

Sustainable Commodities Conservation Mechanism

Critical transitions:



Innovation: Paying for nature
Geographic focus: South-East Asia
\$: n/a



Set up by Lestari Capital with the help of Partnerships for Forests, the Sustainable Commodities Conservation Mechanism (SCCM) aims to provide credible, transparent and efficient ways to finance conservation projects in South-East Asia. The SCCM connects private companies seeking to link specific sustainability goals (e.g. the RSPO’s sustainable palm oil certification) and associated high-value conservation projects in need of funding.¹⁹⁶

Lestari Capital, via the SCCM, identifies and undertakes due diligence on third party projections High Conservation Value (HCV) and High Carbon Stocks (HCS) landscapes, promoting the projects to private companies committed to financing environmental restoration for a minimum of 25 years. The SCCM provides fiduciary oversight and manages the long-term relationship contracts between the two parties, ensuring benefits to local communities are distributed, and social and environmental safeguards and performance-based payments are met. The SCCM funds are managed via a Special Purpose Vehicle (SPV) located in Singapore, which disburses payments through a custodian bank.¹⁹⁷

For its first vehicle, the SCCM aims mobilise \$50 million of private investment by the end of 2020. Among the SCCM’s first users was Cargill which now finances the conservation of the Nanga Lauk Village Forest in Indonesia for 25 years. It includes 1,430 hectares – of which high-value peatlands cover 58 percent, while the rest is covered by lakes. The area supports the livelihoods of 197 households.¹⁹⁸

To date, the SCCM has established a proof of concept for the sustainable palm oil grower sector and is currently expanding its support a widening range of sustainability commitments and supply chain actors.¹⁹⁹ To that end, Lestari Capital has developed the Rimba Collective with a number of global companies for supporting over 500,000ha of conservation projects through private sector finance. This is a unique mechanism that integrates conservation support into the cost of goods, making conservation part of business as usual.

Stakeholders:

Lestari Capital;
Partnerships for Forests

Status:

● Operational