Sustainable Access to Microfinance for Cambodia's Poor

Although over 85 percent of Cambodia's population are rural dwellers, it is estimated that only 10-15 percent of potential demand for rural credit is currently being served. To remedy this situation, USAID has supported three PVOs -- Catholic Relief Services, PACT and World Relief -- and the local NGO Association of Cambodian Local Economic Development Agencies (ACLEDA) to implement rural microfinance activities and to become sustainable, self-financing microfinance institutions. Their results are impressive:

- over 60,000 clients in 1997 improved their livelihood with loans through these programs;
- women beneficiaries received 91 percent of the loans for activities ranging from vegetable farming and animal raising to small retail business; and,
- over 96 percent of loans were repaid.

Most loans fall within the $30-$300 range, with an average loan under $90. As the programs mature, loan size gradually increases as the institutions accrue more capital. Small business training courses for borrowers, rice and pig banks and savings schemes have been highly successful components of the programs.

While working actively to help develop an overall policy environment conducive to microfinance, the PVO programs plan to double their number of banks and clients by 1999.

ACLEDA, Cambodia's leading provider of microfinance credit, is widely recognized as well on its way to becoming commercially viable -- one of the rare such institutions worldwide to do so. In view of this, USAID, the U.N. Development Programme (UNDP) and The International Finance Corporation (IFC) are assisting ACLEDA's transformation into a licensed microfinancing institution which can provide a wider range of financial services to the poor.

USAID assistance in microfinance continues to make a
major contribution to the material welfare and self-esteem of rural Cambodians, especially women who are its primary beneficiaries.