

**LAPSE OF  
TIME**

EBS/21/103

November 24, 2021

To: Members of the Executive Board  
From: The Acting Secretary  
Subject: **Malawi—Post Financing Assessment—Proposal**

Board Action: Executive Directors' **consideration** on a lapse of time basis.

Deadline to Request a Board Meeting, after which Proposed Decision Deemed Approved: **Tuesday, November 30, 2021 12:00 (noon)**

Proposed Decision: Page 2

Additional Info: As the Malawi Board date for the Article IV consultation follows roughly six months after the Post Financing Assessment (PFA) paper from May 2021, staff proposes an individual decision to initiate PFA for Malawi with decisions for other countries being currently under consideration, reflecting country-specific circumstances.

Questions: Ms. Saito, AFR (ext. 36449)





# MALAWI

## POST FINANCING ASSESSMENT—PROPOSAL

November 24, 2021

Approved By  
**Vivek Arora (AFR) and  
Bjoern Rother (SPR)**

Prepared by the African Department in consultation with other departments.

**The three-year arrangement with Malawi under the Extended Credit Facility (ECF) was cancelled by the authorities on September 24, 2020.** At the time of cancelation of the ECF arrangement, SDR 53.85 million was disbursed. The program aimed to entrench macroeconomic stability and enhance poverty-reducing and resilient growth. Following the COVID-19 outbreak, Malawi requested two subsequent disbursements under the Rapid Credit Facility (RCF) in May and October 2020 to address urgent balance of payments needs related to the spread of the pandemic and economic downturn, providing total access of SDR 138.8 million (100 percent of quota). This use of Fund resources increased Malawi's outstanding credit to the Fund to 216 percent of quota in October 2020, which has since declined to 206 percent of quota.

**The authorities have requested an arrangement under the ECF that would be better aligned with Malawi's growth strategy 'Vision 2063.'** However, the timing of a new program approval is uncertain. While IMF support and its catalytic role in mobilizing donor support is critical at this juncture, being able to restore debt sustainability in the medium term and resolving the misreporting case are pre-requisites for such support.

**In accordance with the Fund's policy on Post Financing Assessment (PFA), the Managing Director recommends the initiation of PFA with Malawi.** Outstanding Fund credit exceeds the 200 percent of quota threshold for PFA (and would remain above this threshold until end-June 2022 under the projected repayment schedule). The first PFA discussion will be reflected in the Staff Report for the 2021 Article IV Consultation, which is scheduled for discussion in December 2021. PFA terminates automatically when a new Fund-supported program is approved.

## Proposed Decision

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

Malawi is expected to engage in Post Financing Assessment with the Fund in accordance with Decision No. 13454-(05/26), as last amended by 17037-(21/44), adopted May 7, 2021