

When There Was No Money

Heather A. Clark

When There Was No Money

Building ACLEDA Bank in Cambodia's
Evolving Financial Sector



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“The stark reality is that most poor people in the world still lack access to sustainable financial services, whether it is savings, credit or insurance. The great challenge before us is to address the constraints that exclude people from full participation in the financial sector ... Together, we can and must build inclusive financial sectors that help people improve their lives.”

UN Secretary-General, Kofi Annan, 2003

Map of Cambodia and ACLEDA Bank Operations



Source: ACLEDA Bank

Foreword

The challenges in development often seem insurmountable. They overwhelm nations and the builders of their most basic institutions. I am often asked how development finance agencies can work together to meet this challenge. In reply I invite you to read a story about cooperation in re-building one of the most basic institutions of any society — the banking system.

KfW Bankengruppe places great emphasis on financial sector development. Our experience in our own country, and beyond our borders, shows that one of the first steps is building a banking system that fuels growth through investment in enterprises. Micro, small and medium enterprises are the backbone of many economies; they are also the wealth of the people and generate their hope in the future. We believe that the depth of the financial sector is related to economic growth; the growth and safety of deposits, the facility of payments, and the innovation to develop new products and services that strengthen markets and promote investment. A strong banking system supports economic growth by attracting unproductive capital and injecting it into the economy, increasing the productivity of the country's capital base and leveraging it by attracting outside capital.

Our dedication to building financial sectors that include the people – poor people and rich people alike – rests on the principle that access to reliable financing is the cohesive source of support and stability that joins the people's ideas and their innovations together with their assets to generate sustainable growth. Pushing the boundaries of the financial sector to make it inclusive rests on a platform of policy dialogue and exchange of ideas, supporting innovation at the organizational level and commitment to technically sound practices. In pursuing the vision of an inclusive financial sector, we are guided by our commitment to sustainability, a focus on pro-poor growth, the promotion of micro, small and medium-sized enterprises as the backbone of the economy, and our dedication to technically sound and efficient business practice.

Yet tremendous courage and skill are required of those who opt to push the outer bounds of finance. The twentieth-century German playwright and poet, Bertolt Brecht, wrote, "Those in the dark see those in the light, but those in the light do not see those in the dark." In the transition from the dark to the light we encounter what is hidden and frightening; we make our way slowly, tentatively, but with a clear purpose. We find these sentiments, and the challenges they pose for development, running throughout this story.

This book traces the history of building ACLEDA Bank in Cambodia, from a time when there was no money. The book takes us on a journey through time,

from the unique perspectives of the customers, the thinkers and innovators, the organizational architects, and the policy makers who influenced the development of ACLEDA Bank. The centerpiece is a rich amalgamation of theory and practices punctuated by vivid stories of builders of ACLEDA Bank as they challenged their ideas of organizational development, market-based strategies, business practices and product design in a dynamic environment.

Just as the development of microfinance globally influenced the growth of microfinance in Cambodia, so did the evolution of Cambodia's formal financial sector. The microfinance pioneers in Cambodia – practitioners and policy makers alike – had choices about how to position their innovations within the broader financial sector; they could wait for the financial sector to develop, or become a part of it as it developed. The ideas were often closely guarded and vigorously defended. We glimpse those debates of the past and see, with the benefit of hindsight, how changing views led to bold experiments and new advancements.

At the core, this book is about how a small group of people made a great difference in the way financial services reach the Cambodian people. We see the creation of new institutions, and the laws and the regulations that allowed them to emerge. We examine the thinking of the risk-taking donors and investors, and gain insight into those strategies and the precise mechanisms that mitigated risk in the transition from a donor supported organization to a commercial bank. We see ACLEDA Bank attracting Cambodian capital into the system and leveraging international capital, expanding Cambodia's existing capital base to work for its own development – supporting the people's ideas with a source of finance to work for their own development.

As national policy makers and their international counterparts strengthen their commitment to building inclusive financial sectors across the globe, we tempt our imaginations to envisage what that shared commitment might mean in practice. This is a story about that practice and how it unfolded in Cambodia. It is a story that is relevant to all of us who have pledged together to build inclusive financial sectors that help people improve their lives.

Acting on behalf of the German federal government, we at KfW Bankengruppe appreciated the opportunity to support and accompany ACLEDA in its development. We are pleased and honored to support the publication of this book.

Wolfgang Kroh

August 2005

Member of the Board of Managing Directors, KfW

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The story recalls ACLEDA's transition from a donor project to a commercial institution. In the telling of that tale, views from deep in the past to the present were essential. ACLEDA's technical advisors, Roel Hakemulder, Peter Kooi and John Brinsden, inspired me to wish that every fledgling organization can be accompanied by such talent, commitment and flexibility as it grows to reach its own potential. I am grateful to Dennis Cengel, Antoinette Ferrara, Morgan Landy, Scott Leiper, Sven Svensson, Joachim Trede and Marilou van Golstein Brouwers for their views of the past and their willingness to share them with the benefit of hindsight. ACLEDA Bank's board members, Femke Bos, John Brinsden, Emile Groot, Deepak Khanna, Peter Kooi, Lonh Tol, Sok Vanny and Jutta Wagenseil provided the fiber of the story from an investor's perspective. Bretton Sciaroni and Tip Jahnvibol discussed the legal environment and the challenges found there, from the lawyer's perspective.

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Heather A. Clark

28 July 2005

Table of Contents

Map of Cambodia and ACLEDA Bank Operations VI
Foreword VII
Acknowledgments IX
List of Illustrations XVII
Abbreviations XIX

Introduction 1

PART I: HERITAGE

Prologue 11

CHAPTER 1: Cambodia and the Banking System..... 15

The Khmer Rouge: 1975-1979..... 15
The People’s Republic of Kampuchea: 1979-1990..... 17
UNTAC – United Nations Transitional Authority in Cambodia..... 21

CHAPTER 2: The Accidental Organization 25

The Small Enterprise and Informal Sector Promotion Project (SEISP) 25
The First Project Strategy..... 26
The First LEDA Staff..... 27
The First Breakthrough: Affinity and Fiat..... 29
The First Door: The Option to Build..... 30
The First Challenge: Owning the Process 31
The First Mantra: Beginnings of Corporate Culture 32

PART II: DISCOVERY

Prologue 37

CHAPTER 3: Exploring the “Marketspace” 41

 A Classic Model..... 41

 Changes in Attitudes 42

 Who Are We? Who Are They? 42

 Targeted Credit: Bull’s Eye or Broken Dart? 43

 Verifying Credit Use, and Then What? 44

 How Many Pigs in a Poke? 45

 Many Questions, One Answer 46

 Experimenting with Products at the Core..... 47

 Neighborhood Banks 47

 Mandatory Savings 49

 Medium-Sized Loans..... 50

 Lessons..... 50

CHAPTER 4: Crossroads 53

 Forging the Infrastructure..... 53

 Governance..... 53

 The First Strategic Plan 54

 1995: The Crossroads 55

 1996: The Future 58

 Sophisticated Consumers 59

 Are They Poor?..... 60

 ACLEDA’s Customers 62

 Shifting from Targets to Markets 64

 Performance..... 66

 Expectations 69

CHAPTER 5: Latitude to Grow 71

 Performance: 1994-1997 71

 Corporate Soul 77

 1993 78

 1994-1996..... 79

 Taking Ownership..... 82

 Lessons..... 83

PART III: VELOCITY

Prologue	89
CHAPTER 6: Confidence: The “Flywheel” Turns	95
Capacity to Expand: The First Growth Period – Bigger, 1995-1997	96
The Great Liquidity Crisis: 1996.....	98
Liquidity Crisis into Solid Plans: Lessons.....	99
Funding Strategy	100
They Are Here Now	100
Branch for Sale.....	101
... And One Day They Will Leave	102
The Risk Takers: A New Round of Donors.....	102
A PC in Every Branch.....	105
And Now, It’s a Calf.....	108
Pattern Recognition.....	108
Corruption!.....	110
... And Transparency	112
The Changing Capital Structure.....	113
CHAPTER 7: Union	115
Comrades: Policy and Regulation	115
Growth of Microcredit Programs in Cambodia	116
Enter the Credit Committee for Rural Development	118
The First Policy on Rural Credit.....	119
Enter the Rural Development Bank.....	120
Enter the NBC MFI Supervisory Unit.....	122
The Future and Past Close in on the Present	124
The Right Technical Assistance.....	125
Capacity to Sustain Growth: The Second Growth Period – Bigger and Better, 1997-2000.....	126
Hand in Hand: Ownership & Governance.....	127
Conflicts of Interest and Conflicts.....	129
Guns on the Table.....	130
The Hands Went Up	132
The Failure of Recipes	133

PART IV: ODYSSEY

Prologue	139
CHAPTER 8: To Play by the Rules of the Game	141
A Member of the Club	141
What Is NGO Transformation?	142
Reasons to Transform	143
Why Not Transform?	145
The NBC Rules	146
“The Prakas”	147
The Specialized Banking License	149
A Similar Pattern	151
CHAPTER 9: Inspiration: From the Andes to the Mekong	153
The Plan	156
Innovation	159
Benefits, Risks and Costs	159
Uno, Dos, Tres	161
Owners and Workers	161
Competition	163
Preservation of Donor Capital	165
CHAPTER 10: Invitation	167
The Domino Theory	168
What Investors Look For	169
Return on Investment	170
Ownership Structure	172
Strong Institution; Risky Environment	180
Management	184
... And Staff	186
The Exit	188
Interlude: The Third Transformation	190
Performance	191
Lessons	194

PART V: MOMENTUM

CHAPTER 11: The Bank You Can Trust	199
Inside ACLEDA Bank	199
The Great Delinquency Crisis of 2001	201
Tracing the Origins of the Crisis	204
The Big Balloon Inflates.....	204
When the Balloon Bursts.....	205
Heart.....	206
Resolving the Crisis	207
Preventing Another	208
Lessons.....	210
CHAPTER 12: Commercial Microfinance and Poverty	213
Dogma and Business.....	213
The Push for a Respectable Rate of Return	213
Mission Drift: Why Continue to Serve the Original Market?.....	215
Inadequate Measures for a Fuzzy Concept.....	215
H. Igor Ansoff Frames the Choices for Market Expansion	216
The Market of Last Resort?	217
Mission Drift in a World of Options	218
Existing Markets, Existing Products.....	219
New Markets, Existing Products	222
Existing Markets, New Products	223
New Markets, New Products	224
Mission Evolution	225
CHAPTER 13: Yesterday, Today and Tomorrow	227
Yesterday – The Nebulous Concept.....	227
The Customers.....	228
The Microfinance Institutions.....	229
The Policy Makers.....	231
Today – Building an Inclusive Financial Sector	233
And Tomorrow.....	235
The ACLEDA Legacy.....	237

Bibliography 241
Technical Note 249
Index 253

List of Illustrations

Table 4.1.	Poverty Lines in Cambodia	61
Table 4.2.	ACLEDA's Client Profile, 1993 – 1996.....	63
Table 4.3.	Distribution of Loan Sizes, December 1995.....	63
Table 4.4.	National Poverty Lines (1993 – 1994) and Daily per capita Income of ACLEDA's Borrowers	64
Table 4.5.	Comparison between ACLEDA and Prodem: The First Three Years.....	68
Table 5.1.	Active Portfolio and Borrowers, 1993 – 1997	71
Table 5.2.	Composition of Portfolio and Borrowers of Micro, Small and Medium Loans, 1993 – 1997	72
Table 5.3.	Nominal and Real Value of Micro Loans, 1993 – 1999	73
Table 5.4.	Productivity, 1993 – 1997	74
Table 5.5.	Efficiency, 1993 – 1997.....	75
Table 5.6.	Operating Income and Operating Expenses, 1993 – 1997.....	75
Table 5.7.	Nominal and Real Yield on Gross Portfolio, 1993 – 1997	76
Table 5.8.	Profitability Ratios, 1993 – 1997.....	77
Figure 5.1.	Values, Attitudes, Practices and Systems	79
Figure 5.2.	Values, Attitudes, Practices and Systems	81
Figure 6.1.	The Early Platform for Growth.....	97
Table 6.1.	Growth in Borrowers and Portfolio, 1993 – 2000	98
Table 6.2.	Monthly Disbursements in 5 Mature Branches	99
Table 6.3.	Capital Structure: Earnings, Shares, Commercial Borrowing, Soft Loans, Public Deposits and Donor Equity	114
Table 7.1.	Borrowers, Portfolio and Percent of Households Covered by MFIs in Cambodia, 1995 – 2002	116
Table 7.2.	NGOs and Government Credit Projects Reporting to the NBC (Dec 31, 1999).....	117
Table 8.1.	Microfinance Institution Registration and Licensing	148
Table 8.2.	Key Provisions of the Microfinance Regulatory Framework	150
Table 9.1.	Transformation Timeline, 1997 – 2000	158
Table 9.2.	Benefits, Risks and Costs	160
Table 10.1.	Shareholder Structure, 2000 – 2004	173
Table 10.2.	Staff Attrition and Recruitment Rates	187
Table 10.3.	ACLEDA Performance: Pre- and Post Transformation	192
Table 10.4.	History of ACLEDA's Banking Services and Customers, 1993 – 2004	194

Table 11.1. Current Performance for Four Commercial Banks Transformed from NGOs (Dec 2003 & Dec 2004)	200
Table 11.2. Portfolio at Risk and Write-off, 1999 – 2004	202
Table 11.3. Percentage of Write-off Recovered: Trends, 1999 – 2004	210
Table 12.1. The Ansoff Product/Market Growth Matrix – ACLEDA’s Markets & Products	217
Table 12.2. Pre- and Post Transformation Number of Active Borrowers	219
Table 12.3. Micro, Small and Medium Loan Customers as a Percentage of Total Customers for Existing Loan Products, 1999 and 2004	220
Table 12.4. Average Loan Size 1999 – 2003 (in USD)	220
Table 12.5. Commercial Bank: Number of Loans and Loan Sized in the Microcredit Portfolio	221
Table 12.6. ACLEDA Bank Network and Coverage 1999 and 2004	222
Table 13.1. Retail Microfinance in Cambodia, June 2004.....	231

Abbreviations

ACLEDA	Association of Local Economic Development Agencies
ADB	Asian Development Bank
AFD	Agence Française de Développement
ASA	ACLEDA Staff Association, Inc.
BRI	Bank Rakyat Indonesia
BMZ	German Federal Ministry for Economic Cooperation and Development
CARERE	Cambodian Resettlement and Rehabilitation Programme
CCRD	Coordinating Committee on Rural Development
CFD	Caisse Française de Développement
CGAP	Consultative Group to Assist the Poor
CMEA	Council for Mutual Economic Assistance
CPP	Cambodia People's Party
CRS	Catholic Relief Services
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
EU	European Union
ESOP	Employee Stock Ownership Plan
FMO	Netherlands Development Finance Company
FUNCINPEC	National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia
GDP	Gross Domestic Product
GRET	Groupe de recherche et d'échanges technologiques
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
KfW	Kreditanstalt für Wiederaufbau
LEDA	Local Economic Development Agencies
MFI	Microfinance Institution
MIS	Management Information System
MPDF	Mekong Project Development Facility
NBC	National Bank of Cambodia

NGO	Non-Governmental Organization
PAR	Portfolio at Risk
PRASAC	Programme de Réhabilitation et d'Appui au Secteur Agricole du Cambodge
PRK	People's Republic of Kampuchea
Prodem	Foundation for the Promotion and Development of Micro-enterprise
RDB	Rural Development Bank
SEISP	Small Enterprise and Informal Sector Promotion Project
Sida	Swedish International Development Cooperation Agency
SNC	Supreme National Council
UNAMIC	United Nations Advance Mission in Cambodia
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNTAC	United Nations Transitional Authority in Cambodia
USAID	United States Agency for International Development

Introduction

In 1991 a large unquiet peace swept the land, quelling a silent little war in a mostly forgotten corner of the world. For more than one million Cambodians that piece of inconsequential land, wedged between a burgeoning Thailand and an industrious Vietnam, had been forcibly abandoned twelve years before; for more than nine million others, it was the only piece of land they had ever known. For both groups it was neither irrelevant nor forgotten. It was home.

In 1991 Grameen Bank in Bangladesh was well established as the grandfather of microfinance institutions. That same year Prodem in Bolivia wrestled with the revolutionary angst of transforming an NGO into a bank. Both organizations dominated discussions in the evolving field of microfinance. At the time they represented two starkly different approaches to serving their country's poor borrowers with credit. The first approach, called the "poverty lending" approach in the early 1990s, focused on the power of a small loan to support families in their climb out of poverty. It aimed to build an alternative banking system exclusively for poor people. Its realm outside the existing formal financial system, a system that rejected poor people by design, policy or indifference, caught the attention of international aid agencies. The initial and rapid success of loan repayment in microcredit programs targeted at poor women who owned tiny enterprises seemed to be the spark of hope for alleviating poverty. It was a bright light on the otherwise dismal development finance record of the 1980s. Increased donor allocations to fund microcredit programs for poor women followed in a trickle and then in a torrent.

The second approach, the financial systems approach, owned the same goal, but chose a different means to achieve it.¹ The center of the financial systems approach coveted independence from donors and international aid transfers, at first by connecting to the financial system and later by becoming an intrinsic part of it. The radical idea of a commercial operation serving poor people as worthy customers carried with it the winds of change for the formal financial system. The pioneers of the financial systems approach aimed to change the fundamental way the existing financial system worked by pushing it to become inclusive and cater to vast numbers of poor and low-income people. The banking sector was not alone in a long list of society's institutions that excluded poor people, nor was it the most obvious culprit. Poor and low-income people are excluded roundly from most economic systems, political processes and social services. Yet this quiet system,

¹ The first exploration of the financial systems approach to microfinance was articulated in Maria Otero and Elisabeth Rhyne, eds. *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor* (West Hartford, Conn.: Kumarian Press, 1994), Chapter 1.

the banking system with its aura of mystery, marbled halls and whispering men in suits, occupied much of the revolutionary energy of the early pioneers of the financial systems approach to microfinance.

Neither approach to microfinance sounds particularly ideological, nor does one approach sound like a trigger for a passionate debate. At the time though, the sustainability of credit operations was regarded as the enemy of poverty reduction. Even the term sustainability was introduced as a euphemism for profitability, a word that was rarely spoken aloud for fear of alienating one powerful group or another. At the center of the debate was an unspoken premise: the poverty alleviation approach assumed continued access to donor funding. The financial systems approach challenged that assumption. With that challenge, questions about future roles for traditional players spun out along a logical path. What role would the original development partners play in this young field as it eventually matured and took on new commercial partners? Regulated financial institutions would replace NGO and government credit programs; investors would replace donors; professional bankers would replace social activists and development professionals. Technical assistance networks and those organizations that monitored performance standards and transparency would seem redundant. Eventually, they too would be replaced by national government supervisory and regulatory authorities, bankers' institutes and associations, and commercial rating services. The end point of the financial systems approach had many more radical changes in store for microcredit operations; some of them were easily anticipated, others came as a surprise.

In 1992 the currents of the time ran fast and furious; they were less focused on the maturation of microfinance as a part of the formal financial system. The debates centered on the poverty impact and empowerment properties of microfinance. They centered on questions about the extent to which women were beneficiaries of the new approach, or dupes of traditional household power structures. Minimalist credit programs and credit programs integrated into larger development services vied for equal attention among donors. Many doubted microfinance as a viable business model. Few imagined that an NGO could survive without a large cache of donor money, or a long list of new potential contributors. When financial projections were offered to justify higher interest rates for poor people, an equal number of moral arguments were offered to counter these usurious mathematical proofs. The great subsidy and sustainability debate was just entering the radar screen as something that might gain notice.

These were some of the issues that gained momentum in the field of microfinance in 1992.

1992 was an unforgettable year. The Soviet Union had disintegrated only weeks before the New Year approached. The Gulf War dominated global headlines. Buoyant prospects for economic growth in Asia quietly fueled a financial crisis five years away, and 370,000 Cambodians prepared to return to their Kingdom. At the Site II refugee camp on the border between Cambodia and Thailand it was a time when ILO recruitment staff met ACLEDA's future leadership as they prepared to go home with a fifty dollar repatriation allowance in their pockets, or a dubious claim on two hectares of land in the heavily mined Cambodian

countryside.² On the dusty and dilapidated streets of Phnom Penh, in the Provincial capital of Kampot, in the jungles of Strung Treng, it was a time when ACLEDA's future leadership was recruited by the ILO and CARE International to staff a business development project for demobilized soldiers. The rumbling of ox carts making their way across the border and the rounds of distant explosions that punctuated the journey deafened debates about microcredit and which approach could better serve poor people or produce the greatest amount of impact for the least amount of donor funding. At the time, the envisaged future of microfinance in Cambodia was not centered on building an inclusive financial sector; it was centered on getting something on the ground as quickly as possible.

* * *

This is a story about the unlikely success of microfinance in a war-torn country. It is a story about building small legends and big dreams. This is not a romantic tale; it is a story about poverty produced by war and neglect. The story makes us doubt idealistic notions of microfinance and poverty; yet it confirms some of our most profound beliefs in why microfinance makes a difference to poor people and the societies in which they live. This is the story of ACLEDA Bank that is working on becoming a legend in Cambodia; not because it makes tiny loans, but because the bank can make Cambodia a better place to live.

The ACLEDA story traces the trials and triumphs of a group of people as they built an employment generation project for demobilized soldiers in 1992 into the largest commercial retail bank network in Cambodia by 2003. It is a story about the two approaches to microfinance that emerged as early as 1992 and continue to this day. The ACLEDA story is the story of an organization that pursued both approaches to microfinance, one after the other. The changes they witnessed in their customers and their operation encouraged further experiments as they gained experience in the marketplace and overcame challenges in a formidable environment. What they discovered was a variation on the financial systems approach to microfinance; one that goes beyond the creation of strong retail microfinance organizations and a favorable policy environment for commercial and financial institutions. Their approach is rooted in their beliefs about how they should behave in society and how they should treat others. The approach is one that attempts to influence the way business is done in Cambodia at a fundamental level. It centers on the way transparent operations and no tolerance for corruption offer poor and low-income people a fair stake in a system that has long denied them one. This is a story of corporate values and the people who have them; it is a story of perseverance and professionalism. By example, they attempt to change the way banking and business work in Cambodia.

* * *

² Repatriation allowances included cash grants of USD 50 for each adult and USD 25 per child or two hectares of land. The promise of land quickly faded as few areas could be found that were not saturated with mines. Janet Heininger, *Peacekeeping in Transition: The United Nations in Cambodia* (New York: The Twentieth Century Fund Press, 1994), 51

Microfinance as it developed in Cambodia is not as well known as it is in other countries, such as Bangladesh, Bolivia and Indonesia. Yet the experience offers rich lessons to microfinance professionals. A broader audience interested in the reconstruction of society after years of conflict that ravaged basic institutions and left a population scarred by war will draw lessons from this story. Those who are engaged in rebuilding their own countries will find a heartening example, if not helpful advice for consideration in their own endeavors. The voices of ACLEDA staff, their technical advisors, donors, investors, policy makers and banking authorities each add a unique perspective to the story. These views are likely to be of interest to their counterparts across national borders and organizational boundaries.

The ACLEDA Story has fascinated me since 1996, the first time I met In Channy, who later became the General Manager of ACLEDA Bank. At that time, ACLEDA was struggling with its future as a microfinance organization; it experienced such rapid growth in the demand for credit that it ran head on into a liquidity crisis that clouded its future with uncertainty. What continued to attract me was how quickly ACLEDA evolved, breathing life into emerging theories about commercial microfinance in such a tenuous environment. With every step, ACLEDA brought something new to Cambodia, risky endeavors no doubt, but ones that have lasting influence in the developing financial sector. Today ACLEDA Bank, Plc., is the first commercial bank in Cambodia to be rated by Moody's Investors Service.

This small step towards increasing transparency in the banking system paves the way for others to be as bold.

My interest in ACLEDA's history grows from my professional commitment to understand and support the wider field of microfinance. How do microfinance organizations emerge, how are they built, and ultimately what difference do they make to the societies that allow them to develop and nurture them along the way? Why do so few succeed, and so many fail? What role does risk-taking and innovation play? And how do leaders emerge and embrace innovation in a field overwhelmed by models and perfecting recipes? I have long been intrigued by the amount of passion in a field that counts adjusted return on average assets and argues about who is the poorest based on a poverty line below USD 1 a day per capita adjusted for purchasing power parity (in 1993 prices). To what extent does this passion fuel or deter leadership and innovation? And above all, why is there still such a yawning gap between the supply and the demand for financial services by poor and low-income people in most countries?

As I learned about ACLEDA and Cambodia's financial sector through the writing of this book, I discovered much more than I intended to at the outset. Those discoveries are grouped into the main thesis and themes of this book. The main thesis of this book is that sustainable microfinance is about more than the number of tiny loans borrowed by poor people and creating strong banking organizations that can deliver them. Sustainable microfinance is about changing the way the financial system works at its very core. It is about beliefs and values and making fundamental changes in entrenched social and financial systems. Those changes come about by degrees. They are resistant to quick fix policies

and large amounts of donor funding. The change is a gradual one since the financial system is a reflection of the society in which it operates, its social values, cultural traditions and the accepted way of doing business. As is often the case in post-conflict societies, where the breakdown of traditional institutions is severe and broad, re-building waits for new values to emerge and a new generation to hold them dear. In a case where all institutions flounder, priorities become easily scattered as basic human needs cry out for urgent attention. Yet, it is in just such a situation that the greatest amount of change is often possible; it is matched only by the difficulty of implementation in an often chaotic environment energized by the absence of war.

This story begins well before the founding of ACLEDA. It aims to introduce the reader to the special characteristics of a microfinance operation in the context of conflict, one that does not go away with the outbreak of peace. This first theme continues throughout the ACLEDA story and yields important operational lessons about the development of microfinance in areas in conflict. What makes microfinance different in times of conflict and in post-conflict societies? Do these special circumstances call for lessened expectations? What additional investments are required? Are timeframes lengthened to achieve results? Lessons from ACLEDA's experience defy some common myths about microfinance in post-conflict areas; they also confirm principles and practices that are broadly applicable in war and peace.

Organizational development is the second broad theme of the ACLEDA story. The field of microfinance recognizes that the lack of capable retail institutions is one of the main reasons why there is still such a huge gap between the supply of microfinance services and the demand for them by poor and low-income people. But why are these capable retail institutions absent from the financial sector? What are the elements of the business model, the perceptions about the customers and the dynamics of the policy environment that create significant barriers for emerging retail institutions? How does a microfinance organization start? What makes it succeed, what holds it together and what tears it apart? The ACLEDA story shows that aiming for and reaching financial self-sufficiency is an attainable goal for a microfinance organization. What held ACLEDA together and enabled it to grow were its shared organizational values, true ownership, accountability and trust. Solid financial performance over time rests on this organizational glue. Organizational development as presented in this book is the drive to learn, adapt and innovate. This drive is what distinguishes a mediocre microfinance organization from a good one, and what distinguishes a good one from one that brings with it lasting value to society.

The third theme centers on commercial microfinance and poor people, the heart of the debate from the early 1990s. Questions about the compatibility of profit motivation and social goals still invite substantial philosophical argument in 2005. In the transition from donor subsidy to the marketplace, does the organization leave poor people behind? The concept of mission drift, the idea that a commercial operation abandons its poorer borrowers in pursuit of higher profits, receives the attention it deserves. Contrary to common belief, ACLEDA's experience shows

that as revenues grew it moved closer to poor and low-income customers, not further away from them.

On a more practical level, this theme explores the legacy of donor money in a newly founded commercial enterprise. The often dissonant relationship between donor funding and commercial operations leads to several pointed questions of unique interest to donors. What happens to the accumulated donor funding? What mechanisms limit the subsidy in a new commercial operation and preserve donor capital for its originally intended purposes? ACLEDA's transformation from an NGO to a commercial bank is explored in light of other transformations that have taken place internationally. This theme examines the reasons NGOs transform into regulated financial institutions and the precision of financial mechanisms that limit subsidy. Considerable attention is given to the legal and regulatory framework and the organizational infrastructure that enable a new commercial ownership structure to emerge.

Lastly, this theme explores how one institution contributes to financial sector development. The shape of the financial sector depends on many aspects of the economic and political environment, including the range of financial institutions and their inter-action with one another and with their customers, the mind-set of banking authorities and the regulatory frameworks they choose, and the dialogue between national policy makers and their international counterparts. These affinities shape an inclusive financial sector as it develops, turning it from a nebulous concept into one that serves a concrete purpose.

During the course of the research and writing of this book, my admiration has only grown for ACLEDA staff, their technical advisors, their risk-taking donors, their risk-adverse investors, and the microfinance champions in the National Bank of Cambodia. It will be obvious as you read the story that I make no attempt to conceal my biases in interpreting ACLEDA's experience as a sound example of the financial systems approach to microfinance. The ACLEDA story is a compelling tale of what a group of persons can do for their country and their people. The example would not be as inspiring if the frailties of development and organizational blunders were not told as well. I have attempted to be fair in relating the successes and the failures that are recounted in this story; there are ample examples of each. The aim is not to congratulate ACLEDA on a job well done; rather it is to show a microfinance success story in one of the most difficult contexts of a post-conflict country. With this example, the hope is that the microfinance field that has built up over the past twenty-five years will be effective in producing many more ACLEDA stories.

Too frequently the history of microfinance organizations ends up in an analysis of progressive balance sheets. We see them represented in global tallies of outreach to poor clients. The important lessons lie hidden in the memories of the organizational architects and those who quietly build a financial sector. The five parts of this book – from heritage to momentum – capture those important lessons of the emergence, rise and significance of one bank and one financial sector that is relevant to many others.

Part 1: Heritage

Part 1 sets the context of a society in turmoil in the mid-1970s, uprooted by a regime that is widely recognized as the most vicious in modern times. The first chapter provides a brief historical overview of Cambodia and the banking system from its destruction in 1975 to its re-emergence in the 1980s. The historical context of Cambodia relies on the substantial documentation written by historians on Cambodia's tragic past and refers the reader to those sources, not repeating the judgments, debates or many of the events and analysis that accompany them. The focus of this chapter is to provide an overview of the development of the banking system in Cambodia, which features throughout the story. The second chapter visits ACLEDA's origins as a development project. It provides small vignettes on the first accomplishments and challenges of building a local organization out of a donor project. It introduces the first ACLEDA staff, their vision for the future and how the first organizational values took root; they would later become the driving force of ACLEDA's evolution.

Part 2: Discovery

Part 2 centers on ACLEDA's transition from the vestiges of a development project into an organization specialized in the delivery of micro and small enterprise credit. Chapter 3 relates early discoveries about the "marketplace" – and the position of potential customers and existing products within it. The budding market approach to microfinance underscores the difference between products that are perceived as valuable by the organization and its sponsors, and products that are valued by customers. Chapter 4 shows ACLEDA at a crossroads as it makes the choice to respond to customers or respond to donors. The chapter offers a profile of ACLEDA's sophisticated consumers who led the organization's growth. It pauses briefly to draw a comparison between ACLEDA's early performance as a development project in a post-conflict environment and another microfinance institution, Prodem in Bolivia that specialized in the delivery of microenterprise finance from the start. Chapter 5 links the changes in attitudes that prompted the organization to grow, unveiling the mystery of ACLEDA's growth formula. It addresses the question of what drives a young organization to commit to the challenges of organizational change and offers insights based on ACLEDA's experience that are relevant to any environment.

Part 3: Velocity

Part 3 explores two distinct stages of growth, stages common to many microfinance institutions. The first stage of growth is rooted in a customer orientation that allows the organization to expand, often at a pace that quickly overwhelms systems designed to support an operation of a different era. The second stage begins as the

organization learns how to combine customer orientation with risk management techniques that produce sustainable growth. Chapter 6 explores ACLEDA's expansive growth period, telling the stories of branches in crisis and the radical overhaul of organization-wide systems that clamored for attention. It discusses the fund raising strategies, the adequacy of systems and difficult decisions that were made by the people who managed the organization. Chapter 7 places ACLEDA in the dynamic Cambodian context. It examines the policies and preferences of leaders in national government and donors that supported microfinance. The chronicle centers on what they were thinking at the time about microfinance and its place in the financial system, how that thinking evolved, and why the evolution was important for building an inclusive financial sector in Cambodia. The chapter concludes with an analysis of the underlying factors that enabled sustainable growth.

Part 4: Odyssey

Part 4 follows ACLEDA management and staff on their journey into the world of commercial microfinance. The story begins with a brief foray into the formal financial sector in Cambodia as it looked in the late 1990s. Chapter 8 examines the rules of the game, and why a non-profit organization would opt to play by them. The story continues with ACLEDA's visit to Bolivia and the lessons it gathered to apply to its own model of transition into the commercial world. Chapter 10 centers on the invitation to investors. It develops around an investor risk-return framework, and shows how ACLEDA's plan to mitigate investor risk led to innovative structures and mechanisms that mimicked many elements of a well-functioning financial system absent in Cambodia at that time. From the investor perspective, it was this plan that allowed the strong institution to prevail in an environment fraught with risk.

Part 5: Momentum

Part 5 examines the significant changes commercial microfinance has brought to Cambodia's financial sector, ACLEDA Bank, Plc., and its customers. The chapters in this section re-visit several misconceptions about microfinance and the commercial approach. Chapter 11 examines how ACLEDA Bank and its customers dealt with new opportunities and risks associated with commercial banking. The following chapter moves on to explore the topical notion of "mission drift", a concept that causes considerable consternation in the donor world as it meets the commercial world. The thesis of this chapter is that a commercial approach to microfinance can enhance an organization's outreach and depth of outreach to poor and low-income customers, rather than limit it. The concluding chapter pulls experience from ACLEDA Bank's history, microfinance as it has developed in Cambodia, and how both contribute to building an inclusive financial sector. The experience offers lessons to the rest of the world.