



# Life Cycle of a Loan





# Introduction

- Life cycle is effectively the same for each of the following:
  - multilateral, bilateral and commercial loans
  - government treasury bills and bonds
  - international, euro and global bonds
  - other forms of borrowing
  - investing cash balances
  - derivative transactions



# The Life Cycle

- Will examine the life cycle in four stages:
  - planning
  - contracting
  - servicing
  - reporting
- Will show how each DPI fits into these four stages



## Planning

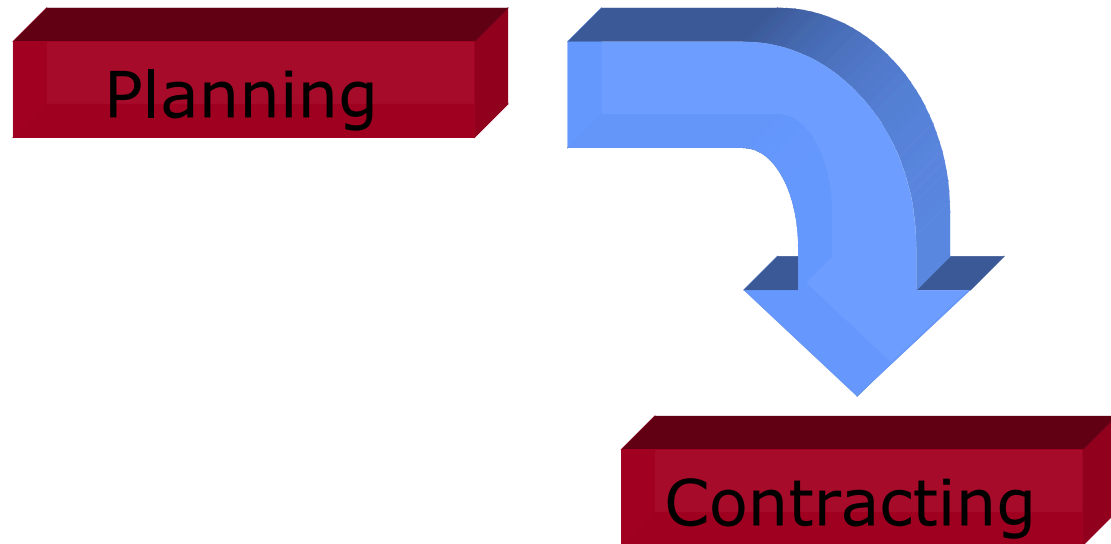
The planning process is needed to ensure that the following is in place for the government to borrow and transact:

1. Legislation (primary and secondary)
2. Government debt strategy
3. Managerial structure and policy setting
4. Coordination mechanisms with macroeconomic policies





## Debt Management Performance Indicators





## Debt Management Performance Indicators

Negotiating and contracting should be undertaken within authorities, limits and in accordance with the debt strategy covering:

1. Domestic borrowing
2. External borrowing
3. Issuing loan guarantees
4. Lending/on-lending
5. Derivatives



**DPI 7**



**DPI 8**

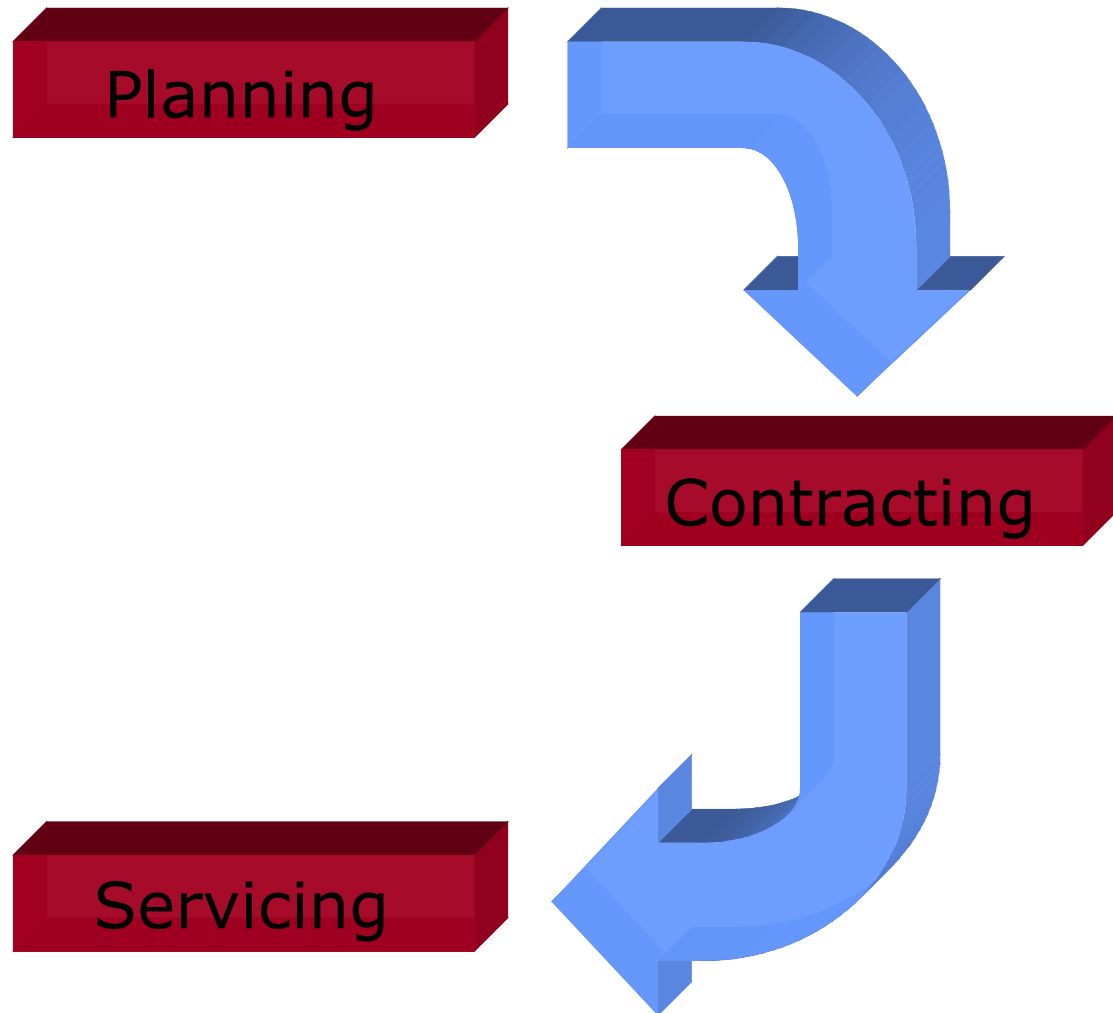


**DPI 9**

**Contracting**



# Debt Management Performance Indicators





## Debt Management Performance Indicators

For servicing, need the systems and procedures to record, monitor, settle, and account for all debt and debt-related transactions in a secure and controlled environment:

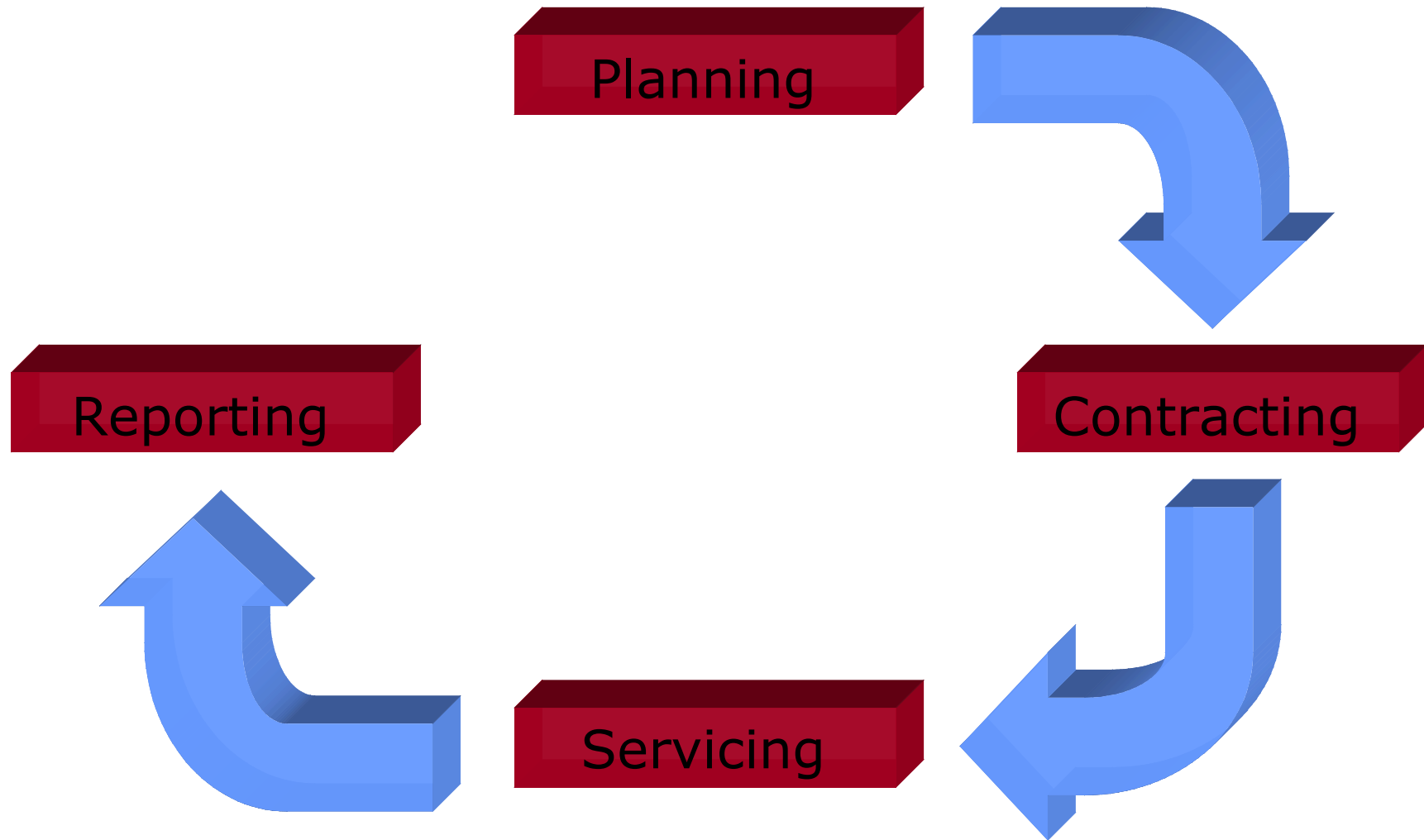
1. Cashflow forecasting and management
2. Debt administration and data security
3. Capacity & resources – segregation of duties, staff capacity and business continuity
4. Debt recording



**Servicing**



# Debt Management Performance Indicators





Need reporting to ensure transparency and accountability for debt management policy and operations:

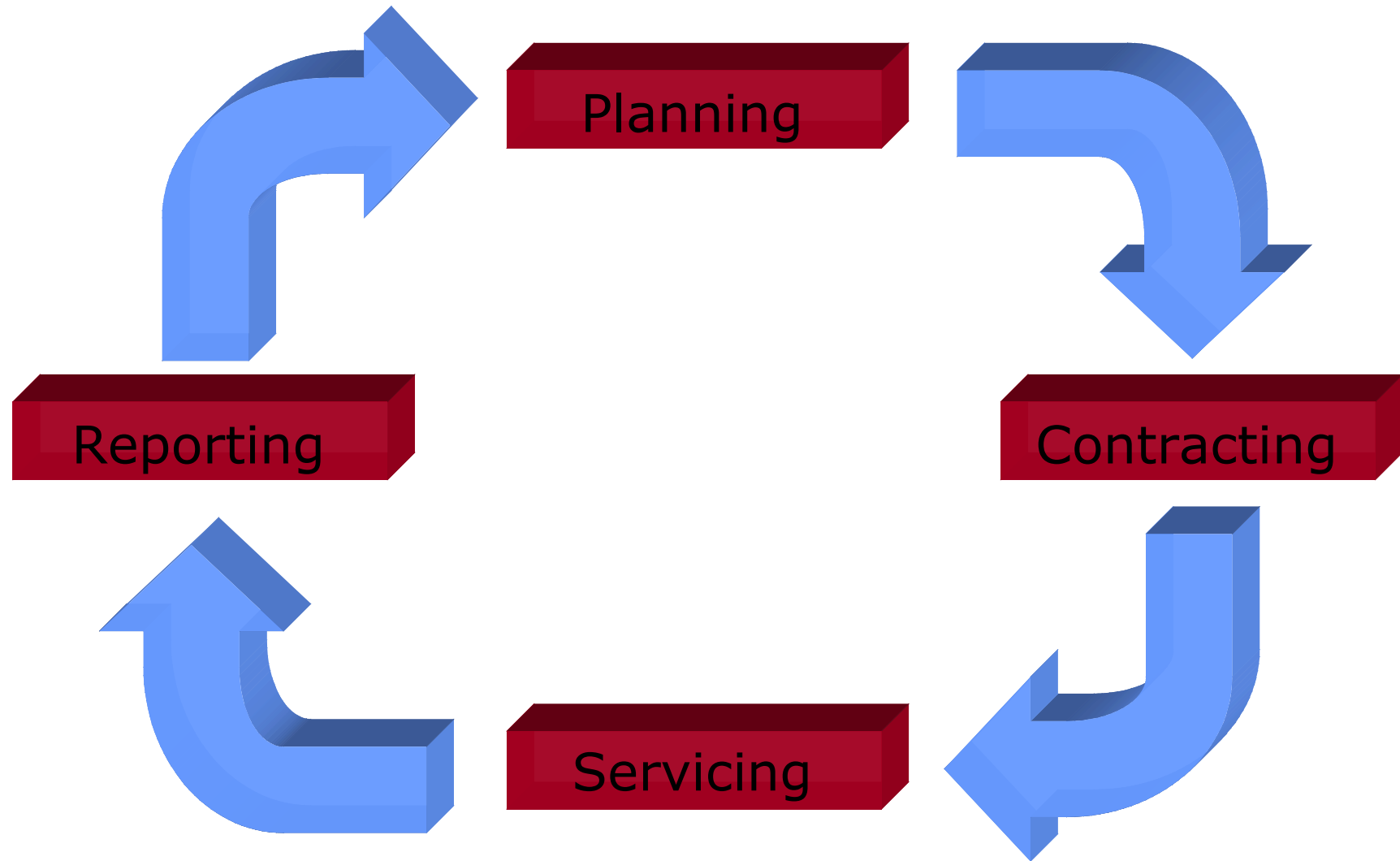
### Reporting

1. Evaluation of debt management operations
2. Internal and external audit
3. Reporting





# Debt Management Performance Indicators





# Thank you!

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