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Althelia Ecosphere to invest EUR 5.1 million for peatland rainforest restoration in South Sumatra

Palembang, Indonesia, Luxembourg and London. Althelia Ecosphere is now supporting the scale-up of the Sumatra Merang Peatland Project with an impact investment of EUR 5.1 million. Led by partners PT Global Alam Lestari (GAL) and Forest Carbon, this project will rehabilitate more than 22,000 hectares of peatland rainforest in the Merang biodiversity zone, one of the largest and deepest peat swamp areas in South Sumatra. The new initiative represents a major effort to protect an ecosystem home to hundreds of unique and endangered species that includes the Sumatran Tiger, securing an area more than 3.5 times the size of Manhattan.

“We are very proud to support peatland restoration with our investment,” expressed Althelia’s Chief Technical Officer Adam Gibbon. “This project will prevent the release of significant volumes of GHG emissions from fires and peat oxidation whilst creating a conservation area that can be home to a variety of rare and threatened species. At the same time, the project supports local communities by providing long-term employment and climate-friendly livelihoods opportunities.”

“This partnership confirms the financial sector’s interest in market solutions to conservation, as well as the potential for our revenue model to sustain project operations for decades past the initial impact investment,” explained conservation scientist Jeffrey Chatellier, Forest Carbon’s Director in Indonesia. Soegeng Irianto, the Director of PT GAL further explained, “New operating funds will help us scale operations to prevent forest fires and restore the peatland, while delivering benefit for Indonesia’s communities and important natural heritage,”.

An important focus is also placed on surrounding villages through the design and implementation of a community development fund, which supports community-selected projects in addition to new livelihood opportunities that help reduce the drivers of deforestation and poaching. The project’s impacts will be measured through traditional field based techniques as well as through remote sensing via drones, the use of camera traps to monitor wildlife and other innovations in sustainability tech.

The project will mitigate an estimated 1.2 million tons (tCO_{2e}) of carbon emissions annually– the equivalent of taking 255,000 cars off the road for one year in the US.¹ Over the initial 25-year license period, the project can generate 30 million tons of Verified Emissions Reductions (VERs), which can provide a source of long-term finance and permits cost recovery on Althelia’s initial impact investment. This deal structure establishes yet another proof of concept for a conservation-finance model in an emerging market, one considered increasingly viable by the commercial investment sector.

¹ <https://www.epa.gov/greenvehicles/greenhouse-gas-emissions-typical-passenger-vehicle>

Technical implementation of Althelia's investment in Indonesia is overseen by Forest Carbon, a leading forest conservation company with more than 10 years of project design expertise in Southeast Asia. Project partner and license-holder PT Global Alam Lestari lead ground operations, relying on a growing team of more than 30 forestry and landscape restoration professionals.

The project is expected to achieve gold status under the internationally recognized Climate Community and Biodiversity Standard (CCBS), and is also supported by the Zoological Society of London, which will lend staff and technical assistance to support biodiversity monitoring and endangered species protection. The Belantara Foundation is supporting the project through a concessionary capital investment, as part of the foundation's wider efforts to support landscape rehabilitation in South Sumatra.

Ecosphere+, the London-based sales and marketing subsidiary of the Althelia Climate Fund, will work with the project partners to bring the Verified Emissions Reductions to market.

KEY DATA:

- Project name: Sumatra Merang Peatland Project
- Location: Musi Banyuasin district, South Sumatra province, Indonesia
- Total budget: EUR \$5.1 million
- Start date: November 2017
- Financing span: 4 years
- Area: Conserves and restores more than 22,000 ha of biodiverse peatland forest
- Emissions reduction: Mitigates an average of 1.2 million of tCO_{2e} under the Verified Carbon Standard (VCS) each year

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