CAO COMPLIANCE ADVISOR OMBUDSMAN

The Independent Accountability Mechanism for IFC & MIGA

July 2026

Assessment & Conclusion Report

Regarding the Nineteenth Complaint Received in Relation to IFC's investments in the Amret Microfinance Institution Equity (IFC Project #34748) in Cambodia

IFC Project number: 34748

About CAO

The Office of the Compliance Advisor Ombudsman (CAO) is the independent accountability mechanism of the International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA), members of the World Bank Group. We work to facilitate the resolution of complaints from people affected by IFC and MIGA projects in a fair, objective, and constructive manner; enhance environmental and social project outcomes; and foster public accountability and learning at IFC and MIGA.

CAO is an independent office that reports directly to the IFC and MIGA Boards of Executive Directors. For more information, see http://www.cao-ombudsman.org/about-us.

List of Acronyms

Amret	Amret Microfinance Institution PLC
CAO	Office of the Compliance Advisor Ombudsman
FCPC	Financial Consumer Protection Center
GRM	grievance redress mechanism
IFC	International Finance Corporation
LICADHO	Cambodian League for the Promotion and Defense of Human Rights
NAADR	National Authority for Alternative Dispute Resolution

1 Executive Summary

In January 2026, the Office of the Compliance Advisor Ombudsman (CAO) received a complaint from a community member in Cambodia's Kandal region, represented by the Cambodian League for the Promotion and Defense of Human Rights (LICADHO), a nongovernmental organization. The complaint raised concerns about alleged impacts on the complainant's livelihood and well-being related to lending practices associated with Amret Microfinance Institution PLC (Amret), a client of the International Finance Corporation (IFC) (IFC Project: Amret MFI Equity 34748). Amret is also involved in another ongoing CAO dispute resolution monitoring case.[1]

In April 2026, after determining that this complaint met its three eligibility criteria and was not the same in all material respects as a previously submitted complaint, CAO initiated the assessment according to CAO Policy, para. 42(i).

During the assessment phase, the complainant withdrew her complaint after deciding to pursue the matter through the National Authority for Alternative Dispute Resolution (NAADR) of Cambodia. In accordance with CAO Policy, this case has been closed at the assessment stage. This report provides an overview of the assessment process, the project, the complaint, the methodology, the views of the parties, and the next steps.

2 Background

In 2014, the International Finance Corporation (IFC) approved an equity investment of US$17.5 million for a 19.99 percent ownership stake in the Amret Microfinance Institution PLC (Amret) as well as a US$10 million senior bank loan (#34748).[2] The objective of this project was to support Amret's transformation and long-term development strategy. According to IFC's Policy on Environmental and Social Sustainability, the project was classified as FI-2, with limited risk adverse effects.[3]

Amret, a deposit-taking microfinance institution, is among the top 10 financial institutions in Cambodia. It was set up in 1991 by the French organization GRET as a rural credit project operating through village associations in three provinces (Kandal, Kampong Speu, and Prey Veng).[4] In 2014–15, Advans became Amret's majority shareholder (with 52.78 percent), and IFC currently owns 15.99 percent of Advans shares. In May 2024, the Taiwan, China–based Bank SinoPac acquired Amret for approximately US$543 million.[5] Amret is currently owned by Bank SinoPac (80 percent), IFC (10 percent), and the Dutch Entrepreneurial Development Bank (10 percent).[6]

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[1] Further information on this case can be found at https://www.cao-ombudsman.org/cases/cambodia-financial-intermediaries-04 and https://www.cao-ombudsman.org/case/cambodia-mifa-debt-fund-and-amret-mfi-equity-13
[2] See IFC Management Board Review Request
[3] International Finance Corporation. 2012. Policy on Environmental and Social Sustainability. https://www.ifc.org/en/insights-reports/2012/publications-policy-sustainability-2012.
[4] See "About Amret" on its website at https://www.amret.com.kh/en/about-amret.
[5] Phnom Penh Post. 2024. "Local MFI Sells for Half Billion." *Phnom Penh Post*, May 6. https://www.phnompenhpost.com/business/local-mfi-sells-for-half-billion
[6] See "Shareholders" on the Amret website at https://www.amret.com.kh/en/shareholder.

3 Assessment Purpose and Methodology

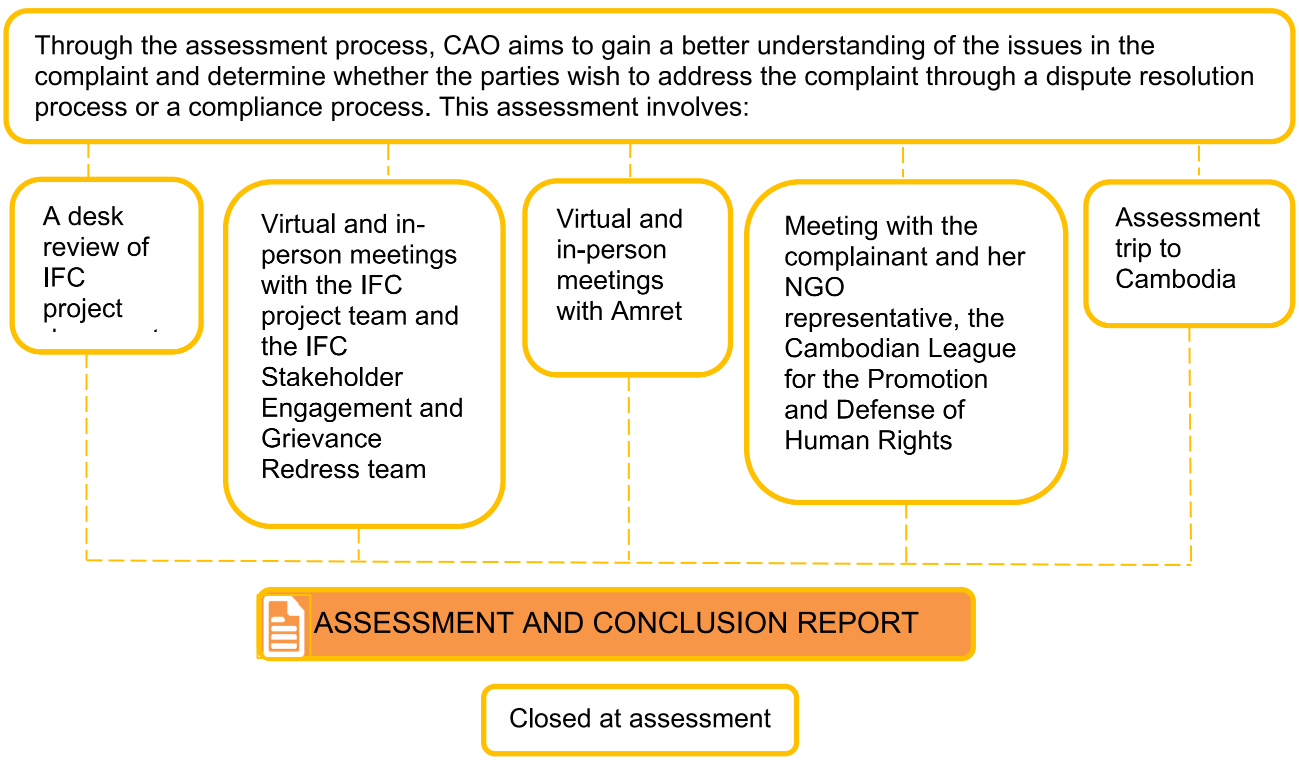
3.1 Assessment Purpose

The aim of the CAO assessment process is to develop a thorough understanding of the issues and concerns raised by complainant(s), gather information on the views of various stakeholders, and determine if the complainant(s) and the IFC client(s) would like to pursue a dispute resolution process facilitated by CAO or if the complaint should be handled by CAO's Compliance function, which would conduct an appraisal of IFC's performance standards. (See appendix A for more on CAO's complaint-handling process.) The process does not involve judging the merits of the complaint. Instead, it seeks to understand the parties' perspectives and empower those involved to make informed decisions on how to address the issues raised.

3.2 Assessment Methodology

Figure 1 illustrates the approach and methodology of CAO's assessment process.

Figure 1. CAO Assessment Process



The assessment was conducted by the CAO assessment team with support from a local interpreter based in Cambodia, who provided Khmer translation and interpretation. The CAO team and the interpreter communicated with the parties and collected information through in-depth virtual and in-person conversations and an on-site mission from May 2 to May 7, 2026.

4 Complainant’s Perspective

The complainant obtained a loan from Amret in 2023 that she claims caused financial hardship and negatively affected her family’s livelihood. The issues raised in the complaint and shared in person with the CAO assessment team are explained below.

Financial Hardship and Negative Impacts on Livelihood
The complainant claims that she borrowed US$50,000 from Amret to repay existing loans from two local banks and complete the construction of her new home. She explained that she was able to obtain the loan because both she and her son were employed full-time in permanent quality-control positions at a garment factory, earning approximately US$180 to US$200 per person per month and up to US$250 to US$300 each during peak seasons, when overtime was available. This income was supplemented by earnings from the family farm. The complainant said she used part of the loan to repay other bank loans and another portion to repay her younger brother for the purchase of land they had acquired jointly, although the land was registered in her brother’s name. She explained that they purchased the land because prices were rising and they hoped to resell it later at a profit. She further asserts that she invested the remaining Amret loan funds in Piphup Deimeas, also known as the Golden Land Company. According to the complainant, she and her brother initially received monthly payments from the company; however, the payments stopped after two years because the company was a fraud, which they had not known when they invested. She stated that the family became over-indebted after these payments ceased. In addition, the complainant said she lost income when her garment factory work became seasonal and the farm’s output declined.

The complainant describes the core issues as her inability to repay the Amret loan and the resulting pressure on household income. She linked these difficulties to a broader decline in the family’s financial situation over time. In explaining the causes of her situation, she points to several interconnected factors, including investment in the scam company, lower farm yields, business expenses that exceeded income, climate-related impacts on climbing wattle production, and the shift in her garment factory employment from permanent to seasonal work. While describing these challenges, she stated that she holds herself responsible for the situation and does not necessarily hold Amret responsible. She also explained that her reason for submitting the complaint to CAO was not to file a complaint against Amret but to seek help in reaching an arrangement that would allow her to make payments consistent with her capacity to repay.

With respect to the issues raised in the complaint to CAO, the complainant clarified that she did not experience intimidation or harassment from either Amret loan officers or local authorities. Her youngest child completed grade 12 at age 18 and was unable to pursue a college education because of the family’s financial situation. After graduation, she was unable to find work immediately and later worked for six months in a footwear factory before being laid off. The complainant stated that, in her view, her daughter would not have needed to seek work under these circumstances if the family had not been facing indebtedness. The complainant further shared that her father is seriously ill and receiving treatment in Viet Nam, which has placed additional financial strain on her household. She reiterated the importance of being able to repay her loan to Amret in a manner consistent with her household’s repayment capacity rather than through court proceedings that she considered forceful.

The complainant informed CAO that Amret’s most recent visit took place on May 2, 2025, when an officer delivered a letter notifying her of the outstanding loan amount, interest, and penalties.

According to the complainant, Amret stated during the visit that it would initiate court proceedings in accordance with applicable legal procedures if payments were not made. The complainant said, however, that she did not understand the court order issued in 2025 related to her loan. She explained that she did not attend the court proceedings because she lacked the funds to travel to court and confirmed that she did not appeal the court's decision. As a result, she is now required to repay Amret under terms that she considers beyond her monthly repayment capacity.

Ineffectiveness of the Local Grievance Redress Mechanism
The complainant claims that she approached the bank's loan recovery officer at the commune level and requested that her loan be restructured based on her repayment capacity, but her concerns were not resolved. The complainant also clarified that she had not submitted the case to the Financial Consumer Protection Center (FCPC) because its intake form is intended for filing complaints, and she did not wish to file a complaint against Amret. She reaffirms that neither she nor her family intend to accuse Amret of wrongdoing, as they recognized that their inability to repay the loan arose from their own circumstances. However, they perceive the court proceedings and decision as a form of pressure requiring them to pay the loan.

The complainant initially expressed interest in participating in CAO's dispute resolution process. However, after communicating with NAADR, she decided to withdraw her complaint from CAO and continue pursuing the matter through NAADR.

5 IFC Client's Perspective

During the assessment phase, CAO engaged with representatives from Amret. In response to the concerns raised in the complaint, Amret provided the following perspectives and information regarding its policies and internal processes.

Financial Hardship and Negative Impacts on Livelihood
Amret asserts that a loan of US$50,000 was disbursed to the borrower on August 11, 2023, with a monthly repayment obligation of US$862 over a 10-year term. According to Amret, the loan was intended to refinance existing loans from two local banks and to support the completion of the family home. At the time of loan appraisal, Amret understood that the borrower's household income came from agricultural production, including fitweed, bananas, climbing wattle, rice, and mangoes, as well as small-scale rice trading and income from her son's factory work. Based on the reported income streams, farm size, and an estimated monthly household income of US$1,800 to US$2,000, Amret assessed that the borrower had repayment capacity when the loan was approved.

According to Amret, the borrower made repayments for four months before flooding on the banana farmland significantly reduced her income. Amret says it was not aware of the borrower's investment in a fraudulent company until the case proceeded to court. Based on information later provided by the borrower, Amret claims that the loan of US$50,000 carried an interest rate of 1.15 percent per year and that part of the loan was used to repay personal debts and support a rice trading business that ultimately failed. Amret noted that the borrower's financial difficulties began between October and December 2023 and that the loan was restructured on February 14, 2024; however, repayment challenges continued after the restructuring.

Amret further claims that the borrower attempted to sell farmland to manage her debt, but the sale did not proceed due to external factors, including the Thailand-Cambodia conflict. Amret noted that several of its clients were affected by the same alleged fraudulent scheme, which came to its attention only after the borrower disclosed the issue. Amret also reports that the complainant's brother promoted the scheme and received commissions for referring investors to the company. Amret emphasizes that it has implemented measures to prevent aggressive lending and collection practices and has dedicated client protection staff to ensure that lending and collection activities are not conducted in a manner detrimental to borrowers.

Ineffectiveness of the Local Grievance Redress Mechanism
Amret reports that the borrower did not file a formal complaint through Amret's grievance redress mechanism (GRM) but had previously requested and received a restructuring of her loan. If she had filed a complaint using the GRM, Amret could have addressed it by engaging directly with her. Amret further explained that taking the borrower to court was part of its loan recovery efforts and was unrelated to the GRM. Amret asserts that it informs clients about available complaint channels in a manner that borrowers can clearly understand. Amret says that staff use local-language materials and scripts to communicate information about the GRM to borrowers. Loan contracts include a complaint contact number, and staff inform borrowers that they can call the number if any issues arise. Amret notes that all branches display posters outlining channels for resolving loan-related concerns, and borrowers are informed about the FCPC. In addition, Amret reports that it has printed and posted stickers with QR codes that provide phone and Telegram contact information for both Amret and the FCPC.

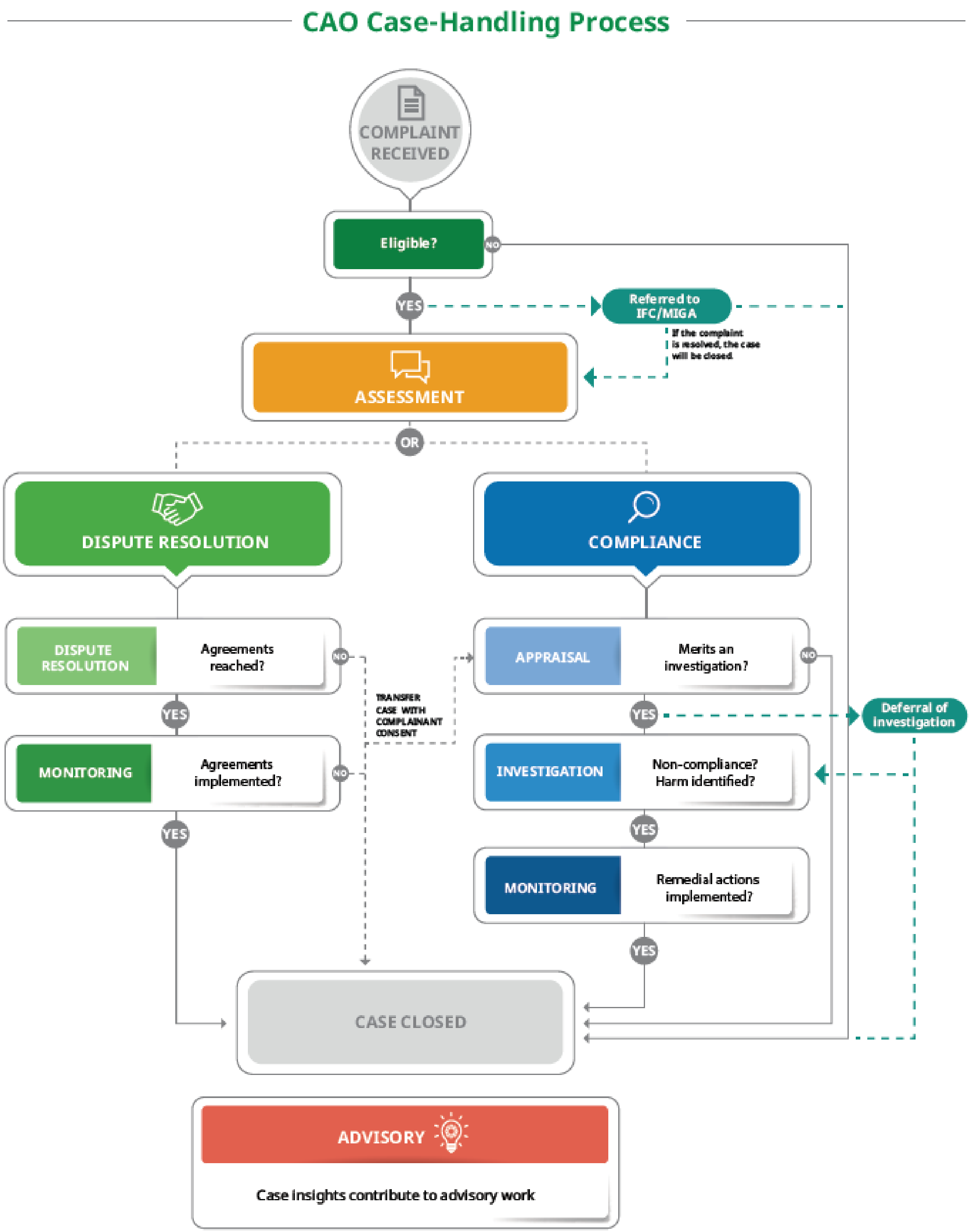
Amret says that it responds to all complaints and aims to resolve most within two days. For more complex cases, Amret indicates that the resolution timeline does not exceed one month. Amret highlights its investment in a 24/7 call center staffed by approximately 16 employees who receive customer complaints, including on weekends and holidays. Amret asserts that quality control processes are in place to monitor call center performance and ensure that complaints are handled efficiently and resolved promptly. Amret says it also maintains a reporting dashboard that tracks customer complaints, their status, and the time required to resolve them. According to Amret, complaint data are collected across multiple channels, including the call center, Facebook, Telegram, email, website submissions, regulators such as the National Bank of Cambodia and the Cambodia Microfinance Association, field staff, and branch walk-ins. Amret further asserts that customer complaint reports are shared quarterly with Amret's board, which provides recommendations to improve the complaint resolution process. Amret says that loan-related issues, including repayment and restructuring concerns, are categorized as high-level complaints and prioritized accordingly. A complaint committee handles the final resolution of such complaints.

Amret claims that a court verdict presents a significant challenge in this case, while noting that interest on the loan has been suspended since the court ruling. Considering the circumstances of the complaint and the court decision, Amret indicated that it would prefer to close this case or proceed through the compliance process if that remains the only available option.

6 Conclusion and Next Steps

During the assessment phase, the complainant withdrew her complaint after deciding to pursue the matter through the National Authority for Alternative Dispute Resolution (NAADR) of Cambodia. In accordance with CAO's Policy, this case has been closed at the assessment stage.

7 Appendix A: CAO Complaint Handling Process



As per the IFC/MIGA Independent Accountability Mechanism (CAO) Policy, the following steps are typically followed in response to a complaint received:

Step 1: **Acknowledgment** of the receipt of the complaint.

Step 2: **Eligibility.** A determination of the complaint's eligibility for assessment under CAO's mandate. This process must take place within 15 business days.

Step 3: **Assessment.** CAO evaluates the issues in the complaint and helps stakeholders understand and determine if they would like to pursue a consensual solution through a collaborative process convened by CAO's Dispute Resolution function, or if they want the case handled by CAO's Compliance function, including a review of IFC's/MIGA's environmental and social due diligence. The process can take up to 90 business days, with a possible extension of up to 30 additional business days if at the end of the initial 90-day period, the parties assert that a resolution of the complaint is likely or either party expresses interest in dispute resolution and it is possible that the other party will agree.

Step 4: **Facilitating settlement.** If the parties choose to pursue a collaborative process, CAO's Dispute Resolution function is initiated. The process is typically based on or initiated by a memorandum of understanding and/or mutually agreed-on ground rules between the parties. It might involve facilitation or mediation, joint fact finding, or other agreed resolution approaches toward a settlement agreement or other mutually agreed and appropriate goals. The major objective of these types of problem-solving approaches is to address the issues raised in the complaint as well as any other significant relevant issues identified during the assessment or DR process, in a way that is acceptable to the parties.[7]

OR

Compliance appraisal and investigation: Complaints are transferred to CAO's Compliance function if the parties opt for an investigative process or if a DR process results in partial or no agreement. At least one affected community member must provide explicit consent for the transfer unless CAO is aware of concerns about threats or reprisals. CAO's Compliance function reviews IFC/MIGA's compliance with environmental and social policies, assesses related harm, and recommends appropriate remedial actions. First, a compliance appraisal determines whether further investigation is warranted, which can take up to 45 business days, with a possible 20-business-day extension granted in exceptional circumstances. If an investigation is warranted, the appraisal is followed by an in-depth compliance investigation of IFC/MIGA's performance. The investigation report is made publicly available, along with IFC/MIGA's response and an action plan to remediate findings of noncompliance and related harm.

Step 5: **Monitoring and follow-up.** In cases where noncompliance and related harm are found, CAO monitors the effective implementation of the action plan.

Step 6: **Conclusion/case closure**

[7] When stakeholders are unable to resolve the issues through a collaborative process within an agreed time frame, CAO's Dispute Resolution function first tries to help the stakeholders break through impasses. If this is not possible, the Dispute Resolution team informs the stakeholders, including IFC/MIGA staff, the president and board of the World Bank Group, and the public, that CAO's Dispute Resolution function has concluded the dispute resolution process and transferred the case to CAO's Compliance function for appraisal.

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