

Watershed Investment Partnerships

Forest Service's Conservation Finance Team

9/6/2017

Forest Service Conservation Finance

The Forest Service Conservation Finance Team's mission is to increase and expand available finance for Forest Service restoration, conservation, and stewardship objectives across all lands through partnerships with the conservation finance sector



- ▶ New financial resources
- ▶ Engaging non-traditional stakeholders
- ▶ Incorporating new tools

Conservation Finance Overview

- ▶ Two categories
 - ▶ Investments with no direct or immediate financial return/profit expected
 - ▶ Investments with a financial return/profit expected
- ▶ Underlying belief: It is possible to align environmental, social, and economic returns – the “triple bottom line”



Players and Drivers

▶ Players

- ▶ Socially responsible investors
- ▶ Impact investors
- ▶ Fund managers
- ▶ Philanthropic organizations, NGOs, etc.

▶ Drivers

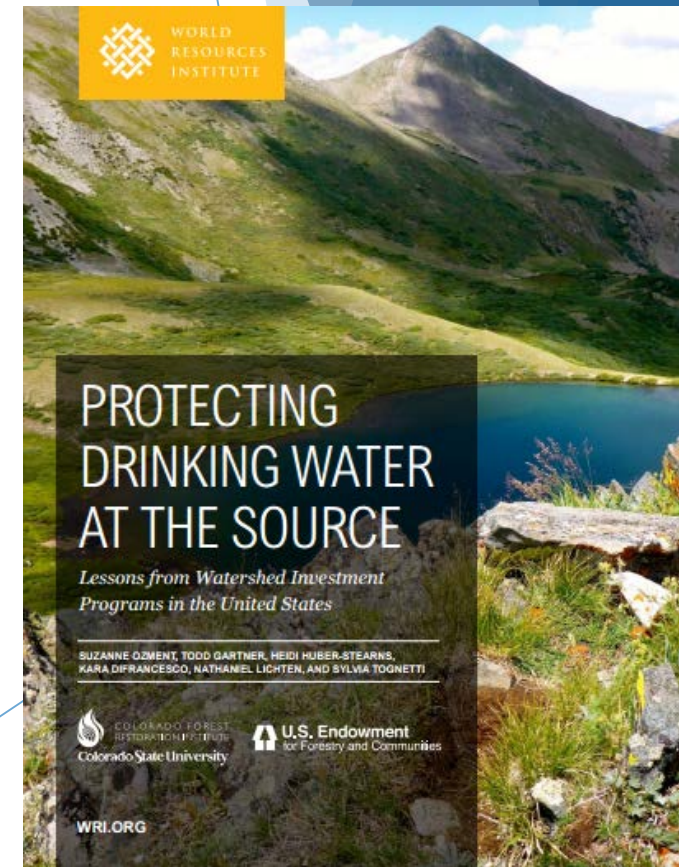
- ▶ Concern over climate change
- ▶ Concern over gaps in funding for ecosystems
- ▶ Wealth transfer to millennials and women
- ▶ Access to info on corporate impacts
- ▶ Value-based consumer decisions
- ▶ Market performance!

Forest Service Engagement in Conservation Finance Space



Watershed Investment Partnerships

- ▶ Reduce wildfire risk and post-fire flood impacts
- ▶ Provide urban areas with clean drinking water
- ▶ Reduce capital outlays to update infrastructure
- ▶ Meet sustainability goals of water-dependent companies



Source Water Protection

- ▶ Forest restoration across urban-rural continuum can:
 - ▶ Reduce infrastructure expenses to provide clean drinking water
 - ▶ Produce co-benefits and support local jobs
 - ▶ Reduce wildfire/flooding risk
 - ▶ Meet CSR goals
- ▶ The Forest Service manages 20% of our nation's water supply on 193 million acres of land

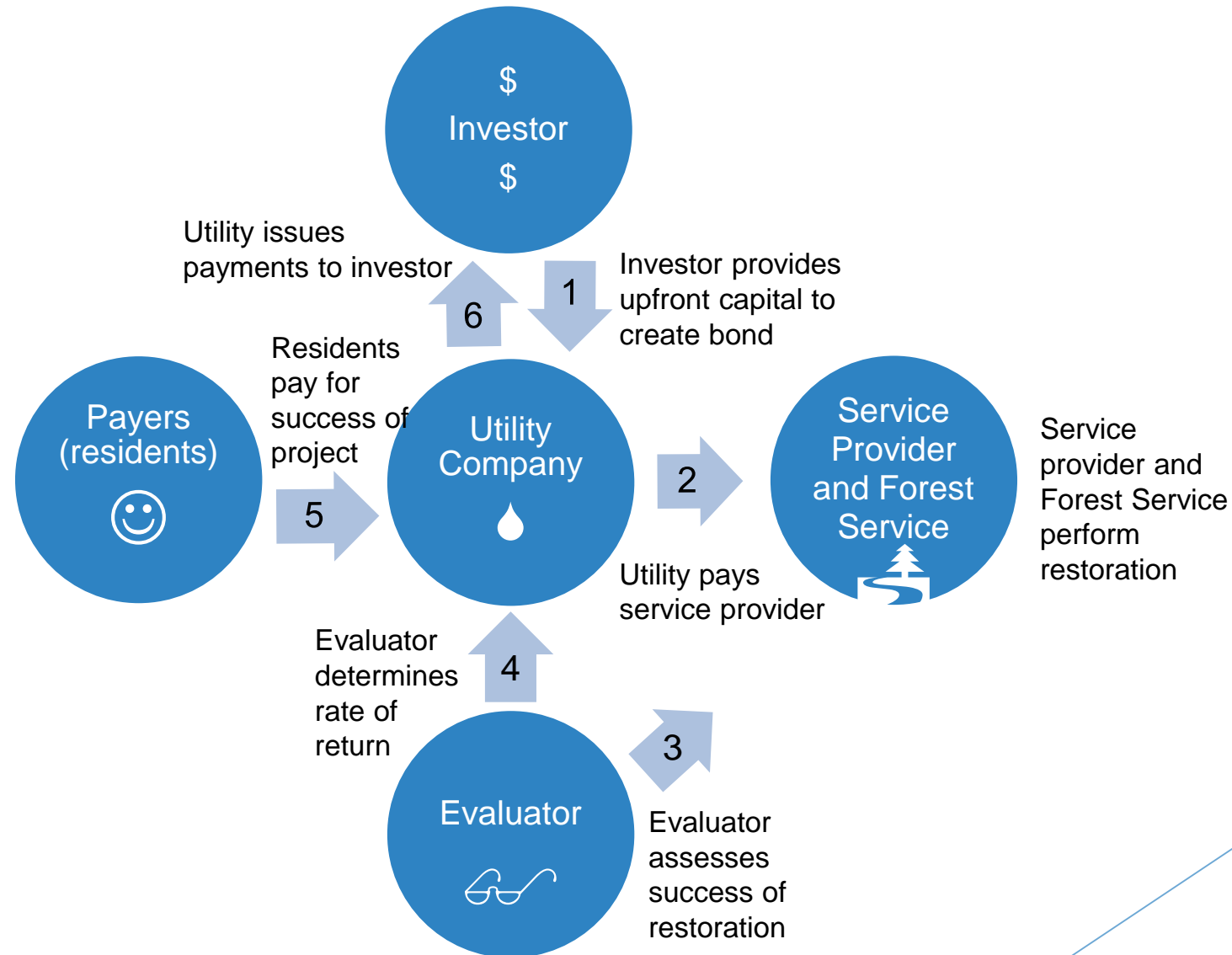


Municipal Utility Green Performance Bond for Source Water Protection

The objective of the partnership is to structure a bond whose revenues fund forest-based, cross-boundary watershed improvement activities for social, ecological, and economic benefits.



Example Bond



Landscape Criteria

- ▶ FS priority/capacity
- ▶ Water risks
- ▶ Socio-economic/utility conditions

Pathways for Identifying Landscapes

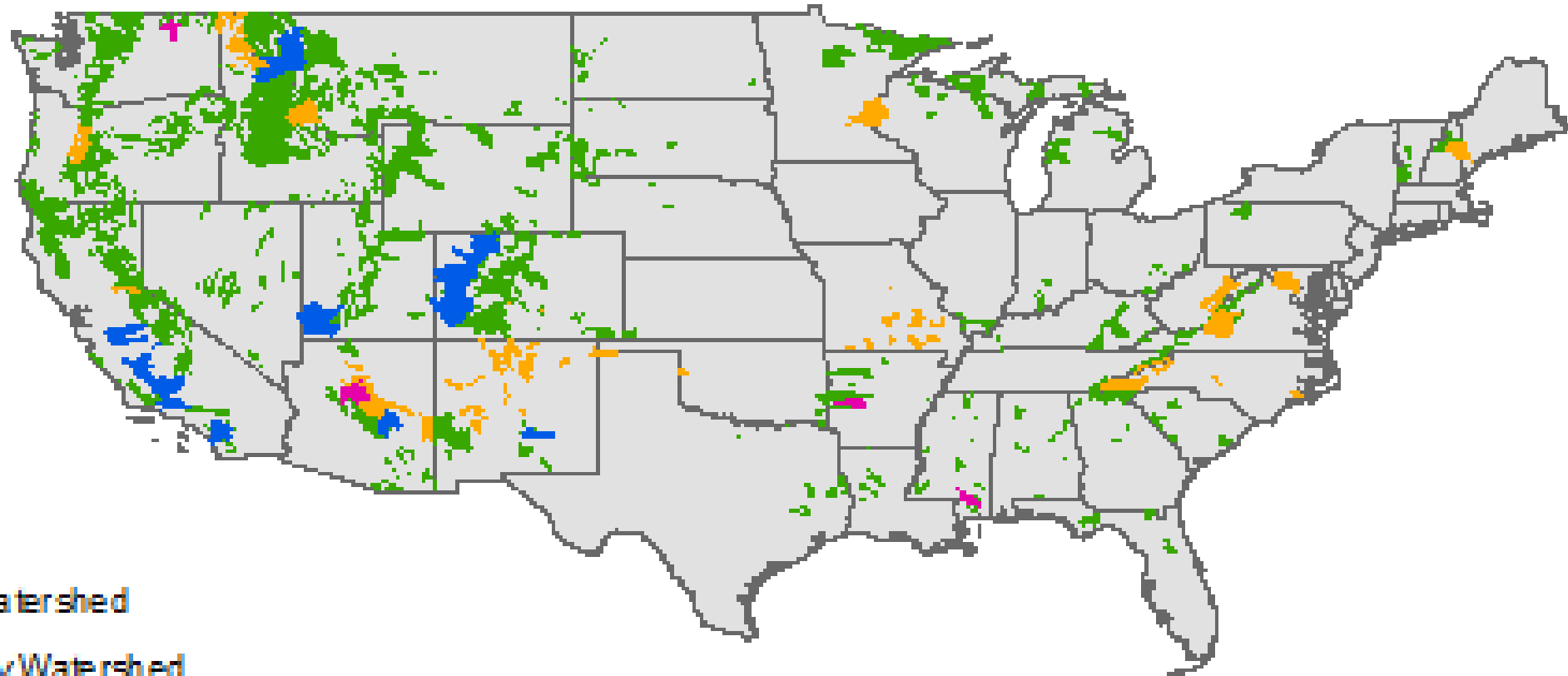
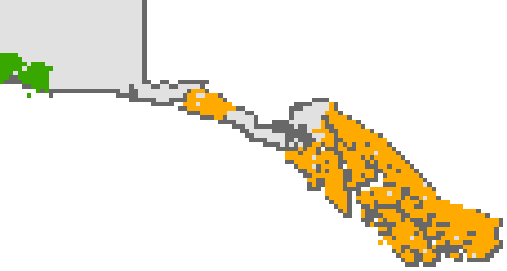
1. Mapping

- ▶ Forest Service priority areas analysis
- ▶ Landscape- and state-based analysis

2. Scoping: Field-submitted landscapes

3. Partner-identified landscapes

Identified Potential Landscapes



- Forest Service Priority Watershed
- Landscape-Based Priority Watershed
- Field-Submitted Landscape
- National Forest

Current Status

- ▶ TOP: Ouachita NF, UWC NF, Pisgah NF
- ▶ Additional Scoping: Willamette NF, Mark Twain NF, and Sam Houston NF
- ▶ Next Steps: Utility conversations, NF conversations

Questions and Discussion

Thank you for your time!