On the 11th of July 2013, the short term action plan on Government Green Procurement (GGP) was approved by the GGP Steering Committee chaired by the Ministry of Finance (MOF), covering the period of 1½ years.
Short-term Action Plan on GGP

Structure

– Background of the Short-term Action Plan
– The Short-term Action Plan
– Components of the Short-term Action Plan
  • First product groups
  • Application of LCC
  • Selection of further initiatives
  • Legal review
  • Training and capacity building
  • Communication
  • Monitoring and Evaluation
• Long-Term Action Plan
Background

What is GGP?

Acquisition of products, services and work in the public sector that takes into account environmental criteria and standards to conserve the natural environment and resources, which minimises and reduces the negative impacts of human activities (Introduction to GGP, KeTTHA, 2012)
Goal

The overall goal of the short and the long-term GGP action plan lies in the full adoption of green procurement practices. All products bought at the governmental or municipal level from 2020 onwards, will be characterized by the following criteria:

- the products will be safe for use
- they are efficient in the consumption of energy and thus reduce greenhouse gases as well as air and water pollution.
- they depend on fewer natural resources than comparable products and rely in large parts on the use of renewable resources
- the usage of hazardous materials, toxics and ozone depleting substances is minimized
- the products must be packaged eco-friendly with recycled materials
- the products must conserve the natural forests.
Background

Why is it important?

- The government has a huge purchasing power (Malaysia 20% of GDP)
- Using market forces to stimulate greener products and services with competitive prices
- Role model for business and general consumers
Background

Further Benefits of GGP

- Achieve financial savings
- Achieve environmental and health goals
- Drive local innovation and support the local economy
- Improve public image and increase legitimacy
- Foster the uptake of green products and services
Government Commitment

- With about 20% the public spending of the Malaysian government represents the biggest contributor to the nation's GDP. The high purchasing power of the public sector marks a powerful instrument to influence the national market.
- Federal government annual budget 2010-2014 - priority to environment-friendly products and services in government procurement
- 10th Malaysia Plan (10MP) - green product and services as preferred choice for government procurement
- Economic Transformation Program (ETP) - boost demand for green product and services
Government Commitment (Cont.)

- National Renewable Energy Policy and Action Plan (NREPAP) - strategic use of government procurement to spur renewable energy generation and industry growth
- National Innovation Plan and the SME Master plan - the importance of public procurement policies for the development of innovative and sustainable products
Background

Good Preconditions

- Prudent practices in government procurement
- Industrialized Buildings System (IBS) for government buildings
- Value management for government projects or programmes costing RM50 million and more
- Life cycle cost for asset/buildings and infrastructure (JKR)
- Outcome Based Budgeting (OBB)
- NextGen e-Procurement
- National E-Tendering Initiative (NeTI)
- ePerunding
- Sistem Satu Pendaftaran Kontraktor (SSPK)
The Short-term Action Plan on GGP

- Steps towards GGP implementation in Malaysia – a step-by-step, systematic and efficient way
- Covers a period of 1½ years (July 2013 - December 2014)
The Short-term Action Plan

**Expected Results (1)**

- At least 2 product groups are identified and pilot implementation of GGP for these product groups is initiated.
- LCC adoption is strengthened and systematically implemented.
- At least 2 further initiatives to support GGP in the pilot phase are identified.
- Current government procurement rules and regulations are reviewed and obstacles towards the implementation of GGP are identified.
The Short-term Action Plan

Overall Objectives

- GGP integral part of the efforts to elevate Malaysia into a high income nation.
- GGP encourages national SCP patterns and supports green economy.
- GGP improves Malaysia’s global competitiveness and increases employment and business opportunities.
- GGP is a central pillar of government procurement policy.
- GGP encourages innovation and creates market entrance opportunities for Malaysian green products and services.
- GGP is implemented at all levels of government procurement.
- GGP ensures sustainable supply of products and services, and promotes value for money practices.
Environmental Conservation and Resource Management

- The Government is committed to providing a clean, safe, healthy environment for the present future generations.
- To strengthen the development of green technology, the Government will provide investment tax allowance for the purchase of green technology equipment and income tax exemption on the use of green technology services and system.
- To encourage a green lifestyle, Malaysian Green Foundation will be established to promote and enhance use of green technology by the corporate sector and the general public.

2014 Budget
Strengthening Small and Medium Enterprises

- Currently, while SMEs account for 97.3% of the total registered businesses, their contribution to GDP is 32.4%.
- Following the new SME definition, the percentage of registered SMEs will increase to 98.5%.
The 10MP calls for an improved public procurement process as a key component to increase innovation in Malaysian companies. It recognises that public procurement can be a strong driver for green technology. In this context the 10MP highlights the National Green Technology Policy (NGTP), which was set up to support industries, manufacturers and suppliers offering green products or services in becoming more environmentally friendly and competitive in the local and global market.

The NGTP fosters GGP introduction by calling for prudent management of natural resources and environmental conservation in order to achieve higher economic competitiveness and a higher national standard of living. Hand in hand with the NGTP, the National Renewable Energy Policy and Action Plan (NREPAP) suggests the strategic use of government procurement to spur renewable energy generation and industry growth.
The commitment of the Malaysian government to promote green initiatives is also recognised in the National Innovation Plan and the SME Master plan. The documents stress the importance of public procurement policies in regards to the development of innovative and sustainable products.

Finally, the necessity of a green economic transformation is reflected in the federal budget. While between 2010 and 2012 RM 1.5 billion was provided to encourage green technology projects through the Green Technology Financing Scheme (GTFS), the amount was increased by RM 2 billion for the period 2013 to 2015.
The Green Lane Policy was launched by Ministry of Finance (MOF) in June 2011 in order to develop local industries’ capacity. Under this policy, innovative and viable SMEs shall be identified to benefit from various incentives, including funding (easy loans), tax incentives, and government procurement.

In the same year the Ministry of Energy, Green Technology and Water (KeTTHA) has upgraded the SIRIM Eco Labelling Scheme as the National Eco Labelling Scheme. This was to give a bigger boost to the efforts taken, since it is now Ministry led.

Meanwhile in 2012, Standards Malaysia launched the Eco Label Accreditation Scheme for Certification Bodies which defines accreditation based on MS ISO/IEC 17011:2011. The Accreditation is to enable industries to make credible claims on the environmental attributes of their products; provide independent verification on the accuracy of ‘Environmental Claims on products’; and educate and create awareness among consumers, businesses and manufacturers on environmentally-friendly products and services.
Most notably however, are various actions which are now integrated into one overarching programme which was approved by the National Green Technology and Climate Change Council (MTHPI): MyHIJAU. The MyHIJAU programme comprises four sub-programs, namely:

- **MyHIJAU Labelling**
  Several action plans and activities are being planned to establish a coordinated monitoring system for green labelling schemes. The various labelling activities undertaken in the past provide a good basis for product specifications to be used in GGP.

- **MyHIJAU Procurement**
  It is an initiative towards the development of green procurement in Malaysia, especially towards implementation of GGP. Past activities in this realm included several workshops on GGP as well as the development of brochures and further promotional materials of raising awareness. An introductory book on GGP was also published to increase awareness and knowledge among government officers, suppliers, consumers and the public on the basic knowledge regarding green procurement.
MyHIJAU programme (Cont.)

- **MyHIJAU Directory**
  An online single point of reference for green products and services was developed to maintain a database that includes information on green products and services in Malaysia. The database acts as a source of reference for consumers and buyers to get products and services that fulfil specific environmental criteria.

- **MyHIJAU Industry and SME**
  This component aims to promote local entrepreneurs and enterprises that produce green products and services. It includes encouragement, guidance and advisory services, development of training modules and sessions, provision of government incentives and financial assistance as well as increased local and international green marketing. The component strengthens local supply for GGP.
Several new initiatives have been introduced to improve government budgeting. These initiatives form good foundation for GGP.

The objective of the value management (VM) is to achieve value for money for government projects or programmes (physical and non-physical) costing RM50 million and more.

VM has the purpose of ensuring effective results which includes among others, the optimised use of resources and ensuring that quality and standards are maintained.

The procedure, methodology and criteria of the project are in line with the needs and meet the current requirements of sustainable development.

The life cycle costing (LCC) constitutes a significant aspect of the considerations.
Challenges

• Industry level receives support from the government but the commercial banks apply the conventional criteria for borrowing
• Approval by branches not supported by Head offices and foreign owned banks more receptive than local banks
• The Central Bank hasn’t quite change the framework of governing the financial institutions
• Credit Guarantee Scheme (Bank Pembangunan Malaysia) benefits the SMEs in Malaysia
• Venture Capital is currently a good source of financial support
Thank You