REARRANGING GOVERNMENT AGENCIES FOR THE SUSTAINABLE SHIFT

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Abstract: The sustainability model is a challenge to conventional forms of development, seeking for the convergence of their ecological, social and economic dimensions; now and into the future. The *sustainable shift* essentially means that development processes must operate using the logic of sustainability, which in turn demands a collective learning to take place, be the social, political, and institutional. In the context of Malaysia, learning is constrained by four obstacles including under-priced natural resources, federalism, public apathy and implementation silos. This paper proposes six necessary changes needed to rearrange government for the difficult task of implementing sustainable development.

KEYWORDS: Environmental policy, sustainable development, public administration, development vission.

A *Longue Durée* Perspective

The meaning of development changes along with time. During the colonial era, 'development' was understood a set of concrete actions effectuated by Europeans to exploit and draw profit from the resources of the rest of the world. One of the assumptions in this view is that Non-Europeans would not be able or perhaps even willing to develop their resources without the active intrusion of the pan-European world. Following the World War 2, neo-classical economic thinking as modeled by Walt Rostow was very influential in development thinking. He had classified nations' economic growth into five stages: the traditional society, the preconditions for take-off, the take-off, the drive to maturity, and the age of high mass consumption.

Transitions from a traditional society into an industrialized one requires rapid economic growth – which is indicated by continuous rise of GNP figures. It was believed that increasing the size of an economy would concomitantly distribute the benefits of development to all people. Through the 1970s, the 'dependency' school of thought became dominant in development, with its import substitution industrialization policy prescription. The 1980s was known as 'the lost decade' because most countries (Asian Tigers being the exception) in the developing world were undergoing development reversals, with notable loss in previous gains. The 1990s marked the ascendancy of neo-liberalism, which considers the free market to be the best way to initiate and sustain economic development.

The sustainability model is a challenge to these conventional forms of development. It seeks to reconcile the ecological, social and economic dimensions of development, now and into the future. Sustainable development is a combination of all three – not an ecological problem, nor a social one, nor an economic one. Therefore, it embraces complexity. In this regard, sustainability contradicts the conventional prioritization of economic growth as the sole measure of progress. More so, sustainability acknowledges there are biophysical limits to growth. In addition, sustainability reflects an agenda of social justice within and across current and future generations. It also challenges the belief that consumption is the most important contributor to welfare. More distinctively, sustainability prizes the preservation of ecosystem services. These are desirable human goals, but for some, when a concept is ambiguous to mean everything, there is a possibility it means nothing in practical terms. A definition of sustainability by the ecologist Holling (2000)

is instructive in circumventing the ambiguity of meaning:

> Sustainability is the capacity to create, test, and maintain adaptive capability. Development is the process of creating, testing, and maintaining opportunity. The phrase that combines the two, sustainable development therefore refers to the goal of fostering adaptive capabilities and creating opportunities. It is therefore not an oxymoron, but represents a logical partnership.

Adaptability and opportunity symbolize a future-oriented focus. This qualifies sustainability as a utopian model based on an elaborate narrative of a complete society. Promoting a utopia will continually constitute a dynamic process, which may be never ending or will never reach an end state. Therefore, Malaysians could seize the opportunity of embracing sustainability as a long-term project in negotiating nation-building. A few years ago, the Ministry of Higher Education has outlined a long-term aspiration and dimensions for change for the country as it marches toward its centennial celebration in 2057. In the document titled *Towards 2057: Setting the National Agenda, Dimensions for Change*, sustainability is given the following expression:

> The new Malaysia will be built on the nations strengths to trigger a development process which ensures broad-based improvement in the quality of life of the people. In order to avoid negative impact of development, projects will be planned using the concept of a balanced and sustainable development. The country will look for other sources of energy, other than hydrocarbon. The country calls for improved energy efficiency and expansion of renewable and nuclear energy sources. Development in Malaysia will promote growth and conservation which include conserving water, creating a sustainable habitat, preserving the highland ecosystem, creating a green Malaysia, creating a sustainable agriculture, reducing the harmful gas emissions, and finally, inculcating what we called a strategic knowledge platform for preventing global warming.

In this long-term perspective, the sustainability-oriented Low-Carbon Society is singled-out as the basis of Malaysia's future economy (Hezri and Ghazali 2011). The vision will entail balancing the economic, social, and ecological objectives of society, integrating them where possible through mutually supportive policies and practices, and making trade-offs where it is not. In the forthcoming years, in making the concept more tangible, sustainability has to stimulate deeper and broader political and public engagement.

The government and society need to comprehend what different futures are at hands, and based on what values. What are the alternatives, the possibilities and the limiting factors that must be made tangible? On their part, the Malaysian policy community has to relativize the existing conditions, and generate a critical assessment of these conditions, based on holistic thinking. Put in a different way, sustainability must engender a collective learning – social, political, and institutional.

The problem immediately confronting nations is, of course, to translate these principles into a strategy for practical measures in order to transform what is considered to be unsustainable structures, patterns, relations and spatial organization. This demanding task is complicated not only because of its magnitude, but also because there is such a broad gap between sustainability's mainly abstract principles and any concrete measures. Bridging planning and implementation presents the greatest intellectual challenge for the government and academia alike. This paper deals not on how to formulate long-term policies and strategies, but rather, how to enact them effectively.

Obstacles to the Sustainable Shift

Two decades after its genesis, sustainable development is now firmly established as an agenda of public policy. The *sustainable shift* essentially means that development processes must operate using the logic of sustainability principles (Hezri 2011). The sustainable shift has raised a new way of looking at development issues – one that views the social and environmental externalities in an integrative manner. Similar to most countries, Malaysia is no exception to the inability in viewing development from a holistic framework – which is the essence of sustainable development. For

a developing country like Malaysia, obstacles to the sustainable shift are many, but four are worthy of mention.

First, natural resources in Malaysia are under priced through subsidies including water, fuel, and paddy seed, to name a few obvious examples. Rather than reduce its consumption of resources to a sustainable level, Malaysia continues to consume more resources than many of its peers. On water resources, urban dwellers in the states of Penang and Selangor consumed as much as 476 and 325 litres per capita per day respectively (Lee 2005). This was much more than the 200 litres per capita per day recommended by the United Nations. The low water charges are maintained by generous subsidies ranging from 7 per cent in Perlis to as much as 49 per cent in Johor.

Second, Malaysia continues to be bedevilled by the problem of federalism. Environmental policy is mainly a federal jurisdiction, but land encompassing agriculture, forestry, mining and water is a state jurisdiction. The power of the states over land has constrained national policy making. A recent example is with the revival of iron ore mining in the country. State governments still pursue environmentally risky mining operations (and gained lucrative revenues) even though the Federal government is keen in protecting important biodiverse areas.

Third is the general apathy among our public about the environment and sustainability. Malaysians generally lack understanding of the underlying causes of environmental problems. In a survey of 6,090 Malaysians, WWF Malaysia (2009: 83–4) found that only 43 per cent of respondents were aware of the causes of annual events such as flash flooding and haze. The survey also found that awareness of environmental problems did not necessarily translate directly into positive environmental behavior.

The fourth obstacle has to do with the performance of the delivery system of the public service. Although the economy and the environment are interdependent, planning has been formulated within silos, leading to fragmentation of regulation and implementation. Where decision making is fraught with information paucity and uncertainty, procrastination and denial, and a siege mentality prevails, environmental degradation is often the result.

Art or Craft? Policy Design for the Sustainable Shift

Different countries tackle sustainability issues differently. There is also no silver bullet in the policy design to address environmental and sustainability challenges. Malaysia's economy and its associated environmental problems invite distinctive institutionalization of policy responses. Figure 1 illustrates the birth, conception and maturity of four green institutions mandated to manage water resources, wildlife and forests as well as to control pollution. Some natural resources management functions such as for water, forests and wildlife are the continuation from the period of British administration whereas the pollution control institution is relatively new. By global comparison in the 1970s, Malaysia can be considered as one of the pioneers in environmental policy institutionalization in the developing world. Guided by the idea of limit, the Federal legal framework for pollution control, the *Environmental Quality Act (EQA) 1974* was formulated. The statutory provision was supported by the following actions: the creation of a national environmental agency, the Department of Environment, and a council of environmental experts, the Environmental Quality Council, in 1977; and the establishment of an environment portfolio in 1976.

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1   Elsewhere, the author explained how the architecture of Malaysia's political economy has influenced constitutional arrangements, the pricing of natural resources and environmental advocacy (Hezri & Dovers 2011).

2   According to the World Bank (2005b) the average water tariff is $1.04 in developed countries but only $0.11 in the poorest developing countries. The average global tariff is $0.53.
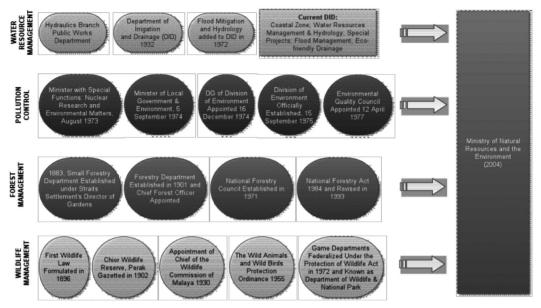
Figure 1: Conception, Birth and Maturity of Selected Examples of Green Institutions in Malaysia, 1901 to 2004.

On March 27, 2004 the Ministry of Natural Resources and the Environment was established following the cabinet reshuffle by the then Prime Minister Abdullah Ahmad Badawi. In public policy term, this set-up is a 'mega-ministry' with breadth of policy responsibilities and administrative capacities which was formed by absorbing eleven agencies from four ministries. They are: Forestry Department of Peninsular Malaysia; Department of Irrigation and Drainage, Department of Environment, Department of Director General of Lands and Mines, Department Survey and Mapping Malaysia, National Land and Survey Institute, Forest Research Institute Malaysia, Minerals and Geoscience Department Malaysia, Department of Wildlife and National Parks, Peninsular Malaysia, National Hydraulic Research Institute of Malaysia, and Department of Marine Parks Malaysia. The Department of Biosafety was established later, adding the twelfth agency into the ministerial set-up. According to one respondent interviewed "we managed to get all the departments we wanted, except for the Water Supply Department [Ministry of Energy, Green Technology and Water] and the Meteorology Department [Ministry of Science, Technology and Innovation]." In 2009, a green technology portfolio was introduced into the Ministry of Energy, Green Technology, and Water (Hezri *et al*., 2012).

Generally, the country is not short of environment-related policies (Hezri & Dovers 2011). Many structures exist to tackle sustainable development in Malaysia. We have ministerial councils on green technology, forestry and biodiversity, two (or more) dedicated ministries on environment and natural resources, numerous cabinet processes, cross-agency task forces such as the Inter-Agency Planning Council, and a *de facto* environmental policy unit in central planning agency (see Figure 2). However, many implementation issues remain because sustainability presents a systemic challenge for governments. Understandably, the logic of government is based on specialization and task disaggregation for effective service delivery. One inevitable outcome of sector-based planning and implementation is policy fragmentation. This choice in turns leads to program redundancies, turf war among agencies, uncoordinated implementation and glaringly overlooked sectors. Policy integration is hence crucial for the sustainable shift to occur.
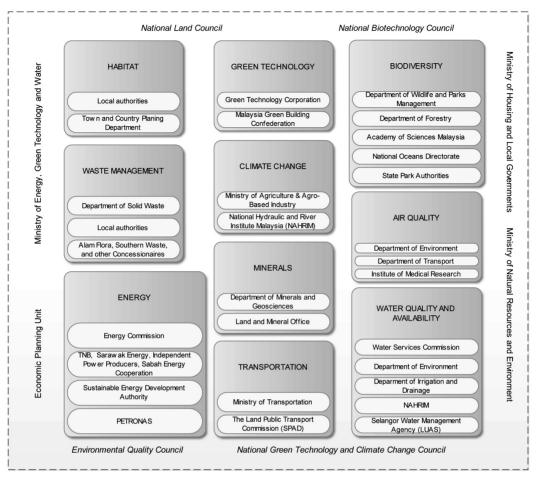
Figure 2: The Current Landscape of (Environmental) Sustainable Development Issues in Malaysia and their Institutions.

Redesigning Agencies: Some Preliminary Views

It must be realized from the outset that sustainability is a generational challenge. Hence, any proposal for institutional reform must consider the time scale of 50 to 100 years or more (Dovers and Hezri 2010). Arguably, Malaysia has grappled with environmental sustainability issues for over a century. As evident in the preceding section, institutional redesigning is common in the Malaysian public service, as it is customary in other countries. Nonetheless, any institutional change will require time to find the equilibrium for the new configuration to function effectively.

In this respect, a proper study is needed in suggesting a structural consolidation best suited to the current and future challenges of sustainability in the country. Prior to the establishment of MONRE in 2004, the Department of Irrigation and Drainage commissioned a study on how best to reposition itself in the light of the looming cabinet reshuffling. The following proposal to redesign agencies for the sustainable shift is based on a preliminary round of interviews with five senior government officials (both serving and retired). By this virtue, the proposal serves only as an *ice-breaker* and a *thought-starter* in discussing the difficult question of rearranging government for sustainable development.

Proposal # 1 – Fiscal Measures to Conserve Environmentally-Sensitive Areas

It is a classic lament that federalism constrains environmental governance in Malaysia. Despite Federal measures to protect areas of biodiverse or those considered environmentally-sensitive, some States continue to convert State land to other land uses. While this is not illegal, after years of pursuing rapid biophysical change, Malaysia is no longer left with a cornucopia of natural resources like it once had. Arguably we are now confronting a new scarcity, as evident with the food supply crisis in 2008-09 and the water stress issue in the Klang Valley (Hezri 2012). Our forest abundance is also a thing of the past when we are left with only four major forest islands in Peninsular. This has precipitated the idea of addressing forest fragmentation and wildlife movement with a land use tool known as the Central Forest Spine.

However, the reality is that conservation needs money. Programmes to maintain biodiversity, protect against flooding and implement climate stabilization measures all require financing. Higher penalties for environmental violations and the savings from correcting misplaced subsidies might go some way towards providing this funding but would not be enough on their own.

Therefore we must begin to think about a Conservation (or Natural Resources) Fund which can pay state governments for the ecosystem services they provide for other states or the Federal government. The funding can be tapped from industrial players either through Corporate Social Responsibility initiatives and social business, or through external (foreign) funding. In a way, this model is akin to the concept of avoided deforestation and its compensating mechanism (for instance the REDD mechanism for avoiding deforestation and degradation in the interest of climate change). The difference is that the compensation system and the Fund are to be managed by the Federal government, with its wealth gained from various tax mechanisms. The payment can be made to state governments via leasing of environmentally-sensitive areas located on State land. The public sector can be encouraged to contribute to the Conservation Fund by offering interested firms with tax-exempt status for their contributions. In other word, the Malaysian tax law should channel money to the Conservation Fund on behalf of the environment and conservation. The Nature Conservancy in the United States for instance, could buy land to be placed in conservation reserves and by compensating landowners for keeping their forests intact.

The basic ingredients to make this proposal a reality are mostly in place. The Central Forest Spine initiative has identified environmentally-sensitive areas for Malaysia, simplifying the task of prioritizing the necessary actions. In addition, the position of the *Jabatan Ketua Pengarah Tanah dan Galian Persekutuan* (JKPTG) as an agency under MONRE would also enable the task of leasing and purchasing of land for conservation purposes whenever necessary.

Proposal # 2 – Formulate a Common Vision on Sustainability

Adapting form of sustainable development to the function of government is a difficult task. This is especially so when considering the fact that public policy never begins with a blank slate. Since the 1970s, as the domain of environment and sustainable development became more complex, Malaysia's institutional response was based on reproduction and continuation of functional difference. In other words, more 'green' agencies and sub-agencies were established with the growing challenge. The outcome of this is functional specialization is that sustainability means different things to different agencies. Further, the challenge of conflicting goals contributes to the complexity of addressing sustainability. For much of post-Independence, the Malaysia's land use policies have been driven by the twin imperatives of promoting industry profitability in forestry, palm oil and rubber. Reconciling the sustainability goal with these has proven to be hard. This is not surprising; public policies are often problematic because the ends they seek are conflicting.

What Malaysia needs at the moment are functional re-integration, productive reciprocity, and meaningful communication between agencies and the different domains of public policy. In other words we need a fresh round of problem redefinition by formulating Malaysia's Common Vision on Sustainability. The vision may provide a panaromic view of what sustainability and green economy entails for Malaysia now and into the future. To formulate policy goals we need to ask: what general types of ideas should govern policy development?; and what does policy formally aim to address. Once answers are found, we can begin to rethink our choice of policy instruments by asking what general norms guide implementation preferences and what types of instruments should be utilized. Preferably, the process of developing the common vision should be based on the widest and most in-depth consultation with various stakeholders.

Proposal # 3 – Reposition the Department of Environment

To move towards sustainability, some respondents were in favour of repositioning the Department of Environment from its current place in MONRE to be an agency under the Prime Minister's Department. The rationale is to reorganize its role from an implementing agency to a coordinating agency with a function not dissimilar to the Implementation Coordination Unit (ICU) in the Prime Minister's Department. The Department of Environment has grown from strength of merely five in the 1970s to more than 1000 staff in recent years. It has an incomparable in-depth of knowledge on environmental quality issues in Malaysia. By redefining its role, the scope of the *Environmental Quality Act 1974* should be reviewed and eventually broadened to address sustainable development and not just environmental quality.

Proposal # 4 – Strengthen the Pool of Environment and Sustainability Officials

Government officials consider environment and sustainability as a more technical and specialized area compared to other public policy domains like education, health or rural development. Therefore, the experience and expertise gained by an official working in this area are not easily transferable from areas outside the environment domain. In light of this peculiarity, it is important for the Public Service Department (JPA) to retain a pool of officials in this area so that adequate promotion and career track is guaranteed just by rotating the officials within 'green institutions'. This is important, as argued by the political scientist Lipsky, "[t]he decisions of the bureaucrats, the routines they establish, and the devices they invent to cope with uncertainties become the public policies they carry out". Therefore, it is important for environment and sustainability duties to be carried out by experienced personnel.

Proposal # 5 – Revamp Coordinating Mechanism

Sustainable development is a meta-policy – a policy designed to guide the development of numerous more specific policies (O'Toole 2004). Hence, coordination is key to overcome silos. We need to think about integrated policymaking based on concepts such as 'whole-of-government' or 'joined-up-government'. These concepts involve governments paying more attention to coordination in attempt to increase and improve it. Other measures include the creation of interagency 'circuit breaker' teams to solve problems of service delivery (Pemandu-type). Elsewhere, there are three models of integration we could learn from (Lafferty 2004):

*   The Parliamentary Mode – strong emphasis on monitoring integration within a legal-parliamentary context (e.g. Canada)

*   The Executive Mode – new and functionally specific mechanisms for executive coordination horizontally at the national level, and vertically across the levels of federal governance (e.g. Germany)

*   The Administrative Mode – with legislative and administrative innovations in planning and target group implementation (e.g. the Netherlands)

Malaysia already operates numerous ministerial level councils as decision-making bodies on biodiversity, climate change and green technology, land, forestry, etc. These councils need to be streamlined for better delivery. As interest in the policy-informing role of research organisations has grown considerably, the Councils also need stronger research capacity in analysing issues and proposing actions.

Proposal # 6 – Civil Society with Persuasive Powers

The goals of sustainable development commit a society to a long-term engagement. There will be more things that we cannot be sure about that those that are certain. Under such condition of uncertainty, scientific and technical knowledge will never be complete, and specific policy objectives of the government will be quickly outmoded with rapid changes. Therefore, to reduce the uncertainty, the civil society must be given a voice in environmental governance, to allow the government to see issues with 'different eyes'. Likewise, by engaging civil society leadership in government decision-making, civil society could also understand the challenges and constrains faced by the government in deciding on issues of environment and development.

A radical action is to appoint a Commissioner of the Environment and Sustainable Development under the Finance Ministry. An advisory role is deemed insufficient, with preference for the appointment of the Commissioner as a senator. As for the location in the government machinery, EPU is crucial at the planning stage but it is Ministry of Finance that determines project and programme implementation. Therefore, the Commissioner must be empowered as 'a driver', someone with the panaromic picture or oversight of the whole policy system. The Commissioner system can be supported by a Council for Sustainable Development, preferably a set-up equipped with research capacity to analyse issues objectively.

Concluding Remarks

It is a well-established fact that any policy legacies are protected from more radical change by powerful elements of the policy community including business interests, politicians, bureaucracy and other policy entrepreneurs. Yet, successful implementation of any policies requires the operation of procedures, norms and mechanisms for carrying through the stipulated goals and strategies. In this respect, sustainability is not unlike democracy because they are both 'ideas in history'. They must be continuously assessed and retooled to meet the changing exigencies of human development and the planetary change. The paper argues that there is no magic wand in policy design. Thus, there will be no institutional design without flaw, and these would always be context-specific. Therefore a continuous process of learning and understanding the issues is needed to ensure the best fit between problems and solutions.

> *"Means tyrannize when the commitments they build up divert us from our true objectives. Ends are impotent when they are so abstract and unspecified that they offer no principles of criticism and assessment"*
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> P. Selznick, 1957.

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