

Financing Forest Restoration

Prepared for MegaFlorestais

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Agenda

- ▶ About Blue Forest
- ▶ Overview: Forest Resilience Bond
- ▶ Case Study: Yuba Projects
- ▶ New Strategies
 - FRB Catalyst Facility
 - California Wildfire Innovation Fund



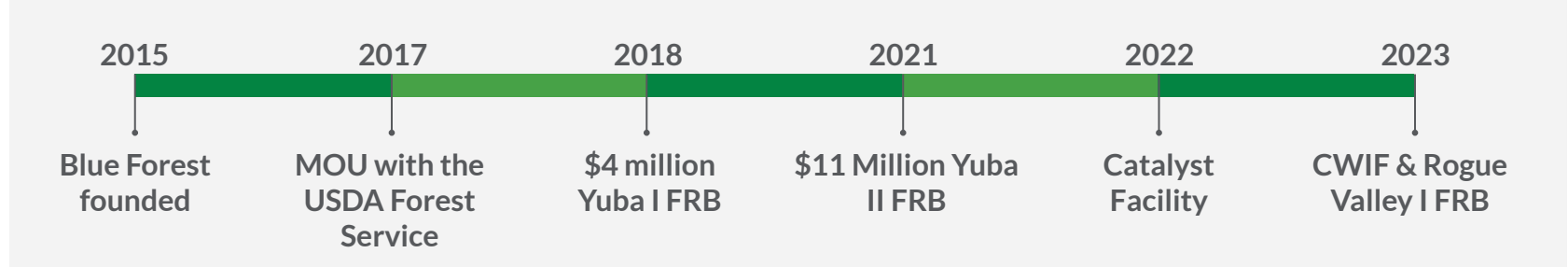
Innovative Conservation Finance Organization

About Our Organization

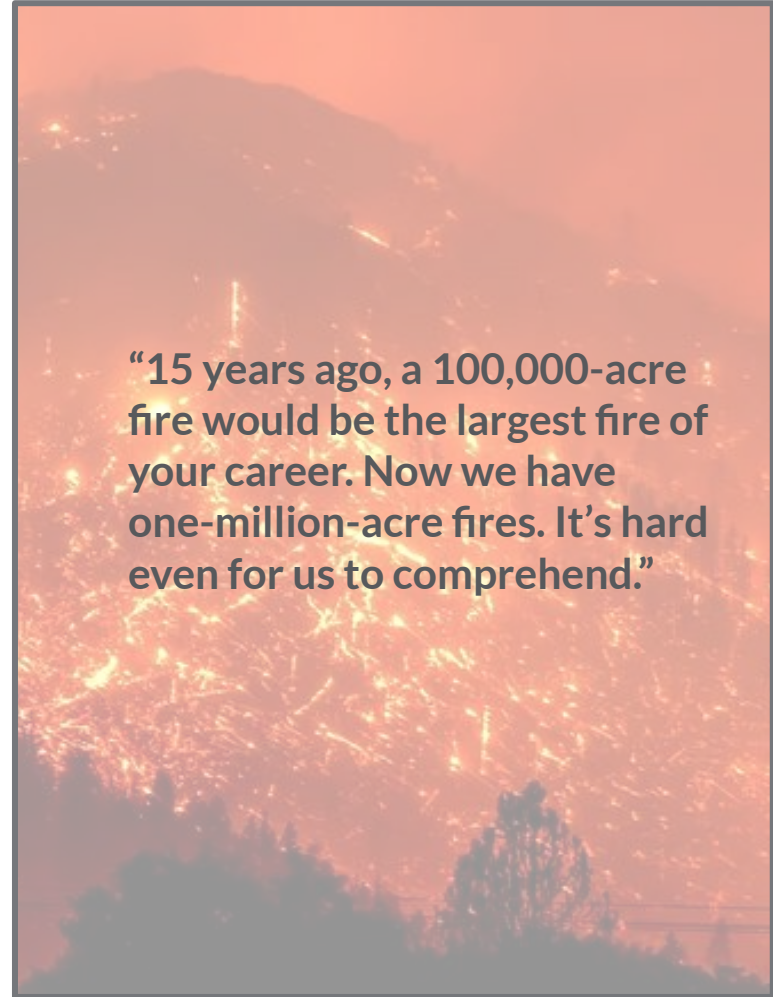
- ▶ Blue Forest Finance Inc. (Blue Forest) is a mission-driven, nonprofit organization creating **sustainable financial solutions to environmental challenges.**
- ▶ An **interdisciplinary team of 30** scientists, finance experts, and engineering professionals.
- ▶ Blue Forest's signature financial product, **the Forest Resilience Bond (FRB)**, deploys private capital to finance forest restoration projects on private and public lands that reduce the risk of catastrophic wildfire and enhance landscape **resilience.**



Timeline



The Wildfire Crisis



Forest Resilience Bond as Conservation Finance

The **Forest Resilience Bond (FRB)** develops new funding streams to increase the pace and scale forest restoration.

Create New Funding Streams

- **Attract Flexible Funding** for planned forest and watershed restoration projects
- **Quantify Ecosystem Benefits** to engage & motivate beneficiaries to additionally contribute to projects to expedite forest restoration
- **Develop Long Term Contracts** supporting local contractors and wood products infrastructure

Finance Upfront Project Costs

- Provide upfront capital needed for project work to enable **faster implementation**
- Allow implementation partners to pay contractors within 7-10 days, **reducing cash flow burden**
- Smooth cash flows and seamlessly combine multiple funding sources to **enable consistent and ongoing work**

Goals of the Forest Resilience Bond



Enable landscape scale restoration by blending and bringing in new funding streams



Accelerate implementation by removing administrative and financial burdens

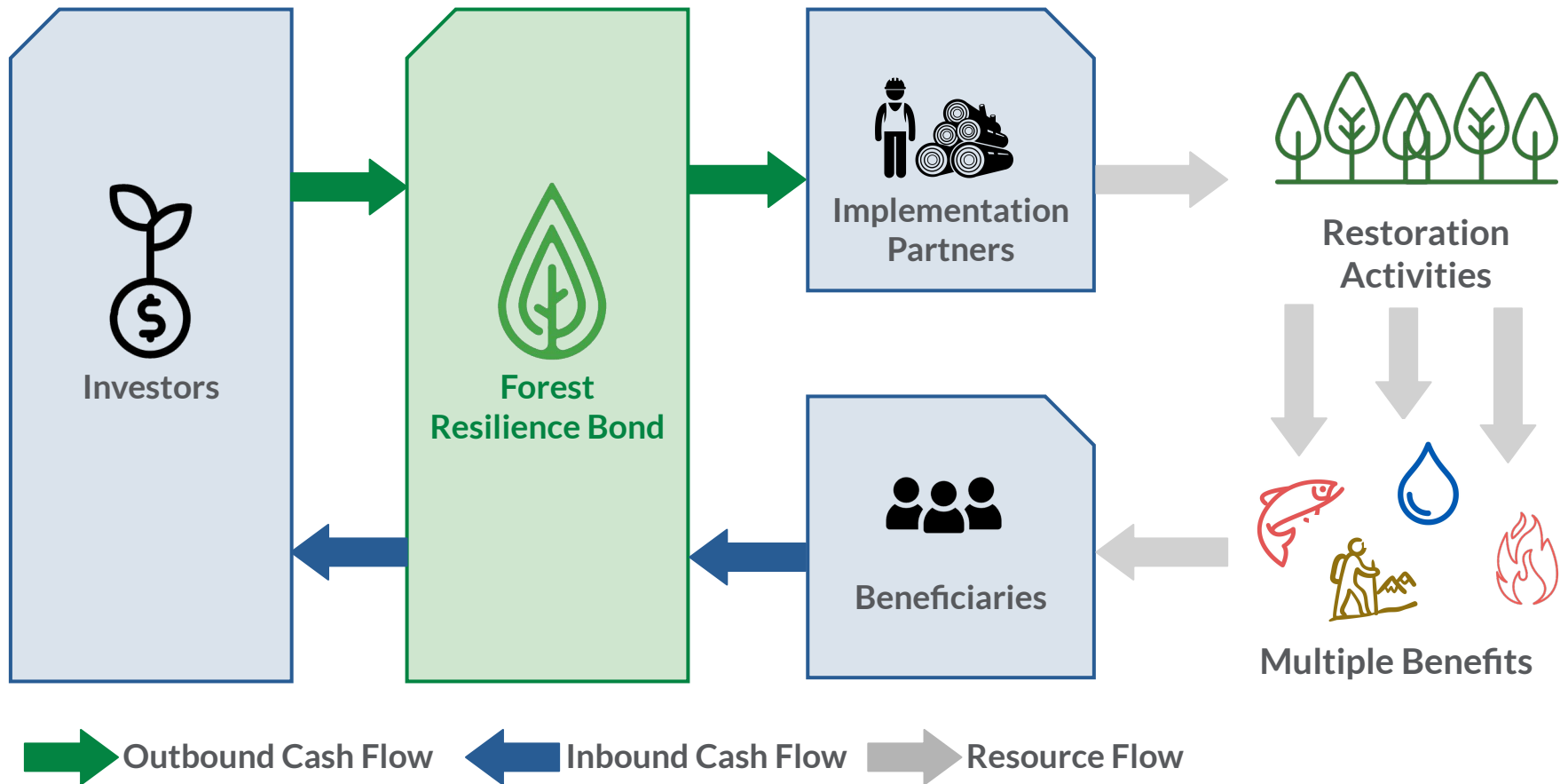


Facilitate collaboration and increase capacity

Guiding Principles

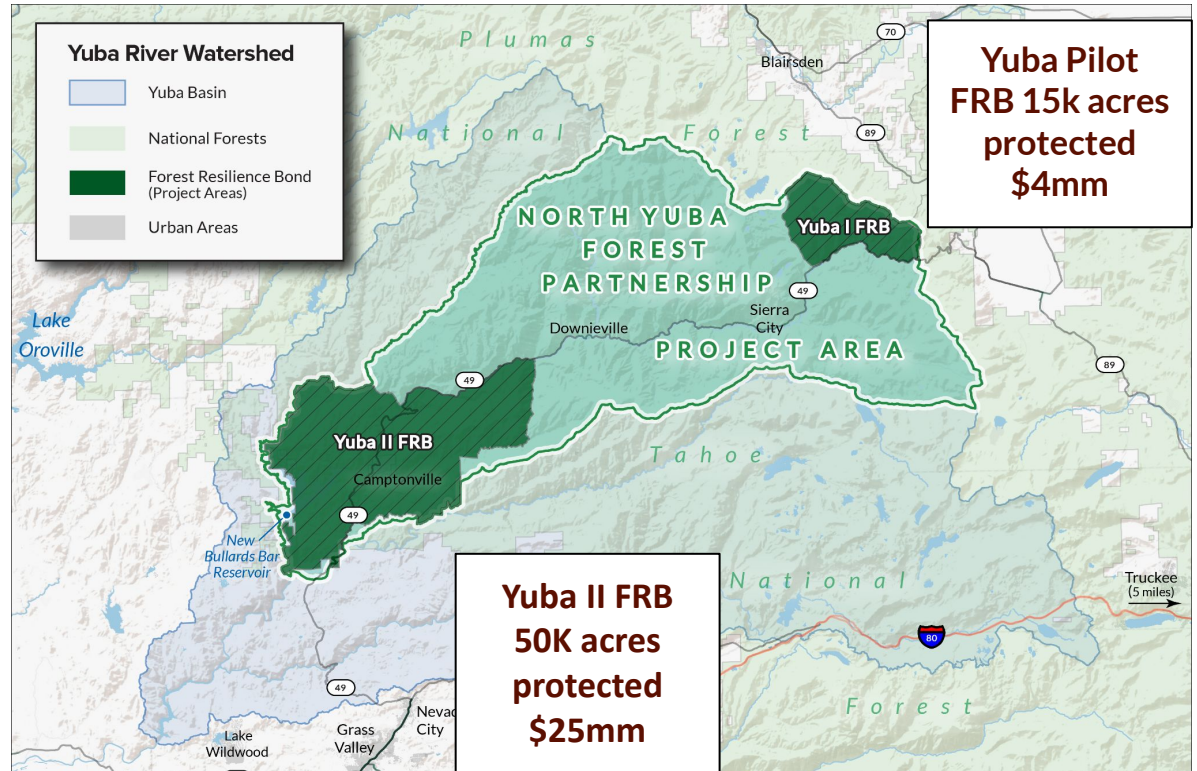
- Supports projects that are regional priorities and scale across the landscape
- Does not influence project planning and priorities

Forest Resilience Bond Flow of Funds



Project Overview: Yuba Forest Resilience Bonds

- ▶ Initial pilot FRB to protect 15k acres
- ▶ Scale to future FRB: 50k acres
- ▶ Spur sustainable growth in biomass, timber, recreation
- ▶ Catalyzed formation of the North Yuba Forest Partnership (275k ac)
- ▶ Beneficiaries include Yuba Water Agency, State of California, private corporations



North Yuba River Watershed, Tahoe NF, California

New Investment Strategies

Blue Forest is deploying new strategies to address the wildfire crisis.

FRB Catalyst Facility

- Pooled investment vehicle that finances portfolio of **high-impact pilot projects**
- Targeting investments in at least **10 FRB projects**, revolving \$12 million into \$50 million worth of project activities.
- Projected to **restore at least 50,000 acres** and reduce fire risk on at least 100,000 acres

California Wildfire Innovation Fund

- First-of-its-kind **climate solutions strategy** that seeks to generate competitive financial returns while reducing fire risk
- Targets investments in **emerging opportunities** across the forest restoration, wood utilization, and wildfire mitigation sectors
- Anchored by and created in partnership with **CSAA Insurance Group**



BLUE FOREST

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