USAID’s Development Credit Authority (DCA) uses loan guarantees to encourage local financial institutions in developing countries to lend to underserved sectors and borrowers. With the help of DCA guarantees, local banks can lend to new borrowers active in sectors crucial to USAID’s mission.

In 2014, DCA issued 32 guarantees across 18 countries, mobilizing $768.8 million for development objectives. Guarantees mobilized local financing for small- and medium-sized farmers in Ukraine, female entrepreneurs in Mozambique, alternative development zones in Peru, cold storage facilities in Morocco, and many more.

This Impact Brief highlights DCA’s 2014 fiscal year accomplishments and showcases the development impact of just one DCA guarantee.
DCA’s approach and development impact can be best understood through a single example…

USAID’s mission in Kenya set up a DCA guarantee that helps a local bank lend to the water sector, which is perceived to be high risk. The increased lending has helped build new water treatment facilities, expand pipe networks, and deliver water to thousands of Kenyans. Around the world nearly 800 million people lack access to clean and reliable water and over 850,000 people die each year from preventable water-related diseases. Very often, communities that want to develop and expand the water services required to address these issues lack sufficient financing. DCA guarantees can help mobilize this financing.

WATER IS LIFE! THIS IS THE STORY OF EMBU, a community in Kenya. The Embu Water and Sewerage Company (EWASCO)—the organization responsible for supplying water to the people of Embu—benefitted from a $910,000 DCA-guaranteed loan from Kenya Housing Finance, a local bank. Supported by technical assistance from USAID’s Sustainable Water and Sanitation in Africa (SUWASA) program, EWASCO used the proceeds of the loan to install 18 miles of pipes, expanding water access to 50,000 community members.

Water is one of these important sectors. A DCA-guaranteed loan helped finance a water project in Embu, Kenya.
The DCA guarantee allowed my bank to make a loan to EWASCO, our first loan in the water sector. The DCA guarantee increased our confidence in lending.

- Anne Murugu
Loan Officer, Nairobi

Without the DCA guarantee the project would not have been possible. The bank had faith in the project because of the DCA guarantee... we now have over 6,000 connections serving 50,000 people. These people can get cheap, clean, reliable water.

-H. M. Kerugendo
Managing Director & Engineer, Embu

Now there is a reliable source of clean water in Embu.
Before the pipeline, we walked over five miles for water and spent hours searching for it... Now we don’t search for water, hygiene has improved, there are no longer waterborne diseases because the water is treated, and we can give water to our livestock. —Jemimah Wagathare
Community Member, Embu

Embu community members say, “Maji ni maisha!” This means “Water is life!” in Swahili.

DCA’s rapidly-growing portfolio features over 166,000 impact stories like this one.

DCA Overall Portfolio 1999-2014

KEY RESULTS

451 guarantees
$3.7 billion of approved credit
328 financial partners
74 countries
166,428 loans

Since 2008

53% female borrowers
47% male borrowers
27% first-time borrowers

Amount Guaranteed ($ Billions, Cumulative)

DCA's rapidly-growing portfolio features over 166,000 impact stories like this one.
A Sample of DCA Guarantee Products

**A portable guarantee** is a guarantee on one loan between an identified borrower and an unidentified lender.

**A loan or lease portfolio guarantee** is a guarantee on a portfolio of loans or leases that a financial institution makes in an identified sector.

**A bond guarantee** is a guarantee on corporate or sub-sovereign bond issuance. The guarantee frequently enables the bond issuer to obtain a higher credit rating and therefore access less expensive and longer term credits.

**A loan guarantee** is a guarantee on one loan between an identified lender and an identified borrower.

**Partnership Opportunity**: Private companies, donors, governments, and other organizations can fund DCA guarantees aligned with their interests. DCA has experience working with each of these types of partners across all regions.

"Everybody is enjoying the water now. You no longer see women walking to get water. Our houses are clean, and our animals are now getting enough water."

-Filista Anne Ndwiga
Farmer, Embu

Listen to Filista’s interview here.

DCA guarantees use many different structures to achieve this impact...

...enabling them to encourage lending to many types of borrowers.
### Portfolio Highlights (1999-2014)

**AFRICA**

- **2014 Portfolio:** 20 guarantees: $331.5 million mobilized
- **Overall Portfolio:** 170 guarantees: $1.3 billion mobilized

Over $1.5 million has been lent to agro-processors in the rice, soy, and maize value chains in Northern Ghana.

- $2 million worth of agricultural equipment leases were provided in Senegal to support farming across various value chains.

- $18 million has been lent to small- and medium-sized enterprises across El Salvador, Mexico, and Nicaragua under the Pathways to Prosperity in the Americas initiative.

- $2.5 million has been lent to coffee cooperatives in Honduras and Nicaragua as a part of a regional initiative to address the coffee rust crisis.

- $15 million has been lent to smallholder farmers in Kosovo.

- Over $16 million has been lent to small- and medium-sized enterprises in Bosnia and Herzegovina, enabling entrepreneurs to grow their businesses and hire more employees.

**GLOBAL GUARANTEES**

- **2014 Portfolio:** 3 guarantees: $253.8 million mobilized
- **Overall Portfolio:** 25 guarantees: $592.5 million mobilized

USID provided a $133.8 million DCA guarantee to a private global forest conservation fund; it will support the reduction of 100 million tons of carbon dioxide emissions in up to 26 developing countries.

**LATIN AMERICA/CARIBBEAN**

- **2014 Portfolio:** 3 guarantees: $76.7 million mobilized
- **Overall Portfolio:** 95 guarantees: $537.9 million mobilized

- $18 million has been lent to small- and medium-sized enterprises across El Salvador, Mexico, and Nicaragua under the Pathways to Prosperity in the Americas initiative.

- A DCA guarantee in Kazakhstan has been catalytic in helping a bank make larger and longer loans.

**EASTERN EUROPE/EURASIA**

- **2014 Portfolio:** 1 guarantee: $6 million mobilized
- **Overall Portfolio:** 5 guarantees: $100.8 million mobilized

- $15 million has been lent to 613 smallholder farmers in Kosovo.

**ASIA/MIDDLE EAST**

- **2014 Portfolio:** 85 guarantees: $467.3 million mobilized
- **Overall Portfolio:** 76 guarantees: $745.1 million mobilized

- $2 million in guaranteed financing in India was used to expand a plant that produces 1,500 solar water heating systems per month.

Since 1999, DCA has provided innovative and impactful guarantees all around the world.
In 2014, DCA mobilized a record-breaking $768.8m in financing for development.

### DCA Activity In 2014

<table>
<thead>
<tr>
<th>Location</th>
<th>Sector</th>
<th>Funds Mobilized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>Microfinance</td>
<td>$13,750,000</td>
</tr>
<tr>
<td>Benin</td>
<td>Agriculture</td>
<td>$3,200,000</td>
</tr>
<tr>
<td>Botswana</td>
<td>Health/SME</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Agriculture</td>
<td>$2,250,000</td>
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<tr>
<td>Ethiopia</td>
<td>Agriculture</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Ghana</td>
<td>Health</td>
<td>$3,891,000</td>
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<tr>
<td>Global</td>
<td>Energy</td>
<td>$100,000,000</td>
</tr>
<tr>
<td>Global</td>
<td>Environment</td>
<td>$133,800,000</td>
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<tr>
<td>Mozambique</td>
<td>Agriculture</td>
<td>$17,250,000</td>
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<tr>
<td>Mozambique</td>
<td>Microfinance</td>
<td>$10,000,000</td>
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<tr>
<td>Nigeria</td>
<td>Agriculture</td>
<td>$6,000,000</td>
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<tr>
<td>Nigeria</td>
<td>Energy/infrastructure</td>
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<td>Nigeria</td>
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<td>Pakistan</td>
<td>Education/SME</td>
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<td>Peru</td>
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<td>Peru</td>
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<td>Senegal</td>
<td>Municipal Finance</td>
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<td>South Africa</td>
<td>Health</td>
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<td>Tanzania</td>
<td>Agriculture</td>
<td>$15,000,000</td>
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<td>Energy/infrastructure</td>
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<td>Tanzania</td>
<td>Health</td>
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<td>Uganda</td>
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<tr>
<td>Uganda</td>
<td>Education/Health</td>
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<tr>
<td>Ukraine</td>
<td>Agriculture</td>
<td>$6,048,545</td>
</tr>
</tbody>
</table>

**TOTAL: $768,848,887**

"Before the connection we would search for untreated water... Boys were always out looking for water which caused hygiene problems. Today no one is sick and water is reliable."

-Musyoka M. Moshe
Principal
Good Samaritan Nyangwa Boys School, Embu

Listen to Musyoka’s interview here.

DCA will continue putting local wealth to work.