

Activating Private-sector Leadership for Economic Growth through Working Forests – A Roadmap

Prepared by

The Richard King Mellon Foundation
The U.S. Endowment for Forestry and Communities

Special thanks to the Technical Advisory Committee members:

Larry Selzer, President & CEO, The Conservation Fund
John Hester, Chief Development Officer, National Hardwood Lumber Association (NHLA)
Dave Tenny, Founding President & CEO, National Alliance of Forest Owners (NAFO)

Planning support and facilitation provided by Dovetail Partners



Table of Contents

Overview	3
Perspective of Private Sector Leadership	4
Investment Opportunities Defined	5
Role of the Foundations and Investors	6
Priority Investment Areas	7
Activating Investment	9

Overview

The conservation of working forests across the United States depends on robust forest-product markets. Strong demand for forest products ensures that America's forests and the communities that depend on them can thrive. In recent years, however, markets for forest products have declined across the country.

To support the forest sector in meeting this current moment, the Richard King Mellon Foundation and the US Endowment for Forestry and Communities convened a National Leadership Forum on Economic Development Through Working Forests. This event, hosted in Pittsburgh, PA in October 2025, brought together over 150 leaders from 22 states representing more than 80 forest product organizations—alongside philanthropies and investors, architects and builders, researchers and conservationists—to identify solutions and investment opportunities to address the fundamental challenges to the forest product sector. Through a series of surveys, panels, and facilitated discussions, the Forum uncovered opportunities for new investments and partnerships with the goal of developing a framework for activating collaborative investments that ensure the health and vitality of America's working forests. A workshop on the following day further examined investment possibilities and strategic opportunities for collaboration. Workshop participants contributed to the identification of opportunities to create solutions to investment barriers and drive growth in the forest products sector. Representatives from government funders, philanthropy, institutional, corporate, venture, CDFIs, and family offices contributed their perspectives to the conversation around the types of investments that are needed to modernize and support the forestry sector, addressing the most important considerations in technology, policy, and forestry that drive different types of investors along with the role of philanthropy and impact investors to derisk investments for market rate investors.

Advising the Foundation and the Endowment on the development of this event and the production of this document was a group of technical experts from The Conservation Fund, the National Alliance of Forest Owners, and the National Hardwood Lumber Association.

Activating Private-sector Leadership on Economic Development through Working Forests outlines a shared, strategic path forward to secure the United States' leadership in sustainable forest products and healthy working forests. It represents a summary of perspectives captured through convening proceedings; conversations, comments, and

questions; follow-up interviews with experts; participant surveys; and an analysis of active investment projects.

At its core, this roadmap is a call to coordinated action that positions the U.S. forest products sector to lead in a rapidly changing economic and environmental landscape. With bold goals and adaptive strategies, collaboration and investment can harness emerging opportunities to deliver lasting benefits for communities, ecosystems, and industries across every region of the country.

Perspective of Private Sector Leadership

The participants that informed the development of this document represent stakeholders from the entire value chain—from forest management to markets to capital. Rather than a single stakeholder viewpoint this analysis reflects cross-cutting patterns across ~150 sector leaders representing nonprofits, industry, finance, academia, and government.

Across respondents, there is strong alignment that the wood products sector faces both cyclical and structural challenges. The most significant structural pressures are the long-term decline in virgin fiber consuming manufacturing facilities, limited investment in innovation and commercialization, low public awareness and demand for sustainable wood products, policy barriers, and fragmented supply chains and infrastructure. Workforce constraints and competition from non-wood alternatives further compound these issues. Stakeholders broadly agree that the problem is not a lack of ideas or technologies, but the absence of coordinated pathways to bring new wood products to market at scale.

In terms of solutions, respondents consistently prioritize innovation areas that are market-ready, scalable, and durable, and that are tied to forest health outcomes. Engineered wood products (such as mass timber), modular and prefabricated wood construction, and especially low-value wood utilization from fire-prone or underutilized forests and associated sawmill residuals are viewed as having the greatest potential to support market growth and working forests. Bio-based materials receive moderate support based, in part, on uncertainty over market scalability and durability, while wood-based energy and fuels are seen as scalable to meet durable demand, but are more context-dependent. Philanthropy is widely viewed as most effective when focused on early-stage innovation funding, market development and demand creation, and building cross-sector partnerships that connect forest owners, manufacturers, researchers, governments, and investors.

Overall, the data points to a clear role for philanthropy as a catalytic actor that de-risks innovation and investment, builds markets, and unlocks private capital. The highest-



impact investments are those that address commercialization and scale-up gaps, market access, and enabling infrastructure, particularly in fire-prone Western forests, underutilized wood baskets in the Northeast, Midwest, and South. Foundations are encouraged to pursue place-based strategies that simultaneously deliver new or expanded wood product markets, improved forest health and climate outcomes, stronger rural economies, and increased flows of private investment into sustainable forest supply chains.

Investment Opportunities Defined

A range of ideas and investment opportunities were presented by Forum participants. A total of 110 unique projects were submitted— more than 80 of them were given approval to share with participants. The following summarizes the breadth of project types compiled.

Education, Outreach, and Promotion

These projects primarily focus on educational campaigns, professional training, and public awareness initiatives to promote sustainable wood use, climate-smart forestry, and market access for underserved landowners. Investments are needed for program development, events, and technical assistance. Project examples include large-scale wood promotion in construction at a state or regional scale.

Mass Timber and Advanced Wood Construction

Investments center on building or expanding manufacturing facilities, research capabilities, and demonstration housing projects using domestically sourced mass timber, particularly hardwood and small-diameter timber. Capital needs are for equipment, facility expansion, demonstration efforts, and market activation to build demand for mass timber.

Bioenergy, Biofuels, and Bioproducts

These initiatives require capital for R&D facilities, prototype plants, equipment, and scaling production of biochar, hydrogen, aviation fuels, maritime fuels, derivative chemicals, and alternatives to oil-based products from forest residuals and lower-grade wood. Investment projects include targeting transformation of waste streams into high-value energy and materials and range from prototypes to industrial application.



Forest Management, Restoration, and Conservation

Investments are directed toward land acquisition, silviculture, reforestation, afforestation, wildfire risk reduction, and ecological management on private and public forests. Funding required is for forest management and fuels treatments that also connect to market opportunities for increased wood utilization.

Manufacturing and Processing Facilities

These focus on new or expanded mills, treatment units, molded fiber plants, and advanced material production. Investments needed are for facilities construction and equipment, including automated log stacking, thermally modified wood, or chip plants.

Investments, Funds, and Finance

Large-scale timberland management, impact funds, and supply-chain businesses require investment for forest management, market and supply-chain development and forest resilience and conservation initiatives.

Workforce, Research, and Infrastructure

Initiatives need grants and investment for training programs, research equipment, clusters, peer networks, and infrastructure like terminals or labs. Funding is needed for national research efforts focused on advancing scalable and durable technologies and pathways. Many are multi-year proof-of-concept models operating at the local/regional scale or national efforts like logger training and research databases.

Role of the Foundations and Investors

Foundations are best positioned to support early-stage innovation, pilots, and first-of-kind manufacturing or infrastructure that are not yet investable but are essential to market formation. By using grants, guarantees, and concessionary capital, philanthropy can de-risk emerging technologies and markets, enable blended-finance structures, and crowd in private capital through public-private partnerships. Beyond capital, philanthropy has a critical role in market-making—supporting consumer education, sustainability and certification systems, entrepreneur pipelines, and coordination across forestry, housing, energy, and climate sectors—while centering rural communities



through investments in local ownership, workforce development, and institutional capacity.

For investors, the data show that working forests and wood products are a durable, multi-benefit asset class that aligns climate mitigation, real assets, housing, and rural economic development. Rather than seeing the sector as only traditional lumber markets, investors are encouraged to focus on scalable, diversified opportunities such as mass timber and advanced construction, molded fiber and plastic-replacement packaging, advanced biofuels and materials, incorporating the utilization of low-value or residual wood. These markets offer long-term growth potential but often require patient capital and a willingness to engage further upstream in the value chain than conventional forest products investing.

Across both philanthropy and investment, partnership and accountability are essential to managing risk and achieving scale. Co-investment among philanthropy, government, and private investors can share early-stage risk, support phased or modular scale-up and align capital with the longer timelines typical of forest-based innovation.

Priority Investment Areas

1. **Expand Wood in the Built Environment**

Expanding the use of domestic wood in the built environment positions mass timber and engineered wood as scalable, low-carbon construction solutions that connect rural forest resources with growing urban demand. Strategic investments in R&D, pilot projects, supply chain, and demonstration buildings can accelerate market adoption and building-code acceptance, while advances in automation, AI, and modern manufacturing improve safety, productivity, and wage potential in rural facilities. Incentives for wood-based construction can also play a meaningful role in improving housing attainability and affordability.

Project Example – Mass Timber Housing Manufacturing Facility: A modern manufacturing facility producing prefabricated structural panels and modular housing components from domestically sourced logs would enable rapid, affordable housing solutions for both rural and urban communities, reduce embodied carbon, and revitalize regional economies.



2. Diversify Markets for Forest Products

Diversifying markets is essential to reducing reliance on declining traditional forest-product sectors and unlocking new sources of demand for wood fiber. High-potential opportunities include molded fiber and fiber-based consumer packaging as plastic replacements, bioenergy and sustainable aviation and maritime fuel, biochar, chemicals, and other products that utilize residuals and low-value wood. Supporting design, tooling, and commercialization capital helps move innovations from concept to widespread adoption, while repositioning lower grade wood for emerging applications and long-term market resilience.

Project Example – Biochar & Rural Energy Hub: By converting sawmill waste and forest residuals into biochar for carbon sequestration and industrial uses—while simultaneously generating renewable heat and power—this hub would transform underutilized biomass into a profitable enterprise that boosts rural energy security and economic vitality.

3. Fill Capital Gaps Across the Value Chain

Addressing capital gaps across the forest-products value chain requires deploying philanthropic capital, mission-driven investment, and blended finance to de-risk early-stage projects and attract private investment. Priority gaps include early-stage technologies, processing and infrastructure capacity, and supply-chain innovation, where concessional capital, guarantees, and catalytic grants can crowd in additional funding. Emphasis should be placed on projects that deliver measurable rural economic benefits alongside environmental outcomes.

Project Example – Forest Innovation Investment Network: A collaborative investment platform that connects philanthropic, private, and public-sector partners would streamline the sharing of project proposals and capital opportunities, accelerating innovation, enabling new market creation, and strengthening rural economies throughout the value chain.



Activating Investment

Many investment solutions in this space are complex and require blended finance approaches. Philanthropic funders and partnerships with public and private sector financial institutions have a critical role to play in supporting the systems, policies, and infrastructure that allow investments in forests and forest products to scale for greater benefit. To advance the formation of these partnerships and project investment opportunities, next steps include:

1. Sharing and publicizing the Roadmap (Q1 2026)

The Roadmap will be used to inform and engage strategic partners to facilitate alignment with the priorities and emerging investment opportunities identified through the Forum and Workshop.

2. Establishing an Investment Advisory Group (Q2 2026)

The Foundation and the Endowment will create a network of partners for sharing investment opportunities, project proposals and corresponding policy opportunities and barriers among philanthropic, private, and public sector investors.

3. Funding and Tracking Collaborative Projects (Q3 2026)

Project opportunities that support the development of new markets through collaborative investment will be funded, implemented, and tracked.

As an inherently iterative process, it is expected that over time this effort will take on new strategies to address emerging opportunities. In the short term, the goal will be to demonstrate the potential for a collaborative investment model by deploying capital into at least five new projects aligned with the three priority investment areas in the next 12 months. Longer term the goal of this effort will be to build on the lessons learned and successful partnerships that catalyze the creation of new markets for forest products.

Ensuring that America's forests remain forests requires dedicated attention to new market creation, coordinated capital, and aligned policy. We hope this document serves as a foundation upon which the philanthropic and investment sectors can catalyze innovation, strengthen rural economies, and scale forest-based solutions that build

durable, investable markets that ensure the vitality of America's working forests for the future.

