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## **Enforcement Aspects of Conservation Policies: Compensation Payments versus Reserves**

by

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This model explicitly incorporates the dynamic aspects of conservation programs with incomplete compliance and it allows landholders' behaviour to change over time. A distinction is made between initial and continuing compliance. We find that incomplete enforcement can have a significant impact on the choice between subsidy schemes and reserves for conservation policies. The results suggest that it is useless to design a conservation scheme for landholders, if the regulator is not prepared to back the program with a monitoring and enforcement policy. In general, if the cost of using government revenues is sufficiently low and the environmental benefits are equal, the regulator will prefer to use compensation payments since the total compliance costs as well as the inspection costs will be lower. If the use of government funds is too costly, the reservetype instruments will be socially beneficial.