

Thaneakea Phum (Cambodia) Ltd. (TPC)

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Brief History

TPC (Thaneakea Phum Cambodia) was launched in 1994 as a credit and savings project of the Small Enterprise Development Program of Catholic Relief Services (CRS) in Cambodia. In 2002, CRS/TPC was officially incorporated into a limited liability company, Thaneakea Phum (Cambodia) Ltd, and became a locally registered and licensed microfinance institution in 2003. 'Thaneakea Phum' stands for Village Bank in the Khmer language.

Methodology

TPC offers a range of credit and savings products.

Credit

TPC has three main loan products. The Thaneakea Phum Loan (TP) and the Solidarity Group Loan (SGL) are solidarity group guaranteed loan products that utilize village bank methodology in lieu of collateral guarantees.

The TP loan is defined by TPC as 'a community based lending facility that uses the Village Bank as the service delivery point'. TP loans usually spans from 3 to 12 months, with the loan size ranging from 200,000 to 2 Million Riels. Monthly interest rates of 3% apply to loans. This kind of loan can be repaid at the end of the cycle or by monthly installments.

The SGL is catered to meet the needs of TPC's Village Bank clients whose businesses are growing and who have demonstrated the need for a larger loan. Payment term is fixed as well, with interest at 3% paid either weekly, bi-weekly or monthly. The loan term spans from 3 to 12 months, with the loan size ranging from 200,000 to 2 Million Riels.

The Market Loan (ML) is primarily for clients who work in the market surrounding TPC's branch locations and for businesses that generate income on a daily basis. It is fixed term, with a daily payment mode. The interest rate is at 3%. The loan term is anywhere between 90 to 252 days, with loan size ranging from 200,000 to 3 Million Riels.

TPL represents 52% of the loan portfolio, SGL 47% and market loans 1%.

TPC also offers an Individual Loan Product (ILP) for individual entrepreneurs who needs larger size loans. TPIC also provides special loans, available for clients who may need funds to meet unforeseen emergencies such as death, sickness, natural disaster, weddings, or school fees.

Savings

TPC has a compulsory savings program, which has collected R1.2 billion, which is one of the highest amounts of savings collected among MFIs in Cambodia.

Area of Operations

TPC operates from 10 office branches, covering 9 provinces and 52 districts, and more than 1,500 villages located in the South West of the country. (30 Sept 2004 data). It is one of the only MFI reaching remote rural areas.

Clients

Women make up the majority of TPC's clients, as they have the least means and access to credit.

Active clients	Active savers	Active borrowers	Gender
59,931	59,931	37,968	>90% women

As of October 2004

Poverty Focus

One of TPC's core principles is to target the poorest communities and entrepreneurs. 80% of TPC's clients are below the poverty line. 85% of TPC's clients are also in households earning less than US\$1/day per household member. TPC has one of the lowest average loan sizes in the microfinance industry, which is an indicator of the depth of its outreach.

Average Loan Outstanding	Average outstanding loan size / GNP per capita	Average deposit size
US\$82	27%	US\$6

As of October 2004

Distinctive Features

TPC runs one of the only microfinance programs reaching the remotest rural areas, while its poverty focus is stronger than others.

Innovations

n/a

Financial results

Thaneakea Phum Cambodia is 98% majority owned by Catholic Relief Services. TPC received grants from USAID, the McKnight Foundation and Development Capital. In October 2004, the loan portfolio outstanding equalled US\$3,3 million, with a 94.71% on time repayment rate. TPC posted a net profit of approximately US\$200,000 in 2003.

Loan Portfolio	Portfolio at risk	Savings Deposits	OSS / FSS	RoE / RoA
US\$3,313,555	2.97%	US\$376,000	170% / 119%	7.55%**/6.43%**

As of October 2004, except () as of September 2004, (**) as of December 2003*

Challenges and development plans

According to the latest rating report (2003) TPC needs to reduce its high operating cost ratio, and its high concentration of lending on agriculture activities. TPC plans to localise the positions of CEO and COO in 2005. TPC plans to reach 60,000 households and to expand loan portfolio to US\$5.3M by the end of 2007.

Inclusion in financial Sector

TPC is a regulated and licensed MFI. It has received a rating alpha + from the rating firm M-CRIL in 2003, which indicate recommendation for investment, based on reasonable safety and good systems. It borrowed KHR 2 billions (US\$500,000) from the Rural Development Bank in 2004 and holds an account with the commercial banks, ACLEDA Bank and Canadia Bank.

Sources

- TPC's website www.tpc.com.kh
- TPC internal documents (Annual reports, brochures and presentations)
- M-CRIL Rating Report of TPC, July 2003
- MIX market profile of TPC www.mixmarket.org
- CMA statistics as of September 2004