

## **MINISTRY OF AGRICULTURE AND FOOD INDUSTRIES\***

### **THE MANAGEMENT OF FOOD SECURITY FUND PROGRAMME UNDER PRIHATIN**

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#### **Main Points**

#### **What we examined?**

- The Government had announced an Economic Stimulus Package to ease the burden of citizen and business community during the Covid-19 outbreak. Food Security Fund Programme was one of the programmes that had been announced under the package with an allocation of RM1 billion.
- Food Security Fund Programme was implemented through four strategies; Prihatin Rakyat Economic Stimulus Package or PRIHATIN (RM190 million), National Economic Recovery Plan or PENJANA (RM250 million), allocations to the state (RM100 million) and development projects (RM460 million).
- The Audit only covered the Food Security Fund Programme under PRIHATIN, with allocations of RM190 million. The Audit was conducted to evaluate whether this programme had been managed economically, efficiently and effectively in order to achieve the objective of ensuring food supply remains secure and sufficient during the pandemic Covid-19 by encouraging domestic production.
- The Audit covered two key areas, namely programme performance and programme management, for the period from 2020 until 2021. Programme performance was evaluated based on two key areas; the performance of output and outcome. The evaluation of programme management consisted of procurement management and usage of equipments.
- The Audit involved four agencies; Federal Agricultural Marketing Authority (FAMA), Farmers Organization Authority (LPP), Malaysian Pineapple Industry Board (LPNM) and the Malaysian Fisheries Development Authority (LKIM). This audit was carried out on six programme scopes involving 1,248 projects.

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\* Now known as the Ministry of Agriculture and Food Security

**Why it is important to audit?**

- To evaluate whether all assistance to farmers/breeders/fishermen through the Food Security Fund Programme under PRIHATIN has achieved its objective of ensuring food supply remains secure and sufficient during the pandemic by encouraging domestic production.

**What we found?**

- Overall, based on the audit scope, it can be concluded that the management of the project is satisfactory with 78% of the project has been successfully completed within the specified period. However, the outcome of the programme was not fully achieved because part of the project was still in the implementation phase/ has not been started until the end of 2021 which affects the production target. The programme management is less satisfactory from the aspect of procurement management and usage of equipment that affected the targeted recipients getting optimal benefit from the programme. Weaknesses that need to be addressed are as follows:
  - All agencies did not meet the production target/recipient of the prescribed incentives during the pandemic.
  - LKIM's decision to propose the appointment of its subsidiary that does not have the capacity to operate has resulted in the procurement process for two projects coming to a halt and the project not being able to start until the end of the year 2021.
  - Failure to identify the implementation method for the Pasar Nelayan Mobile project has resulted in the project and 2 related projects still not commencing until the end of 2021.
  - A sum of RM521,180.16 has been paid by FAMA for the first payment of the computer rental procurement which was not included in the scope of the Food Security Fund Programme.
  - 16 types of equipment supplied by LPP, LPNM and LKIM were not used. The overall value for the 15 types of unused equipment amounted to RM1.33 million while the value of the other equipment could not be determined because the procurement was done in bulk.

**What do we recommend?**

- To address the weaknesses, the Audit recommends the following actions:
  - Programme implementation monitoring to be carried out constantly involving all levels to ensure that the programme is well implemented, allocations are spent according to the planning and the equipment supplied is used optimally.
  - MAFI and agency to set up indicators to evaluate the achievement of programme objectives including ad hoc programmes to ensure the programme effectiveness.

