Lifecycle of a Loan

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Life cycle is effectively the same for each of the following:
- Multilateral, bilateral, and commercial loans
- Treasury bills and government bonds
- International, euro, and global bonds
- Other forms of borrowing
- Investment of cash balances
- Derivative transactions
Debt Management Performance Assessment Tool (DeMPA)

**Agenda**

- We will examine the lifecycle in four stages:
  - Planning
  - Contracting
  - Servicing
  - Reporting
- We will show how each DPI fits into these four stages

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**Planning**

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

1. Legislation (primary and secondary)
2. Managerial structure and policy setting
3. Government debt strategy
4. Co-ordination mechanisms with macroeconomic policies (fiscal and monetary policy)
Negotiating and contracting should be undertaken within authorities and limits, and in accordance with the debt strategy, covering:

1. Domestic borrowing
2. External borrowing
3. Loan guarantees
4. On-lending
5. Derivatives
Systems and procedures are needed for recording, monitoring, settling, and accounting for all debt and debt-related transactions in a secure and controlled environment:

1. Cashflow forecasting and cash balance management
2. Debt administration and data security
3. Capacity and resources – segregation of duties, staff capacity, and business continuity
4. Debt recording
Reporting ensures transparency and accountability for debt management policy and operations:

1. Evaluation of debt management operations
2. Internal and external audit
3. Reporting
Debt Management Performance Assessment Tool (DeMPA)

Planning

Contracting

Reporting

Servicing

Debt Records and Reporting (DPI 14 and 15)

Cashflow Forecasting and Cash Balance Management (DPI 11)

Operational Risk Management (DPI 12 and 13)

Co-ordination with Macroeconomic Policies (DPI 6 and 7)

Governance and Strategy Development (DPI 1, 2, 3, 4, and 5)

Borrowing and Related Financing Activities (DPI 8, 9, and 10)
Thank you!

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Greg Horman
World Bank
ghorman@worldbank.org