

# **Determinants of incentive-based forest governance in the Amazon: evidence from Brazil, Ecuador, and Peru**

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Forest conservation policies have emerged as central components of climate change mitigation policy mixes in recent years. Policy-makers and scholars alike have concurrently tried to devise policies that could effectively curb deforestation in more effective ways than the command-and-control policies that dominate the forest sector in the majority of developing countries. Incentive-based forest conservation policies, such as payments for environmental services, are often proposed as promising complementary measures to reduce deforestation. The scholarly work on incentive design in the conservation sector has, so far, been largely focusing on economic dimensions, such as cost-effectiveness and welfare effects. More recently, equity issues and potential tradeoffs between social and economic policy objectives are being discussed in the academic literature. Yet, neither the former nor the latter research has actually led to significant changes in how conservation incentives are being designed. In fact, rather little is known about the political, including ideological, motivations and institutional constraints faced by policy makers who develop and implement PES schemes around the world.

To understand the gaps between recommendations and practice, it is important to find out how the composition of political forces and opportunities that led to the adoption of incentive-based forest conservation schemes is reflected in their design, towards environmental and non-environmental outcomes. Public policy theory offers a largely unexplored set of instruments to shed light on this question. In this article, we seek to understand the governance structures and the dynamics of three government-led, large scale, incentive-based forest conservation policies in the Amazon region, namely in Peru, Ecuador and Brazil. This will be achieved through the lenses of an analytical framework derived from Kingdon's Multiple Streams Framework, from institutional analysis theories and from the policy design literature. We find that government-led, incentive-based conservation schemes emerge due to factors such as changes in environmental awareness among policy makers and in the society, to the higher acceptability of policies analogous to conditional cash transfer programs within governments, and to demands for social assistance to poor forest-dwelling populations. Policy design tends to be more dependent on political-administrative factors, such as the acceptability of the design by target populations and other social groups, the political continuity of ruling groups, the appropriateness of design features to the values and ideologies of policy-makers, the technical feasibility of certain implementation tools, and budgetary constraints. These factors tend to dominate over efficiency criteria when it comes to scheme design in the cases studied.