, and the threat that they might be retained or sold on, represents the very best way of ensuring clients strive to repay. In addition, the need for complex and expensive screening procedures and to manage guarantee circles is avoided, as are follow-up and not inexpensive support structures if clients get into serious difficulty repaying. More ominously, when default becomes likely, it was also confirmed that it is a routine matter to coerce the client into an informal sale of their land with the proceeds used to repay the remaining balance on the microloan, plus any other fees and charges involved (see section 7). Among other things, this is one way of ensuring that the default rate (officially termed 'Non Performing Loans', NPL) is kept down to very low levels indeed compared to many other countries in the global south (Kimsay, 2019): default is avoided by the coerced sale of land by those hapless individual clients that come to the brink of default.

As a result of these developments since around 2010, the Cambodian financial system would appear to have solved the problem that has bedeviled many other countries in the global south; the reluctance of the financial sector to accept land titles from the poor as collateral. The Cambodian example might thus begin to show that, after all, land titling initiatives are indeed a way of promoting poverty reduction and local economic development in the global south.

5. Cambodia achieves an almost unlimited supply of microcredit

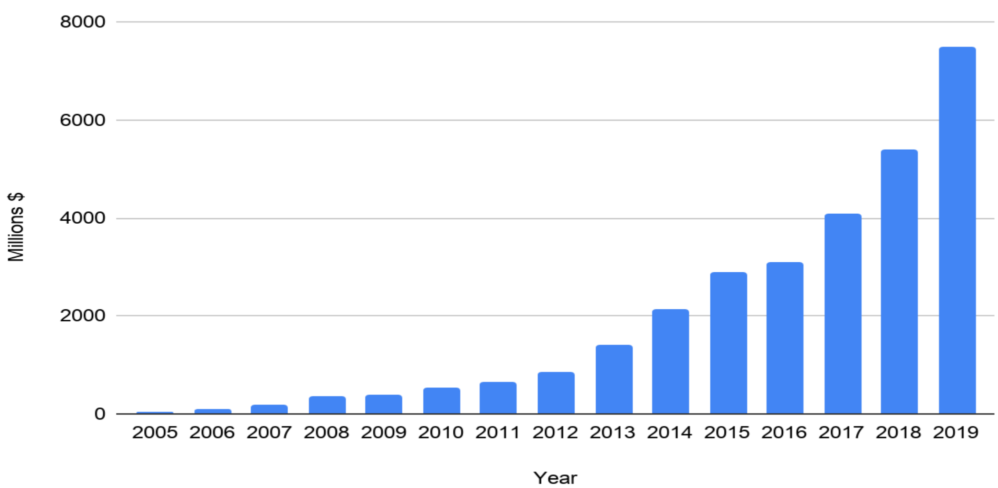
Cambodia's microcredit sector was established in the mid-1990s by a range of international donor community-funded non-profit institutions. All of these bodies came to post-conflict Cambodia with the aim of addressing poverty and exclusion, as well as undertaking the more defined task of reintegrating demobilised soldiers back into the labour force. Following steady but slow growth, things began to change in the mid-2000s. Under pressure from the international development community, Cambodia's microcredit sector was encouraged to begin to privatise and commercialise in line with the presumed 'best practice' enunciated by the World Bank's Consultative Group to Assist the Poor (CGAP) in its regular publications (see Donors' Working Group, 1995). CGAP's instructions to MCIs everywhere in the global south were that, above all, they first had to achieve financial self-sufficiency, before focusing on generating profits in order to begin to grow much faster. In turn, growing profits began to attract the attentions of international investors keen to tap into the profit, dividend and capital appreciation opportunities that were becoming a reality.

Beginning in 2009 with ACLEDA's decision to sell an equity stake to the international investment house Jardine Matheson Holdings, capital began to flood into Cambodia's microcredit sector seeking high returns (Bateman, 2019a). Important additional pressure for rapid expansion also came from internal Cambodian sources; from the CEOs and senior management hired to manage the MCIs under both local and foreign ownership. With salaries and bonus payments tied to the growth and profitability of the MCI, there was an obvious incentive to grow the MCI as rapidly as possible in the short term with much less concern shown for the longer-run implications of such risky tactics.

As elsewhere in the increasingly deregulated global business sector of late (Galbraith, 2014), the result in Cambodia was the inexorable rise of reckless lending. This was to become the defining feature of its microcredit sector. Thanks to the growing inflow of commercial funding, Cambodia's microcredit sector moved into a phase of exponential growth. The number of clients officially served by Cambodia's registered MCIs went from around 300,000 in 2005 to nearly 1.6 million in 2013. By 2015, Cambodia was receiving just short of 10 per cent of all microcredit investments in the world, which was only just exceeded by India with its nearly 100 times larger population (Symbiotics, 2016: 23). Average annual growth since 2004 has been of the order of 45 per cent, turning what were once relative minnows into very large MCIs. Still, the growth continued. If one includes the significant microcredit portfolio of ACLEDA, the total growth registered in 2015 alone – US$1.4 billion – was actually larger than the entire market as recently as 2011, and by the first quarter of 2016, there was an astonishing 41 per cent year-on-year growth in microloan volume (Rozas, 2016). By the end of 2016, the volume of microcredit outstanding in Cambodia was as much as 16 per cent of its GDP (IMF, 2017: 23), a figure significantly above any of its neighbours. The global microcredit industry and the world's financial press chose to celebrate when it became clear that by the late 2010s Cambodia was the world's most microcredit penetrated country (Bateman, 2019a). Growth appeared to be unstoppable.

Eventually the Cambodian government woke up to the fact that things were getting out of hand. It began to implement a number of conventional measures to try to slow things down. The most important of these was an interest rate cap introduced in March 2017. However, growth actually *accelerated* markedly in the wake of the interest rate cap. Including the microloan portfolios of both former MCIs that converted into commercial banks, ACLEDA and Sathapana, by the beginning of 2019 the total volume of microcredit outstanding was calculated at around $US8 billion (Licadho and STT, 2019: 1). With a population of just over 15 million in 2019, on a per capita basis this more than makes Cambodia the world's most microcredit saturated country. In addition, estimates put the average microloan debt per individual borrower in Cambodia at around $3,370, another world record (*ibid*: 1).

Figure 5.1: Growth in microcredit outstanding in Cambodia in US$ millions (excluding the microcredit portfolios of ACLEDA and, after December 2018, Sathapana Bank).



Source: Cambodia Microfinance Association (various years).

From 2010 onwards, the standard urban and rural picture in Cambodia thus began to change quite rapidly; from a situation where finance was available to the poor mainly through the local money-lender, to one where, by the late 2010s, the main street in every village and town was populated by numerous branches of all the major MCIs. The once illusive 'holy grail' pursued by the global microcredit industry - that every poor individual could access as much microcredit as they might wish for - was now reality in Cambodia. In fact, as will be shown below, the microcredit sector vastly *exceeded* this target as the managers and loan officers of each MCI began to pressure sell microcredit to the poor in order to reach ambitious expansion targets set by head office, thereby to maximise profits and also attain their own personal performance bonuses (if not simply keep their job). In Cambodia Hernando de Soto's long-held belief had come true: financial institutions *would* accept land titles as collateral and then, as a result, they *would* pump out as much credit as the poor were willing to sign up for. The key question to ask now, however, is Has this been good for Cambodia's poor?

6. Assessing the main impacts of an increased supply of microcredit in Cambodia

6.1. The impact on poverty through jobs and incomes

Although almost entirely ignored by mainstream economists until relatively recently, three quite conventional and intimately inter-linked labour market criteria must be factored into any analysis of the real net employment and income impact of microcredit (see Bateman, 2010, 2019b). These are (1) *displacement*, where a new microenterprise helped into operation by microcredit is able to survive and create some new jobs, but it only manages to do so by eating into the local demand that had been supporting an incumbent microenterprise, which is then forced to contract its own level of employment and lose revenue to a roughly similar degree; (2) *exit*, which is when a new or incumbent microenterprise is forced to close outright because of the increased local competition caused by additional new entry; and (3) *local price effects*, which is when unrestricted new entry forces down the financial returns on all microenterprises (both incumbent and new), which results in lower average incomes for all. What all three factors suggest, in other words, is that accelerated microenterprise entry need not be a positive force for change: it can instead provide a powerfully destructive force in the community.

In general, the combined impact of the above dynamics in microenterprise practice has been to underpin the intensified exploitation and impoverishment of the global poor because, as Davis (2006: 182) puts it, '[the] space for new entrants is provided only by a diminution of per capita earning capacities and/or by the intensification of labour despite declining marginal returns'. In spite of high-profile claims to the contrary by one-time microcredit advocates now sceptics,[3] the microcredit model is directly responsible for having prohibited the global poor from escaping their poverty (Bateman, 2010; Mader, 2015; Guérin, Labie, and Servet, 2015; Bateman and Maclean, 2017; Bateman, Blankenburg and Kozul-Wright, 2019). Naturally, as a result, it has become clear that the microenterprise sector per se, and *more* microenterprises, cannot be the key to growth, development and sustainable poverty reduction (for example, Chang, 2010: 157-167).

[3] The US-based economists and 2019 Nobel Economics Prize co-recipients, Abhijit Banerjee and Esther Duflo, were early supporters of microcredit (see Banerjee *et al.*, 2010), but more recently they have claimed that their high-profile series of six Randomised Control Trials (RCTs) undertaken in different countries all found little impact arising from microcredit. Crucially, however, and apparently confounding the views of 'microcredit's harshest critics' (going against standard academic practice, they did not cite the work of these 'harshest critics' or even indicate who they might be or what their precise arguments were), Banerjee and colleagues claimed that the six RCTs provided no evidence of major downsides to the microcredit model impacting on the poor (see Banerjee, Karlan and Zinman, 2015). However, as documented by Bédécarrats, Guérin and Roubaud (2017; see also Bateman, 2013), this body of work and its conclusions must be largely discounted on the grounds that all six RCTs were actually based on a weak methodology, possessed numerous logical flaws and involved many unethical practices that suspiciously distorted the evidence to the upside. The flaws uncovered in the RCT on Morocco were particularly egregious (see Bédécarrats, Guérin and Roubaud, 2019).

Is Cambodia perhaps different to the rest of the global south? Some microcredit advocates have argued that poverty reduction was achieved by new microenterprise creation and expansion, as well as by increased agricultural output (Nguyen and Vogel, 2011; Lun, 2013:). However, reports on the ground tend to differ. Microcredit was very extensively deployed as an anti-poverty intervention after 2010, for example, when the global financial crisis began to reach Cambodia and when many local communities began to experience a serious decline in business activity. However, as reported by Hab and Kunmakara (2009: see also CSES, 2016), rafts of new microcredit-supported microenterprises established by those losing their jobs ended up providing unnecessary competition to those already struggling in their own microenterprises. As a result, informal sector incomes began to *fall* across a range of simple activities, notably in the case in retail, street food and personal transport. The problem was that the microcredit sector was programmatically supporting the entry of new microenterprises in these worst affected communities not just into *already* saturated easy-entry market sectors, but at the *exact* time when local demand in those communities and market sectors was rapidly declining (for example, see Access to Finance Consortium, 2013). Urban areas where there was much in-migration from the rural provinces, leading to many new simple microenterprises being established as survival mechanisms there, were also badly hit by the resulting over-supply. Many poor individuals had no other option but to substantially increase the hours they worked in their tiny informal microenterprises in order to generate enough of an income upon which to survive (Mendizabal *et al*., 2012: 106).

Similar dynamics were registered in the agricultural sector right across Cambodia, which is still the mainstay occupation and income source for the majority of Cambodians. While the entry of microcredit into the agricultural cycle from the late 1990s onwards has undoubtedly resulted in some marginal productivity gains and new forms of non-farm self-employment, and this development has contributed to raising average incomes for some lucky individuals, this is only a small part of the story. Such short-run gains for a few have actually come at the overall cost of a pronounced longer-run dependency on expensive formal and informal microcredit, a gradual development that has actually *increased* the insecurity and vulnerability of Cambodia's farmers. The worst sector in this regard is also by far the largest agricultural sector in Cambodia – rice. Ovesen *et al*'s (2012: 5) study of the rice sector in Takeo province demonstrated that microcredit did not provide the hoped-for once-only initial investment many farmers wanted and could use to escape poverty, but became a permanent and increasing drain on their already limited incomes.

What of the recent claims made by the microcredit sector to the effect that Cambodia's recent impressive progress on poverty reduction shows that microcredit might indeed be working as a poverty reduction engine?[4] This contention is, in fact, a classic case of confusing correlation with causation. Just as in the case of Peru, which in recent years has experienced both a booming economy and a booming microcredit sector (see Bird, 2019), Cambodia's poverty reduction has arisen not as a result of the rising supply of microcredit, *but vice versa*: the growing number of formal sector jobs created for the poor in Cambodia's garment and construction industries have enabled many individuals to make greater use of microcredit in order to immediately purchase a range of needed consumption items (TVs, furniture, motorcycles, etc). Samnang (2018) provided important further evidence underlining this direction of causality point. He showed that remittances help to expand the level of microcredit debt (by as much as 6 percent) because borrowers see remittances as an additional form of income, and so feel confident enough to be able to take out and repay more microloans that will facilitate immediate consumption. In sum, Cambodia's poor have become marginally less poor in recent years and many have chosen to use these gains to access more microcredit; they were not made marginally less poor as a *result* of having accessed microcredit.[5]

As elsewhere around the global south, therefore, little evidence has been provided to date to show that microcredit has positively impacted on poverty in Cambodia through the jobs and incomes channel. In fact, the evidence that has emerged of late points to the opposite outcome. Put simply, by flooding local communities with new and expanded microenterprises for which little additional demand is actually present (and drastically declining in such as flood-hit regions), the textbook ultra-competition conditions thereby created have inflicted much damage, not least helping to push local average incomes down and many failing individual entrepreneurs into significant debt (see next point).

6.2. The destructive rise of mass over-indebtedness

[4] See 'Cambodia's microfinance a growth engine, not a debt trap', *Khmer Times*, August 12th, 2019. Retrieved at: https://www.khmertimeskh.com/50632531/cambodias-microfinance-a-growth-engine-not-a-debt-trap

[5] That microcredit is now mainly accessed by those in formal sector employment was further underlined in early March 2020 thanks a growing number of jobs in the garment factories being lost as a result of the impact on their supply chains of the early 2020 corona virus problem. The response from the Cambodian government was to plead with the leading MCIs to allow for their very many clients losing their work in the garment sector to be able to delay their installment payments as long as they need to. See 'Hun Sen asks MFIs to defer microloan payments, amid factory suspensions', *VOA*, 9th March. Retrieved at: https://www.voacambodia.com/a/hun-sen-asks-mfis-to-defer-microloan-payments-amid-factory-suspensions/5321064.html

As Duvendack and Mader (2019) point out, over-indebtedness has quite unjustifiably been almost entirely ignored in impact evaluation studies of microcredit. It is studiously ignored even though it is a factor that tends to inflict the most damage on MCI clients, their families and their communities. As in many other countries in the global south (see Guérin, Morvant-Roux and Villarreal, 2013), in recent years Cambodia has begun to experience its own very dangerous episode of over-indebtedness. The roots of the problem can essentially be traced back to the conversion of Cambodia's microcredit sector into a for-profit business model in the 2010s. This began the sidelining of an MCI's founding objective of wanting to address poverty and deprivation and introduced in its place a new set of growth incentives linked to the financial enrichment of the managers, owners, advisors and investors associated with Cambodia's growing microcredit sector. In a very real sense, over-indebtedness of clients in Cambodia was thereafter no longer seen as a disaster for the MCIs and their clients, but more of an occupational hazard that most MCIs had to manage in such a way that they could continue to achieve their primary objective; to grow their microcredit portfolios as rapidly as possible. Simply bringing in clients, almost no matter how unsuitable they might be, became the operational goal of most MCIs. Importantly, to facilitate this corporate goal required the self-regulation of the microcredit sector, which became the single most important policy environment goal (albeit, as typically everywhere else, promoted under cover of 'wanting to *control* over-indebtedness') of both the international development community and of Cambodia's leading MCIs and their key investors (Incofin, 2018).

The first inkling of the destructiveness that over-indebtedness represented came in 2011 as a result of major floods across the country. Reports emerged that many of the victims were being encouraged to immediately tap into microcredit in order to survive by opening up a new microenterprise. But when most of these quick-start microenterprise projects failed, the hapless clients ended up in very serious debt. The worsening situation quickly led to a survey by four local branches of the major international NGOs then working in Cambodia (Access to Finance Consortium, 2012), which confirmed that many of the victims of the flood were indeed getting trapped in a serious debt cycle from which they were finding it impossible to escape. Put simply, with many microenterprises quickly closing, there was no income stream to repay the original microcredit taken. Many clients inevitably took to accessing more and more microcredit simply to try to stem an impending collapse. For example, nearly 30 percent of those borrowing their third microloan after the flood were only doing so in order to repay the installments due on the previous two microloans that they had been unable to repay (*ibid*, 1). Ominously (see section 7), it was also confirmed that many individuals were also losing whatever collateral they had posted in order to access microcredit, which was mainly their land.

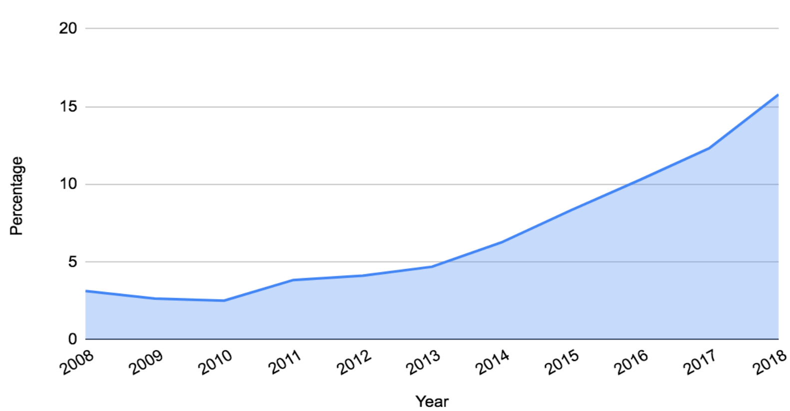
Sensing that over-indebtedness among the poor was becoming a danger to their growing profits, several of the leading MCIs and their foreign investors became worried and they commissioned their own study (see Liv, 2013). While overall gently downplaying the significance of the over-indebtedness phenomenon, Liv's study nevertheless confirmed that over-indebtedness was clearly growing. Among other deleterious trends, it pointed to the high levels of multiple borrowing that were clearly linked to the growing levels of over-indebtedness it identified. Importantly, the coping strategies deployed to repay a microloan in the event of insufficient income were pretty damaging to individuals and households, included lower food quality and intake, forced migration, the drawing down of savings. Moreover, Liv confirmed that a growing number of poor individuals in Cambodia were accessing a new microloan simply in order to repay the installments due on an existing one (see also below).

Further important evidence that over-indebtedness was a major social problem, and a quite fundamental downside to market-driven (i.e., 'neoliberalised' - see Bateman, 2010) microcredit, arose from the Cambodia Socio-Economic Survey 2015 (CSES, 2016). Among other things, this study found that, while incomes had been rising in Cambodia in the years prior to 2016 thanks to employment in the garment industry, this gain was more than offset by two factors: first, the steadily growing percentage of an individual's disposable income committed to debt servicing; and, second, because the average length of all loans had almost doubled between 2011 and 2015 (CSES, 2016: 79). Adding to the growing concern was the ADB (2014: 14–15) which also pointed to the growing level of debt in the very poorest communities in Cambodia, much of which it noted, for shame and humiliation reasons, goes unreported. Its pointed conclusion (*ibid*: 15) was that 'The high and potentially underreported level of indebtedness among the poor and the significant share of loans of an unproductive nature suggest that the issue of vulnerability is more significant than existing poverty analyses recognize.'

Moreover, as the poor began to comprehend the extent of new microcredit-induced competition and how most microenterprise projects fail to make a profit or are forced to close outright (see above), it was inevitable that they would transition to using their easy access to microcredit simply to underpin important consumption spending needs instead. For example, Bylander (2015) reported that the poor were increasingly taking out more microcredit in order to satisfy immediate needs for such as food, healthcare and education (see also Heltberg *et al*., 2012: 46). A study by Seng (2018) also pointed out that microcredit in Cambodia was now being used mainly for consumption spending, concluding that it 'has at best no effect on household welfare, and may have an adverse effect'.

Another adverse development was the rapid growth in 'extend and pretend' - programmatic borrowing simply to facilitate the repayment of *previous* borrowings. It was now becoming clear that this adverse trend was now a permanent feature of the microcredit system. Borrowing simply to repay previous borrowing (albeit from a low base) doubled between 2013 and 2014 alone (Baliga, 2015), but by 2017 it had reached crisis proportions. According to the Credit Bureau of Cambodia (CBC), by 2017 50 percent of the microloans disbursed were taken simply to refinance *existing* microloans. Moreover, 25 percent of these refinanced microloans were accessed earlier than the original maturity date and 30 percent of them were refinanced at more than 130 percent of the original microloan amount (see Incofin, 2018). It became clear that the classic Minskyian adverse debt dynamic (Minsky, 1986), whereby an individual is forced into borrowing more simply in order to fund the repayments (capital and interest) due on previous unsuccessful borrowings, had established itself in Cambodia's poorest rural regions. Moreover, attempts to regulate the microcredit sector in order to bring the level of over-indebtedness under control were successfully rebuffed by the microcredit industry through the actions of its lobbying body, the Cambodian Microfinance Association (CMA). The end result of a combination of forces pushing debt on to the poor in Cambodia is shown in Figure 6.2. Since around 2010 a dramatically rising level of household debt has become one of the defining features of the life of the average household in Cambodia.

Figure 6. 2. Household debt in Cambodia as a percentage of Nominal GDP



Source: https://www.ceicdata.com/en/indicator/cambodia/household-debt--of-nominal-gdp

Quite apart from the fact that a growing percentage of the income of the poor in Cambodia was now being taken up by the need to service regular installments on microcredit that did not in fact raise the average incomes of clients, two other extremely damaging impacts were registered as a result of rising over-indebtedness. First, Bylander (2014) has documented how microcredit-induced over-indebtedness is one of the main drivers behind the forced emigration of Cambodia's poor to neighbouring countries, especially to Thailand, mainly to work in the informal sector. Since the extent of exploitation in the informal sector in most parts of South East Asia is well-known, this is hardly an ideal labour market outcome for Cambodia's poorest. The United Nations Office on Drugs and Crime (UNODC, 2017: 18) concurred with Bylander's analysis, noting also that "microfinance loans often do not lead to financial relief. Instead, they only serve to push borrowers further into poverty." Building upon an earlier study that found just over 40 per cent of respondents citing financial debts as the reason they had to leave Cambodia (see Dickson and Koenig, 2016: 14), UNODC conducted its own interview program (UNODC, 2017: 18) and it found that leaving Cambodia to work abroad in the informal sector was essentially the only feasible option to escape one's debts at home. And because microloans become the responsibility of the household, children and other family members, who are typically expected to provide their signature, or thumb-print, so as to guarantee a microloan, the worst case scenario they found was that 'generations of a family (were) being indebted to microfinance lenders' (UNODC, ibid., 18–19). Forced migration, including of many children, to work in many of the worst forms of informal sector labour in Thailand was thus all too often the only solution to such a dilemma.

Second, as both the Cambodian human rights NGO Licadho (2016) and then Brickell, Natarajan and Parsons (2018) carefully documented, uncontrolled over-indebtedness was found to be plunging a growing number of Cambodian families into a form of modern-day debt slavery. The process began with families known to be seriously indebted to local MCIs being sought out by brick kiln operators, or families turning to the brick kiln owners in desperation, followed by an offer from the brick kiln operator to purchase a family's entire debts to an MCI which would then be repaid by working at the kiln operation. The possibility of losing one's land which had been submitted as a collateral was one of the central driving motivations behind considering such an offer (see next section). The hapless individuals and their families who fall into this desperate situation, however, almost never manage to escape working and living at the brick kilns. Indeed, if not paid in full before their death, the debts initially incurred by the adult family members are passed on to any surviving children. With certain well-connected elite groups in the capital city of Phnom Penh making an excellent profit from their ownership of these brick kilns, the state authorities are reluctant to do anything meaningful and so the practice persists.

By the mid-2010s the depth of the over-indebtedness problem in Cambodia finally began to create a fear on the part of the MCIs, as well as within those foreign investors with equity in Cambodia's leading MCIs, that there might be a sharp reversal of some sort. The palpable fear on the part of the leading foreign investors was that their investments into Cambodia's microcredit sector might not turn out to be as profitable and as liquid as they had initially envisaged. Worst of all, a growing number of analysts began to warn that the rapidly rising level of over-indebtedness might well precipitate a collapse of the entire microcredit sector not unlike that which famously took place in the Indian state of Andhra Pradesh in 2010 (on the origins of the Andhra Pradesh crisis, see Bateman, 2012). This fear led the Cambodian government to rush through a series of desperate measures to try to slow down the increase in the volume of microcredit flowing into the local economy. Yet with the volume of microcredit consistently rising in recent years in spite of these measures (see Figure 5.1.), even after an interest rate cap imposed in 2017,[6] it is clear that the microcredit sector holds to another view.

The life of Cambodia's poor has fundamentally changed this last twenty years because a new item has been added to their weekly/monthly outgoings: the repayment installment due on their bundle of microloans. If the original aim of microcredit back in the 1970s in Bangladesh was to gradually delink the poor from falling into debt to the exploitative local money-lender class (Yunus with Jolis, 1998), it has quite spectacularly failed to achieve this laudable aim in Cambodia: Cambodia's poor have become trapped in an even deeper relationship to the even *more* destructive market-driven microcredit model. With no real pushback from the Cambodian government or from the MCIs themselves, the lives of Cambodia's poor are now increasingly linked to a dangerously destructive debt relationship with commercial MCIs.

6.3. The microcredit sector is draining Cambodian communities of their wealth

From the 1990s onwards, the global microcredit industry was pressured to convert into a for-profit business model that would be financially self-sufficient and run according to 'efficient' private sector

[6] As predicted (Bateman, 2017), most of Cambodia's leading MCIs found it very easy indeed to get around such regulatory measures by simply imposing additional fees and charges of one sort or another that made up for the reduced interest rates.

imperatives. The perhaps unintended result of this conversion process, as Mader (2015) points out, is that the global microcredit sector is now extracting very significant value from those poor individuals languishing at the so-called bottom of the pyramid. Harvey (2004) famously termed this wealth creation mechanism 'accumulation by dispossession', a process of accumulating wealth not by producing something of value, but by carefully dispossessing others of their wealth.

This 'accumulation by dispossession' model has evolved to a very advanced stage in Cambodia's microcredit sector. As noted above, starting with ACLEDA, after 2010 most of the largest NGO-style MCIs were converted over to for-profit respectability. As a result, many of the CEOs, other senior employees and the advisors to the main MCIs, hoped to, and did, become very wealthy through increased salaries and bonuses and also, in some cases, by becoming the part-owners of their own MCI. A far more damaging 'accumulation by dispossession' aspect in Cambodia, however, is connected to the foreign investors that bought into Cambodia's microcredit sector from 2009 onwards. Hoping to tap into and repatriate a large portion of the wealth generated at the 'bottom of the pyramid', PR rhetoric aside these foreign investors have to date exhibited very little concern for the communities in which they work. This trend essentially started with ACLEDA's decision in 2009 to sell an equity stake to the international investment house Jardine Matheson Holdings. Subsequently enjoying in some years as much as a 30 per cent Return on Equity (ROE), this investment has very handsomely paid off for ACLEDA's wealthy foreign shareholders. More importantly, when in 2015 Jardine Matheson Holdings eventually disposed of its shareholding in ACLEDA to two Japanese investment bodies, receiving almost US$164 million for its initial outlay of US$34 million, this represented an astonishing five-fold financial gain for Jardine Matheson Holdings in less than six years. Very few investments anywhere can come even close to matching such spectacular returns.

Subsequently, several of the growing number of MCIs that chose to follow ACLEDA's strategy and sell off part or all of their equity to foreign investors.[7] In late 2017 the Taiwan-based Shanghai Commercial and Savings Bank (SCSB), for example, paid U$S150 million to acquire a majority shareholding in AMK, Cambodia's second largest MCI, and the MCI that had long been advertised as one of the world's leading socially concerned MCIs because it was supposedly 'in the business of doing good' (see Simanowitz and Knotts, 2015). Rather awkwardly, the core 'social impact' investors in AMK (Agora

[7] In 2012, for example, Sathapana Microfinance was bought by Japan's Maruhan Bank and in 2015, Amret became majority-owned by a Luxembourg-based venture capital firm.

Microfinance N.V, which held over 50 percent of AMK's equity, and Incofin) were rewarded with very healthy financial returns and, by all accounts, senior management and other advisors at AMK were also quietly well-rewarded for steering AMK into the hands of SCSB.[8] However, the very latest transaction in 2019 exceeds even the AMK case. This involved LOLC agreeing to sell off 70 percent of its 70 per cent equity holding in Prasac to South Korea's Kookmin Bank for a quite staggering sum of $US603 million,[9] making LOLC an enormous profit after having paid only two years earlier just $US186 million for 48 per cent of Prasac's equity (taking its stake up to 70 percent).[10] (The timing of the sale inevitably also raised further fears as to what the leading investors thought about the sustainability of Cambodia's microcredit sector.[11])

Economic history, especially involving colonial regimes (see Ndikumana and Boyce, 2018), shows that local economies cannot develop and grow if they are unable to retain and reinvest back into the community the value created in the local economy, but are forced instead to allow the bulk of this value to be extracted out of the local economy. The latter 'extractivist' scenario essentially defines the outcome of the microcredit model in Cambodia. A major revenue stream has been established by Cambodia's microcredit sector based on the ability of the very poorest in Cambodia to service high interest microloans. The revenue stream created is then channeled up and out of the very poorest communities in Cambodia and into the hands of a narrow managerial and investment elite based mainly in the capital city of Phnom Penh, and even more so to the high-end banks, investment houses and wealthy equity holders and investors located outside of Cambodia (often to tax avoidance regimes). The high profits and dividends generated by Cambodia's MCIs thus serve to enrich the foreign equity holders, while its leading MCIs are now simply 'assets' to be bought and sold by foreign investors depending on their own narrow profit calculus. Providing a justification for this 'extractivist' scenario would be difficult to make even if it could be shown that important benefits were being delivered to the poor in Cambodia (which, as shown

[8] Indeed, such was the fear of adverse publicity over the huge financial rewards going to all of the key parties to the deal that a concerted attempt was made by the key parties to the deal to deliberately misrepresent what had actually transpired (Bateman, 2019c).

[9] See 'Korean bank to buy 70% PRASAC from LOLC For $603.4 m' *Cambodia News English*, December 28th, 2019. Retrieved at: https://cne.wtf/2019/12/28/korean-bank-to-buy-lolc-for-603-4-m/

[10] See 'LOLC acquires majority stake in Cambodian microfinance firm', *Lanka Business Online*, March 17, 2017. Retrieved at: https://www.lankabusinessonline.com/lolc-acquires-majority-stake-in-cambodian-microfinance-firm/

[11] This latest sale was agreed to by LOLC even though Prasac was by far the most profitable unit in LOLC's global portfolio of companies. Announcing the deal on the basis that LOLC needed the cash 'to explore new investment opportunities elsewhere', one might reasonably assume something else instead: that LOLC is selling its most profitable asset right now because it fears the over-capacity in the sector, and the massive over-indebtedness of poor clients in Cambodia linked to it, might lead to a crash that would devalue its investment.

above, does not seem to be the case). The only conclusion to make, therefore, is that such a form of extractivism serves to undermine and impoverish the very same poor communities in Cambodia for which the entire exercise providing microcredit is actually supposed to benefit.

6.4. Microcredit undermines sustainable long-term development and growth

With little to no immediate benefit apparent from microcredit in Cambodia, as the above sections argue, a fall-back argument began to be deployed (as elsewhere in the global south) arguing that the full benefits of microcredit would only appear into the longer term. It is suggested that microcredit will eventually create the foundations of a growing local economy since at least some of the growing numbers of microcredit-supported informal microenterprises will succeed in business and some will even evolve into higher productivity formal SMEs. Especially in the case of Cambodia, this fallback argument has severe limitations. This is because in the longer term the microcredit model actually drives forward two powerful forms of 'crowding out' that work to counteract any growth in the much more productive formal SME sector.

First, development of the formal sector in Cambodia has been severely undermined by the overwhelming presence of so many informal microenterprises, which is clearly a part function of the ubiquity of microcredit. Like everywhere else (see Farrell, 2004), informal microenterprises in Cambodia tend to gain unfair advantage over formal microenterprises by avoiding taxes, paying minimal wages, refusing to invest in order to meet normal health and safety regulations, and so on. Among other things, this unfair advantage allows the informal microenterprise sector to take valuable market demand away from formal sector SMEs operating in the same sector (even if just temporarily), thus preventing them from operating at the most efficient scale. As the World Bank's Enterprise Survey (2016a: 10) found, formal enterprises in Cambodia held the practices of the informal sector to be by far the most important business constraint they face. A full 28 per cent of all enterprises found the informal sector to be a barrier compared to 16 per cent and below for a range of other potential barriers. Predictably, SMEs have been the worst affected by the rise of the informal microenterprise sector, with 29 per cent and 31 per cent respectively saying it was their most important barrier (large enterprises were little affected). Cambodia's least productive informal microenterprises thus serve to unfairly displace, or 'crowd out', the far more efficient but perhaps slower-moving formal SMEs, which we know from economic history are the key to the promotion of sustainable development and growth (Bateman, 2019b).

A second adverse form of 'crowding out' found in Cambodia is related to the overall efficiency of the intermediation of a country's financial resources. Cambodia today represents probably the most microcredit-dominated financial sector in the world, with Sinha (2013) pointing out that at one time as much as 45 per cent of the credit provided by the banking sector was intermediated into microcredit applications. This situation arose because in the 1990s microcredit lending began to prove itself to be a highly profitable and low-risk business activity when compared to lending to formal SMEs. Financial institutions inevitably began to invest into building up the microcredit sector, while existing commercial banks began to 'downscale' into microcredit lending, thereby neglecting or even abandoning their SME lending portfolios. The ultra-low productivity informal microenterprise sector in Cambodia has thus been offered as much (micro)credit as it can handle, while the much higher productivity formal SME sector has been denied credit on affordable terms and maturities.

This particularly destructive form of 'crowding out' has very seriously affected Cambodia's hopes of developing in the longer term. Today it is recognized that the availability of credit for formal SMEs remains one of the biggest problems in Cambodia (World Bank, 2016a) and this has clearly stunted the development of its formal SME sector. An adverse financial inter-mediation structure has therefore produced a very small 'starved-for-capital' formal SME sector that stands alongside a massively over-expanded and 'stuffed-with-capital' low productivity informal microenterprise sector. With the offer of microcredit continuing to increase compared to bank loans mainly targeted at formal SMEs (see World Bank, 2016b: 28), it is clear that this adverse financial disintermediation trend has become damagingly embedded. Cambodia's 'missing middle' can only become a bigger problem.

7. Land-loss as the longer-term impact of land titling

In this final section, I address an issue that further challenges de Soto's notion that formal land titling has been of ultimate benefit to the poor in Cambodia. The land titling movement headed up by Hernando De Soto recognised almost few substantive downsides to the poor as a result of formalising land ownership and creating 'efficient' land markets. Above all, in spite of a mountain of historical evidence pointing to the fact that debt has played a major role in land dispossession affecting the poor (Graeber, 2011), de Soto avoided any meaningful discussion of this possibility: the vast bulk of the discussion of land loss was restricted to the loss of land arising from *not* having formalised land in the manner recommended by de

Soto. Pointedly, there has been almost no reference whatsoever to the growing number of case studies emerging to confirm that using land titles as collateral in order to access credit was a mechanism that was beginning to lead to loss of land in many locations, such as in Bosnia (Bateman and Sinković, 2017: 134), Egypt (Elyachar, 2005; 214), Guatemala (Stoll, 2010), Indonesia (Gerber, 2013), and Thailand (Macan-Markar, 2015: 1). The situation in Cambodia, as this section will now show, appears likely to exceed these existing cases.

Land in Cambodia was once fairly equally distributed and landlessness was a rarity. In more recent times, however, there has been an accelerating trend towards the concentration of land into fewer and fewer wealthy hands (Williams, 1999; Brown, 2000: 34; Springer, 2015). The data are patchy, but most sources seem to confirm that landlessness has been growing in recent years. A major survey in Cambodia's rural areas in the late 1990s found that landless households (those not owning land) accounted for just over 4 per cent of the sample in 1969, rising to around 10 per cent by 1999, with the figure projected to touch 15 per cent by 2001 (Biddulph, 2000: 27). In 2007, landless households overall (now including families that do not own nor rent land) were as much as 38 per cent of the total number of households, and this figure increased to 40 per cent in just a few years (Phann *et al*., 2015: 1). Finally, after little change in the early 2010s (CSES, 2012 and 2014), later Cambodia Socio-Economic Surveys (CSES, 2016 and CSES, 2018) point to rural household ownership of small parcels of land falling considerably: notably in the 2-3 and 3-4 hectares category quite rapidly falling between 2015 and 2017, going from 10.7 percent and 6.7 percent down to 7.9 percent and 2.3 percent respectively. Interestingly, ownership of 1-2 hectare parcels went up considerably over this same two year period (2015-2017), going from 13.8 percent to 27 percent, which one might conjecture can be accounted for by rural households in the two larger ownership categories falling into this lower category as a result of losing part of their land.

Losing one's land as a result of an inability to repay is now emerging in Cambodia as a major problem, and it is arising as a result of both land titling and the link to microcredit. Some of the very first MCIs operating in Cambodia in the late 1990s realized very early on that land could be forcibly sold or forfeited in the event that a microloan could not be repaid. Biddulph (2000: 30) was one of the first to report at the very start of the microcredit movement in Cambodia in the mid-1990s that getting entangled with microloans could result in the loss of one's family land. His early studies found that nearly four per cent of those having lost land did so on account of a microcredit-supported business going bad. Interestingly, Biddulph's (*ibid*: 52) study pointedly identified the cause as the increasingly commercial nature of MCIs in the sample regions he studied. Not surprisingly, Biddulph went on to query whether the MCIs, as they commercialized even more, would always be willing to provide enough care in offering microloans to individuals who might predictably default and then lose their land (see also Biddulph, 2014: 2).

Cambodia's largest MCI at the time, ACLEDA, was one of the first MCIs to accept land titles as collateral on their microloans. Less reported was the fact that, through the regular default of these microloans collateralized with land titles, in many parts of Cambodia ACLEDA was establishing itself as a major force in the property field. As Dell'Asin (2011) reported from Kampot Province, "People easily access funds, but with no long-term plans, they are quickly unable to repay the loan and are left with only one option: giving the land to ACLEDA, now the primary land owner in the province." Other MCIs soon followed. Another important example involves a village in Kampot province in southern Cambodia where a group of villagers lost their land and houses to several local MCIs following a bad harvest, which meant they could no longer immediately repay their microloans. Even after taking out microloans from their local money-lender to repay at least part of what they owed to the MCIs, they were unable to halt the land seizure process (Kurczy, 2009).

Moving into the 2010s and So (2011:137) was able to report that a large and growing number of cases were beginning to emerge where the poor had lost their land after having lodged the land certificate with the MCI, or even just the application receipt given to the claimant after having only just submitted a land title claim. As part or full repayment of a defaulting microloan, the land certificate, or application receipt, is simply forfeited and the MCI then informally sells this asset on to a third party at the most appropriate time. Chhay (2011: 1128) confirmed that this process was well advanced and that 'indebtedness is one of the major causes of land sales and of an increasing gap between the poorest and the rich'. This led even the neoliberal-oriented ADB (2009:3) to admit that landlessness was becoming an increasingly important factor in helping explain rural poverty and vulnerability in Cambodia. Some analysts at the time reported that as much as 10–15 per cent of Cambodia's rural land has been obtained from the poor as a result of an MCI forcing through a sale in order to ensure the prompt repayment of a microloan otherwise heading into default (see the discussion in Steptoe, 2013). The warnings raised in 2000 by Biddulph were thus turning out to be very prescient indeed.

More recently, Grimsditch and Schoenberger (2015) show that land-loss was significantly accelerated as a result of the LMAP project that began in 2012. In addition, reports began to appear that poor clients were losing their land at the hands of unscrupulous MCIs.[12] A number of other indirect negative impacts related to this land-loss process were also concerning. Bylander (2013, 2015) reported that many MCIs opportunistically began to fund the migration of individuals whose new landless predicament was the principal cause of their poverty. Ovesen and Trankell (2014) reported also that debt to MCIs was increasingly compelling both migration and the eventual forced sale of land. More recently, Green and Bylander (forthcoming) reported that medical expenses are one of the principal reasons for taking out a microloan, but this then leads to the poor being coerced into selling off their land in order to repay the debt. Desperately seeking to maintain popular support in Cambodia's rural communities, these latest negative land loss developments eventually forced the Cambodian government to respond. It did so at the 'National Summit on the Development of Microfinance Sector in Cambodia' held in Phnom Penh in March 2016, during which Prime Minister Hun Sen was reported as having "Blast[ed]) certain unnamed microfinance institutions (MFIs) and NGOs [and] he accused [them] of gouging consumers with high-interest loans and confiscating land assets when they failed to pay them back" (Syminvest, 2016).

In spite of the accumulating evidence of underhand commercial practices, precise details pertaining to the precise nature and cause of the land dispossession problem are largely absent. Admitting to the fact that land loss is an inevitable market-driven problem created by profit-seeking MCIs willing to engage in business practices that benefit the MCI and its key stakeholders (the CEO, senior managers and investors), rather than just the actions of some greedy or badly behaved individuals, is an awkward reality that the Cambodian government, the microcredit sector, and the international development community, refuse to accept for political, business and ideological reasons respectively. Instead, what we observe, as Green and Bylander (forthcoming) point out, is that, "(D)ebt dispossession is often rendered invisible by local authorities, loan officers, and borrowers themselves who legitimize distress land sales through a moralizing discourse of legality and individual choice." Nonetheless, the issue of land loss eventually hit the headlines in 2019 in a big way, thanks to a report by two Cambodia-based humanitarian NGOs working in the field of poverty and human rights that explored the implications of land dispossession affecting Cambodia's poor (see Licadho and STT, 2019).

The Licadho-STT report argued that Cambodia's poor were now on an almost daily basis being separated from their land after engaging with the microcredit industry, and that this was plunging many of them into

[12] See ' Microfinance sector praised, but some lenders called out', *Phnom Penh Post*, 15th March, 2016. Retrieved at: https://www.phnompenhpost.com/business/microfinance-sector-praised-some-lenders-called-out

much deeper poverty and vulnerability. The preparation of the report was not easy, however, for reasons discussed above. Accordingly, the authors were forced to obtain data by other means. Fortuitously, two senior executives employed at leading MCIs were willing to confidentially outline how central land titles now are to the entire functioning and profitability of the microcredit model in Cambodia, and that, crucially, land is indeed increasingly being seized from the poor as an unintended result. Fine grain details were disclosed concerning the procedures involved when an MCI wishes to ensure a microloan is repaid using the land titles lodged as collateral. The process essentially involves the MCI calling a meeting to which the client and a willing buyer for their land are invited, along with a local public official or the village chief, who typically receives a small payment for helping out and signing any required documents. A sale price is agreed that generally covers the outstanding debt plus any additional costs incurred in the process, and the MCI gets paid by the buyer of the land. If the client fails to agree to such a deal (say, the price offered is too low), the land title or land titles (many clients are pressured beforehand to submit *all* of their land titles in order that they cannot go to any other competitor MCI for a microloan) will be retained until such times as there has been a change of heart. Due to legal barriers, only in a small number of cases will the land titles actually be sold off by the MCI.

The end result of this unofficial process is that the MCI maintains a near-perfect repayment rate, which investors want to see, but the MCIs poor clients are quietly but inexorably dispossessed of their land. This account of the procedure used to monetise land titles by the MCI was then backed up by a sample number of case studies of actual dispossession to put some real flesh on the bones, thus allowing for the mechanisms involved to be revealed in even more stark detail. Moreover, the most recent work by Green and Bylander (forthcoming) based on valuable fine-grained ethnographic work in some of Cambodia's poorest communities, fully backs up the conclusions found in the Licadho-STT study (see also Bylander, 2015; Green and Estes, 2019).

The dearth of concrete data that might illustrate the extent of land loss racked up as a result of over-indebtedness is troubling. Nonetheless, even if the *precise* amount of land lost in this way remains unknown as yet, it is enough to know that the process is definitely ongoing. Leading researchers and human rights NGOs working in the field have built up a convincing picture of the scenarios and dynamics that have been playing out for some years. The land titling concept allied to the microcredit model created a market-driven dynamic that has acted to gradually and quietly dispossess Cambodia's poor of their land. Programs providing formal individual land titles to the poor, as opposed to, say, ensuring or promoting other forms of collective and public land ownership, create markets for land but in such a way that disempower and dispossess the poor. Harvey's (2004: 198) contra-view to de Soto appears to have been more accurate, and that "Providing legal title for land and property ownership in the hope that it will bring economic and social stability to the lives of the marginalised will almost certainly lead in the long run to their dispossession and eviction from that space and place they already hold through customary use rights".

8. Concluding remarks

Examination of the available evidence from Cambodia has contradicted the key arguments made by Hernando De Soto and other land titling advocacy bodies, such as the World Bank, that formal land titling is a powerful engine for poverty reduction and development. The easier access to vast quantities of microcredit that land titles used as collateral seems to have created has undoubtedly produced some benefits for some small sections of the poorest population in Cambodia and, especially, for the domestic and foreign financial elites engaged in *supplying* microcredit in Cambodia. Overall, however, the evidence suggests that the land title-facilitated ubiquity of microcredit in the poorest communities of Cambodia has not only failed to address poverty, deprivation and inequality, it has begun to generate a number of trajectories that have had a deeply negative impact on the majority of the country's poor. Indeed, as was the case with sub-prime mortgages in the USA in the run-up to the global financial crisis that began in 2008, it is now widely accepted that the collateral-backed over-selling of microcredit in Cambodia since the mid-2010s has put at grave risk the entire Cambodian financial system.[13] Even worse, the growing use of land titles as collateral has led to Cambodia's poor being coerced into parting with their land in order to repay a microloan that would otherwise move into default. The poor in Cambodia using land titles as collateral are thus beginning to lose their land in ever increasing amounts. The conclusion can only be that De Soto's fundamental ideas look extremely problematic in *precisely* the one global location where, if they actually hold water, we might have expected them to work more than anywhere else. The implications of the reality emerging into view in 'best practice' Cambodia are significant: formal land titling, when finally achieved on a sufficient scale and when sufficient supportive microcredit institutions are willing to accept these land titles as collateral, will very possibly undermine the survival strategies of the global poor into the longer term rather than support them.

[13] For example, see "8 billion of personal loans push Cambodia to brink of crisis", *Bloomberg*, 6th August. Retrieved at: https://www.bloomberg.com/news/articles/2019-08-06/-8-billion-of-personal-loans-push-cambodia-to-brink-of-crisis

References

Access to Finance Consortium. (2012). *'Drowning in debt': A survey of poor households in three affected provinces*, CARE: Phnom Penh.

ADB (2009) 'Cambodia: Tonle Sap Poverty Reduction and Smallholder Development Project', Project Number 41435 (August), Manila: Asian Development Bank.

ADB. (2014) *Cambodia: Country Poverty Analysis 2014*, Manila: Asian Development Bank.

Baliga, A. (2015) 'Burden of debt eats into incomes', *The Phnom Penh Post*, 21 October.

Banerjee, A., Karlan, D., and Zinman, J. (2015) 'Six randomized evaluations of microcredit: introduction and further steps', *American Economic Journal: Applied Economics*, 7(1), 1–21.

Banerjee, A., Bardhan, P., Duflo, E., Field, E., Karlan, D., Khwaja, A., Mookherjee, D., Pande, R., and Rajan, R. (2010) 'Microcredit is not the enemy', *The Financial Times*, December 14.

Bateman, M. (2010), *Why doesn't microfinance work? The destructive rise of local neoliberalism*. London: Zed Books.

Bateman, M. (2012) 'How Lending to the Poor Began, Grew, and Almost Destroyed a Generation in India', *Development and Change* 43(6): 1385–402.

Bateman, M. (2013), 'The Art of Pointless and Misleading Microcredit Impact Evaluations'. *Governance across borders*, May 29, 2013. Retrieved at: http://governancexborders.com/2013/05/29/the-art-of-pointless-and-misleading- microcredit-impact-evaluations/

Bateman, M. (2017) 'Don't fear the rate cap: why Cambodia's microcredit regulations aren't such a bad thing', *Next Billion*, 5 April.

Bateman, M. (2019a) 'Cambodia: the next domino to fall?' in Bateman, Blankenburg and Kozul-Wright (*op cit*).

Bateman, M. (2019b) "Impacts of the Microcredit Model: Does Theory Reflect Actual Practice?' in Bateman, Blankenburg and Kozul-Wright (*op cit*: 42–68).

Bateman, M. (2019c) 'Why so much secrecy over the acquisition of AMK in Cambodia?', *LinkedIn*, August 8th, 2018. Retrieved at: https://www.linkedin.com/pulse/why-so-much-secrecy-over-acquisition-amk-cambodia-milford-bateman/

Bateman, M., Blankenburg, S., and Kozul-Wright, R. (2019) *The Rise and Fall of Global Microcredit: Development, Debt and Disillusion*. (Eds), Oxford: Routledge.

Bateman, M. and Maclean, K. (2017) *Seduced and Betrayed: Explaining the Contemporary Microfinance Phenomenon* (Eds), Santa Fe and Albuquerque, NM: School for Advanced Research Press and University of New Mexico Press.

Bateman, M., and D. Sinković. (2017) 'Bosnia's Postconflict Microfinance Experiment: A New Balkan Tragedy.' in Bateman and MacLean, (*op cit*: 127–146).

Bédécarrats, F., Guérin, I., and Roubaud, F. (2017). 'All that Glitters is not Gold. The Political Economy of Randomized Evaluations in Development', *Development and Change,* 50/3: 735– 62.

Bédécarrats, F., Guérin, I., and Roubaud, F. (2019). 'Microcredit RCTs in Development: Miracle or Mirage?' *DIAL Working Paper*, DT/2019-13.

Biddulph, R. (2000) 'Making the poor more visible: landlessness and development research report', Oxfam GB Cambodia Land study project (September), Oxford: Oxfam GB.

Bird, M. (2019) 'Looking through the glass darkly: Microcredit in Peru', in Bateman, Blankenburg and Kozul-Wright (*op cit*: 71-92).

Brickell, K., Parsons, L., Natarajan, N., and Chann, S. (2018) 'Blood Bricks: Untold Stories of Modern Slavery and Climate Change from Cambodia.' Retrieved at: https://www.projectbloodbricks.org/publications

Brown, I. (2000) *Cambodia*, Oxford: Oxfam GB

Bylander, M. (2013) 'The growing linkages between migration and microfinance', *Migration Information Source,* 13th June. Retrieved at: www.migrationpolicy.org/article/growing-linkages-between-migration-and microfinance

Bylander, M. (2014) 'Borrowing Across Borders: Migration and Microcredit in Rural Cambodia', *Development and Change*, 45(2): 284–307.

Bylander, M. (2015) 'Credit as coping: rethinking microcredit in the Cambodian context', *Oxford Development Studies*, 43(4): 533–553.

Calderon, J. (2004) 'The formalisation of property in Peru 2001–2002: the case of Lima', *Habitat International*, 28(2): 289–300.

Chang, H.J. (2002) *Kicking away the Ladder: Development Strategy in Historical Perspective*, London: Anthem Press.

Chang, H-J. (2010) *23 Things They Don't Tell You about Capitalism*. London: Allen Lane.

Chhay, D. (2011) 'Women's economic empowerment through microfinance in Cambodia', *Development in Practice*, 21(8): 1122–1137.

CLEP (Commission on Legal Empowerment of the Poor) (2008) *Making the Law Work for Everyone Volume II Working Group Reports,* New York, NY, CLEP.

Cousins, B., Cousins, T., Hornby, D., Kingwill, R., Royston, L., & Smit, W. (2005) *Will formalising property rights reduce poverty in South Africa's "second economy?" Questioning the mythologies of*

Hernando de Soto (PLAAS Policy Brief 18). Cape Town: University of the Western Cape, School of Government, Programme for Land and Agrarian Studies.

CSES. (various years) *Cambodia Socio-Economic Survey*, Phnom Penh: National Institute of Statistics and Ministry of Planning.

Davis, M. (2006) *Planet of Slums*, London: Verso.

de Soto, H. (1989) *The Other Path: The Invisible Revolution in the Third World*, London: I.B.Tauris.

de Soto, H. (2000) *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*, New York: Basic Books.

Deininger, K. (2003). *Land policies for growth and poverty reduction* World Bank Policy Research Report. Washington, DC: World Bank.

Dell'Asin, L. (2011) 'Enhancing justice effectiveness in terms of land rights in Cambodia. An NGO project to raise awareness on people's rights through creative media', *Effectius Newsletter*, 11. Retrieved at: http://effectius.com/yahoo_site_admin/assets/docs/Letizia DellAsin_Newsletter11.5424106.pdf

Dickson, B. and Koenig, A. (2016) *Assessment Report: Profile of Returned Cambodian Migrant Workers*, Phnom Penh: International Organisation for Migration (IOM).

Diepart, J-C. and Sem, T. (2015) 'The Cambodian peasantry and the formalisation of land right: historical overview and current issues', Working Paper No 11/2015.GRAESE (Groupe de Recherches Asie de l'Est et du Sud Est).

Donors' Working Group (on Financial Sector Development and the Committee of Donor Agencies for Small Enterprise Development at the World Bank) (1995) *Micro and Small Enterprise Finance: Guiding Principles for Selecting and Supporting Intermediaries*, Washington, DC: CGAP, World Bank.

Durand-Lasserve, A. and H. Selod. (2007) *The Formalisation of Urban Land Tenure in Developing*

Countries, Paper presented at the World Bank's 2007 Urban Research Symposium, Washington, DC, 14–16 May.

Durand-Lasserve, A., Fernandes, E., Payne, G., and Rakodi, C. (2007) 'Social and economic impacts of land titling programmes in urban and peri-urban areas: A review of the literature', Desk Review of Literature, University of Birmingham.

Duvendack, M., and Mader, P. (2019) 'Impact of financial inclusion in low- and middle-income countries: A systematic review of reviews', *Campbell Systematic Reviews*, 2019(2).

Dwyer, M. B. (2015) 'The formalization fix? Land titling, land concessions and the politics of spatial transparency in Cambodia', *The Journal of Peasant Studies*, 42:5, 903-928.

Elyachar, J. 2005. *Markets of Dispossession: NGOs, Economic Life, and the State in Cairo*. Durham, NC: Duke University Press.

Farrell, D. (2004) 'The hidden dangers of the informal economy', *McKinsey Quarterly*, August

Field, E. and Torero, M. (2006) *Do Property Titles Increase Credit Access among the Urban Poor? Evidence from a Nationwide Titling Program*, Mimeo.

Friedman, M. (1962) *Capitalism and freedom*, Chicago: University of Chicago Press.

Galbraith, James.K. (2014) *The End of Normal: The Great Crisis and the Future of Growth*, New York: Simon & Schuster.

Gerber, J-L. (2013) 'The Hidden Consequences of Credit: An Illustration from Rural Indonesia', *Development and Change, Vol* 44 (4): 839–60.

Gilbert, A. (2002) 'On the mystery of capital and the myths of Hernando de Soto: what difference does legal title make?' *International Development Planning Review*, 24 (1), February: 1-19.

Gilbert, A. (2012) 'Viewpoint - De Soto's *The Mystery of Capital*: reflections on the book's public impact', *International Development Planning Review*, Vol34 (3).

Graeber, D. (2011) *Debt: The First 5,000 Years*. New York: Melville House.

Green, W. N. (2019) 'From Rice Fields to Financial Assets: Valuing Land for Microfinance in Cambodia', *Transactions of the Institute of British Geographers*, Vol 44(4): 749–62.

Green, W. N., and Bylander, M. (forthcoming) 'The Coercive Power of Debt: Microfinance and Land Dispossession in Cambodia', *Sociology of Development.*

Green, W. N., and Estes, J. (2019) 'Precarious debt: Microfinance subjects and intergenerational dependency in Cambodia', *Antipode*, Vol 51, 129–147.

Grimsditch, M. and Schoenberger, L. (2015) *New Actions and Existing Policies: The Implementation and Impacts of Order 01*, (June), Phnom Penh: The NGO Forum on Cambodia.

Guérin, I., Labie, M., and Servet, J.M. (2015) *The crises of microcredit*, (Eds), London: Zed Books.

Guérin, I., Morvant-Roux, S., and Villarreal, M. (2013), *Microfinance, debt and over-indebtedness: juggling with money,* (Eds), London: Routledge.

Hab, H. and Kunmakara, M. (2009) 'Informal sector suffering', *The Phnom Penh Post*, 29 May.

Harvey, D. (2004) 'The new imperialism: Accumulation by dispossession', *Socialist Register*, Vol 40: 63-87.

Hayek, F. (1944) *The road to serfdom*, London: George Routledge and Sons.

Heltberg, R., Hossain, N. and Reva, A. (2012) *Living through Crises: How the Food, Fuel, and Financial Shocks Affect the Poor* (Eds), , Washington DC: World Bank.

IMF. (2017) *Cambodia: IMF Country Report No. 17/325*, October, Washington, DC: IMF.

Kagawa, A. (2001) *Policy Effects and Tenure Security Perceptions of Peruvian Urban Land Tenure Regularisation Policy in the 1990s*, Mimeo, Division of Urban Planning and Management, International Institute for Aerospace Survey and Earth Sciences (ITC).

Kassie, A., and Sokunthea, N. (2000) *Credit and landlessness : impact of credit access on landlessness in Cheung Prey and Battambang districts*, Phnom Penh: Oxfam GB Cambodia Land Study Project and Center for Advanced Study.

Kennedy, D. (2009) 'Some Caution about Property Rights as a Recipe for Economic Development', *Harvard Law School Public Law & Legal Theory Working Paper Series*, Paper No. 09-59.

Kimsay, H. (2019) 'Nonperforming loans 1% at end of last year', *The Phnom Penh Post*, February 12th.

Kurczy, S. (2009) 'Micro-lenders run reality check', *Asia Times Online*, 4 March.

Hab, H. and Kunmakara, M. (2009) 'Informal sector suffering', *The Phnom Penh Post*, 29 May.
Lawry, S, Samii, C, Hall, R, Leopold, A, Hornby, D, Mtero, F. (2014) 'The impact of land property rights interventions on investment and agricultural productivity in developing countries: a systematic review'. *Campbell Systematic Reviews*, 2014:1

Incofin. (2018) 'Incofin spearheads pioneering self-regulatory initiative to prevent over-indebtedness in Cambodia', *Incofin*, 09/07/2018.

Lawry, S, Samii, C, Hall, R, Leopold, A, Hornby, D, Mtero, F. (2014) 'The impact of land property rights interventions on investment and agricultural productivity in developing countries: a systematic review', *Campbell Systematic Reviews*.

Licadho (2016) *Built on slavery: debt bondage and child labour in Cambodia's brick factories*, Phnom Penh, Licadho.

Licadho and STT. (2019) *Collateral Damage: Land Loss and Abuses in Cambodia's Microfinance Sector*, Phnom Penh: Licadho and STT.

Liv, D. (2013) *Study on the Drivers of Over-Indebtedness of Microfinance Borrowers in Cambodia: An In-depth Investigation of Saturated Areas*, (Final Report), March. Phnom Penh: Cambodia Institute of Development Study.

Lun, P. (2013) 'The role of rural credit during the global financial crisis: evidence from nine villages in Cambodia', CDRI Working Paper no. 79, Phnom Penh: Cambodia Development Research Institute.

Macan-Markar, M. (2016) 'Debt fills Thailand's rice bowl', *Nikkei Asian Review*, 19 March.

Mader, P. (2015) *The political economy of microfinance: Financialising poverty*, London: Palgrave MacMillan.

Manji, A. 2006. *The Politics of Land Reform in Africa: From Communal Tenure to Free Markets*, London: Zed Books.

Mendizabal, V., Vuthy, T., Kimsun, T. and Dorina, P. (2012) 'Crisis monitoring among low-income workers in Cambodia: Monitoring vulnerabilities and discovering resilience', in Heltberg, R., Hossain, N. and Reva, A. (*op cit*).

Milne, S. (2013). 'Under the Leopard's Skin: Land Commodification and the Dilemmas of Indigenous Communal Title in Upland Cambodia', *Asia Pacific Viewpoint*, 54(3): 323-39.

Minsky, H. (1986) *Stabilizing an unstable economy*. New Haven, CT: Yale University Press.

Ndikumana, L., and Boyce, J. (2018) 'Capital Flight From Africa: Updated Methodology and New Estimates', PERI Research Report (June).

Nguyen, B.T. and Vogel, R. (2011) *Rural and Microfinance in the Lower Mekong Region: Policies,* *Institutions and Market Outcomes*, Manila: Asian Development Bank.

Nyamu-Musembi, C. (2006) *Breathing Life into Dead Theories about Property Rights: De Soto and land relations in rural Africa*, IDS Working Paper 272, Institute of Development Studies, University of Sussex.

Open Development Cambodia (2013) 'Congressional hearing in the US pushes cut to Cambodian aid', 11 July. Retrieved at: https://opendevelopmentcambodia.net/news/congressional-hearing-in-us-pushes-cut-to-cambodian-aid/

Otero, M. and Rhyne. E. (1994) *The New World of Microenterprise Finance: Building Healthy Institutions for the Poor*, London: IT Publications.

Ovesen, J., and Trankell, I-B. (2014) 'Symbiosis of microcredit and private moneylending in Cambodia'. *The Asia Pacific Journal of Anthropology*, 15(2): 178–196.

Ovesen, J., Trankell, I-B., Kimvan, H. and SochoeunC. (2012) 'Rice farming and micro- credit in Takeo Province, Cambodia: A socio-economic and social anthropological study with special reference to Intean Poalroath Rongroeurng (IPR) microfinance institution', (May), Uppsala University, Department of Cultural Anthropology and Ethnology.

Payne, G., Durand-Lasserve, A., and Rakodi, C. (2009) 'The limits of land titling and home ownership', *Environment and Urbanization*, Vol 21(2): 443-462.

Phann, D., Phay, S., Tong, K., and Pon, D. (2015) *Landlessness and Child Labour in Cambodia*. Phnom Penh: Cambodia Development Resource Institute.

Robinson, M. (2001) *The Microfinance Revolution: Sustainable Finance for the Poor*, Washington, DC: World Bank.

Rozas, D. (2016) 'Inexorable growth in Cambodia: like a rolling stone?' *European Microfinance Platform*, 10th May. Retrieved at: http://www.e-mfp.eu/blog/inexorable-growth-cambodia-rolling-stone

Samnang, L. (2019) 'The Cambodian Debt Trap? A Study of the Relationship between Remittance and Household Debt', Working Paper no 1 (January), Phnom Penh: Future Forum.

Seng, K. (2018) ‘Rethinking the effects of microcredit on household welfare in Cambodia’, *Journal of Development Studies*, Vol 54(9), 1496-1512.

Simanowitz, A. and Knotts, K. (2015) *The Business of Doing Good*, Rugby: Practical Action Publishing.

Smith, P., and Thurman, E. (2007) *A Billion Bootstraps: Microcredit, Barefoot Banking, and the Business Solution for Ending Poverty*, New York: McGraw Hill.

Sinha, S. (2013). ‘Microfinance in Cambodia: Investors’ playground or force for financial inclusion?’ M-CRIL, December.

So, S. (2011) ‘The politics and practise of land registration at the grassroots’, in Hughes, C. and Kheang, U. (eds), *Cambodia's Economic Transformation*, Copenhagen: NIAS Press.

Springer, S. (2015) *Violent Neoliberalism: Development, Discourse, and Dispossession in Cambodia*, New York: Palgrave Macmillan.

Stein, H., Maganga, F.P., Odgaard, R., Askew, K., and Cunningham,S. (2016) 'The Formal Divide: Customary Rights and the Allocation of Credit to Agriculture in Tanzania', *Journal of Development Studies*, Vol 52(9).

Steptoe, G. (2013) 'Cambodian Flood Victims Drowning in Debt', *The Diplomat*, October 22nd. Retrieved at: https://thediplomat.com/2013/10/cambodian-flood-victims-drowning-in-debt/

Stoll, D. (2013) *El Norte or Bust! How migration fever and microcredit produced a financial crash in Latin America*, Lanham, MY: Rowman and Littlefield Publishers Inc.

Symbiotics. (2016) *Symbiotics 2016 MIV Survey: Market Data and Peer Group Analysis* (10th edn), Geneva: Symbiotics.

Syminvest. (2016) ‘Cambodia: Microfinance sector praised, but some lenders called out’, March 15. Retrieved at: www.syminvest.com/news/cambodia-microfinance-sector-praised-but-some-lenders-called-out/2016/3/15/5783

UNDOC. (2017) *Trafficking in Persons from Cambodia, Lao PDR and Myanmar to Thailand* (August), Bangkok: UNODC.

Williams, S. (1999) *Where Has All the Land Gone? Land Rights and Access in Cambodia*, Phnom Penh: Oxfam GB.

Woodruff, C. (2001) 'Review of de Soto's *The Mystery of Capital'*, *Journal of Economic Literature, Vol. XXXIX* (*December): 1215–1223.*

World Bank. (2002) Project Appraisal Document, Land Management and Administration Project, Report No: 22869-KH, 29 January.

World Bank. (2016a) 'Enterprise Surveys – Cambodia 2016 Country Profile', Washington DC: World Bank.

World Bank. (2016b) 'Cambodia Economic Update: Improving Macroeconomic and Financial Resilience', Phnom Penh: World Bank.

Yunus, M. with Jolis, A. (1998) *Banker to the Poor*: *The Autobiography of Mohammad Yunus*. London: Aurum.