



Decentralisation in Malawi: Risks and Opportunities

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Abstract

Malawi has implemented a decentralisation policy since 1998 as a means of consolidating democracy and accelerating economic development. However, implementation has been affected by several governance challenges across the main dimensions of decentralisation: political, administrative, and fiscal. The paper examines the implementation of decentralisation in Malawi through the lens of risks and opportunities. It discusses the risks and opportunities that decentralisation presents in the development space, and it analyses which of these outweighs the other. The paper argues that understanding both opportunities and risks is essential for informing policy choices and guiding implementation. It adopts an analytical approach and uses agency theory as its theoretical framework. To identify risks, the paper applies 'Failure Mode and Effects Analysis' (FMEA), a systematic and proactive risk assessment tool used to identify and mitigate potential failures in processes, designs, or services before they occur. Methodically, the paper draws on primary data obtained through key informant interviews and secondary data from relevant documentary sources. Data were analysed using content analysis. The study establishes that decentralisation reform in Malawi presents a range of risks and opportunities. The existence of a robust legal, policy, and institutional framework presents important opportunities, whereas capacity gaps, political patronage, financial resource constraints, financial mismanagement, and corruption constitute risks that threaten successful implementation. In the final analysis, the paper argues that the risks outweigh the opportunities, thereby hindering effective implementation of decentralisation in Malawi.

1.0 Introduction

Malawi adopted its decentralisation policy in 1998, following the enactment of the new Constitution in 1994. The policy is implemented through the devolution of governance and development powers and functions from central government to elected local government councils (Chiweza, 2021). Chapter XIV of Malawi's Constitution provides for the establishment of local government as a means of promoting economic development and consolidating democracy through citizen participation. Decentralisation is premised on the principle of subsidiarity, which requires functions to be performed at the level of government closest to the beneficiaries and decisions to be made close to the people affected by them (Government of Malawi [GoM], 2019). The subsidiarity perspective maintains that what can best be done at a particular level should be undertaken at that level rather than at higher levels (Awortwi, 2016). Accordingly, when a service is to be delivered at the local level, institutions at that level are best placed to provide it because of their proximity to local problems and their capacity to identify

appropriate solutions (Awortwi, 2016). In this sense, decentralisation is viewed as an important vehicle for delivering services to the citizens because of its proximity to local communities.

For the past three decades, Malawi has implemented decentralisation through a unitary local government system intended to bring the government closer to people (Chiweza, 2016). This system was expected to increase responsiveness to the people's needs. Chirwa (2014) similarly argues that bringing government closer to the people enhances service delivery by ensuring that local needs are better understood and addressed promptly. In this way, decentralisation is expected to improve efficiency in service delivery. In addition, consistent with the principle of subsidiarity, decentralisation is intended to limit government power vertically within a constitutional democracy (Banda, 2025). By distributing power to the lower tiers of government, decentralisation reduces the concentration of authority at the centre. Such a reduction in monopolistic decision making power is an important element of corruption control (Klitgaard, 1988). In other words, decision making authority is transferred from central government to lower levels of government. However, while some studies present decentralisation reform as a remedy for corruption, other scholars argue that decentralisation may create new corruption challenges by transferring opportunities for corruption from central government to the local level, where new avenues for abuse may emerge (Tambulasi & Kayuni, 2007).

Malawi's decentralisation trajectory has undergone three major phases. The first was the colonial period, from 1891-1961, during which decentralisation was implemented mainly through deconcentration. Under this management, central government delegated some responsibilities to lower tiers of government while retaining full accountability and control over power (Turner & Hulme, 2007). The second phase, from 1961 to 1964, involved devolution, whereby unitary local government structures were granted greater autonomy in decision-making at council level (Crawford and Hartmann, 2008). However, following Malawi's attainment of independence in 1964, the one-party era began and lasted until 1994. During this period, decentralisation reverted to deconcentration, with local councils granted only limited autonomy in their operations. This arrangement enabled the MCP one-party regime to consolidate power to the centre, leaving local government councils with little authority over their own affairs (Cammack et al., 2007; Tambulasi, 2011).

After the transition to democratic government in 1994, Malawi adopted a new Constitution that promoted decentralisation as a means of consolidating democracy and promoting citizen participation in matters affecting them. To date, decentralisation has been implemented for more than 30 years, with mixed results in relation to its objectives of improving service delivery and strengthening democratic governance. This paper focuses on decentralisation in the post-1994 period because of changing realities in its operating environment. These include globalisation and the liberalisation of the world economy, which have increased pressure on governments worldwide to adopt participatory governance as part of the pursuit of democratic values. In addition, institutional and administrative restructuring over the past three decades has changed the dynamics of decentralisation, creating both opportunities and risks that necessitate this study.

This study builds on earlier research showing that decentralisation is affected by governance deficiencies, including corruption, fraud, financial mismanagement, and waste (Chiweza, 2015; Tambulasi & Kayuni, 2007). Similarly, a 2023 audit report by the National Audit Office identified recurrent financial mismanagement in councils as a major challenge hampering decentralisation reform efforts. This study, therefore, interrogates the risks and opportunities that decentralisation presents in the development space, analyses which of these outweighs the other, and considers how this balance has shaped the implementation of decentralisation in Malawi.

Why decentralisation?

The modern, structured discourse on decentralisation began in the mid-1980s, when governments and institutions shifted away from ineffective, top-down development programmes (Manor, 1999). Decentralisation became preferred because it involves the distribution of power, decision-making authority, and resources from a central authority to local or distributed levels. Crawford and Hartmann (2008) define decentralisation as the transfer of

power, responsibilities, and finance from central government to sub-national levels of government. This definition assumes that power is concentrated at the central government level and that a shift is required to rebalance authority from the centre to peripheral levels of government. Decentralisation is therefore a means of reducing the power and size of central government, which are often associated with inefficiency (Sarma & Chakravarty, 2017). By transferring power from the centre, decentralisation can reduce the bureaucracy and give lower-tier governments autonomy to decide on their affairs and resources (Rodrik, 1990). In this regard, central government relinquishes some of its functions to decentralised governments. Under this arrangement, local government is expected to exercise control over its affairs with minimal interference from the central government. The underlying objective of decentralisation is to create a smaller and less hierarchical public service to improve efficiency (Minogue, 2002).

Decentralisation is also associated with improved public service delivery and the strengthening of local democracy (Chirwa, 2014). In a decentralised system, administrative efficiency may improve because local needs can be addressed more appropriately and programmes can be coordinated more easily (Sarma & Chakravarty, 2017). By contrast, centralisation is associated with lengthy bureaucratic processes in the public sector, which can contribute to inefficiency. Decentralising government is therefore one way of addressing this challenge because it reduces bureaucratic processes and facilitates the operation of government (Larbi, 1999). By reducing bureaucracy, services become more accessible to the beneficiaries at the local level. Similarly, because decentralised government is closer to the citizenry, services can be delivered more efficiently (Dunleavy & Hood, 1994). In addition, the adoption of decentralisation is viewed as a means of accelerating development and deepening democratic values by enabling people to participate in decisions that affect them (Tambulasi, 2011). Through participation, citizens not only take part in finding solutions to their problems and challenges but also develop a sense of ownership (Karikari, 2014). It is also argued that decentralisation improves the efficiency and effectiveness of service delivery by giving local-level managers greater latitude in decision-making (Battaglio & Condrey, 2009). The arguments suggest that decentralisation is desirable because it can enhance efficiency and effectiveness in the delivery of public services.

From a business perspective, decentralisation is also touted as a catalyst for accelerating economic development (Schoburgh, 2016). This is particularly evident in its potential to promote private sector growth. Lower tiers of government can provide support to businesses with less red tape than central government. This reduces delays that businesses might experience when seeking the same services at the central level. In this sense, decentralisation provides an enabling environment for promoting private sector growth. In addition, decentralisation can create opportunities for local businesses to thrive because they may be less exposed to monopolies in public procurement processes that are concentrated at the central level.

Decentralisation is also associated with increased accountability because it brings decision-making power closer to the people and allows them to question decisions made by public officials (Chowdhury & Panday, 2018). In this way, decentralisation provides local people with a platform for holding duty-bearers accountable. Increased citizen oversight can, in turn, encourage local officials to be more accountable to the people (Rajasekhar, et al., 2018). However, this depends on citizens' capacity and access to information. In the absence of these factors, accountability may be difficult to achieve.

2.0 Conceptual and theoretical underpinnings

The 2023 National Audit Report identified recurrent financial mismanagement as one of the major challenges affecting local councils. These challenges are attributed to weak enforcement of laws and lapses in oversight created by principal-agent problems. In this context, the ultimate principals are the citizens, represented by councillors. However, because citizens cannot provide all public services directly, they delegate authority to agents to act on their behalf (Carson & Prado, 2016). The principal prescribes the terms of engagement, and the agent is bound by these terms in pursuing the principal's interests. To maintain this relationship, the principal offers

incentives to the agent in the form of monetary compensation, salaries, and other benefits to encourage commitment to assigned tasks. The principal also establishes accountability mechanisms to ensure that the agent performs the delegated tasks. In the context of decentralisation, this theory applies to the relationship between government officials and citizens, where government officials are agents and citizens are principals. However, this contractual arrangement does not always achieve the intended results, as demonstrated by governance challenges such as corruption, inefficiency, financial mismanagement, and poor service delivery. The mismatch between the principal's expectations and the agent's actual performance is central to this study because it has implications for the performance of decentralisation. In principal-agent relationships, problems arise when agents' decisions diverge from those that would maximise the principal's benefits (Soudry, 2007). This agency problem is caused by information asymmetry whereby the agent has more information than the principal and therefore occupies a stronger position in the contractual relationship (Baye & Prince, 2022). This imbalance shifts power in favour of the agent and creates a potential source of conflict between the principal and the agent. To address this challenge, the principal establishes monitoring and oversight systems to ensure the agent's accountability. However, although monitoring mechanisms may exist, it can be difficult to hold the agent to account because of the principal's limited capacity and the high costs associated with monitoring and enforcement. Consequently, the achievement of decentralisation objectives may be affected by agency problems. The principal-agent framework is useful for understanding the functionality of decentralisation, particularly decision-making processes, incentives, formal accountability arrangements, and their effects on corruption and service delivery (Baez-Camargo, 2011). This framework helps determine whether decentralisation objectives are supported or hindered by the actions of actors in the course of executing their duties. Decentralisation is also hampered by the existence of multiple principals and agents who seek to advance their interests. For instance, members of parliament and councillors, both of whom may be construed as principals, are often in conflict because of their differing interests, which can ultimately undermine effective service delivery (Chaweza, 2016).

To complement the agency theory, the paper uses Failure Mode and Effects Analysis (FMEA) to identify and analyse risks associated with decentralisation. FMEA is a systematic and proactive methodology used to identify potential failures in a product, process, or system, along with their causes and effects. It helps organisations anticipate and mitigate defects, improve reliability, and prioritise actions based on risk (Stamatis, 2019). Each failure mode has an underlying root cause, which, when identified and analysed, informs the control and mitigation strategies to be used. FMEA uses the risk priority number (RPN) to calculate the overall risk using the formula:

RPN=Severity x Occurrence x Detection.

Using a 1–10 scale for each factor produces RPN values ranging from 1 to 1000. High-risk items require immediate corrective actions to reduce severity or occurrence, or to improve detection capabilities.

3.0 Methodology

A qualitative research approach was used in the study. A descriptive and exploratory design was adopted to develop an in-depth understanding of the factors that affect decentralisation in Malawi. Participants were purposively sampled to ensure that only those with characteristics relevant to the study were selected (Silverman, 2013). The study population comprised key actors and stakeholders in Malawi's local government system, including elected councillors, technocrats in council secretariats, officials from the Malawi Local Government Association, a local government expert from the Ministry of Local Government, businesspersons, and civil society representatives. A total of 16 participants took part in the study and were considered sufficient because data saturation had been reached. Participants were selected based on their relevance to the subject under study and their ability to provide information related to the research questions and theoretical ideas.

The study was conducted in Karonga and Lilongwe. According to the 2024 Local Government Performance Assessment (LAPA), Karonga was among the lowest-performing councils in service delivery. It was also selected

because its geographical and administrative profile includes both urban and rural characteristics. Lilongwe, on the other hand, performed satisfactorily in the LAPA and was considered appropriate for the study because it includes characteristics of both city and rural settings, thereby providing an opportunity to compare service delivery experiences across different contexts.

Data were collected through key informant interviews and desk research. The interviews were conducted in person using an interview guide, and a conversational interviewing style was adopted to allow participants to express themselves freely and to elicit the required information. Participants were generally asked about their experiences of decentralisation and their views on its risks and opportunities. To probe risks further, the study used the FMEA tool, through which participants were asked to identify and rank the risks associated with decentralisation. Data were analysed using content analysis.

4.0 Decentralisation opportunities and risks

Data from the study's key informants indicate that decentralisation presents both opportunities and risks. This paper therefore focuses on the risks associated with the implementation of decentralisation and the opportunities available for its more effective implementation. According to the key informants, the main risks include political patronage, corruption, and financial mismanagement. The paper also explores the opportunities, such as the legal, policy, and institutional frameworks in Malawi, that could enable decentralisation to have a meaningful impact.

4.1 Opportunities

Studies have shown that decentralisation works well when it is supported by national policy, enabling legislation, and international commitments. Malawi has an opportunity to make greater progress in decentralisation because it has supporting legal, policy, and institutional frameworks.

Legal framework

The 1994 Constitution and the Local Government Act, Cap 22:01 of 2017, are the primary legal frameworks governing the operation of local authorities in Malawi. Both the Constitution and the Local Government Act clearly stipulate that local authorities should have autonomy, thereby providing opportunities for the implementation of decentralisation. However, as noted by key informants and in the literature, these opportunities have not been fully utilised because of loopholes as noted by key informants and literature, legal framework and capacity challenges within local authorities. The Government of Malawi (GoM, 2024) notes that the 1994 Constitution designates local government authorities (LGAs) as the highest political authority in district or urban councils, with deliberative, legislative, and executive powers. However, the exercise of these political functions has often been hindered by the limited competencies of locally elected officials to guide and hold the administration to account, as well as by interference from the centre in local decision-making and implementation. From a principal-agent theory perspective, this situation points to oversight failure by the principal, who lacks the capacity to hold the agent to account. Similarly, political interference by councillors serving on behalf of citizens reflects a scenario of an "unprincipled principal" who fails to provide the necessary oversight because they are compromised and, in turn, fail to discipline the agent.

Furthermore, effective decentralisation requires legally mandated structures at the local level that are properly constituted to implement development activities. However, the data collected show that, in Malawi, existing lower-level structures, such as Area Development Committees (ADCs) and Village Development Committees (VDCs), were created administratively. These structures, therefore, lack the necessary legal authority to challenge decisions made by LGAs. According to one key informant, "The local structures are key to ensuring that development is well targeted and that it reaches the rightful beneficiaries; however, most of these local structures are not that powerful."

Supporting this assertion, the GoM (2024) also highlights that the lack of or limited provision for capacity development among these structures has further constrained their ability to participate meaningfully in and influence development inputs and outcomes at the local level. These deficiencies in knowledge among local structures compound information asymmetry problems, whereby the agent holds more information and can use this advantage to advance self-interest at the expense of the principal. This situation makes it difficult for the principal to provide the necessary oversight of the agent, thereby exposing decision-making processes to corruption risks.

Policy framework

Malawi launched its Decentralisation policy in 1998, and a revised edition was launched in 2024 to improve the first policy. The underlying philosophy of this policy is the principle of subsidiarity, which entails assigning governance and service-delivery responsibilities to the most appropriate level of government. This approach brings the government closer to the people at the lowest possible level. Decentralisation creates opportunities for grassroots participation through community empowerment and citizen engagement, enabling communities to engage directly with duty bearers and demand accountability, transparency, and timeliness in the delivery of quality services (GoM, 1998).

According to GoM (2024), the National Decentralisation Policy provides a guiding framework for the local government system. The policy is implemented in line with the Constitution of the Republic of Malawi and the Local Government Act, and is aligned with Malawi 2063. The policy is operationalised through the National Decentralisation Strategy, which translates the aspirations of Malawians into a tangible programme of action. This presents an opportunity for decentralisation to move from theory and rhetoric to practice. The policy identifies four priority areas: (a) local governance, (b) political decentralisation, (c) fiscal decentralisation, and (d) local development planning and infrastructural development. Under each priority area, the policy outlines strategies to achieve the objectives of that area. In addition, the policy sets out implementation arrangements, including institutional and coordination arrangements. Another key component is the implementation plan, which outlines each priority area in detail, the strategies to be used, the responsible entities, and the timeframe. This paper therefore posits that Malawi's policy framework for implementing decentralisation presents an opportunity to be seized. The 2024 second edition addressed weaknesses of the 1998 edition and provides a stronger basis for effective decentralisation.

Institutional framework

The legal and policy framework specifies the institutional framework through which decentralisation is to be implemented. The key institutions are the LGAs, including all local structures within each LGA. Other designated institutions include the Office of the President and Cabinet (OPC), whose role is to ensure that decentralisation and local governance issues are mainstreamed in policy formulation and review; promote coherence between the policy and other government policies and programmes; monitor the implementation of Cabinet directives on decentralisation and local governance; provide policy oversight; and ensure that issues affecting decentralisation and local governance are placed on the Cabinet Agenda. The Ministry of Local Government, Unity and Culture (MoLGUC) is the lead agency responsible for coordinating and implementing the policy, formulating guidelines, standards, and norms on devolution, establishing frameworks and mechanisms for supporting LGAs, and facilitating the strengthening of legal, policy, and regulatory frameworks for implementing the decentralisation process.

Other key institutions are the Ministry of Finance and Economic Planning, the National Local Government Finance Committee, and the Department of Human Resource Management and Development. With the foregoing, this paper concludes that the institutional arrangements outlined in the policy present an opportunity for decentralisation to work. Data from key informants also align with this assertion, although several key informants noted that, beyond mandating these institutions, coordination and collaboration among them are essential if

decentralisation is to have an impact. This finding is supported by Dreher (2006), who states that decentralisation can create coordination problems, thereby delaying or preventing reforms.

This paper argues that the opportunities created by the legal, policy, and institutional frameworks are manifested through various positive outcomes, including efficiency and increased economic welfare. Oates's (1972) theorem predicts greater efficiency in decentralised service delivery in terms of allocative efficiency. A second form of efficiency associated with decentralisation is production efficiency; that is, delivering a particular bundle of public services at minimum cost, which can then translate into improvements in the quality and quantity of services. Because education and health are among the most important decentralised services (Organisation for Economic Co-operation and Development [OECD], 2013), much of the empirical literature has focused on these two sectors. Empirical studies on the effectiveness of decentralisation in improving education outcomes vary in scope and focus. Most of these studies are indirect tests of allocative efficiency and examine the overall impact of reforms on expenditure and outcomes, such as enrolment rates and student performance. Several studies, discussed in Martinez-Vazquez et al (2017), have found that decentralisation positively affects education outcomes in Bolivia (Faguet, 2004), Switzerland (Barankay & Lockwood, 2007), Indonesia (Simatupang, 2009), and Colombia (Faguet & Sanchez, 2014).

Decentralised choice in the public sector, as in the private sector, provides an opportunity to increase economic welfare by tailoring levels of consumption to the preferences of smaller, more homogeneous groups. More centralised decisions typically involve relatively uniform levels of consumption, which can constrain the diversity of outputs needed to accommodate differences in preferences (Wallis & Oates, 1988).

The decentralised provision of public services provides a means of increasing economic welfare by differentiating levels of public outputs according to the demands of local constituencies. The magnitude of the potential gains from such decentralisation depends on the variation in optimal levels of public outputs across jurisdictions. If the optimal level of output varies little from one jurisdiction to another, the welfare losses associated with providing a uniform level of output of public services across all jurisdictions are likely to be relatively small. In such instances, the case for decentralised provision will be less compelling than contexts where desired outputs vary widely across areas.

Collective action

The involvement of various stakeholders in local governance presents an opportunity that can be leveraged to address corruption risks. For instance, in 2023, Malawi rejoined the open government initiative, which promotes citizen participation in public administration at all levels of government. Through the open government initiative, Civil Society Organisations participate in governance arrangements and can strengthen horizontal accountability. Improved CSO oversight can enhance accountability, which is a prerequisite for corruption control. Klitgaard's (1988) corruption formula, $C=M+D-A$, where C represents corruption, M monopoly, D discretion, and A accountability, suggests that increasing accountability can reduce corruption. From a principal-agent theory perspective, local council officials may have a monopoly over information because of their knowledge and expertise in policy implementation, while citizens, as principals, may lack comparable information. Officials may therefore use this information asymmetry to solicit rents. Strengthening oversight through citizen participation and CSO engagement can therefore support corruption control.

4.2 Risks associated with decentralisation

Although the opportunities outlined in this paper suggest that decentralisation can have positive effects, its impact on governance is not as straightforward as it may appear at first sight. The realisation of these benefits is also constrained by several risks.

Political patronage

Evidence suggests that the benefits of decentralisation have often been substantially overestimated. As Bierschenk and de Sardan (2003) report in their in-depth case study in Benin, decentralisation complicated political dynamics at the local level, thereby increasing local veto power and the number of actors benefiting from the state. In Benin, decentralisation appears to have increased the fragmentation of political arenas. Whether and to what extent, this relationship holds more generally remains an open question. However, this pattern is not unique to Benin, as some key informants also noted that decentralisation can exacerbate political patronage.

According to Sadanandan (2012), decentralisation advances patronage politics in three distinct ways. First, politicians distribute patronage to enhance their political support. Second, local elections provide central leaders with information about the geographical distribution of electorally salient voters, which they can use to target particularistic benefits. Third, elected local politicians may develop individual patronage-distribution strategies, either alongside or independently of the clientelistic strategies of the political parties they represent. Evidence from India indicates that decentralisation has contributed to a more extensive distribution of patronage in decentralised states. Similarly, a study conducted in Ghana by Bukari et al. (2025) found that decentralisation fosters patronage politics where political party considerations influence resource allocation.

Using the FMEA tool, the political patronage risk was assigned a risk priority number (RPN) of 640, which is very high (Refer to Table 1). This rating takes into account the severity of the risk and the impact on policy outcomes. The paper therefore concludes that political patronage is a significant risk with the potential to derail the implementation of decentralisation in Malawi.

Financial resource gaps

In terms of resource allocation, this paper finds that although the Local Government Act, Cap 22:01, provides for fiscal autonomy, LGAs continue to struggle to access funding. According to Chinoko (2024), LGAs have experienced persistent funding challenges, particularly in the 2024/2025 fiscal year. For example, 21.6 billion Malawi Kwacha had not been disbursed by the central government for November and December 2024. This paper found that, in general, LGAs have experienced inconsistent cash flows from the central government, restricting their ability to implement development plans. According to the Malawi Local Government Association (MALGA), although LGAs have been encouraged to generate their own revenue, the central government's monopolisation of key revenue sources remains a barrier. Dreher (2006) argues that central governments are likely to be less reform-oriented when more actors have veto power over policy enactment. Competition may also create a "race to the bottom", driving local tax rates below the level necessary to finance public goods and, consequently, weakening governance. Some key informants pointed out that;

"The central government holds on to power so that it can advance its political agenda using LGAs. As long as the LGAs do not hold fiscal power, they are still at the mercy of the Central Government in decision-making."

Martinez-Vazquez et al (2017) highlight that decentralisation implies the devolution of decision-making powers to subnational governments. This differs from deconcentration, whereby central government operations are decentralised without transferring decision-making authority. On this basis, it can be concluded that what is being implemented in Malawi more closely resembles deconcentration than decentralisation.

The failure of fiscal decentralisation represents an implementation risk for decentralisation. All key informants consulted in the study consistently agreed that there can be no meaningful decentralisation without fiscal decentralisation. Based on data from informants and other reports, this risk was assigned an RPN of 512, which is very high. This finding is supported by Chirwa (2014), who asserts that Malawi's local government system remains weak and underdeveloped because of its dependency on the central government for financial and key human resources, coupled with weak administrative capacity, limited experience, and inadequate grassroots participation in local authority affairs. Because most councils have a weak revenue base, they rely heavily on the

central government to finance most of their operational and development budgets. Consequently, the central government dictates the agenda because it controls the financial resources. This view aligns with Tambulasi (2009), who argues that the central government continues to maintain control over local affairs that should fall within the mandate of local councils, to the extent that ultimate authority remains at the central level. Ideally, local councils should be principally accountable to local citizens, who are the ultimate principals and should therefore be able to shape council agendas according to their needs and aspirations. However, full devolution has yet to be achieved, as the central government continues to set and guide broad policy direction for local councils (Kaarhus & Nyirenda, 2006).

Capacity gaps

Studies show that most local councils are characterised by weak political, financial and human resource capacity, resulting in inefficient and ineffective service delivery (Bergh, 2004; O'Neil et al., 2014). For instance, in the political dimension, many councillors lack the competence required to provide effective governance and oversight, partly because of low levels of education. Relatedly, the capacity of secretariat staff is also weak, compromising human resource and management systems. This weakness is attributed to high vacancy rates and the appointment of unqualified individuals to certain positions (Kalimila, 2019). Similarly, citizens, as the ultimate principals, face information asymmetry; they often lack the knowledge required to monitor agents, namely council officials, and hold them to account effectively. O'Neil et al. (2014) argue that citizens' knowledge gaps limit their ability to provide effective oversight of public officials and hold them accountable. Councils also suffer from serious financial challenges, largely because of their limited capacity to generate local revenue. As a result, there is overreliance on the central government for financial support. The lack of financial independence subjects councils to central government control, as the central government is obliged to monitor resources channelled to the councils. So long as councils do not attain financial independence, they will remain subject to central government influence, thereby undermining the prospects for full decentralisation (Banda, 2025).

From the above discussion, it can be argued that decentralisation has failed to fully materialise nearly 30 years after its adoption. The central government continues to maintain a firm grip on the affairs of local councils because of their weak capacity and lack of financial independence, which represents a risk to the implementation of decentralisation. This risk was assigned an RPN of 280, as it can be mitigated more easily than other identified risks. The Failure to delineate the council from the central government defeats the spirit of decentralisation and undermines the achievement of its objectives.

Corruption

Another risk associated with decentralisation is corruption. Corruption is defined as the abuse of power for private gain (Klitgaard, 2010), and it manifests in various forms, including bribery, extortion, abuse of office, fraud, and nepotism. The risks of corruption under decentralisation are particularly acute when there are insufficient checks and balances on public decision-making at the local level; in other words, when accountability is weak (Lanzaro and Larraburu, 2021). Accountability is conventionally understood in terms of the expectations that individuals will be required to verify and justify their actions to others and, where they are found to have deviated from established norms, will be sanctioned. In the preceding sections, this paper has highlighted that LGAs face capacity challenges. It has also shown that some local accountability structures, such as the ADCs and VDCs, are not legally established but operate administratively, which affects their ability to provide effective checks and balances. These conditions create a breeding ground for corruption.

According to reports from the Anti-Corruption Bureau (ACB, 2023 and 2024), corruption in LGAs often occurs at the point of service delivery. It should be noted, however, that corruption at the point of service delivery can occur in any system, including a centralised system. Nonetheless, the argument presented in this paper is that the lack of capacity in LGAs creates conditions that increase the risk of corruption at service-delivery points.

GoM (2024) highlights that the 1994 Constitution and 1998 Decentralisation Policy designate LGAs as the highest political authorities in district and urban councils with deliberative, legislative, and executive powers. However, their political functions have often been constrained by the limited competencies of locally elected officials to guide and hold the administration and hold it to account, as well as by interference from the centre in local decision-making and implementation.

Sector devolution has evolved over the past two decades, creating a need to provide explicitly for new functions or revise existing ones to align with emerging demands. However, councils' organisational and institutional frameworks have not evolved in tandem with these emerging demands. Most sector staff have now been devolved and integrated at council level, although this process has not yet been concluded in some sectors. Furthermore, the devolution of additional sectors is placing increased capacity demands on the Local Government Service Commission (LGSC), particularly in relation to staff recruitment, discipline, and capacity development (GoM, 2024). This situation is concerning because, when LGAs are not adequately capacitated, their ability to efficiently provide services is diminished. One key informant noted that, for example, in the area of procurement, LGAs lacked qualified personnel for a long time, including in accounts departments; consequently, the risk of corruption and mismanagement in LGAs was high. Using the FMEA tool, the risk of corruption was assigned an RPN of 810, which is very high and requires urgent attention.

This finding is also highlighted by Lanzaro and Larraburu (2021), who argue that governments in decentralised municipalities are likely to engage in more corruption than those in centrally administered municipalities. This expectation is consistent with the prevailing balance of evidence on decentralisation and corruption from recent comparative subnational studies on service delivery, which emphasise elite capture and related governance-reform pathologies across the Global South. This argument is centred on the fact that, under most conventional forms of decentralisation, local officials are given authority and discretion to make decisions about services and the management of street-level bureaucrats. Such discretion can create corruption risks, such as bribery, extortion, and nepotism. This risk was recently realised in Malawi during the recruitment process of Health Surveillance Assistants (HSAs) in LGAs. The ACB received numerous reports of bribery and nepotism during the process and issued an order halting the recruitment process until proper measures were put in place.

Financial mismanagement

Another risk associated with decentralisation is financial mismanagement. Several key informants noted that this risk is compounded by the lack of capacity to manage funds in local councils. In this regard, the study assigned financial mismanagement an RPN of 288, indicating that the risk can be managed with robust control measures. Chitete (2025) asserts that, for years, the capacity of local councils to manage public funds has been under scrutiny. In 2023, the Public Accounts Committee (PAC) of Parliament expressed concern about capacity challenges in the country's district councils, where many key positions were held in acting capacity. Similarly, a 2015 Tilitonse Fund Report found that local councils faced numerous audit queries relating to fraud and accountability of funds. In 2021, the Office of the Ombudsman released a report on the mismanagement of COVID-19 funds in LGAs. One of the key findings was that weak controls and limited oversight by responsible offices along the financial management chain characterise the management of public funds in district councils. Another example is the recent call by the World Bank for a refund of MK 1.3 billion funds under the Social Support for Resilient Livelihoods Project (SSRLP), which was reportedly mismanaged between the 2021 and 2023 financial years. According to Kang'ombe (2025), the councils initiated administrative inquiries and disciplinary actions against staff members found responsible.

Zarychta et al (2024) assert that one of the risks of decentralisation reforms is limited oversight by central or regional authorities. This limitation can increase the discretion of local leaders who may have limited capacity or be subject to weak accountability mechanisms. As a consequence, decentralisation reform may increase corruption

and mismanagement by local public officials, a possibility that raised concern among policymakers and researchers alike.

Table 1 presents a summary of the risk analysis using the FMEA tool.

Table 1: Failure Mode and Effects Analysis (FMEA)

System/Item/ Process Step	Potential Failure Mode	Potential Failure Effects		Causes		Current Controls		RPN
	How could the system/item/ process potentially fail?	Consequential impact on other systems, departments, etc.	Severity	All contributing factors	Occurrence	Prevention/ Detection	Detection	Risk Priority Number
Political decentralisation	Capacity gaps	Officers failing to execute their duties	8	Lack of resources for training Poor hiring practices	5	Local Government Service Commission	7	280
	Political patronage	Non-inclusive behaviour resulting in other patrons not supporting the agenda	1 0	Need to enhance political support	8	Not very evident	8	640
Fiscal decentralisation	Financial resource gaps	Programs not implemented	8	Shrinking government purse against competing demands	8	Not very evident	8	512
	Financial mismanagement	Programmes not implemented	8	Capacity gaps	6	Audits	6	288
Administrative decentralisation	Corruption	Policy outcomes not met	1 0	Poor controls Greed	9	Audits Forensic investigations	9	810

Severity	Rates the impact of a failure on a scale from 1 to 10. Higher scores indicate more serious effects on the system or process.
Occurrence	Measures how frequently a failure happens on a scale from 1 to 10. Higher scores reflect more common failures.
Detection	Assesses the likelihood that existing controls will catch the failure on a scale from 1 to 10. Higher scores indicate less likely detection.

RPN

Is calculated by multiplying severity, occurrence, and detection scores. Higher RPNs signal more urgent issues requiring attention.

Of the five key risk areas identified by the study, the analysis indicates that three risks have an RPN greater than 500, which is very high. High risks in any process or programme present challenges that can impede the successful implementation. It is from this backdrop that this paper concludes that the risks associated with decentralisation outweigh the opportunities and have therefore hindered the effective implementation of decentralisation in Malawi.

5.0 Policy recommendations

According to GoM (2024), the implementation of the 1998 Decentralisation Policy in Malawi faced several challenges, including weak institutional capacity, inadequate citizen engagement, and financial constraints. These challenges resulted in the slow pace of devolution, limited infrastructural and economic development, and poor service delivery. The second edition of the National Decentralisation Policy seeks to address these challenges. Nevertheless, this paper makes the following recommendations, drawn from key informants and the literature.

First, there is a need for enhanced coordination among all key institutions responsible for ensuring the effective implementation of decentralisation. The OPC, the Ministry of Local Government, the Department of Human Resource Management and Development DHRMD, the National Local Government Finance Committee, and the Ministry of Finance should strengthen collaboration among themselves. Second, LGAs should put measures in place to address corruption and the mismanagement of funds. Such measures may include strengthening audit functions within LGAs, capacitating institutional integrity committees with human and financial resources to mainstream anti-corruption initiatives within councils; conducting regular risk assessments; and maintaining updated risk registers to guide management in addressing identified risks.

6.0 Conclusion

This paper investigated the implementation of decentralisation in Malawi through the lens of risks and opportunities. The study notes that Malawi's local government system is supported by a robust legal, policy, and institutional framework, which provides an enabling environment for its operation. This framework is complemented by collective action initiatives involving multiple stakeholders in local governance. However, several risks continue to affect the full implementation of decentralisation.

The study has further revealed serious accountability challenges in councils, including weak monitoring and oversight systems, ineffective internal controls and limited council capacity to perform these functions. Inadequate safeguards have created an environment conducive to corruption. The study also revealed serious human resource management challenges that limit the capacity of councils to perform their function in some areas. Other challenges include inadequate citizen engagement and financial constraints. In addition, the paper established that councils face external interference from politicians and influential government officials who influence decision-making at the local level.

From the foregoing, this chapter concludes that corruption remains a significant risk to the realisation of the objectives of decentralisation. This is attributed to weak law enforcement and sanction mechanisms, a conflicting legal framework, politicisation of local activities and deficient knowledge systems, all of which create fertile ground for corruption. Nonetheless, the existence of a robust legal, policy and institutional framework presents an opportunity that, if properly leveraged, can enhance the effective implementation of decentralisation in Malawi.

Conflict of interest

The authors declare no known conflict of interest.

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