

In describing the DCA program, the 2001 Appropriations Act, PL 106-429, 114 Stat. 1900, at 1900A-9 (Nov. 6, 2000), makes specific reference to Section 107A(d) (relating to general provisions applicable to the Development Credit Authority) of the Foreign Assistance Act of 1961, as contained in Section 306 of H.R. 1486 as reported by the House Committee on International Relations on May 9, 1997. Section 107A(d) states as follows:

SEC. 306. DEVELOPMENT CREDIT AUTHORITY.

The Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq.) is amended by inserting after section 106 the following:

SEC. 107A. DEVELOPMENT CREDIT AUTHORITY.

"(d) GENERAL PROVISIONS APPLICABLE TO DEVELOPMENT CREDIT AUTHORITY.--

"(1) POLICY PROVISIONS.--In providing the credit assistance authorized by this section, the President should apply, as appropriate, the policy provisions in this part applicable to development assistance activities.

"(2) DEFAULT AND PROCUREMENT PROVISIONS.--

"(A) DEFAULT PROVISION.--The provisions of section 620(q) of this Act, or any comparable provisions of law, shall not be construed to prohibit assistance to a country in the event that a private sector recipient of assistance furnished under this section is in default in its payment to the United States for the period specified in such section.

"(B) PROCUREMENT PROVISION.--Assistance may be provided under this section without regard to section 604(a) of this Act.

"(3) TERMS AND CONDITIONS OF CREDIT ASSISTANCE.--(A)

Assistance provided under this section shall be offered on such terms and conditions, including fees charged, as the President may determine.

"(B) The principal amount of loans made or guaranteed under this section in any fiscal year, with respect to any single country or borrower, may not exceed \$100,000,000.

"(C) No payment may be made under any guarantee issued under this section for any loss arising out of fraud or misrepresentation for which the party seeking payment is responsible.

"(4) FULL FAITH AND CREDIT.--All guarantees issued under this section shall constitute obligations, in accordance with the terms of such guarantees, of the United States of America and the full faith and credit of the United States of America is

hereby pledged for the full payment and performance of such obligations to the extent of the guarantee.

"(5) CO-FINANCING AND RISK SHARING.--

"(A) IN GENERAL.--(i) Assistance provided under this section shall be in the form of co-financing or risk sharing.

"(ii) Credit assistance may not be provided to a borrower under this section unless the Administrator of the United States Agency for International Development determines that there are reasonable prospects of repayment by such borrower.

"(B) ADDITIONAL REQUIREMENT.--The investment or risk of the United States in any one development activity may not exceed 80 percent of the total outstanding investment or risk.

"(6) ELIGIBLE BORROWERS.--

"(A) IN GENERAL.--In order to be eligible to receive credit assistance under this section, a borrower shall be sufficiently credit worthy so that the estimated costs (as defined in section 502 of the Federal Credit Reform Act of 1990) of the proposed credit assistance for the borrower does not exceed 30 percent of the principal amount of credit assistance to be received.

"(B) ADDITIONAL REQUIREMENT.--(i) In addition, with respect to the eligibility of foreign governments as an eligible borrowers under this section, the Administrator of the United States Agency for International Development shall make a determination that the additional debt of the government will not exceed the debt repayment capacity of the government.

"(ii) In making the determination under clause (i), the Administrator shall consult, as appropriate, with international financial institutions and other institutions or agencies that assess debt service capacity.

"(7) ASSESSMENT OF CREDIT RISK.--(A) The Administrator of the United States Agency for International Development shall use the Interagency Country Risk Assessment System (ICRAS) and the methodology approved by the Office of Management and Budget to assess the cost of risk credit assistance provided under this section to foreign governments.

"(B) With respect to the provision of credit to nongovernmental organizations, the Administrator--

"(i) shall consult with appropriate private sector institutions, including the two largest United States private sector debt rating agencies, prior to establishing the risk assessment standards and methodologies to be used;

and

"(ii) shall periodically consult with such institutions in reviewing the performance of such standards and methodologies.

"(C) In addition, if the anticipated share of financing attributable to public sector owned or controlled entities, including the United States Agency for International Development, exceeds 49 percent, the Administrator shall determine the cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990) of such assistance by using the cost and risk assessment determinations of the private sector co-financing entities.

"(8) USE OF UNITED STATES TECHNOLOGY, FIRMS, AND EQUIPMENT.--Activities financed under this section shall, to the maximum extent practicable, use or employ United States technology, firms, and equipment."

1997 CQ US HR 1486 Summary (May 9, 1997).