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Press Release

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Heed alert by Bank Negara on so-called ‘environmental investments’

Sahabat Alam Malaysia (SAM) wishes to draw the attention of the State Governments and the general public to the listing of Climate Protectors Sdn Bhd (CPSB) and EcoBit (a cryptocurrency-based investment project) on Bank Negara Malaysia’s (BNM) Financial Consumer Alert service on 23 June, 2017 as ‘companies and websites which are neither authorised nor approved under the relevant laws and regulations administered by BNM.’ (See http://www.bnm.gov.my/documents/2017/20170629_FCA_EN.pdf)

We welcome the alert by BNM as the ‘investment’ promoted by these entities is purportedly banking on the Kelantan forest carbon offset project that was signed early this year between Climate Protectors and the Kelantan State Government.

On 3rd May 2017, SAM had alerted BNM by letter about the purported investment, and also wrote to the Ministry of Natural Resources and Environment regarding the same.

According to the website offering the cryptocurrency-based investment opportunity by Ecobit (<http://www.ecobit.io/>), the Kelantan project is billed as the flagship investment that will have a recurring income for 30 years in the carbon market.

The operator of this scheme claims that ‘all EcoBit projects are sustainable, with green initiatives and are health-oriented’; and that ‘every purchase of EcoBit will contribute to projects that will directly reduce the carbon footprint in our atmosphere’.

Based on SAM’s research, EcoBit is linked to Climate Protector SdnBhd, the company that signed an agreement with the Kelantan State Government on January 9, 2017. The Kelantan forest carbon offset deal forms the backbone of EcoBit initial coin offering (See <https://bitcointalk.org/index.php?topic=1861730.0>) The chief executive officer of Climate Protector, Tang Too Siah, is also the board advisor of EcoBit. (<https://www.ecobit.io/en/team.html>)

While it has been reported that the realisation of the Kelantan forest carbon offset project will depend on the outcome of the two years’ audit on the value of the carbon stock of the concession areas, nonetheless, EcoBit is already promoting the project as ‘the world’s largest REDD+ forest preservation project’ with an emissions avoidance capacity of over 800million tonnes.

(REDD-plus is a United Nations initiated mechanism in reducing emissions from the forestry sector known as Reducing Emissions from Deforestation and Forest Degradation.)

In an interview with radio station, Business FM (<http://www.bfm.my/current-affairs-is-kelantan-trading-away-carbon-or-forests.html>), Tang clarified that the Kelantan carbon offset project ‘use the United Nations concept’ but the carbon credits will be traded in the voluntary market.

However, on the EcoBit’s website, references were made to the REDD-plus mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) as well as the United Nations-REDD Programme, as ready proof for the carbon offset project model (<http://www.ecobit.io/en/faqs.html>).

Following the signing ceremony, SAM has pointed out the misrepresentation involved in the promotion of the deal as a United Nations- initiated mechanism, when it is not the case.

We further warned that carbon-offsetting deals pursued by the private sector is not to be confused with the UNFCCC’s REDD-plus mechanism that to this day, has only been agreed to for results-based payments to developing countries that are eligible to be rewarded for keeping their forests as carbon sinks. There is at present no carbon-offsets under the REDD-plus mechanism.

The agreement purportedly awarded 396,000ha of forests to Climate Protector SdnBhd for a 30-year period for a carbon-offset scheme where the credits generated will be sold to the European carbon market.

Given that the carbon-offset scheme will derive its return from the sale of carbon credits from the European carbon market, it is perplexing to note that Climate Protector and EcoBit are tapping into the capital market for funds and in return investors are promised that they will purportedly benefit from the carbon offset project. This is beyond the business model of the voluntary carbon market which is payment for every tonne of carbon stock generated by a particular project according to an agreed price.

We, therefore, called upon the Ministry of Natural Resources and Environment as the focal point of the country to the UNFCCC to clarify this latest development with the Kelantan State Government and Climate Protector as we are deeply concerned by the fact that the cryptocurrency investment is not regulated and the project appears to be more than a straight-forward carbon-offset scheme with potential risks.

It is incumbent upon the Kelantan State Government to respond to the BNM’s move and to clarify the claims linked to the carbon offset deal made on EcoBit’s website.

We reiterate our call to BNM to continue with appropriate investigations and take the necessary actions to protect consumers as well as the government’s effort to obtain international financial assistance for its REDD-plus initiative.

The State Governments and the general public must be wary about such dubious schemes in the name of safeguarding the environment and advancing climate change.

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