



Financing Nature-Based Solutions via the Greenhouse Gas Reduction Fund

Nature-Based Solutions Financing Working Group

Background

For the past decade, state and local green banks have successfully **accelerated private investment** in renewable energy, energy efficiency, and environmental infrastructure projects in their specific geographies. While green banks have historically focused primarily on clean energy and renewable projects, there is a growing interest in **using nature-based solutions (NBS), or environmental infrastructure, to meet the climate and community goals** shared by many of these mission-oriented financial institutions. **Community lenders may also be able to play a similar role.** The **\$27 billion Greenhouse Gas Reduction Fund (GGRF)** in the Inflation Reduction Act (IRA)—particularly the **\$14 billion National Clean Investment Fund** and **\$6 billion Clean Communities Investment Accelerator**—represents a once-in-a-generation opportunity to leverage private capital for investments in environmental infrastructure and nature-based solutions, but the groundwork needs to be laid now. This document summarizes the relevant GGRF funds and their applicability for nature-based solutions.

Table 1. Summary of relevant GGRF programs

	National Clean Investment Fund (NCIF Program Page)	Clean Communities Investment Accelerator (CCIA Program Page)
Budget	\$14 billion	\$6 billion
Funding Objective	To create national clean financing institutions capable of partnering with the private sector to provide accessible, affordable financing for tens of thousands of clean technology projects nationwide. These national nonprofits will provide financing to individuals and families, nonprofit organizations, for-profit businesses (especially small businesses), units of government, and others deploying these projects. These national nonprofit financing entities will mobilize private capital as they finance these projects.	Provide funding and technical assistance to specific industry networks of public, quasipublic, not-for-profit, and nonprofit community lenders. These community lenders could be community development financial institutions, credit unions, green banks, housing finance agencies, minority depository institutions, and others. As a result of this competition, hundreds of these community lenders will launch new or expand existing programs to provide low-income and disadvantaged communities much-needed capital to deploy projects.
Important Dates	October 12, 2023: Application due date March 2024: Notification of selection July 2024: Start of performance period	
Number of Awards	2–3 national nonprofit financing entities	2–7 hub nonprofits
Disadvantaged Communities	40% of funds must flow to disadvantaged communities	100% of funds must flow to disadvantaged communities

Investments in NBS can be targeted to under-served communities who are exposed to accelerating climate hazards. NBS projects can help to address past environmental injustices and build resilience against disasters, extreme heat, and pollution.

Table 1. Summary of relevant GGRF programs (continued)

	National Clean Investment Fund (NCIF Program Page)	Clean Communities Investment Accelerator (CCIA Program Page)
Priority Project Categories		<ul style="list-style-type: none"> Distributed energy generation and storage <ul style="list-style-type: none"> Net-zero emissions buildings Zero-emissions transportation
Project Eligibility	<p>Regardless of priority project categories, any project that meets all six of the requirements of a qualified project is eligible for support under this competition. An eligible project, activity, or technology would:</p> <ol style="list-style-type: none"> Reduce or avoid greenhouse gas (GHG) emissions, consistent with US climate goals Reduce or avoid emissions of other air pollutants Deliver additional benefits to American communities within one or more of the following seven categories: (1) climate change, (2) clean energy and energy efficiency, (3) clean transportation, (4) affordable and sustainable housing, (5) training and workforce development, (6) remediation and reduction of legacy pollution, and (7) development of critical clean water infrastructure May not have otherwise been financed Mobilize private capital. Support only commercial technologies, defined as technologies that have been deployed for commercial purposes at least three times for a period of at least five years each in the United States 	

NBS can deliver on all six of these requirements. For eligibility criteria 3, NBS could deliver on climate change, workforce training and development, remediation and reduction of legacy pollution, and development of critical clean water infrastructure

For more detail on these benefits, see Table 2.

While NBS are not listed as priority project categories, any project that meets all six of the project eligibility requirements can qualify. Many NBS project types could meet these requirements.

Source: EPA [Clean Communities Investment Accelerator](#) and [National Clean Investment Fund](#) Notices of Funding Opportunities (EPA 2023a, 2023c)

Table 2. Relevant eligible project categories for the greenhouse gas reduction fund (NCIF + CCIA) with examples of NBS projects that could provide listed benefits in each category

Category	Relevant Benefits Shared in NCIF and CCIA Funding Notices Potentially Provided by NBS	Potential NBS Project Types That Could Meet Program Requirements and Provide a Listed Benefit
Climate change	<ul style="list-style-type: none"> Reduction of GHG emissions and local air pollutants Creation of community resilience plans that specifically include addressing needs of disadvantaged communities Increased technical assistance and community engagement of disadvantaged communities Increased flood mitigation benefits Increased urban heat island effect mitigation benefits 	<ul style="list-style-type: none"> Creating plans that explore and prioritize nature-based solutions actions across a region integrating the needs of disadvantaged communities that could be used to enhance community resilience and climate mitigation (e.g., Northampton Climate Resilience & Regeneration Plan, Charleston Climate Action Plan, Port Angeles Climate Resiliency Plan) Protection and restoration of coastal wetland habitats such as salt marsh that can reduce coastal flooding and storm surge during large storms while storing and sequestering carbon (e.g., Narayan et al. 2017) Planting urban trees to help cool cities and provide associated health benefits and energy cost savings while reducing GHG emissions and sequestering carbon (e.g., Lungman et al. 2023)
Clean transportation	<ul style="list-style-type: none"> Reduction of exposure to harmful transportation-related emissions Increased bicycle and walking paths 	<ul style="list-style-type: none"> Planting urban trees to help remove air pollution in transportation corridors (e.g. Nowak et al. 2006)
Training and workforce development	<ul style="list-style-type: none"> Increased participation in good job training programs that target participation from disadvantaged communities, including formerly incarcerated individuals and youth transitioning out of foster care Increased climate-smart training, including training to identify waste, efficiencies, and GHG inventories Increased percentage of good job training programs within energy communities, such as those that include paid employment and that measure and report participant outcomes 	<ul style="list-style-type: none"> Creation of job training programs that instruct how to plan, install, and maintain different types of nature-based solutions projects (new federal jobs programs focused on climate often include funding for training on nature-based climate solutions [e.g., American Climate Corps, Climate-Ready Workforce for Coastal States, Tribes, and Territories Initiative])

Table 2. Relevant eligible project categories for the greenhouse gas reduction fund (NCIF + CCIA) with examples of NBS projects that could provide listed benefits in each category (*continued*)

Category	Relevant Benefits Shared in NCIF and CCIA Funding Notices Potentially Provided by NBS	Potential NBS Project Types That Could Meet Program Requirements and Provide a Listed Benefit
Remediation and reduction of legacy pollution	<ul style="list-style-type: none"> • Brownfield redevelopment • Reclamation of abandoned mine lands and capping of orphan oil and gas wells 	<ul style="list-style-type: none"> • Using nature-based solutions such as phytoremediation, bioremediation, revegetation, and constructed wetlands to help redevelop and remediate brownfields and other contaminated lands (e.g. Song et al. 2019)
Development of critical clean water infrastructure	<ul style="list-style-type: none"> • Reduction in the quantity of raw sewage discharged 	<ul style="list-style-type: none"> • In locations with combined sewer systems that collect sewage and stormwater runoff in a single pipe, large rain events can result in combined sewage overflows. Urban nature-based solutions like rain gardens, green roofs, urban trees, and bioswales can reduce stormwater runoff, which in turn helps reduce combined sewer overflows during storm events (e.g., EPA 2023b). Green stormwater infrastructure can support gray infrastructure, reducing loads while also sequestering GHGs, improving local air quality, and providing numerous other benefits.

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