
Pioneering the Pipeline

Lessons from MFF's Development Contribution Facility on Building Investment Readiness



About this Knowledge Product

The Mobilising Finance for Forests (MFF) Learning, Convening and Influencing Platform (LCIP) developed this knowledge product to examine how MFF's Development Contribution Facility (DCF) uses flexible, early-stage finance to help forest and nature businesses, projects and funds progress towards investment readiness. Alongside the Investment Facility and Technical Assistance Facility, the DCF is a core part of the MFF's financing architecture. The DCF provides repayable or convertible development contributions for development work that is often too early-stage or uncertain for conventional debt or equity and is an important example of FMO's market creation strategy. Drawing on interviews, written input and selected case studies from the DCF portfolio, the paper explores how the facility has supported fund formation, business model strengthening, pre-investment evidence generation and pilot-stage testing. It identifies practical lessons for development finance institutions, donors, fund managers, investors and other practitioners seeking to design, deploy or support similar early-stage financing instruments for forest and nature investment.

About Mobilising Finance for Forests

Mobilising Finance for Forests (MFF) is a blended finance investment program that aims to unlock private sector investment in projects that protect and restore tropical forests across Africa, Asia and Latin America. MFF is financed by the UK Government's Department for Energy Security and Net Zero and the Dutch Ministry of Foreign Affairs, and is delivered by FMO, the Dutch entrepreneurial development bank. FMO is a leading development finance institution in the forestry and sustainable land-use sector, with an ambition to invest up to EUR 1 billion in forestry and sustainable land use by 2030. As part of the MFF Technical Assistance Facility, Palladium and Systemiq deliver the Learning, Convening and Influencing Platform (LCIP). The platform supports MFF's mandate to accelerate investment into forests and sustainable land use by sharing knowledge and convening the ecosystem to develop solutions together.

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Contents

About this Knowledge Product	2
Executive Summary	5
Building the Pipeline for Forest and Sustainable Land Use Investment	8
How the DCF Finances Early-Stage Opportunities	12
DCF Portfolio: What has the Facility Funded?	14
DCF Case Studies	16
Lessons and Reflections	22
Conclusion	23
Appendix: Glossary of Key Terms	24
Acknowledgements	26

Executive Summary

Executive Summary

Across forest and nature markets, many high-potential businesses, projects and funds are emerging, but they often struggle to access the early-stage capital needed to become investable. They may have credible teams, strong impact potential and a plausible route to scale, but remain too early stage for development finance institutions (DFIs) or commercial investors to underwrite.

Before larger capital can move, these opportunities often need to test assumptions, build a business case, complete feasibility work, strengthen environmental and social impact cases, prepare investor materials, or demonstrate market demand. Without funding for this pre-investment stage, promising forest and sustainable land use opportunities can stall before they are able to attract the capital required to scale.

The Development Contribution Facility (DCF) was created to help address this gap. It is a core part of Mobilising Finance for Forests (MFF), a blended finance program managed by FMO, the Dutch entrepreneurial development bank, and funded by the UK Government and the Dutch Ministry of Foreign Affairs. MFF aims to mobilize private investment into business models that protect, restore and sustainably manage tropical forests across Africa, Asia and Latin America. Alongside the Investment Facility and Technical Assistance Facility, the DCF provides flexible early-stage finance for the development work required before a

business, project or fund can move toward larger concessional or commercial investment.

The DCF is best understood as a pipeline-building and market-creation tool. Its role is not only to support individual recipients, but to help generate the evidence, confidence and practical experience needed to channel more capital into nascent forest and nature markets. The facility uses repayable or convertible development contributions, with repayment linked to pre-agreed milestones, while recognizing that early-stage development work carries real uncertainty and demands flexibility. This allows MFF to support opportunities that are not yet investment-ready, while retaining a link to investment discipline and potential capital recycling.

Six practical lessons emerge for institutions considering similar early-stage financing instruments:

1] Start with the specific barrier(s) to investment readiness.

Early-stage finance works best when it is matched to the specific costs, evidence gaps, capability gaps or market uncertainties preventing an opportunity from becoming investable.

2] Preserve investment discipline while allowing flexibility.

Repayable or convertible development contributions are most

useful when they retain clear use of proceeds, proportionate due diligence, repayment or conversion triggers and monitoring, while allowing room to respond to uncertainty.

3] Define success beyond immediate follow-on finance.

Early-stage support can create value by improving investment readiness, strengthening evidence, clarifying risks, supporting credible pivots, testing commercial assumptions or showing that a pathway is not viable.

4] Make scale-up assumptions explicit and realistic. early-stage support should test who is expected to finance the next stage, what evidence they will need, how long fundraising may take, and what happens if the original route to scale does not materialize.

5] Assess alignment and capacity early. Early-stage finance depends heavily on the people and institutions carrying the opportunity forward, including their roles, decision rights, implementation capacity, funding responsibilities and contingency plans. A clear understanding of capacity and early alignment between stakeholders is key to success, whether between the fund manager, sponsors and delivery partners, or within the institution delivering the facility itself.

6] Adapt the principles to fit the context. The Development Contribution Facility should not be copied as a fixed product. Its transferable value lies in the principles behind it: targeted

early-stage capital, clear additionality, a plausible investment pathway, transparent repayment or conversion triggers, proportionate monitoring and room for learning.

This knowledge product shows how the DCF can help address a critical missing layer in forest and nature finance: the early-stage development work needed before larger investment can take place. It explains how the facility identifies, structures and manages opportunities, and draws practical lessons from selected DCF-supported case studies. These case studies set out later in this paper show how DCF support has been applied across different contexts, including fund formation and first close readiness, biodiversity business development, pre-investment evidence generation and pilot-stage testing.

Target Audience

The paper is intended to support development finance institutions, donors, fund managers, investors and practitioners considering similar early-stage instruments for forest and nature investment.

1. Building the Pipeline for Forest and Sustainable Land Use Investment

Many promising opportunities in the forestry and sustainable land use sectors need targeted development support before they are ready for larger-scale investment. The Development Contribution Facility was designed to address this gap. Opportunities in emerging markets that use new revenue models or have limited evidence, may not yet be ready for external equity or debt investment. The DCF aims to address this challenge by providing flexible early-stage finance to help businesses, funds and projects address these gaps. This support can include feasibility work, market testing, business model development, environmental and social assessments, financial modeling, investor engagement and pilot-stage learning. Its purpose is to build the evidence and capabilities needed to test and strengthen an opportunity's investment case.

The DCF plays a distinct role within MFF's financing architecture. MFF combines three types of concessional capital: capital investment, repayable development contributions and technical assistance. These instruments can be used individually or combined within the same transaction, depending on the maturity, risk profile and needs of the opportunity. The DCF funds the development work that can help an opportunity

become ready for the MFF Investment Facility, or other investors, such as development finance institutions or specialist fund managers.



Photo Credits: CrossBoundary Fund for Nature

In this sense, the DCF is positioned between traditional grant support and conventional investment. It is designed for opportunities that are too uncertain for debt or equity, but too commercially oriented for a regular grant. This makes it useful where there is early-stage risk, but also a credible pathway to

future revenue, commercialization or follow-on finance. This framing also reflects wider learning from repayable grant-type instruments, which are often most useful where uncertainty is high but a credible path to future revenue exists.

Table 1: Mobilising Finance for Forests' Investment Architecture

Instrument	Purpose	Type	Allocation
Investment Facility	Provides concessional capital to scale investment-ready forest and sustainable land use models and mobilize private capital	Concessional equity, mezzanine, subordinated debt (\$10m+)	At least 75%
Development Contribution Facility (DCF)	Funds earlier-stage development work required before an opportunity is ready for concessional or commercial investment	Repayable or convertible development contributions (\$1-3m)	Up to 20%
Technical Assistance Facility (TAF)	Provides advisory, environmental and social, operational, learning and convening support to investees, prospects and the wider forest-positive investment ecosystem	Non-repayable grants for advisory and learning activities (\$50-500k)	Up to 5%

Box 1: What is a Development Contribution?

A development contribution is early-stage finance for the development work an opportunity needs before it can attract larger investment. It sits between a grant and an investment. Like a grant, it does not need to be repaid if the project does not reach its pre-defined success milestones. Like an investment, it comes with a defined use of proceeds, due diligence, milestones and reporting, and it returns capital to the funder if the opportunity succeeds.

How a development contribution typically works:

- 1] Diagnose the barrier.** The funder and recipient identify the specific gap(s) to scaling the opportunity, for example the cost of fund formation before first close, or missing evidence behind an expansion plan.
- 2] Agree the terms.** The contract sets out the use of proceeds, milestones, reporting requirements and the trigger that makes the contribution repayable or convertible.
- 3] Disburse and monitor.** The funder releases funds, usually in stages linked to progress, and tracks delivery through regular reporting.
- 4] Resolve.** If the trigger is met, for example a fund reaches first close or a project secures scale-up investment, the recipient repays the contribution or it converts into another form of investment. The funder can then recycle the capital into new opportunities. If the trigger is not met within the monitoring period and no new agreement is reached, the contribution is not repayable and the contract ends.

Why use it? The structure shares the risk of early-stage failure between the funder and the recipient. Recipients can fund uncertain development work without taking on debt they may be unable to repay if the project is unsuccessful. Funders keep a link to success and a route to recycling capital.

Section 2.2 explains how the DCF structures and manages its development contributions.

This role gives the DCF scope to engage in sectors, geographies and business models where there is strong potential for impact, but where commercial evidence, investor confidence or transaction readiness is still developing with the type of support matched to each opportunity's specific requirements.

The success of the DCF should be viewed through a broad lens. Follow-on investment from MFF or FMO is one important outcome, but it is not the only measure of value. A contribution may also be successful if it enables another investor to step in, helps a business develop a more credible model, or demonstrates that a particular pathway is not commercially viable. At portfolio level, these outcomes collectively strengthen the pipeline of investable forestry and sustainable land use opportunities while generating evidence about what works, what does not, and where capital can have the greatest impact. In this way, the DCF contributes not only to the development of individual opportunities, but also to the wider knowledge base and market conditions needed to mobilize more finance for forests and nature over time, particularly for nascent sub-sectors.



Photo Credits: Amazonia Nativa.

2. How the DCF Finances Early-Stage Opportunities

The DCF is structured around the specific development gap preventing an opportunity from becoming investable. Once that gap has been identified, FMO assesses whether targeted development support can credibly move the opportunity towards a future investment pathway. This requires a lighter process than a full investment, but still applies core investment discipline through screening, defined use of proceeds, repayment or conversion triggers, and proportionate monitoring.

2.1 How opportunities are assessed

DCF opportunities are assessed collaboratively by the team in FMO responsible for development contributions and relevant FMO investment officers. The DCF is considered where an opportunity shows potential but is not yet ready for standard investment. The assessment combines an initial opportunity scan, development of a proportionate financing proposal and broader due diligence to determine whether targeted DCF support can credibly help move the opportunity towards investment readiness, as illustrated in the visual below. This integrated approach to assessment and decision-making is a key factor in the model's success: early involvement from FMO's investment officers builds the buy-in needed to monitor an

opportunity and carry it through to investment once development work is complete.

2.2 How contributions are structured and managed

Figure 1 sets out how opportunities for DCF investment are explored and assessed. Within the DCF, each contribution is structured around the route through which the project or opportunity is expected to become investable. Repayment or conversion triggers are usually linked to defined milestones, such as first close of a fund, scale-up investment into a project, or positive cash flow.

Support is managed through proportionate monitoring and partner engagement. This can include regular assessment meetings, semi-annual progress reporting, annual indicator reporting and an end-of-project audit. Some contributions are managed directly with the recipient and technical partners. Others are delivered through trusted fund managers or local investment partners that provide additional due diligence, oversight and a closer day-to-day relationship.

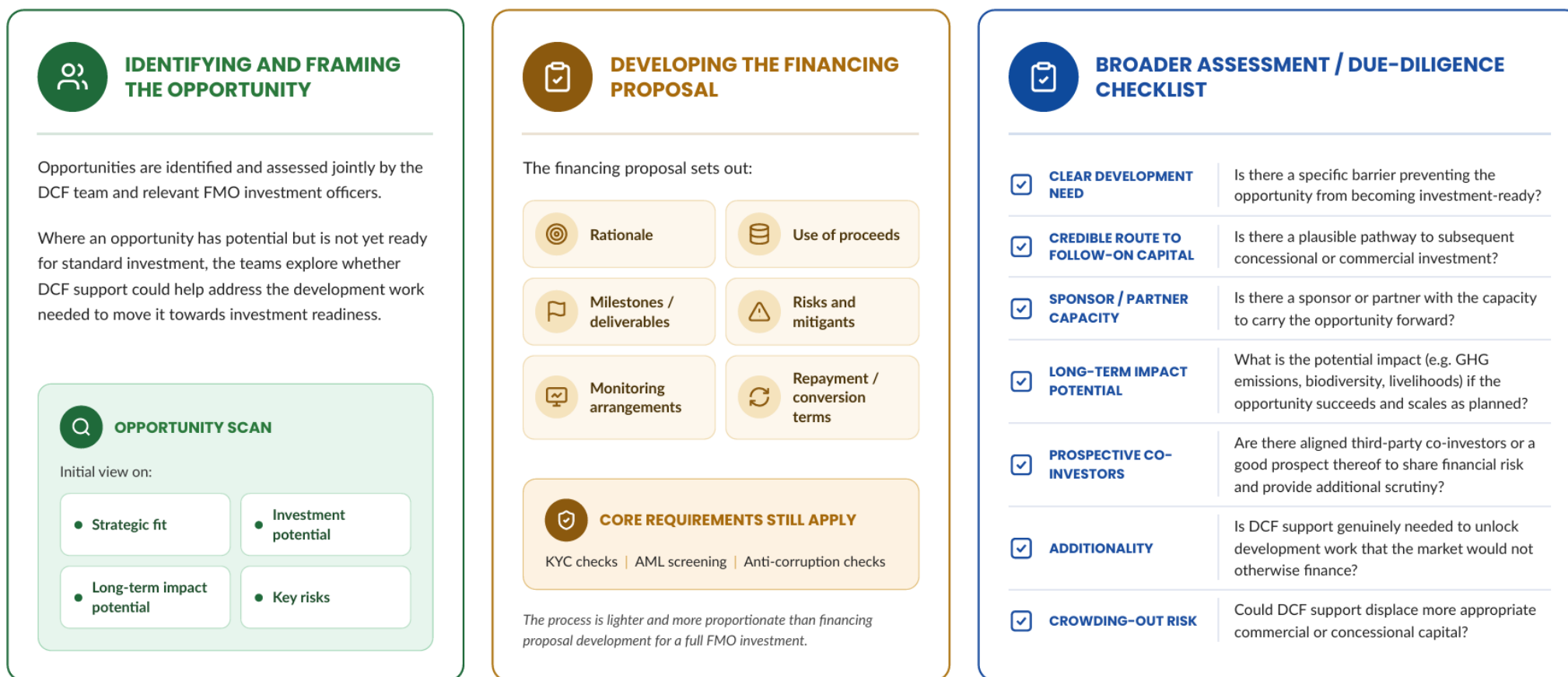
This approach enables the DCF to apply its investment expertise while allowing it to adapt to different types of opportunities. It also recognizes that early-stage forestry and sustainable land use finance requires both flexibility and discipline. The facility needs

enough flexibility to respond to uncertainty, but enough structure to ensure funds are used for defined development objectives.

For institutions considering similar instruments, the operational implications should also be considered early. Repayable or convertible development contributions can sit between grant-making and investment processes, raising questions around

legal treatment, accounting, approvals, risk appetite, staff responsibilities and ownership of repayments. Similar facilities may therefore need clear internal governance, compliance processes, repayment management and monitoring systems before deployment.

Figure 1: This figure illustrates how opportunities for DCF investment are explored and assessed.



3. DCF Portfolio: What has the Facility Funded?

The DCF portfolio shows that early-stage development finance can play several different roles across the forest and nature investment pipeline. Rather than functioning as a single product for one type of recipient, the facility has been used to address specific barriers that prevent otherwise promising funds, businesses and projects from becoming investable. MFF seeks to build a diversified portfolio across different types of opportunities, geographies and sub-sectors, rather than concentrating support in a single model or market. This has given FMO exposure to a wider range of emerging forest and nature business models and helped build practical experience in multiple areas, while also spreading exposure across different types of early-stage risk. Across the cases reviewed, DCF support has been used in four main ways:

- **Fund formation and first-close readiness:** supporting innovative nature-focused funds with the development, structuring and investor-readiness work required before they can reach first close. This can include legal and tax structuring, governance documentation, environmental and social systems, impact strategy, investor materials and pipeline preparation.

- **Business model strengthening:** helping nature businesses refine their commercial model, diversify revenue streams, test growth options and prepare for future investment.
- **Pre-investment evidence generation:** funding feasibility studies, environmental and social assessments, market analysis, product testing, financial modeling and investor outreach needed to assess whether an initial model, expansion plan or proposed investment opportunity can become investable.
- **Pilot-stage testing:** supporting early implementation to test technical, operational and commercial assumptions before larger scale-up finance is considered.

Taken together, these use cases show that the DCF is not a single-purpose instrument, but a flexible tool for addressing different early-stage investment readiness needs across the forest and nature pipeline. The breadth of the portfolio also serves a market and pipeline development function for MFF and FMO. By supporting different business models, stages of development, geographies and sub-sectors, the facility has enabled engagement with emerging sectors such as biodiversity credits, natural forest management, carbon project development and restoration-based business models, generating practical insights into where early-stage capital is most useful, what risks

and constraints recur across the market, and what future investors may require for different types of opportunities to attract larger-scale finance. The case studies in the following section provide practical examples of how this support has been applied in different contexts including fund formation, business model strengthening, pre-investment evidence generation and pilot stage testing.

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Photo Credits: Terrasos

Case Studies



4. DCF Case Studies

The case studies below illustrate how DCF support has been applied across different types of early-stage investment readiness needs. Each case highlights the development gap the DCF sought to address, what the contribution funded, the key barriers to investment readiness, and the wider lesson for similar early-stage instruments.

CrossBoundary - Fund for Nature

Supporting fund formation and first-close readiness

Case Overview

CrossBoundary's Fund for Nature is being developed to finance early-stage nature-based solutions projects in tropical forest regions, including restoration, biochar and blue carbon. The fund targets a gap between project feasibility and larger-scale investment, where high-potential nature-based solutions projects can struggle to access the development finance needed to become investable. Before first close, the fund manager faced the challenge of financing the fund formation work needed to take the strategy to investors.



What the DCF support funded

DCF support helped cover fund formation and investor-readiness work. This included staff time dedicated to fund development and fundraising, legal and tax structuring, governance documentation, environmental and social systems, impact strategy development, financial modeling, investor materials and preparation of the investment pipeline.

Key barriers to investment readiness

- The fund manager needed to complete significant fund formation work before reaching first close, but this work required upfront expenditure before the fund could generate management fees or deploy capital.
- The pre-first-close period created a working-capital gap because the manager still needed to finance legal, tax, governance, environmental and social, impact, investor-readiness and pipeline development work.
- Conventional debt was not well suited to this stage because repayment depended on uncertain future fundraising outcomes rather than existing or high-probability future cash flows.
- Smaller or first-time nature fund managers may find these development costs difficult to absorb without a larger institutional platform, balance sheet or dedicated early-stage support.

Case Lessons

This case shows that the costs of developing and raising funds can themselves be a barrier to investment readiness. Innovative nature funds may have a credible strategy, strong team, pipeline and investor interest but still need working capital to complete the practical work required before first close. This feeds directly into the broader lesson that early-stage finance should start with the specific cost, evidence or capability gap preventing an opportunity from becoming investable.

Terrasos

Strengthening a biodiversity business and preparing for future growth

Case Overview

Terrasos develops Habitat Banks in Colombia: long-term conservation and restoration projects that generate biodiversity credits for companies with environmental compensation obligations and commitments. The company has been a pioneer in Colombia's biodiversity credit market, but operates in a sector where regulation, demand, pricing and investor appetite are still developing. DCF support was relevant because Terrasos needed to strengthen the wider commercial platform behind its Habitat Bank model, rather than only financing individual conservation projects.



What the DCF Support Funded

The DCF support was structured through EcoEnterprises Fund, a fund manager and existing FMO investee, with Terrasos as the beneficiary. The original financing proposal focused on bridge financing for Habitat Bank development and on helping Terrasos continue implementing its medium-term growth plan.

As the opportunity evolved, support shifted toward broader business development. This included work to identify additional revenue streams for existing Habitat Banks, assess expansion beyond Colombia, and explore financing structures that could help Terrasos pre-finance its future project pipeline more systematically. The support was delivered through EcoEnterprises Fund, allowing MFF to work through a locally based partner with biodiversity expertise, local market knowledge and an established relationship with Terrasos. Terrasos has since diversified its client base from an original core of road, pipeline, mining and power generation infrastructure clients into the energy transition supply chain, alongside its expansion into Brazil.

Key barriers to investment readiness

- The biodiversity credit market is still emerging, creating uncertainty around regulation, demand, pricing and long-term investor appetite.
- Habitat Banks require upfront investment before revenues can be realized, creating a financing need before projects can generate cash flow. This gap is structural to nature markets, not specific to Terrasos: restoration costs land upfront, credit revenue does not.
- Terrasos' business model remained closely tied to Colombia's environmental compensation framework, creating concentration risk and making revenue diversification important for long-term resilience.
- As an asset-light nature business, Terrasos (TopCo) had limited collateral, making conventional debt harder to access.

Case Lessons

This case shows that early-stage development finance can be valuable beyond direct project implementation. In emerging nature markets, business model strengthening and revenue diversification can be just as important to investment readiness as financing individual projects. This pre-financing gap is structural to nature markets and addressing it will require market-level solutions. It also shows that trusted intermediaries can help deploy early-stage capital where those intermediaries bring sector expertise, local knowledge and day-to-day relationship management. This feeds into the broader lessons on starting with the specific need and assessing partner capacity early.

LevasFlor

Funding pre-investment evidence generation

Case Overview

LevasFlor is a sustainable natural forest management company operating in Mozambique's Miombo woodlands. It manages FSC-certified natural forests and produces timber and wood products from its existing concession. The company has a long operating track record but remains small and undercapitalized. Its proposed Miombo 500 expansion aims to scale the business by expanding into new concession areas, developing higher-value wood products, exploring carbon opportunities and making better use of forest residues. LevasFlor needed pre-investment evidence to test whether this expansion concept could become a commercially viable and environmentally responsible investment proposition.



What the DCF Support Funded

DCF support helped fund forest inventories, concession due diligence, environmental and social assessments, carbon feasibility work, market studies, product testing, financial modeling and investor outreach. It also supported testing for higher-value wood products, including veneer and thermally treated wood, alongside laboratory testing to understand product quality and durability.

This work helped turn a high-level growth plan into a more detailed investment proposition. It gave LevasFlor clearer evidence on concession potential, product markets, environmental and social risks, equipment needs, costs and future financing requirements, helping the company build a stronger case for future investment.

Key barriers to investment readiness

- Natural forest management has strong potential, but investors often perceive the sector as risky because of environmental, social and reputational concerns.
- LevasFlor operates in Mozambique, where country risk and a difficult business environment make fundraising harder.
- LevasFlor's expansion plan was not yet supported by the level of technical, commercial and financial evidence investors need to assess its viability, including forest inventories, product performance testing, market studies and financial modeling.

Case Lessons

This case shows that development contributions can help turn a promising but underdeveloped expansion strategy into a more credible investment proposition. In this case, DCF support helped generate the technical, commercial, environmental and financial evidence needed for investors to be able to fully assess the opportunity. This strengthened the opportunity's investment readiness, while also clarifying the risks and conditions that would need to be addressed before larger investment could be secured. The case therefore reinforces the broader lesson that early-stage support should start with the specific barriers to investment readiness, targeting the evidence gaps that prevent investors from fully assessing an opportunity.



Amazonia Nativa

Supporting pilot-stage learning and adaptation

Case Overview

Amazonia Nativa was developed as a greenfield agroforestry restoration pilot in Colombia, with the ambition to test whether a native species agroforestry model could develop into a larger investment opportunity. Although the pilot was operationally successful, the original route to scale-up finance proved more difficult than expected.



The pilot was co-financed by MFF's Development Contribution Facility and Impact Fund Denmark, which both had pools of early-stage capital intended to test whether promising nature-based projects could move towards larger investment. Impact Fund Denmark viewed MFF's participation as a form of risk-sharing and additional comfort when entering an early-stage nature-based carbon project of this type (and vice versa).

As the project evolved, the original carbon-led scale-up pathway became more difficult. A revised pathway has since been explored, with the focus now on cocoa as the project's main revenue stream. The native trees already planted are expected to remain useful as shade trees for the cocoa plants, meaning the pilot work may still result in an (adapted) future investment pathway. Reflecting this strategic shift, the project is now being developed as the Manigua Cacao Project.

What the DCF Support Funded

The DCF contribution helped finance the pilot activities needed to test the project on the ground, across at least 550 hectares of degraded pastureland. This included testing different native tree species, assessing how those species performed in local soil and climate conditions, comparing planting approaches, building implementation capacity and generating evidence to inform the design of a larger project in the surrounding area.

The pilot also involved detailed milestone-setting, budgets, action plans and quarterly follow-ups. Disbursement was linked to progress on the ground and to the implementation of policies and environmental and social requirements. MFF and Impact Fund Denmark aligned their approaches closely, including through a shared environmental and social impact action plan.



Key barriers to investment readiness

- The greenfield model had not yet been sufficiently tested in local conditions, including the performance of different native tree species and planting approaches.
- The project needed to demonstrate how the restoration model could be implemented on the ground and build the capacity and experience needed to inform a larger project.
- Further evidence on the model's technical and operational viability was needed before its potential for larger-scale investment could be assessed.

Case Lessons

This case shows that pilot finance can reduce technical and operational uncertainty but does not by itself make a project ready for scale-up investment. A useful pilot still needs to be matched by realistic fundraising assumptions, clear sponsor alignment, appropriate governance arrangements and contingency planning if the project is expected to move toward larger investment.

The case also illustrates the value of pilot-stage learning and adaptation. Strong growth rates among native tree species and lower-than-expected mortality rates provided evidence on how the restoration model performed in local conditions. This generated valuable information for future investors and project developers considering similar restoration approaches and remained relevant as the project's commercial strategy evolved.

More broadly, the experience demonstrates that a successful pilot does not automatically translate into a clear pathway for scale-up investment. This feeds directly into the broader lessons on making scale-up assumptions explicit, assessing sponsor alignment early and defining success beyond immediate follow-on finance.



Photo Credits: Amazonia Nativa.

5. Lessons and Reflections

The lessons below synthesize the common themes from these cases for development finance institutions, donors, fund managers, investors and other practitioners considering similar early-stage investment instruments.

Figure 2: Six lessons for practitioners considering similar instruments



6. Conclusion

The experience of the DCF demonstrates that early-stage finance can play a valuable role in strengthening investment readiness, generating evidence, testing commercial and operational assumptions, and supporting the development of new market opportunities. It also highlights the importance of balancing flexibility with appropriate investment discipline. Not every pathway will lead directly to follow-on investment, but learning, risk reduction and improved decision-making can still create significant value.

The DCF also plays a broader market creation role. By supporting a range of business models, geographies and sub-sectors, such as biodiversity credits, natural forest management and innovative carbon project development, it builds evidence on what works in nascent forest and nature markets. Each contribution adds to an understanding of where early-stage capital is most useful, which risks recur across the market, and what capacity future investors will need before they commit larger-scale finance.

By helping opportunities progress towards investment readiness and generating practical learning along the way, the DCF contributes both to individual transactions and to the wider development of forest and nature finance markets. In doing so, it helps build the pipeline of investable opportunities needed to unlock larger-scale capital for the protection, restoration and sustainable management of forests.



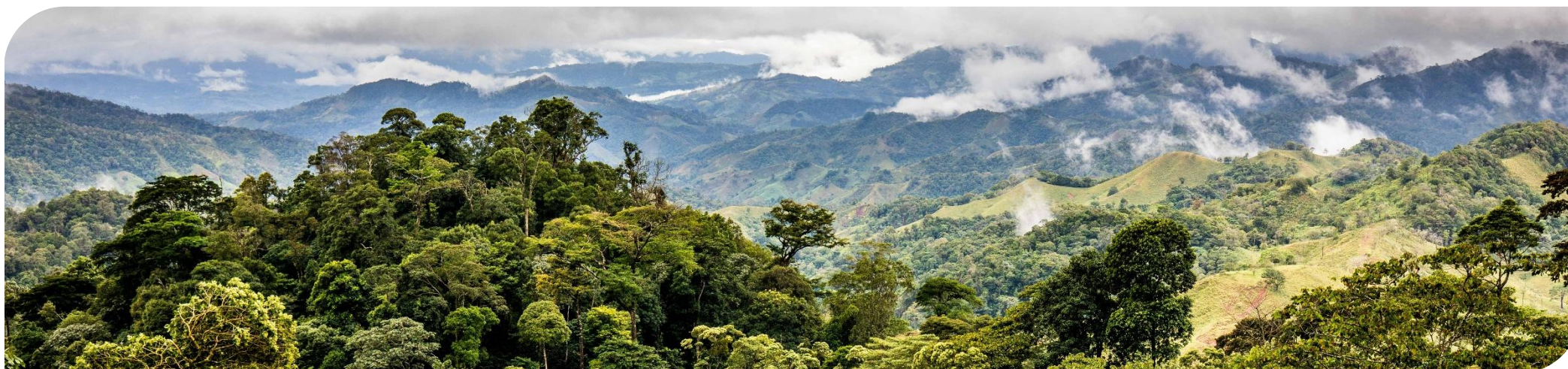
Photo Credits: CrossBoundary Fund for Nature

Appendix: Glossary of Key Terms

Term	Definition
Agroforestry	A land use system that combines trees with crops or livestock on the same land, for example cocoa grown under native shade trees.
Biochar	A charcoal-like material made by heating plant matter with little or no oxygen. Added to soil, it can store carbon over long periods and improve soil quality.
Biodiversity credit	A tradeable unit representing a measured gain in, or protection of, biodiversity over a defined period. Buyers use credits to meet regulatory obligations where these exist, or voluntary commitments.
Blue carbon	Carbon captured and stored by coastal and marine ecosystems, such as mangroves, seagrass meadows and salt marshes.
Carbon project development	The work needed to design, validate and register a project that generates carbon credits. Each credit represents one tonne of carbon dioxide equivalent reduced or removed.
Development contribution	Early-stage finance for the development work an opportunity needs before it can attract larger investment. It becomes repayable, or converts into another form of investment, only if pre-agreed milestones are met. See Box 1.
Environmental compensation	A legal requirement for developers to offset residual damage their projects cause to ecosystems. In Colombia, companies can meet these obligations by buying credits from Habitat Banks.
Forest Stewardship Council (FSC) certification	Independent certification that a forest is managed to the Forest Stewardship Council's environmental, social and economic standards.



Term	Definition
Habitat Bank	A defined area of land under long-term conservation or restoration, whose measured biodiversity gains are sold as credits.
Investment readiness	The point at which an opportunity has the evidence, structure and capacity that DFIs or commercial investors require to assess it and commit capital.
Market creation	Market creation makes unbankable investment opportunities bankable, building the future high impact pipeline for DFIs and other investors.
Miombo woodlands	Dry tropical woodlands that cover large parts of southern and central Africa, including Mozambique.
Natural forest management	Managing existing natural forests, rather than plantations, to produce timber and other products while keeping forest cover and ecological functions intact, for example through selective harvesting.
Repayment or conversion trigger	A pre-agreed milestone that makes a development contribution repayable or convertible, for example a fund reaching first close, a project securing scale-up investment or a business reaching positive cash flow.
Technical assistance	Non-repayable support, usually grant-funded, that builds the capacity of investees, prospective investees or the wider market rather than financing assets or operations directly. In nature investing, it commonly covers environmental and social systems, impact measurement, business planning, certification, and monitoring and verification of carbon or biodiversity outcomes.



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- Kate Wharton Nicholls, Managing Director & Head of Natural Capital, CrossBoundary
- Mariana Sarmiento Aparicio, Founder & CEO, Terrasos
- Priya Sinha, Investment Director, CrossBoundary Fund for Nature
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