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EU/BMZ Joint Action “Strengthening Public Financial and Economic Management (PFEM) – Tikuze Malawi”

Supporting key public financial management reforms while enhancing anti-corruption and anti-fraud systems in Malawi.

The Challenge

Malawi is one of the poorest countries in the world. Half of the population lives below the national poverty line, measuring the cost of meeting nutritional and other basic needs (50,3 %; National Statistics Office, 2021). Poverty reduction in the country has stagnated over the last 15 years and has been negatively impacted by natural disasters and the economic impact of the COVID-19 pandemic.

Government efforts to improve the livelihood of the Malawian people take place in a challenging macro-economic and fiscal context. High inflation and public debt levels (IMF, 2023), a small tax base, and inefficient public spending have limited its ability to improve this situation.

Over the past ten years, the population's perception of corruption has been fuelled by high profile corruption scandals, negatively impacting confidence in the management of public finances and state institutions writ large (Transparency International, 2023).



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Project name	Strengthening Public Financial and Economic Management in Malawi (PFEM) – Tikuze Malawi
Partner Country	Malawi
Volume	15 Mio. EUR (9.5 Mio. EUR of EU; 5.5 Mio. EUR BMZ)
Duration	May 2024 to December 2027
Implementing Partners	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH; Ministry of Finance, Economic Planning and Development; Ministry of Finance and Economic Affairs; Office of the President and Cabinet; Malawi Revenue Authority; Public Procurement and Disposal of Assets Authority; National Audit Office; Central Internal Audit Unit; Anti-Corruption Bureau; Financial Intelligence Authority; Office of the Director of Public Officers Declarations; Director for Public Prosecutions, and the Judiciary.

Implemented by



Addressing these challenges, and ultimately achieving sustainable development in line with its long-term strategy "Malawi 2063", will require the Government of Malawi to more effectively raise its own revenues, to strengthen its management of public expenditures and to combat corruption more effectively.

Our Approach

The Multi-Donor Action "Strengthening Public Financial and Economic Management (PFEM) – Tikuze Malawi" is implemented by the German Agency for International Development Cooperation (GIZ) on behalf of the European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ). Its overall objective is to improve Malawi's economic governance and accountability of public resources. The specific objective is to improve the efficiency of anti-corruption and anti-fraud systems in Malawi.

Over a period of four years (2024–2027), the Joint Action blends the support to key public financial management (PFM) reforms with the support to key anti-corruption and anti-fraud institutions. It operates across five distinct results areas (see image to the right), addressing key PFM and anti-corruption reforms, both individually and in combination.

The digitalisation of work processes, institutional cooperation, automated information-sharing and change management are cross-cutting characteristics.

The EU/BMZ Joint Action is embedded in the framework of a longer-term commission by BMZ, the "Strengthening Public Financial and Economic Management in Malawi" (PFEM) program (April 2022 to March 2028).

Results Areas

- Domestic Resource Mobilization
- Budget Execution / Expenditure Management
- Control and Oversight of Public Resources
- Investigation and Prosecution of Corruption
- Asset Forfeiture Process

Relevance

The Joint Action's target group is the entire population of Malawi (approx. 20 million inhabitants). They will benefit from improved government services through more effective mobilisation and proper use of public funds.

The Joint Action contributes to a broad set of Sustainable Development Goals (SDG): SDG 16.5, which aims to "substantially reduce corruption and bribery in all its forms"; SDG 16.4, aiming to "significantly 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".

By making-use of digitalisation to increase effectiveness and cooperation and through integrating gender-relevant aspects of corruption and related offences into all areas of the programme, a contribution will also be made to SDG 9.c. It is geared to "significantly increase access to ICT and strive to provide universal and affordable access to internet in LDCs (...)" and SDG 5, aiming to "achieve gender equality and empower all women and girls".

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