



Technical Workshop

LCC as a tool for Sustainable Public Procurement

Recap
&
Exercise and Presentations
from Day 1

1. Key Notes

Mr. Azar Noraini

Director

Environment and natural Resources Economic Section.

Economic Planning Unit

Prime Minister's Department, Malaysia

2. Introduction to SCP Policy Framework in Malaysia

SCP Policy Framework in Malaysia and GGP Short-Term Action Plan 2013-2014 (Dr. Gerhard Weihs and Mr. Khairul Naim Adham, SCP Policy Malaysia)

- Objective: to strengthen policy framework, as national SCP blueprint and input for 11th Malaysia Plan
- Government commitment to implementing value analysis and life-cycle-cost evaluation for procurement (best value for money across the life-cycle)

Motivation and Expectation from technical Workshop

- How does LCC work?, Integration of LCC in public procurement process
- Using of LCC tool
- Best practices are shared
- Data Collection System
- Specific products
 - a. Electrical and Non-Electrical products
 - b. Constriction
 - c. Printing House and supporting industry e.g. Toner

3. Technical Inputs

3.1 Life-Cycle-Costing (LCC) Methodological Concept, Application and Experiences in Europe (Mr. Siddharth Prakash (Oeko-Institut e.V., Germany)

- **LCC Definition:** Assessment of all costs which are connected to the entire life cycle of a certain product

- **LCC for Public Procurement**
 - a. **Acquisition** (e.g. purchase price, delivery and installation etc.)
 - b. **Use/Operational Cost** (e.g. Electricity, water, maintenance, repair etc.)
 - c. **Disposal** (e.g. collection, recycling, disposal etc.)

3. Technical Inputs

3.1 Life-Cycle-Costing (LCC) Methodological Concept, Application and Experiences in Europe (Mr. Siddharth Prakash (Oeko-Institut e.V., Germany) Cont.

- **Barrier of High Efficient Products** : future savings Vs investment cost, environment is not the main criteria for purchase decision, comfort factor (brand), information on benefit of eco-friendly products, externalities cost not yet reflected in the price, environment information is not available at the point-of sale etc.

3. Technical Inputs

3.1 Life-Cycle-Costing (LCC) Methodological Concept, Application and Experiences in Europe (Mr. Siddharth Prakash (Oeko-Institut e.V., Germany) Cont.

- Energy efficient appliances are usually more expensive in comparison to equivalent conventional appliance but operating costs are often lower
- Operating costs are not included in the purchase decision
- LCC can be used to put higher purchasing prices into realistic perspective
- LCC at consumer level could be helpful for achieving a faster market penetration for energy saving products.

3. Technical Inputs

3.2 Excel Tool for using LCC-CO₂ Emission in Public Procurement (Mr. Siddharth Prakash (Oeko-Institut e.V., Germany)

- Benefit of using LCC-CO₂ emission tool : support procurement decision making in public tendering, monitoring as well as enable public communication to reduce cost and emissions.
- Data requirements : basic data e.g. energy cost, annual operating cost, life time, etc. Bidders shall provide evidence for submitted data

4. Group Works/Exercises and Discussion

(detailed in handy drive)

Exercise I: Calculating of LCC in Public Procurement
„Fluorescent Lamp“ (jointly conducted)



Exercise II: Calculating of LCC in Public Procurement
„Air-Condition“ and **„Refridgerator“**
(individual/country specific)

