

**EXECUTIVE
BOARD
MEETING**

EBS/18/96
Correction 1

November 15, 2018

To: Members of the Executive Board

From: The Secretary

Subject: **Malawi—First Review Under the Three-Year Extended Credit Facility
Arrangement and Requests for Modification and Waivers of Nonobservance
of Performance Criteria**

Board Action: The attached corrections to EBS/18/96 (11/6/18) have been provided
by the staff:

Typographical Errors **Pages 32 and 33**

Questions: Ms. Mitra, AFR (ext. 39523)
Ms. Farahbaksh, AFR (ext. 39957)
Ms. Pant, AFR (ext. 35974)

Table 4a. Malawi: Balance of Payments, 2016–23
(Millions of U.S. dollars, unless otherwise indicated)

	2016	2017	2018		2019		2020	2021	2022	2023
	Est.		Prog.	Proj.	Prog.	Proj.		Proj.		
Current account balance	-709.8	-686.7	-602.9	-637.0	-572.1	-553.3	-604.7	-627.3	-671.0	-708.9
Merchandise trade balance	-595.8	-650.0	-623.2	-590.9	-544.9	-605.3	-608.5	-637.3	-685.9	-730.1
Exports	1,480.3	1,542.0	1,714.9	1,701.9	1,805.8	1,813.8	1,927.3	2,052.7	2,188.6	2,345.4
Of which: Tobacco	578.5	583.9	634.3	586.3	664.5	621.3	655.3	691.1	728.9	772.7
Imports	-2,076.2	-2,192.0	-2,338.0	-2,292.8	-2,350.7	-2,419.1	-2,535.8	-2,690.1	-2,874.5	-3,075.5
Of which: Petroleum	-218.0	-306.7	-188.5	-446.5	-193.3	-477.9	-456.9	-473.7	-497.2	-527.7
Project related	-178.3	-207.1	-197.4	-152.8	-203.3	-201.6	-246.5	-266.7	-289.6	-313.6
Maize	-183.6		-75.0	0.0						
Services balance	-428.9	-410.3	-412.4	-408.0	-401.8	-410.7	-413.8	-441.0	-473.0	-507.3
Interest public sector	-14.7	-14.8	-19.1	-21.6	-20.2	-19.8	-20.9	-22.6	-24.3	-26.3
Other factor payments (net)	-108.1	-120.5	-126.8	-126.4	-132.5	-131.5	-138.1	-145.7	-154.5	-164.6
Nonfactor (net)	-306.1	-275.0	-266.6	-260.1	-249.1	-259.5	-254.9	-272.7	-294.2	-316.3
Receipts	122.5	125.3	142.4	142.0	168.8	167.7	184.1	194.2	205.9	219.2
Payments	-428.7	-400.4	-409.0	-402.1	-417.9	-427.2	-438.9	-466.9	-500.1	-535.6
Unrequited transfers (net)	314.9	373.7	432.7	362.0	374.6	462.7	417.7	451.0	487.9	528.5
Private (net)	315.7	358.4	354.5	362.8	375.5	388.1	418.5	451.9	488.8	529.4
Official (net)	-0.8	15.3	78.2	-0.8	-0.8	74.6	-0.9	-0.9	-0.9	-0.9
Receipts	0.0	16.1	79.1	0.0	0.0	75.5	0.0	0.0	0.0	0.0
Budget support	0.0	16.1	79.1	0.0	0.0	75.5	0.0	0.0	0.0	0.0
Payments	-0.8	-0.8	-0.8	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9	-0.9
Capital account balance	497.3	317.3	348.6	282.8	339.4	346.9	400.5	436.3	465.6	505.5
Project and dedicated grants	144.9	188.9	188.0	121.8	165.4	169.7	209.8	232.0	247.2	268.9
Off-budget project support ¹	352.4	128.4	160.7	161.0	174.0	177.2	190.7	204.3	218.3	236.6
Financial account balance	111.2	385.4	201.1	284.5	270.7	288.6	338.4	365.7	403.6	429.6
Medium- and long-term flows (net)	-6.5	207.5	52.5	43.9	107.4	98.8	132.9	137.8	155.5	169.2
Disbursements	130.1	239.9	142.5	117.9	174.7	149.6	188.6	200.1	222.4	240.5
Budget support and other program loans	0.0	86.1	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0
Project support	109.8	129.7	115.8	113.3	147.4	140.5	169.4	178.4	198.3	213.6
Other medium-term loans	20.3	24.1	26.7	1.7	27.3	9.1	19.1	21.7	24.1	26.9
Amortization	-136.6	-32.5	-90.0	-74.0	-67.3	-50.9	-55.7	-62.3	-66.9	-71.3
SDR allocation	-3.1	5.3	0.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreign direct investment and other inflows	170.0	131.5	146.1	134.6	160.7	153.3	177.0	197.8	216.3	231.5
Short-term capital	36.8	48.3	2.4	45.9	2.5	36.6	28.5	30.1	31.8	28.9
Commercial banks net foreign assets	-86.0	-7.2	0.0	61.1	0.0	0.0	0.0	0.0	0.0	0.0
Errors and omissions	-5.0	113.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-106.3	129.9	-53.2	-69.7	38.0	82.2	134.2	174.8	198.1	226.2
Financing	106.3	-129.9	53.2	69.7	-38.0	-82.2	-134.2	-174.8	-198.1	-226.2
Gross reserves (- increase)	65.3	-152.9	54.7	62.6	-52.1	-95.4	-145.1	-163.4	-160.3	-193.6
Liabilities	41.0	23.1	-1.5	7.1	14.1	13.2	10.9	-11.3	-37.8	-32.6
Of which: IMF (net)	51.6	4.8	2.4	2.6	14.6	14.7	12.0	-10.3	-36.8	-32.0
Purchases/drawings	76.4	26.6	31.6	31.5	31.7	31.4	31.5	15.8	0.0	0.0
Repurchases/repayments	24.8	21.8	29.3	29.0	17.1	16.7	19.5	26.2	36.8	32.0
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:										
Gross official reserves	605.0	757.9	702.7	695.3	754.8	790.7	935.8	1,099.2	1,259.6	1,453.2
Months of imports ²	2.8	3.4	3.0	2.9	3.1	3.2	3.6	3.9	4.2	4.5
Net international reserves	398.7	533.9	480.2	428.6	518.2	510.8	645.0	819.8	1,017.9	1,244.1
Current account balance (percent of GDP)										
Excluding official transfers	-13.0	-11.4	-10.1	-9.3	-8.1	-8.7	-7.9	-7.7	-7.7	-7.6
Excluding project related imports	-9.8	-7.8	-6.0	-7.1	-5.2	-4.8	-4.7	-4.4	-4.4	-4.2
Excluding official transfers and project related imports	-9.7	-8.0	-7.2	-7.1	-5.2	-5.9	-4.7	-4.4	-4.4	-4.2
Import price index (2005 = 100)	111.4	116.8	124.4	126.8	124.8	127.6	126.9	126.1	125.3	124.7
Import volume (percent change)	4.9	0.4	4.9	-5.4	0.2	4.9	5.4	6.7	7.6	7.5
REER (percent change)	-13.3	2.9
Terms of trade (percent change)	-0.1	-3.4	-5.9	-4.1	-1.1	-0.9	0.3	0.3	0.5	0.5
Nominal GDP (millions of U.S. dollars)	5,445	6,166	6,746	6,820	7,024	7,257	7,672	8,141	8,696	9,307

Sources: Malawian authorities; and IMF staff estimates and projections.

¹ Includes estimates for project grants not channeled through the budget.

² In months of imports of goods and nonfactor services in the following year.

Table 4b. Malawi: Balance of Payments, 2016–23
(Percent of GDP)

	2016	2017	2018	2019	2020	2021	2022	2023
		Est.	Prog.	Proj.	Prog.	Proj.	Proj.	
Current account balance	-13.0	-11.1	-8.9	-9.3	-8.1	-7.6	-7.9	-7.7
Merchandise trade balance	-10.9	-10.5	-9.2	-8.7	-7.8	-8.3	-7.9	-7.8
Exports	27.2	25.0	25.4	25.0	25.7	25.0	25.1	25.2
Of which: Tobacco	10.6	9.5	9.4	8.6	9.5	8.6	8.5	8.4
Imports	-38.1	-35.6	-34.7	-33.6	-33.5	-33.3	-33.1	-33.0
Of which: Petroleum	-4.0	-5.0	-2.8	-6.5	-2.8	-6.6	-6.0	-5.8
Project related	-3.3	-3.4	-2.9	-2.2	-2.9	-2.8	-3.2	-3.3
Maize	-3.4		-1.1	0.0				
Services balance	-7.9	-6.7	-6.1	-6.0	-5.7	-5.7	-5.4	-5.4
Interest public sector	-0.3	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
Other factor payments (net)	-2.0	-2.0	-1.9	-1.9	-1.9	-1.8	-1.8	-1.8
Nonfactor (net)	-5.6	-4.5	-4.0	-3.8	-3.5	-3.6	-3.3	-3.4
Receipts	2.3	2.0	2.1	2.1	2.4	2.3	2.4	2.4
Payments	-7.9	-6.5	-6.1	-5.9	-5.9	-5.9	-5.7	-5.8
Unrequited transfers (net)	5.8	6.1	6.4	5.3	5.3	6.4	5.4	5.5
Private (net)	5.8	5.8	5.3	5.3	5.3	5.3	5.5	5.6
Official (net)	0.0	0.2	1.2	0.0	0.0	1.0	0.0	0.0
Receipts	0.0	0.3	1.2	0.0	0.0	1.0	0.0	0.0
Budget support	0.0	0.3	1.2	0.0	0.0	1.0	0.0	0.0
Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital account balance	9.1	5.1	5.2	4.1	4.8	4.8	5.2	5.4
Project and dedicated grants	2.7	3.1	2.8	1.8	2.4	2.3	2.7	2.8
Off-budget project support ¹	6.5	2.1	2.4	2.4	2.5	2.4	2.5	2.5
Financial account balance	2.0	6.3	3.0	4.2	3.9	4.0	4.4	4.5
Medium- and long-term flows (net)	-0.1	3.4	0.8	0.6	1.5	1.4	1.7	1.7
Disbursements	2.4	3.9	2.1	1.7	2.5	2.1	2.5	2.5
Budget support and other program loans	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0
Project support	2.0	2.1	1.7	1.7	2.1	1.9	2.2	2.2
Other medium-term loans	0.4	0.4	0.4	0.0	0.4	0.1	0.2	0.3
Amortization	-2.5	-0.5	-1.3	-1.1	-1.0	-0.7	-0.7	-0.8
SDR allocation	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Foreign direct investment and other inflows	3.1	2.1	2.2	2.0	2.3	2.1	2.3	2.4
Short-term capital	0.7	0.8	0.0	0.7	0.0	0.5	0.4	0.4
Commercial banks net foreign assets	-1.6	-0.1	0.0	0.9	0.0	0.0	0.0	0.0
Errors and omissions	-0.1	1.8	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance	-2.0	2.1	-0.8	-1.0	0.5	1.1	1.7	2.1
Financing	2.0	-2.1	0.8	1.0	-0.5	-1.1	-1.7	-2.1
Gross reserves (- increase)	1.2	-2.5	0.8	0.9	-0.7	-1.3	-1.9	-2.0
Liabilities	0.8	0.4	0.0	0.1	0.2	0.2	0.1	-0.1
Of which: IMF (net)	0.9	0.1	0.0	0.0	0.2	0.2	0.2	-0.1
Purchases/drawings	1.4	0.4	0.5	0.5	0.5	0.4	0.4	0.2
Repurchases/repayments	0.5	0.4	0.4	0.4	0.2	0.2	0.3	0.3
Financing gap	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:								
Gross official reserves	11.1	12.3	10.4	10.2	10.7	10.9	12.2	13.5
Months of imports ²	2.8	3.4	3.0	2.9	3.1	3.2	3.6	3.9
Current account balance (percent of GDP)								
Excluding official transfers	-13.0	-11.4	-10.1	-9.3	-8.1	-8.7	-7.9	-7.7
Excluding project related imports	-9.8	-7.8	-6.0	-7.1	-5.2	-4.8	-4.7	-4.4
Excluding official transfers and project related imports	-9.7	-8.0	-7.2	-7.1	-5.2	-5.9	-4.7	-4.4
Value of exports of GNPs (percent change)	-1.9	4.0	4.0	10.6	10.6	7.5	6.6	6.4
Value of imports of GNPs (percent change)	6.8	3.5	3.5	4.0	4.0	5.6	4.5	6.1

Sources: Malawian authorities; and IMF staff estimates and projections.

¹ Includes estimates for project grants not channeled through the budget.