

Lopera Baena, Maria Adelaida

Conference Paper

Evidence of Conditional and Unconditional Cooperation in a Public Goods Game: Experimental Evidence from Mali

Beiträge zur Jahrestagung des Vereins für Socialpolitik 2016: Demographischer Wandel - Session: Cooperation and Solidarity: Empirical Evidence, No. F04-V3

Provided in Cooperation with:

Verein für Socialpolitik / German Economic Association

Suggested Citation: Lopera Baena, Maria Adelaida (2016) : Evidence of Conditional and Unconditional Cooperation in a Public Goods Game: Experimental Evidence from Mali, Beiträge zur Jahrestagung des Vereins für Socialpolitik 2016: Demographischer Wandel - Session: Cooperation and Solidarity: Empirical Evidence, No. F04-V3, ZBW - Deutsche Zentralbibliothek für Wirtschaftswissenschaften, Leibniz-Informationszentrum Wirtschaft, Kiel und Hamburg

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Evidence of Conditional and Unconditional Cooperation in a Public Goods Game: Experimental Evidence from Mali

Abstract—This paper measures the relative importance of *conditional cooperation* and *unconditional cooperation* in a large public goods experiment conducted in Mali. We use expectations about total public goods provision to estimate a structural choice model with heterogeneous preferences. While unconditional cooperation can be captured by common preferences shared by all participants, conditional cooperation is much more heterogeneous and depends on unobserved individual factors. This structural model, in combination with two experimental treatments, suggests that leadership and group communication incentivize public goods provision through different channels. First, We find that participation of local leaders effectively changes individual choices through unconditional cooperation. A simulation exercise predicts that even in the most pessimistic scenario in which all participants expect zero public good provision, 60% would still choose to cooperate. Second, allowing participants to communicate fosters conditional cooperation. The simulations suggest that expectations are responsible for around 24% of the observed public good provision and that group communication does not necessarily ameliorate public good provision. In fact, communication may even worsen the outcome when expectations are low.

Keywords—Expectations, conditional cooperation, public goods game, discrete choice model, random coefficients model.

I. INTRODUCTION

WHEN government institutions cannot guarantee the provision of public goods, social welfare relies on community cooperation. Behavioural economics can contribute to the search for incentives that influence individual actions in a desired direction. In particular, it can help us find better incentives for contributing to public goods without having to impose regulations that are costly to enforce and may create conflict. Experimental economists have identified various motives that affect voluntary contributions to public goods aside from direct pecuniary benefits. The choice of contributing in a public goods game depends on intrinsic preferences as well as on expectations about the actions of other individuals. Understanding the influence of expectations on the contribution choice can be useful for public policy purposes.

This paper disentangles between two rationales underlying the decision to contribute or not to a public good. First, *unconditional cooperation* results from intrinsic individual preferences that are independent of others behaviour. Unconditional cooperation may include preferences such as altruism, egoism, and a concern or indifference for equity. A second motivation for contributing comes from *conditional cooperation*. This principle is inherently related to the behaviour of others or to expectations about their actions when behaviour is not directly observed. Conditional cooperation arises, for example, when individuals try to match others' actions. Taken

together, conditional and unconditional cooperation determine the decision of contributing to public goods.

We estimate a decision-making model that uses conditional and unconditional cooperation to describe individual choices in a public goods game. We use random coefficients to allow heterogeneous preferences to depend on individual characteristics and unobserved factors such as social norms and cultural practices. This model also allows for correlations between preferences. For example, participants who weight more the actions of others in their own decision to cooperate may have a systematic tendency to be less altruistic, leading to a correlation between conditional and unconditional cooperation.

A distinctive feature of the behavioural analysis in this paper is that instead of relying on strong assumptions such as *rational expectations*, we use elicited beliefs to measure the relative importance of conditional cooperation. In other words, we measure the extent to which the expected actions of other individuals affect the decision to cooperate. We estimate the model using data from 2,697 individuals who participated in a contextual field experiment conducted in 121 rural communities in Mali in 2011.

The experiment is a repeated binary linear public goods game in which a group of participants simultaneously and individually decide whether or not to invest in a public good, and at the same time reveal their expectations about total public goods provision. As most public goods games, this experiment poses a social dilemma: on the one hand, participants maximize total social benefit by contributing to the public good; on the other hand, they maximize their own private benefit by not contributing.

The experiment consists of three consecutive decision periods that correspond to three different treatments. The first period is a *baseline* treatment in which participants remain physically distant from each other. The second and the third period randomly alternate between a *discussion* treatment and a *leader* treatment. In the discussion treatment participants are invited to hold an open conversation among them. After this talk, everyone makes a private cooperation choice and state their subjective beliefs. In the leader treatment, one of the participants is randomly chosen from the group and is given the mandate to convince everyone else to cooperate in order to maximize social welfare.

We find that unconditional cooperation can be captured by common preferences shared by all participants and by observed individual characteristics. Younger and wealthier participants are less incline to unconditional cooperation. Conditional cooperation is much more heterogeneous and depends on individual factors usually unobserved to the researcher.

The discussion treatment increased cooperation by 7.6%. The estimation of the structural model indicates that this effect is mainly driven by conditional cooperation. A simulation exercise shows that conditional cooperation is responsible for almost 24% of the observed public good provision. We also find that the leader treatment increases total public good provision by 14%. The structural model estimates indicate that this improvement is mainly due to unconditional cooperation. Even in the most pessimistic scenario, in which all participants expect zero public good provision, simulations predict that 60% of the group will still choose to cooperate if a local leader is present to motivate them.

These findings may be useful in other regions of sub-Saharan Africa, in contexts similar to rural Mali. They could be helpful to improve the probability of success of projects that require community cooperation and for which supervision is difficult or too costly. The involvement of local leaders appear to be the most effective tool to incentivize cooperation and could be used in health campaigns to promote choices such as using condoms, sleeping under bed nets, chlorinating water, or hand washing. However simple, these actions can make a real difference. In a single year, 1.8 million people die from AIDS, 655,000 die from malaria, and 1.5 million children die from diarrhea (WHO, 2012; UNICEF and WHO, 2012; UNICEF et al., 2011).

The rest of the paper is organized as follows. Section II discusses conditional cooperation, unconditional cooperation and expectations in the context of public goods. Section III describes the experimental design and Section IV presents the structural choice model. Section V presents the data and the estimation results. Finally, Section VIII concludes.

November 28, 2015

II. BACKGROUND

Unconditional cooperation is based on intrinsic preferences regardless of the actions of other individuals. In the context of public goods games, unconditional cooperation may include motivations such as egoism, altruism or efficiency concerns. Egoism motivates participants to *free ride* - to benefit from the cooperation of other participants without contributing to the public good. Numerous public goods experiments have shown that egoism alone cannot explain observed contributions to public goods. Unconditional cooperation is consistent with this evidence because it includes preferences like altruism, which does not depend on others' actions. Individuals may have an intrinsic taste for giving (Becker, 1974) or they may get a *warm glow* from giving (Andreoni, 1989, 1990). The utility of altruism comes from the action of contributing itself and it always motivates individuals to cooperate. Goeree et al. (1999) describe an alternative type of altruistic preferences that depend on the utility of others, but not on their actions. Another motivation consistent with unconditional cooperation is efficiency. In a public goods game, efficiency considerations incentivize participants to choose the action that maximizes the total net benefits and not their own private benefits.

Conditional cooperation requires individual choices to depend on the actions of others (Gächter, 2007). The experimental evidence suggests that in public goods games individuals

are often willing to contribute more the more the others contribute (*e.g.* Fischbacher and Gächter, 2010). Conditional cooperation can be motivated for instance by inequality concerns (Fehr and Schmidt, 1999), when individuals dislike a particular distribution of payoffs; or by fairness concerns (Rabin, 1993), when individuals seek to reward contributors and to punish non contributors.

This paper approaches the cooperation choice as a complex decision in which a variety of preferences intervene in potentially opposite directions. We measure the relative importance of conditional and unconditional cooperation when a group of individuals decide whether or not to contribute in a public goods game. Since decisions are taken simultaneously, participants make their choices without knowing the actions of the rest of the group. Due to this uncertainty, conditional cooperation requires participants to form expectations, or beliefs about the others' behaviour.

There is an identification problem in estimating conditional cooperation. When only final contribution decisions are observed, different combinations of preferences and expectations could lead to identical choices (Manski, 2002). One possible solution consists in assuming rational expectations; in other words, assuming that participants can predict the actions of the rest of the group on average. Avoiding such assumptions on participants' behaviour is the main justification for using experimental data on beliefs instead of the regular observational data on individual choices. Bellemare et al. (2008) show that a structural model of decision making (for a ultimatum game) generates much better predictions when estimated with elicited beliefs instead of assuming rational expectations. Following their result, we prefer to use data on expectations to estimate my contribution-choice model.

Concerns have been raised in the experimental literature that eliciting beliefs may lead to more strategic thinking and therefore affect behaviour. Rutström and Wilcox (2009) find that asking subjects their beliefs during a repeated game changes the way those subjects play only when using a *scoring rule* to incentivize accuracy. Not rewarding accuracy ensures that beliefs affect choices exclusively through the expected action taken by other participants. This avoids potential biases in participant choices, minimizes hedging opportunities, and improves cognitive simplicity of the instructions.

III. THE EXPERIMENT

According to the taxonomy of Harrison and List (2004), the experiment studied in this paper can be classified as a *contextual field experiment* - a controlled laboratory design adapted to the Malian cultural context.¹ The experiment involves three treatments or periods. Each treatment includes a *public goods game* and a *beliefs elicitation* question in which participants privately report their expectations about the unknown public goods provision. Total outcomes are revealed at the end of the three periods, but elicited expectations are never made public.

The public goods game is a simplified linear game of binary choices that closely follows the design of Cárdenas et al. (2009). All participants receive an endowment of one

¹A detailed experimental protocol is available under request (in French).

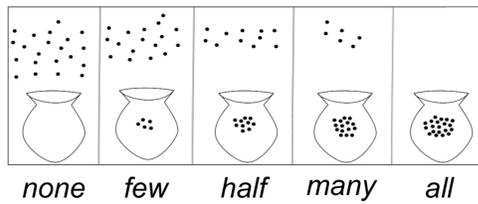


Fig. 1: Graphic question for beliefs elicitation

token and take the simultaneous and anonymous decision of cooperating or not. Cooperating means investing the entire endowment into a common account that is a public good. The total amount of this account is multiplied by the number of participants and the returns are shared equally among all group members, cooperators and non-cooperators. This means that the marginal per capita return from the public good is constant. Choosing not to cooperate means investing the entire endowment in a private account that has a fixed private return of nine tokens. In total, cooperators receive the amount of the public goods provision, while non-cooperators receive the amount of the public goods provision plus ten additional tokens from their private account.

Each payoff depends on individuals' actions as well as on the actions of the rest of the group. If nobody contributes to the public good, all participants receive ten tokens from their private account. Inversely, if everyone contributes each participant receives as many tokens as the group size. Since there are always more than ten participants in this experiment, social returns of the public good are always greater than the total returns of the private account.

As in most public goods games, participants' face a social dilemma. On the one hand, the behaviour that maximizes individual payoffs is to free ride, to invest in the private account to receive private returns and also receive returns from the public good. On the other hand, contributing to the public good gives greater social returns, and thus is the optimal strategy to maximize social welfare.

The beliefs question seeks to elicit participants' subjective expectations about the proportion of group members that contributed to the public good. In order to simplify communication, participants answer this question by choosing one of the five alternatives in Figure 1 (Manski and Molinari, 2010). The meaning of each alternative from left to right are worded as follows: *none* of the participants contributed, *a few* contributed, around *half* of the participants contributed, *many* contributed, *all* participants contributed.

The experiment does not reward the accuracy of elicited expectations to prevent elicited beliefs from becoming part of the game strategy and potentially affect the contribution choice. Armantier and Treich (2013) show theoretical and empirical evidence that paying individuals for their predictions can lead to a significant bias. They find that incentivizing beliefs through a scoring rule when individuals have a financial stake in the predicted event, as they do in public goods games, produces systematic differences between subjective and reported beliefs. Palfrey and Wang (2009) also find empirical evidence that scoring rules can create significant

complex distortions in the observed outcomes when there are prominent hedging opportunities. A potential solution to make the experimental design "hedging proof" is to randomly reward either the accuracy of elicited beliefs or the game outcomes (Blanco et al., 2010). This solution however, carries the price of adding cognitive complexity to the experiment instructions, which can be a major issue when individuals have low literacy levels as they do in rural communities in Mali.

The experiment includes three treatments or periods that correspond to three different versions of the public goods game. The first period is always a *baseline* treatment in which participants remain physically distant from each other the entire time. In this treatment, participants play a standard public goods game and state their beliefs about total public good provision. The second and the third period randomly alternate between a *discussion* treatment and a *leader* treatment. One may think that there is a potential learning effect or a repetition effect because the baseline treatment is always played in the first period. If anything, playing the game repeatedly should "drag down" contributions over periods. One of the stylized facts of public goods games is that contributions decrease over time. This feature has been largely documented in the laboratory (Andreoni, 1988, 1995; Croson, 2007; Davis and Holt, 1993; Fischbacher et al., 2001; Fischbacher and Gächter, 2010), and more recently in field experiments (Walker, 2011). To my knowledge, there is no evidence of increasing cooperation when the same public goods game is played several times. If there is a repetition effect, my estimates of the treatment can be interpreted as lower bounds for the true values.

In the discussion treatment, participants are allowed to have an open discussion among them; they communicate freely and potentially make non-binding and non-verifiable agreements. After 5 to 10 minutes, participants are asked to make their own contribution decisions in private and state their beliefs. In the leader treatment, one of the participants is randomly chosen from the group to lead the discussion. This person is brought apart and told that the group's optimal solution to the game is to cooperate. The leader's explicit mandate is to convince everyone else to contribute and maximize social welfare, this person has a few minutes to convince the group before all participants take their own private contribution decisions and state their beliefs.

In this experiment the leader's decision is identical to the rest of the group. The selected leader has no power to punish or reward or even verify the actions of the group members. This setting departs from other experimental treatments where the leader's decision differs from the decisions of the rest of participants. While some experiments reveal the leader's contribution ex-ante, others simply give the leader special capacities such as communicating (Koukoulis et al., 2012), monitoring the decisions of others, or rewarding and punishing the rest of the group (van der Heijden et al., 2009; Rivas and Sutter, 2011).

Finally, the total public good provision of each game is revealed at the very end of the experimental session, after the three periods. According to Costa-Gomes and Weizsäcker (2008), postponing the feedback about outcomes until the end of the experiment reduces the dynamics between outcomes

and decisions or expectations. In my analysis, we assume that cooperation decisions are based solely on preferences and beliefs, and not on the actual outcome of previous periods.

At the end of the experimental session, participants use their tokens to “buy” prizes from a temporary shop managed by experimenters. The articles available are gender free and consist of pens, lighters, matches, notebooks, razors, batteries, and lamps.

IV. MODEL

Based on the premise that conditional and unconditional cooperation motivates individual choices, we propose a model that describes the cooperation decision in the experiment described above. The interest of using an economic model is to recognize behavioural patterns and stylized facts about individual preferences that go beyond simple correlations. In particular, the model allows me to identify the channels through which the *discussion* treatment and the *leader* treatment affect individual choices.

In each experimental session $k = 1, 2, \dots, 121$, a group of N_k participants interact together over the three treatments or periods $t = 1, 2, 3$. In a given period, each individual $i = 1, 2, \dots, N_k$ receives a unitary endowment and makes a private binary choice $c_{it} \in \{1, 0\}$. Participants who choose to contribute to the public good ($c_{it} = 1$) invest their endowment in a common account that returns one unit to each one of the N_k group members. Participants who choose not to contribute to the public good ($c_{it} = 0$) invest their endowment in a private account that gives an individual private return of ten, and zero returns to the rest of the group. The individual payoff of this game can be written as a linear function of the choice variable

$$m(c_{it}) = 10(1 - c_{it}) + c_{it} + (N_k - 1)c'_{it}, \quad (1)$$

where $c'_{it} \in [0, 1]$ denotes the average contribution of the rest of the group. Since participants interact anonymously, for each participant the rest of the group can be modeled as a unique player with a continuous contribution decision in the unit interval.

This model defines the utility of contributing to the public goods as a broad function that includes not only individual monetary payoffs, but also the notions of unconditional and conditional cooperation

$$u_{it} = m(c_{it}) + [\alpha + \gamma(N_k - 10)]c_{it} - \theta|c_{it} - c'_{it}|. \quad (2)$$

The component $m(c_{it})$, which coefficient is normalized to one, is simply an expression of standard preferences for individual monetary payoffs. This first component of the utility function follows the theory applied to the early studies of voluntary contributions, which assumes that participants are selfish payoff maximizers. In the laboratory, there is always a fraction of subjects whose behaviour is consistent with this notion. Andreoni and Miller (2002) found that a quarter of subjects participating to a dictator game were not willing to share their payoff with another participant. Nevertheless, the assumption of completely selfish players typically fails in public goods games, and thus it is necessary to adjust the utility function accordingly.

The parameter α can be interpreted as a preference capturing the Robert et al. (Andreoni1989 *warm glow giving*: the individual satisfaction from the act of contributing per se, regardless of the actions of the others. Existing experimental evidence clearly shows that subjects in the laboratory have an interest in behaving unselfishly. Multiple studies of the dictator game provide evidence of altruistic preferences

In this experiment, total returns from the public good increase with group size because each participant receives the total amount of the common account. The parameter γ can be interpreted as representing preferences for efficiency. If the number of participants was ten ($N_k = 10$), there would be no gain in efficiency for contributing to the public good, because investing into the private account would generate the same net returns as investing into the common account. In this experiment, the social returns are always larger than the private returns ($N_k > 10$). Consequently, the parameter γ measures the benefit of the additional total returns from contributing to the public goods ($N_k - 10$).

Lastly, the parameter θ preceded by a minus sign represents the cost of deviating from the average contribution of the rest of the group. The term $|c_{it} - c'_{it}|$ is a linear and symmetric function that relates individual choices to other participants' choices. If $\theta > 0$, the conditional cooperation parameter is a penalty to deviations from the actions of the majority. This structure conveys the idea that the more a group contributes to the public goods, the more each participant is willing to contribute himself. Motives such as fairness, inequality concerns and reciprocity are often evoked as explanations for this conditional cooperation behaviour (Keser and van Winden, 2000; Offerman et al., 2001; Fischbacher et al., 2001).

Replacing the monetary payoff (1) in the utility function (2), the utility function becomes

$$u_{it} = [\alpha - 9 + \gamma(N_k - 10)]c_{it} - \theta|c_{it} - c'_{it}|.$$

The term $\alpha - 9 + \gamma(N_k - 10)$ captures unconditional cooperation preferences, which do not depend on the actions of the group. The nine units of utility subtracted represent the opportunity cost of contributing to the public good, which is the forgone return of the private account. If the altruism parameter was the only preference in play, participants would contribute when $\alpha > 9$. More realistically, α is expected to be positive if the act of contributing is gratifying.

This analysis assumes participants' rationality throughout. Individuals choose to cooperate if their expected net benefit from doing so is at least as great as the expected net benefit from not cooperating. Consequently, their choice is based on the utility differential between the two actions. To make explicit that the cooperation choice depends on the actions of the group, we write the utility differential as a function of the average group contribution

$$\Delta u(c'_{it}) = u(c'_{it}|c_{it}=1) - u(c'_{it}|c_{it}=0) = \alpha - 9 - \theta + \gamma(N_k - 10) + 2\theta c'_{it}.$$

Since all participants take their decisions simultaneously, individuals have to rely on expectations or beliefs about the actions of rest of the group. This uncertainty can be modeled

as a censored distribution function over the interval $[0, 1]$, with expected value $\mathbf{E} c'_{it}$. The expected utility differential is

$$\Delta u_{it}^e = \alpha - 9 - \theta + \gamma(N_k - 10) + 2\theta \mathbf{E} c'_{it}.$$

The difference in expected utility Δu_{it}^e is not directly observed. We observe participants' binary contribution decisions and assume that

$$c_{it} = \begin{cases} 1 & \text{if } \Delta u_{it}^e > 0, \\ 0 & \text{otherwise.} \end{cases}$$

A. Econometric Model

One way to estimate the choice model (3) is to simply plug reported beliefs into the expected utility differential, add an error term that follows a specific distribution, and run a logit or a probit regression. This is an interesting approach when expectations ($\mathbf{E} c'_{it}$) are continuous. In my analysis however, given the discrete nature of the elicited beliefs, the econometric model needs to be adapted. We assume that each participant has a subjective probability distribution of the public good provision and reports the alternative belief that is closest to their mean. Although the beliefs question provides little guidance on how to associate each alternative to a numerical scale, it seems plausible to assume that participants interpret the category *none* as 0% cooperation and the category *all* as 100% cooperation. From this perspective, We set the first alternative to zero and the last one to one. This restriction allows me to identify conditional cooperation. For the remaining alternatives we use dummy variables D_{few} , D_{half} , D_{many} . The estimated model is

$$\begin{aligned} \Delta u_{it}^e = & \alpha - 9 - \theta + \gamma(N_k - 10) \\ & + 2\theta (\theta^{few} D_{few} + \theta^{half} D_{half} + \theta^{many} D_{many} + D_{all}) + \varepsilon_{it}^u. \end{aligned} \quad (3)$$

The parameter θ captures participants' conditional cooperation. It measures the "desirability" of contributing when the expected contributions change, or in other words, the relative utility of contributing when a participant goes from thinking that 0% of the group will contribute to thinking that 100% of the group will contribute. The parameters θ^{few} , θ^{half} , and θ^{many} determine changes in the utility of cooperating for each alternative in the beliefs question. Naturally, they have to be interpreted with respect to the first omitted category (0% expected cooperation).

The contribution choice is not purely deterministic in this model. The expected utility differential is influenced by a variety of factors modeled here as random errors iid

$$\varepsilon_{it} \sim N(0, 1).$$

The error variance is normalized to one because, as in all discrete choice models, the coefficients are identified up to a scale factor.

B. Heterogeneous Preferences

Conditional and unconditional cooperation are likely to be determined by individual factors as well as social norms unobserved by the researcher. We use a random coefficients model that provides an explicit characterization of the heterogeneity that exists among participants and across the communities. We model the two main parameters of interest $\beta_i \in \{\alpha_i, \theta_i\}$ as combinations of deterministic components and random components

$$\beta_i = \beta_0 + X_i' \beta + \eta_i^\beta + v_k^\beta. \quad (4)$$

The deterministic components include a constant β_0 , which represents preferences common to all participants, and a vector β , which represents heterogeneous preferences associated to observed individual characteristics X_i . Moreover, *individual* factors η_i^β and *cultural* factors v_k^β capture other elements unobserved to the researcher and that may also determine preferences.

Unobserved individual factors account for the fact that two participants with identical observed characteristics can still have different preferences. We model these factors as a vector of random variables specific to each participant i and potentially correlated across preferences

$$\eta_i \begin{pmatrix} \eta_i^\alpha \\ \eta_i^\theta \end{pmatrix} \sim \text{MN} \left[\begin{pmatrix} 0 \\ 0 \end{pmatrix}, \begin{pmatrix} \sigma_\alpha^2 & \\ & \sigma_\theta^2 \end{pmatrix} \right]. \quad (5)$$

Cultural diversity and geographic isolation of the rural communities in Mali shape the protocol of social interactions. These ethnographic factors may determine the choice of contributing to a public good. Even though no empirical model can hope to capture all these features, the random coefficients approach allows preferences to vary across communities, in an attempt to capture some of this cultural heterogeneity. We model these and other unobserved factors specific to each village as a random vector also correlated across preferences

$$v_k = \begin{pmatrix} v_k^\alpha \\ v_k^\theta \end{pmatrix} \sim \text{MN} \left[\begin{pmatrix} 0 \\ 0 \end{pmatrix}, \begin{pmatrix} \sigma_\alpha^2 & \\ & \sigma_\theta^2 \end{pmatrix} \right]. \quad (6)$$

In summary, the model described in this section is a probit model of the expected utility differential Δu_{it}^e . The discrete nature of the elicited expectations requires normalizing some of the parameters in order to identify conditional and unconditional cooperation. These assumptions are thought to be less restrictive than relying on strong hypothesis such as rational expectations.

V. DATA AND ESTIMATION

The data used for the estimation comes from Alzua et al. (2014). Their database, collected in 2011, consists of experimental variables as well as information on a household survey conducted in 121 rural villages in central Mali. The survey reveals little presence of government institutions and the necessity of cooperative actions to ensure the provision of essential public goods such as health and sanitation. In total, 43% of the villages have a primary school and 5% have a health center. There is evidence of total coliform

bacteria in 70% of the water sources, and malaria and “birth complications” are the two leading causes of death. 9.7% of the survey respondents report using birth control methods and 45% report treating their drinking water. In this context, understanding individual choices in a public goods game may reveal valuable information on the best way to enhance cooperation. This information could be used to incentivize actions such as sleeping under bed nets, using condoms, chlorinating water and using latrines; all cooperation choices that may improve community welfare but require minimum cooperation rates to lead to significant changes.

TABLE I: Summary statistics

variables	mean	std. dev.	missing	description
age	34.4	11.85	0	age in years
male	0.43	0.49	0	1 man; 0 woman
agriculture	0.50	0.50	151	1 agricultural occupation; 0 otherwise (statistic only for men)
education	0.22	0.41	196	1 can read or attended school; 0 otherwise
assets	2.69	0.70	154	index measuring capital and land
group size	22.5	4.01		number of participants to the session
communities	121			number of experimental sessions (villages)
participants	2,697			total number of participants

Table I summarizes some demographic characteristics of the 2,697 individuals who participated in the experiment. Their average *age* is 34 years old, which corresponds to late adulthood in rural sub-Saharan regions. 43% are males, half of them work in agriculture, and 22% declare to be able to read. The variable *assets* is a continuous positive index based on ownership of capital and land. The average experimental group size is 22 participants.

A. Estimation

Table II contains simulated maximum likelihood estimates² of the of the random utility model in equation (3). Column (a) reports parameter values under the hypothesis of homogenous preferences. This specification assumes that conditional and unconditional cooperation are identical for all participants. An alternative interpretation is that these are the expected preferences of a participant randomly drawn from the sample. Column (b) exploits the panel aspect of the data using the random coefficients approach presented in Subsection IV-B. In this specification, conditional and unconditional cooperation consists of a constant that is common to all participants and various heterogeneous components specific to individuals and villages.

Parameters are separated into groups. The first group corresponds to preferences for unconditional cooperation, the second group is associated to conditional cooperation, and the third group contains the covariance elements or nuisance parameters.

1) *Unconditional Cooperation*: In the model, α_i and γ are the two parameters associated with preferences for unconditional cooperation. α_i could be interpreted as an altruism parameter because it captures the utility of cooperating itself.

²Standard errors in parenthesis are calculated using the BHHH method. Results were generated using Ox version 7.00. ©.

Its common component shared by all participants (α_o) is 9.39 according to the homogenous preferences model in column (a) and 9.07 according to the more flexible model with heterogeneous preferences in column (b), both estimates are significant at 1%. These two estimates are greater than the pecuniary opportunity cost of not contributing, that is to say, the nine forgone tokens from investing in the private account. Moreover, the fraction of this preference that is associated to material possessions (α_{assets}) is negative and significant at 10%, and the fraction associated to age (α_{age}) is positive and significant at 1% level. This means that wealthier and younger participants have more egoistic preferences and thus, they are less willing to cooperate. This result corresponds well to the cultural patterns of the rural communities in Mali, where the elders are references of desired social behaviour. Not surprisingly, they often play the role of community counsellors or village chiefs. There is no statistical difference between males and females with respect to the unconditional cooperation preferences. This finding is consistent with the preponderant evidence on gender effects in public goods experiments (Ledyard, 1994). With respect to the unobserved factors, both, individual unobserved characteristics and factors specific to each village influence α_i . Their estimated variations $\text{Var}(\eta_i^\alpha) = 0.73$ and $\text{Var}(v_k^\alpha) = 0.40$ are significant at 1%.

The estimates of γ are small but robust across specifications. In the homogenous preferences model in column (a), γ is 0.014 and significant at 1% level. In the more flexible specification in column (b) its value is 0.013, but its significance is reduced to 15%. These results, in line with earlier findings (Isaac and Walker, 1988b), suggest that the cooperation is weakly motivated by the number of participants. Even though in this experiment total social returns increase with group size, participants do not tend to contribute much more to the public good as the returns increase. This could be interpreted as an absence of efficiency concerns. Moreover, the difference in significance in the two specifications may be caused by the limited variation on the group size, which remains constant within experimental sessions. While the model with homogenous preferences contains a total of six parameters, the model with heterogeneous preferences requires estimating twenty-two parameters from the same variation. This loss in the degrees of freedom may harm the precision of the estimates. In theory, it is possible to estimate heterogeneous preferences for social returns by letting γ depend on individual characteristics. In practice, We decide not to use a random coefficient model for this parameter, due precisely to this lack of variation.

2) *Conditional Cooperation*: The second group of estimates is associated with conditional cooperation. In column (a) conditional cooperation θ_o is estimated to 0.42 and is significant at 1%. For an average participant, the utility of cooperating increases when expectations go from the lowest level (*none* of the group members will contribute) to the highest level (*all* group members will contribute). The estimates of the model with heterogeneous preferences in column (b) suggest that the simplifications imposed by the previous model can be misleading. First, common preferences for conditional cooperation are less important than suggested. The common component θ_o is estimated to 0.18 and it is

not statistically significant at 10% level. Second, preferences for conditional cooperation are highly heterogeneous and their variation is mainly associated to unobserved factors specific to each participant. This idea is supported by the large variance of the time invariant component $\text{Var}(\eta_i^\theta) = 4.49$, which is significant at 1%. The role of unobserved cultural factors is less relevant in the case of unconditional cooperation, their variance $\text{Var}(v_k^\theta) = 0.37$ is significant only at 10% level.

TABLE II: Probit estimates

	homogenous preferences (a)	heterogenous preferences (b)
<i>unconditional cooperation:</i>		
common preferences α_o	9.3872*** (0.025)	9.3074*** (0.263)
assets: α_{asset}		-0.0865* (0.044)
age: α_{age}		0.0089*** (0.003)
male: α_{male}		0.0435 (0.054)
discussion: $\alpha_{\text{disc.}}$		0.1702*** (0.038)
leader: $\alpha_{\text{lead.}}$		0.3679*** (0.031)
group size: γ	0.0140*** (0.002)	0.0132 (0.015)
<i>conditional cooperation:</i>		
common preferences θ_o	0.4245*** (0.015)	0.1792 (0.192)
assets: θ_{assets}		0.0957* (0.051)
age: θ_{age}		-0.0037 (0.003)
male: θ_{male}		0.0371 (0.066)
discussion: $\theta_{\text{disc.}}$		0.1502*** (0.058)
leader: $\theta_{\text{lead.}}$		0.0901 (0.061)
few: θ^{few}	-0.1005* (0.059)	-0.0595 (0.100)
half: θ^{half}	0.2237*** (0.048)	0.2398*** (0.080)
many: θ^{many}	0.3527*** (0.042)	0.4267*** (0.062)
<i>nuisance parameters:</i>		
$\text{Var}(\eta_i^\alpha)$		0.7343*** (0.071)
$\text{Cov}(\eta_i^\alpha, \eta_i^\theta)$		-1.3769*** (0.263)
$\text{Var}(\eta_i^\theta)$		4.4895*** (1.623)
$\text{Var}(v_k^\alpha)$		0.3969*** (0.062)
$\text{Cov}(v_k^\alpha, v_k^\theta)$		-0.2537*** (0.087)
$\text{Var}(v_k^\theta)$		0.3753* (0.203)
log-likelihood	-33.484	-29.888
participants	2499	2499
observations	7074	7074
parameters	6	22

*** p -value < 0.01, ** p -value < 0.05, * p -value < 0.1.

Preferences associated to alternative beliefs are similar across specifications. The parameter θ^{few} is negative and weakly significant. When few group members are expected to contribute to the public good, participants behave as if they expected zero cooperation. This result follows the principle that individuals try to match the actions of the majority and is consistent with conditional cooperation. Incentives for cooperation start rising when participants expect half of the group to contribute. The value of θ^{half} is 0.22 or 0.24 depending on the specification, and both estimates are significant at 1%. The utility of cooperating increases even more when the majority of the group is expected to contribute to the public good. The estimates of θ^{many} are 0.35 and 0.43, significant at 1%. Unlike unconditional cooperation, conditional cooperation does not depend on observed individual characteristics.

In summary, while unconditional cooperation is easily captured by common preferences shared by all participants, conditional cooperation is much more heterogeneous and sensitive to unobserved individual factors.

3) *Treatment Effects:* One of the advantages of estimating this structural model is that it shows additional information on how the discussion treatment and the leader treatment affect the cooperation choice. The estimates show that while the leader treatment enhances unconditional cooperation, the discussion treatment fosters a significant increase in conditional cooperation and expectations become more relevant.

The leader treatment increases public good provision by incentivizing unconditional cooperation. The parameter $\alpha_{\text{leader}} = 0.37$ and is significant at 1%. The presence of a local leader may be an effective way to increase awareness of optimal group behavior. Furthermore, the leader effect on unconditional cooperation is statistically zero ($\theta_{\text{leader}} = 0.09$), which means that the impact on participants' beliefs about other decision makers' remains unchanged. It is natural to think that a leader with particular characteristics or strengths may influence preferences for cooperation in a different way (Gächter et al., 2012; Guth et al., 2007; Bruttel and Fischbacher, 2013). In this experiment, controlling for the leader characteristics does not alter the main results or provides any additional information on participants' choices.³

A second result from the model is that the discussion treatment promotes conditional cooperation. When participants are allowed to communicate, expectations about the actions of the group become a relevant factor in the cooperation choice. We find $\theta_{\text{discussion}} = 0.15$ and significant at 1%. This communication effect adds-up to the shared preferences for conditional cooperation θ_o , which result in common preference for conditional cooperation equal to 0.33. The discussion treatment has a moderate effect on unconditional cooperation, $\theta_{\text{discussion}} = 0.17$ and is significant at 1%.

Policy-wise, these results suggest that involving local leaders and promoting community discussion are both effective tools to incentivize cooperation. Nonetheless, community discussions may not be an adequate tool in a context of low expectations.

³Regression results are available under request.

4) *Nuisance Parameters*: Even though covariance elements of the unobserved factors η_i and v_k are not of direct interest, they contain relevant information about conditional and unconditional cooperation. Obviously, column (a) is empty because the model with homogenous preferences does not account for these variations. In column (b), covariances of individual factors and village specific factors are negative and significant at 1%. This suggest that more altruistic individuals care less about the actions of the others ($\text{Cov}(\eta_i^\alpha, \eta_i^\theta) = -1.38$). The same relationship holds for the unobserved cultural factors specific to the villages but to a smaller extent ($\text{Cov}(v_i^\alpha, v_k^\theta) = -0.25$). It is important to notice that ignoring these covariances between conditional and unconditional cooperation may result in misestimation of the causal relation between expectations and observed choices.

VI. SIMULATIONS

Simulations have a dual purpose. First, estimated choice probabilities ensure that the model provides a good fit of the data, and second, simulations can predict individual choices in hypothetical situations that are difficult to reproduce. The first section of Table III reports the proportion of cooperators observed across treatments and compares the experimental results with the average probabilities of cooperating predicted by the model. Observed choices clearly differ from full cooperation or zero cooperation, suggesting that participants are confronted with a true social dilemma. In general, this observed outcomes are consistent with the existing evidence in the experimental literature and speak in favour of participative initiatives for development such as *community led projects*.

TABLE III: Observed and predicted average contributions

contributions	baseline treatment (a)	discussion treatment (b)	leader treatment (c)	over all sample (d)
observed	0.669 (0.019)	0.720 (0.020)	0.765 (0.019)	0.719 (0.016)
estimated	0.668 (0.005)	0.723 (0.006)	0.766 (0.006)	0.720 (0.005)
predicted average contributions under alternative beliefs				
<i>none</i>	0.560 (0.003)	0.550 (0.003)	0.606 (0.003)	0.572 (0.003)
<i>few</i>	0.550 (0.003)	0.535 (0.003)	0.592 (0.003)	0.559 (0.003)
<i>half</i>	0.610 (0.003)	0.624 (0.003)	0.675 (0.003)	0.637 (0.003)
<i>many</i>	0.651 (0.003)	0.685 (0.003)	0.729 (0.002)	0.689 (0.003)
<i>all</i>	0.766 (0.002)	0.838 (0.002)	0.863 (0.002)	0.823 (0.002)

Standard deviations in parenthesis clustered by village.

In the baseline treatment reported in column (a), 67% of participants contributed to the public good. Typical designs of public goods games in the laboratory lead to cooperation proportions that range between 40% and 60% in the first period (Davis and Holt, 1993). It is well known that communication enhances cooperation in public good games in the laboratory (e.g. Isaac and Walker, 1988a) and the field (e.g. Cardenas

et al., 2000). The experimental results in column (b) show 72% cooperation in the discussion treatment, which represents an increase of 7.6% with respect to the baseline game (p -value = 0.004). Even though the experimental evidence is not directly comparable, the existing evidence also suggests that the presence of a leader increases cooperation (Guth et al., 2007; Moxnes and Heijden, 2000; Koukoumelis et al., 2012; van der Heijden et al., 2009). Column (c) indicates that the leader treatment leads to 76% cooperation, a significant increase of 14% with respect to the baseline treatment.

In summary, the observed treatment effects corroborate that community involvement and integration of local leaders are relatively inexpensive tools that could be used to increase cooperation and improve the probability of success of community projects. Moreover, the average probabilities predicted by the model follow closely the observed cooperation proportions, indicating a good model fit. These estimates capture well the increase in cooperation caused by the two experimental treatments.

Simulations are also useful to study the role of expectations in the cooperation choice. The structural model allows me to predict participants choices under hypothetical beliefs and obtain estimates of these unobserved counterfactuals.

In a pessimistic scenario in which participants expect *none* of the group members to contribute to the public good, the model predicts that 56% of participants would still cooperate. This proportion is estimated to 55% in the discussion treatment. One possible interpretation is that expectations are responsible for 23.6% of the observed public good provision in the discussion treatment. This result corroborates the earlier finding that conditional cooperation plays a major role when communication is allowed. When expected cooperation is zero, the leader treatment increases public good provision up to 60.6%, meaning that the presence of a local leader is a more appropriate tool to enhance cooperation when expectations are low.

When only a *few* participants are expected to cooperate, the model predicts 55% cooperation. In this context, the discussion treatment is predicted to drags down cooperation to 53%. The clear message is that communication does not necessarily ameliorate social outcome and may even worsen it when expectations are weak. Instead, the presence of a leader is predicted to increase cooperation by 7.7%

VII. CONCLUSION

This paper estimates a structural microeconomic model that separately identifies conditional and unconditional cooperation in a public goods game. The regression includes not only observed choices, but also information on participants expectations about total public good provision. The model integrates a random coefficient approach to account for the potential heterogeneity in participants' preferences. While unconditional cooperation is easily captured by common preferences shared by all subjects, conditional cooperation is much more heterogeneous and depends on individual factors unobserved to the researcher.

We find that unconditional cooperation is sensitive to the presence of local leaders and to community discussions, and

that the former is a more robust tool to enhance public goods provision. We also find that the efficiency of communication in promoting cooperation largely depends on expectations. This result may be of interest for policy purposes, because in particular social environments communication may not enhance public good provision and can even worsen the social outcome when expectations are negative. Nonetheless, community involvement can be an effective tool for inducing cooperative behavior in presence of positive expectations.

Finally, the results obtained in this research and the additional data available from the experiment open new questions that are left for future work. For instance, it would be interesting to investigate the role of social connections in the cooperation choice. The structural model used here assumes that each individual sees the rest of participants as a unique homogenous group. However, participants' perceptions of the rest of the group may depend on who is participating: close friends, extended family members, or detractors. There exists data on social networks within village households and this information could be used to measure the importance of peer effects in the cooperation decision.

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We find that unconditional cooperation is sensitive to the presence of local leaders and to community discussions, and that the former is a more robust tool to enhance public goods provision. We also find that the efficiency of communication in promoting cooperation largely depends on expectations. This result may be of interest for policy purposes, because in particular social environments communication may not enhance public good provision and can even worsen the social outcome when expectations are negative. Nonetheless, community involvement can be an effective tool for inducing cooperative behavior in presence of positive expectations.

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APPENDIX A MODEL

This section details the probabilities and the likelihood function of the model introduced in Section IV. The probability of observing a decisions c_{it} given some characteristics specific to the individual X_i , some subjective beliefs b_{it} , and some unobserved factors η_i and v_k

$$\begin{aligned} \Pr(c_{it}|X_i, b_{it}, v_k, \eta_i) &= \Pr(\Delta u_{it}^e | X_{it}, v_k, \eta_i) \\ &= \Pr\left(\varepsilon_{it}^u < [\alpha_i - 9 - \theta_i + \gamma(N_k - 10)]c_{it} + 2\theta_i b_{it} \mid X_i, b_{it}, v_k, \eta_i\right) \end{aligned}$$

Since we assume normality of the error term, the probability is a univariate standard normal.

A. Likelihood

Suppose for a moment that the vector of individual characteristics $\eta_i = (\eta_i^\alpha, \eta_i^\theta)'$ and the vector of villages specific characteristics $v_k = (v_k^\alpha, v_k^\theta)'$ are observed. The likelihood of the choices of an individual is a function of the observed variables X_i, b_{it}, η_i, v_k and β , a vector containing all the parameters of the model:

$$\Pr(c_i|X_i, b_i, v_k, \eta_i; \beta) = \prod_t \Pr(c_{it}|X_i, b_{it}, v_k, \eta_i). \quad (7)$$

For a given village k with characteristics v_k , we can calculate the probability of the observed choices $\mathbf{c}_k = (c_1, \dots, c_{N_k})$ given a set of beliefs $\mathbf{b}_k = (\mathbf{b}_1, \dots, \mathbf{b}_{N_k})$ by integrating out individual probabilities (7) over their bivariate distribution function f :

$$\Pr(\mathbf{c}_k|X_i, \mathbf{b}_k, v_k; \beta) = \prod_i \int \Pr(c_i|X_i, b_i, v_k, \eta_i; \beta) f(\eta_i) d\eta_i. \quad (8)$$

To obtain the unconditional likelihood of all observations $\mathbf{c} = (c_1, \dots, c_{121})$ across villages, we integrate again (8) over the two dimensional distribution of the village characteristics g :

$$\mathbf{L}(\mathbf{c}|X_i, b_{it}; \beta) = \prod_k \int \Pr(\mathbf{c}_k|X_i, \mathbf{b}_k, v_k; \beta) g(v_k) dv_k. \quad (9)$$

Moreover, we assumed f and g to be multivariate normal functions, which facilitates the approximation of the integrals by simulation methods (Train, 2003, Chap. 9).

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