



**Bumitama Agri Ltd**

**10 Anson Road #11-19  
International Plaza, Singapore 079903**

**Tel : +65 6222 1332**

**Fax : +65 6222 1336**

---

## **NEWS RELEASE**

---

### **Bumitama Biodiversity and Community Project Featured in FMO's Future Minded Magazine**

---

Jakarta, 10 November 2021 – Our Bumitama Biodiversity and Community Project (BBCP) has featured in FMO's latest edition of their Future Minded magazine. FMO is a Dutch development bank that has over 50 years' experience in sustainable private sector investments. Their Future Minded magazine delves into the selected companies, their projects and people that are developing new perspectives for reaching the Sustainable Development Goals. This edition concentrates on biodiversity, with our BBCP chosen as a model in aligning of the social and environmental needs with sustainable production.

The BBCP engages with local communities to provide benefits to both the environment and the people who call it their home. Local engagement is key to success and with the involvement of communities we can help sustain projects and protect the rich biodiversity and forests of Indonesia. Working together with key stakeholders including various levels of government allows for strong support and alignment with the sustainable development goals of the Ketapang region and West Kalimantan province.

Read the Future Minded magazine story on BBCP attached below, or through FMO's website [here](#).

Read more about our BBCP in our Sustainability Report 2020 page 24 [here](#).

For further information, please email:

---

Christina Lim

Email: [clim@bumitama-agri.com](mailto:clim@bumitama-agri.com)

Lim Sian Choo

Email: [lim.sian.choo@bumitama-agri.com](mailto:lim.sian.choo@bumitama-agri.com)

Michael Kesuma

Email: [mkesuma@bumitama-agri.com](mailto:mkesuma@bumitama-agri.com)

---

**Making  
payments for  
ecosystem  
services work  
for everyone**

**AT THE  
FRONT  
LINES**



**Seeing an orangutan, an inhabitant of one of the forest villages in the Ketapang district of West Kalimantan would normally be inclined to get rid of the animal and secure their farm and crop. But not anymore. Nowadays, an orangutan sighting is reported and registered according to training procedures provided by local plantation company Bumitama. “By linking environmental conservation and income generation, we make sure the communities no longer profit from harmful activities such as hunting or deforestation, but instead contribute to the preservation of important species,” George Stopczynski, Bumitama Sustainability Analyst explains.**

The Bumitama Biodiversity and Community Project (BBCP), coordinated by FMO customer IDH and implemented together with Aidenvironment, aims to conserve a wildlife corridor connecting the Sungai Putri peat swamp and the protected forest of Gunung Tarak. Working with local communities, the initiative links palm oil production with wildlife conservation along a corridor expected to provide free mobility for several key species. It is a new step for Bumitama, taken as part of an ambitious sustainability strategy, and after increasing pressure for more sustainable business practices.

The relationship between palm oil and deforestation is a difficult one. As Eric Wakker, Senior Advisor at the Earthqualizer Foundation, explains, it took a lot of pressure from various groups to get the sector to clean up its act and invest part of the revenue in conservation. “We used to have terrible arguments with them about deforestation,” he recalls, noting that several incentives were used to push for compliance with the roundtable on sustainable palm oil, from suspending access to markets, to cutting off access to suppliers, contractors and buyers. But it takes more than carrots and sticks to solve this challenge: regulators, companies, policymakers, civil society, and financiers must all be part of the corrective action.

Historically, corporations and investors have not been expected to contribute to the conservation of ecosystem services, but rather to the exploitation of resources to generate profits. Far too little of these profits have in turn benefitted the people directly depending on these resources, especially not indigenous people who nurture 80% of the planet’s biodiversity and are faced with the burden while contributing the least to climate change. Indigenous communities are often positioned as the “last buffer” or at “the front lines” of deforestation of once-pristine forests, but it is becoming increasingly clear that we should all be at the frontlines to play our part. It is in this context that sustainable development institutions are paying increasing attention to conservation of ecosystems as a service for which the providers should be compensated: Payments for Ecosystem Services.

***“...especially not indigenous people who nurture 80% of the planet’s biodiversity and are faced with the burden while contributing the least to climate change”***

#### Accounting for nature’s services

According to the UN’s Millennium Ecosystem Assessment, there are four types of ecosystem services, or tangible benefits our environments provide us.

The most common ecosystem service is the provisioning services, where nature supplies food, drinking water, and other resources we transform to suit our needs. Beyond that, the assessment also lists regulatory services, such as the air-purifying power of plants and trees or the pollination services rendered by bees; cultural services, celebrated by UNESCO’s world heritage sites; and lastly, supporting services such as the water cycle or photosynthesis, which support the most basic conditions for life on earth. This impressive range of favors cannot continue to go unnoticed, and most importantly unaccounted for by our economic and financial systems if we are to overcome the climate and inequality challenges coming our way.

Unfortunately, accounting has often fallen short of capturing all the value in a transparent and simple way. Take for example a common form of payment for ecosystem services: carbon credits. Defined simply as tradable certificates representing the right to emit carbon dioxides, carbon credits still lack the plainness and accessibility required for them to be widely adopted and mainstreamed. In short, organizations do not know how to market them and individuals are not sure what they are purchasing or who they are compensating through their purchase, and creating a distortion and gap between buyers and sellers. In addition, community-generated carbon credits, while expensive to set up due to the time and resource investment required, are being sold for cheap to generate a market, which further widens this gap.

In the process of valuing and accounting for ecosystem services, something critical has been overlooked: while the planet provides these services, it is the people who nurture them, leveraging their time and knowledge. The story of environmental preservation is not a story of carbon credits but a story of human experience where everyone has a role to play.

The companies which generate profit from environmental resources have a role to play in maintaining those ecosystems in association with the populations and groups who are closest to them and the financiers enabling the profit generation. This can be done, as many examples show, but it is not without complications. Firstly, one cannot simply stop the exploitation of forests in order to preserve them. As Eric Wakker puts it, “when we stop these companies from clearing more forests for plantations, it does not only hurt the investors and the owner. It also hurts local communities who are counting on development: they are hoping for roads, clinics, churches, mosques, for the social services that come along with these plantations”. It has actually proven more efficient to accompany suppliers who are not in compliance to become compliant, instead of simply banning or excluding them from access to markets.

Secondly, the right regulations have to be put in place in order to support companies, like plantation company Bumitama, to make the change sustainably; they cannot be expected to carry alone the burden of achieving sustainable impact in such complex environments. Finding a way to reconcile profit generation and conservation of endangered species and areas is a global challenge in which we all can play a part, if we learn the right lessons.

## *“...while the planet provides these services, it is the people who nurture them, leveraging their time and knowledge”*

### **Best practices for making PES successful in forest conservation**

In order to make PES schemes successful for community forests and indigenous groups, a number of factors have been listed as critical by various experts from the financial, non-profit, and policy sectors. As Emmanuelle Berenger of Rainforest Alliance puts it, “We need more of these schemes. Only a small portion of the projects goes to community forests”. A critical factor is the engagement of local communities, according to her.

Communities are the best guardians of the forests: indeed, when there is no local interest or ownership of conservation initiatives, it is difficult for projects to succeed, especially in community forests initiatives where indigenous people have a critical role to play. Many initial iterations of these projects yielded poor results on all fronts socially, economically and environmentally, as the human aspect had been largely ignored. Companies rolled in vague plans of preservation without working with the rightful guardians of the ecosystems, resulting in their alienation from territories which they had been managing for centuries. The lesson was a difficult one: when local populations are denied rights or accountability over the initiative, they cannot contribute to the success of the program or become a part of a sustainable solution.

This is echoed by examples of Bumitama, a company which has made a priority of getting the buy-in of local communities before the start of any project. With decades of expertise managing 40,000 hectares of community-managed forests of both biodiversity and cultural value, Bumitama ensures local buy-in and ownership by making sure the right groups and leaders are engaged to help protect and restore protected areas at the right moments. They pay special attention to the restoration and rehabilitation of umbrella species such as orangutans, who are often the source of conflicts in the smallholder farmer groups who live closest to them.

### *“...Bumitama ensures local buy-in and ownership by making sure the right groups and leaders are engaged to help protect and restore protected areas at the right moments”*

Between 250 and 300 orangutans can be found in at least 22 small forest patches in the protected areas of Bumitama’s and neighbouring Austindo Nusantara Jaya’s (ANJ) oil palm estates. They are located between two large orangutan populations in the Gunung Palung National Park and Sungai Putri peat swamp forest. It has been standard industry practice to relocate orangutans in multifunctional landscapes. However, we have realized there can be a more practical and planned approach to support and manage their livelihoods. Bumitama is working with PONGO Alliance to explore a new concept of orangutan habitat management in our Ketapang conservation areas. Once fully developed, our plan will support the future management of remaining habitats and corridors, providing guidelines for companies managing fragmented landscaped in conservation planning.



A large part of Bumitama’s work is about finding ways to divest from generating income from harmful and dangerous activities like poaching or forest fires. Working with wildlife groups and non-profits, the company supports local farmers earning a living from conservation and restoration. Bumitama has embraced Indonesia’s village development policies and according to its latest sustainability report, is working to achieve results on various indicators such as Basic Services, Infrastructure Conditions, Transportation, Public Services and Village Government Functioning.

“Local communities are essential in our conservation work, both to leverage their role as the original stewards of the forest, and to mitigate the potential threat of deforestation from community plantation development, illegal logging, and frequent fires. We involve them in restoration initiatives using tree species yielding non-timber forest products (NTFP), offering communities an alternative to deforestation. Those familiar with the forest are invited to become members of our forest ranger teams or to join courses on natural integrated farming methods at our Brajang training centre.”

### What development finance institutions can do

At the onset of a conservation program, there is funding available, usually in the form of grants, which allows communities to undertake the activities for a limited period. Speaking to Rainforest Alliance's Emmanuelle Berenger, she mentions that the organization has supported initiatives in Guatemala for up to 25 years, but that unfortunately such long-term investments are quite rare. While the initiatives have been very successful in Mexico, Guatemala, Nepal, most donors begin with a short-term exit strategy in mind, and inevitably there is a shortage in funding when they close projects and the progress started cannot continue. She is adamant that the benefits are more visible after a period of sustained support: fewer to no forest fires, improved income for men and women, construction of infrastructure for the community to thrive, are just some indicators of success. In some cases where donors have supported communities over longer periods of time, they have seen community youth get the training and education required and return to the community and take over for elders. This is the type of support that is needed, but too often falls short.

***“With more funding, companies like Bunitama can increase their investments in sustainable forest management, focusing on the indigenous communities and their needs”***

The opportunity resides in the funding gap: it would be profitable and interesting for DFIs who provide loans, such as FMO, to come into play once the initiative has shown its potential and initial results, after five years of existence. At that point donor funding is dwindling, whereas there is a critical need for financial resources to multiply the effects of the initial progress.

Development finance institutions can bridge that gap by coming in at a time where the risk is lessened by the initial track record and the community ownership. Investing with a blended finance approach would allow traditional donors to lessen their grant funding but remain involved, and investors to supplement the funding mix, as local populations generate income from conservation and preservation activities and their governments provide the necessary mechanisms for sustained financial support.

The frontline is receding, it is no longer fringe communities in remote areas of the planet who are feeling the consequences of biodiversity loss, it is and it has always been all of us. Adopting a blended finance approach might first step to making sure that nature conservation becomes everyone's number one priority, but it is not the only one. With more funding, companies like Bunitama can increase their investments in sustainable forest management, focusing on the indigenous communities and their needs. It can also support investments in technology which plays a big part in the real time monitoring of environmental and biodiversity risks, and in building the capacity of civil society organizations and local authorities conducting the training and evaluation efforts. Only then will we be able to generate, market, and sell environmental credits which will reflect the true cost and benefits of sustainable natural resource management.

#### Thanks to the experts who contributed to this piece:

**Paul Wolvekamp,**

Deputy Director at Both Ends,

**Eric Wakker,**

Senior adviser at Earth Equalizer Foundation

**George Stopczynski,**

Sustainability Analyst at Bunitama,

**Emmanuelle Berenger,**

Sustainable Forests Management Lead at Rainforest Alliance.

Share this page

