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LAKE TAUPO *forest* TRUST







Communal land titles for Sabah villagers June 2010

- Rural Sabahans to be given thousands of hectares of land
- Communal title
- Land can be developed but not sold; heirs can inherit
- First distribution was 3650 ha to 5000 people in Naburan
- Sabah Land Development Board and others will help the villagers grow export crops such as oil palm and rubber with profits shared

Unclear land tenure is one of the greatest curses of this part of the world

This new land distribution scheme clarifies land tenure; a great idea

Not clear if the villagers have formed a Trust that can interact with the government on their behalf; this was important for success of Maori groups. Essentially a land holding company that they hold shares in.



And what crops?

Oil palm and rubber - both labour intensive

90% of the 80,000 labourers in Sabah's oil palm estates are Indonesians

Indonesia will soon need its labour force itself





If Sabahans really want to do manual work in oil palm estates, why are 90% of Sabah's oil palm workers Indonesians?

There will be a labour shortage – and an increase in labour cost. Profitability of some crops will fall significantly.

There are costs to society from importing unskilled labour on a large scale



The first rule of investment – diversification

Oil palm and rubber are great crops but there are risks to Sabah if there is not a variety, including some that don't need high labour inputs.

Timber plantations for high value sawlogs have a place in Sabah – perhaps especially so for communal land

Timber plantations are not labour intensive
And they can grow in places where oil palm and
even rubber can not.

But are they profitable?



- Increasing demand for wood
- Decreasing supply of wood
- Prices are increasing
- Potential returns from Asian forestry are attracting overseas investors

The government needs to encourage timber plantations as well as oil palm plantations

e.g. There is government leadership on forest certification but not on oil palm certification



Other kinds of tree-based diversification



- REDD
- Biodiversity offsets

Malua

- Seeks to produce biodiversity offsets from the protection and care of 34,000 ha of lowland rainforest in Sabah
- JV between a US investor and the Sabah Government



Malua progress

- pilot project for Roundtable on Sustainable Palm Oil (RSPO) members with a need to compensate for past forest clearance; the RSPO is supportive
- if the pilot project works and the RSPO adopt the approach, it will create a market mechanism for conservation



Points to leave you with

- Clear land tenure enables sustainable profitable land use
- Timber plantations have a place in Sabah – they are not labour intensive and can be profitable
- Investors have identified a wood shortage and are keen to invest in forestry in Asia
- The Sabah government needs to lead on oil palm plantation certification
- REDD and biodiversity offset projects are speculative but hold significant promise

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