

# EXECUTIVE SUMMARY

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## Context

Conceptually, ecosystem services are benefits that received by society and originate from dynamic interactions among ecosystem components consisting of plants, animals, microorganisms, and biotic environment. Environmental services can be categorized into 4 (four) types: provisioning services, regulation services, support services, and cultural services. Meanwhile, environmental services that are commonly marketed are hydrological services, landscape beauty, biodiversity and climate regulation (carbon sequestration).

Management of environmental services in forestry and environmental sectors aims to realize comprehensive, sustainable environmental service benefits for the prosperity of society while also maintaining the proper functioning of forest areas. In the context of environmental service development in Indonesia, the legal framework used refers to Law No. 41 of 1999, as well as Law No. 32 of 2009 concerning environmental protection and management (Law 32/2009) and Government Regulation No. 46 of 2017 concerning Environmental Service Instruments (PP 46/2017).

Payment for Ecosystem Services (PES) has become a strategy for environmental management and improving the communities economy at the site level as actors that interacting with forests. Granting management rights to communities through PES has been widely practiced, and to enhance management, it can be done through PES itself.

## PES Opportunities in Village Forest Areas (HD)

PRCF Indonesia Foundation looks the opportunity to support programs for the holders of village forest management rights (HPHD)

HPHD is granted to communities through LDPH for 35 years via Ministerial Decree of Environment and Forestry to manage and utilize the proposed areas. PES can accommodate social forestry groups through activities such as natural resource management, protection, capacity development, infrastructure development to achieve sustainable forest management and community welfare. Private sector entities and consortiums willing to provide financial support for the implementation of PES programs and ensure that the funds they provide are used for activities that obey to ecosystem-based standards. Currently, PRCF Indonesia has been empowering and supporting HPHD efforts in North Kapuas Hulu KPHU area in Nanga Lauk Village, Embaloh Hulu Sub-district, and in South Kapuas Hulu KPHU, specifically in Nanga Betung Village, Sri Wangi Village, Nanga Jemah Village in Boyan Tanjung Sub-district, Tanjung Village in Mentebah Sub-district, and Penepian Raya Village in Jongkong Sub-district through a PES approach.

## The Experience in implementing PES programs

In October 2018, Lestari Capital launched a financing mechanism to support long-term nature conservation efforts, spanning 25 years. This mechanism is known as Sustainable Commodities Conservation Mechanism (SCCM) based on the Plan Vivo standard. Financing for Nanga Lauk Village Forest project, titled "Rimbak Pakai Penghidup," started in 2019 and was agreed to be implemented until 2044.

In the next period, Lestari Capital launched a new financing mechanism named the Rimba Collective (RC) program.

This program represents a collective action approach involving various stakeholders to provide funding support aimed at mobilizing up to US\$1 billion to help protect and restore 500,000 hectares of forests and improve the livelihoods of 32,000 people in rural communities in Southeast Asia. Rimba Collective program is implemented based on the Climate, Community, and Biodiversity (CCB) standards owned by Verra Institution.

By the experience and performance that PRCF Indonesia gained from collaborating with Lestari Capital regarding the facilitation of village forest project management in Nanga Lauk, PRCF Indonesia has once again earned the trust of Lestari Capital, the manager of Rimba Collective, to become the project operator and facilitate communities in implementing an ecosystem service payment program in 5 villages in the South Kapuas Hulu Forest Management Unit (KPH), namely Nanga Betung Village, Sri Wangi Village, Nanga Jemah Village in Boyan Tanjung Sub-district, Tanjung Village in Mentebah Sub-district, and Penepian Raya Village in Jongkong Sub-district under the program titled Rimba Pakai Kemuka Ari. The agreement between PRCF Indonesia and RC to support the Rimba Pakai Kemuka Ari Program was signed by both parties in May 2022, and the project began in June 2022, with plans to continue for 25 years until May 2047.

## Publication Purposes

In this book, PRCF Indonesia aims to share the information and experiences that gained from the implementation of Payment for Ecosystem Services (PES) program, starting from the initial data collection stage, FPIC (Free, Prior, and Informed Consent) Conceptual Stage, Baseline Study, Concept Note Submission, Budget Submission, thorough testing/Due diligence, MoU stages, Implementation, Reporting, and Monitoring and Evaluation (M&E). These stages are essential steps for NGOs/Community Groups that will access ecosystem service payment programs through CCB (Climate, Community, and Biodiversity) and Plan Vivo standards, or other similar approaches.

