

The Role of NGOs in Inclusive Finance of China



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CFPA & Microfinance



- ❑ **Established in March 1989, as a national NGO**
- ❑ **Microfinance for Poverty Alleviation, launched in 1996**
- ❑ **By August 31, 2008**

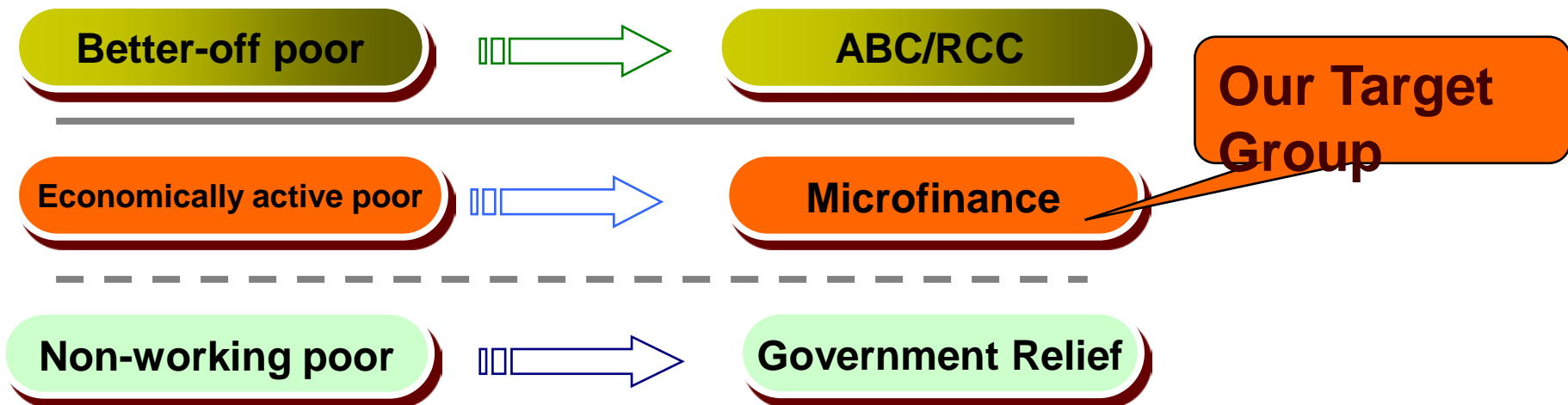
2 Project Coverage		
2.1 Province		7
2.2 County		17
2.3 Town		260
2.4 Administrative village		4,100
2.5 Household		1,840,000
2.5 Population		6,550,000
3 Institution Condition		
3.1 Number of local branch		17
3.2 Staff	Total	166
	Female ratio	52.76%
3.3 Loan officers	Total	73
3.3 Loan officers	Total	73
	Female ratio	60.27%

4 Progress		
4.1 Monthly disbursement amount (RMB)		16,346,500
4.2 Annual disbursement amount		126,587,987
4.3 Accumulative disbursement amount		355,757,187
4.4 Number of monthly disbursements		3,016
4.5 Number of annual disbursements		25,837
4.6 Accumulative number of disbursements		130,705
4.7 Loan outstanding		103,857,227
4.8 Active clients	Total	28,919
	Female ratio	58.36%
4.9 PAR	>1 day	1.09%
	>30 days	0.70%

CFPA's Role in Inclusive Finance of China



- ❑ **Doorstep Banking for the Rural Poor**
- ❑ **Our Objectives:**
 1. Provide loans to the real poor
 2. Strengthen the capacity of the poor
 3. Realize institutional sustainability.
- ❑ **We target those who can not access to formal financial services.**
- ❑ **Competitors: RCC or Moneylenders? Some overlap, but different niche markets**



NGO's Role in Inclusive Finance of China



- **Rural Finance in China:** RCC is almost the only FI that provides credit to farmers.
- **Strategy of Rural Finance in China:**
 1. Commercial Banks: ABC, RCC, China Post Saving Bank
 2. Policy Bank: CDB, ADBC, CIEB
 3. New Financial Institutions: MCC, VB, Rural Cooperative Fund
- **Who will serve the poor and low income population that can not be covered by formal FI?**
- **NGO's Role:**
 1. There should be multiple rural finance providers, serving multiple-layer target groups
 2. NGOs serve poor and low-income population
 3. NGO Microfinance is an important part of inclusive finance system



Key Trends, Opportunities & Constraints

- **Unclear legal status of NGO microfinance, leading to:**
- **difficulty in raising funds, small scale and limited outreach**
- **Positive policy trends, encouraging development of rural finance**
- **Still limitations for direct investments in NGO microfinance. Opportunities are:**
 1. Provision of wholesale funds (loans)
 2. Technical Assistance
 3. Grants for NGO capacity building
 4. Others
- **Facilitate policy dialogue for an improved inclusive finance system in China and prepare for commercial investments in microfinance**

Thanks !



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