

What Corporate & Financing Partners Should Know about the Rural Forest Markets Act of 2023



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This year, a bipartisan group of congressional leaders introduced the **Rural Forest Markets Act of 2023**. At no cost to taxpayers, the bill would empower USDA to guarantee loans, bonds, or other investment vehicles **up to \$150 million** for projects that assist private forest owners in overcoming financial and technical barriers so they can generate and sell high quality carbon credits.

But what does this mean for investors in natural climate solutions?

Family Landowners are AFF's Mission

Over two-thirds of America's forests are privately owned.



These lands produce sustainable wood products, provide recreational opportunities, sustain wildlife habitat, and sequester carbon, among many other benefits. In addition to the opportunity to participate in new markets, private forest owners overwhelmingly desire to improve the stewardship of their lands. However, meeting their individual stewardship goals can often be difficult to afford. The Rural Forest Markets Act can change that.

One of the greatest barriers to entry into carbon and ecosystem service markets for private forest owners—especially small family and individual forest ownerships—is the significant upfront investment required to implement these projects. Existing federal programs and traditional private funders are often

unable to provide the necessary capital needed because of lack of eligibility or risk and return expectations. Through the creation of a federal guarantee program within the U.S. Department of Agriculture, the Rural Forest Markets Act can mitigate the risk associated with investments in carbon sequestration and other ecosystem service projects and facilitate new revenue streams for forest landowners across rural America. In turn, the Rural Forest Markets Act will help attract additional funding from the private sector by reducing the risk of investment into carbon and ecosystem service projects. The voluntary adoption of climate friendly forestry practices will empower rural forest landowners to increase the health and productivity of their forests.

What Corporate & Financing Partners Should Know

Voluntary carbon markets are at a significant inflection point and the passage and implementation of the Rural Forest Markets Act will be a powerful tool to de-risk investments in US-based forest carbon. Fundamentally, the Rural Forest Markets Act is about lowering the key barriers to scaling US-based forest carbon projects and unlocking a greater supply of high quality carbon credits for companies to meet their net-zero goals. Without the public sector helping to hold the risk for project developers and landowners, the market supply for

high quality, high integrity credits is likely to scale much more slowly. For US-based companies, opening the door to greater US-based credit production allows the benefits of your investments to flow to domestic landowners, providing high social, economic and environmental co-benefits. For companies outside of the US, supporting the Rural Forest Markets Act enables the production of high quality US-based forest carbon credits that can be added to your diversified portfolios.

Please contact James McKittrick (jmckitrick@forestfoundation.org) to join the coalition of supporters and see how you can help pass this critical initiative.



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