



# HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

## MALAWI

Data Quality Assessment for Public Sector Debt  
Statistics Mission (January 29–February 4, 2025)

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### High-Level Summary Technical Assistance Report

Statistics Department

#### Malawi – Data Quality Assessment for Public Sector Debt Statistics

Prepared by Andrew Kitili and David Bailey

**The *High-Level Summary Technical Assistance Report* series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.**

**ABSTRACT:** In January/February 2025, an assessment was undertaken of the data quality of the public sector debt statistics (PSDS) of Malawi against the IMF's Data Quality Assessment Framework (DQAF) for PSDS. The mission was undertaken as part of a project to strengthen the quality of public sector debt in select African countries, funded by the Government of Japan. The mission reviewed the PSDS compilation and dissemination practices against each element of the DQAF and presented a series of recommendations to improve the quality and transparency of the PSDS of Malawi.

JEL Classification Numbers H63, H81, H83 (consult <https://www.aeaweb.org/econlit/jelCodes.php>)

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## Background

- 1. Over the last decade, Malawi has received significant technical assistance from STA on Government finance statistics (GFS) and PSDS, mainly provided through the IMF Regional Capacity Development Center in Dar es Salaam (AFE).** While some progress has been made, particularly in respect to GFS compilation, technical assistance reports have made clear that challenges remain with regard to staff capacity, coverage and granularity of data sources, and timeliness of data. Malawi implemented the IMF's enhanced General Data Dissemination System (e-GDDS) in 2015 with the aim of enhancing data transparency, but dissemination of data (including public debt statistics) through the system stalled. While the measures taken to strengthen public debt transparency in Malawi are in the infancy stages, there is renewed commitment to implement change.
- 2. Against this background, the main objective of the mission was to use the IMF's standardized Data Quality Assessment Framework (DQAF) to identify areas of improvement in PSDS compilation and dissemination processes and recommend priority actions to help Malawi enhance public debt data transparency.** Discussions with various stakeholders as well as review of data received and published indicate that Malawi's public debt statistics are broadly reliable and continue to improve. Compilation methods broadly follow international statistical standards, but sustained commitment is needed to enhance debt data transparency and accountability.

## Summary of Findings

- 3. Legal Environment:** The primary responsibility for collecting, processing, and disseminating public debt statistics in Malawi is established, but could be strengthened by entrenching it in the law. The Public Debt and Aid Management Division (DAD) of the MoFEA is responsible for the front office, middle office, and back-office functions of public debt management. However, unlike in many countries, these responsibilities are not explicitly articulated in the law and relevant regulations. While Article 6, (1), (g)) of the Public Finance Management Act, 2022 (PFMA, 2022), gives the Treasury the overall responsibility for public debt management, the accompanying regulations (PFMR, 2023) are not explicit about the responsible agency/department for operationalizing these functions. There is merit, therefore, to consider a slight revision of PFMA, 2022 and enactment of new legislation (Public Debt Management Act) explicitly assigning debt and aid management responsibilities to DAD in line with the general practice in the region.
- 4. Institutional Environment:** Data sharing and coordination among debt data-producing agencies in Malawi are broadly adequate but there is room for improvement. In general, the flow of information needed to compile Malawi's PSDS is efficient and well-coordinated, thanks to the strong cooperation/collaboration among government data producing agencies. The sharing of data for public debt reporting between government data agencies and different departments in the MoFEA is well established, with no obstacles in the flow of data, but more could be done to establish a formal framework for the sharing of timely data. Regarding such a framework, a Memorandum of Understanding between the MoFEA and Reserve Bank of Malawi (RBM) has been drafted to facilitate and formalize data sharing arrangements on domestically issued debt, but this has not yet been signed. Although, coordination between DAD and other government agencies is good and data flows are largely unimpeded, there can be lags in the timely availability of data, this is particularly true for data on payment arrears, with verified accounts payables (by the Auditor General's Office) not always being available on a timely basis. The human and financial resources devoted to the compilation, processing, and dissemination of PSDS are, generally commensurate with DAD's responsibilities, including coordination of information flow from key

stakeholders. However, computing resources and related IT infrastructure are largely inadequate, thus there is urgent need to secure these resources (including the new Integrated Financial Management Information System (IFMIS)) to facilitate integration of DAD's CS Meridian (a public debt management system) with RBM's Central Securities Depository (CSD).

**5. Assurances of Integrity:** Malawi recognizes the importance of ensuring professional independence for personnel compiling statistics. PSDS have traditionally been compiled and disseminated on an impartial basis. The compilation of PSDS is governed by laws and regulations related to the formulation of government fiscal policies and related planning processes. The MoFEA establishes the professional independence of the departments responsible for these statistics. Public debt statistics are carefully reviewed and validated by the management of the DAD before they are cleared for publication and dissemination. DAD staff are, in practice, free from political, or other influence, in choosing the most appropriate sources and methods for compiling public debt statistics. The choice of sources and methods is governed solely by statistical considerations and by the guidelines and recommendations set in the Public Sector Debt Statistics Guide 2013 (PSDSG 2013) and Government Finance Statistics Manual (GFSM 2014). Regarding information from other Government departments such as data on state-owned enterprises, and accounts payables, there are internal data sharing arrangements within MoFEA. The autonomy that the DAD enjoys guarantees that no government authority has access to its statistics before they are cleared by the Minister for publication. Staff involved in compiling PSDS continue to need substantial training to compile PSDS in accordance with the PSDSG 2013 and GFSM 2014 framework. There is room to enhance debt data transparency by regularly publishing the key debt reports and annual statements on a timely manner.

**6. Methodological Soundness:** The concepts and definitions of what constitutes government debt in Malawi are broadly in line with the international statistical standards with only disbursed outstanding debt and other accounts payable (including expenditure arrears) recognized as debt; and contingent liabilities (guarantees) recorded as supplementary information. Debt reports present debt by instrument, currency, creditor residency, remaining maturity, and by valuing external debt using mid-point exchange rates. The PSDS reports cover all loans and debt securities of the budgetary central government as well as borrowing by RBM on behalf of the central government or wider public sector. The mission found that over 95 percent of all public sector borrowing in the form of loans and debt securities is captured in the reports, as in the Malawian context the majority of borrowing by public entities is either contracted through, or guaranteed by, the budgetary central government. However, it is important to expand the debt instrument coverage to include other accounts payable (which incorporate expenditure arrears) which are recognized as debt in PFMR, 2023. A significant part of public sector liabilities in Malawi have been incurred in the form of arrears, and for transparency and fiscal analysis it is important to have clarity on the magnitude of these outstanding accounts payable by counterpart sector/subsector. To expand the current data reporting in a structured manner, it is recommended to focus initially on the accounts payables related to local governments and public corporations, where there were found to be good existing data sources due to the adoption of accrual accounting in these subsectors. It will be important to apply consolidation principles when extending the PSDS coverage as there are significant accounts payable outstanding between budgetary central government and these other subsectors.

**7. Accuracy and Reliability:** The RBM is the source of data for government debt securities, while MoFEA is the data owner for external government borrowing, and the two organizations collaborate to compile public sector debt. The external debt data is held on CS Meridian which automates and facilitates validation of the data, while the debt securities data is managed by RBM's CSD. However, the lack of an interface between the CSD and CS Meridian systems complicates the compilation of debt and introduces

inefficiencies and risks of manual errors. It is therefore recommended to automate the exchange of information between the two systems, as has been done by several countries (e.g., Tanzania). However, at the time of the mission, in the short term, most urgent was the need to resolve the network issues that had been preventing debt compilers in DAD from accessing the data in CS Meridian since early December 2024. This lack of access meant that debt payments could not be validated, new debts entered, or debt reports produced. The issue related not to the server but to the connection to the server and consideration had to be given to all possible solutions, including the hosting of the debt data by the Commonwealth Secretariat on a cloud-based server for access by DAD staff. Shortly after the mission connection to CS Meridian was restored. It will now be important to implement measures to avoid a similar situation in the future. Although source data on CS Meridian and CSD are subject to validation, it is important to monitor and demonstrate consistency in the compiled PSDS, both as a quality metric for compilers and to build user confidence in the disseminated data. The mission recommends the regular production of two reconciliation tables, the first showing how the change in debt stocks over a period is explained by debt flows, and the second highlighting the drivers of debt by reconciling the government deficit/surplus in a period with the change in debt stocks.

**8. Serviceability:** Statistical dissemination good practices encourage the publication of quarterly PSDS within a quarter of the end of the reporting period. Although a quarterly PSDS bulletin was introduced in August 2024 (for data from the period 2023Q3 - 2024Q2) with a commendable timeliness of two months after the end of the reporting period, this timeliness has not been maintained with no further quarterly PSDS bulletin yet published at the time of the mission. DAD staff explained that a quarterly report had been compiled in November 2024 but that it was not yet cleared for publication. This highlights the need for establishment of a release calendar which indicates to users when they can expect each debt report to be published and commits statistical compilers to informing users of the latest debt position according to a regular schedule. This approach to statistical dissemination is enshrined in the Code of Practice for Official Statistics in the Malawi National Statistical System, which requires official statistics to be released in a timely and punctual manner. In addition, DAD staff are encouraged to develop, publish, and implement a PSDS revision policy which informs users as to when they can anticipate revisions, and explain the drivers of revisions. In addition, the mission encountered challenges in comparing data across different statistical reports to ensure consistency. Establishment of quarterly debt timeseries will partially help facilitate users making such comparisons but it is recommended for compilers in MoFEA, RBM and National Statistical Office (NSO) to regularly review, identify, and report on differences between macroeconomic statistical reports.

**9. Accessibility:** Malawi PSDS reports include clear commentary, charts and tables which support users, particularly non-expert users, in understanding the debt data. In addition, DAD transparently provide their contact details and actively assist users by providing responses to queries, including the provision of bespoke data, such as time series which extend beyond the period covered in the latest report. However, more could be done to cater for the needs of all users. More expert users (such as financial analysts, investors and researchers) typically want to be able to access the data in a format that can be easily manipulated and analyzed (such as MS Excel), but currently PSDS reports are only available as searchable pdf files. Users also want to have clear information on the methods, concepts and definitions employed within statistical reports but the metadata of the current reports is difficult to find within the report text and insufficient in detail and coverage. To address these weaknesses the mission recommends DAD to renew its dissemination of quarterly PSDS through the IMF-World Bank Joint Quarterly Public Sector Debt (QPSD) statistics database and via Malawi's National Summary Data Page (NSDP). This will increase the visibility of Malawian PSDS to a broader range of users, increase clarity of

metadata as in both databases metadata is presented following a standard structure, and allow the data to be downloaded in a variety of formats, including MS Excel. In addition, DAD are encouraged to review the current PSDS bulletin with a view to including a core set of standard tables and graphics for inclusion in every report (perhaps in an annex) to facilitate easy comparison between reports.

## Summary Ratings of the PSDS DQAF\*

Dimensions/Elements	Rating	Dimensions/Elements	Rating
<b>0. Prerequisites of quality</b>		<b>3. Accuracy and reliability</b>	
0.1 Legal and institutional environment	LNO	3.1 Source data	LNO
0.2 Resources	LO	3.2 Assessment of source data	LO
0.3 Relevance	LO	3.3 Statistical techniques	LNO
0.4 Other quality management	O	3.4 Assessment and Validation of Statistical Outputs	LNO
<b>1. Assurances of integrity</b>		3.5 Revision studies	NO
1.1 Professionalism	LO	<b>4. Serviceability</b>	
1.2 Transparency	LO	4.1 Periodicity and timeliness	LNO
1.3 Ethical standards	LO	4.2 Consistency	LO
<b>2. Methodological soundness</b>		4.3 Revision policy and practice	NO
2.1 Concepts and definitions	O	<b>5. Accessibility</b>	
2.2 Scope	LNO	5.1 Data accessibility	LNO
2.3 Classification / sectorization	LNO	5.2 Metadata accessibility	LNO
2.4 Time of debt recording, valuation, and consolidation	LO	5.3 Assistance to users	LO
Key: O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed			

\*DQAF August 2024 Public Sector Debt Statistics  
[https://dsbb.imf.org/content/pdfs/dqrs\\_psd.pdf](https://dsbb.imf.org/content/pdfs/dqrs_psd.pdf)