USAID
FROM THE AMERICAN PEOPLE

Development Credit Authority

Putting local wealth to work

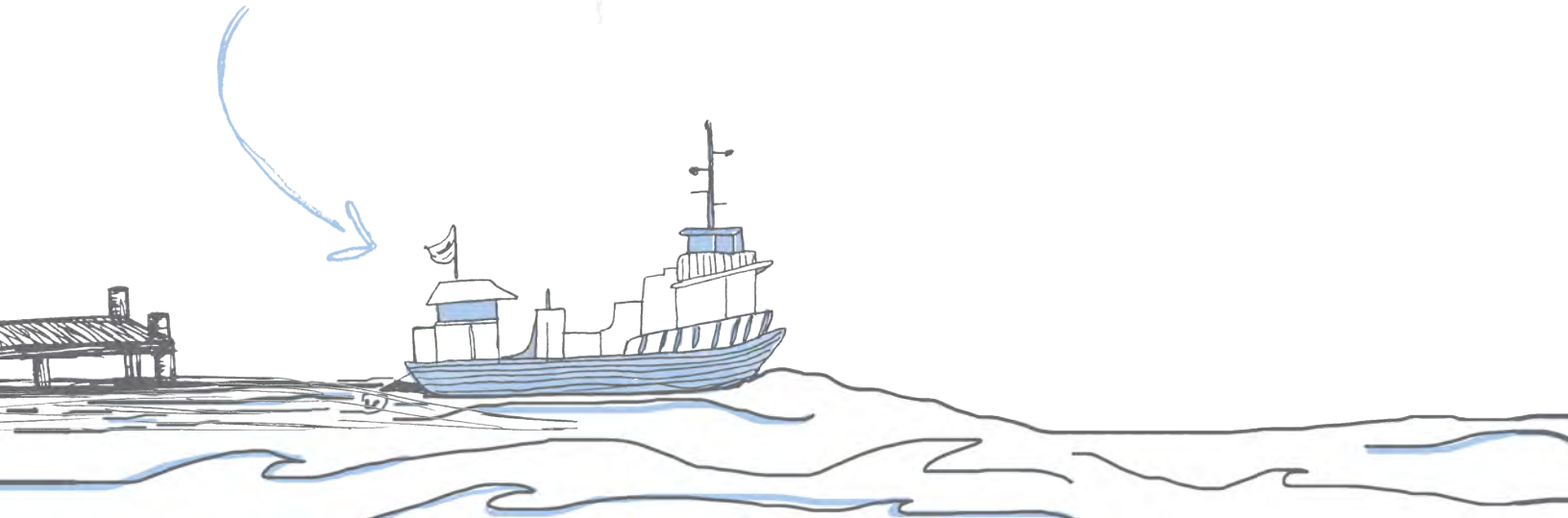
Impact Brief 2012

ALL ABOARD!

Welcome to Kalangala. Running at a speed of 6 knots per hour, Uganda's newest ferry, financed in part thanks to a USAID guarantee, is improving the lives of the people of Bugala Island. Follow the ferry for more facts!

WHY Development Credit?

Financial institutions in developing countries have available capital but prefer ultra-safe investments. USAID's Development Credit Authority works with investors, local financial institutions, and development organizations to design risk-sharing agreements known as credit guarantees that unlock financing for entrepreneurs in the developing world. Credit guarantees prove the viability of lending to small businesses so that private lending continues long after the guarantees end.



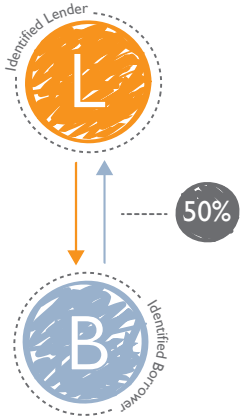
WHAT are the guarantee products?

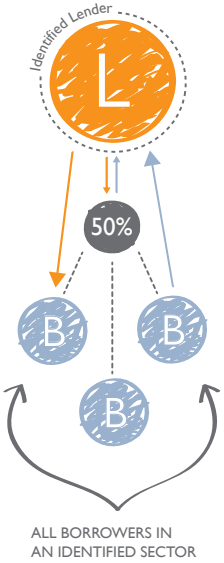
A **loan guarantee** is a guarantee on one loan between an identified lender and an identified borrower.

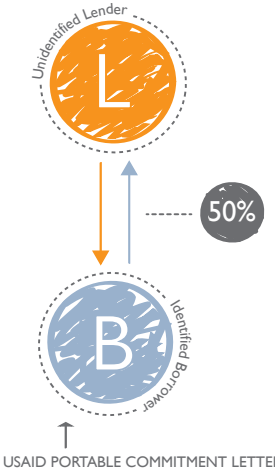
A **loan portfolio guarantee** is a guarantee on a portfolio of loans that a financial institution makes in an identified sector.

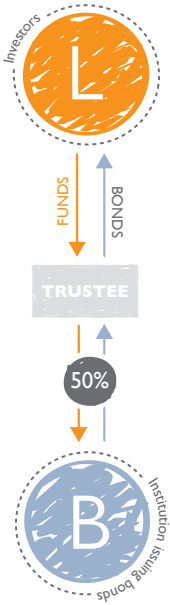
A **portable guarantee** is a letter of committment to enable a borrower to approach financial institutions for financing and to negotiate more favorable terms.

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, thereby accessing less expensive and longer term credit.









CAPTAIN LAWRENCE LIGUNDA, ONE OF THE OFFICERS OF THE NEW FERRY IS PROUD TO HELP BRING IMPROVED TRANSPORTATION TO BUGALA ISLAND.

Bugala Island, on Lake Victoria, Uganda, is **five times** larger than Manhattan, and home to **50,000** people. Despite its natural beauty, the island is much less developed than mainland Uganda. Between the island's unpaved roads, the absence of grid-based electricity, a chronic water shortage, and a dilapidated ferry, the island's infrastructure desperately needed rehabilitation.

Rather than using traditional aid, USAID brought together private sector investors to improve the island's infrastructure. By offering a joint loan guarantee with GuarantCo, a donor backed guarantee company, USAID was able to attract commercial debt from Nedbank. USAID's guarantee participation was a critical link in making the island's infrastructure development an attractive investment proposition for private investors.

Kalangala Infrastructure Services (KIS), a private company based in Uganda, inaugurated the $40 million multi-sector infrastructure project in August with the launch of a new ferry. Frank Bagyenda, an eco-resort owner on Bugala Island, said that the new ferry represents a "new era of improved communication between the mainland and the island." Financing for the project is from InfraCo, Uganda Development Corporation, IDC of South Africa, Emerging Africa Infrastructure Fund, the Government of Uganda, and Nedbank.

Private financing catalyzed

$40 million

Guaranteed financing by USAID & GuarantCo

$5 million

watch the video!

KEY Results

2012

34 guarantees

23 countries

45 bank partners

$524 **million** in private capital for small businesses

TOTAL PORTFOLIO

130,000 borrowers

70 countries

$11 **million** collected in bank fees

$9.1 **million** paid out on defaults

$2.7 **billion** amount banks are able to lend

69% male **borrowers**

31% female **borrowers**

42% first-time **borrowers**

58% repeat **borrowers**

1,000,000 number of entrepreneurs in developing countries who will be empowered with private financing unlocked by USAID in 2012.

Maama Tina owns a shop in Kasekula, Uguanda. As a result of Bugala's Island's improved infrastructure, Maama Tina's income doubled.

AFRICA

$340.5 million

20 guarantees

Renewable Energy (South Africa)
$65 million in capital will be raised under the bond guarantee to finance 10 to 12 renewable power generation projects."

Supporting New Countries (South South Sudan)
USAID worked with the Alliance for a Green Revolution in Africa to design the first-ever credit guarantee in the newly independent South Sudan to support $7 million in local lending for the country's agriculture sector. This year DCA also enacted its first guarantees in Benin, Burkina Faso, Guinea, Niger.

Clean Water (Kenya)
USAID used third-party contributions from the Gatsby Charitable Trust to establish a 60 percent DCA guarantee to encourage lending to Kenya's water sector.

Feeding the Future
USAID and Root Capital, a nonprofit social investment fund, opened $25 million in financing for over 100 African agribusinesses too large for microcredit but too small for traditional commercial financing.

Leveraging Pension Funds (South Africa)
A $150 million variable rate guarantee will leverage pension funds for on-lending to up to 200 small businesses in South Africa, supporting over 13,000 jobs.

LATIN AMERICA

$29.4 million

4 guarantees

Financing for Housing (Haiti)
New guarantees will unlock $15 million in **Haiti** for developing new permanent housing to replace housing stock lost during the earthquake and enable individuals to make needed home improvements.

Ferry Fun Fact

The old ferry took 50 minutes to travel between Bugala Island and the mainland. The new ferry nearly cuts that time in half.

EASTERN EUROPE & EURASIA

$52.4 million

4 guarantees

Gift Subsidy (Kosovo)

The Government of **Kosovo** paid $3.1 million to finance the first ever gift-funded DCA, a $26 million DCA credit guarantee with six partners to finance agribusinesses that requires no USAID funds to pay for its subsidy cost.

ASIA/MIDDLE EAST

$86.9 million

5 guarantees

Clean Energy (India)

A $4 million portable guarantee with Orb Energy will help the India-based solar company secure a loan on positive terms and prove the commercial viability of its model.

Priority Countries (Afghanistan)

In Afghanistan: USAID unlocked $10.3 million in local capital for small businesses in **Afghanistan.**

*GLOBAL

$15 million

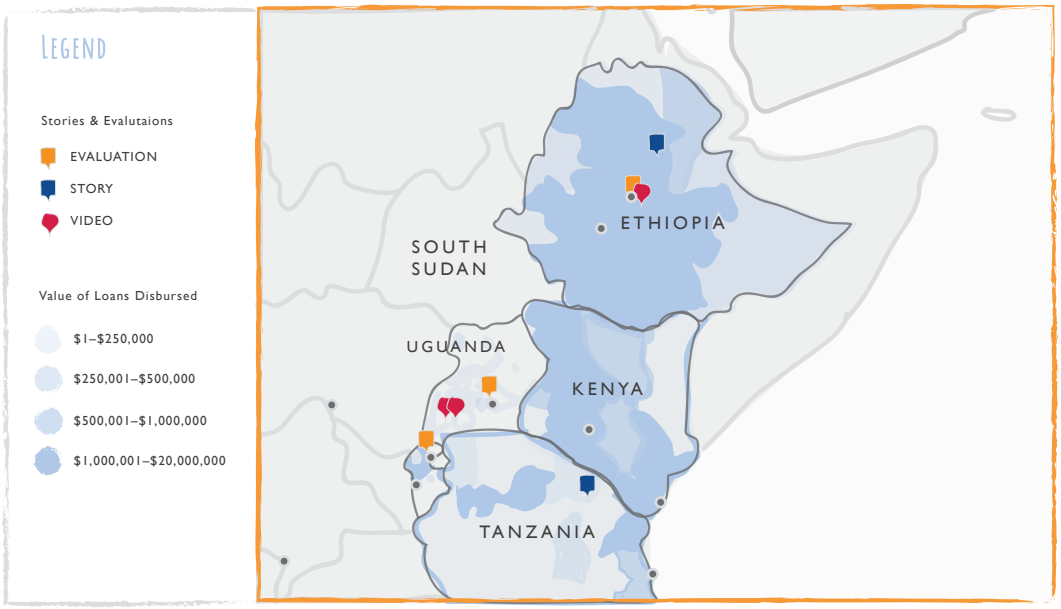
transaction

A new global transaction between DCA and Acumen Fund will facilitate the flow of up to $15 million in private capital to social enterprises working to provide critical goods and services to the underserved. Acumen will leverage its global networks to aid its investees in sourcing qualifying loans.

Crowdsourcing Transparency

Consistent with the Obama Administration's commitment to open data, DCA harnessed the power of crowdsourcing to geocode, open, and ultimately map anonymized loan guarantee data.

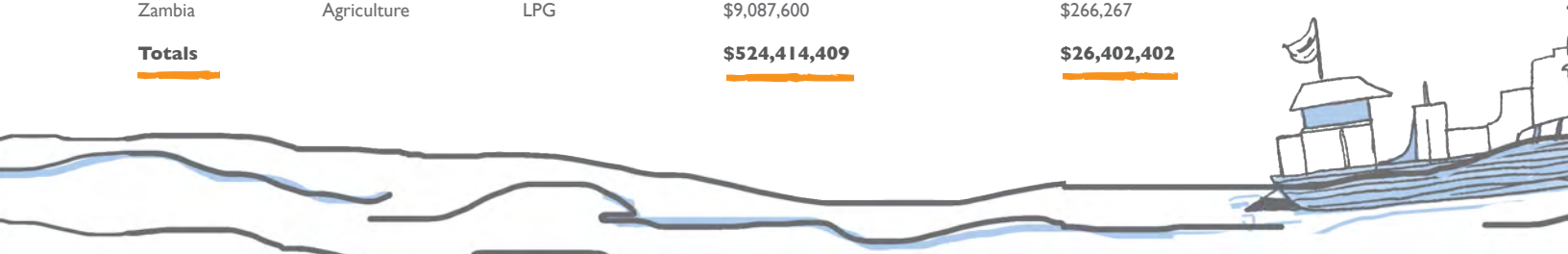
By creating a map listing available financing, USAID is making it easier for entrepreneurs to see where they could qualify for local credit.



Access the map and datasets at usaid.gov/DCA

2012 DCA GUARANTEES

Country	Sector	Guarantee Type	Amount Mobilized (USD)	Funds Set Aside in Case of Default
Afghanistan	SME	LPG	$10,293,361	$2,000,000
Africa	Agriculture	LPG	$25,000,000	$2,505,000
Africa, South Asia	Multiple Sectors	PPG	$15,000,000	$1,698,000
Albania	Agriculture	LPG	$15,000,000	$1,086,000
Angola	Microfinance	PG	$2,000,000	$241,400
Armenia	SME	LPG	$5,000,000	$300,000
Azerbaijan	Agriculture	LPG	$6,410,256	$400,000
Benin	Agriculture	LPG	$4,000,000	$289,200
Burkina Faso	Agriculture	LPG	$3,360,000	$248,640
Cambodia	Agriculture	LPG	$2,710,000	$200,000
Ghana	Agriculture	LPG	$7,000,000	$402,500
Ghana	Agriculture	LPG	$3,775,000	$185,352
Guinea	Agriculture	LPG	$5,000,000	$695,500
Haiti	Agriculture	LPG	$5,000,000	$748,499
Haiti	Housing	LPG	$7,500,000	$1,248,000
Haiti	Housing	LPG	$7,452,904	$1,424,250
Haiti	Construction	LPG	$9,531,014	$1,859,501
India	Energy	PG	$3,961,504	$207,979
Indonesia	Agriculture	LPG	$35,000,000	$1,347,500
Kenya	Energy	LG	$1,000,000	$90,200
Kenya	Agriculture, Energy	LPG	$13,000,000	$312,000
Kenya	Water	LPG	$5,500,000	$493,500
Kenya	Agriculture	LPG	$15,000,000	$370,500
Kosovo	Agriculture	LPG	$25,996,770	$3,128,996
Niger	Agriculture	LPG	$4,000,000	$299,200
Nigeria	Energy	LPG	$5,000,000	$575,026
Philippines	SME	LPG	$35,000,000	$1,242,500
South Africa	SME	LPG	12%-50% variable of $150,000,000	$520,000
South Africa	Energy	BG	$65,000,000	$104,000
South Sudan	Agriculture	LPG	$7,000,000	$1,021,300
Tanzania	Agriculture	LPG	$10,336,000	$614,992
Uganda	Health	LPG	$3,000,000	$117,600
Uganda	Energy	LG	$2,500,000	$159,000
Zambia	Agriculture	LPG	$9,087,600	$266,267
Totals			**$524,414,409**	**$26,402,402**



@USAID_Credit

@facebook.com/usaid.dca

developmentcredit@usaid.gov
www.usaid.gov

U.S. Agency for Interntational Development
Development Credit Authority
1300 Pennsylvania Avenue, NW
Washington, DC 20523

Tel. (202) 712-5413
Fax (202) 216-3228

*photography by Bobby Neptune/USAID