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USAID/Banjul

**Assistance to AMRC, Phase II
Final Report**

March 11, 1993

Price Waterhouse



March 12, 1993

Ms. Cathy Lienhart
USAID/The Gambia
c/o U.S. Embassy
P.M.B. No. 19
Banjul, The Gambia

Dear Ms. Lienhart:

**Re: Financial Sector Development Project
USAID/The Gambia
Assistance to the Assets Management Recovery Company
Phase II**

Attached please find ten copies of our final report, **Assistance to the Assets Management Recovery, Phase II**, prepared by Price Waterhouse, Prime Contractor under FSDP.

We greatly appreciate the opportunity to be of service on this interesting and very important assignment, and look forward to collaborating with you in the future.

Sincerely,


J. Richard Breen
Project Director, FSDP

Enclosure

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I EXECUTIVE SUMMARY

A Background

The Government of The Gambia has embarked upon an ambitious program of financial sector liberalization, including the elimination of foreign exchange, interest rate, and credit controls; strengthening of banking supervision; improvement of debt recovery procedures; and, the creation of the Assets Management Recovery Company (AMRC). The AMRC was legally established under the Companies Act in May 1992 to administer and collect the non-performing credit assets of the former Gambia Commercial and Development Bank (GCDB) through negotiated settlements and/or legal action.

In June 1992, under contract to USAID's Financial Sector Restructuring Program (FSRP), a team of two Price Waterhouse consultants made a preliminary visit to The Gambia to perform an in-depth evaluation of the proposed AMRC, to assess and develop a plan to resolve the former GCDB's problem loans, and to offer recommendations on the structure, management and operation of the AMRC. The findings and recommendations that resulted from this mission can be found in Price Waterhouse's report entitled "Assistance to the Assets Management Recovery Company."

In November 1992 the two consultants returned to The Gambia to develop an explicit recovery strategy for the AMRC, including a realistic repayment schedule.

B Scope and Methodology

The Price Waterhouse consultants met with USAID/Banjul, GCDB/AMRC management and staff, members of the transitional Task Force, and representatives of the Ministry of Finance and Economic Affairs and the Solicitor General, in an effort to evaluate actions taken to-date and to recommend additional steps necessary in achieving project success. This included:

- i) determining realistic, verifiable recovery targets for the GCDB/AMRC portfolio of D 318 million (Ref. Appendix I), including the D 86 million Managed Fund;
- ii) drafting both general and specific negotiating guidelines relating to resolution of non-performing credits;

- iii) recommending further action required in order to realize the recovery objectives of the Assets Management Recovery Company (AMRC).

C Conclusions and Recommendations

The principal conclusions and recommendations, as detailed in the body of this report, are summarized as follows:

i Legal/Regulatory Framework

Substantial progress has been achieved in reforming the legal and regulatory framework necessary to ensure creditor/investor rights, including expeditious and equitable adjudication of commercial claims. The revised Insolvency and Sheriff and Civil Process Acts and the new Mortgages Act, as well as the current review of the regulatory and supervisory environment for financial institutions, are essential prerequisites for a sound banking system and a successful recovery effort by the AMRC.

Additionally, special administrative arrangement by the judiciary for a designated judge and staff to deal exclusively with adjudication of GCDB and Managed Fund commercial claims has been accepted by both the Office of the President and the Attorney General. A new judge for the AMRC should be in place as soon as possible. A budgetary allocation must be made without delay to accommodate this administrative arrangement, and the process of transferring existing cases from the regular courts to the designated administrative judge should begin as soon as possible, in order to expedite resolution of these priority claims.

ii Transitional Tasks

The informal valuation of principal pledged and the legal/documentary review of collateral files, as recommended in the initial report, must be completed without further delay in order to refine proposed collection targets, and to execute a reasonable recovery action plan. Price Waterhouse was pleased to find that the MIS database and the organization of credit files has almost been completed and that several major problem debtors were being aggressively pursued by Management.

iii Status of the AMRC

The Task Force has accepted most recommendations contained in Price Waterhouse's earlier report, including a proposal to re-establish the AMRC as a state agency by an Act of Parliament, with enhanced rights and immunities included in its empowering legislation. Once the new legislation has been promulgated, the defunct Gambia Commercial and Development Bank should be formally liquidated.

iv Residual Liabilities

Although proposed AMRC legislation includes liquidation of the former GCDB, it is important to stress that the principal function of the AMRC is that of a loan recovery operation. It possesses neither the staff nor the capacity to absorb the residual liabilities (including D 50 million in unclaimed deposits) of the former GCDB, and these responsibilities should be discharged by a professional liquidator. IBAS, Public Servants Loan Schemes, and other continuing and contingent GCDB liabilities, including D 3.5 million in incurred legal expenses should not be charged against AMRC's budget, but should be provided for through a direct budgetary allocation or other appropriate mechanism.

v Staffing and In-house Debt Recovery Training

The current AMRC (residual GCDB) staff of 24 is largely engaged in the liquidation of former accounts and in the implementation of the MIS database. Aside from those larger cases in litigation, no organized recovery effort exists, and collections are limited to a handful of borrowers who occasionally make payments on a sporadic basis. In order to assemble a qualified, competent, loan workout staff, Management and the Task Force/Board of Directors must agree to a reasonable operating budget, which includes a realistic salary structure and incentive package for professional employees. Owing to the lack of staff in the recovery function, the consultants were unable to provide proposed in-house training in collection and negotiating techniques. Provision of this much-needed technical support will be required in the future.

vi Organizational/Functional Development

It does not appear that the Task Force has assumed an aggressive, interventionist role in directing and supervising the AMRC's performance, either with respect to internal controls

or to recovery objectives. Key transitional tasks have not been implemented, and a formal response to the recommendations and findings made during the June mission was issued only the last week of October. The new Board should be more aggressive and include members of the private sector and individuals with some financial and analytical background.

vii Annual Budget

To prepare the AMRC for its important role, it is necessary to develop an annual budget in conjunction with a medium term institutional/business plan, which must be agreed to and aggressively reviewed by the Board as the first order of business at its regular meetings. Again, Price Waterhouse affirms that the Board must require full accountability on the part of management and staff for all negotiated settlements, which should be based on transparent and realistic guidelines consistent with the AMRC's recovery strategy (ref. Sec III).

II EVALUATION OF INTERIM DEVELOPMENTS

A Documentary Review of Credit and Collateral Files

During the consultants' June visit it was suggested by the Solicitor General that Ministry of Justice staff be made available to the AMRC to conduct an in-depth documentary review of credit and collateral files of the 400 largest borrowers with balances of over D 50,000. A full review of borrowing instruments and supporting collateral arrangements remains a prerequisite in organizing an effective recovery plan and is a key element in determining reasonable repayment benchmarks.

To-date, the documentary review has not been completed, resulting in a loss of valuable time in organizing a comprehensive action plan for these principal borrowers, although the reasons for the delay are unclear. To complete this requisite task, it is again suggested that several junior law clerks be seconded from the Ministry of Justice. The documentary review must be commenced without further delay, since failure to comply with minimum documentation requirements has been a principal cause of the bank's legal morass with respect to litigation currently outstanding.

B Appraisal of Pledged Collateral

Concurrent with a review of legal documentation it was recommended that an informal appraisal of pledged collateral assets of principal borrowers be conducted by a local property valuation agent. Estimates were to be based on current market value and not on replacement cost, so as to determine realistic possibilities for potential recoveries. In order to develop a cost effective action plan for each borrower, it is essential to identify potential sources of repayment, the most important of which is pledged security. If collateral values do not offer reasonable material liquidation potential, a strategy involving costly legal action may prove ineffective.

By the time of the consultants' arrival, although the Task Force had authorized the AMRC Management to contract with one of two bidders, the collateral appraisal had not begun. Had the results of the asset valuation been available, it could have impacted the proposed

collection benchmarks. Because the AMRC Management and Board will require this input as a key tool in determining repayment potential for individual recovery action plans, the appraisal should be completed in the near future.

C MIS Database

Despite some initial delays, the USAID-sponsored compilation of an MIS/Database for the AMRC is nearly complete. The "Debt Master" Program includes separation and calculation of accrued interest and penalty charges, listing of security/collateral assets, as well as a registry of related legal judgements already received but never enforced. The process remains in need of some revisions, including deletion of some credit assets already transferred to Meridien Bank, and consolidation of related exposure to single borrowers.

D Credit Files

Substantial progress has been made in organizing the credit files under Abdul Camara, the credit files supervisor. A basic file now exists for each borrower, although in some cases file contents are sparse. In those situations where original files have disappeared, reconstruction is a slow process. Most files still lack a client history sheet, correspondence is disorganized and in many cases, there is little evidence of recent communication between the bank and its customers, despite the latter's failure to honor established repayment schedules.

E Managed Fund

Managed Fund assets of D 86 million remain under the responsibility of the Ministry of Finance and Economic Affairs and principal files and underlying documentation, where available, are lodged there. To-date, there has been minimal activity in collecting these debts, all of which are guaranteed by the government, and repayments since 1987 (when the first reform of GCDB occurred, with liquidation of Managed Fund credits and recapitalization of the Bank) have been unsatisfactory. The original understanding with the World Bank, IMF, and USAID, that the joint ministerial committee established to supervise repayment of these obligations would be an effective and aggressive instrument in pursuing recovery, has never been realized. Even those nine (out of 22) debts deemed to be recoverable at the time were not seriously pursued. To-date, only D 9.5 million has been collected and prospects for additional repayment remain poor.

The outstanding balance of D 86 million reflects accrued interest charges of D 23 million, inflating the total amount to be recovered. Although it is important to accrue all interest and penalty charges owing to the bank, the inclusion of past-due interest in loan balances serves to magnify the size of the Managed Fund problem, as well as that of GCDB exposure and somewhat distorts a clear understanding of actual indebtedness. In this regard, traditionally accepted accounting practices should be followed with respect to non-accrual of interest on loans more than 120 days past-due.

The closing of GCDB and the lack of follow-up collection efforts have contributed to this situation. Pursuit of potentially recoverable Managed Fund debt, especially in those many cases where borrowers are still operating and where asset value exists, must become a priority for the AMRC. Further, a formal transfer of these assets and underlying credit files and documentation should be arranged in conjunction with the new legislation. Related issues, such as the concessionary (4%) interest rate charged on these credits, and the need to separate Managed Fund payments from those for regular bank debt to the same borrowers, should be resolved by the Board.

F Organized Recovery and Collection Effort

The current staff of AMRC consists of 24 former employees of the GCDB, of whom 15 are clerical workers engaged in liquidation of deposits, credit file maintenance, or assisting in compiling the new MIS database. Although the credit files supervisor remains available to process payments for deposit into an account at Meridien Bank, there currently exists no significant organized recovery or collection effort, and other than those relatively few (and larger) cases being litigated through the bank's legal department, the bulk of the loan portfolio is not properly administered.

The table below shows that the AMRC's collection/recovery performance has been inadequate in its first four months of operation.

AMRC Loan Collections since 1 July 1992

Types of Loans	July	August	September	October
Commercial Repayment	528.0	203.2	106.1	318.1
Development	43.8	30.3	-	2.3
IBAS	4.0	8.7	1.4	2.0
Former Staff	1.0	15.3	28.5	-
Current Staff	9.3	9.6	9.2	8.0
Total (D thds.)	586.1	267.1	144.2	330.4

To organize and expedite the recovery/collection effort, a small group of experienced workout professionals needs to be recruited, assisted by the appropriate technical support. To attract the services of these professionals and to provide them with the incentive to collect or aggressively negotiate settlements of problem loans, basic (Civil Service/Parastatal status) compensation should be augmented by a bonus arrangement that is tied to the attainment of established performance criteria. In the United States, a standard loan quality rating system exists which helps to determine the appropriate bonus compensation for recovery/collection efforts. Each workout professional receives a predetermined percentage of the loan collection based on the loan's classification. As The Gambia does not have a standard rating system on which to base compensation bonus we propose the following:

Loan Quality	Bonus Percentage
1. Problematic, substandard	5%
2. Loss of interest	10%
3. Partial charge off of principal	15%
4. Full charge off of principal	20%

Using the above scale, each loan should be classified in consultation with the legal department to assess potential legal costs following the legal and documentary review which has been requested. Renumeration for recovery of well secured loans should be lower (5-10 percent) than those where potential repayment is highly doubtful (15-20 percent), and the Board should establish similar performance incentives for executive management as well.

G Salary and Compensation Package

The lack of an established salary and compensation package is seen by Management as a serious constraint in offering employment to potential recovery staff in a competitive market environment where qualified personnel is limited. The recently-contracted MIS director, in fact, has already been solicited by other employers. Given the uncertainties surrounding job security and remuneration with AMRC, it is not unrealistic for top staff to consider favorably outside offers. It is imperative therefore, that the Task Force/Board and Management work together to develop a reasonable short-term operating budget, which includes a realistic compensation arrangement for professional and clerical staff, e.g., as described above. Further the AMRC should be directed to recruit recovery and collection personnel without further delay since problem loan repayment prospects generally diminish with the passage of time.

H Systematic, Organized Workout Function

AMRC Management has recently secured a list of 295 adjudicated GCDB cases where judgements had been rendered by the courts in favor of the bank between 1984-1991. Several of the judgements have not been enforced by the Sheriff, and the legal department provided no apparent follow-up. Of the 212 cases which remain outstanding, there was the right to execute in 65 cases; in 63 the judgement was in favor of the GCDB but was not pursued; and, 37 cases are still pending. The remaining 46 were dropped from court due to lack of evidence. Eventually these cases will be returned to court. This again confirms the need for more aggressive action on the part of the legal staff, and reflects the lack of a systematic, organized workout function which should have been responsible for an effective follow-up in all such cases. The new Administrative Judge should be called upon to assist in reactivating and enforcing the existing judgements, and he should demand a full accounting of the failure of those responsible to respond on behalf of the bank.

I Organization Structure

Price Waterhouse's earlier report provided a tentative organizational chart for the AMRC consisting of 21 staff positions, including a ten-member recoveries/collections team. The principal functional responsibilities of the three operating departments have been clearly delineated in Section III of that report. We affirm the need to complete the process of recruitment of personnel and implementation of these key responsibilities.

III NEGOTIATING GUIDELINES

To prepare the AMRC for its important role, it is necessary to develop written policies and procedures governing its operations. In this regard, a particular emphasis needs to be placed on developing negotiation strategies which are based on transparent and realistic policies and guidelines, including discounting of capital, forgiveness of interest, segmenting debt, and resolving collateral and documentary issues.

These policies and guidelines should be considered and agreed to by the Board, which must be satisfied that all principal debt settlements are consistent, transparent, and conform fully to the objectives of an effective recovery program. Again, Price Waterhouse affirms that at all times the Board must require full accountability on the part of management and staff for all negotiated settlements.

A Asset Management

Asset management in a recovery context is the process whereby underperforming, nonperforming or foreclosed assets are resolved. The objective of the resolution process is to enable the institution to recover all or part of its loans and, where possible, related costs by maximizing the net present value of cash proceeds from an asset. In this regard, the primary focus of AMRC's recovery efforts should remain those 38 largest borrowers whose outstanding loans constitute two-thirds of the potential collection pool.

B Resolution of Problem Credits

As described in the first report, resolution of problem credits may be achieved in four ways:

- Restructuring loans by reducing the legal balance, extending repayment terms, or adjusting the interest rate to enable the borrower to service the debt;
- Enforcing debtor or guarantors to meet their contractual obligations and repay their loans;
- Selling loans to other financial institutions at an appropriate discount; and

- Foreclosing in order to seize loan collateral and obtain repayment by its sale.

C General Operating Principles

The following **GENERAL OPERATING PRINCIPLES**, which are fundamental to any new recovery effort, should form the foundation of AMRC policy guidelines:

1. Since the AMRC mandate is to maximize recoveries at minimal expense, the tendency to "throw good money after bad" must be avoided. This is particularly true in avoiding costly litigation and collection expenses where realizable assets are not significant and the borrower is known to have no identifiable resources for repayment.
2. Cash-in hand is always preferred to the promise of a future stream of payments, even when this may require discounting of interest or principal. This is especially relevant since the original lender, GCDB, is in liquidation and the mandate of AMRC is to effect recovery in the short term and not to manage a long term portfolio of problem loans. As a general rule, negotiated general terms should not extend beyond the five-year life of the recovery company.
3. In an effort to encourage maximum, up-front cash payments, the AMRC must be flexible in forgiving accrued interest and discounting principal where necessary, although implementation of these options largely depends on the position of the bank regarding recovery potential and asset value. This decision must be made on a case-by-case basis using financial analysis of the present value of any potential stream of future payments, including an evaluation of risk of non-performance on the part of restructured borrowers.
4. Included in any restructuring arrangement should be a requirement for additional security, including assignment of outside assets and guarantees from reputable and substantial third parties supported by a current, signed statement of net worth.
5. In the first instance, the borrower's cooperation in a mutually satisfactory solution should be elicited and direct confrontation, even in the event of legal action, should be avoided in all cases. The AMRC and the borrower should always try to work together and seek out every possible method of repayment. The borrower's needs must be considered as much as is reasonably possible without jeopardizing the AMRC position. If the borrower, however, is uncooperative and defensive, the debtor should

be pursued relentlessly to ensure that the AMRC is the first creditor paid or that other satisfactory arrangements are made.

6. Development of a detailed action plan, including a clear and well-documented "paper trail" recording loan and repayment history for each problem borrower is required. This plan should be sufficiently flexible to be updated, with the concurrence of management, as circumstances change. Provisions to be included in the plan of action are: identification of primary and secondary sources of repayment, development of a new repayment schedule, addition of new collateral or guarantors (with legal assistance if necessary), re-documenting existing collateral positions, renewal of guarantees, covenants and conditions specifying AMRC commitments, and negation of any past or future oral agreements not supported in writing.
7. One of the first steps in resolving a problem loan is to check the documentation. Lack of attention to detail often causes lenders to make bad loans as well as to document them improperly. All documentation should be reviewed and updated without further delay, as earlier recommended. If documentation is complete, the AMRC may enter into negotiation with the borrower from a position of strength, but if it is faulty, the staff must first correct deficiencies with the appropriate legal support.
8. As referenced earlier, the informal valuation of assets pledged by principal borrowers was not available at the time of the mission, although arrangements to begin the process were subsequently agreed. The first step after a loan is classified is to review a prior appraisal or valuation. If the appraisal appears valid or reasonable, there is no need for a new one; but if it is suspect, a new evaluation must be contracted. The AMRC will not know how serious a collection problem is until it has a reliable valuation on hand.
9. Workout Officer Responsibilities. Those workout officers who are the most successful at working out problem loans seem to exhibit a few common characteristics:
 - a. They do not personalize the problem or become emotional when dealing with a customer,
 - b. They elicit some degree of customer cooperation,

- c. They work hard at solving the problem, and
- d. They develop perceptive insight into the capabilities and limitations of the borrower.

When a loan is in default, the AMRC occupies a strong legal position. Nevertheless, it is best to keep a positive attitude and to seek borrower cooperation so that a repayment plan can be coordinated and legal expenses kept to a minimum.

10. In order to ensure full accountability of management and staff, all negotiated settlements involving forgiveness of interest or principal, for exposure below D 50,000, should be confirmed by the Senior Recovery Officer. Those between D 50,000-D 500,000 should be agreed by both the Senior Recovery Officer and the Managing Director. Settlement of the 60 accounts whose exposure exceed D 500,000 should be referred to the Board of Directors for final approval.

IV RECOVERY BENCHMARKS

There is a need to establish verifiable quantitative collection targets and to impose mutually agreed recovery benchmarks to measure the effectiveness of the AMRC's efforts, and to support the government's unequivocal commitment to the collection of GCDB loans. Since the AMRC has a projected life of five years, failure to reasonably comply with its recovery targets, as measured against achievement of imposed benchmarks, would suggest that the Board consider its liquidation prior to the end of the five year mandate.

In determining reasonable collection targets for 1993 and 1994, all 38 files in excess of D 1 million and all 22 files between D 500,000- D 1 million were reviewed in-depth. Recovery strategy, including legal options, was discussed with the AMRC's Managing Director and legal counsel where appropriate. Managed Fund collections to-date were discussed with Mrs. Lucy Fye, of NIB, former Chairperson of the MFC/MF. Further, a sample of 20 of 195 loans between D 100,000- D 500,000 were analyzed, with an emphasis on the larger credits in this group. It was decided that collection prospects for those credits below D 100,000 would be based on an overall assessment of recovery potential for the pool itself. Currently there is no organized collection effort focusing on these borrowers and no legal action against them owing to the cost considerations relating to the small size of these debts. Again, we emphasize that GCDB exposure was highly skewed in support of relatively few large borrowers, with the largest 60 loans approximating 75% of the aggregate credit balance. The additional 20 files reviewed brings the total portion of GCDB's exposure directly evaluated to almost 80%, including the Managed Fund.

The evaluation was based on credit files which remain inadequate and deficient of substantial background information. Further, documentation files were not examined since the collateral review recommended in our earlier report had not yet begun. For these reasons, the consultants strongly relied upon input from the Managing Director and bank counsel in assessing somewhat aggressive recovery prospects for 1993 and 1994. Once the current asset valuation is completed, benchmarks may be adjusted in light of any new findings.

While most principal borrowers are already in litigation, Price Waterhouse remains guardedly optimistic that recent and proposed changes in the legal infrastructure, and the anticipated appointment of a Special Administrative Judge to handle AMRC claims, should result in increased legal activity, especially with regards to larger debtors. On this basis, we concur with Management that the largest 36 borrowers (with exposure above D 1 million) may be reasonably expected to repay D 27.65 million during 1993 and a further D 24.40

million in 1994. In Group 2, which includes 19 loans (between D 500,000-D 1 million), additional recoveries of D 4.15 million for 1993 and D 563 k for 1994 are projected. An analysis of the largest 20 loans of 167 between D 100,000- D 500,000 lead us to anticipate payments of D 2.15 million and D 650 k for 1993 and 1994 respectively. Of the balance of 4,000 smaller loans below D 100,000, which were not individually reviewed and which are currently not part of any collection effort, the consultants arbitrarily established a repayment target of 7% (D 3.3 million) for each year.

The following is a summary of anticipated AMRC collections for the aforementioned borrower categories for 1993 and 1994 respectively, and may be considered as reasonable benchmark targets in assessing the success of the AMRC recovery effort.

Loan Groups	1993	1994
Group I, Above D 1 mm	27,650 K	23,400 K
Group II, D 500K-1mm	4,150 K	563 K
Group III, D 100K-500K	2,154 K	650 K
Group IV, below D 100 K	3,300 K	3,300 K
Total	37,254 K	27,913 K

The success of the AMRC is dependent not only on the competence and determination of its management and staff, but also on the unequivocal support by the government and the Board in providing the institutional infrastructure necessary to achieve its objectives. This includes an effective judicial arrangement which focuses exclusively on AMRC claims and which discourages the current practice of frivolous litigation, injunctions, and counter-suits on the part of uncooperative debtors. The ability to realize on foreclosed assets is further dependent on a monetary environment which assures both price stability and liquidity (in a market where bank credit to finance the purchase of foreclosed assets is not available) sufficient to protect against depression of market values due to the magnitude of the GCDB problem and the potential volume of foreclosed assets involved in its resolution.

Although compliance with recommended recovery benchmarks is an essential element in determining the government's commitment to resolving the GCDB problem, management of the AMRC has little effective control over the judicial process on which most larger

collections ultimately rest. Management efforts, therefore, should be evaluated based on the company's achievements including: rescheduling debt, contracting cash settlements and initiating court action where direct negotiation has failed, as well as demonstrating an effective post-litigation follow-up, including execution of judgements and expeditious liquidation of pledged assets, and recoveries in excess of benchmark targets.

Appendix I

Assets Management Recovery Company
Account I

RANGE	COUNT*	AMOUNT (D)
1 Million and above	22	145,343,846.50
500,000 - 999,999	15	11,149,312.41
100,000 - 499,999	164	31,900,396.97
50,000 - 99,999	185	12,883,568.40
Less than 50,000	3742	31,016,493.59
Total	4128	232,293,617.87

NOTE: *There are discrepancies between the counts of the loan groupings listed above and the numbers mentioned in the body of this report due to consolidation of related credits under one borrower.

This inventory comprises the following categories:

1. Head Office C/A
2. Basse Branch
3. Farafenni Branch
4. Leman Street Branch
5. Bakau Branch
6. Dormant Accounts: Development
7. Dormant Accounts: Commercial
8. Development

LOAN RECOVERY EVALUATION SHEET

1. NAME OF BORROWER: _____

2. AMOUNT: _____

3. COLLATERAL DESCRIPTION:

4. COLLATERAL VALUE: _____

5. LEGAL STATUS: _____

6. COLLATERAL POTENTIAL RATING: _____

7. ANTICIPATED RECOVERIES 1993: _____

Appendix III

LIST OF PEOPLE INTERVIEWED

USAID/Banjul

Bonnie Pounds, Representative
Sarah Adam, Project Manager

THE WORLD BANK, Washington

Gradimir Radisic, Economist, AF5CO
Phillip Adoteye, AF5IE
Silvia Sagari, Division Chief, AF5IE

INTERNATIONAL MONETARY FUND, Washington

T. Hadjimichael, Economist

EUROPEAN COMMUNITY DEVELOPMENT PROGRAM, Banjul

R. C. Collingwood, Representative

GCDB/ ASSET MANAGEMENT RECOVERY COMPANY

Momodou Sallah, Managing Director
Lamin Jabang, MIS Manager

Benjamin Carr, Former Acting MD
Omar M'Bye, Bank Legal Counsel
Abdul Camara, Credit Files

MERIDIEN BANK LTD, Banjul

Tony Bigwood, Managing Director
Pa M. M. Njie, Commercial Manager

NATIONAL INVESTMENT BOARD OF THE GAMBIA

Abdouli Touray, Managing Director
Lucy Fye, Former Chair, Managed Fund Committee

MINISTRY OF FINANCE AND ECONOMIC AFFAIRS

A. M. Ngum, Permanent Secretary
Andrew Adam, USAID Technical Advisor

GAMBIA JUDICIARY

Mrs. A. Ngum, Sheriff-Designate

MINISTRY OF JUSTICE

Mrs. Amie Bensouda, Solicitor General

GAMTECH VALUATION COMPANY

Mr. M. O. Jobe, Manager

Appendix IV

The Government of The Gambia (GOTG) has read the draft final of this report, and overall agrees with the findings and recommendations herein. Please refer to the attached letter for the GOTG's comments and observations.

THE REPUBLIC



OF THE GAMBIA

RECEIVED 2/1/93
 ACTION TO: [unclear]
 DATE DUE: [unclear]
 ACTION TAKEN: [unclear]
 DATE OF ACTION: [unclear]

Ministry of Finance and Economic Affairs
 The Quadrangle
 BANJUL
 The Gambia

Our Ref: MF/C/110B

Date: 4th February, 1993

Your Ref:

Dear Mrs. Pounds,

Ref. Financial Sector Development Project USAID/
 The Gambia - Assistance to the Assets Management
 Recovery Company, Phase II

Please refer to your letter dated 28th December, 1992 in which you kindly forwarded the above mentioned report. Hereunder are comments and observations on the report.

The report was reviewed at the level of the Taskforce on the privatisation of the GCDB and the proposed collection strategy, recovery benchmarks and the general operating principles for the AMRC were found agreeable.

Regarding the residual liabilities of the GCDB consultants, recommendation for Government budgetary allocations to be made to cover them is not acceptable. Other mechanisms within the context of the operations of the AMRC have to be found for instance, the remaining institutional loans can be handed over to respective institutions for their administration.

With respect to the establishment of the AMRC Board, you may wish to be informed that the members of the Board have been appointed comprising three non Ex-officio members in the persons of Mr. Demba Ndow, a retired Civil Servant who will also serve as Chairman, Mrs. Nellie Taylor, a Chartered Accountant working with the ITC and Mr. Marafang Bayo, a private sector quantity Surveyor. The four Ex-officio members are the Governor, Central Bank; The Solicitor General and Legal Secretary, Attorney General's Chambers and Ministry of Justice; the Chief Executive, National Investment Board and the Permanent Secretary, Ministry of Finance and Economic Affairs.

Yours sincerely,

Alieu M. Ngum
 Permanent Secretary

Mrs. Bonnie Pounds,
 USAID Representative,
 Banjul.

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