Shaping Incentives Toward Effective Collaboration: Lessons for Conservation Practice

Many newly democratizing and developing states are the focus of expectations for strengthened participation in environmental governance. A key challenge, then, for policy practitioners, public officials, and private advocates alike is how to achieve effective environmental outcomes while reducing transaction costs in an enlarged and democratic policy-making arena. Ching-Ping Tang and Shui-Yan Tang’s study, “Managing Incentive Dynamics for Collaborative Governance in Land and Ecological Conservation,” cautions us that the oft-repeated advice from the public administration literature to dangle incentives and align the interests of different actors to foster collaboration is not only incomplete but also, in certain cases, may backfire.

The Twin Lake land conservation case in northern Taiwan documented by the authors is emblematic of current and future land-use conflicts in many parts of the developing world. The existence of unique landscapes with scenic, ecological, recreational, and agricultural values is threatened by conflicting uses and interests. In the Twin Lake study, the authors report how various actors responded to land conservation efforts given the incentives embedded in the evolving approach to ecological preservation, from regulation through voluntary transaction and eventual collaboration. This study makes a unique contribution in viewing the resulting incentive problems and dynamics in light of findings from behavioral or cognitive economics. Few scholarly investigations apply the frame of behavioral economics to land conservation governance, especially in a non-U.S. setting. But its far bigger contribution may lie in conservation practice, where its prescriptions for managing incentive dynamics can be tested. Phrased differently, if land conservation practitioners are keen to ensure that macro-level collaboration leads to effective conservation outcomes, then Tang and Tang’s micro-level insights on incentive dynamics may help practitioners reach that desired end.
The first key insight is that the sequencing of policy incentives can be more influential than the existence or magnitude of the incentives themselves. Thus, far from the conventional expectation that incentives, positive or negative, will lead to targeted behavior, the reality is much more complicated and risky. In this case, the Yilan County government’s first resort to regulatory taking against the private lake owner and farmers to enforce conservation not only galvanized opposition to the project but also produced instead a lingering distrust of the government that subsequent and more appealing incentives found difficult to erase. Admittedly, such an outcome will not be surprising to many practitioners in the developing world, where threats of eminent domain against landowners, rich and poor, are sometimes met with violence against government representatives. Nonetheless, the lesson for conservation governance is not to dismiss regulatory takings from the policy menu but for public officials to be very selective and sensitive to the timing and conditions of applying coercive policy instruments such as regulatory takings. In turn, this reinforces the value of conscious institutional design of conservation programs rather than a well-intentioned but uncritical resort to readily available policy tools in order to avoid inadvertent “preemptive effects” that incentives can produce.

Second, the authors conclude that an understanding of the interplay of various incentives can solve holdout problems in policy implementation. Opposition by the Twin Lake farmers to the conservation efforts finally disappeared only after the local government withdrew its threat of land confiscation. In other words, incentives must be adjusted in cases of policy gridlock. Of the three key insights offered by Tang and Tang, this prescription appears to be the most problematic for practitioners to implement and thus requires more fleshing out. For instance, the ability and timing of public authorities to revise or withdraw existing regulations or to introduce new ones are subject to such factors as the local election cycles, the sentiment of the governing coalition, and the material costs or scope of the policy revision, among others. Unless the policy shift is populist in nature, there is also the danger that sudden policy changes may severely damage a government’s credibility among stakeholders, especially if earlier conservation laws targeted for revisions have been achieved at the cost of considerable political capital. Hence, the authors may be overestimating the practical ability of authorities to make policy adjustments even if the intent exists.

Tang and Tang’s third lesson is that advocates of cross-sectoral collaboration must find ways for incentives to be synergetic, meaning that incentives ought to be “mutually supportive . . . for different stakeholders.” In the case study, Twin Lake farmers gradually yielded their opposition to conservation after recognizing the monetary benefits of cultivating a unique aquatic plant and after the government relented on declaring the area encompassed by private farms a protected zone, a move opposed by local environmentalists. In short, in order for incentives to become aligned and mutually supportive, participants must have an enlightened understanding of self-interest. In the developing world, this is sometimes easier to achieve among government bodies than among private environmental nongovernmental organizations (NGOs), where myopia or pride prevents conceding some points to reach a broader desired objective because of perceived or potential backlash against NGO credibility.

Governance everywhere requires intricate partnerships; ecological conservation is no exception, especially in the developing world, where landownership and conflict are highly emotional, politically charged issues engendering passions and positions that last generations. In such a setting, a keen understanding of incentive dynamics and participants’ cognitive frames is vital for successful outcomes. In this regard, Tang and Tang’s study, although limited in scope, is a useful reference for environmental advocates and public officials committed to better policy design and implementation.