

### **Background**

The Debt and Aid Management Division (DAD) in the Ministry of Finance is the main agent of Government responsible for managing the foreign aid and public debt portfolios. The creation of DAD in 1997 brought under one umbrella all the debt and Aid management functions which were previously performed by various Government Departments and agencies such as the Accountant General, Ministry of Economic Planning and Development, Ministry of Finance, Ministry of Foreign Affairs and the Reserve Bank of Malawi. DAD comprises of four Units, three of which deal with various debt management functions from loan contraction, debt analysis and debt recording and payments.

The main functions of these DAD Units are outlined below:

- [Resource Mobilization Unit](#)
- [Planning and Information Unit](#)
- [Disbursement and Debt Servicing Unit](#)
- [Development Assistance Coordination Unit](#)

### **Resource Mobilization Unit**

The Resource Mobilisation Unit, also known as Front office, is responsible for designing and implementing the Governments external funding programme. Specifically, it is responsible for sourcing external financing such as loans, grants and other forms of funding. The main functions of the Unit are:

- Evaluate proposals for new financing from development partners;
- Analyzing all the markets in which the Government can source funding;
- Communicating with development partners;
- Monitoring financial flows to ensure that Government derives maximum benefits from the external resources.

### **Planning and Information Unit**

The Planning and Information Unit, also known as the Middle Office, is responsible for conducting analytical work for strategic debt and aid management. The purpose is to achieve the most suitable balance between costs and risk in the Governments financing. The main functions of the Unit are:

- Prepares and monitor implementation of government's debt and aid policy and strategy;
- Prepare periodic reports on the country's debt and aid portfolio;
- Provides information on donor commitments to the annual Government budget;
- Conduct periodic debt sustainability analyses.

### **Disbursements and Debt Servicing Unit**

The Disbursements and Debt Servicing Unit, also known as the Back Office, is responsible for maintaining an up-to-date aid and debt database which allows for timely registration of aid and debt flows, disbursement, servicing and accounting. The main functions of the Unit are:

- Maintain a database on public debt and aid informationand;
- Monitor the disbursements of grants and loans;

- Ensure timely and accurate debt service for both Government and parastatals;
- Monitoring the financial/physical performance of donor funded programmes and projects.

### **Development Assistance Coordination Unit (DACU)**

The Development Assistance Coordination Unit was created in 2006 to lead the implementation of the agenda on Aid alignment and harmonisation as per the Paris Declaration on Aid effectiveness. Specifically, the ACU will help strengthen coordination between Government and development partners and within Government Ministries and Departments on Aid Management issues. In accordance with the principles of the Paris Declaration, the central theme of the ACU will be to identify best practices in Aid coordination, define the roles of various actors in the Aid relationship and define the principles of donor funding, coordination, alignment of donor resources to the Malawi Growth and Development Strategy (MGDS)