



## Malawi and Millennium Challenge Corporation: Combating Corruption and Improving Fiscal Management

The Millennium Challenge Corporation has signed \$20.92 million in Threshold Country Program assistance to initiate a multi-sectoral and cross-institutional attack on corruption and to improve fiscal management.

Malawi's Threshold Plan is expected to span a two-year period and will enable Malawi to strengthen the legislative and judicial branches of government, provide support for lead anti-corruption agencies, strengthen independent media coverage, and expand and intensify the work of civil society organizations.

The new government in Malawi, democratically elected in May 2004, is pursuing an agenda that focuses on growth, wealth creation, and poverty reduction. It recognizes that corruption is a widespread and endemic problem that must be addressed in order for Malawi to realize sustainable economic growth. The Government of Malawi (GOM), at the highest levels, has engaged in the fight against corruption. Recent actions have included the arrest of certain high level officials, and on February 5, 2005, President Mutharika resigned from the ruling United Democratic Front so that he could more effectively pursue an anti-corruption agenda from outside the party.

Upon selection of Malawi as an MCC threshold country, the Government of Malawi formed a committee of various government ministries and civil society organizations to respond to this opportunity. The committee moved expeditiously to develop a comprehensive strategy to facilitate and strengthen the fight against corruption.

### Threshold Plan Overview

The Government of Malawi has proposed 14 specific interventions over the two-year period of the Threshold Plan aimed at preventing corruption, enhancing oversight functions, and building enforcement/deterrence capacity.

#### Prevention

1. Procure and fully deploy an Integrated Financial Management Information System
2. Build professionalism and skills in the Department of Public Procurement

3. Improve fiscal management by passing and implementing Anti-Money Laundering and Combating Financing of Terrorism legislation that conforms to international standards, and establishing an effective Financial Intelligence Unit
4. Develop and pass a Declaration of Assets Law to ensure transparency among public officials

## Oversight

1. Strengthen the Government of Malawi's audit capacities by recruiting, training, and equipping the staff of the National Audit Office
2. Build monitoring and evaluation (M&E) capacity for GOM-implemented projects at the Ministry of Economic Planning and Development
3. Build capacity for improved/prudent fiscal management by strengthening capabilities in the Ministry of Finance, Ministry of Economic Planning and Development, and the Malawi Revenue Authority
4. Strengthen National Assembly oversight by empowering the committee system
5. Train journalists and media professionals to report and analyze corruption
6. Create a Media Council to improve press freedom, promote journalistic ethical and professional standards, address complaints on press conduct, and accredit journalists
7. Integrate civil society into an anti-corruption campaign

## Enforcement and Deterrence

1. Build Malawi's prosecutorial abilities in the Department of Public Prosecutions, the Anti-Corruption Bureau, and the Malawi Police
2. Increase the effectiveness of the Malawi Police Service to address corruption-related crimes by training officers in fiscal and fraud investigation, installing a Management Information System, and developing and delivering an integrated ethics training curriculum
3. Build legal skills capacity among judges, police prosecutors, media and others

In each of these areas, the Government of Malawi has identified specific measures of success, including:

- Training nearly 300 people across all program components, including police, auditors, procurement specialists, prosecutors, parliamentary staff, and journalists
- Decreasing the number of audits that the National Audit Office cannot handle by almost 50 percent

- Reducing by 75 percent the time it takes to process corruption cases, and
- Tripling the number of civic groups testifying before parliament

## **Implementation**

USAID played an active role in working with Malawi as it developed the Threshold Plan and will oversee its implementation. In addition, MCC is working actively with other U.S. government agencies – the Departments of Treasury and Justice – to assist the Malawians with this ambitious proposal.