

# Public Financial and Economic Management

## German Development Cooperation in Malawi

### The challenge

At first glance, compared to pressing challenges like ensuring food security and health services, public financial and economic management (PFEM) may not seem a high priority issue for development cooperation. However, fiscal discipline, including a credible and reliable budget and functioning control of the flow of funds, is decisive to ensure that financial resources are being spent to the benefit of the Malawian people and the development of the country. Repeated corruption scandals reveal severe shortcomings in the use of public funds. If resources are not put to correct and proper use, it will be difficult for Malawi to achieve sustainable development as foreseen its Vision “Malawi 2063”.

### Our approach

German Development Cooperation supports Malawi to strengthen capacities of government institutions responsible for public finances and the fight against corruption (e.g. Ministry of Finance, National Audit Office, Anti-Corruption Bureau; Financial Crimes Court). This aims at improving economic governance and accountability for the use of public funds. For the 2024-2027 period, the project is co-funded by the European Union. Project work spans across five results areas – Domestic Resource Mobilisation; Expenditure Management; Control and Oversight of Public Resources; Investigation and Prosecution of Corruption; Asset Forfeiture.

Specifically, the project contributes to the Sustainable Development Goal (SDG) 16.5, to “reduce corruption and bribery in all its forms”, SDG 16.4, to “reduce illicit financial, and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime” and SDG 17.1, aiming to “strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection”. Additionally, by increasing the accountable use of public funds it supports the Malawian Government in achieving all the SDGs.

Funds for PFEM support in Malawi	
Volume of ongoing programmes:	EUR 18.85 million, 2022-28 (EU contribution: EUR 9.5 million, 2024-27)

Within its five results areas, the project delivers technical, procedural and strategic advisory services to partner institutions. Issues addressed range from legal framework, organisational development to building individual competencies. The digitalization of work processes is a particular emphasis. In addition, the project is supporting institutional cooperation & information-sharing as a cross-cutting theme to ensure that scarce resources are used effectively.

This holistic approach is aligned to the priorities of key strategies of the Malawi Government (e.g. PFM Reform Strategy 2023-2028) and closely coordinated with the activities of other donors.

### The benefits

Joint German and EU support enables the Malawian PFEM and Anti-Corruption institutions to fulfil their functions effectively and independently, thus ensuring that the budget is used in line with the development vision “Malawi 2063”. Thanks to more effective mobilisation and proper use of public funds, the Malawian people and businesses benefit from improved government services. Greater transparency and accountability strengthen public confidence in state institutions.

With PFEM support, the Malawian Government has already made great strides in rolling-out a new and robust Integrated Financial Management and Information System (IFMIS) across government institutions and to build capacity in the sound management of public contracts or to counter profit-shifting into other tax jurisdictions.



published by:



Employees of different public finance institutions exchange ideas and challenges. Inter-institutional knowledge transfer, through regular meetings or electronic formats ensures more effective implementation of new processes and reforms.