



TECHNICAL ASSISTANCE REPORT

ZAMBIA

Report on Data Quality Assessment for Public
Sector Debt Statistics Mission
(September 30–October 4, 2024)

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Acronyms and Abbreviations

BCG	Budgetary Central Government
BOZ	Bank of Zambia
DMFAS	Debt Management and Financial Analysis System
DMO	Debt Management Office
DQAF	IMF's Data Quality Assessment Framework
DSB	The MoFNP's quarterly Debt Statistical Bulletin
CSD	The BOZ's Central Securities Depository
e-GDDS	IMF's Enhanced General Data Dissemination System
GFS	Government Finance Statistics
<i>GFSM 2014</i>	<i>Government Finance Statistics Manual 2014</i>
IDC	Investment Development Corporation
IDM	Investment and Debt Management Department of the MoFNP
IFMIS	Integrated Financial Management Information System
IPSAS	International Public Sector Accounting Standards
MLGRD	Ministry of Local Government and Rural Development
MoFNP	Ministry of Finance and National Planning
NSDP	National Summary Data Page
OAG	Office of the Auditor General
PDMA 2022	Public Debt Management Act, No. 15 of 2022
PSDS	Public Sector Debt Statistics
<i>PSDSG 2013</i>	<i>Public Sector Debt Statistics: Guide for Users and Compilers 2013</i>
QPSD	Joint IMF-World Bank Quarterly Public Sector Debt Statistics Database
SDRs	Special Drawing Rights
ZamStats	Zambian Statistical Agency

Overall Assessment

- 1. This report provides an assessment of the data quality of the public sector debt statistics of the Republic of Zambia** against the [IMF's Data Quality Assessment Framework \(DQAF\) for Public Sector Debt Statistics \(PSDS\) 2024](#). The DQAF lays out internationally accepted practices in statistics, ranging from good governance in data-producing agencies to specific practices in compiling and disseminating public sector debt statistics (PSDS).
- 2. The mission was undertaken under the auspices of a project to strengthen the quality of public sector debt statistics in select African countries.** The project is funded by the Government of Japan through the Japan Administered Account for Selected IMF Activities (JSA). The IMF mission team extends its appreciation to the authorities for the warm reception and candid discussions throughout the mission and to Mr. Rasiel Velloso (World Bank) and Ms. Roula Katergi (UNCTAD) who participated in the mission, for kindly sharing their expertise and insights.
- 3. This report is based on information provided prior to and during a mission from September 30–October 4, 2024, as well as publicly available information.** The agencies compiling the datasets assessed in this report are the Ministry of Finance and National Planning, Bank of Zambia, and the Zambia Statistical Agency.
- 4. Since 2016, Zambia has received a significant amount of technical assistance from the IMF's Statistics Department (STA) on Government finance statistics (GFS) and public sector debt statistics (PSDS).** Zambia was a beneficiary of several capacity development activities in GFS, funded under the United Kingdom's Department for International Development "Enhanced Data Dissemination Initiative 2 (EDDI 2)" project. The EDDI 2 helped Zambia develop capacity for dissemination of macro-economic statistics, leveraging the framework of the enhanced General Data Dissemination System (e-GDDS) which was launched in May 2015. With combined technical assistance from the IMF and the African Development Bank, Zambia successfully implemented the National Summary Data Page (NSDP) in June 2016 and started to report key macro-economic statistics with an advance release calendar. However, sustained dissemination of public debt data through the NSDP has lagged significantly. The latest available public debt data on the NSDP is partial gross central government debt (2009–2016 (annual)). This covers only domestic debt instruments—Treasury bills, Treasury bonds, domestic arrears, government employees' awards and compensation, and public service pension funds.
- 5. Zambia has also benefitted from technical assistance provided under the Data for Decisions (D4D) Trust Fund which focused on improving public debt data for decision making.** The last D4D mission took place in 2019 and identified two key impediments to enhancing debt data transparency and accuracy, namely, weak systems for collecting source data, and weak institutional coordination to ensure debt data is regularly validated and reconciled. The mission also identified easily available financial data from nonfinancial public corporations that could be used to expand the coverage of public sector debt. Progress has been made since 2019, most notably with respect to the validation and reconciliation of data and the enactment of new legislation to guide debt management and reporting in Zambia.
- 6. Over the years, Zambia has received significant technical assistance from the UNCTAD on its Debt Management and Financial Analysis System (DMFAS) which enabled the country to record, monitor, and report public debt.** The DMFAS has helped Zambia build a comprehensive

public debt database, both external and domestic. The World Bank, on the other hand, has supported Zambia in facilitating reconciliation of external debt data reported to the World Bank's Debtor Reporting System (DRS) as well as the joint World Bank-IMF Quarterly External Debt Database. In the last two years the Government of Zambia has made significant changes aimed at improving transparency in debt management and reporting.

7. Against this background, the main objective of the mission was to identify: (a) key weaknesses in PSDS compilation and dissemination processes through the application of the IMF's standardized Data Quality Assessment Framework (DQAF); and (b) priority actions to help Zambia enhance public debt data transparency. Discussions with various stakeholders as well as review of published data indicate that Zambia's public debt statistics have improved significantly in the last two years. The statistics are broadly reliable, transparent, and of good quality, thanks to the strong and sustained commitment of the government to improve debt data transparency and accountability. The main conclusions of the mission are presented below following the DQAF's quality dimensions and summarized in Table 1.

8. Prerequisites of quality: This category in the DQAF assessed the conditions that have an impact on data quality within the main agencies in charge of producing public debt statistics in Zambia. The assessment focused on the legal and institutional environment, resources, and quality awareness.

- (a) **Legal environment.** The primary responsibility for collecting, processing, and disseminating public debt statistics in Zambia is clearly established. In 2022, Zambia enacted a new Law: "Public Debt Management Act, No. 15 of 2022" or (PDMA 2022) establishing a Debt Management Office (DMO) in the Ministry of Finance and National Planning (MoFNP) with specific functions, key among which is to "maintain and keep an updated database of outstanding public debt and guarantees". The DMO, which is expected to be fully operational by end-2024, has three functional areas based on best practices for debt management offices—the Front Office, Middle Office, and Back Office.
- (b) **Institutional environment:** Data sharing and coordination among debt data-producing agencies in Zambia are adequate. The PDMA 2022 provides sufficient guidance on the roles and responsibilities of the key players, the MoFNP, the Bank of Zambia (BOZ) and Zambia Statistics Agency (ZamStats). These institutions are effectively coordinated ensuring smooth flow of debt data. The BOZ acts as the agent of the Minister in the case of a loan raised under the new Act in relation to the issuance of bonds, treasury bills (PDMA 2022, Section 20 (i)). The new Act has revitalized debt management operations in Zambia, and while the DMO is largely in embryonic phase, resources are being put in place to commence its operations in earnest. Immediate priorities include appointment of senior management of DMO and training on administration of the DMFAS 7 to facilitate integration (or interfacing) with other systems such as the central securities depository (CSD) in the BOZ and the Integrated Financial Management System (IFMIS) for easy exchange of public debt data and related information.

9. Assurances of Integrity: This dimension assessed the features that support firm adherence to objectivity in the collection, compilation, and dissemination of public debt data so as to maintain users' confidence. The focus was on three elements that determine integrity in the compilation of public debt statistics—degree of professionalism, transparency, and ethical standards. In the case of Zambia, there is strong evidence that the MoFNP, BOZ, and ZamStats demonstrate professionalism, are transparent in their practices, and promote high ethical standards to their staff. Recruitment is conducted through a competitive process based on the qualifications for the position being filled. Promotion is done on merit and based partly on performance and partly on seniority. On-the-job training is provided to new hires. The choice of source data, methodologies, and statistical techniques

is based on measurement objectives and data requirements. Commitment to debt transparency is evident in the forward message written by the Secretary to the Treasury in the Debt Statistical Bulletin (DSB) for the second quarter of 2024: The “Government is committed to transparency and adherence to international debt reporting standards, which include the timely publication of the DSB.” Clear and comprehensive ethical standards and guidelines are set out for staff in all institutions.

10. Methodological Soundness: This dimension assessed the extent to which the PSDS of Zambia comply with international statistical methodologies to facilitate comparability and analytical value. Zambia broadly applies international standards, guidelines, and agreed practices in compiling and reporting public debt statistics. The concepts and definition of what constitutes government debt in Zambia is in line with the international statistical standards and fosters cross country comparability of public debt data. The budgetary central government (BCG) debt data reported by the MoFNP further meets the standards by being broken down in a variety of ways including by whether the creditor (or debt holder) is resident in the economy (domestic debt) or nonresident (external debt), by the original and remaining maturity of the debt, and by the currency of denomination of the debt. However, although there is good coverage of BCG debt there is a need to expand the coverage to other subsectors of the public sector. Currently not reported within the MoFNP debt reports are the debts of local governments, extrabudgetary units, social security funds, and public corporations. To expand the current data reporting in a structured manner, it is recommended to first urgently establish an authoritative list of all public entities in Zambia sectorized in accordance with the international statistical standards. The mission noted that there were some differences of perception as to which entities were public and which private, as well as which were market (public corporations) and which nonmarket (government). Secondly, the expansion in sector coverage (which would ultimately arrive at full public sector coverage) should be guided by materiality and practical considerations, which in the view of the mission would lead initially to the inclusion of public corporation debts followed by those of local governments.

11. Accuracy and Reliability: This dimension focused on assessing whether Zambia's PSDS portray the reality of the economy. Consistent with the recent efforts to strengthen public debt management, the source data on the debt stocks of budgetary central government is comprehensive, appropriately validated and quality assurance measures and processes well implemented. The BOZ is the source of data for government debt securities, while MoFNP is the data owner for external government borrowing and the two collaborate effectively to produce harmonized outputs. Most data sources are available in a timely manner after the end of the quarter, allowing the MoFNP to meet its publication target of two months after the end of the quarter. However, the lack of full system integration complicates the process of compiling debt statistics. The planned upgrading of the DMFAS system is expected to lead to further automation and so improved efficiency in the process of debt data collection, compilation and reporting. Users surveyed and met by the mission indicated widespread satisfaction with the perceived accuracy and reliability of current PSDS in Zambia, a significant break from the past. However, many of the same users expressed frustration with the narrow focus of the current debt statistics, highlighting a need for information on local government debts and non-guaranteed debts of public corporations. The mission investigated possible data sources for this required expansion of the PSDS, identifying existing quarterly data for the debts of most public corporations but less availability of high-quality data for local government debts.

12. Serviceability: This dimension assessed the extent to which Zambia's PSDS are disseminated with an appropriate periodicity in a timely fashion, are consistent internally and with other major data sets, and follow a regular revision policy. MoFNP disseminates quarterly PSDS in a periodic and timely manner and publishes annual public sector debt data in the annual economic report. The quarterly data are released within two months of the end of the reporting period, while the annual data within six months of the end of the year. This regularity and frequency of publication align

with best statistical practices. MoFNP also publishes adequate metadata on its website in the quarterly DSB including various statistical definitions, concepts, and formats. This bulletin provides detailed analysis, explaining current economic trends and offering commentaries on debt. The disseminated data, which includes information on end period outstanding debt stock, disbursements, repayments, and other economic flows, offers valuable information for understanding the consistency between debt stock and flows. In addition, the mission review found that the PSDS published in the DSB were internally consistent overtime and comparable with similar datasets in other macroeconomic statistics—balance of payments and monetary accounts. However, it is recommended to publish more detailed reconciliations between the changes in debt stock and the associated flows.

13. Accessibility: This dimension assessed the extent to which Zambia's public debt data and metadata are presented clearly, understandable, easily available and impartial, up-to-date and pertinent, and that prompt and knowledgeable support is available to the user. The main publication vehicle for informing all users of the Zambian public debt is the MoFNP's quarterly DSB. The bulletin presents data that is largely aligned with the classifications recommended by the *Public Sector Debt Statistics Guide for Compilers and Users 2013 (PSDSG 2013)* and the *Government Finance Statistics Manual 2014 (GFSM 2014)*. The DSB provides clear charts and comprehensive tables, along with current commentaries and developments that enhance analysis by users. These commentaries on recent developments are an integral part of the quarterly reports, ensuring that stakeholders are well-informed about the latest trends and insights. Discussion with users, however, highlighted the need for data used in the production of the DSB to be made available in formats which facilitate reuse and further analysis (such as MS Excel or csv). Also, users called for a broader coverage of public debt, more comprehensive metadata, and a detailed breakdown of some debt components, in particular arrears, by economic sector or sub-sector.

Table 1. Zambia: Summary Results of PSDS DQAF Assessment

Dimensions/Elements	Rating	Assessment	Priority Recommendations
0. Prerequisites of quality			
0.1 Legal and institutional environment	O	Zambia enacted a new law “Public Debt Management Act, No. 15 of 2022”. The new law has strengthened the institutional framework for debt management and reporting. It clarified, inter alia, the nature and scope of guarantees and indemnities, established the general provisions of a new DMO, and sets the framework for regulating the borrowing of State-Owned Enterprises (SOEs).	
0.2 Resources	O	The Government has secured sufficient funding for DMO to be fully operational through budget allocation and donor funding. The Government of Germany has provided funding to support the establishment and operationalization of DMO including, upgrading the DMFAS 6, currently used in Zambia, to DMFAS 7 to facilitate integration or interfacing with other systems (e.g., CSD or IFMIS), and training of staff.	
0.3 Relevance	LO	While DMO is aware of the need to enhance relevance of public debt statistics, it is yet to devise a strategy to broaden sector and instrument coverage of public sector debt beyond BCG and the guaranteed and non-guaranteed debt of six SOEs. Some of this data is easily available from the financial reports of key SOEs (e.g., Industrial Development Corporation (IDC) and others) while other data, such as on local government debt, may take more time and resource to access.	<i>Implement structured and periodic process of consultation with principal data users, to review the usefulness of existing debt statistics and to identify emerging data requirements, leveraging the successful experience with debt symposiums and BOZ domestic debt roadshows. [see also 5.3]</i>
0.4 Other quality management	O	Measures are in place to monitor the quality of public debt statistics including validation with creditors. Management is committed to enhancing the quality of the PSDS by undertaking thorough validation of data with creditors well before the data is published.	
1. Assurances of integrity			
1.1 Professionalism	O	The terms or conditions under which the statistics are produced are in accordance with professional independence. BOZ Act 5, 2022; PDMA 15, 2022; and ZSTA Act 13, 2018 provide guidance on compilation of public sector debt statistics.	
1.2 Transparency	O	The MoFNP and BOZ are transparent in the release of public debt information as soon as the data is validated and audited and meets the confidentiality requirements.	

Table 1. Zambia: Summary Results of PSDS DQAF Assessment (continued)

1.3 Ethical standards	LO	The BOZ, MoFNP and ZamStats codes of conduct provide guidelines and standards for staff in performing official duties. However, the code is provided at the time of joining the civil service and not made easily available in the place of work or on the respective websites.	<i>Publish the code of conduct of staff on respective websites.</i>
2. Methodological soundness			
2.1 Concepts and definitions	O	The concept and definition of what constitutes public sector debt in Zambia is in line with the international statistical standards.	
2.2 Scope	LNO	There is broad coverage of the debt of budgetary central government, but there is no (or limited) coverage of the debts of other subsectors, such as local governments and public corporations.	<i>Expand the sector coverage of the PSDS through the inclusion of debt liabilities of local governments, social security funds, extrabudgetary units and public corporations. Given limited resources it is important to focus initially on the most material gaps in coverage taking into account also feasibility. The mission therefore recommends broadening the debt scope first to include public corporations followed by local governments.</i>
2.3 Classification / sectorization	LO	The debt data presentation broadly follows the international standards and includes breakdowns by maturity, residency, and currency	<i>Include the liabilities related to IMF Special Drawing Rights (SDRs) within debt tables following a standard international presentation.</i>
2.4 Time of debt recording, valuation, and consolidation	LO	The debt data is reported at face value, with principal arrears included. Foreign currency debt is converted into national currency appropriately. The data are not consolidated, but with current sectoral coverage this is not required.	<i>As part of the sector coverage expansion, introduce mechanisms to consolidate PSDS across government / the public sector, by eliminating any cross-holdings of debt so as to avoid double counting of debt liabilities.</i>
3. Accuracy and reliability			
3.1 Source data	LNO	The source data on the debt stocks of BCG appear to be comprehensive and subject to appropriate validation and quality assurance processes. However, robust data sources for compiling local government debt need establishing, and data on SOEs needs to be collated and consolidated.	<i>Implement data collection processes to compile quarterly debt data for public corporations and local governments, building on existing data collections and system developments, and considering as far as possible the data needs of GFS so as to assure good sector coverage alignment between GFS and PSDS.</i>
3.2 Assessment of source data	LO	Source data are checked for both internal consistency and consistency across publications. Consistency of aggregate information on debt securities is checked between DMFAS and CSD. In addition, auditing mechanisms are in place to assure the data quality and to certify arrears before they are recognized as debt.	<i>Interface DMFAS with the CSD and IFMIS to increase automation of processes, reduce risk of manual errors, and facilitate staff focus on value-added activities.</i>
3.3 Statistical techniques	LO	Where data are not available in time for the quarterly publication (such as for some arrears) conservative estimates are used to avoid breaks in the timeseries.	

Table 1. Zambia: Summary Results of PSDS DQAF Assessment (continued)

3.4 Assessment and Validation of Statistical Outputs	LO	Data on external loans are reconciled with creditor information both directly and indirectly via the World Bank's Debtor Reporting System (DRS).	<i>Upgrade DMFAS to the recently released DMFAS 7 to take advantage of the additional functionality around data quality and reporting as well as the expanded coverage of debt instruments and improved recording of debt securities.</i>
3.5 Revision studies	LNO	Published stock-flow analysis implicitly tracks revisions to debt stocks but revisions are not explicitly shown.	[see 4.3]
4. Serviceability			
4.1 Periodicity and timeliness	LO	The MoFNP disseminates quarterly PSDS in a periodic and timely manner. This information should similarly be disseminated on the National Summary Data Page (NSDP), a portal for countries participating in SDDS Plus, SDDS, and e-GDDS. As an e-GDDS country, Zambia published yearly central government debt statistics until 2016 but has not published any data on the NSDP since.	<i>Commence and sustain the dissemination of quarterly central government gross debt via the NSDP.</i>
4.2 Consistency	LO	The BCG debt data reported by the MoFNP in its quarterly DSB are largely consistent with data from other macroeconomic datasets. The disseminated data on outstanding stock, disbursements, and repayments provide a valuable source of information to explain movements in debt stocks and flows. However, additional information on other economic flows is needed to complete this reconciliation exercise.	<i>Maintain consistency checks by having regular active and formal data sharing arrangements and validity checks between macroeconomic datasets. Publish a reconciliation of the change in debt stocks with the transactions and other flows driving the changes. (See Appendix III, Table A1 for an example.)</i>
4.3 Revision policy and practice	LNO	There is no revisions policy in place for the PSDS. However, the MoFNP does regularly revise preliminary estimates for domestic arrears clearly labelling the preliminary and revised data.	<i>Develop and publish a PSDS revision policy to guide users and compilers on the process for incorporating and analyzing revisions.</i>
5. Accessibility			
5.1 Data accessibility	LO	The data reported in the quarterly statistics bulletin largely follows the classifications recommended by the <i>Public Sector Debt Statistics: Guide for Users and Compilers 2013 (PSDSG 2013)</i> and is made accessible and available to all users at the same time. However, data is not standardly published in electronic formats that permit easy reuse and analysis of the data (e.g. Excel, csv, SDMX)	<i>Disseminate the statistics in the Joint IMF-World Bank Quarterly Public Sector Debt statistics database (QPSD) to enable access to a wider audience and to facilitate cross-country comparison.</i>
5.2 Metadata accessibility	O	The MOF publishes comprehensive metadata in the quarterly statistical bulletin. The metadata contains information on the data sources, institutional coverage, instrument coverage, valuation of the debt stocks, the sector coverage of the data, the exchange rate used for converting debt in foreign currencies, and the classification of published debt data.	<i>Metadata on PSDS should be updated and published in the templates found in the NSDP and QPSD websites.</i>

Table 1. Zambia: Summary Results of PSDS DQAF Assessment (concluded)

5.3 Assistance to users	LNO	Reports provide users with some contact information, such as emails, postal addresses, and phone numbers of compiling agencies but no evidence of assistance being provided to data users, or of materials or devices to raise awareness of the PSDS.	<i>Proactively engage with PSDS users, by surveying users on the degree to which the published statistics are meeting their needs and raising awareness on where users can get assistance and more information whenever they need it.</i>
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O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed
 August 2024 Public Sector Debt Statistics: https://dsbb.imf.org/content/pdfs/dqrs_psd.pdf

Section I. Detailed Assessment and Recommendations

This section on the Detailed Assessment and Recommendations expands on the information provided in the Overall Assessment. It describes in more detail the mission findings in relation to Prerequisites of Quality as well as each of the five DQAF dimensions, highlighting both strengths of the current arrangements and recommendations on areas for improvement.

A. PREREQUISITES OF QUALITY

14. Zambia’s legal and institutional environment for debt management and reporting was strengthened in 2022 with the enactment of a new Law: “Public Debt Management Act, No. 15 of 2022.” The new Act (PDMA 2022) provided for establishment of a DMO in the Ministry of Finance and National Planning (MoFNP) with specific functions among which is to “maintain and keep an updated database of outstanding public debt and guarantees.” With the enactment of the new law, the primary responsibility for collecting, processing, and disseminating public debt statistics in Zambia is clearly established. The DMO, which is expected to be fully operational by end-2024, has three functional areas based on best practices for debt management offices—the Front Office, Middle Office, and Back Office. The latter is expected to implement and maintain an updated debt database for Zambia capable of providing timely and accurate public debt information for analytical work as well as for preparation and production of the quarterly DSB, and the annual public debt, guarantees and grants report for submission to the National Assembly. Importantly, the new law clarifies the nature and scope of guarantees and indemnities and sets the framework for regulating State-Owned Enterprises (SOEs) borrowing.

15. While the DMO is yet to be operational, current working arrangements are consistent with the responsibilities envisaged in the new law. The current debt management operations are working smoothly and coordination with the BOZ and other stakeholders are excellent. The Investment and Debt Management Department (IDM) has been producing the DSB regularly, consulting appropriately with relevant key stakeholders. The DSB provides comprehensive and timely public debt information, which was not possible before.

16. Data sharing and coordination among data-producing agencies are adequate. PDMA 2022 provides sufficient guidance on the roles played by key stakeholders in the area of public debt management and reporting. The main agencies involved in debt data reporting (MoFNP and BOZ) coordinate effectively. The BOZ acts as the agent of the Minister in the case of a loan raised under this Act relating to the issue of bonds, or treasury bills (PDMA 2022, Section 20 (i)). As a result of the new changes in the legislation, public debt management functions in Zambia have been reinvigorated and current staff are highly motivated.

17. Staff, facilities, computing resources, and financing need to be enhanced commensurate with the new public debt management functions. The DMO is in a transition phase, hence the mission could not fully assess the adequacy of its resources. However, it is expected that once the DMO is fully operational, the structure approved by Cabinet might need about 80 professional staff with diverse skills—economists, statisticians, accountants, financial analysts, etc. More office space, facilities, computing, and financial resources might be needed because of the increased number of staff consistent with the new roles in the DMO such as the Legal Unit and the Communication Unit. Zambia currently uses DMFAS 6 and this needs to be upgraded to DMFAS 7 to facilitate integration or interfacing with other systems (such as the CSD at the BOZ and the MoFNP’s

IFMIS). BOZ considers such integration essential in enhancing efficiency in data sharing. The mission understood that the authorities have secured enough funding from the Government of Germany to support the establishment and operationalization of DMO. This would include financing the upgrading of DMFAS to the latest version (DMFAS 7), training of staff, and procurement of essential equipment (computers and other office equipment). It is important to complete the planned training on administration of DMFAS 7 by end November, to facilitate integration of DMFAS with other systems and pave the way for the full operationalization of DMO by December 2024 (IMF program structural benchmark).

18. There is recognition throughout the IDM that quality builds trust and thus is a critical focus in the functions of debt management including production of quality statistics.

Discussions with senior management in MoFNP confirmed that there is a strong commitment to modernize debt management and make debt data more relevant and transparent. The collection, processing and dissemination of public debt data are now vigorously monitored through well-established quality control processes and validation procedures have been established with creditors. Debt arrears are monitored routinely and published once they have been certified by auditors.

19. The relevance and practical utility of available public debt statistics in meeting users' needs are to some degree monitored in Zambia. The current staff in the IDM are increasingly aware of the need to enhance the relevance of public debt statistics. IDM organizes symposiums to discuss debt and other related trending issues which have helped reveal emerging data needs such as the need for more coverage of public debt to include local government and SOEs debt. However, there is need for structured and periodic process of consultation with principal data users, which include Government ministries, the legislature, academia, the press, and/or other private sector representatives, to review the usefulness of existing debt statistics and to identify emerging data requirements. Drawing from the successful experience with debt symposiums, the DMO is planning, subject to availability of resources, to extend data coverage to all SOEs including those with non-government guaranteed debt; provide data users with raw data used in the production of tables and charts in the DSB so as to facilitate reuse and reconfiguration of data; repurpose debt symposiums to educate users on emerging changes in the debt arena. It is noteworthy that the BOZ domestic debt roadshows have led to the creation of the BOZ online portal, responding to revealed demand for individual direct investment in Government securities.

20. Processes are in place to monitor quality of public debt data in Zambia. Although no formalized processes are established to focus on the quality of public debt statistics in Zambia, management is sensitive to all dimensions of quality. Processes are in place to monitor adequately the quality of compiled and disseminated statistics. Checks of coverage, classification, and missing data are undertaken regularly. In addition, the internal consistency of source data and consistency across source datasets are monitored. All deviations in the source data are noted and investigated. IDM has established working arrangements with BOZ and key SOEs to ensure source data is received promptly. Quality aspects of statistics are discussed with all stakeholders during the publication cycle of the DSB and in ad hoc meetings.

Strengths:

- The legislative framework provides clarity on the responsibilities of different stakeholders with respect to debt management and reporting.
- Systems and procedures are in place which assist in delivering high quality debt data.

Recommendations for improvements:

- Implement structured and periodic process of consultation with principal data users, to review the usefulness of existing public debt statistics and to identify emerging data requirements, leveraging the successful experience with debt symposiums and BOZ domestic debt roadshows.

B. ASSURANCES OF INTEGRITY

21. The terms or conditions under which the statistics are produced are in accordance with professional independence.

PSDS are compiled from underlying administrative records of government, e.g., loan agreements (contracts). PDMA 2022, assigns the responsibility for compiling public debt to the DMO, and ensures the independence and authority of the compilers of public debt data. The law ensures the professional independence of the DMO without interference from other government agencies. Decisions on data dissemination, periodicity, and other aspects of dissemination are well spelt out in the Act. However, some users indicate that pre-announcing the release dates of PSDS publications would be useful to financial markets.

22. Recruitment is conducted through a competitive process based on the qualifications for the position being filled.

Promotion of staff is guided by policy and conducted through internal promotion Committees. It is done on merit and based partly on performance and partly on seniority. On-the-job training is provided to new hires and participation of staff in relevant international seminars and courses (e.g. MEFMI Fellows program), as well as training in higher education institutions is supported. Processes and activities in the workplace that promote a culture of professionalism through research are limited. Nevertheless, it is expected that once the DMO is fully operational, analytical work related to debt will gain higher prominence.

23. Choice of data sources and statistical techniques as well as decisions about dissemination are informed solely by statistical considerations.

The choice of sources and statistical techniques for the compilation of public debt statistics is based solely on statistical considerations made by the DMO staff; however, these decisions are influenced by cost considerations and the resource constraints currently facing government. Decisions about dissemination are informed solely by statistical considerations. The DMO publishes quarterly public debt in the DSB, which clearly identifies the data sources and compiling agencies, as well as the legal basis under which the statistics are compiled.

24. Erroneous interpretation or misuse of public debt statistics when detected is elevated through the chain of command to the Minister level for official commentary.

Most issues are clarified by the Minister of Finance during debt symposiums or through press statements. However, once the DMO is fully operational, there is a need to develop a formal policy of communication or well-established custom to deal with data misinterpretations or misuse of statistics drawing from Zambia's Statistics Act, 2018, section 31 "Misuse of Statistical data". Since the enactment of the new act, DMO has maintained cordial working relations with the media and journalists which has improved significantly with the regular publication of the quarterly DSB.

25. Zambia public debt statistics are compiled and disseminated in a transparent manner.

The terms and conditions under which public debt statistics are collected, processed, and disseminated are set out in PDMA 2022 and backed by Statistics Act 2018. MoFNP is mandated to produce and publish DSBs on a quarterly basis in line with the timeline set in the Act. The MoFNP and BOZ transparently release Zambia's public debt information as soon as the data is validated, audited, meets confidentiality requirements, and cleared by the Secretary to the Treasury. Government commitment to transparency is evident in the forward message of the Secretary to the Treasury

during the release of Q2 of 2024 DSB. “The Government is committed to transparency and adherence to international debt reporting standards, which include the timely publication of the DSB.” The IDM is also empowered to release the data used in DSB in raw form as soon as the DSB is cleared for publication by the Secretary to The Treasury. Once the DMO is fully operational and its communication office is established, transparency could be further enhanced by publishing, on the MoFNP Website, snippets of the terms governing the production of PSDS including, the obligation to compile and disseminate the statistics, the confidentiality of individual reporters’ data, the disclosure of audited annual financial statements on public debt positions, and other key features (e.g. the codes of conduct under which official statistics are compiled and disseminated as well as the approval process for data dissemination).

26. The public debt statistics compiled by the DMO/IDM are available to senior officers of the MoFNP and BOZ for review and internal information prior to their general dissemination.

While this is normal practice, it may be useful to identify in the corresponding publications, and on the e-GDDS metadata posted on the IMF’s Dissemination Standards Bulletin Board (DSBB), the internal government’s access to public debt statistics prior to their release to the public. Statistics as an asset should be released transparently and simultaneously to all users hence good statistical practice is to make the public aware of internal government access prior to their release. Equally important is to clearly identify the statistical products so that the public is aware of what the DMO takes responsibility for.

27. Staff are made aware of ethical standards that must be adhered to and provided guidelines outlining correct behavior on potential cases of conflict of interest. Management is aware that they are a role model for staff as pertains to correct behavior in place of work. The BOZ, MoFNP and ZamStats codes of conduct provide guidelines and standards for staff in performing official duties. DMO is encouraged to make the code of conduct easily available in the place of work or on the respective websites and remind staff annually.

Strengths:

- DMO has independence to operate and deliver its remit within the MoFNP.
- Periodic publication in recent years of the quarterly DSB is a big and positive change.

Recommendations for improvements:

- Publish the code of conduct of staff in compiling agencies on respective websites.
- DMO should act on the feedback provided by data users through the debt symposiums and other forums.
- Develop a formal policy or well-established custom to deal with data misinterpretations or misuse of statistics drawing from Zambia’s Statistics Act, 2018, section 31 “Misuse of Statistical data.”

C. METHODOLOGICAL SOUNDNESS

28. The concept and definition of what constitutes public sector debt in Zambia is in line with the international statistical standards. Government debt is an unconditional obligation for a government unit, under specific circumstances, to provide funds or other resources to another unit (which may be resident or nonresident in the country). The central government debt data reported by the MoFNP meets this international definition and is broken down in a variety of ways including by whether the creditor (or debt holder) is resident in the economy (domestic debt) or nonresident (external debt), by the original and remaining maturity of the debt, and by the currency of denomination of the debt. All of which are standard concepts from the international statistical

standards. In addition, debt stocks denominated in foreign currency are converted to Zambian Kwacha using the mid-point of the buying and selling spot exchange rates, which is fully in line with international statistical guidance.

Figure 1. Coverage and Accounting Basis of Debt Stocks 1/									
Debt securities	Loans	Special Drawing Rights (SDRs)	Currency and deposits	Accounts payable	Insurance, Pensions, and Standardized Guarantee Schemes	Financial Public Corporations 3/	included		
						Nonfinancial Public Corporations 3/	not included		
						Local Governments	not applicable		
						State Governments			
						Social Security Funds			
						Extrabudgetary Units			
						Budgetary Central Government			
Valuation of debt stock			Consolidation		Arrears 2/		PPPs / Finance Leases		
Face value	Nominal value	Market value	No	Yes	No	Yes	No	Yes	
1/ Assessment relates to the MoFNP's quarterly debt statistics bulletin, quarterly economic review, mid-year economic review, annual economic report, and public debt summary.									
2/ Accounts payable include expenditure arrears owed to or for government contractors, independent power producers and fuel providers. Arrears on debt principal are included in debt instruments, but arrears on debt interest are not shown in the main debt totals but are available as supplementary information.									
3/ Publicly guaranteed external debt is reported for public corporations (DBZ, KGL, PSPF, ZESCO, ZNBS, ZAMTEL) and non-guaranteed external debt for the same six public corporations also reported.									

29. Reported external debt not only includes loans from foreign creditors but also other debts where the creditor/holder is nonresident (such as government debt securities held by nonresidents and arrears owed to nonresidents). Identifying the debt holder of government securities (bonds and bills) is challenging as the holder typically changes frequently as they are traded in the secondary market. However, the BOZ's CSD provides data on the holders of government securities at a point in time, which is used to inform the statistical reporting of government debt securities held by nonresidents.

30. Debt stocks are presented in national reports at face valuation. The use of this valuation approach is clearly identified in the metadata of MoFNP's quarterly DSB, although it would be helpful to users if this was also clearly flagged in other publications including debt data, such as the mid-year

economic review and the annual economic report. While face value is a permitted valuation method in international debt statistics, it is not the preferred valuation approach. The statistical guidance in this area recommends the use of nominal valuation¹ with the market value of traded debt instruments included as a memorandum item. Given the widespread and consistent reporting of debt at face value in Zambia it is not recommended in the short to medium term to replace this with debt at nominal value, but inclusion of one or more supplementary tables with debt at nominal value would be beneficial to users.

31. The reported PSDS cover the main debt instruments of the BCG – namely loans, debt securities, and accounts payable. Not reported are liabilities relating to the IMF's Special Drawing Rights (SDRs), deposits, and insurance, pensions & standardized guarantee schemes (although debt in the latter two categories is not expected to be material for BCG). With respect to SDRs², while it is recommended to include them within debt tables following a standard international presentation, a footnote would be warranted to explain to users that SDR interest is calculated on a net basis and currently Zambia is a recipient of income from the SDRs due to holding more SDR assets (held at BOZ) than it has liabilities.

32. Although there is good coverage of BCG debt there is a need to expand the coverage to other sub-sectors of the public sector. Currently not reported within the MoFNP debt reports are the debts of local governments, extrabudgetary units, social security funds, and public corporations³. To report comprehensive PSDS the debts of these other subsectors should also be included (see figure 1). The next section on Accuracy and Reliability briefly discusses data sources that may be available to expand the sector coverage. However, in order to expand the current data reporting in a structured manner, it is recommended to first establish an authoritative list of all public entities in Zambia based on the concepts and principles of the international statistical standards, as in discussions the mission found that there were some differences of perception as to which entities were public and which private, as well as which were market (public corporations) and which nonmarket (government). ZamStats, with the assistance of the Government Finance Statistics Technical Working Group, has produced a draft list of public entities by sub-sector but this needs to be finalized and maintained.

33. Although the PSDS are not consolidated, this approach currently creates no difficulties as there are no holdings of BCG debt by units within BCG and so no consolidation is required. However, when the sector coverage of the PSDS is expanded it will be important to consolidate the debt so as to avoid any over reporting. Arrears related to the servicing of Public Private Partnership (PPP) projects are included within the published debt as are any debts related to the financing of PPPs. However, to be fully in line with the international statistical standards each PPP contract should be assessed to establish who is the economic owner of the associated nonfinancial assets, as per the *GFSM 2014*, and debt imputed in the case of PPP assets deemed to be on the government balance sheet. This is an area that the MoFNP are encouraged to look at in order to further expand the current debt coverage.

¹ Nominal value is the amount that the debtor owes to the creditor at any point in time and can be calculated by discounting future interest and principal payments at the contractual interest rate. By contrast, face value is the undiscounted amount of principal to be paid at maturity.

² SDR liabilities are erroneously shown in Table 4 of the MoFNP's Quarterly DSB. These liabilities are in fact related to the IMF's Extended Credit Facility (ECF) and should be included under loans and not SDRs. This should be corrected.

³ The guaranteed external debt of public corporations (six in total) is reported as a contingent liability of the BCG, in line with international statistical practice, but the nonguaranteed external debt of public corporations (excluding the six with guarantees) and the domestic debt of public corporations are not reported.

Strengths:

- There is a clear recognition of what constitutes a debt liability and audit arrangements support the identification of debts, including certifying the existence of arrears.
- The published debt reports broadly follow the concepts, definitions and classifications of the international statistical standards and include clear metadata.

Recommendations for improvements:

- Produce and publish an authoritative list of all public entities, based on the concepts and principles of the international statistical standards, identifying whether they are government units (central, local, or social security funds) or public corporations (nonfinancial or financial).
- Expand the sector coverage of the PSDS through the inclusion of debt liabilities of local governments, social security funds⁴, extrabudgetary units and public corporations. Given limited resources it is important to focus initially on the most material gaps in coverage taking into account also feasibility. The mission therefore recommends broadening the debt scope first to include public corporations followed by local governments.
- As part of the sector coverage expansion, introduce mechanisms to consolidate PSDS across the government / the public sector, by eliminating any crossholdings of debt so as to avoid double counting of debt liabilities.
- Include the liabilities related to IMF SDRs within debt tables following a standard international presentation.

D. ACCURACY AND RELIABILITY

34. The source data on the debt stocks of BCG appear to be comprehensive and subject to appropriate validation and quality assurance processes. In recent years there has been considerable focus on assuring the accuracy of Zambian public sector debt data and on improving the transparency of debt reporting. Against this backdrop the mission team encountered no obvious inaccuracies in the reported debt data (which was found to be consistently reported across a range of MoFNP publications) or significant concerns regarding the data compilation processes.

35. This view of the accuracy of the BCG debt data is supported by analysis of external debt reported by Zambia to the World Bank's Debtor Reporting System (DRS). Over the past two years, reported data has shown significant improvement, particularly in addressing data gaps from 2022 and 2023. At an aggregate level for both 2022 and 2023, the discrepancies between the BCG debt stock position between the MoFNP and the DRS position have become minimal. However, differences at the granular level persist, mainly due to revisions in the debt data in the DMFAS following the rigorous process of cleaning, validating, and reconciling. MoFNP currently reports to the DRS only BCG and government guaranteed external debt, but there is a need to expand this coverage to include all non-guaranteed SOE debt and non-resident holdings of debt securities issued domestically.

36. The MoFNP and BOZ collaborate in sourcing the data needed to report BCG gross debt. The BOZ is the source of data for government debt securities, while MoFNP is the data owner

⁴ Social security in Zambia is managed by the National Pension Scheme Authority (NAPSA).

for external borrowing. In addition, MoFNP collects information on SOE guaranteed debt and contractor arrears. (See Table 2.) Each data source is subject to validation processes. Notably, data for government debt securities are entered into DMFAS and the results compared with the CSD data, external borrowing data is validated against creditor information, and arrears are only recorded once they have been certified as genuine arrears by auditors.

37. Most data sources are available in a timely manner after the end of the quarter, allowing the MoFNP to meet its publication target of two months after the end of the quarter. It was explained to the mission that most data providers send the data ahead of schedule to the MoFNP compilers, but official reminder letters are sent when no data has been received and the reporting deadline is approaching. Up to now this approach has been sufficient. However, due to the requirement for arrears data to be certified by auditors, there is a systemic lag in reporting for some categories of arrears data which cannot be provided to meet the quarterly publication timeline. In cases like these, statistical best practice is to include an estimate for the missing data observation and clearly highlight this to users in the metadata. This is the process followed by MoFNP staff for those arrears where data for the latest quarter are not available in time. Data for the latest quarter is assumed to be unchanged from the previous quarter and a footnote included in the published table to explain the practice.

Table 2. Zambia: Roles of National Institutions in Managing and Reporting Debt	
Responsibility	Related Systems
<ul style="list-style-type: none"> • Compilation and dissemination of public sector debt data • Source data on external debt (loans) and recipients of data on arrears and SOE guaranteed debt 	Debt Management and Financial Analysis System (DMFAS) Integrated Financial Management Information System (IFMIS)
<ul style="list-style-type: none"> • Management of government debt securities (auctions, payments, etc...) • Source data on government debt securities (and on private sector external debt) 	Central Securities Depository (CSD)

38. The quarterly DSB includes a table reconciling the change in external debt stock with the related flows. This table is useful to users, but no equivalent table is published for the domestic debt. Further, the mission attempted to produce its own more detailed reconciliation for both external and domestic debt but was unable to do so from the published data. It is therefore recommended that the MoFNP include more information on debt transactions, revaluations, and other debt flows to facilitate reconciliation. It is also recommended that the debt bulletin include information on data revisions since the last bulletin. The current practice is not to show these revisions and only reflect them in the figures for the latest quarter, but it would increase transparency to have a table showing the previously published figure alongside the updated figure with a note as to why the data has changed (e.g., updated source data, late reporting, error correction...).

39. The DMFAS and CSD systems support current debt reporting, but more integrated systems are required in order to make the reporting more efficient and reduce the risk of errors. One interface that should be implemented is between CSD and DMFAS. Currently CSD is used to report the debt related to domestically issued debt securities and MoFNP manually enter information from CSD to DMFAS. Automating the sharing of information from CSD to DMFAS would consolidate all debt management and reporting within the DMFAS and remove this risk of data entry

errors. Similarly, debt servicing information has to be taken from DMFAS and manually entered into IFMIS with payment information then included in DMFAS from IFMIS. Automating these flows of information is a priority. It was understood that upgrading to the recently released DMFAS 7 would facilitate aspects of this integration with other systems. The Zambia government are already in advanced discussions with UNCTAD regarding this upgrade, and in the view of the mission this should be made a priority action as part of the establishment of the new DMO.

40. The mission explored the availability of data on the debts of public corporations, and initial feedback was that quarterly balance sheet data was available and could be relatively easily shared with MoFNP for inclusion in the PSDS. It was understood that public corporations are required to prepare quarterly financial statements on an accounting basis, and these are available within a couple of weeks of the end of the quarter. Provision of this data to the MoFNP would be facilitated by the fact that 36 of the corporations are part of the Industrial Development Corporation (IDC) Group and so data can be provided at the consolidated group level. No legal obstacles were identified with sharing the data, but it was recognized that there would need to be sufficient granularity in the data in order to allow consolidation of stock positions between public corporations, and between government and public corporations. While expanding the reported debt coverage to include public corporations would increase transparency and better inform users and decision makers, care is needed to ensure the accuracy of the data through appropriate checks and validations, automating the data collection process where possible.

41. With respect to the debt of local governments there are various initiatives underway to develop the systems and reporting framework to capture these debts. Local governments in Zambia comprise 5 city councils, 15 municipal councils and 96 town councils. Officials from the Ministry of Local Government and Rural Development (MLGRD) and the MoFNP explained that under the latest legislative framework these councils must request permission from the MoFNP in order to borrow, including via overdrafts. Although the process of review leading to whether to consent to the borrowing request is well established there is no subsequent tracking of the amount borrowed or the servicing of that debt. However, structures are being put in place to monitor not only this borrowing but also the arrears of local councils. These systems and processes are urgently needed as there is considerable doubt currently on the magnitude of local government debts. The only figure that the mission was able to source for total local government debt liabilities was a now somewhat outdated estimate of 2.8 billion Zambian Kwacha as at June 2020.

42. Under legislative arrangements, annually local governments must submit financial statements within 3 months of the end of the year. The financial statements follow the cash-based International Public Sector Accounting Standards (IPSAS) with supplementary information on liability stocks. These financial statements are subject to audit by the local councils, central government and the Office of the Auditor General (OAG). In addition, the MLGRD requests quarterly reports from local councils using the format of the financial statements. Currently quarterly reporting is partial but to facilitate reporting two systems are being developed: firstly, a web-based local authorities' debt and arrears software for the reporting of arrears and other debts, and secondly a standardized financial management information system for use by all local councils. These initiatives if successfully deployed should greatly improve the timely information on local government debt stocks and flows but it was acknowledged that their deployment would require aligned capacity development activities.

43. The mission emphasized the importance of beginning to report local government debts at the aggregate level within the Zambian PSDS. It agreed with the authorities that all arrears' data should be appropriately certified by the auditors before inclusion and welcomed the system initiatives which were planned to support debt reporting from late 2025 / early 2026. To maximize efficiency and reduce the risk of errors it was recommended that the new local government debt and arrears system should be interfaced with the central DMFAS. It was also noted that local councils vary in size and

that while annual data should be anchored in audited financial statements, quarterly debt statistics could be estimated using partial coverage of the 116 local councils, particularly if the debts of the most material city and municipal councils were captured. Of course, any estimations used in quarterly reporting should be supported by appropriate metadata.

Strengths:

- The DMFAS provides the tools and functionality to ensure that debt stocks and related debt servicing are consistent and to reconcile data with creditor information, where available.
- The CSD provides comprehensive data not only on the issuances, redemptions and interest payments related to government securities, but also on holdings and trading of debt securities.
- The operationalization of the DMO is expected to result in increased transparency of the processes for validating the debt data and increased automation of processes.
- Public corporations are able and willing to share quarterly financial information for the compilation of debt statistics with a broader sectoral coverage.
- Projects are underway that are designed to collate local government debt liabilities and other financial information, as well as assure the quality of the data provided.

Recommendations for improvements:

- Upgrade DMFAS to the recently released DMFAS 7 to take advantage of the additional functionality around data quality and reporting as well as the expanded coverage of debt instruments, and improved facility to interface with other systems.
- Interface DMFAS 7 with the CSD and IFMIS to increase automation of processes, reduce risk of manual errors, and facilitate staff focus on value-added activities.
- Implement data collection processes to compile quarterly debt data for public corporations and local governments, building on existing data collections and system developments, and considering as far as possible the data needs of GFS so as to assure good sector coverage alignment between GFS and PSDS.

E. SERVICEABILITY

44. The MoFNP disseminates quarterly public sector debt statistics in a periodic and timely manner. Additionally, the MoFNP publishes annual public sector debt data in the annual economic report. The quarterly data are released within two months after the end of the reporting period, while the annual data within six months after the end of the year. This regularity and frequency of publication align with best statistical practices.

45. The quarterly report provides a comprehensive overview of BCG debt, as well as the guaranteed external debt of public corporations. Detailed timeseries on external debts of public corporations guaranteed by the central government are included quarterly, adhering to statistical standards. Also reported in the DSB is partial information on the non-guaranteed external debt of public corporations, but this is limited to those public corporations in receipt of government guarantees. Not included are the non-guaranteed external debts of other public corporations, as well as the domestic debts of public corporations.

46. The quarterly DSB provides detailed analysis, explaining current economic trends, and offers debt commentaries and supports this analysis with detailed annex tables on debt statistics.

In accordance with best practice, these statistics should be disseminated on the NSDP, a portal for countries participating in SDDS Plus, SDDS, and e-GDDS. As an e-GDDS country, Zambia published yearly central government debt statistics until 2016 but has not published any data on the NSDP since then. The NSDP allows users to access data and browse links to online datasets for all available categories for a country. It is recommended that Zambia resume publishing its quarterly central government gross debt on the NSDP.

47. The PSDS reported by the MoFNP are largely consistent with data from other macroeconomic datasets.

The stock of outstanding loan liabilities aligns well with the International Investment Position (IIP) under “Liabilities - Other Investment - Government loans”. Although, the stock of Eurobonds reported by the MoFNP differs from the government securities issued abroad as recorded in the IIP this was explained by differences in the valuation methods adopted within the datasets. The IIP uses market valuation while the PSDS reports these stocks at face value. Additionally, the published stock of government debt securities held by banks in the PSDS is consistent with the monetary statistics reports on commercial banks’ assets holdings of government debt securities.

48. The published PSDS are internally consistent and are largely consistent over time.

Quarterly data in the DSB were found to be fully consistent over time explained mainly by MOF lack of revision of its historical debt data sets unless there are major changes in the historical data.

49. The disseminated data on end period outstanding debt stock, disbursements, repayments, and other economic flows offers valuable information for understanding the consistency between debt stock and flows.

International statistical standards recommend publishing information on changes in debt stock at the end of each period, explained by the corresponding debt inflows, outflows, and other economic flows. As noted in the section on Accuracy and Reliability (para. 24), it is recommended that detailed reconciliation tables showing the reconciliation between stocks and flows for both external and domestic debt are regularly reported. Table A1 in Annex III provides an example table for such reporting.

50. The MoFNP has not yet published a policy for revisions to the PSDS. It is recommended that, in accordance with international statistical standards, such a policy be developed, published, maintained, and utilized by all relevant institutions. This policy should guide the treatment of revisions and assist in future revision studies to improve the quality of subsequent revisions.

Strengths:

- The PSDS are reported with a high degree of periodicity and timeliness.
- The published PSDS largely follow the data dissemination standards prescribed in the *PSDSG 2013* and *GFSM 2014*.
- The data show good levels of consistency both between PSDS publications and with publications of other macroeconomic statistics.

Recommendations for improvements:

- Commence and sustain the dissemination of quarterly central government gross debt data via the NSDP.
- Maintain consistency checks by having regular active and formal data sharing arrangements and validity checks between macroeconomic datasets.

- Publish a reconciliation of the change in debt stocks with the transactions and other flows driving the changes. (See Appendix III, Table A1 for an example.)
- Develop and publish a PSDS revision policy to guide users and compilers on the process for reporting and analyzing revisions.

F. ACCESSIBILITY

51. The MOF distributes the quarterly debt statistics bulletin to all users at the same time. The bulletin presents data that is largely aligned with the classifications recommended by the PSDSG 2013 and the GFSM 2014. The quarterly debt statistics bulletin provides clear charts and comprehensive tables, along with current commentaries and developments that enhances analysis by users. These commentaries on recent developments are an integral part of the quarterly reports, ensuring that stakeholders are well-informed about the latest trends and insights.

52. Debt data on the national websites of the MOF should be accessible in a user-friendly format. This enables users to download, save and/or print the reports for further processing and analysis. The MOF currently publishes quarterly DSBs in editable PDF formats which is very useful but can pose challenges for users who need to further manipulate the data. The MOF is encouraged to present the same debt data in the national websites in a more machine-readable format, such as SDMX, Excel or csv files⁵. The data sets in the formats advised should cover longer historical data sets of at least five years.

53. Zambia's quarterly debt statistics could reach a wider international audience through dissemination via the IMF-World Bank quarterly public sector debt statistics database (QPSD). The database jointly developed by the World Bank and the IMF, brings together detailed quarterly public sector debt data of selected countries. The main purpose of the QPSD database is to facilitate timely dissemination in standard formats of public sector debt data. By bringing such data and metadata together in one central location, the database supports macroeconomic analysis and cross-country comparison. Although participation of countries in this database is voluntary, the government of Zambia is encouraged to subscribe and maintain publication of public sector debt statistics in the QPSD. It should be noted that the MoFNP has already started reporting quarterly external debt data to the joint IMF-World Bank Quarterly External Debt Statistics (QEDS) database beginning in 2023, however, a longer timeseries, back to 2019 or earlier, would be beneficial.

54. The MOF publishes relevant metadata in the quarterly statistical bulletin. The metadata contains information on the data sources, institutional coverage, instrument coverage, valuation of the debt stocks, the sector coverage of the data, the exchange rate used for converting debt in foreign currencies, and the classification of published debt data. This metadata can similarly be published for a wider international audience through both the NSDP and the QSDP. The two international data dissemination channels have standard metadata templates which should be completed by countries to capture information on PSDS in a structured manner.

55. The MOF should actively inform users on upcoming publications of debt statistics by developing and publishing data release calendar. The mission found in discussions with users that they were not aware of the frequency of debt publications and experienced them as “ad hoc”. However, the publications are published at specific points in the year and so it would be valuable to provide users with an advanced release calendar which provides the specific planned dates on which they can expect to be able to access each release via the MoFNP website. These schedules are

commonly utilized by government bodies to keep the public informed about forthcoming data releases.

56. The published PSDS reports provide users with some contact information, such as emails, postal addresses, and phone numbers of compiling agencies. While such access points are available the mission found no evidence of assistance being provided to data users, or of materials or devices to raise awareness of the PSDS.

Strengths:

- Published debt statistics are accessible and include commentaries and charts/tables that can facilitate user analysis and understanding.
- Metadata included in the quarterly DSB guides users on the data sources, institutional coverage, instrument coverage, valuation method, the sector coverage of the data, the exchange rate used for converting debt in foreign currencies, and the classification of published debt data.

Recommendations for improvements:

- Disseminate the statistics in the Joint IMF-World Bank Quarterly Public Sector Debt statistics database (QPSD) to enable access to a wider audience and to facilitate cross-country comparison.
- Metadata on PSDS should be updated and published in the templates found in the NSDP and QPSD websites.
- Proactively engage with PSDS users, by surveying users on the degree to which the published statistics are meeting their needs and raising awareness on where users can get assistance and more information.
- Provide the published quarterly debt statistics in user friendly machine-readable formats, such as SDMX, Excel or .csv files for a historical period of not less five years.
- Publish an advance release calendar which clearly highlights the planned publication dates for all releases of debt statistics during a 12-month period.
- Disseminate data on arrears transparently with as much detailed breakdown by economic sector and sub-sector as possible while safeguarding disclosure of individual entities.
- Provide longer time series of data for analysis of trends.

Appendices

APPENDIX I. OFFICIALS MET DURING THE MISSION

Name	Designation / Title
Ministry of Finance and National Planning	
Mwaka Mukubesa	Permanent Secretary, Budget and Economic Affairs
Masitala N. Mushinga	Director, IDM
Andrew Sibate	Director
Davis Chibuye	Assistant Director
Malack Luhanga	Assistant Director
Nolianga Imasiku	Principal Economist
Mukelabai Luwabelwa	Senior Economist
Rachel Charlton	Senior Economist
Niza T. Sikasote	Senior Economist
Patience Mwamba	Senior Internal Auditor
Lindah Chizebuka	Senior Economist
Elizabeth Kunuta	Economist
Sindikani Sovi	Economist
Jere Chikaiko	Accountant
Bank of Zambia	
Dr. Francis Chipimo	Deputy Governor
Dr. Grivas Chiyaba	Assistant Director, BOP & DEBT
Mr. Richard Chirwa	Assistant Director
Dr. Francis Mbao	Assistant Director
Patrick Mulendele	Executive Assistant to the Deputy Governor
Finzi Mwezani	Economist
Theresa Mwale	Economist
Dottie Chabala	Young Professional Economist
Patrick Zulu	Principal Examiner
Douglas Zulu	Examiner
Zambia Statistics Agency	
Goodson Siyanga	Statistician General
Joseph Tembo	Assistant Director
Cecilia Mujita	Senior Statistician
Sheila Mudenda	Assistant Director
Industrial Development Corporation (IDC)	
Raphael Chipoma	Chief Finance Officer
Lungowe Longwani	Head of Portfolio
Steve Milimo	Senior Legal Counsel

Bwalya Lukonde	Senior Portfolio Officer
Zambia Industrial Commercial Bank (ZICB)	
Louis Kabula	Chief Executive Officer
Zambia National Building Society (ZNBS)	
Hwiza Sakala	Head Treasury
Tadeyo Lungu	Assets and Liability Management Officer
ZESCO	
Choolwe Nambwaya	Treasury Accountant
Allan Muzenga	Senior Manager, Investor Operations
Misozi Samboko	Senior Manager, Monitoring and Evaluation
Elizabeth Hampinda	Senior Business Analyst, Monitoring and Evaluation
Public Service Pension Fund (PSPF)	
Kunda Musonda-Chola	Director - Investments
Sampa Barabara Kangwa	Director – Pension Administration
Pensions and Insurance Authority (PIA)	
Goodson Kapaso	Deputy Registrar - Pensions
National Pension Scheme Authority (NAPSA)	
Joshua Malupenge	Director Finance
Chola Shapi Mutambo	Legal Manager Contracts
Namakau G Simasiku Chisala	Head Treasury and Investments
<i>Plus users from financial institutions and donor organizations</i>	

APPENDIX II. USERS' SURVEY RESULTS

1. The feedback from users was mostly from users in the financial sector who use the public sector debt statistics for investment decisions, analytical work and compilation of other economic statistics, as such the responses are focused on this group of users.
2. Three quarters of these users found the disseminated PSDS to be analytically very useful or useful in their work, with a similar number either agreeing or strongly agreeing that the PSDS was unbiased and accurate. Users also agreed that the disseminated PSDS are presented in a way that facilitates proper interpretation and meaningful comparisons between data sets.
3. Although the majority of the respondents were satisfied with the timeliness and level of detail of the disseminated PSDS a minority were dissatisfied, similarly although the majority were satisfied with the disseminated periodicity there was a small minority who were either dissatisfied or very dissatisfied with the disseminated periodicity, suggesting that there is some user demand for monthly PSDS.
4. Users were generally satisfied with the level of sector and instrument coverage of the PSDS, and also indicated satisfaction with the current valuation practices. However, most users felt that accounts payable, loans, and debt securities were not adequately covered in the PSDS. The majority also expressed a desire for expanded coverage to include local/state governments and public corporations.

IMF PSDS USER SURVEY SUMMARY RESPONSES							
Survey responders by institution.							
International organizations	Financial institutes	Foreign governments	Research institutes	Member of Parliament			
0	10	0	1	1			
A. GENERAL INFORMATION							
						Yes	No
1. The results of this survey will be aggregated and anonymized for reporting purposes, but on occasion it may be helpful to the narrative of the quality report to include specific quotes from users, do you give consent to your responses being quoted?						10	2
		Policymaking	Compilation of other macro-economic statistics	Investment decisions	Other analytical work	Academia or research	No response
2. As a user of PSDS what is your main interest in the disseminated PSDS data?		1	3	5	1	1	1
	Official national debt bulletins and press releases	IMF or World Bank databases and/or publications	Other international organization databases and/or publications	Media reports	Data published on the National Summary Data Page (NSDP)	Private sector summaries and analyses	Other sources
3. From where do you obtain PSDS and related data?		10	8	3	4	4	2

B. OVERALL ASSESSMENT						
		Very useful	Useful	Somewhat useful	Not useful	Undecided
4. In your view, are the disseminated PSDS analytically useful?		6	3	3	0	0
		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
5. Indicate your level of agreement with the following statement: The disseminated PSDS are unbiased and accurate.		1	8	3	0	0
		Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
6. Indicate your level of satisfaction with the timeliness and level of detail of the disseminated PSDS.		0	8	2	2	0
C. COVERAGE AND CONCEPTS						
		Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
7. Indicate your level of satisfaction with the sector coverage of the PSDS (e.g., inclusion/exclusion of budgetary unit, extrabudgetary entities, subnational governments, public corporations).		0	7	5	0	0
		Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
8. Indicate your level of satisfaction with the coverage of debt instruments (e.g., inclusion/exclusion of loans, bonds, arrears, accounts payable, pension liabilities).		0	6	6	0	0
		Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
9. Indicate your level of satisfaction with the coverage of public debt of public nonfinancial corporations (i.e., state-owned enterprises).		0	8	3	1	0
	None – coverage is adequate for all debt instruments	Accounts payables (arrears)	Loans	Debt securities	Pension liabilities	Other
10. In your view, which debt instruments are inadequately covered in disseminated public debt?	3	8	9	7	3	0
	None – coverage is adequate for all sub-sectors of the public sector	Local governments / State governments	Public corporations	Budgetary central government	Extrabudgetary units	Other
11. In your view, for which sub-sector would you like to see more coverage of PSDS?	2	7	8	5	3	0
					Yes	No
12. In your view, is the way that the PSDS outstanding stock positions are valued appropriate (e.g., market, nominal, face, principal outstanding)?					10	2
D. PERIODICTY AND TIMELINESS						
		Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
13. Indicate your level of satisfaction with the periodicity of disseminated PSDS (e.g., monthly, quarterly, annual).		0	8	1	1	2

	Yes	No	Not sure		
14. Do you consider that the PSDS are disseminated in a sufficiently timely manner (i.e., the time lag after the period to which the PSDS pertain)?	6	5	1		
E. DISSEMINATION PRACTICES					
	Yes, and the data is released on schedule	Yes, and the data is sometimes released on schedule	Yes, and the data is never released on schedule	No	Not sure
15. Is there a published release schedule/calendar for PSDS and are the PSDS released punctually as per the pre-announced schedule?	3	3	0	3	3
		Yes	No	Not sure	No response
16. Is analysis published to identify and explain the causes of revisions, breaks, adjustments, and discontinuities in time series data and/or unusual changes in economic trends?		3	1	7	1
		Always informed	Sometimes informed	Never informed	Not aware
17. At the time of PSDS dissemination, are users informed whether the nature of data is preliminary, revised or updated?		2	2	2	6
		Always	Sometimes	Never	Not sure
18. Do you receive advance notice as to when major changes will be introduced into the PSDS (such as changes to coverage, methods or data sources)?		1	1	7	3
F. ACCESSIBILITY AND USEFULNESS					
	Strongly agree	Agree	Neither agree nor disagree.	Disagree	Strongly disagree
19. Do you agree that the disseminated PSDS are presented in a way that facilitates proper interpretation and meaningful comparisons?	1	7	3	0	1
		Yes, available and accessible	Partial information available	No information available	Not sure
20. Is there comprehensive published source and methods document or information (metadata) readily accessible to users?		5	3	2	2
		Fully consistent	Partly consistent	Not consistent	Not sure
21. To your knowledge are the PSDS largely consistent and reconcilable over time with other macroeconomic data sets like, government finance statistics, national accounts, international investment position, external debt statistics and monetary and financial?		3	4	3	2

APPENDIX III. STANDARDIZED DEBT TABLE FOR REPORTING PSDS

Table A1. Reconciliation between Public Sector Debt Flows and Stocks

Table A1. Reconciliation between Public Sector Debt Flows and Stocks									
Debt Instrument ¹	Debt stocks: Opening balance	CHANGES DURING THE PERIOD							Debt stocks: Closing balance
		Transactions					Other Economic Flows		
		Incurrence of liability		Repayment of liability		Other ³	Revalua- tions ⁴	Other Volume Changes ⁵	
		Principal	Interest ²	Principal	Interest ²				
Special Drawing Rights (SDRs)									
Currency and deposits									
Debt securities									
Loans									
Insurance, pensions, and standardized guarantee schemes									
Other accounts payable									
<div>1. If data for particular instruments are not available then these may be left blank. Further breakdowns of instruments (such as by type, creditor residency, currency) are encouraged.</div> <div>2. If debt stocks are being reported at face value then interest transactions will generally not impact the change in debt stocks other than interest included in issuance/redemption payments (i.e., discounts/premia) and when interest is in arrears.</div> <div>3. Other transactions include penalties, debt forgiveness and debt assumption.</div> <div>4. Most common revaluations are due to foreign exchange rates, where these are material then the provision of further information is encouraged.</div> <div>5. Additional information should be provided as footnotes to explain the reasons for the other volume changes.</div>									

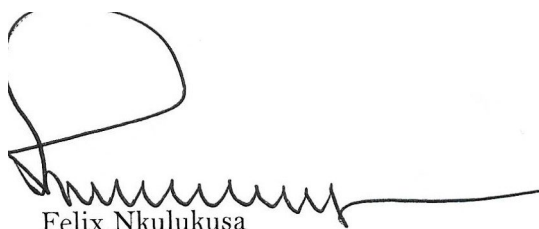
RE: IMF MISSION ON DATA QUALITY ASSESSMENT FRAMEWORK FOR PUBLIC SECTOR DEBT STATISTICS (PSDS) FROM SEPTEMBER 30 TO 4TH OCTOBER, 2024.

1. The Government of Zambia acknowledges receipt of the Public Sector Debt Statistics Data Quality Assessment Framework Mission Report, prepared by the IMF mission team following their visit to Zambia from September 30 to October 4, 2024.

2. We appreciate the IMF's interactions with various institutions to conduct a comprehensive assessment and constructive recommendations provided in the report. The Government recognizes this as a valuable tool to enhance the quality and transparency of public sector debt statistics, aligning with international standards.

3. The Government has reviewed the final report and finds it acceptable for publication. Attached to this letter are our final comments for your consideration. These comments reaffirm Zambia's commitment to implementing the report's recommendations to ensure robust, transparent, and reliable public debt statistics.

4. Yours sincerely,



Felix Nkulukusa
Secretary to the Treasury

MINISTRY OF FINANCE AND NATIONAL PLANNING

PSDS DQAF Mission Report - Government Final Feedback

The Government of Zambia appreciates the comprehensive assessment and constructive recommendations provided in the report. We value this evaluation as an important tool to enhance the quality and transparency of public sector debt statistics, aligning with international standards.

The Government acknowledges the progress highlighted in the report, particularly on the strides made in improving data quality, reliability, and transparency. Notably, the establishment of the Public Debt Management Act, 2022, and the operationalization of the Debt Management Office (DMO) reflect our commitment to strengthening institutional frameworks for effective debt management and reporting.

Actions in Response to Recommendations

1. Expansion of Debt Coverage:

We are advancing efforts to include data on local government and non-guaranteed public corporation debt in the Public Sector Debt Statistics (PSDS). These initiatives are supported by systems under development, such as the local authorities' debt reporting framework and Government Investment's State-Owned Enterprises Records Management Database. Both these databases are currently operational and awaiting deployment.

2. Enhanced Integration and Automation:

The planned upgrade to DMFAS 7 will facilitate seamless data integration with other systems, such as the Integrated Financial Management Information System (IFMIS) and the Central Securities Depository (CSD), reducing manual errors and improving data quality. DMFAS's integration with IFMIS has made significant progress with the integration expected to be complete during the year 2025. However, the discussions to integrate DMFAS with CSD have recently commenced with the expectation to make significant progress during the year 2025. Until we complete this CSD-DMFAS integration, domestic debt is being reported from the CSD system to ensure consistency in Government's data reporting.

3. Consistency and Reconciliation:

We are pleased to confirm that following this PSDS DQAF Mission, Government's Debt Statistical Bulletin now incorporates reconciliation tables for domestic and external debt stock and flows. This has been in effect since the publication of the End Quarter Three (s) Debt Statistical Bulletin in order to enhance data transparency and usability for stakeholders.

4. Improved Accessibility and Metadata:

Debt data published in the Debt Statistical Bulletin will also be disseminated in machine-readable formats (e.g., Excel) and published on platforms like the National Summary Data Page (NSDP). Comprehensive metadata will accompany all data sets to assist users.

The Government of Zambia reiterates its commitment to implementing the report's recommendations and collaborating with stakeholders to achieve robust, transparent, and reliable public debt statistics. This effort underpins our broader objectives of fiscal sustainability and informed policymaking.

We thank the IMF team for their continued support and guidance.