



MINISTRY OF FINANCE AND ECONOMIC AFFAIRS

MID-YEAR PUBLIC DEBT REPORT FY2024/2025

DEBT AND AID MANAGEMENT DIVISION

2024

November

Table of Contents

1.	INTRODUCTION.....	3
2.	TOTAL PUBLIC DEBT STOCK.....	3
3.	EXTERNAL PUBLIC DEBT	3
4.	DOMESTIC PUBLIC DEBT	5
5.	DEBT SERVICING	7
6.	COST AND RISK INDICATORS	8
7.	DEBT MANAGEMENT DEVELOPMENTS.....	8
8.	UPDATE ON THE DEBT RESTRUCTURING	9

1. Introduction

This Mid-Year Public Debt Report for the Financial Year (FY) 2024/25 provides an update on the public debt portfolio as at end-September 2024. Comprehensive reviews of the debt portfolio are provided in the Annual Reports, past versions of which are available on the Ministry's website: www.finance.gov.mw.

This Mid-Year Debt Report covers the period from end-March 2024 to end-September 2024 and contains information on loans and debt securities under Budgetary Central Government and Central Bank. Unless otherwise stipulated, domestic debt is reported at Face Value and external debt is Disbursed Outstanding Debt. Debt is classified as external or domestic debt on a residency basis.

2. Total Public Debt Stock

As at end-September 2024, the total public debt stock was MK16.19 trillion which is equivalent to 86.4 percent of projected FY2024/25 GDP. This represents a 10.0 percent increase on the end-March 2024 figure of MK14.72 trillion. As at end-September 2024, the total public debt stock comprised USD4.27 billion (equivalent to MK7.39 trillion) in external debt and MK8.79 trillion in domestic debt.

Table 1. Public Debt Series

	End-March 2024	End-June 2024	End-September 2024
Domestic (MK Trillions)	7.60	8.02	8.79
External (USD Billions)	4.11	4.13	4.27
External (MK Trillions)	7.12	7.16	7.40
Total (MK Trillions)	14.72	15.18	16.19
Domestic (% of Total)	51.6	52.8	54.3
External (% of Total)	48.4	47.2	45.7

Source: MoFEA staff calculations.

3. External Public Debt

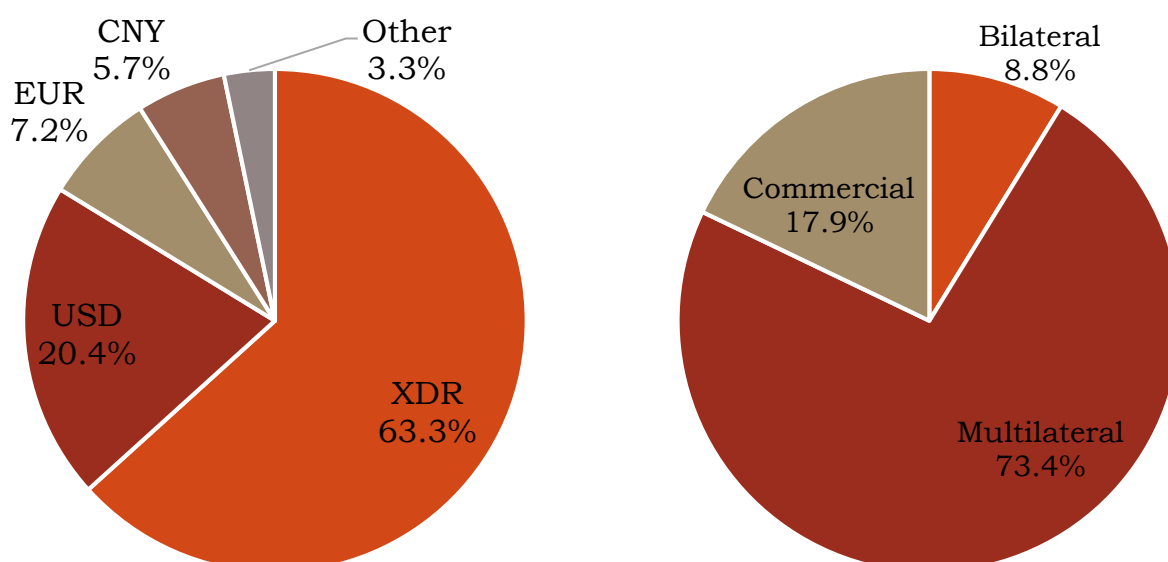
As at end-September 2024, the external debt stock was USD4.27 billion, representing an increase of 3.9 percent from the end-March 2024 figure of USD4.11 billion. As at end-September 2024, Central Government debt accounted for 75.2 percent of the total external debt, and Reserve Bank of Malawi (RBM) debt accounted for the remaining 24.8 percent. See Table 2 for a full breakdown by debtor.

Table 2. External Debt Stock by Debtor (USD Millions)

Category	Mar-24	Sep-24	(%) Change
(1) Central Government	3,051.02	3,208.45	5.2
(%) of total	74.3	75.2	
(2) Central Bank	1,055.98	1,058.51	0.2
(%) of total	25.7	24.8	
Total External (1+2)	4,106.99	4,264.45	3.9

Source: MoFEA staff calculations

Malawi's external debt stock is primarily denominated in Special Drawing Rights¹ and the external debt stock is primarily owed to Multilateral lenders (see Figure 1). All of Malawi's external commercial debt is in the form of loans and is at fixed rate.

Figure 1. External Public Debt by Currency (Left) and by Creditor Type (Right)

Source: MoFEA staff calculations.

The largest creditor to Malawi continues to be the World Bank through the International Development Association which is owed USD1.74 billion as at end-September 2024, followed by the African Development Fund at USD472.61 million and the International Monetary Fund at USD433.21 million. Figures for all creditors are presented in Table 3.

¹ The SDR is made up of a basket of currencies as follows: USD (43.38%), EUR (29.31%), CNY (12.28%), JPY (7.59%) and GBP (7.44%).

Table 3. External Debt Stock by Creditor (USD Millions)

Creditor	Mar-24	Sep-24	(%) Change Since End- March
1.Bilateral	379.01	374.1	-1.3
Export-Import Bank of China (Main-Land)	197.27	201.19	2.0
Export Import Bank of India	100.40	94.21	-6.2
Kuwait Fund for Arab Economic Develop.	49.46	47.97	-3.0
Saudi Fund for Development	29.45	28.61	-2.9
Abu Dhabi Fund for Development (ADFD)	1.47	1.14	-22.7
Government of Belgium	0.96	0.99	3.2
2.Multilateral	2,958.91	3,127.70	5.7
International Development Association	1,585.75	1,740.44	9.8
African Development Fund	467.11	472.61	1.2
International Monetary Fund	438.08	433.21	-1.1
European Investment Bank	167.42	171.60	2.5
International Fund for Agric. Development	125.21	137.15	8.1
OPEC Fund for International Development	88.17	88.45	0.3
Arab Bank for Economic Development in Africa (BADEA)	72.24	71.96	-0.40
Nordic Development Fund	14.92	14.80	-0.8
3.Commercial	769.06	762.64	-0.8
Africa Export Import Bank	376.84	360.04	-4.5
Trade and Development Bank	356.22	371.31	4.2
Baobab Securities	36.01	31.30	-13.1
Total Public External Debt Stock (1+2+3)	4,106.99	4,266.97	3.3

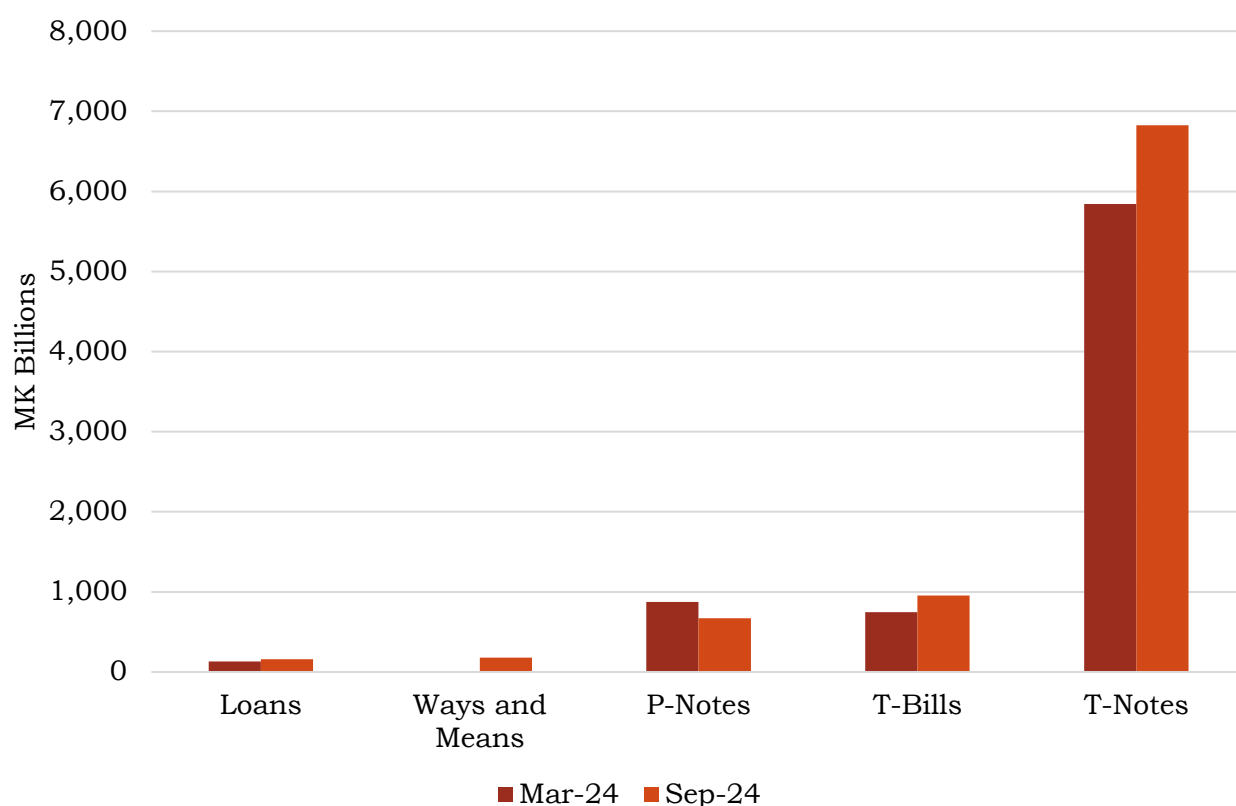
Source: MoFEA staff calculations.

4. Domestic Public Debt

As at end-September 2024, the total domestic public debt was MK8.79 trillion, an increase of 15.7 percent from the end-March 2024 figure of MK7.60 trillion. The end-September 2024 domestic debt stock consisted of MK6.83 trillion in Treasury Notes (77.7 percent of total domestic debt), MK954.90 billion in Treasury Bills (10.9 percent), MK669.26 billion (7.6 percent) in Promissory Notes, MK177.86 billion (2.0 percent) in Ways and Means advances from the RBM and MK157.81 billion (1.8 percent) in domestic loans. All of Malawi's domestic debt is fixed rate apart from the domestic loans which are floating rate. The amount of Treasury Notes increased by

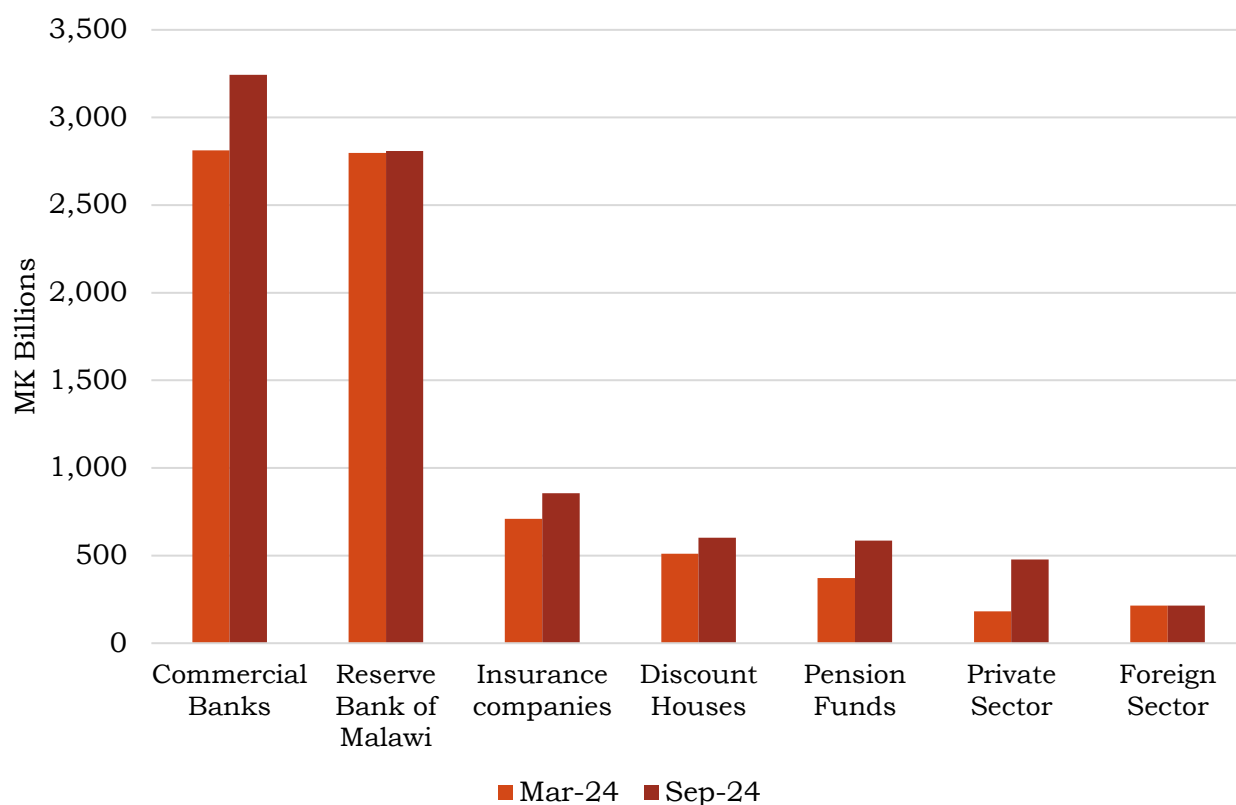
16.8 percent and that of Treasury Bills increased by 28.1 percent since end-March 2024.

Figure 2. Domestic Debt Stock by Instrument



Source: MoFEA staff calculations.

As at end-September 2024, commercial banks still held the largest portion of domestic debt at MK3.24 trillion, up from MK2.81 trillion as at end-March 2024. They were followed by the RBM at MK2.81 trillion, up from MK2.80 trillion. The rest of the holders collectively held MK2.73 trillion. Figures for all creditor types are presented in Figure 3.

Figure 3. Domestic Debt Stock by Holder²

Source: MoFEA staff calculations.

5. Debt Servicing

Total debt service for the first half of FY2024/25 amounted to MK1.62 trillion. Of this global amount, total amortization (principal repayment) was MK920.10 billion and total interest was MK703.74 billion. Furthermore, domestic debt service was MK1.50 trillion and external debt service was MK120.28 billion. For a full breakdown of debt servicing costs in the reporting period, see Table 4.

Table 4. Debt Servicing Costs from End-March to End-September 2024 (MK Billions)

	Domestic	External	Total
Principal	843.09	77.01	920.10
Interest	660.47	43.27	703.74
Total	1,503.56	120.28	1,623.84

Source: MoFEA staff calculations.

² Other Financial Institutions, Corporate Sector and Households have been reclassified under Private Sector.

6. Cost and Risk Indicators

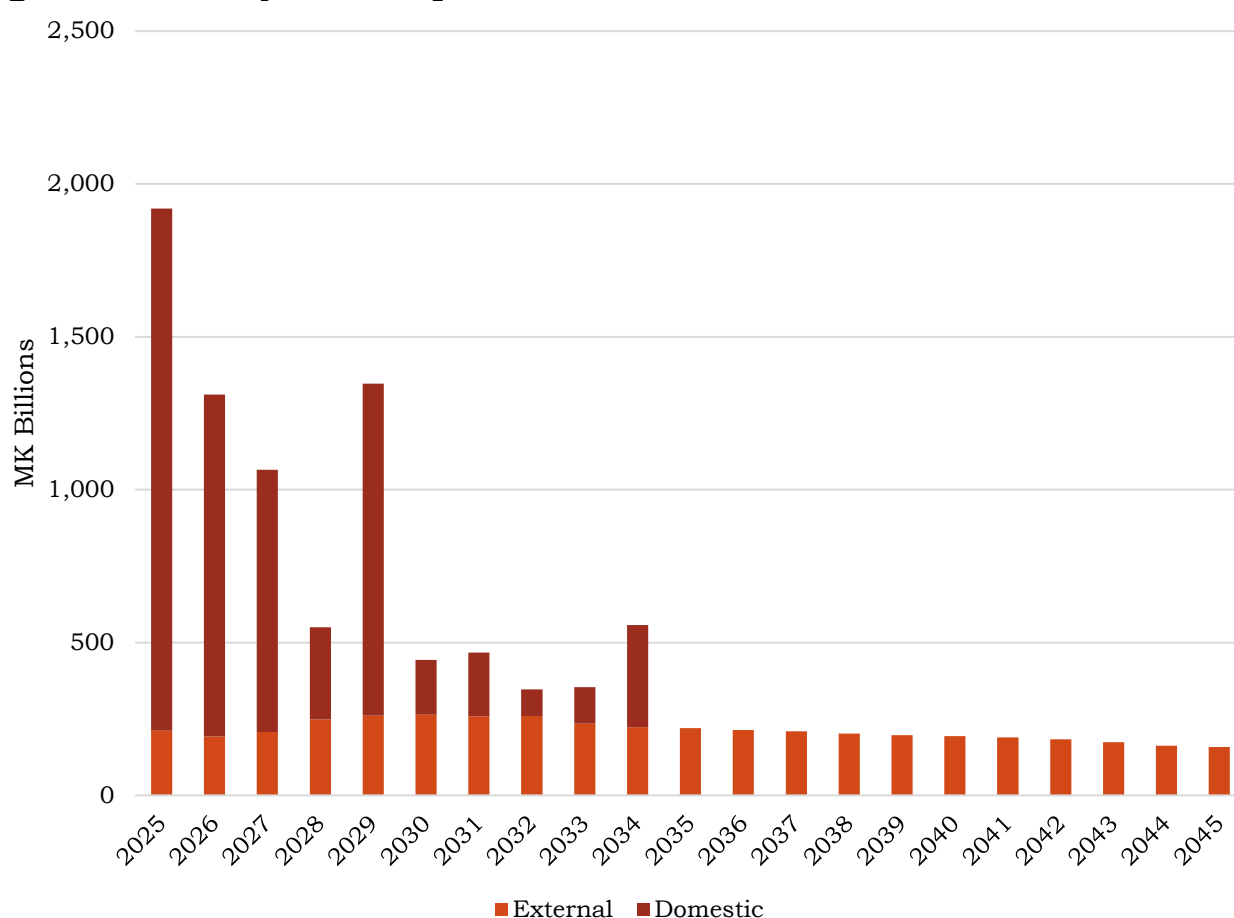
The values for key risk indicators for debt as at end-September 2024 are set out in Table 5 and the maturity profile is shown in Figure 4.

Table 5: Key Risk Indicators

	Domestic	External	Total
Share of Debt Maturing in the next 12 months (%)	28.46	3.82	16.61
Average Time to Maturity (Years)	2.97	12.98	7.78

Source: MoFEA Calculations.

Figure 4. Maturity Profile up to 2045



Source: MoFEA Calculations.

7. Debt Management Developments

No new loans have been signed since end-March 2024. This is in line with Government's policy of maximizing grants. No guarantees have been issued since end-March 2024.

8. Update on the debt restructuring

During the reporting period, Government signed a supplemental agreement with Export-Import Bank of China. The agreement came into force during the previous quarter and retroactively applied to the March 2024 debt service payment. The subsequent bill that was due in September 2024, was based on the post-restructuring debt service amount.