

Concern Worldwide

Microfinance Summit 2007

Improved Access to Financial Services

Cambodia, November 2007



Concern Worldwide Overview

- Mission

....help people living in absolute poverty achieve major improvements in their lives which last and spread without ongoing support from Concern....

- “Traditional” NGO

- Based in Dublin, Ireland
- Operating in 30 countries
- Founded Biafra 1968 – Africa Concern
- Non-denominational, Non-Political
- Emergency / Service Delivery Orientation
- Capacity building / Partnership

Why invest in Cambodia MFIs

Initially a Concern Worldwide Programme – Poverty Alleviation / Development Agenda

Population:
13.4 million;
84% of which - rural residents



Poverty:

35% of total population live below the national Poverty line (CDRI 2007)
91 % of the poor population live in rural areas.

However, the distribution of poverty reduction is skewed in favour of the urban sector. Poverty fell by

60 %- in Phnom Penh
44 %- in other major urban areas
22%- in the rural sector

In 1999 - "**Law on Banking and Financial Institutions**" enacted

- Geographic Penetration
- Client Access
- Loan Size
- Social Performance
- Methodology



Objectives

Institutional Sustainability

- Growth
- Effective organizational structure and controls

Balancing competing operational objectives

- Financial objective (financial stability, profit...)
- Social objective (reaching the poor, remote rural areas..)

Operational Objectives

- Diverse Board composition
- Risk awareness and strategic management plans
- Simplicity and clarity as a motto (in company values description of products and procedures for clients, etc)
- Effective staff management
- Organizational culture: Attitude and Behaviour of leadership
- Attentive/Active involvement in international microfinance (best) practices, events and initiatives

AMK's mission is '**to help large numbers of poor people in Cambodia to increase their livelihood options through the sustainable delivery of appropriate and viable microfinance services to the economically active poor**'.

Organization	Client	Portfolio \$	Loan size \$
ACLEDA	170,922	206,910,920	1,211
AMRET	165,449	25,121,418	152
AMK	89,149	7,678,960	86
PRASAC	87,790	25,706,400	293
TPC	64,530	9,667,964	150
VISION FUND	42,363	7,982,855	188
CEB	18,362	15,969,514	870
<u>Hathakasekar</u>	14,179	8,095,358	571
CREDIT	13,367	7,273,250	544

Measuring Performance against Objectives

- Sustainable / Profitable institution
- Reaching the rural poor
 - In terms of coverage, AMK is in 18% of all villages, 30% of all Communes and 41% of all Districts in Cambodia.
- Positive external ratings
 - Alpha (Highly recommended, high safety, good systems) from Micro-Credit Ratings International
- Ability to attract 3rd party investors
- Pioneered the practice of regularly assessing, reporting and managing social performance
- Designed systems to manage, assess, monitor and report inside and outside of AMK on social performance

In July 2003

3 branches/ provinces

65 staff

Approx. 12568 clients

Loan portfolio U\$ 667,926

In Dec.2006

9 branches/ provinces

188 staff

67586 clients

Loan portfolio U\$ 5,223,204

In Sept.2007

15 provinces

188 staff

Over 103,000 clients

Loan portfolio U\$ 8.4 million

Equity Horizon

- Concern does not expect financial return on investment
 - Concern dividends to be re-invested in AMK
- 5 year horizon - Concern to remain major shareholder, but not sole shareholder
- Select equity partners with similar focus, balanced financial and social objectives
- Long-term horizon – Concern does not need to be shareholder as long as AMK social agenda is maintained
- Long-term Concern agenda – Ensure that cost effective financial services are available to the poor

Sector Development

- Competition should lead to consolidation
- Spotty/regional saturation
 - Access to financial services for remote poor not consistently available
- Increased sharing of information/credit bureau/etc.
- Clearer regulatory environment
- Product development/innovation
 - Remittances/Transfers
 - Insurance
 - Savings products

Q&A Discussion

