



# **Anti-money laundering and Counter-terrorist financing measures**

## **MALAWI**

**6<sup>th</sup> Enhance Follow Up Report and**

**2<sup>nd</sup> Technical Compliance Re-rating**

**April 2026**

Follow - Up Report





The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) was officially established in 1999 in Arusha, Tanzania through a Memorandum of Understanding (MOU). As at the date of this Report, ESAAMLG membership comprises of 21 countries and also includes a number of regional and international observers such as COMESA, Commonwealth Secretariat, East African Community, FATF, GIZ, IMF, SADC, United Kingdom, UNODC, United States of America, World Bank and World Customs Organization.

ESAAMLG's members and observers are committed to the effective implementation and enforcement of internationally accepted standards against money laundering and the financing of terrorism and proliferation, in particular the FATF Recommendations.

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**This report was approved by the ESAAMLG Task Force of Senior Officials at the April 2026 meeting in Arusha, United Republic of Tanzania.**

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## **MALAWI: 6<sup>TH</sup> ENHANCED FOLLOW-UP REPORT & 2<sup>ND</sup> TECHNICAL COMPLIANCE RE-RATING**

### **I. INTRODUCTION**

1. The Mutual Evaluation Report (MER) of Malawi was adopted by the Task Force and subsequently approved by the Council of Ministers in September 2019. This follow-up report analyses the progress of Malawi in addressing the technical compliance (TC) deficiencies identified in its MER. Re-ratings are given where sufficient progress has been made. Overall, the expectation is that countries will have addressed most if not all TC deficiencies by the end of the third year from the adoption of their MER. This report does not address what progress Malawi has made to improve its effectiveness.
2. The assessment of Malawi’s request for TC re-ratings and the preparation of this report was undertaken by the following experts (supported by the ESAAMLG Secretariat: Mofokeng Ramakhala, Kgomotsego Mooketsi, Edgar Mutebi and Tirivafi Nhundu): Ms Zenobia Barry (Namibia-Chair); Mr Vilho Nkandi (Namibia); Mrs Motsisi Mongati (Botswana); Ms Refilwe Nasha (Botswana); Ms Sarah Molale (Botswana); Mr Patrick Okettayot (Uganda); Mr Erivelto Teixeira Moreira Bastos (Angola); Ms Minervina ingles Lopes (Angola) and Ms Haja Lalao Razanamanana (Madagascar).
3. Section III of this report highlights the progress made by Malawi and the analysis undertaken by the Reviewers. Section IV sets out the conclusion and a table showing which Recommendations have been recommended for re-rating.

### **II. KEY FINDINGS OF THE MUTUAL EVALUATION REPORT**

4. The 2019 MER gave Malawi the following technical compliance ratings:

**Table 1. Technical compliance ratings, September 2019**

|             |             |             |             |             |             |             |             |             |             |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>R 1</b>  | <b>R 2</b>  | <b>R 3</b>  | <b>R 4</b>  | <b>R 5</b>  | <b>R 6</b>  | <b>R 7</b>  | <b>R 8</b>  | <b>R 9</b>  | <b>R 10</b> |
| LC          | PC          | PC          | C           | PC          | LC          | PC          | NC          | C           | LC          |
| <b>R 11</b> | <b>R 12</b> | <b>R 13</b> | <b>R 14</b> | <b>R 15</b> | <b>R 16</b> | <b>R 17</b> | <b>R 18</b> | <b>R 19</b> | <b>R 20</b> |
| C           | C           | C           | C           | PC          | PC          | C           | C           | C           | LC          |
| <b>R 21</b> | <b>R 22</b> | <b>R 23</b> | <b>R 24</b> | <b>R 25</b> | <b>R 26</b> | <b>R 27</b> | <b>R 28</b> | <b>R 29</b> | <b>R 30</b> |
| C           | LC          | LC          | PC          | PC          | C           | C           | C           | C           | C           |
| <b>R 31</b> | <b>R 32</b> | <b>R 33</b> | <b>R 34</b> | <b>R 35</b> | <b>R 36</b> | <b>R 37</b> | <b>R 38</b> | <b>R 39</b> | <b>R 40</b> |
| LC          | LC          | PC          | PC          | LC          | C           | LC          | C           | LC          | LC          |

5. In light of these results, Malawi was placed in the enhanced follow-up process and will continue to inform the ESAAMLG of the progress made in improving and implementing its AML/CFT measures.

### **III. OVERVIEW OF PROGRESS IN TECHNICAL COMPLIANCE**

6. Subsequent to the adoption of the 2019 MER, Malawi has submitted one (1) FUR with request for re-rating and has taken measures aimed at addressing the technical compliance deficiencies

identified in its MER. The FUR was published on the ESAAMLG website with upgraded ratings as shown in Table 1(a) below:

**Table 1 (a): Technical compliance following revision of ratings, April 2024**

|             |             |             |             |             |             |             |             |             |             |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>R 1</b>  | <b>R 2</b>  | <b>R 3</b>  | <b>R 4</b>  | <b>R 5</b>  | <b>R 6</b>  | <b>R 7</b>  | <b>R 8</b>  | <b>R 9</b>  | <b>R 10</b> |
| LC          | PC<br>(LC)  | PC<br>(C)   | C           | PC          | LC          | PC<br>(C)   | NC          | C           | LC          |
| <b>R 11</b> | <b>R 12</b> | <b>R 13</b> | <b>R 14</b> | <b>R 15</b> | <b>R 16</b> | <b>R 17</b> | <b>R 18</b> | <b>R 19</b> | <b>R 20</b> |
| C           | C           | C           | C           | PC          | PC<br>(LC)  | C           | C           | C           | LC          |
| <b>R 21</b> | <b>R 22</b> | <b>R 23</b> | <b>R 24</b> | <b>R 25</b> | <b>R 26</b> | <b>R 27</b> | <b>R 28</b> | <b>R 29</b> | <b>R 30</b> |
| C           | LC          | LC          | PC          | PC          | C           | C           | C           | C           | C           |
| <b>R 31</b> | <b>R 32</b> | <b>R 33</b> | <b>R 34</b> | <b>R 35</b> | <b>R 36</b> | <b>R 37</b> | <b>R 38</b> | <b>R 39</b> | <b>R 40</b> |
| LC          | LC          | PC          | PC<br>(C)   | LC          | C           | LC          | C           | LC          | LC          |

7. This section of the report summarises further progress made by Malawi to improve its technical compliance by addressing the TC deficiencies identified in its MER.
8. ESAAMLG welcomes the steps that Malawi has taken to improve its technical compliance with Recommendations 5, 8 and 33. Following this progress, Malawi has been re-rated Compliant with R5, Largely Compliant with R33 and Partially Compliant with R.8.

**9. Recommendation 5 – Terrorist Financing Offense**

|              | <b>Year</b> | <b>Rating</b> |
|--------------|-------------|---------------|
| <b>MER</b>   | <b>2019</b> | <b>PC</b>     |
| <b>FUR 1</b> | <b>2024</b> | <b>PC</b>     |
| <b>FUR 2</b> | <b>2025</b> | <b>↑C</b>     |

10. In its MER under the First Round of MEs, Malawi was rated Partially Compliant with the requirements of this Recommendation (formerly SR II). The main technical deficiencies were that: the penalty for entering into an arrangement to facilitate terrorist financing activities was not strengthened and the provisions related to the offence of terrorist financing have not been tested.
11. **Sub-criterion 5.1 is Met.** The legal framework has not changed to subject the sub-criteria for review. **The overall rating for c.5.1 remains Met**
12. **Sub-criterion 5.2 is Met.** The legal framework has not changed to subject the sub-criteria for review. **The overall rating for c.5.2 remains Met.**
13. **Sub-criterion 5.2bis is Met.** The FCA 2023 was amended to include the specific criminalization of this conduct. The specific provision introduced states that it is an offence to: "finance any person to travel to a state, other than a person’s state of residence or nationality, for the purpose of planning, perpetrating, or participating in a terrorist act or providing or receiving terrorist

training.” This law mirrors the requirements set out in FATF Rec 5.2bis. In conclusion, therefore, the country's legal framework, through the Financial Crimes Act, 2023, as amended, includes an explicit offence that incorporates all necessary elements of the financing of terrorist travel as specified in R. 5.2bis. ***The criterion is therefore considered as Met.***

14. ***Overall criterion 5.2:*** both criteria satisfy the FATF recommendations because the legal framework is comprehensive and in addition, criminalizes all forms of terrorism financing as contemplated under recommendation 5, which is therefore considered as a **Met**.
15. ***Sub-criterion 5.3 is Met.*** In the MER, the assessors noted that the definition of “fund” is not consistent with the definition given under the TF Convention as well as under the FATF Glossary. In the absence of the definition of the term “funds” Assessors could not ascertain if the provision extends to any funds or other assets whether from a legitimate or illegitimate source. To achieve this, Malawi re-defined the definition of funds under amended Section 2 of the of the Financial Crimes (Amendment) Act, 2023 (Act No. 23 of 2023) and the definition means “a medium of exchange or store of value, whether corporeal or incorporeal,” and now explicitly includes documents or instruments in any form that now includes either electronic or digital, as evidenced by the inclusion of the word “digital currency”. The definition also includes money, share certificates, and bearer negotiable instruments, or any other similar instruments. This revised definition, which covers items as "corporeal or incorporeal" and includes "digital currency", ensures the legal scope covers modern forms of value, such as virtual assets (VAs). Malawi then enacted the Financial Crimes (Amendment) Act, 2025 in which Section 2 of this Act specifically defines 'funds' as 'an asset of any kind... however acquired...' The inclusion of the specific phrase 'however acquired' within the primary legislation ensures that the definition extends to assets from any source, whether legitimate or illegitimate, consistent with the Terrorist Financing Convention and the FATF Glossary. Therefore, the deficiency that was previously noted regarding the source of funds has been fully addressed. Given this background, ***the criterion is upgraded to Met.***
16. ***Sub-criterion 5.4 is Met.*** The legal framework has not changed to subject the sub-criteria for review. ***The overall rating for c.5.4 remains Met.***
17. ***Sub-criterion 5.5 is Met.*** The legal framework has not changed to subject the sub-criteria for review. ***The overall rating for c.5.5 remains Met.***
18. ***Sub-criterion 5.6 is Met.*** The legal framework has not changed to subject the sub-criteria for review. ***The overall rating for c.5.6 remains Met.***
19. ***Sub-criterion 5.7 is Met.*** The legal framework has not changed to subject the sub-criteria for review. ***The overall rating for c.5.7 remains Met.***
20. ***Sub-criterion 5.8(a) is Met.*** The legal framework has not changed to subject the sub-criteria for review. ***The overall rating for c.5.8(a) remains Met.***
21. ***Sub-criterion 5.8(b) is Met.*** The legal framework has not changed to subject the sub-criteria for review. ***The overall rating for c.5.8(b) remains Met.***
22. ***Sub-criterion 5.8(c) is Met.*** The legal framework has not changed to subject the sub-criteria for review. ***The overall rating for c.5.8(c) remains Met.***

23. **Sub-criterion 5.8(d) is Met.** The legal framework has not changed to subject the sub-criteria for review. **The overall rating for c.5.8(d) remains Met.**

**The overall rating for criterion 5.8 is Met.** The country addressed the criminalisation of related Terrorist Financing acts, including the attempt to commit the offence (5.8(a)), participation as an accomplice (5.8(b)), organizing or directing others (5.8(c)), and making a contribution to the commission of the offence 5.8(d).

24. **Sub-criterion 5.9 is Met.** The legal framework has not changed to subject the sub-criteria for review. **The overall rating for c.5.9 remains Met.**

25. **Sub-criterion 5.10 is Met.** The legal framework has not changed to subject the sub-criteria for review. **The overall rating for c.5.10 remains Met.**

### **Weighting and conclusion**

26. Malawi has addressed all the previous deficiencies that were previously identified under recommendation 5. This was done through legislative amendments to acts such as the Financial Crimes Act, then rectified gaps regarding the financing of terrorism travel (criterion 5.2 bis) and under criterion 5.3, the definition of funds which now includes electronic and digital forms. In addition, the deficiency is that no law covers the financing of travel, though the TF offence can partly mitigate the gap as the financing of training and “upkeep” is covered under Sec 43(3) of the Principal Act, which now makes it an offence to “provide financial support for the training, upkeep etc. **Given this background, Recommendation 5 is therefore upgraded from Partially Compliant to Complaint.**

### **27. Recommendation 8 – Non-Profit Organisations (NPOs)**

|              | <b>Year</b> | <b>Rating</b>                 |
|--------------|-------------|-------------------------------|
| <b>MER</b>   | <b>2019</b> | <b>NC</b>                     |
| <b>FUR 1</b> | <b>2024</b> | <b>-</b>                      |
| <b>FUR 2</b> | <b>2025</b> | <b>↑PC (re-rated from NC)</b> |

28. The 2019 MER found that although Malawi’s laws required NGO registration and allowed authorities to obtain information from NPOs, these measures were not aimed at addressing TF risks. Authorities had not conducted a comprehensive review of the NPO sector, implemented risk-based supervision, or engaged NPOs to raise TF awareness. Since then, Malawi has reviewed the NGO Act (2022), conducted an NPO sector risk assessment (April and June 2025), and a TF Risk Assessment (2024) to address these gaps.

29. **Criterion 8.1 was rated Not Met in the MER.** Malawi had not adequately reviewed its NPO sector to map its size, activities, or characteristics to identify those vulnerable to TF abuse. Authorities had not assessed threats or methods of NPO abuse by terrorist entities, nor reviewed the adequacy of existing measures to apply risk-based approaches. Additionally, there was no framework or capacity to obtain timely information on NPOs’ activities or features to identify potential TF vulnerabilities.

30. **Sub-criterion 8.1(a) is Met.** Malawi conducted the NGOs’ risk assessment in the May 2018 NRA. It was however, not meeting the requirements for mapping, determining size, and features of

the NPOs which fall under the subset of the FATF definition. This was addressed through the undertaking of NPOs' separate risk assessments which were done in April 2025 and updated again in June 2025. The participation of relevant stakeholders in the risk assessments showed a good representation from across all the applicable sectors. The methodology used by Greenacre Associates and implemented by a Technical Group comprising representatives from NGORA, FIA, CONGOMA, Centre for Human Rights and Rehabilitation, Malawi Human Rights Commission, Reserve Bank of Malawi, Registrar General's Department, Islamic Association of Malawi, Malawi Council of Churches, International NGO Forum, Local NGO Forum, Community Based Organisations coalition, District networks, Human Rights Consultative Committee, Youth Organisations, National Intelligence Service, Anti-Corruption Bureau (ACB), Immigrations Department, Malawi Police (Fiscal and Counter Terrorism Departments), and various banks. The working group implemented the necessary variables for mapping of the NPOs size, features and activities, and the assessment identified a subset of organisations falling within the FATF definition, which were NGOs, Community Based Organisations, and Youth Organisations. Relevant sources of information were also used in the risk assessment to include interviews, data requests, questionnaires, FIU STR information, data on financial inflows and outflows to FATF NPOs, surveys, and legal reviews. The assessment identified the following features and types of NPOs which by virtue of their activities or characteristics, are likely to be at risk of TF abuse:

- *Unregistered NPOs*
- *NPOs rating themselves as a big risk of being misused of TF*
- *NPOs that don't conduct formal risk assessment and do not provide training to staff on TF*
- *NPOs that do not check the legitimacy of donors*
- *NPO provide services to foreign countries*
- *NPOs that obtain permits for foreign citizens*
- *NPOs that receive cash donations from unknown sources.*

In view of these, **therefore, c.8.1(a) is considered Met.**

31. **Sub-criterion 8.1(b) is Met.** Overall, the risk assessment for NPOs conducted in April 2025 and further updated in June 2025, noted that there were no cases of NPOs involved in TF in Malawi. In this context, the overall inherent risk of terrorist financing abuse of NPOs in Malawi was assessed as very low. This is consistent with the findings of the 2024 NRA, which had an overall TF risk for the country as low. The relevant findings of the NRA were that there were no known terrorist groups or cells that are active in Malawi; no entities are domestically designated under the Financial Crimes (Suppression of TF and Proliferation) Regulations 2017; no known cases of funds raised in and/or moved out of Malawi for use in financing of terrorism within or outside of the country; no known cases of domestic based terrorists targeting home or foreign jurisdictions; no known cases of terrorists on a global scale targeting Malawi; and no known cases of Malawians participating as foreign terrorist fighters. Malawi is also perceived as a low-risk jurisdiction in the terrorist financing context both domestically and internationally. The 2024 TF risk assessment revealed that the nature of threats and how terrorist actors abuse those NPOs include: the existence of terrorism in neighbouring countries alongside the growing significance of trade, tourism and trafficking routes connecting Malawi to these states poses an increased risk to NPOs operating in Malawi, confirmed cases of terrorism linked to ISIS have been reported in the Republic of South Africa, the existence of other known terrorist groups operating in neighbouring states: Al Shabaab and its affiliates in Africa, including Al Sunnah Wa Jama'ah in Mozambique (as evidenced by attacks in Palma in 2021, Cabo Delgado Province), other African terrorist groups including Boko Haram are known to be operating in the wider southern Africa / sub-Saharan region. There are no connections to or use of NPOs for terrorist

financing identified in the Mutual Evaluation Report (MER), the National Risk Assessment (NRA), or the quantitative data and other reports analysed. **Therefore, c.8.1(b) is rated as Met.**

32. **Sub-criterion 8.1(c) is partly Met.** Malawi has amended the NGO Act, the Financial Crimes Act and the NGO Policy to improve governance and compliance of NGOs. The authorities have indicated to have undertaken focused, proportionate, risk-based measures to protect NPOs from terrorist financing abuse. However, the measures contained in the NGO Policy did not specifically target the NPO subset sector that may be abused for TF so that proportionate and effective action is taken to address the risks identified, and no review has been conducted on the adequacy of the measures. While the sectoral risk assessments of the NPO sector review the effectiveness of various measures, including laws and regulations to mitigate the risk of TF abuse of the NPO sector, it is unclear whether the authorities have consequently adapted their adequacy to be able to take proportionate and effective action to address the risks identified. **Therefore, c.8.1(c) is rated as Partly Met.**

33. **Sub-criterion 8.1(d) is Not Met.** Although Malawi conducted an update of the NPO risk assessment in June 2025, which included a review of the NPO sector, there is no clear mechanism in place for the NPO regulator to periodically reassess the sector by reviewing new information on the sector's potential vulnerabilities to terrorist activities to ensure effective implementation of measures. Furthermore, there is no framework in place to ensure that the vulnerabilities of the NPO sector to terrorist financing are kept current through regular reviews, meaning new or emerging risks might not be captured. Because the review mechanism is absent, the authorities cannot demonstrate that the evolving nature of the NPO sector (in terms of size, features or activities) is being monitored for changes that could affect terrorist financing risk exposure, **hence c.8.1(d) is rated as Not Met.**

34. In conclusion, while basic oversight and identification mechanisms exist, Malawi has not reviewed the adequacy of measures targeting the subset of NPOs that may be abused for TF, to apply proportionate and effective actions to address the risks identified under c.8.1(c), nor set up a process for regular reassessment of those risks as the sector evolves under c.8.1(d). As a result, the country's framework lacks a risk-based approach, limiting its ability to focus resources and monitoring on the most vulnerable parts of the sector. **Criterion 8.1 is therefore re-rated as partly Met.**

35. **Criterion 8.2 is partly Met.** In the previous 2019 MER, the criterion was rated as not met. The shortcomings identified were that although legal or regulatory provisions existed on having in place clear policies to promote accountability, integrity, and public confidence in the administration and management of NPOs, there were however, no or insufficient practical policy measures, guidance or documented programmes in place to help NPOs protect themselves from TF abuse. Furthermore, there were no measures in place for ongoing outreach or education programmes on TF issues, and the NPO sector had not been engaged to develop best practices, address TF risks, or promote the use of regulated financial institutions. Additionally, charitable trusts under the Trustees Incorporation Act were not subject to a similar requirement.

36. **Criterion 8.2(a) is Partly Met.** The identified gaps in the previous MER showed that the regulator/supervisors (NGOs and Companies Act)'s legal provisions had requirements in place to have clear policies to promote accountability, integrity and public confidence in NPO administration/management, but the authorities have not provided evidence of any concrete policy measures or guidance that NPOs can use to protect themselves from TF abuse. Therefore, gaps remain in having in place proper clear procedures and practical policy guidance, which

shows a lack of specific measures likely to promote responsibility/integrity of NPOs in Malawi. **Hence, criterion 8.2(a) is therefore rated as Partly Met.**

37. **Criterion 8.2(b) is Partly Met.** The NGORA and FIA have signed an MoU which obligates the two institutions to conduct joint AML/CFT/CPF training for NPOs. The authorities have begun outreach sessions with NPOs, but it was unclear whether the sessions covered the donor community or included development/refinement of best practices to address terrorist financing vulnerabilities, so the evidence was limited. The extent of these trainings was also limited as they did not include or cover the sector terrorist financing risks, obligations, and the measures to undertake to protect themselves against TF abuse. **Therefore, criterion 8.2(b) is rated as Partly Met.**
38. **Criterion 8.2(c) is Not Met.** The authorities have not yet developed best practices to address terrorist financing risk and vulnerabilities that seek to protect NPOs from terrorist financing abuse, **hence, criterion 8.2(c) remains Not Met.**
39. **Criterion 8.2(d) is Met.** There is now a legal requirement in place, under the new Regulation 23(e) of the Financial Crimes (Money Laundering) Regulations, 2020. NGORA is mandated to encourage NGOs to transact using regulated financial and payment. An advisory note had been issued by NGORA to NGOs for them to use regulated financial channels. An advisory note has been issued by NGORA to NGOs for them to use regulated financial channels in September 2025. Various awareness activities have been undertaken by the authorities on the importance of using regulated financial channels by NPOs. **Therefore, criterion 8.2(d) is considered Met.**
40. In conclusion, while some progress has been made under criteria 8.2(a) and 8.2(b) through limited policy measures and outreach initiatives, these efforts remain insufficient and fragmented. More critically, criterion 8.2(c) is not met, as there are no concrete mechanisms or collaboration frameworks established to develop and promote best practices within the NPO sector. Overall, the deficiencies reflect an incomplete and inconsistent approach to fostering accountability, awareness, and resilience against terrorist financing abuse in the NPO sector. **Criterion 8.2 is therefore re-rated as Partly Met.**
41. **Criterion 8.3 is Partly Met.** The main shortcomings in the previous 2019 MER were that, although Malawi had partially assessed the risks and vulnerabilities within its NPO sector, it had not established risk-based supervision or monitoring measures for NPOs that may be vulnerable to terrorist financing abuse. Malawi's new legal framework now includes monitoring provisions under Regulation 23(g) of the Financial Crimes (Suppression of Terrorist Financing and Proliferation) as amended in 2023, as read with S.18(c) of the NGO Act as amended in 2022. The NGO Act designates NGORA as the entity responsible for monitoring and supervising NPOs. While the NPO sector terrorist financing risk was rated low, However, there is no distinction made between NPOs with exposure to a high TF risk compared to those with a low TF risk or no risk at all. A risk-based approach therefore is limited in its application. **Hence, criterion 8.3 is re-rated Partly Met.**
42. **Criterion 8.4 is Partly Met.** The deficiencies identified in the 2019 MER indicated that most legal requirements under this Recommendation were missing from the existing NPO laws, leaving NPOs unbound to comply and authorities unable to enforce compliance. Penalties under the NGO Act were minimal and not proportionate or dissuasive, with no clear sanctions for natural persons. While the Companies Act provided penalties for both natural and legal persons, there

were no equivalent provisions for charitable trusts, highlighting gaps in legal coverage, enforcement, and proportional sanctions. Therefore, the criterion was not met.

43. **Sub-criterion 8.4(a) is Partly Met.** NGORA has been mandated to monitor and undertake risk-based measures for NPOs. The Authority has wide powers under the Act to register, de-register, conduct inspections, institute audits, institute criminal or civil proceedings or issue administrative sanctions. These have been provided under the new provisions Regulation 23(g) of the Financial Crimes (Suppression of Terrorist Financing and Proliferation) as amended in 2023, as read with S.18(c) and (d) of the NGO Act as amended in 2022. However, due to the infancy of its supervisory regime, the authorities have only partly commenced monitoring the compliance of NPOs with the requirements of this Recommendation. NGORA has not developed a framework for risk-based monitoring of the NPOs that they supervise. **Hence, criterion 8.4(a) is re-rated as Partly Met.**
44. **Sub-criterion 8.4(b) is Partly Met.** Malawi has new legal provisions in place which empowers NGORA to impose sanctions, the law has been amended to increase the penalties to be imposed by NGORA, under S.18(d) and S.34(1) & (2) of the NGO (amendment) Act, 2022, which mandates NGORA to apply effective, proportionate and dissuasive sanctions for violations by NPOs or persons acting on behalf of these NPOs. The fines are monetary or imprisonment for individual trustees. However, the legal framework reveals significant weaknesses in enforcing accountability within the NPO sector. There are no clear provisions empowering authorities to remove trustees, CEOs, managers, or any person acting in a similar capacity when an NGO fails to comply with its legal obligations. This absence of explicit authority undermines effective governance and allows non-compliant individuals to remain in control of NGO operations. Moreover, the legal framework lacks provisions enabling the freezing of bank accounts or other financial measures such as sanctions against non-compliant entities or their officials. The absence of such enforcement and sanctioning mechanisms exposes a major gap in deterrence, oversight, and the overall integrity of the NPO regulatory system. **Hence, criterion 8.4(b) is re-rated as Partly Met.**
45. Although NGORA has been legally empowered to monitor NPOs and apply sanctions under recent legal amendments, implementation remains weak. For c.8.4(a), there is no evidence of active monitoring or application of risk-based measures, and for c.8.4(b), while sanctioning powers exist, enforcement mechanisms are limited, lacking authority to remove officials of the NPOs or freeze assets. These gaps in operationalization and deterrence justify an overall rating of partly met. **Hence, criterion 8.4 is re-rated as Partly Met.**
46. **Criterion 8.5(a) is Partly Met.** In the 2019 MER Malawi did not meet the criterion, as there were no measures in place to ensure effective co-operation, co-ordination and information-sharing to the extent possible among all levels of appropriate authorities or organisations that hold relevant information on NPOs. NGORA has MoUs signed with the FIA and the NIS which are in force since June 2018 and July 2025 respectively. Additionally, there are new legal provisions provided in the Financial Crimes (Suppression of Terrorist Financing and Proliferation) (Amendment) Regulations, 2023 under Part VII, Regulation 23 for NGO sector profiling, risk assessment, outreach and cooperation requirements. NGORA also participates in the National AML/CFT Task Force activities. However, the co-operation, co-ordination and information-sharing mechanisms are limited as they do not extend to other competent authorities like immigration, registrars, supervisory authorities and investigative authorities, limiting the state's ability to detect and respond to TF misuse of NPOs. **Therefore, criterion 8.5(a) is re-rated as Partly Met.**

47. **Criterion 8.5(b) is Partly Met.** Although the legal framework provided some mechanisms for oversight, it lacked clear, enforceable measures to ensure effective supervision and accountability of NPOs. Furthermore, there were no established procedures for on-going compliance monitoring, nor adequate provisions for corrective actions when deficiencies are identified. These gaps undermined the ability to maintain transparency and prevent misuse within the sector. Hence, the criterion was not met in the 2019 MER. Regulation 23(1) (i) of the Financial Crimes (Suppression of Terrorist Financing and Proliferation) (Amendment) Regulations, 2023 now empowers NGORA to develop and implement a framework to guarantee full access to information on the administration and management of NGOs as may be required during the course of an investigation. The investigative authority on terrorist financing rests with the Malawi Police Service. NGORA has also been empowered under Regulation 23 (1) (j) (i) – (iii) of the Financial Crimes (Suppression of Terrorist Financing and Proliferation) (Amendment) Regulations, 2023, to establish mechanisms that ensure that, when there are reasonable grounds to suspect an NGO’s involvement in terrorist financing, whether as a front, conduit, or through diversion of legitimate funds, such information is promptly shared with competent authorities for appropriate action. However, it is not clear that NGORA has the necessary investigative capability and capacity to examine NPOs suspected of being misused for terrorist financing or supporting terrorist activity. **Hence, criterion 8.5(b) is re-rated as Partly Met.**
48. **Criterion 8.5(c) is Met.** There have not been any legal changes in place to warrant the review or re-rating of this criterion since the previous 2019 MER, **hence, criterion 8.5(c) remains Met.**
49. **Criterion 8.5(d) is Partly Met.** Malawi was rated not met in the 2021 MER as it did not have appropriate mechanisms to ensure that, when there is suspicion or reasonable grounds to suspect that a particular NPO: (1) is involved in terrorist financing abuse and/or is a front for fundraising by a terrorist organisation; (2) is being exploited as a conduit for terrorist financing, including for the purpose of escaping asset freezing measures, or other forms of terrorist support; or (3) is concealing or obscuring the clandestine diversion of funds intended for legitimate purposes, but redirected for the benefit of terrorists or terrorist organisations, that this information is promptly shared with competent authorities, in order to take preventive or investigative action. This has been addressed by new legal provisions that empower NGORA under Regulation 23 (1) (j) (i) – (iii) of the Financial Crimes (Suppression of Terrorist Financing and Proliferation) (Amendment) Regulations, 2023, to establish mechanisms that ensure that, when there are reasonable grounds to suspect an NGO’s involvement in terrorist financing, whether as a front, conduit, or through diversion of legitimate funds, such information is promptly shared with competent authorities for appropriate action. However, operational gaps still exist, albeit the legal provisions in place for oversight, are not supported by practical tools or protocols for detecting and reporting suspicious NGO activities linked to terrorist financing. The absence of operationalised information-sharing mechanisms or clear procedures undermines effective risk mitigation. **Therefore, criterion 8.5(d) is re-rated as Partly Met.**
50. While the country has established certain legal foundations and initiated cooperation mechanisms to support information sharing and coordinated action regarding TF risks in the NPO sector, implementation remains weak and uneven across all sub-criteria. Operational coordination is limited, investigative capacity is insufficient, and practical information-sharing channels are not fully effective. Based on the above analysis, the shortcomings are considered moderate, and **therefore, the overall re-rating of criterion 8.5 is considered Partly Met.**
51. **Criterion 8.6 is Not Met.** In the 2019 MER the criterion was rated not met, because Malawi did not have points of contact and procedures to facilitate the prompt sharing of information with

competent authorities in order to take preventive or investigative action regarding particular NPOs suspected of terrorist financing or involvement in other forms of terrorist support. Malawi has designated NGORA as the identified point of contact, under the new provisions (Regulation.23(1)(k), (2) and (3) of the Financial Crimes (Suppression of TF & Suppression) (amendment) Regulations,2023), to respond to international requests for information regarding particular NPOs suspected of terrorist financing or involvement in other forms of terrorist support. However, there are no clear procedures in place that have been established by NGORA to respond to international requests for information. **Therefore, criterion 8.6 is re-rated as Not Met.**

**Weighting and conclusion**

52. Malawi has determined the numbers of NPOs that fit within the FATF definition [c.8.1(a)] and conducted a risk assessment of NPOs to identify the nature of TF risks posed to them [c.8.1(b)]. Malawi has limited investigative powers and cooperation to combat abuse of TF [c.8.5] and there are no clear procedures in place that have been established by NGORA to respond to international requests for information [c.8.6]. Malawi’s outreach and educational programmes are limited to raise and deepen awareness among NPOs, and has not worked with the sector to develop and refine best practices [c.8.2(b) and (c)]. Measures are in place to encourage NPOs to conduct transactions via regulated financial and payment channels [c.8.2(d)]. Additionally, Malawi does not have in place focused, proportionate and risk-based measures to address the TF risks identified in line with the risk-based approach. This affects criteria 8.1(c), 8.3 and 8.4(a) which are all partly met and are given more weight given the importance of the risk-based approach to oversight and monitoring of NPOs. **Recommendation 8 is therefore upgraded from non-compliant to Partially Compliant.**

**53. Recommendation 33 – Statistics**

|              | Year        | Rating                        |
|--------------|-------------|-------------------------------|
| <b>MER</b>   | <b>2019</b> | <b>PC</b>                     |
| <b>FUR 1</b> | <b>2024</b> | <b>PC</b>                     |
| <b>FUR 2</b> | <b>2025</b> | <b>↑LC (re-rated from PC)</b> |

54. **Criterion 33.1 is mostly Met.** Malawi’s FIA is mandated under S.4(c) of the Financial Crimes Act (FCA) to create and maintain a database of statistics and records on matters relevant to the effectiveness and efficiency of the objectives of the Act. The country statistics submission does confirm that Malawi maintains data covering all four mandatory areas specified in Criterion 33.1.

55. (a) For STRs, Malawi demonstrated that they were compliant with the compliance with the FATF standards. For example, between 2019 and 2025, the FIA received reports across key sectors that included MVTs with 1,666, banking was 1,433, the general public submissions were 44, other entities such as casinos and law firms, other authorities, and threshold transactions. The cross-border MVTs STRs addressed suspected illegal externalisation, while banks reported corruption, tax evasion, and fraud. The FIA disseminated 131 STRs to competent authorities, which resulted in 26 ML cases under investigation or prosecution. Overall, the outcomes of these submissions included prosecutions, tax recoveries, and asset preservation.

56. For the maintenance of comprehensive statistics on ML/TF investigations, prosecutions, and convictions, this is enabled by the Financial Crimes Act (FCA), which mandates the FIA under

S.4(c) to maintain a database of statistics on matters relevant to the effectiveness of the Act. The process of compiling and updating statistics submitted by Law Enforcement Agencies to FIA is on a quarterly basis (currently a manual system).

From the statistics submitted from 2019 to 2025, Malawi managed 51 ML-related cases linked to predicate offences. These included 29 fraud/forgery cases, 8 corruption cases, 9 illegal externalization cases, 3 tax related cases and 2 IWT cases. For the predicate offence outcomes, there were 5,636 corruption cases registered worth K24.12b, with 38 convictions, 25 externalization cases 346 tax cases valued at K34.29b and 348 IWT cases with 267 convictions and only 2 tied to ML. The major ML/Illegal Wildlife Trade convictions include Lin Yunhua (14 years) and Li Hao Yuan (11 years). From 130 FIA disseminations, 26 ML cases are reported to be under investigation/prosecution, with the Malawi Revenue Authority, Malawi Police Service, and the Anti-Corruption Bureau handling key files/cases. Then for TF, there was only 1 case in the year 2022 that was investigated pre-criminalisation. It states that the suspect was convicted of other offences. TF became criminalised in 2023.

57. For property freezing, seizing and confiscation, Malawi maintained these statistics. For example, between 2019 and 2024, Malawi froze K32.02 billion in funds linked to 44 ML-related cases, with the largest freeze occurring in 2023 (K30.04b across 6 cases). Significant Preservation Orders included K930.2m (Silumbu & Kaonga, 2024), K100m (Zahra Ali, 2024), K12.3m in mobile wallets (Chigamula, 2022), and K117.9m (Chisale, 2021). Cumulatively (2019–2025), 39 Preservation Orders secured K31.21b, 100 vehicles, 34 residences, 6 commercial buildings, and 1 lodge. Two restraining orders involved properties and K101m. Confirmed forfeitures include farm equipment worth K19m (ACB, 2025) and an MK18m bond (Mphwiyo, 2024). Seizures included K2.02b, 9 properties, 5 vehicles, and arms. Restitutions totaled K1.298b, mainly from Batatawala, Savala, and Kumwembe cases.
58. Lastly, on matters related to Mutual legal assistance or other international requests for co-operation made and received, from 2019 to 2025, Malawi maintained detailed statistics on international cooperation, demonstrating active engagement in legal and financial intelligence exchanges. In Mutual Legal Assistance, Malawi made 10 outgoing requests and received 5, addressing crimes like money laundering, fraud, and corruption, with partners including South Africa. Extradition data shows 3 outgoing requests to countries such as Kenya and Zimbabwe, and a notable 27 incoming requests from jurisdictions like Rwanda and South Africa for offenses including genocide and theft. Additionally, between 2019 and 2024, Malawi's Financial Intelligence Authority was highly proactive, sending 101 information requests and receiving 39 from foreign FIUs. This cooperation, facilitated through secure channels with partners in Africa, Europe, and Asia, saw an average response time of 3 to 6 weeks.
59. Despite these improvements, minor deficiencies remain in the comprehensiveness of the data. The statistics remain largely manual, which affects their being up to date at any given time. Additionally, data concerning Mutual Legal Assistance “MLA” is not yet fully developed. These shortcomings, while not undermining the overall availability of statistics, indicate that the framework is not fully robust. **Therefore, Criterion 33.1 is considered as Mostly Met.**

### ***Weighting and conclusion***

60. Malawi has made progress in strengthening its statistical AML/CFT framework, specifically through the FIA's expanded mandate and regular data collection. However, the statistics are not yet fully comprehensive. The reliance on manual systems and the gaps in data regarding Mutual

transitional in nature. **Consequently, the overall rating is upgraded from Partially Compliant to Largely Compliant.**

#### IV. CONCLUSION

61. Malawi has made significant overall progress in resolving the technical compliance shortcomings identified in its MER and ratings for 3 Recommendations have been revised. The jurisdiction has addressed the deficiencies in respect of Recommendations 5 (NC), 8 (NC) and 33 (PC). The Reviewers recommend upgrading the rating for R.5 with Compliant (C), R.8 to Partially Compliant (PC) and R.33 to Largely Compliant (LC).

62. Given the progress made since the adoption of its MER, Malawi’s technical compliance with the FATF Recommendations has been revised as shown in the table below:

**Table 2. Technical compliance following revision of ratings, March 2026**

| Recommendation  | R5       | R8        | R33       |
|-----------------|----------|-----------|-----------|
| Previous Rating | PC       | NC        | PC        |
| Re-rated to     | <b>C</b> | <b>PC</b> | <b>LC</b> |

Note: Four technical compliance ratings are available: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

63. Overall, in light of the progress made by Malawi since the adoption of its MER, the re-ratings for its technical compliance with the FATF Recommendations should be considered and approved by the ESAAMLG Task Force of Senior Officials Plenary as follows:

**Table 3. Technical compliance following revision of ratings after the adoption of the Malawi MER, March 2026**

| R 1  | R 2         | R 3               | R 4        | R 5              | R 6         | R 7        | R 8               | R 9  | R 10 |
|------|-------------|-------------------|------------|------------------|-------------|------------|-------------------|------|------|
| LC   | <b>(LC)</b> | <b>(C)</b>        | C          | PC<br><b>(C)</b> | LC          | <b>(C)</b> | NC<br><b>(PC)</b> | C    | LC   |
| R 11 | R 12        | R 13              | R 14       | R 15             | R 16        | R 17       | R 18              | R 19 | R 20 |
| C    | C           | C                 | C          | PC               | <b>(LC)</b> | C          | C                 | C    | LC   |
| R 21 | R 22        | R 23              | R 24       | R 25             | R 26        | R 27       | R 28              | R 29 | R 30 |
| C    | LC          | LC                | PC         | PC               | C           | C          | C                 | C    | C    |
| R 31 | R 32        | R 33              | R 34       | R 35             | R 36        | R 37       | R 38              | R 39 | R 40 |
| LC   | LC          | PC<br><b>(LC)</b> | <b>(C)</b> | LC               | C           | LC         | C                 | LC   | LC   |

Note: Four technical compliance ratings are available: compliant (C), largely compliant (LC), partially compliant (PC), and non-compliant (NC).

64. Malawi will remain in enhanced follow-up and will continue to inform the ESAAMLG of the progress made in improving and implementing its AML/CFT measures.