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PORTFOLIO LOAN GUARANTEES ACTIVITY

September 2015 – September 2028 | Implementer: AccessBank Liberia and Afriland First Bank.

Portfolio loan guarantees are financial products provided to commercial banks that cover up to 50% of losses due to loan default. Loan guarantees are provided through the Development Finance Corporation (DFC) with financial subsidy provided by USAID. USAID/Liberia currently has active portfolio loan guarantees with two banks: AccessBank Liberia and Afriland First Bank.

DFC portfolio loan guarantees create sustainable development impact by facilitating new loans to the private sector that would otherwise be deemed too risky. Guarantees also allow USAID to achieve a high level of leverage with private sector resources. USAID/Liberia expects to leverage between \$6 and \$10 of private sector lending for every \$1 of USAID Mission funds.

Current Activities

- Portfolio loan guarantee with AccessBank Liberia with total coverage of \$6.1 million through 2028.
- Portfolio loan guarantee with Afriland First Bank with total coverage of \$3.1 million through 2022.

Accomplishments to Date

- Increased access to finance in the agriculture and non-agriculture sectors.
- Achieved a 92% utilization rate with Afriland First Bank through June 2020.
- Achieved an 18% utilization rate in the first year of the AccessBank guarantee despite the challenges of the COVID-19 pandemic, such as travel restrictions, curfews, and a general slowdown in business activity.
- Disbursed over \$4 million on 124 loans for an average loans size of \$32,000.
- Leveraged \$15.7 million of potential private sector financing since 2009 over four guarantees (two guarantees have expired).

Planned Outcomes

- Increased private sector lending to Liberian businesses and entrepreneurs
- Increased lending to target sectors with important development impact, particularly agriculture, health, and education.