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Where are we in sustainable rankings?

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***ROOM TO IMPROVE**: Walking the talk is still a long way off for a sustainable Malaysia with four big obstacles in the way, says **Dr Hezri Adnan**, Senior Fellow, Institute of Strategic and International Studies (ISIS) Malaysia*

***Green landscape** at an office building*

RED: In the Malaysian context, where do we stand with regards to sustainable development at the moment?

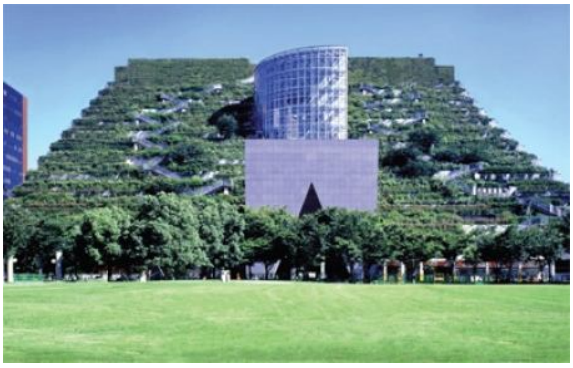
Dr Hezri: Malaysia's position is unique in the global map of sustainable development. We always find ourselves at the centre of attention on sustainability because of the country's rich natural endowments which is located in the tropical belt.

Malaysia hosts a portion of the important tropical rainforest belt known as West Malesia. It has a uniquely rich diversity of flora and fauna with more than 25,000 plant species. Malaysia's rainforests are a source of timber and other products — such as rattan and medicinal plants — that support the livelihoods of numerous communities. They are a reservoir of biodiversity and they increasingly attract tourists. In view of its exceptional species diversity and richness, Malaysia is recognised as one of the world's 12 mega-diverse countries where special attention is needed to arrest habitat loss.

But in early 20th century, almost the whole of the Malay Peninsula was covered in forest. Over time, Malaysia became more integrated in the world economic system. What used to be vast terra incognita jungles, as a result of rapid economic development process have been converted to agricultural and industrial areas and harvested for its timber and jungle produce. Also, more areas were opened for urban settlements as the population grew. Accompanying these changes

were dire environmental consequences — flooding, air and water pollution, soil erosion and biodiversity loss. Our tropical forests provide ecosystem services such as maintaining steady supplies of fresh water, protecting soils from erosion and nutrient loss, regulating local climates and serving as carbon sinks.

For these reasons, Malaysia will continue to be a ‘flashpoint’ when it comes to environmental sustainability. Our natural wealth is seen by some Western groups as a part of ‘global commons’ or global wealth which should be shared by all. Of course this is a controversial position, especially when the politics of North and South is factored in.



Sustainable, energy-efficient *building structure*

But how does Malaysia fare when compared with other nations? In a 2005 study benchmarking the performance of 146 countries on an Environmental Sustainability Index, Malaysia ranked 38th. This was not a particularly comfortable result for the country: Brazil, Argentina and Costa Rica — which, like Malaysia, have substantial pollution stresses associated with rapid industrialisation, are members of the group of 12 mega-diverse nations and have relatively stable socio-political systems — all ranked higher on the index.

On the biodiversity side, the 2008 Red List of Threatened Species published by the International Union for Conservation of Nature ranked Malaysia as the country with the third-highest number of endangered species (1,141), after only Ecuador (2,208 species) and the United States (1,192 species).

On the 2010 Climate Change Performance Index, which rates the emission levels, emission trends and climate policies of the world’s 57 largest carbon dioxide emitters, Malaysia appeared in the bottom-ranked group of countries alongside countries like Canada, Australia, the United States and Saudi Arabia.

But international comparison or league-table is usually messy and not a hard science. For instance, the 2010 Environmental Performance Index (EPI) developed by Yale and Columbia universities ranked Malaysia 56th out of 163 countries surveyed. Yet in the 2012 edition of the EPI Malaysia is ranked 25th among 132 countries surveyed. This is most likely due to a change in assessment methodology than real improvements on the ground.

RED: What do you feel are the main obstacles for sustainable/green development in Malaysia? How can the obstacles be overcome?

Dr Hezri: After decades of struggle to create concrete programmes to address regressive environmental trends, it has become clear to policy-makers and environmental activists alike that there is a gap between the objectives and the implementation of sustainable development policy.

In reality, it is extremely hard to bridge the gap between stated policy goals and practical strategies to achieve those goals. The main difficulty is to overcome the distinctly resilient patterns of production and consumption associated with conventional paths of economic development.

An evaluation of Malaysia's record in implementing the United Nations' Agenda 21 recommendations on the environment — agreed in Rio de Janeiro in 1992 — was prepared by a consortium of Malaysian NGOs for the 2002 World Summit on Sustainable Development. It concluded that:

"In essence, the words are in the right place but in truth the actions are not. The commitment and focus to implement sustainable development practices is not forthcoming".

Obstacles are many. I would only name four.

First, natural resources in Malaysia are awfully underpriced through subsidies —like water, fuel and paddy seed.

Second, Malaysia continues to be bedeviled by the problem of federalism. Environmental policy is mainly a federal jurisdiction, but land encompassing agriculture, forestry, mining and water is a state jurisdiction. The power of the states over land has constrained national policy-making.

A recent example is with the revival of iron ore mining in the country. State governments still pursue environmentally risky mining operations (and gained lucrative revenues) even though the Federal government is keen in protecting important bio-diverse areas.

We perhaps need to revisit some of the Constitutional elements to address sustainability. People often forget that conservation needs money. Programmes to maintain biodiversity, protect against flooding and implement climate stabilisation measures all require financing. Higher penalties for environmental violations and the savings from correcting misplaced subsidies might go some way towards providing this funding, but would not be enough on their own. Therefore we must begin to think about a Conservation Fund which can pay state governments for the ecosystem services they provide for other states or the Federal government. The money can be tapped from industrial players either through CSR (Corporate Social Responsibility) initiatives or social business.

Third is the general apathy among our public about the environment and sustainability. Malaysians generally lack understanding of the underlying causes of environmental problems.

In a survey of 6,090 Malaysians, World Wildlife Fund (WWF) Malaysia (2009: 83–4) found that only 43 per cent of respondents were aware of the causes of annual events such as flash flooding and haze. The survey also found that awareness of environmental problems did not necessarily translate directly into positive environmental behavior. Continuous environmental education is necessary and should be targeting the schools in more concrete ways.

The fourth obstacle has to do with the fragmentation in the delivery system of the public service. For instance, the power over planning permission lies with the local authority as provided by the Town and Country Planning Act 1976. In the past many of the decisions made by local authorities were not in sync with federal policies. There have also been instances when some of those who already have their own local plan chose not to comply with the plan when dealing with certain planning proposals. To overcome this, we need to think about integrated policy-making based on concepts such as 'whole-of-government' or 'joined-up-government'.

Green-to-the brim *high-rise*

RED: In your opinion, has the Malaysian government done enough to encourage sustainability in the country, especially in the Malaysian property industry? What more should be done?

Dr Hezri: In order to achieve sustainable housing provision, housing policies and programmes should be economically viable, socially acceptable, and technically feasible. Social acceptability is a major concern here.

There is much talk earlier about the overhang in the property market, involving especially condominiums and commercial properties, as a result of speculative demand and supply. More recently, house price inflation appears to be a significant barrier to increasing the homeownership rate. In this regard, there is distributional or equity question, and by extension, social sustainability is at stake.

For environmental sustainability in residential properties, the government has introduced the feed-in-tariff (FiT) mechanism through its Renewable Energy Act 2011. However a study by an academic in Multimedia University proposed that although solar energy makes good economic

sense in the long term, it is unlikely that Malaysia will achieve its target of 5.5 per cent of electricity generated from renewable sources without a strong public support.

Many respondents cited cost of installation (RM50,000 to RM150,000 depending on solar PV size) as being too high even though a bank loan option is offered. In other words, their willingness to invest in FiT scheme diminished after knowing the initial capital cost needed. An option worth studying is to increase the FiT rate to RM2.00 per kWh produced which would result in higher returns for households installing solar PV.

*REHDA's **green headquarters** at Kelana Jaya*

RED: Do you feel that the current government policies and incentives toward sustainable development are sufficient? Has there been enough focus, drive and effort in this direction?

Dr Hezri: I would take a step back and ask a deceptively simple question: 'What is policy'? More often than not, just having a 'policy statement' on sustainability is not enough. A credible 'policy' has to be adequately supported with appropriate instruments, be they carrot (economic incentive), stick (regulation or legislation), and sermons (education, awareness). It should also be manned by suitable human resources who have the passion about the policy they are promoting and are committed to implementing them. In other words, 'sufficient' does not mean more policies alone, but also implemented policies.

Some of the government responses are still nascent, and we are yet to see their actual impacts. Examples include:

• Introduction of a ministerial portfolio in the federal administration. In April 2009, the Malaysian government announced the incorporation of the green technology portfolio into a newly established Ministry of Energy, Green Technology and Water (replacing the Ministry of Energy, Water, and Communications).

• Formulation of a national policy statement on green technology. The central role of green technology was emphasised by the release of a National Green Technology Policy, overseeing greening in four sectors — energy, buildings, water and waste management and transportation.

• Establishment of an implementing agency. On October 2009, Malaysia's Energy Centre was restructured and rebranded as the Malaysian Green Technology Corporation to implement the ministry's agenda for green technology.

• Registration of a green building association. Malaysia Green Building Confederation (MGBC) was established in 2009 to support the government's objective of promoting sustainably built environments. The Green Building Index (GBI) had also been launched to enable green grading and certification of Malaysian buildings.

• Initiation of a green financing scheme. In 2010, a soft loan incentive, the Green Technology Financing Scheme (GTFS), was launched to create a policy environment that will attract innovators and users of green technology. It includes a RM1.5 billion soft loan to companies (both technology developers and technology users) in which the government would subsidise 2 per cent of the interest rate and guarantee 60 per cent of the loan amount.

• Launching of the Green Townships Framework. Green Townships Framework would outline comprehensive guidelines for new and existing townships in the country to 'go green' by incorporating environmentally friendly technologies. Putrajaya and Cyberjaya have been chosen to spearhead the project and to become models of green townships in the country.

• Formulation of legislation to promote renewable energy and the corresponding quantitative targets. The Renewable Energy Act 2011 provides for the establishment and implementation of a special feed-in-tariff system to catalyse the generation of renewable energy in Malaysia. The law is to be administered by the newly established Sustainable Energy Development Authority (SEDA). The quantitative targets set are: 6 per cent (or 985MW) of national energy mix to come from renewables by 2015; and 11 per cent (2 gigawatts) of electricity generation to come from renewables by 2020.

• Malaysia launched its country specific green building assessment tool as recently as 2009. Known as the Green Building Index, this tool follows a similar methodological approach to tools such as BREEAM and LEED and has been developed specifically for Malaysia's tropical climate, environmental and developmental context, cultural and social needs.

In addition, the Ministry of Housing and Local Government has also taken proactive steps. It has considered sustainability in spatial terms through the National Physical Plan in 2005 by establishing a general direction for physical development and conservation of the entire region of Peninsular Malaysia. This Plan coordinates and converts the nation's sectoral policies into physical dimensions, providing a framework for planning at regional, state and local levels. Prepared for a period up to 2020 and due to be reviewed every five years, it clearly deals with sustainability through policies that are directed towards conserving natural resources and the environment. It also proposes an Environmental Sensitive Areas (ESA) instrument, suggesting a system of ranking to guide the management of ESAs.

The Plan also highlights the need to establish a Central Forest Spine to form the backbone of the ESA network and promotes the protection of biodiversity-rich core areas, interconnected by a system of large forest complexes where ecologically sound land use is practiced.

To be more focused in driving the green agenda, the government has to think on what role do Malaysian cities now play in relation to economic growth, social cohesion and ecological balance. Urban land and property is one sector of the market that needs to be not just properly but also 'ecologically'-managed.

RED: Are there any outstanding issues related to sustainable development that are not being addressed at present? If yes what should be done and by whom?

Dr Hezri: The private sector has got to get the concept right. Building eco-cities is fraught with difficulties and is a process that has to be constantly monitored and even micro-managed to achieve the desired outcomes. Some eco-house products adhere to a very minimalist interpretation of the principles of eco-cities, for instance by having more greenery and nature in a housing estate. Making our environment not only beautiful but also sustainable demands more integrated measures such as having resource circulation mechanisms, address low carbon measures such as energy efficient use, utilising renewable energy, address specificities of tropics such as urban heat island, etc. Housing products of the future should also use concepts such as bio-mimicry for new design and planning in the age of climate change.

RED: What are your thoughts on the recent Budget 2013 proposal which allocated an additional RM2 billion for Green Technology? Is it sufficient or could more have been done?

Dr Hezri: It is welcoming for the country to continue with the GTFS. Again, a policy is as good as it is implemented. The first round of GTFS scheme (RM1.5 million) was not fully disbursed to companies because the banking sector was too cautious in lending green technology companies with loans despite the government guarantee. There was more than enough interest from the greentech firms to support the government's push towards a green economy but this policy will not succeed unless and until the financial sector begins to co-operate with both the government and the private firms.