

Jenis Akhbar : The Edge
Tarikh : 27/05/2024
Edisi / Muka Surat : www.theedgemaalaysia.com
Tajuk : Malaysia Launches Forest Conservation Certificate

Malaysia Launches Forest Conservation Certificate



From left: Masteron Group of Companies group MD Datuk Choy Wai Ceong, Angkatan Koperasi Kebangsaan Malaysia Bhd president Datuk Seri Dr Abdul Fattah Abdullah, Ministry of Natural Resources and Environmental Sustainability Secretary General Datuk Dr Ching Thoo Kim and its minister Nik Nazmi Nik Ahmad, Malaysia Forest Fund chairman Dr Yasmin Rasyid, Bank Negara Malaysia Assistant Governor Fraziali Ismail, and Malaysia Forest Fund CEO Datuk Jeffri Abd Rasid.

KUALA LUMPUR (May 27): The Malaysia Forest Fund (MFF) on Monday launched its Forest Conservation Certificate (FCC), which is a non-market mechanism to channel funds from the private sector to support forest conservation projects in the country.

FCC projects that have been verified by independent verification bodies can be used by companies to meet environmental, social and governance (ESG) reporting requirements under the biodiversity topic, said Minister of Natural Resources and Environmental Sustainability Nik Nazmi Nik Ahmad during his opening speech.

Additionally, the Ministry of Finance (MOF) has approved a 10% income tax deduction from the aggregate income of companies that participate in FCC activities.

The Muslim tourist market is projected to contribute at least 230 million in global international tourist arrivals with a spending of US\$225 billion by 2028. This forecast has prompted many popular destinations to come up with innovative offerings to attract Muslims tourists.

“Last year, we had two deaths from the heat wave and this year, as far as we know, we have three,” said Nik Nazmi, who observed that incidents of landslides, flooding and falling trees have been plaguing Malaysians in recent years.

“These are all linked to the planetary crisis, and we need to protect our forests to ensure it can continue to provide these environmental services to us. They play an important role to ensure the temperatures are moderated.”

Forest conservation is also needed to mitigate the increasing number of human-wildlife conflicts in the country, he added.

The FCC Protocol is the first instrument under Malaysia’s REDD Plus Financial Framework (RFF), which is implemented by the MFF, established in 2021 and whose members comprise policymakers, industry players and non-governmental organisations.

The FCC will complement the Ecological Fiscal Transfer (EFT), which channels funds towards state governments for the conservation and protection of biodiversity and forests. A total of RM200 million was set aside by the federal government for EFT this year.

“We need this [FCC] because we need funds from outside the government [to fund conservation efforts] It covers not just public land but those belonging to private owners as well,” said Nik Nazmi during a press conference.

The FCCs can be used on a smaller-sized area with tailored activities that can be implemented in a shorter time frame. But it cannot generate carbon credits, nor can it be used to support offset activities. That role will be fulfilled by another instrument under the RFF called the Forest Carbon Offset (FCO), which is still in its early stage of development.

“We envision FCOs to be a domestic standard, at par with existing international standards like Verra and Gold Standard, for use to develop forest-based carbon projects,” said the minister.

To ensure the credibility of a local carbon credit standard, however, there must be transparency and accountability, he added.

“[Otherwise], it defeats the purpose, once you have people saying they can’t use it because it’s greenwashing. We need to learn, and I think the good thing is that we’re not super early [in this] so we can learn from the experiences of other international standards or countries.”

The FCC Protocol document covers eligible programmes, application and validation processes, as well as verification and accountability requirements. Eligible programmes include the protection or conservation of existing forests, increasing areas of Permanent Reserved Forests and restoring the ecosystem integrity of degraded forests.

The MOF has approved a special grant for the Forest Carbon Project Development Fund of RM5 million this year, said Nik Nazmi, to support the capacity building, technical know-how, and pre-development activities of a forest carbon project. MFF will be the implementing agency to work with state governments for the utilisation of the funds.

During the launch, two memorandums of understanding were signed between MFF and Angkatan Koperasi Malaysia Bhd and Layang Kaji Sdn Bhd to collaborate on FCC projects.