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**Evaluating conservation auctions with unknown bidder costs:
the Scottish fishing vessel decommissioning program**

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Abstract

As an alternative to the more traditional fixed-price schemes, governments can run auctions to purchase environmental services from private agents. Governments have so far chosen the discriminatory price (DP) over the uniform price (UP) format. Theoretical and experimental studies have concluded that the DP usually performs better than the UP in terms of cost-effectiveness. Using field data from two fishing vessel decommissioning auctions in Scotland, we find ambiguous results regarding relative DP and UP performances. A novel approach for estimating the underlying bidder costs shows that bid shading and cost heterogeneity can each determine relative auction performance.

Key words: Auctions, procurement tenders, conservation, fisheries, buyback schemes, decommissioning, natural resource management, evaluation, experimental economics

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