



Exploring Financial Solutions to the Wildfire Crisis in Portugal

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Fellow Kick-off Roundtable

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Science + Finance + Collaboration

About Blue Forest

Blue Forest is a non-profit that advances ecosystem restoration through scientific research, financial innovation, and collaborative partnerships.



- Founded in 2015
- Now around 40 people
- Launched our work in the Western U.S. and currently have initiatives in Canada, Central America, and southern Europe
- We bring together stakeholders & arrange financing to support nature-based landscape restoration projects
- Primarily work in fire-prone ecosystems to reduce the risk of catastrophic wildfires



What is conservation finance?

Conservation finance is the practice of raising new funding and financing capital to support holistic ecosystems and community health.

CF options vary by **source** (e.g. public, private, and nonprofit funders); by **type** (loans, grants, tax incentives, market mechanisms); and by **scale** (local to national to supranational).



Goals of Conservation Finance



**Larger
Projects**

Non-traditional funding sources →
landscape-scale projects



**Faster
Projects**

Streamline project management and
contractor payments → quicker
implementation



**Capacity
Building**

Promote partnership opportunities,
build local capacity, and leverage funds



Our Approach

Science

Centers science and analysis anchored in rigorous, empirical research

Financial Innovation

Uses concessional financing & blended capital to support nature - based solutions

Partnerships

Partners with communities, investors, & other local stakeholders to support restoration

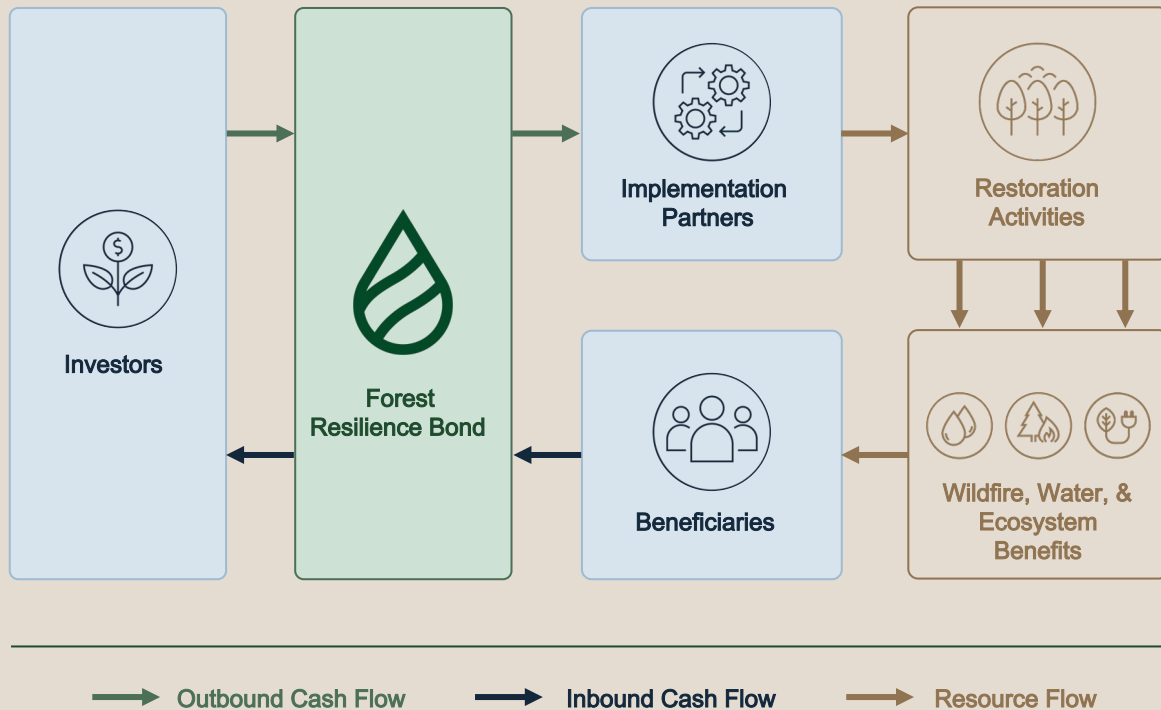


Blue Forest does NOT plan projects



Example Flow of Funds

The Forest Resilience Bond is a conservation finance vehicle that helps deploy capital to **ease cash flows** and **add new value streams** to fund restoration work, while **shifting the risk** from landowners and public agencies to private investors.



Types of Ecosystem Benefits

Revenue enhancement



- Improved crop quality, quantity, & reliability
- Enhanced tourism revenue
- Increased hydropower revenue from water supply reliability

Cost avoidance or risk mitigation



- Reduced fire risk
- Reduced flooding risk
- Increased water supply & quality reliability
- Avoided sedimentation

Compliance & Values



- Aquatic habitat obligations
- Water quality standards
- Cultural resource protection
- Partnership goals



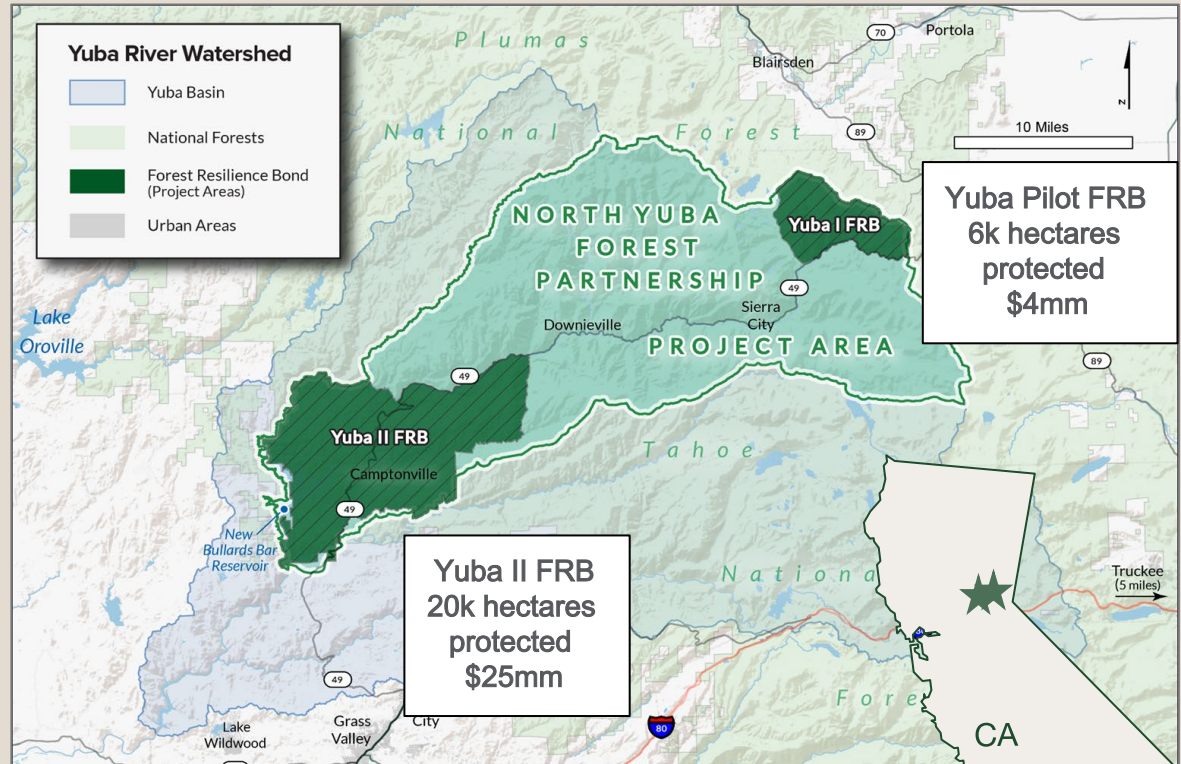
Project Case Study: Yuba I & II FRBs

Activities : Thinning, prescribed burning, meadow restoration, etc.

Implementer : non-profit National Forest Foundation

Beneficiaries : Yuba Water Agency, State of California, and – for Yuba II – private corporations

Impact : FRB development catalyzed formation of the North Yuba Forest Partnership and follow-on funding opportunities



North Yuba River Watershed, Tahoe NF, California



Elements of Successful Projects

	Vision and Partnership	<ul style="list-style-type: none">● Regional community support and alignment with local priorities● Strong engagement from land manager
	Operations	<ul style="list-style-type: none">● Planned and permitted project● High-capacity implementation partner(s)
	Outcomes and Modeling	<ul style="list-style-type: none">● Scientific data and models to benchmark ecological and economic benefits
	Funding and Beneficiaries	<ul style="list-style-type: none">● Multiple parties that benefit from project implementation
	Finance and Legal	<ul style="list-style-type: none">● Engaged and committed investors● Executed contracts and agreements

Who represents the land owners & local stakeholders?

How will the project be planned & permitted? Who are the implementation partner(s)?

What benefits do these projects bring? How do we model them?

Who are the project beneficiaries? What level of contribution could they make?

What contracting types make the most sense?



Thank you!

If you'd like more information,
please get in touch.

Email
connect@blueforest.org





Wade Salverson, Senior Forester
U.S. Dept. of the Interior
Bureau of Land Management



- ▶ Management for Fire Resilient Landscapes
- ▶ Mediterranean climate, long growing season, ample precipitation
- ▶ Private land. 93 percent forestland private
- ▶ Small parcels
- ▶ Historical trend of decreasing land use and maintenance



1 **Piloto - Alto Tâmega**



Municipalities

Montalegre
Boticas
Chaves
Ribeira de pena
Vila Pouca de Aguiar
Valpaços

2 **Piloto - Região de Coimbra**



Municipalities

Coimbra
Miranda do Corvo
Lousã
Arganil
Penela
Góis
Pampilhosa da Serra

3 **Piloto - Algarve Barlavento**



Municipalities

Aljezur
Monchique
Silves
Vila do Bispo
Lagos
Portimão
Pampilhosa da Serra



Pilot Area Assessment:

What factors favor Conservation Finance



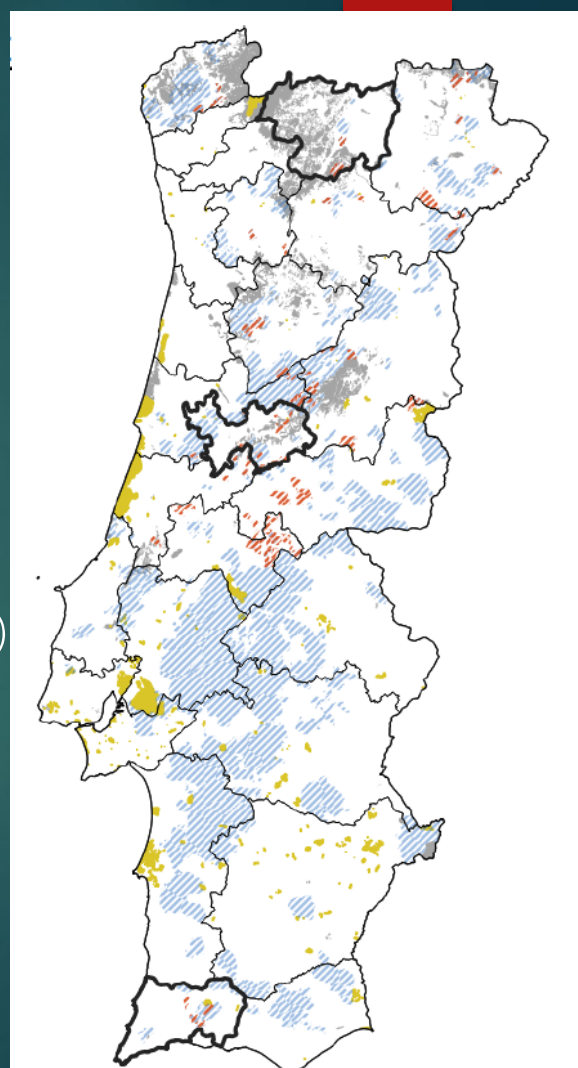
- ▶ Wildfire Fuels Reduction Need
- ▶ Landowner Incentive/Interests
- ▶ Investor Return
- ▶ Natural Resource Markets
- ▶ Potential Resource Revenue or High Probability, Attributable Risk
- ▶ Scale

From Fire Liability to Fire Resilience



Scale: Feasibility and Effectiveness

- ▶ Forest Intervention Zones (ZIF)
- ▶ 1.94 M ha, 31,000 forest owners (ICNF)
- ▶ Integrated Landscape Management Areas (AIGP)



Which Conservation Finance Tool To Use?

- ▶ Conservation Finance can be understood as a contract or set of contracts.
- ▶ Direct contract between investor and landowner versus Forest Resilience Bond (three party: investor, beneficiary, landowner).
 - ▶ Fewer parties are more efficient but tradeoff might be less capital.
 - ▶ Bonds typically requires uniform covenants and enforceable repayment.
- ▶ Are ZIF FOAs able to enter into land use contracts in exchange for forest improvement treatments?