



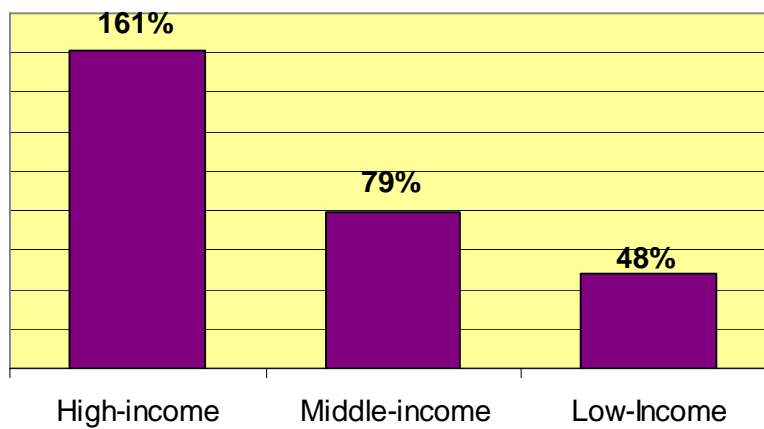
# ***Unlocking Credit to Spur Energy Investments: The Development Credit Authority***

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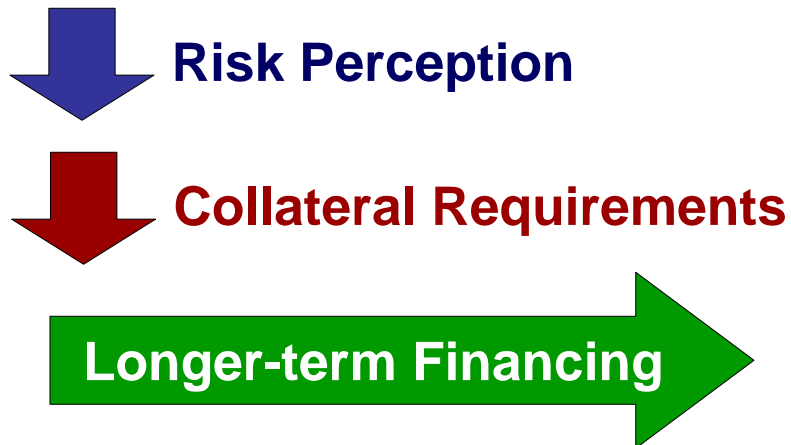


Importance of Credit

## **Domestic Credit Provided by the Banking Sector (as a percentage of GDP)**



## Impact of Credit Guarantees



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## Development Credit Authority (DCA)

- True private sector risk-sharing
- Leverages local capital and financial resources
- 50% guarantees reduce Moral Hazard
- Sustainability

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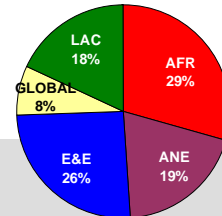
## Development Credit Authority (DCA)

- **Additionality; Guarantor of Last Resort**
- **Demonstration Effect**
- **DCA most effective when linked to TA or Policy Reform**

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## DCA Guarantees Worldwide

The DCA portfolio of 158 guarantees spans 46 countries.



### Latin America & Caribbean (12)

Ecuador	3
El Salvador	2
Grenada	1
Guatemala	5
Haiti	2
Honduras	6
Jamaica	3
Mexico	2
Nicaragua	5
Panama	1
Peru	8
Regional	2

### Africa (10)

Ethiopia	3
Ghana	2
Kenya	5
Mali	1
Mozambique	1
Nigeria	2
Rwanda	2
S. Africa	4
Uganda	15
Zambia	6
E. Africa (Reg.)	1

### Europe & Eurasia (14)

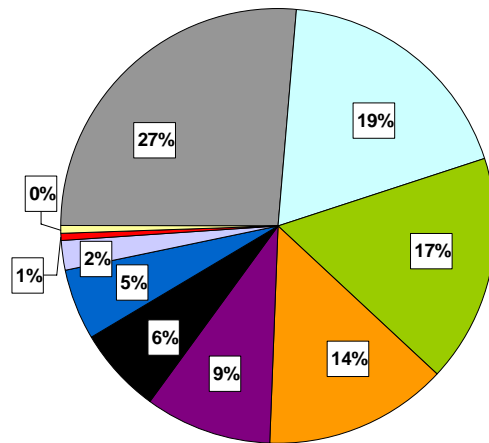
Albania	1
Armenia	3
Bosnia	4
Bulgaria	6
Croatia	2
Georgia	4
Kazakhstan	2
Kosovo	1
Kyrgyzstan	1
Moldova	7
Romania	1
Russia	3
Serbia	1
Ukraine	3

### Asia & Near East (10)

Bangladesh	1
Egypt	2
India	4
Indonesia	1
Jordan	2
Morocco	11
Philippines	2
Sri Lanka	1
Vietnam	3
West Bank/Gaza	1

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### DCA Guarantees by Sector



Sector	FY2006 (in \$ M)
SME	\$292
Microfinance	\$210
Agriculture	\$188
Housing	\$151
Infrastructure	\$105
<b>Water</b>	<b>\$70</b>
Energy	\$58
Environment	\$27
Health	\$6
Education	\$6
<b>TOTAL</b>	<b>\$1,112</b>

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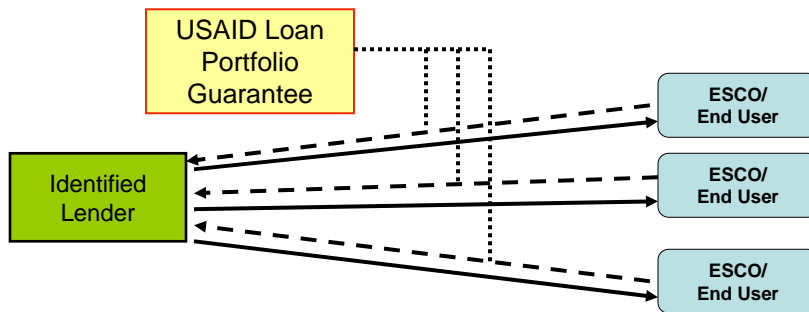
### Energy infrastructure financed in a variety of ways...

- **Traditional**
  - Grants
  - Loans
  - Bonds
- **Less Traditional**
  - Microfinance

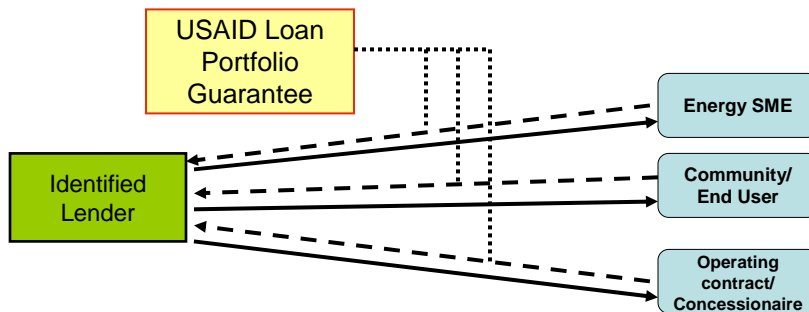
Financing energy effectively and efficiently requires using all of these methods and more

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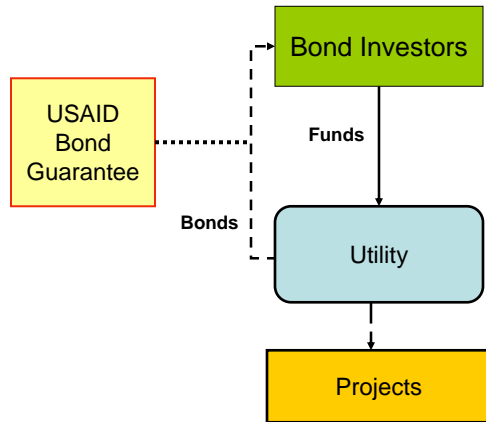
### Increasing Access to Finance – Energy Efficiency



### Increasing Access to Finance – Energy Access

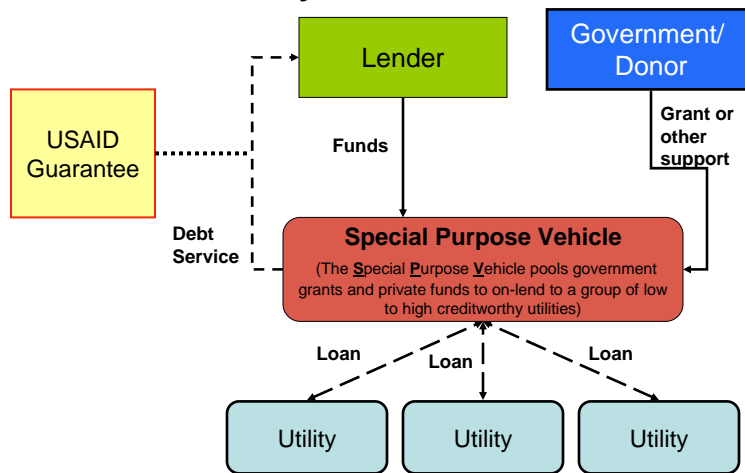


### Bond Issuance – System Expansion & Upgrading



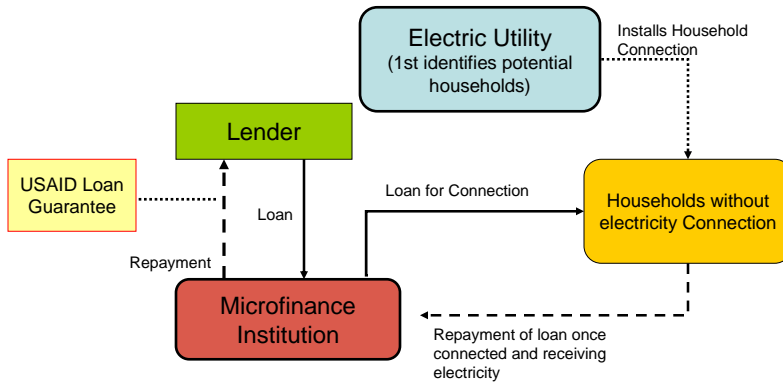
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### Pooled Loan Facility

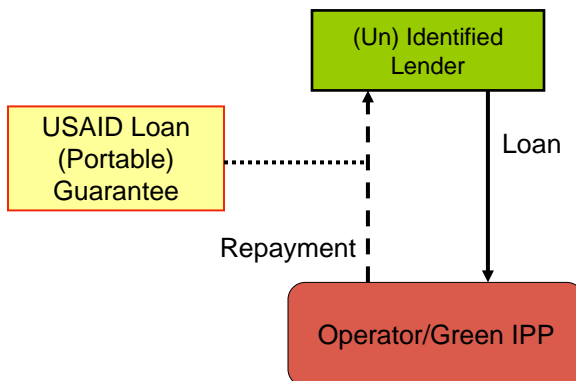


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### Microfinancing Household Connections



### Concessionaire



- **Private financing is the final hurdle**
  - **Critical precursor: Reliable revenue flow**
  - **Utilities must improve management, governance and political support for tariffs**
  
- **Financing must allocate risks efficiently**
  - **Grants and soft loans are not ends but means**
  
- **Financing should be considered for all energy markets, not only utilities**