

MINISTRY OF HOUSING AND LOCAL GOVERNMENT

THE MANAGEMENT OF URBAN POVERTY ERADICATION PROGRAMME

Main Points

What we examined?

- The Urban Poverty Eradication Programme is implemented by the Ministry of Housing and Local Government (KPKT). This programme consists of three initiatives, namely Urban Poor Home Repair Programme, Urban Poor Home Build Programme and Urban Community Economic Empowerment Programme (PEKB).
- Local Authority is the implementing agency for Housing Programme (Urban Poor Home Repair Programme and Urban Poor Home Build Programme) while Non-Governmental Organization (NGO) is the implementing agency for PEBK.
- The Audit was conducted to evaluate whether the management of the programme has been implemented economically, efficiently and effectively to achieve its stipulated objectives.
- The Audit covered two key areas, namely the performance activities and the management activities for the period of Eleventh Malaysia Plan (11th MP) and Twelfth Malaysia Plan (12th MP) as at 31th December 2021.
- The performance activities were evaluated based on the two key areas, specifically the performance of output and outcome. While the management activities were evaluated based on the three areas, specifically the financial performance, the management of Housing Programme and the management of PEBK.
- The Audit involved Community Wellbeing Division, KPKT; Implementation Coordination Unit, Prime Minister's Department; Department of Statistics; and Local Authorities.

Why it is important to Audit?

- Increased government concerned about poverty eradication as well as improving the wellbeing of the *rakyat*.
- Various government programmes and initiatives have been implemented aimed to reduce the poverty.

What we found?

- The Audit was conducted to ensure the programme achieve its objectives and have benefited the target group.
- Overall, based on the scope of the audit, it can be concluded that although the output performance of the programme is achieved, the approved aid is not distributed evenly and accurately to the target group. The outcome of the programme is also not fully achieved because there are still participants who do not generate income to get out of the poverty line. In addition, the management of the programme is less than satisfactory because there are still weaknesses that can be improved so that the target group can benefit optimally. Some weaknesses that need to be given attention are as follows:

PPKB Performance

- A total of 2,300 targeted participants in 2016 were not achieved as the implementing agency failed to carry out the work for 113 participants and the remaining five participants were cancelled because their houses were not economical to repair.
- Simpang Renggam District Council, Cameron Highlands District Council and Nabawan District Council have never submitted the application for Housing Programme during 11th MP period.
- Approved house repaired/constructed for 39 participants amounting of RM620,000 aid were not carried out by Kota Kinabalu City Hall and Kota Belud District Council.
- A total of 2,193 participants (15.8%) lived in the rural areas.
- A total of 309 participants (12.5%) failed to generate the set minimum income.
- A total of 25 participants (50%) did not utilize the equipment; and 36 participants (72%) were still in the poor/hardcore poor category.

Housing Programme Management

- Nine Local Authorities did not have a dedicated bank account for the programme; and 22 Local Authorities have the unspent account balances range between RM11,808.43 to RM2.06 million with a total balance of RM4.82 million.

- 17 Local Authorities did not ensure the application forms were completed; 10 Local Authorities did not conducted a site visit to verify the poverty status and physical condition of the house; 15 Local Authorities did not have eKasih User ID; and 10 Local Authorities did not submit application form for the applicants verified in the Focus Group Meeting for purpose of verification and registration in the eKasih.
- A total of 603 participants (6.6%) were not registered in the eKasih; 472 participants (5.6%) received home repair/rebuild assistance from other government agencies too; and aid received by 1,974 participants (23.3%) were not updated in the eKasih.
- Works were not implemented/not fully implemented in accordance with specification resulting improper payment amounting of RM402,046.

PEKB Management

- NGO A was appointed for the three consecutive years due to available remaining budget amounting to RM2.59 million during that period; and both NGO B and C were re-appointed despite unsatisfactory performance.
- Participants' survey and verification were not conducted by four NGOs.
- Replacement of participants were made without approval of KPKT by a company appointed by NGO Y entitled a refund to government amounting of RM210,000 (the remaining RM50,000 has not yet been obtained as of Jun 2022).
- Penalties for delayed delivery amounting to RM0.62 million can be imposed on NGOs.
- Equipment supplied by NGOs did not meet specifications/payment.
- Equipment not used by 10 participants worth RM18,315.
- Accommodation, food and beverage payments made to NGOs in excess of the set rate resulted in overpayments amounting to RM9,210.

- NGOs did not carry out monitoring six times, but the fourth payment totaling RM222,700 to NGOs was made in full without deduction.

What do we recommend?

- To overcome the weaknesses highlighted and to ensure that no recurrence in the future, the National Audit Department recommends the following actions:
 - KPKT need to review the eligibility criteria to ensure the aid would be given to the actual target group (urban B40 group) and no redundancy.
 - KPKT need to review the selection process and the course offered to the participants by considering their needs and market demand so that income can be generated optimally and continuously thus help them out of poverty.
 - KPKT shall assess the need/mechanism to manage unutilized equipment to avoid losses for the government.
 - KPKT need to focus on effort to improve the coordination, monitoring and evaluation mechanism to achieve the target goals effectively.