



PENANG GREEN AGENDA 2030

Title: Governance and Institutions

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EXECUTIVE SUMMARY

Having a dynamic governance institution is important for the implementation and achievement of the sustainable development goals. Apart from being open, inclusive and accountable, the governance institution or system also needs to be able to evolve effectively to adapt to changing needs and threats. Governments can build a strong foundation for sustainable development by adopting a science- or evidence-based approach in decision-making and an effective communication channel with the public. In reality, however, Government institutions are usually bogged down by inertia and bureaucracy, which makes timely adaptation to new threats or opportunities difficult.

In 2008, Penang State Government introduced the competency, accountability and transparency (CAT) policy to improve governance and increase public trust in the Government. In 2018, it launched the vision of Penang2030: A Family Focused Green and Smart State that Inspires the Nation, which has four themes and 16 Strategic Issues (SI)s, all of which are linked to specific SDGs. Among the various issues it focuses on is SI C4: Accelerate Programme Delivery and Institutional Reform, which sets out targets and actions the Government needs to take to improve governance and build capacity in order to implement Penang2030. Penang2030 provides a good opportunity and platform to create a governance structure more conducive to achieving the SDGs.

To achieve its targets, the Government needs to address several governance and institutional deficits. Currently, the SDGs are not explicitly mainstreamed across Government institutions and there is a lack of understanding of how to incorporate the SDGs into day-to-day Government work. The lack of proper training as well as SDG-oriented key performance indicators (KPIs) for Government servants impede capacity building within the Government on SDG implementation, including the capacity to assess future (e.g. socio-economic and environmental) risks of Government policy and decisions. Another serious shortcoming of governance in Penang is the lack of evidence-based decision making. This is partly because the Government does not collect enough data, nor does it update or utilise relevant data in a systematic way. The silo mentality of Government departments also hinders meaningful sharing of useful data.

Decision-making within the Government is currently not transparent enough and there is limited opportunity for meaningful public participation – public consultation sessions are usually carried out as a formality (or sessions to explain to the public what the Government already decides to do) rather than as a meaningful exercise to receive and incorporate feedback. Also, although the State Government has expressed its intention to adopt the public-private-professional-public (4Ps) partnerships, it has yet to introduce guidelines or framework to systematically promote this type of partnership within the Government. Lastly, there is a lack of diversity in financing for Government projects; the current financing model is overly dependent on budget allocation from the Federal Government and sale of public land.

The GOV Working Group proposes the following four recommendations to strengthen governance and institutional capacity for SDGs implementation in Penang:

1. Mainstream SDGs Through Penang2030 (2020)

The Sustainable Development Goals (SDGs) and their achievement should be mainstreamed into all levels of Government and decision-making through Penang2030. Penang2030 is currently the Government's main initiative for future development of Penang and it comes with the highest authority (from the Chief Minister). Penang2030 is also very comprehensive and covers almost all the 17 SDGs, ranging from social wellbeing to economic growth and environment protection. In particular it has a specific focus on improving and enhancing governance to achieve the goals of Penang2030 (Strategic Initiative C4). Hence, mainstreaming of SDGs can be achieved through the state-wide implementation of Penang2030.

Specific actions that can be taken to mainstream SDGs through Penang2030 include the following:

- a) Achievement of SDGs through Penang2030 programmes / projects should be included in the **Key Performance Indicators (KPIs)** of civil servants, which will be revised by the State Government in 2020 to incorporate the Penang2030 vision.
- b) Achievement of SDGs should be included in the Star Rating System – Penang State Government should initiate discussions with Unit Pemodenan Tadbiran dan Perancangan Pengurusan (MAMPU) and Kementerian Perumahan dan Kerajaan Tempatan (KPKT) to explore the possibility of amending the current SRS to reflect the need to achieve SDGs.
- c) Incorporate SDGs into **training sessions** for Government servants through reviewing and prioritising the existing training series. Training needs to be consistent, long-term, strategic and structured. State and Local Governments should collaborate with universities and professional bodies on training content. Civil servants should also be trained on change and risk management. In addition, the training course should include a module to build the capacity of Government to access outside funding for projects.
- d) Current champions of Penang2030's 16 strategic initiatives should monitor the implementation of SDGs related to their areas and report on their progress (they are acting as the "**SDGs Officers**").
- e) Identify and appoint an existing **Jawatankuasa** to take charge of the review and monitoring of the implementation of Penang2030 targets and SDGs.
- f) Penang should produce an annual **SDGs Report** that details the progress and gaps of SDGs implementation in Penang especially in the context of Penang2030. The report must be either independently prepared or verified.

2. Open Governance (2020-2023)

To encourage public participation and improve accountability, the State Government needs to promote a more open governance in Penang. Under Penang2030, a **state dashboard** will be established to collect data and to keep track of the implementation of Penang2030, which can be adapted to also keep track of the progress on achieving SDGs. Monitoring and review of progress must also be subject to independent verification. It is therefore essential that Government departments have easy access to up-to-date data. This would require an overhaul of the current data sharing system between the Department of Statistics Malaysia (DOSM) and other Government departments including the State Government. Given the importance of data, the State Government should establish a **centralised database or a Big Data Unit** helmed by qualified data scientists. Government departments must use the database or Big Data Unit in decision-making processes to make sure that their decisions are backed by facts and data. The State Government should also approach the Federal Government to come to an arrangement whereby information related to Penang2030 and SDGs should be easily obtained and shared. Better still, the State dashboard should be **linked directly to the DOSM system**. In addition, the State Government should be able to ask for a customised **data set** for tracking the implementation of Penang2030 and SDGs. Without easy access to up-to-date data, the Big Data Unit to be established under Penang2030 will not achieve its full potential.

E-Governance and use of technology can also promote open governance. One of the objectives of Penang's **Smart City Initiative and Digital Transformation Master Plan** should be to support and enhance governance for achieving Penang2030 goals and SDGs. Under the Smart City Initiative, the State and Local Governments need to make sure that the necessary infrastructure is put in place and there is a team of experts who are driving the initiative with a clear vision. The Government also needs to provide training and sufficient information to the public on using technology to access information and also provide feedback. State and Local Governments can also explore the use of Artificial Intelligence (AI) in rationalising decision-making, which can reduce corruption and "special interest hijack". The State dashboard for Penang2030 is expected to be up and running in 2020 while the centralised database or Big Data Unit can be set up by 2023.

3. Public-Private Partnerships (PPP) Policy (2021)

To implement Penang2030 and achieve the SDGs, the State Government needs buy-in and participation from all sectors of society, especially businesses. The commitment of the business community is especially important not only just in co-financing programmes and projects but also adapting their investments according to the development goals set by the State Government. To better utilise and identify the potential for public-private partnerships (PPP), the State Government should adopt a **PPP Plan or Policy** setting out clear goals, safeguards and actions for the use of PPP in Penang. In particular, the Policy needs to look into the potential of PPP as new sources of sustainable financing for public projects at the State as well as Local Government level. However, in order to prevent abuse and waste of taxpayers' money, PPP deals should be transparent and the structure for accountability must be clear. InvestPenang can take the lead in drafting a PPP Plan for Penang as it has

been tasked to promote private sector involvement in implementing Penang2030. In addition to PPPs Policy, the State Government should also look into the overall Public-Private-People-Professional Partnerships (5Ps) that can propel institutional innovation in Penang. Research and guidelines are needed to establish some basic foundation or principles for building a governance system supported by 5Ps.

4. Capacity Building for Public Consultation (2022)

Penang2030 is presented as an opportunity for everyone concerned about the welfare of Penang to give input on how to make Penang a better place. Theme C of Penang2030 specifically focuses on empowering people to strengthen civic participation. It is also promoting a more people-centric approach to policy making. This is consistent with an integral element of the SDGs: to encourage more democratic and transparent governance. In order to promote meaningful public participation in decision-making, Penang needs to significantly increase its capacity to conduct public consultation and other forms of public engagement. To do that, it can establish an **internal expert team** that can advise and provide training to all Government agencies in designing and conducting effective public consultation. It can also use **E-Governance** to facilitate public engagement and obtain public feedback provided that the necessary infrastructure and technology are readily available to the public. In fact, one of the Penang2030's targets is to establish a one-stop online community engagement forum. An E-Governance platform can also improve data collection that will allow the Government to make more informed decisions. Another way to improve the quality of public consultation is to encourage **civil servants to chair public hearing sessions**, especially those that involve technical issues. This will increase accountability and depoliticise certain public hearings at the same time. Generally, public consultations should be chaired by the decision-makers (either Government departments or politicians) rather than third-party consultants. The review of Government departments' guidelines, rules, regulations, by-laws and policies under Strategic Initiative C4 of Penang2030 should also focus on increasing public input in Government decision-making.

1. Background

1.1 Penang Green Agenda and Governance and Institutions

Governance and Institutions is one of the ten key focus areas that have been identified for Penang to achieve its sustainable development goals by 2030. In 2015, Malaysia made a commitment to the international community to support and implement the Sustainable Development Goals (SDGs). The 11th Malaysia Plan has set out Malaysia's ambition and roadmap to achieve the SDGs by 2030, however it remains to be seen how effectively the Plan is being implemented on the ground. SDGs are yet to be mainstreamed into all areas of decision-making.

One of the main challenges of implementing SDG-related policies in Malaysia is the lack of suitable and effective governance and institution structures, including in Penang. Governance-related barriers can be summarised under 5 headings: 1. Lack of vision and a forward-looking approach; 2. Lack of political will and suitable leadership in public institutions; 3. Silo mentality and decision-making; 4. Weak enforcement and monitoring capacity; and 5. Lack of effective public-private partnerships.

Each of these areas needs to be tackled in order for Penang to move towards a more sustainable development by 2030. Some of the solutions will need to take place at the Federal Government level but there are still plenty of steps the State Government can take to increase its institutional capacity to plan for and achieve a much better future for its people and environment. At a minimum, SDGs-guided Key Performance Indicators (KPIs) should be created for all areas of Government affairs, accompanied by a regular and systemic review process.

The Working Group on Governance and Institution (GI) explores ways to strengthen Penang's governance and institutional capacity for implementing SDG-related policies. In particular, it identifies a set of governance-related basic principles and institutional requirements for achieving SDGs by 2030 for Penang. It also explores synergy in terms of governance best practices with other major policy initiatives (e.g. Penang2030, climate change etc) and looks to create a win-win framework for institutional excellency in Penang. The Working Group also considers various institutional innovations and the use of technology to overcome some of the barriers Penang faces.

1.2 Current State of Affairs

Good governance and institutions are both important components and enablers of sustainable development. In 2008, the Penang State Government introduced the competency, accountability and transparency (CAT) policy to improve governance and increase public trust in the Government. CAT has had some (albeit limited) impact on the governance of Penang, including more instances of open tender of public projects. There are also more public consultation sessions compared to other states (for example Penang allegedly held more than 900 consultation sessions for the Penang Transport Master Plan since 2015) although the outcome or effectiveness of these public engagement sessions are both unclear.¹

¹ "Chow: More than 17,000 people engaged in transport masterplan". *The Star*, 24th August 2018.

An existing initiative that will potentially have a big impact on Penang's governance is Penang2030: A Family Focused Green and Smart State that Inspires the Nation (or Penang2030), which was launched in 2018. Penang2030 is a vision of the current Chief Minister and is also a rough blueprint for Penang's development from now until 2030. Its overarching objective is to encourage citizens to participate in policy-making and take responsibility for their own future. Penang2030 has four main themes: A. Increase Liveability to Enhance Quality of Life; B. Upgrade the Economy to Raise Household Incomes; C. Empower People to Strengthen Civic Participation; and D. Invest in the Built Environment to Improve Resilience. These four themes are further broken down into 16 strategic initiatives (SIs).² All 16 SIs of Penang2030 are linked to all but one (Goal 17) of the 17 United Nations' SDGs. Hence, realising Penang2030 vision goes a long way toward achieving SDGs.

Implementing Penang2030 currently is the main focus of the Penang Government as well as the governing political party. Penang2030 is meant to be a 'living document' where details of the various programmes and projects can be added as and when necessary. A very important initiative of Penang2030 is SI C4: Accelerate Programme Delivery and Institutional Reform. Under C4, the State Government aims to transform the delivery of Government services through digital revolution (including e-governance and a Big Data Unit), capacity building and most importantly, regular reviews of Government guidelines, rules, regulations, by-laws and policies. The purpose of C4 is two-fold: improve the overall governance of the Government and build up institutional capacity to implement Penang2030. C4 presents a good platform to push for a governance structure that is conducive to achieving sustainable development.

The institutional design currently proposed by the Government to achieve Penang2030 is as follows:

- a) Each SI is "owned" by one Executive Councillor (or EXCO) of Penang. These EXCOs have to meet and report regularly on progress of the programmes or projects under their custodianship.
- b) Each EXCO is assisted by a "Champion Officer", who is responsible for coordinating implementation and delivering results under each SI.
- c) An open system (State dashboard) will be created to track the implementation process and the achievement of goals and targets under Penang2030.
- d) Standard Operating Procedure (SOP), Key Performance Indicators (KPIs) and audit terms will be amended to take into account the specific outcomes of the SIs.

Given the highest authority it comes with, Penang2030 provides an incredibly useful platform to mainstream SDGs into all areas of development in Penang. If successfully implemented, not only will it help Penang achieve the SDGs, it also represents a bold move towards institutional innovation within Malaysia.

<<https://www.thestar.com.my/news/nation/2018/08/24/chow-more-than-17000-people-engaged-in-transport-masterplan>>

² The Penang 2030 Guide, First Edition, 2019.

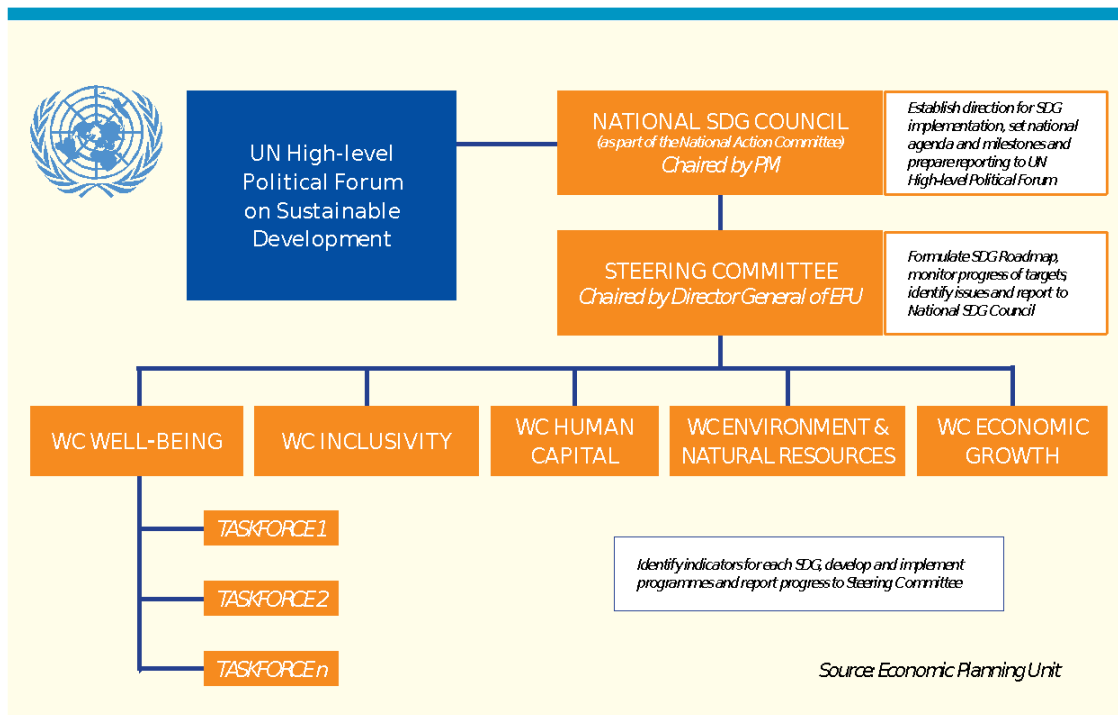
<https://www.penang2030.com/files/The%20Penang2030%20Guide_First%20Edition%202019_eBook_.pdf>

At the local Government level, both MBSP and MBPP are implementing the Smart City initiative to improve local governance. The main objective of the creation of E-governance at both the local Governments is to increase the quality of services provided to the public and improve democracy. The process of digitalisation and the creation of Apps (e.g. MyMBSP, MyMBPP and Penang Smart Parking) and other electronic platforms will allow faster and more direct interaction between the public and the local councils. Some of the projects MBSP has kickstarted are smart CCTVs and bus stops, flood control water level warning system (SPARK system), Smart Parking, Smart Traffic and MBSP Pay. At the same time, MBPP has launched Smart LED, Smart CCTVs, Smart Street Pole, Smart Bus Stop, Smart Parking and Link Bikes.

Apart from smart governance, local Governments are also implementing other measures to promote open and participatory governance. For example, in preparation for major policy initiatives such as the 5-year Strategic Plan (2018-2022), MBSP would consult with various stakeholders including the public and civil servants. They also collect feedback through public survey for preparation of the annual budget, and broadcast some of the Government discussions live on YouTube. Going forward, MBSP will focus on expanding the role of citizens in local governance through education, consultation, effective feedback channels and capacity building. To improve the quality of public consultation, local Governments are using the Gender Responsive and Participatory Budgeting (GRPB) method and engage the services of Penang Women's Development Corporation (PWDC) to conduct public consultation and engagement.

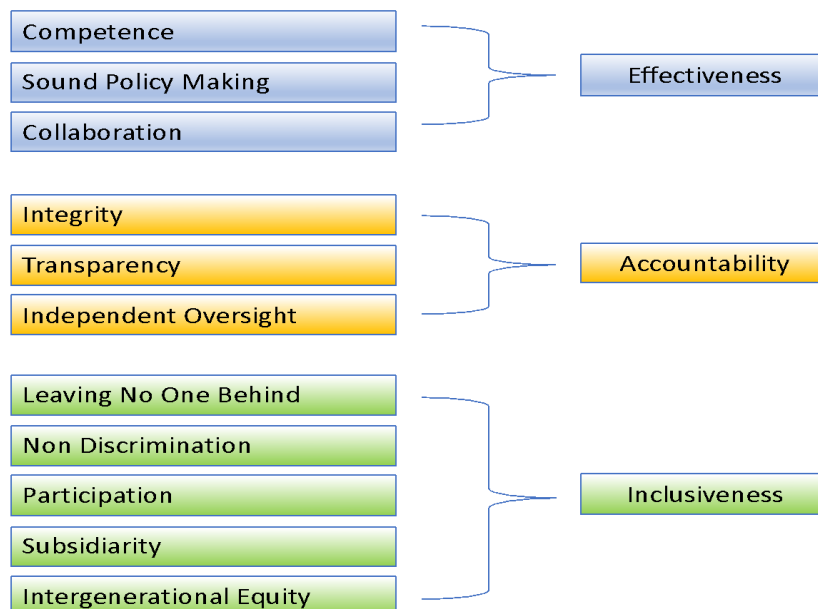
At the national level, SDGs have been incorporated into the 11th Malaysia Plan. A governance structure for SDGs has also been set up as shown below. It is supported by a range of Non-Governmental bodies such as the UN Global Compact, Sustainable Development Solutions Network (SDSN) and Junior Chamber International (JCI) Malaysia that enable civil society groups and businesses to provide input to sustainable development policy-making and implementation in Malaysia. The Department of Statistics Malaysia (DOSM) has been tasked to collect and compile data showing the achievement of SDG-related goals in Malaysia. In addition, the Malaysian Government set up the All-Party Parliamentary Group (APPG) on SDGs (the first ever APPG in Malaysia) on 17 October 2019, which provides an informal platform for MPs and Senators in the House of Representatives to discuss SDGs-related topics with external parties such as professional bodies and Non-Governmental Organisations. The secretariat is chaired by Datuk Dr Denison Jayasooria from the Malaysian CSO-SDG Alliance.³

³ "Dewan Rakyat passes motion to create 4 new select committees". *The Malaysian Reserve*, 18th October 2019. <<https://themalaysianreserve.com/2019/10/18/dewan-rakyat-passes-motion-to-create-4-new-select-committees/>>



SDG Governance Structure in Malaysia ⁴

Lastly, the UN Committee of Experts on Public Administration (CEPA) and UN Department of Economic and Social Affairs (DESA) has identified 11 principles for sustainable development governance that can act as guidelines for Penang:



Principles for Sustainable Development Governance ⁵

⁴ Economic Planning Unit, "Malaysia Sustainable Development Goals Voluntary National Review 2017". <https://sustainabledevelopment.un.org/content/documents/15881Malaysia.pdf>

⁵ The Division for Public Institutions and Digital Government (DPIDG), "Principles of Effective Governance for Sustainable Development". <https://publicadministration.un.org/en/Intergovernmental-Support/CEPA/Principles-of-Effective-Governance>

2. Main Challenges

2.1 Institutional Shortcomings

2.1.1 Like elsewhere in Malaysia, **politicians sometimes take on too much of the governance space** in Penang, which leaves the technocrats or civil servants less space to manoeuvre and be held accountable. For example, very often politicians take on the responsibility to address questions or concerns regarding Government decisions even though civil servants might be in a better place to clarify issues. It also results in a disconnect between the public and technocrats.

2.1.2 Within the governance structure especially at the State Government level, it is **not always clear from the outset which agencies are responsible** for overseeing or implementing specific issues; and even if there is a clear leadership, the responsible agencies may not always deliver the desired results. Internal accountability system still needs to be improved and this is not helped by the fact that post-EXCO meetings (where heads of departments sit down to discuss the outcomes of EXCOs' discussions) are no longer held in Penang.

2.1.3 There are elements of **redundancy** within the current Government structure at both the State and Local Government levels – agencies that no longer serve their purpose or agencies with mandates that are not compatible with the achievement of SDGs. Governance can be further streamlined by reviewing the mandates and TORs of all Government agencies.

2.1.4 The notion of **risk management** is not currently part of the governance norm – decisions and choices by the Government are not subjected to risk assessment to understand their implications on society, the environment, economy and so on. There is also no capacity to carry out meaningful risk assessment for major decisions as risk management is not currently included in the training programmes for civil servants.

2.2 Data

2.2.1 Data collection is a challenging task as Governmental departments and other agencies are **unwilling to share data**. Without complete datasets and statistical information, projects can only be partially implemented, such as is the case of the Local Authority Agenda of Malaysia in policy making.

2.2.2 DOSM can only share easily 50% of its data with external parties, while the other 50% is held by agencies and the state Governments. The absence of shared data is impeding the development of effective indicators and statistics. In addition, DOSM is unable to synchronize the large amount of data it possesses.

2.2.3 A lot of important data related to SDGs are **currently not collected** especially at the state level. For example, there is no information about CO₂ emissions, biodiversity, economic costs of disasters etc for Penang. Even if data is available, sometimes it is not complete or up-to-date due to lack of capacity and resources within the Government department or agency.

2.2.4 BPEN compiles the Buku Data Asas Sosio-Ekonomi annually and shares it with all departments. However, there is a **lack of initiative** among Government officers to search for data, and oftentimes they rely too much on DOSM.

2.2.5 Even if available, data is sometimes presented in a way that is **not easily understood** and not user-friendly.

2.2.6 There is currently no state-level **datahub** that could be accessed by both the Government and general public.

2.3 Mainstreaming and Capacity Building

2.3.1 Government officers have limited or no knowledge about SDGs as there is no **SDGs training programme** available for them. There was an environmental training programme for Government officers 10-15 years ago but this was not continued. The **concept of SDGs** has also been perceived as being too technical and academic.

2.3.2 Within the Government, there is limited **cross-departmental collaboration** and few opportunities for different levels of Government to share ideas and knowledge, especially on the topic of sustainable development.

2.3.3 There are no methods for, nor persons in charge of the implementation of SDGs. The **Star Rating System** is the current audit system used by all levels of Government. However, it consists of a host of criteria but none is directly related to SDGs.

2.2.4 Within the Government especially at the State level, staff turnover rate is high. However, no strong safeguards are in place to ensure that **institutional memory** is passed on effectively. So, even if SDGs training is given to Government officers, very often when they get transferred the knowledge and expertise are lost, and capacity building efforts need to be repeated again.

2.3.5 Currently, there are **separate entities** carrying out SDGs-related initiatives such as Penang Green Agenda, Low Carbon City, Penang2030 etc. There is a need to synergise all policy initiatives under one umbrella.

2.4 Public Participation

2.4.1 Public participation exists in Penang but there is no measure to examine the **public participation mechanisms** and to improve it.

2.4.2 Better public participation is inhibited by the **lack of capacity** within Government departments, and also civil servants' reluctance to engage with people. Currently, Government agencies engage the services of PWTC staff to carry out public consultation but they may not fully understand what the specific project is all about, so public engagement may be just touching the surface. In addition, the general public may not be equipped with the knowledge and skills to engage constructively in public consultation sessions.

2.4.3 As the Government **uses more technology** to engage with the public and get public feedback, there is a concern that not everyone, especially the elderly age group, will be able use the technology.

2.5 Public-Private Partnerships

2.5.1 The basic principles of **Public-Private Partnerships (PPPs)** are not fully grasped and understood by both public and private sectors.

2.5.2 There is currently **no one leading platform to promote and facilitate cooperation** between the Government and different industries, professional bodies etc. SDGs cannot be achieved solely by the Government.

2.5.3 Although the State Government has been espousing **Public-Private-People-Professional Partnerships (5Ps)**, there is yet to be a set of guidelines or framework to guide its implementation.

2.6 Accountability and Transparency

2.6.1 Decision-making processes are **not always transparent** to outsiders and monitoring of the Government's actions is not institutionalised.

2.6.2 A lot of authority and power to initiate policies and programmes are **centralised at the Federal and State level**, and local Governments have limited space to make decisions and innovate regarding the overall development strategy.

2.6.3 **Lack of vision for the development of the Smart City Initiative**, and problems with existing smart city initiatives at local level include:

- I. Many one-off projects sponsored by specific technology companies.
- II. No coherent IT system between the two local Governments.

2.7 Public Finance

2.7.1 Both state and local Governments have **limited financing sources** and rely heavily on land development. This not only restricts the functions of the Government but also encourages extensive land development.

2.7.2 There is a **lack of knowledge and information** within the Penang Government regarding the various funding sources at the national and international levels for SDGs, such as the RM2 billion SDGs fund administered by Bank Pembangunan and the various green financing options provided by Asian Development Bank (ADB) and the World Bank.

3. Solutions

3.1. Mainstreaming SDGs

3.1.1 Achievement of SDGs should be included as part of the **Key Performance Indicators (KPIs)** of Government departments, and **assessed as part of the Star Rating System**. This would ensure SDGs are mainstreamed into all areas of decision-making within the Government.

- The inclusion of SDGs in the Star Rating System assessment should be discussed with the Malaysian Administrative Modernisation and Management Planning Unit

(MAMPU) and the Prime Minister Unit (JPM) for State Government level, and with the Ministry of Housing and Local Government (KPKT) for Local Government level.

- Any review of current Government guidelines, SOPs, rules and regulations, by-laws and policy (especially under Theme C4 of Penang2030) could include a “SDGs-compatible” clause to make sure sustainable development focus is reflected in all Government practices.

3.1.2 Appoint a dedicated **SDGs Officer** at the State Government level who collaborates with all Government departments and is consulted in decision-making of major development plans.

- This will allow someone to have an overview of all major Government policies and their cumulative impact on achieving SDGs.

3.1.3 The State Government should set up a “**SDGs Commission**” or “**Jawatankuasa Pembangunan Mampan**” to facilitate the implementation of and monitor progress on SDGs.

- The Commission or Jawatankuasa should meet regularly to discuss and be consulted on major Government policies.
- The Commission or Jawatankuasa can also organise regular information sharing sessions for Government departments and between different levels of Governments to share intelligence and updates.
- The Commission or Jawatankuasa should also establish a formal channel or platform of collaboration with the private sector in implementing SDG-related initiatives in Penang.

3.1.4 “Piggyback” on the **new governance structure for Penang2030 vision** to mainstream SDGs into all areas of decision-making. Penang2030 covers all areas of SDGs and can be a useful platform for raising awareness and implementing SDGs among not only Government but also Non-Government actors.

3.2 Capacity Building and Keeping Institutional Memory

3.2.1 **Incorporate SDGs into regular and specific training sessions** for state and local Government workers.

- To increase the understanding and capacity of civil servants in implementing SDGs-related initiatives, the Government should work with **local academic institutions and professional bodies** to create training programmes that suit the needs of Penang.
- These training programmes need to be properly funded and should be designed to suit the target audience instead of being too research-oriented.
- SDGs-related information and knowledge can also be incorporated into existing **HR training programmes** for civil servants.

3.2.2 In order to make sure that internal capacity to implement SDGs is retained despite high staff rotation, each Government department should establish effective **mentoring programmes** that allow institutional knowledge to be passed down to future leaders.

3.2.3 Increase the capacity of our civil service to adopt and manage change within the governance structure (in light of major policy trends such as Penang2030, SDGs, low carbon cities, smart cities etc). It is essential to train civil servants in **change management**.

- ISO 9001:2015 provides the framework for change management at both operational and system levels.

3.3 Data

3.3.1 Create a **centralised database or state dashboard** for monitoring the achievement of Penang2030 including SDGs in Penang.

- Penang needs to first set out clear indicators/parameters for SDGs-related data. **Customisation of SDGs data** is needed to reflect the priorities and focuses of Penang.
- Data should be properly collected and verified, and should be able to be shared easily. Data should be accessible and presented in a simple way that is easily understood by the public.
- This can be the responsibility of (or form part of the) **Big Data Unit** to be set up under Penang2030.

3.3.2 The State Government should work closely with the **Department of Statistics Malaysia (DOSM) to enhance and customise data collection for SDGs for Penang**. Collaboration should include identification of data gaps and sources, data collection improvement (e.g. use of technology) as well as data sharing.

- The collaboration should form part of the work of the Big Data Unit.
- Explore how small area statistics can be used to produce useful estimation of parameters for Penang.

3.4 Transparency, Monitoring and Accountability

3.4.1 The State Government should produce an **annual “SDGs Report”** for Penang that details the progress and gaps of SDGs-related implementation.

- The State Government should work closely with local Governments and civil society in creating a set of **SDGs-guided indicators** that can be used to monitor the progress on SDGs implementation.
- The State Government should also introduce clear targets for SDGs for Penang.

3.4.2 The State Government should support and learn from the **“open governance”** principle that is being trialled and promoted at Local Government level especially by MBSP.

- To increase transparency, the State Government should encourage more **live streaming** of discussion and deliberations on major policy initiatives.

3.4.3 The National Physical Plan (NPP) already provides a useful framework for achieving sustainable development. There should be more **effective monitoring and tracking of the implementation of NPP** at the State as well as Local Government levels.

3.5 Public Participation and Public-Private Partnerships

3.5.1 The State and Local Government should increase their **capacity to conduct public consultation** and encourage meaningful public participation in decision-making.

- The State Government should increase internal capacity (for example an **expert team to advise Government agencies**) on designing and conducting effective public consultation.
- An **E-Governance platform** at the State Level can help facilitate more direct interaction between the Government and the public. Elements of E-Governance are currently being introduced at Local Government level, which can be adapted for the State Government.
- The **review of policy and Government guidelines** etc under Theme C4 of Penang2030 should also focus on increasing public input in Government decision-making.
- State and Local Government should also introduce plans or programmes to increase the interest in, and capacity of the public to engage in public discourse. This should include creating a mechanism to inform the public of how their feedback is being taken into account and incorporated into decisions.

3.5.2 In order to increase accountability and to “depoliticize” issues, more **public consultations or hearing sessions should be chaired by civil servants** from the relevant Government departments.

3.5.3 The State Government should produce a **plan or policy paper setting out clear goals and actions on utilising public-private partnerships (PPP)** to help achieve its major policy initiatives including Penang2030 and SDGs.

- PPP can be used at various stages or in different areas including policy-making, implementation, solution-provision, monitoring etc.
- The Government should create a **platform to promote PPP (e.g. PPP Centre)** that can issue guidelines and monitor the progress and impact of PPP. The platform can also facilitate sharing of ideas and technologies.
- Penang should look for PPP best practices and adopt and adapt models that have worked at the national level.

3.6 Decentralisation of Power and Smart Governance

3.6.1 The Government should push for more **decentralisation of power** to the State and Local Government levels (the subsidiarity principle). One rationale is that local problems are best resolved using local knowledge and through local governance.

- This is particularly important as Local Governments in Penang are already in the process of increasing local democracy and public engagement through the E-Governance platform.
- Decentralisation of power needs to be supported by **increased financial capacity and greater accountability** of local actors.

3.6.2 Current Local Governments' **Smart City Initiatives need to support and enhance SDGs governance**. In particular, E-Governance platforms can be improved to increase not only efficiency but also transparency and accountability of local governance.

- The Government should promote the **use of non-discriminatory technology** e.g. age-appropriate technology.
- Introduction of new technologies to improve governance should be accompanied by adequate **awareness raising and education programmes** to make sure that no one is left behind.

3.6.3 The Government should also explore the **use of Artificial Intelligence (AI)** in helping to rationalise decision-making. This can reduce instances of corruption and “special interest capture”.

- This can form part of the Big Data Unit to be set up under Penang2030 or as part of Penang's Smart City Initiative.

3.7 Local Government Financing

3.7.1 To increase the capacity of State and Local Governments to implement projects and adopt a different development pathway, it is imperative that they have access to **additional and new financing sources**.

- State and Local Governments should explore the use of '**green finance**' such as green bonds, grants, loans, guarantees etc. Civil servants should be trained to access **international funding sources** for appropriate projects.
- Should also look into **increased local revenues** in an equitable way such as through land value capture.
- Should actively utilise **Federal Government's special-purpose funds** such as the RM1 billion Sustainable Development Financing Fund provided by the Bank Pembangunan Malaysia Bhd.

3.7.2 The State and Local Government should also look into how to **increase efficiency in spending and reduce financial redundancy**. This can be done as part of the Theme C4 of Penang2030.

3.8 Regional Cooperation

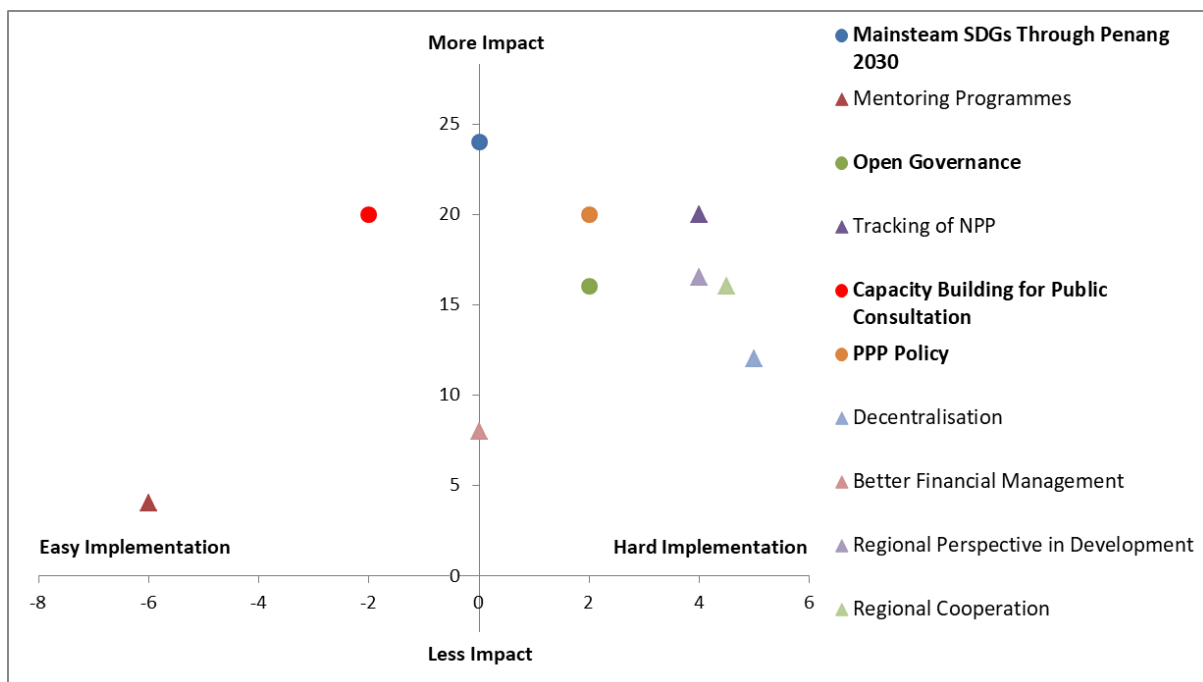
3.8.1 The State Government should give increased importance to **regional cooperation** either with the neighbouring States like Kedah and Perak, or with neighbouring countries such as Thailand and Indonesia. This will improve governance and cooperation on cross-boundary issues such as water, food, transportation etc.

- The State and Local Governments should work closely with the Northern Corridor Economic Region in planning for and implementing **regional SDGs programmes**.
- Penang should also **take the leadership role** in pushing for a more sustainable development pathway in the Northern Region, which includes advocating for certain development policies or programmes.

3.8.2 The State Government should adopt a **regional perspective in relation to development** and promote win-win solutions for all the States in the Northern Region based on each State's comparative advantage.

- This can be achieved by **assessing the impact of Penang's development** on the neighbouring States, as well as looking for solutions that can create maximum benefits for all.
- A closer collaboration with neighbouring States will also improve resource efficiency and effective governance in Penang.

4. Major Policy Recommendations and Milestones



1. Mainstream SDGs through Penang2030 (2020)

The Sustainable Development Goals (SDGs) and their achievement should be mainstreamed into all levels of Government and decision-making through Penang2030. Penang2030 is currently the Government's main initiative for future development of Penang and it comes with the highest authority (from the Chief Minister). Penang2030 is also very comprehensive and covers almost all the 17 SDGs, ranging from social wellbeing to economic growth and environment protection. In particular it has a specific focus on improving and enhancing governance to achieve the goals of Penang2030 (Strategic Initiative C4). Hence, mainstreaming of SDGs can be achieved through the state-wide implementation of Penang2030.

Specific actions that can be taken to mainstream SDGs through Penang2030 include the following:

- a) Achievement of SDGs through Penang2030 programmes/projects should be included in the **Key Performance Indicators (KPIs)** of civil servants, which will

be revised by the State Government in 2020 to incorporate the Penang2030 vision.

- b) Achievement of SDGs should be included in the Star Rating System – Penang State Government should initiate discussions with Unit Pemodenan Tadbiran dan Perancangan Pengurusan (MAMPU) and Kementerian Perumahan dan Kerajaan Tempatan (KPKT) to explore the possibility of amending the current SRS to reflect the need to achieve SDGs.
- c) Incorporate SDGs into **training sessions** for Government servants through reviewing and prioritising the existing training series. Training needs to be consistent, long-term, strategic and structured. State and Local Governments should collaborate with universities and professional bodies on training contents. Civil servants should also be trained on change and risk management. In addition, the training course should include a module to build capacity of the Government to access outside funding for projects.
- d) Current champions of Penang2030's 16 strategic initiatives should monitor the implementation of SDGs related to their areas and report on their progress (they are acting as the "**SDGs Officers**").
- e) Identify and appoint an existing **Jawatankuasa** to take charge of the review and monitoring of the implementation of Penang2030 targets and SDGs.
- f) Penang should produce an annual **SDGs Report** that details the progress and gaps of SDGs implementation in Penang especially in the context of Penang2030. The report must be either independently prepared or verified.

2. Open Governance (2020-2023)

To encourage public participation and improve accountability, the State Government needs to promote a more open governance in Penang. Under Penang2030, a **state dashboard** will be established to collect data and to keep track of the implementation of Penang2030, which can be adapted to also keep track of the progress on achieving SDGs. Monitoring and review of progress must also be subject to independent verification. It is therefore essential that Government departments have easy access to up-to-date data. This would require an overhaul of the current data sharing system between the Department of Statistics Malaysia (DOSM) and other Government departments including the State Government. Given the importance of data, the State Government should establish a **centralised database or a Big Data Unit** helmed by qualified data scientists. Government departments must use the database or Big Data Unit in decision-making processes to make sure that their decisions are backed by facts and data. The State Government should also approach the Federal Government to come to an arrangement whereby information related to Penang2030 and SDGs should be easily obtained and shared. Better still, the State dashboard should be **linked directly to the DOSM system**. In addition, the State Government should be able to ask for a customised **data set** for tracking the implementation of Penang2030 and SDGs. Without easy access to up-to-date data, the Big Data Unit to be established under Penang2030 will not achieve its full potential.

E-Governance and use of technology can also promote open governance. One of the objectives of Penang's **Smart City Initiative and Digital Transformation Master Plan** should

be to support and enhance governance for achieving Penang2030 goals and SDGs. Under the Smart City Initiative, the State and Local Governments need to make sure that the necessary infrastructure is put in place and there is a team of experts who are driving the initiative with a clear vision. The Government also needs to provide training and sufficient information to the public on using technology to access information and also provide feedback. State and Local Governments can also explore the use of Artificial Intelligence (AI) in rationalising decision-making, which can reduce corruption and “special interest hijack”.

The State dashboard for Penang2030 is expected to be up and running in 2020 while the centralised database or Big Data Unit can be set up by 2023.

3. Public-Private Partnerships (PPP) Policy (2021)

To implement Penang2030 and achieve the SDGs, the State Government needs buy-in and participation from all sectors of society, especially businesses. The commitment of the business community is especially important not only just in co-financing programmes and projects but also adapting their investments according to the development goals set by the State Government. To better utilise and identify the potential for public-private partnerships (PPP), the State Government should adopt a **PPP Plan or Policy** setting out clear goals, safeguards and actions for the use of PPP in Penang. In particular, the Policy needs to look into the potential of PPP as new sources of sustainable financing for public projects at the State as well as Local Government level. However, in order to prevent abuse and waste of taxpayers’ money, PPP deals should be transparent and the structure for accountability must be clear. InvestPenang can take the lead in drafting a PPP Plan for Penang as it has been tasked to promote private sector involvement in implementing Penang2030. In addition to PPPs Policy, the State Government should also look into the overall Public-Private-People-Professional Partnerships (5Ps) that can propel institutional innovation in Penang. Research and guidelines are needed to establish some basic foundation or principles for building a governance system supported by 5Ps.

4. Capacity Building for Public Consultation (2022)

Penang2030 is presented as an opportunity for everyone concerned about the welfare of Penang to give input on how to make Penang a better place. Theme C of Penang2030 specifically focuses on empowering people to strengthen civic participation. It is also promoting a more people-centric approach to policy making. This is consistent with an integral element of the SDGs: encourage more democratic and transparent governance. In order to promote meaningful public participation in decision-making, Penang needs to significantly increase its capacity to conduct public consultation and other forms of public engagement. To do that, it can establish an **internal expert team** that can advise and provide training to all Government agencies in designing and conducting effective public consultation. It can also use **E-Governance** to facilitate public engagement and obtain public feedback provided that the necessary infrastructure and technology are readily available to the public. In fact, one of the Penang2030’s targets is to establish a one-stop online community engagement forum. An E-Governance platform can also improve data collection

that will allow the Government to make more informed decisions. Another way to improve the quality of public consultation is to encourage **civil servants to chair public hearing sessions**, especially those that involve technical issues. This will increase accountability and depoliticise certain public hearings at the same time. Generally, public consultations should be chaired by the decision-makers (either Government departments or politicians) rather than third-party consultants. The review of Government departments' guidelines, rules, regulations, by-laws and policies under Strategic Initiative C4 of Penang2030 should also focus on increasing public input in Government decision-making.

The State Government should put in place measures to significantly increase the capacity of the Government to conduct public consultation by 2022, including an open process indicating how public inputs are properly incorporated into decision-making.