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Towards A Community- Based Green Economy in Sabah





Introduction

The concept of the green economy has been gaining ground globally in the past decade. Its increasing importance in policy discussions is due to the growing evidence that the current system of economic development is detrimental to the environment and humanity at large. The green economy is low carbon, efficient and clean in production while also being inclusive in consumption and outcomes. It is based on sharing, circularity, collaboration, solidarity, resilience, opportunity and interdependence of economic actors.¹ It is an alternative to today's dominant economic model which exacerbates inequalities, encourages waste, triggers resource scarcities and generates widespread threats to the environment and human health.

The green economy focuses on expanding options and choices, using targeted and appropriate fiscal and social protection policies² that are backed up by strong institutions geared towards safeguarding social and ecological floors necessary to meet society's needs without jeopardizing the environment. Introducing the green economy can potentially yield multiple benefits – economic,

health, security, social and environmental.³

Rich in natural resources and home to outstanding biodiversity, Sabah has a large role to play in mainstreaming the green economy. A major prong of such efforts is ensuring inclusivity for local communities, in a state with poverty rates that are four times the national average (DOSM 2019).⁴ This report is a summary of a more comprehensive study⁵ commissioned by The Asia Foundation's Malaysia office with the support of Australia's Department of Foreign Affairs and Trade (DFAT) and written by Professor Justin Sentian, an Atmospheric Scientist at the Faculty of Science and Natural Resources, Universiti Malaysia Sabah. It outlines the key international agreements and policies at the national and state level that frame Sabah's involvement in the green economy. This is followed by a discussion of the challenges and opportunities that remain in making an inclusive green economy a reality for Sabah's various communities, followed by recommendations of policy actions that can be taken to make communities active participants and beneficiaries of the green economy.

¹ <https://www.genevaenvironmentnetwork.org/environment-geneva/key-areas-sdg/key-areas/green-economy/>

² <https://www.unep.org/zh-hans/node/10397>

³ <https://link.springer.com/article/10.1007/s11625-022-01221-z>

⁴ Sabah:19.5%; National: 5.6%

⁵ The qualitative study involved data collection in the form of literature review of published and unpublished reports, government policies, plans, programs, roadmaps, annual budgets and legislation relevant to the topic. This was supported by primary data collection via focus group discussions to explore further the issues related to the green economy from the perspective of local Sabahan communities.



Policy Landscape



Global

The United Nations Green Economy Initiative

In 2008, the United Nations Environment Program (UNEP) launched the Green Economy Initiative (GEI), a program of global research and country-level assistance designed to motivate policymakers to support environmental investments. In 2015, at the UN General Assembly, UNEP published “Uncovering Pathways Towards an Inclusive Green Economy”, a report which emphasizes the concepts of sharing, circularity, collaboration, solidarity, resilience, opportunity and interdependence. As highlighted in the report, an inclusive green economy is hoped to improve human wellbeing and build social equity while reducing environmental risks and scarcities.

The GEI aims to achieve the 2030 Agenda for Sustainable Development, eradicating poverty while safeguarding the ecological thresholds which underpin human health,

wellbeing and development. The green economy has been the topic of a great deal of discussion and debate, particularly in the past 10 years. Because of the tremendous amount of resources involved, declaring which economic activities, jobs, industries, and/or occupations are included (and which are left out) will have significant impacts on the future and economic wellbeing of those firms, workers, and communities that land on either side of the determining line. For that reason, it is important to discuss and contextualize the meaning of the green economy that is significant to local communities, including those in Sabah.



National

National Environmental Policy (2002)

The National Environmental Policy (2002) was developed to promote environmentally sound and sustainable development, and established the legal and institutional framework for environmental protection in the country.

The Policy supports the continued economic, social, and cultural progress and enhancement of the quality of life through environmentally sound and sustainable development. The Policy aims to achieve:

- a) A clean, safe, healthy, and productive environment for present and future generations
- b) The conservation of the country's unique and diverse cultural and natural heritage with effective participation by all sectors of society
- c) A sustainable lifestyle and pattern of consumption and production

National Policy on Climate Change (2009)

The National Policy on Climate Change (2009) seeks to ensure Malaysia's climate-resilient development to fulfil national aspirations for sustainability. Its two-pronged approach targets adaptation and mitigation. Adaptation refers to actions taken to help communities and ecosystems cope with actual or expected impacts of climate change. Mitigation refers to actions taken to reduce greenhouse gas emissions.

The Policy's goals are:

- a) To optimize the management of resources and environment conservation
- b) To integrate responses into national policies, plans and programs
- c) To strengthen institutions and their implementation capacities

The Policy aims to achieve its goals through:

- a) Support of climate resilient development and investment
- b) Implementation of balanced measures in adaptation and mitigation
- c) Consolidation of energy policy and institutionalization of measures that integrate cross-cutting issues

- d) Support of knowledge-based decision making
- e) Increased awareness and community participation

National Green Technology Policy (2010)

Green technology is the development and application of products, equipment, and systems that reduce the negative impact of human activities by conserving the natural environment and resources. The National Green Technology Policy (2010) recognizes green technology as the driver to accelerate the national economy and promote sustainable development. Policy goals are to be achieved by enhancing the supply and demand side through:

- a) Adoption of green technology in building construction, management, maintenance, and demolition
- b) Application of technology in the management and utilization of water resources, wastewater treatment, solid waste, and sanitary landfills
- c) Incorporation of green technology in transportation infrastructure and vehicles

12th Malaysia Plan (2021-2025)

Launched in 2021, the 12th Malaysia Plan (12MP) offers an opportunity to realign Malaysia's next five years with the key themes of resetting the economy, strengthening security, wellbeing and inclusivity as well as advancing sustainability in line with the Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development (Agenda 2030).

The major 12MP initiatives relevant to the green economy agenda are:

- a) Special fiscal and non-fiscal incentive schemes to attract investments from BIMF-EAGA [Brunei-Indonesia-Malaysia-Philippines – East ASEAN Growth Area] that promote green growth and green infrastructure
- b) Greenhouse gas emission inventory and climate resilience assessment of key cities and towns
- c) A green financing mechanism with incentive schemes to promote investment in green infrastructure including energy, transport and housing



Policy Landscape *(cont.)*



State

The Sabah state government has in the past developed policies and positions on conservation and forestry protection, and is currently the leading state to develop a green economy policy. The green economy agenda is a work in progress and currently embedded in various documents such as policy papers, development plans and strategic plans. For example, the Sabah Development Corridor Socio-Economic Blueprint 2008-2025 with the theme of “Harnessing Unity in Diversity for Wealth Creation and Social

Wellbeing” has dedicated a significant portion to sustainable development and the importance of environmental conservation. In addition, many other documents speak of green economy components at the state and city level, such as the Strategic Plan of Action (Sabah): The Heart of Borneo Initiative 2014-2020; Sabah Biodiversity Strategy (2012-2022); Sabah State Structure Plan (2013-2033); Kota Kinabalu City Competitiveness Master Plan 2019 and Strategic Plan for the City of Kota Kinabalu 2017-2020, to name a few.



Sabah Biodiversity Strategy (2012-2022)

The Sabah Biodiversity Strategy (2012 – 2022) (SBS) was established to chart Sabah's commitment and contributions to fulfilling the pledge made by Malaysia in implementing the UN Convention on Biological Diversity (CBD). The Strategy seeks to conserve Sabah's biological diversity and ensure that its components are utilized sustainably for the continued progress and socioeconomic development of the state. The main emphasis of the Strategy is to:

- a) Enhance the engagement of the people of Sabah (i.e. harnessing the collective reach, creativity and commitment of all stakeholders to safeguard biodiversity)
- b) Reduce the pressures on biodiversity due to economic activities, and integrate biodiversity considerations into the economic sphere
- c) Enhance the resilience of the ecosystems
- d) Improve the understanding and knowledge of biodiversity
- e) Strengthen the capacity of all stakeholders in biodiversity management.

Sabah State Structure Plan (2013-2033)

The Sabah Structure Plan 2033 (SSP2033) is a long-term strategic planning document that will guide and direct Sabah's future physical growth and development up to 2033 (TRPD, 2016).

SSP2033 sets out the Sabah Government's vision for economic and infrastructure growth in line with the Sabah Development Corridor (SDC) Blueprint 2008, to improve the quality of life of the people by promoting a long-term vision for development that also affords protection to the environment and strives for sustainability. The plan has outlined strategic requirements for land use development to accommodate growth and changes in the population and the economy.

Sabah Maju Jaya Plan 1.0 (2021-2025)

The implementation strategy of the green components of SMJ Plan 1.0 (2021-2025) is to strengthen the green economy concept and environmental sustainability in every aspect of development. The strategic outputs of this green element implementation are:

- a) To increase the area of terrestrial protected areas by about 100,000 hectares
- b) To increase the area of the marine protected areas by about 13% from the existing area

The SMJ Plan 1.0 (2021-2025) green sustainability precepts will focus on the following initiatives:

- a) To increase the gazettement areas of totally protected areas (TPA)
- b) To sustain the environmental protection of the Heart of Borneo (HoB) project
- c) To encourage the growth of the green economy

Cross-Border Initiative: Heart of Borneo

Launched in 2007, the Heart of Borneo Initiative (HoBI) is a regional environmental protection framework by the governments of Indonesia, Malaysia, and Brunei Darussalam in cooperation with the World Wildlife Fund for Nature (WWF). The adoption of HoBI resulted in the initial mapping of 23 million hectares of natural landscape straddling the transboundary highlands of Kalimantan in Indonesia and the states of Sarawak and Sabah in Malaysia, extending to the foothills in adjacent lowlands and parts of Brunei Darussalam for conservation purposes. This massive transboundary ecological system is known as the Heart of Borneo (HoB).

The HoB Strategic Action Plan (HSAP) was formulated under the HoBI to enhance regional cooperation to promote sustainable resource use and management practices on the island. The plan also aims to promote green economic transformation in the HoB region (Keong and Onuma, 2021). The following strategic means were designed under the HSAP to guide the direction of this green transformation process:

- a) Transboundary management: to promote environmental sustainability
- b) Protected area management: to promote environmental sustainability
- c) Sustainable resource management: to promote environmental sustainability
- d) Ecotourism development: to promote socioeconomic sustainability
- e) Capacity building: to enhance an individual/ organization's capability/capacity

Green Economy and the Community: Aligning Values and Motivations

As with any new economic development initiative, green economic policies will be most successful to the extent that they build on existing strengths in the local community, district or state. Policies must be inclusive to the different cultural mores surrounding conservation, wealth accumulation and development as understood by indigenous communities in particular. These considerations are particularly relevant to Sabah, which is home to many indigenous communities.

In exploring this issue, a brief assessment was conducted on the green economy's inclusivity to the local indigenous communities in Sabah. To gain a more holistic perspective and supplement the findings from a literature review of published and unpublished reports, focus group discussions (FGDs)⁶ were carried out in communities of different ethnic and geographic backgrounds. The findings could be helpful in obtaining information relevant to the success of the green economy agenda implementation in the context of rural Sabah communities.



Image Source: Amanda Leonie Benedick

⁶ Conducted FGDs with the indigenous Kadazan Dusun, Murut and Rungus representatives on 28 April 2022 in Penampang, Sook and Keningau districts on 5 May 2022 in the interior region; on 25 May 2022 with the Dusun Begahak and Suluk Bajau community leaders at the Felda palm oil plantation in Lahad Datu.

Table 1: Challenges in Community Understanding of the Green Economy

The various FGDs held from April to May 2022 sought to understand the community-level perspectives on the concept of the green economy. The following is a non-exhaustive summary of the challenges faced in mainstreaming the green economy, as gathered during the discussions.

Apart from representatives of the various indigenous communities, the FGD participants comprised representatives from WWF-Malaysia and PACOS Trust, two major organizations working at the community level.

Challenges	Description
Institutional weakness	<ol style="list-style-type: none"> 1. Lack of transparency 2. Lack of interagency communication and collaboration 3. Weak institutional synergy 4. Lack of sense of ownership (relating to the HoB concept) 5. Conflicting policies and strategies 6. Poor capacity of stakeholders 7. Weakness in regulatory functions 8. Weak transboundary cooperation 9. Land titles not in favour of biodiversity conservation
Knowledge gaps	<ol style="list-style-type: none"> 1. Access to information 2. Knowledge of key ecological parameters 3. Lack of monitoring and evaluation 4. Inappropriate/uncoordinated land use development 5. Lack of spatial planning for conservation and sustainable development
Poor awareness	<ol style="list-style-type: none"> 1. Relating to HoB and biodiversity conservation 2. Poor engagement with local communities 3. Poor understanding of the 'green' concept (i.e economy, energy, architecture)
Lack of funding, resources, and facilities	<ol style="list-style-type: none"> 1. General lack of funding 2. Lack of specific green economy funding mechanism 3. Inadequate human resources 4. Inadequate basic infrastructure





Challenges: Green Economy & Local Community

As Sabah moves past the first quarter of the century, hopes are that its green economy future can begin to take shape more tangibly. Increasing access to green economy initiatives for indigenous and rural communities can improve the state's standing in reducing inequality, increasing environmental sustainability, and improving health outcomes.

A major challenge is ensuring that women and youth, especially in rural areas, can participate and benefit from green economic growth. Based on the observation of current developments in the state and outcomes from FGDs with non-governmental organizations (NGOs) and local communities, we have identified a few challenges for local communities to participate in the state's green economic agenda in four key areas, namely agriculture, tourism, health and community and security.

Agriculture

- a) **Environmental impact of commercial agriculture:** Agriculture is widely believed to be the main reason for land changes in Sabah. The preference for broad-based commercial agriculture, at the expense of existing natural resources, has created serious environmental problems such as loss of biodiversity, disturbance of wildlife habitats, dwindling water resources and water quality deterioration (i.e. soil erosion, fertiliser, pesticides, etc).
- b) **Illegal land clearing:** Illegal and indiscriminate clearance of forests by illegal palm oil planters is a pressing concern for the environment and sustainability. A few local farmers are even opening oil palm plantations without land titles, which can be troublesome when the time comes to sell the palm fruit bunches or secure Roundtable on Sustainable Palm Oil (RSPO) or Jurisdictional Certified Sustainable Palm Oil (JCSPO) certification.
- c) **Land rights:** Native and customary land rights are delicate topics that require careful and fair handling, for example when implementing carbon offset programs. Any efforts to stem the climate change crisis must involve local communities and respect the communities as custodians of the land with the right to make their own decisions.

Tourism

- a) **Commercial viability of small operators:** Tourism development has brought many benefits to the rural economy, and in parts of Sabah it has replaced traditional economic activities and become the main source of income for the local people. However, in many communities, the people play only minimal roles in determining the future of tourism development. Often, the tour operators and facilities are owned by outsiders, with the local community members only leasing land or premises as partners. A lack of marketing and business skills also prevents many local communities from setting up businesses that can survive in the long term.
- b) **Environmental degradation:** Sabah's main tourism attractions are nature-based, which are not intended for mass tourism. The growth in tourism numbers has increased pressure on natural attractions to expand beyond their capacity. Overcrowding in rural locations (e.g Kundasang, Ranau and Melangkap, Kota Belud) and a lack of regulation to control tourism activities are becoming major barriers to sustainable tourism.
- c) **Economic vulnerability:** There are significant gaps in managing the local unique culture, traditions, and natural resources sustainably for ecotourism options. Many local communities do not have land titles or ownership over natural resources and land. A lack of financial and skills training support also affects the implementation of sustainable rural tourism.

Health and Community

- a) **Gaps in capacity building:** Local people, especially women and youth in rural areas, are often unable to access job and skills training to prepare them for roles in green economy sectors. The few training opportunities that are available tend to focus on technical skills instead of the environmental knowledge and cultural practices that have been proven to support sustainability practices or local green economy activities. Meanwhile, low-income groups—especially indigenous communities—lack the resources to create their own training programs. These disconnects prevent local or indigenous communities from entering the mainstream of green economy initiatives and can also dampen the enthusiasm of young advocates.
- b) **Depopulation and outmigration:** There is great interest among local communities to participate in green economy initiatives, however this is hampered by sharp rates of outmigration, especially among the youth. Rural-urban migration among the youth in Sabah is taking place at an alarming rate. There are reports of youth populations of villages being as low as 10-15%. Thus, villages are deprived of able-bodied persons to pursue green economy programs, especially in agriculture and local tourism. An estimated two million acres of agricultural land are left uncultivated and this is partly due to labour shortages. In addition, the youth are unhappy about the prospects of agriculture as a means of livelihood in rural areas.
- c) **Public awareness:** Apart from barriers to participation in the green economy in rural communities, low levels of health awareness are also an area of concern. In some areas, there are deep shortcomings in general attitudes towards protecting the environment in terms of land, forest, wildlife and water resources. This leads to issues such as insufficient water supply and poor water quality, thus affecting water security and health. A lack of empirical evidence notwithstanding, it is believed that the poor water quality has caused serious health problems. Pollution of water sources by organic pollutants from industrial effluent discharge (i.e., palm oil mills), untreated domestic wastewater, high suspended solids due to soil erosion, solid waste (plastic materials) dumping, and plant debris are common in Sabah and not limited to rural areas. This situation has caused local community health concerns, including the spread of diarrhea, dysentery, malaria, and typhoid.

Security

- a) **Security:** Security remains a major problem in Sabah, particularly on the east coast. This part of the state has been battling safety and security issues such as kidnappings and shootings since 1998, resulting in a decline of tourist arrivals. If not dealt with effectively, the trend will continue to threaten local economic sustainability.

Opportunities in the Local Green Economy

Agriculture and Land

- a) In the oil palm agricultural sector, the implementation of the Jurisdictional Certification of Sustainable Palm Oil (JCSPO) and the establishment of the Jurisdictional Certification Steering Committee (JCSC) in 2016 provide a structured approach to securing the commitment of stakeholders to carry out sustainable palm oil practices. The JCSC is co-chaired by the Sabah Forestry Department and Sabah Natural Resources Office, while its members comprise representatives from the government, private sector, and civil society. The jurisdictional approach seeks to align interests and coordinate the actions of the government, businesses, local communities and NGOs towards shared conservation, supply chain sustainability and green development goals to bring about a sustainable palm oil industry. The JCSPO initiative aims to ensure conservation and sustainable development. Certification of palm oil production is necessary, especially in addressing issues such as chemical use and labor standards. The initiative also provides the platform for plantation companies and local communities to find solutions to the human-animal conflict and allow wildlife to co-exist with humans and development. The provision of wildlife corridors that link the small patches of forests remaining in oil palm estates to wider forest habitats is key to the survival of wildlife. The JCSPO initiative is a 10-year plan that aims to produce a Roundtable on Sustainable Palm Oil (RSPO)-certified sustainable palm oil by 2025. It will also help the government address deforestation in the oil palm supply chain by putting in place strategies, policies, and measures to safeguard the forests. This is a crucial step in positioning Sabah and laying the foundation for the state to become the global leader in sustainable palm oil production.
- b) To better control land development and incidences of illegal forest encroachment, the state government, through the Forestry Department, has established an elite tactical task force called PROTECT, which is responsible for the elimination of illegal poaching and works closely with the police force (PDRM) through “Operasi Khazanah” to deal with illegal forest encroachment.

Tourism

- a) The tourism industry plays a very important role in the socioeconomic wellbeing of local communities, particularly those in rural areas as its main tourism products are nature-based. Ecotourism provides alternative sources of income and employment to local communities, thus helping to reduce rural-urban migration. It can also contribute to the preservation of the diverse local cultures and their way of life. There is great potential for rural tourism under the Malaysia Tourism Policy, which includes the creation of an inclusive tourism zone, intensification of digitization, enhancement of human capital capacity, and the commitment to strengthening sustainable tourism.

Social, Education and Financial Support

- a) Poor water resources management in rural areas due to a scarcity of water supply and poor water quality has been addressed through joint water supply improvement programs by local authorities and NGOs, to improve the supply of quality water through education and awareness among local communities. Other initiatives aim to improve the supply of water through the construction of boreholes and other water facilities. NGOs have been at the forefront of meeting water needs, especially in rural areas. Improving water security and water quality is crucial for livelihood sustainability in rural areas, and the collective effort from stakeholders to improve water management services in rural areas has proven successful.
- b) Environmental management and its potential ramifications on the environment largely depend on the success of public awareness efforts. In Sabah, continuous environmental and health education, improved quality and facilities, as well as the empowerment of women and youth in rural areas are progressing under various programs and plans. The long-term outcome of this effort should enhance the knowledge and awareness of the local community about their roles and responsibilities as stakeholders in implementing the green economy agenda in their communities.
- c) The green economy prioritises the poorest segments of society, which are also those more likely to be affected by climate change. Given the deep synergies between poverty alleviation and the green economy (most particularly in sustainable agriculture, water, and sanitation), there may be more funds allocated by the government for development programs in the poorest communities. This can be seen in the Twelfth Malaysia Plan (2021-2025), and allocations from the Federal and State annual budgets. These funds would certainly contribute to socioeconomic sustainability in rural areas.



Image Source: Mohd Faiq Chong

Policy Recommendations

The following is a list of recommendations that could be considered in strengthening the existing green economy agenda and making it more inclusive to the respective target groups.

a) Review green economy policy and institutional framework

Current policies on the green economy should be reviewed to promote local and rural development and poverty reduction. These should include fiscal policies and tax regimes, and microcredit and business development services for small and medium enterprises (SMEs), as well as social protection measures and public works programs to strengthen their focus on inclusive green economy outcomes. Where necessary, government at all levels needs to ensure the coherence of development, trade, technology, and environmental policies that will enable rural communities to succeed in the transition to an inclusive green economy. This will require new metrics that adopt broader methods of tracking economic, social and environmental progress and wellbeing.

b) Increase information and awareness on the inclusive green economy

Even when local communities have already carried out or supported the idea of the green economy in their daily lives, they are often unaware of the green economy's principles and how they apply to their own lives. This is where more awareness-raising is needed, with the end goal of cultivating knowledge on the sustainable use of natural resources and climate adaptation among local communities. In the long term, access to more environmentally sustainable and stable sources of livelihood can play a role in stemming youth outmigration to the city and reducing poverty, two key challenges in Sabah today.

c) Establishment of Green Economy Council

Recently, the Sabah state government established the Sabah Climate Change Action Council (SCAC), currently under the purview of the Sabah Forestry Department. Among the Council's responsibilities are to discuss climate change policies and actions, drive green economic growth, and catalyze green technology as well as low carbon growth. SCAC can be further strengthened and widen its scope to include a more inclusive green economy agenda that covers:

- i. Comprehensive greenhouse gas emissions inventory across economic activities
- ii. Social inclusivity, especially in rural and local communities
- iii. Mainstreaming adaptation into the state policies and plans to improve the resilience of development outcomes, contribute to more efficient use of resources, and avoid investments that unintentionally lead to maladaptation

d) Further research on indigenous sustainability assessment

To address the issue of inclusivity within local communities, a comprehensive study can be undertaken, involving a larger number of respondents, wider demographic coverage, and in-depth consultations with all stakeholders. For the indigenous sustainability assessment, sustainability indicators could be introduced and used to measure and assess the performance of the existing and proposed green economy agenda. The results can also be used to guide decisionmakers when reviewing or formulating new policies.



Conclusion

Making an inclusive green economy work for local communities in Sabah requires a major shift in approach toward policymaking, together with the commitment of low and middle-income groups. The federal and state governments will need to capture the higher economic returns that investments in sustainable use of ecosystems and low-carbon and climate-resilient development can generate and ensure that these investments and revenues contribute to poverty reduction and inclusive growth. This can be achieved through a variety of supportive governance and institutional reforms, regulatory, tax and expenditure-based economic policies and incentive mechanisms, and social protection policies, and programs as well as other instruments.

Acting as partners to the government, the role of local communities is equally important in rural planning and the development and management of resources. Currently, the proactive steps taken by the state government to develop the green economy positions Sabah as a leader in sustainable development and climate change response in Malaysia. Through the promotion of good governance and sustainable economic options, Sabah can continue on the path to fulfilling the promise of a green economy for all.



Image Source: Nizam Andan

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