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RURAL FINANCE LOAN PORTFOLIO GUARANTEE

OBJECTIVE

USAID/Colombia's Development Credit Authority (DCA) loan portfolio guarantee incentivizes financial institutions to increase access to finance to a broader client base and spur inclusive economic growth. Micro-, small-, and medium-sized enterprises (MSMEs) in rural areas are underserved by the financial sector, and Colombian bank partners have an interest in expanding their presence in rural areas while offering credit and better loan terms to new and existing customers.

The DCA portfolio creates the incentives for financial institutions to provide loans to individual MSMEs in conflict-affected municipalities in Colombia, thereby stimulating post-conflict stabilization and inclusive economic growth. DCAs target more financing to rural agriculture producers, agribusinesses and micro-, small- and medium-sized urban-based activities in targeted municipalities. USAID/Colombia complements its DCA portfolio with technical assistance to expand financial services to targeted vulnerable populations in rural and conflict-affected communities.

The DCA is being implemented by Amanecer, Bancamia, Banco Caja Social, Banco de Bogotá, Bancompartir, Banco W, Congente, Coofisam, Crezcamos, Davivienda, Fundación delaMujer, Fundación Mario Santo Domingo, Interactuar, Microempresas de Colombia, and Banco Mundo Mujer in approximately 500 municipalities. Each guarantee ranges from 5 - 15 years.

COMPONENTS

ACCESS TO FINANCE

The DCA portfolio strengthens Colombian financial institutions' ability to provide loans to agricultural producers, agribusinesses, and MSMEs in conflict-affected municipalities and economic corridors in Colombia. The guarantees stimulate inclusive economic growth by helping to expand access to credit, create licit long-term employment, improve incomes, and increase income-generating opportunities for target populations. By expanding access to credit and financial services, the DCAs also increase social and economic inclusion and facilitate the reintegration of ex-combatants. These services target micro-, small- and medium-sized rural and urban-based enterprises, women-owned businesses, and marginalized populations (Colombian victims of the conflict, reintegrating ex-combatants, persons with disabilities, Afro-Colombians, and indigenous people) in both urban and rural areas.

RESULTS

- Leveraged \$337 million since 2008.
- Disbursed over 52,000 loans, including loans to over 25,000 first-time borrowers and 14,000 women-owned businesses.
- Leveraged \$55 of private sector financing for every \$1 of USAID funds obligated.
- Supports 11 loan portfolio guarantees, with fifteen financial partners, making Colombia the largest DCA portfolio in the Latin America and Caribbean region.