

Executive Summary

- 1 | The Sustainable Development Goals (SDGs), adopted by all United Nations (UN) Member States in 2015, reflect the global drive to eradicate poverty, safeguard the environment and promote peace and prosperity among all by 2030. This review, which focuses on SDG 1, is in line with the role of supreme audit institutions in conducting reviews that measure progress on particular goals, thereby contributing to the successful realisation of the SDGs. SDG 1, as defined by the 2030 Agenda for Sustainable Development, aims to 'end poverty in all its forms everywhere'. This review focuses on Government's efforts at addressing poverty, considers whether these efforts were comprehensive, effective and inclusive, and assesses the extent of progress achieved in addressing poverty.
- 2 | Of note is that the consideration of the effects of COVID-19 on poverty falls outside the scope of this review. It is envisaged that the impact of this pandemic on poverty will be significant; yet, since fieldwork for this review was conducted at the start of the pandemic and given that this is as yet an ongoing situation, it would have been premature for the Office to attempt to consider its effect in detail.
- 3 | The first question that the National Audit Office (NAO) sought to address related to whether progress has been registered in the alleviation of poverty. Answering this question is no straightforward task, as poverty remains a complex, dynamic and multi-faceted issue, which characteristics render its measurement challenging and raise concerns relating to completeness.
- 4 | According to the UN, Malta has successfully achieved the target relating to the eradication of absolute poverty, measured in terms of persons earning less than \$1.90 or \$3.20 per day. While this achievement is acknowledged, one must note that the UN has not yet reported on progress registered in relation to its targets and indicators corresponding to relative poverty. National efforts do not only focus on the eradication of absolute poverty but also aim to alleviate relative poverty. Although the complete eradication of relative poverty remains a likely insurmountable endeavour, its reduction through various measures is certainly possible.
- 5 | The national target with respect to poverty is the lifting of 6,560 persons from the risk of poverty and social exclusion. Since this target does not relate to a net reduction, then progress registered cannot be measured with current data collection mechanisms. Nevertheless, the NAO was able to measure progress in terms of the yardsticks available through the European Union Statistics on Income and Living Conditions (EU SILC) data. This data plays a central role in assessing progress towards the European Union's (EU) target of reducing the number of people at risk of poverty and social exclusion (AROPE) by 20 million by 2020. EU SILC data for 2018, which was the latest data available at the time of analysis, was assessed against that of 2008, which year represents the baseline year for monitoring progress against the Europe 2020 targets, and 2015, which corresponds to the year of adoption of the SDGs.
- 6 | This Office is of the opinion that, in certain respects, substantial progress has been registered, duly evidenced in the statistics relating to AROPE and more significantly in respect of material deprivation (MD) and severe material deprivation (SMD). However, the NAO notes a regression in terms of the number of persons at risk of poverty (ARPT60i) and the corresponding prevalence rate, which have increased during the periods under review. Issues raised by the ministries, government entities and commissions, non-governmental organisations (NGOs) and academics consulted by the

NAO were deemed as valid insights into areas where additional efforts are required to achieve further headway in the alleviation of poverty.

- 7 | In the case of the AROPE indicator, the rate decreased from 20 per cent in 2008 to 19 per cent in 2018, and from 23 per cent in 2015 to 19 per cent in 2018. The number of persons AROPE decreased by 10,432 between 2015 and 2018 yet increased by 9,022 for the period 2008 to 2018. This increase in headcount (despite a decrease in the rate) can be explained in terms of a substantial increase in the total population observed in the period 2008 to 2018.
- 8 | The number of persons who are MD decreased by 13,957 between 2008 and 2018, from 54,711 (13.7 per cent) in 2008 to 40,754 (8.7 per cent) in 2018. A similar decrease was registered between 2015 and 2018, with the number of persons who are MD decreasing by 26,274 in this period, from 67,028 (15.5 per cent) in 2015 to 40,754 (8.7 per cent) in 2018. A similar pattern of improvement was registered with respect to SMD, albeit to a lesser extent, for the period 2008 to 2018 when compared to 2015 to 2018. The number of persons classified as SMD decreased by 3,024 between 2008 and 2018, from 17,270 (4.3 per cent) in 2008 to 14,246 (3.0 per cent) in 2018. More significant was the decrease in the number of persons experiencing SMD between 2015 and 2018, where a decrease of 22,400 persons was registered, from 36,646 (8.5 per cent) in 2015 to 14,246 (3.0 per cent) in 2018. In this Office's opinion, when considering the brevity of the period 2015 to 2018, the staggering improvements registered in terms of the reduction of MD and SMD are commendable.
- 9 | When considering ARPT60i, the EU SILC data indicates an increase between 2008 and 2018 (15.3 per cent to 16.8 per cent), and again between 2015 and 2018 (16.6 per cent to 16.8 per cent), albeit marginal in the latter period. Persons are classified as ARPT60i if their equivalised disposable income falls below the 60 per cent of the national median equivalised disposable income, which stood at €8,868 in 2018. In real terms, the number of persons ARPT60i increased from 61,256 in 2008 to 78,685 in 2018, and from 71,712 persons in 2015 to 78,685 in 2018. In the NAO's understanding, these statistics indicate that in terms of this indicator for measuring relative poverty, a regression has been registered.
- 10 | The NAO sought to obtain further insight into whether progress was achieved in terms of the alleviation of poverty by engaging with NGOs and academics involved in the sector. On balance, the collective assessment of the NGO representatives and academics on progress registered with respect to the reduction of poverty was not positive. Key considerations raised by these contributors that substantiated their assessment of the stunted progress focused on the increase in living expenses and standard of living not matched with an equivalent increase in income, translating into households unable to cover basic expenses and resulting in more families seeking financial support from NGOs. Other points comprised the growing polarisation in wealth distribution and the improvement in the standard of living, which fuel the persistence of relative poverty and personal perceptions of poverty. Reference was also made to the increasing complexity of social problems and the increase in material deprivation among vulnerable groups such as older persons, those with mental health issues and sub-groups of the local migrant community. Housing issues, including the increase in homeless persons and persons living in non-residential properties or sub-standard housing, were highlighted.
- 11 | In reconciling the evidence obtained from the analysis of EU SILC data and the feedback from the NGOs and academics, the NAO is of the understanding that, through contact with their service users, the NGOs may be experiencing peripheral poverty that is not captured in the EU SILC. In line

with the EU methodology, the population of interest for the EU SILC is restricted to all individuals living in private households in Malta and Gozo. Consequently, persons living in collective households or institutions, such as hospitals, old people's homes, residential homes, faith-based institutions and boarding houses, correctional facilities, those who are homeless, migrants living in closed or open centres, and asylum seekers who have not reached the six-month residency requirement are excluded from the target population and are not eligible to participate in the EU SILC since they are out of scope. In this respect, the NAO is of the understanding that current statistics do not provide a complete picture of poverty in Malta. The underrepresentation of poverty is more substantial to the extent that the poverty rates for those who are not part of the target population, for those who are not captured in sampling frames, for sampled individuals who cannot be reached, or for those who fail to respond to the survey request are higher than the rates for those who participate in the EU SILC.

- 12 | The second aspect of analysis that the NAO sought to address related to whether Government's efforts were sufficient, effective and whether they addressed all vulnerable groups in the alleviation of poverty. The NAO's assessment is generally positive, although scope for improvement exists.
- 13 | In terms of sufficiency, significant efforts have been undertaken by Government in the alleviation of poverty, evidenced by the substantial investment made, as well as the diverse programmes, initiatives and schemes intended at different target groups. These efforts were also amply acknowledged by the stakeholders engaged by the NAO. Specific sectors that registered substantial improvements in terms of service provision, reach and uptake of services, and impact on the social and financial well-being of households, included the education, employment, housing, social services, domestic violence and disability sectors. The most notable measures in education comprised investment in training and educational opportunities, the removal of examination fees and the provision of free transport to all students, after-school programmes in public schools, meals, school resources and electronic apparatus. With respect to employment, efforts were undertaken to incentivise employers to recruit vulnerable individuals, and reskilling training was provided to persons who are at risk of poverty to allow these individuals to better match the evolving requirements of the job market. The significant progress registered in the housing sector was evident in terms of the various schemes introduced. These included schemes that subsidise rents when renting from the private sector, provide social loans, allow for the purchase of property in partnership with Government, waive the down payment requirement through agreement with banks, increased capacity in terms of social housing units, and others that address the needs of specific vulnerable groups. Progress registered with respect to social services related to the establishment of the Social Care Standards Authority, the reduction of waiting times for services, the provision of social outreach services and food packages to families in need, and the enhancement of government structures working with disadvantaged groups. In relation to the domestic violence sector, improvements noted entailed efforts to render more prompt the response to victims, the offering of immediate shelter and legal aid when necessary, as well as a scheme to facilitate long-term residential arrangements. Key improvements in the disability sector related to changes in the social benefit system that provided for better rates and extended the eligibility to a higher number of beneficiaries. Other improvements relate to the provision of services, schemes and programmes that subsidise personal assistance, equipment and transport, ameliorate employment opportunities, provide respite care and allow for more inclusive community living.

- 14 | This Office's attention was drawn to important legislative changes, policy developments, as well as effectively implemented measures and initiatives. Specifically cited in this regard were broad efforts at strengthening economic growth, consequently spurring job creation, and the introduction of tax rebates. In this respect, this Office notes that the proportion of the general population aged 16 years and over that are in employment has increased in the period under review. Various positive changes were effected with respect to the social benefit system, including the widening of eligibility criteria and the increase in benefit amounts, the introduction of new benefits, as well as other initiatives such as the tapering of benefits intended to encourage uptake in employment and decrease dependence on social benefits. Several cross-cutting improvements were also noted. These related to new synergies emerging through the public social partnerships (PSPs) entered by Government and various NGOs, the further development of case management to address fragmentation in service delivery and improve coordination between service providers, as well as substantial efforts intended to build and retain professional capacity within the sector. Other cross-cutting improvements comprised simplification measures intended to reduce bureaucracy, improve accessibility and increase efficiency in terms of the timely processing of benefits, as well as efforts intended to ameliorate outreach capabilities to ensure access and augment the effectiveness of services delivered.
- 15 | In considering whether Government's efforts have been sufficient, some gaps and areas where further efforts are required were noted. Stakeholders referred to the need for more holistic, resource-intensive and long-term interventions; a greater community focus in planning, governance and service delivery; the consistent inclusion of educational elements in social care, family support and community services; as well as further housing schemes. The unmet needs of several vulnerable groups, and recommendations to address them, were highlighted by various stakeholders.
- 16 | The NAO acknowledges the substantial investment and efforts undertaken by Government in its drive to alleviate poverty. However, these efforts are not sufficient on all fronts and certain gaps remain. This Office recognises that in view of the complexity of poverty, its changing and endemic nature, the shifting profile of those most at risk, and factors beyond the control of Government that exacerbate risk, efforts by Government at any one point in time can never be considered sufficient. Ever-expanding diverging needs require consistent and a correspondingly augmenting investment, as well as proactive, targeted and diversified measures to address these needs.
- 17 | With respect to whether Government's efforts addressed the needs of all vulnerable groups, contributors recognised that certain demographic groups, or groups facing specific social or health problems, were more susceptible to experience poverty and that current services and benefits were not always sufficient or adequate to address their specific needs. Groups cited included disadvantaged children, such as children leaving residential care and children coming from low socio-economic backgrounds, older persons, informal caregivers, single parents, migrants, persons with disability, individuals with physical or mental health issues, victims and survivors of domestic violence, persons with criminal convictions and persons who have experienced marital dissolution. The extent of vulnerability experienced by each of these groups varied significantly, contingent on the nature of the vulnerability and the type of unmet need identified.
- 18 | Consistent with the perspectives expressed by the stakeholders engaged, the NAO's analysis of salient EU SILC indicators disaggregated by demographic categories clearly indicates that certain groups are more vulnerable than others. Disparities in ARPT60i, AROPE and MD were noted across

gender, age, activity status, housing tenure status, health indicators, overcrowding status, household type and geographic categories. Generally, greater vulnerability was found for persons who are female, not of working age, unemployed or inactive, have a chronic illness or condition, are limited in activity due to health issues and live in overcrowded residences. Although vulnerability was noted in various household type categories, those deemed most at risk were individuals residing in single parent households with dependent children. In terms of geographic location, although variations were observed across salient indicators for different years, the consistent vulnerability of the Southern Harbour region was evident.

- 19 | The NAO is of the opinion that while Government has undertaken several measures that positively address the vulnerabilities of particular groups, sustained efforts are required to more effectively reach all vulnerable groups. The review of official statistics on poverty and the feedback sourced from stakeholders provide insight into the systemic disadvantages of demographic groups and areas of welfare that require more attention, which insight can further direct Government in the design of efforts to alleviate poverty.
- 20 | The NAO's attention was drawn to various issues related to the effectiveness of Government's efforts as flagged by stakeholders. The main concerns relate to service quality, accessibility, capacity constraints, excessive bureaucracy and matters relating to the implementation of legislation and policy.
- 21 | Recommendations for improvement put forward by the stakeholders in this respect included additional case management capabilities across relevant ministries, the need to further reduce bureaucracy through simplification efforts, and increased monitoring and evaluation of services. Other recommendations related to the appointment of qualified and competent persons with diverse backgrounds to boards tasked with assessing eligibility for benefits, as well as the sustained recruitment and retention efforts for trained and specialised human resources. Various recommendations to address service accessibility issues, including long waiting lists, fear of stigma, lack of awareness on the availability of services and benefits, or how and where to access them from, and the lack of easily accessible information, were cited.
- 22 | While the NAO acknowledges that services provided are generally of good standard and that the staff are professional in their approach, certain existing issues and shortcomings may impinge on the effectiveness of these services in alleviating poverty. The highlighted issues may serve to guide Government in improving the impact of its efforts.
- 23 | In the third aspect of this review, the NAO sought to assess whether there is sufficient communication, coordination and cooperation within Government in its efforts to alleviate poverty.
- 24 | The NAO is of the opinion that, at the strategic level, the governance structure for poverty is appropriately designed, functions in an efficient and effective manner, and has addressed most of the strategic actions set. This governance structure takes the form of an Inter-Ministerial Committee, which is responsible for the implementation of the National Strategic Policy for Poverty Reduction and Social Inclusion 2014-2024. The Committee is chaired by the Ministry for the Family, Children's Rights and Social Solidarity and includes ministries responsible for education, employment, culture, health and, more recently social accommodation, as main members. Nevertheless, scope for improvement in terms of effectiveness exists, with this Office deeming the involvement of other stakeholders within the Inter-Ministerial Committee as an opportunity for

consolidating progress made. This further involvement could take the form of the ad hoc attendance of experts or key stakeholders contingent on the particular policy area.

- 25 | Supplementary to the Inter-Ministerial Committee on poverty are other committees responsible for related sectors, such as disability and youth, that also bear relevant impact on progress achieved with respect to the alleviation of poverty. The NAO advocates the further development of cross-ministerial coordination mechanisms and considers such structures as key to a responsive and effective Government in its efforts at alleviating poverty.
- 26 | At the level of service provision, the NAO established that as the extent of involvement of diverse entities and ministries increased, intra-organisational coordination became more challenging. Stakeholders referred to the existence of a silo mentality and an element of competition between ministries and entities. Furthermore, in certain cases, fragmentation in service provision was noted to lead to unclear lines of responsibility, as well as inefficiencies and confusion experienced by users when accessing services. It is in this context that the NAO recognises the need for further cooperation across ministries and entities at the level of policy implementation and service provision. Solutions put forward by stakeholders to address these shortcomings and better attend to the complex needs of vulnerable persons comprise systems of case management that cut across ministries, more coherent lines of communication across Government designed around the needs of service users, and key performance indicators that capture dimensions such as communication, collaboration and quality of service.
- 27 | Evident was that the extent of communication and collaboration within and between ministries and government entities varies, with different organisations and sectors exhibiting varying levels. These differences were brought to the fore in feedback provided by the government entities and commissions when requested to indicate whether coordination between service providers is adequate. Various examples of effective working dynamics, as well as opportunities where scope for greater cooperation and coordination exists, were cited.
- 28 | Concluding in this respect, the NAO distinguishes between the strategic and service delivery level. This Office is of the opinion that the Inter-Ministerial Committee on poverty, effectively performs its strategic functions. While this Committee's role in the alleviation of poverty is pivotal, the NAO recognises that other associated policy areas also impact on progress registered, noting that the further development of cross-ministerial coordination mechanisms would be beneficial. In terms of service provision, the NAO is of the understanding that coordination within ministries is generally better than across ministries and entities. Also noted was that the extent of collaboration is dependent on the public officials and entities involved, as well as the sector that they operate in. In this respect, the NAO recognises scope for improvement to ensure consistent coordination across Government at the level of service provision. The various examples of good practice identified by this Office during this review could guide efforts in this regard.
- 29 | The final aspect of review considered by the NAO related to whether Government provided an enabling and positive environment for other actors, such as NGOs, academics, professionals in the field and affected groups, to contribute in the alleviation of poverty.
- 30 | Of interest to the NAO is that Malta's Sustainable Development Vision 2050 places a significant emphasis on the need to include different stakeholders in the decision-making process and hold more consultation meetings. This Office notes the numerous examples of positive collaboration and

coordination between Government and the NGO sector at the level of service provision. The substantial budget allocated for PSPs is evidence of Government's efforts at facilitating and supporting NGOs and sharing responsibility in terms of service provision to those at risk of poverty.

- 31 | Despite acknowledging various positive examples of good working relations, with PSPs recognised as an effective method of cooperation, stakeholders were of the opinion that there is scope for further collaboration and coordination with the NGO sector. In this respect, it was noted that the extent of collaboration and communication between Government and the NGO sector was often dependent on the specific individuals holding public office, their personal approach and their affinity with specific organisations and individuals. Further involvement was envisaged in service design and delivery, monitoring and evaluation efforts. The NGO representatives argued that such collaboration requires Government to consider NGOs as effective partners in addressing social issues and in tackling gaps in service provision. This necessitates that Government engages with NGOs in a more consistent and in-depth consultation to develop strategies and action plans using, to the extent possible, a multi-stakeholder approach.
- 32 | Although efforts are undertaken by Government to consult with stakeholders, the scope for greater consultation in legislative drafting, policy formulation as well as in service design, delivery and evaluation was highlighted. This desire for broader consultation is meant in the widest sense, applying to all relevant legislation and policy. The stakeholders indicated that NGOs, academics, professionals in the field and affected groups, as well as other government entities, were to be further included in the process of consultation. With respect to legislation, stakeholders expressed the need to be consulted at an early stage in the process, when the relevant legislation is still being drafted, rather than the current practice of consultation at a stage when the white paper is issued. Similarly, with respect to policy development, stakeholders advocated for more comprehensive consultation at earlier stages of the process, to ensure that feedback sufficiently shapes policy. Finally, consultation at service design, delivery and evaluation was seen as a means of optimising resources allocated to specific services, amplifying the impact of interventions and ensuring quality in the services provided.
- 33 | In conclusion as to whether Government has fostered an enabling environment for other actors, the Office notes that Government has integrated consultation as part of legislative development and policy formulation; however, the NAO acknowledges the concerns raised by stakeholders in terms of how meaningful this consultation is and to what extent it is shaping Government's efforts. This Office is of the opinion that opportunities for amelioration in this respect exist, particularly in terms of earlier engagement in these processes.
- 34 | The NAO recognises that many NGOs are undertaking invaluable work that directly or indirectly addresses poverty and social exclusion, collaborating with Government to address gaps and needs in services provided to groups that are susceptible to poverty. The extent of collaboration has been strengthened over recent years, with the significant increase in funds allocated to NGOs through PSPs attesting to this. The NAO acknowledges Government's commitment to share the responsibility of addressing the needs of vulnerable groups with the NGO sector. However, the opportunity for further collaboration remains as there is always more that can be done to support and further capitalise on existing services offered by the NGOs that contribute to the alleviation of poverty.

- 35 | With respect to the modality of funding, the NAO is of the understanding that PSPs present a suitable arrangement for the funding of core work. Despite some reservations expressed by certain NGOs regarding the rigidity imposed by such a structured approach and the added burden in terms of reporting requirements, the NAO deems the setting of clear contractual parameters as essential in regulating the partnership between Government and the relevant NGO, thereby ensuring good governance and value for money. In terms of the extent of funds allocated by Government to support NGOs, the NAO is of the opinion that, if further progress is to be registered in the alleviation of poverty and the extent of NGO involvement in service provision strengthened, then appropriate funding allocations are to be sustained.
- 36 | Overall, the NAO is of the opinion that Government's efforts have contributed to substantial progress being registered in the alleviation of poverty. These efforts have sought to broadly address the needs of vulnerable groups, as well as improve on the sufficiency, timeliness, accessibility and effectiveness of services and benefits delivered. Other positive aspects were efforts intended at increasing collaboration within Government, and others aimed at creating a positive and enabling environment for other actors to contribute to the alleviation of poverty. Nevertheless, significant scope for improvement exists. Efforts must be sustained and refined to address the systemic disadvantages of certain demographic groups, gaps in service provision, as well as issues and shortcomings that impinge on the effectiveness of services. The further development of coordination mechanisms that cut across government functions will contribute to sustained progress in the address of poverty. Notable potential exists and synergies may be derived through the further development of Government's relationship with key stakeholders, through a broader and more meaningful engagement in consultative processes and greater collaboration in service provision. Considering the dynamic and complex nature of poverty, the NAO is of the opinion that it is only through sustained investment, targeted efforts and broad coordination within Government and with external stakeholders that lasting progress can be registered.