

Building a Market for Nature-Based Solutions: Lessons from Capital for Climate

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Introduction

Climate change is often framed as an environmental crisis, but it is equally an economic one. The systems that determine where capital flows, which activities attract investment, and how risk and return are understood will strongly influence whether the transition to a sustainable economy occurs at the speed required. This challenge is especially visible in nature finance. Nature-based solutions (NbS), including ecosystem conservation and restoration, regenerative agriculture, sustainable forestry, and other interventions that work through natural systems, have substantial potential to address climate change, biodiversity loss, land degradation, and human well-being simultaneously. Yet the financial system continues to direct vastly more capital toward activities that degrade nature than toward those that restore it.

According to the United Nations Environment Programme's *State of Finance for Nature 2026*, approximately thirty dollars are spent on nature-destructive activities for every dollar invested in protecting and restoring nature. UNEP estimates that annual investment in nature-based solutions must rise to approximately \$571 billion by 2030 if global climate, biodiversity, and land restoration goals are to be met. Private capital remains only a fraction of current NbS investment. The problem, therefore, goes beyond determining what environmental interventions are needed; it is determining how the financial and institutional conditions necessary to implement them at scale can be created.

My Laidlaw research examined this problem through the concept of the “**sectoral accelerator**,” a word coined by Tony Lent to describe Capital for Climate as an organization that attempts not merely to finance individual projects, but to organize an emerging sector so that capital can move through it more effectively. The broader research project focused on finding out whether organizations performing this role can constitute a distinct and emerging organizational form and, if so, how they operationalize systems change. Capital for Climate (C4C), an organization working to accelerate investment into nature-based solutions, served as the anchor case.

The research suggests that organizations such as C4C intervene in markets in a way that is meaningfully different from conventional investors, accelerators, nonprofits, or policy organizations. They work on the environmental conditions (relationships, information systems, norms, pipelines, institutions, and forms of coordination) that determine whether capital can be deployed at all. Capital for Climate refers to this work as building the "connective tissue" of a market and describes its role as that of a "sectoral accelerator" rather than an independent investor. This case study therefore offers a window into how markets can be deliberately organized around public objectives and what may be required to replicate such interventions elsewhere.

Research Context: Why Nature-Based Solutions Requires Market Building

At the Fifth United Nations Environment Assembly, Member States defined nature-based solutions as “actions that protect, conserve, restore, and sustainably manage natural or modified ecosystems while addressing social, economic, and environmental challenges and generating benefits for human well-being, resilience, ecosystem services, and biodiversity.” Their significance lies partly in this ability to produce multiple benefits simultaneously. A restored mangrove system, for example, can sequester carbon while protecting coastlines, supporting biodiversity, and sustaining local fisheries.

High-integrity NbS could contribute substantially to global emissions mitigation while supporting adaptation and biodiversity goals. Yet these projects present characteristics that make conventional investment difficult. Ecological outcomes are location-specific and can take years to materialize. Benefits such as biodiversity recovery, watershed health, or ecosystem resilience are difficult to quantify and monetize. Projects may also be geographically dispersed and relatively small, increasing the cost of identifying, evaluating, and managing investments. Revenue models are not always obvious because many of the benefits produced by healthy ecosystems function as public goods.

These characteristics contribute to investor uncertainty. Although a project may create significant environmental and social value, it may not provide the risk-return profile expected by conventional capital providers. Emerging nature markets also lack many of the standardized terms, historical performance data, established intermediaries, and widely recognized investment categories that investors rely upon in mature asset classes.

Capital for Climate’s experience in Brazil demonstrates the distinction between capital scarcity and market immaturity. During its early discovery work, the organization identified a strong base of entrepreneurs and potentially investable projects, but limited coordination across the market. Developers often operated independently, while investors lacked sufficient visibility into available opportunities and potential returns. C4C’s philanthropic partnership with the Gordon and Betty Moore Foundation helped direct its attention to Brazil as a promising environment in which to test its approach. The country combined significant natural assets and entrepreneurial capacity with a fragmented investment ecosystem, making it well suited for C4C’s initial effort to build the market infrastructure and connective tissue needed to improve coordination and capital deployment.

This gap became central to our research. If the problem were simply a shortage of money, the logical response would be to raise additional funds. If the problem is instead that developers cannot access capital and investors are missing out on opportunities, then increasing the amount

of available capital alone will have limited effect, and the intervention must instead address the architecture through which investment takes place.

Research Methodology

Our research used Capital for Climate as a qualitative case study through which to investigate the emerging practice of sectoral acceleration. Dr. Parijat Chakrabarti and I conducted eight semi-structured interviews with six members of the Capital for Climate team: one with co-founder Deborah Stern, two with co-founder Tony Lent, two with Felipe Krelling, a partner and C4C's first hire in Brazil, one with associate Yugratna Srivastava, one with Senior Product Manager Bruce Strong, and one with Viviane Behar de Castro, Executive Advisor for Business Development and Partnerships. The interviews examined the organization's history, founding vision, strategy, operations, business model, initiatives, challenges, and plans for expansion.

The interview process was deliberately iterative. When participants were interviewed more than once, we used the period between conversations to identify gaps, contradictions, and unanswered questions. In several cases, an interview raised questions that had not been apparent beforehand. These became prompts for subsequent conversations. This allowed the research to move beyond a predetermined questionnaire, and instead, follow themes that naturally emerged from participants' descriptions of their work.

My primary responsibility was interview analysis. Following each interview, I repeatedly read the transcript closely, taking detailed notes on recurring ideas, relevant quotations, organizational decisions, turning points, and possible interpretations. I then revisited the transcripts several times to test whether initial impressions were supported across the conversation. This approach was informed in part by Mario Luis Small and Jessica McCrory Calarco's *Qualitative Literacy*, particularly its emphasis on interpreting qualitative evidence carefully and avoiding claims that exceed what a small number of interviews can support.

After this independent analysis, I met with Dr. Chakrabarti to discuss emerging themes. These meetings were an important part of the analytical process. We compared interpretations, identified areas where my reasoning needed greater evidence, and developed questions that could be explored through additional interviews or background research.

I used literature review and background research as a continuous process rather than as a discrete first stage. Because nature finance and market-building were relatively unfamiliar to me at the beginning of the project, understanding the case required simultaneously developing familiarity with nature-based solutions, climate finance, catalytic and blended finance, market formation,

systems change, and accelerator models. I consulted academic literature, practitioner playbooks, reports on innovation and market shaping, United Nations materials, thematic podcasts, and research on nature finance.

I also regularly reviewed materials produced by Capital for Climate, including investor and project-developer presentations, roadshow materials, market research, the organization's NbS taxonomy, its capital mobilization history, pipeline information, and documentation of the proposed Earth Investment Engine. I subscribed to C4C's investor newsletter in order to observe how the organization presented information and opportunities to its intended investor audience. These materials were useful not simply as factual sources but as evidence of how C4C understood and communicated its own market-building role.

Findings

Sectoral Acceleration

The findings of our research lies on the foundation that sectoral acceleration operates at a different level from conventional investment. C4C does not deploy its own capital into nature projects. Its intervention is focused on improving the functioning of the system surrounding those projects.

In C4C's initial phase, a discovery process was conducted, involving approximately sixty interviews with developers, investors, entrepreneurs, corporations, and ecosystem actors. That process identified fragmented networks, limited market visibility, inconsistent terminology, and weak coordination as recurring constraints.

Rather than selecting a small number of promising businesses and accelerating them individually, C4C sought out to coordinate and organize a "market." On the capital side, the Brazil NbS Investment Collaborative was created. And later on, they developed Union for Nature, a network of leading developers to connect the project side. By 2025, these communities represented much of Brazil's specialized private investment capital and leading project-development pipeline.

The organization, therefore, identified a general challenge as a larger unit of intervention. The underlying question driving sectoral acceleration is therefore not just "How can this company raise capital?" but, "What is preventing this entire category of companies and investors from interacting as a functioning market?"

Social Infrastructure as Market Infrastructure

A major finding was that market infrastructure is largely social. Much of C4C's work concerns trust, relationships, repeated interaction, and confidence.

C4C's approach began with the assumption that investors considering a new market ask questions that cannot be answered by financial models alone: Is the opportunity real? Who else is investing? What business models work? Where are the proof points? The organization therefore treats convenings, investor communities, roadshows, introductions, and repeated engagement as essential infrastructure. In our interviews, participants repeatedly described the need to create "connective tissue" between actors who previously operated separately.

The backgrounds of C4C's founders help explain this approach. Tony Lent brought experience in sustainable finance, emerging-market investment, and the development of renewable energy as an asset class. Deborah Stern brought a background in philanthropy, community development, fundraising, and capital campaigns. The combination produced two complementary ways of understanding the same challenge: market formation as financial infrastructure and capital mobilization as a form of "community organizing."

Building Market Intelligence

Nature-based solutions encompass a wide range of business models, ecological interventions, and risk profiles, which results in investors perceiving the sector as fragmented and difficult to evaluate. To make the market more legible, C4C developed a shared NbS taxonomy, investment theses, standardized pipeline information, market intelligence, and an investment platform. Beginning with its work in Brazil, the organization mapped both capital supply and developer demand in order to clarify the scale, structure, and direction of the market. Building on this foundation, its investment intelligence platform has since expanded to include more than 1,000 global opportunities.

These activities demonstrate that recognition and understanding are themselves important components of capital mobilization. Investor education was central to C4C's strategy. By categorizing opportunities, producing credible data, documenting transaction pathways, and establishing shared terminology, C4C helped make an emerging sector easier to understand and evaluate. In doing so, it sought to shift NbS from a fragmented collection of projects into a more coherent and investable market.

Public and Private Partnerships

One of the main, present-day challenges within NbS is its reliance on public funding. Our research suggests that sectoral accelerators do not make public or philanthropic capital unnecessary. They should, however, adapt their role to help catalyze private funding.

Early-stage nature markets contain activities that commercial investors may be unwilling to finance because returns are uncertain, difficult to capture, or too far in the future. Philanthropy can fund public goods such as research, ecosystem coordination, technical assistance, and early market infrastructure. Public and development finance can provide concessional capital, guarantees, or policy support. Private capital can then participate where viable investment opportunities emerge.

C4C itself remains heavily dependent on philanthropic support even while its mission is to mobilize private investment. This apparent contradiction is revealing. The organization is attempting to create market infrastructure that benefits an entire sector, but such infrastructure does not itself necessarily produce an easily monetizable revenue stream. Sectoral accelerators may therefore require funding models that recognize market-building as a public or quasi-public good.

Local Adaptation

The final major finding concerns the importance of local adaptation. Sectoral acceleration cannot be treated as a standardized intervention that is transferred unchanged from one market to another because the barriers preventing a sector from scaling are shaped by local institutions, relationships, policies, sources of capital, and business practices. Capital for Climate's experience in Brazil illustrates that understanding these conditions requires more than conducting market research from the outside. As a U.S.-based organization entering Brazil, C4C had to develop the relationships and local knowledge necessary to understand how the market actually functioned. Deborah Stern reflected that being an American organization created challenges, but also acknowledged that C4C's external position could bring new perspectives and institutional credibility. What ultimately allowed the organization to become more deeply embedded in the market, however, was building a Brazilian team capable of navigating the ecosystem from within.

Local leaders such as Felipe Krelling played an important role in this process by developing sustained relationships with investors, project developers, and other market participants. Felipe, one of C4C's first local hires, became closely connected with Brazil's developer community and eventually helped develop the Union for Nature, C4C's coalition of leading NbS developers.

These relationships provided true insight into how developers were operating, where they were encountering bottlenecks, and what kinds of support they needed.

This insight is directing how C4C approaches expansion beyond Brazil. C4C has explicitly described its future expansion as working through local partners while bringing the methodologies and experience developed in Brazil, rather than rebuilding the same organizational structure from scratch. Functions such as ecosystem mapping, bottleneck identification, investor and developer organization, market intelligence, trust-building, and deal facilitation may remain consistent across regions, while the actors involved, sequencing of interventions, and institutional structures must be adapted locally.

Research Outcomes, Limitations, and Implications

This research suggests that Capital for Climate may serve as a preliminary actor in what may be an emerging and distinct organizational form: the sectoral accelerator. We've distinguished these organizations as occupying an intermediary position and attempting to change the conditions under which an entire sector functions by coordinating actors, producing information, developing shared infrastructure, strengthening pipelines, creating proof points, and accelerating transactions.

There is evidence that meaningful market activity has developed alongside C4C's work. The organization reports that its summits, roadshows, introductions, and deal-making activities have contributed to hundreds of millions of dollars in transaction activity. Its 2025 Summit showcased dozens of investment opportunities, while its investor and developer networks have grown substantially. C4C's internal reporting also documents \$10.4 billion in investor intent and \$6.1 billion in developer capital demand. These indicators suggest that the Brazilian NbS market has become substantially more organized and visible during the period in which C4C has operated.

However, the research cannot establish that C4C alone caused these outcomes. This is the project's most significant limitation. Our primary interview sources were members of Capital for Climate itself. We did not interview participating investors or project developers, meaning that much of the causal pathway between C4C's interventions and actual investment decisions remains a black box. C4C's own materials characterize the organization as an important contributor to Brazil's changing NbS market, but independent stakeholder research would be necessary to test this interpretation.

The emerging nature of the field creates a second limitation. Sectoral acceleration lacks an established body of academic theory, and C4C's own model evolved organically. This makes it

difficult to identify precise turning points or isolate the factors that drove market development. Finally, the model has not yet been successfully reproduced across multiple national contexts. Brazil therefore provides a promising case rather than definitive proof that the same approach will work elsewhere.

These limitations provide opportunities for the next stages of research: comparative analysis of other organizations performing similar functions, interviews with market participants affected by their interventions, and longitudinal study of whether accelerated sectors eventually become capable of functioning without intensive intermediary support.

Conclusion

For an emerging sector to become a mature market it must develop the proper infrastructure: established categories, trusted intermediaries, visible pipelines, comparable information, experienced investors, relationships among participants, proof of viable business models, and mechanisms that connect projects with appropriate forms of capital. Sectoral accelerators may work to build this infrastructure deliberately.

This is particularly important because nature-based solutions may not have the luxury of developing as slowly as previous asset classes. Renewable energy matured over decades through policy support, technological learning, falling costs, investor experience, and institutional development. As our global environmental crisis looms, NbS faces a much shorter window in which to contribute meaningfully to global climate and biodiversity goals.

Capital for Climate has demonstrated how market formation and shaping can be a successful field of practice. By continuing to experiment and examine how organizations identify bottlenecks, organize participants, create shared knowledge, build trust, and coordinate different forms of capital, researchers and practitioners can begin to streamline this process. In a world where existing markets routinely fail to direct resources toward urgent social and ecological priorities, understanding how to build markets that are genuinely fit-for-purpose may itself be a critical climate solution.

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