

**Phone conversation between Chamroeun (Grégoire Héaulme) and GiveWell
(Natalie Stone) on June 1, 2010**

GiveWell: How does Chamroeun track its repayment rate?

Chamroeun: We calculate our repayment rate by dividing repayments received in a month by the total repayments due. This includes all the installments due in the month plus all the installments due from previous months and not yet repaid. The repayment as of end of April was 97.8%. The repayment rate for that month only considering payments due in that month (and not payments due from previous months and not made yet) was 99.8%. For December 2009 the rates were 96.8% and 99.9% respectively. I will send you this data for additional past months.

GiveWell: What interest rates and fees does Chamroeun charge its loan clients? What is the repayment schedule? Is there a savings requirement?

Chamroeun: We charge between 2-4% per month on the declining balance. All of our loans are repaid within a maximum of 12 months, with an average term length of 6 months. Partners (our term for clients) can repay weekly or monthly, and most choose monthly. In addition, we charge a processing fee of 2%. We also require that partners deposit savings throughout their repayment period, which will total 15% of the loan amount by the end of the loan term.

GiveWell: Does Chamroeun have data on its borrowers' standard of living?

Chamroeun: We do not directly track incomes, as it is very difficult to do this accurately. Instead, we use a Poverty Assessment Tool, based on the USAid PAT, which includes such indicators as housing quality, access to education, access to health, assets, etc. We then classify the family on a poverty scale. We use this tool with all partners at the time of their first loan and then again once every year for the same people so that we can measure their progresses through time. I can send you a report with the results of this analysis.

GiveWell: What percentage of clients has dropped out of the program each year? How does Chamroeun calculate this rate?

Chamroeun: What we calculate the drop out as 1 minus the loyalty rate (i.e. retention rate). The loyalty rate was 75.6% in April and the drop out rate 24.4%. We divide the number of partners who took a re-loan in the last 12 months by the total number of loans closed in the last 12 months. We calculate this rate every month. I can send you this rate for previous months.

GiveWell: Is there a process for monitoring whether procedures for preventing over-indebtedness are effective?

Chamroeun: We have a policy of not giving a loan to a person who already has an outstanding loan. We control that with home visits and credit investigations in the applicants' neighborhoods. In theory, we should not have partners with loans from other source, but in practice we don't know for sure as there is no 100% secured way to verify that clients do not have other loans.

GiveWell: Does Chamroeun have a way for partners to complain about loan officers? Does Chamroeun have other ways to prevent harassment of partners? How is the

performance of loan officers evaluated and rewarded?

Chamroeun: We do not have formal policies or processes for dealing with complaints, but partners are free to complain at branches and staff members are open minded when receiving and dealing with complaints. Once a month, a Branch Committee including branch staffs and 4 elected representatives of the partners is organized. This is an opportunity to discuss suggestions and also complaints that partners may have. We have a code of conduct for our staff to prevent harassment of the partners. Loan officers receive a fixed salary and monthly incentives of up to about 25% of their salary. Incentives are based on number of partners the loan officer manages, the loyalty rate, the portfolio at risk among these partners, and the number of new loans disbursed.

GiveWell: What are the interest/fees offered on Chamroeun's savings products?

Chamroeun: Chamroeun is no longer legally able to offer voluntary savings services.

GiveWell: How much in additional donations could Chamroeun productively use in the next year? What would such donations be used for?

Chamroeun: Additional donations would be used for developing non-financial services—social and business training programs, as well as social counseling services. We are also still in the phase of development, opening new branches in new areas. Today we have about 10,000 active borrowers. By the end of 2014 we should reach 43,000 borrowers. Our loan portfolio at that time will be \$5.2 million. Today it's about \$1 million. I can send you our plan for the next 4 years.