

## Achieving the Net Zero 2050 commitment through green procurement by government

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### Summary

Even though the Net Zero commitment target is still 27 years away, it requires the involvement of various key players and stakeholders to achieve long-term benefits in terms of sustainable economic growth. The idea of this brief is to look at how government green procurement guidelines in Malaysia can help organisations achieve a net zero economy and establish sustainable public procurement practices.

### Key recommendations

- **Engaging a seamless transition by leaving no one behind.**
- **Strong reporting requirements and monitoring coordination.**
- **Establish a better capacity building.**
- **Provide more tools and incentives.**

### Introduction

Public procurement is now no longer limited to purchasing the cheapest products or services. Alternatively, public procurement can be used to promote the Sustainable Development Goals (SDGs) framework, specifically focusing on the Target 12.7 – ‘to promote public procurement practices that are sustainable, in accordance with national policies and priorities’. [1]

Malaysia is no exception with current active spending of at least RM616.8 million. Government green procurement (GGP) plays an important role in Malaysia’s economic development [2] Alongside this agenda, the Twelfth Malaysia Plan began to associate SDGs targets with the commitment of pursuing green growth and adopting sustainable consumption and production concepts [3]

We have one earth and only one country – Malaysia. In order to save our country, we need to reduce any environmental harm that has been caused at our own hands. However, a carbon-free planet takes a whole series of measures and cannot be done with one simple decision. Procurement is one of the entry level measures before engaging in more efforts to achieve the Net Zero Commitment.

A carbon-neutral supply chain does not just happen — but it starts with procurement. The introduction of the Net Zero Commitment 2050 is nothing new. In pursuing a vision of becoming a low-carbon nation, Malaysia has set a long-term goal of being a carbon neutral country at the earliest in 2050 [3]

This effort includes collaboration in the main greenhouse gas (GHG) emitting sectors, namely energy, transport, industrial processes and product use, waste management, agriculture, forestry, and land use. The ambitious commitment will further contribute to the SDGs Goals 7, 11, 12, and 13.



## Government initiatives to achieve Net Zero Commitment 2050

### Introducing carbon pricing and carbon tax

To replace coal-fired power plants with cleaner power generation.

### Initiating a new legal act on energy efficiency and conservation

To regulate energy consumption by high intensity consumers in the commercial and industrial sector.

### Implementing a circular economy model

To reduce pollution, waste generation, and natural resources dependency.

### Coordinating the Green City Action Plan

To develop environmentally-friendly mobility systems and comprehensive climate change mitigation.

Reference: Twelfth Malaysia Plan 2021–2025, 2021

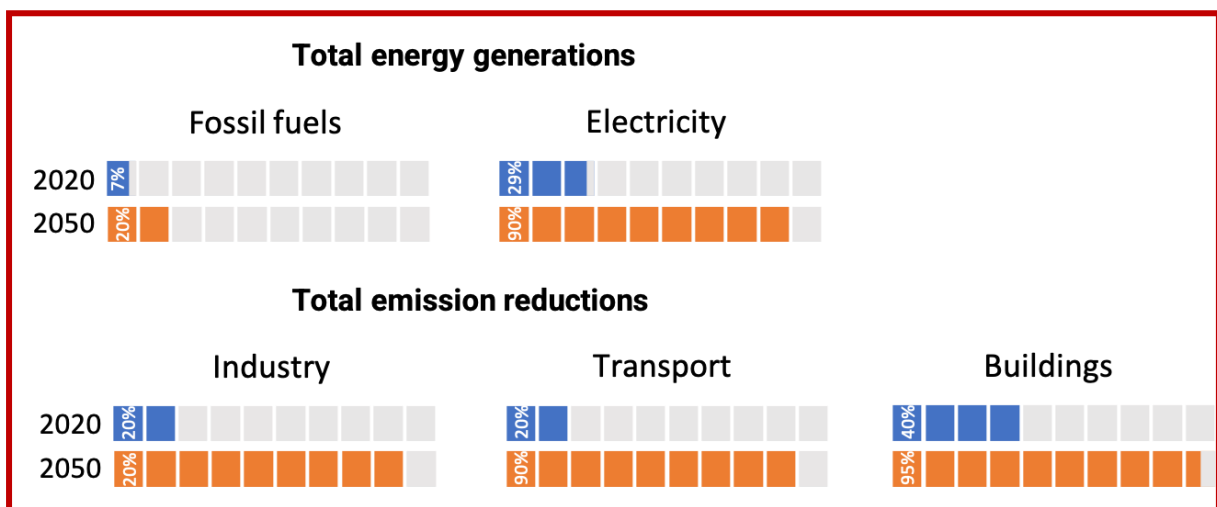
## Government Green Procurement Guidelines

A well-designed national policy framework in Net Zero Commitment is necessary to facilitate the fundamental shift towards sustainable consumption and production patterns. Malaysia first published the government green procurement (GGP) guidelines in 2016 to encourage public organisations to incorporate environmental criteria in their procurement process. [4] As the global supply chain began to shift their product and service preferences towards sustainability and climate-aligned elements, Malaysia's organisations need to reconsider embedding a sustainability strategy to stay relevant in the industry.

GGP can be a strategic lever to achieve the Net Zero Commitment 2050 pledged in the Twelfth Malaysia Plan by managing the natural resources efficiently and, at the same time, enhancing the low-carbon initiatives in all industries. [3] With public procurement responsible for 15 per cent of global greenhouse gas emissions, it is critical that government procurement organisations determine

their emissions baseline, set targets, and define the product and service standards needed to reduce their contribution to global warming. At the same time, the cost over time of the net zero pledge will boost green economic growth with plenty of new job offerings and consequently contribute to a healthier society.

Through GGP, apart from the existing product group that can lead towards sustainability, identifying the main contributing sectors of GHG emissions is important, such as steel, cement and concrete production, heavy transport, electricity, and the construction process. Besides that, it would also be a better solution to consider new product or model innovation solutions at the early stage of technological changes. Box 1, *see below*, illustrates the five main sectors that contributed to the GHG emissions in 2020 and their target by the year 2050. [5]



## Conclusions

To ensure that the market is ready to move towards Net Zero Commitment 2050, a significant transformation within the procuring organisations must take place and be aligned with other agencies. Considering the spending power of public procurement, a great extent of influence to combat global warming through public purchasing can be achieved across various sectors. Over time, the reasonable cost and benefits will not only reduce carbon emissions, but also enhance the green economy, offer more job openings and lead to a healthier community.

## Recommendations

There are four recommendations proposed to be taken as part of achieving the Net Zero Commitment by Malaysia through the GGP framework:

### 1. Engaging in a seamless transition by leaving no-one behind

After five years of implementation, it is now time to work on the harmonisation of GGP's framework to facilitate the product group that can help the nation to achieve more low-carbon products amongst local manufacturers and suppliers. A better alignment across the nation through on-going engagement with all key players, industry movers and academia.

### 2. Strong reporting requirements and monitoring coordination

A strong reporting format should also align together with the compulsory measure to easily demonstrate the actual implementation status by the participating organisations. The Government should develop a user-friendly reporting format that leverage on the existing global standards with common assessment tools and can be further modified according to different implementing industries or sectors.

### 3. Establish a better capacity building

Develop an inclusive training programmes which value skills of managing net zero in procurement. At the same time, increase the awareness campaigns on net zero procurement through the three Rs concept of reusability, repairability, and recoverability.

### 4. Provide more tools and incentives

To scale up current implementation, the Government can offer the participating companies various tools and incentives, such as capacity building, financial aid or even additional tax exemption. By approaching a wider market, this effort will be able to create more industry coalitions for low-carbon products and promoting decarbonisation - the "carrot and stick" approach.

## About the author

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