



TECHNICAL ASSISTANCE REPORT

MALAWI

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

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Acronyms and Abbreviations

AGD	Accountant General Department, MoFEA
BCG	Budgetary Central Government
CSD	Central Securities Depository
CS-DRMS	The Commonwealth Secretariat Debt Recording and Management System
CS Meridian	The Commonwealth Secretariat Public Debt Management System
DAD	Debt and Aid Management Division, MoFEA
DQAF	IMF's Data Quality Assessment Framework
DSA	Debt Sustainability Analysis
e-GDDS	IMF's Enhanced General Data Dissemination System
GFS	Government Finance Statistics
<i>GFSM 2014</i>	<i>Government Finance Statistics Manual 2014</i>
IFMIS	Integrated Financial Management Information System
MK	Malawian Kwacha
MoFEA	Ministry of Finance and Economic Affairs
NSDP	National Summary Data Page (under IMF's e-GDDS)
NSO	National Statistical Office of Malawi
PFM	Public Financial Management
PFMA, 2022	Public Financial Management Act 2022
PFMR, 2023	Public Financial Management (Debt and Aid Management) Regulation 2023
PFMSD	Public Finance Management Systems Division, MoFEA
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
RBM	Reserve Bank of Malawi

Overall Assessment

- 1. This report provides an assessment of the data quality of the public sector debt statistics of Malawi.** The assessment has been conducted 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 two-year project to strengthen the quality of public sector debt 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. Vikas Pandey (the Commonwealth Secretariat), 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 January 29 to February 4, 2025, as well as publicly available information.** The agencies compiling the datasets assessed in this report are the Ministry of Finance and Economic Affairs (MoFEA), Reserve Bank of Malawi (RBM), and the National Statistical Office of Malawi (NSO).
- 4. Malawi's total public sector debt has risen sharply over the last five years rising from 48 percent of GDP in March 2020 to 93 percent of GDP in March 2024, according to figures published by the Ministry of Finance and Economic Affairs (MoFEA)¹.** Fiscal pressures that have contributed to this rise include spending to combat the Covid-19 pandemic and the aftereffects of three cyclones, high inflation, and rising foreign exchange rates. In November 2023, Malawi was granted by the IMF a 48-month financing arrangement under the Extended Credit Facility (ECF) whose aims include to support the restoration of macroeconomic stability, address weaknesses in governance and institutions, and improve public financial management.
- 5. Like many low-income countries, Malawi is facing challenges servicing its public debt.** The latest IMF-World Bank debt sustainability analysis (DSA) indicates that the country is in debt distress. The DSA highlights that the Malawi public sector debt coverage is limited to central government, the Central Bank, and guaranteed debts of State-Owned Enterprises (SOEs). However, the last published IMF staff report (November 2023) indicates that the authorities have taken measures lately to strengthen governance and transparency in public debt management. In 2022, Malawi enacted a new Public Finance Management Act providing a legal framework for government borrowing as well as the issuance and management of guarantees by government, on-lending by government, direct borrowing by SOEs and the issuance of guarantees by SOEs. Additional clarity on the implementation of this legislative framework has been provided through the 2023 Public Finance Management (Debt and Aid Management) Regulations 2023 (PFMR, 2023) and the 2024 Guidelines for Guarantees, "On-lending and Borrowing by Public Bodies." To further debt transparency the MoFEA moved from biannual debt reporting to quarterly debt reporting in August 2024, although only one quarterly debt report has so far been published.

¹ Annual Public Debt Report 2023/24, Debt and Aid Management Division, MoFEA.

6. 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.

7. Against this background, the main objective of the mission was to identify: (a) key strengths and areas for improvement 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 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 largely follow international statistical standards, but sustained commitment is needed to enhance debt data transparency and accountability. The main findings and conclusions of the mission are summarized below in the order of the DQAF's dimensions.

8. Prerequisites of quality: This category in the DQAF assesses the conditions that have an impact on data quality within the main agencies in charge of producing PSDS in Malawi. 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 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 modification of PFMA, 2022 and introduction of new legislation explicitly assigning debt and aid management responsibilities to DAD in line with the general practice in the region.

(b) 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 with RBM's Central Securities Depository (CSD).

9. Assurances of Integrity: This dimension assesses 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. 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 2014 (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.

10. Methodological Soundness: This dimension assesses the extent to which the PSDS of Malawi comply with international statistical methodologies to foster cross country comparability and facilitate analytical value. 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.

11. Accuracy and Reliability: This dimension assesses the extent to which the PSDS of Malawi accurately reflect the reality of public sector liabilities. 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 (a public debt management system) 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.

12. Serviceability: This dimension assesses the extent to which Malawi's PSDS are disseminated with an appropriate periodicity and timeliness, are consistent with other publications, and follow a revision policy. 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.

13. Accessibility: This dimension assesses the extent to which Malawi's PSDS are presented clearly and impartially, in a format that facilitates use of the data and enhances understanding of the data. 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.

Table 1. Malawi: Summary Results of PSDS DQAF Assessment

Dimensions/Elements	Rating	Assessment	Priority Recommendations
0. Prerequisites of quality			
0.1 Legal and institutional environment	LNO	The flow of information needed to compile Malawi's public sector debt statistics (PSDS) is efficient and well-coordinated. 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. However, while the PFMA, 2022 gives the Treasury the overall responsibility of public debt management, the specific responsibilities for collecting, processing, and disseminating debt statistics are not explicitly specified in the law and accompanying regulation (PFMR, 2023).	<i>There is merit to consider a slight modification of PFMA, 2022 and introduce of new legislation (Public Debt Management Act) explicitly assigning debt and aid management responsibilities to DAD. This will make it more explicit that DAD in MoFEA is the responsible agency for collecting, processing, and disseminating public sector debt statistics of Malawi in line with intended spirit in the legislation (PFMR, 2023, Article 8 (2)) and the trend in emerging market economies.</i>
0.2 Resources	LO	The human and financial resources devoted to the compilation, processing, and dissemination of PSDS are, in general, commensurate with DAD's assigned responsibilities. However, computing resources and information management systems are inadequate to facilitate efficient exchange of debt information.	<i>DAD to implement the upgraded IFMIS system to be able to share debt information electronically including possible integration of DAD's CS Meridian and the RBM's CSD, as well as the Auditor General Office (for data on verified accounts payables).</i>

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

0.3 Relevance	LO	The DAD compiles and publishes data on the public sector debt to meet various user needs including preparation of the Medium-Term Debt Strategy, Annual Budget Statement, Annual Public Debt Report, Quarterly Debt Bulletin, etc. However, user surveys are not undertaken to monitor the relevance of PSDS in meeting users' needs.	<i>DAD should undertake user surveys to monitor the relevance of published PSDS in meeting users' needs and user's sentiments on timeliness of its products.</i>
0.4 Other quality management	O	The DAD adheres to the Code of Practice for official statistics which dictates that public debt data and information must be based on the right sources of statistical data with transparent judgements about definitions and methods, and judgements about the strengths and limitations of the statistical data and information.	
1. Assurances of integrity			
1.1 Professionalism	LO	PSDS have traditionally been compiled and disseminated on an impartial basis. The MoFEA establishes the professional independence of the departments responsible for these statistics. DAD staff are, in practice, free from political, or other influence, in choosing the most appropriate sources and methods for compiling public debt statistics. Public debt statistics are carefully reviewed and validated by the management of the DAD before they are cleared for publication and dissemination but there is need for further training.	<i>Staff involved in compiling PSDS continue to need substantial training to compile PSDS in accordance with the standards set in 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.</i>
1.2 Transparency	LO	DAD enjoys a reasonable degree of autonomy in carrying out its functions which guarantees that no government authority has access to its statistics before they are cleared by the Minister for publication and simultaneous access to all. However, the terms and conditions under which PSDS are collected, processed, and disseminated are not publicly available.	<i>Publish the terms and conditions under which PSDS are collected, processed, and disseminated to the public.</i>
1.3 Ethical standards	LO	All levels of management are aware of the pressing need to ensure irreproachable conduct within and beyond the MoFEA, and for officials to fulfill their obligations to maintain the public credibility of the debt data they process. However, staff generally could not remember the specific details of the code of conduct for civil servants.	<i>Considering the analytical usefulness of public debt statistics, DAD to consider developing and promulgating its own code of conduct to guide staff in promoting professionalism, transparency, impartiality, and integrity in the compilation and dissemination of PSDS.</i>

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

2. Methodological soundness			
2.1 Concepts and definitions	O	In line with <i>GFSM 2014</i> , only disbursed outstanding debt is recognized as debt, with contingent liabilities (guarantees) recorded separately. Time of recording is aligned with statistical standards and debt statistics reports include information on debt instruments, creditor residency, currency, and remaining maturity.	
2.2 Scope	LNO	Sector coverage is limited to budgetary central government and central bank borrowing (on behalf of the public sector) with data for local governments and non-guaranteed debt of extrabudgetary units and public corporations missing. With regard to debt instruments, only the liabilities in the form of loans and debt securities are reported, despite expenditure arrears known to be highly material in magnitude.	<i>Extend the sector coverage of the core PSDS reports through the inclusion of local governments and the non-guaranteed borrowing of extrabudgetary units and public corporations. Extend the instrument coverage to include other accounts payable (which will include expenditure arrears).</i>
2.3 Classification / sectorization	LNO	Although debt securities and loans are separately identifiable, as is domestic and external debt, the main debt reports do not use the standardized presentation or nomenclature of the international statistical standards. In particular what is reported as domestic debt includes elements of external debt (by residency).	<i>Expand the debt reports to include internationally standardized tables which present the PSDS by instrument, creditor residency, original maturity, residual maturity, and currency over an extended time period.</i>
2.4 Time of debt recording, valuation, and consolidation	LO	Debt stocks are reported at face value and debt flows on a cash basis, rather than the preferred nominal value and accrual basis. In accordance with the international statistical standards, foreign currency debt is converted using the midpoint exchange rate and all debt is reported on a gross basis, but debt is not consolidated nor is the market value for debt securities shown as a memorandum item.	<i>Report PSDS using a nominal valuation (which includes the accrual of interest), and as the sector coverage is expanded the data should be presented on a consolidated basis.</i> <i>In addition, the market value of government debt securities should be shown as a memorandum item.</i>
3. Accuracy and reliability			
3.1 Source data	LNO	Source data on debt securities and external lending appear robust but were very significantly hampered by network issues that led to the CS Meridian not being accessible by compilers between December 2024 and February 2025. Existing administrative data on local governments and public entities could be leveraged to expand the sector coverage of PSDS, while quality and coverage of data on arrears needs improvement.	<i>Expand the data available in CS Meridian to include administrative data on the direct (non-guaranteed) borrowing of local governments, extrabudgetary units, and public corporations, as well as accounts payable (including expenditure arrears) of all public entities.</i>

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

3.2 Assessment of source data	LO	Source data on loans are subject to validation against creditor records and stocks reconciled against debt-related flows. Similarly, debt securities data is compiled by both the RBM and the MoFEA with any differences investigated. Compilation of data on guaranteed debt is less systematic.	<i>Interface CS Meridian with the CSD to improve efficiency and reduce the risk of errors being introduced through manual processing.</i> <i>In addition, include and validate guarantee data in CS Meridian.</i>
3.3 Statistical techniques	LNO	On-lending arrangements are correctly captured; however, data are on a cash basis and no statistical techniques are employed to capture non-cash liabilities (such as those related to finance leases and public-private partnerships (PPPs)).	<i>Review the materiality of liabilities related to PPPs and finance leases.</i>
3.4 Assessment and Validation of Statistical Outputs	LNO	Although CS Meridian enforces consistency between debt stocks and related flows, there is no evidence of wider reconciliation being undertaken and discrepancies investigated. In particular, there is a need to ensure that changes in total debt stocks are fully explained and that annual changes in debt are reconciled with cash deficits/surpluses in the same period.	<i>Compile and publish reconciliation tables between (i) change in debt stocks and debt flows, and (ii) change in debt stocks and the government deficit/surplus; using these reconciliations to identify and investigate discrepancies.</i>
3.5 Revision studies	NO	Although there is evidence in the MoFEA debt reports of debt stocks being revised between reports, there is no analysis or explanations of these revisions.	<i>Periodically analyze revisions to understand the drivers of revisions and use the results of the analysis to inform PSDS compilation procedures.</i>
4. Serviceability			
4.1 Periodicity and timeliness	LNO	MoFEA dissemination of PSDS does not follow a predictable pattern. At the time of the mission the most recent quarterly data was from end-June 2024 (seven months previous) in part due to the network issues that have led to CS Meridian not being available to DAD staff since December 2024. Although annual PSDS has generally been disseminated three months after the end of the year, this periodicity has not always been followed, while biannual debt reports have only been published for two of the last five years.	<i>Publish a release calendar to inform users of when each debt report will be published and, in accordance with statistical best practice, disseminate quarterly debt data within 3 months of the end of the quarter being reported.</i>
4.2 Consistency	LO	PSDS reports are internally consistent and consistent time series spanning at least four years are published. However, the reasons for revisions between publications are not explained. In addition, while there was found to be broad comparability between debt stocks and flows published by the MoFEA (in debt reports, financial statements, and government finance statistics) and RBM (in external sector statistics, monetary statistics, and financial statements) exact figures often differ with no explanations provided.	<i>Regularly check debt stocks and flows reported in different publications for consistency and transparently communicate to users the reason for any differences.</i>

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

4.3 Revision policy and practice	NO	The MoFEA have not developed and published a revision policy. In addition, although revisions can be observed by comparing different publications these revisions are not explained in the report commentary or metadata.	<i>Develop, publish, and apply a PSDS revision policy to guide users and PSDS compilers on the process for reporting and analyzing revisions.</i>
5. Accessibility			
5.1 Data accessibility	LNO	Debt reports include commentaries and charts/tables that can facilitate user understanding. However, reports are in pdf format only and data is not standardly published in electronic formats that permit easy reuse and analysis of the data (e.g. Excel, csv, SDMX). In addition, the lack of consistent presentation between debt reports hampers useability as does the lack of a preannounced schedule as to when reports will be published.	<i>Renew dissemination of quarterly PSDS through the IMF-World Bank Joint Quarterly Public Sector Debt (QPSD) statistics database (latest data relates to 2020Q2) and via Malawi's National Summary Data Page (NSDP) (latest data relates to 2016Q2).</i> <i>In addition, standardize core tables and graphics in the debt reports to facilitate comparison between reports.</i>
5.2 Metadata accessibility	LNO	Although some metadata on valuation, coverage and exchange rates is included within the text of the debt reports it is difficult to find and insufficient. In addition, there is little consideration of the needs of different user groups.	<i>Provide more comprehensive metadata within, or alongside, the debt reports to explain the data sources, coverage, compilation methods, concepts and definitions, highlighting any divergencies from the international statistical standards.</i>
5.3 Assistance to users	LO	Each debt report does provide clear information on who to contact regarding the publication, and DAD staff reported that they frequently receive user requests for bespoke data presentations which they provide.	<i>Actively promote the on-request user service currently provided by DAD and include a contact email address in the debt bulletins to facilitate the raising of user queries.</i>

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. The responsibility for collecting, processing, and disseminating the statistics is specified but could be made clearer by entrenching it in the law. The DAD of the MoFEA is responsible for the front office, middle office, and back-office functions of public debt management. However, the specific responsibilities for DAD are not well articulated in the law. While Article 6, (1), (g) of the PFMA, 2022, gives the Treasury the overall responsibility of public debt management, the specific responsibilities for collecting, processing, and disseminating debt statistics are not specified in the accompanying regulation (PFMR, 2023). The regulation focuses on debt management strategy, mainly analysis of annual revenue and expenditure, preparation of annual borrowing plan, identification of the most cost-efficient external resources, and on-lending (conducting due diligence) without specifying the agency responsible for the execution of these functions i.e., the role of DAD as the agency responsible for public debt and aid management in the Treasury. By contrast, periodic reporting of data on government guarantees and on-lending facilities is assigned specifically to the Accountant General as the recipient of information, with a copy to the Secretary to the Treasury for recording and inclusion in the database (PFMR, 2023, Article 8, (1) and (2)). There is no clarity regarding the custodian of the database. There is merit, therefore, to consider a slight modification of PFMA, 2022 and introduction of new legislation explicitly assigning debt and aid management responsibilities to a specific government agency (i.e., DAD) in Malawi, in line with the trend in other countries.

15. Data sharing and coordination among data-producing agencies in Malawi are largely adequate. 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 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.

16. Individual reporters' data are kept confidential and used for statistical purposes only. Data on debt securities is provided in aggregated form and in broad categories by RBM without identifying individual debt holders. As part of the national statistical system, DAD is bound by the provisions of confidentiality in the Malawian National Statistics Act (NSA), July 2013 (Article 13 (i) and 14). This aspect

of data confidentiality is further enshrined in the Code of Practice for Official Statistics (May 2023) and applies to all government officers involved in statistical work (Principle number 7 (7.1-7.3)). All government officers involved in statistical work are required to take an oath of office on appointment, taking note of penalties for non-compliance. Given the important role of public debt management and the sensitivity of public debt information to market participants, DAD may wish to consider developing and promulgating its own code of practice.

17. Statistical reporting is ensured through legal mandate and/or measures to encourage response. While DAD's legal authority to compile PSDS is not explicitly spelt out in the Law, there are provisions in the PFM 2022 and PFMR 2023 that insure reporting of public debt data to the relevant authority. DAD as part of the Treasury has broad access of public debt records submitted to the Accountant General as part of the regulations. The latter, obtains reliable source data (in a timely manner) from state-owned enterprises due to its legal mandate to obtain these data. Article 8 and 9 of the PFMR, 2023: "8. ___ (1) A controlling officer of a ministry, department or agency shall submit to the Accountant General, periodic reports on total outstanding debts, government guarantees or on-lending facilities directly affecting the respective ministry, department, or agency. (2) A controlling officer shall submit to the Secretary to the Treasury a copy of the report under sub-regulation (1) for recording and inclusion in the database..." The coverage of public debt in Malawi is entrenched in the law and recognizes debt on accrual basis "as liabilities, account payables and loans acquired by the government or directly by a vote (PFMR, 2023, Article 9). "

18. Staff, facilities, computing resources, and financing are commensurate with statistical programs but need enhancement. The human and financial resources devoted to the compilation, processing, and dissemination of PSDS are, in general, commensurate with DAD's assigned responsibilities including coordination of information flow from key stakeholders and promulgation of international standards for production of high quality and cross-country comparable public debt data. However, computing resources are inadequate, and most new staff rely on personal computers to carryout official tasks—only three out of ten new staff have a desk top computer. Importantly, DAD needs to implement more modules in the upgraded IFMIS system to be able to share debt information electronically including linking DAD's CS Meridian with the RBM's CSD and the Auditor General's data/information on verified accounts payables.

19. The relevance and practical utility of existing statistics in meeting users' needs are monitored. Various debt reports are compiled and disseminated to meet specific needs of users. The DAD compiles and publishes wide set of PSDS as part of its contribution to Malawi's annual work programs, policy-related documents, and annual budget statement to parliament. The DAD compiles and publishes Mid-Year and Annual Public Debt Report as well as Quarterly Debt Bulletin providing aggregate public debt statistics, both domestic and external. The DAD also reports public debt data to the World Bank's Debtor Reporting System (DRS) and the QPSD and submits numerous PSDS tables to international organizations including, the IMF. The DAD also compiles financing and debt data to inform policymakers on annual borrowing plan as required by Cabinet. However, the mission could not find evidence that the DAD undertakes periodic user surveys to monitor the relevance of PSDS in meeting users' needs.

20. Processes are in place to focus on quality. DAD's statistical production function is an integral part of the National Statistical System as set out in NSA (July 2013) and the Code of Practice for Official Statistics. The Code of Practice dictates that public debt data and information must be based on the right sources of statistical data with transparent judgements about definitions and methods, and judgements about the strengths and limitations of the statistical data and information. Staff training programs

emphasize the importance of quality and give staff an understanding as to how quality may be achieved. The DAD provides internal procedures for data publication to ensure quality by recognizing tradeoffs. However, there is need to develop and promulgate a code of conduct for debt managers to safeguard against potential reputational risks related to misuse of debt data.

21. Processes are in place to monitor the quality of the statistical program. The focus is on the application of internationally accepted standards for compilation of public debt statistics which are set out in the relevant manuals (*PSDSG 2013* and *GFSM 2014*). The primary source of public domestic debt information (including arrears, and accounts payables) is the Accountant General's Department (AGD) and the RBM (stock of domestically issued securities). Processes for monitoring quality are based on indicators that assess progress achieved in the work programs. This includes production of key debt reports required for the budget preparation, reporting to Cabinet and parliament, and for the production of the Quarterly Debt Bulletin and semi-annual and annual debt reports. Where necessary, data is cross-checked with primary source (accounts payables with the Auditor General and payment claims/ transactions, loans and guaranteed debt with direct creditors, both external and domestic).

22. Processes are in place to deal with quality considerations in the statistical program. Steps have been taken to enhance data quality, including improved coverage, periodicity, and timeliness. Data requirements for (previous) IMF programs have provided impetus for the improvements in data quality including verification of payment arrears and accounts payables. As noted, plans are underway to implement the updated IFMIS to facilitate easy exchange of data with RBM and eventual integration of both DAD CS Meridian and RBM CSD.

Strengths:

- The flow of information needed to compile Malawi's public sector debt statistics (PSDS) is efficient and well-coordinated.
- Individual reporters' data are kept confidential and used for statistical purposes only.

Recommendations for improvements:

- Undertake slight modification of PFMA, 2022 to introduce a new regulation explicitly assigning DAD the responsibility for collecting, processing, and disseminating the PSDS of Malawi.
- Develop and promulgate new staff code of conduct to foster integrity, transparency, and professionalism in debt and aid management.
- Enhance computing and information technology resources.

B. ASSURANCES OF INTEGRITY

23. PSDS in Malawi are compiled and disseminated on an impartial basis. The MoFEA recognizes the importance of ensuring professional independence for personnel compiling statistics. Professional competence is the basic criterion for recruitment and promotion in DAD. Public debt statistics are carefully reviewed and validated before they are cleared by management for publication. Choices of sources and statistical techniques, as well as decisions about dissemination of PSDS are informed solely by statistical considerations and guided by recommendations set in the *PSDSG 2013* and *GFSM 2014*. DAD staff are, in practice, free from political, or other influence, in choosing the most appropriate sources and methods for compiling public debt statistics. Decisions governing the disclosure of information are

informed solely by statistical considerations as set out in the Code of Practice for Official Statistics and encouraged in Government Open Data Policy.

24. DAD staff are free to comment on erroneous interpretation and misuse of statistics. They are free to explain technical aspects of the public debt statistics and to respond publicly to misinterpretations of the statistics already published and otherwise through the Ministry's public relations officer. Explanatory material, to aid in the interpretation of the statistics, is provided on published data including contributing agencies and contact person(s). Additional information is also provided when requested.

25. The compilation of PSDS is governed by laws and regulations related to the formulation of government financial policy and related planning processes. Article 71 and 72 of the PFMA, 2022 dictates the periodicity of compilation of public debt information required for preparation of the Medium-term Debt Management Strategy and Annual Borrowing Plan. The time for discussion of these documents by the Cabinet of Ministers dictates the work program of DAD and the periodicity of production and dissemination of PSDS. However, the terms and conditions under which PSDS are collected, processed, and disseminated are not publicly available. Data users would appreciate information on the code of conduct of staff producing these statistics.

26. 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. Thus, other than the relevant senior officials of the MoFEA, no government unit or public servant has access to the public debt data before they are published. This is a good practice, but it would be helpful to publicize individuals with access to the statistics prior to their release to assure integrity and transparency.

27. PSDS produced and published by MoFEA are clearly identified and properly attributed. PSDS are disseminated as products of the MoFEA with appropriate attribution to DAD and relevant agencies as the primary source of data. Additional information such as linkages to websites of data contributing agencies could help guide users to contacts where they can seek additional details to better understand the special attributes of the data published. This would go a long way in safeguarding against risks of data misinterpretations.

28. DAD should endeavor to provide users advance notice on impending major changes in methodology, source data, and statistical techniques. There is no evidence that DAD notifies data users of any changes in methodology or source data. Any substantive change in source data and/or methodology should be announced in advance by Internet and by meetings, seminars, and in publications, which contain notes specifying the sources and methods implemented and specifying whether the data are preliminary or revised, stressing that the results may undergo changes resulting from the updating of the basic statistics. Press notes specify the changes made in publications, but this is not a substitute for advance information.

29. Guidelines for staff behavior are in place and are well known to the staff. All levels of management are aware of the pressing need to ensure irreproachable conduct within and beyond the MoFEA, and for officials to fulfill their obligations to maintain the public credibility of the debt data they process. However, the mission noted DAD staff could not remember what is included in the general code of conduct for civil servants or when they last read it. Considering the importance placed on fiscal and public debt sustainability, it is necessary for DAD to create a code of ethics to govern the standards of conduct to be complied with by all those who engage in compilation of public debt data along the lines of that developed by the Ministry of Local Government, Unity, and Culture (MLG). This is over and above

the Code of Practice for Official Statistics that was developed in line with the National Statistics Act, 2013. Such a tailor-made code of conduct for DAD will foster integrity, transparency, and public trust.

Strengths:

- Malawi's PSDS are compiled and disseminated on an impartial basis.
- Choices of sources and statistical techniques, as well as decisions about dissemination of PSDS are informed solely by statistical considerations.

Recommendations for improvements:

- Publicize the terms and conditions under which PSDS are collected, processed, and disseminated
- Publicize individual(s) who have access to the statistics prior to their release.
- Provide users advance notice on impending major changes in methodology, source data, and statistical techniques.

C. METHODOLOGICAL SOUNDNESS

30. The concept and definition of what constitutes public sector debt in Malawi is in line with the international statistical standards. Reported public debt only includes those liabilities where an unconditional obligation exists, with guarantees (contingent liabilities) reported separately in an annex. The MoFEA public debt reports present public debt by a range of categories, including instrument, currency, creditor, creditor residence, original maturity and remaining maturity. Further, foreign currency debt is translated into Malawian Kwacha using the mid-point exchange rates. These are all concepts and definitions applied in the international statistical standards. However, standardized presentations and nomenclature, described in the *Government Finance Statistics Manual 2014 (GFSM 2014)* and *Public Sector Debt Statistics Guide 2013 (PSDG 2013)* are not applied within the Malawi public debt reports.

31. Although for all public debt the residency of the creditor is identified the presentation in debt reports does not fully align with this residency approach. What is reported as “domestic public debt” includes debt securities held by nonresidents. These nonresident-held debt securities (that are identifiable in the debt reports) should be instead recorded based on a creditor residency criterion under “external public debt”.

32. The reported public debt is limited to loans and debt securities and does not capture arrears, which are known to be materially significant for the public sector of Malawi. The statistical standards recognize six distinct types of debt instrument, as can be seen in Figure 1. Malawi currently only reports public debt related to two of the six instruments. Data on the liabilities stemming from the allocations of IMF Special Drawing Rights (SDRs) are readily available and could easily be included in the Malawian PSDS. More material for fiscal analysis and policymaking, in the Malawian context, are the liabilities in the form of other accounts payable (which includes expenditure arrears), and extension to include these debt instruments should therefore be a priority.

33. Although the sector coverage is described in the debt reports as being “budgetary central government (BCG) and the central bank”, this understates somewhat the effective coverage. In the Malawian context, most borrowing of public entities (in the form of loans and debt securities) is either contracted by the BCG and on-lent to the public entities or is borrowing conducted by the entity but guaranteed by the BCG. Both are included in the debt reports, the first directly in the BCG debt and the

latter as BCG contingent liabilities in the annexes of the public debt reports. It was understood by the mission that relatively little borrowing is undertaken by public entities directly, without a government guarantee, with such borrowing largely limited to overdraft facilities and small commercial loans. In the context of the sector coverage, it should also be noted that not all liabilities of the central bank are included in the public debt reports, but only the borrowing undertaken on behalf of the government or wider public sector.

Figure 1. Coverage and Accounting Basis of Debt Stocks 1/									
Debt securities							Financial Public Corporations 3/ 4/		included
							Nonfinancial Public Corporations 3/		not included
							Local Governments		not applicable
							State Governments		
							Social Security Funds		
							Extrabudgetary Units		
							Budgetary Central Government		
Loans									
Special Drawing Rights (SDRs)									
Currency and deposits									
Accounts payable									
Insurance, Pensions, and Standardized Guarantee Schemes									
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 MoFEA's annual public debt report, mid-year public debt report, and quarterly debt bulletin									
2/ Although the published data acknowledge significant accumulation of expenditure arrears these are only reflected in the debt statistics once they have been verified by the NAO and zero-coupon promissory notes issued to settle the arrears. There is no requirement for promissory notes to be issued within a set period after the arrears have been verified and in practice there is significant variance in the time lag.									
3/ External borrowing of public entities is included in the reported debt statistics, as it is contracted through the budgetary central government with the proceeds on-lent to the public entities. Loan guarantees of public entities (contingent liabilities of budgetary central government) are reported as supplementary items within the debt publications but non-guaranteed debt of the public corporations is not reported.									
4/ External borrowing (from nonresident financial institutions and the IMF) of the Reserve Bank of Malawi is captured in external debt totals within debt reports.									

34. At the end of March 2024, non-guaranteed direct borrowing of public entities was around 300 billion Malawian Kwacha (MK) and the payables of local governments 15 billion MK. This

amounts to around 2 percent of the total reported public debt. The MoFEA were able to provide details of the non-guaranteed direct borrowing as, under the PFMA, 2022, all borrowing by public entities requires the consent of the Secretary to the Treasury. The data on the payables of local governments (consisting of 35 district and city councils) was provided by the Ministry of Local Government, Unity and Culture based on individual council financial statements.

35. Like most countries in the region, debt securities are reported at a face valuation; to align with statistical standards on debt reporting nominal valuation should also be reported. Nominal valuation is generally considered more meaningful than debt at face value as it captures the amount a debtor owes a creditor at a point in time. The nominal value can be calculated as the sum of funds advanced plus any interest that has accrued less any repayments plus any revaluations arising from exchange rate changes. The Malawian debt compilers have the necessary granular information on loans and debt securities to calculate the nominal value of public debt. CS Meridian can report debt at nominal value without the need for manual calculations, but until data on debt securities is entered into CS Meridian this functionality is limited to external borrowing.

36. It is important to avoid double counting of debt, so as the debt reporting is expanded to all subsectors of the public sector consolidation is essential. Consolidation is the process of eliminating any intra-sector transactions and stock positions. Currently, debt is reported from the perspective of the BCG so that the guaranteed debt of public corporations is treated as a contingent liabilities and external borrowing on behalf of public corporations as BCG borrowing. However, once the debt of public corporations is fully incorporated then the guaranteed debt will no longer be a contingent liability (but an actual liability) and the external borrowing on behalf of public corporations will remain a debt of BCG with the on-lending between BCG and the public corporations eliminated in consolidation.

Strengths:

- There is clear recognition in Malawi public debt reports of what constitutes a debt liability, with contingent liabilities included within the annex.
- Public debt reports broadly follow statistical concepts by presenting data by instrument, currency, creditor residency, remaining maturity, and by valuing external debt using mid-point exchange rates.

Recommendations for improvements:

- Extend the sector coverage of the core PSDS reports through the inclusion of local government debts and the non-guaranteed borrowing of extrabudgetary units and public corporations.
- Extend the instrument coverage to include other accounts payable (which will include expenditure arrears).
- Expand the debt reports to include internationally standardized tables which present the PSDS by instrument, creditor residency, original maturity, residual maturity, and currency over an extended time period.
- Report PSDS using a nominal valuation (which includes the accrual of interest), and as the sector coverage is expanded the data should be presented on a consolidated basis. In addition, the market value of government debt securities to be shown as a memorandum item.

D. ACCURACY AND RELIABILITY

37. The use of CS Meridian by DAD facilitates the validation, quality assurance, and reporting of public debt. Currently CS Meridian is only used to manage and report on the external borrowing which means that the external debt reports from CS Meridian must be manually combined with other data sources. To leverage the full functionality of the CS Meridian database, and reduce duplication and inefficiencies, it is recommended to expand the coverage to house all public sector debt data within the one system.

38. Data on the issuances, payments and redemptions of debt securities is held by the RBM who manage the administration of debt securities on behalf of the government. The data on debt securities is held on the RBM's CSD. Currently the data extracted from CSD are shared with the DAD on request (typically monthly) in a MS Excel tool which calculates key aggregates. These aggregates are compared with those populated by DAD using auction results and any differences investigated. The necessity for this process could be negated by interfacing the CSD directly with CS Meridian. This has been successfully implemented in several other countries (including Tanzania).

39. However, prior to expanding and improving the data coverage of the CS Meridian it is imperative to ensure that it is adequately supported by the MoFEA IT infrastructure. At the time of the mission CS Meridian had not been accessible by DAD staff since early December (a period of two months), due to a fault in the network used by DAD to access the server where CS Meridian is housed. Lack of access to the system is a serious issue which prevents maintenance and reporting of external debt data, validation of payment invoices, and forecasting of future debt servicing requirements. The mission explored with the authorities' options for regaining access to CS Meridian. Shortly after the mission access to CS Meridian was restored. However, it will be important to implement measures to avoid a similar situation in the future.

40. The accuracy of reported PSDS is critical to building and maintaining user confidence. DAD demonstrated that they had processes in place to cross-check both external and domestic debt data, but many of these processes have been established through prior experience and are shared verbally with newer members of staff. To provide a robust compilation environment it is strongly recommended to capture these checks, validations and reconciliation processes in compilation documentation that staff in DAD can use even when more experienced colleagues are not available.

41. A further approach to building user confidence is through the explicit publication of reconciliation tables which demonstrate the internal consistency of published data. Annex III (Tables 2 and 3) provide two examples of common reconciliation tables which can be used by DAD compilers to both quality assure the data prior to publication and to demonstrate the data quality to users through publication. The first table (Table 2) transparently reconciles changes in debt stock over a period with the debt flows in that same period. Conceptually, all movements in debt stocks should be explainable by the flows and any difference identified merits investigation. The second table (Table 3) is designed to highlight key drivers in the changes in debt stock by reconciling the cash deficit/surplus, as reported in government finance statistics, with the changes in debt stock. The mission attempted to conduct this reconciliation using 2022/23 data and these figures are shown in Annex III Table 3.

Strengths:

- Malawi has successfully migrated external debt data from CS-DRMS to the new CS Meridian public debt management system. The migrated data has been validated using the improved validations of CS Meridian.
- Granular information on the issuance, trading and redemption of debt securities is maintained by the RBM on the CSD.
- Timely and comprehensive source data on district and city councils (local government) can be leveraged to extend the sector coverage of PSDS in Malawi.

Recommendations for improvements:

- Expand the data available in CS Meridian to include administrative data on the direct (non-guaranteed) borrowing of local governments, extrabudgetary units, and public corporations, as well as accounts payable (including expenditure arrears) of all public entities.
- Interface CS Meridian with the CSD to improve efficiency and reduce the risk of errors being introduced through manual processing. In addition, include and validate guarantee data in CS Meridian.
- Assess the materiality of government liabilities related to PPPs and finance leases.
- Compile and publish reconciliation tables using the tables to identify and investigate discrepancies.
- Periodically analyze revisions to understand the drivers of revisions and use the results of the analysis to inform PSDS compilation procedures.

E. SERVICEABILITY

42. Biannual debt reports are difficult to find on the MoFEA website. The MoFEA compile biannual public debt reports but not all are published on the Ministry website. For the five-year period between 2019/20 and 2023/24, all annual reports are published on the website but only two mid-year reports are published (those of 2020/21 and 2023/24). In addition, it can be difficult to locate the reports as (i) reports are split between two webpages, one titled “Debt & Aid” the other “Annual Debt Reports”, and (ii) the most recent reports are not found on the landing page but only after navigating through lists of more historic documents. To serve users there is therefore a pressing need to organize the documents on the MoFEA website and ensure all compiled reports are published.

43. A quarterly debt bulletin was introduced in August 2024. Quarterly debt data had been available between 2018 and 2020Q2 through data disseminated by the Malawian authorities to the QPSD, but it was discontinued due to staff resource pressures. The re-introduction of quarterly debt reporting is a welcome step towards aligning with statistical dissemination standards, and the timeliness achieved with the first quarterly debt bulletin, of two months after the reporting period, is commendable. However, at the time of the mission no further quarterly bulletins had been published. It was explained by DAD staff that a quarterly bulletin for 2024Q3 (end-September 2024) had been produced in November 2024 and approved by the Minister, but only for publication alongside the budget.

44. In several cases the publication of debt reports was influenced by non-statistical considerations. It was explained that some reports could be delayed either due to delays in receiving the required data for compilation, or in receiving the necessary management clearance. In other cases, such

as with the 2024Q3 (end-September 2024) quarterly report, publication timing was influenced by the perceived need to align the release with that of other publications. However, the timing of public debt statistical publications should not be influenced by external considerations. As stated in Principle 17 of the Malawi Code of Practice for Official Statistics, “official statistics must be disseminated by National Statistical System (NSS) member institutions in a timely and punctual manner”. The MoFEA as a producer of official statistics is a member of the NSS and should follow the statistical code of practice. This requires, in accordance with good international statistical practice, there to be a release calendar which indicates to users when they can expect each debt report to be published.

45. Lack of granular data and quarterly time series for debt stocks and flows hampers analysis of consistency between publications. Macroeconomic statistical publications of the RBM and NSO generally are presented by calendar year, whereas the debt statistics are presented using financial years. This difference in time of reporting complicates consistency analysis. In addition, the lack of disaggregated data in many publications makes it hard to identify the reasons for differences. For instance, the RBM publishes a time series for central government external debt where the debt reported is significantly lower than that in the MoFEA debt reports. It appears likely that this is as some Central Bank liabilities included in the MoFEA reports are not included in the RBM figures but there is insufficient granular data published to confirm this. Therefore, it is recommended that the MoFEA, RBM and NSO statistical compilers regularly review and identify the reason for differences between debt stocks and flows reported in different statistical publications and provide metadata explaining the differences to users.

46. Despite challenges in assessing consistency, published data from recent years was found to be broadly consistent. A comparison of debt interest payments in the MoFEA debt reports against that in government financial statistics, financial statements and RBM reports found no differences for data for 2022/23 and only minor differences in prior years. In addition, statistics in RBM reports on government-related assets held by banks, are similar to reported government debt liabilities held by commercial banks.

47. Revisions are not identified in MoFEA debt reports, nor are the reasons for differences explained. Comparisons of different vintages of debt reports published by the MoFEA reveal that data are revised between publications. Such revisions can occur for a variety of reasons, including replacement of preliminary data, late receipt of data, restated data, changes in methodology, and correction of errors. Where revisions occur, it is good statistical practice to show the magnitude of the revision and explain the drivers of the revision. The MoFEA should therefore develop and publish a PSDS revision policy, which is then applied within debt data reporting. To ensure users anticipate future PSDS revisions the MoFEA should inform users through footnotes about the preliminary nature of disseminated data.

Strengths:

- There has been some improvement in the frequency and timeliness of debt reports with the 2023/24 mid-year report published within two months of the end of the period and the introduction of a quarterly debt report in August 2024 (although further quarterly reports remain outstanding).

Recommendations for improvements:

- Publish a release calendar to inform users of when each debt report will be published and, in accordance with statistical best practice, disseminate quarterly debt data within 3 months of the end of the quarter being reported.
- Regularly check debt stocks and flows reported in different publications for consistency and transparently communicate to users the reason for any differences.
- Develop and publish a PSDS revision policy to guide users and compilers on the process for reporting and analyzing revisions.

F. ACCESSIBILITY

48. The debt reports include commentary on the data, economic development, and trends and make use of graphs and charts as well as tables to support the narrative. The commentary, graphs, charts, and tables all facilitate user understanding of the PSDS and are well considered. However, some improvements could be usefully considered to enhance the useability of the reports and data. These improvements fall in three areas:

- Improved metadata coverage
- Use of standardized tables
- Data provision in electronic formats.

49. Important metadata is provided within the text of the debt reports but it can be difficult to find and needs extending. The preface or introduction to each report includes information on the debt instruments covered (loans and debt securities), the sector coverage (BCG and Central Bank), and the valuation (face value). In addition, the reports provide helpful contextual information such as the GDP in the report period and the exchange rate used to translate foreign currency debt into Malawian Kwacha. However, the expansion of the metadata would further support users as would a presentation which can be more easily referenced (such as a tabular format, or a structured annex). Particular information that would enrich the metadata includes information on data sources, whether data is final or provisional, compilation methods, approach to revisions, debt concepts used in the report, approach to consolidation, and whether debt is on a net or gross basis. In addition, it is recommended to include information on alignment with, and divergence from, (i) the international statistical standards (as described in the *GFSM 2014* and *PSDSG 2013*) and (ii) the Malawian Code of Practice for Statistics.

50. Each debt report has a somewhat different structure, and tables and charts can change, or be added or removed. To some degree the changes made to the reports either reflect iterative improvements or support the specific commentary of that report. However, some users are only interested in specific information and want to be able to quickly navigate a report to find that information, while other users want detailed granular data which is best sourced from a table rather than trying to read off a graph or chart. To service these different user groups it is recommended to distinguish between those tables and charts which are to be included in every report, from other tables and graphics which may be useful to illustrate particular commentary but are not required in every report.

51. The process of making the reports accessible and useful to as wide a group of users as possible, should include the eliciting of feedback from users. User feedback can be captured through various means, including surveys, outreach meetings, and bilateral correspondence. However, reference to the international statistical standards can also provide guidance on standardized tables which will support users and facilitate cross-country comparison. One table that has established itself as a

common format for the presentation of public debt is the tabular structure of the QPSD database which captures aggregate information by instrument, sector, creditor residency, original maturity remaining maturity and currency. This table is reproduced in Annex III of this report as Table 1.

52. Currently data is only available in reports in pdf format and not in electronic formats which support further analysis, or reuse (such as MS Excel, csv files, SDMX). The DAD should enhance accessibility and usability by providing data to all users in these other more user-friendly formats. This change would enable users to manipulate the data more easily, facilitating a more detailed analysis and better-informed decision-making.

53. Malawi should renew dissemination of PSDS via the QPSD database and via Malawi's NSDP of the IMF's Data Dissemination Standards. Dissemination through these international portals would expose the Malawian PSDS to a greater range of users and enhance the cross-country comparability of the PSDS. It would also provide a place where users can access data in formats such as Excel and SDMX, without the need to post data in these formats on the Ministry website.

54. The user support service provided by DAD is commendable and should be maintained. DAD staff explained to the mission that they receive upwards of 30 user queries a year and shared example queries. This direct access of users to the officials compiling the PSDS is welcome and should be maintained and built upon. The contact details of DAD are prominently displayed at the front of each report, although this could be further improved by not just providing mail and phone contact details, but also an email point of contact. In addition, logs of queries received should be maintained and actively used to maintain a user contact list and design future improvements to the PSDS report.

Strengths:

- Malawi debt reports include commentaries and charts/tables that assist non-expert users to understand the public sector debt position of the Malawian government as well as the debt sustainability and risk profile.
- The CS Meridian system used for management of external debt includes functionality which enable PSDS to be produced following the concepts, valuations and presentations of the international statistical standards.

Recommendations for improvements:

- Renew dissemination of quarterly PSDS through the QPSD (latest data relates to 2020Q2) and via Malawi's NSDP (latest data relates to 2016Q2).
- Standardize core tables and graphics in the debt reports to facilitate comparison between reports.
- Provide more comprehensive metadata within, or alongside, the debt reports to explain the data sources, coverage, compilation methods, concepts and definitions, highlighting any divergencies from the international statistical standards.
- Actively promote the on-request user service currently provided by DAD and include a contact email address in the debt bulletins to facilitate the raising of user queries.

Appendices

APPENDIX I. OFFICIALS MET DURING THE MISSION

Name	Designation / Title
Ministry of Finance and Economic Affairs	
Mr. Ted Sitimawina	Principal Secretary for Economic Affairs
Mr. Robert Mwanamanga	Director of Debt & Aid Management Division (DAD)
Mr. Owen Banda	Director of Banking and Asset Management, AGD
Ms. Tiyamika Kanthambi	Chief Debt & Aid Officer, DAD
Mr. Richard Zimba	Principal Debt & Aid Officer, DAD
Mr. David Chagoma	Accountant, DAD
Ms. Chinsinsi Phiri	Economist, DAD
Mr. Wisdom Sambo	Debt Management Officer, DAD
Ms. Pacharo Manyambi	Debt Management Officer, DAD
Mr. William Satoh	Deputy Director, AGD
Mr. Malumbo Karsi	Deputy Director, AGD
Mr. Masauko Kumwenda	PM IFMIS, AGD
Mr. Gordon Nyasulu	Deputy Director, Pension and Financial Sector Policy
Mr. Edwin Visabwe	Deputy Director, PFMS
Reserve Bank of Malawi	
Dr. MacDonald Mwale	Governor
Mr. William Matambo	Deputy Governor, Operations
Dr. Kisu Simwaka	Deputy Governor, Economics and Regulation
Dr. Mark Lungu	Director
Dr. Yananga Phiri	Manager
Ms. Mervis Maliketi	Senior Economist
Mrs. Karen Hakim	Economist
Mr. Timothy Chikoti	Economist
National Statistical Office of Malawi	
Mr. Hector Kankuwe	Deputy Director of Economic and Agriculture Statistics
Mr. Titus Nkhoma	Chief Statistician
Ms. Esther Rajabu	Statistician
National Audit Office	
Mr. Thomas Makiwa	Auditor General
Mr. Frank Chitanda	Deputy Auditor General
Ms. Memory Kaleso	DCS
Ms. Yacinta Phiri	PO
National Local Government Finance Committee	
Mr. James Namame	Finance Analyst

Ms. Patricia Banda	Senior Budget Analyst
Mr. Jonathan Banda	Budget Analyst
Ministry of Local Government, Unity and Culture	
Mr. Darwin Pangani	Director
Mr. Chrispine Kalungulu	Chief Economist
Public Service Pension Trust Fund	
Mr. George Jim	Principal Officer
Ms. Charity Gambatula Phiri	Planning and Investment Manager
Ms. Natasha Nkhoma	Assets & Investments Officer
Ms. Mary-Anne Nkhwerathilu Mpango	Legal Services Manager and Fund Secretary
Parliamentary Budget Office	
Mr. Louis Loti	Head of Parliamentary Budget Office
Mr. Phillip Majiga	Chief Budget Analyst
Mr. Pilirani Mbedza	Chief Budget Analyst
Electricity Supply Company of Malawi (ESCOM)	
Mr. Brian Ndisale	Director of Finance
Mr. Lawson Nakoma	Deputy Director of Finance
Mr. Kingsley Juma	Senior Management Accountant
Agricultural Development and Marketing Corporation (ADMARC)	
Mr. Daniel Makata	CEO of ADMARC
Ms. Ethel Zilirakhasu	Director of Corporate Affairs
Mr. Richard Kwatiwani	Director of Finance
Mr. Fodreck Nyongani	Director of Operations
Public Private Partnership Commission (PPPC)	
Ms. Emily Kwatani	Director - Project Development and Transactions
Mr. Paul Kachepa	Project Finance and Investment Manager
Ms. Sipihwe Mchenga	Legal Affairs Manager
Japan International Cooperation Agency (JICA)	
Ms. Miharu Furukawa	Project Formulation Advisor
Mr. Kazuhiro Tambara	Chief Representative

APPENDIX II. USERS' SURVEY RESULTS

Overview

There were a total of 12 respondents to the user survey, from a broad range of different users including financial institutions, regional organizations, foreign governments, research institutes, media organizations, non-governmental organizations and the Parliament of Malawi. Nearly all respondents said that they made use of the national debt bulletins, but other data sources were also used.

Overall all respondents felt that the disseminated PSDS were (at least somewhat) analytically useful, although several users expressed dissatisfaction at the timeliness of reports and two users raised concerns that the narrow coverage of reported PSDS made the figures implicitly inaccurate and biased.

Coverage and concepts

Users were split on their satisfaction with the instrument and sector coverage of the disseminated PSDS. Many users cited concerns with respect to the lack of coverage of arrears, other accounts payable, pension liabilities, and contingent liabilities. There was also strong support for the PSDS to be expanded to cover more comprehensively public corporations, extrabudgetary units and local governments. Most users were happy with the current approach to the valuation of debt.

Periodicity and timeliness

Users were again split on their satisfaction with the timeliness and periodicity of reporting. Several respondents raised concerns about the sporadic publication of debt reports as well as the lags in publication. In addition, users mentioned that some expected reports were missing, that they were hard to find, and sometimes the website containing the reports was not accessible.

Dissemination practices

Users were largely unaware of any specific dissemination practices.

Accessibility and usefulness

The perception of most users was that the PSDS that were disseminated were accessible and useful.

IMF PSDS USER SURVEY SUMMARY RESPONSES

Survey responders by institution

Financial institutions	Research institutes	Foreign governments	International / Regional organizations	Non-governmental organizations	Other
2	1	1	2	2	4

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?						11	1
		Policy-making	Compilation of other macro-economic statistics	Investment decisions	Academia or research	Other analytical work	No response
2. As a user of PSDS what is your main interest in the disseminated PSDS data?		1	3	3	1	4	0
	Official national debt bulletins and press releases	IMF or World Bank databases and/or publications	Other international organization databases and/or publication	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	9	1	3	2	1

B. OVERALL ASSESSMENT

	Very useful	Useful	Somewhat useful	Not useful	Undecided
4. In your view, are the disseminated PSDS analytically useful?	6	4	2	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.	0	8	3	1	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	7	3	1	1

C. COVERAGE AND CONCEPTS

	Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
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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	5	4	3	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).		1	5	4	2	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	7	1	3	1
	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?	0	7	2	4	4	1
	None – coverage is adequate for all subsectors of the public sector	Local government / State governments	Public corporations	Budgetary central government	Extra-budgetary units	Other
11. In your view, for which subsector would you like to see more coverage of PSDS?	0	7	10	5	9	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. PERIODICITY 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).		1	6	3	2	0
				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)?				5	5	2
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?		0	2	0	1	9
			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?			2	4	6	0
			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?			1	4	1	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)?	0	4	5	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?	0	8	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?	3	4	0	5	
	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 statistics?	2	6	0	4	

APPENDIX III. STANDARDIZED DEBT TABLES FOR REPORTING PSDS

Table A1. Standardized Quarterly Debt Reporting Table						
	yy/yy	yy/yy	yy/yy	yy/yy	yy/yy
	...	Q4	Q1	Q2	Q3	Q4
<u>By maturity and type of instrument¹:</u>						
Short-term by original maturity						
Currency and deposits						
Debt securities						
Loans						
Insurance, pensions, and standardized guarantee schemes						
Other accounts payable						
Long-term, by original maturity:						
With payment due in one year or less:						
Currency and deposits						
Debt securities						
Loans						
Insurance, pensions, and standardized guarantee schemes						
Other accounts payable						
With payment due in more than one year:						
Special Drawing Rights (SDRs)						
Currency and deposits						
Debt securities						
Loans						
Insurance, pensions, and standardized guarantee schemes						
Other accounts payable						
Total gross debt						
Special Drawing Rights (SDRs)						
Currency and deposits						
Debt securities						
Loans						
Insurance, pensions, and standardized guarantee schemes						
Other accounts payable						
<u>By currency of denomination:</u>						

Domestic currency						
Foreign currency						
<u>By residence of the creditor:</u>						
Domestic creditors						
External creditors						
<u>By interest rate type:</u>						
Fixed interest rate instruments						
Variable interest rate instruments						
<u>Memoranda items:</u>						
Debt securities at market value						
Publicly guaranteed debt						
Arrears						

Table A2. 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>									

Table A3. Example Reconciliation between Deficit and Change in Public Sector Debt	
<i>In billion Malawian Kwacha</i>	2022/23
A. Cash surplus (-)/deficit (+)¹	1,248
B. Net acquisition of financial assets (+) (cash flows only)¹	166
Net acquisition of cash and deposits	166
Debt securities	
Loans	
Shares and equity	
Other financial assets	
C. Net incurrence (-) of liabilities other than debt securities and loans (cash flows only)¹	0
D. Statistical discrepancy between above and below the line data^{1,3}	294
E. Cash transactions in debt - loans and debt securities (A + B + C + D)	1,708
F. Transition to debt at face value²	unknown
Debt issued at discount (+) / premium (-)	unknown
G. Flow-stock adjustments: other economic flows in debt liabilities²	828
Appreciation (+) / depreciation (-) of debt issued in foreign currency	828 (approx.)
Sector Classification Changes (Other Volume Changes)	unknown
Other volume changes	unknown
H. Discrepancy between debt flows and stocks (I – E – F – G)³	40
I. Change in gross debt balances (direct liabilities only)²	2,576
1. Deficit and flow data is sourced from the annual GFS compiled by MoFEA and submitted to the IMF Statistics Department. (https://data.imf.org/) 2. Debt data is sourced, or calculated, from the MoFEA's Annual Public Debt Report for 2022/23. (https://www.finance.gov.mw/index.php/our-documents/debt-aid) 3. The orange/red shaded lines are indicators of quality with the larger the number the poorer the data quality.	

**RE: IMF'S REPORT ON DATA QUALITY ASSESSMENT FOR PUBLIC SECTOR
DEBT STATISTICS FOR MALAWI**

On behalf of the Government of Malawi, we would like to extend our sincere gratitude to the IMF and the mission team for conducting a comprehensive diagnostic assessment of Malawi's public sector debt statistics (PSDS) during January 29 – February 4, 2025. The Ministry of Finance and Economic Affairs (MoFEA), in collaboration with the Reserve Bank of Malawi (RBM) and the National Statistical Office (NSO), acknowledges the findings and recommendations outlined in the report. We are committed to implementing measures that will enhance the quality, coverage, and dissemination of public debt statistics in line with international best practices.

We hereby authorize the IMF to publish the report entitled "Malawi: Report on Data Quality Assessment for Public Sector Debt Statistics Mission (January 29–February 4, 2025)" on the IMF external website.

The Government of Malawi acknowledges the findings of the mission and recognizes the importance of addressing the identified gaps in our PSDS framework. We are particularly cognizant of the need to improve the legal and institutional environment, expand the scope of debt coverage, enhance methodological approaches, strengthen data accuracy and reliability, improve the serviceability of our reports, and increase data accessibility for all stakeholders.

To guide this process, we have developed a comprehensive roadmap that outlines a series of actions to be undertaken in the short, medium, and long term. This roadmap focuses on key areas such as refining data collection and reporting mechanisms, enhancing inter-agency coordination, building technical capacity,

and adopting internationally recognized standards and practices. Each phase of the roadmap is designed to ensure steady progress toward a more robust and transparent public debt statistics framework.

The Government of Malawi is committed to implementing the recommendations provided by the IMF mission to enhance the quality, coverage, and accessibility of our public sector debt statistics. We recognize that these improvements are essential for effective debt management, informed policy decisions, and increased fiscal transparency.

We look forward to continued collaboration with the IMF and other development partners in strengthening our public financial management systems. We will provide regular updates on our progress in implementing these recommendations.

Thank you once again for your valuable support and guidance.

Yours Sincerely,



Betchani H.M. Tchereni, PhD
SECRETARY TO THE TREASURY