

**Collective Actions for Sustainable Forests by Tan Sri Abdul Wahid Omar  
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**Setting the Scene on Collective Action for Sustainable Forests (talking points)**

- 1. WWF has been supporting Malaysia's SDG and other international commitments** such as the United Nations' Sustainable Development Goals (SDG), the Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC), the post 2020 Global Biodiversity Framework (GBF) under the Convention for Biological Diversity (CBD) and other global treaties.

At the national and regional level, we are aligned with the National Policy on Biological Diversity 2022-2030; Central Forest Spine (CFS) and Heart of Borneo (HOB) Initiative.

WWFMY provided policy inputs for the drafting of the SDGs. We also participate in COPs and CBD conventions. We work closely with the Malaysian government in our national journeys towards the Paris Agreement.

At the state level, WWFMY has been assisting the governments of Sabah and Sarawak in the implementation of activities leading towards the goals of HoB, following the project Implementation Framework of the HOB.

***All these need collective actions of multiple stakeholders working together to bring together the expertise, resources and actions for conserving forests for its ecological values, for sustainable forest management and timber productions and for protection of our forests beyond State owned lands. It is challenging but not impossible.***

- 2. Climate Change is real and 90% of global economies have committed to Net Zero by mid century**
- 3. Malaysia has committed to bring down the net GHG emissions (116 MtCO<sub>2</sub>e) to zero as early as 2050**
- 4. Globally, as development needs persists, land use demand increases and we start losing forests, including Malaysia and Sarawak. However, attention on forests has never been higher as the world faces significant impacts from climate change issues that threaten our survival.**

Preserving our forests as a carbon sink is crucial to meet net zero target. According to 2020 data, Malaysia has 18.05 mil ha of forests. Sarawak along contributes 7.65 million ha. Based on published data in 2013, when forest cover was reported to be 10.03 mil ha, this means that we have lost about 2.4 million ha of forests in the last 10 years. Therefore, we need to preserve our remaining forests from further losses.

Despite losing forests, Sarawak has **also taken actions to restore its forests e.g via the launch of the Forest Landscape Restoration drive in June 2019. This positive**

***way forward is encouraged but Sarawak must also be coherent in its actions to keep and manage forests and its development.***

**5. There are also low hanging opportunities within the PFE areas**

- Sarawak has the largest forest cover in Malaysia, above the national average.
- 64% of land is more than 8 million hectares of forests remaining in Sarawak. However, official records indicate that only 3.9 million ha are gazetted as PFEs (Permanent Forest Estates), while another 0.87 million ha are TPA (Totally protected areas). Therefore, a large area is still not under any form of permanent forest status. Perhaps, the Sarawak government could look at the opportunities from the largest forest cover to do something more, to give permanent forest cover status.

**6. Beyond climate, Sarawak, located on the island of Borneo, the 3rd largest island in the world, and within the Sundaland biodiversity hotspot also serve its Importance for biodiversity:**

- We are in the era of climate and species extinction crisis. Actions which provide multiple climate, nature and social benefits are needed. Sarawak can leverage on this.
- Being in one of the megadiverse region, Sarawak's forests are abundant in wildlife. Sarawak sits within the rich eco-region of Sundaland and also inside Borneo. The Sundaland, made up of Malay Peninsula, Sumatra, Java, Borneo and surrounding islands, contains many endemic species, meaning species found nowhere else but in this region. The Sundaland is recognised as one of the 35 global biodiversity hotspots.
- The island of Borneo, covering an area of approximately 74.6 million hectares, is the third largest island in the world and is extremely rich in biological diversity. It covers only 0.5% of the Earth's land surface, but contains 6% of the world's biodiversity.

**7. *What's in it for Sarawak to keep its forests? It not only benefits the global and national needs but keeping natural forests within Sarawak has fundamental benefits for its economy, which is transitioning through its green economy initiatives.***

- If managed well, the forests, including those within production forests can still serve its ecosystem services functions and provide benefits beyond just timber.
- Leverage on the importance of forests in climate mitigation, tap into high quality carbon initiatives. Other ecosystem services of crucial importance for Sarawak is clean water.
- An estimated 3.19 million hectares of forests are within gazetted water catchment areas in Sarawak. These can help to secure the sustainability of the State's green economy implementation, e.g. indirectly through forest protection of watersheds for water security and its renewable energy.
- The economic values of these services exceed the values that can be derived from business-as-usual activities such as logging. For comparison, tax revenue from timber and forestry royalty is projected to be RM287 million in 2023, whereas raw water royalty is almost twice the amount at RM550 million.
- Only a healthy catchment could ensure sustained supply of water, and our forests are the key element within the catchment that provide the ecosystem service of water provisioning.

8. ***Sarawak is already taking a step in the right path, and is leading amongst all states in taking a green economy approach.***

The natural capital study done for the Baleh watershed in 2017, evaluated the values of the natural capital/ecosystem services under three different development approach scenarios ie Economic development; Green economy; and Conservation – protection of watersheds, and conservation of biodiversity is prioritised.

The study indicates that taking a green economy and conservation focused approach can help to protect its ecosystem services. ***The values derived can pave the way to guide the development of Payment for Ecosystem (PES) for Sarawak in the near future.***

9. ***Keeping natural forests, implementing certifications and sustainable forest managements, leveraging forests for water protection and carbon sequestration provides additional support for access to green financing.***

- Bursa Carbon Exchange (BCX), Malaysia's first voluntary carbon marketplace, is gearing up to offer its first local, nature-based carbon credits within the first half of this year. The credits will be based on the Kuamut Rainforest Conservation Project in the state of Sabah, which has been registered with certification scheme Verra. The project is pending validation of its triple gold rating based on Verra's Climate, Community and Biodiversity standards, which it was awarded last year.
- Nature-based credits are expected to fetch a premium due to their potential co-benefits, as well as higher operational costs for measurement, reporting and verification (MRV) activities, said Rizal. However, to encourage the listing of more local carbon projects on BCX, the government announced in its 2024 budget that carbon projects listed on the exchange are eligible for tax deductions of up to RM300,000 for costs incurred in their development, as well as MRV activities.
- Bank Negara Malaysia (BNM) and the World Bank announced two key initiatives to enable the financial sector to support nature-positive outcomes. The announcements were made at COP28<sup>[1]</sup> in conjunction with the Climate Finance Day at the Malaysia Pavilion in Dubai. These initiatives will facilitate the integration of nature-related considerations into decision-making while supporting financial flows towards nature-based solutions. This follows from the recommendations outlined in the report '[An Exploration of Nature-related Financial Risks in Malaysia](#)' released in 2022.

10. ***WWF together with governments, companies, FIs, and local partners, have been helping catalyse 'bankable nature solutions (BNS)' that reduce pressure on ecosystems, deliver climate resilience, restore nature, and generate financial returns for investors and local economies (Slide 15).*** WWF does this by originating, supporting and accessing different funds and facilities to mobilise new sources of financing (particularly from the private sector) for projects that address climate and nature impacts across landscapes. Some of the funds initiated/ supported by WWF include the Dutch Fund for Climate and Development (DFCD), Landscape Resilience Fund and NbS Accelerator fund.

***Additionally, WWF offices in ASEAN (Malaysia, Indonesia, Phillipines) are currently working on developing projects to scale financing for Nature-based Solutions (NbS) in the region.*** Setiu and Belawai projects are currently part of this study.

11. ***Sarawak is already at an advantage and in the leading position to drive sustainability through its forests. The State should build from this and further***

**strengthen its core advantages to move forward.** How can this be done? Some considerations for the conference to deliberate on are:

- How can the State further expand on incentives for keeping forests, e.g. in exploring the many different PES mechanisms that can be mobilized to both provide income while also sustaining natural forests and its ecological and climate values. PES for benefits beyond carbon such as water supply and watershed protection can be also explored. These are all embedded within the global movements to finance the green and new mechanisms and opportunities are growing by the day.
- Currently, Malaysia provides Ecological Fiscal Transfer of funds to the State (RM70 million in 2021, RM150 million in 2023, RM200 million in 2024 budgets) as incentives to increase its protected areas and improve its management. Its main criteria is the size of Totally Protected Areas within the State. Can this be reviewed to include criterias to encourage and incentivize natural forests to be maintained, particularly those with certified SFM, international recognitions such as OECMs/Green Lists etc.
- Sarawak potentially has low hanging fruits to focus on avoided deforestation within areas licensed for planted forests that are yet to be converted/planted but this would require a review of policy directions and revisions of targets. Can this be considered to maintain its natural forest cover and as part of its transitioning to a greener economy?
- Implementing all these initiatives effectively requires multidisciplinary expertise, resources and joint efforts of stakeholders from across government to industry to private sector, communities, and civil societies. Information e.g. on forests, carbon stocks, ecologically important and sensitive areas etc to support good decision making, monitoring and management is needed. Information sharing is needed. Can we break silos and set up mechanisms to enable greater collaboration and sharing?
- Of utmost importance is also inclusion and participation of communities in good forest management and enabling socio-economic benefits from it.

***Moving forward, Sarawak should envision itself to become the greatest amongst all States in Malaysia on forest conservation,*** leveraging on its large, biodiversity-rich natural forests, multi-stakeholder actions, and leading position on green economy initiatives in Malaysia.