

How should we define our limits and key terms? What definitional issues lurk in this discussion?

This project asks the question: “How can programs that provide voluntary conservation incentives to private landowners be made more strategic and effective?” Thinking carefully about the meaning of each of these key terms can help us better understand the challenges we face in answering that question.

1. “Voluntary” means that the choice to participate is made by the individual landowner without his or her being affected by undue compulsion.

What is “voluntary” can be in the eye of the beholder. Many landowners, for example, may feel that “voluntary” programs are still somewhat linked to regulation – a method governments use to “cushion” the impact of what is, essentially a regulatory program. There may be the sense that participation in an incentives program is still driven by the underlying regulatory threat – that, at least in that sense, incentives are rarely fully and truly “voluntary.”

One can also, however, think of incentives as creating a marketplace through which the public purchases needed environmental services to mitigate for the consequences of a growing, developing human society and as having no connection, whatever, with regulations. Still, making these programs stronger and hence diminishing the threat of future regulation is among the sound reasons for improving them. So, of course the appeal of a “voluntary” incentive may be affected by a regulation and the need for that regulation may be affected by the effectiveness of available incentives.

Either way, this project treats incentives programs as essentially voluntary and as largely independent of direct connection with regulatory programs and accepts that in order to make voluntary incentives more effective, they clearly need to be made more appealing and more profitable for landowners so more will participate and greater impact is possible on strategic conservation problems they address.

2. “Conservation” means the protection of some environmental or quality of life value that can be produced or enhanced through appropriate management of private lands.

This is, essentially, a project about improving how our community addresses environmental issues. But what “conservation” values are we focused on? Each incentives program targets some different purpose or suite of purposes and is supported by a different constituency or coalition of constituencies. So there are many of these values among the many programs we will be evaluating and more, yet, among the multitude of constituencies that support each program or agency. From the perspective of each, what we mean by “strategic” or “effective” may well be seen as tied to how well we are addressing the issue or the values that their program (or their priority within that program) is aimed at protecting.

“Conservation” may be tied to biodiversity, water quality, air quality, habitat for specific plant or animal species (e.g. salmon or sage grouse), sprawl prevention, open space, access to food, protection of farm or forest lands, or many other important values. “Targeting” funding to some locations or issues might easily reduce funding for other areas or issues. If

so, supporters or current beneficiaries of the diminished program or value may see that as a threat. And they may have their own perspective on what should be seen as a priority.

3. “Incentive” means benefits provided that motivate the desired private behavior.

Even a quick survey of the types of incentives that might be potentially included in this discussion quickly gets very broad (direct funding, tax relief, information & training, technical assistance, regulatory streamlining, market advantage/certification, recognition, etc.).¹ The values these programs address and the target recipients are very diverse. And along with obviously major programs we also need to think about the roles of a host of relatively minor ones. In Washington, there are perhaps well over 100 current programs in formal existence that we might potentially consider. So some choices need to be made while we must also remain conscious of what we may be omitting.

This project primarily addresses direct payments, technical assistance, and market advantage arenas – and on the most significant programs in use. We also will to focus primarily on programs that target private farm and forest (natural resource business) landowners.

4. “Private landowners” means the people who are recipients of the incentives and whose behavior we hope will be modified thereby.

Generally, this project will focus its discussion on those individuals whose ownership of land is motivated, at least in significant part, by its value as a business asset. This includes farm, ranch, and forest business. Our work will probably include a broader spectrum of land ownership but will focus on natural resource business landowners.

5. “Strategic” means that program funds are applied so as to address explicitly targeted conservation or other strategic needs that are consciously selected as most important from among a number of potential priorities.

Assessment by Evergreen Funding Consultants² confirms one’s intuition that conservation incentive spending tends to be spread very broadly and thinly across the landscape. It is implicit that we believe that being more “strategic” would lead to our being more “cost-effective.” (See below.) So when we speak of “strategic targeting” we are suggesting that we can achieve greater public benefits per dollar spent. There is also a sense in which use of the term “strategic” may be intended to imply that spending should go to actual priorities rather than to priorities that may be merely “perceived” in a system that may seem influenced by “squeaky wheels” and political pressures.

It is important to understand that from an individual perspective there may be both perceived advantages and disadvantages to strategic targeting that might be limited to “pure” conservation objectives. Stated differently, the list of considerations one might wish to

¹ See the broad range of programs identified by the Washington Biodiversity Council in its early efforts to catalogue current conservation incentive programs.

² Report of Evergreen Funding Consultants to Washington Biodiversity Council on “Conservation Incentive Programs in Washington State: Trends, Gaps, and Opportunities.”
http://www.biodiversitypartners.org/state/wa/biodiversity_report.pdf.

include in setting ones priorities could be broader than merely selecting the most important among a number of conservation objectives:

Advantages:

- *Improved cost-effectiveness for a given conservation value.* Some projects can deliver more per-dollar benefit to a given conservation value than another similar project due to the nature of each project, what is being done, where it is done, who is doing it, etc.
- *Improved cost-effectiveness through benefits to multiple conservation values.* Some projects deliver benefits to many conservation values or address multi-species issues in areas of enhanced biodiversity. One purpose of understanding biodiversity is cost-effectiveness through benefiting multiple habitats with the same conservation efforts.
- *Synergy at a system, watershed, or landscape level.* Improvements at multiple sites that are connected in a biological system or geographical corridor may cumulatively elevate environmental conditions to a level sufficient to provide meaningful habitat benefits for wildlife, human health, etc. Improvements at only a single or a few such sites may be insufficient to accomplish this. Sometimes loss or protection of a single site can be critically important as a potential break in the continuity of a vital system or corridor.
- *Synergy among the landowner community.* Local community interactions among landowners in a limited geography can encourage added participation from others which can significantly reduce overall cost. This kind of sense of community may be more difficult to create regionally or statewide.
- *Ability to measure.* Inability to measure the environmental impacts of work at a single site can make it difficult to justify the spending. Work at a multitude of sites or concentrated on a single problem can elevate the impact to a level where the benefits are more substantial and hence more measurable and the work, therefore, more justifiable.

Disadvantages:

- *Higher cost by traditional measures of success.* Targeting may require higher cost based on traditional measures, e.g – per-farmer assisted or per-acre treated, etc. So higher “apparent” cost/investment may be needed, for example, to enlist higher percentage of participation by landowners in the targeted area for the targeted problem. There may also be possible “higher” per-farmer or per-acre costs for technical assistance and marketing.
- *Potentially higher cost of more strategic measures:* Even if measured are more strategic, the increased cost needed to enlist needed landowner participation may be high as to diminish or eliminate the strategic benefit. There may, for example, be instances when more acres of lower quality, less strategic wetlands could provide more environmental value than fewer, higher quality wetlands acquired at the same total public outlay.
- *Cost of stronger alternative measures of success.* As is mentioned above, if costs by current measures (per-acre treated or per-landowner assisted, etc.) are higher when spending is targeted on issues, problems, or locales, agencies may find this difficult to justify with policy makers unless there are stronger alternative measures that will demonstrate the real cost-effectiveness of their spending. These alternative measures seem to be largely lacking. And producing them with monitoring and measurement itself has costs. These higher monitoring and measurement costs, also, tend to diminish the actual cost-effectiveness of being strategic.

- *Reduced diversity of issues and constituencies addressed.* Many individual programs (like EQIP, CRP, WRP, etc.) can claim to address several environmental issues. For these programs, targeting may be seen as reducing the diversity of the issues addressed and, hence, the constituencies that support the program. Some of these programs currently exclude some constituencies (exclusion of forest landowners from many USDA programs - CREP for example). Such exclusions (existing or new) might be seen as a “cost” of being strategic – at least from the perspective of the funding agency.
- *Reduced geographic spread of benefits.* Targeting may also reduce the geographic spread of benefits from a program that is needed to secure the widespread public support they need to survive in the policy arena.

In the absence of strong, standardized alternative “measures” of success, keeping per-acre or per-landowner costs low may be an inherent attribute of real programs driven by political realities. Funding and delivery agencies probably tend to establish a “price” for landowner services and a description of what services will be paid for with a view to maximizing the number of participants, acres of treatment, variety/diversity in problems addressed program-wide, or geographical spread – all given the dollars they have available to spend.

6. “Effective” means cost-effective – that greater public conservation benefit is achieved per-dollar spent.

As mentioned above, the project goals imply that by being more “strategic” we can make these programs more “cost-effective.” But is that necessarily the case? And if it is only sometimes the case – when? Presumably there is a “market” for environmental/conservation services that can be provided by landowners. And that market will establish a “price” for the particular services and circumstances involved. Perhaps paying a higher per-acre/per-landowner price may be required to “strategically target” spending³. But how does that higher price translate into cost for public conservation benefits received?

This raises two issues:

- Improving our measures of success: If we are to pay more by current measures (e.g. per acre or per landowner) we need to find more convincing measures of success that will justify the seemingly “higher” expenditure. One could argue that it is the lack of such alternative measures (or our unwillingness to pay to create them) that now prevents our being more strategic. Significant improvement in our ability to measure environmental success, either by devising better measures or by better funding the ones we have, is clearly essential to being more strategic with conservation incentives spending.
- Understanding the market supply curve for landowner conservation service delivery: We need to better understand not only the factors that affect market supply of conservation services by landowners (one of the objectives of this project), but also of the shape/configuration of the supply curve. This kind of information is needed, if only on a “macro” scale, if agencies are to predict what kinds of changes are likely to produce cost-effective improvements in conservation benefit delivery.

³ See ERS Economic Brief Number 3: “Participant Bidding Enhances Cost Effectiveness;” R. Johansson; USDA Economic Research Service, March 2006. www.ers.usda.gov/publications/eb3.

It might be noted that the benefits achieved from regulatory programs are also said to be insensitive to their costs. Evaluation of the social/economic costs of regulation certainly tends to be less explicit and difficult to measure and it can be hard to match costs with results. The regulatory enforcement pressure for “one-size-fits-all” solutions incurs yet additional costs among those portions of the community whose compliance might not have been strictly needed had a more case by case approach been possible. If we look only at public fiscal costs (enforcement, administration, etc.) a program may appear much less expensive than it really is. An accurate assessment of private costs may also depend on participation by affected constituencies, some of whom may lack effective political voice.

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