

Regional Collaboration as a New Way Forward

In recent decades, the face of rural forested areas has been changing, driven by macro-trends like climate change, globalization and population migration, as well as micro-trends like changes in societal values and investment priorities. The results have been unemployment for many, declines in forest health, increased forest fragmentation, and community disenfranchisement. These trends are consistent across ownership patterns and forest type. While the immediate impacts of these changes are felt locally, they have national and global ramifications.

The Opportunity

Solutions require visible demonstrations of a new way forward. To that end, the Endowment has launched its Forest Investment Zones Initiative founded on the belief that individual rural communities must work together at a regional scale if they are to reverse the trend and restore hope.

The Forest Investment Zones

In all three zones — The Northern Forest, Central Appalachia, and the Dry Forest — collaborators are passionately addressing forest health and community development, using innovation and entrepreneurialism as key drivers.

Collectively, the three Zones represent a significant portion of the nation's

forests (approaching 10%) and a potentially historic opportunity to leverage local and regional capacities into a national movement to bring new life and long-term sustainability to forests and forest-reliant communities.

The Endowment has committed more than \$6 million (\$2 million/Zone) over five years beginning in 2009 to advance this work, which will leverage at least an additional \$5 million in matching investments from local and regional funders.

“The work of our partners in the Forest Investment Zones Initiative shows promise to slow the fragmentation of working forestland, redevelop the infrastructure to support forest-based economies, build community assets, restore damaged ecosystems, create new value streams and engage local participation in the management of forestland.”

**Alan McGregor, Vice President,
U.S. Endowment**

Each Zone collaboration independently identified a set of activities as foundational to local economic success within their region. Interaction of the three Zones also allows unprecedented opportunities for learning and sharing resources across the different regions.

The Northern Forest Investment Zone (NFZ)

In recent decades, the 26 million forest acres of “northern forest” — the northern portions of NY, VT, NH, and ME — have changed hands, forest-based industries have shed tens of thousands of jobs, and markets for forest products and services have been severely affected by global pressures.

These difficult transitions also bring opportunity. New products and jobs are being created from natural assets. Policy makers are valuing forests in new ways to reduce reliance on heating oil (New England accounts for 84% of U.S. consumption) through renewable, local woody biomass and to understand carbon sequestration and watershed services.

Catalyzed by Endowment investment, the **Northern Forest Center** and its partners are implementing a regional

vision characterized by healthy, productive forests, and vibrant forest-reliant communities.

Strategies/expected impacts include:

Creating new and revitalized forest value streams: landowner access to water and carbon markets; community-scale woody biomass energy projects; and retained or new forest industry jobs and businesses.

Building regional capacity: \$13.5 million in private financing invested in forestry and forest-related enterprises; 100 organizations networked to impact public policy.

Delivering community benefits: New community forests and a pilot sub-regions for integrating multiple forest value streams.

The Dry Forest Zone (DFZ)

The DFZ includes 15 counties in eastern OR and northern CA. Forests are the leading natural resource that can sustain local economies; many are at high risk for catastrophic wildfire. Most communities face increasing poverty and unemployment and are displaced from urban markets and transportation corridors. However, innovation and national leadership in collaborative restoration and forest stewardship are bubbling forth.

The DFZ is developing a regional model to increase the viability of sustainable forest stewardship in which

rural communities participate and prosper. This strategy involves two anchors—clusters of three high poverty counties in the northeast and southwest ends of the Zone. Local organizations will accelerate community and business infrastructure development to support sustainable forest management. These efforts will act as models for the rest of the Zone. Between the anchors, innovation is fostered through technical assistance to nonprofit organizations and businesses, advanced training workshops, peer-to-peer networking, and collaboration.

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.DFZ planned outcomes are:

- Integrated woody biomass facilities across the zone;
 - Retention and creation of businesses and employment related to land management and the production of alternative value streams; and
- Networks of strong nonprofit, government, business, and community organizations that are working together to restore the forests and create and sustain viable green enterprises.

Central Appalachian Forest Zone (AFZ)

The AFZ includes the Appalachian counties of KY, OH, TN, VA and WV. Poverty and economic distress are deep and persistent; economies have relied heavily on natural resource-based activities such as forestry, mining, and agriculture.

The AFZ initiative is led by **The Central Appalachian Forestry Alliance**, a network of organizations, directed by the **Mountain Association for Community Economic Development, Rural Action**, and **Appalachian Sustainable Development**.

This region is densely forested and biologically rich. Roughly 90% of forests are privately owned in parcels averaging 30 acres. Forest industries are major economic players, but struggling. Sound forest management is sparse and forest health is tenuous. Solutions are needed that generate new income, respect rural livelihoods, strengthen the forest products sector, and improve forest health.

The AFZ plan includes three overarching outcomes: increased, sound forest management; greater income for landowners and forest workers; and

stronger forest-based enterprises, implemented through five strategies:

- 1) Providing a wood products market-linking business infrastructure to connect locally and regionally owned wood product producers with demand for local and certified wood products in and near the region. Zone research indicates forest industries in the CAZ are moving toward certified wood products to protect market share and develop new niche markets;
- 2) Developing the Center for Forest and Wood Certification to make the certification process affordable for landowners and businesses that see certification as a competitive advantage;
- 3) Generating offset revenue from the voluntary carbon markets;
- 4) Expanding support for non-timber forest products production (primarily ginseng) by private landowners;
- 5) Encouraging the Appalachian Regional Commission to invest in a regional sustainable forestry efforts.

Forest Zones: Benefitting Multiple Objectives

The Forest Zones Initiative advances all aspects of the Endowment’s Theory of Change, which plots specific direction to the Endowment’s mission “to work 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-reliant communities.”

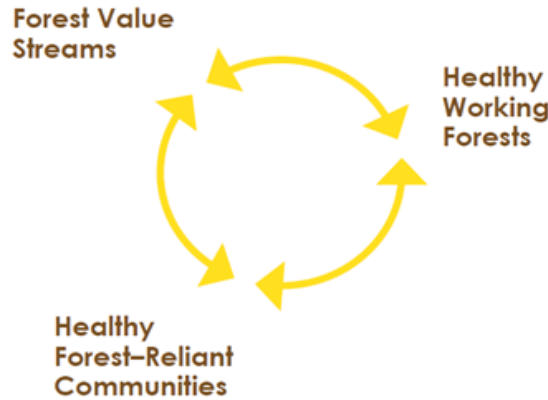
Healthy Working Forests - Zone strategies revolve around developing new markets and value streams that will help retain and expand working forests; creation of community forests is one popular strategy.

Forest Value Streams— Without new sources of revenue, some landowners

cannot generate enough income to pay the costs of forestland ownership. The Zones are all engaged in development of woody biomass markets and forest ecosystem services.

Healthy Forest-Reliant Communities: The greatest number of family supporting jobs will come through retention and growth of traditional wood products markets (e.g. lumber and paper). All the Zones are developing new strategies for promoting wood products, with a special emphasis on green and locally-grown products. The very nature of the Zone

Initiative is to use region-wide networks to promote community advancement.



U.S. Endowment Programmatic Investments (through 8/31/2011)

Award Date	Objective/Grantee	Funding			
		Endowment	Matching Funds	Total	
2008	Central Appalachian Zone/ MACED	\$2,000,000	\$1,200,000	\$3,200,000	
In Progress	2008	Dry Forest Zone/Sustainable Northwest	\$2,000,000	\$1,438,826	\$3,438,826
	2008	Northern Forest Zone/Northern Forest Center	\$2,000,000	\$1,386,730	\$3,386,730
	TOTALS	\$6,000,000	\$4,025,556	\$10,025,556	

The U.S. Endowment for Forestry & Communities, Inc. (Endowment) is a not-for-profit corporation established in late 2006, at the request of the governments of the United States and Canada in accordance with the terms of the Softwood Lumber Agreement (SLA) between the two countries. The Endowment’s mission is to work 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-reliant communities.