



REPUBLIC OF MALAWI

NATIONAL ADDRESS

BY

HIS EXCELLENCY

DR LAZARUS MCCARTHY CHAKWERA

PRESIDENT OF THE REPUBLIC OF MALAWI

**ON THE INVESTIGATIVE AUDIT REPORT
ON THE USAGE AND ACCOUNTABILITY
OF K6.2 BILLION COVID-19 DISBURSEMENT**

MTUNTHAMA STATE RESIDENCE

SUNDAY, 18TH APRIL 2021

Fellow Malawians

On 14th February this year, I interdicted dozens of controlling officers and district commissioners who were responsible for managing how 6.2 billion Kwacha was spent by their clusters in the fight against Covid-19 pandemic. I did this to prevent them from obstructing an investigative audit that I ordered the following week to expose the individuals and entities who abused those funds.

That audit report has now been completed and submitted to my office, and I stand before you to tell you what I am doing about what it reveals. Although some of you have already seen the report following my call for it to be released to the public, allow me to state the seven key findings of the report for the sake of those who have not yet read it:

1. K493 million worth of expenditure did not follow procurement procedures correctly.
2. K80 million worth of expenditure on allowances were irregular, including allowances of a Cabinet Minister.
3. K83 million worth of cash was not properly accounted for, including K12 million that vanished without a trace.

4. K39.7 million worth of fuel was not properly accounted for, including K7.6 million of fuel that went missing.
5. K23.6 million was spent wastefully without being budgeted for.
6. K1 billion that was allocated to some clusters to help in the fight against Covid-19 was left idle and unused.
7. Local Authorities were given funding without a basis or a budget.

In view of these findings, I am sure you can now see why I was right to order this audit. If it were not for this audit, we would have all remained ignorant about how much of the K6.2 billion was well spent, how much was unspent, how much was misspent, and how much was stolen. If it were not for this audit, we would all be left to believe the inaccurate reports submitted by those in the public service who have mastered the art of stealing public funds and covering their tracks. If it were not for this audit, we would all be left to believe the lies of those who wanted to discredit the audit before it came out and discredit those of us who have vowed to fight this cancer of corruption so that we do not pursue the culprits. If it were not for this audit, we would have no evidence of the crimes that have been committed or

the identities of those who committed them, which has the risk of punishing innocent civil servants together with the guilty ones. I must therefore thank so many of you who have been lending your voices to support my decision to see this audit report done and released. Without an active citizenry and a vigilant press calling for accountability, laws like the Access to Information Act that my Administration operationalized last year can still be rendered ineffective by corrupt government officials determined to hide their crimes.

But I can assure all of you that there is no place on earth where these criminals will hide. The outrage and anguish you all feel from reading this audit report is not only righteous, but also one that I personally feel, so am counting on your continued vigilance as we continue to join hands in fighting against this criminal enterprise until it is defeated. For my part, as the person you have trusted to lead you into battle, I promise that this audit is only the beginning, for I have every intention of conducting similar audits into other funds spent on Covid since before I took office, as well as audits into other public funds spent by various institutions. As a case in point, the infrastructure projects that my Administration is constructing across the country, including

the roads and bridges in the north that the Vice-President has been tasked to inspect until I appoint a Minister of Public Works, will also be subject to audits to catch those who use such projects as a chance to steal.

I have decided to use independent and investigative audits to ensure that our pursuit of thieves is backed by evidence that will stand up in court. And now that the evidence related to the K6.2 billion is before us, I am taking action. As I speak, over a dozen individuals suspected of committing the crimes exposed by this audit report have just been arrested by the Malawi Police Service. This includes an arrest at the Office of the President and Cabinet. There are no sacred cows. In fact, as other individuals that the evidence points to are identified and tracked down, there will be more arrests. So, I want all the thieves hiding in the civil service to mark my words: If the finger of evidence points to you as one of the thieves who stole Covid money for saving lives while hundreds of our people were dying of Covid, you are going to prison. On top of that, we will use the relevant laws to ensure that you pay back what you stole. Mubweza! Meanwhile, as those suspected of committing financial crimes are being arrested, I have also instituted a team

comprising representatives from the Department of Human Resource Management and Development, Ministry of Finance, Ministry of Justice, and my office, and this team is already identifying public officers implicated by this audit report. I have directed the Secretary to the President and Cabinet, Mr. Zanga-zanga Chikhosi, to interdict without pay those public officers on whose direct watch the financial mismanagement occurred. I have also directed him to ensure that those officers are referred to the relevant Service Commissions to either clear their names or be sanctioned and disciplined. Whether those public officers are senior or junior civil servants, I have directed him to see to it that disciplinary proceedings begin within 14 days.

As for the Minister of Labour, who was named by the audit report as having spent Covid funds amounting to K613 thousand on his allowances for a foreign trip, I have dropped him from my Cabinet accordingly. Even though the Minister has since returned the money, his usage of the funds means that the money was unavailable for its intended purpose when it was needed most. And I cannot have in my Cabinet any individuals who either spend money budgeted for one thing on something else or do not ask tough questions to

ensure that the money they are spending on something was budgeted for that purpose.

These actions notwithstanding, there are other actions that must be taken by other independent branches of Government and independent governance institutions, and I assure them of my Administration's full support to carry out their mandates. I want to mention a few of them and remind them of both the expectation that Malawians have of them and the duty that the Constitution places on them.

1. The Constitution places the mandate of arresting suspected criminals on law-enforcement agencies like the Malawi Police Service, the Anti-Corruption Bureau, and the Financial Intelligence Authority. For the first time in Malawi, these are working independently and are being funded adequately. As such, those of you running these institutions must stop letting the country down and do your jobs in bringing those implicated by this report to book, or else I will have you replaced.
2. The Constitution places the mandate of trying and sentencing criminals on the Judiciary, but I think I speak for all Malawians when I say that we do not want these

crimes to take years to adjudicate. I have therefore directed the Minister of Justice to engage the Chief Justice on the support the Judiciary needs to expedite the cases related to this K6.2 billion, as well as all open and past cases related to the theft of public resources.

3. The Law empowers the Public Procurement and Disposal of Assets Authority (PPDA) to enforce the government's compliance with procurement laws and procedures. I therefore call on this institution to do its job with a sense of urgency, including ensuring that all companies named in this audit report for defrauding Malawians, as well as the individuals who direct those companies, are debarred from supplying goods, works, and services to government forthwith.
4. Two months ago, I tasked the Vice President to form a Taskforce that will recommend radical changes to the structure of the entire civil service, as well as the entire system of allowances, employment contracts, and procurement in the public sector to root out corruption. Those recommendations are due for submission to my office in the next four weeks, after which we will take the

next steps towards my goal of overhauling this broken and rotten system from top to bottom.

In conclusion, let me say this to all of you. As far as I am concerned, anyone who steals or wastes public funds is a traitor to our country. The sad reality though is that there are so many public servants who are so eager to get rich that they are willing to defraud their own country. The other sad reality is that there are so many private citizens who are so eager to access public services and government contracts that they are willing to corrupt public servants to defraud their own country. If you are in that boat, then you can count me and my Administration among your enemies, because I will fight you until you are defeated, no matter how long it takes. Aside from that, I pray that God's curse will rest on anyone who steals even one kwacha of the public funds that God has entrusted us to use in serving Malawians.

Thank you for your attention.