

## 2 RISKS AND ASSUMPTIONS

Risks	Risk (H/M/L)	Mitigating measures
The current political appetite for PFM reforms might not be sustained in the run-up to the elections (2019) and beyond	H	The EU will seek to strengthen high level political dialogue on PFM.
Poor staff working ethics could jeopardise/slow down reform efforts	H	One component of this programme shall specifically address this challenge, which has been recognised by all stakeholders as one of the main bottlenecks.
Challenging political economy, resistance to change by those benefiting from the current system, and weak enforcement of rules and regulations could jeopardise/slow down reform efforts	H	One component of this programme "change management" shall specifically address this challenge, which has been recognised by all stakeholders as one of the main bottlenecks.
Loss of 'key reformers' could jeopardise/slow down reform efforts	M	Maintain engagement and discussion with a wide range of PFM stakeholders in government.
Increased fragmentation of PFM support programmes could slow down PFM reform efforts	M	Maintain and strengthen PFM coordination and support the ministry with an effective Technical Assistance structure.
Basic capacity gaps in PFM institutions might jeopardise/slow down reform efforts	H	Strong coordination with other PFM reform initiatives by other DPs to ensure that capacity gaps will be addressed.
Failure to procure new IFMIS* and possible collapse of old IFMIS could slow down PFM reform efforts	M	Close monitoring of procurement process and extension of FROIP* to support existing system.
Non or slow progress in the implementation of the PFM Rolling Plan	M	Various areas in the PFM Rolling Plan have been included in benchmarks of WB and IMF programmes as well as in the EU Budget Support Roadmap. The Government has instituted a weekly review committee to monitor progress. Nevertheless, from past experience it is to be expected that certain areas will move slower than others.
Risk of shrinking civil society space to operate freely, based on draft NGO policy and subsequent law amendments	M	Policy dialogue with Government on draft NGO policy to maintain freedom of CSOs in Malawi.
<b>Assumptions</b>		
<ul style="list-style-type: none"> <li>The Government will support PFM reforms by providing, and if necessary improving, the legal and regulatory framework.</li> <li>The PFMS Division will continue to execute its mandate as the coordinator of PFM reform activities.</li> <li>The governance structure to oversee PFM reform implementation will continue to be implemented at all levels.</li> <li>No major external shocks will diminish the Government's attention to PFM reform implementation.</li> </ul>		

\* Integrated Financial Management Information System

\* Financial Reporting and Oversight Improvement Project

## 3 LESSONS LEARNT AND COMPLEMENTARITY

### 3.1 Lessons learnt

Based on the comprehensive evaluation of PFM reforms in Malawi covering 2001-2010<sup>18</sup>, some of the lessons learnt are:

<sup>18</sup> Evaluation of Public Financial Management Reform in Malawi 2001-2010" Joint Evaluation by AfDB, DANIDA and SIDA, Sept 2012, <https://www.oecd.org/derec/afdb/malawi.pdf>