

Developing Sustainable Procurement Framework for Malaysia Public Construction

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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)

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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

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PUBLIC PROCUREMENT

Sustainability has become one of the emergent themes and is expected to grow significantly (Rowlinson et al., 2000)

Procurement has been recognised as one of highest ranked drivers for implementing sustainability (Adetunji et al., 2003)

Increasing recognitions of sustainability to be embedded in procurement strategies - yet such criteria does not seem to feature as a key aspect in the selection of procurement systems



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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.”

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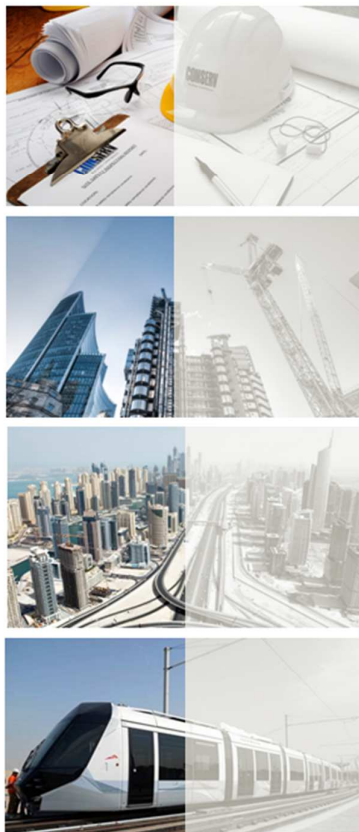


- ❑ This study was conducted to identify key elements and measures to formulate sustainable procurement framework for Malaysia.
- ❑ Begins with critical review of public procurement policies of countries and/or regions namely UK and Europe.
- ❑ Input from the review → develop a conceptual framework of sustainable public procurement for Malaysia.



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

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Review of Sustainable Public Procurement Framework

Nature of Sustainable Procurement

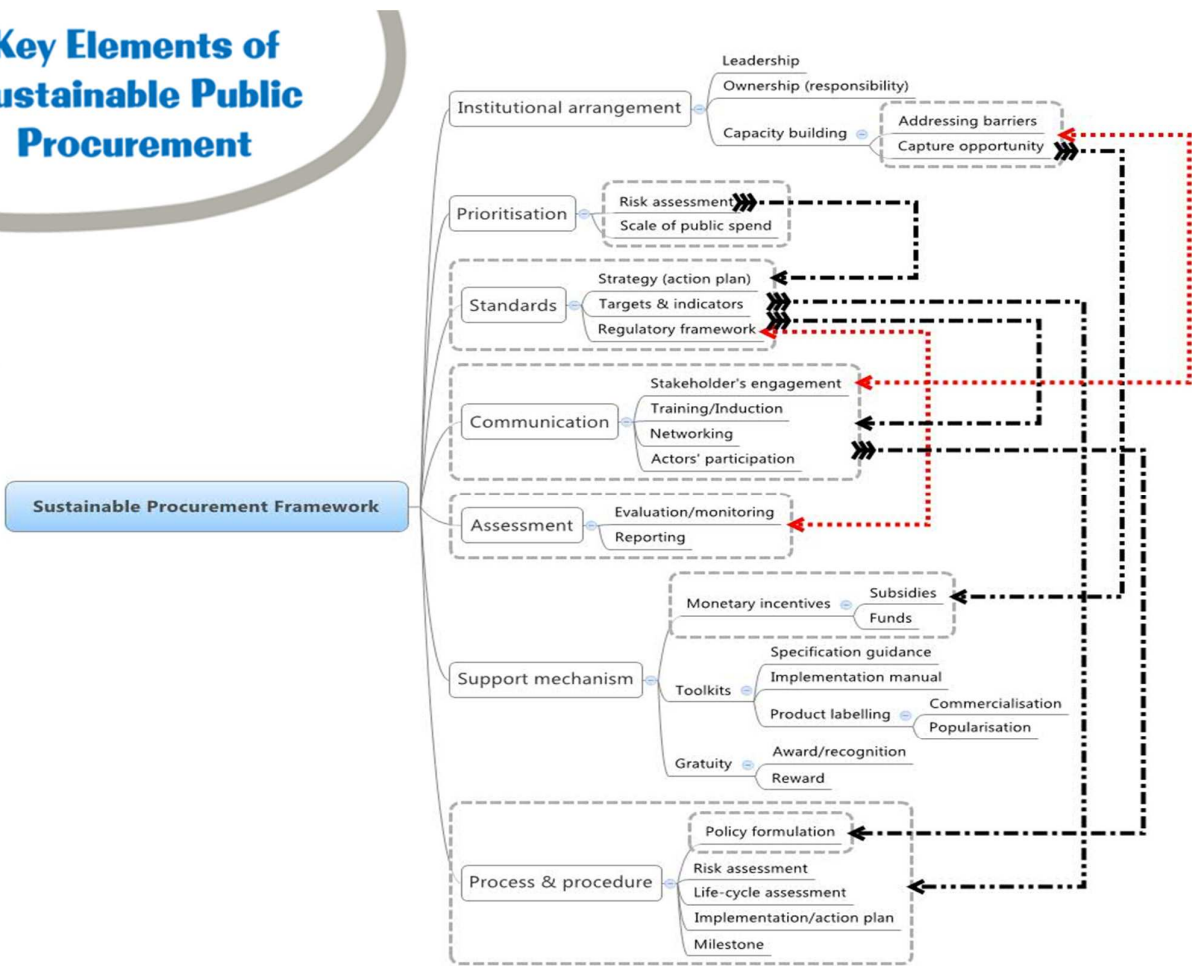
“ Sustainable procurement is a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage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

DEFRA (2006: 10)

- The definition is devised with versatility of which relatable to policy makers and procurement professionals across the public sector.

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Key Elements of Sustainable Public Procurement



Key elements of sustainable public procurement

Element	Description	Raising issues
Institutional arrangement	<ul style="list-style-type: none"> ▪ 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. 	<ul style="list-style-type: none"> ▪ Public sector is institutionally fragmented. ▪ Budgetary/financial issue within the public sector.
Prioritisation	<ul style="list-style-type: none"> ▪ Priorities are needed to provide a focus in for sustainable procurement in public sector. ▪ Prioritisation based on risk assessment process. 	<ul style="list-style-type: none"> ▪ Departments are being selective on which sustainability strands i.e. environmental, social and economy that they want to concentrate on.

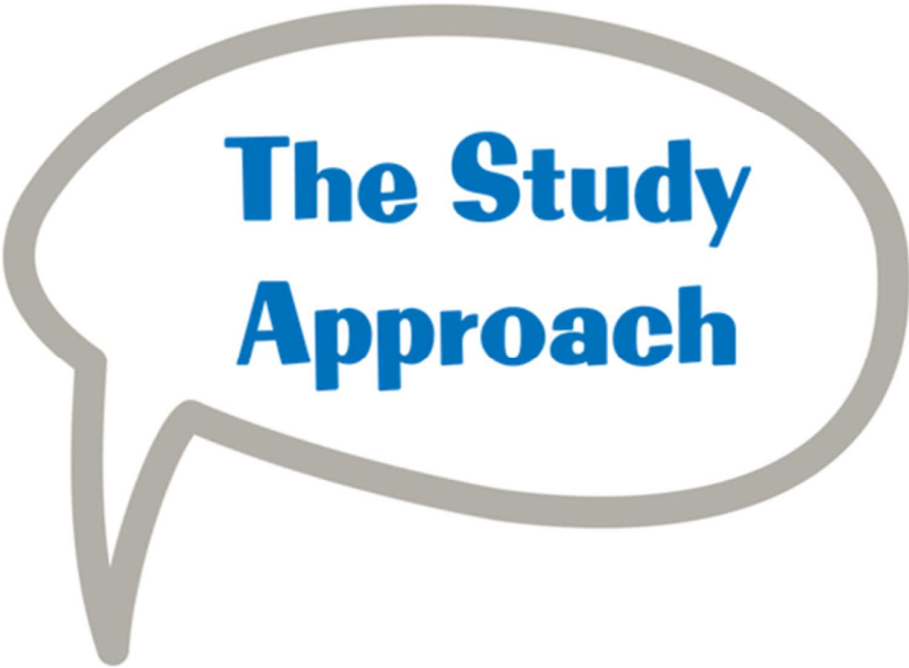
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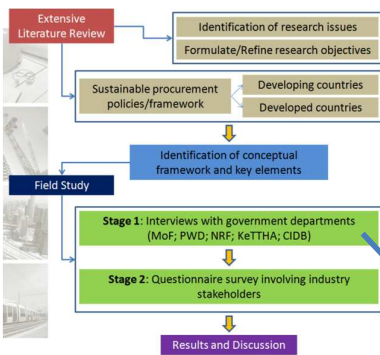
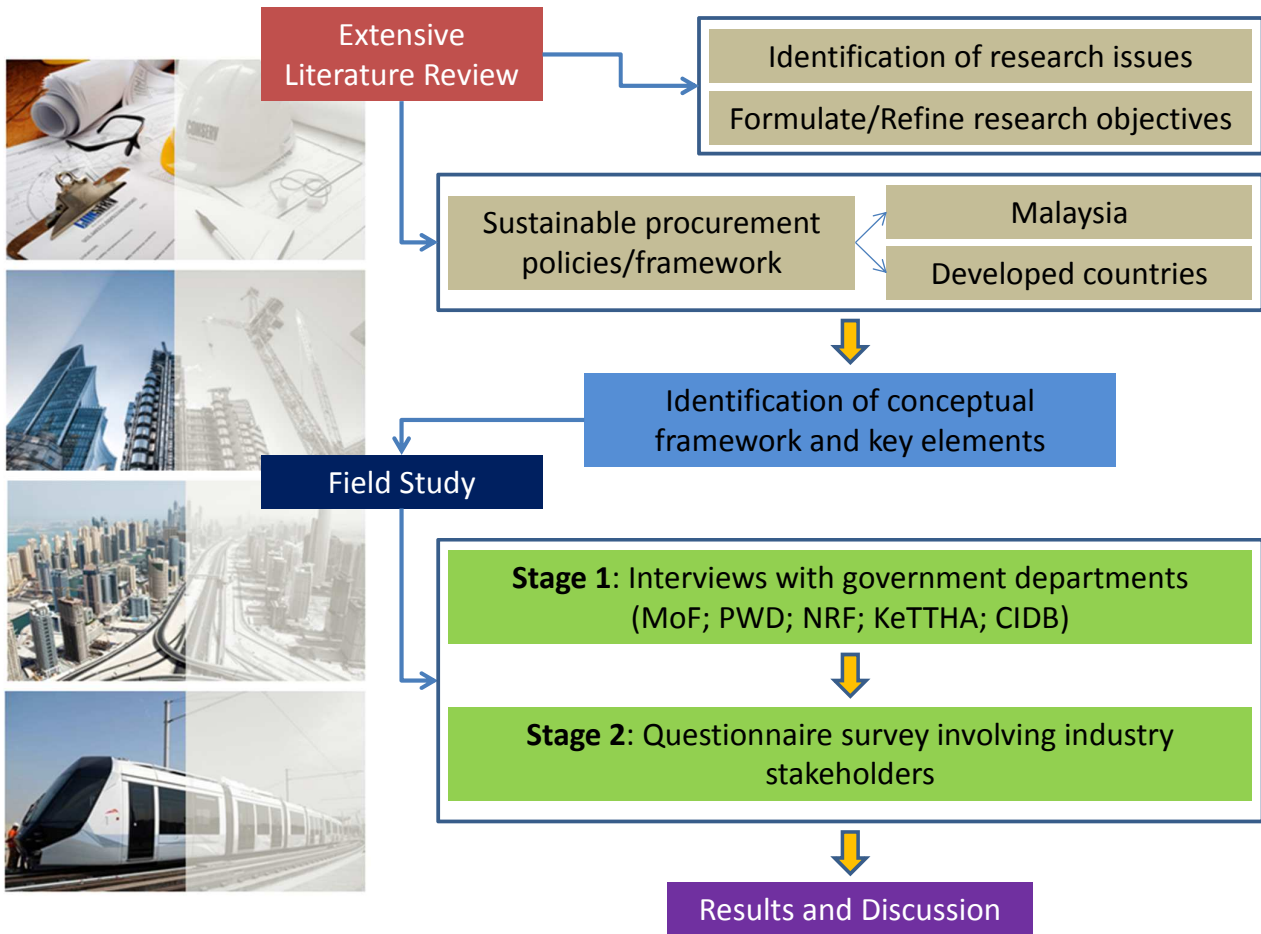
Element	Description	Raising Issues
Standards	<ul style="list-style-type: none"> ▪ Set overarching strategy with list of standards and targets ▪ Standards and targets are comprehensible and achievable 	<ul style="list-style-type: none"> ▪ Lack of enforcement and absence of sanctions for non-compliance. ▪ Often constrained to be achievable or practicable → sustainable development requires nothing but radical and revolutionary solutions.
Communication	<ul style="list-style-type: none"> ▪ Good communication plan to establish understanding and awareness. ▪ "Communication networks" 	<ul style="list-style-type: none"> ▪ Understand sustainable procurement agenda, however, lack of awareness
Assessment	<ul style="list-style-type: none"> ▪ An effective and consistent monitoring process using a reasonable number of indicators. 	<ul style="list-style-type: none"> ▪ 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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Element	Description	Raising Issues
Support mechanism	<ul style="list-style-type: none"> ▪ Supports in form of subsidies and funds, procurement resources such as green specification, reward for good practice and sustainable product labelling. 	<ul style="list-style-type: none"> ▪ 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.
Process & Procedure	<ul style="list-style-type: none"> ▪ 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. 	

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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 3: List of respondents

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

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 4: Ratings on the importance of key factors

KEY FACTOR/ELEMENT	RATING (1 – 5)					
	R1	R2	R3	R4	R5	R6
Prioritisation	4	4	5	4	4	4
Targets & standards	4	4	4	4	4	4
Communication programmes	4	5	4	5	4	5
Active participation	4	4	4	5	4	4
Monitoring & reporting	5	4	5	5	5	5
Comprehensive support mechanism	5	5	5	5	4	5
Action plan and process	4	4	4	5	4	5
Leadership	n.a	5	5	n.a	5	n.a

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

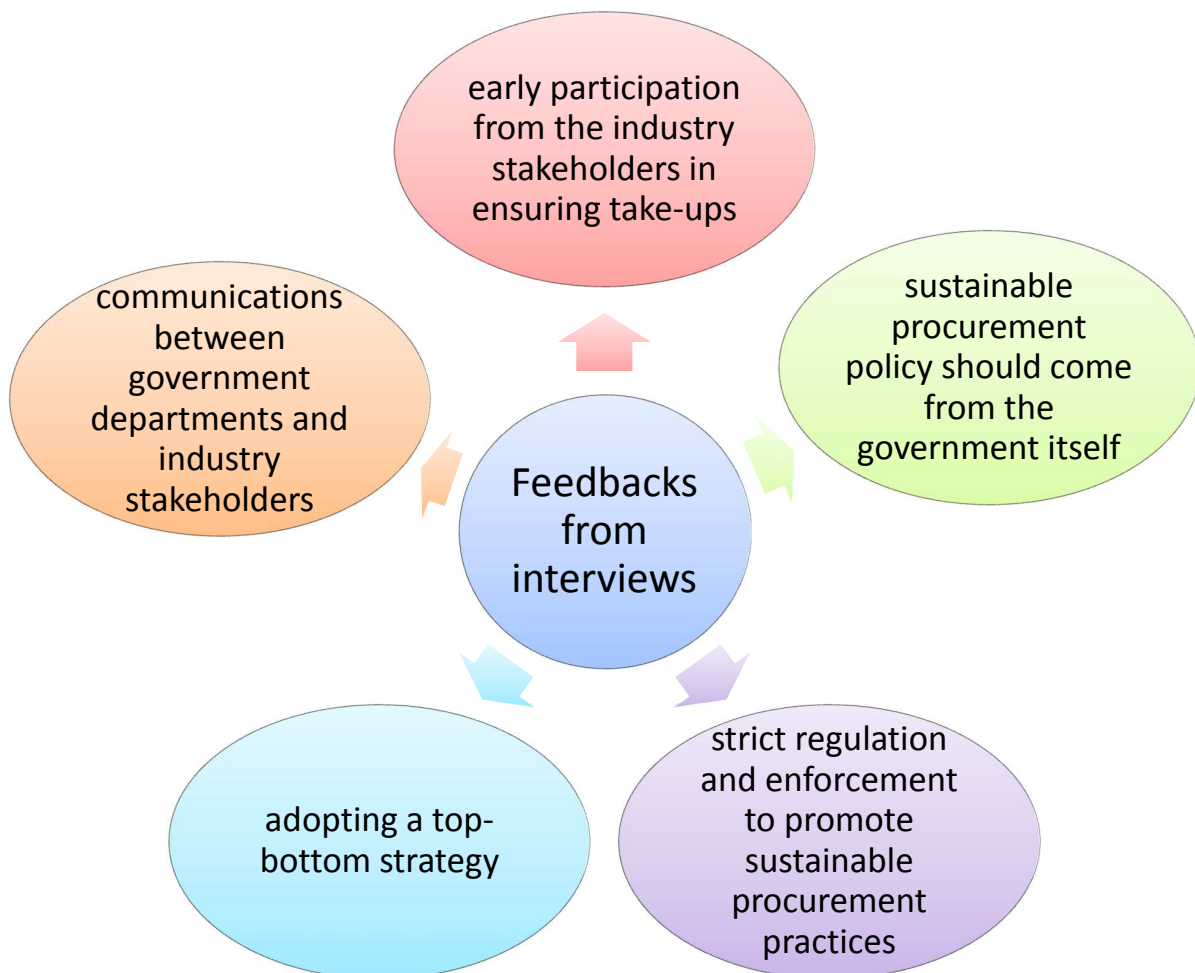
Source: Fieldwork in 2010

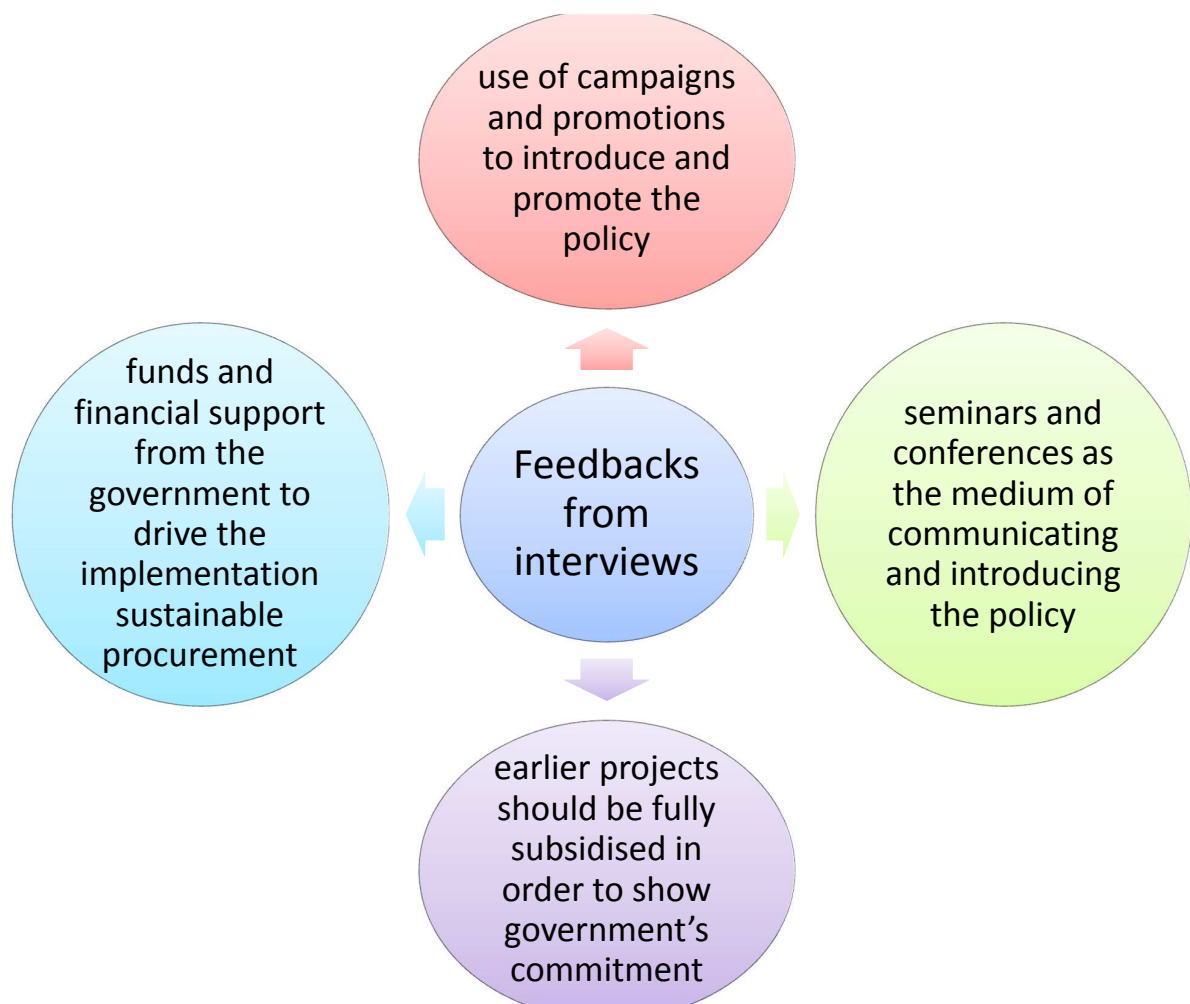
- ❑ Although three experts did not give their feedback regarding the element of “leadership”, inputs from the remaining three respondents agreed to include the leadership element as “most important” for sustainable public procurement framework in Malaysia.



Methods for Promoting Sustainable Public Procurement in Malaysia

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- ❑ 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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