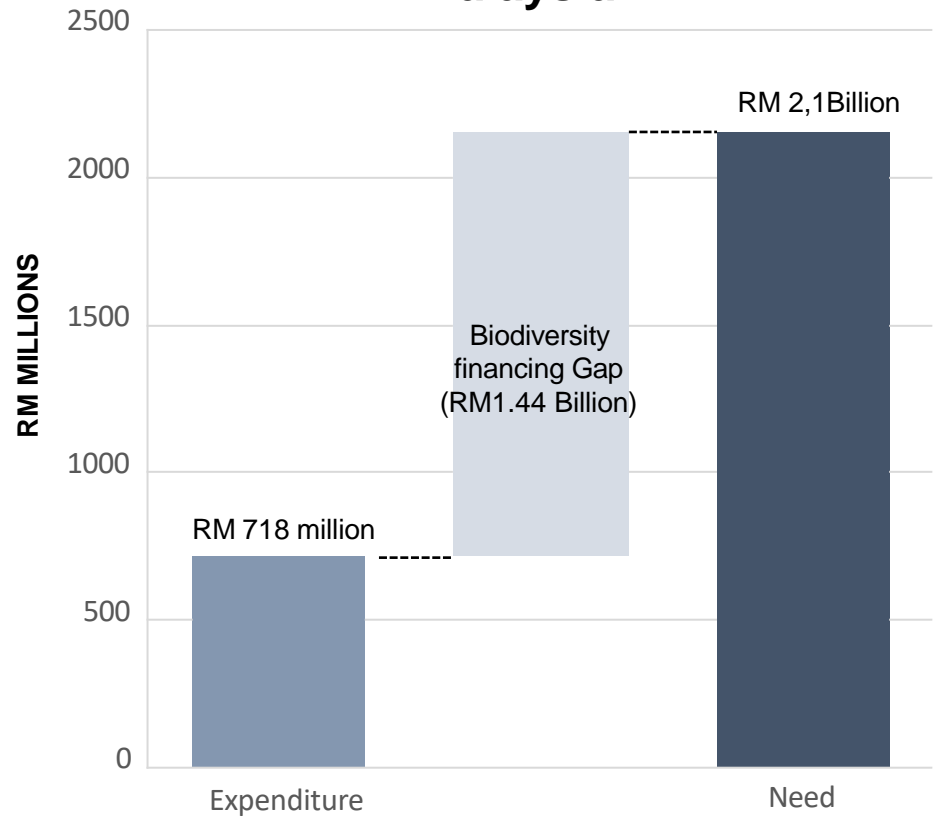


GCNMA in-session workshop I
**INTRODUCTION TO FOREST CONSERVATION CERTIFICATE AS INTENDED
NMA**

11 November 2025


SUSTAINABLE FUNDING NEEDED TO SUPPORT FOREST CONSERVATION & RESTORATION AND FACILITATE THE DELIVERY OF NATIONAL AGENDAS RELATED TO FORESTRY, BIODIVERSITY & CLIMATE

Malaysia



CHALLENGES:
 The use of innovative and sustainable funding mechanisms beyond government sources has not been fully explored and is still underdeveloped.

Source of data: [BIOFIN Report, 2019](#)



MALAYSIA FOREST FUND

Approved by the Cabinet of Malaysia on **28 August 2020**.
 Incorporated on **30 June 2021** under Company's Act, under the purview of **MINISTRY OF NATURAL RESOURCES, & ENVIRONMENTAL SUSTAINABILITY (MNRES)**

Mandates

Develop and implementation of innovative finance strategies	Develop standards, guidelines and procedures	Develop and operationalise forest innovative financing initiatives	Facilitate communication public, stakeholders, and industry player	Verification and reporting on the developed forest initiatives.

MFF to look into all nature-based mechanism and financial instruments for forest positive impact funding

HARNESSING NATURE'S POWER – EMBRACING NATURE-BASED SOLUTIONS AS A SUSTAINABLE AND COST-EFFECTIVE MEANS TO ADDRESS ENVIRONMENTAL & SOCIOECONOMIC CHALLENGES, BIODIVERSITY LOSS AND CLIMATE CHANGE IMPACTS

Nature Based Solutions

Natural Systems for Urban Challenges

NbS use ecosystems—like wetlands, forests, and green spaces—to reduce risks such as flooding, heat, and air pollution.

Co-benefits for People and Planet

NbS support biodiversity, improve public health, and enhance urban livability while mitigating climate impacts.



Climate Adaptation & Mitigation

Urban trees can lower temperatures by up to 2°C, while restored wetlands can absorb carbon and manage stormwater.

Cost-Effective & Adaptable

Compared to grey infrastructure, NbS are often cheaper to implement and maintain, and adapt more flexibly to local conditions.

Community Involvement

NbS often involve local stakeholders in planning and stewardship, reinforcing social cohesion and resilience.

Innovative Approaches for Scaling Up Nature-Based Solutions Financing

Market Mechanism



***Involve transfers of quantified and verified GHG benefits** including carbon credits/carbon allowance/ internationally transferred mitigation outcomes between parties / entities

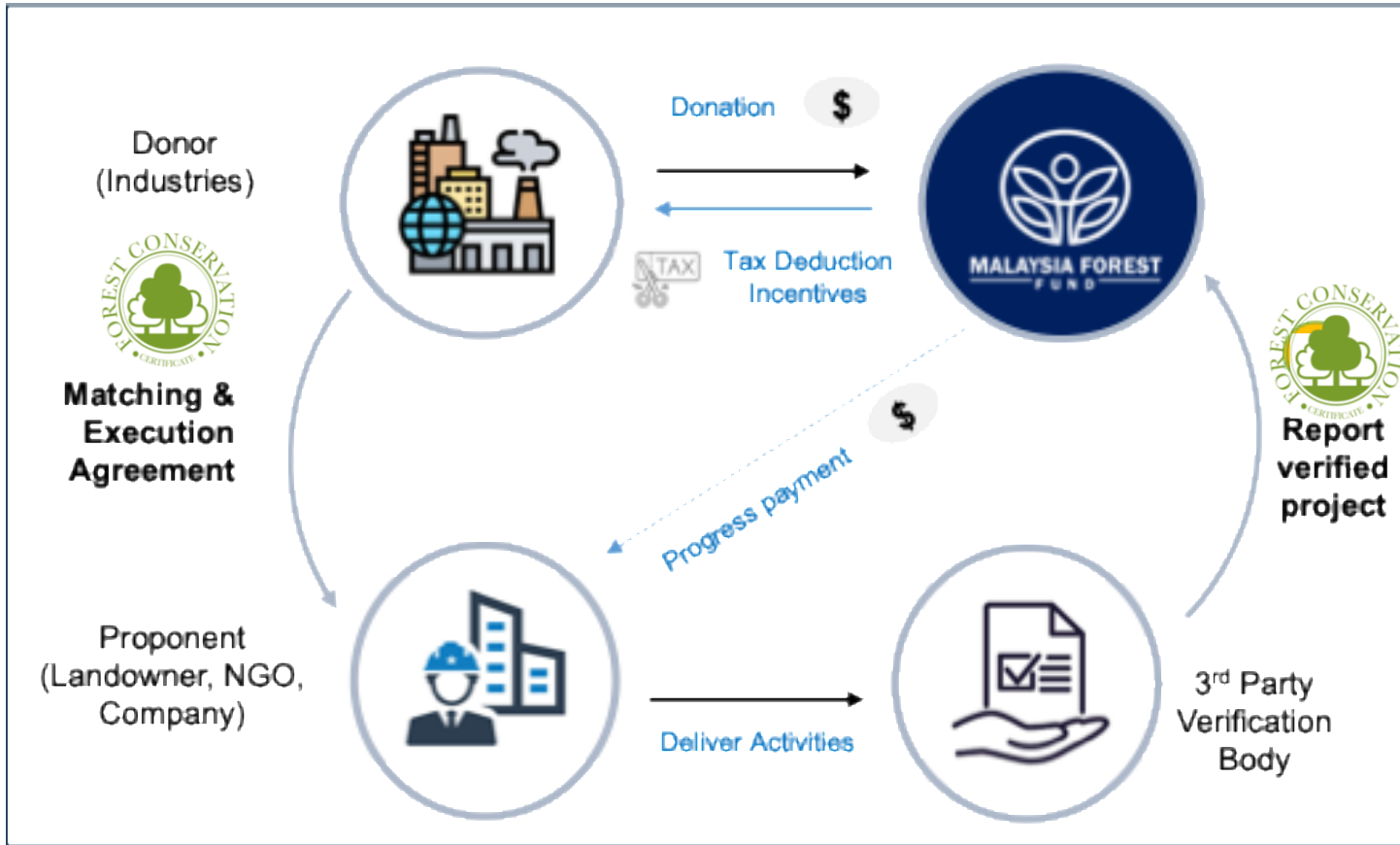
Non-Market Mechanism



***Voluntary contributions with no transfers** of carbon credits/carbon allowance/ internationally transferred mitigation outcomes between parties / entities; **impact are monitored, reported and verified using performance standard**

Source: Nature-Based Solutions by UN-Habitat (United Nations Human Settlements Programme)

FOREST CONSERVATION CERTIFICATE is a **non-market mechanism** which recognise contribution from donors in conservation and sustainable management of forest



PERFORMANCE-BASED INDICATORS

31
Activity-level Output Indicators

29
Project Co-benefit Indicators

Tax deductions of up to 10% of aggregate income under the 44 (11c), Income Tax Act

- FCC Registration issued on **1**
- FCC Progress / Completion **2** upon 3rd party verification:
 - (1) **Activities implemented**
 - (2) **Compliance to monitoring, disbursement & reporting requirement**
 - (3) **Anticipated results (indicator and co-benefit: biodiversity impact, socio-economic & SDG)**



TRANSPARENCY & DISCLOSURE IN REGISTRY

- Applications received
- Projects approved (Registered Projects)
- The progress and results of the verification and certification
- All information on disbursement and project progress



LAYERED GOVERNANCE & ACCOUNTABILITY

- All proposal will be **evaluated by independent Advisory Committee for impact**
- Annual Report - MFF shall maintain a separate financial statement of accounts
- Structured MRV requirement** is critical component in delivering FCC project



RECOGNISING ECOSYSTEM SERVICES

- Recognizing 31 output indicators, 29 co-benefit indicators including biodiversity, community and climate aligned to sustainability reporting framework



3rd PARTY VERIFICATION & CERTIFICATION

- Verification is the assessment of the project by an Approved VB
- FCC for registration & FCC for progress/ completion



TAILORED FUNDING - SITE & NEED SPECIFIC

- Administration & Project support staff
- Project Activities, Materials and equipment
- Monitoring and evaluation
- Publishing/Documentation
- Vehicles & Infrastructure



TAX INCENTIVES

- Tax deductions of up to 10% of aggregate income under the 44 (11c), Income Tax Act

Our progress:

Launched in May 2024, MFF has to date received 26 applications from various actors ie state agencies, private sectors and NGOs; located in nationwide. **9 projects were duly reviewed and endorsed** by the independent Advisory Committee for fund raising.

<p>Enrichment Tree Planting Program At Tasik Chini Biosphere Reserve</p> 	<p>Forest Conservation & Improvisation Of Darul Aman Sanctuary</p> 	<p>Preparation of the Forest Management Plan for Federal Forestry Department</p> 
<p>Turning ex-rubber fields into living ecosystems for landscape</p> 	<p>Penjaga Gunung – Empowering Orang Asli Youth For Forest</p> 	<p>Conserving the Batang Ai Landscape, critical orangutan habitat in Sarawak</p> 
<p>Improving HCV Management To Enhance Sustainable Management Practices In Sarawak</p> 	<p>Collaborative Landscape-level Strategy For Reconnecting Wildlife Corridor In Oil Palm Landscapes</p> 	<p>Surveying, Marking, and Maintenance Of The Permanent Reserved Forest In The Ulu Sedili Tambahan Forest Reserve</p> 

Fund needed:

RM32.7 million

Acceptance from companies:



Benefit to company:

Key value propositions:

- **Impact-driven** – ties funding to measurable outcomes across biodiversity, social equity, and environmental integrity;
- **Credible governance layer** - third-party verified structure offers highest level of assurance for sustainability reporting ;
- **Tax deductible** – balancing ESG cost via tax incentives

- [1] FCC allows the quantification and disclosure of real biodiversity, conservation, and community impacts in the contribution and implementation of sustainable forest initiatives.
- [2] Projects are third-party verified and registered, giving entities credible metrics to showcase their support for forest preservation, carbon sinks, and ecosystem services.
- [3] FCC supports multiple UN Sustainable Development Goals (SDGs), such as:
 - SDG 13: Climate action
 - SDG 15: Life on land
 - SDG 6: Clean water and sanitation (for watershed protection)
 - Even though FCCs are not carbon offsets, they complement net-zero pathways by demonstrating co-benefit actions

Positioning FCC as Non-Market Approaches Mechanism under the Article 6.8

What is next?

Assessment for Article 6.8 readiness² including requirements outlined in decision 4/CMA.3 and internationally recognized best practices in sustainability reporting

Aggregation of project and finance to scale impact

Assessing blended financing mechanism – philanthropic and commercial financing

Welcoming Support for

- 1 Support from other Parties to collaborate in the implementation of FCC as NMA in line with decision 4/CMA.3¹
- 2 Support from other Parties in capacity building and experience sharing on national governance and implementation of NMAs including administration and institutional arrangements
- 3 Support in streamlining reporting of NMA as part of the NDC implementation and tracking

¹ - each NMA facilitated under the framework: (a) Is identified by the participating Parties on a voluntary basis; (b) Involves more than one participating Party;

² - supported by UKPACT

“When is now, if not today!”



MALAYSIA FOREST
— FUND —

I Thank you I
