
[Download](#)

Keep in mind

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR

Gáfar-González, Margarita María

Mantilla, Daniel

The series [Working Papers on Economics](#) contributes to the dissemination and promotion of the work by

researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc). The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

Publication Date:

Monday, 30 December 2024

Abstract

The design of mechanisms for sustainable irrigation water management requires a deep understanding of the value of water to local communities. We present results from a lab-in-the-field incentivized game that sheds light on irrigation water overvaluation patterns among small farmers in Colombia. In this game, two players divide a jointly endowed agricultural land plot, with some pieces having direct access to irrigation water. Although the induced cost of irrigation water in our game was one token, farmers paid between 2.1 and 3.5 times this amount. We generalize this result by presenting a general bargaining game that can be used to identify overvaluation in settings contexts where relevant use conflicts arise.

Colombian farmers participating in the game overvalue irrigation water, paying between 3 and 4 tokens when its real value is only 1 token. This reflects a perception of scarcity and rivalry in access to the resource.