

United Nations Development Programme
OAI, Social and Environmental Compliance Unit

Draft Detailed Analysis:

Investigating allegations of non-compliance with UNDP social and environmental commitments relating to UNDP activities in the context of the following projects:

“SDG Impact – Catalysing Private Sector Capital for the SDGs” and “Policy and Innovation Hub for Sustainable Development”

Case No. SECU0025

Date: 29 June 2026

Basic Data

Case No.	SECU0025
Categories of Non-Compliance:	Social and Environmental
Location:	Cambodia
Date Complaint received:	6 March 2024
Source of Complaint:	Confidential
Compliance Officer assigned:	Anne Perrault
Other members of the case team:	Christine Reddell, Paul Goodwin, Peter Boldt
Related Case(s):	N/A

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Additional Background

Project Objectives and Project Development

1. As indicated by the Project Document for the Global Project (herein Prodoc) the project provides an overarching framework for project activities, and includes three sets of outputs: 1) Impact Management (which includes SDG Impact Practice Assurance Standards, Certification Training, the SDG Impact Seal, and Online Training); 2) Impact Intelligence (which includes SDG Investor Maps); and 3) Impact facilitation (which includes SDG Impact Investor Convenings, Policy Investor Roundtables).
2. The Prodoc describes that the project goal is to help countries “mobilize significant volumes of private sector investments” for the Sustainable Development Goals (SDGs).¹ The Prodoc states that “UNDP is uniquely positioned to advance financing for the SDGs,” including because of policies such as the Social and Environmental Standards (SES).²
3. According to the Prodoc, UNDP COs lead the implementation of the project at the country level and can choose the output they want to pursue.³ If COs choose to create SDG Investor Maps, as part of Output 2, they assume primary responsibility for creation of the maps and are to partner with other entities to create them.⁴

¹ The Prodoc states that the project will “define and develop a viable approach for UNDP to support countries to mobilize significant volumes of private sector investments for SDG achievement” Prodoc, page 1.

² The Prodoc states, “Our own Social and Environmental Standards and Private Sector Due Diligence could also be referenced as part of our comparative advantage. UNDP’s Social and Environmental Standards (SES) underpin UNDP’s commitment to mainstream social and environmental sustainability in our Programmes and Projects. The SES are an integral component of UNDP’s quality assurance and risk management approach to programming and are underpinned by an Accountability Mechanism including a Stakeholder Response Mechanism and Compliance Review. UNDP’s Policy on Due Diligence and Partnerships with the Private Sector, complemented by its Risk Assessment Tool, also aims to strengthen the risk management capacity of UNDP to work with the private sector.”

³ Prodoc, page 16.

⁴ The Prodoc states, at page 13, that “in participating countries, the project will be led by UNDP country offices, leveraging/collaborating with Regional Hubs when applicable, and will partner with relevant credible and leading private sector, government and academic networks, institutions and experts in delivering the SDG Investor Maps.” In response to questions from SECU, the SDG Investor Impact team further detailed the role of the CO as follows: “The Country Office owns the SDG Investor Map development exercise by ensuring buy-in from government counterparts for developing such market intelligence as part of national strategies and activities to unlock private sector capital for the SDGs. The country office also leads the recruitment of consultants and management of such contracts for the entire duration of the project. The country office also

4. Support is provided, however, through a global unit - the Global Private Finance for the SDGs team (SDG Impact team),⁵ and quality assurance occurs through regular check-ins among the CO, HQ, and regional teams.⁶
5. The Cambodia CO chose to pursue Output 2 and to create an Investor Map for Cambodia. Funds for this map were provided by both the Global Project⁷ and the PIH Project.
6. The Prodoc notes that, to support COs in developing these maps, the SDG Impact team provides a global, standardized research methodology and format for COs to use to capture and report “market intelligence” that will support SDG-enabling investment opportunities.
7. The purpose of the Investor Map, and specifically this market intelligence, is described in various project documents. These descriptions indicate that the map and intelligence are provided to induce investor interest in, and capital deployment to, identified investment opportunities.
8. For example, in a presentation given by the Cambodia CO to various stakeholders in June 2022, this “market intelligence” is described as “data and insights needed for increasing financial flows to the SDGs”⁸ “to induce investors.”⁹ The Investor Map for Cambodia also describes the map as “a dynamic market intelligence tool that provides information on a range of market-specific and SDG-aligned investment opportunities” and “a public good to investors and governments in order to facilitate productive and

helps set up the governance mechanisms to ensure that all stakeholders are adequately represented. These are often in the form of Steering Committees comprised of UNDP and other stakeholders from the government and private sector, to ensure representation of key development and policy priorities in the Map development process. The country office, depending upon internal priorities, ownership by the leadership is also responsible for designing and implementing follow-on activities once the SDG Investor Maps are launched. Funding for developing the SDG Investor Maps is either mobilized by country offices or can be donor-supported or channelled through TRAC funding either through regional bureaus or HQ.” Response from SDG Impact team to SECU questions, dated 14 April 2024.

⁵ Prodoc, page 11.

⁶ CO response to SECU factual docket review, 2 April 2025.

⁷ According to the Prodoc, total resources required are 11,583,042 USD (5,255,000 funded, and 6,328,042 unfunded). The CO stated that the total for the SDG Investor Map in Cambodia was US\$111,140, with 30,000 USD coming from the Global Project, and the rest coming from TRAC 1 and the SDGF Joint Programme, INFF.

⁸ Presentation provided to SECU by the UNDP Cambodia CO, dated 2 June 2022, page 3. This presentation was made to various stakeholders during consultations on the SDG Investor Map.

⁹ Presentation provided to SECU by the UNDP Cambodia CO, dated 2 June 2022, page 37. This presentation was made to various stakeholders during consultations on the SDG Investor Map.

- SDG-aligned capital deployment.”¹⁰ A summary of the SDG Investor Maps, prepared by the SDG Impact team, directs COs to identify “Investment Opportunity Areas (IOAs)” to “guide...investor decision making.”¹¹
9. The Investor Map developed for Cambodia is the focus of this complaint. The original version of this map was published online and in PDF versions in August 2022. The PDF version (the Cambodia CO’s PDF map),¹² was published on the Cambodia CO’s website, and the other version was published on the SDG Investor Platform website (the Original SDG Investor Map). Since publication, the Cambodia CO’s PDF map has remained unchanged, whereas the Original SDG Investor Map has been updated.
 10. The SDG Impact team shared with the Cambodia CO an Information Package to guide development of SDG Investor Maps. This Package included a Handbook with the Methodology to be followed by COs, as well as various planning tools, such as the SDG Investor Map Desk-Based Research Overview,¹³ and templates, such as the SDG Investor Map Data Set Structure (mapping template). The template is an excel spreadsheet provided to COs for inputting research findings into one document and to form the content of the public facing Investor Map.
 11. The Cambodia CO indicated that the Methodology was detailed and followed closely.¹⁴
 12. According to the Prodoc, each Investor Map should identify “Investment Opportunity Areas” (IOAs).
 13. Although the Prodoc does not indicate that COs should identify specific companies active in each IOA space, the Methodology and mapping template do.
 14. The Handbook directs COs to search for the names of specific institutions, e.g., companies already active in each IOA, to establish that the IOA area had already been

¹⁰ Cambodia CO’s PDF map, page 18. Available at: <https://www.undp.org/cambodia/publications/cambodia-sdg-investor-map>

¹¹ Introduction to SDG Investor Maps - One Pager (included as part of the CO Information Package).

¹² While the content of the PDF and web-based versions of Investor Map were substantially the same, the PDF version included information specific to the Cambodian process, such as an overview of the development needs in Cambodia, acknowledgements, and an executive summary outlining the process followed for developing the Investor Map for Cambodia.

¹³ The SDG Investor Map Desk-Based Research Overview was included “to facilitate planning for the desk-based (secondary) research phase and data collection by step”.

¹⁴ According to the SDG Impact team, the team’s regional specialists provided the orientation, technical advisory and quality assurance oversight throughout the Map development process to ensure that the methodology was adhered to, and the desired outcomes were achieved.

- “proven in market,” i.e., that it was an investment area for which transactions have already taken place. This was to be done as part of collecting “supporting information” for each IOA.
15. The mapping template similarly directs COs to identify “actors in the IOA space.” More detailed instructions indicate that COs should “Describe 5-10 actors that are directly relevant for the IOA space along the provided groupings (private sector, government, multilaterals, non-profit, public-private partnership).”
 16. Finally, the "SDG Investor Map Desk-Based Research Overview" (step by step planning tool referenced above) directs COs to review the "partner environment," by searching "for the names of the specific institutions already active in each IOA."
 17. The Original SDG Investor Map referred to these financial actors (including private companies mentioned in the complaint), as “Partners” on the landing page. The Cambodia CO’s PDF map used the term “Actors in the IOA Space” (consistent with mapping template instructions), and not the term “partners.”

Consultation

18. The Cambodia CO indicated to SECU that no stakeholder engagement plan had been prepared for this project.
19. However, to implement the consultation processes described in the Information Package, the Cambodia CO hired two consultants: a private sector consultant and a public sector consultant. The Cambodia CO relied heavily on these consultants and gave them overall responsibility for research, consultation and Investor Map development.¹⁵ Quality assurance was conducted by the Cambodia CO and SDG Impact teams.
20. The consultants were tasked with creating a long and shortlist of prospective public and private sector interviewees and scheduling interviews to record relevant qualitative insights for further collation and analysis. In particular, the private sector

¹⁵ Per the terms of reference for the private sector consultant, overall responsibilities included “research and map development”, “stakeholder mapping and engagement”, and the delivery of a “compilation of the research and insights with data sources in an excel template, to be provided by the UNDP office”, “response to quality assurance and inputs provided by peer reviewers from the UNDP and key stakeholders to create a high quality, standardized product”, “upload the finalised database onto the global SDG Investor Platform”, and “create and maintain a process deck [PowerPoint] to document the process used for each step of the methodology to arrive at the desired output”. The public sector consultant was similarly tasked with co-creating these deliverables with the private sector consultant.

- consultant was tasked with leading “structured interviews¹⁶ using customized thematic questionnaires with local, regional and global investors to deepen learnings from desk research and source additional insights on the “investability” (sic) of long-listed opportunity areas.” The public sector consultant was tasked with leading “structured interviews with key public sector stakeholders to deepen learnings from desk research and source additional insights on the key national development priorities.”¹⁷
21. The public sector consultant interviewed government officials, including nine different government ministries, the Council for the Development of Cambodia, the National Bank of Cambodia, and the Cambodia Stock Exchange.
 22. The private sector consultant consulted primarily private sector entities but did not consult the companies listed as “partners” in the Original SDG Investor Map.
 23. The private sector consultant did not interview NGOs working in the Access to Finance and MFI space or individuals and communities potentially impacted by MFIs, nor did she consult NGOs or communities that might be affected by other IOAs. She had vast and deep experience working with private sector entities and told SECU she understood that her efforts were to consider the private sector perspective and that engagements with NGOs and communities were not within her remit.
 24. One Cambodia CO staff member indicated to SECU it was not feasible to interview potentially impacted individuals and communities, and not something perceived as supported by the government of Cambodia.
 25. Following the structured interviews with the public and private sector actors, and once a shortlist of IOAs had been prepared, the CO held consultation meetings in June 2022. Invitations to participate in these consultations went to various groups, including UN Agencies, development partners, NGOs and think tanks, the private sector, and government officials. The agenda and presentation for the various groups were principally the same.
 26. The invitation for one such consultation, held on 2 June 2022 for “NGOs/Associations/ThinkTanks, Development Partners, and UN Agencies,” was sent on 30 May - three days prior to the consultation. Of the 20 NGO/Association/ThinkTank groups invited, 5 attended: Wildlife Conservation Society, The Asia Foundation, Young Entrepreneur Association of Cambodia, Oxfam,

¹⁶ The Cambodia CO advised that these interviews included questions on development priorities, impact potential, investment and business viability and supportive policy momentum.

¹⁷ Per the terms of reference for these consultants, as supplied by the Cambodia CO.

- and an academic from Frankfurt University. When asked how this list of organisations was developed, the Cambodia CO responded that it was a standard stakeholder list that was adjusted based on the team’s understanding of relevance and not informed by an assessment of whether the IOAs would have an impact on these organisations or the people with whom they work.
27. The invitation explained that UNDP’s interviewer consultant had pursued a vigorous process of data collection, including bilateral consultations with various stakeholders, and the purpose of the meeting was to validate the findings of that process.
 28. The meetings were scheduled for 1.5 hours, and the presentation included a description of the rationale for developing SDG Investor Maps, a discussion of Cambodia’s development needs (with reference to the 17 SDGs), a presentation of the 16 IOAs identified for Cambodia, and a discussion of eight “white spaces” in Cambodia (potential spaces where new business models are needed). Participants were told that next steps would be to launch the Investor Map through a Launch Event in August 2022 (two months after these consultations).
 29. Consultation minutes reflect that only one concern about the IOAs was raised during the consultations: UNICEF raised a concern that the IOA targeting private primary schools “seems to promote privatization of education rather than strengthening public sector and improving quality of education in public schools.”
 30. UNICEF requested more information on the analysis that led to this recommendation, and UNDP responded that when government priorities were reviewed and all groups consulted - including policymakers, development agencies and the private sector - it was agreed this IOA was important. The UNDP also stated that, even assuming the Investor Map identified opportunities for private investment in sectors, it was not intended to replace public investment: “the SDG investor map only tries to identify areas of opportunity for private investment in some sectors but does not intend to replace public investment in key sectors like education.”
 31. Despite the CO’s response to UNICEF, when the Original SDG Investor Map was published in August 2022, it did not include “affordable private school education” amongst the list of IOAs. All other IOAs presented at the June 2022 consultations were included in the published Investor Map. According to Cambodia CO staff the “affordable private school education” IOA was removed based on follow-up discussions with UNICEF to avoid the perceived risks that privatization of school education could exclude or impair investments in public education.
 32. When SECU asked UNDP consultants if they were engaged with NGOs or any community members that might be impacted by the various IOAs, both responded in

- the negative. The private sector consultant shared her perception that she did not need to engage NGOs or community members because the goal was to attract investment from the private sector into the IOAs. The public sector consultant indicated there was not enough time to engage with NGOs. This consultant worked with UN agencies, Government officials and key ministries, and it was his understanding that those entities worked closely with NGOs.
33. At least some documents prepared by the SDG Impact team, including the Overview Presentation of the SDG Investor Maps, supported this perception that it was not necessary to interview potentially impacted individuals or communities. Listed “private sector stakeholders” included institutional investors, commercial banks, and VC/impact investors.¹⁸
34. However, other documents provided by the SDG Impact team to the COs as part of the Information Package, such as the “Getting Started with an SDG Investor Map” memo, suggested a need for consultation with NGOs, but provided no detail about which NGOs - or whether those should include NGOs working with populations that would be beneficiaries of or impacted by MFI investments.¹⁹ The “Risks and Assumptions” annex to the Prodoc directs COs to “ensure stakeholders potentially affected by future investments in investment opportunity areas identified by SDG Investor Maps are consulted as part of identifying and shaping the IOA.”²⁰
35. In an exchange between SECU and the Cambodia CO, the Cambodia CO indicated its belief that the MFI ecosystem is not well developed in Cambodia, that there are no active intermediaries (think tanks and “specialized” NGOs) and the sources of data are limited to MFIs and Human rights NGOs – both of which, the Cambodia CO stated, have subjective views and interpretations.²¹

¹⁸ “Stakeholders are involved at all four stages of the methodology: At step 1, public sector stakeholders to validate development needs and policy priorities. At step 3, public sector experts to validate subsector longlist with specialized stakeholders. At step 7, private sector stakeholders (institutional investors, commercial banks, VC / impact investors) to distil and discuss Investment Opportunity Areas. At step 8, private sector stakeholders to facilitate final buy in.” - Overview Presentation – SDG Investor Maps, at slide 17.

¹⁹ “Stage 9: Map key stakeholders in public and private sectors to engage in the process. Produce a mapping of external, in-country stakeholders and networks on which to rely for primary research and secondary data. Government and other public sector (regulators, statistical agencies public thinktank). Investors and other private sector (corporations, business incubators, industry associations). Development finance institutions and other multilateral organizations. Civil society groups and non-profits. Academic experts in higher education institutions.” - Getting Stated with an SDG Investor Map – Step by Step Guide, at page 2.

²⁰ Prodoc, page 40.

²¹ Response to SECU Factual Docket Check, 2 April 2025.

36. UNDP staff told SECU they did not offer a public request for comment, i.e., they did not provide an online request for public comment on the Original SDG Investor Map or IOAs.

Assessment of Risks Related to the Global Project

Application of SESP

37. The SDG Impact team screened the Global Project Prodoc using the SESP. Five specific risks and management measures were identified across all the Global Project activities, only one of which references the Investor Maps.
38. The reference to the Investor Maps was included in response to a question about the risk that duty bearers might not have the capacity to meet their obligations, and rights-holders might not have the capacity to claim their rights. The SESP identified the following mitigation measure for this Investor Map-related risk, “The methodology of investor maps includes specific steps including discussions with government here (sic) the UNDP will bring out aspects related to this risk as a mitigation measure. In addition, Policy dialogues will include discussion about the risks and safeguards.”²²
39. The SESP also identified a more general risk – a risk not specific to Investor Maps – that marginalized groups, including Indigenous Peoples, could be excluded from decision making, and that this could adversely affect their human rights. The SESP noted that, to mitigate these risks, the project aimed to have positive impacts on people’s lives and that “this will be determined at the country level through the stakeholder engagement plan and if Indigenous people are present.”²³
40. Four of these overall risks identified in the SESP were classified as “moderate” risks, and one was classified as “low” risk. Based on identified risks, the SDG Impact team characterized the Global Project as a Moderate Risk project.
41. The SDG Impact team did not prepare additional social and environmental assessments.
42. The SESP was not applied to the local PIH Project. The PIH Prodoc indicates that screening was not required because “The project aims to develop a new set of programmes, policies and interventions to support the government and its people

²² Prodoc, page 34.

²³ Prodoc, page 33.

through research, policy and innovation, communications and programming.”²⁴ The Cambodia CO reiterated this belief to SECU.

Application of Handbook Methodology

43. Although the SESP for the Global Project did not examine all social and environmental risks related to Investor Map activities, some of these risks were otherwise identified in the mapping template provided as part of the Information Package: The Handbook directed COs to identify “outcome” and “impact” risks in relation to each IOA.²⁵
44. For outcome risks, COs were asked to “define what negative development outcomes (externalities) may result from the IOA and its business model.” For impact risks, COs were asked to define risks that could occur “to people and the planet” if the project did not succeed in providing promised results.²⁶
45. The Handbook and mapping template did not specify that COs should analyse risks tied to the identification and publication of company names or actors in the IOA space.
46. The Handbook and mapping template also did not specify that COs needed to identify measures to mitigate identified risks.
47. In identifying outcome and impact risks associated with the *Access to Finance for SMEs* IOA in Cambodia, the Original SDG Investor Map referenced two concerns, (1) “a lack of MFI institutions²⁷ will increase dependency on informal finance, leading to exploitation of consumers through negative outcomes (illegal land grabbing or bonded labour)” and (2) a need for more support in terms of capacity building and the presence of adequate support infrastructure (e.g., banks, digital infrastructure, MFI branches, and grievance redressal systems) will be required along with access to finance.²⁸

²⁴ <https://www.undp.org/cambodia/publications/cambodia-sdg-investor-map>

²⁵ The terminology used in the Cambodia CO’s PDF map was different, referring instead to Market and Impact Risks.

²⁶ More specifically, COs were asked to “define what the risks to people and planet are if impact does not occur as expected”.

²⁷ Descriptions throughout the IOA indicate it was about MFI lending, albeit without an exclusive focus on MFI lending.

²⁸ Cambodia CO’s PDF map, August 2022, page 42.

Project Context: Human Rights Concerns Tied to MFI Lending in Cambodia as Reflected in UN and other Research Reports and Media

48. SECU's examination of risks related to MFI lending in Cambodia, and the extent to which these risks were clear before and during project development, revealed that UN entities and other experts had expressed concerns that guardrails in Cambodia were inadequate to protect borrowers against human rights-related abuses.

UN concerns about MFI lending

49. At the time the Original SDG Investor Map was launched in August 2022, human rights-related concerns tied to MFI investments had been raised by the UN and other entities.²⁹ Several reports reflected that MFI lending was not merely a contractual matter - that is, it was not simply about agreements reached by consensus between borrowers and lenders, and with no relation to human rights. They note that MFI lending relates, as well, to State obligations.

50. For example, in 2022, the UN Human Rights Council issued a report about individual and household debt accrued through loans offered by a range of informal and formal lending actors, *with specific reference to Cambodia*. The report described at least two ways State obligations are relevant in this context and noted that the report was offered to "assist in understanding – and also to unravel, denounce and offer recommendations to tackle – human rights violations" in this context.³⁰

51. It described two drivers of rising private indebtedness – both of which are relevant to this investigation in Cambodia.

52. The first driver relates to over-lending to the poor in situations in which they are unable to cope with repayments, and their ability to repay is not properly assessed prior to the loan.³¹

²⁹ For example, in a report not specific to Cambodia in 2018, the United Nations Conference on Trade and Development (UNCTAD) critiqued microfinance as a means to secure finance for the poor. This report also argued that MFIs focus more on financial performance than social performance and the industry has become "co-opted and even perverted, as another facet of the dominance of financialization." This report argued that "social goals need to be explicit in order to be pursued" and that things go wrong with microfinance when the wrong indicators are measured. This report specifically noted that these lessons from "what went wrong with microfinance...are worth remembering in light of today's efforts to meet the Sustainable Development Goals."

³⁰ <https://documents.un.org/doc/undoc/gen/g20/001/47/pdf/g2000147.pdf>

³¹ The report noted on this point: "the flourishing supply side of finance, with deregulation and increasing financialization being its facilitating instruments." It further indicated, in this regard, that in Cambodia "over

53. The second driver relates to the failure of the State to ensure that basic needs are met through state-funded programmes, forcing vulnerable populations to borrow money to meet these needs.³²
54. A report issued in 2019 by the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) noted similar issues with the Cambodian MFI sector, highlighting exploitative lending practices that disproportionately affect rural women. The Committee expressed concern that “microfinancing institutions charge high interest rates, require land titles as collateral and target poor clients, the majority of whom are women,” often leaving them destitute and homeless when land is seized for defaulted loans. It urged Cambodia to regulate microfinance institutions, establish oversight mechanisms to prevent abuse, and ensure rural women have access to low-interest loans and fair credit opportunities.
55. The UN Special Rapporteur on the situation of human rights in Cambodia reported, in April 2021, that he had been concerned about ways over indebtedness impacted rights even before Covid heightened problems.³³

Additional research about MFIs prior to launch of Original SDG Investor Map

56. The German Government conducted research for a special report on MFI lending in Cambodia at the time the Cambodia CO was developing the Original SDG Investor Map. This report, authored by Frank Bliss, was published shortly after the Original SDG

lending and overborrowing” had led to microfinance crises. It found that a “lack of safety nets for people living in poverty, once their private debt escalates, and the failure of certain States to regulate microfinance and lenders are essential concerns.”

³² The report stated on this point, “the reconfiguration of many human needs for social reproduction that become unmet financial needs paralleled by a colossal failure of the State to ensure economic, social and cultural rights for all.” It explained this concern in relation to Cambodia, “The use of loans to cover for basic needs and a range of economic, social and cultural rights is commonplace. In Cambodia, as apparently in many other countries, studies suggest that the majority of microcredit loans were used for non-productive purposes, including consumption, servicing existing debt, and covering unexpected expenses, such as illness and accidents.” It suggests that a failure of Cambodia to provide support for basic services, such as education, contributes to family over indebtedness and, in turn, could leave Cambodia short of meeting human rights commitments.

³³ “Even before the pandemic impacted on trade and tourism in the Kingdom, I was concerned at the human rights dimensions of indebtedness in the country. Many Cambodians are borrowing money and repaying debts at a level which seriously limits their disposable income. This in turn compromises their (and their families) enjoyment of an adequate standard of living. Whether migrant workers, formal or informal sector workers or small business and farm owners, borrowing money is often necessary to survive. Official figures reported by the World Bank indicate that around half a million more people were identified as newly poor in 2020 bringing the total of those receiving cash transfers to 2.8 million people, with another 4.5 million classed as near poor and particularly vulnerable to return to poverty.”

Investor Map in October 2022 (the *Bliss Report*). The field research for the *Bliss Report* was carried out in Cambodia from January to April 2022. While the research effort was underway and known publicly prior to publication of the Investor Map, the report was published after the map's publication. Findings from the report are detailed in the section below.

57. Other key research about MFI lending in Cambodia, published prior to the launch of the map, included the Microfinance Index of Market Outreach and Saturation (MIMOSA), *Cambodia: March 2020* report, as well as research in the *Sociology of Development Journal*.³⁴
58. The MIMOSA report described that Cambodia's credit penetration rate was at the highest level in the MIMOSA framework and scored the highest of the 11 countries covered by the project at the time of publication. The report further noted that this high saturation is aggravated by the large and continuing growth in loan sizes. These activities further increase the debt burdens of Cambodian households. The report discussed the broader context within which loans are occurring, including uneven regulation in Cambodia. It described that while regulations governing transparency and loan disclosure standards exist, clear regulations regarding aggressive sales and debt collection practices are non-existent. In relation to debt collection, it noted with concern that land is the most common collateral used for microfinance loans in Cambodia, and 45% of survey participants mentioned asset collateral as the second most common means of collections. It concluded that "client protection regulation needs substantial strengthening to ensure long-term market sustainability."
59. Research in the *Sociology of Development Journal*, titled "The Exclusionary Power of Microfinance: Over-Indebtedness and Land Dispossession in Cambodia" and published in June 2021, described how Cambodia has one of the largest microfinance industries in the world.³⁵ This research noted that the typical loan amount in Cambodia exceeds the average annual household income and requires land-based collateral. Drawing on field work and various surveys and other datasets, this research paper traced the rise of the commercial microfinance industry in Cambodia and described how it contributed to over indebtedness and distressed land sales, concluding that "microfinance-debt-induced land dispossession in Cambodia is a

³⁴ The Microfinance Index of Market Outreach and Saturation (MIMOSA) report for Cambodia, was published in March 2020 by the European Microfinance Platform and commissioned by the International Finance Corporation.

³⁵ <https://online.ucpress.edu/socdev/article-abstract/7/2/202/117607/The-Exclusionary-Power-of-MicrofinanceOver?redirectedFrom=fulltext>

product of an overly commercialized international microfinance industry that now values profits over people”.

60. These reports were in addition to several developed by LICADHO, Equitable Cambodia, and other local organizations in Cambodia, including Debt Threats,³⁶ which flagged a 2022 survey indicating that 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. It also noted that 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, etc. These reports were publicly available and described indebtedness concerns, with reference to other published research.

Media about MFIs prior to launch

61. As mentioned above, in addition to research available prior to project launch, numerous articles were published in various media.
62. A Radio Free Asia article, published in June 2021, drew attention to what was characterized as unsustainable growth and a lack of effective client protection in Cambodia’s microfinance sector. It referenced LICADHO’s and Equitable Cambodia’s report on the issue.³⁷
63. A 2019 Al Jazeera article highlighted the findings of a report by LICADHO and Sahmakum Teang Tnaut (STT) which noted that Cambodia has one of the largest average loan sizes and that “high interest rates, the use of land titles as collateral, and pressure to repay loans have led to a “predatory form of lending” by microfinance institutions.”³⁸
64. A longer, more investigative piece published by Bloomberg in May 2022, heavily criticized the microfinance sector in Cambodia. It described the continued flow of capital by government aid agencies, commercial banks and nonprofits into the microfinance sector despite increased interest rates and aggressive debt-collection

³⁶ <https://www.mficambodia.com/reports/Report-DebtThreats-2023-en.pdf>

³⁷ <https://www.rfa.org/english/news/cambodia/aggressive-microlenders-06292021195120.html>

³⁸ <https://www.aljazeera.com/economy/2019/8/6/cambodias-micro-loans-a-form-of-predatory-lending>

tactics.³⁹

Subsequent reports and activities related to MFI lending in Cambodia

65. Since the publication of the Original SDG Investor Map, other UN bodies, academic entities, and organizations have highlighted concerns with microfinance in Cambodia.
66. In 2023, the UN Special Rapporteur on the situation of human rights in Cambodia, in a report to the UN Human Rights Council, brought attention to microfinance in Cambodia as leading to debt and deprivation, particularly through the loss of land used as collateral. The report called for more direct governmental action to regulate negative financial practices and to monitor the lenders. More specifically, it called for client protection laws and programmes, and for further measures including debt relief, loan restructuring, social protection measures, increasing financial literacy, and educational measures to prevent manipulation and exploitation.⁴⁰
67. In 2023, the UN Committee on Economic, Social and Cultural Rights (ECOSOC) issued a Cambodia-specific report that described: “many low-income households are relying on loans from microfinance institutions to cover their basic needs, which has a negative impact on the enjoyment of their right to an adequate standard of living (art. 11).” An offered recommendation was to “Establish and enforce client protection laws and the independent monitoring mechanisms of banks and microcredit institutions, with the aim of protecting borrowers from aggressive lending and collection practices.”⁴¹
68. Additional recent academic research detailed further areas of concern with Cambodia’s microfinance industry. It reflected an emphasis on financial efficiency, with much less attention to social concerns. It also suggested a need to clarify impact measurement frameworks and evaluation to better achieve the dual goals of social

³⁹ <https://documents.un.org/doc/undoc/gen/g23/136/92/pdf/g2313692.pdf>. It detailed “As financiers have replaced philanthropists in the microfinance industry, consumer protection has been weakened. Taxpayer-funded development banks, which could fix the problem, are instead channelling hundreds of millions of dollars earmarked for poverty alleviation into some of the most predatory lenders.” In relation to Cambodia specifically, it reflected that “the average loan provided by so-called microfinance institutions has ballooned sevenfold over the past decade to about \$4,200, almost three times the country’s average household income.”

⁴⁰ <https://www.ohchr.org/en/documents/country-reports/ahrc5475-situation-human-rights-cambodia-report-special-rapporteur>

⁴¹ <https://www.ohchr.org/en/documents/concluding-observations/ec12khmco2-concluding-observations-second-periodic-report>

and financial impacts.⁴²

69. The *Bliss report* detailed the high volume of microfinance services in Cambodia and observed that additional financing contributions from development cooperation seem unnecessary in view of existing strong competition. It also noted dubious business practices, especially in loan acquisition, including through aggressive door-to-door solicitation and a strong tendency amongst MFIs to motivate borrowers to take out new loans or to increase existing loans. It further developed the idea of a movement away from the goal of poverty reduction, with the goal of expansion, and increasing turnover and profits, driving the sector. It also noted that the interest costs of microfinance are too high. With regard to land provided as collateral for loans, the report described that this risk became particularly prevalent in Cambodia with the formalization of land titles. Too often, land titles are provided in Cambodia as collateral in situations in which borrowers would clearly become over-indebted and therefore unlikely to repay the loan without recourse to the sale of their land, housing or other assets.⁴³
70. With regard to government regulation, the *Bliss report* noted progress, but also that standards are mostly voluntary and rely on self-regulation through attention to good practice guidelines.
71. General recommendations for the microfinance sector from the *Bliss report* included: increasing awareness of the consequences of over indebtedness and ensuring that debt is not advertised or understood as “easy money”; ensuring that land titles are not seen as a primary criterion for lending; ensuring awareness around the unethical and irresponsible financing of loans when the ability to repay loans likely depends on the sale of the borrower’s land; general cancelation of debt for the extremely poor; establishing a monitoring agency and a credit-related consumer protection agency; prohibit contracts that use land titles as collateral when the applicants income does not support their ability to repay; avoid aggressive loan marketing practices; and enhance risk disclosures in loan-related materials and publications.
72. On over-indebtedness in Cambodia as a human rights concern, the *Bliss report* noted that human rights violations in the context of microfinance need a more precise definition than general findings, but that such a definition was beyond the scope of

⁴² Park, K., & Jun, H. (2024). Win-win or tradeoff? Investigating the hybridity of impact investing in Cambodia's microfinance industry. *Journal of International Development*, 1–22. <https://doi.org/10.1002/jid.3954>

⁴³ [INEFReport-MicrofinanceInCambodia2022.pdf](#)

- the report.⁴⁴ The report noted that 16.1% of households with borrowing did not benefit from borrowing and 27.9% had problems with repayment, some of which were significant.⁴⁵ However, despite the existence of these problems, the report also reflected that survey results showed that the majority of borrowers perceived positive to very positive effects.⁴⁶
73. In September of 2025, Human Rights Watch published a report titled: “Debt Traps: Predatory Microfinance Loans and Exploitation of Cambodia’s Indigenous Peoples.”⁴⁷ The report highlighted that foreign backed Cambodian MFIs have trapped Indigenous communities in cycles of debt through predatory lending and coercive collection practices, causing land loss, food insecurity, interrupted education, and even suicides, while investors ignored warnings and failed to provide remedies.
74. In November 2023, the UN Resident Coordinator in Cambodia co-convened, with the National Bank of Cambodia (NBC) and the Cambodia Microfinance Association, a multi-stakeholder consultation Roundtable process to examine and address concerns relating to MFI lending in Cambodia.
75. The UN press release indicated that this process was driven by concerns tied to the rapid expansion of Cambodia’s MFI sector. More specifically, it detailed the following reasons and aims, “In light of growing concerns regarding the rapid expansion of Cambodia’s microfinance sector and its potential connections to issues such as over-indebtedness” ... the initiative “aims to facilitate constructive engagement among stakeholders, build a shared understanding of the issues, and identify actionable steps and commitments to support all stakeholders in navigating challenges and seizing opportunities to strengthen the banking and financial sector.”⁴⁸ The Cambodia Microfinance Association press release similarly observed that the process is intended to “address key challenges within Cambodia's microfinance sector, including over-indebtedness, land-related financial risks, and consumer protection.”⁴⁹

⁴⁴ Bliss report (ibid), page 82.

⁴⁵ Bliss report (ibid), page 82.

⁴⁶ Bliss report (ibid), page 78.

⁴⁷ https://www.hrw.org/sites/default/files/media_2025/10/cambodia0925web_0.pdf

⁴⁸ <https://cambodia.un.org/en/274693-joint-statement-nbc-un-convening-multi-stakeholder-consultation-process-microfinance>

⁴⁹ <https://www.prnewswire.com/news-releases/cambodia-microfinance-association-partners-with-the-national-bank-of-cambodia-and-the-united-nations-to-protect-borrowers-and-improve-lending-practices-302365562.html#:~:text=PHNOM%20PENH%2C%20Cambodia%2C%20Feb.,financial%20risks%2C%20and%20consumer%20protection>

76. To date, the Roundtable process has identified 22 short, medium, and longer-term “priority action items” to respond to microfinance sector concerns.⁵⁰

Project Context: Concerns Tied to Listing of Companies in Access to Finance for SMEs IOA and Other IOAs

77. As noted above, several companies were listed as “partners” in the Original SDG Investor Map. After complaints were raised, this map was revised to refer to these companies as “marketplace participants” and not “partners.” The Cambodia CO referred to the companies as “actors in the IOA space” in the Cambodia CO’s PDF map and they presently continue to be referred to as such.

78. UNDP’s labelling of companies as partners could have signaled to readers that UNDP at least impliedly endorsed the companies and had performed the due diligence necessary to do this. The *Policy on Due Diligence and Partnerships with the Private Sector*⁵¹ is one tool UNDP has to guide due diligence of companies with which it partners. However, this tool applies when UNDP has reached at least some form of agreement with a given company, and, in this instance, the companies were not even aware they were being listed on the maps. The Cambodia CO shared with SECU advice that it had received internally from the Effectiveness Group in the Bureau for Policy and Programme Support (BPPS) that the *Policy on Due Diligence and Partnerships with the Private Sector* did not apply because a partnership had not been formalized.

79. The Policy on Due Diligence and Partnerships does not clearly apply in this context – where UNDP has not reached at least some agreement with the company.

80. Nevertheless, the SES apply to; “Project activities implemented using funds channeled through UNDP’s accounts,”⁵² and the identification of IOAs and listing of companies occurred as activities within the context of a UNDP project.

81. Even assuming the companies were not technically “partners,” the SES require an assessment of risks related to UNDP activities, and the activity of listing a company on an investor map - similar to the activity of advancing an IOA such as the *Access to Finance for SMEs IOA* - introduced risks that should have been assessed.

82. Prior to publication of the Investor Map for Cambodia, each of the listed companies

⁵⁰ https://cambodia.un.org/sites/default/files/2024-07/Recommended%20Priority%20Actions_Adopted_12Jul2024.pdf

⁵¹ <https://popp.undp.org/policy-page/policy-due-diligence-and-partnerships-private-sector>

⁵² UNDP Social and Environmental Standards, 2014, p. 8, para. 14.

mentioned in the complaint had faced public allegations related to human rights abuses, including allegations tied to MFI lending.

83. Confidential statements provided by complainants identify significant MFI-related issues, for example, include the following: 1) harassment from loan officers (in-person visits, sometimes multiple times a day, with the use of abusive and threatening language from loan officers from these companies); 2) loss of land because land is used as collateral and coercive land sales are a common means of debt collection for these companies; and 3) the impacts on families as a result of over indebtedness, including stories of children that leave school to support their families in these situations.
84. SECU met with several complainants that detailed similar concerns in person.
85. It is not within SECU's mandate to make substantive findings related to such allegations, and SECU is not making such findings. Nevertheless, some level of assessment needed to occur prior to listing these companies given the risk that highlighting these companies could be interpreted as a suggestion that investing in them will advance the SDGs. Risks related to listing the companies as partners were certainly greater than listing companies as marketplace participants but even listing these companies as marketplace participants could produce risks for which some mitigation measure might be necessary.