KEMENTERIAN TENAGA DAN SUMBER ASLI

KERATAN SURAT KHABAR

SURAT KHABAR	:	THE STAR			
TARIKH	:	13/11/2021 (SABTU)	MUKA SURAT	:	10
JABATAN	:	JPSM			

Carbon deal won't lead to exploitation, says Forestry Dept

TheStar 13.11.2021_10

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KOTA KINABALU: The carbon deal between Sabah and several foreign companies, which have conservation groups concerned, is not binding yet nor will it lead to the exploitation of protected forests, says the state Forestry Department.

Its chief conservator of forests Datuk Frederick Kugan said that though the state had agreed to a provisional framework agreement with Hoch Standard Pte Ltd (HS), a Singapore company, the Nature Conservation Agreement (NCA) is not yet complete.

He said following this provisional framework agreement, HS has made several representations to the state government for access to financial networks that are capable of funding and realising the objectives of the NCA.

He added that the NCA's main objectives include the conservation and protection of tropical rainforests through the monetisation of carbon stored in standing trees, in addition to natural capital benefits in the natural forest environment.

The NCA would focus only on forests classified previously as Totally Protected Areas (TPAs), and as such, would not be under threat from any mining, logging or industrial agriculture, said Kugan.

Kugan explained these areas are already locked in for conservation and protection under various state laws and international treaties.

"To be clear, the TPAs in question were not, are not, and will never be in danger of commercial exploitation or deforestation," he added.

He said there were outstanding issues to be resolved, including confirming the designated area, size and locality.

Kugan said the other points were an addendum to the framework agreement that specifies that an initial area of 600,000ha is to be identified as a pilot scheme first.

Only upon the success of that pilot scheme will the state government consider approving such further areas as it deems appropriate (up to a potential total area of two million hectares), he added.

On the Nature Conservation Management Plan, he said it has to be one that is acceptable to the state government over the pilot scheme area and must be approved first before any carbon trading or sale of natural assets under the NCA can take place.

Stakeholders must also note the pre-existing native customary rights of ownership previously attached to certain TPAs as these rights belong to the natives and not the state, said Kugan.

> ***"Consent from each respective native community is required before these rights are 'signed away' through the NC."***
>
> Datuk Frederick Kugan

"Consent from each respective native community is required before these rights are 'signed away' through the NCA," he added.

All carbon pricing and price discovery mechanisms must be agreeable to the state, he also noted.

There is a need for independent oversight of the implementation of the NCA and together with this, an objective performance assessment in meeting the intended goals – in particular those related to meeting the 17 United Nations Sustainable Development Goals (SDGs), Kugan added.

Other matters yet to be resolved are safeguards to mitigate and avoid negative impacts to current key economic sectors of the state, and safeguards to ensure that revenue gained from natural capital benefits are maximally leveraged for the long-term benefit of Sabahans.

A satisfactory due diligence report on and confirmation of the truth and reliability of HS' representations and capability is to be presented as well, he said.

Kugan said the NCA will also be placed under the purview of the Sabah Climate Change Committee (CAC), a unit which will be set up soon as announced by Sabah's Chief Minister.

The CAC would oversee all climate change related projects, since natural capital, by definition, requires cross-sectoral, multi-stakeholder coordination, he added.

He pointed out that Sabah has been a frontrunner in cutting-edge solutions in the conservation of its forests and natural resources, proven with it having the first Forest Stewardship Council-certified sustainably managed natural tropical forest in Deramakot Forest Reserve since 1997.

Kugan said by virtue of being a frontrunner, the state government acknowledges that there are always elements of risk and would try its utmost to mitigate these risks.

Earlier, a group of conservationists in Sabah had issued a joint statement calling for transparency on said agreement following reports by a news portal claiming that the agreement was signed without the participation of natives.

The group comprised the Bornean Sun Bear Conservation Centre, Borneo Rhino Alliance, Danau Girang Field Centre, Future Alam Borneo and LEAP (Land Empowerment Animals People).

They argued that approval of agreements at this scale cannot be done without a technical review of the terms and a transparent process.

There must be rigorous open tendering and evaluation processes that scrutinise candidates and options for partnerships to ensure they best align with the interests of Sabah and Sabahans present and future, they added.

In fact, Sabah has the inhouse capacity to manage and market its own carbon to the world without the need to share profits with external brokers, they also said in their statement.