Green light for a green economy in the Heart of Borneo

More than 500 hundred representatives of business, government, civil society and multilateral development organizations gathered in Kota Kinabalu, Sabah, Nov 15-16, for one of the largest conferences on the Green Economy ever held in the Asian region.

Entitled, “Sabah Heart of Borneo (HoB) Green Economic Development - Engaging Business for Environment”, the opening session highlighted the leadership of the Malaysian government in support of green economic development in the HoB.

The conference was opened by the Right Honourable Chief Minister of Sabah, Datuk Seri Panglima Musa Hj. Aman, who emphasized the importance of the green economic approach for meeting both development needs, as well as protecting bio-diversity and achieving sustainable use of Sabah’s forest reserves. “This year we celebrate the international year of the forest with a focus on sustainable forest management under the impetus of a green economic approach,” he said.

“For Sabah this is not just talk, we have many success stories of forests that are certified and have still allowed us to continue to create jobs. Sabah is also involved in the Malua Biobank, a public/private partnership which shows some of the benefits that a green economic approach can provide in the Heart of Borneo,” he said.

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Business solutions to drive a green economy in the Heart of Borneo

In a fitting closing event to the Green Economy conference, WWF launched the Malaysian chapter of its new initiative for business, called the Heart of Borneo Green Business Network. The Green Business Network (GBN) aims to raise awareness and catalyse sustainability within the private sector in the context of a green economy within the Heart of Borneo (HoB).

Speaking at the evening launch, Datuk Sam Mannan, Director of Sabah’s Forestry Department (SFD), said after two days of intense conference discussion on the green economy, it was very appropriate to close the conference with an intensely practical initiative which aims to support the participation of businesses in a green economy.

Dato’ Dr. Dionysius Sharma, WWF-Malaysia Executive Director/CEO also speaking at the launch said: “We know that we cannot save the valuable Heart of Borneo forests without the support of the private sector. Tonight, we’re reconfirming our commitment to work together with business towards green growth,” he said.

A report: Green Business Solutions – Delivering the Heart of Borneo Declaration, was also released during the launch. The report, the result of six months of intensive research and interviews with nearly 200 businesses, found that only 54% of businesses interviewed had heard of the trilateral government-led Heart of Borneo Declaration. ..continued page 3
He emphasized his point, noting that Sabah was continuing to green its forestry sector through the Sustainable Forest Management (SFM) programme; which had protected the state’s forests and biodiversity. “The SFM is being practised in the Deramakot Forest Reserve, which has been certified as a well-managed forest under the Forest Stewardship Council certification scheme,” he said.

Datuk Sam Mannan, Director of Sabah Forestry Department (SFD), underscored the State government’s support for the development of green economic thinking in Sabah, as well as the role of WWF and the UNDP in stimulating the debate around green economy issues.

“The green economy is all about development with social and economic links – for people, planet and profits,” he said. But green economy ideas must be economically feasible and bring returns above Business as Usual. “What is the use of having ideas if you do not have the money to carry those ideas out?” He asked the audience.

A direct response to this challenge was met with the announcement at the conference of two new initiatives to support Sabah’s development of a green economy. A new cooperation agreement signed with the Agency for Remote Sensing Malaysia, to support Sabah’s REDD+ program and a cheque from Cymao Plywood SDN BHD for RM200,000 to SFD for its Forest Conservation Fund. Datuk Sam Mannan ended his address with a note to the future, highlighting the work of WWF and its plans to showcase the development of a Green Economy in the Heart of Borneo, at the Rio+20 Summit in Brazil next year.

Mr Kamal Malhotra, UN Development Programme (UNDP) Representative for Malaysia, Singapore and Brunei Darussalam, commended the SFD on its focus on a green economy, particularly in the lead up to the Rio 20+ conference in June 2012, which would elevate these issues to the world stage.

He said whatever the definition you choose for a green economy, there is no doubt that applying green economy concepts such as improved energy efficiency and renewable energy production could provide employment and economic growth, while reducing pressures on natural resources.

“It can drive technological improvements and also provide mechanisms to help prevent the destruction of nature by highlighting the benefits we obtain from environmental services,” he said. Mr Malhotra concluded by highlighting the need for a roadmap for the development of a green economy to be prepared - not just for Sabah and the Heart of Borneo - but for all regions wishing to build a green economic future.

Adam Tomasek, Leader of WWF’s Heart of Borneo Initiative, said he was encouraged by the leadership of the Malaysian government to advance the understanding and the implementation of a green economy in the Heart of Borneo. “Bringing scientific, business and investment leaders into the same room with policy makers is an example that must be replicated if the Rio+20 Summit is to be successful next year. WWF will continue to support the multi-stakeholder process to develop green growth initiatives that deliver lasting conservation and sustainable development in the Heart of Borneo,” he said.

The two day conference convened by the Sabah Forest Department and co-hosted by WWF and UNDP attempted to demystify the green economy concept by:

• Gaining a common understanding of the real meaning of Green economy compared to Business as Usual.
• Understanding the economic contribution of HoB’s natural capital to the State Development Agenda
• Sharing knowledge on green economy incentives and the policy mechanisms needed to encourage these activities.
• Map out a strategy, or road map, for a consolidated approach to realizing a green economy in the HoB landscape.
However once they had more information on the HoB and the opportunities offered by a green economic approach, many were willing to be involved and felt that business would have an important role to play. “This is why we are launching the Green Business Network this evening, to support businesses that want to be on the leading edge of an emerging new green economy in the HoB,” said Dr Sharma.

Mr Sanjeev Chadha, joint CEO of Sabah Forest Industries and speaker at the Green Economy conference, welcomed the formation of the Green Business Network. “I am very pleased to see this initiative taken as it will help the private sector learn from each other’s experience and assist us to develop cost effective solutions to our green economy business challenges,” he said.

**Engines of green growth**

Over 40% of the Heart of Borneo’s area is currently under management by forestry, palm oil and mining sectors. According to WWF’s HoB Initiative team leader, Adam Tomasek, it is necessary to create practical economic arguments for conservation and develop solutions that show how the biodiversity, forests and ecosystems of the HoB can become the engines for green growth and sustainability into the future.

“The Business Solutions report outlines a number of sector specific opportunities which can lead to low carbon and sustainable practices, developed together with businesses operating in the HoB,” he said. “The report is complemented by the Green Business Network and website, which is dedicated to collaborating and communicating the information that companies need to build green businesses in the HoB. The GBN aims to provide the tools and support to those companies willing to lead toward a future in which people and nature thrive,” he said.

**For more information or to download a copy of the report visit:** [http://wwf.panda.org/what_we_do/where_we_work/borneo_forests/borneo_rainforest_conservation/greenbusinessnetwork/](http://wwf.panda.org/what_we_do/where_we_work/borneo_forests/borneo_rainforest_conservation/greenbusinessnetwork/)

**View from delegates on GBN**

**Launch of WWF’s Business Solutions Report. (left to right)**
Frederick Kugan, Deputy Director, Sabah Forestry Dept, Adam Tomasek, WWF’s HoB Initiative team leader, Dato Sam Mannan, Director of Sabah’s Forestry Dept (SFD), Dato Dr. Dionysius Sharma, WWF-Malaysia Executive Director/CEO.

Darius Sarshar, Director, New Forests Asia (Singapore) with James Davies, Head of Finance Management, New Forests (Left) and Anna Van Paddenburg, HoB Global Initiative (Right)

Darius said he thought the networking opportunities offered by something like the GBN were fantastic. In addition to that he added, what the private sector needed was for the government to take the lead and help by establishing a price for things like carbon, biodiversity and global ecosystem services that we know have an intrinsic value.

“So we can attract private investors and private capital to preserve those ecosystem services and generate a return on investment. Without the government to support this we can’t (generate a return) so we need the government to introduce for example, no net loss legislation, and place a value on biodiversity and advocate internationally for a price on carbon, so we can have a carbon market and that will attract investment in green business in the Heart of Borneo,” he said.

“I am very pleased to see this initiative taken as it will help the private sector learn from each other’s experience and assist us to develop cost effective solutions to our green economy business challenges,”

Mr Sanjeev Chadha
CEO of Sabah Forest Industries
The key note address for the green economy conference was given by Andrew Bovarnick, Global Head of the Green Commodities Facility at UNDP. A green economy, he said, can be achieved “through changing current economic activities so they are more competitive in the global marketplace”.

He elaborated by explaining that sound environmental management is no longer seen as a hindrance to production, rather a key input which can work towards increasing competitiveness in an environmentally sustainable manner.

Sustainable Ecosystem Management (SEM), he described, focuses on management practices that incorporate ecosystem values into decision making, a move away from the conventional Business as Usual (BAU) model that optimizes short-run gain without consideration to ecosystems and externalized costs. During his address, he drew attention to UNDP’s Green Commodities Facility which aims to strengthen UNDP’s support to sustainable commodity production and public-private partnerships. A key initiative is the creation of National Commodity Platforms, allowing dialogues among multi-stakeholders on key issues in the sectors involved.

Building a green economy in Sabah

Pavan Sukhdev, Special Advisor and Head of UNEP’s ‘Green Economy Initiative’ and Founder-CEO of Green India States, focused his talk on the relevance of developing a green economy in Sabah, providing examples of the types of activities, actions, policy measures and investments that can be taken in Sabah.

Sabah’s inherent strengths, he said, are rooted in its strategic location, its richness in natural resources, and its wealth in both its cultural and biological diversity; all of which are very well represented by the state’s prominent role in the Heart of Borneo.

In his opinion, Mr. Sukhdev stated, the key foci needed to achieve green economy in Sabah are centred on growth (clustering and urbanization; and the enhancement of services) and poverty reduction (focusing on smallholder farm yields; and investments in ecological infrastructure).

On Sabah’s potential, he stated, while highlighting growth statistics in Sabah, “I believe the growth rates in Sabah are good growth rates. There is an opportunity to focus on the aspect of urbanization to see if we can feed an economy which is much more a city economy.

The idea is to develop urbanization, not just from the point of view of being an entrepot for the export of raw materials extracted from the lands in Sabah, but also as a way of value addition. Manufacturing is a component of that, but services are also an important component.”

Forest sector transformation In a green economy

Prof. Sten Nilsson, former Director of the International Institute for Applied Systems Analysis in Sweden, focused on the impacts of forest sector transformation in a green economy. But before he did that, he speculated on the many ‘R’s needed for a green economy to thrive such as: Reduce, Re-use, Re-cycle, Replace, Re-design, Rebuild, Re-define, Revive, Regenerate, Reform, Re-organize, Re-imagine, and be Resilient.

Prof. Nilsson underscored a holistic view by saying that achieving a green economy involved the transition of a total economy, not a sub-set of the economy. It is not enough, he said, to try to solely green the forestry industry. Prof. Nilsson cited three critical barriers for the implementation of a green economy in forestry - ‘Consumers’, humans that are creatures of habit who find it difficult to accept great changes; ‘The Forest Sector’, a sector facing difficulties in establishing partnerships with parties outside the sector; and, ‘Financial Industry’, such as banks, investors and rating agencies. However, even faced with these challenges, Prof. Nilsson claimed that the forest sector presented a great opportunity to establish a green economy.
Indonesia lays the groundwork for a green economy in the HoB

Dr. Andi Novianto, Assistant of Deputy III, Coordinating Ministry for Economy Affairs of Republic of Indonesia, outlined Indonesia’s perspective of a green economy, highlighting its important position in Indonesia’s future economic development. Particular aims, he explained, included the promotion of resource efficiency, reduction of forest degradation and deforestation, protection of biodiversity losses, while at the same time generating growth and employment in Indonesia.

Drawing attention to the Heart of Borneo, Dr. Novianto said the HoB was designated as a Strategic National Area under Government Decree No. 26/2008, for its environmental functions and carrying capacity for national benefit. He said the challenges of incorporating a green economy into national policy and development plans stemmed from the need to ensure sustainable economic growth.

He made a link between the Heart of Borneo and a green economy by stating that the HoB Initiative with its vision, ‘Conservation and Sustainable Development’, was a great test case for the implementation of the green economy concept. The designation of HoB as a Strategic National Area in Indonesia will promote the green economy implementation.

Regional perspectives on a green economy

Session 2 of the first day of the conference focused on regional developments in achieving a green economy in three regions in the area - Brunei, Indonesia and Malaysia. Session speakers included

Mr. Mahmud Haji Yussof, Chief Executive Director of Brunei Darussalam HoB Centre and Deputy Director, Forest Department, Ministry of Industry & Primary Resources, who shared the Brunei government’s perspective in promoting the concept of a Green Economy through multi-sectoral involvement;

Dr. Nazily Mohd Noor, Chief Executive Officer, Malaysian Green Technology Corporation Malaysia, who outlined transformational strategies which support Malaysia’s National Green Technology Policy, targeting a variety of sectors, which support the transformation of economies towards achieving a low-carbon economy; and

Pn. Mary Sintoh, Vice-President of Knowledge and Technology, Management Division, Sabah Economic Development and Investment Authority (SEDIA), who stated that key concepts begin with the mindset – education and awareness must be conducted to promote conscientious thinking, including sustainable thinking, product life cycle thinking, and ecological impacts of products.

The session chairperson, H.E. Mr. Ong Keng Yong (High Commissioner of Singapore High Commission in Kuala Lumpur), brought the session to a close by stating, “the biggest challenge in achieving a green economy is to transition from existing economic models to green models”. Effort by all the regions, he said, such as creating a specific transformation plan needed to move from the old model to the new model, promoting stakeholder involvement through public awareness to change mindsets, and making connections across different sectors, between natural resources, were all pivotal towards this transition.
Three vital steps to building a green business

In a video address, Ian Cheshire, Group Chief Executive of Kingfisher, the world’s third largest home improvement (Do It Yourself) retailer, described three important aspects of building a green business in a green economy.

First, he said, is the need to better understand the value of ecosystems, and recognize that these very ecosystems that provide air, water and raw materials are not simply there forever and for free. Secondly, there are specific areas of intervention which businesses can be involved in. For Kingfisher, Mr. Cheshire explained their lead focus is on timber, with intervention measures focused on the supply chain, by putting a priority in ensuring to have sustainably sourced wood.

Success, he said, is clearly indicated in the UK, hitting 100% of sustainably sourced wood, a vast majority of which is FSC certified. To enable this, Kingfisher has created significant links with South East Asia, and fully supports Sabah and its local initiatives in creating greater supplies of sustainable timber.

The third and final aspect is the customer. Through its business operations, Mr. Cheshire pointed out that there are sets of opportunities to inform consumers about the choices they make. The power of the consumers to make change all the way through the supply chain is extremely significant, and as businesses, he said, we must mobilize the consumer in developing the green economy. He concluded his presentation by saying, “a green economy creates job opportunities, new industries and new ideas. Above all, it will be a more sustainable economy because it will respect the value and inherent worth of the world that supports us all”.

Growth & development in palm oil with environmental responsibility

Mr. Jeremy Goon opened his talk by identifying the key issues faced by the palm oil industry - deforestation and biodiversity loss, human rights abuse, environmental pollution, and climate change. The Group Head of CSR of Asia’s leading agribusiness group, Wilmar International Limited (Singapore), posed the question faced by all those within the industry by saying, “How does a corporation effectively address these issues while still meeting its growth and development objectives?” While the palm oil industry does not claim to be able to resolve all these challenges, Mr. Goon stressed the importance to take steps to mitigate its environmental impact. Wilmar’s approach to sustainability, rooted in its policies, processes and partnerships, have resulted in, amongst others, the current production of 500,000 tonnes of certified sustainable palm oil group-wide per year, and all of its plantations and mills in Sabah being fully RSPO-certified.

Another example of its initiatives highlighted by Mr. Goon is the development of the Riparian Management Project in Sabah, a project on biodiversity conservation. Wilmar partnered the Sabah Forestry Department to rehabilitate area in the riparian zone along Sabah’s second longest river, with the main objective to enrich the habitat of Proboscis Monkeys, as well as other abundant resident wildlife including the Silver Leaf Monkey and the seasonal Borneo Pygmy Elephant.

Sabah Forest Industries commits to building a green economy in the Heart of Borneo

Mr. Sanjeev Chadha, Joint-CEO of Sabah Forest Industries (SFI) and Ballarpur Industries, gave his presentation on SFI’s commitment towards the aims and objectives of the Heart of Borneo. As an industry dependent on natural resources, it’s three main divisions being pulp and paper, plantations, and integrated Timber Complex (ITC) consisting of a sawmill and plymill, SFI made the commitment to support efforts in building a green economy.

Mr. Chadha highlighted CSR efforts aimed at benefiting local communities, such as the establishment of ‘tagal’ (traditional fisheries management system) in Ulu Padas and the creation of the Avantha Foundation (Sabah) to carry out activities to improve the quality of life of, in particular, the rural people of Sabah and those that are disadvantaged. Added to this is the Avantha Rainforest Research and Education Centre (ARREC) as a venue where educators, scientists and members of the community can meet to learn and exchange information on rainforests while enjoying the rainforest environment.

Mr. Chadha also highlighted the company’s use of Reduced Impact Logging (RIL) operational practice, which SFI has voluntarily been practicing since 2000 because of the conservation benefits, in spite of lower yields and higher costs, and the use of renewable bio-fuels instead of coal for its energy needs for its new pulp mill, establishing more than 10,000 ha of plantations solely for the production of energy.
The Heart of Borneo as the silicon valley of forest finance

Dr. David Brand, Managing Director, New Forests, spoke on Biodiversity Finance in the Heart of Borneo and began his address with the tantalizing suggestion that the HoB could become the silicon valley of forest finance. Quoting recent statistics, he said that agricultural commodities are in big demand due to rising consumption, especially in growing Asian economies. As an example, the export value of palm oil grew from $4,523Mn in 2000, to $23,306Mn in 2009. A daunting figure which had bearing on this issue was the fact that 13 million hectares per annum of the world’s forests are lost to deforestation each year.

"Without a new approach, global population growth, GDP growth and continually increasing consumption mean that nature will continue to decline", Dr. Brand cautioned. The challenge, he said, is to increase agri-business productivity and move to a ‘no net loss’ policy, which refers to biodiversity banks that monetize conservation efforts and integrate biodiversity conservation into supply chains to the consumer. The Malua Biobank, a pilot compensatory mitigation initiative in Sabah, is an example of this, which utilizes Biodiversity Conservation Certificates (the value and benefits associated with 100 sq m of *dipterocarp* forest rehabilitation and conservation) to fund conservation efforts.

On the Heart of Borneo, Dr. Brand stated that the HoB landscape could become a demonstration of the establishment of large bio-banks that both support RSPO certification and achieve REDD objectives, evolving into a matrix of sustainable agriculture, sustainable forestry and REDD/Biobanks which could collectively deliver sustainable development and biodiversity conservation in a robust economic framework.

The Roundtable on Sustainable Palm Oil (RSPO) balancing people, planet and profit

Secretary General of the Roundtable on Sustainable Palm Oil (RSPO), Mr. Darrel Webber, spoke of RSPO’s role in balancing people, planet and profit by supporting the production and uptake of palm oil that has been certified sustainable. The many uses of palm oil, such as in food, cosmetics and cleaning agents, have been a catalyst for the immense growth of the oil palm industry, making it a key driver for economic development in the developing world.

The production of palm oil, Mr Webber said, grew 10 times in 40 years, with more than 3 million heads of smallholder families involved in the industry globally. A predicament of this, he said, is the land grab of 277 million hectares acquired by foreign investors in developing countries since 2001.

Seeing REDD+ in a green economy

Mr. Christopher Cosslett the Founder and Director of Environmental Strategies International LLC (USA) started off with a critique of the baseline world economy and its ensuing ecological failings, listing market failures, policy failures and capital misallocation as key factors resulting in the depletion of natural capital, increased scarcity of forests, fisheries, biodiversity and ecosystem services, reduction in ecosystem services and increased risks.

Quoting WWF statistics, Mr. Cosslett highlighted the fact that Borneo has lost about 50% of its forest cover since 1950. This grave concern, given the value of tropical forests in carbon storage, erosion prevention, pollution control and water purification, is sufficient reason to motivate the transformation of the forest sector to a green economy, he believes.

He continued by citing numerous tools enabling this transition - payment for ecosystem services (PES), REDD+, biodiversity offsets/biodiversity banking, and green product certification.

Stressing on the role of REDD+ in a Green Economy, Mr. Cosslett said, "REDD+ creates a financial value for carbon stored in forests by looking for additionality of carbon storage in five areas - reduced deforestation, reduced forest degradation, enhanced conservation, sustainable management of forests, and enhancement of forest carbon stocks". REDD+ is, he continued, a leading example of global effort to put green economy principles into action.

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