



*Press release, 07 December 2021*

## **Enhancing Spatial Coordination in Payment for Ecosystem Services Schemes with Non-Pecuniary Preferences**



***Are monetary incentives the best way to achieve land spatial coordination in ecosystem services? A new experiment measures the impact of non-pecuniary motives in land owners' decisions.***

Ecologists agree that **spatial coordination in land management** is important for providing **ecosystem services** and conserving **biodiversity**. If adjacent plots of land are managed in a coordinated manner, then environmental targets such as flood mitigation, riverbank protection and wildlife corridors could easily be reached. Ecological benefits from **Payment for Ecosystem Services (PES)** can be increased by private landowners working together to coordinate land enrolment.

The [Payment for Ecosystem Services \(PES\)](#) system offers a financial reward called the **agglomeration bonus** to encourage spatial coordination of enrolled land. The standard agglomeration bonus pays **extra money** when neighbours participate together. But is money the only factor affecting the final farmers' decision whether to join the PES? Non-pecuniary motives such as concerns about the environment and social comparisons also play an important role in the landowners' final decision to join or not to join the PES.

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[Kuhfuss et al.](#) designed an experiment to measure how effective is the agglomeration bonus is in achieving a **cost-efficient spatial coordination** on a local network when **non-pecuniary motives** are explicitly recognised and rewarded.

The experiment tested two main research questions. The first one was whether the agglomeration bonus successfully encouraged spatial coordination in land use in an **experimental laboratory setting** when non-pecuniary motives were officially on the table. The second question was if a nudge based on **group ranking** could improve the performance of the agglomeration bonus.

The description of the experiment and its results are available in the [paper](#) from Kuhfuss et al., 2021.

Kuhfuss L.; Préget R.; Thoyer S.; De Vries F. P. Hanley N. Enhancing Spatial Coordination in Payment for Ecosystem Services Schemes with Non-Pecuniary Preferences. Discussion Papers in Environmental and One Health Economics, 2021, paper n. 6. JEL codes: C91; C92; Q15; Q18; Q57.

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