National Partnership Office | July 2024

Innovative Finance for National Forests
Summer 2024 Approved Projects

The Innovative Finance for National Forests (IFNF) grant program supports the development and implementation of innovative finance models that leverage private and public capital other than US Forest Service (USFS) annual appropriations to enhance the resilience of the National Forest System (NFS) or adjacent private lands and that seek to deliver commensurate returns to stakeholders. Projects fall into one of three categories:

- Scaling: Projects in this category enable on-the-ground implementation at a larger scale and/or faster pace by expanding previously piloted models.
- Pilot: Projects in this category enable on-the-ground implementation of models or approaches that present innovations in securing capital.
- Feasibility: Projects in this category are early-stage projects that explore an idea via research and development and contribute to new knowledge or tools that could enable novel investment.

Caldor/Cosumnes Watershed Outcomes Bank (Pilot) – California
$300,000 to The Freshwater Trust to pilot a Watershed Outcomes Bank framework. This framework will leverage together multiple sources of funds and target those coordinated funds to strategically cultivated projects across the Cosumnes River Watershed, including the Eldorado National Forest, that most cost-effectively achieve watershed resilience targets. This pilot project, which builds on a Round 3 IFNF feasibility study award, will implement a central entity and partner governance structure for match funding, financing, and efficient fund delivery.

Protecting Source Water and Reducing Wildfire Risk in Rural Communities (Pilot) – Wyoming
$250,000 to the City of Cheyenne, in collaboration with the World Resources Institute and the Cheyenne Board of Public Utilities, to pilot the potential use of the Wyoming State Revolving Loan Fund program to finance forest restoration activities on the Medicine Bow-Routt National Forests and Thunder Basin National Grassland. State Revolving Loan Funds offer favorable terms for municipalities to fund water quality treatments and wildfire prevention activities. This arrangement can allow local communities to implement essential interventions they otherwise might not be able to afford.

Financing for Acid Mine Drainage Treatment (Pilot) – Ohio
$287,000 to Rural Action, Inc. for startup costs for a full-scale treatment plant near the Wayne National Forest that will harvest iron oxide from acid mine drainage discharge. The

harvested iron oxide will be used to create paint pigments for sale and will create a reliable funding source for watershed restoration efforts in the region.

South Central Oregon Seed Orchard Financing Innovation (Pilot) – Oregon
$300,000 to American Forests to bring innovative financing to reforestation efforts by attracting private investment into seed orchard establishment. The goal is to reduce long-term seed shortage bottlenecks by producing high quality, climate-adapted seeds and generate financial returns via seed sales. This project specifically engages the Fremont-Winema National Forest and will produce seed that is critical to meeting regional public, private, and tribal reforestation goals.

Innovative Finance for Agave Restoration: Piloting a Nursery Loan Guarantee Program (Pilot) – New Mexico and Arizona
$300,000 to Bat Conservation International, in collaboration with New Leaf Climate Partners, to address the decline of agave habitats in the Southwest United States. This project combines nursery assistance, habitat restoration, and innovative financing, including piloting a loan guarantee program to enhance nursery capacity for native agave seedlings. The initiative aims to deliver long-term ecological benefits across the Southwest United States, starting in the Gila and Coronado National Forests.

Funding and Finance Feasibility for Enhanced Recreation in North Central Washington (Feasibility) – Washington
$131,000 to TREAD to assess regional funding options and explore a new governance structure for recreation enhancements near the Okanogan-Wenatchee National Forest. TREAD will explore new financial resources for recreation and the creation of a new entity to support cross-jurisdictional decision making, deployment of resources, and improved implementation for recreation outcomes.

Visitor Driven Financing for Sustainable Recreation
$147,500 to the National Forest Foundation (NFF) to assess the feasibility and effectiveness of targeted visitor-centered marketing approaches to generate new financial resources for recreation management across several national forests. NFF will establish a collaborative Recreation Finance Working Group, including local partners and National Forest staff, to guide and inform evaluation processes, site selection, and fund management structures.

Digital Assets for Conservation
$49,610 to Quantified Ventures to explore in a white paper the use of decentralized ledger technologies and digital assets to engage a new community of payors. The white paper will assess ways in which these tools could increase the funds available to land managers, including the US Forest Service for conservation, resiliency, and recreation projects. QV will lead the exploration of what gaps exist in the ESG space for digital assets, identify the digital asset type that fits the gap, and outline pathways(s) forward to integrating digital assets into conservation finance.

Assessing Biomass Utilization Solutions to Unlock Renewable Energy and Accelerate Wildfire Resilience on the Willamette National Forest
$148,500 to South Willamette Solutions for a feasibility analysis to measure, quantify, and discover markets for underutilized biomass from the Willamette National Forest wildfire recovery and resilience work, which could support existing businesses and emerging technologies. Collaborators include U.S. Department of Energy Local Energy Action Program.

Exploring the Value of Ignition Reduction on the Impacts of Post-Fire Flooding in Southern California (Feasibility) – California
$150,000 to Blue Forest, in partnership with Chapman University and Louisiana State University, to analyze the impacts of forest restoration on runoff, erosion, and management costs borne by the Riverside County Flood Control and Water Conservation District near the Cleveland National Forest. This project aims to determine the value of upstream restoration activities to flood control districts.