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Tajuk : Govt Introduces FCC To Finance Forest Conservation Activities

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Syahrul Aidil bersama Mohd Ghazali menyempurnakan pelepasan peserta LAKARun.

KUALA LUMPUR: A non-market-based mechanism, the Forest Conservation Certificate (FCC), was introduced by the government today to finance forest conservation activities and sustainable environmental care.

Minister of Natural Resources and Environmental Sustainability Nik Nazmi Nik Ahmad said the FCC is one of the mechanisms developed by the Malaysia Forest Fund (MFF) in 2022 under the REDD Plus Financial Framework (RFF).

He said the Forest Carbon Offset (FCO) instrument was also developed under RFF as a market-based solution to meet forest carbon projects, which is expected to be comparable to existing international standards such as Verra and Gold Standard.

“While carbon projects are highly dependent on large areas to produce viable carbon returns, FCC can be used on smaller sized areas, with tailored activities that can be carried out in a shorter period.

“But we must remember that this FCC will not generate any carbon credit, nor can it be used to support carbon offset activities,” he said when speaking at the launch of the FCC instrument here, today.

The ceremony, held in conjunction with the Global Forum on Islamic Finance and Economics (GFIEF) and organised by the Ministry of Finance (MoF) and the Bank Negara, was also attended by MFF chief executive officer Datuk Jeffri Abd Rasid.

Commenting further, Nik Nazmi said the FCC emphasises transparency through practical processes and accountability of all parties involved, starting with scheme owners, project implementers, fund contributors, fund managers and the verification body.

He said any FCC project certified by an independent verification body can be used to meet the company's Environmental, Social and Governance (ESG) reporting requirements.

To recognise a company's contribution to FCC activities, he said the MoF approved an income tax deduction of 10 per cent of the aggregate income of the current assessment year.

He said the MoF also approved RM5 million in the Forest Carbon Project Development Fund to the MFF this year to support the building of capacity and technical knowledge and pre-development activities of forest carbon projects such as feasibility studies, identification of potential project areas, baseline setting and implementation of pioneer projects.

At the ceremony today, Nik Nazmi also witnessed the exchange of Memoranda of Understanding between MFF and FCC funders, namely Layang Kaji Sdn Bhd and Angkatan Koperasi Malaysia Berhad (ANGKASA).

ANGKASA was represented by its president, Datuk Seri Dr Abdul Fattah Abdullah and Layang Kaji by its parent company. Masteron Group of Companies managing director Datuk Choy Wai Ceong.

Meanwhile, at a press conference after the event, Nik Nazmi said that the ministry is studying the feasibility of the Forest Waqf initiative in Malaysia as an additional step to preserve and conserve forest land.

"In Indonesia, they have vast land and the land is saved and endowed through several processes for forest waqf, meaning trespassing is not allowed and trees cannot be cut.

"Now, we (the government) are studying that approach with, among others, the Federal Territories Islamic Religious Council (MAIWP) and the Malaysian Waqf Foundation," he said.