OUR TAKE:
IFNF Field Notes No. 3 – The Participation Paradox

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

This is the second 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. Learn more about the IFNF program here.

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Part 3: The Participation Paradox

Why late-stage community engagement undermines conservation finance, and how early co-creation changes the trajectory.

In conservation finance, “community engagement” has become almost reflexive. Projects mention it in their opening paragraphs, check the box in their logic models, and schedule a round of stakeholder meetings before implementation begins. Yet across the Innovative Finance for National Forests (IFNF) program, this language often masked a deeper problem: communities were being informed about decisions, not invited to shape them.

In our TRARO readiness screening framework, the third element is "**Participation**." It asks whether meaningful co-creation with communities has occurred before execution, not after. And this distinction is subtle but consequential.

This piece explores why participation, when done genuinely, becomes a predictor of success; and why projects that treat it as an afterthought encounter persistent implementation barriers.

The Participation Problem

Analysis of IFNF projects revealed that Participation, along with Practices, often remained weaker than other elements, even after applicants revised their proposals. The reason became clear: many projects had not invested the time or resources to build authentic partnerships with key stakeholders before seeking funding.

What followed was predictable. During implementation, communities that had not been consulted about project design resisted outcomes that felt imposed. Partners that had been named but never engaged questioned their role. Local concerns that had been overlooked during planning stages surfaced mid-execution, derailing timelines and eroding the social license necessary for success.

The pattern was neither unique to IFNF nor accidental. It reflected a broader structural reality: genuine co-creation is expensive and time-consuming. It requires funding, facilitation, and the humility to reshape designs based on community input. Most project developers, pressed for time and resources, skip this step, then struggle when implementation reveals the gaps.

Three Pathways to Participation Failure

IFNF grant applicants illuminated three recurring weaknesses in how participation was approached:

1. Tokenistic Engagement

Many projects named local organizations or community representatives in their proposals but had conducted minimal engagement before submission. For those funded, these named partners were expected to suddenly become active contributors, often without clear roles, authority, or value proposition. The result was partners feeling used rather than genuinely valued, leading to slow decision-making, missed meetings, and a lack of genuine ownership over outcomes.

2. Late-Stage Consultation

Other project proposals had design-led processes where technical experts and leadership teams determined the project model, then organized outreach meetings to "communicate" the plan and solicit buy-in. Communities were asked to affirm decisions already made, not to help shape them. This left little room for meaningful feedback or course correction, breeding skepticism and limited adoption of the conservation model once implementation began.

3. Insufficient Attention to Diverse Stakeholders

Some projects engaged one stakeholder community well (e.g., agency partners) but overlooked others (e.g., local residents, workers, or tribal nations). This created misalignment when different groups had conflicting interests or expectations. Projects that proposed working only with agency partners risked discovering too late that local communities lacked confidence in the approach, or that implementation required labor and permission structures that communities had not endorsed.

The Consequence: Slow Adoption and Implementation Delays

Weak participation have measurable consequences. Projects with insufficiently developed stakeholder co-creation processes experience slow contracting, shifting scopes, and difficulty executing on the ground. Multi-stakeholder governance structures, which many IFNF projects required, took far longer to establish and align than initial timelines assumed.

For instance, efforts requiring formation of new governance bodies (e.g., councils, collaborative boards, or decision-making forums) illustrated the scale of this challenge. Without front-loading community co-creation, teams discovered during implementation that establishing shared authority and trust required extensive additional time and resources. Some projects budgeted months for governance formation; with execution stretching past that.

The Contrasting Pattern: Strong Co-Creation

By contrast, projects that scored highly on the Participation element in our TRARO screening framework had conducted genuine co-creation work before seeking grants. They had spent time building relationships, testing ideas with communities, and designing interventions that reflected community priorities as well as technical feasibility. When these projects moved into implementation, they encountered far fewer surprises.

Communities that had shaped the model supported its execution. Governance structures that had been developed collaboratively moved faster to decision-making because the underlying trust and clarity already existed. Outcomes that communities had helped define felt legitimate, not imposed, making adoption more likely.

This pattern held across project types. Recreation finance projects that engaged outdoor users early in design were more likely to secure the behavioral shifts needed for success. Watershed initiatives that brought tribal nations into problem definition from the outset moved faster through regulatory and legal hurdles. Wildfire preparedness efforts that involved affected communities in determining where work occurred and how benefits were distributed generated stronger on-the-ground support.

A Composite Scenario: The Cost of Late Engagement

Imagine a source water protection project launched with strong technical merit and committed partners. The grant proposal described a multi-stakeholder governance model: local government, conservation organizations, tribal representatives, water users, and community residents would collectively oversee restoration work and benefit distribution.

But the proposal was written primarily by the leading applicant organization. Community members had been named but not truly consulted. Tribal nations had been listed as partners without prior conversation about their role or authority.

Once funding was awarded, the project team attempted to operationalize this governance structure. Immediately, conflicts emerged. Tribal representatives questioned why their nation had not been consulted about project scope and could not endorse decisions already made. Local residents expressed concerns about implementation sites and labor practices that had not been included in the original design. Different agencies had different legal authorities and could not easily align.

The governance structure took nine months to establish, not the three months budgeted. By then, the construction season had shifted. Key team members had moved on. Momentum eroded. The technical model, which remained sound, became harder to execute because the participation element was weak.

Compare this to a watershed project that invested upfront IFNF support in genuine co-design. Before proposing a restoration model, the team conducted listening sessions with tribal nations, asking about historical practices, contemporary concerns, and the decision-making processes that would need to occur. They modified their scope based on this input. They negotiated tribal leadership roles in governance before writing the grant. They budgeted labor payments for community members who would participate in planning, not just implementation.

When funding arrived, the governance structure took six weeks to formalize, not nine months. Community members understood and supported the approach because they had shaped it. Tribal authority was real, not performative. Implementation moved forward with momentum and local legitimacy.

The difference was not dramatic in any single element. However, the difference was systemic and consequential.

How IFNF Helped Grantees Strengthen Participation

IFNF grants enabled teams to invest in this upfront co-creation work that fostered true participation. Projects used funding to conduct community listening sessions, hire local facilitators, develop shared decision-making protocols, and reshape designs based on community input. This was non-recoverable investment from a private capital perspective; IFNF was willing to fund it precisely because it reduced implementation risk downstream.

Grantees that used their award to deepen participation emerged with far more credible governance structures and community support. Those that viewed IFNF support as general operating capital, without explicitly dedicating resources to co-creation, struggled to catch up during implementation.

System-Level Implications

The IFNF experience revealed that participation cannot be an afterthought in conservation finance. It is foundational. Projects seeking multi-stakeholder alignment, community adoption, and sustained implementation must budget for genuine co-creation before, not after, securing capital.

This has implications for how future programs design their funding tracks and guidance. Feasibility awards should explicitly support stakeholder mapping, listening sessions, and governance design. Application processes should require evidence of community engagement,

not just community names. And technical assistance should emphasize that participation timelines are implementation timelines, not add-ons to be compressed.

Key Takeaways

If you are seeking conservation finance for a multi-stakeholder initiative, ask yourself:

1. Have we conducted genuine listening sessions with key communities before finalizing our design?
2. Have we offered communities real decision-making authority, not just consultation?
3. Have we budgeted explicitly for governance formation and relationship-building, not just project execution?

Participation that is authentic reshapes projects and slows down early-stage timelines. But it accelerates implementation, improves adoption, and prevents the delays and conflicts that derail projects with weak community foundations.

The IFNF program learned this valuable lesson, and so can the field.

Next month's "Our Take" article in Virtus will be the "IFNF Field Notes Series Part No. 4 – Partners."

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.