Innovative Finance for National Forests

Projects selected for second round of grant funding

Defueling the Fire: Piloting a Resilience Fund for Weber River Watershed Communities (Pilot)

$295,000 to Summit County, Utah to pilot a Resilience Fund (RF) with key partners that pools funding commitments from local public and private entities to leverage state and federal funds for watershed health and wildfire resilience on USFS, state, and private lands. The RF will raise upfront capital required to meet high initial forest restoration costs and provide consistent funding to support fuel reduction re-entry work to maintain fire-resilient communities over the next 20 years. The RF will overcome traditional siloed land management budgets and enable more efficient capital deployment across a variety of land ownerships based on recommendations from U.S. Forest Service and a research team from Utah State University that is studying the watershed.

Driving Conservation Outcomes through Innovative Finance for Recreation Management: A Learning Laboratory in Gunnison CO (Feasibility)

$150,000 to Western Colorado University for a research project on the Gunnison National Forest (GNF) to investigate how a university and non-profit partnership can finance and support infrastructure maintenance, visitor services, and ecological restoration in critical freshwater drainages near Crested Butte, CO. The GNF is transitioning dispersed camping areas to designated camping to mitigate landscape impacts and improve recreation experiences. The project will study financing instruments that will provide services which will pay back over time after operations expenses are withdrawn.

Central Oregon National Forest Dedicated Recreation Funding (Feasibility)

$150,000 to ECONorthwest for a research project on the most efficient structure for a National Forest recreation funding system in Central Oregon based on users and beneficiaries. Central Oregon's communities have strong connections to their local National Forests, the Deschutes and Ochoco, particularly for recreation. The key innovation for this project is use of recreation

benefit and beneficiary data at a detailed scale to design a user-based funding system. It must be compatible with equity and affordability objectives and complementary to ongoing and expanding local, state, and federal grant and loan programs, particularly those already underway in the region.

Piloting Wildfire Resilience Insurance (Pilot)

$249,000 to The Nature Conservancy (TNC) of California for a pilot project that follows on the success of research supported by a previous IFNF grant. TNC, working with its partner, global risk advisor, Willis Towers Watson (WTW), created a new insurance product, wildfire resilience insurance, which demonstrated that ecological forestry could reduce insurance premiums and considered the extent to which premium savings could fund or finance ecological forestry. For example, thinning and prescribed burning on over 30% of Placer County Water Agency's watershed in the Tahoe National Forest could reduce aggregate insurance premiums for 81,000 homes by over 40% or $21 million/yr. A 10 or 15-year bond serviced by insurance premium savings would more than cover the costs of first-entry ecological forestry. Wildfire resilience insurance also applies to commercial entities, such as utilities, timber companies, and ski resorts, whose properties and assets are at risk of severed wildfire.

Linking Public & Forest Health: Developing a Cost Benefit Model to Reduce Wildfire Smoke Impacts with Forest Management (Feasibility)

$149,773 to Blue Forest Conservation for a research project with the California Council on Science & Technology (CCST) on the El Dorado and Stanislaus National Forests into the public health impacts of wildfire smoke and the potential for additional investment in reducing wildfire risk. Forest restoration and management projects provide a variety of benefits including source water supply protection and direct wildfire protection to infrastructure and communities. One of the largest risks from wildfires is air quality impacts from widespread smoke emitted by catastrophic fires on National Forest System land. The economic impacts of wildfire smoke to public and private health systems are in the billions. These smoke impacts affect both low density populations in rural regions close to wildfires, as well as millions of people concentrated in major metropolitan areas when wind patterns transport smoke far from the wildfire footprint.

Leveraging Private, Public, and Philanthropic Partnerships to Finance the Mount St. Helens Lodge & Education Center (Pilot)

$99,495 to The Mount St. Helens Institute (MSHI) for a pilot project designed to finance recreational and educational opportunities through upgrades to the Coldwater Visitor Center (Center) at Gifford Pinchot National Forest and Mount St. Helens National Volcanic Monument in Washington state. A previous IFNF supported feasibility study identified two key problems where creative financing is required: that private finance can only cover a portion of the total cost, and overcoming risks associated with private lending for land operating on a U.S. Forest Service Special Use Permit.

Financing Innovative Partnerships for Rural Recreation Infrastructure (Pilot)

$377,000 to Quantified Ventures for two pilot projects on the Inyo (California) and Mount-Baker Snoqualmie (Washington) National Forests that build on previous IFNF feasibility study grant support. QV developed a model for financing recreation projects using a three-pronged approach:

1. Borrowing based on anticipated future project revenues from long term permits and deploying that capital to pay a portion of the upfront costs,
2. Quantifying the projects' impacts, identifying which organizations benefit, and securing financial support from those beneficiaries, and
3. Binding stakeholders, regional authorities, and local governments together through a "recreation council" structure that is empowered with the legal authority to engage in contract agreements, solicit public funds, and pass-through funding for target investments.

Scaling Biomass Energy Implementation Across Multiple USFS Regions (Scaling)

$115,550 to Wisewood Energy to continue IFNF support to launch Biomass Utilization Funds across the Sierra Nevada and Pacific Northwest. Wisewood seeks to capitalize two investment vehicles that will leverage public funds available for forest health and rural energy resilience combined with private equity and philanthropic mission-related investments to implement 2-4 community-scaled modern wood energy projects in three U.S. Forest Service Regions in

California, Oregon, and Alaska. By combining these sources of capital, strategies pioneered in other renewable energy markets will be adapted to the wood energy market.

Spurring Collective Action for Resilient Watershed Investments: A Blended Finance Strategy to Unlock Corporate, Utility, and Public Funds (Scaling)

$470,000 to World Resources Institute to work with the Bonneville Environmental Foundation and American Water Works Association to scale and accelerate corporate participation in conservation finance mechanisms on National Forests and adjacent lands in Regions 2, 3, 4, 5, 6, and 8. An estimated $50 million backs recent corporate commitments to net-zero emissions, halt the loss of nature, and enhance water stewardship (including more than 400 water targets). These targets have generated a demand for investment-ready water stewardship projects that increase water quantity and deliver other environmental co-benefits. However, it is hard to match this demand with a supply of projects on National Forests and adjacent landscapes. Emerging conservation finance (CF) mechanisms, like green bonds, Forest Resilience Bonds, conservation trust funds, etc., provide options to unlock this new funding stream and leverage utility and public funds.

Watershed Protection Rapid Response Fund: Leveraging Private & Public Investment for Emergency Storm Damage Repairs (Feasibility)

$63,717 to Trout Unlimited for a research project into the feasibility of a public-private investment vehicle that can be used both retroactively to pay for prompt repairs to storm related damages to the road system in North Carolina's Pisgah and Nantahala National Forests and adjacent communities and proactively for strategic infrastructure upgrades at vulnerable locations on roads before they become the next storm casualty. Existing storm related emergency funding from the federal government will be explored as a possible payback mechanism. Major storm events routinely overwhelm western NC national forest's road infrastructure resulting in stream crossing failures, road washouts and landslides which damage fish and stream health, public access, and drinking water supplies. The U.S. Forest Service annual budget does not cover repair costs for these roads and other federal emergency relief funds can take three or more years to obtain while damages grow worse over time.

CalForest WRX – Stimulating Investment in Forest Health and Community Well-being (Feasibility)

$84,986 to Humboldt County, California for a research project into the feasibility of a Forest Health Fund (FHF) to subsidize forest thinning and biomass removal. The CalForest WRX Alliance is a diverse group of stakeholders convened to improve social, economic, and environmental sustainability in Northwestern California including the Six Rivers National Forest. This project aims to reduce severe wildfire risks from small diameter timber on public and private lands by unlocking opportunities to generate a positive revenue flow from forest resources that are currently low value. It seeks to use these products to meet demand in the manufacturing industry, particularly around affordable and low-income housing projects.