

Cambodian Government Must Act to End Human Rights Abuses in Microfinance Sector

7 May 2024

The Cambodian government must urgently act to address predatory lending and abusive collection practices in the country's microfinance sector, local and international CSOs urge in a [submission](#) ahead of the UN Human Rights Council's universal periodic review (UPR) of Cambodia.

The call to address long-standing and widely reported abuses in Cambodia's microfinance sector comes as 30 recommendations made in the 2019 UPR cycle to improve the human rights situation have gone unheeded due to a lack of meaningful government oversight. This has enabled Cambodia's microloan sector to balloon in recent years, with average loan sizes rising to over \$5,000—the highest in the world—and coerced debt-driven land sales happening in significant numbers across the country.

Our organisations' submission comes after years of monitoring and researching borrowers' complaints. It details reporting and evidence from various sources on how the debt burdens in Cambodia have negatively impacted the right to education, the right to health, the right to food, the right to an adequate standard of living, and the rights of Indigenous Peoples, among others.

The [UN Secretary-General](#) warned against the foreseeable loss of land due to Cambodia's high average microloan repayment sizes and the use of land as collateral in September 2021. The UN Committee on Economic, Social and Cultural Rights expressed concern in March 2023 that microfinance loans were negatively impacting the [right to an adequate standard of living](#). Three [quantitative studies](#) undertaken in the last two years found that roughly 6% of borrowers had [sold land](#) to repay microloan debts. One study's findings indicate that [167,000 Cambodians](#) sold their land to repay microloans between 2017 and 2022.

In his 2022 and 2023 reports to the Human Rights Council, the UN Special Rapporteur on the situation of human rights in Cambodia [called for debt relief](#) and more direct governmental action to regulate financial practices and monitor lenders in order to stem the [serious plight of land loss](#) and the rise in poverty associated with microfinance debt. In a 2022 survey, over 3% of children in surveyed households had [dropped out of school](#) specifically due to a microloan, and over 4% of children—including children as young as 10 years old—were working specifically to pay back a microloan. In a representative survey, 18.3% of borrower households said they ate less food after taking out their loan, and 8.5% of households reported [not having enough food](#) for their family to eat.

To date, there has been no meaningful action by the Cambodian government on reforms. We are urging all stakeholders, including the Cambodian government, to take urgent action to ensure an end to these abuses. We call on UN Member States to ask Cambodia about its record on protecting microfinance borrowers on 8 May 2024 during the 46th Session of the UN Human Rights Council in Geneva, Switzerland.

We further call on UN Member States to propose and for the Cambodian government to accept recommendations to:

- *Implement Economic, Social & Cultural Rights and Protect the rights of Indigenous Peoples.* Prohibit the use of land titles as collateral for microloans, prioritizing loans given to IDPoor and Indigenous borrowers. Return all land titles currently being held as collateral for microloans.
- *Promote the Right to an Adequate Standard of Living.* Establish debt relief for over-indebted families and prioritise relief for Indigenous Peoples and IDPoor households.

- *Progress the Right to Health, the Right to Food, and the Right to Education.* Take concrete steps to implement free healthcare and primary and secondary school education for all Cambodians in order to reduce the debt incurred from these costs.

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