Industrial Collaboration Program (ICP) for EVERYONE: Malaysian Case
Simplified ICP Model

- **Procurement by the Government**
- **Payment**
- **OEM / Supplier(s)**
- **ICP Programmes**
- **Targeted Local Industry**
  - **Economic Development**
  - **Industry Development**
  - **Technology Development**

- **Offset, EEP, Countertrade**
  - **Collaborations**
  - **Smart business partnerships**
  - **Contract works on strategic & high value packages**
  - **Local content/Certification**
  - **Technology Commercialization**

Net Return

Investment

Spin off / returns

Supply of goods
ICP: An Economic Development tool for Everyone

Knowledge based economy

Competitive economy

Technology Acquisition / Commercialization / Resources Development

New Economic Model / Other Agendas

Socio-economy

Focus

New / Existing Key Economic Areas

Global participation

Product Positioning / Market Access

Support

INDUSTRIAL COLLABORATION PROGRAM

Activities
ICP Policy implementation

- Policy owner
- Highest Decision maker on ICP

- Initiated in 2002
- Formally established in March 2015
- ICP Authority in Malaysia for policy operationalization
- Formulate ICP Strategic Implementation Plan

- Procuring Agency
- ICP Management Unit (IMU)
- ICP Plan Implementation

- ICP Recipients
- Covers national area of interests
The current policy titled ‘Policy and Guidelines on Industrial Collaboration Program (ICP) in Government Procurement’ was approved by the Government on 10th Dec 2014

**Philosophy**

Enhancement of local socio economic and strengthening of the local industry capacity and capability to create ‘value for money’ on Government procurement

- Technology transfer, development and nurturing
- Market access, global supply chain and commercialization
- ‘Thru-life-support’ for Government strategic asset

**Needs**

- Develop and strengthen local industry’s capacity and capability and maximize local content

**Complementary & Win-win situation**

**Impact**

**Approach**

**Source:** Policy and Guidelines on Industrial Collaboration Program (ICP) in Government Procurement, 2014
ICP Policy: Elements

**Industrial Collaboration Program (ICP)**

**Economic Enhancement Program (EEP)**
Applied onto Government Procurement from Local Company (as the prime contractor) worth more than **RM100 million**

**Offset (Direct / Indirect)**
Applied onto Government procurement from foreign supplier worth more than **RM50 million**

**Counter Trade**
Applied onto Government procurement from foreign supplier worth more than **RM50 million**

Mechanism of ICP Credit Value (ICV) generation to ensure the ICP pillars are addressed.
Malaysia ICP Management Framework

**Pre-Implementation**
- ICP Requirement Document
  - Articulate ICP Strategies
  - Determine the Value
  - Formalize an ICP

**Implementation**
- Bidders' ICP Proposal
  - Assess OEMs businesses and identify potential beneficiaries capability and competency
- ICP Proposal Evaluation
  - Maximize returns for socio economics, technology and local industry development
- ICP Program Agreement
  - Finalization of activities, deliverables, outcomes and timeline
- ICP Program Implementation
  - ICP activities monitoring to ensure deliverables performance

**Post-Implementation**
- ICP Program Assessment
  - Carry out ICP assessment audit
- ICP Program Completion
  - Relief from program upon completion

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*Source: Policy and Guidelines on ICP in Government Procurement 2014*
ICP is a need for Malaysia.

What are expected?

From Client Perspective

People & Organization

Sincerity, transparencies and integrity of the ICP providers and recipients

Understand the area of interests identified by the Government

Adherence to the National ICP Policy and Malaysian ICP Management Framework

Process

Economic impact via a workable program

Sustainability of the program in support of Malaysian National initiatives

Outcomes

Assistance for local companies to participate in the global market
What we have learned:

• The ICP activities shall be **sustainable** (not a one off type)
• The ICP ‘obligation’ shall be regarded as **opportunities**
• The ICP ‘cost’ shall be regarded as **investment**
• There shall be a mutual understanding (willing provider willing recipient) supported with realistic implementation plan
• The Government shall **strongly support the initiative** by:
  • providing effective policy, clear direction, efficient management structure and process
  • synergised/consolidated effort at the national level
Conclusion

ICP is an initiative by the Government utilised as an effective COLLABORATIVE tool to support national economic and technology development

- A platform for impactful outcomes;
  - Development of the technology and economic development needs based on the current national resources;
  - Development of targeted industry capability and capacity;
  - Contribution to national economic growth.

- Economic Contribution for businesses – create ‘win-win’ platform for sustainable businesses and participation in the global supply-chain

- ‘Win-win’ – shall represent reasonable benefits/risks to the recipient and reasonable returns/risks to the provider agreeable by both parties