**USAID OVERVIEW**

The United States Agency for International Development (USAID) is the U.S. government agency that provides foreign assistance to support shared development objectives. USAID implements Development Credit Authority (DCA) guarantees.

**DCA OVERVIEW**

The DCA partial credit guarantee is designed to:

- Reduce risks to generate additional lending to underserved markets and sectors
- Demonstrate the long-term commercial viability of lending in developing markets

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**DCA PORTFOLIO 1999–2018**

$5.5 billion in credit made available in 80 countries

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**GENERAL FEATURES**

- Guarantee backed by the full faith and credit of the U.S. Treasury
- Typically a 50% *pari passu* guarantee on loan principal (not fees or interest)
- Share recoveries pro-rata with USAID net of reasonable documented expenses actually incurred
- Guarantee of non-sovereign debt capital
- Guarantee on disbursements, typically used for term loans
- Flexibility to guarantee local and/or foreign currency
- Guarantee loan maturities of up to 20 years
- Loans registered online in a simple Internet-based Credit Management System
- Pre-approval not required for individual loans placed under loan portfolio guarantees
- Guarantees may be paired with USAID or other technical assistance projects that can:
  - Strengthen the borrower’s ability to repay
  - Support the financial institution’s lending capacity in a new sector

**STANDARD TERMS**

Guarantee of realized losses, requiring the following claim procedures:

- Wait 90 days after the final letter of demand is sent to the borrower
- Certify that reasonable collection efforts have been pursued
- Write off the loan or take a minimum 20% provision if a legal impediment exists to writing off the loan

Fees to achieve development impact:

- **Origination fee**
  A one-time, up-front fee based on the facility size

- **Utilization fee**
  A semi-annual fee based on the value of loans placed under the guarantee

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**KEY**

- Loans/Funds
- Repayment
- Guarantee

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**www.USAID.gov/dca**

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