



PlaNNet Finance: “Microfinance Robustness Program” to strengthen risk management in the microfinance sector in China

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In recent years, microfinance has been booming in China, with over 3,000 Microcredit Companies in operation by 2011, and outstanding loans reaching RMB 200 billion, expanding financial access to the many Chinese microentrepreneurs who often lack the loans necessary to develop income generating activities and a sustainable livelihood. However, with the Chinese microfinance sector now entering a period of rapid growth, risk management will be decisive for the sustainable growth of the sector. “Robustness” will be a necessary foundation for the Chinese microfinance industry and individual microfinance institutions to grow further, control over-indebtedness, and access new funding sources.

Through the “**Microfinance Robustness Program**”, supported by the **Credit Suisse Microfinance Capacity Building Initiative**, PlaNNet Finance aims to help the Chinese microfinance sector prepare for its long term success and integration within the financial system by strengthening risk management in line with internationally accepted frameworks and guidelines for risk management, while delivering key solutions that will become references in the sector for risk management best practices. The 1 year program will have a 3 pillars approach:

“Risk Management System” - Technical Assistance for Microfinance Institutions (MFIs)

This pillar aims to support 1 designated Chinese MFI in reducing its risk profile and getting prepared for new funding schemes. Acting as an incubator, the objective is to build “best in class” MFIs matching current risk requirements of regulators and capital markets, becoming a visible case study and replicable model for the microfinance sector in China.

Training: Chief Financial Officers and Chief Risk Officers Capacity Building Platform

This training initiative for Chief Financial Officers (CFO) and Chief Risk Officers (CRO) of Chinese MFIs has the objective to get the right people prepared for the implementation of best practices in risk management, through targeted training on risk management topics.

Risk Management Research and Awareness

In collaboration with a renowned research institution, research on a “sound development of refinancing microfinance in China” will be delivered, with the aim of bringing support to an area critical to the long term sustainability of the Chinese microfinance sector.

About PlaNNet Finance

PlaNNet Finance's mission is to help poor people develop income generating activities, in order to sustainably improve their living conditions. PlaNNet Finance has a worldwide network of 122 experts and is active in about 50 countries. Since 2003, PlaNNet Finance has been active in over 20 provinces in China, offering advisory services and technical assistance to microfinance actors to improve their financial and social performance as well as supporting microentrepreneurs in their endeavors. Successful projects in China have included the establishment of Microcred, the first fully foreign-owned microcredit company in Sichuan province, and the provision of comprehensive microfinance technical assistance to Harbin Bank and Changxing Village Bank. With its Microfinance Plus Programs, PlaNNet Finance in China also leverages microfinance institutions' networks and resources to tackle other critical issues such as health, environment, education and rural development. PlaNNet Finance is a member of the PlaNNet Finance Group.

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