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How Can Bill and Melinda Gates Increase Other People's Donations to Fund Public Goods?

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Abstract

We conducted two matching grant experiments with an international development charity. The first and primary experiment tests a matching grant from the Bill and Melinda Gates Foundation (BMGF) compared to a matching grant from an anonymous donor. The second, auxiliary experiment, establishes that the matching grant from BMGF in this context does generate further donations compared to a control. We find that naming BMGF as the matching donor raises more money, both compared to an anonymous donor and compared to control. In a key result, we find that the effect persists after the matching period, and that the naming-BMGF effect is heterogeneous—largest for donors who previously gave to other poverty-oriented charities. Combining this with a survey of representative Americans that shows a correlation between giving to poverty charities and familiarity with the BMGF, we conclude that the matching gift here primarily works through a quality signal mechanism.

Keywords: public goods; charitable fundraising; asymmetric information; matching grant

JEL: D12, D71, D82, H41, O12

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