



Secretariat, Friends of Ulu Muda c/o Sahabat Alam Malaysia
1, Jalan Joki, 11400 PULAU PINANG. Tel: 04-8276930, Fax: 04-8276932, Email: foemalaysia@gmail.com

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YAB Tuan Haji Muhammad Sanusi Bin Md Nor
YAB Menteri Besar Kedah
Pejabat YAB. Menteri Besar Kedah
Wisma Darul Aman, Aras 3, Blok A, 05503 ALOR SETAR, Kedah
Email: pmb@kedah.gov.my, portalkedah@kedah.gov.my

YAB. Tuan Chow Kon Yeow
YAB Ketua Menteri Pulau Pinang
Pejabat YAB. Ketua Menteri,
Tingkat 28, KOMTAR, 10503 PULAU PINANG
Faks: 04 2613003, Email: chowkonyeow@penang.gov.my

cc.

YAB Tan Sri Dato' Hj. Muhyiddin Bin Hj. Mohd. Yassin
YAB Perdana Menteri Malaysia
Pejabat Perdana Menteri Malaysia
Blok Utama, Bangunan Perdana Putra
Pusat Pentadbiran Kerajaan Persekutuan
62502 PUTRAJAYA
Faks : 03 8888 3444

Yang Amat Berhormat,

TIME TO WORK TOGETHER TO SAVE ULU MUDA'S WATER RESOURCES

We, the Friends of Ulu Muda (FoUM), a coalition representing various civil society organisations from Kedah, Penang and the rest of Malaysia and the undersigned organizations refer to the above matter.

In recent days there has been an increasing level of friction between the state governments of Kedah and Penang on the rights to the raw water from Muda River for the water supply for people in the two states. Amongst other things, the Kedah state government has plans to divert

and store water from the Muda River which would result in a reduction in the quantity of water that reaches the intake point for Penang's water supply.

The Penang state government, on the other hand, is planning for a multi-million ringgit project to pipe in water from Perak through the Sungai Perak Raw Water Transfer Scheme as an alternative to water from the Muda River. This is in addition to the millions of ringgits that have already been spent to enlarge Penang's Mengkuang Dam which is basically a giant holding tank for Muda River water.

While the heated exchange continues between the two states, the headwaters of the Muda River, i.e. the Greater Ulu Muda Forest, remains under threat from land clearing, logging and mining. It is time that this battle over the raw water of Ulu Muda is put aside and the two state governments sit down together to discuss and negotiate how to protect and share the water resources in a collaborative manner.

While Penang may have the legal rights to extract raw water from its side of the Muda River, it is to its long-term benefit to help Kedah to protect the Greater Ulu Muda Forest. The Greater Ulu Muda Forest provides ecosystem services in capturing the rainwater, filtering it and regulating its release into the streams and rivers that eventually drain into the Muda River. The millions of RM for diverting and building water storage facilities would be better spent on protecting and maintaining the Greater Ulu Muda Forest which is already providing the ecosystem services as described above.

We call upon YAB to work together and come to a mutual agreement for the benefit of everyone. The river water originating from the Greater Ulu Muda Forest does not belong exclusively to anyone but is a shared resource. It is of critical importance for the drinking water supply to Kedah, Penang and Perlis, the irrigation of the rice bowl of Malaysia and a key driver for sustainable development.

In order to move forward, FoUM proposes that the two state governments take the following key steps:

1. Appoint an independent, competent, trusted and neutral **mediator to facilitate the discussion** between the two state governments.
2. **Consult experts on water-based Payment for Ecosystem Services (PES)** to provide technical advice on how to set up a PES scheme for the Muda River water catchment area.
3. Discuss and come to a **mutual agreement on the PES scheme** whereby the major users (beneficiaries) of the Muda River water contribute funds to the protection of the critical water catchment of the river (i.e. the Greater Ulu Muda Forest). Protection activities should include gazetting the entire area as a state or national park; patrolling and enforcement against encroachment and wildlife hunting; forest cover monitoring; and environmental education and awareness activities.
4. An **Ulu Muda conservation trust fund should be established** to manage the funds received for the protection of the Greater Ulu Muda Forest. A board of trustees should be

appointed to oversee the management of the trust fund and should consist of key stakeholders including:

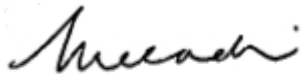
- the owners and managers of the natural resources (i.e. the Kedah state government and key agencies involved in the water catchment protection)
- the major water users that contribute to the fund (including the Penang state government and the private sector)
- representatives of the Federal government responsible for natural resources, land use planning, agriculture and finance.
- representatives of civil society (e.g. environmental NGOs and community-based organisations).
- representatives from research institutions.

The board of trustees should collectively agree on how the funds should be used for the purpose of water catchment protection.

We believe that the above steps are the best way forward in resolving this long standing issue. The time to act is now in order to secure and maintain our water resources for the future as we face increasing impacts from environmental deterioration, pandemics and climate change.

Thank you.

Yours sincerely,



Meenakshi Raman
President, Sahabat Alam Malaysia
Friends of Ulu Muda Secretariat

List of FoUM members endorsing this letter

1. Consumers' Association of Penang (CAP)
2. GreenSmiths
3. Malaysian Cave & Karst Conservancy (MCKC)
4. Malaysian Nature Society (MNS) Langkawi Branch
5. Malaysian Nature Society (MNS) Penang Branch

6. Persatuan Primatologi Malaysia (MPS)
7. Pertubuhan Pelindung Khazanah Alam (PEKA) Malaysia
8. Sahabat Alam Malaysia (SAM)
9. Sahabat Alam Sik (SAS)
10. Society for Conservation Biology Malaysia Chapter
11. The Habitat Foundation
12. Treat Every Environment Special (TrEES)
13. Water Watch Penang (WWP)

List of additional signatories

1. Advancing Knowledge in Democracy and Law initiative (AKDL)
2. Agora Society
3. Alliance of River Three
4. Beyond Borders Malaysia
5. Ecotourism & Conservation Society of Malaysia (ECOMY)
6. Forum Gagasan Darul Aman
7. Free Tree Society Kuala Lumpur
8. Gibbon Conservation Society
9. Global Environment Centre (GEC)
10. Jaringan Ekologi dan Iklim (JEDI)
11. Kota Damansara Community Forest Society
12. Majlis Muafakat Muslimah Masjid
13. Majlis Perundingan Pertubuhan Islam Malaysia (MAPIM)
14. Malaysian Nature Society (MNS) Selangor Branch

15. Merbok Bangkit
16. North South Initiative
17. Penang Forum
18. Penang Hills Watch (PHW)
19. Pergerakan Tenaga Akademik Malaysia
20. Persatuan Aktivis Sahabat Alam (KUASA)
21. Persatuan Kesedaran dan Keadilan Iklim (Klima Action Malaysia)
22. Persatuan Persaudaraan Muslimah Malaysia, Kedah
23. Persatuan Sahabat Rimba Bukit Kiara (FOBK)
24. Pertubuhan Alam Masa Depan Borneo Sabah (Future Alam Borneo)
25. Pertubuhan Alam Sekitar Sejahtera Malaysia (GRASS Malaysia)
26. Pertubuhan Persaudaraan Pesawah Malaysia (PeSAWAH)
27. Pertubuhan Rangkaian Pembangunan Kesenambungan Malaysia (SUSDEN Malaysia)
28. Suara Rakyat Malaysia (SUARAM)
29. Tanjung Bungah Residents' Association (TBRA)
30. Tenaganita
31. Teras Pengupayaan Melayu
32. Wetlands International Malaysia
33. Yayasan Patriot Negara Malaysia
34. Yayasan Sime Darby