

|            |  |             |                      |
|------------|--|-------------|----------------------|
| Headline   | Giving states a boost to protect the environment |             |                      |
| MediaTitle | Sunday Star                                      |             |                      |
| Date       | 16 Jul 2023                                      | Color       | Full Color           |
| Section    | Focus  | Circulation | 175,986              |
| Page No    | 16   | Readership  | 527,958              |
| Language   | English  | ArticleSize | 1085 cm <sup>2</sup> |
| Journalist | YUEN MEIKENG 171eikeng                           | AdValue     | RM 54,604            |
| Frequency  | Daily  | PR Value    | RM 163,812           |

By YUEN MEIKENG  
meikeng@thestar.com.my

MORE funds are being allocated for state governments in Malaysia to protect the environment every year – from RM70mil in 2021, it grew to RM100mil in 2022, and RM150mil this year.

Such allocations, known as an Ecological Fiscal Transfer (EFT), are provided by the Federal Government as an incentive for state governments to preserve natural surroundings and wildlife habitats. This includes protected areas like forests, coastlines, parts of the sea, and rivers and lakes.

It's a welcome move, but before Malaysia can truly enjoy the fruits of this green effort, more action needs to take root for states to gain better access to the funds. Currently, uptake of the fund from state governments has yet to reach 100%.

To draw from the fund, each state needs to fulfil terms and criteria in guidelines set by the Federal Government.

Experts believe that the EFT should also be consistently provided annually – it is now given as a special allocation and is not mandated to be given every year.

"The EFT is currently provided based on the fiscal situation of the country at the time," says Dr Khairul Naim Adham, an official with the Natural Resources, Environment and Climate Change Ministry.

He says that there is a need for a stronger legal framework to ensure the EFT scheme can be consistently provided.

"At present, the government uses a guideline for the state governments to follow.

"It includes a reporting mechanism to be followed by the states on their plans and performance in carrying out the green initiative," says Khairul Naim, who is the ministry's biodiversity and forestry management division deputy undersecretary.

He was one of the panellists in a dialogue on how to enhance the EFT mechanism in Malaysia, organised by the United Nations Development Programme (UNDP) in Putrajaya recently.

Among others, the ministry's EFT For Biodiversity Conservation guidelines say that 70% of the allocation is based on the width of protected areas in each state. The remaining 30% of the allocation is calculated from an assessment of each state government's performance based on six factors.

The factors are maintaining existing and adding new protected areas, restoration efforts, management of facilities, enforcement operations, local community engagement and capacity building, and adherence to forest man-



An Orang Asli settlement in the Royal Belum rainforest. Local community engagement and capacity building is one of the requirements states have to fulfil under the EFT scheme.

# Giving states a boost to protect the environment

More should be done to enable state governments to gain better access to federal funds allocated for conserving nature in local areas, say experts.



**Green treasure:** The Royal Belum Rainforest is one of three famous protected areas in Malaysia and the ecosystem services it provides are valued at RM2.659bil a year. — Tourism Malaysia

agement practices.

During the dialogue, other panellists also said that the EFT scheme should be provided yearly to protect nature, especially our rich biodiversity.

Environmental lawyer Preetha Sankar raises the point of having a legislative framework to ensure there is a continuous flow of EFT funds.

Another speaker, Dr Lilian Chua Swee Lian, Forest Research Institute Malaysia deputy director-general (operations), believes the mechanism for EFT can change, as long as there's annual budgeting for such purposes.

In Budget 2023 that was tabled in February this year, Prime Minister Datuk Seri Anwar Ibrahim announced a RM150mil allocation for the EFT scheme, which is expected to benefit states like Kedah, Kelantan, Pahang, Perak, Sabah, Sarawak, and Terengganu.

Natural Resources, Environment and Climate Change Minister Nik Nazmi Nik Ahmad has said in reports that the distribution will take into account the gazetting of new protected areas, including tiger habitats, and tree replanting in degraded areas. So far, Khairul Naim says



Panellists discussing how to enhance the EFT mechanism in Malaysia. (From left) Environmental lawyer Preetha Sankar; Forest Research Institute Malaysia deputy director-general (operations) Dr Lilian Chua Swee Lian; Natural Resources, Environment and Climate Change Ministry biodiversity and forestry management division deputy undersecretary Dr Khairul Naim Adham; and UNDP Malaysia climate and energy head of nature Gan Pek Chuan. — Other

there's a positive trend of using the EFT allocation, but not all state governments have utilised it fully.

"We recognise that there are some operational hiccups. The capacity of states to plan and manage EFT funds can also be improved.

"Such matters will be addressed through the Biodiversity Financing Initiative Phase Two programme with the UNDP," he adds.

Elaborating on the initiative, UNDP Malaysia climate and energy head of nature Gan Pek Chuan says the UN agency is supporting the ministry in the project to assess the effectiveness of the current EFT mechanism.

"We are identifying areas for improvement.

"At the same time, we are also engaging state governments to increase their capacity in terms of utilisation and providing the standard operating procedure to channel funds to the right agency for the right purpose," she says.

Commenting further, UNDP resident representative for Malaysia, Singapore and Brunei, Niloy Banerjee says the green agenda is an area that can get financed very easily today if linked to the right instruments.

"This is given the heightened awareness of environmental issues like climate change and global warming in our society today," he says.

"Ten years ago, nobody knew the concept of ESG [environmental, social, and governance].

"But now, most are aware of such an approach," he says of the ESG, which recommends considering environmental, social and governance factors first before an investment is made.

Earlier at the event, it was revealed that the ecosystem services provided by three famous protected areas in Malaysia are valued at RM2.659bil a year. Such ecosystem services include carbon sequestration (capturing carbon dioxide in the air), water

purification, flood regulation, and generating tourism.

The Taman Negara National Park, which spreads across Pahang, Kelantan and Terengganu, is valued at the highest at over RM1.7bil annually for its positive impact on Malaysia's ecosystem.

This is followed by the Royal Belum state park in Perak, whose ecosystem services are valued at RM531mil yearly, and the Endau-Rompin National Park in Johor at RM428mil every year.

These results were unveiled in the Economics of Ecosystems and Biodiversity Reports, published under a national project implemented by the Department of Wildlife and National Parks Malaysia and supported by the UNDP with the Global Environment Facility grant financing.

The reports, which were launched at the event, were jointly produced by environmental economists Yeo Bee Hong and Dr Luke Brander.