



DFID's Anti-Corruption Strategy for Malawi

January 2013

Introduction

1. Corruption can broadly be defined as the abuse of entrusted power for private gain. The word can cover a whole range of abuses. On one level it can refer to the risk of taxpayers' money in DFID programmes being fraudulently spent or stolen. On another level it can refer to corruption within a country and its institutions, with the negative impact that this has on development prospects. DFID sets the highest standards for the manner in which its own money is spent. Through its development programmes, DFID also works to reduce the prevalence of corruption in each of its partner countries.
2. In November 2011, the **Independent Commission on Aid Impact (ICAI)** reviewed DFID's approach to tackling corruption. It found that DFID had a good awareness of the fraud risks and seeks to safeguard UK funds through appropriate choices of funding channels and programme design, and often played a leading role within the donor community on anti-corruption work. It did however recommend that in any country assessed as having a high risk of corruption, DFID should develop an explicit anti-corruption strategy. As part of its response, DFID is producing anti-corruption strategies for each of its main partner countries. This strategy sets out how DFID will (a) safeguard UK taxpayers' money and (b) support efforts in Malawi to reduce corruption and its impact on development over the next three years.
3. The UK Government is committed to **transparency, results and value for money**. To make it easier for taxpayers and citizens in its partner countries to 'follow the money', DFID now publishes details of all its new programmes and of all transactions over £500 on the DFID website (<http://www.dfid.gov.uk>).

Protecting UK Aid funds in Malawi

4. Transparency International's Corruption Perception index¹ gave Malawi a score of 3.7 out of 10 in December 2012 marking a substantial improvement over the last ten years from a score of 2.9 in 2002. This makes Malawi the 12th least corrupt country in sub-Saharan Africa and places it ahead of most of its regional neighbours. Malawi remains in the 43rd percentile in the World Bank's Control of Corruption index as of 2011, although again the trend is positive over the last 10 years².

¹ Corruption perception Index (CPI), Transparency International, www.transparency.org/

² Worldwide Governance Indicators (WGI), World Bank Institute, www.govindicators.org/

5. DFID Malawi's budget for 2012/13 to 2014/15 is currently set at £307.5 million. DFID Malawi uses a number of different channels to deliver the programme and achieve results:

- Support to the Malawian Government makes up 45% of DFID's projected portfolio expenditure in Malawi and is focussed on support to the delivery of basic services such as health and education, the distribution of farm inputs such as seeds and fertiliser, and also to assist the operations of key institutions such as the Anti-Corruption Bureau and the Judiciary.
- 27% of DFID Malawi's support goes to local and international non-governmental organisations (NGOs) for projects such as water and sanitation, governance, resilience to climate change, conservation, agriculture and community mobilisation to monitor local services.
- 18% of DFID Malawi's support is channelled through multilateral organisations such as funding provided to a United Nations Development Programme (UNDP) Trust Fund to support the delivery of the 2014 elections, or through the United Nations Children's Fund (UNICEF) to support child protection programmes and support for the victims of abuse.
- Some commercial providers receive UK aid as well. These are experts contracted following rigorous and transparent international competitive tendering. They provide dedicated specialist expertise – local and international - that would otherwise be unavailable to either the government or DFID. In Malawi they are projected to receive 9% of DFID Malawi's expenditure to handle the management of more complex programmes that involve a large number of partners, such as a Governance Fund. This provides grants to civil society organisations that help local communities monitor the delivery of services and ensure public resources are used transparently and responsibly.

6. DFID has a range of standard **controls and measures in place to protect UK aid**. These include rigorous risk assessments and monitoring requirements for all projects and programmes. Regular internal and external audits add a further level of assurance that money is spent on the purposes for which it is intended. DFID is continually strengthening its risk management procedures, and has recently brought in additional measures including: more detailed fraud and corruption risk assessments in programmes; enhanced pre-funding 'due diligence' checks on partners; and specialised training for staff. Where there is suspicion of corruption and fraud DFID will always follow up; and if fraud or corruption is uncovered DFID will always take action and work to recover UK taxpayers' money.

In Malawi, DFID will continue to ensure integrity and value for money through the above, and in areas such as:

- Strengthening the Public Financial Management systems in Malawi both at the centre and in Ministries that are crucial to delivering services that UK aid supports, such as health and education
- Adding anti-corruption commitments and conditions into service sector programmes and requiring independent oversight and auditing where corruption risks are higher, such as in drug procurement
- Strong, regular analysis of corruption risks together with the British High Commission, and the development of responsive risk management strategies based on an understanding of context.

Supporting efforts to reduce corruption in Malawi

7. Over the next three years, DFID will support Malawi in tackling corruption through:

- Increased support for nationally-owned Anti-Corruption efforts, backing government, civil society, media and private sector initiatives to combat corruption and ensure accountability in the use of public resources
- Greater political dialogue with the Malawian government on corruption issues, and agreement of robust targets on tackling corruption as a condition for UK aid
- Assisting local citizens and communities to hold community meetings, track budgets and engage officials at local and national level to monitor the use of public and donor resources, and where corruption or misuse of funds is found, to hold public officials to account
- Supporting the Police and local farmer's associations to monitor the distribution of agricultural inputs, such as seeds and fertiliser, to identify any corruption and arrest those responsible
- Supporting the Anti-Corruption Bureau to investigate and prosecute cases of corruption transparently and openly, sanctioning those responsible.
- Promotion of transparent debate between political parties with a focus on the issues, and monitoring of the 2014 elections to help tackle fraud and corruption in politics
- Strengthening national public financial management capacity, including in particular the capacity of Malawi's National Audit Office to scrutinise government expenditure

More information

On the country programme is available on the DFID website at: www.dfid.gov.uk/malawi

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