

Millennium Challenge Corporation

Malawi Threshold Program Final Status Report

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MILLENNIUM
CHALLENGE CORPORATION

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Program Summary

Malawi's threshold program focused on reducing corruption and improving financial management. The Malawi threshold program agreement was signed in September 2005 and concluded in September 2008. As the program administrator, USAID managed day-to-day program operations and oversaw the program implementers. The threshold program worked with over 12 separate government entities, the Malawi National Assembly, and a wide range of civil society organizations, universities, and the media.

Three months after program completion, USAID provided MCC with a final report that summarizes program accomplishments. This report is primarily based on information provided by implementers and USAID program managers. An overview of the highlighted results is included below¹.

Objective #1: Prevent Corruption

- ★ The threshold program expanded the use of an Integrated Financial Management Information (IFMIS) to three additional locations, which contributed to an improvement in the timely reporting of public expenditures, helped to prevent future budget arrears, and in two instances prevented corruption by canceling fraudulent checks.²
- ★ It funded the creation of a procurement specialization degree in the Polytechnic University to increase the number of qualified staff for public procurement. The degree program graduated one class of 26 students in 2009, with another class of 40 students expected to graduate in 2011.
- ★ The threshold program was also instrumental in passing the Anti-Money Laundering law and the plea bargaining provisions under the recently enacted Criminal Procedure and Evidence Code.
- ★ The threshold program established a Financial Intelligence Unit to help fight money laundering and financing of terrorism-related activities. The FIU is still operational, as of 2010, and is receiving regular reports from the country's commercial banks and is referring cases to the Anti-Corruption Bureau (ACB), Department of Public Prosecutors (DPP) and the Malawi Revenue Authority (MRA) for investigation. These cases have resulted in recovery of lost revenues by MRA and two convictions thus far.
- ★ However, the case management database created for DPP is no longer being used.

¹ Since MCC often supports ongoing reforms or supports interventions that build on existing endeavors, program results can be difficult to attribute to the Threshold Program in their entirety.

² Because the Threshold Program expanded the use of IFMIS, and did not establish it, it is difficult to attribute these results directly to Threshold Program interventions.

Objective #2: Strengthen Oversight Institutions

- ★ With the provision of a Budget Advisor, the Threshold Program contributed to incremental improvements in the Budget Office's operations and their ability to prepare the budget in a timely and complete manner.
- ★ The Media Council, an independent regulatory body, which had been defunct for over 5 years, was successfully re-opened in 2007 and is now accrediting journalists.
- ★ The threshold program established a Committee Department within the National Assembly which enabled the 13 committees to begin meeting regularly for the first time. These committees are producing reports and holding hearings, although not all reports are presented in Parliament.

Objective #3: Strengthen Enforcement and Deterrence Systems

- ★ Training on trial advocacy skills and introduction of documentary and computer-based evidence for prosecutors at the Department of Public Prosecutors and the Malawi Police Service helped prepare prosecutors and police officers in preparing and trying cases; this, anecdotally, has improved conviction rates.
- ★ Established Internal Affairs Units within the Malawi Police Service which is investigating cases of police misconduct, some of which have resulted in successful prosecutions, and is educating officers in all stations on the code of conduct.

Objective #4: Improve Malawi's Credit Rating

- ★ The threshold program funded a sovereign credit rating by Fitch and Malawi improved from a CCC in 2003 to a B- in 2007.