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**LIBERIA: THE SMALL ENTERPRISES FINANCING
ORGANIZATION (SEFO)**

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EXECUTIVE SUMMARY

The Small Enterprises Financing Organization (SEFO) is a private development credit institution whose purpose is to assist small businesses in Liberia through the provision of term credit and related technical assistance. It is the only institution of its kind in the country.

Created in 1981, SEFO's shareholders are four prominent Liberian financial organizations--the Liberia Bank for Development and Investment (LBDI); the Agriculture and Cooperative Development Bank (ACDB); the National Housing and Savings Bank (NHSB), and the Liberia Finance and Trust Co. (LFTC)--plus the Netherlands Development Finance Co. (FMO) and the PVO Partnership for Productivity/Liberia (PfP/L).

U.S. AID is assisting SEFO through the Small and Medium Enterprise Development Support (SMEDS) project. Volunteers in Technical Assistance (VITA) became AID's implementing agency effective January 1, 1988, replacing Partnership for Productivity (PfP) which went defunct. VITA promptly placed a new General Manager in SEFO and he is taking aggressive steps in conjunction with the President and Board of Directors to improve the institution.

As of April 30, 1988, SEFO had committed 250 loans and disbursed L\$2,024,702. Loans have averaged about L\$8,100. They are for a wide variety of undertakings, including vehicle repair facilities, metal working, cement block production, furniture, restaurants and food stores, poultry production, pharmacies, retail shops, tailors, and advertising companies. Emphasis is now being given to projects producing for export and import substitution. Most commitments are made to experienced business people.

SEFO's management and staff overall are experienced in credit and advisory operations. Its policies and loan processing, monitoring, and collection procedures are adequate.

Unfortunately SEFO has long been saddled with three major financial problems: long-term debt far too great relative to equity, and massive losses from obligations to repay foreign debt

in hard currencies, and bad loans. These problems are reflected in the data below.

BALANCE SHEET DATA, 1985-88

	(L\$ 000)			
	As of Dec. 31,			April
	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
Total Assets	1,818	1,739	1,696	1,723
Total Liabilities	1,893	2,203	2,676	2,743
Long Term Debt	1,782	2,096	2,511	2,586
Accumulated Loan Losses	(1,204)	(1,717)	(2,282)	(2,285)
Equity Deficits	(75)	(464)	(979)	(1,021)

However the first two problems are in process of being alleviated as a result of major recapitalization decisions just taken by the shareholders and Board. FMO, the largest creditor, has agreed to convert its loan to non-cumulative 2 1/2 % preferred stock redeemable in 10 years, and to waive the foreign exchange losses. The other owners and AID agreed to related actions to reduce the debt burden and provide additional loanable capital. The result is that the debt-equity ratio of SEFO soon will improve to 1.5:1 instead of being negative.

The final major problem of bad and uncollectible loans stems from commitments made during SEFO's early years, 1983-85. Strengthening of staff and procedures for appraisal/monitoring/collection since 1987 have corrected this situation, and loans made since are sound as a group. But the problem of what to do with the early loans remains.

As a development institution, a large share of SEFO's operating expenses are for the provision of technical assistance, advisory services, and oversight to its borrowers and applicants. This technical assistance is essential in the Liberian context to reduce risks and maintain a sound loan portfolio. Such costs have to be subsidized. SEFO's pure banking costs--less than half of its total operating expenses--come close to being met from operating income, most of which is derived from interest on loans. Thus SEFO is close to financial self-sustainability in the sense of covering its banking costs, which is reasonable in the view of many development experts specializing in LDC credit.

Conclusion and Recommendations

Our overall conclusion is that SEFO today is a more effective credit and technical assistance institution than it was some years ago. It has learned from and corrected many of its earlier mistakes and problems. But it still has a considerable way to go to achieve reasonable efficiency and effectiveness. The shareholders, the Board, and VITA in particular, have their work cut out for them in this regard.

We also want to stress that SEFO fills a significant role in Liberia's financial community and prospects for economic development. Because of this it is particularly important that it be strengthened and improved. We make the following recommendations in this regard:

- o Many of the bad loans are in Nimba county. Consider offering them to PfP/L for collection, the two organizations sharing what is collected on some negotiated basis (see page 26).
- o Consider adding one or two new members to the Board of Directors from the business and professional community, thus broadening the Board's experience and viewpoints. Also, consider having the smaller shareholders be represented by only a single Director (page 11).
- o Board members often do not attend meetings. Improve attendance either by appointing members who are lower ranking or activating the Executive Committee to meet monthly and the Board meet only quarterly (page 12).
- o Continue to train and upgrade staff, and set specific goals and incentives for loan officers (page 11).
- o The new General Manager should review each of SEFO's basic policies ("investment principles") to determine if changes are desirable (page 13).
- o Computerize the posting of records (page 13); most other activities already are well computerized.
- o Carefully consider the pros and cons of proposed new income generating activities. We doubt that SEFO should become involved in foreign exchange trading, as some have proposed. However, venture capital undertakings and participation in AID's commodity import program could be warranted. And consideration could be given to the manner in which borrowers' interest is calculated to see if increased interest income might result (page 16).
- o Take accounting and other steps to divide expenses between banking and technical assistance costs, and tabulate on a continuing basis the percent of banking costs being covered by operating income (page 19).
- o Undertake a current survey of SME enterprises in the Monrovia area and beyond (page 21). No such survey has been taken in recent years.
- o Devote more attention to publicity and marketing (page 21).

- o Explore the early expansion of operations further outside the Monrovia area, including to Kataka, and later to other parts of the country (page 22).
- o Headquarters is now on the outskirts of Monrovia, away from the rest of the financial community. Consider relocating to downtown (page 22).
- o Consider shortening the loan processing procedure process and time (page 22).
- o Reexamine the technical assistance program to determine probable future needs, and how best to provide them (page 23).
- o Decide what economic benefits (e.g. jobs created and upgraded, new businesses created, generation of exports, etc.) it would be useful and possible to keep track of, and set up a system for doing so (pages 26-27).

VITA already is moving ahead with many of the above recommendations.

1. SETTING

Liberia is a small country of about two million people located on the coast of West Africa. The capital city and center of finance and business is Monrovia. Freed slaves from the United States began settling the area in the 1820's and declared independence in 1847; it is thus by far the oldest black republic in Africa. Relations with the U.S. have always been close. English is the official language and the Liberian Dollar is officially tied to the U.S. Dollar. The U.S. is the largest aid donor.

The descendants of slaves (Americo-Liberians) controlled the country for generations until 1980 when enlisted soldiers under Sergeant Samuel K. Doe toppled the Government. This group, which represents the great majority of Liberians, retains political control (Doe is now President), but Americo-Liberians continue to hold many leadership positions.

Agriculture is the prime economic activity. Most tribal people practice subsistence agriculture, while foreign companies have developed cash crops such as rubber, palm oil, coffee, and cocoa for export. Iron ore and timber also are important exports. Manufacturing is limited, and a large share of goods as well as some food must be imported. There are numerous small traders and businesses characteristic of African countries. Many foreign ships register under Liberia's "flag of convenience" because of low taxes and inspection policies, giving it one of the world's largest merchant fleets.

The Liberian economy is market and free enterprise oriented and private foreign investment is encouraged. Government interference and control over the economy is much less than in other West African countries. Financial institutions such as SEFO operate relatively independently.

Latest World Bank figures show Liberia's annual per capita GNP at \$470, putting it in the middle range of West African countries. For example, Nigeria and the Ivory Coast are higher at \$730 and \$610 respectively, while Senegal (\$380), Burkina Faso (\$160), and Mali (\$140) are lower. Liberia's economic growth was good during the 1960's and early 1970's, but has slumped since because of drops in world prices for iron ore and other exports plus political changes and dislocations. But exports and business conditions have improved somewhat during 1987-88.

2. HISTORY

The Small Enterprises Financing Organization (SEFO) was founded as an independent private credit institution in 1981. Serious consideration was given to creating it as a small loan window in the large Liberia Bank for Development and Investment (LBDI), but in the end this was not done because LBDI doubted that small loans could be profitable and the Netherlands Development Finance Co. (FMO) desired a separate entity as a condition of its support.

Most other African countries had created credit and technical assistance support operations for small businesses and entrepreneurs during the 1970's and even 1960's. This was not the case in Liberia until the creation of SEFO. Although some existing credit institutions provided some small loans, there was no predecessor entity to SEFO with the prime purpose of assisting small businesses.

Four organizations joined to create SEFO: both LBDI and FMO took equity positions and provided large loans, and the Liberia Finance and Trust Co. (LFTC) and Partnership for Productivity/Liberia* took small equity positions. During 1982-83 three more of Liberia's principal financial institutions--the Agriculture and Cooperative Development Bank (ACDB), the National Housing and Savings Bank (NHSB), and the National Bank of Liberia (NBL)--extended loans, and the first two later took some equity. Unfortunately, from the beginning the proportion of borrowed capital (loans) to invested capital (equity) in SEFO was heavy, creating a major continuing problem (see Sections 4c, 4d, and 4e for discussion of this matter).

SEFO started lending in 1982, and by end 1984 had made 135 loans. But because of inexperienced staff and poor procedures, most of these loans have gone bad and are only marginally collectible. Their continued existence on the books is another problem for SEFO (see Sections 4c and 5d). Since 1986 SEFO has significantly improved its loan appraisal, monitoring, and collection procedures and efforts, and loans made in recent years are as a group much sounder than the early commitments.

*Partnership for Productivity/Liberia (PFP/L) is the Liberian creation of the large worldwide U.S. PVO Partnership for Productivity (PFP). The parent organization went defunct in 1986, but PFP/L continues to exist and function in Liberia and remains a shareholder and Board member of SEFO.

U.S. AID became officially involved with SEFO in 1984 when it approved the Small and Medium Enterprise Development Support (SMEDS) project, with PFP as the implementing agency. Under this project a separate organization called the Business Advisory Service (BAS) was established to provide technical assistance and training to SEFO clients. The project also provided assistance and funds direct to SEFO. BAS and SEFO as two separate organizations were unable to collaborate effectively, and the former has been merged into SEFO and the staffs gradually integrated.

In late 1986 PFP became insolvent and ceased to implement the AID project. After the passage of some time, Volunteers in Technical Assistance (VITA) became the new U.S. AID implementing agency by an Agreement effective January 1, 1988. Substantive excerpts of this Agreement are contained in Annex A. VITA promptly placed a new General Manager in SEFO, and he is taking aggressive steps in conjunction with the President and Board of Directors to improve the institution.

3. PROJECT OBJECTIVES

SEFO is a private credit institution whose purpose is to assist small businesses in Liberia through the provision of both credit and technical assistance. The Articles of Incorporation of the institution are contained in Annex B.

The purpose of AID's project is to assist SEFO to improve both its financial and loan management and technical assistance to small and medium enterprises. Specifically VITA provides a General Manager of SEFO who reports to the President; he is preparing and supervising improvements in SEFO's financial management, loan processing and collection, and technical/business management operations. Improvements in these areas should reduce the organization's operational costs, increase loan repayments, conserve loan capital, and provide more and better technical advice to borrowers. VITA's actions must be taken in conjunction with the President and with advice from the Board of Directors. AID itself remains deeply involved, e.g. is a member of and active in the Board of Directors.

AID in 1984 provided a \$500,000 grant to SEFO to augment equity. It is committed to provide a further \$250,000 for the same purpose when systems and procedures recommended by VITA are in place and being utilized.

4. SEFO--THE INSTITUTION

a. Ownership and Organization

SEFO shares are owned by the following organizations in the following amounts:

LBDI	L\$255,000
FMO	L\$250,000
ACDB	L\$154,000
NHSB	L\$ 67,016
LFTC	L\$ 25,000
PfP/L	L\$ 13,585

AID took no shares for its grant input of \$500,000.

All six shareholders are represented on the Board of Directors by seniormost officials. Also on the Board are U.S. AID, the National Investment Commission (NIC), and SEFO itself, giving a Board of nine members. The President, Richard M. Morris, is appointed by and serves at the pleasure of the Board. Somewhat surprisingly, there are no members of the Liberian business or professional community on the Board (the Chairman of the Chamber of Commerce was appointed in 1985, but attended only occasionally and is no longer active). We believe that the Board should consider adding one or two new members from the business and professional community, thus broadening its experience and viewpoints. If the Board would be considered too large with these additions, perhaps the smaller shareholders could be represented by a single Director.

Under the President is the General Manager, a VITA employee, who is responsible for day-to-day operations. He has two principal subordinates--a Projects Manager responsible for lending and technical assistance operations, and a Controller responsible for internal financial functions. Annex C contains an organization chart.

The staff overall is experienced in credit and advisory operations. It is a much more professional than the organization had in its first few years. The new General Manager is devoting considerable attention to further training, as well as the establishment of specific goals and incentives for the loan officers. This should continue.

There is provision in SEFO's bylaws for an Executive Committee to be involved with the lending operations. But this Committee has not been active. Meanwhile the Board, which had been meeting quarterly, began monthly

meetings in December 1986. Attendance by the actual Board members themselves at these monthly meetings has been spotty; they often either do not attend or send "proxies" who do not fully participate but rather act only as observers whose main task is to brief their superiors later. The result has often been that not enough business gets done at Board meetings. We believe it is important that the actual Board members participate in most meetings. To accomplish this perhaps consideration should be given to appointing somewhat lower ranking members who can and will attend the meetings regularly. Or, if monthly meetings are the problem, consideration could be given to activating the Executive Committee to meet and make lending decisions monthly, with the Board itself reverting to quarterly meetings focussed on policy and oversight of management. About four or five Board members would constitute the Executive Committee.

b. Policies

SEFO's basic policies or "investment principles" are set and periodically revised by the Board. Management is bound by them and must seek Board approval for exceptions.

The policies require that SEFO funds be used to assist commercially viable small scale productive enterprises that create jobs, promote Liberian ownership, increase exports and reduce imports, augment local value added, and develop technical and entrepreneurial skills. Eligibility requirements include full time owner management, an upper limit on total assets, specific types of enterprises (e.g. service- and agro- industries, most retail, some transportation, handicraft products, etc.), and inaccessibility to comparable financing elsewhere.

The organization is permitted to undertake equipment and fixed asset leasing and venture capital participations, but none of these have yet taken place. Third party guarantees, formerly permitted and selectively granted, recently were banned by the Board.

SEFO is not to provide more than 90% of total financing required for a given project, normally does not undertake any foreign exchange risks, and currently is limited to a L\$50,000 loan maximum. Acceptable uses of SEFO loan funds include the provision of working capital, expansion of productive capacity, and purchase of equipment and real estate.

The value of collateral taken to support a loan should be one and a half times the amount of the loan. Life insurance on the life of the principal(s) equal to the loan amount and assigned to SEFO is required. And the ratio of debt (including the SEFO loan) to equity should not exceed 3:1. The President is authorized to approve loans up to L\$10,000; above that amount Board approval is required.

These policies seem reasonable, but each one should be reviewed by the new General Manager to determine if changes are desirable.

c. **Actual Financial Results**

SEFO's independent auditors are Coopers & Lybrand, which has offices in Monrovia. They have conducted audits for 1985, 1986 and 1987. Coopers says that the scope of work they are required to perform is consistent with that required in the U.S. In 1987 they pointed out certain weaknesses in SEFO's internal accounting system and recommended corrective actions, all of which were adopted.

SEFO has considerable computer capability and is able to generate data promptly. Management is provided with monthly reports of income and expenses, cash flows, balances, and the status of current and delinquent loans. Manual posting of records continues in the loan administration area; this should be computerized as soon as possible.

Detailed balance sheet and profit and loss data from the Coopers audits are contained in Annex D. Below we summarize this data and include unaudited data for the first four months of 1988:

Table 1: SEFO BALANCE SHEETS, 1985-88

	As of Dec.31, <u>1985</u>	<u>1986</u>	<u>1987</u>	As of April <u>1988</u>
	(\$ Liberian 000)			
<u>Total Assets</u>	1,818	1,739	1,696	1,723
<u>Total Liabilities</u>	1,893	2,203	2,676	2,743
Of Which Long-Term Debt	1,782	2,096	2,511	2,586
<u>Equity</u>				
Capital Stock	629	753	753	765
Donated Capital	500	500	500	500
Accumulated Losses	(1,204)	(1,717)	(2,232)	(2,285)
Equity Deficit	(75)	(464)	(979)	(1,021)

These are extremely weak balance sheets. Total assets have remained at about the same level over the years while liabilities steadily climbed. As indicated, most of liabilities consist of long-term debt, especially to FMO (L\$1,551,481) and NBL (L\$934,264). Liabilities always exceed assets. Capital stock and donated capital together are sufficient to more than cover the gaps in every period, but accumulated losses from past bad loans also rise steadily. The total result is ever-increasing equity deficits.

The profit and loss statements tell the same story as the balance sheets, namely expenses far exceeding income, as follows:

Table 2: SEFO PROFIT AND LOSS STATEMENTS, 1985-88

Year Ended Dec. 31,	1985	1986	1987	As of Ap 1988
	-----(\$ Liberian 000)-----			
Income	231	206	209	60
Expenses	<u>747</u>	<u>759</u>	<u>789</u>	<u>113</u>
Operating Loss	(516)	(553)	(580)	(53)
Net Loss	(402)	(549)	(515)	(53)

The largest single expense item is foreign currency transaction losses resulting from obligations to repay debt in hard currencies. These losses now total over L\$700,000.

These financial statements reveal clearly SEFO's three key financial problems: long-term debt has been far too great relative to equity, and losses from bad loans and currency transactions are massive. These three problems must be alleviated if the organization is to acquire financial health. Fortunately the shareholders of SEFO and the Board have just taken some key decisions in this direction (see Section 4e).

- d. **Forecast Financial Results**
SEFO prepared 1988-92 forecasts for us on conservative assumptions and optimistic assumptions. They are contained in detail in Annex E. The highlights are as follows:

Table 3: SEFO BALANCE SHEETS FORECASTS, 1988-92

	As of Dec.31, 1988	1989	1990	1991	1992
-----(\$ Liberian 000)-----					
<u>Conservative Assumptions</u>					
<u>Total Assets</u>	1,876	1,764	1,608	1,409	1,144
<u>Total Liabilities</u>	2,514	2,482	2,308	2,030	1,728
<u>Equity</u>					
Capital Stock					
Donated Capital					
Accum. Losses	(2,040)	(2,395)	(2,377)	(2,298)	(2,261)
Equity Deficit	(638)	(718)	(700)	(621)	(584)
<u>Optimistic Assumptions</u>					
<u>Total Assets</u>	1,942	1,975	2,727	2,881	2,919
<u>Total Liabilities</u>	2,529	2,436	2,328	2,063	1,731
<u>Equity</u>					
Capital Stock	777	927	927	927	927
Donated Capital	625	750	1,250	1,250	1,250
Accum. Losses	(1,989)	(2,138)	(1,778)	(1,359)	(989)
Equity Deficit	(587)	(461)	399	818	1,188

The conservative approach above shows that liabilities will continue to exceed assets. Accumulated losses will stabilize, but the equity deficit remains high. Under the optimistic approach, however, assets will increase because of more loans plus new sources of income such as foreign exchange trading and venture capital investments. Some long-term debt will be retired, capital will increase, and accumulated losses decline. Thus the equity deficit is eliminated in 1990 and climbs to a positive \$1,188,000 in 1992.

The profit and loss forecasts on the same two bases are as follows:

Table 4: SEFO PROFIT AND LOSS FORECASTS, 1988-92

	As of Dec. 31, 1988	1989	1990	1991	1992
-----(\$ Liberian 000)-----					
<u>Conservative Assumptions</u>					
Income	317	426	292	371	343
Expenses	387	389	502	519	534
Net Loss	(90)	(355)	(216)	(154)	(197)
<u>Optimistic Assumptions</u>					
Income	318	532	534	611	576
Expenses	387	389	502	519	534
Net Loss	(39)	(149)	126	186	136

Under the conservative approach expenses continue to mount and net losses continue. Under the optimistic, however, income goes way up until it exceeds expenses, and losses turn to profits starting in 1990. Income is up due both to new sources of income and additional external assistance for the loan fund.

We are troubled by the nature and amount of new income generating activities assumed in the optimistic forecasts above, especially foreign exchange trading and venture capital investments. The former is inherently risky and something we doubt that an institution like SEFO should get involved in. Venture capital investments if carefully selected are logical, but returns of the amount predicted in the forecast seem far too soon and too optimistic. On the other hand, SEFO might usefully and profitably become involved in AID's commodity import program on behalf of its borrowers; this is now being explored. And it might consider whether or not any changes in the method by which it calculates its borrowers' interest would be justified and lead to increased interest income. The pros and cons of all these matters should be carefully considered by SEFO management.

e. Recapitalization

We indicated earlier that too much debt relative to equity has been a major, continuing problem of SEFO. The institution also now needs more funds to lend. The

shareholders and the Board finally faced this problem squarely in April 1988 and took the following decisions:

- o FMO agreed to convert its large term loan to SEFO, less foreign exchange losses on the date of conversion, into non-voting, non-cumulative 2 1/2 % preferred stock, redeemable in 10 years.
- o FMO also agreed to waive the foreign exchange losses.
- o LBDI will attempt to provide a soft loan of at least L\$100,000 at a rate that will permit SEFO to relend the funds profitably.
- o LBDI also will allow SEFO to use its share of National Bank of Liberia (NBL) small and medium enterprise (SME) credit funds.
- o ACDB will consider a soft loan of L\$100,000 to SEFO.
- o ACDB also will allow SEFO to use its portion of NBL SME credit funds.
- o NHSB will convert its L\$100,000 loan into common shares, and will consider additional capital investment in 1989.
- o LFTC will consider purchasing its L\$75,000 subscription.
- o AID, in addition to providing an additional \$250,000 in donated capital, will support the use of at least \$150,000 per year in loans to SEFO from PL 480 funds beginning in 1989.

In the program described above all the major owners and supporters of SEFO have contributed in one way or another to strengthening its debt-equity ratio and providing additional funds for lending. The most important actions are those taken by FMO because of the size of its loan to SEFO and the foreign exchange losses. FMO had indicated at a Board meeting on April 14 that it "would be willing to convert part of the SEFO debt currently owed FMO to equity and also to waive losses which had been accumulated for foreign

exchange, if the other shareholders would make similar contributions to SEFO's capital".*

The effect of the above is to improve the debt-equity position of SEFO dramatically, from a minus position to almost 1.5:1, as follows:

Table 5: DEBT-EQUITY POSITION OF SEFO, BEFORE AND AFTER RECAPITALIZATION

	<u>Before</u>	<u>After</u>
Debt (L\$)	2,591,986	1,289,300
Equity (L\$)	(1,020,507)	884,700
Ratio of Debt to Equity	Minus	1.46:1

These decisions also mean that the optimistic financial forecasts made in the previous section of this paper are now more likely to be realized than the conservative forecasts. Management has just compiled new forecasts based on the recapitalization program (see Annex F); they indicate that assets will exceed liabilities beginning in October 1988 and the equity position become positive. And gross income will exceed expenses beginning in 1989. These would be very favorable developments.

f. Financial Self-Sustainability

SEFO is a development institution, even though privately owned. The shareholders do not expect to derive profits. A large share of SEFO's operating expenses are for the provision of technical assistance, advisory services and oversight to its borrowers and potential borrowers. Given the unfamiliarity of these clients with term loans, record keeping, technical requirements, and the like, such services and oversight are essential to reduce risks and maintain a sound loan portfolio. Yet no or only low fees can be charged for them; they have to be subsidized.

Operating expenses in development credit institutions can be divided into two segments--those for services of the type mentioned above, and those for "normal"

* From Paragraph 7.0 of minutes of the SEFO Board of Directors meeting held April 14, 1988.

banking and credit costs (this latter is akin to the operating costs of an American private commercial bank). Development experts specializing in credit increasingly take the view that an institution of SEFO's type can be considered financially self-sustainable if it covers its banking costs from operating income, while technical assistance costs are partially or completely covered by subsidies rather than from earned income.*

SEFO does not now divide its expenses between banking costs and technical assistance costs. So we asked management to estimate this breakdown; they are contained in Annex G. These estimates conclude that less than half of operating costs are devoted to banking costs. We assumed that banking costs were 40%, 33 1/3 %, and 30% of total expenses. We then applied these percentages to total operating income for 1985 through April 1988 to arrive at the percent of banking costs covered by income. These calculations are in Annex H and are summarized in Table 6 on the following page.

Depending on the percent used, these calculations show that SEFO's banking costs much of the time have come close to being met from operating income (most of which is derived from interest on loans). The 1988 record to date is particularly impressive--banking costs are well more than covered in every case. It appears, then, that SEFO has been close to or exceeding financial self-sustainability in a development sense. This is a very significant and favorable conclusion that should be welcomed by AID, FMO, and other SEFO supporters.

SEFO should immediately take accounting and other steps to divide its expenses between banking and technical assistance costs and make tabulations like the above both historically and on a continuing basis. This data should be provided to shareholders and Board Members periodically.

* AID Africa Bureau has just finalized credit project guidelines which cover this and other points. They are now being sent to field Missions.

Table 6: ESTIMATES OF PERCENT OF SEPO'S BANKING COSTS COVERED BY INCOME

	1985	1986	1987	Jan.- April 1988
	----- (000 \$L) -----			
Gross Operating				
Income	231	206	209	60
Of Which Interest	193	162	155	53
Operating Expenses	747	759	789	113
Assume that Banking Costs are the Following % of Expenses:				
40%	299	304	316	45
33 1/3%	249	253	263	38
30%	224	228	237	34
Then % of Banking Costs Covered by Income is:				
@ 40%	77%	68%	66%	133%
@ 33 1/3%	93	82	80	158
@ 30%	103	90	88	176

5. SEFO--OPERATIONS

a. Market

There is general agreement among knowledgeable people in Monrovia and Liberia as a whole that there is a continuing market for SEFO's services. Lack of capital is a common constraint of small businesses in the country, but capital markets do not exist and other banks do not provide term lending and associated technical assistance to small firms. Money lenders charge very high rates for short duration loans. Thus, most of SEFO's clients have no alternative to SEFO for long term funds and related assistance.

However there are no recent market studies. None was conducted when SEFO was created. A 1981 Government study identified 852 enterprises in the Monrovia area having assets up to L\$50,000 and up to 10 employees; they were involved in garment manufacturing, furniture and upholstery, cement, jewelry, printing and publishing, and bakery products. A 1979 World Bank survey covered 1,300 very small enterprises concentrated in tailoring, carpentry, garages and other transportation, and restaurants. The Bank found these enterprises in need of institutional assistance in such areas as management, bookkeeping, and marketing. SEFO is now considering undertaking a current survey of SME enterprises in the Monrovia area and beyond; perhaps AID, FMO or another donor would finance this if SEFO's resources do not permit.

We also are surprised that SEFO's pipeline of projects seems relatively low at this time. The number of applications has fallen recently; only 25 applications totalling L\$229,000 were received during January-April 1982, compared to 64 applications totalling L\$804,850 in the same period of 1987. But on the positive side, SEFO is now giving higher priority to financing export activities and import replacements, partly in response to the country's foreign exchange shortage. An excellent example is the chicken industry: SEFO is financing local breeder flocks to produce eggs for hatching broilers to replace imported hatching eggs, and local feeds to replace imported feeds.

We believe that SEFO should devote more attention in the future to publicizing and marketing itself. Periodic newspaper advertisements and TV and radio spots should be considered plus more public relations efforts with local business groups.

SEFO also should now explore expanding its operations further outside the Monrovia area, including to Kataka, And as time proceeds and its major problems are alleviated, it should consider expanding to other parts of the country.

SEFO is physically located on the outskirts of Monrovia, well outside the commercial and financial centers of the city. This hinders its participation in business/financial interrelationships and can give the impression that it is not an equal member of the business community. It also is less accessible to clients than it would be if located downtown. The pros and cons of relocation should be weighed by SEFO. Perhaps one of the shareholder organizations could provide better located space at an acceptable price sometime in the next few years.

b. **Loan Processing and Monitoring**

Faced with serious loan repayment problems, SEFO in 1987 embarked on a major effort to upgrade loan appraisal and approval standards and monitoring and collection procedures. The result today is a professional approach that in our judgement compares reasonably well with other LDC credit institutions.

Appraisal and approval procedures involve up to five interviews with the applicant, the preparation of formal documents and extensive supporting material. Details of this process are contained in Annex I. Average processing time is about five weeks. We believe that consideration should be given to shortening this somewhat without adversely affecting the loan portfolio.

On the collection side, the institution operates within a social milieu that often encourages loans to be thought of as forms of gifts that do not have to be repaid if things go wrong. There is belief that collateral will not be seized and legal recourse not sought. Unfortunately court calendars are jammed so it takes months for cases to be heard, and then there often is hostility toward lenders when cases come forward. SEFO attempts to avoid these problems by devoting much time and attention to followup and monitoring.

The UNDP helped design SEFO's monitoring system in 1986. It also trained SEFO analysts and technicians in monitoring and collection procedures. Central to the current system are regular visits to all borrowers.

These are weekly to those borrowers whose loans are still being disbursed, and at least monthly to those whose loans have been implemented to monitor critical variables such as sales, net income, debt service capacity, etc. Quarterly and semi-annual visits are used to monitor assets, liquidity, and adherence to loan requirements and covenants.

Extensive technical assistance and advisory services are an integral part of each stage of the lending program. They are essential to sound loans given the managerially unsophisticated and technically unskilled nature of most of SEFO's applicants and borrowers. Assistance in record keeping is stressed at every stage. Technical help is at the moment provided primarily in poultry and swine production; SEFO also has used NIC in the past to provide technical help. We believe that SEFO should now reexamine its technical assistance program to clients to determine probable future needs, and how to best provide them.

It is clear from the above that the whole processing and monitoring system is time-consuming and costly, but necessary to create and maintain a successful program.

c. Loan Terms

SEFO now charges interest of from 18 to 25% on most of its loans. For loans made from NBL SME funds it charges 15.5%; these are NBL approved and co-funded loans. These interest rates are competitive, market-oriented rates. Graduated investigation fees also are charged on all loans.

Grace and amortization periods are negotiated on a case-by-case basis and are related to the gestation period of the project in the normal way.

Collateral and life insurance are required as mentioned in Section 4b. And specific requirements related to the particular loan are negotiated and included in the loan documents.

These loan terms are reasonable.

d. Loan Portfolio and Repayments

SEFO had committed 250 loans and disbursed L\$2,024,702 as of April 30, 1988. Loans have averaged approximately L\$8,100. The largest loan disbursed is for L\$49,703 for a vehicle repair project made in June 1987; there are several other loans above L\$20,000. The smallest disbursement is for L\$325 made in November 1986. Loans made in 1988 range from L\$3,000 to L\$9,400.

The loans are for a wide variety of undertakings, such as vehicle repair facilities, metal working, cement block production, furniture, restaurants and food stores, poultry production, pharmacies, retail shops, tailors, and advertising companies. The histories of four particular loans are contained in Annex J.

SEFO prefers making commitments to experienced business people. About two thirds of the loans have been made to such people for starting new businesses, and most of the remainder have been for the expansion of existing companies. Less than five percent have been for new undertakings to people without previous business experience. During 1987-88 particular emphasis has been placed on helping successful borrowers grow bigger. Emphasis also is being placed on projects producing for export, of which there are now several in the pipeline, and import substitution.

Loans to females total 59, or about 24 % of all loans.

For repayment purposes SEFO divides its portfolio into four categories: those companies that have already repaid, and those in good, fair, and bad condition with respect to repayments. Data on these four categories is contained in Annex K, and may be summarized as follows:

**Table 7: SEFO LOAN REPAYMENTS
RECORD BY CATEGORY**

	Clients Whose Loans Are Paid Off -----	Clients in Good Category -----	Fair Category -----	Bad Category -----	TOTALS -----
Number of Loans	60	66	15	109	250
Amount Disbursed	278,592	627,861	185,434	932,815	2,024,702
Loan Balance	0	405,292	134,510	817,564	1,357,366
Total Collected	342,432	367,201	118,446	369,725	1,197,804
Total Arrears	0	55,097	77,108	1,118,095	1,250,300

The data shows that the loan portfolio as a whole is very weak. Almost half are in the bad category (109 of 250, or 44 % of the total). These bad borrowers have repaid only L\$369,725 and have arrearages of L\$1,118,095. Conversely businesses that have repaid their loans total 60, 24% of the total, with repayments of L\$342,432.

However, almost all of the bad commitments were made during SEFO's early years, 1983-85, whereas loans made during 1986-1988 are almost all in satisfactory condition. This is made clear by the data in Table 8.

**Table 8: SEFO LOAN REPAYMENTS
RELATED TO LOAN DATES**

Number of Clients Loaned to in:	Clients in Good Category	Fair Category	Bad Category
	-----	-----	-----
1983	6	0	42
1984	5	7	33
1985	10	4	25
1986	12	2	7
1987	25	2	1
1988	8	0	0

The pattern indicates that SEFO has very significantly improved its loan processing, monitoring, and collection procedures since 1986. The early loans make the total portfolio weak. More recent loans are strong as a group.

SEFO at our request prepared repayments data in the U.S. manner of "aging" the portfolio by batching loans according to their repayment status, i.e. current, 0-30 days past due, 31-90 days past due, etc. This is contained in Annex L. It confirms that the 1983-84

loans are the problem loans. Strong processing/monitoring/collection improvements have greatly strengthened the portfolio during 1987-88.

SEFO has made and continues to make extensive efforts to collect on the bad loans. But as time passes it is clear that a large share of the remainder must be considered uncollectible; SEFO has acknowledged this by significant provisions for loan losses in its financial forecasts.

A substantial number of these bad loans are located in Nimba county, a poor interior rural county west of Monrovia. PfP/L happens to operate some of its programs rather successfully in that county. We recommend that SEFO consider offering these loans to PfP/L for collection, with the two organizations sharing what is collected on some negotiated basis.

e. Economic Benefits

The addition to directly supporting the growth of businesses, development credit projects usually create broader economic benefits, such as:

- o creation of jobs, full and part-time;
- o upgrading skills and responsibilities of existing jobs;
- o development of technical and managerial skills;
- o assisting families through wage earners employed by the businesses supported;
- o introducing people to modern credit and banking practices;
- o instilling respect for contracts;
- o creating new businesses, both those assisted by the institution and those that might be created or grow to service or purchase from those assisted by the institution;
- o helping existing businesses grow larger and more productive;
- o businesses assisted grow to become clients of larger credit institutions;
- o generation of exports and foreign exchange earnings;

- o production of products to substitute for imports, thus saving foreign exchange;
- o production of products meeting the essential needs of people, e.g. food, soap, housing materials, etc.
- o broadening of the country's entrepreneurial base;
- o increases in local or national income.

SEFO does not attempt to keep track of economic benefits such as the above. But it should, to help show what it is accomplishing as a development institution. We recommend that management decide on a short list of benefits it would be useful and possible to keep track of, and set up a system to do so. Such information should assist SEFO in its relations with Government development officials and with organizations such as AID and FMO.

At our request SEFO did estimate the number of jobs created as a result of its activities to date at 1,205. This calculates to about L\$1,680 disbursed per job created, which is reasonable.

6. Conclusions and Recommendations

Our overall conclusion is that SEFO today is a relatively effective credit and technical assistance institution that fills an important role in Liberia's financial community and is contributing to the country's development. Management and staff are adequate, as are policies and loan processing, monitoring, and collection procedures.

SEFO seems close to being financially self-sustainable in a development sense, i.e. its costs to provide banking services are close to being met from operating income.

But it has been saddled with three major financial problems: long-term debt far too great relative to equity, and massive losses from foreign exchange debt obligations.

The first two problems are in the process of being alleviated as the result of major recapitalization decisions just taken by shareholders and the Board. Foreign exchange losses are being waived. Various other actions will result in the debt-equity ratio becoming 1.5:1 instead of being negative. The final major problem--the large number of bad and uncollectible loans stemming back to unwise commitments made during 1983-85--remains to be solved.

To improve SEFO we have made the following recommendations in this report:

- o Consider offering the many bad loans in Nimba county to PfP/L for collection, the two organizations sharing what is collected on some negotiated basis (see page 26).
- o Consider adding one or two new members to the Board of Directors from the business and professional community, thus broadening the Board's experience and viewpoints. Also consider having the smaller shareholders be represented by only a single Director (page 12).
- o Improve attendance by Board members at meetings, either by appointing members who are lower ranking or activating the Executive Committee to meet monthly and the Board meet only quarterly (pages 12).
- o Continue to train and upgrade staff, and set specific goals and incentives for loan officers (page 11).
- o Review by the new General Manager of each of SEFO's basic policies ("investment principles") to determine if changes are desirable (page 12).
- o Computerize the posting of records (page 13).

- o Carefully consider the pros and cons of proposed new income generating activities. We doubt that SEFO should become involved in foreign exchange trading. But involvement in venture capital undertakings and in AID's commodity import program could be useful. And SEFO might consider whether or not changes in the way it calculates interest would be warranted and result in increased interest income (page 16).
- o Take accounting and other steps to divide expenses between banking and technical assistance costs, and tabulate on a continuing basis the percent of banking costs being covered by operating income (page 19).
- o Undertake a current survey of SME enterprises in the Monrovia area and beyond (page 21).
- o Devote more attention to publicity and marketing (page 21).
- o Explore the early expansion of operations further outside the Monrovia area, including to Kataka, and later to other parts of the country (page 22).
- o Consider relocating headquarters to downtown (page 22).
- o Consider shortening the loan processing procedure and time (page 22).
- o Reexamine the technical assistance program to determine probable future needs, and how best to provide them (page 23).
- o Decide what economic benefits it would be useful and possible to keep track of, and set up a system for doing so (page 26).

VITA already is moving ahead with many of the above recommendations. This is made clear by the new General Manager's Action Plan prepared for AID, attached as Annex M.

ANNEX A

EXCERPTS FROM VITA-AID AGREEMENT

The purpose of this Agreement is to enable the Recipient to implement the Small Medium Enterprises Development Support (SMEDS) Project by providing assistance to the Small Enterprises Financing Organization (SEFO) to improve its (1) financial and loan management and (2) technical business assistance to Liberian small and medium enterprises (SMEs). This financial and technical business assistance will encourage the expansion of the small and medium enterprise sector and broaden its participation in the contribution to the Liberian economy.

The effective date of this Agreement is January 1, 1988. The estimated completion date is December 31, 1989.

The total Estimated Amount for this Agreement...is \$3,211,466.

The Recipient shall submit to USAID Quarterly Reports. These reports shall include a discussion on project progress and problems to date; a brief status report on the outputs achieved to date; and a brief summary of actions planned for the next period. These reports will contain both qualitative and quantitative information to the extent possible. The reports are due ten days after the end of each reporting quarter.

There will be an evaluation in January 1989. USAID/Liberia will be responsible for the evaluation, calling upon appropriate consultations and assistance as necessary. The evaluation is intended to show program progress and expose problems which are likely to impact on program activities and purpose. Emphasis will be placed on measures taken to improve loan collection and increase the loan portfolio. The evaluation will assist AID in determining whether additional activities are justified in this sector and what lessons have been learned which may be relevant for other small enterprise support activities.

VITA agrees to enter into an agreement with Small Enterprises Financing Organization (SEFO) as soon as practicable, which agreement shall contain in substance all of the pertinent provisions that are contained in this revised agreement.

To achieve the above project purpose, the Recipient will carry out two major activities with funds provided by this Agreement. These activities are (1) provision of a business manager and (2) provision of additional equity capital.

1. Provision of a Business Manager

VITA will provide a Senior Business Manager who will serve as General Manager of SEFO for a period of two years in strengthening it as an organization and to improve its delivery of services. The General Manager, who will report to the President of SEFO, will coordinate the implementation of the program on a day to day basis. The General Manager

will supervise SEFO's financial management, loan processing and loan collection, and technical/business management assistance.

The objectives of this long-term technical assistance will be to improve the selection of SMEs to which loans are to be made, to provide more relevant technical and management assistance, and to greatly strengthen the loan collection operation.

The improved systems and procedures should meet the following criteria: reduce operational costs, dramatically increase loan payments, conserve loan capital, and provide more and better technical management assistance to borrowers.

This will necessitate first, an assessment and review of SEFO as an organization and as a delivery mechanism for credit and business management assistance. This will be followed by suggested plans of action towards implementing any recommendations and/or making any necessary revisions for review and concurrence of SEFO's board. The General Manager will then oversee actual implementation of recommendations, including, when necessary, rewriting systems and procedures into simple guidelines, forms or manuals and providing training to SEFO staff, when necessary. In carrying out these activities, the General Manager will act always in conjunction with SEFO's President and continually seek the advice of SEFO's board of directors.

- a. Assistance in Strengthening SEFO as an organization:
To assist SEFO carry out its mandate more effectively, the following areas are to be examined and changes implemented when necessary:

SEFO's organizational structure and position descriptions to ensure that lines of authority and areas of responsibilities are clearly delineated and understood by all members of the organization. In cases where non-essential personnel are identified, VITA shall assist SEFO in formulating and implementing a plan to retrench these personnel.

SEFO's financial management, bookkeeping, accounting and reporting systems. Adequate controls shall be streamlined and established where necessary.

SEFO's financial and capital structure to ensure that capital is not further depleted.

- b. Assistance in Strengthening Delivery of SEFO's Services: SEFO provides two major services to SMEs--(i) financial assistance in the form of credit and (ii) technical and business management assistance.

(i) Credit policies and program--

Review and "fine-tune" credit policies regarding interest rate determination, criteria for eligible borrowers, criteria for eligible loans, amortization schedule, collateral requirements, guarantees, fees, etc.

Streamline loan process and procedures from loan application and loan review to loan approval.

Institute a better system of loan collection and loan follow-up.

Improve the Management Information Systems (MIS) for loan portfolio monitoring and analysis.

(ii) Technical Business Assistance--In reviewing SEFO's technical/management business assistance, the business manager will:

Review and improve the technical and business management assistance that is being provided prior to loan approval or during the review process. Review (and rewrite, when necessary) guidelines, forms and or manuals on specific technical and business management assistance, such as assistance in basic pre-loan analysis and marketing planning.

Review technical and business management assistance that is being provided once the loan is approved. Improve guidelines, forms or manuals on specific topics, such as assistance in basic management systems, basic business skills, and marketing plan.

- c. Other Assistance to SEFO: Additional technical assistance to be provided by the business manager and one VITA short-term consultant include, but are not limited, to the following:

Locate and do a survey of existing SMEs, identify their financial, technical and business management

needs and target these SMEs for SEFO assistance.

Develop potential client profile, in terms of existing enterprises, evidence of successful operations, growth potential, ownership and full-time operation by a Liberian.

Improve the Management Information System of SEFO. The manuals, guidelines, and other written materials to be reviewed and improved, include but are not limited to the following:

--for internal use of SEFO:

- (a) Financial Management, Bookkeeping, Accounting and Reporting;
- (b) SEFO Credit Policies and Program;
- (c) Inventory of SMEs in Monrovia;

--for use of SEFO clients:

- (a) How to do simple Project Feasibility
- (b) How to do a Simple Marketing Plan
- (c) How to improve Your Basic Business Skills

2. Increasing Capital Resources

The program has provided a \$500,000 grant to augment SEFO's equity. Under this revised Program, VITA is authorized to sub-grant a further \$250,000 for equity capital to be provided to SEFO if all systems and procedures recommended by VITA are in place and being utilized. The timing and condition will be set forth in a memorandum of understanding between VITA and USAID after VITA long-term TA has finished doing the initial assessment and review.

ANNEX B
SEFO ARTICLES OF INCORPORATION

ARTICLES OF INCORPORATION
OF
SMALL ENTERPRISES FINANCING ORGANIZATION (SEFO)

We, the undersigned, in order to form a corporation for the purpose hereinafter stated, and pursuant to the provisions of the Association Laws of the Republic of Liberia, do hereby make, subscribe, acknowledge and file in the Office of the Minister of Foreign Affairs of the Republic of Liberia, these Articles of Incorporation as follows:

N A M E

1. The name of the Corporation is "SMALL ENTERPRISES FINANCING ORGANIZATION (SEFO), INC."

DURATION

2. The duration of the Corporation shall be perpetual.

PURPOSE

3. The Corporation shall be a Credit Institution as said term is defined in the Financial Institutions Act of 1974 of the Republic of Liberia (Part 1, Section 2 (d), and as such its Purpose shall be to provide assistance in respect of the establishment, expansion, improvement and revitalization of exclusively small scale productive enterprises in Liberia, such enterprises:

- i) to operate in the following sectors: industry (including the service and the agro-industries); transport; retail business; handicraft production;
- ii) to be fully owned by private persons, possessing the Liberian nationality and residing in Liberia;
- iii) to be managed on a full time basis by at least one of the owners thereof.

It is being understood that in no circumstances the Corporation shall acquire and/or operate any business or undertake any activity for its own satisfaction or profit.

P O W E R S

4. For the furtherance of the Purpose set out in the preceding article the Corporation shall have the following powers:
 - 1) to identify and to assist in the evaluation, setting up and carrying out of projects of the enterprises mentioned in article 3 hereinbefore or of the owners or sponsors thereof;

- ii) to acquire in whole or in part the equity of the enterprises mentioned in article 3 hereinbefore;
- iii) to acquire and to improve land and premises thereon, including the making of infrastructure, and to subsequently sell or lease such land and/or premises to the enterprises mentioned in article 3 hereinbefore or to the owners or sponsors thereof to provide same with accommodation for the carrying out of their business activity;
- iv) to acquire and subsequently lease or sell to enterprises mentioned in article 3 hereinbefore or to the owners or sponsors thereof machinery, equipment, materials, parts or components required by and directly related to the nature of this business activity;
- v) to make loans, but not grants, to the enterprises mentioned in article 3 hereinbefore or to the owners or sponsors thereof, in order to enable these to set up, acquire, expand, or improve business ventures, premises, machinery, equipment stocks, fixtures or fittings within the scope of their business activity, and to take and hold real or personal property as security for the payment of such loans;
- vi) to issue guarantees for accounts of the enterprises mentioned in article 3 hereinbefore or of the owners or sponsors thereof for the purpose of the securing of suppliers credits required by and directly related to the nature of their business activity;
- vii) to sue and be sued in all courts of competent jurisdiction in the Republic of Liberia and to participate in actions and proceedings, whether judicial, administrative, arbitratve or otherwise, in like cases as natural persons;
- viii) to have a corporate seal, and to alter such seal at pleasure, and to use it by causing it or a facsimile to be affixed or impressed or reproduce in any other manner;
- ix) to acquire, administer, control, maintain, and operate any premises, as well as the fittings, machinery, equipment, fixtures and stocks included therein or necessary to be used by it or for the administration and management and provision of its assistance as set out in article 3 hereinbefore and in this article;

<u>NAME</u>	<u>ADDRESS</u>
Richard Morris	P. O. Box 2152 Broad Street, Monrovia, Liberia
David K. Vinton	P. O. Box 947 Monrovia, Liberia
George Butler	Yekpa, Nimba County Liberia
Charles T. O. King, III	P. O. Box 3155 Broad Street Monrovia, Liberia
J. van der Schaft	c/o FMO Postbus 85899 2500 CN Den Haag Holland
Det Tuan Wleh Mason	Ashmun Street Monrovia, Liberia
Marcus Bowman	Vest Point Monrovia, Liberia

EFFECTIVE DATE OF EXISTENCE

9. The Corporate existence shall begin upon filing this Certificate of Incorporation with the Minister of Foreign Affairs as of this filing date stated on this Certificate.

IN WITNESS WHEREOF, We have made, subscribed and acknowledged this instrument this 26th day of August, A.D. 1981.

WITNESSES:

[Signature]

THE LIBERIAN BANK FOR DEVELOPMENT & INVESTMENT - LBDI

By: [Signature]
David K. Vinton
PRESIDENT

[Signature]

PARTNERSHIP FOR PRODUCTIVITY

By: [Signature]
George Butler
GENERAL MANAGER

[Signature]

LIBERIA FINANCE & TRUST CORPORATION

By: [Signature]
Charles T. O. KING, III
PRESIDENT

\$12.00 Revenue stamp affixed on Original.

- x) to elect or appoint officers, employees and other agents of the Corporation, define their duties, fix their compensation of directors, and to indemnify corporate personnel;
- xi) to adopt, amend or repeal by-laws relating to the businesses of the Corporation the conduct of its affairs, its rights or powers or the rights or powers of its shareholders, directors or officers;
- xii) to have and exercise all powers which may be exercised by corporations under the laws of Liberia, which are directly related to the purpose for which the corporation is formed and necessary to effect its purposes;

D O M I C I L E

The registration address of the Corporation in Liberia shall be SEIC, Monrovia, Liberia and the registered agent shall be the Chief Executive Officer or Managing Director.

S H A R E C A P I T A L

The aggregate number of shares of stock which the Corporation is authorized to issue shall be 100,000 (ONE HUNDRED THOUSAND) registered shares of common stock with par value of \$10.00 (TEN DOLLARS) each, all of which shall be issued in the names of the owners thereof.

I N C O R P O R A T O R S

7. The name and address of each Incorporator of the Corporation and the number of shares of stock subscribed for by each of them are as follows:

<u>NAME</u>	<u>ADDRESS</u>	<u>SHARES</u>
The Liberian Bank for Development & Investment	P. O. Box 847 Monrovia, Liberia	(20,000) Twenty Thous.
Liberia Finance & Trust Corporation	P. O. Box 3155 Broad Street Monrovia, Liberia	(10,000) Ten Thousand
Partnership for Productivity	Yekapa, Nimba County, Liberia	(10,000) Ten Thousand

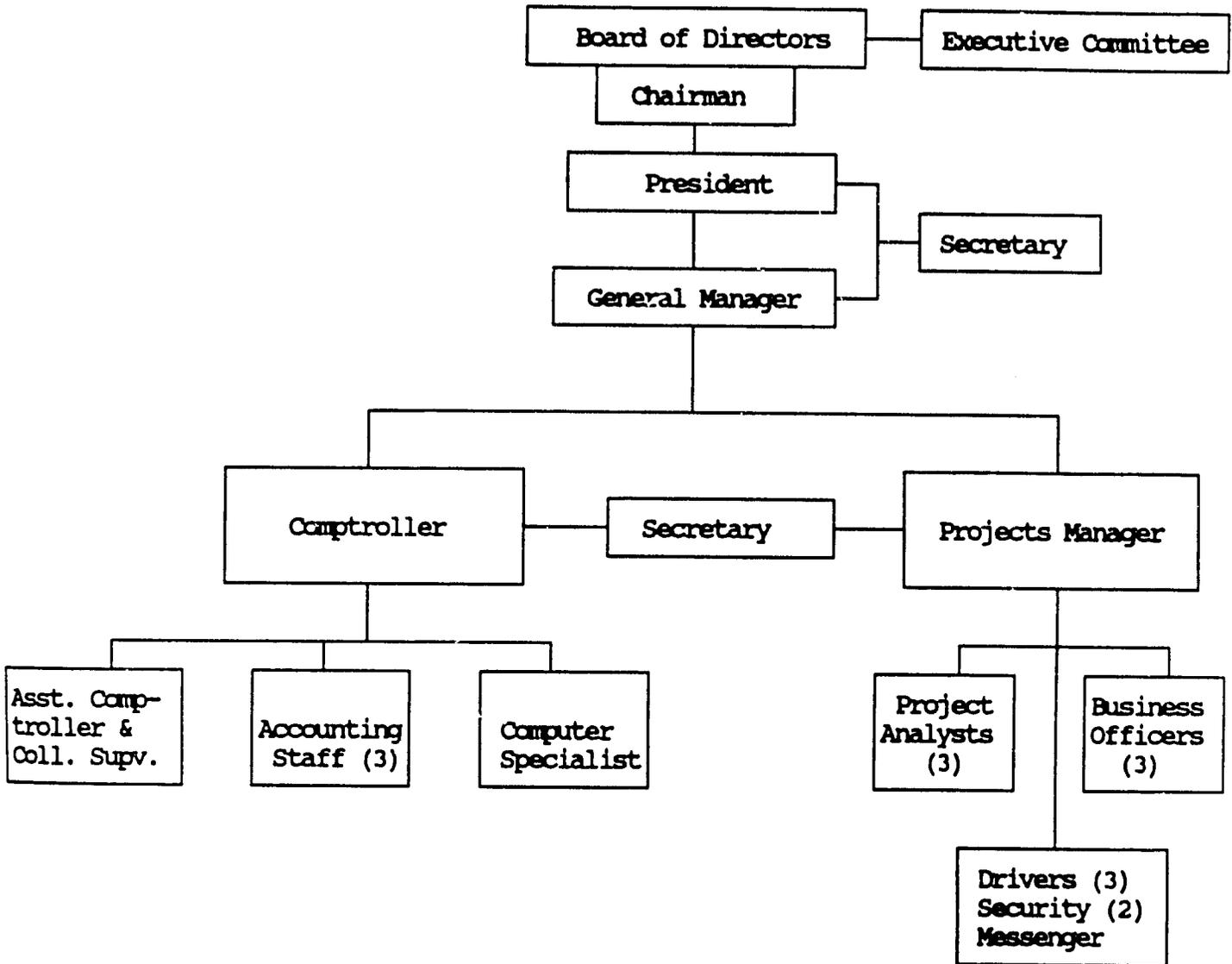
D I R E C T O R S

8. The number of Directors constituting the Board shall not be less than seven (7) who need not be shareholders of the Corporation, nor citizens or residents of the Republic of Liberia. The names and addresses of the first Board of Directors who are to hold office for a period of one (1) year until their successors are elected are as follows:

ANNEX C

SEFO Organizational Chart

Small Enterprise Financing Organization



ANNEX D

**SEFO BALANCE SHEETS AND PROFIT AND LOSS
STATEMENTS 1985-88**

Note: The 1985, 1986, and 1987 statements were prepared by Coopers & Lybrand. The January-April 1988 data was provided by SEFO management, and is not audited.

SMALL ENTERPRISES FINANCING ORGANISATION
BALANCE SHEETS - DECEMBER 31, 1986 AND 1985

	1986 L\$	1985 L\$
ASSETS		
Current assets		
Cash and bank balances on current account	51,265	145,796
Interest-bearing deposits with banks	312,441	335,174
Current maturities of loans	931,693	725,574
Less - Provision for possible losses	(177,240)	(124,998)
	<u>754,453</u>	<u>600,576</u>
Accrued income	173,695	93,029
Miscellaneous debits	49,448	79,833
Total Current Assets	<u>1,341,302</u>	<u>1,254,408</u>
Loans net of current maturities	314,282	429,341
Less - Provision for possible losses	(13,500)	(33,308)
	<u>300,782</u>	<u>396,033</u>
Pre-operational expenditure, net	53,124	106,250
Equipment and leasehold improvements, net	43,905	60,877
Total Assets	<u>L\$1,739,113</u>	<u>L\$1,817,568</u>
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accrued expenses	94,013	94,649
Miscellaneous credits	12,972	4,940
Total Current Liabilities	<u>106,985</u>	<u>99,589</u>
Other liabilities	-	11,232
Long-term debt	2,096,341	1,782,115
Stockholders' equity		
Capital stock	752,601	628,601
Donated capital	500,000	500,000
Accumulated losses	(1,716,814)	(1,203,969)
Deficit in Stockholders' Equity	<u>(464,213)</u>	<u>(75,368)</u>
Total Liabilities and Stockholders' Equity	<u>L\$1,739,113</u>	<u>L\$1,817,568</u>
	=====	=====

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MULL INDUSTRIES FINANCIAL ORGANISATION
BALANCE SHEETS - ASSETS
DECEMBER 31, 1987 AND 1986

	1987 L\$	1986 L\$
ASSETS		
Current assets		
Cash and bank balances on current account	53,913	51,265
Deposits with banks	239,832	312,441
Current maturities of loans	1,022,771	931,693
Less - Reserve for loan losses	(219,000)	(177,240)
	803,771	754,453
Accrued income	197,231	173,695
Miscellaneous debits	73,231	49,448
Total Current Assets	1,367,978	1,341,302
Long-term portion of loans	311,320	314,282
Less - Reserve for loan losses	(11,526)	(13,500)
	299,794	300,782
Pre-operational expenditure, net	-	53,124
Equipment and leasehold improvements		
Cost	99,704	124,412
Less: Accumulated depreciation	(71,014)	(80,507)
	28,690	43,905
Total Assets	L\$1,696,462	L\$1,739,113

SMALL ENTERPRISES FINANCING ORGANISATION
BALANCE SHEETS LIABILITIES AND STOCKHOLDERS' EQUITY
DECEMBER 31, 1987 AND 1986

	1987 L\$	1986 L\$
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accrued expenses	125,282	94,013
Miscellaneous credits	10,814	12,972
Current portion of long-term debt	28,208	-
Total Current Liabilities	<u>164,304</u>	<u>106,985</u>
Long-term debt	<u>2,511,208</u>	<u>2,096,341</u>
Total Liabilities	<u>2,675,512</u>	<u>2,203,326</u>
Stockholders' equity		
Capital stock	752,601	752,601
Donated capital	500,000	500,000
Accumulated losses	(2,231,651)	(1,716,814)
Deficit in Stockholders' Equity	<u>(979,050)</u>	<u>(464,213)</u>
Total Liabilities and Stockholders' Equity	<u>L\$1,696,462</u>	<u>L\$1,739,113</u>

STATE BALANCE SHEET
 AT APRIL 30, 1968

Cash	\$139,376.95	
Petty Cash Fund	220.50	
Temporary Investment	119,960.59	
Advances Receivables	40,735.04	
Accrued Income	205,862.48	
LESS Allowance for Loss	(32,628.84)	
	203,233.64	
Prepaid Expenses	8,744.19	
Portfolio Investment	1,085,528.45	
LESS Allowance for Loss	(226,679.00)	
	858,849.45	
FIXED		\$1,370,120.36
Portfolio Investment	340,922.00	
LESS Allowance for Loss	(11,930.00)	
	328,992.00	
Furniture & Fixtures	38,884.86	
Machine and Equipment	33,854.52	
Mobil Equipment	8,509.43	
Leasehold Improvements	18,720.00	
(Accumulated Depreciation)	(76,483.99)	
	\$23,484.82	
Organizational Cost	265,624.00	
(Accumulated Amortization)	(265,624.00)	
	0.00	
Total Assets	352,476.82	
LIABILITIES		\$1,722,597.18
CURRENT		151,118.66
Accounts Payable	15,531.27	
Accrued Expenses	135,587.39	
	151,118.66	
LONG TERM		2,591,985.73
Long Term Loans	2,585,745.42	
Other Liabilities	6,240.31	
	2,591,985.73	
STOCKHOLDERS' EQUITY		(1,020,507.21)
Capital Stock	764,601.00	
Reserve Capital	500,000.00	
Accumulated Losses	(2,285,108.21)	
	(1,020,507.21)	
	\$1,722,597.18	<i>H6</i>

SMALL ENTERPRISES FINANCING ORGANISATION
STATEMENTS OF INCOME AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1986 AND 1985

	1986 L\$	1985 L\$
INCOME		
Income from loans		
Loan interest	161,940	193,455
Project investigation and commitment fees	4,081	5,228
Penalty charges	18,659	19,056
Interest on deposits with banks	19,102	13,476
Other income	2,630	-
	<u>206,412</u>	<u>231,215</u>
EXPENSES		
Interest and other charges on long-term debt	81,900	96,675
Compensation - officers and employees	208,255	271,873
Professional fees	13,798	12,161
Travel	18,831	25,291
Depreciation and amortisation	70,828	75,562
Accommodation	13,226	22,542
Currency translation loss (unrealised)	262,075	192,749
Other expenses	90,224	50,227
	<u>759,137</u>	<u>747,080</u>
Operating loss before provision for possible loan losses	(552,725)	(515,865)
Provision for possible loan losses	(14,921)	(26,286)
	<u>(567,646)</u>	<u>(542,151)</u>
Grant from Government of Liberia	18,860	82,150
FINO technical assistance grant	-	58,322
	<u>18,860</u>	<u>140,472</u>
NET LOSS FOR THE YEAR BEFORE EXTRAORDINARY ITEM	(548,786)	(401,679)
EXTRAORDINARY ITEM	35,941	-
	<u>(512,845)</u>	<u>(401,679)</u>
NET LOSS FOR THE YEAR AFTER EXTRAORDINARY ITEM	(512,845)	(401,679)
ACCUMULATED LOSSES BROUGHT FORWARD	(1,203,969)	(802,290)
	<u>(1,716,814)</u>	<u>(1,203,969)</u>
ACCUMULATED LOSSES CARRIED FORWARD	(1,716,814)	(1,203,969)
	=====	=====

SMALL ENTERPRISES FINANCING ORGANISATION
STATEMENTS OF INCOME AND EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1987 AND 1986

STATEMENT	1987 L\$	1986 L\$
Income from loans		
Loan interest	155,311	161,940
Project investment obligation and commitment fees	7,296	4,081
Penalty charge	18,334	18,659
Interest on deposits with banks	14,679	19,102
Other income	13,455	2,630
	-----	-----
Gross Income	209,075	206,412
	-----	-----
EXPENSES		
Interest and other charges on long-term debt	94,000	81,900
Compensation of officers and employees	210,901	208,255
Depreciation and amortisation	69,528	70,828
Currency translation loss (unrealised)	289,231	262,075
Other expenses	125,056	136,079
	-----	-----
Total Expenses	788,716	759,137
	-----	-----
Operating loss before provision for loan losses	(579,641)	(552,725)
Provision for loan losses	(33,503)	(14,921)
	-----	-----
	(613,144)	(567,646)
GRANT FROM UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT	98,307	-
GRANT FROM GOVERNMENT OF LIBERIA	-	18,860
	-----	-----
NET LOSS FOR THE YEAR BEFORE EXTRAORDINARY ITEM	(514,837)	(548,786)
EXTRAORDINARY ITEM	-	35,941
	-----	-----
NET LOSS FOR THE YEAR AFTER EXTRAORDINARY ITEM	(514,837)	(512,845)
ACCUMULATED LOSSES BROUGHT FORWARD	(1,716,814)	(1,203,969)
	-----	-----
ACCUMULATED LOSSES CARRIED FORWARD	L\$(2,231,651)	L\$(1,716,814)
	=====	=====

SEFU INCOME STATEMENT
 JAN. 1 - APR. 30, 1988

GROSS INCOME

	APRIL 1988	JAN. 1 - APR. 30 1 9 8 7	JAN. 1 - APR. 30 1 9 8 8
Interest Income (Performing Ln.)	\$8,401.03	\$40,746.27	\$46,418.95
Interest Inc. (Non-Performing Ln.)	1,849.25	0.00	1,849.25
Penalty Interest (Performing Ln.)	1,103.91	5,543.97	4,233.71
Penalty Int. (Non-Performing Ln.)	252.12	0.00	252.12
Commitment Fees	0.00	0.00	18.44
Interest Income (Temp. Investmt)	803.34	5,054.52	3,138.85
Project Investigation Fees	835.00	2,193.00	3,070.00
Miscellaneous Income	13.00	2,297.65	46.00
MBDF Processing Fees	0.00	1,430.00	500.00
TOTAL GROSS INCOME	13,257.65	57,265.41	59,527.32

OPERATING EXPENSES:

Staff Compensation/Benefits	12,885.55	75,033.32	61,026.40
Professional Services	912.08	7,030.32	3,821.67
Utilities	2,695.00	2,738.28	4,492.08
Communications	(1,522.35)	1,608.70	1,419.98
Repairs and Maintenance	1,022.48	4,497.30	7,848.24
Travel and Per Diem	235.35	1,563.84	1,509.64
Office Stationery	1,914.52	2,233.22	4,769.44
Gasoline Expenses	1,739.00	5,927.55	6,516.05
Advertising and Promotion	0.00	75.00	100.00
Rental Expense	1,333.34	8,249.11	5,333.37
Business Registration/License	362.25	1,580.75	1,949.75
Insurance Expense	325.00	832.65	1,054.32
Miscellaneous Expense	1,156.67	1,967.11	1,743.95
P V O Expense Support	(2,422.91)	(40,145.97)	(24,742.88)
Sub-Total	20,635.98	73,191.18	76,842.01
Depreciation	1,367.54	5,746.86	5,470.16
Pre-Operating Expense	0.00	17,703.82	0.00
Interest Expenses	7,639.75	26,576.86	30,559.25
Total Expenses	29,643.27	123,218.72	112,871.42
Fed. Grant	0.00	0.00	0.00
Net Income/(LOSS)	(16,385.62)	(65,953.31)	(53,344.10)

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ANNEX E
SEFO FINANCIAL FORECASTS, 1988-92

SEFO BALANCE SHEET FORECASTS 1988-92

ON CONSERVATIVE ASSUMPTIONS

ASSETS	A.		(B)		(A)		(B)		(A)		(B)	
	12-31-88		12-31-89		12-31-90		12-31-91		12-31-92		12-31-92	
CURRENT												
Cash and Fed. Invest. (N-14)		353		478		341		252				
Accrued Income	199		205		236		280		359		1272	
Allowance for Loss	(43)		(165)		(166)		(176)		(186)			
Portfolio Investment (N-16)	467	156	499	40	493	70	499	104	522		173	
Allowance for Loss (N-15)	(215)		(485)		(490)		(495)		(500)			
Other Current Assets		252		14		3		6			22	
		10		32		10		6			3	
TOTAL CURRENT ASSETS		771		564		424		366				(174)
FIXED												
Portfolio Investment (N-16)		995		1,059		1,046		917			1,109	
Furniture/Mech./Equip.	109		145		145		145		145			
Residence Improvement	19		19		19		19		19			
Depreciation/Amortization	(18)		(23)		(26)		(38)		(55)			
Organizational Cost:		110		141		138		126			10	
Accumulated Amortization	265		265		265		265		265			
	(265)		(265)		(265)		(265)		(265)			
		0		0		0		0			0	
TOTAL ASSETS		1,876		1,764		1,608		1,409			1,144	
LIABILITIES & EQUITY												
CURRENT												
Accrued Expenses		33		24		13		23			53	
Accounts Payable/ Other		26		29		16		18			44	
LONG TERM												
Long Term Loans (N-17)	2,450		2,429		2,281		1,989		1,631			
Others	5		0		0		0		0			
		2455		2429		2281		1989			1631	
TOTAL LIABILITIES		2514		2482		2308		2030			1728	
EQUITY												
Capital Stock (N-18)	777		927		927		927		927			
Donated Capital (N-19)	625		750		750		750		750			
Accumulated Loss (N-20)	(2,040)		(2,395)		(2,377)		(2,298)		(2,261)			
		(638)		(718)		(700)		(621)			584	
TOTAL LIABILITIES AND EQUITY		1,876		1,764		1,608		1,409			1,144	

SEFO BALANCE SHEET FORECASTS 1988-92
ON OPTIMISTIC ASSUMPTIONS

		(SCENARIO II)									
		(A)		(B)		(A)		(B)		(A)	
		12-31-88		12-31-89		12-31-90		12-31-91		12-31-92	
ASSETS											
CURRENT											
Cash and Temp. Invest. (M-14)			419		705		1,210		1,211		1,211
Accrued Income	199			205		236		200			159
Allowance for Loss	(43)			(165)		(166)		(167)			(186)
Portfolio Investment (M-16)		156			40		70		113		
(Allowance for Loss (M-15))	467			499		812		774			857
	(215)			(485)		(490)		(495)			(500)
Other Current Assets		252			14		322		279		
		10			48		10		10		
TOTAL CURRENT ASSETS		837		907		1,612		1,613			1,517
FIXED											
Portfolio Investment (M-16)		995		1,059		977		1,142			1,224
Furniture/Rech./equip.	109			109		145		145			145
Leasehold Improvement	19			19		19		19			19
Depreciation/ Amortization	(18)			(119)		(26)		(38)			(56)
Organizational Cost:		110		109		138		126			108
Accumulated Amortization	265			265		265		265			265
	(265)			(265)		(265)		(265)			(265)
TOTAL ASSETS		1,942		1,975		2,727		2,881			2,919
LIABILITIES & EQUITY											
CURRENT											
Accrued Expenses		43		3		23		45			58
Accounts Payable/ Other		31		4		24		29			42
LONG TERM											
Long Term Loans (M-17)	2,450		2,429		2,281		1,989		1,631		
Others	5		0		0		0		0		
TOTAL LIABILITIES		2,455		2,429		2,281		1,989			1,631
EQUITY		2,529		2,436		2,328		2,063			1,731
Capital Stock (M-18)	777		727		927		927		927		
Donated Capital (M-19)	625		750		1,250		1,250		1,250		
Accumulated Loss (M-20)	(1,997)		(2,138)		(1,778)		(1,359)		(989)		
TOTAL LIABILITIES AND EQUITY		1,942		1,975		2,727		2,881			2,919

SEFO PROFIT & LOSS FORECASTS 1988-92
ON CONSERVATIVE ASSUMPTIONS

GROSS INCOME		1988	1989	1990	1991	1992	5 YEARS TOTALS
Project Investigation Fees	(N-2)	6	6	7	7	9	35
Penalty Interest	(N-11)	10	8	8	9	9	44
Commitment Fees		- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Interest Income on Loans	(N-1)	189	292	212	294	277	1,264
Interest Income Temp. Investment	(N-13)	16	18	18	13	0	65
Sub-Total		221	324	245	323	295	1,406
Other Inc. Generating Activity	(N-4)	90	55	0	0	0	145
Miscellaneous Income		6	47	47	48	48	196
Sub-Total		96	102	47	48	48	341
TOTAL GROSS INCOME		317	426	292	371	343	1,749
LESS OPERATING EXPENSES:							
Administration and Others		229	276	393	408	423	1,729
Financial Charges	(N-7)	91	95	89	91	90	456
Depreciation/Amortization		67	18	20	20	21	146
Total Expenses		387	389	502	519	534	2,331
Gross Income LESS Oper. Expenses		(70)	37	(210)	(148)	(191)	(582)
GOL Grant		- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Net Income (LOSS before Loss Prov.)		(70)	37	(210)	(148)	(191)	(582)
Provision for Loss (N-15)		(20)	(392)	(6)	(6)	(6)	430
Net Income/(LOSS) (after Loss Provision)		(90)	(355)	(216)	(154)	(197)	(1,012)

SEFO BALANCE SHEET FORECASTS 1988-92
ON OPTIMISTIC ASSUMPTIONS

	1988	1989	1990	1991	1992	5 YEARS TOTALS
GROSS INCOME						
Project Investigation Fees (N-2)	6	6	7	7	9	35
Penalty Interest (N-11)	10	7	8	9	9	43
Consistent Fees	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Interest Income on Loans (N-1)	189	292	212	294	277	1,264
Interest Income Long. Investment (N-13)	17	25	42	53	48	185
Sub-Total	222	330	269	363	343	1,527
Other Inc. Generating Activity (N-4)	40	155	218	200	185	598
Miscellaneous Income	6	47	47	48	48	196
TOTAL GROSS INCOME	318	532	534	611	576	2,571
LESS OPERATING EXPENSES:						
Administration and Others	129	276	393	408	423	1,729
Financial Charges (N-7)	91	95	89	91	90	456
Depreciation/Amortization	67	18	20	20	21	146
Total Expenses	387	389	502	519	534	2,331
Gross Income LESS Oper. Expenses	(69)	143	32	92	42	240
SOL Grant	50	100	100	100	100	450
Net Income (LOSS) before Loss Prov. Provision for Loss (N-15)	(19)	243	132	192	142	590
	(20)	(392)	(6)	(6)	(6)	(430)
Net Income/(LOSS) (after Loss Provision)	(39)	(149)	126	186	136	160

ANNEX F

**SEFO FINANCIAL FORECASTS BASED ON
RECAPITALIZATION BUDGET, 1988-92**

EF O 1988-1992 PROFIT AND LOSS STATEMENTS
(0,000)

RECAPITALIZATION BUDGET APRIL 22, 1988

	Jan-March	April	May	June	July	August	Sept	October	November	December	Total				
											1988	1989	1990	1991	1992
GRUSS INCOME															
Project Investigation Fees	2.2	0.0	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Penalty Interest	3.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	12.9	7.0	8.0	9.0	9.0
Commitment Fees	0.0	0.0	1.5	1.7	1.5	1.5	1.5	1.5	1.5	1.5	12.3	18.0	27.0	30.0	27.5
Interest income with a 100% collection rate	64.0	21.3	23.0	23.0	24.7	25.5	26.3	26.9	27.5	27.9	292.0	393.1	492.8	581.8	686.3
Provisions for losses on interest income		0.0	(0.6)	(0.7)	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.3)	(110.7)	(120.2)	(133.5)	(148.7)	(166.9)
Real Interest Income on Loans	38.0	10.2	14.4	15.1	15.9	16.6	17.2	17.0	18.3	18.7	182.1	272.9	359.3	433.1	519.4
Interest Income Imp. Investment	2.3	0.0	0.7	0.6	0.0	0.9	1.6	2.2	1.9	1.7	13.7	14.7	9.3	8.1	8.8
Sub-total	45.7	13.2	18.5	19.3	19.2	20.0	21.4	22.5	22.7	22.9	225.3	312.7	403.6	480.3	574.7
LODF processing fees	0.5	0.0	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	10.7	13.0	14.0	16.0	17.0
Other Inc. Generating Activity	0.0	0.0	0.0	0.0	0.0	0.0	10.0	10.0	10.0	10.0	40.0	100.0	100.0	100.0	100.0
US-AID subsidy	22.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	95.0	95.0	0.0	0.0	0.0
TOTAL GROSS INCOME	68.5	21.3	27.8	28.6	28.5	29.3	40.7	41.9	42.1	42.2	371.0	520.7	517.6	596.3	691.7
LESS OPERATING EXPENSES:															
Administration and Others	70.5	20.6	23.4	23.4	23.4	23.4	23.4	23.4	23.4	23.4	286.3	311.1	325.4	339.9	355.3
Financial Charges	22.9	7.6	7.8	8.1	8.3	8.6	9.0	5.9	5.9	5.9	90.0	83.5	93.5	105.1	119.1
Depreciation/Amortization	4.1	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	16.7	18.0	20.0	20.0	21.0
Total Expenses	105.5	29.6	32.6	32.9	33.1	33.4	33.8	30.7	30.7	30.7	393.0	412.6	438.9	465.0	495.4
Net Income (LOSS before Loss Prov.)	(37.0)	(8.3)	(4.8)	(4.2)	(4.6)	(4.1)	6.9	11.2	11.4	11.6	(22.0)	108.0	78.7	131.2	196.3
Provision for Loss	4.6	7.2	6.5	7.5	8.4	7.7	7.0	6.2	5.3	4.3	64.6	91.7	65.6	75.0	90.0
Net Income/(LOSS) (after Loss Provision)	(41.6)	(15.5)	(11.3)	(11.7)	(13.0)	(11.8)	(0.1)	5.0	6.1	7.2	(86.5)	16.4	13.1	56.2	106.3
Payment dividend 2,52 preferred shares FMU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.4	13.1	14.2	12.2
Net income after dividend	(41.6)	(15.5)	(11.3)	(11.7)	(13.0)	(11.8)	(0.1)	5.0	6.1	7.2	(86.5)	0.0	0.0	42.1	94.1

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	Jan-March	April	May	June	July	August	Sept	October	November	December	Total				
											1988	1989	1990	1991	1992
CURRENT															
Cash and Temp. Invest.	210.6	259.1	212.3	220.5	228.9	232.1	293.9	615.4	592.9	577.1	539.0	361.7	268.7	214.0	177.9
Accrued Income	205.7	203.2	203.2	203.2	203.2	203.2	203.2	203.2	203.2	203.2	203.2	203.2	203.2	203.2	203.2
Portfolio Investment	1,051.0	1,085.5	1,085.5	1,085.5	1,085.5	1,085.5	1,085.5	1,085.5	1,085.5	1,085.5	1,085.5	1,085.5	1,085.5	1,085.5	1,085.5
Other Current Assets	110.1	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4	49.4
TOTAL CURRENT ASSETS	1,577.4	1,597.2	1,550.4	1,558.6	1,567.0	1,570.2	1,632.0	1,953.5	1,931.0	1,915.2	1,877.1	1,699.8	1,606.8	1,552.9	1,516.0
FIXED															
Portfolio Investment	349.9	340.9	384.3	434.1	489.9	541.3	587.7	628.9	664.1	692.9	692.9	1,303.9	1,741.4	2,241.4	2,841.4
(Allowance for Losses)	(198.0)	(238.7)	(245.2)	(252.7)	(261.1)	(268.0)	(275.7)	(281.9)	(287.2)	(291.5)	(291.5)	(383.1)	(448.8)	(525.8)	(615.8)
Furniture/Mech./Equip.	125.9	99.9	99.9	99.9	99.9	108.9	108.9	108.9	108.9	108.9	108.9	153.9	163.9	173.9	184.9
Depreciation/Amortization	(97.3)	(76.5)	(77.9)	(79.3)	(80.7)	(82.1)	(83.5)	(84.9)	(86.3)	(87.7)	(87.7)	(105.7)	(125.7)	(145.7)	(166.7)
TOTAL ASSETS	1,777.1	1,722.8	1,711.5	1,760.6	1,815.0	1,869.5	1,969.4	2,324.4	2,330.6	2,337.8	2,299.7	2,668.7	2,937.7	3,298.7	3,761.9
LIABILITIES & EQUITY															
CURRENT															
Accrued Expenses	130.6	135.6	135.6	135.6	135.6	135.6	135.6	135.6	135.6	135.6	135.6	135.6	135.6	135.6	135.6
Accounts Payable/Other	19.4	15.5	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4	19.4
LONG TERM															
Long Term Loans	2,534.1	2,534.1	2,534.1	2,595.0	2,662.3	2,728.6	2,828.6	1,328.7	1,328.7	1,328.7	1,328.7	1,628.7	1,828.7	2,078.7	2,378.7
FNB	1,499.9	1,499.9	1,499.9	1,499.9	1,499.9	1,499.9	1,499.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MWFO	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
New funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	250.0	550.0
MFL/IDA	934.3	934.3	934.3	995.1	1,062.4	1,128.7	1,128.7	1,128.7	1,128.7	1,128.7	1,128.7	1,428.7	1,628.7	1,628.7	1,628.7
ACBO	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL LIABILITIES	2,684.1	2,685.2	2,689.1	2,750.0	2,817.3	2,883.5	2,983.5	1,483.7	1,483.7	1,483.7	1,483.7	1,783.7	1,983.7	2,233.7	2,533.7
EQUITY															
Capital Stock	1,264.6	1,264.6	1,264.6	1,264.6	1,264.6	1,264.6	1,264.6	2,424.6	2,424.6	2,424.6	2,424.6	2,493.6	2,562.6	2,631.6	2,700.6
USGIB (Donations)	500.0	500.0	500.0	500.0	500.0	500.0	500.0	750.0	750.0	750.0	750.0	900.0	1,050.0	1,200.0	1,350.0
LBOI	255.0	255.0	255.0	255.0	255.0	255.0	255.0	355.0	355.0	355.0	355.0	355.0	355.0	355.0	355.0
MWFO	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0
FNB	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0	250.0
Non-voting preferent shares FNB redeemable in 10 years	-	-	-	-	-	-	-	810.0	810.0	810.0	810.0	810.0	729.0	648.0	567.0
LFIC	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
ALUB	154.0	154.0	154.0	154.0	154.0	154.0	154.0	154.0	154.0	154.0	154.0	154.0	154.0	154.0	154.0
MFL	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6	13.6
Accumulated Loss	(2,171.6)	(2,187.1)	(2,198.3)	(2,210.0)	(2,223.0)	(2,234.6)	(2,234.8)	(1,539.9)	(1,533.8)	(1,526.6)	(1,526.6)	(1,526.6)	(1,526.6)	(1,484.5)	(1,390.4)
Net worth capital	(907.0)	(922.5)	(933.7)	(945.4)	(958.4)	(970.2)	(970.3)	884.7	890.8	898.0	898.0	967.0	1,036.0	1,147.1	1,310.5
TOTAL LIABILITIES AND EQUITY	1,777.1	1,762.8	1,755.4	1,804.5	1,858.9	1,913.3	2,013.3	2,368.3	2,374.4	2,381.7	2,381.7	2,750.7	3,019.7	3,280.7	3,641.9

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ANNEX G

**Estimates of Division of SEFO's Operating Costs Between Banking
Costs and Technical Assistance Costs**

SEFO management gave us the following estimates of the percent of time in the following work areas devoted to providing technical assistance and to banking operations.

<u>Work Areas</u>	<u>Technical Assistance</u>	<u>Banking Operations</u>
Interview and analytical work	80 %	20 %
Loan supervision	80	20
Loan collection	80	20
Loan reporting	50	50
Accounting	40	60

Management also gave us a similar breakdown based on the approved 1988 operational budget, as follows:

<u>Budget Item</u>	<u>1988 Approved</u>	<u>% Devoted to Technical Assistance</u>	<u>Amount Devoted to Technical Assistance</u>
	\$		
Staff Compensation	200,927	60	120,556
Rent	16,000	50	8,000
Utilities	16,000	50	8,000
Gasoline/Oil	18,200	80	14,560
Stationery/Supplies	7,000	50	3,500
Repairs/Maintenance	16,500	80	13,200
Vehicle Insurance	3,100	80	2,480
Advertising	1,000	50	500
Business Registration	5,500	50	2,750
Local Travel	4,000	80	3,200
Telephone/Telex/Mail	2,400	50	1,200
Professional Services	15,000	50	7,500
Misc. Contingency	<u>10,000</u>	50	<u>5,000</u>
sub total operations	315,627		190,446
Furniture/Equipment	3,000	50	1,500
Training	<u>8,000</u>	50	<u>4,000</u>
Total Budget	326,627		195,946

On the basis of the above estimates we conclude that SEFO devotes more time and resources to technical assistance than to banking operations. The share can be estimated at about 60 to 70 percent for technical assistance.

ANNEX H

**Estimates of the Percent of SEFO's
Banking Costs Covered by Income**

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>Jan-April 1988</u>
Gross Operating Income (L\$)	231,215	206,412	209,075	59,527
Of which Interest Income	193,455	161,940	155,311	52,754
Operating Expenses	747,080	759,137	788,716	112,871
Operating Loss	(515,865)	(552,725)	(579,641)	(53,344)
% of Operating Expenses Covered by Interest Income	25.9%	21.3	19.7	46.7
% of Operating Expenses Covered by Gross Operating Income	30.9	27.2	26.5	52.7

Assume that Banking Costs
Are the Following % of
Operating Expenses:

40 %	298,832	303,655	315,486	45,148
33 1/3 %	249,024	253,020	262,903	37,623
30%	224,024	227,741	236,615	33,861

Then % of Banking Costs
Covered by Interest
Income at:

40 %	64.7%	53.3	49.2	116.8
33 1/3 %	77.7	64.0	59.1	140.2
30%	86.3	71.1	65.6	155.8

Then % of Banking Costs
Covered by Group
Operating Income at:

40 %	77.4%	68.0	66.3	131.8
33 1/3 %	92.8	81.6	79.5	158.2
30%	103.2	90.7	88.4	175.8

ANNEX I

SEFO's Appraisal and Approval Process

Current loan appraisal and approval procedures involve up to five interviews with the prospective client (including a site visit and an meeting with the President), the preparation of four documents (each leading to the next), extensive supporting documents, and a average total processing time of between 4-6 weeks. Loans that are approved involve the following:

- (1) Preliminary Application Form (completed by the prospective borrower)
- (2) Investigation Report (prepared by SEFO a Project Analyst or Business Officer following a site visit)
- (3) Pre-Screening Report (prepared by the Projects Manager in collaboration with the Project Analyst/Business Officer and based on the Application Form and Investigation Form). Contents:
 - ▶ prospective borrower's qualifications and experience
 - ▶ loan amount requested; use of funds
 - ▶ previous borrowing history, if any
 - ▶ for existing business, up to 3 years operating results (sales, expenses, net income)
 - ▶ potential benefits if the loan is granted (e.g. additional projected sales and income)
 - ▶ debt to equity ratio
 - ▶ existing assets
 - ▶ personnel references, suppliers, bank

(The Pre-screening report is submitted to the President for permission to proceed with the Appraisal Report)

- (4) Appraisal Report (prepared by the Project Analyst/-Business Officer and the prospective borrower; reviewed by the Projects Manager and General Manager). Contents:
 - ▶ financial presentation (expense trends for up to 3 years; project costs and means of financing, sources for repayment, amortization schedules)
 - ▶ collateral to be provided, including life insurance

- ▶ market survey
- ▶ production projections
- ▶ biographical and professional experience summaries
- ▶ credit and personal reference checks
- ▶ proforma invoices of items to be purchased with loan funds, if any.

(The Appraisal Report is sent to the President for his review and either approval or rejection. If the loan amount is above the President's \$10,000 approval authority and he sponsors it, the loan is submitted to the SEFO Board for its action.)

ANNEX J
Histories of Four SEFO Loans

1. TUCKER POULTRY FARM is a 5-year old joint proprietorship of Mrs. Phoebe Tucker, a 52-year old housewife with five years experience in the poultry business, and her husband, who is not active. It is housed in several buildings adjacent to the Tucker's residence located in the Logan Town section of Monrovia. In the early 1980's, Mrs. Tucker saw the potential in raising chickens for sale to local Monrovia supermarkets and, after teaching herself about the poultry business by reading books and attending lectures on the subject, she established the proprietorship with a modest amount of money provided from personal resources.

SEFO has provided financing on two occasions. In October 1984, a \$14,228 term loan at 22% interest was made to increase working capital; specifically, to purchase 1800 day-old chicks, 90 bags of chicken feed, plastic chicken "drinkers" and medicines, as well as to pay miscellaneous expenses including utilities, transportation, and a life insurance premium. Repayment in the form of 21 monthly installments from profits resulting from increased sales were made as agreed, with the final payment received in September 1986. In August 1987, a \$11,700 term loan at 27% interest, including a 2% service charge, was sanctioned but only \$11,600 was actually borrowed, again, to increase working capital; specifically to purchase chicks, feed and medicines. Twelve monthly installments of principal and interest are being made as agreed from income generated by sales to both supermarkets and three wholesalers which serve Monrovia restaurants and bars.

As collateral for both loans Mr. and Mrs. Tucker have provided a chattel mortgage on all business assets valued at \$14,150, a first mortgage on the Tucker residence and adjacent building complex appraised at \$142,000, and life insurance assigned to SEFO in the amount of \$110,000 on the life of Phoebe Tucker.

The SEFO Appraisal Report includes background information on Mrs. Tucker, exhibits as to sources and application of funds, and two year financial projections regarding operating results and cash flow. Site visit reports reveal that for the current 12 month period both actual sales and operating income are running ahead of projections:

(For the year 6/87-6/88)	<u>Projected</u>	<u>Actual</u>
Average Sales, per six week growing cycle	\$L 3,897	\$L 4,800
Annualized Sales	25,334	31,200
Average Operating Income, per six week growing cycle	484	700
Annualized Operating Income	\$L 3,145	\$L 4,550

Comments: During the consultant's site visit, Mrs. Tucker, while commenting on the extensive loan approval process that is involved in obtaining a SEFO loan, was entirely supportive of it: "they have to know your situation; they have to know you are responsible." She felt the monthly site visits by SEFO program staff were useful because she used them as occasions for discussing problems and for keeping SEFO informed on the status of the business. Her major on-going problem is occasional shortages of chicken feed (all of which must be imported) resulting from Liberia's chronic shortage of hard currencies.

Mrs. Tucker indicated that the next loan request to SEFO likely will involve the purchase of a kerosene-powered incubator (\$L1-2,000), a freezer to store eggs (\$L1-2,000) and up to 2000 special hatching eggs imported from Israel (\$L700).

Mrs. Tucker is an example of the small borrower SEFO is attempting to develop among its clientele: reliable in honoring her contractual obligations, dedicated in her commitment to making the enterprise succeed, resourceful in contending with problems confronting the enterprise, and increasingly experienced in her knowledge of running a business.

2. Dr. Nathaniel Richardson, Jr. is a forty-two year old geologist with a PhD in Geophysics and Geology from Purdue University who established Monrovia based GEOSERVICES INC. as a mineral and water exploration and development company. GEOSERVICES functions as a contractor, implementing projects under contract related primarily to well digging and water systems construction. Pending receipt of completion-of-contract payments, the company must defray contract carrying costs with its own resources. Because it is under-capitalized, outside financing is required to enable it to do so.

SEFO has provided GEOSERVICES with contract financing on two occasions. In April 1986, it lent the company \$L5,000 at 22% interest to finance the construction of 23 wells in Grand Cape Mount County under a \$L52,900 contract from the Ministry of Planning and Economic Affairs. Term was originally set for three months, however construction problems delayed completion. The loan was extended for three months but still not repaid until March 1987, three months after the extension period. In May 1987, a second loan of \$L10,000 at 2.25%/month interest, including a 2% service charge, was advanced to finance two contracts totalling \$L71,920; one for \$L34,920 from West African Contractors Corporation to install a water supply system for the University of Liberia Academic Building in Fendell; the other for \$L37,000 from BAO (Liberia) Inc. to install a water supply system at the Earth Satellite Station in Paynesville. Term was originally set for six

months but has been extended three months to reflect modest delays in completing the two contracts. Full repayment is expected at or before expiration of the extension period.

In the case of both loans:

- a) assignment of the contracts was taken, with the contractors notified to remit payments directly to SEFO; those assignments having been acknowledged.
- b) a chattel mortgage was taken on all business assets valued at \$135,503.
- c) life insurance in the amount of \$150,000 on the life of Nathaniel Richardson was assigned to SEFO.

In the case of the second loan, Mr. Richardson's father, John Toussaint Richardson, a Monrovia architect, provided his personal guaranty up to \$110,000.

Although a comprehensive Appraisal Report was prepared in connection with the \$110,000 loan, minimal background and financial documentation seems to have been obtained for the earlier \$15,000 loan. An April 1986 credit check with LBDI initiated by SEFO revealed an existing loan to Mr. Richardson in low four figures which was four months past due in being repaid. A month later, however, the bank reported that the loan, which financed yet another contract, had been repaid in full. All borrowing is now done through SEFO.

Comments: If pursued prudently, contract financing could well be a very promising lending activity for SEFO. Critical in doing so, however, is SEFO being satisfied with (a) the professional competence of the sub-contractor (borrower) to complete the contract satisfactorily, (b) the financial resources represented by the contractor and (c) the legal recourse available to it under an assigned contract.

In the future, loan maturities should be long enough to provide for some delay in completion-of-contract payments being received, a practice that has recently been adopted by SEFO.

3. In 1985 Mrs. Jane Wah Sirleaf, a 30-year old registered nurse midwife and licensed pharmacist, moved to Monrovia from Gbarnga in Bong County (where she had worked at the well regarded Phebe hospital) with the intent of "serv(ing) the public in a more independent way." With an initial investment of \$12,000 Mrs. Sirleaf established the CHO-CHO MEDICINE STORE in a small uncompleted structure at a strategic location on Tubman Blvd. in the Paynesville section of Monrovia. In addition to selling non-

prescription drugs, Mrs. Sirleaf rendered child delivery care and the dressing of wounds. In the first year or so of operation, a substantial portion of her business income was used to complete construction on the building so as to provide separate facilities for the drugstore and examining/treatment room. Further income went into building up a small drug inventory and acquiring needed medical instruments.

In July 1986, at the recommendation of the National Investment Commission, Mrs. Sirleaf applied to SEFO for a \$25,000 term loan (a) to expand the examining/treatment facility and to acquire more medical instruments (\$15,000) and (b) to substantially increase her inventory of drugs (\$10,000). In discussions with Mrs. Sirleaf, SEFO determined that the request was based on unrealistically high projected increases in both drug sales and her health care activities. As a result, the loan amount was pared down to \$5,000; \$3,000 of which was used to increase inventory, the balance to improve only the drugstore through the installation of display counters, shelves, and an air conditioner. The loan was made in September 1986 at 24% interest for two years, repayable in 24 monthly installments from income generated from increased sales and health care fees. Payments are being made ahead of schedule, with a principal balance of approximately \$1,600 currently outstanding.

As collateral, Mrs. Sirleaf provided a chattel mortgage on all business assets valued at approximately \$9,000, a first mortgage on residential property and lot in Garnersville having a combined value of \$16,200, and life insurance assigned to SEFO in the amount of \$5,000 on the life of Jane Wah Sirleaf.

NIC prepared the initial loan proposal; SEFO revising it substantially to reflect the reduced need and much more modest financial projections. Although at the outset, NIC's SME Department helped Mrs. Sirleaf in her record keeping, she now is able not only to keep her own records but to prepare her own financial reports that are submitted to SEFO.

SEFO program staff make an average of two site visits a month to check her records, to assist Mrs. Sirleaf with any problems she has, and to counsel her about expanding the business further. Her major ongoing problem is maintaining an adequate inventory. Because most drugs must be imported, local suppliers often experience shortages in their inventories because they cannot get the necessary hard currencies. Mrs. Sirleaf has been able to minimize the adverse effect of these shortages by purchasing from several suppliers.

Although SEFO feels Mrs. Sirleaf currently is running a "tight little operation" that is consistently profitable, there is a concern that if she expands the business too rapidly, costs will outpace revenues, profits will disappear and she will fail. As a

result and in anticipation of receiving a new loan request once the current loan is repaid, a major endeavour of the site visits is to develop a more realistic attitude in Mrs. Sirleaf as to how much business she can handle and thus how much financing she should be seeking from SEFO.

Comments: During the consultant's site visit, Mrs. Sirleaf voiced her modest unhappiness with SEFO over (but seemed fatalistic about) not receiving the extra \$120,000 in loan funds. She indicated that she intends to ask SEFO for a second loan of \$120,000 but anticipates getting only \$110,000; funds to be used to further expand her drug sales.

In the consultant's judgement, SEFO was quite right in counseling restraint to Mrs. Sirleaf, at least until she is far less dependent on loans to finance her growth than she is now. Given her inclination to grow at a rate that may prove unsustainable, SEFO is also quite right in maintaining more than the usual contact with Mrs. Sirleaf during these formative years when her under-capitalization does not give her the luxury of making many mistakes. However costly in terms of staff time, this continuing monitoring effort by SEFO should pay off in the end when future loans SEFO might make to Mrs. Sirleaf are less risky.

4. TERRAVILLA GARDENS Inc. was established in 1987 by Mrs Katurah Cooper (who serves as General Manager), Oumara Sore, (who serves as Technical Manager) and Magus Investment Corporation to succeed a five year old local nursery owned and operated by Mrs. Cooper that sells cut flowers to a Monrovia clientele. Mrs. Cooper is a biologist with a MSc degree in Biology from New York University. Sore is a trained horticulturist with 10 years experience working for a major Ivory Coast based exporter of flowers and plant scions. Magus is a private investment firm headquartered in Monrovia whose partners include David K. Vinton, former President of LBDI and the first Chairman of SEFO.

A three year feasibility study conducted by Mrs. Cooper, her husband, (the General Manager of LBDI) and Sore concluded that there was a large unexploited market in Europe for tropical flowers and plant scions from Africa. TERRAVILLA GARDENS was incorporated to initiate such an exporting operation. As Mrs. Cooper's contribution, the local nursery, valued at \$147,757 was absorbed into the Corporation and a total \$130,000 in equity was raised from Sore and Magus. Most of the equity was used to purchase twenty-five acres of farm land near Johnsonville and to commence early development work on the property to transform it into a full scale nursery.

In August 1987, the SEFO Board approved a seven year term loan in the amount of \$149,986 to provide the remaining funds necessary to launch the export operation. Funds were used (a) to complete the

development of the Johnsonville property, and (b) to purchase plants, equipment, supplies, and a vehicle. Terms of the loan: 18% interest, interest payments only for 24 months, repayment thereafter in 60 monthly installments of \$1,269.32 including interest. After the first two years, the source of repayment would be from operating income generated by the export operation. In the meantime, interest is being paid from the income generated by the local nursery, which continues, and if required from other personal resources.

As collateral, TERRAVILLA GARDENS provided a chattel mortgage on all business assets valued at \$195,636, a first mortgage deed on a private residence appraised at \$146,282 and life insurance assigned to SEFO in the amount of \$150,000 on the life of Katurah Cooper.

In TERRAVILLA GARDEN's quite comprehensive proposal (prepared, the consultant understands, with the active assistance of Messrs. Cooper and Vinton), no export sales would be generated until Year Three but by Year Seven are projected to reach \$141,000, plus an additional \$151,000 from the local nursery. Projected after tax profits by Year Seven of \$133,000 represent a 17% return on both sales and equity.

Five months into the two year grace period, all but \$18,412 of the loan has been disbursed, the Johnsonville land has been cleared, plants have been purchased and planted and—based on SEFO site visit reports—all appears to be proceeding normally.

Comments: The three shareholders were not asked to guarantee the loan. Except possibly for Magus, the lack of such guarantees has no significant bearing on the creditworthiness of the loan other than to serve possibly as a deterrent for the three parties from ever walking away from the SEFO debt.

During the consultant's site visit, Mrs. Cooper indicated that she was entirely satisfied with the SEFO relationship. Although acknowledging that a great deal of time and effort was involved in obtaining the loan, she has concluded it was a good exercise because it forced her to "translate an idea into formal plan of action." Visits by SEFO program staff, including several by the Projects Manager, are made regularly. At the insistence of Mr. Vinton, Mrs. Cooper indicated that she plans to retain Coopers & Lybrand to conduct an independent audit of the TERRAVILLA GARDENS accounting records.

There is an element of risk involved in this loan, especially during the first two year development phase when problems could develop with the plants. But it is a reasonable risk. The principals seem to be competent and responsible. The collateral is adequate. Financial projections appear to be based on realis

tic assumptions. And the enterprise's potential for earning hard currency should be kept in mind.

SEFO processed its loan appraisal thoroughly and expeditiously. The Appraisal Report submitted to the Board appears complete, with financial projections relating to operating results, cash flow and proforma balance sheets. Total turnaround time, from the time the application was first received until the Board approved the loan was approximately one month.

In sum, the TERRAVILLA GARDENS loan is a good example of the substantial improvements SEFO has made in its loan analysis, processing and monitoring activities.

ANNEX K

SEFO Loans Divided Into Repayment Categories

Best Available Document

TYPE OF CLIENT OR BUSINESS	LOAN AMOUNT DISBURSED	DATE OF FIRST DISBURSE	LOAN BALANCE TO DATE	ARRANGED	PRINC. INTEREST	TOTAL AMOUNT	AMOUNT COLLECTED 1982 - 1987	DATE OF LAST PAYMENT	ACTUAL LAST PAYMENT	OWNER'S SEX	REPAYMENT INTEREST RATE
7 CEMENT BLOCK PROD. & SALES											
8 GILDSHIRT/ JEWELRIES											
9 METAL WORKING											
10 PIGBERRY FARMING & SALES											
11 POULTRY FARMING & SALES											
12 PHARMACIES/ MEDICINE STORES											
13 RETAIL SHOPS (PROVISION, RICE & STORES)											
14 RESTAURANT/ CATERING											
15 TAILORING/ DRESSMAKING											
16 WOODWORKING, FURNITURES, SHAWLS & SALES											
17 OTHERS: FISH, PHOTO STUDIO,											

SMALL ENTERPRISES FINANCING CORPORATION
 LOAN PORTFOLIO AT
 ENDING

IN THE ORDER OF

LOAN NO.	NAME OF CLIENT OR BUSINESS	TYPE OF BUS.	LOAN AMOUNT DISBURSED	DATE OF FIRST DISBURSE	LOAN BALANCE TO DATE	ARRANGED	PRINC. INTEREST	TOTAL AMOUNT	AMOUNT COLLECTED 1982 - 1987	DATE OF LAST PAYMENT	ACTUAL LAST PAYMENT	OWNER'S SEX	REPAYMENT INTEREST RATE
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CLIENTS THAT HAVE PAID-OFF THEIR LOANS

2 Kanao Selections	4	5,000											
3 Joseph Fahn I	13	5,000											
4 A. I. Malpas	16	9,500										MALE	22.00
15 Coo Coo Black	7	5,000										MALE	22.00
17 Evelyn Enterprises	13	5,000										MALE	18.00
20 Halls & Sons Black I	7	5,000										FEMALE	22.00
20 R. Solo Country Cloth I	17	2,290										MALE	22.00
24 Anso Mahzoa	15	2,320										MALE	18.00
30 Samso V. Bonarush I	13	2,000										MALE	22.00
34 E. Medicine Store I	12	5,000										FEMALE	22.00
36 Sharon Solo	17	1,100										MALE	22.00
37 Leah Cheryl Drugs	12	5,000										MALE	22.00
39 Sister Edith Enterprise	13	5,000										MALE	22.00
46 Balara Enterprise	13	4,999										MALE	22.00
47 Mahalo Drug Store	12	5,000										MALE	22.00
48 Sherill Plant Depot I	16	4,900										MALE	22.00
49 Avenue Trading Shop I	13	5,000										MALE	22.00
54 Halls & Charcoal & Rice	5	4,015										MALE	22.00
59 Valrica Enterprises	15	4,000										MALE	22.00
65 J. B. & Cash	14	5,000										FEMALE	22.00
68 E. & E. Enterprise	14	2,000										FEMALE	22.00
71 Charada	13	4,675										MALE	22.00
72 Cecue Poultry Farm I	11	5,000										MALE	22.00
75 H. Ibaan Business Center	13	5,000										MALE	22.00
85 Isaac & Daughter I	13	5,000										FEMALE	18.00
88 Champs Elysees Boutique I	4	5,000										FEMALE	22.00
90 Sharon Pharmacy I	12	5,000										MALE	22.00
92 Kataling Billboard	1	10000										FEMALE	22.00
97 Maui Business Enterprise	17	4,000										MALE	18.00
99 Lela Beauty Salon	4	5,000										MALE	15.50
100 Aunt Charlotte Cafe	10	5,000										FEMALE	22.00
110 V. Jabalah Goldsmith Shop	8	4,400										FEMALE	22.00
111 Basso Fares	11	4,770										FEMALE	22.00
113 North Beach Black Factory	7	4,354										MALE	22.00
115 H. Sazo Solution Rest. I	14	3,000										MALE	18.00
119 Ayah Aaaa Retail Shop	13	3,116										MALE	22.00
125 Peter & Lillie Rest I	13	3,600										FEMALE	22.00
126 Avenue Trading Center II	13	5,000										FEMALE	22.00
127 Tucker Poultry Farm I	11	4,770										MALE	22.00
131 Bonnette Enterprises	17	5,000										MALE	22.00
140 Hill Business Center	7	0										FEMALE	18.00
149 Variety Incorporated I	17	7,640										MALE	22.00
161 Joseph Fares	11	5,000										MALE	18.00

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ID	NAME OF CLIENT OR BUSINESS	TYPE OF BUS.	LOAN AMOUNT DISBURSED	DATE OF FIRST DISBURSE	LOAN BALANCE TO DATE	UNRECORDED		TOTAL AMOUNT	AMOUNT COLLECTED 1982 - 1987		TOTAL COLL. PAYMENT	DATE OF LAST PAYMENT	ACTUAL LAST PAYMENT	GENDER & SEX	DEPOSIT INTEREST DATE
						PRINC.	INTEREST		PRINC.	INTEREST					
164	R & D Association	17	4,997		0	0	0	0	4,997	1000	4,990				
154	Acuba Poultry	11	4,990		0	0	0	0	4,990	1000	4,990			MALE	27.01
150	Saloon Farm	11	4,991		0	0	0	0	4,991	1,000	4,990			MALE	27.01
139	Black Bird Restaurant	14	4,200		0	0	0	0	4,200	1,150	4,200			FEMALE	15.31
182	La Bodega Vene	10	4,945		0	0	0	0	4,945	1,129	4,090			FEMALE	15.31
187	boo - Services I	17	5,000		0	0	0	0	5,000	951	3,953			MALE	22.01
188	Motta's Charcoal & Rice II	5	1,000		0	0	0	0	1,000	0	1,000			FEMALE	22.01
193	Champs Elysees Boutique II	4	1,000		0	0	0	0	1,000	0	1,000			FEMALE	22.01
194	Enival Entps. I	17	1,300		0	0	0	0	1,300	25	1,025			FEMALE	22.01
197	Rebecca's Variety	13	5,000		0	0	0	0	5,000	0	1,305			MALE	27.01
200	Hoodlines Union I	6	4,923		0	0	0	0	4,923	374	3,774			MALE	22.01
206	Ronyah Bus. Center I	11	3,000		0	0	0	0	3,000	672	3,600			FEMALE	22.01
207	Granmont Med. Store	12	1,500		0	0	0	0	1,500	318	3,318			MALE	22.01
210	VMFCU I	2	15,000		0	0	0	0	15,000	432	15,432			FEMALE	22.01
212	J.R. Entps.	13	5,000		0	0	0	0	5,000	915	3,915			MALE	22.01
214	Experience Tailor Shop I	15	4,900		0	0	0	0	4,900	605	3,305			MALE	22.01
230	Vivanco Inc. I	13	10,000		0	0	0	0	10,000	1,822	11,822			MALE	22.01
SUM - TOTALS 44 BUSINESSES			270,592		0	0	0	0	270,592	41,000	342,432				

CLIENTS IN GOOD CATEGORY

6	Levan Steel	9	16,136	2 10 83	5,300	2,903	310	3,613	2,004	12,702	Mar-88	60	MALE	15.31	
22	Solomon Enterprises	2	12,360	5 26 83	1,342	646	0	440	10,000	2,134	10,132	Apr-88	150	MALE	18.01
86	Motoko Ju & Co.	16	20,990	3 26 80	4,036	4,035	0	4,000	2,000	20,735	Apr-88	300	MALE	18.01	
103	Grimes & Family Piggery	10	21,810	4 4 84	10,182	1,505	234	1,730	12,000	12,000	Mar-88	300	MALE	15.31	
139	Maya's Enterprises	10	23,372	1 14 85	20,212	1,195	1,957	2,200	0	22,200	Nov-87	1,000	MALE	22.01	
160	J. N. Hamilton	17	7,950	4 22 85	2,515	91	0	0	0	0	Apr-88	250	MALE	18.01	
177	Fallah Tamba Hardware	16	16,313	9 6 85	10,022	2,262	0	2,262	0	0	Apr-88	300	MALE	18.01	
178	Four Boos Farm	10	10,005	12 9 85	4,602	0	0	0	0	0	Apr-88	300	MALE	18.01	
180	G. and F. Piggery	10	16,007	10 29 85	13,663	0	0	0	0	0	Apr-88	300	MALE	18.01	
185	L & F Matchroom	16	37,839	5 19 86	25,333	253	253	0	0	0	Apr-88	316	MALE	18.01	
215	Ladavi's Optical	12	19,202	2 3 87	12,030	977	0	977	2,000	4,340	Mar-88	1,000	MALE	18.01	
216	Ira-optics	12	20,000	2 6 87	15,570	104	0	104	4,430	4,030	Apr-88	1,000	MALE	15.31	
226	VMPCB II	2	09,703	6 12 87	30,907	0	0	0	0	0	Apr-88	400	MALE	18.01	
222	Sugar's Consultant	17	22,945	7 10 87	22,045	833	201	1,110	0	0	Apr-88	3,000	MALE	15.31	
241	Terravilla Gardens	17	01,006	10 2 87	01,006	0	1,211	1,211	0	0	Mar-88	1,000	MALE	15.31	
11	Felix Shopping Center	13	15,000	4 4 83	932	932	0	932	10,000	2,718	16,706	Apr-88	200	MALE	18.01
43	Rego's Corner	13	5,000	7 20 83	1,027	1,027	67	1,090	3,173	2,000	Apr-88	150	FEMALE	22.01	
53	Sarah Provision Shop	13	4,990	8 26 83	1,603	1,603	25	1,628	3,395	1,100	Apr-88	250	MALE	22.01	
64	Carier Count Depot	7	15,303	9 16 83	3,433	336	53	309	11,952	4,100	Apr-88	200	MALE	18.01	
104	L. N. Lubon Leather Works	17	4,730	6 7 84	131	146	4	150	4,599	2,034	Apr-88	150	MALE	18.01	
112	Borlonvone Enterprises	13	4,000	8 10 84	1,216	243	107	430	2,700	2,000	Apr-88	100	MALE	22.01	
114	Universal Consolidation	13	15,000	8 30 84	2,001	0	0	0	0	0	Apr-88	100	MALE	22.01	
142	Amuana Drug Store	12	14,224	2 1 85	9,906	0	0	0	12,119	4,977	Apr-88	350	MALE	22.01	
147	Sarge's Happy Lenter	13	5,551	2 4 85	2,300	349	74	623	4,230	4,000	Apr-88	200	MALE	18.01	
153	Satway Medicine Store	12	5,000	1 14 85	1,423	0	0	0	3,577	1,607	Apr-88	100	MALE	22.01	
17	Baseline Beauty Salon	4	0710	9 27 85	1,090	1,099	0	1,099	3,612	1,833	Apr-88	50	FEMALE	18.01	
176	Garemy's Poultry Farm	11	4,424	9 4 85	3,101	1,617	603	2,020	1,323	1,000	Apr-88	300	FEMALE	22.01	
185	Hebron Group of Co. II	12	5,000	1 20 86	1,256	561	49	610	3,744	1,004	Apr-88	200	MALE	18.01	
184	B & P Medicine	12	4,990	1 31 86	3,752	1,643	105	1,750	1,230	2,322	Apr-88	100	MALE	18.01	
191	Deopler & Sons	11	4,651	7 16 86	1,713	1,166	25	1,191	2,930	1,030	Apr-88	300	MALE	22.01	
196	Whitville's Poultry	11	4,000	8 14 86	2,759	1,627	205	1,832	2,221	1,070	Apr-88	300	FEMALE	22.01	
19	Champs Elysees III	4	5,000	0 20 86	003	003	161	1,044	4,117	500	Apr-88	300	FEMALE	22.01	
19	Northa Gays II	13	0	4 6 86	0	0	240	240	0	076	Apr-88	75	FEMALE	22.01	
194	Thunhu Red. Store	14	5,000	10 29 86	077	362	0	362	4,123	1,007	Apr-88	200	FEMALE	22.01	
19	Alexander Bush	17	325	11 5 86	0	0	0	0	325	74	Apr-88	35	MALE	15.31	

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Best Available Document

LOAN NO	NAME OF CLIENT or BUSINESS	TYPE OF BUS.	LOAN AMOUNT DISBURSED	DATE OF FIRST DISBURS	LOAN BALANCE TO DATE	ARRANGED		TOTAL AHEAD	AMOUNT COLLECTED 1967 - 1967		DATE OF LAST COLL. PAYMENT	ACTUAL LAST PAYMENT	OWNER'S SEX	REPAYMENT INTEREST RATE
						PRINC.	INTEREST		PRINC.	INTEREST				
200	Lovoe Poultry II	11	5,000	12 3 66	2,175	501	43	544	2,827	1,514	4,341	Mar-68	275 FEMALE	22.01
201	SINBU	13	2,000	12 5 66	121	0	0	0	2,007	442	2,444	Apr-68	553 FEMALE	22.01
211	Sonah Brothers	11	3,334	12 12 66	2,226	0	0	0	1,110	900	2,096	Apr-68	150 MALE	22.01
217	Irene's Poultry	11	2,700	2 20 67	1,240	2	0	2	1,540	632	2,100	Apr-68	150 MALE	22.01
219	Kanara's Poultry	11	3,992	3 9 67	2,925	212	50	270	567	700	1,275	Mar-68	100 MALE	22.01
220	M.A. Roberts Cosmet	7	4,900	3 26 67	504	504	0	504	4,314	619	4,935	Apr-68	500 MALE	19.001
222	P.L. Shop	11	3,500	4 20 67	941	912	0	912	2,599	544	3,143	Apr-68	700 FEMALE	22.01
225	Manopol Medicine Store	12	3,044	5 20 67	2,479	0	0	0	1,545	850	2,395	Apr-68	150 MALE	22.01
226	Geo-Services II	17	10,000	8 25 67	12	12	0	12	9,900	1,670	11,430	Apr-68	5,150 MALE	22.01
227	LAIMB	13	5,000	6 3 67	2,654	0	0	0	2,344	819	3,165	Apr-68	500 FEMALE	22.01
227	Foot Prints Enterprises	17	9,700	6 19 67	8,797	8,797	1,134	9,935	903	1,163	2,066	Nov-67	1,500 MALE	22.01
228	Variety Incorporated II	13	0	6 12 67	0	0	616	616	0	1,239	1,239	Apr-68	320 MALE	18.01
229	Antah Clinic	12	4,750	6 2 67	4,320	923	0	923	422	1,000	1,520	Apr-68	135 MALE	22.00
231	Roger's Poultry Farm	11	3,000	7 2 67	2,756	0	0	0	1,053	997	1,550	Apr-68	300 MALE	22.01
233	Peter's Little Deal II	13	2,200	7 20 67	643	0	0	0	1,357	279	1,636	Apr-68	300 MALE	22.01
234	Lucier's Poultry II	11	1,600	7 31 67	0	0	0	0	1,600	134	1,734	Mar-68	353 FEMALE	22.01
235	Julia's Medicine Store	12	3,000	9 3 67	1,619	39	0	39	1,304	340	1,724	Apr-68	200 FEMALE	22.01
236	Headlines Union Saloon II	4	10,033	9 8 67	10,033	662	167	679	9	2,725	2,725	Apr-68	270 FEMALE	20.01
237	The Broo. Poultry Farm	11	3,130	9 25 67	2,647	190	0	190	408	804	1,000	Apr-68	195 MALE	22.01
238	Interstyle Union Saloon	4	9,900	9 30 67	9,035	800	0	800	643	1,270	2,125	Apr-68	950 FEMALE	22.01
239	Reynoh Business Center II	11	4,900	9 30 67	3,966	62	0	62	1,700	504	2,204	Apr-68	320 MALE	22.01
240	Thank God Layers	11	4,900	10 9 67	4,900	0	640	640	0	0	0	NEW LOAN	MALE	22.01
242	Experienced Tailor II	15	5,437	10 12 67	5,437	2,091	209	3,000	0	0	0	NEW LOAN	MALE	20.01
243	Younger & Daughter II	11	3,295	2 26 68	2,981	0	0	0	314	192	349	Apr-68	220 MALE	22.01
244	Vinico Inc. II	13	3,500	1 16 68	3,500	0	170	370	0	0	0	NEW LOAN	MALE	22.01
245	Rudel Pharmaceuticals	12	5,330	3 22 68	5,330	0	0	0	0	167	167	Apr-68	142 MALE	15.31
246	Koneh Farms II	11	8,300	2 24 68	8,300	0	236	236	0	0	0	NEW LOAN	MALE	15.31
247	Grace Fabric Tree	15	4,650	2 29 68	4,650	0	0	0	0	200	200	Apr-68	200 FEMALE	22.01
248	Vanvoe Shopping Center	13	3,000	3 7 68	2,707	0	0	0	0	0	0	Apr-68	200 FEMALE	22.01
249	Low Ma Fabrics	15	5,245	3 30 68	5,245	0	110	110	0	0	0	NEW LOAN	MALE	22.01
250	Geo Services III	17	9,000	6 9 68	9,000	0	101	101	0	0	0	NEW LOAN	MALE	22.01

SUB-TOTALS 66 BUSINESSES

0427,061 0005,292 044,987 010,116 000,997

EXPECTED COLLECTION FROM THIS CATEGORY =

11 BUSINESSES IN FAIR CATEGORY

PERCENTAGE COLLECTION FROM THIS CATEGORY =

102	Isa & Israye	17	31,356	5 31 65	30,253	744	720	1,484	1,103	9,716	10,819	Apr-68	1,900 MALE	15.51
106	Santed Turkey House	14	17,420	6 20 64	10,906	10,906	139	11,045	4,814	9,152	14,400	Mar-68	1,600 MALE	15.51
116	Isa Electrical Works	17	24,021	10 2 64	12,640	12,640	0	12,640	12,153	12,970	24,431	Apr-68	2,000 MALE	15.51
129	J.E. White & Sons Dist.	4	16,006	10 3 64	13,004	1,600	209	2,167	2,922	7,900	10,000	Mar-68	000 MALE	18.01
122	Poonier & Bros Inc.	17	22,000	10 5 64	22,000	22,000	4,207	29,007	0	0,700	0,700	Oct-67	3,000 MALE	15.51
145	Liberia Rural Water	17	15,660	2 15 65	9,181	5,131	306	5,717	4,079	2,004	7,373	Dec-67	6,000 MALE	15.51
174	Raggio Under Care	17	9,400	8 15 65	7,095	3,734	155	3,009	2,305	4,129	6,514	Apr-68	600 FEMALE	15.51
170	Fahnshere Cornal	7	17,007	6 24 66	9,220	0	0	0	8,299	2,200	10,503	Apr-68	2,000 MALE	22.01
171	Larison Lines	13	4,700	5 8 64	2,803	2,803	153	3,156	1,977	2,749	4,726	Apr-68	50 MALE	15.51
107	Adams Lander Ivory	4	3,000	7 3 64	1,755	1,755	14	1,769	3,205	2,205	3,530	Apr-68	00 MALE	22.01
128	Pia block Factory	7	5,230	10 25 64	1,314	316	0	316	5,924	2,204	6,120	Apr-68	200 MALE	22.01
175	I & M Medicine Store	12	3,000	8 9 65	1,362	1,362	95	1,457	1,630	1,033	5,071	Feb-68	60 MALE	22.01
176	Luvie Center	13	4,000	9 3 66	1,675	1,675	355	2,030	2,325	695	3,020	Aug-67	600 FEMALE	22.01
18	Babbay & Fara	11	4,994	3 4 67	4,994	2,224	69	2,293	0	1,000	1,600	Apr-68	250 MALE	22.01
21	Jelrag Layers	11	4,992	6 7 67	4,992	68	42	110	0	490	490	Apr-68	190 MALE	22.01

SUB-TOTALS 15 BUSINESSES

0105,434 0134,510 067,014 09,294 077,100

EXPECTED COLLECTION FROM THIS CATEGORY =

050,924 067,522 0110,446

0110,730.00 076,016.00 0195,254.00

BUSINESS	NO.	AMOUNT DISBURSED	FIRST DISBURSED	BALANCE TO DATE	PRINC.	INTEREST	TOTAL AMOUNTS	COLLECTED 1982 - 1987		DATE OF TOTAL LAST COLL. PAYMENT	ACTUAL LAST PAYMENT	OWNER'S SET	REPAYMENT INTEREST DATE
								PRINC.	INTEREST				
PERCENTAGE COLLECTION FROM THIS CATEGORY-													
								42.9%	87.9%	60.6%			
CLIENTS IN BAD CATEGORY													
4	4	15,023	2 15 83	13,910	13,910	10,799	24,213						
7	7	17,324	3 18 83	7,366	7,366	0	7,366	1,109	3,182	4,291	Sep-86	100 MALE	15.51
21	21	33,693	5 25 83	33,693	33,693	14,015	47,708	10,020	10,366	20,386	Mar-88	600 MALE	15.51
50	50	15,130	8 19 83	14,110	14,110	9,479	23,589	0	1,147	1,147	Dec-85	243 MALE	15.51
73	73	23,063	2 24 84	23,063	23,063	6,066	29,129	1,020	0,738	9,758	Oct-85	100 MALE	15.51
74	74	24,030	1 19 84	24,030	24,030	10,399	34,429	0	9,395	9,395	Jan-88	50 MALE	18.01
81	81	16,380	2 16 84	16,380	16,380	11,700	28,080	0	660	660	Jul-84	660 MALE	18.01
87	87	13,410	3 12 84	13,410	13,410	971	14,381	0	966	966	Jan-87	300 MALE	15.51
94	94	15,901	5 4 84	14,254	14,254	4,499	18,753	1,777	0,341	10,798	Apr-88	150 MALE	18.01
95	95	13,986	5 15 85	13,986	11,124	4,095	15,219	0	5,752	5,752	Apr-87	3,200 MALE	15.51
105	105	23,000	6 22 86	23,042	23,042	13,050	36,092	327	5,209	3,616	Jan-85	1,000 MALE	15.51
108	108	14,925	7 10 86	14,441	14,441	5,980	20,421	484	3,316	3,800	Jan-87	500 MALE	15.51
117	117	25,072	10 3 86	20,332	20,332	9,815	30,147	500	3,905	4,405	Oct-86	1,425 MALE	15.51
121	121	25,000	10 8 86	25,000	15,600	1,612	17,212	0	12,362	12,362	Apr-88	300 MALE	15.51
124	124	17,344	10 11 86	17,344	17,344	10,153	27,497	0	1,473	1,473	May-87	200 MALE	15.51
134	134	22,773	11 19 86	22,147	18,613	10,232	28,845	0	676	4,194	Apr-86	500 MALE	15.51
135	135	12,504	11 20 86	11,399	11,399	3,270	14,677	1,105	3,130	4,263	Apr-88	201 MALE	18.01
136	136	13,490	12 3 86	13,385	10,696	3,211	13,907	105	4,382	4,487	Apr-88	130 MALE	18.01
141	141	23,047	1 17 85	22,672	22,672	7,534	30,206	775	6,720	7,495	May-87	750 MALE	15.51
150	150	7,495	3 1 85	6,762	763	1,567	2,330	933	2,790	3,231	Aug-87	67 MALE	15.51
152	152	13,004	3 11 85	13,004	15,776	7,027	20,803	0	1,000	1,000	Nov-87	1,000 MALE	15.51
155	155	24,040	3 18 85	24,040	24,040	16,930	40,970	0	0	0	NO PAYMENT	MALE	15.51
162	162	12,246	5 8 85	12,246	12,246	7,219	19,465	0	0	0	Oct-87	60 MALE	18.01
166	166	9,227	6 13 85	9,227	7,009	1,505	8,514	0	3,937	3,937	Apr-88	200 MALE	18.01
167	167	18,170	7 2 85	10,170	7,182	1,286	8,468	0	6,775	4,775	Apr-88	75 MALE	18.01
168	168	8,361	7 9 85	7,150	7,150	752	7,902	1,411	1,320	4,739	Nov-87	2,500 MALE	18.01
169	169	23,422	7 12 85	23,422	963	541	1,504	0	3,748	3,748	Apr-88	100 FEMALE	15.51
175	175	9,000	8 23 85	9,000	8,100	760	8,860	0	3,926	3,926	Mar-88	300 MALE	18.01
189	189	6,943	4 5 86	6,704	2,620	204	5,204	0	1,994	2,033	Dec-87	600 MALE	18.01
1	1	5,000	12 6 82	1,144	1,144	372	1,516	3,056	1,604	5,660	Nov-86	50 MALE	22.01
5	5	2,000	7 25 83	803	803	349	1,154	1,198	1,070	2,273	Jan-86	100 MALE	22.01
8	8	4,233	3 24 83	3,433	3,433	1,047	4,480	822	2,914	3,736	May-87	200 MALE	22.01
10	10	5,000	3 29 83	626	626	179	805	4,374	1,686	6,060	Aug-87	600 MALE	22.01
11	11	23,561	4 26 83	23,561	23,561	16,227	39,788	0	9,186	9,186	Feb-88	1,000 MALE	18.01
12	12	5,000	4 29 83	3,823	3,823	3,071	6,894	1,177	1,188	2,360	Mar-85	600 MALE	22.01
14	14	5,000	4 26 83	1,370	1,370	1,200	2,570	3,422	2,863	4,287	May-85	2,200 FEMALE	22.01
15	15	5,000	4 27 83	4,170	4,170	4,027	8,197	822	770	1,100	Aug-83	100 FEMALE	22.01
16	16	5,000	5 6 83	3,972	3,972	3,635	7,607	1,020	604	1,432	Sep-83	600 MALE	18.01
19	19	5,000	5 13 83	4,007	4,007	4,946	8,953	313	700	1,221	Nov-83	243 MALE	22.01
23	23	19,302	5 27 83	18,113	18,012	16,017	34,029	409	3,343	4,032	Oct-85	490 MALE	18.01
24	24	3,800	5 31 83	2,305	2,305	2,341	4,646	1,095	573	2,060	Apr-84	200 MALE	22.01
25	25	5,000	6 9 83	5,000	5,000	3,348	8,348	0	1,300	1,300	Mar-85	1,300 FEMALE	22.01
26	26	5,000	6 14 83	3,909	3,909	3,335	7,244	1,011	1,814	2,828	Aug-86	35 MALE	22.01
27	27	5,000	6 15 83	3,815	3,815	2,694	6,509	1,185	2,373	3,338	May-86	640 FEMALE	22.01
31	31	2,323	6 18 83	737	737	152	889	1,590	879	2,477	Aug-87	250 FEMALE	22.01
32	32	3,790	6 18 83	932	932	700	1,632	2,830	736	3,594	Dec-86	33 MALE	22.01
33	33	4,850	6 22 83	4,850	4,850	5,409	10,259	0	747	747	Feb-87	640 MALE	22.01
34	34	12,900	6 29 83	5,771	5,771	1,362	7,133	7,079	4,451	13,480	Feb-88	300 MALE	22.01
36	36	5,000	7 9 83	3,370	3,370	1,917	5,287	1,422	3,114	4,336	Jul-87	300 FEMALE	22.01
40	40	5,000	7 15 83	5,000	5,000	4,304	9,304	0	0	0	NO PAYMENT	MALE	22.01
41	41	4,986	7 18 83	2,673	2,673	3,093	5,766	2,313	693	2,000	Jun-84	936 MALE	22.01
42	42	5,000	7 15 83	4,273	4,225	3,833	8,058	775	175	950	Sep-83	600 MALE	22.01
44	44	5,000	7 22 83	5,000	5,000	2,321	7,321	0	3,400	3,400	Jan-87	100 MALE	22.01
45	45	6,973	7 25 83	2,603	2,603	1,121	3,724	2,372	2,370	4,930	May-86	200 MALE	22.01
46	46	3,700	8 22 83	2,747	2,747	373	3,120	453	2,750	3,211	Apr-88	300 MALE	22.01

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LBN	NAME OF CLIENT OR BUSINESS	TYPE OF BUS.	LBN AMOUNT DISBURSED	DATE OF FIRST DISBURSE	LBN BALANCE TO DATE	ACCUMULATED		TOTAL AMOUNT	AMOUNT COLLECTED		DATE OF LAST PAYMENT	ACTUAL LAST PAYMENT	NUMBER & SEX	REPAYMENT INTEREST DATE	
						PRINC.	INTEREST		1987	1987					
52	Lorah Iyo Oyo	13	4,010	8 28 83	2,443	2,443	0	2,443	2,367	2,910	3,277	Mar-88	141 FEMALE	22.01	
54	Libert Gas Station	7	7,306	8 26 83	7,170	4,417	1,000	6,305	212	1,863	2,075	Mar-87	300 MALE	22.01	
55	Christensen's Enterprises	16	4,975	8 31 83	2,222	2,222	0	2,222	2,753	3,154	5,907	Apr-88	700 MALE	22.01	
57	Selu's Plank Depot	16	4,929	9 2 83	4,368	4,368	3,067	8,233	561	1,616	7,177	Apr-85	150 MALE	22.01	
58	Jaher Enterprises	17	10,700	9 7 83	6,120	6,120	275	6,403	0,652	6,606	11,230	May-87	1,300 MALE	18.01	
61	Madan Theresa Fornagin	13	4,060	9 10 83	2,191	2,191	957	3,148	1,009	1,735	3,384	Feb-88	0 NO PAYMENT	MALE	22.01
62	Luce Samill Enterprises	16	4,975	9 15 83	4,975	4,975	5,005	9,980	0	1,150	1,150	Apr-86	50 FEMALE	22.01	
63	Salla's Wholesale Fish	17	5,000	9 15 83	3,729	3,729	4,391	8,120	1,271	379	1,650	Feb-84	400 MALE	22.01	
66	Joseph Bayo & Sons	17	4,975	9 20 83	4,650	4,650	4,262	8,920	517	72	509	Nov-83	150 FEMALE	22.01	
67	Telega Photo Studio	17	5,000	10 0 83	5,000	5,000	2,000	7,000	0	1,125	1,125	Mar-88	200 MALE	22.01	
68	L. Bush Variety	13	6,670	11 1 83	5,211	5,211	2,614	7,825	3,479	2,741	6,270	Mar-88	500 MALE	22.01	
70	Luca Fano Juice	6	4,300	11 2 83	4,300	4,300	4,413	12,713	0	0	0	NO PAYMENT	1,000 MALE	22.01	
71	J. Inyo Provision Shop	13	3,200	1 24 84	2,191	2,191	2,127	4,318	1,009	849	1,050	Aug-87	0 NO PAYMENT	FEMALE	18.01
72	Vera's Production	15	4,200	1 28 84	3,800	3,800	4,182	8,022	360	171	531	Apr-84	200 MALE	22.01	
74	Thuydee Enterprises	13	5,000	1 25 84	2,266	2,266	2,325	4,621	734	385	1,119	Jul-84	271 FEMALE	22.01	
75	J. S. Doe Poultry	11	5,000	2 3 84	4,532	4,532	3,121	7,653	660	1,001	1,669	Sep-85	250 MALE	22.01	
81	Georgia's Provision	13	4,975	2 15 84	2,641	2,641	2,666	5,107	2,334	616	2,950	Nov-84	370 MALE	22.01	
82	Local Lumber Field	16	4,710	2 27 84	2,964	2,964	2,029	6,993	1,766	1,219	2,965	Apr-87	100 MALE	22.01	
83	E. Mah Poultry Farm	11	4,960	3 12 84	4,960	4,960	3,900	8,920	20	1,190	1,210	Feb-87	50 MALE	22.01	
84	Sinker Medicine Store	12	14,999	3 13 84	10,007	10,007	626	10,633	4,902	8,339	15,741	Mar-88	100 FEMALE	18.01	
89	Sayo Fiano Plank Depot	16	4,350	4 11 84	2,630	2,630	1,071	3,651	1,920	1,061	3,701	Feb-88	600 MALE	18.01	
91	African Food Center	14	4,999	6 9 84	4,352	4,352	3,072	7,620	647	1,433	1,000	Jan-86	300 MALE	22.01	
94	Joseph Fiano	16	2,650	5 11 84	2,165	2,165	1,630	3,775	505	291	796	Dec-84	75 FEMALE	22.01	
98	P & R Provision Shop	13	5,000	5 29 84	2,504	2,504	1,046	4,030	0	1,102	1,510	Aug-86	401 MALE	22.01	
101	Nimba Poultry Supplies	11	4,955	6 1 84	4,475	4,475	1,610	6,093	0	1,071	1,351	Apr-88	50 MALE	22.01	
109	Bain and Sons Black II	7	5,000	7 19 84	4,733	4,733	4,203	8,930	0	530	797	May-86	50 MALE	22.01	
110	P. B. J. Enterprise	13	4,000	10 3 84	4,000	4,000	20	4,020	0	2,430	2,430	Mar-85	100 MALE	18.01	
121	Ruba Poultry Farm	11	5,000	10 5 84	4,305	4,305	2,397	6,920	0	1,835	1,300	Jan-86	750 MALE	22.01	
124	B. Swah's Lappa Trading II	13	4,700	10 26 84	3,771	3,771	840	4,611	1,007	2,304	3,513	Apr-88	300 MALE	18.01	
130	F. J. Center	14	5,000	11 2 84	5,000	5,000	2,494	7,494	0	0	0	NO PAYMENT	100 FEMALE	22.01	
131	Joseph Belo	13	6,900	11 8 84	5,391	5,391	3,152	8,543	1,207	1,757	3,266	Feb-86	246 MALE	22.01	
132	Renadeo Sato Crofts	8	6,900	11 16 84	6,900	6,900	3,790	10,690	0	1,051	1,051	Apr-88	100 MALE	18.01	
133	Nalorne Sato II	17	4,700	1 4 85	4,493	4,493	804	5,377	202	2,600	2,975	Apr-88	75 FEMALE	22.01	
138	Maris Ice Cream Ltd.	13	4,904	1 4 85	4,352	4,352	1,790	6,340	300	1,200	1,633	Dec-87	25 FEMALE	22.01	
141	Joseph Fahn Retail Shop II	13	5,000	1 15 85	2,709	2,709	139	2,140	2,711	1,900	6,699	Apr-88	50 MALE	22.01	
143	E. Medicino II	12	5,000	2 14 85	3,325	3,325	1,050	4,383	1,479	3,704	3,179	Apr-88	60 MALE	22.01	
146	Farley Family Poultry	11	5,000	2 4 85	4,292	4,292	1,200	5,340	700	1,715	2,023	May-87	400 MALE	22.01	
148	Jacob Poultry Farm	11	4,097	2 20 85	3,440	2,671	1,066	3,737	1,457	1,311	2,760	Apr-88	90 MALE	18.01	
151	I & S Black Factory	7	4,991	3 5 85	4,991	4,991	2,734	7,725	0	850	850	Sep-87	50 MALE	22.01	
156	A. A. Poultry	11	4,720	3 20 85	3,726	3,726	1,001	4,807	990	1,561	2,505	Dec-86	1,000 MALE	18.01	
157	National Stationery Store	13	5,000	3 21 85	3,926	3,926	983	4,909	1,074	1,917	2,991	Sep-87	100 MALE	22.01	
163	The Librarian Bobory	3	4,969	5 23 85	4,969	4,969	2,019	6,988	0	926	926	Feb-88	100 MALE	18.01	
165	Leage Medicine Store	12	5,000	6 3 85	4,743	2,000	2,040	4,940	257	1,231	1,400	Mar-88	100 MALE	22.01	
170	Leenan Business	11	4,950	8 1 85	4,010	4,010	2,452	7,262	100	894	1,034	Jan-86	300 MALE	22.01	
171	Vina's Butchery	10	3,685	7 18 85	3,685	3,685	2,644	6,329	0	100	100	Sep-85	100 FEMALE	22.01	
179	J. B. and Sons Dist.	4	4,506	10 17 85	4,506	4,506	2,261	6,767	0	279	279	Mar-86	00 MALE	22.01	
181	King's Poultry	11	4,966	1 16 86	2,925	2,925	0	2,925	2,041	1,796	3,837	Apr-88	500 MALE	22.01	
186	Atlantic Restaurant	14	2,991	5 1 86	2,839	2,839	391	2,630	932	433	1,385	Feb-87	300 MALE	18.01	
192	Sheriff Plank Depot	16	5,000	7 21 86	5,400	5,400	2,093	8,293	0	100	100	Mar-88	100 MALE	22.01	
195	Bangaloo Kneak	8	2,583	8 12 86	2,549	2,074	41	2,115	54	920	962	Apr-88	300 MALE	22.01	
202	Ensal Entps. III	13	4,692	4 20 87	4,387	4,387	0	4,387	4,305	4,352	8,657	Apr-88	800 MALE	8.01	
203	Prina Good Supply	16	5,000	10 15 86	3,425	3,425	1,250	4,663	1,375	650	2,025	Mar-87	100 FEMALE	0.22	
211	Pana's Jewels	8	2,000	12 23 86	1,782	1,782	106	1,960	218	522	740	Mar-88	100 MALE	18.01	

SUB-TOTALS 109 BUSINESSES

932,015 817,564 757,635 300,440 1,110,095

115,251 254,474 369,725

EXPECTED COLLECTION FROM THIS CATEGORY •

9857,006.00 6634,954.00 81,007,020.00

ANNEX L

SEFO Loan Repayments Divided by Aging

REFUND LOADS - 1964-1965 - 1965

PERIOD	0 TO 30 DAYS			31 TO 60 DAYS			61 TO 90 DAYS			91 TO 120 DAYS			121 TO 180 DAYS			181 TO 270 DAYS			271 DAYS			TOTALS					
	NO.	ORIGINAL LOAD	AMOUNT OUTST.	NO.	ORIGINAL LOAD	AMOUNT OUTST.	NO.	ORIGINAL LOAD	AMOUNT INTEREST	NO.	ORIGINAL LOAD	AMOUNT INTEREST	NO.	ORIGINAL LOAD	AMOUNT INTEREST	NO.	ORIGINAL LOAD	AMOUNT INTEREST	NO.	ORIGINAL LOAD	AMOUNT OUTST.						
1963	4	96,653	- 0	3	32,745	7,620	0	2	10,136	6,196	510	7	43,406	15,369	2,647	3	14,030	5,306	1,111	35	203,295	232,065	147,700	72	600,263	267,616	
1964	1	40,353	- 0 -	3	13,960	3,706	23	3	26,220	37,293	633	0	0	0	0	2	29,021	10,104	1,275	30	479,009	375,067	140,254	63	649,455	435,050	
1965	7	33,010	- 0 -	6	43,104	30,715	0	6	70,000	62,731	677	3	44,159	39,005	1,120	2	12,400	0,457	0	26	210,005	204,954	57,102	46	427,727	345,062	
1966	10	42,043	- 0 -	5	56,500	47,502	1,100	8	31,056	12,677	309	6	22,925	13,346	2,031	3	14,345	13,960	2,561	3	10,500	7,925	601	32	170,199	95,410	
1967	0	0	- 0 -	16	123,925	113,019	1,391	13	91,716	04,600	4,071	0	0	0	0	0	0	0	0	0	0	0	0	0	29	215,041	140,014
TOTALS	56	233,047	- 0 -	31	270,319	203,042	2,617	27	273,216	203,497	6,200	16	118,500	67,720	5,006	10	70,604	46,115	4,947	102	940,039	871,611	345,010	242	1,919,205	1,247,547	

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ANNEX M
SEFO General Manager's Action Plan

SEFO's financial projections call for significant increases in interest income based on greater loan volume and significant improvements in loan collection rates. The loan process (both pre-loan appraisal and post-loan monitoring and collection) now in place is adequate to the task. However, the process offers opportunity for improvements in time spent in the evaluation of loan prospects. Any process, however, is only as good as the professional competence and personal motivation of the staff that operate it. Staffing matters are, therefore, assigned a high priority, with responsibilities allocated to the General Manager. By the end of the Second Quarter of 1988, he will:

- a) set loan collection goals for each loan officer.
- b) set new loan volume goals for each loan officer as well as senior management.
- c) establish loan collection efficiency percentages for current loans.
- d) establish incentives for the collection of seriously delinquent loans.
- e) announce the year end bonuses for loan officers achieving their goals and leave open the possibility of dismissal for those who do not.
- f) arrange for training to commence for loan officers to learn the operating guidelines for the industries they monitor and related loans for which they are also responsible.
- g) analyze actual staffing requirements, with the experience required for each position identified.
- h) prepare a revised organizational chart based on the analysis which will serve as the basis for job performance standards against which actual job performances can be measured.
- i) initiate regular semi-annual job performance reviews

Also, during the second Quarter, the SEFO president, assisted as appropriate by the General Manager, will resolve outstanding personnel matters relating to the merger of BAS and SEFO staff.

Regarding non-staff related matters, by the end of the third Quarter of 1988, the following actions are planned:

- a) sign contracts or agreements for advertising SEFO's credit programs.
- b) commission a needs assessment of SEFO's potential client base and an inventory of SME in Monrovia area
- c) commission a cost analysis of feasibility of relocating

- SEFO offices closer to central Monrovia
- d) initiate review of loan appraisal process
 - e) initiate review of provision of TA to SEFO clients
 - f) determine feasibility of transfer of collection efforts for Nimba County loans to PFP/L
 - g) complete arrangements to participate in USAID sponsored Commodity Import Program
 - h) acquire increased computer output capability and transfer all basic accounting functions to computer programs

During the balance of calendar year 1988 and into 1989, where necessary, it is planned that the SEFO board, with management assistance, will accomplish two important tasks:

- a) negotiate a re-capitalization plan
- b) undertake a comprehensive review of the board's roles and responsibilities with specific reference to:
 - policy determination and implementation
 - loan approvals
 - evaluation of senior management performance
 - attendance and use of proxies
 - re-activation of the Executive Committee
 - decision making
 - professional composition

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