



GOVERNMENT OF MALAWI

**MINISTRY OF FINANCE, ECONOMIC
PLANNING AND DECENTRALISATION**

**GUIDELINES FOR ISSUANCE AND MANAGEMENT
OF PROMISSORY NOTES**

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Preface

The Government of Malawi has prepared these Guidelines for Promissory Notes to improve the management, control, recording and reporting of liabilities arising from the issuance of Government Promissory Notes.

Promissory Notes serve as an important instrument for the Government in the orderly settlement of verified obligations, including eligible arrears, court judgment debts and other approved liabilities. They create direct obligations for the Government and therefore carry important fiscal and debt management implications. If issued without clear controls, they contribute to the accumulation of public debt, create future cash flow pressures, weaken budget credibility, and obscure the true stock of Government liabilities.

It is therefore essential that Promissory Notes are issued only where justified and properly authorised. Since majority of the promissory notes were issued to liquidate suppliers' arrears, going forward, Government is committed to curb the accumulation of arrears through fiscal prudence, improved cash management and adherence to commitment control measures thereby limiting the use of promissory notes.

These Guidelines are intended to ensure that Promissory Notes are utilised in a prudent, transparent and accountable manner. They set out the eligibility criteria, approval processes, institutional responsibilities, maturity and interest terms, recording requirements, reporting obligations, and transitional arrangements applicable to Government Promissory Notes. They also provide guidance to the different institutions involved in the verification, approval, issuance, registration, servicing, and reporting of Promissory Notes, including the Ministry of Finance, Economic Planning and Decentralisation (i.e., the Debt and Aid Management Division, the Budget Division, and the Accountant General), the Attorney General, and the Reserve Bank of Malawi.

The Guidelines are prepared to support the implementation of the Public Finance Management Act, 2022, including the provisions relating to public debt management, borrowing by Promissory Notes, fiscal reporting, accounting and the control of public resources. They are intended to strengthen the integration of Promissory Notes into the budget framework, debt records, cash management processes, fiscal risk reporting, and annual debt management reporting.

These Guidelines were prepared in consultation with relevant stakeholders across Government. They will be reviewed as required to ensure that they remain relevant and consistent with the legal framework, fiscal policy objectives, public debt management strategy and evolving Government practice.



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Abbreviations

CSD	Central Securities Depository
DAD	Debt and Aid Management Division
IFMIS	Integrated Financial Management Information System
MDAs	Ministries, Departments and Agencies
MoFEPD	Ministry of Finance, Economic Planning and Decentralisation
NAO	National Audit Office
PFM Act	Public Finance Management Act, 2022
PN	Promissory Note
RBM	Reserve Bank of Malawi

Definitions

In these Guidelines, unless the context otherwise requires—

1. "Accountant General" means the Accountant General of the Republic of Malawi, being the officer responsible for accounting for and controlling the Government's financial transactions and maintaining the Government's financial records under the Public Finance Management Act, 2022;
2. "Arrears" means payment obligations of the Government that are overdue beyond the contractual or legally stipulated payment period, and which have been verified through audit or a formal government verification process;
3. "Attorney General" means the Attorney General of the Republic of Malawi, as established under Section 98(1) of the Constitution of Malawi;
4. "Bills of Exchange Act" means the Bills of Exchange Act (Cap. 48:02) of the Laws of Malawi;
5. "Central Bank" means the Reserve Bank of Malawi established under the Reserve Bank of Malawi Act;
6. "Central Government" means the Executive Government of Malawi drawing on and accountable to the Consolidated Fund, as distinct from statutory bodies, State-Owned Enterprises, and local authorities;
7. "Central Securities Depository" or "CSD" means the electronic system maintained by the Reserve Bank of Malawi for the registration and recording of government securities;
8. "Payment of Compensation for Claims Against Government Committee" means a Committee established in 2025 and is responsible for herein referred to as the "Committee" ;
9. "Compensation claim" means a verified financial obligation of the Government arising from statutory compensation, an administrative settlement, or a court-approved settlement, where the legal basis has been certified by the Attorney General and the verified financial amount has been certified by the Accountant General or confirmed through a formal government verification process;
10. "Consolidated Fund" has the meaning assigned to it in the Public Finance Management Act, 2022;
11. "Court Judgment Debt" means a financial obligation arising from a final and enforceable judgment or order of a competent court of law against the Government of Malawi, including the principal amount awarded, any interest awarded by the court, and legal costs awarded by the court;
12. "Debt and Aid Management Division" or "DAD" means the Division within the Ministry of Finance, Economic Planning and Decentralisation, responsible for managing aid and public debt management;
13. "Eligible obligation" means a financial obligation of the Central Government that qualifies for settlement through the issuance of a Promissory Note in accordance with Part II of these Guidelines;
14. "Government" means the Central Government of the Republic of Malawi, acting through the Ministry of Finance, Economic Planning and Decentralization, unless the context otherwise requires;

15. "IFMIS" means the Integrated Financial Management Information System used by the Government of Malawi for financial management and reporting;
16. "Ministry" means the Ministry of Finance, Economic Planning and Decentralization (MoFEPD);
17. "Outstanding stock" means the total face value of all Promissory Notes issued by the Government that have not yet matured and been fully redeemed;
18. "Secretary to the Treasury" means the principal financial adviser to the Government and principal controlling officer of public resources as provided in the PFM Act, 2022 Section 8;
19. "PFM Act" means the Public Finance Management Act, 2022 (Act No. 4 of 2022);
20. "Promissory Note" or "PN" means a written, unconditional promise issued by the Central Government of Malawi through the Ministry of Finance, Economic Planning and Decentralization to pay a specified sum of money to a named payee on a specified future date, constituting a direct obligation of the Government and forming part of public debt in accordance with these Guidelines and the PFM Act, 2022;
21. "Supplier arrears" means verified and audited payment obligations owed by the Government to suppliers of goods and services that remain outstanding beyond the contractually or legally stipulated payment period;
22. "Valuation date" means the date on which the face value of a Promissory Note is calculated for the purposes of issuance, being the date on which the underlying eligible obligation is verified and approved for settlement by PN;
23. "Verified arrears" means arrears that have been audited and certified by the National Audit Office or otherwise verified through a formal government verification process approved by the Permanent Secretary.

PART I: Introduction

These Guidelines for the Issuance and Management of Government Promissory Notes ("the Guidelines") establish standardized procedures for the verification, approval, issuance, recording, monitoring, redemption, and reporting of Promissory Notes issued by the Government of Malawi. The Guidelines are underpinned by the Public Finance Management Act, 2022, which provides a legal framework for managing public resources consistent with economic and financial principles with the aim of ensuring effective, transparent and responsible public financial management.

1A. Objectives

The objectives of these Guidelines are to:

- a. establish a transparent framework for the authorization, valuation, issuance, recording, servicing, and reporting of Promissory Notes issued by the Government of Malawi;
- b. ensure that Promissory Note issuances are subject to appropriate eligibility criteria and approval processes,

- c. strengthen fiscal transparency and budget credibility by ensuring that all Promissory Note liabilities are fully and accurately reflected in the Government's fiscal accounts and debt statistics;
- d. establish clear roles and responsibilities among the Ministry of Finance, Economic Planning and Decentralization, the Reserve Bank of Malawi, the Ministry of Justice, and other relevant institutions; and

1B. Scope

- (1) These Guidelines apply to all Promissory Notes issued by or on behalf of the Central Government of Malawi — that is, the Executive Government drawing on the Consolidated Fund to settle eligible obligations as defined in Part II of these Guidelines.
- (2) These Guidelines shall not apply to
 - a. Promissory Notes or similar instruments issued by statutory bodies, State-Owned Enterprises, local authorities, or any other public entity that is not part of the Central Government, Treasury Bills and Government Bonds issued under the PFM Act, 2022 and the Reserve Bank of Malawi Act, which are governed by their own regulatory frameworks; or
 - b. Domestic loan agreements that do not take the form of any Promissory Note instrument.

1C. Legislative Framework

The legislative framework for the issuance and management of Promissory Notes is based on the Public Finance Management Act, 2022 Section 79(1) which permits the Minister to supplement Government revenue through issuance of stocks, bonds, or promissory notes not exceeding the aggregate amount as may be authorized by an act of Parliament.

Government Promissory Notes issued under these Guidelines constitute direct, unconditional, and irrevocable obligations of the Government of Malawi, ranking equal with all other unsecured and unsubordinated public debt obligations of the Government, without any preference or priority among themselves in accordance with the interpretation of securities in the PFMA Third Schedule.

1D. Relationship with Other Laws

- (1) These Guidelines are made under the PFM Act, 2022 and shall be read together with that Act. In the event of any inconsistency, the PFM Act shall prevail.

- (2) These Guidelines shall be read consistently with the Public Finance Management (Debt and Aid Management) Regulations, 2023 specifically Regulation 9(1).
- (3) The Bills of Exchange Act (Cap. 48:02) applies to promissory notes generally as negotiable instruments.

1F. Integration with Other Ministry Functions

- (1) The issuance of Promissory Notes is a public debt management function of the Ministry and shall be fully integrated with the following functions:
 - a. Cash management: PN redemption schedules shall be incorporated into the Government's annual cash flow plan to ensure redemption payments are available on maturity dates; and
 - b. Debt management: The DAD shall include Government Promissory Notes in the annual borrowing plan, medium-term debt management strategy, and debt sustainability analyses in accordance with the Public Finance Management (Debt and Aid Management) Regulations, 2023.
- (2) The Ministry's Internal Audit function shall include the PN issuance and management process within its regular audit programme.
- (3) The National Audit Office shall conduct an annual review of PN issuance, recording, and reporting and shall include findings in its regular audit reports to Parliament.

1G. Review of Guidelines

- (1) The Minister shall cause these Guidelines to be reviewed at least every three (3) years.
- (2) The Secretary to the Treasury may at any time recommend amendments to the Minister if there are any developments that need to be looked into.

PART II: Eligibility for Promissory Note Issuance

2A. Eligible Obligations

- (1) A Promissory Note may only be issued to settle the following categories of eligible obligations of the Central Government:
 - a. Verified supplier arrears that have been audited and certified by the National Audit Office, or verified through a formal government verification process approved by the Secretary to the Treasury, which shall specify the verification methodology, the body conducting the verification, and the documentation required;
 - b. Court judgment debts arising from final and enforceable judgments or orders of a competent court of law against the Government, where the finality and enforceability of the judgment have been confirmed in writing by the Attorney General and the total amount due — including principal, court-awarded interest, and legal costs ;

- c. Compensation claims, including statutory compensation, administrative settlements, and court-approved settlements whose total amount due has been confirmed in writing by the Attorney General; and
 - d. For purposes of RBM recapitalization as per Section 64(8) of the RBM Act of 2018.
- (2) The Government shall not issue a Promissory Note to settle—
- a. Obligations that have not been verified or audited in accordance with 2A (1a) above;
 - b. Obligations subject to ongoing legal proceedings or appeal, unless the Attorney General certifies in writing that the obligation is final and enforceable;
 - c. Obligations arising from new procurements or contracts entered into after the commencement of these Guidelines, unless such obligations subsequently become verified arrears; or
 - d. Obligations owed to entities that are themselves in default of obligations owed to the Government.

2B. Minimum Threshold

- (3) A Promissory Note shall not be issued for an amount less than Three Hundred Million Malawi Kwacha (MWK300,000,000.00). Obligations below the minimum threshold shall be settled through the normal budget appropriation.
- (4) Multiple obligations owed to the same creditor arising from the same underlying transaction (e.g., contract, lawsuit, or judgment) shall not be disaggregated for the purpose of falling below the minimum threshold.

PART III: Issuance and Approval

3A. Issuance of Promissory Notes

- (1) The Promissory Note issuance process shall be initiated as follows:
- a. In the case of court judgment debts, the Attorney General shall write the Secretary to the Treasury advising the need to make a payment on a particular matter. The payment advice will be accompanied by— (i) a certified copy of the court judgment or order; (ii) confirmation that the judgment is final, executable, and not subject to appeal; (iii) the total amount due, disaggregated into principal, court-awarded interest, and legal costs; and (iv) the identity and banking details of the judgment creditor.
 - b. In the case of suppliers' arrears, the relevant Ministry, Department, or Agency shall request the Secretary to the Treasury to consider settling the MDA's arrears, accompanied by— (i) the audit certificate or verification report confirming the arrears; (ii) supporting documentation including contracts, invoices, and delivery records; and (iii) confirmation that the obligation has not been settled through any other means.
 - c. In the case of compensation claims, the Attorney General shall write as in (1) (a) above, accompanied by— (i) a written certification from the Attorney General confirming the nature and legal basis of the claim; (ii) a

written certification from the Accountant General confirming the verified financial amount of the claim; (iii) supporting documentation including the administrative decision, settlement agreement, or court approval; and (iv) the identity of the claimant.

3B. Approval Process

- (2) The Secretary to the Treasury shall present the submissions by the MDAs to the Compensations for Claims Against Government Committee for consideration and prioritisation.
- (3) Based on the Committee’s resolution, the Secretary to the Treasury shall then recommend the issuance of Promissory Notes to the Honourable Minister of Finance within twenty (20) working days of receipt of the request if the prevailing fiscal space cannot absorb the payment.
- (4) Incomplete submissions shall be returned to the originator with a written explanation of the deficiencies within ten (10) working days from the decision date.

PART IV: Maturity and Terms

4A. Maturity Criteria

- i. The maturity of a Promissory Note shall be determined and recommended by the Secretary to the Treasury based on the following schedule:

Face Value of Promissory Note	Maximum Maturity
Below MWK 3 billion	1 year
Between MWK 3 billion and MWK 10 billion	up to 2 years
Above MWK 10 billion	up to 3 years

- ii. Notwithstanding Section 4A(i), the Secretary to the Treasury may recommend a shorter maturity than the maximum applicable, having regard to the Government's projected cash flow and debt service capacity, the overall outstanding PN stock, and prevailing macroeconomic conditions.
- iii. No Promissory Note shall be issued with a maturity of less than one (1) year; and no Promissory Note shall be issued with a maturity exceeding three (3) years from the date of issuance.

4B. Currency of Denomination

All Government Promissory Notes shall be denominated and redeemed in Malawi Kwacha

4C. Valuation

- (1) The face value of a Promissory Note shall be determined as at the valuation date and shall include only—
 - a. Audited and verified principal of the eligible obligation;

- b. Legally awarded interest, being interest expressly awarded by a court or provided for under the underlying contract or statute; and
 - c. Verified legal costs awarded by a court.
- (2) Punitive, speculative, or unverified claims shall not be included in the face value of a Promissory Note, unless expressly mandated by a final and enforceable court order.
 - (3) Where the eligible obligation involves amounts in dispute, only the undisputed and verified portion shall be included in the face value. The disputed portion shall remain subject to the applicable legal or administrative process.
 - (4) The DAD shall maintain full documentation supporting the valuation of each Promissory Note, available at all times for inspection by the National Audit Office.

4D. Interest Rate

- (1) All Promissory Notes, except for recapitalisation of the RBM, will not bear any interest;
- (2) In line with Section 64(8) of the RBM Act of 2018, the interest rate on the Promissory Note issued for purposes of RBM recapitalisation shall be agreed between the Minister and the RBM;
- (3) The interest rate agreed on the RBM Promissory Note shall be specified in the CSD record and in the letter of instruction to the Reserve Bank of Malawi.
- (4) Promissory Notes issued on an interest-bearing basis prior to the commencement of these Guidelines shall continue to be governed by their original terms until their maturity.

4E. Redemption

- (1) All Promissory Notes shall be redeemed by the Reserve Bank of Malawi on behalf of the Government on the maturity date specified in the instrument. Redemption of Promissory Notes constitutes a statutory charge on the Consolidated Fund as provided in Section 1D of these Guidelines.
- (2) Redemption shall be automatic upon maturity, and the Reserve Bank of Malawi shall debit the Government's account accordingly.
- (3) In the event that the Government is unable to redeem a Promissory Note on its maturity date, the Secretary to the Treasury shall notify the Reserve Bank of Malawi not less than thirty (30) days before the maturity date, and the Secretary to the Treasury shall recommend appropriate remedial action to the Minister.

4F. Early Redemption

- (1) All Promissory Notes shall be issued with a clear provision for early redemption. The instruction to the Reserve Bank of Malawi to issue Promissory Notes shall explicitly stipulate this provision.
- (2) Early redemption shall include payment of all accrued interest to the date of redemption, if applicable.
- (3) The Reserve Bank of Malawi shall give effect to early redemption instructions upon receipt of a duly signed letter of instruction from the Secretary to the Treasury.

4G. Conversion and Refinancing

- (1) The Government may, upon recommendation of the Secretary to the Treasury and with the prior written approval of the Minister, convert or refinance a Promissory Note into another public debt instrument, including a Treasury Bond,

where such conversion or refinancing is in line with prudent public finance management, consistent with the Government's Medium-Term Debt Management Strategy, and improves the overall debt profile. Any interest terms applicable to the new instrument shall be determined in accordance with the applicable legal framework and, where relevant, the principles set out in section 4D of these Guidelines.

- (2) Any conversion or refinancing under 4G(i) shall require the written agreement of the PN holder and shall be reported in the next quarterly PN report.
- (3) Converted or refinanced instruments shall be subject to the regulatory framework applicable to the instrument into which they are converted.

4H. Negotiability

- (1) Government Promissory Notes issued under these Guidelines shall be negotiable and transferable in accordance with the Bills of Exchange Act (Cap. 48:02), subject to the following conditions—Any transfer or endorsement of a Government Promissory Note shall be notified in writing to the Reserve Bank of Malawi within five (5) working days of the transfer; and the RBM shall, in turn, inform the Ministry within five (5) working days of receipt of notification from the transferee.
- (2) A transfer shall not be deemed effective against the Government until it has been recorded in the CSD. The Government shall not be obliged to make any payment to a transferee whose interest has not been registered in the CSD; and
- (3) The CSD record shall be updated to reflect any change in beneficial ownership within five (5) working days of receipt of valid notification.

PART V: Arrears Prevention and Management

5A. Prevention of Arrears

- a. Ministries, Departments, and Agencies (MDAs) shall comply with commitment controls and payment obligations under the PFM Act, 2022, to prevent the creation of new arrears.
- b. The creation of new payment arrears contrary to budget controls and commitment control provisions of the PFM Act, 2022 may trigger administrative sanctions under the PFM Act, 2022 and any other applicable legislation.
- c. The Budget Division shall include arrears prevention measures in its budget circular and shall require all MDAs to report their outstanding payment obligations quarterly.

5B. Budgetary Disclosure and Fiscal Transparency

- a. All Promissory Notes issued or outstanding shall be disclosed as direct liabilities — not contingent liabilities — in the Government's annual budget documentation, mid-year budget review, and debt management reports.
- b. These Guidelines shall be published on the MoFEPD website within fifteen (15) days of their coming into force.

5C. Maturity Profile Monitoring

- (1) The DAD shall continuously monitor the maturity profile of the outstanding PN portfolio to identify and manage refinancing risk.
- (2) Where the DAD identifies an excessive concentration of redemptions falling due in a single fiscal year, it shall alert the Secretary to the Treasury and recommend remedial measures, which may include early redemption, conversion, or a temporary suspension of new PN issuances with maturities falling in the affected year.
- (3) The maturity profile analysis shall be reported in the debt report.

PART VI: Roles and Responsibilities

6A. Role of the Attorney General

The Attorney General shall—

- a. Submit payment advices to the Secretary to the Treasury in respect of Court Judgment Debts and compensation claims, in the exercise of the Attorney General's existing mandate under Section 98(1) of the Constitution of Malawi and Section 3(1) of the Civil Procedure (Suits by or Against Government or Public Officers) Act;
- b. Certify the finality and enforceability of court judgments and the legal basis of compensation claims submitted for settlement;
- c. Advise the DAD on the legal status of any obligation proposed for settlement; and
- d. Maintain a comprehensive register of all court judgments and other legal liabilities against the Government and their legal status and settlement status, and share this register with the DAD quarterly.

6B. Role of the Accountant General

The Accountant General shall—

- a. Maintain a comprehensive register of all compensation claims and other financial liabilities of the Government that are eligible or potentially eligible for PN settlement, disaggregated by category, and share this register with the DAD quarterly; and
- b. Ensure that all PN-related financial liabilities are accurately reflected in the Government's financial accounts and records maintained under the Public Finance Management Act, 2022.

6C. Role of the Auditor General

The Auditor General shall—

- a. Conduct periodic audits of the issuance, recording, management and redemption of Promissory Notes in accordance with the Public Audit Act and applicable auditing standards;
- b. Verify that Promissory Note transactions comply with these Guidelines, the Public Finance Management Act, 2022, and other applicable laws; and report any findings, irregularities or recommendations arising from such audits through the Auditor General's reports to Parliament.

6D. Role of the Secretary to the Treasury

The Secretary to the Treasury shall—

- a. Receive and review all arrears settlement requests and refer them to either Budget Division or the DAD depending on the threshold (as per Guideline 2B);
- b. Present the settlement request on the basis of the DAD recommendation to the Compensations for Claims Against Government Committee;
- c. Present the Committee's resolution to the Minister;
- d. Co-sign with the Minister all letters of instruction to the Reserve Bank of Malawi authorizing the issuance and recording of approved PNs in the CSD;
- e. Ensure PN issuances are consistent with the Government's debt management strategy; and
- f. Report to the Minister on PN issuances, outstanding stock, and any other developments on the matter.

6E. Role of the Debt and Aid Management Division

The DAD shall—

- a. Prepare the documentation required for each PN issuance, including the instrument and the letter of instruction to the Reserve Bank of Malawi;
- b. Maintain a comprehensive register of all Promissory Notes issued, outstanding, and redeemed;
- c. Ensure that all Promissory Notes are recorded in both the CSD and in IFMIS, with records in IFMIS linked to the underlying expenditure obligation and the relevant budgetary line;
- d. Coordinate data with the Accountant General's office and the Reserve Bank of Malawi;
- e. Prepare the maturity schedule of the PNs;
- f. Prepare quarterly PN reports for submission to the Secretary to the Treasury and the Minister.
- g. Maintain a record of all transfers and the identity of all current PN holders.

6F. Role of the Budget Division

- a. Include arrears prevention measures in the annual Budget Circular; and
- b. Require all Ministries, Departments and Agencies (MDAs) to report their outstanding payment obligations on a quarterly basis.
- c. Coordinate the stocktake of payment arrears in collaboration with the National Audit Office, the Accountant General's Office, and all MDAs.

6G. Role of the Reserve Bank of Malawi

The Reserve Bank of Malawi shall—

- a. Upon receipt of a duly signed letter of instruction from the Minister of Finance and Secretary to the Treasury, issue and record each Promissory Note in the CSD;
- b. Redeem Promissory Notes on their maturity dates by debiting the Government's account and crediting the account of the payee, and give effect to early redemption instructions under Guideline 4F;
- c. Update the CSD to reflect any transfer or change in beneficial ownership of a Promissory Note notified under Guideline 1E(3)(a);
- d. Provide the DAD with monthly statements of all Promissory Notes in the CSD, including outstanding balances and upcoming maturity dates;
- e. Notify the Secretary to the Treasury and DAD not less than sixty (60) days before the maturity date of any PN with a face value exceeding MWK1,000,000,000 (One Billion Malawi Kwacha); and
- f. Include Promissory Notes in its published debt statistics and monetary surveys in accordance with applicable international statistical standards.

PART VII: Recording and Dematerialisation

7A. Mandatory Dematerialisation

- (1) All Promissory Notes issued after the commencement of these Guidelines shall be issued in dematerialized form, recorded in the CSD, and simultaneously recorded in IFMIS.
- (2) No Promissory Note shall be issued in physical form after the commencement of these Guidelines.

7B. Transitional Arrangements for Physical Promissory Notes

- (1) All outstanding physical Promissory Notes shall be registered in the CSD and in IFMIS within ninety (90) days of the commencement of these Guidelines.
- (2) The DAD shall conduct an audit of all outstanding physical Promissory Notes within sixty (60) days of commencement and submit a report to the Secretary to the Treasury.
- (3) Upon registration, physical Promissory Notes shall be cancelled and replaced by dematerialized CSD entries.

7C. Register of Promissory Notes

- (1) The DAD shall maintain a comprehensive PN register which shall include—
 - a. A unique identification number;
 - b. Name and identification details of the payee and, upon any transfer, the current holder;
 - c. Face value;
 - d. Date of issuance;
 - e. Maturity date;
 - f. Applicable interest rate;
 - g. Nature of the underlying obligation (supplier arrears, Court Judgment Debt, or compensation claim);
 - h. Currency of denomination;
 - i. CSD reference number and IFMIS reference number;
 - j. Underlying expenditure obligation reference; and
 - k. Date and amount of redemption upon maturity or early redemption.
- (2) The register shall be updated within five (5) working days of any issuance, transfer, or redemption.
- (3) The register shall be made available to the National Audit Office and the Budget and Finance Committee of Parliament upon request.

7D. Reconciliation

- (1) The DAD shall carry out a monthly reconciliation between—
 - a. The PN register maintained by the DAD;
 - b. CSD records maintained by the Reserve Bank of Malawi; and
 - c. IFMIS records maintained by the Accountant General's Department.
- (2) Any discrepancies identified in the monthly reconciliation shall be investigated and resolved within fifteen (15) working days, and a record of the investigation and resolution shall be maintained.
- (3) The results of the monthly reconciliation shall be summarized in the quarterly PN report.

PART VIII: Reporting and Transparency

8A. Quarterly Reporting

- (1) The DAD shall prepare a quarterly PN report within thirty (30) days of the end of each quarter, which shall include—
 - a. The total number and face value of PNs issued during the quarter;
 - b. The total outstanding stock at end of the quarter;
 - c. The total value of PNs redeemed during the quarter;
 - d. A breakdown of outstanding PNs by— (i) category (supplier arrears, Court Judgment Debts, compensation claims); (ii) currency of denomination; (iii) maturity profile (grouped by remaining maturity band); (iv) creditor category (private supplier, individual, institutional, other); (v) sector distribution; and (vi) the ten largest individual PNs by outstanding face value;
 - e. Detailed breakdowns by category, currency, maturity, creditor type, sector, and top 10 PNs; and
 - f. Results of the monthly reconciliation under Guideline 7D.
- (2) The quarterly report shall be submitted to the Minister within thirty (30) days of the end of quarter.
- (3) The Minister shall transmit the annual report to the Budget and Finance Committee of Parliament.
- (4) A summary of the quarterly report shall be published on the MoFEPD website within ten (10) days of approval by the Minister.

8B. Annual Disclosure

- (1) The Ministry shall include a comprehensive PN disclosure in the Government's annual debt management report, including a full reconciliation between DAD records, CSD records, and IFMIS records, with all discrepancies explained,
- (2) The annual disclosure shall be published on the MoFEPD website within ninety (90) days of the end of each fiscal year.

8C. Transparency

- (1) Transparency in PN issuance and management is achieved through timely reporting, reconciliation across systems, disclosure of fiscal risks, and public availability of information. This ensures Parliament, stakeholders, and citizens can monitor compliance and progress toward arrears clearance.
- (2) The DAD shall produce and publish reports for transparency;
 - a. Prepare quarterly PN reports, which are submitted to the Minister for approval and published on the website.

- b. Produce and publish Quarterly Debt Bulletins and Annual Debt Reports, which are approved by the Minister of Finance.

PART IX: Transitional Provisions

9A. Existing Promissory Notes

- (1) Promissory Notes issued prior to commencement of the Guidelines shall continue to be governed by their original terms until maturity.
- (2) The DAD shall, within ninety (90) days of commencement, compile a complete inventory of all outstanding PNs and submit it to the Secretary to the Treasury and the Minister, including for each PN: face value, currency of denomination, maturity date, interest rate (if any), and the nature of the underlying obligation.
- (3) The Compensations Committee shall conduct a comprehensive review of the existing PN portfolio and submit to the Minister a risk assessment and, where appropriate, a debt management plan for the orderly servicing and redemption of existing PNs.

PART X: Miscellaneous

10A. Offenses and Penalties

- (1) Any person who
 - a. Issues or causes to be issued a Promissory Note without the approval of the Secretary to the Treasury in accordance with these Guidelines;
 - b. Submits false or misleading information or documentation in support of a PN issuance;
 - c. Fails to comply with the recording, reporting, or reconciliation requirements of these Guidelines; or
 - d. Transfers or endorses a Government Promissory Note without notification as required by Regulation 4H,commits an offence and shall be liable, upon conviction, to such penalties as are prescribed under the Public Finance Management Act, 2022.
- (2) Nothing in sub-regulation (1) limits the application of any other disciplinary or criminal sanctions available under applicable law.

10B. Reservation of Statutory Powers

Nothing in these Guidelines limits the authority of the Minister of Finance, Economic Planning and Decentralization to borrow on behalf of the Government under the PFM Act, 2022 or any other written law.

SCHEDULES

SCHEDULE 1: PRESCRIBED FORM OF PN ACCEPTANCE



GOVERNMENT OF MALAWI

MINISTRY OF FINANCE, ECONOMIC PLANNING AND DECENTRALISATION

PROMISSORY NOTE ACCEPTANCE FORM

1. Recipient Details

- Full Legal Name: _____
- Address: _____
- Contact Person: _____
- Banking Details:
 - Account Name: _____
 - Bank Name: _____
 - Account Number: _____

2. Promissory Note Details

- PN Reference Number: _____
- Face Value (MWK): _____
- Interest Rate (%): _____
- Issuance Date: _____
- Maturity Date: _____

3. Acknowledgement

I, the undersigned, hereby acknowledge and accept the above Government of Malawi Promissory Note as full and valid settlement of the obligation owed to me/us, in