POLICY AND GUIDELINE ON OFFSET PROGRAMMES
IN GOVERNMENT PROCUREMENT

MINISTRY OF FINANCE MALAYSIA

(SECOND EDITION)
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POLICY AND GUIDELINE ON OFFSET PROGRAMMES IN GOVERNMENT PROCUREMENT

1. INTRODUCTION

The Government of Malaysia is fully committed to enhance the nation’s industrial, technological and overall economic capability with the aim of further increasing national competitiveness and supporting high-income society agenda. It is the policy of the government to implement offset programme on all Government Procurement of supplies, services and works. Offset instrument is leveraged by the government to further support the national aspiration to develop Malaysia as a sustainable high-end industrial and technological base. The offset programme will be further guided by the macroeconomic framework of Malaysia’s Vision 2020, the Five Year Development Plans, Industrial Master Plan, the National Policy on Science, Technology and Innovation and other related government policies and documents. In line with the existing Government Procurement Policy and Regulations, offset will become a mandatory requirement for Government Agencies undertaking strategic and high value procurement.

2. TERMINOLOGY AND INTERPRETATION

2.1. Offset

Activities include direct offset and indirect offset.

2.2. Procurement

Activities are to cover purchases of supplies, services and works by the Government.

2.3. Main Procurement Contract

The procurement contract signed between the Government of Malaysia and the supplier(s) and will be executed within an agreed time frame and cost.
2.4. **Malaysian Offset Executive Committee (MOEC)**

MOEC is a committee that oversee and provide strategic direction of the offset programme.

2.5. **Offset Committee**

Offset Committee (OC) is a committee that supervises and guides the implementation of the offset programme.

2.6. **Offset Management Unit**

Offset Management Unit (OMU) is a unit under the procuring Ministry/Agency which monitors all offset programmes.

2.7. **Offset Provider**

Cover international sellers, suppliers and contractors.

2.8. **Offset Recipients**

Local companies, institutions or organisation that are receive the benefits, profits or advantages from the offset. Recipients are selected by the Ministry/Agency which executes the procurement with approval from OMU and OC.

2.9. **Technology Depository Agency**

Technology Depository Agency (TDA) is a central agency that consolidates the national technology ‘needs’ to support the strategic technology development and executes the **Malaysian Offset Management Framework**.

2.10. **Malaysian Offset Management Framework**

A set of processes to ensure the offset programmes implementation delivers the value aspired as per **Appendix A**. Offset Management Flowchart as per **Annexure A1** and **Annexure A2**.
3. **OBJECTIVES**

The objectives of the offset programme are as follows:

3.1. Foster strategic international partnership that can contribute to economic and industrial enhancement activities leading towards developing and strengthening the expertise, capabilities, capacity and marketing, and export potential of Malaysia's industries;

3.2. Maximize the usage of local contents leading to indigenization and reduction in the outflow of currency;

3.3. Establish a sustainable Malaysian industrial, economic and technological base, with strategic capabilities development and industrial participation in the global supply chain;

3.4. Encourage Transfer of Technology (ToT) and know-how;

3.5. Collaborate in Strategic Research, Development and Commercialisation (R&D&C) projects; and

3.6. To facilitate investments and collaborate in Strategic Human Resource Development (HRD) initiatives contribute to employment creation and enhancement of local expertise and capacity.

4. **PRINCIPLES**

Offset programmes in Malaysia shall be governed by the following principles.

4.1. **No Premium**

The Government will not pay a premium to support offset programme.

4.2. **Mutual Benefit**

Proposal submitted must be profitable and beneficial both to the Government, offset provider and offset recipients.
4.3. Additionally

All new proposals or activities must reflect visible increment of value-add on top of the basic/mandatory needs of the Main Procurement Contract through **Direct Offsets** and present offset recipient’s capability/capacity through **Indirect Offsets** in order to be considered for offset credits.

4.4. Causality

All offset programmes must result directly from the procurement contract.

4.5. Responsibility

The fulfilment of the offset obligation rests solely with the offset provider.

4.6. Sustainability

Programmes proposed must be economically and operationally sustainable, even after the discharge period.

5. ESSENTIAL FEATURES OF MALAYSIAN OFFSET PROGRAMME

The essential features of the Malaysian offset programme are as follows:

5.1. Offset

5.1.1. Direct Offset

These comprise activities and packages which are directly related to the Main Procurement Contract and agreed by the offset provider and the procuring Government.

(i) **Capability Development**: Activities in the offset programme where the recipients will be given opportunities to develop the capability in thru-life-support of the equipment procured.
(ii) **Local work packages**: Activities where the offset recipients are able to secure contracts to manufacture product that contribute directly to the development of the procured equipment. This may include local manufacture of components, assemblies and sub-assemblies, etc.

(iii) **ToT and Competency Development**: Will form an integral part of direct offset which include knowledge-based activities such as design of system and sub-system of the procured supplies, services and works.

5.1.2. **Indirect Offset**

These are programmes that are not directly linked to Main Procurement Contract, which can be any activities agreed to by the Government. ToT and competency development shall form an integral part of indirect offset.

(i) **Transfer of Technology (ToT) and know-how**. The ToT considered for the indirect offset are those collaborative activities in nature that result in new knowledge creation or enhancement of the existing knowledge resulting in patents and Intellectual Property Rights (IPR). Further, the activities shall reserve the rights for the recipient to enjoy exclusive rights and further manipulate the technology developed for the purposes of further competency development.

(ii) **Research, Development and Commercialisation (R&D&C)**. R&D&C will be part of the offset structure to develop programmes contributing to the Malaysian economic growth. The R&D&C activities shall be integrated with the ToT and know-how activities as described above.
(iii) **Local Content.** Activities to provide platform for local manufacturer to contribute local products to be integrated to the development and manufacturing of the agreed programme.

(iv) **Access to Global Market.** An arrangement where the offset recipients will have access (direct or indirect) via the offset provider’s network to the global market to position that the Malaysian gains supplies, services and works which either as a result of the offset activities or readily available for the industry supply chain.

(v) **Foreign Direct Investment (FDI).** Activities to attract foreign investors to invest in Malaysia. The investment can be considered as offset credit based on the benefits that Malaysian Government gain from the programmes.

6. **OFFSET STIPULATION**

The following shall form the basis of offset determination:

6.1. **Threshold**

A single procurement to the contract value of **RM50 million** or more shall, as a general rule, attract offset obligations.

6.2. **Offset Credit Value**

The offset credit value for offset programme shall be **one hundred percent (100%)** of the Main Procurement Contract value. The total offset credit value comprises of credit value obtained from offset projects (direct and indirect) However, this offset credit value is subject to approval MOEC.
6.3. **Multipliers**

As a general rule, multipliers will not be applicable. Multipliers will only be considered in exceptional circumstances such as when the programme acquired can lead to high-end technology acquisition or maximization of FDI into Malaysia. All technologies and its attendant benefits will be assessed by the TDA/OMU in close consultation with other relevant organizations.

6.4. **Offset Credits**

Offset credits will be granted on the basis of substantiating documentation received from the sellers/suppliers/contractors. This documentation shall be proof of offset activities of the offset provider which, amongst others, shall include the following:

6.4.1. Copies of contracts for works placed with any companies identified by agencies which execute the procurement;

6.4.2. Documentation detailing all skills and know-how transfers;

6.4.3. Documentation detailing all technologies transferred;

6.4.4. Documentation detailing all training provided;

6.4.5. Documentation detailing all investments (whether in the form of equity, capital equipment, tooling, jigs or fixtures made), loans secured, financial statements, sales contracts, Joint Ventures Agreements, Shareholders Agreements, Articles of Association and/or management contributions;

6.4.6. Documentation detailing investments into economic enhancement projects such as manufacturing and services as well as the creation of host of educational, infrastructure and health related projects which are in support of the general aims and objectives of the Government;
6.4.7. Documentation detailing the facilitation by the offset provider that enable the offset recipients obtain contract work packages or access to the global supply chain; and/or

6.4.8. Any other form of commercial documentation acceptable in terms of internationally acceptable accounting and auditing practices.

6.5. **Banking of Offset Credits**

6.5.1. The offset provider are encouraged to do more than their offset obligations attracted as a result of having been awarded a supply, service or work contract. This extra effort will be considered as surplus.

6.5.2. The Government will, provided that such surplus activities have been duly approved and that a subsequent and acceptable agreement between the Government and the offset provider has been signed, allow such surplus activities be banked-in as an earned offset credit for offset provider future obligation.

6.5.3. The Government may consider offset provider’s request to transfer banked credits to any other party having attracted offset obligation with the Government, subject to a limit of 50% of the new obligation.

6.5.4. Parties planning to utilize the banked credits are encouraged to state in advance of their intention during the tender submission.

6.5.5. Credit accounts are **valid for 5 years** from the date of inception, after which, it will expire. In special circumstances this period can be extended subject to the approval of the OC. The sellers/suppliers/contractors will not be allowed to accumulate credits while they have other offset obligations outstanding with Malaysia.
6.6. **Costs**

6.6.1. Any costs involved in the implementation of offset shall be borne in full by the offset providers.

6.6.2. In those situations where the offset providers use services bought from a third party, any costs must be covered by the offset providers and/or the third party. The costs will not be credited as offset.

6.6.3. Any costs that are to be borne by the Government must be limited to preparation of passports, official travel claims and those aspects mutually agreed upon between the Government and offset providers.

6.6.4. The Chairman of the O C reserves the rights to approve and authorize the implementation of all offset activities within the procuring agencies. Prior approval from the M O F / M O E C is required when the amount to be disbursed by the Government exceeds the limit imposed on the Secretary General of the procuring Agencies.

6.7. **Foreign Exchange**

The value of offset will be expressed in Ringgit Malaysia (RM). In circumstances where claims are presented in other currencies, they will be converted to RM on the basis of the official current exchange rates of Bank Negara Malaysia.

6.8. **Timescale for Completion**

Offset obligations must normally be fulfilled within the delivery dates of the Main Procurement Contract. Offset providers can negotiate with the Government through the TDA and O M U of procuring agencies for extensions subject to approval by the O C.
6.9. **Bank Guarantee/Penalty**

6.9.1 **Bank Guarantee.** The offset providers will have to provide to the Government an irrevocable Bank Guarantee from an acceptable Malaysian bank to the value of five percent (5%) of the Main Procurement Contract. The Bank Guarantee shall become effective on the effective date of the Main Procurement Contract and shall remain valid for the full implementation of the offset programmes and activities and/or fulfilment of total credit value, whichever is later.

6.9.2 **Penalty.** This sum withheld does not release the Offset Providers concerned from their offset obligations and the amount will not be credited as offset value. The payment for compensation shall be claimed against the Bank Guarantee and to be paid to the Government in the form of liquidated damages for unfulfilled offset obligations.

7. **ORGANIZATION**

7.1. **Malaysian Offset Executive Committee (MOEC)**

7.1.1. The MOEC is formed at the Ministry of Finance (MOF) as a platform to oversee, provide strategic directions and approvals, and integrate various offset programmes planned, initiated and implemented in Malaysia.

7.1.2. The MOEC also serves as a think-tank to align offset programmes in Malaysia with national initiatives to support national technology and economic development agenda.
7.1.3. The MOEC membership consists of:

(i) Chairman - Secretary General/Deputy Secretary General of MOF (Management)

(ii) Members - Deputy Secretary General of Ministry of Science, Technology and Innovation (MOSTI)
- Ministry of Home Affairs
- Economic Planning Unit (EPU)
- Maritime Enforcement Affairs Div., JPM
- Ministry of Defence (MINDEF)
- Science Advisor to Prime Minister
- BM KD, MOF
- MITI
- Other relevant ministries (as when required)

(iii) Secretariat - Under Secretary of Government Procurement Division, MOF and TDA

7.1.4. The MOEC will convene a meeting at least twice a year.

7.2. **Offset Committee**

7.2.1. The OC shall be formed upon initiation of an offset programme as a result of a Government procurement programme by MOF.

7.2.2. The OC shall consist of:

(i) Chairman - Secretary General of the procuring Ministry.

(ii) Members - Representative from MOF.
- Under Secretary of Procurement Division of the procuring Ministry/Agency.
- Representative from MIGHT as TDA.

(iii) Secretariat - Under Secretary of OMU or equivalent of the procuring Ministry.
7.2.3. The O C when the need arises shall also call representatives from ministry/agency/institution as follows:

(i) EPU.
(ii) Ministry of Plantation Industry and Commodity.
(iii) Ministry of Higher Education (MOHE).
(iv) Ministry of International Trade and Industry (MITI).
(v) MOSTI.
(vi) Science and Technology Research Institute for Defence (STRIDE).
(vii) Malaysian Industrial Development Authority (MIDA).
(viii) Malaysian External Trade Development Corporation (MATRADE).
(ix) Standard and Industrial Research Institute Malaysia (SIRIM).
(x) Other Agencies/External expertise.

7.2.4. The role and responsibilities of the O C are as follows:

(i) Maintain communication with Procurement Division of the procuring Ministry from time to time to align the strategic intent of the offset programme;
(ii) Provide strategic guidance and approve the projects under the offset programme;
(iii) Evaluate and approve offset requirements/proposals packages for specific procurement exercise;
(iv) Evaluate and approve list of offset recipients submitted by secretariat;
(v) Ensure that all relevant activities in the offset program are monitored and audited by the secretariat on a regular basis;
(vi) Monitor and review the progress reports on offset program activities;
(vii) Evaluate and approve request of activities for the purpose of banking of credits;
(viii) Monitor all statements of account for credits submitted by the OMU and award credits or penalties where justified;
(ix) Evaluate and approve all requests for transfer of offset credits;
(x) Evaluate and approve recommendations for discharge of obligation; and
(xi) Prepare and submit status/progress reports of the offset programme on a quarterly basis to the MOF.

7.2.5. The OC will be disbanded upon the satisfactory delivery of the offset programme deliverables by the offset provider and approved Discharge of Obligation.

7.3. **Offset Management Unit**

7.3.1. The OMU will provide the secretarial support to the OC. The OMU secretariat, in due consultation and collaboration with all the other relevant Governmental authorities, will affect the following responsibilities:

(i) In consultation with TDA, initiate the **Malaysian Offset Management Framework**;
(ii) Provide liaison between relevant Government authorities, offset providers and recipients;
(iii) Evaluate and negotiate the offset programme proposals;
(iv) Submit recommendations on proposals to the OC for approval;
(v) Negotiate and conclude the terms and conditions of the offset agreements;
(vi) Secure bank guarantees for Performance Bond;
(vii) Advise offset providers and recipients in the fulfilment of their obligations;
(viii) Administer and audit the performance of all offset activities;
(ix) Prepare and submit status/progress reports to the OC;
(x) Maintain statement of account for offset credits under obligation and credits awarded to offset provider;
(xi) Process all credit claims and submit to OC for credit allocation and subsequent discharge of obligation; and
(xii) Provide manual/guidelines on offset to prospective offset providers and recipients.

7.3.2. Procuring Agencies without dedicated OMU will, in consultation with the MOF engage TDA to perform the role and responsibilities of a OMU. The scope of work and cost of service shall be determined and agreed by the procuring Agencies and/or MOF through the prevailing finance circular.

7.4. Technology Depository Agency

7.4.1. TDA having consolidated the strategic technology development and provide the preferred technology list shall be consulted by the OMU in developing the offset programme. The responsibility of TDA is to:

(i) Ensure national procurements are effectively used to satisfy the current country’s technology needs and assist in economic growth based on the market intelligence and market research analysis;

(ii) Recommend best approach, practice and procedures to acquire, exploit, receive and house the required technologies;

(iii) Observe offset activities attached to national procurements and maintain sufficient data with regards to offset;

(iv) Assess and monitor the technological capabilities and capacity of Malaysian companies (recipients) in collaboration with the OMUs of various ministries and agencies;
(a) Identify, consolidate and maintain a database of the required technology to support the offset strategy with regard to technology acquisition and development;

(b) Identify, consolidate and maintain database of current available technology in country;

(c) Prepare the **Offset Requirement Document** (ORD) for the offset programme;

(d) Evaluate the offset programme proposal submitted by the offset provider(s);

(e) Conduct the pre audit for the potential offset recipients and providers;

(f) In collaboration with the OMUs and MOF, negotiate and finalised the offset programme and transform it to the contractual agreement;

(g) In collaboration with OMU, establish an agreed offset program management team;

(h) In collaboration with OMU, monitor the progress of the offset programme implementation; and

(i) In collaboration with OMU, conduct the post audit of the offset programme.

**7.4.2. TDA is to assist and guide OMU in implementing the **Malaysian Offset Management Framework**.**

**7.5. Ministry of Finance**

In accordance with the Government procurement’s regulations, all procurement decisions by the ministries will be submitted to MOF for final approval.
8. **PROCESS**

The following shall be the processes involved in the offset programme:

8.1. **Initiation**

8.1.1. MOF/MOEC shall inform the OMU/TDA of the incoming Government procurement programme that may entail offset.

8.1.2. The OMU/TDA is to issue ORD as soon as the main requirements for the Government procurement are issued to the potential bidders.

8.1.3. The OC is to be established to give guidance and monitor the offset programme implementation.

8.2. **Tender**

8.2.1. The bidders are invited to formally set out offset program proposals when the tender documents are submitted. These proposals will also include the request to utilize credits stating the account holder and value to be transferred.

8.2.2. These proposals, which should be submitted in response to the ORD, shall be analyzed by OMU/TDA who will, when appropriate, discuss the proposals with the sellers/suppliers/contractors. The OMU/TDA will also advice the bidders of the timescales in which the offset programme should be implemented.

8.2.3. The bidders should be as explicit as possible response to the ORD in their proposals and focus on areas that are of high priority to Malaysia such as but not limited to in-country works and development on the equipment, ToT, R&D&C collaboration and investments.
8.2.4. The offset proposal will only be submitted to OC for approval when OMU/TDA is satisfied about the quality, total offset credit value, relevance and costing (if any).

8.2.5. The OC shall present to the Tender Board of the main contract on the proposed Offset Proposal Evaluation and to include the proposed offset programme as one of the main criteria in selecting the offset providers of the Government procurement programme.

8.2.6. The tender decision will be finalized by the Tender Board and forwarded onward for approval by MOF/MOEC.

8.3. Offset Agreement

8.3.1. The selected sellers/suppliers/contractors will be required to sign an acceptable offset agreement as the offset provider for the offset programme with related Agency in addition to the Main Procurement Contract.

8.3.2. The offset providers are required to sign both the main contract and the offset agreement simultaneously.

8.4. Monitoring and Reporting

8.4.1. The OMU/TDA will monitor the performance of the offset providers holding the offset obligations. The offset providers shall send in their claims for offset credits as specify offset agreement.

8.4.2. The report must cover the period as agreed in the offset agreement. If the report is not received or inaccurate, the purchase/transactions/activities conducted during the period shall not be credited.
8.4.3. The offset providers are also required to submit a status report on the progress of offset programme on quarterly or half yearly basis (whichever is applicable).

8.5. Discharge of Obligation

8.5.1. Upon successful completion of all activities and fulfilment of obligation in accordance with the offset agreement, the OMU will submit to OC recommendation for discharge of obligation.

8.5.2. Certificate for discharge will be issued by the OMU/TDA. The offset providers shall send all reports, credit claims and request for discharge of obligation shall be sent to the OMU/TDA.

9.0 CONTACT POINTS

9.1 For any inquiry or further information please contact:

Government Procurement Division
Ministry of Finance
Level 4, North Block
Federal Government Administrative Centre
62592 PUTRAJAYA

Telephone : 03-8882 3281/3282
Fax : 03-8882 4292
Website : www.treasury.gov.my

9.2 In relation to technology matters, please contact:

Technology Depository Agency
MIGHT Building,
3517, Jalan Teknokrat 5
63000 CYBERJAYA

Telephone : 03-8315 7888
Fax : 03-8312 0300
Website : www.might.org.my

Government Procurement Division
Ministry of Finance
PUTRAJAYA
Malaysia Offset Management Framework

APPENDIX A

Acquisition Process - Thru-life Systems Approach (Annexure 1)

Concept ➔ Assessment ➔ Demonstration ➔ Manufacture ➔ In-Service ➔ Disposal

Process Mapping

Offset Program Implementation Processes (Annexure 2)

- Articulate Offset Program Strategies
- Determine Offset Value
- Establish OC
- Identify capability and competency of the OEM(s) / beneficiaries
- Maximize returns of technology acquisition
- Specify the deliverables of the offset program requirement(s) within time & cost limits
- Offset projects implementation monitoring to ensure performance within agreed parameters
- Carry out offset assessment audit
- Acceptance of Offset Program Completion and Obligor relief

Clarification/ Negotiation

Offset Program Recipient/ OEM

Surveillance Audit

Project Management Monitoring

Acquisition/Offset Strategy
# Flowchart of Acquisition Process

## Phase 1: Pre-Implementation

1. **Start**
2. **Procuring Agencies**
   - Conceptualization
3. **Procuring Agencies**
   - Assessment
4. **Procuring Agencies**
   - Tendering
5. **Procuring Agencies**
   - Evaluation
6. **M O F**
   - Tender Board

## Phase 2: Implementation

1. **Procuring Agencies**
   - Contract Signing
2. **Procuring Agencies**
   - Equipment/Services Delivery/usage

## Phase 3: Post-Implementation

1. **Procuring Agencies**
   - Disposal by the user
2. **End**

### Description
- **Procuring Agencies**
  - Specification of user needs
  - Options identification
  - Prepare the tender document, advertisement, opening and closing of tender proposals
  - Technical and commercial evaluation
- **M O F**
  - Committee established based on the value of the contract
- **Procuring Agencies**
  - Signing of the contract and preparation of performance bond
  - Contract Administration
- **Procuring Agencies**
  - Contract Expiry

---

**ANNEXURE A1**

A1-1
ANNEXURE A2

FLOWCHART OFFSET PROGRAM IMPLEMENTATION PROCESS

<table>
<thead>
<tr>
<th>RESPONSIBILITY</th>
<th>PROCESS FLOWCHART</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDA/OMU</td>
<td>Start</td>
<td>Kick-Off Meeting by the Agency. Minutes of Meeting will be recorded.</td>
</tr>
<tr>
<td></td>
<td>Initiation of Offset Program</td>
<td>Open Program File(s)</td>
</tr>
<tr>
<td>Project Manager(s)</td>
<td></td>
<td>TDA/OMU</td>
</tr>
<tr>
<td></td>
<td>Identify Offset Strategy</td>
<td>MOEC Input</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Market Intelligence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Industry Database</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Technology Database</td>
</tr>
<tr>
<td></td>
<td>Accept?</td>
<td>TDA/OMU</td>
</tr>
<tr>
<td>OC</td>
<td>Yes</td>
<td>OC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TDA/OMU</td>
</tr>
<tr>
<td></td>
<td>Submit to Bidder(s)</td>
<td>TDA/OMU/Purchaser</td>
</tr>
<tr>
<td></td>
<td>Bidder(s) Submit Proposal</td>
<td>TDA/OMU/Purchaser</td>
</tr>
<tr>
<td></td>
<td>Evaluate Proposal(s)</td>
<td>TDA/OMU/Purchaser</td>
</tr>
<tr>
<td></td>
<td>Offset Evaluation Report (OER)</td>
<td>TDA/OMU/Purchaser</td>
</tr>
<tr>
<td></td>
<td>Accept? Report?</td>
<td>OC</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Purchaser/OC</td>
</tr>
<tr>
<td></td>
<td>Inform Bidder(s)</td>
<td>TDA/OMU</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OC</td>
</tr>
<tr>
<td></td>
<td>Inform Recipient(s)</td>
<td>TDA/OMU</td>
</tr>
</tbody>
</table>

Description:
- **Phase 1: Pre-Implementation**
  - **Initiation of Offset Program**: Project Manager(s) open Program File(s).
  - **Accept?**: Accept (Yes) or No.
  - **Submit to Bidder(s)**: Bidder(s) submit proposal(s).
  - **Recipient Audit**: Audit Report.
  - **Evaluate Proposal(s)**: Evaluation of proposal(s)/OEM(s) and nominate local recipient(s).
  - **Accept Report?**: Accept Report (Yes) or No.
  - **Inform Bidder(s)**: Purchaser/OC are to notify successful and unsuccessful bidder(s).
  - **Inform Recipient(s)**: Purchaser/OMU are to notify successful and unsuccessful recipient(s).
From Main Contract preparation processes

Responsibility

TDA/OMU  
Malaysian Government  
OC

Process Flowchart

A

B

C

Description

Negotiation with bidder(s) on proposal for off-set programs/projects
Preparation of Offset Agreement for the procurement
OC to decide/approve on the Offset Program Agreement
Signing of the Offset Program Agreement and the Main Procurement Contract

Open file as per SOP
Monitor implementation
Conduct Surveillance Audit together with Offset Mgmt Unit (OMU) of the Ministry/Agency *As and when required
For non-compliances, Obligor(s) to take Corrective or Preventive Action(s)

Conduct Audit on the project(s) compliances to the Offset Program Agreement
Report generated from the Post Implementation Audit Findings

Phase 2: Implementation

Phase 3: Post-Implementation
<table>
<thead>
<tr>
<th>RESPONSIBILITY</th>
<th>PROCESS FLOWCHART</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>OC</td>
<td></td>
<td>OC meeting to review and confirm all offset items in the Offset Program Agreement are met.</td>
</tr>
<tr>
<td>TDA/OMU</td>
<td>Close Programme File</td>
<td>Program file(s) closed and kept in the document room</td>
</tr>
<tr>
<td>OC</td>
<td>Relief of Obligation</td>
<td>OC to issue Letter/Certificate of Relief to the obligor and terminate the Offset Program Agreement</td>
</tr>
</tbody>
</table>

Diagram:

- **Yes**: Report Accepted?
- **No**: OC meeting to review and confirm all offset items in the Offset Program Agreement are met.
- **Yes**: Close Programme File
- **End**
- **No**: OC to issue Letter/Certificate of Relief to the obligor and terminate the Offset Program Agreement