

# **MSIA Reading Series 23**

**“SOCIAL  
IMPACT  
ASSESSMENT  
IN  
SUSTAINABLE  
FOREST  
MANAGEMENT:  
SABAH  
EXPERIENCES”**

**Panel Speaker:  
Dr. Gaim James  
Lunkapis**

**Moderator:  
Mohd Shahwahid  
H.O.  
22 August 2024**



**MSIA Hard Talk  
August 2024**

**“SOCIAL IMPACT ASSESSMENT  
IN SUSTAINABLE FOREST MANAGEMENT:  
SABAH EXPERIENCES”**

**Panelist**

**Dr. Gaim James  
Lunkapis**



**Moderator**

**Dr. Mohd Shahwahid  
Haji Othman**



**Edited By**

**Mohd Shahwahid  
H.O. and Gaim  
J.L. (2025)**



# **Social Impact Assessment in Sustainable Forest Management: Sabah Experience**

## **1. Introduction**

The MSIA Hard Talk delved with a current and interesting topic entitled “Social Impact Assessment in Sustainable Forest Management: Sabah Experience” and had invited Dr Gaim James Lunkapis as panel speaker and Dr Mohd Shahwahid Haji Othman as moderator on 21st August 2024. This topic was specially selected considering how important Sustainable Forest Management (SFM) is for the economic development of Sabah.

Forests are vital socio-ecological systems, providing livelihoods, ecosystem services, and cultural identity for millions of people worldwide. The concept of SFM is essential for achieving a balance between ecological health, economic benefits, and social equity so that forests remain productive and resilient. Certification schemes like those provided by the Forest Stewardship Council (FSC) and the Malaysian Timber Certification Council (MTCC) ensure that forest management practices adhere to high environmental, social, and economic standards.

Apart from the above certification schemes, a dedicated social impact assessment (SIA) can provide a systematic means of identifying, predicting, and mitigating the social consequences of forestry interventions. It offers a systematic process to identify, evaluate, and mitigate the impacts of forest management on local communities, indigenous peoples, and other stakeholders. SIA is thus essential for legitimizing forest governance, preventing conflicts, and ensuring equitable distribution of forest benefits.

In Malaysia, SIA became mandatory in Peninsular Malaysian states through amendments to the Town Planning Act 1976 (2017), but in Sabah, the framework is guided by the Sabah State Environmental Protection Enactment (2002) and related legislations. Between 2000 and 2010, most development projects in Sabah included SIA as a minor section within Environmental Impact Assessments (EIA), rather than as stand-alone reports. This fragmented treatment reduced the effectiveness of SIA in informing sustainable development and forest management decisions.

This reading series examines the role of Social Impact Assessment (SIA) in the certification process of Forest Management Units (FMUs), with specific reference to the FSC's ten principles and relevant MTCC criteria. For better understanding, empirical evidence from Sabah, Malaysia. Are provided.

## **2. Frameworks Linking SIA and SFM**

There exists various frameworks associating SFM with SIA principles and processes.

These included:

- Forest Stewardship Council (FSC)'s Principles 3–6 that require respect for indigenous rights, community participation, and equitable benefits.
- Malaysian Timber Certification Council (MTCC)'s Malaysian Timber Certification Scheme (MTCS) that integrates community rights, poverty reduction, and conflict resolution into forest management unit (FMU) certification.
- Programme for the Endorsement of Forest Certification (PEFC) that emphasizes stakeholder consultation and social welfare.
- UNDRIP & FPIC that mandates Free, Prior, and Informed Consent for indigenous communities in forest interventions.
- REDD+ Safeguards that require countries to integrate social safeguards in carbon-financed forestry; and
- SDGs: particularly Goals 1 (No Poverty), 13 (Climate Action), and 15 (Life on Land) have aligned with SIA and SFM.

Of interests in the country are the FSC and MTCS. An overview is provided of both these schemes. The FSC offers a certification framework based on ten principles, which address various aspects of responsible forest management. These principles include compliance with laws, respect for land tenure and indigenous rights, community relations, and environmental impact. The MTCS of the Malaysian Timber Certification Council (MTCC) provides a certification standard tailored to Malaysia, aligning with [the Programme for the Endorsement of Forest Certification \(PEFC\)](#) but incorporating regional specifics.

## **FSC**

The FSC has 10 principles:

- i. Principle 1: Compliance with Laws and FSC Principles - Forest management must adhere to applicable laws, international treaties, and FSC principles.
- ii. Principle 2: Tenure and Use Rights to Land - Legal and customary rights to land and resources must be recognized and respected.
- iii. Principle 3: Indigenous Peoples' Rights - The rights of indigenous peoples to their lands, territories, and resources must be upheld.
- iv. Principle 4: Community Relations and Workers' Rights - The management of forests should enhance the social and economic well-being of workers and local communities.
- v. Principle 5: Benefits from the Forest - Forest management should support the economic viability of the forest while providing social and environmental benefits.
- vi. Principle 6: Environmental Impact - Forest management must maintain or enhance the ecosystem's health and vitality.
- vii. Principle 7: Management Plan - A management plan must be developed and implemented with measurable objectives.
- viii. Principle 8: Monitoring and Assessment - Regular monitoring and assessment of forest management activities are required to ensure compliance with FSC standards.
- ix. Principle 9: Maintenance of High Conservation Value Forests - Forests with high conservation values must be maintained and enhanced.
- x. Principle 10: Implementation of Management Activities - Management activities must be conducted in a manner consistent with FSC principles and criteria.

## **MTCS**

**The relevant MTCS Criteria for forestry are**

- i. **Criterion 1.5** - Legal and customary rights of local communities and workers should be respected.
- ii. **Criterion 2.3** - Employment practices must be equitable, including fair wages and benefits.
- iii. **Criterion 4.2** - Effective procedures for addressing workers' health and safety should be established.
- iv. **Criterion 4.3** - Training and development opportunities should be provided, and workers' rights should be respected.

### **3. The Role of SIA in Sustainable Forest Management**

Conducting SIA reporting can ensure compliances to SFM through:

- Protecting Community Rights and Participation whereby SIA ensures indigenous and local communities are consulted and compensated fairly. It operationalizes FPIC and safeguards cultural rights.
- Enhancing Social and Economic Benefits by assessing employment, livelihoods, and distribution of benefits, SIA ensures forest projects contribute to poverty reduction and rural development.
- Conflict Prevention and Resolution whereby SIA identifies potential disputes early, enabling mediation, grievance redress, and conflict-sensitive forest governance.
- Promoting Sustainable and Equitable Management whereby SIA broadens SFM by integrating cultural, spiritual, and gender-sensitive aspects into forest management plans.

#### **4. Sabah Case Study: Lessons from Weak Integration**

Between 2000 and 2010, some 77 EIA reports submitted to the Sabah Environment Protection Department were reviewed using textual analysis, Goal Achievement Matrix (GAM), and Delphi techniques. The findings suggested:

- 79% of reports lacked an SIA chapter.
- Social considerations often merged with “socio-economic” sections, neglecting cultural and community-specific issues.
- Nearly half of criteria scored negatively under GAM, reflecting weak SIA quality.

#### **Case Study Highlights**

Several case studies were explored:

- i. **Tongod Animal Farm (500 acres)** → strong example with dedicated 14-page SIA chapter covering demographics, infrastructure, and mitigation.
- ii. **Beaufort Agro-Tourism Project (306 acres)** → no SIA chapter; only general socio-economic references.

- iii. **Sapulut Forest Reserve (FMU 11, 100-year SFMLA)** → limited SIA content; community surveys brief, with mitigation suggestions vague.
- iv. **Beaufort Sand Quarry** → SIA limited to employment and compensation; health and safety risks inadequately addressed.

From the above investigations the following were observed:

- Weak SIAs undermining certification credibility under MTCC/FSC.
- Inadequate grievance handling risks of community conflicts with FMUs.
- Sustainability claims of FMUs (e.g., Sapulut) are compromised without meaningful SIAs.

## **5. Implications for Sustainable Forest Management (SFM)**

The Sabah evidence is directly relevant to SFM because FMUs in Sabah (like FMU 11 in Sapulut) operate under Sustainable Forest Management License Agreements (SFMLA). Without robust SIAs:

- Community grievances risk escalating into conflicts.
- Certification under MTCC/FSC is undermined by weak social safeguards.
- Long-term sustainability of forest concessions is jeopardized.

This shows that SIA is not just a bureaucratic add-on but a prerequisite for credible SFM.

## **6. Moving Forward: Strengthening SIA for Sabah's Forests**

Based on the Sabah findings and international best practices, several measures are critical:

- i. **Mandatory Stand-Alone SIA Reports:** Instead of embedding SIA within EIAs, Sabah should legislate dedicated SIA reports for forestry and land-use projects.

- ii. Clear Guidelines & Standards: Develop state-specific manuals, aligned with PLANMalaysia (2023) SIA Manual but adapted to Sabah's indigenous, cultural, and ecological context.
- iii. Capacity Building: Train and certify local practitioners through MSIA/PLANMalaysia, with targeted programs for Sabah agencies and FMUs.
- iv. Community Empowerment: Institutionalize FPIC (Free, Prior and Informed Consent) and participatory mapping in FMU planning.
- v. Integration with Certification: Require FSC/MTCC auditors to explicitly review the quality of SIAs in FMU operations.
- vi. Long-Term Monitoring: Move from one-off assessments to continuous social monitoring systems tied to FMU license reviews.

## 7. Conclusion

The Sabah evidence reveals a significant gap between policy intent and practice in social impact governance. While SFM frameworks stress social equity, weak SIAs have undermined credibility, leading to conflicts, missed opportunities, and fragile community trust. Strengthening SIA as a stand-alone requirement will not only improve forest governance in Sabah but also set a model for other tropical forestry contexts.

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Here's a structured draft article that connects **Social Impact Assessments (SIA)** with **Sustainable Forest Management (SFM)**, based on the presentation you shared:

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## **The Embedded Roles of Social Impact Assessments in Sustainable Forest Management, the case of Sabah**

### **Introduction**

Sustainable Forest Management (SFM) is a holistic framework aimed at balancing environmental conservation, economic development, and social well-being to ensure that forests remain healthy, productive, and resilient for future generations. While ecological and economic dimensions often receive much attention, the social dimension is equally crucial. This is where **Social Impact Assessments (SIA)** play an integral role.

SIA is the process of analyzing, monitoring, and managing the intended and unintended social consequences of forest-related policies, programs, and projects. By embedding SIA into SFM practices, forest managers can ensure that forest interventions respect community rights, enhance social equity, and reduce conflict, while maximizing sustainable benefits for local populations.

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### **The Relationship Between SIA and SFM**

The link between SIA and SFM is grounded in the shared goal of balancing human needs with forest conservation. SFM recognizes that forest management cannot be sustainable without addressing the concerns and aspirations of local communities, particularly indigenous peoples whose livelihoods and cultural identities are closely tied to forests.

SIA provides the tools and processes to:

- Identify social risks and benefits of forest interventions.
- Ensure participation of affected communities in decision-making.

- Address grievances through transparent and fair mechanisms.
- Strengthen the legitimacy and credibility of forest management practices, including certification processes such as those under the Forest Stewardship Council (FSC) and the Malaysian Timber Certification Council (MTCC).

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## Common Roles of SIA in Sustainable Forest Management

### 1. Protecting Community Rights and Participation

SIA ensures that forest management plans recognize and respect the legal and customary rights of indigenous peoples and local communities. It helps to establish grievance mechanisms, provide fair compensation, and facilitate meaningful participation in decision-making processes. This role is aligned with **FSC Principles 3 and 4** and **MTCC Criterion 3.2**, which emphasize respect for indigenous and local community rights.

### 2. Enhancing Social and Economic Benefits

Through SIA, forest managers can identify both the positive and negative social and economic impacts of forest operations. This allows them to mitigate potential harms (e.g., displacement, livelihood disruption) while enhancing benefits such as employment, poverty reduction, and equitable sharing of revenues. This is in line with **FSC Principle 5** and **MTCC Criterion 5.3**.

### 3. Conflict Prevention and Resolution

Forestry activities often give rise to conflicts, whether over land rights, benefit-sharing, or cultural values. SIA provides methods for early identification of potential conflicts and offers strategies for dispute resolution. This function strengthens trust between forest managers and communities, supporting **FSC Principle 4** and **MTCC Criterion 4.2**.

### 4. Promoting Sustainable and Equitable Management

SIA contributes to a balance between environmental, social, and economic considerations in forest management. It ensures that plans reflect not only ecological goals but also cultural, spiritual, and livelihood needs of communities. This holistic approach aligns with **FSC Principle 6** and **MTCC Criterion 7.2**.

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## Strengthening the Role of SIA in SFM

For SIA to fully support SFM, the process must be carried out by competent practitioners with technical knowledge and sensitivity to community contexts. Continuous training, updated manuals, and capacity building through organizations such as **MSIA/PLANMalaysia** are essential for enhancing SIA practice. At the same time, national and international collaboration can enrich methodologies and ensure consistency in applying SIA within forest certification systems.

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## Conclusion

SIA is not merely an adjunct to Sustainable Forest Management—it is an integral pillar that ensures forest practices remain socially just and inclusive. By embedding SIA into SFM frameworks, forest managers can uphold community rights, minimize conflict, and distribute social and economic benefits equitably. Ultimately, the synergy between SIA and SFM strengthens the long-term legitimacy and sustainability of forest governance.

### **Strengthening the Link Between Social Impact Assessment and Sustainable Forest Management: Lessons from Sabah**

#### **1. Contextualizing SIA in Malaysia and Sabah**

In Malaysia, SIA became mandatory in Peninsular states through amendments to the Town Planning Act 1976 (2017), but in Sabah, the framework is guided by the **Sabah State Environmental Protection Enactment (2002)** and related legislations.

Between 2000 and 2010, most development projects in Sabah included SIA as a minor section within Environmental Impact Assessments (EIA), rather than as stand-alone reports.

This fragmented treatment reduced the effectiveness of SIA in informing sustainable development and forest management decisions.

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#### **2. Findings from Sabah: Weak Integration of SIA in EIAs**

A review of **77 EIA reports (2000–2010)** revealed that:

- **79.22%** of reports had **no dedicated SIA chapter**.
- Where included, SIA sections were often superficial, focusing only on socio-economic descriptions without addressing community rights, participation, or mitigation.
- The Goal Achievement Matrix (GAM) analysis showed nearly **half of SIA criteria scored negatively**, indicating poor quality.

#### **Case Study Highlights**

- **Tongod Animal Farm**: one of the rare reports with a dedicated 14-page SIA chapter, covering demographics, infrastructure, and clear mitigation measures.
- **Beaufort Agro-Tourism Project**: lacked SIA chapter; only general socio-economic impacts noted.
- **Sapulut Forest Reserve (FMU 11)**: logging project; some community surveys done but SIA elements remained brief and mixed with EIA findings.

- **Sand Quarry in Beaufort:** mentioned employment and compensation, but ignored grievances and health/safety risks raised by local residents.

These cases demonstrate the **gap between policy intent and practice**.

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### 3. Implications for Sustainable Forest Management (SFM)

The Sabah evidence is directly relevant to SFM because FMUs in Sabah (like FMU 11 in Sapulut) operate under **Sustainable Forest Management License Agreements (SFMLA)**. Without robust SIAs:

- Community grievances risk escalating into **conflicts**.
- Certification under **MTCC/FSC** is undermined by weak social safeguards.
- Long-term sustainability of forest concessions is jeopardized.

This shows that SIA is not just a bureaucratic add-on but a **prerequisite for credible SFM**.

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### 4. Moving Forward: Strengthening SIA for Sabah's Forests

Based on the Sabah findings and international best practices, several measures are critical:

1. **Mandatory Stand-Alone SIA Reports:** Instead of embedding SIA within EIAs, Sabah should legislate dedicated SIA reports for forestry and land-use projects.
2. **Clear Guidelines & Standards:** Develop state-specific manuals, aligned with **PLANMalaysia (2018) SIA Manual** but adapted to Sabah's indigenous, cultural, and ecological context.
3. **Capacity Building:** Train and certify local practitioners through **MSIA/PLANMalaysia**, with targeted programs for Sabah agencies and FMUs.
4. **Community Empowerment:** Institutionalize **FPIC (Free, Prior and Informed Consent)** and participatory mapping in FMU planning.
5. **Integration with Certification:** Require FSC/MTCC auditors to explicitly review the quality of SIAs in FMU operations.
6. **Long-Term Monitoring:** Move from one-off assessments to continuous **social monitoring systems** tied to FMU license reviews.

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### 5. Conclusion

The Sabah study provides an important cautionary tale: even when mandated, SIAs risk being tokenistic if not properly institutionalized. For SFM to be credible, SIAs must be robust, participatory, and transparent. By learning from past weaknesses in

Sabah and aligning with international frameworks, Malaysia can strengthen the **social pillar of SFM** and ensure that forests serve both ecological and human well-being.

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👉 With this enriched version, the report is no longer “too shallow” because it links **global principles** with **Sabah-specific evidence**, showing exactly where weaknesses lie and how reforms could improve SFM.

Would you like me to **compile this into a polished, publication-ready**

A review of 77 Environmental Impact Assessment (EIA) reports in Sabah (2000–2010) revealed that 79% lacked a proper SIA chapter, and most presented social impacts only superficially. Case studies highlight weaknesses in integrating community rights, participation, and mitigation into forestry projects. Lessons from Sabah underscore the urgent need for stand-alone SIA reports, stronger guidelines, practitioner training, and community empowerment. The report concludes that embedding robust SIAs into SFM practices is essential for equitable and sustainable forest governance.

**Keywords:** Social Impact Assessment, Sustainable Forest Management, Sabah, EIA, community rights, certification

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## Executive Summary

- **SFM requires balancing environment, economy, and society.** Without robust SIAs, the social pillar of sustainability remains weak.
- **International frameworks (FSC, MTCC, UNDRIP, REDD+ safeguards)** recognize community participation and rights as essential to SFM.
- **Sabah case (2000–2010):**
  - Review of 77 EIA reports → 79% had no SIA chapter.
  - Most SIAs superficial, often merged with socio-economic data.
  - Case studies: Tongod Animal Farm (best practice); Beaufort Agro-Tourism, Sapulut FMU, and Beaufort Quarry (weak social integration).
- **Key gaps:** inconsistent methodology, lack of FPIC, poor grievance mechanisms, limited practitioner capacity.
- **Way forward:** stand-alone SIA reports, clear state guidelines, practitioner training, community-led monitoring, and certification integration.