



Project snapshot

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| Type | Forests |
| Region of interest | United States |
| Blueprint owner | Blue Forest Conservation |
| Financial instrument | Debt (market rate and concessional - up to 10-year term) |
| Proof of concept | Established |

In a nutshell

The Forest Resilience Bond (FRB) provides a means to engage private sector investment to fund ecological restoration activities that reduce fire risk and deliver environmental and social co-benefits. The financial model innovates through the use of investor capital to fund restoration quickly and at scale, and a cost-sharing approach among beneficiaries. As such, the FRB model encourages a collaborative systems-level response to forest health challenges that makes use of funds, experience, and expertise from a range of public and private players.

Investment and operating model

The FRB relies on contracted cash flows to monetize the ecological and social outcomes associated with forest restoration, thereby using an investment structure comparable to conventional infrastructure project financing. The funds are invested in restoration projects that are already planned by the US Forest Service (USFS). Those restoration efforts can include removing excess vegetation, reforestation, species control and habitat enhancements.

The decisive element of the FRB is its ability to raise private capital to fund the full cost of restoration upfront, thereby enabling immediate implementation of all restoration activities rather than being constrained by yearly budgets. The ultimate goal is to use market-rate capital. However, in the early stages of demonstration, patient capital - usually in the form of foundation and public sector grants or concessional loans - is crucial. Stakeholders who benefit from project

outcomes - such as federal and state land management agencies, utilities and private landowners - share the costs of reimbursing investors over time - either through fixed cost-share payments or pay-for-success payments based on project outcomes. Contracted payments to investors will be made for up to 10 years, in line with the timing of benefits expected.

Impact measurement

The interventions financed by the FRB have a variety of positive outcomes on ecosystems, including:

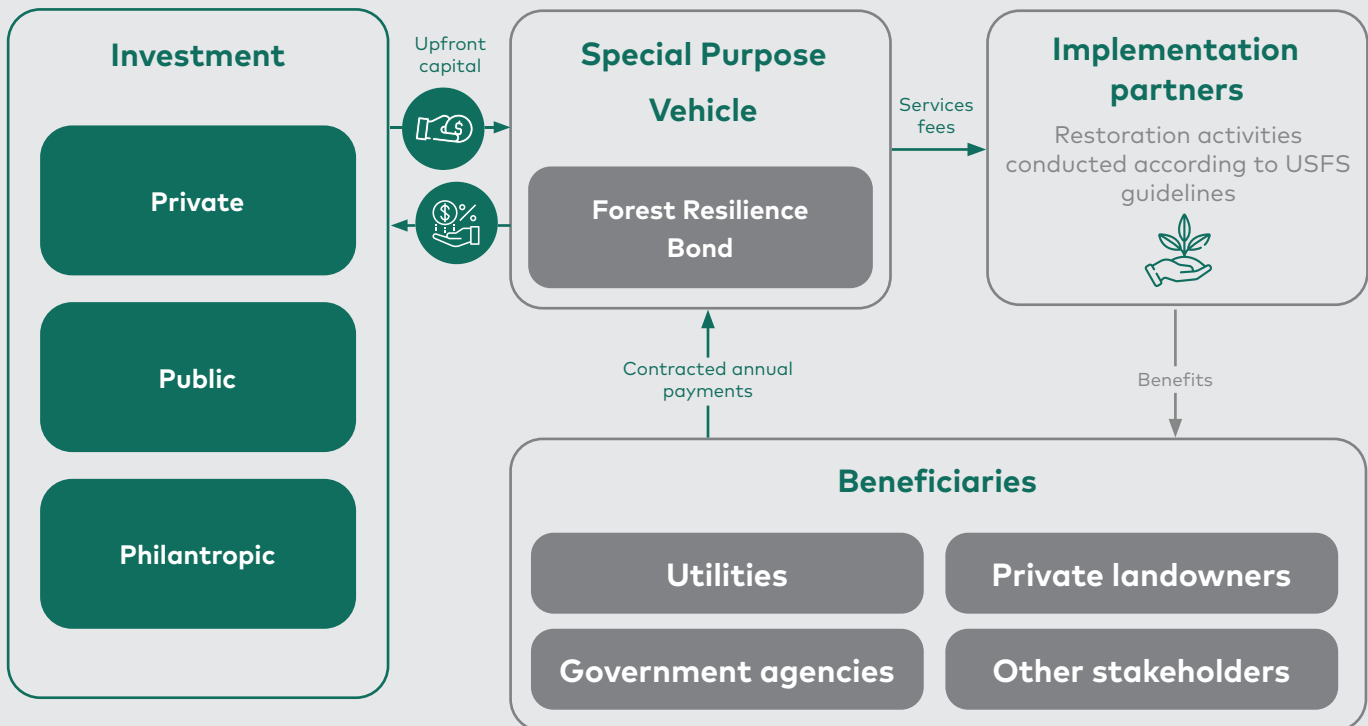
- Increased water quantity, which can be measured through high-resolution satellite data;
- Improved water quality, which is linked to the reduction in sediment transport. Several models, as the Revised Universal Soil Loss Equation, can be used
- Avoided carbon emissions through reduced fire risk - a carbon standard for hazardous fuel reduction in fire-prone forests is currently being established.

Forest restoration projects can also deliver social impact, such as recreational opportunities and rural economic development.

Scalability and replication

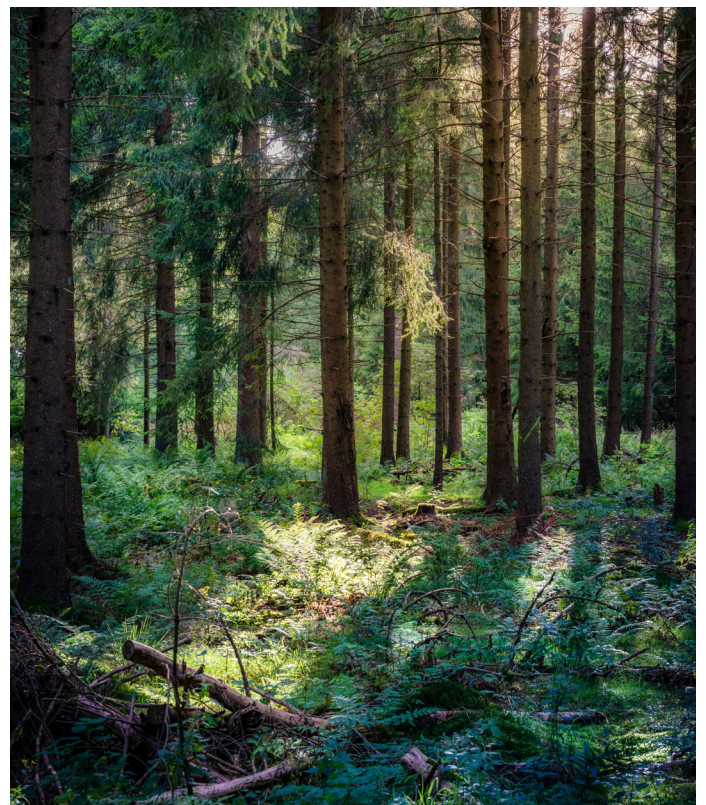
The FRB is replicable in locations where there is a need for upfront financing to fund an ecological intervention and there are beneficiaries willing and able to share the cost of repayments. The complexities of replication include identifying project sites, beneficiaries and investors, and setting up contracts with those entities. Currently, case studies have been implemented in the United States.

Investment and operating model



Would you like to know more?

The Coalition for Private Investment in Conservation (CPIC) is a global, multi-stakeholder initiative with a mission to enable conditions that support a material increase in private, return-seeking investment in conservation. These blueprints support this mission by providing replicable investment models that incorporate innovative finance solutions to encourage the participation of private investors.



More information on this blueprint is available [here](#).

Contact: **CPIC Secretariat** • info@cpicfinance.com • www.cpicfinance.com