

**U.S. Natural Climate Solutions Accelerator Finalist:** The Family Forest Carbon Initiative: developing a scalable carbon incentives program to engage nation's family forest owners in forest management for carbon sequestration.

Partnership between the American Forest Foundation and The Nature Conservancy.

**The Family Forest Carbon Initiative** aims to develop a scalable carbon incentives program, which will incentivize forest owners to engage in forest management practices that preserve forest cover, sequester carbon, protect watersheds and biodiversity, and support local economies. This new initiative proposes to measure and monitor forest practices instead of sequestered carbon measured through extensive inventories, which is estimated to reduce the transaction costs by at least 75%. Reducing transaction costs will make it economically feasible for smaller forest owners to participate in a carbon offset program, subsequently delivering in aggregate a significant contribution to the United States' climate mitigation strategy. Currently ownership of at least 5,000 acres is required to balance the transaction cost of participating in carbon offset programs. Small size forest owners on average own 70 acres and constitute the largest portion of U.S. forests or a combined 270 million acres.

- **How it works:** Under the proposed program, small scale forest owners would be eligible for payments to assist in covering the costs of implementing forest practices and maintaining these practices over an agreed-upon time period. The level and timing of payment to a landowner would be based on the number of acres on which the practice is implemented, the overall cost of implementing the practice and the amount of carbon gained by the practice. A science-based analysis would calculate the carbon value from specific practices by forest type and inform the types of practices to be incentivized under the program.
- **Scaling up:** The ultimate ambition of the program is a nationwide public-private partnership in which private companies match government funds to incentivize management for carbon on family-owned forestland. This will result in partners being able to use the carbon sequestered through such practices to meet their regulatory obligations and/or demonstrate their climate leadership to customers, investors and others.
- **Toolkit:** Once such a program is developed, it could become an essential part of the toolkit that businesses, states, federal agencies and others use to implement Natural Climate Solutions climate-mitigation strategies. Examples include, but are not limited to: i) a leading corporation investing in its supply chain to incentivize practices that offset its footprint; ii) the 16 US Climate Alliance states providing tax incentives for landowners who implement carbon practices to help meet state climate goals; iii) a future Farm Bill including new Natural Resources Conservation Services (NRCS) programs that promote carbon practices to enhance the US carbon sink.

The initiative aims to pilot test the approach in Pennsylvania with about 100 landowners owning 5,000 acres, and in California with about 150 landowners owning 8,000 acres. Bringing such a program to scale over thirty years to encompass 50 million of the nation's 270 million small scale forest acres, is estimated to sequester 992 million tons of CO<sub>2</sub>e over the time period, delivering numerous environmental and social benefits and attracting billions of investments through the program to maintain healthy, working forests throughout rural America.