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Malaysia's Government Green Procurement (GGP): The Way Forward

Presentation outline



- Introduction to GGP in Malaysia
- Present state of GGP-related initiatives in Malaysia
- GGP short-term action plan

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)

What does it mean?

Acquisition of products, services and work which:

- Minimize degradation to the environment;
- Have zero or low green house gas (GHG) emission;
- Safe for use and promote healthy and improved environment for all forms of life;
- Conserve the use of energy and natural resources; and
- Promote the use of renewable resources

(NGTP, 2009)

Why it is important?



- Malaysia's Government Procurement - 12-15% of GDP

What are the concerns?

- Environmentally friendly goods are expensive to start with
- Lack of resources to apply GGP
- Suppliers readiness
- Influx of foreign products
- Challenges in its implementation (transparency)
- Difficulties on monitoring and enforcement
- Too limited supply and the risk of insufficient competition
- Complex and long term process

What are the expectations?

- **To get better value for money**
- To promote sustainable management of resources
- **To increase local demand for green products**
- To promote the supply of green products and services
- **To improve the competitiveness of local industry**
- To encourage environmentally friendly practices in local industries
- To explore new markets
- To encourage innovation among stakeholders and industry
- To create employment
- To enhance environmental awareness
- To reduce energy consumption
- To reduce wastage

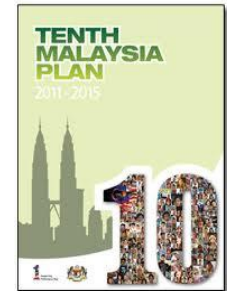
Government commitment



- Federal government annual budget 2010 - Priority to environment-friendly products and services in government procurement

Government commitment (cont.)

- 10th Malaysia Plan – Green product and services as preferred choice for government procurement
- Economic Transformation Program – boost demand for green product and services (proposes up to 50% of certain products and services purchased by the public sector should be eco labeled by 2020)



Government commitment

- New Economic Model – A more efficient procurement process will address wider issues covering long-term economic and social viability, environmental impact and the residual contingency risks that government may have to bear
- 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

Good precondition

- **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)
- Others

Current initiatives

- Malaysian Farm Certification Scheme for Good Agriculture (SALM) & Malaysia Organic Scheme (SOM) (2002)
- SIRIM Eco Labelling Scheme (2004)
- Malaysian Timber Certification Scheme (MTCS) (2005)
- Energy Rating Label Scheme (2006)
- MAMPU Green IT guideline for the public sector (2010)
- Green Technology Financing Scheme (2010)
- Green Lane Policy (2011)
- National Eco Labelling Scheme (2011)
- Eco Label Accreditation Scheme for Certification Bodies (2012)

Current initiatives (cont.)

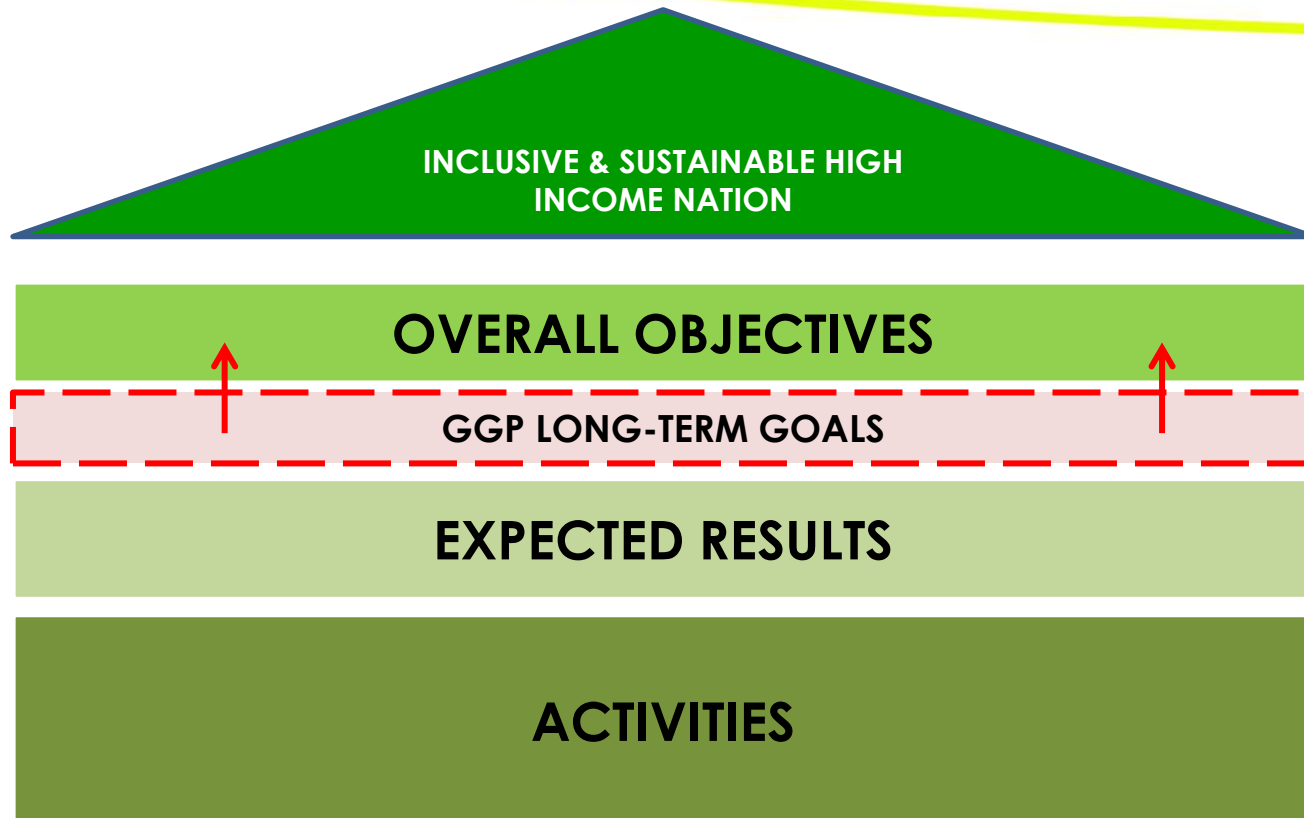
- MyHIJAU Programme (2012)
- GreenTAG Endorsement Scheme (2012)
- MyHijau Label (2012)
- Malaysia Green Directory Phase 2 (2012)
- Publication of booklet - Introduction to Government Green Procurement (2012)
- Publication of training module - Green Technology for SMEs and Entrepreneurs (2012)
- Water Efficient Product Labelling Scheme (2013)

GGP short-term action plan – The way forward



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

Overview - GGP short-term action plan



Overall objectives

- Malaysia as a forerunner for GGP in Southeast Asia.
- GGP enables 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

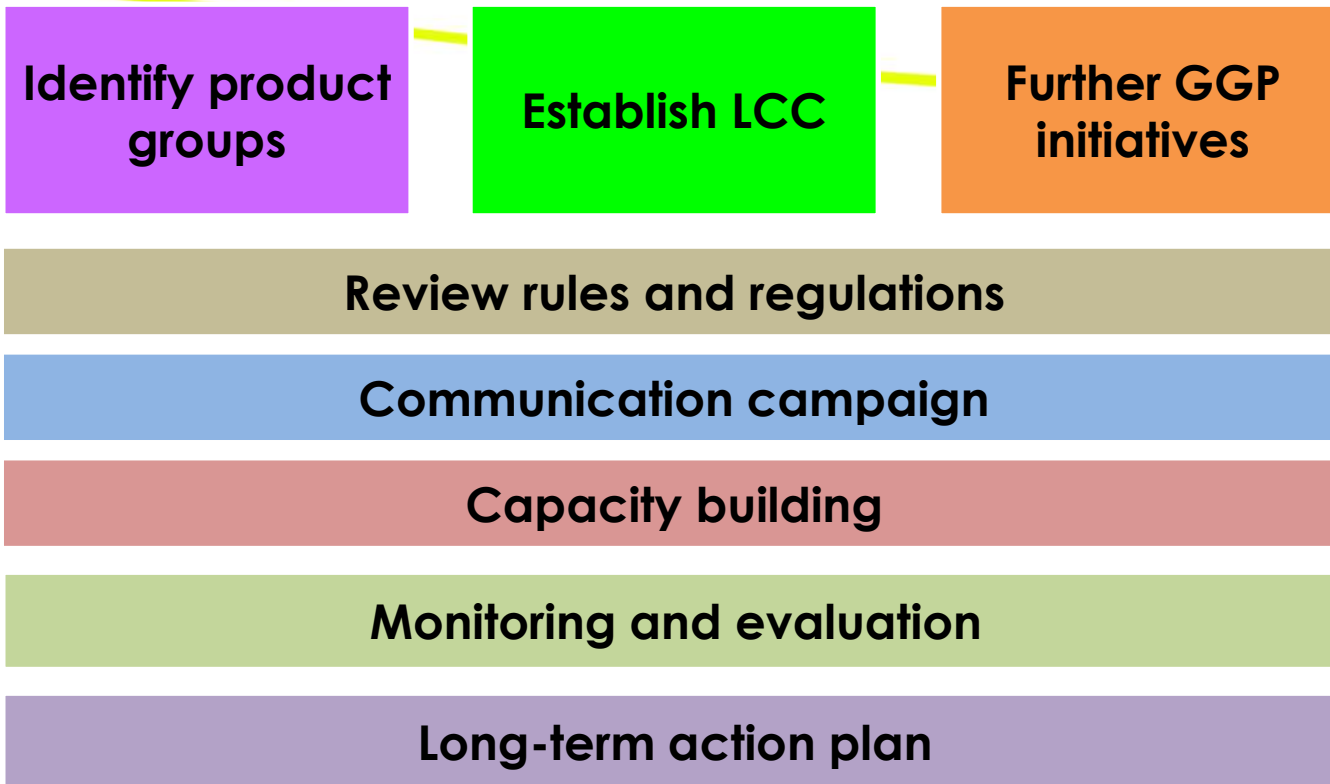
Expected results

- 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.

Expected results(cont.)

- Capacity building on GGP to guarantee the success of the pilot phase started and basis for the long term implementation is established.
- Communication campaign to inform procurement officers and government suppliers on the stepwise introduction of GGP is carried out.
- The efforts of the pilot phase are monitored and evaluated, and effective monitoring & evaluation mechanism for the long term is established.
- Long term action plan based on the experiences gained in the pilot phase is drafted.

Activities



Conclusion

- Malaysian Government has shown its strong commitment towards GGP implementation
- GGP is in line with Malaysia aspiration towards developing low carbon economy and GGP can be a significant source of support for sustainable development policy goal in Malaysia
- GGP implementation will encourage SCP practices and enable Malaysia to achieve an inclusive and sustainable, high-income nation by 2020



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Thank you very much!