

AFD's interventions to support the microfinance sector in Cambodia

A historical approach

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A multi-layered approach to foster the access of Cambodia's population to financial services



1993: Supporting the emergence of microfinance activities in post-crisis Cambodia

October 1993: AFD's first intervention in Cambodia

A decentralised emergency programme aimed at supporting the development of activities in the country's rural areas.

Provision of additional resources to 8 independent ongoing operational projects

Among them, **4 projects** aimed at supporting decentralised credit:

ACLEDA-ILO, CARERE-UNDP, GRET with EMT and UNICEF

Activities: village hydraulic operations, suburban agriculture, silk sector and water supply

All in rural areas: access to credit in the rural areas seen as a key factor for the development of Cambodia

A global
3,8 M EUR
grant

Among which
1,46 M EUR
dedicated to
support
Microfinance

From 1995: Structuring and consolidating Cambodia's fast growing microfinance sector (1/2)

Supporting the Cambodian Government in defining and implementing a well-adapted regulation for the microfinance sector
(rural credit policy)

Supporting the institutionalisation and financial sustainability of the MFIs

A 1,04 M EUR grant

- **Support to the CCRD** interministerial structure (Decentralised Rural Credit Committee)
- **Support for the operating of the Decentralised Financial Systems** (future MFIs): GRET, Seilanithnih, ANS (Action Nord Sud), KHEMARA, CONCERN
- **Training of PROCREDIT**
- Support to ANS to ensure the provision of the necessary capital for **the creation of 24 additional village funds**
- **Support for the operating of the Seilanithnih network**
- **Support to credit funds - GRET**

A 0,06 M EUR grant

A 0,47 M EUR grant

From 1995: Structuring and consolidating Cambodia's fast growing microfinance sector (2/2)

Supporting the Cambodian Government in defining and implementing a well-adapted regulation for the microfinance sector
(rural credit policy)

Supporting the institutionalisation and financial sustainability of the MFIs

A 3,35 M EUR grant

- Substitution of the CCRD with the **MFIs' Monitoring Office: the BSSIMF** (Bureau de suivi des IMF)
 - A structure housed within the NBC's bank monitoring department
 - Activities: coordination of the MFIs' training sessions, centralisation of the MFI's financial information, coordination of legal, financial and legislative supports to the microfinance sector
- Increase of the provision of credit facilities to the biggest microfinance networks

A 3,81 M EUR grant

Continuation of the previous project combined with a support to the newly created Rural Development Bank

From 2008: Supporting Cambodia's mature microfinance sector (1/2)

PROPARCO is a Development Finance Institution jointly held by AFD and public and private shareholders. Its mission is to catalyze private investment in emerging and developing countries with the aim of supporting growth, sustainable development and the achievement of the Millennium Development Goals.



PROPARCO is specialised in the financing of the private sector under normal market conditions.

AMRET

- ✓ Institutional transformation and pursuit of AMRET's growth of activities




A 1,6 M EUR equity investment to increase the MFI's capital followed by a 4 M USD senior loan to support the growth of the MFI and stabilise its resources

From 2008: Supporting Cambodia's mature microfinance sector (2/2)


ACLEDA BANK

- ✓ Diversification of Acleda's sources of funds (deposits) so as to maintain the institution's growth trend during the last international financial crisis

 **A 10 M USD senior loan to ACLEDA Bank Plc ("ACLEDA") to support the growth of its loan portfolio and bring liquidity to the Cambodian market to compensate the effects of the crisis**

Hattha Kaksekar Limited - HKL

- ✓ Diversification of HKL's original poor and agricultural client base towards with products aimed at SMEs and savings)

 **A 5 M USD senior loan to support the rapid growth of the MFI's loan portfolio and reinforce the institution's financial soundness by supporting its activity with Cambodian micro-entrepreneurs and small and medium-sized enterprises**

Overcoming new challenges to ensure favourable prospects for Cambodia's financial sector

2 major challenges for the financial sector in the close future :

Ensure the most exhaustive financial inclusion of the population

Downscale the banks' client bases

The financing of small businesses

Upscale the MFIs' client bases

The financing of small businesses

Diversify the financial products offered by the MFIs

Beyond credit facilities, insurance, savings, etc.

Ensure the sustainability of the microfinance sector

Increase the MFIs' financial resources in local currency

Encourage the financing of MFIs by commercial banks

Limit clients' over-indebtedness in a competitive context

The setting-up of Cambodia's Credit Bureau

Ensure the clients' protection

The Smart Campaign certification initiative

Thank you for your attention

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