



FINANCIAL INTELLIGENCE AUTHORITY

# STRATEGIC PLAN

**2017-2022**

**JUNE, 2017**

# **Vision**

A Malawi free of financial crimes

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# **Mission**

To prevent and combat financial crimes through, detecting and investigating these crimes, and disseminating financial intelligence to Law Enforcement Agencies in order to maintain the integrity of the financial sector

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# **Core Values**

- **Integrity**
- **Confidentiality**
- **Excellence**
- **Professionalism**
- **Accountability and transparency**
- **Creativity and innovation**

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## **Abbreviations and acronyms**

<b>AML/CFT</b>	<b>Anti-Money Laundering and Combating the Financing of Terrorism</b>
<b>CAP</b>	<b>Compliance and Prevention</b>
<b>CSF</b>	<b>Critical Success Factors</b>
<b>DSC</b>	<b>Department of Statutory Corporations</b>
<b>F&amp;A</b>	<b>Finance and Administration</b>
<b>FCA</b>	<b>Financial Crimes Act</b>
<b>FIA</b>	<b>Financial Intelligence Authority</b>
<b>FISSM</b>	<b>Information Systems Maturity Model</b>
<b>FIU</b>	<b>Financial Intelligence Unit</b>
<b>LAP</b>	<b>Legal and Corporate Services</b>
<b>LEA</b>	<b>Law Enforcement Agency</b>
<b>M&amp;A</b>	<b>Monitoring and Analysis</b>
<b>MLA</b>	<b>Money Laundering Act</b>
<b>MLA</b>	<b>Money Laundering, proceeds of Serious Crimes and Terrorist Financing Act</b>
<b>RBM</b>	<b>Reserve Bank of Malawi</b>
<b>RI</b>	<b>Reporting Institution</b>
<b>SMART</b>	<b>Simple, Measurable, Accurate, Realistic, Time-bound</b>
<b>SOP</b>	<b>Standard Operating Procedure</b>
<b>SP</b>	<b>Strategic Plan</b>
<b>SWOT</b>	<b>Strengths, Weaknesses, Opportunities and Threats</b>

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## Foreword

The Government of Malawi is committed to creating a crime-free society for the benefit of our economy. This is why the Government gives priority to the security of its financial sector which is the backbone of Malawi's economy. The financial sector is so intricate and technical that ensuring it is secured from criminal elements requires specialized technical knowledge. Therefore, the Government created the Financial Intelligence Authority (FIA) for that sole purpose.

The FIA gets its roots from Section 11 of the Money Laundering, Proceeds of Serious Crime and Terrorist Financing Act, 2006 – the repealed law which established the Financial Intelligence Unit (FIU) to prevent and deter money laundering, terrorism financing and proliferation of weapon of mass destruction. The FIU became fully operational in July 2007 with a key responsibility to receive, request, analyze and disseminate to competent authorities disclosures of financial information from reporting institutions in order to counter money laundering and financing of terrorism.

On 8<sup>th</sup> February 2017, the Malawi Parliament passed the Financial Crimes Bill into law. The Financial Crimes Act (FCA) brought some changes including renaming the organisation from Financial Intelligence Unit to Financial Intelligence Authority. Further, the FIA was empowered to carry out investigations related to provisions of the FCA.

Between July 2007 and now, the operating environment for the FIA has shifted a lot. Knowing that financial criminals have become more sophisticated with time, FIA has devised innovative approaches to counter the vice. However, such innovation is best implemented within a framework of a clear strategic direction. This saw the FIU implement its first Strategic Plan which expired in 2016. Learning from the successes and failures of the first Strategic Plan, the FIA has developed this successor Strategic Plan to steer the organization in its strategic direction for the next five (5) years. It is expected that this Strategic Plan will redefine the role of FIA and raise its profile in the fight against financial crimes.

It is the expectation of the Government and the citizenry that management of FIA will commit itself to implementing the Strategic Plan to the letter and learn lessons from any drawbacks in the implementation. The Government also expects cooperation from both the reporting institutions and the general public for the success of this Strategic Plan.

**Hon. Goodall E. Gondwe**

**Minister of Finance, Economic Planning and Development**

## **Preface**

This Strategic Plan is a road map for the FIA between July 2017 and June 2022. It sets out goals to be pursued within this period and highlights key strategies to be used in that pursuit. It builds on its predecessor plan which ran for the period 2012 to 2016.

Implementation of the 2012-2016 Strategic Plan taught the FIA management key lessons regarding the environment in which it operates. Furthermore, FIA has seen fast advancement in technology and the use of the same in financial transactions. Financial criminals have benefitted from technological advancement, and the level of cross border transactions is increasing with time. These factors, among others, called for the development of a successor Strategic Plan for the FIA to guide the organization to 2022. This Strategic Plan provides not only the strategies for pursuing the goals to 2022 but also mechanisms for evaluating progress toward set goals and targets.

This Strategic Plan was developed through a consultative and participatory process with the assistance of experts from the Department of Statutory Corporations. All key stakeholders provided input into the Strategic Plan and later validated it. All members of staff participated in the drafting of the Strategic Plan. Therefore, it is my considered opinion that this Strategic Plan is owned by all our key stakeholders and that they will support its implementation.

The implementation of this Strategic Plan will require a lot of resources, both financial and human. It is my expectation that all efforts will be made by all parties, including the Government, to make sure that FIA has adequate resources to effectively implement this Strategic Plan. Each year, the goals set in this Strategic Plan will be informing the budget of FIA. It is expected that funding levels will take cognizance of the same.

Atuweni Juwayeyi-Agbermodji (Mrs.)  
**Director General**

## Executive Summary

Between 2012 and 2016, the FIA implemented its first ever Strategic Plan (SP). The achievements made under this SP were enormous. The need for sustaining and building upon those successes meant that development of a successor SP was inevitable. This was buttressed by the fast changing nature of financial crimes which called for a fresh SP. Therefore, FIA developed this SP with the technical assistance from the Department of Statutory Corporations. The process was consultative and participatory and inclusive of all key stakeholders.

This SP covers the period July 2017 – June 2022 and gives the FIA a shared vision and a clear direction for this period. This vision is drawn from the aspirations of all stakeholders, in line with the mandate of the FIA and national development aspirations set out in the MGDS III, among other government policies.

The SP has identified five (5) strategic objectives for the FIA in the planning period, namely; (i) to detect and deter financial crime including ML, TF and proliferation of weapons of mass destruction; (ii) to update the AML/CFT legal and regulatory framework; (iii) to strengthen the organizational structure, processes and systems for effective FIA performance; (iv) to strengthen coordination with key stakeholders; and (v) to increase public awareness of the FIA and the AML/CFT issues. For each of these strategic objectives, this SP highlights the strategies to be implemented and has set SMART targets to guide monitoring of progress towards the objectives.

In this SP, the vision for FIA is: *“A Malawi free of financial crimes”*.

From this vision, the FIA developed its mission for the planning period: *“To prevent and combat financial crimes through, detecting and investigating these crimes, and disseminating financial intelligence to Law Enforcement Agencies to maintain the integrity of the financial sector”*

In pursuit of the above vision and mission, FIA shall depend on its staff abiding by the following core values, among other qualities: *“Integrity, Confidentiality, Excellence, Professionalism, Accountability and transparency, and Creativity and innovation”*.



This strategic plan has also provided a comprehensive Monitoring and Evaluation (M&E) plan which shall help management in checking whether implementing sections are on track. It is expected that the M&E plan will guide management when need for changing strategies and approaches arises. In general, the implementation of the SP will be through annual budgets and work plans. Therefore, it is important that the budgets and work plans are aligned to the SP and are monitored closely to avoid going off-track.

While the M&E shall be a continuous process during the entire implementation period, the SP has also provided for mid-term and end of term evaluations of the SP. The mid-term evaluation will be done at the half way mark into the implementation period to assess progress towards the targets and will inform management of any need to review the strategies and approaches. The end of term evaluation shall inform management of key lessons which shall feed into the successor strategic plan.

## **1.1 Institutional mandate of FIA**

The FIA is an autonomous central government agency aimed at preventing and deterring money laundering, terrorism financing and proliferation of weapon of mass distraction. It is the principal national agency responsible for preventing and combating financial crimes. The FIA is established by the Financial Crimes Act, 2017 Section 3 (1). It is charged with the responsibility of receiving, requesting, analyzing information from reporting institutions (RIs); and providing financial intelligence spontaneously or upon request to Law Enforcement Agencies (LEAs) or supervisory authorities to counter money laundering, and financing of terrorism and proliferation. The FIA (then FIU under the Money Laundering Proceeds of Serious Crime and Terrorist Financing Act), became fully operational in July, 2007 as an independent entity with stand alone offices and legal personality. The FCA provides that, among other things, the FIA shall:

- Request, receive and analyze reports submitted by RIs;
- Submit reports to relevant LEAs or supervisory authorities based on financial intelligence analysis;
- Create and maintain a database of statistics and records on AML/CFT;
- Conduct research into trends techniques and developments in financial crimes, tracing of proceeds of crime and terrorist financing;
- Cooperate with local and international institutions on AML/CFT;
- Offer training and support; and
- Conduct public awareness on AML/CFT.

In implementing its functions, the FCA has given the FIA powers which include:

- Issuing instructions, directions, directives, guidelines or rules to RIs;
- Imposing and enforcing administrative sanctions and penalties for breach of the Act by REs;
- Inspecting any record, document or information kept by RIs;
- Delegating powers to a supervisory authority or self-regulatory body in relation to issuing of instructions, directions, directives, guidelines or rules to RIs;

- Accessing the widest possible range of financial, administrative and law enforcement information; and
- Requesting and receiving progress reports from LEAs or prosecutorial agents on AML/CFT matters.

The FIA management is cognizant that delivering on the foregoing mandate requires a defined sense of direction with clear goals and targets which could best be provided by a strategic plan. However, the first strategic plan for FIA was for the period 2012-2016. It therefore became necessary to come up with a successor strategic plan for the FIA to redefine its role and the role of other institutions in anti-money laundering and combating the financing of terrorism (AML/CFT). Apart from that, it was expected that the document would help the FIA to appreciate and take into account changes in the conditions in which it operates and networks with the other institutions. It was also envisaged that FIA would realise and take into consideration the RIs' expectations of the FIA. This Strategic Plan, therefore, provides not only the strategies for pursuing medium to long term goals but also a mechanism for evaluating progress toward preset goals and targets in order to guide management on whether to change the strategies.

## **1.2 Performance Review of the 2012-2016 Strategic Plan**

The FIA implemented a strategic plan from 2012 to 2016. The strategic plan had Six (6) strategic objectives with a total of 51 activities. These strategic objectives are listed below:

- a) improve mechanism for receipt, analysis and dissemination of STRS and requests
- b) increase awareness of AML/CFT issues, roles and responsibilities by the public and key service providers
- c) develop and strengthen organizational structure, systems and processes for effective FIA performance
- d) strengthen coordination among key AML/CFT service providers
- e) improve regulatory services on AML/CFT issues
- f) find and implement creative solutions through gathered AML/CFT information

Overall the FIA managed to implement 36 activities planned in the strategic plan representing 70% success rate.

### **1.3 Strategic Planning Process**

The Director General of the FIA engaged a team from Department of Statutory Corporations (DSC) to develop the SP for the Authority. The team developed the SP through a consultative and participatory approach where stakeholders within and outside FIA, namely; the RIs, management and staff of the FIA, and LEAs, among others, were consulted.

The consultations were done to obtain vital information on the strengths, weaknesses: opportunities and threats (SWOT) of FIA. In addition, the consultations also sought information on trends and emerging issues in AML/CFT that could affect the organization, its successes and challenges, and to form an opinion of the organization's culture. Stakeholders also provided their opinion and expectations of the FIA and its staff. The inputs submitted by all stakeholders during the consultations culminated into identification of key issues and strategic objectives. Other inputs, like the RIs expectations of FIA staff were included in the core values of the FIA and were adopted into the SP as such. The final document was subjected to validation process by the relevant stakeholders.

## **2.0 The Strategic Analysis**

### **2.1 Overview**

In determining the current position of the FIA in its operating environment, a **SWOT Analysis** technique was used to highlight the internal and external factors that may have an impact on effective delivery of its services. The analysis also considered information obtained from review of the predecessor strategic plan, and feedback received from members of staff within the institution.

The SWOT Analysis considered the internal factors (strengths and weaknesses) and external factors (opportunities and threats) that have significant impact on preventing and deterring money laundering, terrorism financing and proliferation of weapon of mass destruction in Malawi by the FIA. The strengths are the internal characteristics of the FIA that give it an

advantage in its operations while weaknesses are the internal characteristics that put FIA at a disadvantage. On the other hand, opportunities refer to all elements in the environment that the FIA could exploit to its advantage while threats refer to all elements in the environment that could negatively affect the operations of FIA. Specifically, the strategic analysis centred on issues that impact on the identified key issues and strategic objectives.

**Table 1: SWOT Analysis**

<b>Strengths</b>	<b>Weaknesses</b>	<b>Opportunities</b>	<b>Threats</b>
Experienced staff in AML and CFT issues	Uncoordinated departments	Good relationships with international bodies (ESAAMLG), (Egmont), financial sector, other FIUs and law enforcement agencies	Political interference
Good ICT infrastructure	Lack of public awareness	Strategic importance of FIA to the economy	Over reliance on Government for funding
Clear reporting lines	Inadequate financial resources	Improved FIA reputation after 'cash gate' cases	Inadequate implementation of AML/CFT obligations by reporting institutions
Created by an Act of Parliament, ML Act, 2006.	Inability to meet deadlines	Availability of technology to disseminate information	Lack of transaction monitoring systems in most institution
Good leadership	Lack of HR and Administration staff and inadequate staff numbers for the other key positions	Many willing organizations to fund Governance issues	Lack of data management systems in most LEAs and other stakeholders
Autonomous unit	Inability to enforce compliance of regulations	Existence of MOUs with domestic and international agencies	Lack of National Identity Cards (IDs) and physical address systems
	Dependence on government and	FIA is trusted by most stakeholders	Lack of cyber crimes law

	donors for financial resources		
	Limited powers of supervision of REs	Improved coordination with stakeholders	Emerging new technologies and payment systems
	Inadequate automation of activities	Automated case management systems implemented by the judiciary	Negative perception of FIA's work
	Lack of specialized software for analyzing cases	Digitalization of records by Registrar of Companies	Outdated legislation
	Lack of specialized courses in financial intelligence in public universities		

## 2.1 Key Issues

Key Issues reflected under this section are basically primary responsibilities of FIA. These are key roles and responsibilities that fall directly under its mandate such that if it doesn't act on them, no other institution will deliver the services in question. This is in recognition of the fact that FIA has been established as a public entity charged with the responsibility of preventing and deterring financial crimes which include money laundering, terrorism financing and proliferation of weapon of mass distraction in Malawi. The team identified three Key Issues with five sub-issues for the FIA that merit significant attention.

### Delivery of service

- Detecting and deterring financial crimes including ML, TF and proliferation of weapons of mass destruction.
- Updating the legal and regulatory framework

### Internal processes and financial

- Strengthening organizational structure, processes and systems for effective FIA performance

### **Stakeholders**

- Increasing public awareness of FIA and AML/CFT issues
- Strengthening coordination with key stakeholders

### **3.0 2016 -2021 strategic direction**

The strategic direction of the FIA includes its vision, mission, values, strategic objectives and actions/strategies.

#### **3.1 Vision of FIA**

*A Malawi free of financial crimes*

#### **3.2 Mission**

To prevent and combat financial crimes through, detecting and investigating these crimes, and disseminating financial intelligence to Law Enforcement Agencies to maintain the integrity of the financial sector

#### **3.3 Values of FIA**

In quest of the above vision and mission, the attitude and conduct of the management and all staff of FIA will at all times be guided and bound by the following core values:

##### **a) Integrity**

The quality of being honest and having strong moral principles

##### **b) Confidentiality**

The safe keeping of information between the FIA, RIs and other FIUs, and ensuring the information is not divulged to people who do not need to know about it, including co-workers, friends, family, and others.

**c) Excellence**

FIA shall at all times deliver quality information and aim to surpass ordinary standards in its dealings.

**d) Professionalism**

FIA will ensure that staff members have qualities, skills, competence and behaviour expected to bring desired results.

**e) Transparency and Accountability**

FIA will practice the principle of doing things in an open and transparent manner and being responsible for one's decisions or actions.

**f) Creativity and Innovation**

FIA will always be creative and constantly looking for ways to improve financial intelligence

The strategic direction of FIA for the next 5 years is outlined below:

**3.4 2017-2022 Strategic direction**

**3.4.1 To detect and deter financial crime including ML, TF and proliferation of weapons of mass destruction.**

The Authority will achieve this strategic objective through the following strategies:

- a) Receive and analyze financial information
- b) Disseminate financial intelligence to relevant LEAs and other authorities
- c) Follow up on feedback from LEAs
- d) Provide feedback to RIs
- e) Develop trends and typologies



- f) Conduct risk assessment
- g) Create training requirements for reporting institutions
- h) Train staff of RIs on AML/CFT
- i) Monitor utilization of intelligence information

### **3.4.2 To update the legal and regulatory framework**

FIA will achieve this strategic objective through the following strategies:

- a) Enactment of Financial Crimes Bill.
- b) Update Regulations
- c) Update general guidelines
- d) Develop standard operating procedures (SOPs) on compliance enforcement mechanism
- e) Conduct risk assessment of the RIs

### **3.4.3 To strengthen organizational structure, processes and systems for effective FIU performance**

FIA will achieve this strategic objective through the following strategies:

- a) Recruitment of additional staff
- b) Assessment of skills gap
- c) Train staff
- d) Automation of activities/on line reporting/specialized software
- e) Improving coordination with stakeholders
- f) Enactment of the Financial Crimes Bill
- g) Develop resource mobilization strategy
- h) Benchmarking with other FIUs
- i) Adherence to SOPs
- j) Implement performance management system

- k) Lobby for introduction of financial intelligence courses in public universities

#### **3.4.4 To strengthen coordination with key stakeholders**

FIA will achieve this strategic objective through the following strategies:

- a) Review existing MoUs
- b) Monitor implementation of signed MoUs
- c) Conduct outreach activities on AML/CFT
- d) Take a proactive approach to inter-agency collaboration
- e) Maintain good relationships with international bodies
- f) Enhance domestic coordination

#### **3.4.5 To increase public awareness of FIA and AML/CFT issues**

FIA will achieve this strategic objective through the following strategies:

- a) Develop communication strategy
- b) Review, develop and disseminate IEC materials
- c) Partner with other stakeholders
- d) Introduce toll free numbers
- e) Continuously train police, immigration and MRA staff
- f) Partner with telecommunication companies on public awareness
- g) Organize public rallies and debates
- h) Conduct workshops with professional bodies and other AML/CFT stakeholders

#### **4.0 Critical Success Factors (CSF)**

In determining targets to be achieved, FIA is aware that there are certain critical elements that must be made available for the outcomes to be successfully attained and sustained. Basically, these are important assumptions which must be considered, and put in place to succeed and achieve the desired goals.

Critical Success Factors (CSF) may change overtime, hence the need for FIA to regularly observe them and make necessary adjustments to the set strategies and targets in relation to the CSFs depending on the circumstances. The following are identified as FIA's critical factors to successful execution of this strategic plan:

- a) It is assumed that FIA will have a transformative leadership in place which is visionary, inspiring, open, flexible and adaptable, and results-oriented;
- b) Provision of leadership and commitment from the executive management;
- c) Clear understating of the strategy by all those who are involved in its implementation;
- d) Strengthening the coordination and execution of the Strategic Plan through the Director General's office;
- e) Effective translation of strategic plan targets into annual plans and budgets;
- f) Effective and efficient communication between staff on the implementation of initiatives and targets;
- g) Aligning FIA's organizational structure to the strategy;
- h) Ability to attract and retain skilled and experienced personnel;
- i) Clear understanding of the Strategy by all members of staff;
- j) Predictable and adequate financing for the initiatives identified in the strategy; and
- k) Good relations and effective communication with key stakeholders.

## **5.0 Governance and coordination mechanism in implementation**

This section summarizes the implementation plan, which includes organisational arrangements, coordination mechanisms, and, risks and mitigation measures. The implementation of a Strategic Plan does not happen in isolation, the issues highlighted below are institutional arrangements that provide guidance to various governance layers and their expected roles in implementation.

### **Organizational structure**

FIA organizational structure constitutes four (4) directorates namely, Legal and Corporate Services (L&CS), Monitoring and Analysis (M&A), Compliance and Prevention (CAP), and Information and Communication Technology (ICT). The directorates report to the Director General (DG) who reports to the Minister of Finance. The heads of the Directorates, Deputy Director General and the DG form Executive Management. The FIA has a total workforce establishment of forty nine (49).

### **5.1 Executive Management Committee**

The successful implementation of the Strategic Plan rests with the Director General. In this regard, the DG shall spearhead the implementation of the strategy. The strategic plan takes cognizance of the role of management in implementing the strategy.

Executive Management shall have sole responsibility of ensuring internalization and ownership of the vision, mission and strategic objectives by all members of staff in all Departments. They shall do this by ensuring that their annual action plans are duly specified and aligned to the Strategic Plan.

Management shall ensure that the strategic plan is translated into Annual Work Plans which shall be reviewed quarterly and annually to avoid strategic drift and ensure that resources are effectively allocated and utilised.

### **Monitoring and Analysis**

The Directorate is responsible for undertaking the core functions of the FIA which are receiving and analyzing reports that are submitted by RIs as well as disseminating intelligence to the relevant LEAs. The Directorate analyses the information from RIs to determine if there is any commission of money laundering, terrorist financing offences or other financial crimes.

The work of this directorate has a bearing on investigations and prosecutions in the country, as well as the FIA contributing and benefitting from the international exchange of information platform provided through the Egmont Group of FIUs.

### **Legal and Corporate Services Directorate**

The Directorate comprises two sections: Finance and Administration, and Legal and Policy. The Finance and Administration section is responsible for the preparation of financial statements, formulation of the annual budgets and the management of financial resources for the FIA. The Finance and Administration section is also responsible for overseeing all administrative functions of the FIA.

The Directorate has the responsibility of arranging the recruiting members of staff, coordinating training activities, managing the fleet of vehicles and other FIA property as well as resolving any internal administrative issues concerning members of staff.

The Legal and Policy section is responsible for providing legal and policy guidance to the all the other directorates of the FIA as well as other stakeholders with whom the FIA shares information. The section also performs the functions of General Counsel for the FIA, by drafting and reviewing any documentation that the FIA needs to use to achieve its mandate. The section also acts as a liaison for the FIA's international and local relationships. In carrying out its responsibility the section uses the international conventions and standards, the Financial Crimes Act, FIA policies and procedures and other laws of Malawi.

### **Compliance and Prevention**

The Compliance and Prevention Directorate is there to ensure that all RIs are aware of their obligations and comply with the provisions of the Financial Crimes Act and its relevant regulations. It also exists to ensure that members of the general public are aware of the roles of the FIA and dangers of indulging in financial crimes, including money laundering and terrorist financing. To achieve its functions, the Directorate, among others, monitors ML/TF risks in the RIs, carries out on-site inspections and off-site surveillance of RIs, trains RIs, provides guidance to RIs to enable them carry out their AML/CFT obligations, conducts

awareness seminars for various types of stakeholders, and engages in a wide range of public awareness activities.

## **Information Communication and Technology**

ICT Directorate is the implementation and operational focal point for the FIA's ICT Strategy with the major role of ensuring effective implementation of appropriate ICT projects in line with the overall FIA strategy and based on the EGMONT's FIU Information Systems Maturity Model (FISSM) Architecture.

The ICT Directorate it is responsible for relevant ICT project implementation, user training and technical support services in line with the mandate of the FIA. The Directorate is also responsible for providing technical and operational support for systems and infrastructure including networks, websites, email systems, databases and applications.

### **5.2 Achievements**

Over the past years, the FIA has registered the following key achievements:

- 5.2.1 In May 2009, the FIU joined the Egmont Group of FIUs, and became the third FIU in the East and Southern Africa Region to join the Egmont Group of FIUs. Joining Egmont makes it easier for the Malawi-FIA to exchange information with over 100 FIAs worldwide.
- 5.2.2 In August 2013, the FIU moved out of its rented space in the Reserve Bank of Malawi Building to rent a building of its own. This move enhanced the perception of the FIAs independence and also provided for room to employ more staff.
- 5.2.3 Introduction of a financial intelligence dissemination pack on information that has been analyzed in order to aid LEAs to rapidly finish their investigations

- 5.2.4 Established Standard Operating Procedures (SOPs) for processes of all the Directorates to ensure that staff members discharge their duties in a professional and consistent manner and achieve desired outcomes
- 5.2.5 The FIA signed 20 memorandums of understanding (MoUs) with FIUs of Angola, Denmark, France, Japan, Kenya, Macedonia, Madagascar, Mauritius, Mozambique, Namibia, Nigeria, Philippines, Sierra Leone, South Africa, Uganda, United Arab Emirates, United States of America, Tanzania, Zambia, and Zimbabwe. The MoUs lay out the mechanism for exchange of information between the FIA and the various jurisdictions to ensure that exchanges are done timely and confidentially.
- 5.2.6 The FIA signed MOUs with the Malawi Revenue Authority, Reserve Bank of Malawi, Anti-Corruption Bureau, and Immigration Department to encourage exchange of information. With the Immigration Department, the cooperation goes a step further by having the FIA vet the veracity of the financial documents provided by foreigners who wish to have a Permanent Residence Permit or a Business Residence Permits.
- 5.2.7 The FIA has developed three (3) trends and typologies reports which outline the methods that criminals use to launder money in Malawi. The reports have been published, and can be used by RIs to help them to detect suspicious customers and transactions.
- 5.2.8 In order to enhance the skills of the staff that undertake the core functions of the FIA, four (4) members of monitoring and analysis department have undergone strategic analysis training. The conducting of strategic analysis by FIAs is a key requirement that indicates that the FIA is operationally mature. The FIA made 297 disseminations to various Law Enforcement Agencies (LEAs). These disseminations were developed from 580 Suspicious Transaction Reports (STRs) which were filed by REs and extracted from Large Currency Transaction Reports (LCTRs) for the period July 2007 to June 2016. The STRs were on possible tax evasion, corruption, theft, public sector fraud, private sector fraud, cheque forgery and foreign exchange externalisation.

- 5.2.9 The FIA played a critical role in the unearthing of the transactions that were a part of the cash gate scandal. The role of the FIA included analysing the various transactions, providing law enforcement agencies with intelligence and information to enable them to carry out investigations, as well freezing of suspected accounts and transactions.
- 5.2.10 As money laundering and terrorist financing are relatively new concepts in Malawi, the FIA has carried out public awareness activities as follows:
- Distributed 34, 700 brochures in English and Chichewa which explain money laundering, terrorist financing and the work of the FIU.
  - Produced and distributes 500 copies of the FIU magazine.
  - Trained 1,678 officers from various financial intuitions.
  - Produced jingles and *pamajiga* plays to help the public appreciate what money laundering is and its adverse consequence.
  - Erected billboards explaining to draw attention to the reality of money laundering and the work of the FIU.
  - Regularly made use of the FIU website [www.fiumalawi.gov.mw](http://www.fiumalawi.gov.mw) as well as the public media to raise awareness and to clarify on various issues on the work of the FIU, in relation to the work of LEAS.
- 5.2.11 The FIA in keeping with its legal mandate has consistently produce annual reports, which have been delivered to the Ministry of Finance, Economic Planning and Development for laying before Parliament. These reports are also publically available on the FIA website.
- 5.2.12 Despite funding challenges, the FIA has managed to conduct 44 on-site inspections for Banks, Insurance Companies, Forex Bureaus, Real Estate Agents, Mobile Money Operators and Auditors.
- 5.2.13 With regard to securing its office space and using the most up to date equipment, the FIA ensured that its ICT department regularly updates FIA hardware and soft ware, and also ensures that the office is well secured in accordance with international standards. This includes;
- Ensuring the office equipment is covered by the latest anti-viruses and firewalls.



- Having in place CCTV cameras and armed security personnel as well as an electrified para-meter fence.
- Making regular backups of FIA information and informing staff of precautions they should take to protect themselves and their information.
- Using the Egmont standards to come up with ICT and Security policies for the FIA.

### 5.3 Challenges

5.3.1 The FIA has continuously been allocated inadequate funding in past years. This affected implementation of some activities namely;

- FIA has only three vehicles, which were purchased in 2007, 2008 and 2011. Maintaining these vehicles is expensive and using them is a hazard to members of staff.
- Updating of its servers and other crucial equipment has not been possible
- Carrying out more public awareness activities that are targeted and hence grander in scale hasn't been possible.
- Few onsite inspections, meetings with RIs and LEAs than had been planned for.

5.3.2 Due to an employment freeze within government, the FIA has been slow in recruiting new members of staff as quickly as it should have to meet the work demand it had. The heavy workload impacted the speed at which the FIA carried out its activities.

5.3.3 Absence of a substantive Director General to the FIA until 2014 also posed challenges, as some organisations particularly international partners would prefer working with an individual that has been substantively appointed rather than one in an acting position.

5.3.4 The absence of administrative penalties in the repealed ML Act, made it impossible for the FIU to take action against non-compliant institutions and this made the FIU appear inefficient and ineffective.

## **6.0 Monitoring and Evaluation**

### **6.1 Introduction**

Monitoring is the systematic and continuous tracking of the progress towards the stated objectives while evaluation is the periodic assessment of the performance of the plan. Monitoring and Evaluation (M&E) will be an integral part of the implementation of the SP and the results will keep informing the decision making and planning.

### **6.2 Objectives of the M&E Plan**

This Monitoring and Evaluation Plan is intended to fulfill the following objectives:

- To track the progress in implementation of the SP in order to identify and promptly report observed or likely deviations (providing early warnings);
- To account to the stakeholders through regular reporting and reviews; and
- To foster continuous learning and improvement of FIA's strategies and approaches.

### **6.3 Monitoring**

Implementation of the plan will be through Annual Work Plans and budgets. Every implementing directorate will ensure that their respective annual work plans and budgets are prepared within the framework of the Plan.

The reporting system will require each implementing directorate to monitor its activities as contained in its Annual Work Plan and budget and prepare monthly performance reports, which will be presented to FIA Management. Management will discuss consolidated performance reports on a quarterly basis, after which a comprehensive strategic performance report will be submitted to the Minister of Finance, Economic Planning and Development.

## **6.4 Evaluation**

Evaluation is very important as it entails comparing actual against the expected and the resultant impact. In a changing environment, some of the key assumptions in the plan may dramatically change and affect implementation of the set goals. It is therefore in the course of evaluation that FIA will determine the effect of such changes and appropriate corrective action taken.

The Director General shall be responsible for the coordination, implementation and review of the Plan. Management will arrange for the mid-term and end of term evaluation of the Strategic Plan, to assess the impact of planned activities on service delivery.

The information generated from monitoring and evaluation exercise will be used to make any necessary adjustments during the implementation process and input into annual review programs.

## **6.5 Review of the Strategic Plan**

FIA will ensure that the Strategic Plan is reviewed at the end of each financial year to check on the achievement of the strategic objectives output which will form the basis for the development of the Annual Work Plans prior to the budget development process to reflect cost estimates for the impending fiscal year. The Plan will also be reviewed at mid-term of implementation and a full review will be conducted at the end of the implementation period in 2022 when the Plan expires. However, the SP may be reviewed at anytime to incorporate new developments and emerging issues needing immediate attention.



## Annex 1: Corporate Strategic Matrix

Key Issues	Strategic Objective	Measure	Reporting Frequency	strategy	Baseline 2017	Responsibility	Target 2018	Target 2019	Target 2020	Target 2021	Target 2022
Service delivery	To detect and deter financial crime including ML, TF and proliferation of weapons of mass destruction.	Number of STRs	Quarterly	Receive and analyze financial information	84	M&A	100	125	150	175	200
		Number of reports	Quarterly	Disseminate financial intelligence to relevant LEAs and other authorities (M&A)	36	M&A	60	65	70	75	80
		Number of reports	Quarterly	Follow up on feedback from LEAs (M&A)	1	M&A	2	4	4	4	4
		Number of reports	Bi-annually	Provide feedback to reporting institutions (CAP)	3	CAP	2	2	2	2	2
		Number of trends and typologies report developed	Annually	Develop trends and typologies (M&A)	1	M&A	1	1	1	1	1
		Number of reports	Annually	Conduct risk assessment of RIs (CAP)	0	CAP	1	1	1	1	1
		Training requirement schedule	Annually	Create training requirements for reporting	4	CAP	4	4	4	4	4

Key Issues	Strategic Objective	Measure	Reporting Frequency	strategy	Baseline 2017	Responsibility	Target 2018	Target 2019	Target 2020	Target 2021	Target 2022	
				institutions (CAP)								
		Number of staff trained	Quarterly	Train staff of reporting institution on AML/CFT (CAP)	223	CAP	250	250	250	250	250	
		Number of reports	Annually	Monitor utilization of intelligence information	0	M&A	0	0	1	1	1	
	To update the legal and regulatory framework	Enactment of the bill	Annual	Enactment of ML bill (LCS)	Old Act	LCS	0	New Act	0	0	0	
		Number of updated regulations	Annual	Update regulations (LCS)	0	LCS	0	2	1	1	1	
		Number of updated guidelines	Annual	Update general guidelines (LCS)	0	LCS	1	1	1	1	1	
		SOPs on compliance enforcement	Annually	Develop standard operating procedures (SOP) on compliance enforcement mechanism (LCS)	0	LCS	0	1	0	0	0	
		Risk assessment profile	Every three years	Coordinate national risk assessment (CAP)	1	CAP	0	0	1	0	0	
	Internal processes and finance	To strengthen organization	Number of staff recruited	Quarterly	Recruitment of additional staff (DG and F&A)	15	DG	15	20	23	26	30

Key Issues	Strategic Objective	Measure	Reporting Frequency	strategy	Baseline 2017	Responsibility	Target 2018	Target 2019	Target 2020	Target 2021	Target 2022
	structure, processes and systems for effective FIA performance	Skills gap report	Annually	Assessment of skills gap (F&A)	0	F &A	1	1	1	1	1
		Number of staff trained	Quarterly	Train staff (F&A)	10	F&A	10	10	10	10	10
		Number of institutions reporting online;	Quarterly	Automation of activities/on line reporting	0	ICT	10	15	20	25	30
		% of eligible staff using i2 Analyst's software	Quarterly	Automation of activities/on line reporting/specialized software (ICT)	0	ICT and M&A	100%	100%	100%	100%	100%
		Number of MOUs signed	Annually	Improving coordination with stakeholders (LCS)	20	LCS	23	25	27	29	32
		Enactment of the bill	Annually	Enactment of the ML Act (LCS)	Old Act	LCS	0	New Act	0	0	0
		Amount of income from other sources	Quarterly	Develop resource mobilization strategy (F&A)	0	F&A	1	0	1	0	1
		Number of reports	Annual	Benchmarking with other FIUs (DG)	0	DG	1	1	1	1	2
		Number of Courses	Annual	Lobby introduction of financial intelligence courses in public Universities	0	F&A	0	1	2	2	2

Key Issues	Strategic Objective	Measure	Reporting Frequency	strategy	Baseline 2017	Responsibility	Target 2018	Target 2019	Target 2020	Target 2021	Target 2022
		% adherence		Adherence to SOPs (DG)	20%	DG	50%	75%	100%	100%	100%
		% of staff whose performance has been evaluated	Quarterly	Implement performance management system (DG)	0%	DG	100%	100%	100%	100%	100%
		Number of performance enhancement initiatives in place			4	DG	5	5	5	5	5
	To increase public awareness of FIA and AML/CFT issues	Number of sensitization meetings, fliers, IEC materials, bill boards	Annually	Develop communication strategy (CAP)	0	CAP	1	0	0	0	0
Annually			Review, develop and disseminate IEC materials (CAP)	2	CAP	3	3	3	4	4	
Annually		Number of MOUs signed	Partner with other stakeholders such as NICE, libraries (CAP)	0	CAP	2	2	3	3	3	
Annually		Number of meetings and MOUs signed	Partner with telecommunication companies on public awareness (CAP)	0	CAP	2	4	4	4	4	



Key Issues	Strategic Objective	Measure	Reporting Frequency	strategy	Baseline 2017	Responsibility	Target 2018	Target 2019	Target 2020	Target 2021	Target 2022
		Number of public debates and rallies	Quarterly	Organize public rallies and debates	0	CAP	0	2	2	2	2
		Number of workshops and meetings conducted	Quarterly	Conduct workshops with professional bodies and other AML/CFT stakeholders	0	DG	4	6	6	6	6
		Number of police, Immigration and MRA staff oriented	Quarterly	Train new recruits (police, Immigration and MRA)	0	CAP	400	1000	1000	1000	1000
		Tool free number	Annually	Introduce toll free number	0	DG	1	1	1	1	1
		Established PR section		Establish stand alone PR section	0	DG	1	0	0	0	0
Stakeholder	To strengthen coordination with key stakeholders	Number of MOUs reviewed	Annually	Review existing MOUs (LCS)	1	LCS	0	3	0	4	0
		Monitoring report	Annually	Monitor implementation of signed MOUs (LCS)	1	LCS	1	1	1	1	1
		Number of outreach	Quarterly	Conduct outreach activities on	1	CAP	2	2	2	2	2

Key Issues	Strategic Objective	Measure	Reporting Frequency	strategy	Baseline 2017	Responsibility	Target 2018	Target 2019	Target 2020	Target 2021	Target 2022
		meetings		AML/CFT (CAP)							
		Number of meetings with other agencies	Quarterly	Take a proactive approach to inter agency collaboration (DG)	0	DG	2	2	4	4	4
		Number of meetings attended	Quarterly	Maintain good relationships with international bodies (DG)	4	DG	3	4	4	4	4
		Number of meetings	Quarterly	Conduct domestic stakeholder coordination meetings	0	DG	4	4	4	4	4

## Annex 2: Risk and mitigation measures

Risks	Consequences	Mitigation Measures
Insufficient funds available to implement plans	Insufficient funding may affect the implementation of the plans.	<ul style="list-style-type: none"> <li>• Prioritise the funding of activities</li> <li>• Charging of fees</li> </ul>
Inflation	Negative expenditure variance	Proper forecasting
exchange	Negative expenditure variances	Proper forecasting
Negative perception of the organization	Withholding of information; Misinterpretation of every move by FIA	<ul style="list-style-type: none"> <li>• Sensitize the general public on the role of FIA</li> </ul>
Loss of key personnel	Shallow analysis and reporting FIA out-smarted by crafty financial criminals	Create a progressive work environment, career development growth and implement succession plan
Inability to keep pace with rapid technological changes in the industry	Inability to effectively provide intelligence FIA out-smarted by crafty financial criminals	Strengthen human capital and technological development
Lack of cooperation with key stakeholders	Difficult to acquire reports by the reporting institutions	<ul style="list-style-type: none"> <li>• Develop and implement a robust communication strategy</li> <li>• Strengthen communication and engagement with reporting institutions</li> </ul>
Lack of human, technical and financial capacity	Failure to effectively provide intelligence to deter financial crimes	Train staff Conduct training need assessment Conduct organization need assessment
Delay or lack of enactment of the enabling legal framework	Delay in enactment of Money Laundering bill	Lobbying with Government through line ministry to enact the bill
Political interference	Lack of independence provide independent intelligence	Develop corporate charter in line with the law