



# Development Credit Authority

Putting local wealth to work

**2014 Impact Brief**



**USAID**  
FROM THE AMERICAN PEOPLE



### 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.

### 2014 KEY RESULTS

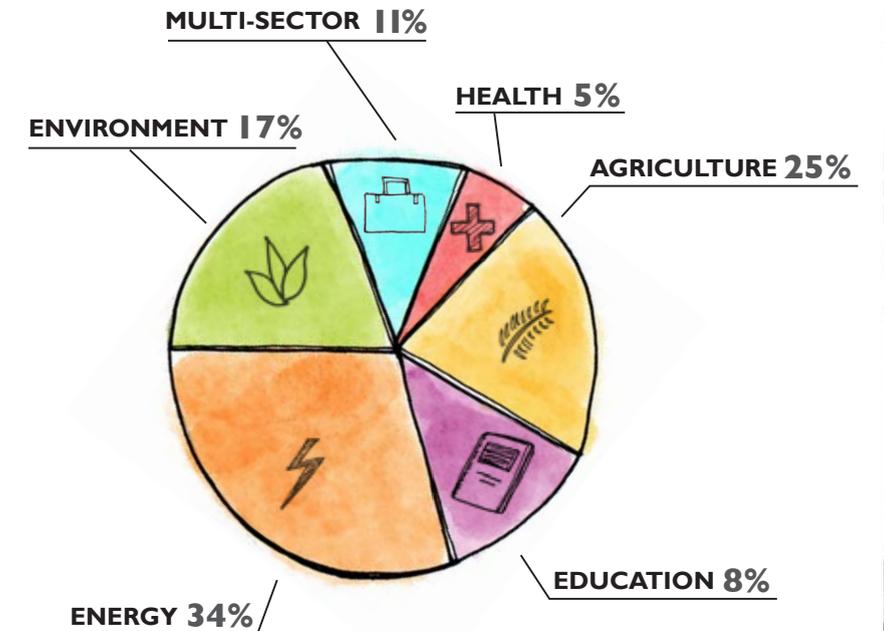
**32** guarantees

**\$768.8** million of approved credit

**49** financial partners

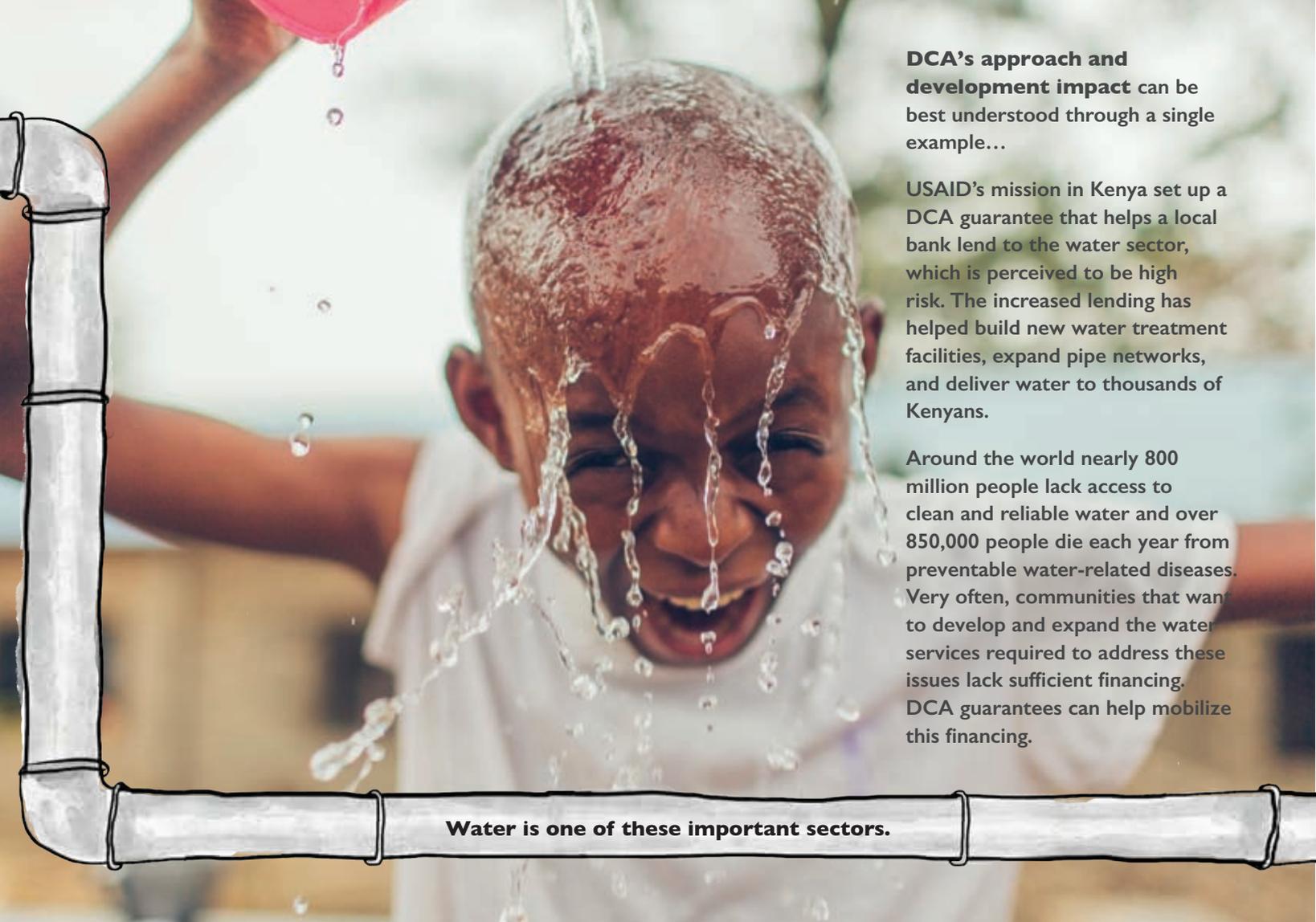
**18** countries

### DCA 2014 Portfolio BY SECTOR



DCA guarantees mobilize financing in developing countries...

... supporting many important development sectors each year.



**DCA's approach and development impact** can be best understood through a single example...

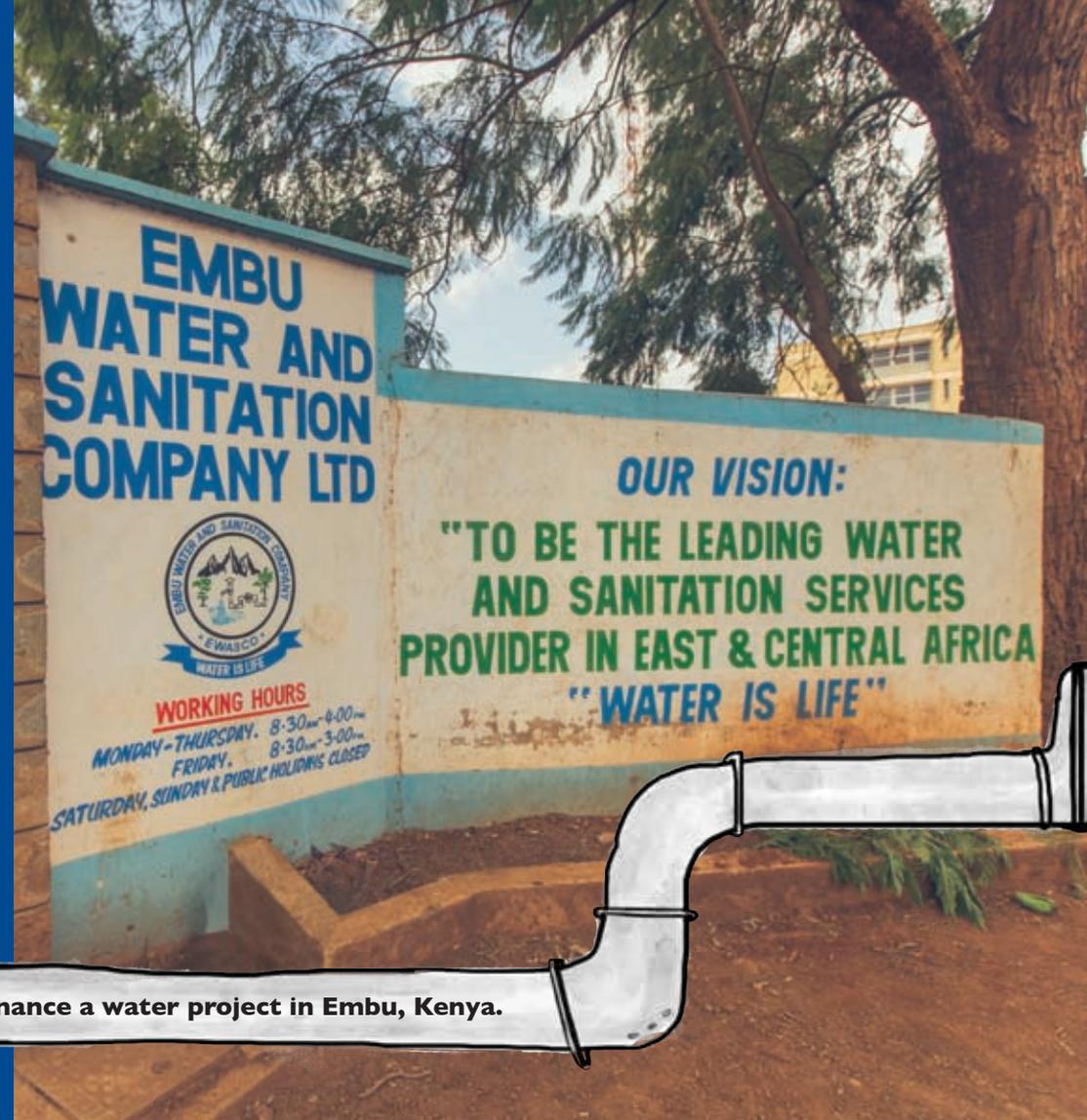
USAID's mission in Kenya set up a DCA guarantee that helps a local bank lend to the water sector, which is perceived to be high risk. The increased lending has helped build new water treatment facilities, expand pipe networks, and deliver water to thousands of Kenyans.

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 one of these important sectors.**

**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.

**A DCA-guaranteed loan helped finance a water project in Embu, Kenya.**



**EMBU  
WATER AND  
SANITATION  
COMPANY LTD**



**WORKING HOURS**  
MONDAY-THURSDAY: 8:30am-4:00pm  
FRIDAY: 8:30am-3:00pm  
SATURDAY, SUNDAY & PUBLIC HOLIDAYS CLOSED

**OUR VISION:**  
"TO BE THE LEADING WATER  
AND SANITATION SERVICES  
PROVIDER IN EAST & CENTRAL AFRICA  
"WATER IS LIFE"

# How the DCA Guarantee Supports Embu

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“ 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



**EMBU WATER & SEWERAGE COMPANY (EWASCO)**

“ 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



**WATER INFRASTRUCTURE**

Now there is a reliable source of clean water in Embu.

**LENDING PARTNER:  
KENYA HOUSING FINANCE**

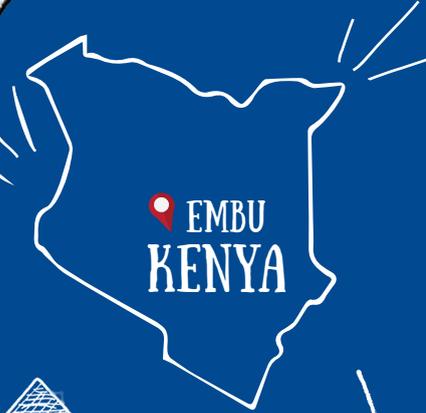
**140  
BUSINESS  
CONNECTIONS**



**6,488  
HOUSING  
CONNECTIONS**



**72  
COMMUNITY  
CONNECTIONS**





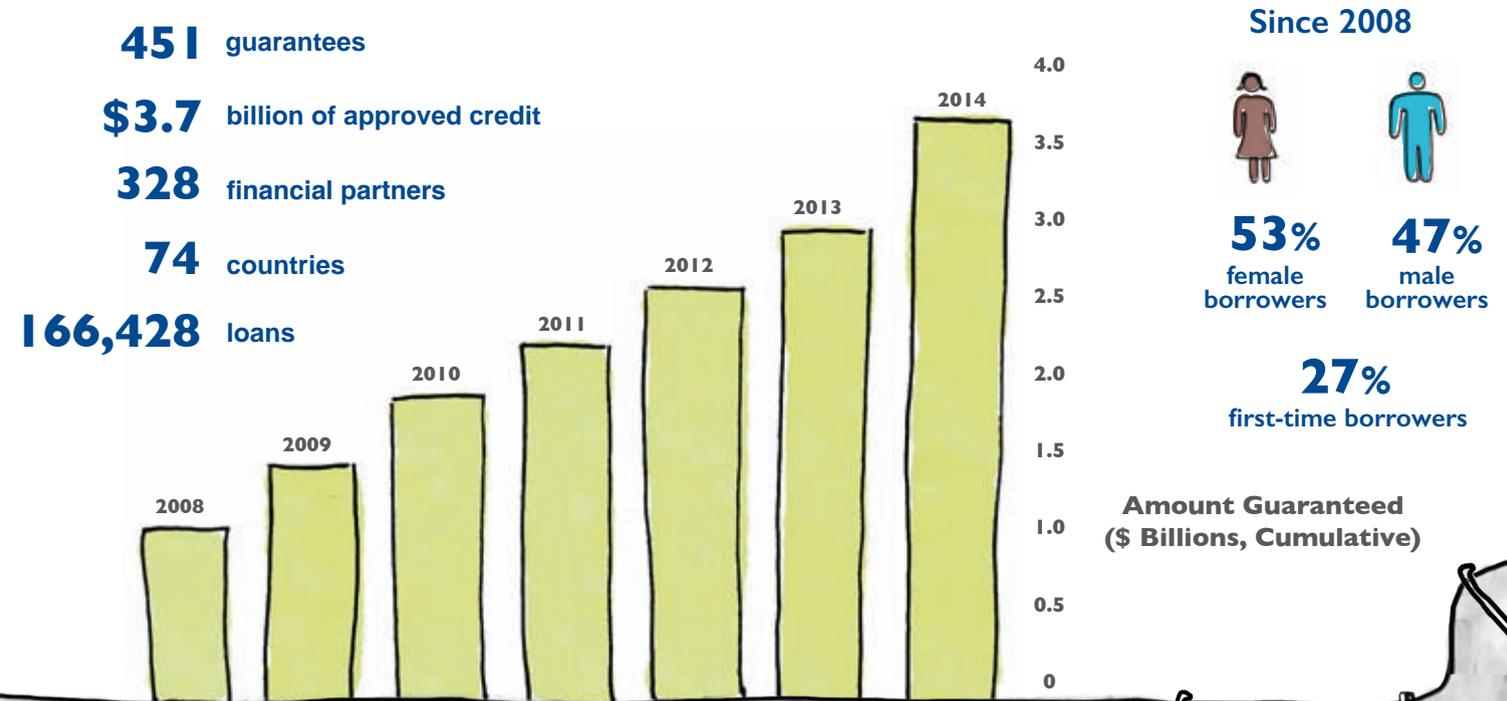
# DCA Overall Portfolio 1999-2014

“ 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

## KEY RESULTS

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



Since 2008

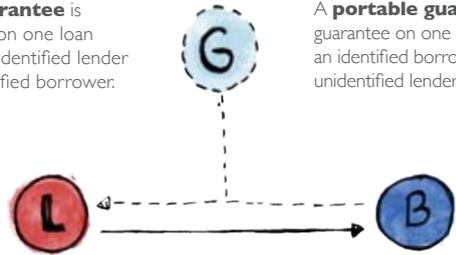
- 53%** female borrowers
- 47%** male borrowers
- 27%** first-time borrowers

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.

# A Sample of DCA Guarantee Products

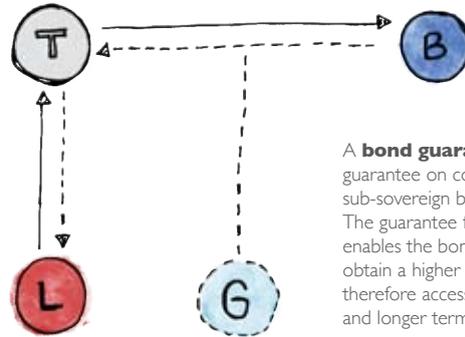
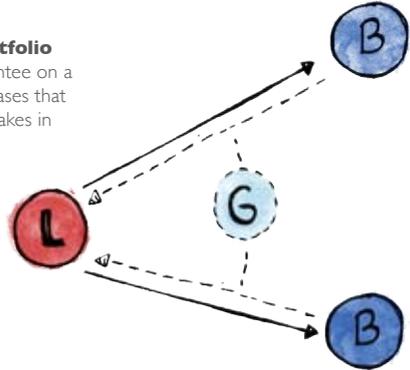
A **loan guarantee** is a guarantee on one loan between an identified lender and an identified borrower.



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

**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.

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 credit.

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

**KEY**    **B** Borrower    **L** Lender    **T** Trustee    **G** Guarantee    **→** Loans/Funds    **- - - -** Repayment

“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.

...enabling them to encourage lending to many types of borrowers.

## 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, soya, 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.

## 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.

\$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.

## EASTERN EUROPE/EURASIA

2014 Portfolio:

1 guarantee: \$6 million mobilized

Overall Portfolio:

85 guarantees: \$467.3 million mobilized

\$15 million has been lent to 613 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.

## ASIA/MIDDLE EAST

2014 Portfolio:

5 guarantees: \$100.8 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.

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

## GLOBAL GUARANTEES

2014 Portfolio: 3 guarantees: \$253.8 million mobilized

Overall Portfolio: 25 guarantees: \$592.5 million mobilized



Since 1999, DCA has provided innovative and impactful guarantees all around the world.

USAID 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**.

USAID developed a DCA guarantee to catalyze \$100 million in private financing to support environmentally friendly household technologies—including clean cookstoves, solar lanterns, and water filters—in up to **52 developing countries**.

In 2014, DCA mobilized a record-breaking \$768.8m in financing for development.

## DCA Activity In 2014

Location	Sector	Funds Mobilized	Location	Sector	Funds Mobilized
Afghanistan	Microfinance	\$13,750,000	Mozambique	Agriculture	\$17,250,000
Benin	Agriculture	\$3,200,000	Mozambique	Microfinance	\$10,000,000
Botswana	Health/SME	\$15,000,000	Nigeria	Agriculture	\$6,000,000
Ethiopia	Agriculture	\$2,250,000	Nigeria	Energy/Infrastructure	\$50,200,000
Ethiopia	Agriculture	\$4,000,000	Nigeria	Energy/Infrastructure	\$90,000,000
Ghana	Health	\$3,891,000	Pakistan	Education/SME	\$60,000,000
Global	Energy	\$100,000,000	Peru	Agriculture	\$8,000,000
Global	Environment	\$133,800,000	Peru	Agriculture	\$53,731,342
Global	SME	\$20,000,000	Senegal	Municipal Finance	\$41,800,000
India	Agriculture	\$6,666,667	South Africa	Health	\$15,000,000
India	Agriculture	\$13,333,333	Tanzania	Agriculture	\$15,000,000
Kenya	Agriculture	\$10,000,000	Tanzania	Energy/Infrastructure	\$11,000,000
Kenya	Energy	\$7,975,000	Tanzania	Health	\$2,800,000
Latin America	Agriculture	\$15,000,000	Uganda	Agriculture	\$9,000,000
Mali	Agriculture	\$13,750,000	Uganda	Education/Health	\$3,400,000
Morocco	Agriculture/Trade	\$7,000,000	Ukraine	Agriculture	\$6,048,545

**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.





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Photography by Bobby Neptune