

## **AMRET**

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### **Brief History**

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AMRET was initially known as Ennatiem Moulethan Tchonnet (EMT), an organisation set up by the French NGO, GRET, in 1996, after successful project experimentation between 1991 and 1995 with a unique product, 'solidarity credit', using a Grameen Bank methodology to establish village banks. Between 1995 and 1998, the project was transformed into the organisation EMT, while an individual loan product was introduced in 1995. In 2000, EMT became a private limited company, and received its MFI licence from NBC in 2001. Between 2001 and 2003, new institutional shareholders came on board, and EMT installed a new MIS. In June 2004, EMT became officially AMRET, which in local language conveys the notions of prosperity, durability and happiness. AMRET is now one of Cambodia's leading organizations in the provision of financial services to the rural population.

### **Methodology**

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AMRET offers two main types of products: credit and deposit.

#### Credit

Solidarity credit (SC) represented 93% of the outstanding loan portfolio at the end of 2003. SC is a group loan product where clients form joint-liability groups of five members, each client receiving a loan in the same terms and conditions. The loan never exceeds KHR 500,000 (US\$130) and the maximum term is 12 months (monthly interest rate of 3.5%/month). The smallest loan is US\$26 in the first cycle, and an average loan amount of US\$46. The individual credit product was redesigned in early 2003, to better address client needs. It has a larger loan size up to KHR 8 million, and a maximum 24 months term (3-3.5%/month). AMRET decreased interest rates on loans in 2003, from 4% to 3-3.5% per month.

#### Savings

AMRET's deposit products (voluntary savings) come in the form of certificates of deposit. This service is designed to meet the needs of rural as well as urban clients. The service is offered to credit clients and non-credit clients. A monthly deposit of a minimum of 100,000 Riels (US \$25) is needed for at least 3 months. AMRET pays a yearly interest rate of 9% for deposits of 3 to 5 months and 12 % for deposits of 6 months or longer.

### **Area of Operations**

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By October 2004, AMRET was present in 1,154 villages in the 11 southern provinces of Cambodia, Prey Veng, Kampong Speu, Takeo, Kampot, Kandal, Sihanoukville, Kampong Cham, Koh Kong, Kampong Chhnang, Krong Kep and Kampong Thom.

### **Clients**

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Each credit agent (CA) looks after 6 to 8 village associations (VAs). Each VA is considered to be one client, which in itself may have approximately 70 to 150 members in groups of 5.

Active clients	Active savers	Active borrowers	Gender
102,583	120	102,583	76% women

As of October 2004

### Poverty Focus

AMRET focuses on rural population's development. The low average loan size shows AMRET's depth of outreach.

Average Loan Outstanding	Average outstanding loan size / GNP per capita	Average deposit size
US\$78	26%	US\$1,875

As of October 2004

### Distinctive Features

AMRET is the largest MFI licensed in Cambodia, and come second as microfinance provider behind ACLEDA. 2003 marked the end of GRET's expatriate support to AMRET. More than 80% of AMRET's loans are used to finance agricultural activities and the vast majority is made up of group loans.

In addition, AMRET's inspection department reports directly to the board's audit committee and the General Manager, on internal audit issues.

### Innovations

n/a

### Financial results

AMRET posted a half-million US Dollars net profit in 2003. It borrows from the Rural Development Bank and international funds, such as Triodos-Doen, Dexia, Microfinance Alliance Fund, Calvert Foundation, and Sicav Nord-Sud. It received an alpha grade by the rating agency M-CRIL in 2003. The main shareholders are GRET (47%), SIDI (19%), La Fayette Participations (17%), I&P (14%) and PROPARCO (3%). In 2003, AMRET also received grants from various donors, to support capacity building activities, rating and MIS development. The repayment rates stands at 99% at the end of 2003.

Loan Portfolio	Portfolio at risk > 90 days	Savings Deposits	OSS / FSS	RoE / RoA
US\$8 million	0.04 %	US\$225,000	135%*/132%*	14.13%*/6.96%*

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

### Challenges and development plans

AMRET's main challenges include increasing the productivity standards of credit agents, diversifying financial resources from donors and creditors, and introducing new financial products, credit for investment and voluntary savings. AMRET found difficult to access further funding in local currency, as per NBC limitation of a maximum of 15% of foreign exchange exposure. Therefore, it had to transfer foreign currency loans to two commercial banks, in exchange for local currency loans.

### Inclusion in financial Sector

AMRET is one of the ten licensed microfinance institutions operating in Cambodia, regulated by the National Bank of Cambodia. AMRET collaborate with local commercial banks to access local currency loans in exchange for foreign currencies received by international microfinance funds.

### Sources

- AMRET's 2003 Annual Report
- AMRET's website [www.amret.com.kh](http://www.amret.com.kh)
- The MIX market profile for AMRET (available at [www.mixmarket.org](http://www.mixmarket.org))
- CMA statistics as of September 2004