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# DEBT COLLECTION

**1. LEGAL ACTION/LITIGATION**

**2. ALTERNATIVE DEBT COLLECTION**



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# LITIGATION

Most natural way of debt collection

## DISADVANTAGES

- Costs on top of the unpaid debt with no guarantees for recovery
- Finding a suitable jurisdiction/ the proper venue to start
- Long delays
- Procedural issues :
  - Prescription and time barred
  - State Immunity
  - Notifications
  - Warrantees
  - Souring relations with the debtor  
(own unease, political pressure, bad reputation/killing off the poor and historical relations)



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# LITIGATION

## CONCLUSION

A suitable solution when confronted with a longstanding political and economical isolation, especially in case of worldwide applied embargos.

➤ Examples : Iraq/Angola

- Monies Frozen
- Court Sympathy
- Mostly after long delay



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# FIRST ALTERNATIVE :

## MIX OF LITIGATION ON THE MERITS AND SETTLEMENT EFFORTS

- Less disadvantages if only procedure on the merits, no attachments
- Clarifies discussion over the size of the claim
- Is a pressure tool afterwards
  - Cases
    - Fochi vs. ARPC
    - Erste Bank vs. Laos



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# SECOND ALTERNATIVE :

## DEBT CONVERSION

- Broad concept with common main characteristics :
  - Creditor paid
  - No hard currency loss for debtor
  - Additional investment and economical advantages
  
- Various kinds :
  - Fiscal swap
  - Commodity swap
  - Investment participations
  - Others
  
- Difficult to implement :
  - Approval of many parties necessary
  - Short term thinking vs. long term thinking



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# BNI SILCAT AS DEBT CONVERSION SPECIALIST

## EXCELLENT COMBINATION WITH EACH HAVING ITS FOCUS

- BNI identifies :
  - The eligible debts : by excellent networking in debtor countries
  - The eligible investments/projects
  
- SILCAT offers :
  - Key sector world players (eg. Electricity sector)
  - Financing possibilities (Banks)
  
- EXAMPLES
  - Morocco, France, Pierre & Vacances
  - Bangladesh, Thailand, Mitsubishi



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# BNI SILCAT AS DEBT CONVERSION SPECIALIST

## KEEP LITIGATION AS THE ULTIMATE TOOL

### ➤ Conclusion :

- All party satisfying solution
- No costs
- Partner does the work : SILCAT BNI
- No political disadvantages as in litigation

### ➤ Advice :

- Start soon
- Keep litigation as the ultimate tool



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