

100%
cacao

Impact Brief 2013

Development
Credit Authority
Putting local wealth to work



USAID
FROM THE AMERICAN PEOPLE

NET WT. 2013OZ



A broad set of USAID and Government of Peru programs are helping small farmers transition from growing illicit crops, like coca, to alternatives such as cocoa for chocolate or coffee beans. This has raised the incomes and improved living standards of communities that once lived in the shadow of violence and narco-trafficking.

To expand ongoing efforts and improve economic conditions in Peru, USAID set out to get local capital into the hands of creditworthy but underserved farmers.

Using risk-sharing loan guarantees, USAID/Peru facilitated the entry of financial institutions into Peru's rural areas for agriculture lending. Over the past four years, these guarantees catalyzed \$23 million in local capital for nearly 12,000 farmers. And the financial institutions hired analysts with backgrounds in agronomy, developed loan products tailored towards agriculture, and opened branches in new areas, ensuring that they will continue lending after the guarantees expire.

Peru is just one of 70 countries with USAID guarantees.





What is the Development Credit Authority?

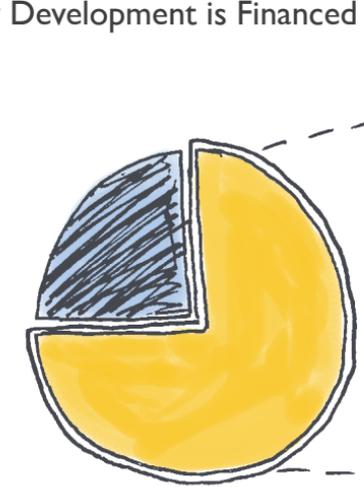
Whether it's getting input financing to small farmers like Juanita in this photo, or working capital to promising entrepreneurs, USAID's Development Credit Authority seeks to prove the commercial viability of underserved markets so that lending and investment continues after we exit.

DCA uses partial credit guarantees to mobilize local financing in developing countries. By opening up local channels of financing, USAID is empowering entrepreneurs at a minimal cost to the U.S. taxpayer.

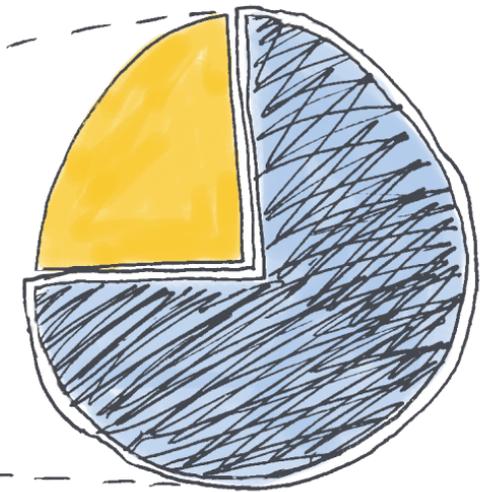


Changing the Way Development is Financed

How Development is Financed *Today*



How Development will be Financed *Tomorrow*



- Grants
- Commercial Finance



Key Results

385
guarantees

26
guarantees

71
countries

19
countries

\$3.1
billion

\$495
million

290
banks

31
banks

TOTAL PORTFOLIO

2013



70%
male
borrowers



30%
female
borrowers

45% first-time borrowers

55% repeat borrowers

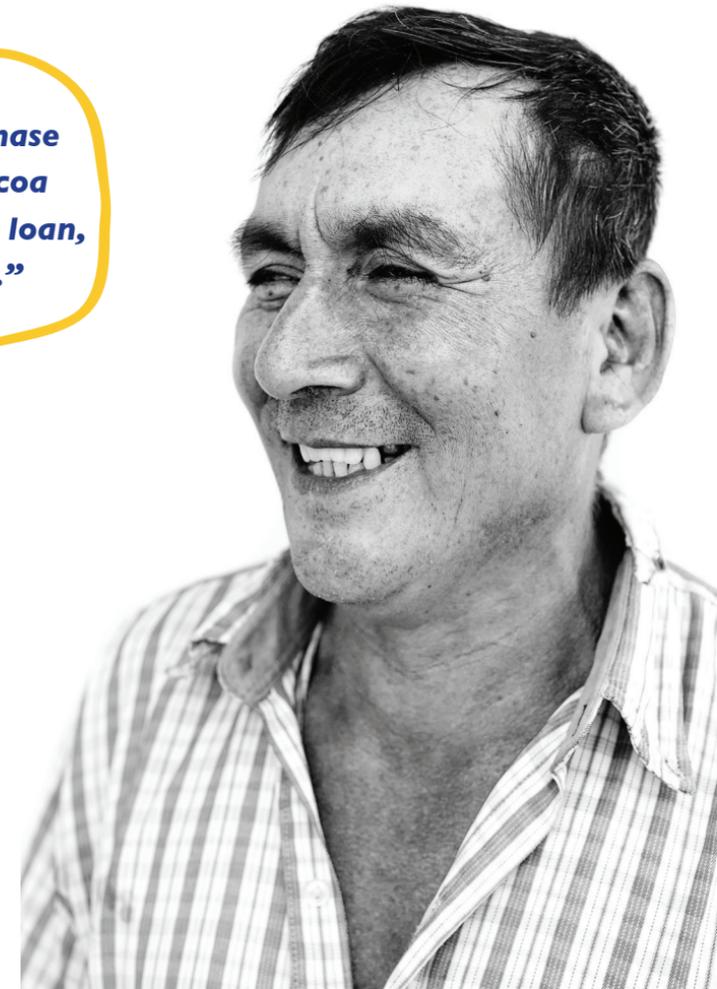
140,000 loans since 1999



"I used the loan to purchase fertilizer to improve cocoa production. Thanks to the loan, we are now better off."



Meet Geyner, a cocoa farmer from Aguas Blancas, Peru. Listen to his story.



AFRICA

Overall Portfolio:

140 guarantees that will mobilize up to **\$1.1 billion** in **24** countries

2013 Portfolio:

15 guarantees that will mobilize up to **\$96 million** in **9** countries



Water:

30,000 individuals throughout Kenya have access to clean water as a result of K-Rep Bank's water guarantee.



Health:

More than 80% of health practitioners surveyed reported an increase in patients served after improvements they made with DCA backed loans in Nigeria.



Microfinance:

Through DCA, Pride Tanzania was able to issue the first microfinance bond in sub-Saharan Africa. The bond helped the MFI to increase its portfolio from 90,000 members to approximately 150,000 members.

LATIN AMERICA

Overall Portfolio:

85 guarantees that will mobilize up to **\$468 million** in **15** countries

2013 Portfolio:

3 guarantees that will mobilize up to **\$98.5 million** in **3** countries



Agriculture:

USAID Peru worked with five financial institutions on agriculture loan products and referred producer associations and cooperatives to the financial institutions to access loans.



Small and medium sized businesses:

In Haiti, an independent evaluation found that 87% of guaranteed borrowers were able to receive financing after the DCA credit guarantee ended.

EASTERN EUROPE & EURASIA

Overall Portfolio:

83 guarantees that will mobilize up to **\$449 million** in **14** countries

2013 Portfolio:

3 guarantees that will mobilize up to **\$18.5 million** in **3** countries



Agriculture:

Two Albanian partner institutions launched new agricultural loan products in conjunction with DCA guarantees.



All partner institutions of a multi-bank guarantee in Kosovo have decreased their interest rates and reduced their collateral requirements with a DCA credit guarantee.

ASIA/MIDDLE EAST

Overall Portfolio:

68 guarantees that will mobilize up to **\$670 million** in **16** countries

2013 Portfolio:

4 guarantees that will mobilize up to **\$183 million** in **4** countries



Disaster Relief:

3,800 borrowers were reached through a \$16.4 million facility that mobilized credit for micro and small enterprises in tsunami-affected areas in Indonesia.



Agriculture:

Bank Danamon in Indonesia incorporated DCA target sectors of coffee, cocoa, rubber and horticulture into its corporate lending policies and is lending to these sectors without the guarantee.

GLOBAL

Overall Portfolio:

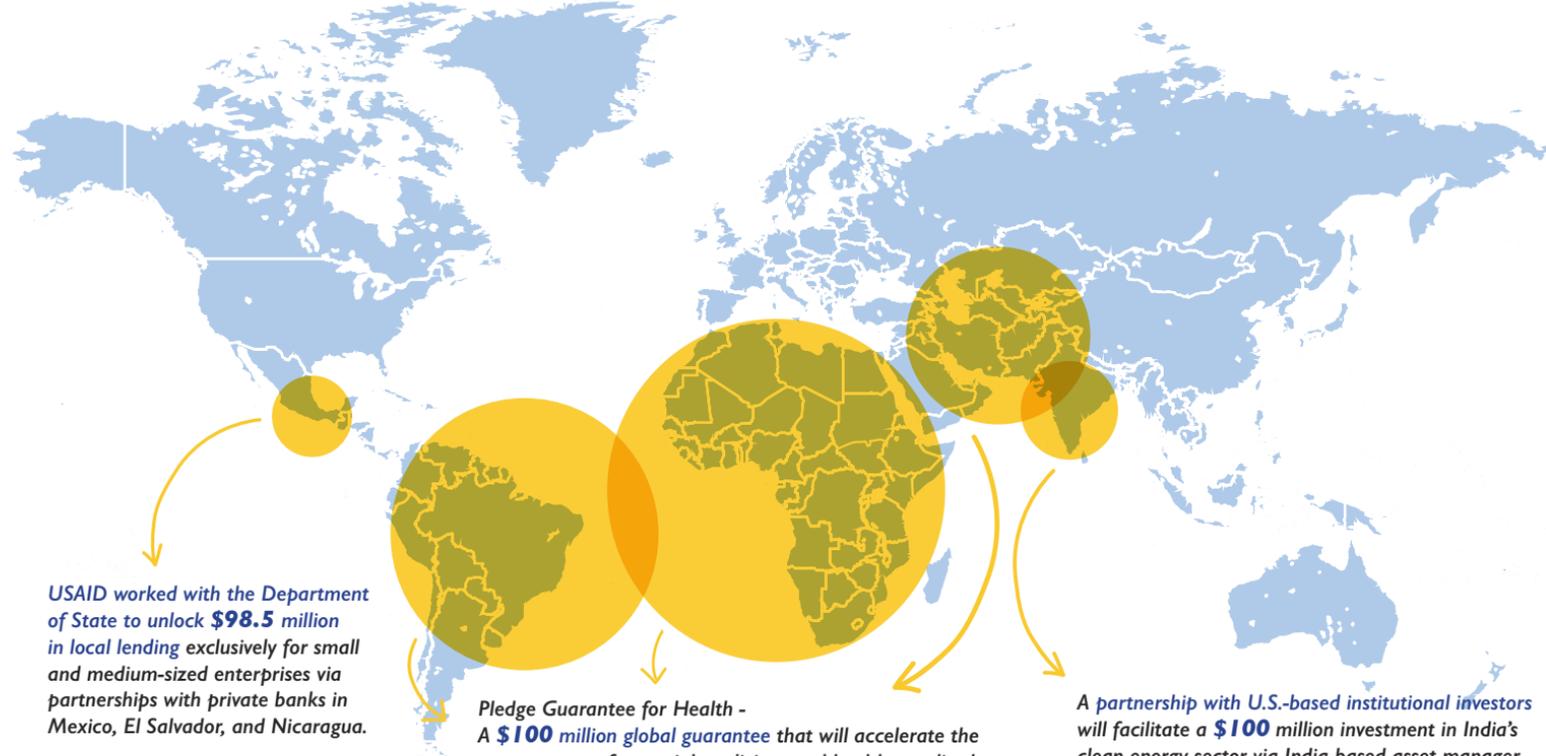
18 guarantees that will mobilize up to **\$441 million** globally.

2013 Portfolio:

1 guarantee that will mobilize up to **\$100 million** globally.

Scaling the Development Credit Authority

Working creatively to increase the impact of guarantees



USAID worked with the Department of State to unlock **\$98.5 million** in local lending exclusively for small and medium-sized enterprises via partnerships with private banks in Mexico, El Salvador, and Nicaragua.

Pledge Guarantee for Health - A **\$100 million** global guarantee that will accelerate the procurement of essential medicines and health supplies by governments and civil society partners through the Pledge Guarantee for Health.

A partnership with U.S.-based institutional investors will facilitate a **\$100 million** investment in India's clean energy sector via India-based asset manager Nereus Capital.

USAID Development Credit Authority Activity in 2013

Since 1999, USAID's Development Credit Authority has designed and delivered investment alternatives that unlock private financing in support of U.S. development priorities. USAID typically guarantees 50% of the total capital mobilized in each transaction. In 2013, USAID approved 26 new partial credit guarantees in 19 countries, which can mobilize nearly \$500 million in private capital.

Country	Sector	Guarantee Type	Amount Mobilized (USD)	Funds Set Aside in Case of Default
Angola	SME	LPG	\$4,848,300	\$400,955
Bangladesh	Agriculture	LPG	\$4,900,000	\$297,920
El Salvador	SME	LPG	\$25,000,000	\$155,000
Ethiopia	Agriculture	LPG	\$10,000,000	\$953,000
Ethiopia	Agriculture	LPG	\$2,500,000	\$185,352
Ethiopia	Agriculture	LPG	\$10,000,000	\$953,000
Georgia	Multi-Sector	PG	\$5,043,880	\$218,400
Ghana	Agriculture	LPG	\$5,000,000	\$258,500
Global	Health	PG	\$100,000,000	\$383,000
India	Energy	PG	\$100,000,000	N/A
Indonesia	Agriculture	LPG	\$18,175,488	\$652,500
Kenya	Water	LPG	\$6,000,000	\$420,000
Kenya	SME	LPG	\$10,000,000	\$660,000
Kenya	SME	RE	\$12,000,000	N/A
Kenya	Agriculture	LPG	\$2,500,000	\$135,500
Malawi	SME	LPG	\$4,250,000	\$320,450
Malawi	Agriculture	LPG	\$2,500,000	\$205,750
Mexico	Multi-Sector	LG	\$60,000,000	N/A
Moldova	Energy	LPG	\$3,527,337	\$200,000
Nicaragua	SME	LPG	\$13,505,859	\$1,383,000
Niger	Agriculture	LPG	\$1,500,000	\$140,000
Philippines	SME	LPG	\$60,000,000	\$1,662,000
Senegal	Agriculture	LPG	\$5,600,000	\$403,200
Tanzania	Energy	PG	\$12,000,000	\$1,462,800
Uganda	SME	LPG	\$7,000,000	\$196,700
Ukraine	Energy	LPG	\$9,978,000	\$935,000

Totals **\$495,828,864** **\$12,628,675**

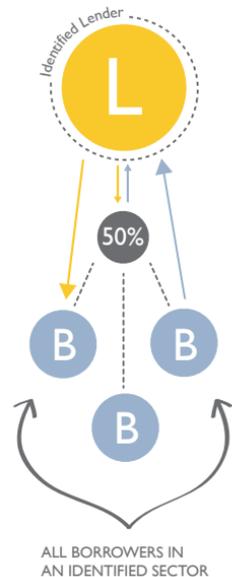
Machine readable Development Credit Authority data is available on explore.data.gov.

What are the Guarantee Products?

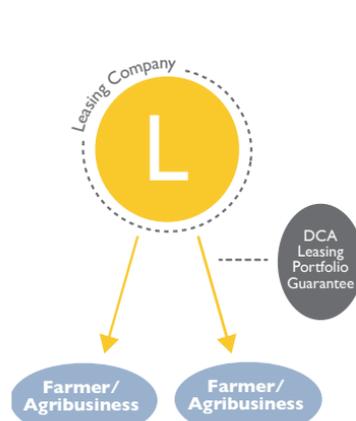
A **loan guarantee** is a guarantee on one loan between an identified lender and an identified borrower.



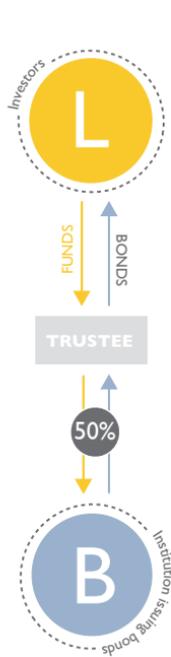
A **loan portfolio guarantee** is a guarantee on a portfolio of loans that a financial institution makes in an identified sector.



A **leasing portfolio guarantee** is a guarantee to qualifying leasing companies to enable farmers to access equipment at affordable prices.



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

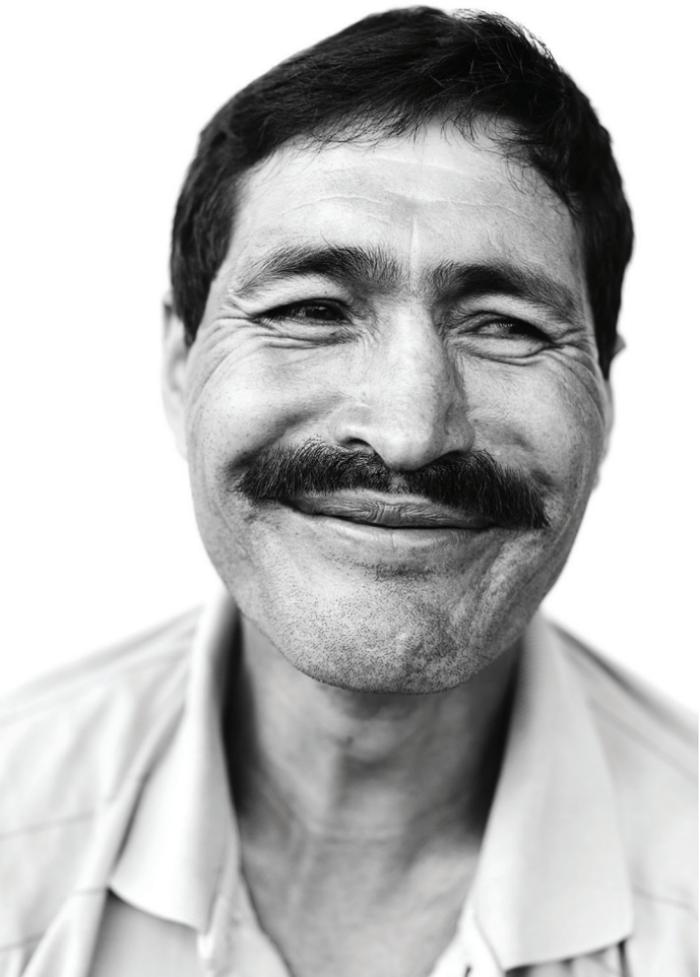


“We are continuing to lend in this sector without the guarantee. We are committed to the producers.”



This is Lila, a lead loan officer with Señor de Luren Bank in Peru. Listen to her experience with her bank’s DCA guarantee.

Gift Authority: DCA can accept funds from a variety of third party sponsors — from governments to multi-national companies — to cover the cost of a guarantee.



“My name is Flavio Garcia and I am a cacao farmer in San Martin, Peru. CMAC Maynas gave me a loan to invest in acquiring property to improve production. I have four children and I know that the loan will improve our livelihood.”



Listen to Flavio talk about the impact of financing on his farm.



Nutrition Facts

Serving Size: 26 Deals in 2013

DCA Activity 2013

Amount of Credit Unlocked: \$495 Million

Countries: 19

Financial Partners: 31

Guarantee Types: Loan, Loan Portfolio, Portable

INGREDIENTS: USAID INVESTMENT OFFICERS, PRIVATE FINANCIAL INSTITUTIONS, USAID FIELD OFFICES, LOCAL CAPITAL, PARTIAL CREDIT GUARANTEES, AND A RELENTLESS FOCUS ON IMPACT

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