

SUSTAINABLE CITY DEVELOPMENT IN MALAYSIA (2017 – 2021)

NATIONAL STEERING COMMITTEE MEETING NO. 1/2018		Date : 8 November 2018 Time : 09.30 – 11.20 a.m.	
MINUTES OF MEETING		Venue : Berlian Meeting Room, 18th Floor, Ministry of Housing and Local Government (KPKT), Putrajaya	
		No. of pages : 13 Attachments: 1) Agenda 5: presentation slides from World Bank (pp7-8) 2) Agenda 7: Sustainable City Development in Malaysia (2017-2021) Workplan 2019	
Agenda:			
1. Opening Remarks by Chairman 2. Minutes of National Steering Committee Meeting dated 2 May 2017 3. Matters Arising 4. Progress updates on Sustainable City Development in Malaysia Project 5. Presentation on Melaka Sustainability Outlook by World Bank 6. Proposed Terms of Reference (TOR) for Smart Grid Demonstration Project 7. Other matters			
Chair: YBhg. Dato’ Sri Haji Mohammad Mentek, Secretary General, Ministry of Housing and Local Government (KPKT)			
Attendees			
Committee Members :			
No	Organisation	Name & Designation	Initials
1.	Ministry of Federal Territories	YBhg. Datuk M Noor Azman Taib, Deputy Secretary General (Planning & Development)	DMNA
2.	Ministry of International Trade and Industries	Ms Catherine Ridu, Director of Strategic Planning II	CR
3.	Ministry of Economic Affairs	YBhg. Dato’ Dr. Noor Zari Hamat, Deputy Secretary General (Policy)	DDNZ
4.	Ministry of Economic Affairs	Mr. Ramlan Harun, Director	RH
5.	Ministry of Finance	Mr. Nik Mohd Shariffuddin Nik Hassan, Head Assistant Secretary, Fiscal and Economy Division	NMS
6.	Ministry of Energy, Science, Technology, Environment and Climate Change	Ms Marhaini Mat, Head Assistant Secretary, Climate Change Program	MA
7.	Department of Local Government	Mohammad Ridwan Abidin	MRA
8.	Economic Planning Unit Melaka	Mr Afzai Nizam Sandiman	ANS

No	Organisation	Name & Designation	Initials
9.	PLANMalaysia	TPr. Gs Hj Mohd Ali Abu Bakar, Director, Bhg Maklumat Gunatanah Negara	MAAB
10.	PLANMalaysia	Ms Syarifah Nuraida Tuan Mohd Apandi, Principal Assistant Secretary	SNTA
11.	Majlis Bandaraya Johor Bharu	Ms Norbaizura Md Zin, Deputy Director, Planning	NMZ
12.	Dewan Bandaraya Kota Kinabalu	Mr. Stanley Chong, Director, City Planning	SC
13.	Hi-Tech Kulim Industrial Park	Mr. Afizudin Mohd Saad, Secretary	AMS
14.	Kuala Lumpur City Council	YBhg. Datuk Sr. Haji Mohd. Najib Haji Mohd, Executive Director, Project Management	DMNM
15.	Kuala Lumpur City Council	Mr. Shariman Abdul Wahab	SAW
16.	Ministry of Federal Territories	Dr. Alias Ramli, Deputy Division Secretary	DAR
17.	Ministry of Energy, Science, Technology, Environment and Climate Change	Ms. Hizahwati Badri, Assistant Secretary	HB

By Invitation:

1.	World Bank	Ms Mei Ling Tan, Country Officer, Malaysia	MLT
2.	RJ Planning	Ms Nurul Nabila Norsamsuddin, Town Planner	NNN
3.	RJ Planning	Ms Azlin Sulaiman, Town Planner	AS

Secretariat :

1.	Ministry of Housing and Local Government	Dr. Mary Wong Lai Lin, Deputy Secretary General (Policy)	DMW
2.	Ministry of Housing and Local Government	Dr. Siti Muhaza Sh. Zainal, Division Secretary (Policy and Inspectorate)	DSM
3.	The Malaysian Industry-Government Group for High Technology	Dr. Raslan Ahmad, Senior Vice President	DRA
4.	The Malaysian Industry-Government Group for High Technology	YBhg. Datuk Nik Ahmad Faizul A. Malek, Vice President and National Project Director	DNAF
5.	The Malaysian Industry-Government Group for High Technology	Ir. Mohd Qaharuddin Abdullah, Assistant Vice President	MQA

No	Organisation	Name & Designation	Initials
6.	The Malaysian Industry-Government Group for High Technology	Ms Nik Sufini Nik Mohamed, Programme Manager	NSNM
7.	Ministry of Housing and Local Government	Ms. Nurulain Bachok @ Abd Karim, Head Assistant Secretary	NB
8.	Ministry of Housing and Local Government	Ms. Lina Syazwany Izhar, Assistant Secretary	LSI
9.	Urbanice Malaysia	Ms. Norliza Hashim, Chief Executive Officer	NH
10.	Urbanice Malaysia	Mr. Md. Farabi Yusoff Md Yusoff, International Partnership and Projects	MFMY
11.	UNIDO	Ms. Katarina Barunica, Programme Manager and Sustainable Urban Planning Expert	KB
12.	UNIDO	Mr. Nicholas Dehod, Project Associate, Climate Policy and Partnerships Division	ND
13.	UNIDO	Mr. Aymen Ahmed, Procurement Officer, Procurement Services Division	AA

Ex-Officio :

1.	Malaysia Green Technology Corporation	Mr. Saiful Adib Abdul Munaff, Head of Smart Sustainable Cities Division	SAM
2.	Melaka Green Technology Corporation	Mr. Mohd Hafizam Mustaffa, Operations Manager	MHM

Item	Discussion	Action
1.0	OPENING REMARKS BY THE CHAIRMAN	
1.1	The Chairman welcomed all the committee members and participants to the meeting, including the representatives from UNIDO and the World Bank.	Info
1.2	The Chairman proceeded to provide a brief background on the Sustainable City Development in Malaysia project with Melaka as the pilot city, and that the project spans over 5 years involving policy intervention, awareness creation, capacity building and a demonstration project.	Info
1.3	The Chairman further remarked that the project supports the strategic intentions of thrusts 4, 5 and 6 of 11 th Malaysian Plan. and as the lead Ministry, KPKT has given and will continue to give its full support and cooperation towards the success of the project.	Info
1.4	The Chairman invited DNAF to brief further on the background and nature of the project.	
1.4.1	DNAF briefed that the Global Platform on Sustainable Cities (GPSC) is a platform under the Sustainable Cities Integrated Approach Pilot (SCIAP) programme by the Global Environment Facility (GEF). There are 11 countries and 28 cities participating, and for Malaysia, Melaka city was selected as the demo city.	Info
1.4.2	Sustainable cities concept consists of the three (3) pillars i.e. economic, environment and social, with smart city governance as the cross-cutting component. For the Sustainable City Development (SCD) project in Malaysia, KPKT is the lead Ministry and is also the national platform to synergise various initiatives on sustainable cities and while MIGHT <u>is the project implementor and</u> acts as the Project Management Unit (PMU). <u>This project is also one of the platform to synergise various initiatives on sustainable cities.</u>	Info
1.4.3		Info
1.4.4	There are currently 16 NSC members with the Secretariat and Ex-Officio members to support the running of the project. There are 4 outputs of the project, namely, (1) National and state policies on sustainable cities; (2) Awareness; (3) Capacity Building; and (4) Smart Grid Demonstration Project.	Info

1.4.5	On project financing, DNAF briefed on the two components involved i.e.:	Info
1.5	<ul style="list-style-type: none"> a) Direct financing totaling USD 2,542,293.00 b) Co-financing involving MIGHT, KeTTHA, the Malaysian Green Technology Corporation (MGTC), KPKT, Melaka and UNIDO, totaling US 18,000,000.00 <p>The Chairman invited KB to give some remarks from UNIDO's perspective.</p> <p>KB informed the meeting that the programme has received a lot of attention from other countries who have shown interest to share their knowledge and experiences on sustainable city initiatives. UNIDO is currently assisting with the facilitation of a visit by Senegal to Malaysia, who would like to learn more about sustainable city initiatives in Melaka and other cities as well.</p>	Info
2.0	MINUTES OF NATIONAL STEERING COMMITTEE MEETING DATED 2 MAY 2017	
	The minutes were circulated to the members prior to the meeting and no questions were raised on any of the items.	Info
3.0	MATTERS ARISING	
	DNAF briefed the meeting on matters arising at the last NSC meeting and the updates and/or actions that have taken place.	Info
4.0	PROGRESS UPDATES ON SUSTAINABLE CITY DEVELOPMENT IN MALAYSIA PROJECT	
4.1	<p>DNAF presented on the progress updates of the project from the first NSC meeting in May 2017 to date:</p> <ul style="list-style-type: none"> a) National and State policies on sustainable cities: Final Sustainability Outlook Report presented at the meeting by the World Bank, and the outputs or recommendations from the report can be taken as inputs to the Policy and Capacity Building programmes at Federal State Governments levels. b) On awareness, since SCD Malaysia was launched in 	Info

	<p>May 2017, a few awareness activities have been carried out at city related conferences, with the launching in Melaka as one of them.</p> <p>c) A few capacity building sessions were conducted in Melaka, in conjunction with the launching of SCD Malaysia.</p> <p>With Municipal Finance becoming an important agenda in city planning, a municipal finance academy by UNIDO has been planned to take place in December 2018. KB added that a few selected cities had undergone such training in Washington DC and had conducted a self-assessment on the credit worthiness of their cities, which is the ultimate goal for cities to improve their fiscal sustainability.</p> <p>On the International Centre for Sustainable Cities (ICSC), DNAF briefed the meeting on the objectives of the center. The preliminary Terms of Reference (TOR) of the center have already been developed, and the first approach to the setting up of the ICSC will be a virtual network, as a physical location would involve Capital Expenditure.</p> <p>d) On Smart Grid Demonstration project, the Terms of Reference (TOR) have been drafted and tabled under Agenda 6 of the meeting.</p>	
4.2	<p>DNAF extended his thanks to UNIDO on behalf of the Project Management Unit (PMU), on the change in project payment schedule for activities for the year which will be provided in advance to facilitate smoother implementation of the project deliverables.</p>	Info
5.0	PRESENTATION ON MELAKA SUSTAINABILITY OUTLOOK BY WORLD BANK	
5.1	<p>MLT commenced the presentation by explaining that the World Bank is the global manager of the Global Platform for Sustainable Cities (GPSC) programme with GEF. Phase 1 involving 28 cities in 11 countries is expected to be completed by end of 2018 and Phase 2 is currently under preparation, with funding and number of cities in GPSC is scheduled to scale up in 2019.</p>	Info

5.2	The Chairman commented that other cities in Malaysia should be considered in the next phase. MLT replied that the World Bank is keen to see Malaysia's interest to participate.	Info
5.3	In the provision of knowledge and tools to support the Sustainable Development Goals (SDGs), MLT informed that the Urban Sustainability Framework (USF) can act as a guidance document for any city, as the framework consolidates the approaches adopted by different initiatives and creates a shared vision in a common framework.	Info
5.4	<p>On the Melaka Sustainability Outlook Diagnostic Report:</p> <ul style="list-style-type: none"> a) The objectives of the report are: (1) to distil input from Melaka's public and private sector stakeholders; (2) to support the implementation of future updates to Melaka's 2035 Structure Plan; and (3) to assist Melaka in achieving its vision of being smart, green and clean. b) MLT also explained on the methodology used in the drafting of the report (<i>please refer to attachment: Agenda 5 presentation slides from World Bank pp7-8</i>). c) On unemployment rate, although Melaka has the lowest compared to its benchmarked cities, MLT highlighted that most of the employment is attributed to the tourism industry with evidence of high part time workers and low value jobs. 	Info
5.5	The key messages on Melaka's economy are that Melaka should leverage key competitive advantages in its two main industries i.e. tourism and manufacturing and conduct a deeper investigation for Melaka's drivers of future growth.	Info
5.6	On fiscal sustainability, it was recommended for both Melaka state and city to conduct shadow credit rating. Increase its own-source revenue, to achieve a surplus in the operating margin, to create a sound capital investment plan and to improve their policies and procedures on debt management.	Info
5.7	On Melaka's urban planning, MLT related the key message that the city needs to shape an efficient and compact urban form, by reducing land oversupply and to overcome implementation challenges.	Info

5.8	<p>The recommendations by World Bank are as follows:</p> <ul style="list-style-type: none"> a) To shape the city with a compact urban form and development nodes well-connected by public transport. b) To incentivize a higher density, mix use and compact development with flexible land use regulations. c) To increase institutional capacity and coordination for more effective integrated urban planning. 	Info
5.9	<p>On mobility, the following are recommended:</p> <ul style="list-style-type: none"> a) To move towards a public modal share of 40%. b) To coordinate land use planning with Transit-Oriented Development (TOD) c) To develop a pedestrian-friendly city 	Info
5.10	<p>On the next steps for project engagement, World Bank proposed the following:</p> <ul style="list-style-type: none"> a) A launch of the report in the 1st quarter of 2019; b) A follow-through on the report with a sustainability outlook at Federal and State level; c) Consideration to participate in Phase II of the GEF-7 Sustainable Cities programme and include more cities in Malaysia. 	Info
5.11	<p>DMNA questioned on Melaka's current positioning in terms of fiscal sustainability. MLT replied that the positioning can be assessed by looking at 3 types of fiscal sustainability i.e. recurrence, non-recurrence and inter-government transfers. However, World Bank will revert with more details after consultation with the technical people involved with the drafting of the report.</p>	Info
5.12	<p>NMF enquired on who will bear the cost of the credit rating exercise. They added that most debts or funding to the States are from the Federal Government. MLT replied that the rating can be sought from any professional credit rating agencies, and with good ratings, borrowings can be obtained at a lower rate of interest. More importantly, a sound action plan is required.</p>	Info

5.13	NMF highlighted that the Government will be implementing the Fiscal Responsibility Act as part of the recent budget announcements. MLT responded that Malaysia is still in the “A” category but strengthening of fiscal sustainability still falls on the 3 criteria of recurrence, non-recurrence and inter-government transfers.	Info
5.14	The Chairman added that Malaysia ranks at no. 3 out of 190 countries in the latest ‘Ease of Doing Business’ report, an improvement of 9 places from the previous ranking. An example is evident from the Construction permits process, whereby the Chairman is also co-chairing the Focus Group with the Mayor of DBKL, with the planning approval being improved and split into 3 categories depending on project size.	Info
5.15	The Chairman thanked World Bank and they requested for the finalization of the report for final acceptance by the Melaka State Government.	MIGHT/ PTHM
6.0	PROPOSED TERMS OF REFERENCE (TOR) FOR SMART GRID DEMONSTRATION PROJECT	
6.1	DNAF briefed the meeting on the background of the Smart Grid Demonstration project that the project has been allocated with USD 1.6 Million. Currently, any energy related projects or any energy savings efforts are standalone and are not integrated with each other. The project aims to integrate all the elements under one platform.	Info
6.2	<p>The key objectives of the project are:</p> <ul style="list-style-type: none"> a) To introduce best practices and technology transfers through smart grid infrastructure and networking to reduce emissions and thereby promoting the adoption of industrial energy efficiency programmes and renewable energy usages amongst the communities in the city of Melaka; b) To implement smart city applications in the energy space for monitoring, reporting and verification of energy consumption and energy savings based upon solar energy generation, as well as derived abatement of emissions of greenhouse gases from low-carbon road transports, that supports sustainable industrialization and urbanization. 	Info

6.3	<p>MQA presented on the phases of the project as follows:</p> <ul style="list-style-type: none"> a) <u>Phase 1 (2019)</u>: Prelim Data Integration and Reporting of Selected Energy Projects in Melaka, setting up of a Server Room and Common Infrastructure for Integration. b) <u>Phase 2 (2020)</u>: Data Integration & Analytics for Selected Energy Projects in Melaka, Future Large Solar Scale (LSS) PV & Rooftop Solar PV Projects via Net Energy Metering (NEM) and setting-up of Integrated Server Room in Melaka which is also ready for National Load Dispatch Centre (NLDC) Connection. c) <u>Phase 3 (2021)</u>: Data Integration & Visualization of Selected Energy Projects in Melaka, Future Large Solar Scale (LSS) PV & Rooftop Solar PV Projects via Net Energy Metering (NEM) and Future Green Mobility Project connected to NLDC. 	Info
6.4	<p>DNAF presented on the proposed timeline of the project which will span over four years, and parallel to its implementation, the soft aspects of Smart Grid in the current contract will be carried out as well.</p>	Info
6.5	<p>On the implementation partners, DNAF highlighted that consideration was given to TNB Research (TNBR) and UNITEN as they have extensive relevant experience in the field and have already been actively involved in local Smart Grid development activities. Hence the proposal as follows:</p> <ul style="list-style-type: none"> a) To leverage on TNBR and UNITEN experiences in executing Smart Grid pilots; b) To leverage on related knowledge with the TNB subsidiaries; c) To ensure uptake of the project by TNB post completion due to their upfront participation in the project. 	Info
6.6	<p>DMNM enquired on the percentage of Renewable Energy (RE) target. MM replied that it will need to be referred to the energy sector in the Ministry who will be developing the policy on RE. The Chairman requested for MESTECC to provide feedback within 1 week of the date of the NSC meeting. MM added that the Feed-In Tariff (FIT) has already finished.</p>	MESTECC 15 Nov

6.7	<p>The committee agreed on the following proposals relating to the Smart Grid Demonstration project:</p> <ul style="list-style-type: none"> a) The proposed scope; b) The proposed 3 phases; c) The proposed time schedules of the 3 phases; d) The proposed project implementation partners. 	Info
7.0	OTHER MATTERS	
7.1	<u>Proposed Work Plan for 2019</u>	
7.1.1	<p>DNAF presented on the proposed 2019 work plan and the budget for the year. (<i>Please refer to attachment: Agenda 7: Sustainable City Development in Malaysia (2017-2021) Workplan 2019</i>). Generally, it is planned for 2 capacity building events, to continue with awareness activities, to develop the framework for ICSC. DNAF added the deliverables can be completed in less than 5 years if possible.</p>	Info
7.1.2	<p>The committee agreed on the following:</p> <ul style="list-style-type: none"> a) The proposed work plan and budget related to Project Management Unit (PMU) for 2019; b) The proposed Project Work plan and budget related to Policies, Awareness and Capacity Building for 2019; c) The proposed Project Work plan and budget for Smart Grid Demonstration project for 2019; d) The proposed budgets with a 10% tolerance as contingency. 	Info
7.2	<p>ANS expressed thanks on behalf of UPEN Melaka to World Bank and GPSC for choosing Melaka as the demo city and they pledge their full support for the success of the project.</p>	Info
7.3	<p>DMW expressed KPKT's aspirations to start working on World Bank's recommendations where the Ministry could be involved at the development stages of the implementations together with the rest of the stakeholders.</p>	Info
7.4	<p>The Chairman requested for Urbanice to play an active role with PMU on future implementation.</p>	Urbanice/ Secretariat

7.5	<p>FYMY of Urbanice concurred with the Chairman and KPKT and commented that the recommendations are in line with embracing the SDG agenda.</p> <p>Urbanice is also organizing the Malaysian Urban Forum on 18-19 February 2019 and is also targeting to organize the 7th Asia Pacific Urban Forum in October next year.</p> <p>FYMY added that the USF can be replicated to other states as the cities need to derive their city GDPs using the same method for the city of Melaka. It will assist with the preparation of The Malaysian Cities Report which is expected to be launched in 2019.</p> <p>FYMY mentioned that Smart Grid project should consider adding Projek Perumahan Rakyat (PPR) by KPKT in the scope as KPKT also has almost 127 PPR throughout Malaysia. It will be a great asset for RE and EE resources</p>	<p>Info</p> <p>Info</p> <p>Info</p> <p>Info</p>
7.6	KB informed the meeting that the GEF-7 cycle plans to deliver concrete projects therefore there should be uptake by Malaysia on this cycle.	Info
7.7	MESTECC informed that a GEF-7 application national dialogue will be conducted in January 2019.	Info
7.8	DNAF requested for all parties to revert with the NSC member/alternate member nominations. The Chairman impressed on all parties to revert by the following day.	All 9 Nov
7.9	NMS commented that the report by World Bank is useful as it provides recommendations on how a state can strengthen its capabilities. DMW responded saying that the Melaka Sustainability Outlook provides initial recommendations and more assessments will need to be made during the implementation stage.	Info
7.10	DMNM enquired if the Melaka Sustainability Outlook Report can be shared with the rest of the committee members. The Chairman replied that the report will need to be endorsed first by the Melaka State Government before circulation.	Info
8.0	ADJOURNMENT	
	With no other matters raised, the Chairman thanked all parties and the meeting was adjourned at 11.20 a.m.	

Prepared by:	Reviewed by:
Nik Sufini Nik Mohamed	
Programme Manager	

NSC 1/2018 - draft confidential