LESTARI CAPITAL
MARKET SOLUTIONS FOR CONSERVATION

COMPANY
Lestari Capital unlocks market-linked finance to conserve and rehabilitate the world’s most at-risk landscapes. Lestari Capital engineers solutions for leading agro-commodities, transportation and energy companies, leveraging the same market forces that drive revenues in these sectors to provide new investment capital for environmental initiatives.

Working together closely with industry sustainability organizations, Lestari Capital develops market mechanisms that help individual companies meet their commitments for certification and membership. Instead of a project-centric approach, Lestari Capital addresses the other half of the equation by driving and aggregating new demand for conservation, ecosystem services and greenhouse gas emission reductions. After 18 months of development, Lestari Capital is launching a proof of concept initiative focused on RSPO membership and “Zero Deforestation” pledges in the Palm Oil sector. Efforts are also underway to expand to additional commodity industries, positioning Lestari Capital as a catalyst to promote sector-wide sustainability efforts.

Lestari Capital is built upon the experience and expertise of leaders from the forest conservation, land management and climate finance sectors, including principals from Forest Carbon, a forest conservation company with more than 10 years of experience in Southeast Asia, and Daemeter, which brings more than 15 years of smart sustainability solutions for global policy makers, commodity companies and conservation projects.

CONSERVATION FINANCE PLATFORM - SCCM
The Sustainable Commodities Compensation Mechanism (SCCM), is Lestari Capital’s environmental finance mechanism, which channels sustainability investments into an aggregated portfolio of landscape conservation, biodiversity protection and emissions reduction projects. This platform can be used by a range of clients to address sustainability requirements, and is currently provided as a tool for companies seeking to either obtain or maintain their membership in the Roundtable on Sustainable Palm Oil (RSPO), a leading sustainability certification body. A new framework for addressing past land clearance stipulates that RSPO members must now compensate for deforestation in their operations since 2005. Failure to redress these liabilities will result in a suspension or eventual revocation of their membership, leaving a group of more than 60 companies with outstanding compensation liabilities. This creates potential for conservation investments valued at more than $160 million in Southeast Asia alone.

The RSPO requires that projects deliver conservation benefits for a minimum of 25-years, and thus the SCCM ensures these funds are used for maximum conservation impact through a portfolio of diverse
projects that minimizes potential non-permanence and contractual risks. This creates a cost-effective and turnkey service, as the SCCM handles the RSPO process from concept note and proposal development, to project due diligence, followed by the required monitoring and reporting. This platform delivers efficiency and credibility for the sustainable palm oil sector and creates a disruptive infusion of demand in the currently oversupplied ecosystem services market.

LINKED INVESTMENT FUND
The Sustainable Commodities Investment Platform (SCIP) is a mission driven investment fund that will make strategic environmental investments, leveraging unallocated capital from the SCCM for a portfolio of conservation, smallholder and other land-based investments. The SCIP will earmark a portion of overall capital to investments that improve both sustainability and productivity in smallholder supply chains. Another portion will be earmarked to provide startup capital to new conservation initiatives while helping other initiatives scale up.

DELIVERING LANDSCAPE PROTECTION AND RESTORATION OUTCOMES AT SCALE
• Mobilizing private sector investment: At launch, the SCCM will secure $15-20 million in financing, with strong potential for immediate scaling through a pipeline of more than 60 companies with RSPO-related liabilities valued upwards of $160 million.
THE PATH TO SCALE

The true conservation and market-development potential for Lestari Capital rests in the ability to make coordinated investments in at-risk landscapes at scale. Using the current opportunity to establish proof of concept with the RSPO, Lestari Capital can then leverage its conservation finance platform in other markets, regions and sectors. Lestari’s diverse project portfolio, combined with a market-building approach can be pivoted easily to develop environmental redress, pre-compliance and eventually compliance products for a range of corporate clients. Efforts are already underway to port the Lestari Capital model to the Pulp and Paper Industry with the FSC, and the SCCM will directly support efforts to meet Zero Deforestation pledges across the Palm Oil sector. Beyond these near-term opportunities, the Aviation industry, along with additional commodities, remains a high-potential business development target.