



DEVELOPMENT CREDIT AUTHORITY

Project Development • Risk Assessment
Monitoring • Institutional Support

PROJECT EXPERIENCE

TCG International LLC
10 G Street NE, Suite 480
Washington, DC 20002

Tel +1.202.408.8501
Fax +1.202.408.8509

www.tcgillc.com

As the in-house advisors to the Development Credit Authority (DCA), TCG International has significant experience in structuring, evaluating, and managing credit guarantee programs. We have provided technical support for the following DCA activities:

AFRICA

BICIM - Loan Portfolio Guarantee (MALI). Partial guarantees made available to BICIM will assist in mobilizing credit for medium and large-size agribusinesses operating in Mali and directly support the Mission's ongoing activities in the agricultural sector. The DCA Guarantee will stimulate the growth of lending in the agricultural sector by demonstrating that lending to agribusinesses can be profitable, when risk is prudently managed. Technical assistance combined with a risk management tool, such as the DCA Guarantee, can be a powerful combination of resources serving to leverage private sector investment to achieve development goals.

Bank of Africa - Loan Portfolio Guarantee (MALI). Partial guarantees made available to Bank of Africa will assist in mobilizing credit for medium- and large-size agribusinesses in Mali that are engaged in the processing of rice and other agricultural commodities. The DCA project will stimulate the growth of lending in the agricultural sector by demonstrating that lending to agribusinesses can be profitable, when risk is prudently managed.

USAID/Uganda – Loan Portfolio Guarantee (UGANDA). USAID/Uganda is using DCA to introduce a multi-bank loan portfolio guarantee into Uganda that will provide desperately needed access to finance for microfinance institutions (MFIs) and micro-, small-, and medium-sized businesses (MSMEs). The activity contributes to the achievement of the Strategic Objective: Expanded Sustainable Economic Opportunities for Rural Sector Growth and represents an integration of environment, agricultural development, and economic growth portfolios. The activity also contributes to the Strategic Objective: Increased Rural Household Income, which was part of USAID/Uganda's Country Strategic Plan for 1997-2001, and which will remain active until funds obligated into that objective are expended.

ASIA & NEAR EAST

National Société Générale Bank (NSGB) – Loan Portfolio Guarantee (EGYPT). In a unique public-private partnership that will increase the availability of credit for Egyptian businesses, the United States is joining National Société Générale Bank (NSGB) in creating a major loan fund that will finance business ventures with environmental benefits. A USAID partial guarantee will be used to support credit extension to cogeneration, fuel switching, and ecotourism projects. Planned development results include increased conversion by private-sector establishments to natural gas; increased adoption of natural-gas fired cogeneration facilities as an approach to energy efficiency;

and increased eco-tourism activity in the Southern zone of the Red Sea (Marsa Alam to Ras Banas).

WSPF Tamil Nadu - Bond Guarantee (INDIA). Promoted under the Indo-USAID FIRE project, municipal bonds have been received enthusiastically by numerous municipal authorities in India. The bond guarantee will support the establishment of the "Water and Sanitation Pooled Fund" (WSPF), which will onlend to several municipal water and sanitation projects. The funds raised by the bond issue will be disbursed as sub-loans to the participating urban local bodies. The activity exemplifies the guiding principles of the DCA program by addressing current development objectives of USAID/India, correcting a market imperfection related to financing of urban infrastructure in the country, and showing financial viability in the project's debt repayment structure.

Al Amana and Zakoura - Portable Guarantee (MOROCCO). To address the need for financing products targeted to the lower end of the income spectrum, the Mission has sought to forge strategic partnerships between commercial banks that have the legal authority to engage in housing credit and microfinance institutions that understand the requirements of lending to the lower-income strata. Current Moroccan law prevents microfinance institutions from lending for home improvement or housing purposes. However, these institutions are lobbying the Ministry of Finance for a waiver to allow direct lending for housing purposes.

DAD - Loan Portfolio Guarantee (MOROCCO). Local Government Units (LGUs) in Morocco require the means to finance projects undertaken at the local level. Currently, LGUs do not have access to private sector financing. Preliminary studies indicate that the banking system currently finances only 7 percent of LGU needs in spite of the current condition of excess of liquidity. Without access to financing, the ability of LGUs to act decisively and meaningfully to improve inhabitants' quality of life is seriously constrained. To address this issue, USAID/Morocco is providing a partial re-guarantee facility for a portfolio of loans covered by Dâr ad-Damâne (DAD), a local private-sector guarantor owned by a consortium of mostly private banks. Loans eligible for re-guarantee under DCA would involve private sector financing from DAD's owner-banks to qualifying community-based service delivery projects.

BMCE- Loan Portfolio Guarantee (MOROCCO). The loan portfolio guarantee facility will provide low-income households with access to affordable "social" housing based on incentives by promoting investments from BMCE in the housing sector, improving access to financing for housing by low-income households, and improving the living conditions of urban low-income households.

LGUGC - Loan Portfolio Guarantee (PHILIPPINES). The Loan Portfolio Guarantee supports USAID/Philippines' Strategic Objective: Investment Less Constrained by Corruption and Poor Governance. The \$28.5 million DCA facility has been essential to establishing the credibility of the Local Government Unit Guarantee Corporation (LGUGC) with the local private financial sector, whose investments in the guarantee fund are the most important factor in the fund's long-term sustainability.

EUROPE & EURASIA

United Bulgarian Bank - Loan Portfolio Guarantee (BULGARIA). USAID has granted a Loan Portfolio Guarantee to the United Bulgarian Bank (UBB) to demonstrate the financial viability of long term project financing for energy efficiency investments. By acting as a catalyst for private financing, the DCA facility is helping reduce unnecessary expenditures on energy, improve municipal finances, and decrease greenhouse gas emissions. USAID is also providing extensive technical assistance to help public and private borrowers identify projects, develop their business plans, and prepare loan applications

First Investment Bank - Loan Portfolio Guarantee (BULGARIA). Lack of commercial finance continues to be an obstacle to the development of competitive private enterprises in Bulgaria and, hence, to overall economic and social development in the country. Thus, the Loan Portfolio Guarantee is a critical component of the Mission's comprehensive enterprise development program,

serving to stimulate domestic lending and encourage greater financial intermediation. The DCA activity contributes towards achieving the intermediate results associated with the following Strategic Objectives: Accelerated Growth of Private Enterprises and A More Competitive and Market Responsive Private Financial Sector.

Raiffeisen Zentralbank – Loan Guarantee (ROMANIA). USAID/Romania is providing a loan guarantee to Raiffeisen Zentralbank, a major Austrian bank, to cover up to 50 percent of the Bank's risk exposure on the principal amount of a US\$7 million loan extended to the Romanian-American Enterprise Fund (RAEF). The proceeds of this loan will be used mainly to finance mortgage loans extended to private Romanian citizens for the purpose of buying residential real estate as their primary residence. This project is initiated with the aim of supporting housing development in Romania by providing access to long-term financing through the establishment of a primary and secondary mortgage market.

LATIN AMERICA & THE CARIBBEAN

Banco Solidario - Citibank - Portable Guarantee (ECUADOR). The Mission recently launched a major microfinance program under its new Poverty Reduction Strategic Objective in an effort to increase economic opportunities for the large number of poor. It would like to build upon a previous loan guarantee facility that afforded Banco Solidario access to a revolving line of credit with Citibank under the auspices of the Micro- and Small Enterprise Development (MSED) Program. The DCA facility seeks to both expand the volume and terms of credit available to Banco Solidario and support the institution in its ongoing efforts to diversify its fund sourcing.

FinComún - Loan Portfolio Guarantee (MEXICO). The guarantee supports the Mission's Strategic Objective on micro enterprise growth, which is designed to solidify the institutional base for sustainable micro enterprise growth. This includes strengthening the management of financial services and promoting mechanisms to meet the needs of micro enterprises. By stimulating increased market-based lending by FinComún to micro enterprises, the \$2.5 million DCA facility is intended to demonstrate the existence of a large, profitable market for these services.

Banco de Credito I - Loan Portfolio Guarantee (PERU). This activity provides a local bank with a loan portfolio guarantee to provide capital for small and medium enterprises (SMEs) in Peru willing to introduce, upgrade or retrofit industrial processes that utilize cleaner technologies. End-of-pipe projects will also be eligible, provided that the corresponding projects could generate positive cash flows for the debtor, for instance, in avoiding pollution fines or penalties from the government, or in new sales generation to international clients requesting operative environmental standards. The activity will promote and support the development of sustainable financing mechanisms for cleaner production and directly contributes to the Mission's ongoing environmental initiatives.

FOGAPI - Loan Portfolio Guarantee (PERU). IMPACT, "Increasing Microfinance for the Poor Activity", is a five-year USAID/Peru program designed to foster the growth and sustainability of microfinance institutions (MFIs) by providing MFIs with technical assistance, training, specialized services, and funding. Over the years, IMPACT has played an important role in the growth of village banking MFIs; the transformation of credit NGOs into EDPYMEs (a type of financial institution specialized in microcredit), and the expansion of important industry-wide services such as credit history reports and financial procedure transparency. The Loan Portfolio Guarantee supports the extension of guarantees by FOGAPI, a guarantee fund for small industries, to banks working with the microfinance sector. The guarantee connects small and micro entrepreneurs with much-needed capital by encouraging FOGAPI to offer guarantees to unregulated microfinance institutions and thus build confidence between credit NGOs, EDPYMEs and commercial banks.