

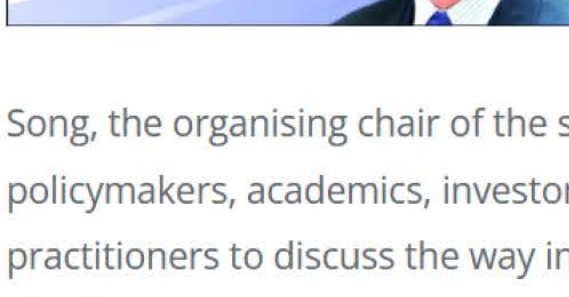
Beyond natural resources: The case for sustainable investment in Sabah

BY DR RICHARD A. GONTUSAN ON JULY 27, 2026, MONDAY AT 5:01 AM

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Beyond natural wealth. – AI generated image



Dr Richard A. Gontusan

I had the privilege of attending the Sabah Asia-Pacific Impact Investing for Sustainable Development Summit 2026, held from 13 to 14 July 2026 at the Magellan Sutura Resort, Kota Kinabalu, upon the invitation of Mr Lim Hock

Song, the organising chair of the summit. The gathering brought together policymakers, academics, investors, social entrepreneurs and development practitioners to discuss the way investments can generate financial returns while simultaneously creating meaningful social and environmental impacts.

Among the distinguished speakers was Professor John Crawford of the University of Glasgow, who posed a simple yet thought-provoking question: “What is the investment opportunity for Sabah?” The question lingered in my mind long after the summit had concluded. Sabah is frequently described as a land of immense natural wealth, yet it continues to grapple with developmental challenges, including poverty, income disparity and uneven economic growth. Consequently, the question deserves careful reflection.

Traditionally, investment opportunities in Sabah have been viewed through the lens of natural resources. Palm oil, timber, oil and gas, tourism and property development have long been regarded as the principal engines of growth. While these sectors remain important, future opportunities extend far beyond conventional investments. The state is well-positioned to become a model of sustainable, inclusive and place-based development.

One of Sabah's celebrated strengths lies in its diversity. The state boasts world-renowned biodiversity, commands fertile agricultural land and extensive coastlines, and is endowed with a rich cultural heritage and youthful population. Yet many of these assets remain underutilised. Rather than adopting a one-size-fits-all development model, Sabah should embrace what Professor Crawford referred to as “real-world complexity” and pursue development strategies tailored to the unique characteristics of each locality.

For example, the investment opportunities in Kudat differ significantly from those in Ranau or Tawau. Kudat possesses enormous potential in marine tourism, fisheries and seaweed cultivation. Ranau can further develop highland agriculture, eco-tourism and renewable energy projects. Kinabatangan, with its globally significant biodiversity, can position itself as a premier destination for conservation-based tourism. Such place-based approaches recognise that every district enjoys its own comparative advantages.

The success of community-based tourism initiatives in areas such as Kinabatangan and Kota Belud demonstrates that economic development and environmental conservation can coexist harmoniously. Local communities have succeeded in generating income through homestays, river cruises, handicrafts and cultural performances while preserving their natural environment. These initiatives create employment opportunities and encourage communities to become custodians of their own resources.

Another significant investment opportunity lies in the green economy. As global investors increasingly prioritise Environmental, Social and Governance (ESG) considerations, Sabah is uniquely positioned to attract sustainable investments. The state's vast forest reserves and rich biodiversity can become valuable assets in the emerging carbon economy.

Increasingly, corporations worldwide are seeking carbon offsets and investing in conservation projects. Sabah's extensive forest cover, if managed sustainably, can generate significant revenues through carbon credit mechanisms and ecosystem services. This approach will not only provide new income streams but will further strengthen environmental conservation efforts. Such opportunities place Sabah in an advantageous position within the rapidly expanding global green economy.

Renewable energy likewise represents another considerable opportunity. Sabah remains heavily dependent on conventional energy sources and continues to encounter electricity supply challenges in certain areas. Investments in solar energy, mini-hydroelectric projects and biomass energy can contribute significantly to the state's energy security.

The palm oil industry, for instance, generates substantial quantities of biomass waste. Rather than allowing these by-products to remain underutilised, they can be converted into bioenergy, thereby creating additional economic value while reducing environmental impact. Such investments will align with global sustainability trends and create new green industries.

Agriculture remains another area of enormous untapped potential. Although palm oil dominates the agricultural landscape, Sabah should diversify into high-value crops such as premium cocoa, avocados, durians, herbs and organic produce. Sabah cocoa, in particular, has garnered international recognition for its quality.

Food security concerns following the Covid-19 pandemic have further underscored the importance of strengthening local food production. Sabah currently imports substantial quantities of food products that can be produced locally. Investments in modern agriculture, precision farming and agro-technology can significantly improve productivity and reduce import dependence.

Equally important is the need to strengthen linkages between urban and rural economies. Economic activities remain concentrated in urban centres such as Kota Kinabalu, Sandakan and Tawau while many rural districts continue to lag behind.

Improved connectivity, digital infrastructure and efficient supply chains can create greater economic integration between urban and rural communities. Farmers in Tambunan, Keningau and Tenom should be able to access urban markets directly through digital platforms and e-commerce. This connectivity will not only improve their incomes but will simultaneously reduce dependence on intermediaries.

The digital economy itself represents a major investment opportunity. With increasing internet penetration and technological advancement, entrepreneurs in rural Sabah now enjoy unprecedented access to global markets. Small businesses producing handicrafts, processed foods and tourism services can market their products far beyond Sabah's borders.

Investments in digital literacy, artificial intelligence and technological innovation can further accelerate this transformation. Young Sabahans, given appropriate support and opportunities, can emerge as active participants in the digital economy rather than merely consumers of technology.

Perhaps one of the more important investment opportunities, however, lies in investing in people and institutions. Professor Crawford spoke about developing communities of “network connectors,” individuals and institutions capable of bridging communities, businesses, governments, universities and financial institutions. This concept is particularly relevant for Sabah.

Many development initiatives falter not because of a shortage of ideas or resources but because various stakeholders operate in isolation. Communities may possess local knowledge and resources but lack technical expertise and access to financing. Universities may command research capabilities but exhibit limited community engagement while financial institutions may possess capital but lack suitable projects. What Sabah requires are individuals and institutions capable of bringing these parties together.

In many respects, successful community initiatives in Sabah have already demonstrated the importance of such connectors. Numerous projects involving tourism, agriculture and social development have flourished because they fostered collaboration among government agencies, non-governmental organisations, educational institutions and local communities. Independent anchor institutions have an equally crucial role to play. Universities, cooperatives, foundations and research institutions can provide continuity, training and coordination beyond political cycles. Universiti Malaysia Sabah, for example, is well-positioned to become a regional centre for sustainable development research and innovation. Similarly, cooperatives can serve as vehicles for community empowerment by facilitating financing, training, marketing and collective participation in economic activities.

Ultimately, the greatest investment opportunity for Sabah lies beyond physical infrastructure and natural resources. Rather, it resides in creating an ecosystem that nurtures collaboration, innovation and sustainability.

Sabah possesses all the essential ingredients for transformative growth: abundant natural assets, cultural richness, strategic location and a resilient population. The challenge lies in harnessing these strengths in a manner that is inclusive, sustainable and beneficial to future generations.

Professor Crawford's question therefore compels us to rethink the meaning of investment itself. Investment extends beyond the pursuit of financial returns. It equally encompasses investments in communities, human capital, knowledge, environmental stewardship and institutional capacity.

If Sabah successfully embraces these principles, it can emerge as an international model for sustainable and impact-driven development. The opportunities are abundant. The question now is whether we possess the vision, courage and collective determination to seize them and transform Sabah into a more prosperous, inclusive and sustainable state for future generations.

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