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OUR TAKE: IFNF FIELD NOTES NO. 4

The Team You Build Determines the Capital You Raise

Insights from the Innovative Finance for National Forests (IFNF) Program

WHITE PAPER

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Innovative Finance for National Forests Field Notes: A Seven-Part Series

This is the third installment of our Innovative Finance for National Forests (IFNF) Program Field Notes Series – a seven-part series examining the IFNF Program across five cohorts (2020–2025) through the lens of the TRARO readiness framework. From Problem definition through Payors verification, we explore why some projects mobilized capital and advanced toward implementation, while others encountered persistent barriers despite strong ecological intent.

The patterns are clear, consistent, and learnable: conservation finance succeeds when projects combine ecological merit with market readiness, verified buyer demand, and institutional capacity. A new installment appears in Virtus each month.

If your organization wants to strengthen its investment readiness or explore a free TRARO analysis, reach out to traro@gordianknotstrategies.com. The field has the capital and the urgency. What it has long lacked is a disciplined framework for matching opportunity to deployment. We remain committed to closing that gap.

About The Innovative Finance for National Forests (IFNF) Program

The Innovative Finance for National Forests (IFNF) program (2020–2025) awarded $9.3 million across 38 projects to mobilize private capital for forest conservation. Grantees have collectively raised more than $108 million in blended finance. Gordian Knot Strategies developed the TRARO readiness framework and provided technical advisory services throughout the program.

Part 4: The Team You Build Determines the Capital You Raise

Why matching partner expertise to project complexity is non-negotiable in conservation finance.

Conservation finance transactions require a rare combination of skills. Teams must navigate ecological science, financial structuring, marketing and sales, legal frameworks, stakeholder negotiation, and public agency coordination simultaneously. Few organizations possess all of these capabilities in-house. Success depends on assembling partners whose expertise genuinely matches the complexity and needs of the proposed project.

Across the Innovative Finance for National Forests (IFNF) program, a clear pattern emerged. Projects led by teams with demonstrated experience in both conservation and financial structuring consistently outperformed those with capability gaps, even when the underlying concept was strong. The TRARO readiness screening framework captured this through the **Partners** element, which assessed whether teams possessed the appropriate technical, legal, financial, and operational expertise required for their specific model.

This piece explores why the right team composition predicts success, and what happens when expertise mismatches go unaddressed.

The Partners Question: Do You Have the Right Team?

The **Partners** element asks a straightforward but demanding question: Does your team have proven experience executing work of this type, scale, and complexity?

Many IFNF proposals named impressive organizations as partners. What separated high performers from those that struggled was whether those partners brought the exact capabilities the project needed, and whether the lead organization had prior experience managing complex, multi-party transactions.

Analysis revealed that organizational maturity and prior experience in both conservation and financial structuring strongly predicted success. Teams that had executed similar work before, even at smaller scale, moved faster through implementation. They anticipated obstacles, budgeted realistic timelines, and maintained investor confidence when challenges arose.

By contrast, teams attempting their first conservation finance transaction, or those lacking partners with specialized legal, financial, or technical expertise, encountered persistent execution challenges that eroded credibility with co-funders and investors.

Three Capability Gaps That Undermined Projects

IFNF grant applicants revealed three recurring mismatches between project needs and team expertise:

1. Financial Structuring Experience

Some teams had deep conservation knowledge but limited experience designing financial instruments, negotiating terms with investors, or managing blended capital stacks. When implementation required detailed pro forma modeling, investor due diligence responses, or term sheet negotiations, these teams discovered they lacked the in-house capacity to move forward confidently. Hiring outside advisors was expensive and introduced delays. In some cases, projects pivoted away from private capital models entirely because the team could not execute the financial mechanics.

2. Legal and Regulatory Navigation

Other submitted projects underestimated the legal complexity of their proposed structures. Conservation finance often requires creating new special purpose vehicles, negotiating multi-party agreements, securing regulatory approvals, and establishing fiduciary relationships. Teams without dedicated legal expertise, or without partners experienced in conservation law, encountered protracted delays as they tried to navigate frameworks, they did not fully understand. What appeared in proposals as straightforward governance arrangements became months-long legal negotiations during implementation for a few of the funded projects.

3. Operational Delivery Capacity

A third group of projects had strong strategic vision but weak operational capacity. They could describe what needed to happen but lacked the systems, staff, or field experience to execute at scale. When implementation began, capability gaps became visible. Projects could not manage contractor relationships, track deliverables, generate market traction, or meet reporting requirements without significant external support. Projects that face this predicament risk losing co-funder and agency partner confidence and impacting momentum.

The Consequence: Investor Confidence Erosion

When teams lacked appropriate expertise, the most immediate consequence facing these project submissions was the erosion of investor confidence. Private capital providers and institutional co-funders conduct their own due diligence on project teams. They review organizational track records, assess whether key personnel has relevant experience, and evaluate whether the team could realistically deliver what the proposal promised.

Teams with capability gaps raised red flags during these screening assessments via the TRARO platform. Investors quite rightly question whether a project could execute, whether timelines were realistic, and whether the team would be able to navigate the inevitable obstacles that arose. Potential co-investors are prone to pulling back or reducing their commitments when team weaknesses became apparent.

This dynamic creates a reinforcing cycle. Projects that started with weak teams struggle to attract additional capital. Without capital, they are not able to hire the expertise they lack. Without the needed expertise, execution remains slow and uncertain. The gap widens rather than closes.

A Composite Scenario: Capability Mismatch

Consider two source water protection projects, both targeting private capital mobilization through outcome-based finance models.

Project A was led by a regional conservation nonprofit with a strong field presence and deep relationships with local landowners and agency staff. The team had successfully managed grant-funded restoration work for years. However, they had never structured a pay-for-performance contract, negotiated with private investors, or created a legal vehicle to receive and deploy blended capital. Their proposal named a financial partner, but that partner had minimal conservation sector experience and no prior relationship with the lead organization.

Once funded, Project A would face a struggle. The financial partner underestimated transaction costs and the time required to build trust with conservation stakeholders. The lead organization discovered that outcome-based contracts required legal structures and data systems they had never built. Six months into implementation, they realize they need a legal advisor, a financial modeler, and a data management specialist, none of whom had been budgeted. By the time they secure additional support, key agency partners had moved on, and the project timeline has slipped by nine months.

Project B addresses a similar watershed challenge but was led by an organization with prior experience executing blended finance transactions in the conservation sector. The lead team included staff who had structured environmental impact bonds, negotiated with mission-driven investors, and built the legal entities required to hold and deploy capital. They brought in technical partners who had implemented restoration work under performance contracts before. Each partner had a clearly defined role that matched their demonstrated expertise.

When implementation began, Project B moved quickly. The team anticipated legal and regulatory hurdles because they had encountered them in prior work. They budgeted realistic transaction costs based on past experience. When challenges arose, such as delays in agency approvals, the team adapted without losing investor confidence because they had credibility built on prior success. The project stayed largely on schedule and mobilized the targeted capital within the planned timeframe.

This difference is not luck. It based on team composition and prior experience.

How IFNF Helped Grantees Strengthen Teams

IFNF grants enabled some teams to address capability gaps by funding advisory support, capacity building, or strategic partnerships. Projects used grants to hire legal counsel, engage financial advisors, or formalize partnerships with organizations that brought missing expertise. Grantees that invested IFNF support in building team capacity, rather than treating the grant solely as project implementation funding, emerged stronger. They used the grant period to develop in-house financial literacy, establish relationships with specialized advisors, and build systems for managing complex transactions. These investments paid off when teams later sought larger-scale capital, because they could demonstrate that capability gaps had been closed.

However, IFNF grants could not fully substitute for prior experience. Teams attempting their first conservation finance transaction, even with advisory support, moved more slowly and encountered more obstacles than teams with established track records. The learning curve was real, and it consumed time and resources that more experienced teams did not require.

System-Level Implications

The IFNF experience underscored that team composition is a readiness factor, not a secondary consideration. Programs seeking to mobilize private capital for conservation should explicitly assess whether applicant teams possess the expertise required for their proposed models.

This has implications for future program design. Funding tracks should differentiate between teams building capacity and teams ready to execute at scale. Application guidance should require evidence of prior relevant experience, not just partner names that sound impressive. And capacity-building support should be structured as a distinct phase, separate from implementation funding, so that teams can strengthen expertise before attempting complex transactions.

Key Takeaways

If you are assembling a team for a conservation finance initiative, ask yourself:

1. Has our lead organization successfully managed transactions of similar complexity before?
2. Do we have partners with demonstrated expertise in the specific legal, financial, and technical areas this project requires?
3. Can we show evidence that each key partner has executed comparable work, not just expressed interest in doing so?

Passion and vision matter. But in conservation finance, demonstrated expertise matters more. Investors fund teams that have proven they can execute, not teams that are learning as they go.

The IFNF program taught us that the team you build determines the capital you raise. Get the Partners right, and everything else becomes so much easier.

We will continue soon with the “IFNF Field Notes Series Part No. 5 – Precision” in a coming “Our Take” article in Virtus.

Project teams interested in a free TRARO analysis and potential pathways to impact investment through our network of institutional partners should reach out to traro@gordianknotstrategies.com.

ABOUT

Gordian Knot Strategies is an expert climate finance consultancy firm. Drawing on two decades of experience, our clients rely on us to devise high impact solutions that are innovative and implementable.

Over 80% of the impact investors, corporations, and developers that we serve are repeat clients. They trust us to provide clarity as they mobilize and deploy capital in a complex and rapidly evolving market.

With our proprietary frameworks and deep industry knowledge, our clients are equipped to unlock and optimize environmental impact and returns. Trust us to unlock your impact!

CONTACT

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