Notes on Methodology – Classification Framework

Disincentives vs. Perverse Incentives

Disincentives should be interpreted as measures that disincentivize the uptake of a policy goal. In the context of this study, disincentives are measures that incentivize activities which are counteractive to restoration. For example, tax deductions for exploratory oil drilling serve as disincentives to more ecologically friendly land uses such as agroforestry. Any benefit from an ecologically harmful activity that outweighs the benefits of restoration is considered a disincentive. Since disincentives can easily be found in legislation – particularly in laws originating from agricultural and mining ministries – they are included in our classification model.

It is important to recognize that some instruments which are usually seen as disincentives – namely fines – can serve as incentives depending on the policy goal. For example, fines that are imposed due to land use changes for ecologically harmful activities serve as disincentives to degradation, and therefore are incentives for conservation; such cases should be tagged simply as incentives. As such, instruments do not determine whether a policy is an incentive or disincentive (since a fine can be an incentive or disincentive based on the framing). Such a determination depends on how the goal is defined. Since restoration is the policy goal, any measure that promotes an activity counteractive to restoration should be considered a disincentive.

Disincentives are also distinct from perverse incentives, which in the context of this study are incentives which intend to promote restoration but yield unintended, counteractive outcomes. A restoration policy can act as a perverse incentive when farmers cut down existing trees so that they can receive incentive funds to plant new trees on their land. The intention of the policy was to promote restoration, but this theoretical scenario demonstrates that such a policy can have the unintended consequence of afforestation. Perverse incentives like this hypothetical scenario,can only be identified based on the outcomes of policies, not the policies themselves. For this reason, perverse incentives are excluded from our classification model, which looks exclusively at legislation.