



LESTARI CAPITAL BRIEF

Connecting Markets to Conservation

COMPANY

Lestari Capital was founded to address a critical gap in long term finance for conservation and restoration initiatives. The Indonesian word *Lestari* means “everlasting”, which defines our commitment to achieving long-term social and environmental impacts in critical landscapes. Our business model delivers on this commitment by deploying long term capital through an efficient, credible and scalable approach.

Lestari Capital’s Jakarta and Singapore-based teams bring deep experience identifying, evaluating and structuring conservation and restoration initiatives, led by experienced professionals from the conservation, sustainability and climate finance sectors.

The company was founded by principals from Forest Carbon, a technical forest conservation company with more than 10 years of project development experience in Southeast Asia, and Daemeter, which draws on more than 15 years of sustainability solutions for global policy makers, commodity companies and conservation projects.

A diverse group of organizations have supported the development of Lestari Capital, including advisory support from SYSTEMIQ and financial support from the David and Lucile Packard Foundation as well as the Partnerships for Forests program – a sustainable investment incubator financed by the United Kingdom’s Department for International Development (DFID).

IMPACT

Lestari Capital provides credible, transparent and efficient solutions for the private sector to meet market demands for verified sustainable practices.

Lestari Capital’s impact model addresses a critical need for long-term operating capital for projects run by local communities, conservation non-profits and environmental services companies. Lestari Capital aims to strengthen Southeast Asia’s emerging ecosystem services marketplace, by connecting demand for on-the-ground conservation efforts among commodity producers/buyers with projects that are protecting or restoring forests where these companies operate, to protect at-risk areas.

At the center of Lestari’s approach is the Sustainable Commodities Conservation Mechanism (SCCM), which finances projects for a minimum of 25 years. The SCCM provides independent fiduciary oversight that ties payments to results on the ground, ensuring benefits to local communities, global climate and biodiversity. Funds are managed through a financial vehicle domiciled in Singapore that delivers payments through a custodian bank.

Lestari Capital’s diverse project portfolio includes internationally certified initiatives on the forefront of tropical conservation, ecosystem restoration and community forestry. Our partner projects are certified by international performance standards, including the Climate Community and Biodiversity Standard (CCB) and Plan Vivo, among others.

In 2018, Lestari Capital established proof of concept for the SCCM in the sustainable palm oil sector by helping companies meet new conservation finance requirements under the Roundtable on Sustainable Palm Oil (RSPO). For 2019, Lestari Capital is working to expand the company’s approach to support a widening range of sustainability commitments in other commodities, as well as energy, transportation and technology sectors, where market pressures for innovation around sustainability are growing.

Vision: Sustainable Commodities Conservation Mechanism (SCCM)

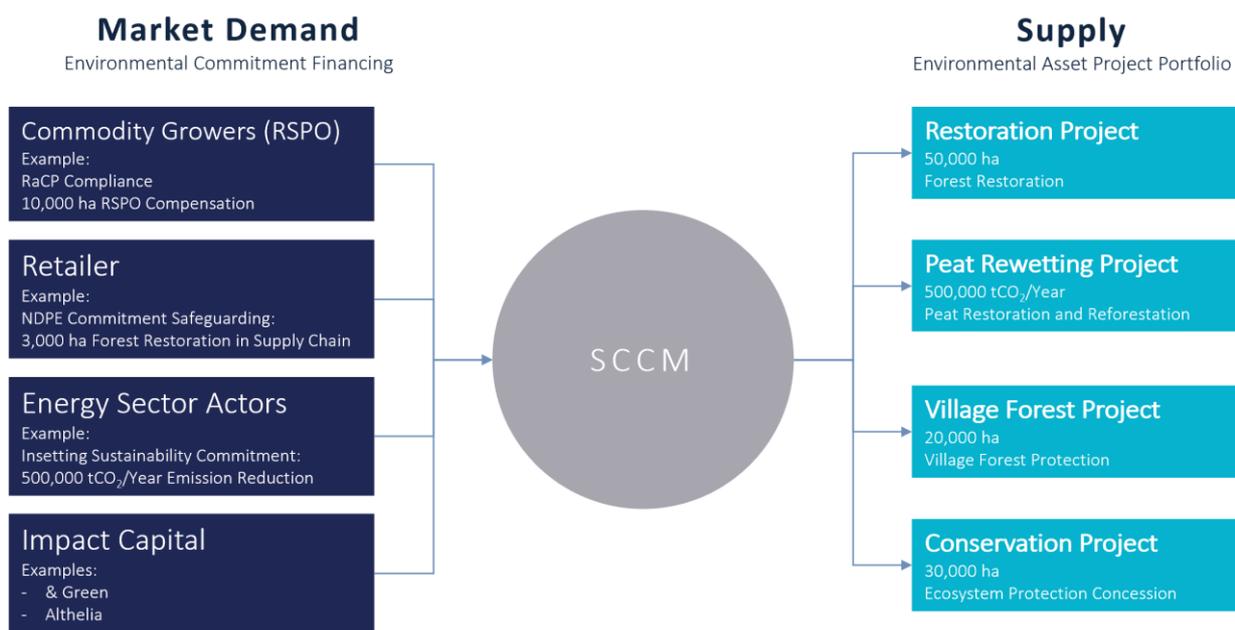


Figure 1: Above, Lestari Capital works with clients to manage environmental commitments linked to market requirements or voluntary action, and channels financing to conservation initiatives in the form of long-term, results-based payments.

Lestari Capital is supported by a diverse group of public-private partnerships and brings actors from the commodities and finance sectors together with conservation initiatives and funders. Our portfolio prioritizes support for project models that can eventually support jurisdictional and national climate targets and is endorsed by Indonesia’s Peatland Restoration Agency (Badan Restorasi Gambut) as an efficient private sector mechanism for peatland rehabilitation.

DELIVERING LANDSCAPE PROTECTION AND RESTORATION OUTCOMES AT SCALE

The true conservation and market-development potential for the SCCM rests in its ability make coordinated investments in high conservation value HCV and high carbon stock (HCS) landscapes at scale through a diverse project portfolio. We strive to work alongside our partner projects, sustainability stakeholders and private sector companies to deliver the following impact:



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- **New capital for conservation:** Lestari Capital aims to raise \$50 million in capital commitments to conservation by 2020 through strong partnerships targeting the palm oil supply chain, in addition to other commodities sectors and regions.
- **Supply linked with systemic demand:** The SCCM market platform supports conservation, biodiversity and community development outcomes through projects that cover up to 500,000 hectares in Indonesia.
- **Leveraging high standards:** Projects adhere to international best practices and are monitored by independent conservation bodies including the Climate Community and Biodiversity (CCB) standard and the Plan Vivo foundation. We work alongside each project team to ensure they have the necessary resources to achieve certification and the capacity to sustain long-term conservation and restoration outcomes.
- **A 25-year outlook on project engagement:** The SCCM looks beyond established models for conservation finance, ensuring that projects are financed for a minimum of 25 years. We continually advocate to embed conservation requirements within commodity production, to create long-term finance sources that project managers can rely on for decades to come.
- **Supporting real action on NDPE pledges:** We support “No Deforestation” and related pledges and advocate that conservation and restoration should be a core element of action on these commitments. This starts with developing a series of short-term, verifiable steps that supply chain actors can take to demonstrate progress towards compliance, beyond just broad public statements.
- **Safeguards and Transparency:** The SCCM financial vehicle arbitrates project payments with independent fiduciary oversight. Lestari Capital also provides transparent audits of project outcomes and ensures contracting and partnerships adhere to our ESG policy.
- **Jurisdictional Approaches:** In support of campaigns from local government and organizations such as Tropical Forest Alliance 2020, we are focusing on a localized strategy that targets key jurisdictions, working together to match conservation and restoration projects with local commodity supply chain actors.

