Initiatives Towards Green Economy in Malaysia

First Asia-Pacific Regional Meeting on the 10YFP
7-8 November 2013
Definition of Green Economy

GE: No consensus on the definition

- The process of “reconfiguring businesses and infrastructure to deliver better returns on natural, human and economic capital investments while at the same time reducing greenhouse gas (GHG) emissions, extracting and using less natural resources, creating less waste and reducing social disparities”

- “Low carbon, resource efficient and socially inclusive.” A green economy can take advantage of new growth trajectories designed to be more socially inclusive, as well as responsive to poverty reduction and economic diversification objectives.

- Promotes quality and eco-efficiency of economic growth as well as environmental sustainability vis-à-vis environmental performance as the principles for greening growth. Eco-tax reform, sustainable infrastructure, greening of business, and sustainable consumption are the four pillars for the transition to a greener growth.

- “Produce goods and services to measure, prevent, limit, minimise or correct environmental damage to water, air and soil, as well as problems related to waste, noise and eco-systems. This includes cleaner technologies, products and services that reduce environmental risk and minimise pollution and resource use.”
GE: Meaning and Requirement

GE will require for the achievement of the following:

Worker-centered

Energy-centered

Environment-centered

Social equity & poverty-centered

A “well-paid, career track job contributes directly to preserving or enhancing environmental quality.”

Focus on energy production and consumption, particularly the renewable energy and energy efficiency sectors (RE/EE); and reducing GHGs emission.

Economic activities that relates to sustainable utilization of resources and minimizing the impacts on the environment.

Include social inclusiveness and poverty reduction goals in the green growth agenda.
Green Economy in Malaysia

- Malaysia has long undergone policy reforms towards sustainable development with process of greening Malaysia’s economy started as early as the 1970s by the introduction of regulations to manage pollution from the palm oil industry.

- Since 1976, the importance of environmental protection in Malaysia’s economic development has been recognised when reference to it was made in the country’s five-year development plan.

- During last decade, the severity of climate change and its impacts, as well as the need to take action to combat climate change received more priority.

- In the second half of 2000s, Malaysia’s efforts culminated with the introduction of a more systemic architecture through the National Green Technology Policy and the National Climate Change Policy.
National Green Technology Policy

Policy Statement
“Green Technology shall be a driver to accelerate the national economy and promote sustainable development”

STRATEGIC THRUSTS

1. Strengthen The Institutional Frameworks
2. Provide A Conducive Environment For Green Technology Development
3. Intensify Human Capital Development In Green Technology
4. Intensify Green Technology Research And Innovations
5. Promotion And Public Awareness

FOUR PILLARS

- ENERGY: Seek to attain energy independence & promote efficient utilisation
- SOCIAL: Improve the quality of life for all
- ENVIRONMENT: Conserve and minimise the impact on the environment
- ECONOMY: Enhance the national economic development through the use of technology
National Policy on Climate Change

Policy Statement
“Ensure climate-resilient development to fulfill national aspirations for sustainability”

STRATEGIC THRUSTS

• Facilitate harmonisation of existing policies to address climate change adaptation and mitigation in a balanced manner
• Institute measures to make development climate-resilient through low carbon economy to enhance global competitiveness and attain environmentally sustainable socio-economic growth
• Support climate-resilient development and investment including industrial development in pursuit of sustainable socio-economic growth
• Adopt balanced adaptation and mitigation measures to strengthen environmental conservation and promote sustainability of natural resources
• Consolidate the energy policy practices that enhance renewable energy (RE) and energy efficiency (EE)

• Institutionalise measures to integrate cross-cutting issues in policies, plans, programmes and projects in order to increase resilience to climate change
• Support knowledge based decision making through intensive climate related research and development and capacity building of human resources
• Improve collaboration through efficient communication and coordination among all stakeholders for effective implementation of climate change responses
• Increase awareness and community participation to promote behavioural responses to climate change
• Strengthen involvement in international programmes on climate change based on the principle of common but differentiated responsibilities and respective capabilities
10th Malaysia Plan

AFFIRM Framework

Awareness: Increasing the level of awareness of all Malaysians that environmental sustainability is a shared responsibility. All levels of society need to play their part in protecting the environment, not only for the management of tangibles such as solid and liquid household and industrial wastes, but also intangibles such as electricity. To achieve this, the Government will pursue co-operative efforts with the private sector and civil society to bring this message to all Malaysians.

Faculty: Increasing capacities and local capabilities in areas of relevant knowledge through introduction of green topics in the curriculums of schools and institutions of higher learning. The Government will also introduce a system for formulation of grading and certification mechanisms for competent personnel in green technology.

Finance: Financial incentives will be critical in driving businesses to explore, adopt and innovate on green technology. A green technology soft loan scheme of RM1.5 billion has been launched to provide soft loans to companies that supply and utilise green technology, in which the Government bears 2% of the total interest rate and a guarantee of 60% on the financing amount back the remaining 40%. The Government will also implement tax incentives such as tax breaks for buildings and designs that work harmoniously with nature.

Infrastructure: The Government will initiate green townships in Putrajaya and Cyberjaya with guidelines and rating scales based on carbon footprint. The roll-out of these guidelines will be implemented for other green townships across the country.

Research: The Government will enhance research, development and commercialisation efforts in green technology through local research centres and industries. The Government will encourage partnerships with foreign institutions such as universities or multi-national companies.

Marketing: Ministry of Energy, Green Technology and Water together with Standard and Industrial Research Institute of Malaysia (SIRIM), will develop a national eco-labelling scheme and standards for our products and services that matches international standards. This will in turn support the Government’s green procurement initiative as well as assist local manufacturers to export their products. Increased labelling of environmentally-friendly goods and services such as Energy Efficiency Star Rating, Low Carbon Footprint Products and Green Building Index will increase Malaysia's competitiveness.
FEED-IN TARIFF

The applicable FiT rate will depend on the following factors:
1. The type of renewable resource used;
2. The installed capacity of the renewable energy (RE) installation;
3. Whether the RE installation will meet any criteria entitling it to additional bonus FiT rates;
4. The date the RE installation is completed, connected to the grid and ready to produce RE for commercial sale i.e. the FiT Commencement Date. (except for small hydropower).

Malaysia's Feed-in Tariff (FiT) system obliges Distribution Licensees (DLs) to buy from Feed-in Approval Holders (FIAHs) the electricity produced from renewable resources (renewable energy) and sets the FiT rate. The DLs will pay for renewable energy supplied to the electricity grid for a specific duration.

By guaranteeing access to the grid and setting a favourable price per unit of renewable energy, the FiT mechanism would ensure that renewable energy becomes a viable and sound long-term investment for companies industries and also for individuals.
## 10th Malaysia Plan

### GREEN TECHNOLOGY FINANCING SCHEME

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<th>GT PRODUCER</th>
<th>GT USER</th>
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<td>Financing size</td>
<td>Maximum RM50.0 mil per company</td>
<td>Maximum RM10.0 mil per company</td>
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<td>Financing tenure</td>
<td>Up to 15 years</td>
<td>Up to 10 years</td>
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<tr>
<td>Purpose of financing</td>
<td>To finance investments in production of green technologies that meet the Scheme objective</td>
<td>To finance investments in utilisation of green technologies that meet the Scheme objective</td>
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<td>Eligibility criteria</td>
<td>Legally registered Malaysian-owned companies (at least 51%) in all economic sectors</td>
<td>Legally registered Malaysian-owned companies (at least 70%) in all economic sectors</td>
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<td>Source of funds</td>
<td>Participating financial institutions</td>
<td></td>
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<tr>
<td>Participating financial institutions (PFIs)</td>
<td>All commercial and Islamic Banks Development financial institutions (Bank Pembangunan, SME Bank, Agrobank, Bank Rakyat, EXIM &amp; Bank and Bank Simpanan Nasional)</td>
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<tr>
<td>Interest/profit rate</td>
<td>Determined by participating financial institutions</td>
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<tr>
<td>Government incentive</td>
<td>Government bears 2% interest rate/profit Government guarantee – 60% of financing approved amount</td>
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<td>Implementation agency</td>
<td>(1) Malaysian Green Technology Corporation (GreenTech Malaysia) (2) Credit Guarantee Corporation Malaysia Bhd. (CGC)</td>
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The SWITCH-Asia Policy Support Component Malaysia

Objectives:
• Strengthened policy framework to MINIMIZING use of natural resources, emissions, waste and pollutants, thereby INCREASING wealth and quality of life – ALONG THE LIFE-CYCLE of SCP

Approaches:

SCP drivers
Consumers and producers need to know why to do

SCP enablers
Policy makers shall provide the framework to apply the techniques that reply to the drivers

SCP techniques
Consumers and producers need to know how to do

Project focus:
To assist policy makers to provide the enabling policy environment to stimulate the use of techniques

Changing behavior and unsustainable practices of consumption and production

Act responsible, stay sustainable!
# The SWITCH-Asia Policy Support Component Malaysia

## Components:

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<th>Addressing the Change of Patterns and Behaviour</th>
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<td>Industry</td>
<td>Consumer</td>
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<td>Key Sectors</td>
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## Activities and tasks:

- National SCP Focal Point
- Mapping the State of Play
- SCP Indicators and Monitoring
- Networking and Synergies
- SCP CEPA
- Sustainable Sourcing
- Sustainable Production-Operation
- Sustainable Distribution
- Sustainable Products and Services
- Sustainable Waste Management
- Government Green Procurement (GGP)
- Sustainable Building
- Sustainable Food
- Sustainable Transport
- Sustainable Tourism
- Sustainable Buying
- Sustainable Use
- Sustainable Disposal

## Targets:

- National SCP Blueprint
- Input to 11th Malaysia Plan
Conclusions

- The move towards green economy will require for a provision of:
  - Know how – transfer of technology from developed countries and local development of green technology
  - Sustainable financing – to develop the technology, building the capacity and for the preparation and implementation of the plan
  - An enabling environment – for example: redirecting subsidies and encourage green procurement;
- Synergies among/between the stakeholders also need to be strengthen
  - federal-states;
  - government-private;
  - policy maker-researcher/academia; and
  - policy-science interface
Thank You