

## Nos Séminaires



### RESUME

#### 12/03 - **Can nudges increase the effectiveness of payments for ecosystem services? Evidence from a randomized experiment**

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Payments for Ecosystem Services (PES) are increasingly used to incentivise farmers to adopt greener practices. PES sometimes face low subscription rates which are blamed on a lack of information about the program and on large subscription costs. We report on the results of a large randomised experiment (N=20000) conducted in the Hauts de France region to test whether nudges sent by mail can increase the subscription rate of PES. We test several nudges: (i) information about the program, (ii) testimonies by farmers already benefiting from the program, (iii) easy to use subscription form, (iv) informing all neighbours eligible to the program in order to leverage on word of mouth.

We find that sending 10000 letters informing farmers about the program increases contacts taken by farmers to ask information by  $323 \pm 40$ , the subscription of contracts by  $63 \pm 40$  (a 30% increase) without degrading the environmental quality of the contracts signed, at a costs of 100 Euros per additional contract. Overall our results suggest that sending a simple reminder letter can be a cost-effective way to increase the take up rate of PES. Nudges beyond the information letter fail to provide similar effects, but, in view of their small cost, larger experiments might be warranted to investigate whether they might have very small positive effects.