Early Warning System

IFC-38028

CFPA Equity II

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Quick Facts

Countries	China
Specific Location	Nation wide China
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	C
Voting Date	2016-05-02
Borrower	CFPA MICROFINANCE MANAGEMENT LIMITED CO.
Sectors	Finance
Investment Type(s)	Equity
Investment Amount (USD)	$ 25.00 million
Project Cost (USD)	$ 25.00 million

Project Description

The proposed project entails IFC’s additional equity investment of up to RMB160 million (US$25 million equivalent) in CFPA Microfinance Management Co., Ltd. (“CFPA MF”, the “Company”).

CFPA MF is a leading microfinance company dedicated to rural finance. IFC is an existing shareholder of the Company and also provided a RMB equivalent US$20 million five year senior loan to CFPA MF. Successfully transformed from a poverty alleviation project, the Company has experienced substantial growth with geographic expansion to 166 counties in 17 provinces, and with deep outreach to 306,101 active customers. By 2015, the outstanding portfolio of CFPA MF reached RMB2.6 billion (US$400 million), representing a five year CAGR of 46.3%. Given its proven track record and demonstrated development impact, IFC would like to continue to support the Company for future expansion.

Expected development impact
1. Promoting financial inclusion: IFC's investment will strengthen the capital of CFPA MF, enable it to leverage more resources and funding to support the geographic and portfolio expansion of the Company.
2. Creating opportunities for disadvantaged groups: As 97% of CFPA MF's customers are rural households with at most a middle school education, and over 90% of them are women, IFC's investment in CFPA MF promote financial inclusion for disadvantaged groups who are underserved and not covered by traditional financial institutions.

Investment Description

- International Finance Corporation (IFC)

CFPA MF is currently sponsored by China Foundation of Poverty Alleviation (“CFPA Foundation”). CFPA Foundation was established in 1989 with a mission to alleviate poverty in China. The Foundation is regulated by the State Council Leading Group Office of Poverty Alleviation and Development (“CPAD”), and is currently the largest civil society organization working in the field of poverty reduction in China. At present, CFPA Foundation holds 62.7% stake in CFPA MF, with the remaining shareholdings held by IFC (19.2%) and Sequoia Capital (18.1%).

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- CD Finance Management (formerly CFPA Microfinance Management) (Financial Intermediary)

Private Actors Description

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Contact Information

The Project Contact

Mr. Dongwen Liu
Chief Executive Officer
CFPA Microfinance Management Co., Ltd.
1st Floor, South Building, 36 Shuangyushu Xili, Haidian District, Beijing, China
+86-10-82872688
Email: liudongwen@cfpamf.org.cn

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/