Participants in Payments for Ecosystem Services (PES) schemes can be identified in numerous ways, for example through social or spatial targeting. However, little is known about the trade-offs and outcomes of targeting participants in different ways. Here we evaluate identifying participants using social and spatial targeting comparing the outcomes of fairness, participant perceptions, understanding and compliance. These are explored in a longstanding PES scheme in Cidanau, Indonesia. The Cidanau PES scheme contracts farmers at the group level and has had two implementation phases, the first phase contracted farmers based on both the NGOs relationship with the farmer groups and their track record in a previous conservation program and the second phase based on the spatial proximity of their plots. Our results indicate that both the social and spatial targeting of participants was fair, and all participants were complying. We find that negative outcomes and unexpected trade-offs were avoided thorough engaging existing social institutions within these communities. Furthermore, our results highlight that the group level organizational structure could be overcoming the lack of knowledge/understanding of the PES scheme, which subsequently is ensuring that the environmental objectives are met. However, training for the farmer group leaders is crucial in ensuring that the rest of the farmer group members understand the PES scheme and its requirements. Our results suggest that working with existing community institutions increases the chance of implementing a successful PES schemes when identifying participants through social or spatial targeting.