



## LESTARI CAPITAL PROJECT PIPELINE

# PROJECT TYPES OVERVIEW

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A NEW INITIATIVE FROM LESTARI CAPITAL PTE LTD, SINGAPORE.

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## THE LESTARI CAPITAL PROJECT PIPELINE

Indonesia has a growing ecosystem of conservation projects that directly combat the negative effects of deforestation, fires and other environmental degradation. With new government licensing, conservationists can now target high-priority ecosystems with new programs for vulnerable rainforest and peatlands. These projects are run by conservation professionals, conform to the highest international standards, and through the Lestari Capital are now being linked to long-term finance.

Conservation and restoration projects in our portfolio are increasingly used to safeguard some of the most endangered landscapes in the world. This forward-looking model supports an array of corporate and blended finance through a portfolio that aggregates projects for simple engagement and contracting.

- Finance for conservation is spread across multiple initiatives to ensure greater impact and less contractual risk, sustaining impact for 25 years or longer.
- Finance channeled through Lestari Capital comes with high levels of transparency and visibility to ensure objectives are met through a contracting system with built in safeguards to deliver array of conservation, biodiversity and social impact objectives.
- Portfolio projects receive finance based on specific conservation targets, creating a performance-based system that is backed by internationally recognized monitoring standards and certifications.

**Right:** *Peatland ecosystems are both a climate and biodiversity conservation priority - when peatlands are converted or burned, millions of tons of greenhouse gas emissions are released into the atmosphere. Protecting these concessions also preserves important biodiversity, such as the Sumatran Tiger, which can be found in this in several peatland restoration areas in South Sumatra.*





*Left: Biodiversity corridors are an effective strategy to extend the protect area around many national parks. Service contracts with project proponents support activities such as forest patrols, biodiversity preservation and peatland rehabilitation.*

## PROJECT TYPES

The Lestari Capital project portfolio is geared to deliver landscape conservation at scale, focusing on High Conservation Value (HCV) peatlands and rainforests, while restoration projects focus on peat and other landscapes that have been degraded. Each project has unique characteristics, protecting vital biodiversity, watersheds and rare animal habitat. Each have a component to invest in local communities to deliver a “double bottom line” of landscape protection and poverty reduction.

Lestari Capital’s conservation project portfolio comprises three unique project types, each requiring a government-issued license, depending on the type of concession and the nature of conservation activities. These licenses ensure legality, protect land tenure and ensure concession areas are protected for periods of 25 years or longer. Specific project types include:

1. Ecosystem Restoration Concessions
2. REDD+ Project Concessions
3. Village Forest Initiatives

Lestari Capital has established a system of performance-based environmental service agreements, which offer a flexible way to engage a diverse portfolio of projects at various stages of development. Our technical teams work with each project to help the initiative become “market-ready”, through the orientation and certification necessary to connect with market demand for environmental services.

## ECOSYSTEM RESTORATION CONCESSIONS

- Current Prospects in the pipeline: 4
- Average Size: 105,000-220,000 ha

ERC projects are licensed exclusively for conservation activities for an initial 60-year period and are used to protect High Conservation Value (HCV) areas that have extremely high biodiversity features of flora and fauna. ERC concessions protect some of the only remaining suitable forest habitats for endangered species that include the Sumatran Elephant, Sumatran Tiger, and Orangutans on the island of Borneo. These forest restoration and conservation projects are dedicated to preserving fragile ecosystems through forest patrols, continual monitoring and drone surveys. Community engagement work is also a priority, as the projects work alongside nearby villages to promote environmentally friendly livelihoods sustainable land use.



*Left: Old growth forests in Indonesia are becoming increasingly rare. Lestari Capital project partners equip forest patrols with new technology including tablets, drones and satellite imagery services to more effectively protect and monitor the health and restoration of vulnerable forest areas.*

## REDD+ CONSERVATION FINANCE

- Current Prospects in pipeline: 4
- Average Size: 22,000 – 140,000 ha

These project activities are built into a regional approach for landscape conservation and are structured for consistency with jurisdictional approaches, determined by provincial government and NGOs. These projects focus primarily on preserving and restoring fragile peatland ecosystems and protecting standing forests. Landscape protection initiatives include replanting and biodiversity conservation, along with community-focused approaches to prevent site-level land clearance. This project type uses the UN's Reduced Emissions from Deforestation and Degradation (REDD+) framework, meaning project outcomes can eventually support jurisdictional and national climate efforts.

## COMMUNITY FORESTS

- Current Prospects in pipeline: 7
- Average Size: 1,500-10,000 ha

Community Forests are sustainable, village-run forest management projects that help protect forests from being converted to plantations or cleared. Community Forestry projects focus on curbing the economic drivers of deforestation by working with community members to find alternative income sources that relieve the pressures to clear land for agriculture or smallholder commodities production.

**Right:** *Although conservation is a priority in the Lestari Capital portfolio, when fires do happen, our mechanism funds communities to restore fragile peatlands to prevent further greenhouse gas emissions, along with damming activities and patrols to prevent future fires. Community Forest initiatives engage communities in sustainable management of their forest, training locals in fire prevention and alternative livelihoods to reduce land clearance.*



## PORTFOLIO STANDARDS AND SELECTION CRITERIA

Projects in the Lestari Capital portfolio meet the highest international standards to ensure equitable and cost-effective delivery of conservation outcomes. Our partner projects all have strong community engagement mechanisms, starting with a Free Prior and Informed Consent (FPIC) process. Once operational, projects develop systems to allocate a portion of project revenues to support community-based outcomes. Each project type addresses the economic drivers of deforestation by working closely with local communities on sustainable land-use and alternative livelihoods activities to support the overall conservation mandate of the project license.

Projects in our pipeline must already be certified or have a roadmap to obtain certification for leading quality assurance standards to ensure baseline social and environmental safeguards are embodied in their development. Climate, Community and Biodiversity (CCB) best practices are required for all ERC and REDD+ projects. For Village Forest projects, the Lestari Capital relies on a similar standard known as Plan Vivo for quality assurance. Although Lestari Capital does not transact carbon units, for projects that have an added co-benefit of Verified Emissions Reductions, we require certification under the Verified Carbon Standard (VCS).

These standards help ensure that each project has been developed according to best practices, has been independently audited and is endorsed by participating local communities and government agencies. As a final step, Lestari Capital has developed a strong Environmental, Social and Governance Policy (ESG) which guides our overall engagement framework, both within the company and with our clients, partners and project portfolio members. Our ESG policy, along with the standards for each certification and project type represent the comprehensive set of criteria for membership in the Lestari Capital portfolio.

