

GOVERNMENT OF MALAWI

Threshold Country Plan Executive Summary

Background

The new government in Malawi, democratically elected in May 2004, is driving an agenda that focuses on growth, creating wealth, and reducing poverty through improved fiscal management and fighting corruption. There is serious commitment to reform demonstrated at the highest levels of Government. On February 5, 2005, President Mutharika announced his resignation from the United Democratic Front, the ruling party. President Mutharika cited, among other reasons for his resignation, a belief that he could more effectively pursue an anti-corruption agenda from outside the party rather than in it. Additionally, the Government of Malawi (GOM) has made several high-level arrests regarding fraud and corruption, and Mutharika has been swift to dismiss/demote cabinet ministers under investigation by the Anti-Corruption Bureau.

This backdrop provides a unique opportunity for MCC. Upon selection as an MCC threshold country, the GOM moved quickly to form a committee of various government ministries and civil society organizations. Despite the strides made by the Mutharika administration, the GOM continues to acknowledge that “corruption is widespread and endemic” and that more can be done. The GOM desires to utilize the MCC Threshold Program to enhance its efforts in anti-corruption and fiscal management.

Threshold Country Plan (TCP) Overview

Malawi’s TCP incorporates a broad, multi-sectoral, cross-institutional attack on corruption and efforts to improve the GOM’s fiscal management capabilities. This addresses the primary areas of sub-standard performance on the “Control of Corruption” indicator, with cross-cutting impact on the “Fiscal Policy” indicator.

TCP Components: The GOM has proposed 15 specific interventions over the two-year period of the Threshold Program 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, establishing an effective Financial Intelligence Unit
- 4) Develop and Pass a Declaration of Assets Law to ensure transparency among public officials

Oversight:

- 5) Strengthen the Government of Malawi’s audit capacities by recruiting, training, and equipping the staff of the National Audit Office

- 6) Build monitoring and evaluation (M&E) capacity for GOM-implemented projects at the Ministry of Economic Planning and Development
- 7) 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
- 8) Strengthen National Assembly Oversight by empowering the committee system
- 9) Train Journalists and Media Professionals to Report and Analyze Corruption
- 10) Create a Media Council to improve press freedom, promote journalistic ethical and professional standards, address complaints on press conduct, and accredit journalists
- 11) Integrate Civil Society into an Anti-Corruption Campaign

Enforcement and Deterrence:

- 12) Build Malawi's Prosecutorial Abilities in the Department of Public Prosecutions, the Anti-Corruption Bureau, and the Malawi Police
- 13) 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
- 14) Build Legal Skills Capacity among judges, police prosecutors, media and others

A 15th intervention involves tracking improvements in Malawi's credit rating through the purchase of a 3-year subscription to Fitch Ratings for Sovereigns.

In each of these areas, the GOM has identified specific measures of success, from a reduction in the time it takes to process corruption cases, to an increase in the number of civic groups testifying before parliament, to a reduction in the number of outsourced audits.

Budget: \$20.92 million

Implementation: This TCP provides a unique opportunity for MCC to collaborate with the U.S. Treasury, the U.S. Department of Justice and USAID as key implementing partners.