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Malawi: Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

December 3, 2007

The following item is a Letter of Intent of the government of Malawi, which describes the policies that Malawi intends to implement in the context of its request for financial support from the IMF. The document, which is the property of Malawi, is being made available on the IMF website by agreement with the member as a service to users of the [IMF](#) website.

LETTER OF INTENT

December 3, 2007

Mr. Strauss-Kahn
Managing Director
International Monetary Fund
Washington, DC 20431

Dear Mr. Strauss-Kahn:

1. The Government of Malawi requests the completion of the fourth and fifth reviews and the fifth and sixth disbursements under the PRGF arrangement in the amount of SDR6.68 million and SDR4.771 million respectively. In this connection, the Government also requests the IMF Executive Board to grant waivers for the nonobservance of the quantitative performance criterion relating to central government domestic borrowing for end-December 2006 and for end-June 2007 and for the structural performance criterion on centralization of utility bill payments for end-March 2007. The seventh and final disbursement under the arrangement will be subject to the sixth review expected to be completed by May 2008. The third review of the economic program supported by Malawi's arrangement with the IMF under the Poverty Reduction and Growth Facility (PRGF) was completed on March 14, 2007.
2. In the attached Supplement to the Memorandum of Economic and Financial Policies (MEFP) and Technical Memorandum of Understanding, we review progress in implementing the program in the fiscal year 2006/07 and for the first quarter of the fiscal year 2007/08 and update the macroeconomic framework and policy measures for 2007/08. The Government of Malawi believes that implementation of the PRGF-supported program through end-June 2007 was satisfactory.
3. The Government of Malawi remains strongly committed to implementing the economic program supported by the PRGF arrangement. The program outlined in the attached MEFP presents quantitative performance and indicative targets through to the end of June 2008. We believe that the policies set forth in the attached MEFP are adequate to achieve the objectives of the program, but we will take any further measures that may become appropriate for this purpose. We will consult with IMF staff on the adoption of these measures, and in advance of revisions to the policies contained in the supplementary MEFP, in accordance with the agreed IMF's policies on such consultation.

4. The Government of Malawi authorizes the IMF to make this letter, the attached supplementary MEFP, and the IMF staff report available to the public, including through the IMF internet website.

Sincerely yours,

/s/

Goodall E. Gondwe, M.P.
Minister of Finance

/s/

Victor Mbewe
Governor
Reserve Bank of Malawi

**ATTACHMENT I—SUPPLEMENT TO THE MEMORANDUM OF ECONOMIC AND FINANCIAL
POLICIES OF THE GOVERNMENT OF MALAWI**

December 3, 2007

I. INTRODUCTION

1. **The current memorandum supplements the policies presented in our Memorandum of Economic and Financial Policies (MEFP) of July 2005 (EBS/05/113), February 2006 (EBS/06/18), August 2006 (EBS/06/109) and December 2006 (EBS/07/11).** The memorandum reviews developments during the fiscal year 2006/07 and the first quarter of 2007/08. It also outlines the macroeconomic policies and structural reforms that the Government will pursue for the remainder of 2007/08.

2. **Malawi's macroeconomic performance remains strong** because of sound policies and a favorable environment. Annual real GDP growth for 2006 is estimated at 7.9 percent on the basis of the revisions to the national account (8.5 percent under the old series), led by a strong recovery in agricultural production, particularly for maize. Another bumper crop in 2007 has sustained growth at 7.4 percent. Lower food prices and a stable kwacha helped reduce inflation to 7.2 percent at end-August 2007. Continued favorable conditions and policies in 2008 will allow Malawi's output growth to remain high at 7.1 percent.

II. PROGRAM IMPLEMENTATION IN 2006/07

3. **Program implementation in 2006/07 was satisfactory.** We met our key economic objectives: inflation declined faster than forecasted, domestic debt fell by two percent of GDP (though slower than envisaged), and external reserves increased faster than we planned. We also met most of the performance criteria at both end-December 2006 and end-June 2007. However, unexpected non-discretionary spending led to higher-than-targeted domestic borrowing. Reserve money at end-June 2007 was also higher than expected.

Fiscal policies

4. **Our fiscal strategy during 2006/07 focused on reducing the domestic debt burden.** Higher domestic revenue projections permitted us to raise discretionary spending during the year without threatening this objective. As it turned out, the revenue gains (about MK5 billion) exceeded expectations as well as the increase in discretionary spending (about MK3 billion).

5. **Budget implementation, however, came under pressure from unforeseen non-discretionary spending and a large aid shortfall.** During the first half of the fiscal year, we were obliged to make unanticipated payments on external debt (MK0.9 billion) because of a shortfall in debt relief and on domestic interest costs (MK1.1 billion), and to cover unforeseen losses at the RBM (MK0.9 billion). Moreover, a key donor postponed disbursing

MK2.8 billion beyond the fourth quarter for administrative reasons. As a result, domestic borrowing exceeded the adjusted target at end-December 2006 by MK4.2 billion and at end-June 2007 by MK3.1 billion. The domestic debt burden has nevertheless continued to fall as a share of GDP and, incorporating a large securitization of domestic arrears (MK3.6 billion), fell from 14.4 percent of GDP at end-June 2006 to 12.3 percent of GDP at end-June 2007.

Public financial management

6. **We have strengthened our control of utility bill payments by all central government entities.** The implementation of the IFMIS has obviated the need for centralizing the payment of utility bills for those ministries connected online to the IFMIS: IFMIS prevents these ministries from moving funding allocations from utilities (telephones, electricity, water) to other purposes, and only utility bills can be paid out of these allocations. However, some institutions—such as the army and the police—have autonomous payment offices and are not connected online to the IFMIS. From February 2007, the allocation for utilities for these institutions was retained by the Accountant General’s department and payments are made directly from there.
7. **The Government has implemented a new travel policy for the civil service.** The policy will strengthen transparency, monitoring and accountability in relation to travel of civil servants both within and outside of Malawi. It will reduce unnecessary travel and hence travel costs in the budget. The Government has also decided to adjust the allowances for travel to better reflect actual costs.
8. **We are well advanced in our strategy to clear domestic arrears.** We have cleared our arrears to small creditors. We have also completed a program of securitizing domestic arrears using special T-bills and other government securities. This has substantially expedited repayment of government arrears to the private sector, accommodating long-standing requests from the private sector for the Government to fulfill commitments made in the past. What remains are some disputed compensation cases, now under review in the legal system. We securitized about 0.7 percent of GDP in arrears, mostly during the third fiscal quarter. The securitization does not affect domestic borrowing, but is included in the stock of domestic debt.
9. **To improve monitoring of fiscal risks of public sector enterprises, we have compiled quarterly financial reports for the major public sector enterprises,** including the utilities and ADMARC, and published their audited annual financial statements (structural benchmark for end-March 2007).
10. **To ensure effective control of the wage bill, we have started compiling monthly reports of payroll execution** (structural benchmark for end-March 2007).

Monetary and exchange rate policies

11. **Favorable market conditions since Malawi reached the HIPC completion point in mid-2006 have permitted the RBM to maintain a stable exchange rate.** The bumper harvests in 2006 and 2007 have resulted in attainment of our important objective of food self-sufficiency, as well as easing pressures on the exchange rate at the end of the crop cycle. In addition, the improvement in the macroeconomic environment attracted substantial foreign capital inflows during the second half of 2006. Spreads between official and the parallel market exchange rates (reflected in rates offered by foreign exchange bureaus) have continued to trend down until mid-2007.

12. **Implementation of monetary policy was satisfactory through the year and the RBM met all the performance criteria on net domestic assets and net foreign assets.** However, monetary policy came under pressure during the second half of the year because of unexpectedly large dedicated aid inflows and excess liquidity generated by the reduction in the liquidity reserve requirements (LRR) from 20 to 15.5 percent in February 2007. As a result, the end-June 2007 indicative target for reserve money was exceeded. Nevertheless, the good harvests and a stable exchange rate permitted overall inflation to decline from 16 percent in June-2006 to 7.2 percent in August 2007, supporting a decline in T-bill rates from about 20 percent to about 12 percent over the same period.

13. **Commercial bank credit to the private sector has continued to expand, increasing 35 percent during 2006/07.** This expansion was supported by the lower government domestic borrowing and foreign capital inflows.

III. POLICY ISSUES FOR 2007/08

14. **Our macroeconomic objectives for 2007/08 are largely unchanged from those agreed when the PRGF arrangement was originally approved.** Real GDP is projected to grow by 7.4 percent in 2007 and 7.1 percent in 2008. Growth during the past two years has been largely driven by the agricultural sector, but there are indications that the expansion has now spread to other sectors. We expect average inflation to decline from about 10 percent in 2006/07 to about 7 percent during 2007/08.

Fiscal policies

15. **Our objective is to create space for pro-poor and pro-growth spending, and for growth in credit to the private sector, while ensuring sustainability and resilience to shocks.** Reducing domestic debt remains a key part of this strategy. This will lower domestic interest costs, providing for a sustainable increase in spending on high-priority areas, especially water supply and other infrastructure, health, and education. We will accomplish our objective by continued judicious expenditure increases and strong domestic revenue performance. Our efforts will also benefit from a substantial increase in program aid and declines in domestic interest rates. The program is broadly in line with the budget for

2007/08, passed by the Parliament in September 2007, though revenue and budget aid projections are now higher; should this positive forecast begin to materialize more clearly, we may consider some judicious spending increases in the context of the mid-year budget review. As a result, we expect to make repayments on domestic debt of about MK6 billion, reducing the debt burden by two percentage points during the fiscal year to about 10 percent of GDP by end-June 2008.

16. **We expect revenues to increase relative to GDP.** The revenue performance in the first quarter of the year exceeded expectations, reflecting strong tax buoyancy, improved administrative capacity of the Malawi Revenue Authority, and revisions to the petroleum pricing formula. We expect that measures introduced this year to improve investment incentives and offset a tax-bracket creep will lead to little loss of revenues. Non-tax revenues should benefit from improved incentives to collect departmental fees and the adjustment in the road levy.

17. **Expenditures on goods and services and subventions (mainly rehabilitation of universities) will be increased.** The increase in spending on goods and services reflects allocations for the Health and Education Ministries, including provisions for drugs and teaching materials. The fertilizer subsidy will remain a key element of our food security policy. We aim to distribute the same amount of subsidized fertilizer as envisaged in last year's approved budget. However, we plan to increase the price subsidy. We do not envisage any cost to the budget from maize purchases to replace the stock of maize in the Strategic Grain Reserve, as the new purchases will be fully financed by sales of the existing stock. Stronger external support will drive an increase in overall capital spending.

18. **The budget also incorporates an increase in the payroll.** This partly reflects carry-overs from hiring in the health and security sectors and wage increases allocated to the Judiciary, members of Parliament, and cabinet ministers during the second half of 2006/07. We will increase civil service salaries by about 20 percent over the next year.

Public financial management

19. **Continued implementation of PFM reforms is critical to increase the public sector's effectiveness and productivity.** We prepared a comprehensive PFM action plan, as part of the PRGF program and in close collaboration with donors, which ties together and prioritizes the various PFM needs. We plan to take the following steps in this fiscal year:

- **We will give a high priority to establishing the cash flow planning system** to facilitate the Government's projection of receipts and expenditures throughout the fiscal year and support better projections of domestic interest payments. We will form a cash management unit within the Accountant General's Department and establish a cash management committee as a forum for decision making within the ministry of finance (end-December 2007 structural benchmark).

- **We will review the need for existing Treasury Funds** and present information on their financial performance for auditing by the national audit office (end–December 2007 structural benchmark).
- **We will take steps to fully implement the IFMIS system.** We are cautiously proceeding with the implementation of the Active Planner module to replace the existing system for budget planning as this will require some customization to comply with our budget planning requirements. Rolling out the system to local assemblies will start from a tender process for a software solution, which we expect to complete by March 2008.
- **We will accelerate the budget preparation process** to improve planning and coordination. To this end, we aim to issue first circulars to Ministries and assemblies communicating 2008/09 ceilings in January 2008 (structural benchmark). The new budget calendar will also consolidate all budget related issues, including investment and sectoral programs under the MGDS.
- **We will continue working on the adoption of a new budget classification** consistent with GFS 2001. Substantial progress has already been made.

Monetary and exchange rate policies

20. **Our monetary and exchange rate regime will remain geared towards moderate and stable inflation—in particular a credible inflation rate in the neighborhood of 5-7 percent in the medium-term**—with a view to cementing macroeconomic stability and setting the stage for sustained growth. More immediately, in view of its importance and visibility in anchoring prices, we place substantial weight on stability of the nominal exchange rate as an intermediate target. Monetary aggregate targets will also continue to play a critical supporting role. We will be flexible in adjusting our intermediate targets as circumstances warrant.

21. **We will continue to move towards a more market-based mechanism for exchange rate determination.** In this regard, we will continue to refrain from exchange restrictions and ensure that adequate foreign exchange reserves are made available to the market.

22. **Restrained money growth, a stable exchange rate and another good harvest will permit us to meet our inflation objective.** We have therefore moved to redress the monetary overhang that emerged at the end of 2006/07 and which continued into the first quarter of 2007/08. On this basis, we expect inflation to decline to 7 percent by the end of the fiscal year. We reduced the benchmark bank rate from 20 to 17.5 percent in August 2007, and expect this rate to fall further as inflation expectations stabilize. However, we are prepared to tighten monetary policy should our foreign reserves target and inflation objectives come under threat.

23. **Malawi's external prospects remain positive.** Two successive bumper crops have permitted substantial maize exports, and we project a much larger tobacco crop and higher aid inflows in 2008. The RBM will take advantage of these circumstances to increase the external reserve import coverage from 1.3 in mid-2007 to at near 2 in mid-2008, an increase of about 2 percent of GDP.

24. **Two successive bumper harvests have allowed us to license substantial maize exports,** but we will move cautiously in this area to ensure that Malawi's food security is not compromised. Maize prices have declined on account of the two bumper harvests and we have taken advantage of favorable market conditions to purchase maize for the Strategic Grain Reserve (SGR). In view of the potentially large harvest in 2007, and the limited scope for further purchases for the SGR, we expect that Malawi will export about 400 thousand metric tons of maize worth about US\$94 million.

Financial sector development

25. **The banking sector remains healthy.** However, in light of the large expansion in credit to the private sector and limited onsite inspection of systematically important banks, the RBM has scaled up supervision through onsite inspections of the three largest banks by (end-December 2007 structural benchmark). With the assistance of East-AFRITAC, we have issued risk management guidelines for commercial banks.

26. **Progress has been made on strengthening the financial sector.** The revised RBM Act, which aims to strengthen banking supervision and, as part of a SADC initiative, gives the RBM greater autonomy, is with the Ministry of Justice and will shortly be submitted to the cabinet. The RBM has drafted regulations for the microfinance sector (end-June 2007 structural benchmark) which should be finalized shortly. In other areas, we have revised or drafted new legislation to cover the payment system, insurance and pensions, the banking sector and banking supervision, and also the securities sector. We are also currently working with stakeholders on legislation concerning credit bureaus. We are developing a comprehensive strategy to strengthen financial intermediation and the outcome of the FSAP will be an important input into the final strategy.

27. **We have developed a strategy to eliminate the losses that emerged last year at the RBM.** These losses emerged for various reasons, including fiscal discipline that lowered the inflation tax, more efficient cash management at the Treasury and the cost of financing increases in external reserves. Our strategy will permanently ensure the RBM's financial independence and end its reliance on the budget. It incorporates two elements: (i) the operational restructuring of the RBM to reduce its administrative costs, especially for printing and coining the currency; and (ii) the transfer of financial instruments from the Treasury to the RBM. The amount of such instruments issued would be substantially higher than any operating losses that may persist after operational restructuring. This will over time increase the capital of the RBM and thus ensure the progressive elimination of any such

losses. The RBM is implementing a comprehensive review of its costs and has already identified an initial round of cuts. Financial restructuring will involve transferring securities (Treasury bills) to the RBM such that it can conduct monetary policy operations without impairing its income position, beginning by March 2008.

Other structural measures

28. **Improving our external public debt management is critical to ensure that our external debt does not return to unsustainable levels.** A comprehensive strategy will take time to put in place. Meanwhile, we have developed guidelines for the entire public sector to ensure that new borrowing is sufficiently concessional and accumulated within sustainable levels (structural benchmark for end-June 2007).

29. **The Government is determined to continue to improve the environment for doing business in Malawi for both domestic and foreign investors.** To this end, we are streamlining licensing and plan to improve other administrative procedures, such as creating a one-stop shop for supporting investors in Malawi. In addition, we established a Commercial Division of the high court to relieve the current backlog of commercial cases in Malawi's court system and to facilitate the resolution of commercial disputes and foster a credit culture. We also plan to address the large legislative backlog of economic laws, many of which require wholesale revisions.

30. **We are working to improve our statistical reporting capacity.** We have completed the revisions to the national accounts and the balance of payments for 2002-2004 (with assistance mainly from Statistics Norway and also from the Fund). Similar revisions will be done for 2005 and 2006. We are also strengthening the compilation of the consumer price index and will shortly complete the revision of the weights using the 2004 Integrated Household Survey. Additionally, we are in the process of finalizing surveys on capital account, trade, current account and remittances. We are also improving data collection on project inflows, albeit a few donors are not fully engaged.

Table 1. Malawi: Quantitative Targets 1/

Criteria	Jun. 2005 Stock Actual	Jun. 2007 Stock Actual	End-Dec 2007:	End-March 2008	End-Jun 2008	
			Test Date Proj.	Proj.	Proj.	
I. Monetary Targets (Millions of Malawi kwacha)						
1. Ceiling on net domestic assets of the monetary authorities 2/	PC 3/	15,520	1,883	-11,088	-14,079	-14,494
2. Ceiling on reserve money	IT	19,580	25,797	7,861	6,425	10,489
II. Fiscal Targets (Millions of Malawi kwacha)						
2. Ceiling on central government's net domestic borrowing 2/ 4/ 5/	PC 3/	53,923	57,094	2,161	-2,181	-1,547
3. Ceiling on central government discretionary expenditures 4/	IT	...	...	46,203	63,635	79,169
III. External Targets (Millions of U.S. dollars)						
4. Floor on net foreign assets of the monetary authorities 2/	PC 3/	33.0	171.6	135	146	178
5. Ceiling on the accumulation of external payments arrears 6/	PC 3/	...	...	0.0	0.0	0.0
6. Ceiling on new nonconcessional external debt with a maturity of one year or more 6/	PC 3/	...	...	0.0	0.0	0.0
7. Ceiling on new nonconcessional external debt with a maturity of less than one year 6/	PC 3/	...	...	0.0	0.0	0.0
Memorandum items:						
For fiscal Targets						
Balance of payments support (in millions of U.S. dollars)				76.2	110.5	119.7
Balance of payments support (In millions of kwacha)				10,774	15,624	16,924
Debt service payments to the WB and the ADB (in millions of US dollars)				0.9	0.9	0.9
Debt service payments to the WB and ADB (in millions of kwacha)				124.4	124.4	124.4
IMF debt relief transfers from the RBM to the CG (in millions of US dollars)				0.0	0.0	0.0
IMF debt relief transfers from the RBM to the CG (in millions of kwacha)				0.0	0.0	0.0
Health SWAp wage expenditures (in millions of kwacha)				591	888	1,183
Health SWAp ORT expenditures (in millions of kwacha)				3,488	5,688	7,876
Net Movement in special accounts (in millions of kwacha)				699	1,351	2,000
Net movement in NAC account				0	0	0
Maize revenue				2,000	2,000	2,000
Net movement in Health SWAp account				-1,301	-649	0
Swap receipts				5,379	6,523	9,327
Swap payments				-4,080	-6,576	-9,059
Cash payment of arrears (in millions of kwacha)				250	250	375
Securitization of domestic arrears				0	0	0
RBM Securitization/Capitalization				2,800	2,800	2,800
Liquidity Reserve Requirement (percent)				15.5	15.5	15.5
For Monetary Targets						
Balance of payments support (in millions of U.S. dollars)				276.7	310.9	320.2
Debt service payments to the WB and the ADB (in millions of US dollars)				14.3	14.3	14.3
Program exchange rate		123	139	141	141	141

PC - performance criteria; IT - indicative target

1/ Targets are defined in the technical memorandum of understanding (TMU). Up to the third PRGF review (EBS/07/11), all targets were set cumulative from end-June 2005. Henceforth, the fiscal targets are set cumulative from the end of the previous fiscal year. Fiscal targets from July 1, 2007 to end-June 2008 are therefore cumulative from end-June 2007. The adjuster on the balance of payment support is \$40 million, cumulative from end-June 2007.

2/ Targets are subject to an adjuster for BOP support.

3/ Targets for end-March 2008 and end-June 2008 are indicative.

4/ Targets are subject to an adjuster for donor-funded health expenditures.

5/ Targets are subject to adjusters for maize revenue and cash payment of arrears.

6/ Evaluated on a continuous basis.

Table 2. Malawi: Proposed Structural Performance Criteria and Benchmarks,
June 2006 –June 2007

Number	Description	Date	Status
Performance Criteria			
1	Implementation of a centralized IFMIS mechanism for paying central government utility bills.	End-March 2007	Partially Implemented; a waiver of nonobeservance requested
Structural Benchmarks			
1	Develop detailed schedule of wage adjustments by grade for 2005/06	End-Sep. 2005	Implemented in February 2006
2	Formulate an action plan to address weaknesses in the area of PFM.	End-Oct. 2006	Implemented
3	Compile quarterly financial reports for key public sector enterprises and publish their audited annual financial statements.	End-March 2007	Implemented with a delay
4	Compile monthly reports on payroll execution.	End-March 2007	Implemented
5	Issue external debt management guidelines.	End-June 2007	Implemented with a delay
6	Submit legislation to Cabinet governing the microfinance sector.	End-June 2007	pending
7	Form a cash management unit within the accounting general's office and establish a cash management committee.	End-Dec. 2007	
8	Review the existing Treasury Funds and present information on their financial performance for auditing by the office of the accountant general.	End-Dec. 2007	
9	Complete onsite inspections of the three largest banks .	End-Dec. 2007	Implemented
10	Issue the first circulars to Ministries and assemblies communicating 2008/09 ceilings	End-Jan. 2008	

ATTACHMENT II—TECHNICAL MEMORANDUM OF UNDERSTANDING

1. This memorandum sets out the definitions for the quantitative and structural targets under which Malawi's performance under the Poverty Reduction and Growth Facility arrangement will be assessed. Monitoring procedures and reporting requirements are also specified.
2. **Coverage:** The central government includes all units of government that exercise authority over the entire economic territory. However, in contrast to the System of National Accounts 1993 (SNA 1993) and Government Finance Statistics Manual 2001 (GFSM 2001) standards, nonprofit institutions that are controlled and financed by the central government are excluded for the purposes of this memorandum. The accounts of the monetary authorities include those of the Reserve Bank of Malawi (RBM) and the central government's holdings of international reserves. Monetary aggregates under the program are based on the three-bank monetary survey.

I. QUANTITATIVE PERFORMANCE CRITERIA

A Floor on Net Foreign Assets of the Monetary Authorities

3. **Definition of net foreign assets (NFA) of the monetary authorities:** NFA of the monetary authorities are defined as the difference between gross foreign assets and liabilities. NFA will be valued in U.S. dollars, and monetary gold will be valued at the fixed RBM accounting rate. The counterpart entry to the central government's international reserve assets will be classified as a negative entry under "net credit to central government".
4. **Gross foreign assets of the monetary authorities,** or reserve assets are defined in the International Reserve and Foreign Currency Liquidity Guidelines for a Data Template as external assets immediately available and controlled by RBM "for direct financing of payments imbalances, for indirectly regulating the magnitudes of such imbalances through intervention in exchange markets to affect the currency exchange rate, and/or for other purposes." (*BPM5*, para. 424.).
5. This concept includes the following: (1) monetary gold holdings of the RBM; (2) holdings of SDRs; (3) the reserve position in the IMF; (4) central government (treasury) holdings with crown agents; and, (5) Foreign Convertible Currency Holdings; (6) Deposits held in foreign central banks, BIS and other banks; (7) loans to foreign banks redeemable upon demand; (8) foreign-currency denominated securities; (9) other un-pledged convertible liquid claims on nonresidents. Excluded are (1) any foreign currency claims on residents, (2) capital subscriptions in international institutions, (3) foreign assets in nonconvertible currencies, (4) transfers of foreign currency claims to RBM by other institutional units in Malawi just prior to reporting dates with accompanying reversals of such transfers soon after those dates; (5) gross reserves that are in any way encumbered or pledged, including, but not limited to (i) assets blocked when used as collateral for third party loans and third-party

payments, pledged to investor as a condition to invest in domestic securities, and (ii) assets lent by RBM to third party which are not available until maturity, prior to maturity and are not marketable (including the outstanding balance of the loan to Zimbabwe).

6. **Gross foreign liabilities of the monetary authorities** are defined as the sum of the following: (1) outstanding liabilities of the RBM to the IMF; and, (2) all short-term foreign currency liabilities of the RBM to non-residents with an original maturity of up to, and including, one year.

7. **Adjustment clause on net foreign assets—balance of payments support:** The floor on NFA of the monetary authorities will be adjusted upward (downward) by the full amount by which the cumulative receipts from the balance of payments support are greater (less) than the program baseline (see Table 1). The downward adjustment will be capped at US\$40 million, cumulative from end-June 2007. Balance of payments support is measured as the cumulative flow from June 30, 2005.

8. **Definition of balance of payments support:** Balance of payments support includes all grants and foreign financing that is not linked to additional budgetary expenditure. Excluded from this definition is external project financing to fund particular activities, including food security funding from the European Union and loan financing from the IMF.

9. **Adjustment clause on net foreign assets—debt service payments:** The floor on NFA of the monetary authorities will be adjusted upward (downward) by the full cumulative amount by which debt service payments to the World Bank and the ADB falls short of (exceed) the program baseline (Table 1). The cumulative amount will be measured from June 30, 2005.

B. Ceiling on the Net Domestic Assets of the Reserve Bank of Malawi

10. **Definition of net domestic assets (NDA) of the RBM:** NDA of the RBM is defined as reserve money minus net foreign assets valued at the program exchange rate of MK141 per US\$1. Reserve money consists of currency issued by the RBM and balances of commercial banks accounts with the RBM. It includes required reserves held for Malawi kwacha deposits and any other domestic currency reservable liabilities and other demand and time deposits held with the RBM.

11. **Adjustment clause on net domestic assets—balance of payments support:** The ceiling on NDA of the RBM will be adjusted downward (upward) by the full amount by which the cumulative flow of receipts from balance of payments support is greater (less) than the program baseline. The upward adjustment will be capped at US\$40 million, cumulative from end-June 2007. Balance of payments support will be converted to Malawi kwacha using the program exchange rate (see para. 8 for the definition of balance of payments support). Balance of payments support is measured as the cumulative flow from June 30, 2005.

12. **Adjustment clause on net domestic assets—liquidity reserve requirement:** The ceiling on NDA of the RBM will be adjusted downward for a decrease in the reserve requirement ratio, and the ceiling will be adjusted upward for an increase in the ratio. The adjustment will be spread equally over two quarters, starting in the quarter in which the reserve requirement ratio is reduced. The adjuster will be calculated as follows: (one minus the existing required percentage of reserve assets held at the discount houses) multiplied by (the program baseline required reserve ratio minus the new required reserve ratio) multiplied by (the amount of reservable deposit liabilities in commercial banks as at the end of the quarter prior to the change in regulation).

13. **Adjustment clause on net domestic assets—debt service payments:** The ceiling on NDA of the RBM will be adjusted downwards (upwards) by the full cumulative amount by which debt service payments to the World Bank and the ADB falls short of (exceed) the program baseline (Table 1). The cumulative amount will be measured from June 30, 2005. Debt service payments will be converted to Malawi kwacha using the program exchange rate.

C. Ceiling on Central Government's Domestic Borrowing

14. **Definition of central government's domestic borrowing (CGDB):** CGDB is computed as the sum of (i) net borrowing from the RBM (including ways and means advances, loans, holdings of local registered stocks, and holdings of treasury bills minus deposits), (ii) net borrowing from commercial banks (including advances, holdings of local registered stocks and holdings of treasury bills minus deposits), (iii) net borrowing from nonbanks (including holding of local registered stocks, holdings of treasury bills, and supplier credits minus government deposits held at the Malawi Savings Bank), and (iv) holdings of promissory notes. The treasury bills and local registered stocks are valued at cost rather than face value. Excluded are any promissory notes issued to cover RBM's operational losses in 2002 and 2003. The ceiling is measured as the change in the stock of CDGB from June 30, 2007, excluding promissory notes and securities transferred to the RBM from the Treasury since June 30, 2007.

15. **Definition of June 2004 domestic arrears:** June 2005 domestic arrears consist of all domestic arrears for which the obligation to pay was established on or before June 30, 2004.

16. **Definition of domestic arrears:** Domestic arrears are overdue payment obligations by central government other than external payment arrears, including on wages and salaries, pensions, transfers, domestic interest, goods and services, obligations arising from court cases, legally established compensation claims, and payments to the Malawi Revenue Authority (MRA) for tax refunds. Payments on wages and salaries, pensions, transfers, court established obligations, and compensations are in arrears when they remain unpaid for more than 30 days beyond their due date. Domestic interest payments are in arrears when the payment is not made on the due date. Payments for goods and services are deemed to be in

arrears if they have not been made within 30 days of the date of invoice, or—if a grace period has been agreed—within the contractually agreed grace period.

17. **Adjustment clause on CGDB—balance of payments support:** The ceiling on CGDB will be adjusted downward (upward) by the full amount by which the cumulative kwacha receipts from balance of payments support is greater (less) than the program baseline (see para. 7 for the definition of balance of payments support). The cumulative receipts will be measured from June 30, 2007. The upward adjustment will be capped at US\$40 million, measured at the current exchange rate and cumulative from end-June 2007.

18. **Adjustment clause on CGDB—securitization of arrears:** The ceiling on CGDB will be adjusted upward by the full cumulative amount by which pre-2005 domestic arrears are securitized from June 30, 2007.

19. **Adjustment clause on CGDB—cash payment of arrears:** The ceiling on CGDB will be adjusted downward by the full amount by which cumulative payments from June 30, 2007, for verified pre-2005 domestic arrears are less than the program baseline. Only payments that are charged against the Accountant General vote, and reported by the Accountant General will be recognized as payments for pre-2005 domestic arrears.

20. **Adjustment clause on CGDB—maize revenue:** The ceiling on CGDB will be adjusted upward (downward) by the full amount by which the cumulative receipts from the sale of commercial maize through ADMARC and deposited in the RBM maize account is less (greater) than the program baseline (see Table 2). Cumulative receipts will be measured from June 30, 2007.

21. **Adjustment clause on CGDB—donor pool account for the health SWAp:** The ceiling on CGDB will be adjusted downward (upward) by the full amount by which the net flows (in kwacha) from the U.S. dollar denominated donor pool account for the health SWAp is larger (smaller) than in the program baseline (Table 2). Net flows (in kwacha) are measured as the receipts received by the budget from the SWAp account less Swap related expenditures by the budget. The net flow is measured from June 30, 2007.

22. **Adjustment clause on CGDB—National Aids Commission (NAC) accounts:** The ceiling on CGDB will be adjusted downward (upward) by the full amount by which the change (in kwacha) of the stock in the accounts of the NAC held in the Malawi banking system is larger (smaller) than the change (in kwacha) of the stock in those accounts in the program baseline (Table 2). The stock of the NAC accounts will be determined on the basis of the quarterly financial reports of the NAC. The change in stock is measured relative to the stock as of June 30, 2007. Stocks in the accounts are stated with a positive sign.

23. **Adjustment clause on CGDB—debt service payments:** The ceiling on net CGDB will be adjusted downwards (upwards) by the full cumulative amount by which debt service

payments to the World Bank and the ADB, measured in kwacha, falls short of (exceed) the program baseline (Table 2). The cumulative amount will be measured from June 30, 2007.

D. Ceiling on External Payments Arrears

24. **Definition of external payment arrears:** External payment arrears consist of external debt-service obligations (principal and interest) of the central government or the RBM that have not been paid at the time they are due, as specified in the contractual agreements, except on external debt subject to rescheduling or restructuring. This performance criterion is monitored on a continuous basis.

E. Ceiling on Nonconcessional External Debt

25. **Definition of nonconcessional external debt:** The definition of debt, for the purpose of the limit, is set out in Executive Board Decision No. 6230-(79/140) of August 3, 1979, and as amended by Decisions No. 11096-(95/100), October 25, 1995; and 12274-(00/85) August 24, 2000. For program purposes, a short- and medium- and long-term debt is nonconcessional if it includes a grant element less than 35 percent, as indicated in Decision No. 11248-(96/38), April 15, 1996. The ceiling on nonconcessional debt applies to the contracting and guaranteeing by the central government, the RBM, or other agencies on behalf of the central government or the RBM on debt with nonresidents. The ceiling applies to debt and commitments contracted or guaranteed for which value has not been received. The ceiling is measured cumulatively from June 30, 2007.

26. **Short-term debt:** outstanding stock of debt with an original maturity of one year or less.

27. **Medium- and long-term debt:** outstanding stock of debt with a maturity of more than one year.

28. **Excluded from the limit** is the use of Fund resources, and any kwacha-denominated treasury bill and local registered stock holdings by nonresidents. Excluded from the limit are also (i) debts classified as international reserve liabilities of the RBM; (ii) new debt issued to restructure, refinance, or repay existing debt up to the amount actually used for the above-mentioned purposes; (iii) normal import financing; and (iv) arrangements to pay over time obligations arising from judicial awards to external creditors. A financing arrangement for imports is considered to be “normal” when the credit is self-liquidating.

II. QUANTITATIVE INDICATIVE TARGETS

A. Ceiling on Reserve Money

29. **Definition of reserve money:** Reserve money is defined as the sum of currency issued by the RBM and balances of commercial bank accounts with the RBM. It includes required reserves held for kwacha deposits, other domestic currency liabilities, and other demand and time deposits held with the RBM.

B. Ceiling on Central Government Discretionary Expenditures

30. **Definition of central government discretionary expenditures:** These are defined as all expenditures excluding (i) wages and salaries, (ii) interest payments, and (iii) foreign-financed development expenditures (development Part I expenditures) which are related to specific projects. Central government discretionary expenditures include statutory (i.e., nonvoted) expenditures for pensions and gratuities, and compensation and refunds; but exclude tax refunds (which are treated as a negative revenue). Central government discretionary expenditures also include other recurrent expenditures (ORT), domestically financed development expenditures (development Part II expenditures), and net lending (if any). Included in this definition are also recurrent expenditures and development Part II expenditures for which cash financing is or was made available by donors. Included in particular are all maize purchases for the Strategic Grain Reserve, purchases financed from the Japan debt relief account, and budget expenditures in the health sector financed from the donor pool account for the health SWAp. The ceiling is measured as a cumulative flow from June 30, 2007.

31. **Adjustment clause on central government discretionary expenditures—donor funded central government discretionary expenditures in the health sector.** The ceiling on central government discretionary expenditures will be adjusted upward (downward) by the full amount of donor-funded central government discretionary health sector expenditures that is greater (less) than the program baseline (Table 2). In respect of resources made available through the U.S. dollar-denominated donor pool account for the health SWAp (donor pool account), donor-funded central government discretionary expenditures in the health sector will be deemed to have been made according to the calculation: ‘outflows from the donor pool account to finance expenditures, expressed in Malawi kwacha’ less ‘donor financed supplementary wages in the health sector’.

III. STRUCTURAL PRIOR ACTIONS, PERFORMANCE CRITERIA AND BENCHMARKS

A. Measures Agreed Before the Fourth Review

32. **Travel Policy:** The Ministry of Finance will develop and implement (by issuing a circular) a travel policy that will aim to ensure accountability and control for all expenditure on travel.
33. **PFM action plan:** The Ministry of Finance will develop an action plan that prioritizes reforms, describes existing donor support, and identifies remaining areas of need for technical assistance in the area of public financial management.
34. **Payroll:** The Ministry of Finance will produce monthly reports on the execution of the payroll. The report will include information on the establishment, total number of employees, entries, exits, and promotions for the central government. The report will be produced within two weeks of the end of the month.
35. **IFMIS:** The Ministry of Finance will develop a mechanism within IFMIS for payment on a monthly basis of the utility bills of all central government entities (water, electricity, telephones). The mechanism will be managed by the accountant general. Implementation will be assessed by the delivery of centralized IFMIS payment receipts.
36. **Public Sector Enterprises:** The Ministry of Finance will compile quarterly financial reports of the key public sector enterprises and will publish their audited annual financial statements. The public enterprises covered include ESCOM, the five Water Boards, ADMARC, Air Malawi, the Malawi Postal Corporation, and the Malawi Housing Corporation.
37. **Microfinance sector:** The government will submit legislation to Cabinet governing the microfinance sector in Malawi. The legislation will establish the capital requirements of the microfinance institutions and provide a regulatory framework for accepting deposits and make loans. It will also provide reporting requirements to the RBM by these institutions and will establish the prudential norms under which these institutions will operate.
38. **External debt management guidelines:** The Ministry of Finance will develop and issue external debt management guidelines for the public sector (central government and public sector enterprises). The document will provide guidance on the level of concessionality at which new loans are to be contracted and the level of new borrowing. It will also outline procedures for contracting new loans through the Ministry of Finance, the responsibility of the Ministry of Finance for assessing the terms of the loan—including its concessionality—and the responsibility of the Ministry of Economic Planning and Development in conjunction with the Ministry of Finance for evaluating the costs and benefits of the project or the use for which the loan is intended.

B. Measures Agreed during the Fourth and Fifth Review

39. **Cash flow planning:** The Ministry of Finance will form a Cash Management Unit (CMU) within the accounting general's office and establish a Cash Management Committee as a forum for decision making. To facilitate operationalization of cash management, this would require: (i) approval of the responsibilities and recruitment of staff for the Cash Management Unit, and (ii) approval of terms of reference and membership for the Cash Management Committee which brings together all key stakeholders and serviced by the CMU.

40. **Budget preparation and execution:** The Ministry of Finance will review the existing Treasury Funds and present information on their financial performance for auditing by the office of the Accounting General.

41. **Budget preparation process:** To improve planning and coordination of the budget preparation process the Ministry of Finance will issue first circulars to Ministries and assemblies communicating 2008/09 ceilings in January 2008.

42. **Bank Supervision:** The RBM will perform onsite inspections of the three largest banks.

C. Reporting Of Certain Transactions In The Fiscal Accounts

43. **Operations of the National Aids Commission (NAC).** Financial operations of the NAC are included in the fiscal accounts according the NAC's financial reports. NAC financial reports comprises of the summary of the financial reports provided by the government ministries and departments that execute NAC-funded projects . The NAC report is reconciled with budget accounts for data consistency and accuracy purposes. The information about the sources of funding includes: (i) funds received from donors; (ii)government contribution to NAC; (iii) foreign exchange losses/gains and, (iv) other receipts. Expenditures are typically classified as development Part I expenditures.

44. **Donor pool funded expenditures in support of the Health SWAp.** The Government of Malawi has embarked on the implementation of an integrated program of service delivery in the health sector, the health sector wide approach (Health SWAp). In support of the Health SWAp some donors are pooling resources (the donor pool), and release these resources through normal government procedures (i.e. recurrent budget or development Part II budget) to the health sector. In order to manage the inflows of donor resources a U.S. dollar-denominated account has been set up at the RBM that holds donor pool resources until expenditures need to be financed. Donor funded expenditures for the Health SWAp from the pooled resources will be deemed to have been made in the amount of outflows from the donor pool account to finance expenditures (i.e., typically either to Malawi government No. 1 account in Malawi kwacha, or to pay directly for imports by the health sector). The attribution of donor financed expenditures to personnel emoluments, other recurrent

transactions, and development Part II expenditures is made on the basis of cash flow projections and established donor commitments to finance specific expenditures (e.g., supplementary wages and salaries for professional health cadres). Typically, expenditures for other recurrent transaction are estimated as the residual of outflows less expenditures for wages and salaries less expenditures for development Part II.

IV. REPORTING REQUIREMENTS

45. Monitoring of the program requires that the information listed in the tables shown below be reported to the IMF within the timeframe indicated in the table. The new data requirement includes more detailed information on the composition of RBM foreign exchange reserves, including the loan disbursements to Zimbabwe and repayments from the Bank of Zimbabwe. The new reporting format was discussed and agreed with RBM during the recent mission in September 2007.

Malawi: Program Maize Revenue, Health SWAp, and NAC Funds, Aid and Debt Service FY2005/06 and FY2006/07 and FY2007/08
(Millions of Malawi Kwacha)

	FY05/06					FY06/07					FY07/08							
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total			
	Act.	Act.	Act.	Act.	Act.	Act.	EBS/06/109	Act.	EBS/07/11	Act.	EBS/07/11	Act.	Act.	Prog.	Prog.	Proj.	Proj.	Proj.
Maize revenue																		
Quarterly receipts	300	454	298	124	1,175	0	320	0	0	0	0	0	0	0	2,000	0	0	2,000
Cumulative receipts 1/	300	753	1,051	1,175	1,175	1,175	1,411	1,175	1,175	1,175	1,175	1,175	1,175	0	2,000	2,000	2,000	2,000
Health SWAp																		
RBM accounts																		
Revenues	1,488	584	2,102	2,067	6,242	835	928	2,097	1,970	940	2,045	4,446	8,319	2,224	3,155	1,144	2,804	9,327
Expenditures	1,556	0	952	2,883	5,390	1,233	2,923	1,230	1,970	1,277	1,630	5,493	9,234	1,576	2,504	2,496	2,484	9,059
Change in account balance	-67	584	1,150	-816	852	-398	-1,995	867	0	-337	414	-1,047	-915	648	651	-1,352	321	268
Cumulative change in account balan	-67	517	1,668	852	852	454	503	1,320	-60	984	354	-63	-63	648	1,299	-53	268	268
Fiscal accounts																		
Receipts																		
Expenditures	1,556	0	952	3,172	5,679	1,233	2,890	1,230	1,970	1,277	1,630	5,494	9,235	2876	3804	2496	2484	11659
Wage expenditures	138	199	159	106	602	247	253	253	257	258	261	261	1,019	295	296	297	295	1183
ORT Expenditures	1,417	-199	793	3,066	5,077	986	2,637	977	1,713	1,020	1,370	5,233	8,216	1281	2207	2200	2188	7876
Development spending														1300	1300	0	0	2600
Net flow														-652	-649	652	649	0
Cumulative receipts																		
Cumulative wage expenditures 1/	138	337	496	602	602	849	1,230	1,102	1,360	1,360	1,621	1,621	1,621	295	591	888	1,183	1,183
Cumulative ORT expenditures 1/	1,417	1,218	2,011	5,077	5,077	6,063	7,050	7,041	9,386	8,060	10,756	13,293	13,293	1,281	3,488	5,688	7,876	7,876
Cumulative net flow														-652	-1,301	-649	0	0
National AIDS Commission (NAC)																		
NAC Accounts																		
Revenues	455	1,928	264	508	3,155	1,806	1,445	3,311	1,027	1,590	20	1,425	8,132	2,606	2,591	2,698	2,542	10,438
Expenditures	768	1,706	506	614	3,593	530	1,445	2,290	1,027	3,328	1,235	1,344	7,491	2,606	2,591	2,698	2,542	10,438
Change in account balance	-313	222	-241	-106	-438	1,276	0	1,022	0	-1,738	-1,215	81	641	0	0	0	0	0
Cumulative change in account balan	-313	-91	-333	-438	-438	838	0	1,859	776	121	-438	202	202	0	0	0	0	0
Aid and Debt Service																		
Balance of payments support																		
Cumulative 1/	4,392	6,331	401	5,909	17,033	654	1,214	6,224	2,128	1,357	2,882	801	9,035	699	10,075	4,850	1,300	16,924
	4,392	10,723	11,124	17,033	17,033	17,687	21,904	23,910	25,853	25,268	28,735	26,068	26,068	699	10,774	15,624	16,924	16,924
Debt service payments to IDA and ADB																		
Cumulative 1/						1,427	54	141	38	216	64	77	1,861	57	67	0	0	124
						1,427	1,047	1,569	1,527	1,785	1,591	1,861	1,861	57	1,986	1,986	1,986	1,986
Pass-through of IMF relief from RBM																		
Cumulative 1/						6,065	1,261	2,073	663	0	1,123	0	8,138	0.0	0.0	0.0	0.0	0
						6,065	1,899	8,138	7,232	8,138	8,355	8,138	8,138	0.0	0.0	0.0	0.0	0.0

1/ Cumulative from 2005 fiscal year for FY05/06 and 2006/07; and cumulative from 2007 fiscal year for FY2007/08.

Malawi: Program Balance of Payments Support and Debt Service Obligations, FY2005/06, FY2006/07 and FY2007/08
(Millions of U.S. dollars)

	FY05/06					FY06/07					FY07/08							
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total			
	Act.	Act.	Act.	Act.	Act.	Act.	EBS/06/109	Act.	EBS/07/11	Act.	EBS/07/11	Act.	Act.	Prog.	Prog.	Proj.	Proj.	Proj.
Balance of payments support																		
Grants	35.7	52.7	3.0	19.0	110.4	4.7	0.0	45.3	15.0	9.8	0.0	5.7	36.7	5.0	62.3	14.3	9.2	90.7
EU	0.0	17.5	0.0	19.0	36.5	0.0	0.0	13.8	2.6	0.0	0.0	5.7	19.5	3.9	0.0	10.9	9.2	24.0
IDA	0.0	29.9	0.0	0.0	29.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.0	0.0	0.0	11.0
UK	35.7	0.0	0.0	0.0	35.7	0.0	0.0	28.4	9.3	9.8	0.0	0.0	38.1	0.0	44.4	0.0	0.0	44.4
Norway	0.0	5.3	3.0	0.0	8.3	4.7	0.0	3.1	3.2	0.0	0.0	0.0	7.8	1.1	6.9	3.4	0.0	11.3
Loans	0.0	0.0	0.0	24.5	24.5	0.0	8.4	0.0	0.0	0.0	20.0	0.0	8.4	0.0	9.0	20.0	0.0	29.0
IDA	0.0	0.0	0.0	24.5	24.5	0.0	0.0	0.0	0.0	0.0	20.0	0.0	0.0	0.0	9.0	0.0	0.0	9.0
ADB	0.0	0.0	0.0	0.0	0.0	0.0	8.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0	0.0	20.0
Total	35.7	52.7	3.0	43.5	134.9	4.7	8.4	45.3	15.0	9.8	20.0	5.7	65.5	5.0	71.3	34.3	9.2	119.7
Cumulative from end-June 2005	35.7	88.4	91.4	134.9	134.9	139.6	167.4	184.9	196.1	194.7	216.1	200.4	200.4	205.4	276.7	310.9	320.2	320.2
Cumulative total from end-June 2007														5.0	76.2	110.5	119.7	119.7
Debt service payments																		
IDA						5.1	0.2	0.4	0.3	0.3	0.4	0.4	6.0	0.3	0.4	0.0	0.0	0.7
AfDB						5.2	0.2	0.6	0.0	1.3	0.0	0.1	3.5	0.1	0.0	0.0	0.0	0.2
Total						10.3	0.4	1.0	0.3	1.5	0.4	0.5	9.5	0.4	0.5	0.0	0.0	0.9
Cumulative from end-June 2005						10.3	7.4	11.3	11.0	12.9	11.5	13.4	13.4	13.8	14.3	14.3	14.3	14.3
Cumulative total from end-June 2007														0.4	0.9	0.9	0.9	0.9
Pass-through of debt relief from the RBM to the GoM																		
IMF						44.1	8.7	15.0	4.7	0.0	7.8	0.0	59.1					
Cumulative						44.1	13.2	59.1	52.1	59.1	59.9	59.1	59.1					

Sources: IMF, UK, EU, Norway, AfDB, and WB.

Malawi: Reporting Requirements

Data description	Data Freq.	Reporting		Delivery		
		Agency	Freq.	Lag	Date	Mode
Gross international reserves, exchange rate, and foreign exchange purchases and sales	D	RBM	W	2	F	E
Reserve money, OMO transactions, and RBM conversion of treasury bills	D	RBM	W	2	F	E
Treasury bill and RBM bill auction results	W	RBM	W	2	F	E
RBM balance sheet and broad money estimate	W	RBM	W	7	F	E
Backlog of import applications for foreign exchange	W	RBM	W	7	F	E
Four-bank monetary survey	M	RBM	M	30	30	E
International Reserve and Foreign Currency Liquidity Data Template	M	RBM	M	30	30	E
Central government domestic borrowing	M	RBM	M	30	30	E
Interest rates	M	RBM	M	30	30	E
Holdings of local registered stocks, treasury bills, and RBM bills	M	RBM	M	30	30	E
Issue and maturity profile for treasury bills and RBM bills	M	RBM	M	30	30	E
Excess reserves by bank	D	RBM	M	30	30	E
Details of project and balance of payment support	M	RBM	M	30	30	E
Monthly exchange rates	M	RBM	M	30	30	E
FCDA holdings	M	RBM	M	30	30	E
Cash flow of foreign exchange	M	RBM	M	30	30	E
Foreign exchange exposure limits by bank	M	RBM	M	30	30	E
Bank statements of both the Health SWAp and government maize account held at the RBM	M	RBM	M	30	30	E
Seven bank monetary survey and full banking survey	M	RBM	M	45	15	E
Financial soundness indicators by banks	Q	RBM	Q	45	T15	E
Insurance company survey	Q	RBM	Q	45	T15	E
Fiscal table (GFS) including revenue, expenditure, and financing.	M	MOF	M	30	30	E
Funding tables on wages, other recurrent expenditures, and development	M	MOF	M	30	30	E
CCA, supplementary CCA, and reimbursement report	M	MOF	M	30	30	E
Pro-poor spending	M	MOF	M	30	30	E
Tokyo-Mitsubishi account statements	M	MOF	M	30	30	E
Revenue data (from MRA)	M	MOF	M	30	30	E
PSI import data	M	MOF	M	30	30	E
Ministry reports on commitment and expenditures (CCS3 and CCS4 returns)	M	MOF	Q	30	T30	E
New external loans contracted or guaranteed by the central government 1/	Q	MOF	Q	30	T30	E
List of nonreschedulable external arrears by creditor 2/	Q	MOF	Q	30	T30	E
Budget execution report, including arrears and prospects for meeting budget targets based on the CCS3 and CCS4	M	MOF	Q	45	T15	E
Borrowing of the ten major parastatals 3/	Q	MOF	Q	45	T15	E
Quarterly financial statements of the ten major parastatals and MSB	Q	MOF	Q	45	T15	H
Report on PRGF performance	Q	MOF	Q	45	T15	E
Report on verified pre 30. June 2004 expenditure arrears	Q	AuG	Q	45	T15	E
Report on new post 30. June 2004 arrears verified by AuG	Q	AuG	Q	45	T15	E
Annual audited financial statements of the ten major parastatals and MSB	A	MOF	A	90	Mar. 30	H
Consumer price index and monthly statistical bulletin	M	NSO	M	30	30	E
Import and export data	M	NSO	M	45	T15	E
Balance of payments, and quarterly statistical bulletin	Q	NSO	Q	45	T15	E
National accounts, balance of payments, and quarterly statistical bulletin	A	NSO	BA	45	Mar. 15; Sep. 15	E

D-Daily, W-Weekly, M-Monthly, Q-Quarterly, BA-Bi-annual A-Annual; F-Friday, 30-Every 30th, T30-Every third 30th; E-Electronic, H-Hard copy
1/ Detailed information on the amounts, currencies, terms, and conditions, including debt contracted or guaranteed by the RBM or any other agency on behalf of the central government.

2/ To be reported by DAMD, including a detailed explanation.

3/ Agriculture Development and Marketing Corporation, Air Malawi, Electric Supply Company of Malawi, Malawi Development Corporation, Malawi Housing Corporation, Malawi Postal Corporation, Malawi Telecommunications Ltd., Northern Regional Water Board, Central Regional Water Board, and Southern Region Water Board.