

Not all group incentives are created equally

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The growing interest in payment-based incentives as a policy tool requires robust evidence regarding the effectiveness of alternative payment structures in eliciting proconservation behavior. How incentives are structured not only determines how much individual resource users can be influenced, but also impacts wider cobenefits, such as building the capacity of local institutions or changing social norms. Gatiso et al. (2017) contribute to this evidence base with their experimental study of individual and group-based payments to promote sustainable community forestry. Two important points arise from their study: (1) how group and individual incentives are defined and (2) the need for fair comparisons between incentives in experimental studies. The authors find that individual payments performed better in their experiment and note that previous studies draw the opposite conclusion, attributing this to cultural, political, and experimental factors. While these are certainly relevant, there are more fundamental explanations, notably how these studies define individual and group incentives and the relative payout gained from free-riding.

While Gatiso, Vollan, Vimal, and Köhl (2017) distinguish between payouts given directly to individuals or to a shared resource (a school), both Salk, Lopez, and Wong (2017) and Travers, Clements, Keane, and Milner-Gulland (2011) focus on whose performance is evaluated: the group's or the individual's. Thus, the "equity-based individual payment" (EBIP) treatment in Gatiso et al. (2017) is a *group* treatment under the Travers/Salk definition since payouts depend on aggregate group behavior. This distinction is important, as one of the primary motivations for using group incentives is that they promote peer effects, a potentially powerful determinant

of behavior (Falk & Ichino, 2006). Incentives where performance is assessed at the group level do this, even if the resulting payouts go directly to individuals. Furthermore, experimental studies should be designed such that any difference in observed behavior can be attributed to the specific features of individual treatments. In Gatiso et al. (2017), the "performance-based individual payment" (PBIP) treatment has a smaller payoff for free riders than EBIP (table A2). This is an equally plausible explanation for PBIP outperforming EBIP as the authors' conclusion that it is due to contingency on individual versus group behavior.

We agree with Gatiso et al. (2017) that experimental games are a powerful approach that offers insights into how conservation incentives are delivered. However, we disagree with their recommendation to avoid group incentives, and instead see their results as applying only to how payouts are delivered. Other experimental articles cited by the authors as supporting individual payments do not directly compare group versus individual incentives (Martin, Gross-Camp, Kebede, & McGuire, 2014), or did not allow communication among resource users (Narloch, Pascual, & Drucker, 2012). As demonstrated by Salk/Travers, group-level evaluation of conservation outcomes provides useful peer pressure, outperforming individually evaluated incentives when free-riding is an equal temptation among treatments and resource users communicate, conditions that describe many common-pool resources. Group-evaluated incentives remain an important policy tool to promote conservation, but as Gatiso et al. (2017) demonstrate, payments are likely to be more effective if delivered to individuals.

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