Developing Sustainable Procurement Framework for Malaysia Public Construction

By
Siti Nurhuda Abd Wahid

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SUSTAINABLE DEVELOPMENT

“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Environment & Development, 1987)

Relevancy of sustainability in construction contributed to the emergence of a specific agenda of SUSTAINABLE CONSTRUCTION (Myers, 2008)

SUSTAINABLE CONSTRUCTION

how sustainable development practices can be applied in construction activities, incorporating interrelated dimensions of sustainability, social, economic and environmental dimensions.

Economic & social enrichment

Deterioration of environment & social well-being
Introduction

Government is often the single biggest client within a country, and governments can potentially use this purchasing power to deliver government objectives, including sustainability practices in construction.”

XXV International Federation of Surveyors
Congress, Kuala Lumpur, Malaysia, 16 – 21
June 2014
This study was conducted to identify key elements and measures to formulate sustainable procurement framework for Malaysia.

Begins with critical review of public procurement policies of countries and/or regions namely UK and Europe.

Input from the review → develop a conceptual framework of sustainable public procurement for Malaysia.

This paper discusses the findings from the interviews (government officials) → identifying key elements of sustainable public procurement for Malaysia.
Nature of Sustainable Procurement

Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.

DEFRA (2006: 10)

Key Elements of Sustainable Public Procurement

Complex diagram illustrating the key elements of sustainable public procurement, including institutional arrangement, prioritisation, standards, communication, assessment, support mechanism, and process & procedure, with various strategies and actions indicated for each element.
### Key elements of sustainable public procurement

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
<th>Raising issues</th>
</tr>
</thead>
</table>
| **Institutional arrangement** | - A ‘cross-departmental agenda’ → no single ownership.  
  - Appoint a specific executive body for overall coordination and implementation.  
  - Capacity building through development of skill and knowledge in sustainable procurement. | - Public sector is institutionally fragmented.  
  - Budgetary/financial issue within the public sector. |
| **Prioritisation**  | - Priorities are needed to provide a focus in for sustainable procurement in public sector.  
  - Prioritisation based on risk assessment process. | - Departments are being selective on which sustainability strands i.e. environmental, social and economy that they want to concentrate on. |
| **Standards**       | - Set overarching strategy with list of standards and targets  
  - Standards and targets are comprehensible and achievable | - Lack of enforcement and absence of sanctions for non-compliance.  
  - Often constrained to be achievable or practicable → sustainable development requires nothing but radical and revolutionary solutions. |
| **Communication**   | - Good communication plan to establish understanding and awareness.  
  - “Communication networks” | - Understand sustainable procurement agenda, however, lack of awareness |
| **Assessment**      | - An effective and consistent monitoring process using a reasonable number of indicators. | - Significant gap in the development of evaluation mechanism.  
  - Rules and regulations might initiate change but these changes are enforced not voluntarily. |
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<tr>
<td>Support mechanism</td>
<td>▪ Supports in form of subsidies and funds, procurement resources such as green specification, reward for good practice and sustainable product labelling.</td>
<td>▪ Financial restriction in adopting sustainable procurement system. ▪ Most products and services procured by public sectors can be highly specialist and options for substitute can be limited or none at all.</td>
</tr>
<tr>
<td>Process &amp; Procedure</td>
<td>▪ Strategies for sustainable procurement are supposedly evolutionary and adaptive. ▪ Interaction between experts (policy makers) and stakeholders. ▪ The element of process and procedure include the aspect of time i.e. milestones.</td>
<td></td>
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Extensive Literature Review

- Identification of research issues
- Formulate/Refine research objectives

Sustainable procurement policies/framework
- Malaysia
- Developed countries

Identification of conceptual framework and key elements

Field Study

Stage 1: Interviews with government departments (MoF; PWD; NRF; KeTTHA; CIDB)

Stage 2: Questionnaire survey involving industry stakeholders

Results and Discussion

Qualitative Results From Interviews

Preliminary Interviews: Issues underlying sustainable development awareness in Malaysia

Leadership – It is not only the lack of leadership, in most cases of government policy in general is the ambiguity of which department/agency is actually responsible of leading such policy/strategy.

Knowledge and understanding on the concept of sustainability and sustainable development – sustainable development is often perceived as only on protecting the environment whilst the social and economic aspects are being addressed separately (e.g. health and safety, etc.).
This study has identified **six (6) respondents** from different government agencies of who involved in the national public procurement system as policymakers and policy executors for Government of Malaysia.

<table>
<thead>
<tr>
<th>No</th>
<th>Position of Interviewee</th>
<th>Organisation of Interviewee</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>Director (Environment and Natural Resources)</td>
<td>Economic Planning Unit, Prime Minister’s Department (EPU)</td>
</tr>
<tr>
<td>R2</td>
<td>Manager (Construction Research Institute Malaysia)</td>
<td>Construction Industry Development Board (CIDB)</td>
</tr>
<tr>
<td>R3</td>
<td>Head of Division (Policy &amp; Contract)</td>
<td>Public Work Department (JKR)</td>
</tr>
<tr>
<td>R4</td>
<td>Principal Assistant Secretary (Green Technology – Policy Division)</td>
<td>Ministry of Energy, Green Technology &amp; Water (KeTTHA)</td>
</tr>
<tr>
<td>R5</td>
<td>Principal Assistant Secretary (Government Procurement)</td>
<td>Ministry of Finance (MOF)</td>
</tr>
<tr>
<td>R6</td>
<td>Principal Assistant Secretary (Development)</td>
<td>Ministry of Natural Resources &amp; Environment (NRE)</td>
</tr>
</tbody>
</table>

Source: Fieldwork in 2010

All the respondents have agreed that **all the key factors are important** to be included in sustainable procurement framework/plan for Malaysia.

<table>
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<tr>
<th>KEY FACTOR/ELEMENT</th>
<th>RATING (1 – 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prioritisation</td>
<td>R1 R2 R3 R4 R5 R6</td>
</tr>
<tr>
<td>Targets &amp; standards</td>
<td>4 4 5 4 4 4</td>
</tr>
<tr>
<td>Communication programmes</td>
<td>4 4 4 4 4 4</td>
</tr>
<tr>
<td>Active participation</td>
<td>4 4 4 4 4 5</td>
</tr>
<tr>
<td>Monitoring &amp; reporting</td>
<td>4 4 4 5 4 4</td>
</tr>
<tr>
<td>Comprehensive support mechanism</td>
<td>5 5 5 4 5 5</td>
</tr>
<tr>
<td>Action plan and process</td>
<td>5 5 5 4 5</td>
</tr>
<tr>
<td>Leadership</td>
<td>n.a 5 5 n.a 5 5</td>
</tr>
</tbody>
</table>

Note: Score value of 5 denoted “the most important” to score value of 1 denoted “the least important” n.a = no feedback given

Source: Fieldwork in 2010

Although three experts did not give their feedback regarding the element of “leadership”, inputs from the remaining three respondents agreed to include the leadership element as “most important” for sustainable public procurement framework in Malaysia.
Methods for Promoting Sustainable Public Procurement in Malaysia

Feedbacks from interviews

- Early participation from the industry stakeholders in ensuring take-ups
- Sustainable procurement policy should come from the government itself
- Adopting a top-bottom strategy
- Strict regulation and enforcement to promote sustainable procurement practices
- Communications between government departments and industry stakeholders
An extensive review of literature and the presentation of qualitative results from interviews of experts → identify the underlying factors that hinder the adoption of sustainable public procurement in Malaysia and rating of potential elements of sustainable public procurement.

Results from interviews had addressed the actual understanding of sustainability and sustainable development of the respondents as the experts who were involved in sustainable development and/or public procurement policy formulation.

The findings from interview series are then incorporated in the questionnaire form for the second stage of data collection.
THANK YOU

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