

NEWS

\$1.8 MILLION IN GRANTS ANNOUNCED FOR *INNOVATIVE FINANCE FOR NATIONAL FORESTS PROGRAM*
—Ten awards support development of finance models that seek to leverage private sector capital to support resilience of the National Forest System and surrounding lands—**U.S. Endowment for Forestry and Communities, Greenville, SC****National Forest Foundation, Missoula, MT**

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Ten new grants will support local stakeholders partnering with project developers to connect private capital to unfunded environmental challenges in National Forests and surrounding landscapes in Alaska, the Pacific Northwest, California, Rocky Mountains, Appalachians, and New England.

The \$1.8 million in awards are the first announced for the *Innovative Finance for National Forests Grant Program*. This new partnership is funded and administered by the USDA Forest Service National Partnership Office's Conservation Finance Program, the National Forest Foundation (NFF), and the U.S. Endowment for Forestry and Communities (Endowment). The ten projects funded were selected from nearly 50 proposals received in the inaugural year of the grant program.

"This partnership is the most ambitious effort yet to unlock private investment capital to improve the health of America's National Forest System and adjacent private lands," said Carlton Owen, the Endowment's CEO. "Each award is an important experiment to determine if investors can realize environmental and social outcomes, and financial returns, while delivering much-needed financing to address burgeoning needs, as wildfire reduction."

"These grants will help communities address some of the most pressing challenges on National Forests and surrounding private lands," said Mary Mitsos, president and CEO at the NFF. "The partners selected for funding will tackle innovative approaches to reduce impacts of unnaturally severe wildfire, enhance visitor experiences at National Forests, protect drinking water sources, and help better manage important species such as coho salmon and white oak."

"The Innovative Finance for National Forests program is advancing the Forest Service's efforts to think outside the box when it comes to financing critical work to promote watershed health and sustainable recreation infrastructure," said Jacqueline Emanuel, Director of the Forest Service National Partnership Office. "This program supports our efforts to test new ideas, demonstrate proof of concept, and refine and scale innovative approaches that leverage private capital to finance priority work."

Two projects are being co-funded with generous support from private foundations: The Southwest Colorado Wildfire Environmental Impact Fund is being developed in partnership with the Walton Family Foundation and the Exemplary Forestry Investment Fund grant in Maine is being matched by an anonymous private foundation.

Innovative Finance for National Forests is a five-year, competitive grant program. Additional information is available at ifnfrants.org.

Ten projects were selected for funding in the inaugural year of the Innovative Finance for National Forests Grant Program:

Refining and Expanding the Forest Resilience Bond -- \$495,000 to Blue Forest Conservation (California) to refine and replicate the Forest Resilience Bond model, developed with the World Resources Institute and piloted in the Tahoe National Forest, California, primarily for watershed protection. In partnership with the USDA Forest Service, the model will be expanded to up to four additional National Forests focused initially in California and the Pacific Northwest. The Forest Resilience Bond is a public-private partnership that enables private capital to finance much-needed forest restoration work and is the nation's first financial product to support proactive management of the National Forest System. Blue Forest Conservation will also explore incorporating new ecosystem co-benefits into repayment revenue streams.

Southwest Colorado Wildfire Environmental Impact Fund — \$275,000 to the Mountain Studies Institute. The Mountain Studies Institute, in collaboration with Quantified Ventures and Ellen Roberts, will structure an Environmental Impact Fund (EIF) to address wildfire risk to watersheds and communities in Southwest Colorado using an outcomes-based financing approach. Building on the project team's initial feasibility assessment, the EIF will function as a revolving loan fund to finance forest health treatments across thousands of acres of mostly private lands in and near the San Juan National Forest. The EIF will also leverage federal resources, private landowner contributions, and revenues from the sale of biomass material generated from thinning to restore natural forest density. This project is being developed with support from and in partnership with the Walton Family Foundation.

Biomass Energy Implementation Fund — \$201,000 to Wisewood Energy (Oregon) to structure an investment fund dedicated to implementing multiple community-scaled biomass energy projects near National Forest System lands in the Pacific Northwest and Alaska. This fund is intended to alleviate barriers to the construction of advanced wood energy systems that use small-diameter and low-value biomass from National Forests and surrounding areas, which will help restore forest health, reduce wildfire hazards, protect water quality and accelerate forest restoration projects in the Western U.S.

Inyo National Forest (California/Nevada) Campgrounds Business Plan — \$150,000 to the Mammoth Lakes Trails and Public Access Foundation (MLTPA) which, in collaboration with Quantified Ventures, will develop a business plan that evaluates needs for campgrounds, identifies potential sources of funding through cost-sharing partnerships, and proposes finance options to address an estimated \$70 million funding gap for campground upgrades in California's recreation rich Eastern Sierra.

Oregon Coast Salmon Restoration Environmental Impact Fund Feasibility — \$140,000 to Quantified Ventures to assess the feasibility of structuring an EIF to finance an estimated \$24 million in salmon restoration projects along the Oregon coast. Oregon coast coho salmon are imperiled due to disconnected and degraded habitat. Stakeholders are collaborating on cross-boundary approaches to salmon recovery and watershed health, but significant funds are needed to support restoration efforts. The feasibility assessment will quantify price-measurable project outcomes and evaluate the potential of payors to reimburse investors for project work. This includes government cost savings from culvert maintenance,

support for fisheries, improved water quality, and private dairy farm cost savings from improved road infrastructure.

Mount St. Helens (Washington) Recreation Infrastructure Environmental Impact Bond Feasibility — \$127,000 to the Mount St. Helens Institute. The Institute, in collaboration with Quantified Ventures, will explore the feasibility of an outdoor recreation Environmental Impact Bond (EIB). Mount St. Helens National Volcanic Monument currently lacks overnight accommodations, which limits local economic impact and tourism spending, the visitor experience, and educational opportunities. Monies from the EIB would be used to transform the Coldwater Visitor Center from a day-use site to an energy-efficient, educational, and memorable multi-day experience for youth and adult visitors.

Wildfire Resilience Insurance Product -- \$125,000 to The Nature Conservancy, to demonstrate that ecological forestry practices at scale will lower the price of insurance, which can make premium savings available to finance ecological forestry. TNC will use an ecological forestry project in the Tahoe National Forest to quantify commercial insurance price and availability benefits to asset or landowners. Funds will support data collection, quantification of insurance price and availability benefits from ecological forestry, insurance modeling, and development of first ever wildfire resilience insurance pilot products which take into account the severe wildfire risk reduction benefits of ecological forestry practices.

Mt. Baker-Snoqualmie National Forest (Washington) Mountain Loop Highway Environmental Impact Bond Feasibility — \$125,000 to Quantified Ventures to assess the feasibility of leveraging outcomes-based financing to finance improvements to recreation infrastructure in the National Forest. The Mountain Loop Highway provides visitors with access to camping, boating, historic sites, wilderness, and more than 200 trail miles. The forest infrastructure was not designed to support current demand, which negatively impacts user experience and biophysical resources. The feasibility study will quantify and price measurable project outcomes and evaluate the potential of outcome payors to reimburse investors as project activities are completed.

Exemplary Forestry Investment Fund — \$120,000 to the Maine Mountain Collaborative to develop a timber investment fund to address two challenges: declining public/private funding for land conservation in Maine, and declining forest conditions necessary for healthy ecosystems. The goals are to increase stocking of the forest for improved habitat, high-value forest products, and carbon sequestration while providing acceptable returns to investors. This grant is being matched by an anonymous private foundation.

Financing Kentucky White Oak Restoration — \$118,000 to the American Forest Foundation, a national conservation organization, to explore outcomes-based financing to support white oak restoration in Kentucky's Daniel Boone National Forest and adjacent private and family-owned lands. White oak is a cornerstone species that provides important wildlife habitat and valuable wood products. It is the preferred wood for aging bourbon. Current management programs for white oak are insufficient to meet future environmental and economic demands. Funds will support a feasibility assessment that quantifies measurable impacts, identifies potential payors for long-term white oak management, and establishes a monitoring protocol to ensure desired project outcomes.

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The **U.S. Endowment for Forestry and Communities** (Endowment) is a not-for-profit public charity working collaboratively with partners in the public and private sectors to advance systemic, transformative, and sustainable change for the health and vitality of the nation's working forests and forest-rich communities — usendowment.org.

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The National Forest Foundation works on behalf of the American public to inspire personal and meaningful connections to our National Forests. By directly engaging Americans and leveraging private and public funding, the NFF leads forest conservation efforts and promotes responsible recreation. Each year the NFF restores fish and wildlife habitat, facilitates common ground, plants trees in areas affected by fires, insects and disease, and improves recreational opportunities. The NFF believes our National Forests and all they offer are an American treasure and are vital to the health of our communities -- nationalforests.org.

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The Conservation Finance Program at the USDA Forest Service **National Partnership Office** (NPO) works to increase and unlock new sources of funding and financing to support agency priorities, with a focus on return-driven investment opportunities that engage private capital by aligning environmental, social and financial outcomes — usda.gov.