

USAID Development Credit Authority Guarantee Data: Utilization and Claims

Data Dictionary

Fiscal Year: This was the year that the guarantee agreement was established.

Guarantee Number: Each guarantee has an associated guarantee number. If there are guarantees with the same number but with different letters after the number it means a single guarantee was established with multiple banks.

Guaranteed Percentage: USAID guarantees only a portion of risk so that banks continue to do proper due diligence and become comfortable lending to new sectors. Typically the guaranteed percentage is 50% but this number can vary depending on the transaction.

Country: This is the country where the guarantee was established. There are a few worldwide guarantees that are valid with either certain USAID Missions or with all USAID Missions. There are also several regional guarantees.

Guarantee Start Date: This is that date the bank is allowed to begin lending under the guarantee.

Guarantee End Date: This is the date that the guarantee expires, and therefore USAID will no longer pay claims after this date.

Final Date for Placing Loans Under Coverage: This is the last date the banks can make loans under the guarantee. This falls prior to the end date to ensure that USAID can cover losses under loans made under the guarantee.

Primary and Secondary Sector: These represent the business sectors that USAID identified to the banks for all loans under the guarantee. USAID will specify whether banks can make loans within that entire value chain. For example, for an agriculture value chain guarantee, an entrepreneur who wants financing for a gas station so farmers can transport their products could qualify for a loan under the guarantee.

Status: Guarantees expire after the end date passes, as defined in each guarantee's legal agreement.

Maximum Cumulative Disbursements (MCD): Each USAID partial credit guarantee has a pre-agreed upon ceiling (MCD) which the bank can loan up to in order for those loans to be guaranteed. It is possible that in some cases the cumulative utilization will be higher than the maximum cumulative disbursements. This is because in the early stages of DCA, some banks continued reporting loans to USAID within the target sector even after the guarantees reached their ceiling. These guarantees are reported as 100% utilized and not higher than that in order to avoid distorting USAID's data.

Cumulative Utilization: The amount the bank has lent under the guarantee. If the number is lower than MCD the guarantee may still be active, or the bank may have learned that the sector was not as risky as they perceived and they did not need to pay USAID for its guarantee any longer. Other times the banks may have changed strategy or management and no longer wanted to loan to the sector.

Guarantee Type: There are four types of USAID guarantee products: bond guarantees, loan guarantees, portable guarantees, and loan portfolio guarantees. More information about these products can be found at

http://transition.usaid.gov/our_work/economic_growth_and_trade/development_credit/pdfs/2012/1210-usaid-onepager-v5-4_2.pdf. While USAID currently has completed 333 guarantee transactions, this database only shows 315 of them. The discrepancy is the number of portable guarantees which have now become loan guarantees. Once PG letter holders find a borrower, USAID converts the PG to an LG. Before a lender is identified the database shows an amount approved for that record. After it becomes a LG, the PG record amount becomes \$0 to avoid double counting. Therefore USAID deleted all empty PG rows that already converted to LG status. It is possible for a loan to be granted but no money disbursed in the case of a PG that became an LG but money still hasn't officially transferred to the borrower yet. In the case of Egypt, for example, there is a Portable Guarantee with a company which identified a lender. Although USAID signed a LG agreement with the financial partner for the full \$10M, disbursement has not yet happened given political conditions in Egypt.

Claims and Recoveries: If a bank has any defaults among its guaranteed loans it can ask USAID for 50% of the default amount. Claims are the amount that USAID has paid banks due to defaults. If the bank later recovers some of that amount from a borrower the bank has to share the recoveries with USAID.