May 2021

Working Paper

018.2021

Impact of climate smart agriculture on food security: an agent-based analysis

Davide Bazzana, Jeremy Foltz, Ying Zhang

Impact of climate smart agriculture on food security: an agent-based analysis

By Davide Bazzana, University of Brescia, Fondazione Eni Enrico Mattei
Jeremy Foltz, University of Wisconsin-Madison
Ying Zhang, Johns Hopkins University

Summary

The study proposes an agent-based model to investigate how adoption of climate smart agriculture (CSA) affects food security. The analysis investigates the role of social and ecological pressures (i.e. community network, climate change and environmental externalities) on the adoption of physical water and soil practices as well as crop rotation technique. The findings reveal that CSA may be an effective strategy to improve the rural populations' well-being for farm households with access to capital, strong social networks and access to integrated food markets. The climate scenario simulations indicate that farmers adopting CSA fare better than non-adopters, although CSA adoption does not fully counterbalance the severe climate pressures. In addition, farmers with poor connections to food markets benefit less from CSA due to stronger price oscillations. These results call for an active role for policy makers in encouraging adaptation through CSA adoption by increasing access to capital, improving food market integration and building social networks.

Address for correspondence:
Davide Bazzana
Dipartimento di Economia e Management
Università degli Studi di Brescia
Via San Faustino 74/b
25122 Brescia
Italy
E-mail: davide.bazzana@unibs.it

Impact of climate smart agriculture on food security: an agent-based analysis

Davide Bazzana[1, 2], Jeremy Foltz[3], Ying Zhang[4, 5]

[1] Department of Economics and Management, University of Brescia, Brescia, Italy

[2] Fondazione Eni Enrico Mattei, Milan, Italy

[3] Department of Agricultural and Applied Economics, University of Wisconsin-Madison, Madison, USA

[4] Department of Civil and Systems Engineering, Johns Hopkins University, Baltimore, USA

[5] Department of Earth and Planetary Sciences, Johns Hopkins University, Baltimore, USA

Highlights:

- Climate smart agriculture engages soil and water conservation for climate adaptation.

- We developed and calibrated an ABM to study the CSA adoption rate and its effects.

- CSA adopters have higher food security than non-adopters under climate projections.

- Food security outcomes are also affected by social networks and market integration.

- CSA may not counteract severe climate change and further mitigation policy is needed.

Abstract: The study proposes an agent-based model to investigate how adoption of climate smart agriculture (CSA) affects food security. The analysis investigates the role of social and ecological pressures (i.e. community network, climate change and environmental externalities) on the adoption of physical water and soil practices as well as crop rotation technique. The findings reveal that CSA may be an effective strategy to improve the rural populations' well-being for farm households with access to capital, strong social networks and access to integrated food markets. The climate scenario simulations indicate that farmers adopting CSA fare better than non-adopters, although CSA adoption does not fully counterbalance the severe climate pressures. In addition, farmers with poor connections to food markets benefit less from CSA due to stronger price oscillations. These results call for an active

role for policy makers in encouraging adaptation through CSA adoption by increasing access to capital,

improving food market integration and building social networks.

1. Introduction

As the world grapples with the potential problems created by global climate change a great deal of analysis has turned toward considering adaptation possibilities, especially for farmers in poor countries. One such adaptation which has shown promise in the developing world and garnered a lot of recent academic interest is climate smart agriculture (CSA) (Amadu et al., 2020; Marenya et al., 2020; Tesfaye et al., 2020). Climate smart agriculture is a package of micro-level soil and water conservation improvements such as planting and agroforestry techniques that can help farmers adapt to climate change. A number of recent papers have shown the current effectiveness and in some cases willingness of farmers to adopt CSA techniques in such places as Ethiopia, Peru, and Malawi (Amadu et al., 2020; Marenya et al., 2020; Tesfaye et al., 2020). While this literature shows CSA adoption under current circumstances, understanding longer term adaptation to climate change requires understanding the dynamics and effectiveness of this adaptation strategy over time and into the future. Specifically, the literature on technology adoption has shown the importance of learning by doing and learning from neighbours (Bramoullé and Kranton, 2016; Conley and Udry, 2010), and the potential failure of some technologies as the current climate changes. An accurate assessment of the ability of CSA techniques to help developing country farmers adapt to climate change requires modelling both adoption paths and future climate dynamics. How will the future dynamics of climate and farmer social interactions determine climate smart agriculture's success or failure in improving food security?

Answering such a question requires moving beyond current econometric approaches, which take past data as the guide to future farmer adaptation behavior. While this provides well identified answers for the current state of knowledge and climate, projecting into the future from such work requires strong assumptions on the static nature of adaptation, farmer behavior, and farmer networks. Our work innovates on the adaptation literature by using an agent-based modelling (ABM) approach to understand farmer adoption of CSA techniques in rural Ethiopia while facing current and future climate change. Such a forward-looking modelling exercise allows us to generate an understanding of

future adaptation dynamics, in which the agents themselves learn, choose, and adapt to a changing climate.

To contextualise the analysis, we initialize the model to the adoption rate of climate smart agriculture practices and soil fertility derived from farm survey data in the lowland and valley fragmented agroecosystem of Ethiopia's Choke mountain watershed (Simane et al., 2013). We choose this region because it is characterised by the capability to register surplus agricultural production, but also suffers from land and water resource degradation which may produce food shortage (Zaitchik et al., 2012; Teferi et al., 2013). With both its climate and agricultural variability up and down the slope of the watershed, the Choke mountain watershed provides an optimal laboratory to test adaptation to future climate change.

This work brings a novel modeling approach to the study of CSA adoption and farmer climate adaptation. Agent based models (ABM) develop a computational approach able to study complex socio-economic systems characterised by different degrees of organisation and to interpret the interaction between heterogeneous agents who can have complex and non-linear behaviours. ABMs allow us to model agents that may have different information sets and behave according to rules derived from empirical data or laboratory experiments thereby enhancing the realism of the analysis (Tesfatsion and Judd, 2006; Branch and Evans, 2006). Adopting an iterative bottom-up approach and agents' adaptive learning process (Delli Gatti et al., 2011), ABMs allow us to investigate system dynamics endogenously generated within the model while taking into account the possible redistributive implications. This bottom up approach with endogenously determined system dynamics allows for a more comprehensive policy assessment. Like the standard micro-econometric approach to CSA adoption, ABMs focus on the behavior of individual actors faced with economic and information incentives. Unlike micro-econometric approaches, the ABM allows us to simulate future scenarios and endogenous interactions between individuals, which is vital for understanding adaptation to future climate change.

Our ABM incorporates agent interactions in peer-to-peer networks, recognizing that human cognition and management ability is itself a scarce resource and depends on environmental and cultural context, incentives, and past experiences (Conlisk,1996; Duffy, 2006). The agents in our ABM represent a range of autonomous farmers who have dynamic behaviours and heterogeneous characteristics (Heckbert et al., 2010; An, 2012; Dobbie et al., 2018). Agents interact with each other according to social and ecological pressures, resulting in emergent macro-scale outcomes that can be used to study the whole system through scenario analyses (Smajgl et al., 2011; Bazzana et al., 2021). According to Adesina and Zinnah (1993) and Ngwira et al. (2014), CSA practices adoption is affected by the farmer's perceptions of these technologies, as much as the characteristics of the technologies themselves. Smallholder farmers have subjective preferences for characteristics of CSA techniques which may also be affected by their social context. For these reasons, we take into account farmers' neighbours adoption, their social interactions, and their impact on the rate of adoption of different types of CSA techniques. We also distinguish between short and long-term practices, which can have different dynamics.

Our objective of this study is to investigate whether CSA adoption dynamics positively affect the food security of households. In line with the Food and Agriculture Organization of the United Nations (FAO, 2002), we address the multidimensional definition of the food security accounting for: food availability, food self-sufficiency, food instability, and food insecurity severity. All four dimensions are important in analysing the effectiveness of CSA adoption and adaptation to future climate change.

In order to provide input to how policy makers might influence the climate adaptation process, the ABM allows us to explicitly investigate multiple channels that can impact the adoption and food security impacts of CSA. The variations in channels of impact we investigate are social networks, market integration, and drastic climate change. The ABM explicitly models the role of social networks (participation in community activities) in changing the adoption of CSA strategies that reduce farmers' food insecurity. More precisely, we compare the system dynamics of the baseline scenario with two

scenarios with higher and lower social network participation rates. In addition, we extend the analysis by exploring the adaptive responses to the surrounding market integration characteristics (William et al., 2020) by altering the price transmission mechanism, i.e., varying market conditions generated by geography and remoteness, which affects the market price dynamics of the food commodities and local wealth. A final enquiry expands the analysis by comparing the baseline scenario to a case in which climate change is more dramatic. The aim of this analysis is to investigate from a food security perspective, whether CSA is an effective mitigation strategy for drastic climate change that increases the vulnerability of farmers to production risk.

Our agent-based modelling of CSA adoption investigates the importance of key policy relevant parameters for adaptation to climate change: social networks, the workings of food markets in price transmission, and the severity of future climate change to farmers' abilities to adapt and their concomitant food security outcomes. It provides a proof of concept for how researchers and policy makers can think about and analyze farmer adaptation to future climate change. In particular, it demonstrates how common features of micro-econometric models, networks and adoption dynamics, can be modeled in a future oriented ABM to show how policy makers can leverage these features to affect future farmer adaptation to climate change. The big advantage of an ABM for future policy analysis is that the scenarios allow the individual farmers to choose their own adaptation paths.
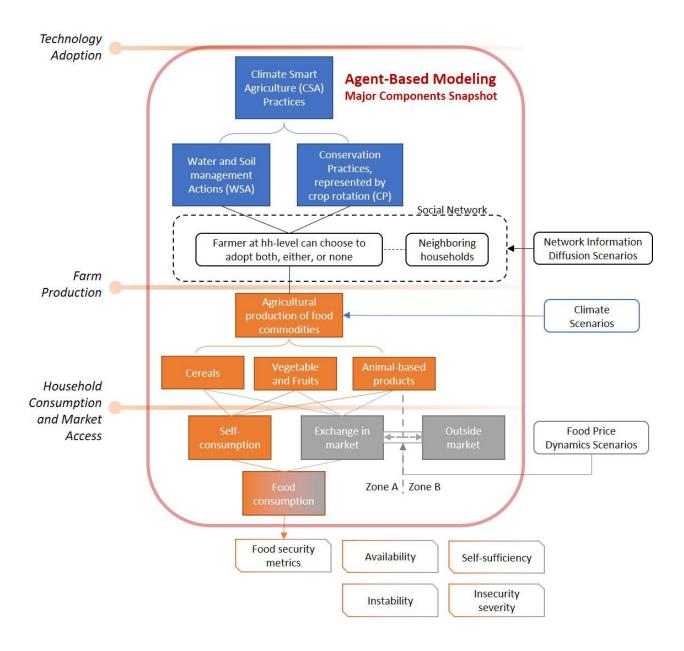
The remainder of the paper is structured as follows: Section 2 presents the methodological approach; Section 3 describes the simulation results; Sections 4 and 5 close with policy suggestions and concluding remarks.

2. Methodological approach

The basic structure of the agent based modelling system we analyze considers a population of households ($j = 1, \dots, J$) characterized according to age, social network participation, land size (H),

and economic endowment (M). The household sector consists of farmers who may work in their own fields or supply labour to the other farmers within the village border. Farmers have limitations in their ability to process new information, based on differences in human, physical, and social capital, i.e,. they are not perfectly rational and heterogeneous management abilities. Specifically, they differ in available land and land productivity, financial resources, family size and age of the household head, participation in social gathering and short/long term CSA techniques adoption.

In each period ($t = 1, ..., T$), the households perform the following activities: 1) decide whether to adopt long and/or short term CSA practices, 2) cultivate land using production input as farmers, 3) supply labour to the market, 4) consume food commodities ($i = 1, ..., I$), and 5) exchange agricultural products on the market (Figure 1). We assume that farmers have information processing limitations and live in an incomplete and asymmetric information context; thus, they are boundedly rational and follow simple rules of behaviour.

Figure 1. Flow chart of the methodology.

This flowchart shows the major components and how they are linked in our agent-based model. The model simulates farmers' decision-making on technology adoption of CSA practices, adapting both, either or none of the two general categories of WSA and CP. Their decisions are affected by participating in social networks, affecting farm productions and the subsequent household consumption. Households also have access to markets for selling and purchasing food products, which affects their available economic resources and food consumption. The model outcomes are measured by four food security metrics, including availability, self-sufficiency, instability, and food insecurity severity (see Section 2.6). The model is run under scenarios that differ in network information diffusion extents, food price dynamics in integrated or non-integrate markets, and climate conditions.

2.1 Climate Smart Agriculture practices adoption

The CSA practices include two main types: physical water and soil management actions (WSA), which

have high costs and are a long time-pay back investment; and conservation practices, such as no or

8

minimum tillage, crop residue management, and crop rotation (Howden et al., 2017), which affect the crop yields in the short term.

The propensity to apply short/long term CSA practices is driven by two main farmer attributes: social network memberships and the farmer's age (Di Falco et al., 2011; Ahmed, 2014; Tefera and Larra, 2016). The membership to the community network is assumed to create a higher exchange of information on the best practices or mitigation strategies to external climate shocks. Therefore, it can affect the farmer's beliefs on the benefits of different CSA practices: it reduces the expectation on the CP impact on soil productivity and subsequently the adoption rate, whereas it has a positive effect on the belief about the benefits due to WSA on crop yields and would increase its adoption rate. In line with empirical studies from Ethiopia, Simane et al. (2013) and Wossen et al. (2013), the choice of crop rotation is negatively affected by farmer age whereas soil and water management actions do not depend on her age.

Farmer adoption depends on her belief (*bf*) of CSA adoption's effect on soil productivity as follows:

$$bf_{j,x,t} = bf_{j,x,t-1} + \lambda_{x,Age} + \lambda_{x,Network}; \qquad 1$$

where $\lambda_{x,Age}$ and $\lambda_{x,Network}$ are negative when $x = CP$, whereas when $x = WSA$ they are zero and positive, respectively. If farmer j has positive beliefs about the benefits, $bf_{j,x,t} \geq 0$, the farmer is willing to adopt the *x-th* CSA practice (WSA and CP) in period t, whereas in the opposite case the farmer does not adopt it. We parameterize the $\lambda's$ using data derived from the Simane et al. (2013) farm level survey of CSA adoption.

At the beginning of each year, the farmer decides whether to implement soil and water conservation practices. Given that WSA are long-term actions, it lasts for five periods, the farmer computes and compares the expected present value (*U*) of the economic return of the production types with and without the WSA implementation:

$$U_{x,t} = \sum_{n=1}^{5} \sigma^n \left(\underline{p}_{x,t} \underline{Y}_{x,t} - \tau_{x,t} \right). \qquad 2$$

In equation (2), σ is the discount factor of the future economic returns; $\tau_{x,t}$ is a fixed adoption cost when $x = WSA$ (equal to zero in case of non-adoption, i.e., $x = NWSA$); $\underline{p}_{x,t}$ and $\underline{Y}_{x,t}$ are the average price and production over three food commodities (cereal, vegetable and fruits, and animal-based products) with/without soil and water management practices adoption at the time period t. The adoption of WSA increases crop yields but has a cost, $\tau_{WSA,t}$, whereas if the farmer does not adopt WSA there is no gain in crop productivity and no adoption cost. Then, following standard adoption models if $U_{WSA,t} \geq U_{NWSA,t}$, the farmer adopts WSA.

Farmers have heterogeneous expectations (E) on yields and climate variables, which evolve according to the following path dependent heuristic:

$$E_{j,t-1}(v_{j,t}) = g_j v_{j,t-1}; \qquad 3$$

with $g_j > 0$ representing a farmer-specific bias coefficient and v acting as the reference variable. The behavioural assumption is that farmers form their expectations on future climate variables using the last observed levels, and then adjusted with some bias factor (see Conlisk, 1996; Duffy, 2006; Nolan et al., 2009; Groeneveld et al., 2017). Farmers are optimistic (or pessimistic) about the reference variables if $g_j > 1$ (or $g_j < 1$), whereas if $g_j = 1$ the agents form their expectations only using the last observed level.

Once the farmer has decided on the adoption of WSA, she allocates the available land to the food production. The farmer population can be divided in four different behaviour types: double adopters, WSA adopters, CP adopters and non-adopters. In line with Bazzana et al. (2021), farmers implementing crop rotation process cultivate the *h-th* plot as follows:

$$h_{i,t} = h_{i+1,t-1} \ \lor \ h_{i,t-1} = h_{i+1,t-2} \ \lor \ h_{i,t} \neq h_{i,t-2}; \qquad 4$$

where $i=1:3$ represents the three food productions. We assume this type of crop rotation because it is necessary in highland Ethiopia in order to preserve soil productivity.

In contrast, farmers not adopting crop rotation primarily plant plots according to a "business as usual" rule with a market driven correction, *i.e.,* they plant the same crop as the previous period, changing the allocation of land between crop types based on relative prices in the market. These farmers reallocate a share (δ) of the land from the lowest economic return crop in the previous period to the crop with the highest past economic return:

$$R_{j,i,t-1} = \frac{p_{i,t-1} Y_{j,i,t-1}}{K_{j,i,t-1}} . \qquad 5$$

In equation (5), $R_{j,i,t-1}$ is the economic return of the *i-th* agricultural production for the *j-th* farmer in the last period; $p_{i,t-1}$, $Y_{j,i,t-1}$ and $K_{j,i,t-1}$ are the price, the production and the land planted with the *i-th* commodity. To capture key features of subsistence farming, the available land for food crops that is not affected by the market driven mechanism will be cultivated as usual, *i.e.,* with the same crop as in the past ($h_{i,t} = h_{i,t-1}$).

The decisions on land use and CSA practices will affect the plot fertility ($A_{h,t}$):

$$A_{h,t} = (1 + \kappa_j + \eta_j + \eta_d) A_{h,t-1}; \qquad 6$$

where κ represents a discount (degradation) rate and η is the WSA effect on soil fertility. Hence, plot fertility for the *j-th* farmer is determined by her short and long-term agriculture practice choices (Holden et al., 2004). Continuous cropping reduces the plot productivity over time ($\kappa_j \leq 0$) whereas crop rotation is able to maintain the plot productivity ($\kappa_j = 0$). Moreover, land productivity is positively affected by the adoption of soil and water management practices by both the landowner ($\eta_j \geq 0$) and the farmers in the neighbouring plots ($\eta_d \geq 0$, positive externality).

2.2 Farmer's production

Based on their available income for productive purposes ($M_{j,t-1}$), the farmers hire labour and purchase production inputs (fertilizers and seeds), and use irrigation water if they have access to an irrigation scheme, to produce the *i-th* food commodity in each plot (h). The agricultural food production function ($Q_{h,t}$) is defined according to a Leontief production functions with no substitution possibilities among the inputs:

$$Q_{i,h,t} = min\left(\frac{L_{i,h,t}}{a_{i,L}}, \frac{S_{i,h,t}}{a_{i,S}}\right); \qquad 7$$

where $L_{i,h,t}$ and $S_{i,h,t}$ represent labour quantities and the other representative production inputs, whereas a_L and a_S are the positive technologically determined parameters.

In making decisions on how to optimize the production process, the farmer is bounded by the following budget constraint:

$$w_t L_{i,h,t} + p_{s,t} S_{i,h,t} = \varsigma\, M_{j,t-1};$$

$$M_{j,t-1} = \left[\sum_{i=1}^{3} \pi_{i,j,t-1} + w_t L_{j,t-1} + (1-\varsigma)M_{j,t-2}\right];$$

where w_t and $p_{s,t}$ are the price of labour and the other input; ς is the marginal propensity to save and $\varsigma\, M_{j,t-1}$ represents the available monetary resources from the previous periods which are the sum of

past profits ($\pi_{i,j,t-1}$) from the production of the *i-th* commodity, labour income and savings.[1] The farmer hires outside workers if the optimal amount of labour required by the agricultural production process is higher than the farmer's household labour supply. In the opposite case, the household applies excess labour time to the other farmers generating income.

In line with the empirical literature (Lobell and Burke, 2010), the actual crop yield ($Y_{h,t}$) depends on both the soil productivity ($A_{h,t}$) and the effects of available water (rainfall and irrigation) and air temperature (ρ):

$$Y_{h,t} = \rho_t A_{h,t} Q_{h,t};$$

where $0 \leq \rho_t \leq 1$ represents the water stress parameter. Following the analysis and parameterization in Block et al. (2008), $\rho_t = 1$ means that yields are not limited by water stress, although limitations by other factors such as soil fertility or management skills are still possible, while $\rho_t = 0$ implies crop destroying drought stress. The parameter ρ_t is computed for the study zone using a process-based soil-water balance model as described in Zhang et al. (2020). The model simulates soil moisture variation and crop growth in gridded soil columns using daily climate variables (rainfall and air temperature), irrigation if any, water holding capacities of the soil, and crop-specific characteristics (such as crop calendars and drought resistant features), and computes a yield factor (*i.e.,* the water stress parameter ρ_t) for the entire growing period.

2.3 Households basic needs satisfaction

According to the family size, the total food requirements ($\underline{C}_{j,i,t}$) are defined as follows:

$$\underline{C}_{j,i,t} = \Theta_i z_{j,t-1}. \qquad 8$$

In equation (8), Θ_i represents the basic food requirements per capita for the reference good and z is the household's size. Hence farmers harvest their agricultural production and engage in market exchange

---

[1] In line with the current state of credit markets in Ethiopia we assume farmers have to finance investments based on their available savings.

if the production exceeds or falls behind the basic food requirements of the farmer's household. We assume a preference order in the consumption choice: first, farmers try to satisfy the cereals demand, then the vegetables need and finally the demand for animal-based food. To compensate for a potential food deficit, expenditure will be subject to the following budget constraint:

$$\sum_{i=1}^{3} \left[p_{i,t}(Y_{j,i,t} - c_{j,i,t}) \right] + w_t L_{j,t} + (1 - \varsigma)M_{j,t-1} = M_{j,t}. \qquad 9$$

At the end of the period, the households become one period older, except for those who die, and the population size evolves according to the differential between the birth rate and the death rate.

2.4 Aggregated variable dynamics

In this section we define the laws of motion for prices, wages, and population. In our baseline model which follows the assumptions of Bakker et al. (2018) and Sankaranarayanan et al. (2020), we assume the existence of a village food market which is not developed enough to endogenously change the commodity prices. Hence, the farmers are price takers and the agricultural commodity prices on the market evolve according to an autoregressive process:

$$p_{i,t} = \varpi_{i,t} p_{i,t-1} + \varepsilon_{i,t}; \qquad 10$$

where $\varpi_{i,t}$ is an exogenous price evolution coefficient and $\varepsilon_{i,t}$ is a shock following a normal distribution.[2] For labour cost, we assume that the wage level in the economy is equal across farmers and evolves as follows:

---

[2] In Section 3, we relax this assumption developing a scenario in which the constraints generated by geography and remoteness affect the price transmission endogenizing its evolution as follows:

$$\hat{p}_{i,t} = \begin{cases} \beta p_{i,t} + \gamma[p_{i,t}(1 + \varphi_{i,t})] & \text{where } \varphi_{i,t} = f\left(\dfrac{\bar{C}_{i,t}}{Y_{i,t}}\right) \text{ if } \bar{C}_{i,t} > Y_{i,t} \\ \beta p_{i,t} + \gamma[p_{i,t}(1 - \varphi_{i,t})] & \text{where } \varphi_{i,t} = f\left(\dfrac{Y_{i,t}}{\bar{C}_{i,t}}\right) \text{ if } Y_{i,t} > \bar{C}_{i,t} \end{cases},$$

Where $\varphi_{i,t}$ is increasing and $\varphi_{i,t}(1) = 0$. According to the new price definition, the food commodity price ($\hat{p}_{i,t}$) in the interested area depends both by the exogenous price trend and by the actual production in the period in the area: if the production $(Y_{i,t})$ is higher than the local demand $(\bar{C}_{i,t})$, the households observe a reduction in the food commodities price, whereas if there is a shortage in the food commodity, its price increases.

$$w_t = \varpi_{w,t} w_{t-1} + \varepsilon_t; \qquad 11$$

In the baseline scenario, we assume that agents supply their labour to the other farmers within the village border to endogenously generate labour market dynamics and potential unemployment.

Finally, since the model considers rural villages, it is reasonable that the prices of the agricultural production inputs ($p_{s,t}$) also evolve according to an exogenous autoregressive process, which is comparable to equation (10) because farmers are price takers:

$$p_{s,t} = \varpi_{s,t} p_{s,t-1} + \varepsilon_{s,t}; \qquad 12$$

where $\varpi_{s,t}$ is an exogenous trend component and $\varepsilon_{s,t}$ is a shock following a normal distribution.

2.5 Sequence

The economy is an iterative system where agents repeat the same group of actions at each time step. First of all, agents decide whether to adopt CSA practices. Farmers who are members of a social network may randomly meet another community member, if the farmers meet, they modify positively/negatively their WSA/CP adoption probability based on the new information.

Based on the expectation on climate variables, productivity and farmer's type (degree of innovativeness), farmers set their land use and desired production inputs. Output depends on farmers' financial constraints, rainfall during the production period, and neighbour's soil and water practices (positive or negative externalities).

According to the household's composition, the farmer computes its food security requirement. If production is higher than self-consumption demand, the farm household consumes their own food commodities and sells on the market the surplus. In the opposite case, households access the market to satisfy their household food requirements.

At the end of the period, the household members become one period older, except for those who die. Hence, the household's size evolves according to the difference between mortality and birth rate.

Births are distributed among households according to a uniform distribution whereas, to define the *j-th* household member who dies, we use a death probability drawn from a uniform distribution [0,1]. If this probability is lower than the household cohort death probability,[3] the farmer dies. In the opposite case, she survives. According to this mechanism, older agents have a higher probability of dying.

2.6 Scenarios and simulations

In the following sections, we run the model to investigate whether CSA adoption dynamics positively affect the food security of the households. We design several representative scenarios (Table 1) to expand the analysis exploring: 1) how improving or reducing the extension services and community social network participation, which may change the information diffusion, affect the well-being of the farmers (Scenario A/Baseline, B, and C; Table 1); 2) how development policies (*e.g.,* road and railway construction) affecting price transmission can change adoption dynamics and food security (Scenario D); 3) whether the adoption of the CSA practices is an effective strategy to handle drastic climate change (Scenario E).

Scenario	Food Price Dynamics	Network	Representative Concentration Pathway[4]
A (Baseline)	Exogenous	60%	4.5
B	Exogenous	75%	4.5
C	Exogenous	45%	4.5
D	Endogenous	60%	4.5
E	Exogenous	60%	8.5

Table 1: Scenario parameters settings.

---

[3] See the Ethiopian life table for the cohort death probability (World Health Organization, 2018).

[4] Representative Concentration Pathway (RCP) is a trajectory of greenhouse gas concentration into the future decades adopted by the climate modeling and research community. RCP is labeled using a range of radiative forcings in the year 2100. RCP 4.5 falls in the mid-range, representing an intermediate climate change scenario, while RCP 8.5 represents the worst-case scenario with high levels of greenhouse concentrations.

In all the scenarios we have defined a representative Ethiopian rural village composed of 100 households (see Table 2). Farmers participation in community social networks affect their CSA adoption rates. Following data collected by Simane et al. (2013) the community network involves 60% of the households under the reference Scenario A. We assume a growing population with a birth rate of 31.26 per 1000 people and a death rate of 6.67 per 1000 people (in line with Ethiopian data; United Nations, 2019). In line with the data for highland Ethiopia, the average initial family size is 5 people, but it evolves endogenously over time, affecting the total basic requirements and the households' well-being.

We assume a standardised African starch-based diet in line with the average value for Sub-Saharan Countries (FAO, 1997; 2008) as follows: 0.52 cereals, 0.27 vegetables and fruits, and 0.21 animal-based food products (diary and meat). In relation with these dietary needs, we define four indicators: food availability, food self-sufficiency, food instability, and food insecurity severity. Food availability is the ratio between actual food consumption and total food requirements, whereas self-sufficiency is defined as the ratio between self-production and total food requirement. Food instability is measured using the cereal import dependency ratio (FAO, 2011) which, in the case of a household, is the ratio of cereal net purchases over cereal consumption. The higher a household is dependent on cereal purchases, the lower the household's food stability is. Following Devereux (2006), we define severely food insecure households as those with food availability lower than 70%.

We model the effects of climate on agricultural production using a water stress measure calibrated to 14 climate models[5], which the literature finds perform the best for our study zone in Ethiopia (Eggen et al. 2019). In our case, we calculate the water stress parameter ρ based on daily data simulated by the 14 climate models with representative concentration pathways (RCP) 4.5 and 8.5 over 2006-2095

---

[5] The 14 selected climate models are CanESM2, CESM1-BGC, CNRM-CM5, CSIRO-Mk3-6-0, GFDL-CM3, GFDL-ESM2G, GFDL-ESM2M, IPSL-CM5A-LR, IPSL-CM5A-MR, MIROC5, MPI-ESM-LR, MPI-ES-MR, MRI-CGCM3, and NorESM1-M.

(90 periods). Data variables including daily minimum and maximum temperature, daily rainfall, and solar radiation are extracted from each of the 14 climate models in order to calculate the associated water stress parameter. The 14 climate models are selected from 20 models in the Coupled Model Intercomparison Project, Fifth generation (CMIP5; Taylor et al., 2012) and the data are obtained from the NASA Earth Exchange Global Daily Downscaled Projections (NEX-GDDP; Thrasher et al., 2012). In addition, the data are bias-corrected through comparing the model simulations to data observations in the contemporary climate regimes, including the application of Climate Hazard Group InfraRed Precipitation with Stations (CHIRPS) product (Funk et al., 2015) and the Global Data Assimilation System (GDAS) (Derber et al., 1991) over 1980-2009. As the rainfall amount during the main raining and growing season in the study region has been shown to be highly correlated with the phases of the El Niño–Southern Oscillation (ENSO) (*e.g.,* Gissila et al. 2004; Zhang et al. 2016), the model selection criteria are based on whether the model is able to well represent ENSO and the rainfall characteristics over this climatic region (Eggen et al., 2019).

Simulations of the ABM were run with a Monte Carlo process repeated 100 times for a period of 90 years for each climate model. The Monte Carlo runs differ by the actual distribution/allocation of births, deaths, wealth, and CSA adopters among the households in each period. The initial parameters on the farmer and household characteristics such as the average family size, average available land, CSA adoption rates as well as impact of ageing and network on CSA adoption are derived from the survey data described in Simane et al. (2013). The data also align closely with parameters in another published work that describes survey data from highland Ethiopia (Gebreyes et al., 2020). Table 2 shows the average parameter values among the simulations over time and initial conditions.[6]

	Meaning	Value
J	Number of households	100

---

[6] See Table A2 in the appendix for the references of the main parameters of the model.

H	Maximum number of plots	20
σ	Discount factor	0.9
δ	Share of land affected by market driven mechanism	0.25
s	Share of income invested in the production process	0.95
g	Bias coefficient	1
z	Average family size	5
$\lambda_{WSA,Age}$	Ageing impact on WSA adoption propensity	0
$\lambda_{CP,Age}$	Ageing impact on CP adoption propensity	-0.012
$\lambda_{WSA,Network}$	Network impact on WSA adoption propensity	+0.65
$\lambda_{CP,Network}$	Network impact on CP adoption propensity	-0.45
Initial Condition		
A	Soil fertility	-0.05; +0.05
	Irrigation service extension	30%
	WSA adoption rate	78%
	CP adoption rate	32%

Table 2: Parameters value and initial condition.

3. Results

The following subsections present the simulation results of food security and CSA adoption starting from the baseline scenario. Then, we investigate the role of community networks in the implementation of mitigation strategies showing the possible impact of farmer's wealth on the food security dynamics. In subsection 3.3 we change the food price transmission mechanism addressing the crucial role of market integration and actual food market access to the satisfaction of food basic needs. Finally, the system is hit by a severe climate change shock aiming to explore the effectiveness of CSA adoption as a mitigation and adaptation strategy for severe climate change.

3.1 Individual decision and aggregated effects of climate smart agriculture adoption

Looking at the ABM simulation results for aggregate dynamics of Scenario A (*i.e.,* the baseline), Figure 2 shows the climate smart agricultural adoption rate and the multidimensional aspects of food security: availability, self-sufficiency, instability, and food insecurity severity. Figures 2a and 2b show the adoption rates of CP and WSA techniques. Being costless, conservation practices exhibit a growing trend in their adoption in earlier periods, which reduces over time as the opportunity to share information on best practices among farmers increases. The community relationship explains, on the other hand, the growing trend in figure 2b because it positively affects the WSA adoption, which generates a cascade effect through the physical water and soil management practices and their positive externalities on neighbours. Figure 2c represents the ratio between food consumption and total food requirements, highlighting the capability of farmers to reach the food security level by self-production and by market exchanges. Figure 2d represents the level of food security reached through self-production. The gap between food availability and self-sufficiency shows the crucial role played by market access in satisfying food basic needs. Indeed, in spite of the growing adoption of the soil and water management actions (Figure 2a), the food self-sufficiency level oscillates around 28.96% during the simulated period. Figure 2e shows the dependence of household cereal consumption on cereals coming from the market, as a measure of instability. In the study area, the average percentage of purchased cereals over domestic supply of cereals is 44.89%. This index indicates the extent of vulnerability households are exposed to for cereal consumption, a main source of staples, when the access to market is disrupted or when the market price is volatile. Figure 2f exhibits the number of households with severe food insecurity, i.e. households that are not able to reach a food availability level higher than 70%.
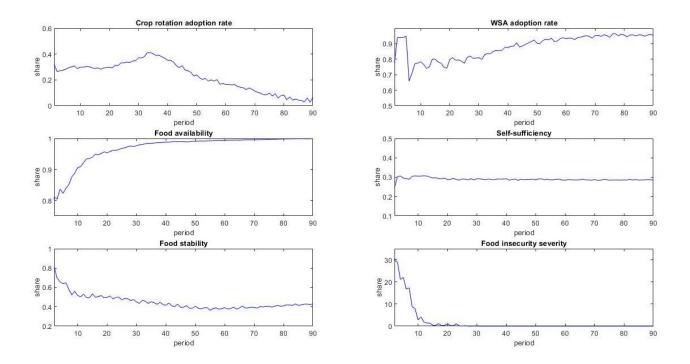
Figure 2: CSA adoption and evolution of the food security dimensions.

This figure shows the results from running 100 Monte Carlo simulations of the ABM using scenario A with our baseline information in a village of 100 households over a 90-year period. Figure 2a and b show the average share of adopters in the farmers population, who adopt the Climate Smart Agriculture technology, crop rotation or water and soil management action, respectively. Figure 2c, d and e show the average level of the respective food security metric - availability, self-sufficiency, and instability, whereas Figure 2f shows the average number of households as defined in food insecurity severity.

As shown by Figure 3, starting from a situation where there is an almost equal land allocation among the three agricultural productions (cereals, vegetables and fruits, and pasture for animal-based food products), the ABM modeling shows that land allocated to cereals and pasture increases (final level around 80% of total land). This redistribution of land among the crops favours the production of goods with higher economic returns (animal-based food) or that are more demanded by the households' starch-based diet (cereals). With higher earnings, the farmers try to satisfy the demand for other food commodities on the market. Allocating more land to the food commodity at the base of their diet, the farmers are able to reach higher levels of self-sufficiency. However, the growth in level of satisfaction through self-sufficiency is bounded by physical constraints of the agricultural sector with concave yields and by population growth.
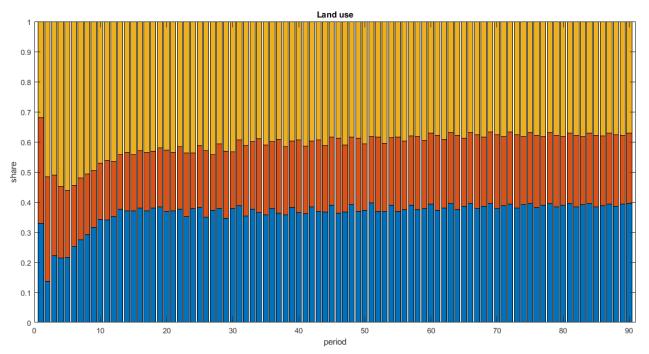
Figure 3: Average land allocation among agricultural productions.

This figure shows the average results from running 100 Monte Carlo simulations of the ABM using scenario A with our baseline information in a village of 100 households over a 90-year period. The y-axis is the share of total available land allocated to cereals (blue bars), vegetables and fruits (red bars), and pasture for animal-based food products (yellow bars). (For interpretation of the references to colour in this figure, the reader is referred to the web version of the article.)

Figure 4 shows the results of the ABM simulations for food availability, *i.e.,* the ratio between food consumption and total food requirement. We divide the population in four groups according to climate smart agricultural practice adoption: non-adopters, farmers who adopt only WSA, adopters of CP but not WSA, and double adopters. Looking at the evolution of the food security indicators, all the four groups register an increasing trend in the average level of food availability, but farmers who adopt both CSA practices are able to reach the highest food security level. Moreover, comparing the dynamics of the four trends, we find that water and soil practices have a more stable impact on food availability than crop rotation in general, and a stronger positive impact in the long-run.
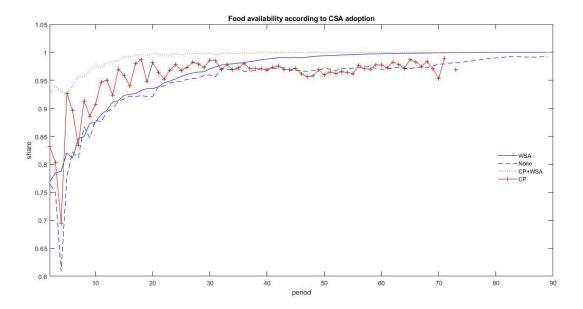
Figure 4: Food availability evolution by CSA adoption.

This figure shows the average results from running 100 Monte Carlo simulations of the ABM using scenario A with our baseline information in a village of 100 households over a 90-year period. The y-axis is the average level of food availability for the four types of farmers: double adopters (dotted line), WSA adopters (solid line), CP adopters (crossed line), non adopters (dashed line).

In summary, our analysis of the baseline scenario indicates that climate smart agriculture practice adoption is an effective strategy to improve the well-being of farmers by increasing their food availability. Their food availability increases come through a combination of higher food production and market purchases given increases in income from selling agricultural production on the market. However, the positive number of severely food insecure farm households highlights how heterogeneity in wealth, in terms of economic resources and available land, plays a crucial role which may be lost looking only at the average effects.
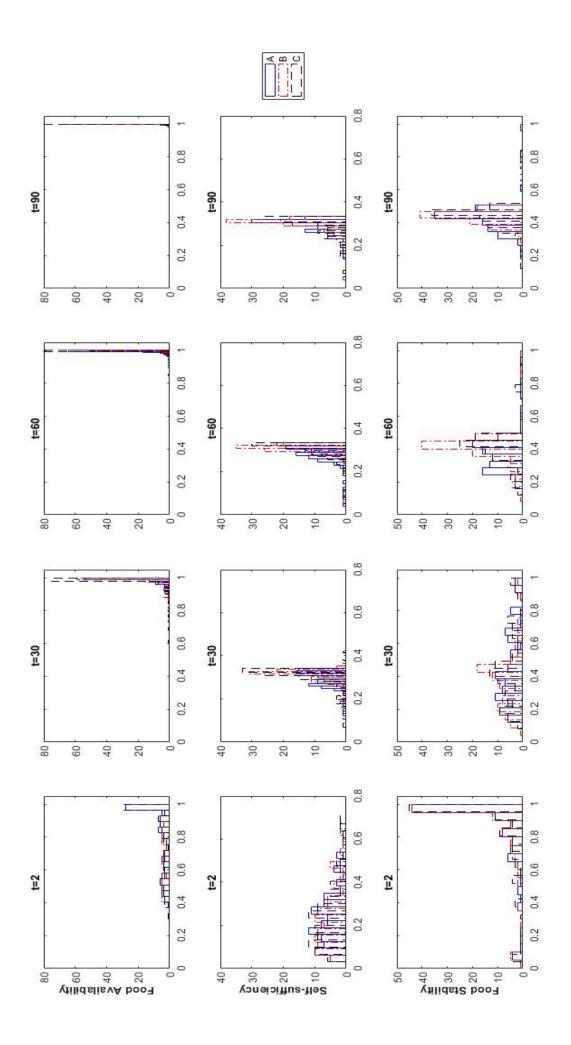
3.2 The impact of social network in the climate smart adoption practices
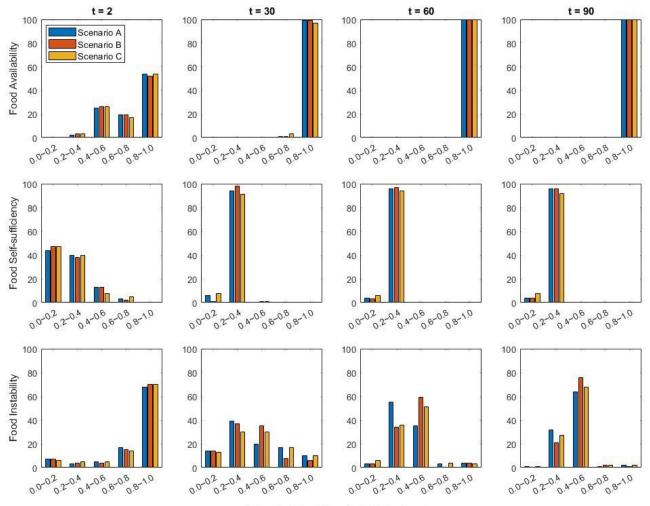
This section uses the ABM to perform a comparative analysis on the role of social networks on the farmers' ability to reach adequate food security. The aim is to understand whether community social networks significantly increase the adaptive capacity of farmers through the sharing of best practices and mitigation strategies reducing their vulnerability in terms of food security. More precisely, we compare the system dynamics of the baseline scenario with two scenarios with altered social network

participation rates. In Scenario B, the community network is wider with 75% of the farmers in the area participating in each period, whereas in Scenario C the share of participants reduces to 45%.

Figure 5 shows the results of the ABM simulations in Scenarios A, B and C on three dimensions of food security: availability, self-sufficiency, and instability. Each plot exhibits the distribution of a food security indicator level in the population for the three scenarios in one of the four demonstrated periods.[7]

---

[7] We do not represent food insecurity severity in Figure 5 because it is graphically less readable. The share of farmers in severe food insecure conditions already become close to zero in the second plot (from period 30) for all the scenarios.

Figure 5: Distribution of effects across households within a village.

This figure shows the histogram of the food security indicators from running 100 Monte Carlo simulations of the ABM in a village of 100 households over a 90 year period using scenario A (social network extension 60%), scenario B (social network extension 75%), and scenario C (social network extension 45%). The y-axis is the number of households that fall into each of the bins defined in x-axis based on the level of the respective food security indicator. The first row represents food availability, the second row is self-sufficiency, and the third row shows food instability.

Looking at food availability in Figure 5, we see that initially (t = 2) the levels are comparable across scenarios. At t = 30, almost all households in Scenario A and B reach the highest categorical level of food availability, while in Scenario C, where the social network is associated with a lower share of farmers, a few more households are left behind in the second to the highest food availability category. The lower social network participation reduces the possibility to share experiences among peers, negatively affecting the adoption of the water and soil management actions and reducing the farmers who gave up crop rotation practices as shown in Figure 6. Interesting, it seems that for food availability

26

an income effect emerges. Indeed, although both the CSA practices positively affect agricultural yields, only the adoption of WSA requires strong investments whereas CP does not need additional production costs leaving unaffected economic resources that the farmers can use to purchase food commodities on the market. A wider community network is beneficial if we look at the food security level achievable by self-production. Increasing the possibility to exchange information and learn best practices from neighbours, the adoption rate of WSA is higher (Figure 6), which strengthens the resilience of farmers to adverse and unexpected conditions, *e.g.,* reduced yield under climate impact and loss of market access due to physical constraints. Investing in these practices, the households are able to increase their yields positively affecting the food security achievable without market transaction and to reduce their dependence on cereals from other areas (i.e., higher food self-sufficiency and stability as shown in Figure 5). This suggests the crucial role of social networks, the market price dynamics of the food commodities, and population wealth played in food security.
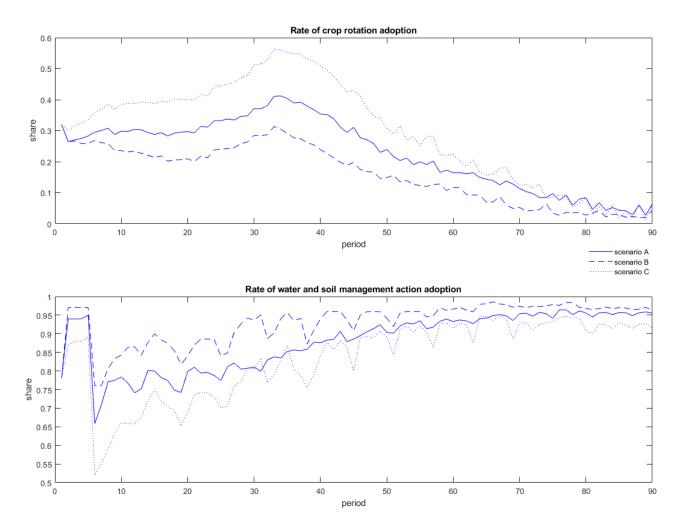
Figure 6: CSA adoption rate in the three scenarios.

This figure shows the average results from running 100 Monte Carlo simulations of the ABM in a village of 100 households over a 90 year period using scenario A (social network extension 60%), scenario B (social network extension 75%), and scenario C (social network extension 45%). The y-axis is the share of adopters in the farmers population. The solid line is the baseline scenario (A), the dashed line represents scenario B whereas the dotted line shows scenario C.

3.3 The role of market access on food demand satisfaction

As shown in Section 3.2, market integration is important for food demand satisfaction when self-production is not able to achieve total household food demand. For this reason, in this section we test the ABM with a scenario (Scenario D) where the transportation infrastructures are not as well developed, and the constraints generated by geography and remoteness affect price transmission. In this case the frictions in the food market endogenizes the evolution of prices, making them partially a function of local production and sales levels.

Reducing the market integration of the simulated village produces a growth in the price volatility of the food commodities, as shown in Figure 7 (solid line). The price of vegetables and fruits, and animal-based food given limited market access are higher than the price when households do not have constraints on the market access (respectively +1.36% and +5.56% on average) whereas, thanks to its higher local supply, cereals have a lower average price (-6.12%). Apart from the average levels, it is worth noting that the prices of the commodities show higher volatility in less integrated markets, which decreases food availability and increases food instability and insecurity severity. Indeed, farmers living in remote areas or districts with less transportation infrastructure are more vulnerable to unexpected drops in yields because these directly affect the food available for supply and demand in the local market and the price of the food commodities on the market.
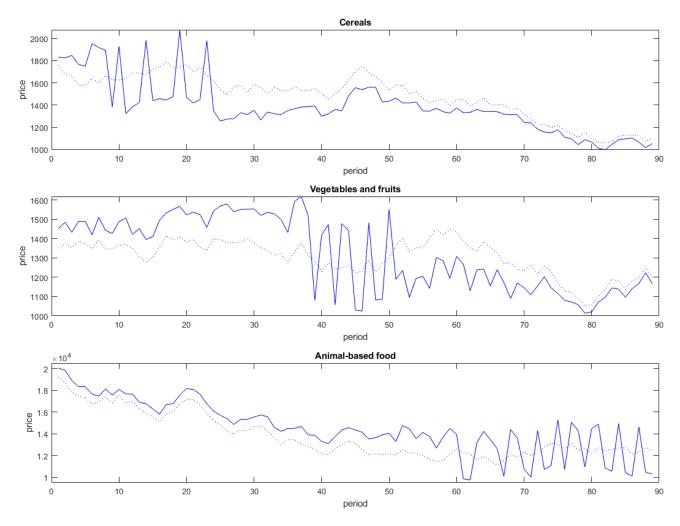

Figure 7: Market price of food commodities.

This figure shows the average results from running 100 Monte Carlo simulations of the ABM in a village of 100 households over a 90 year period using scenario A (exogenous price formation) and scenario D (endogenous price formation). The figures represent price for cereals (first), vegetables and fruits (second), and animal-based food (third). The dotted line represents the price level if markets are integrated and prices are independent of local production and demand levels (Scenario A/Baseline), whereas the solid line is the price in non-integrated markets (Scenario D).

Figure 8 shows the difference in food security levels reached by households in the ABM simulations between Scenario D and Scenario A/Baseline. In Scenario A, where the area is with higher market integration (*i.e.,* better connected with transport infrastructures), the farmers are more resilient to the food shortage in their own district because we do not observe strong price oscillations which can reduce their ability to satisfy food demand by purchasing commodities on the market (see food availability; Figure 8a). The higher average price levels farmers face in the market when purchasing food, the fewer economic resources remain to be invested in agricultural production. Even if the scenarios show comparable CSA adoption rates (the difference in adoption between scenarios D and A is less than 0.5%), the reduction in the economic endowment has a direct effect on agricultural productivity given that the farmers have more binding budget constraints for production input expenditures. This effect is even more severe for the farmers with less available resources, both in terms of land and economic assets, and it is translated into a wider share of population registering severe food insecurity in Scenario D than A, an absolute change of +27.14% (Figure 8d).
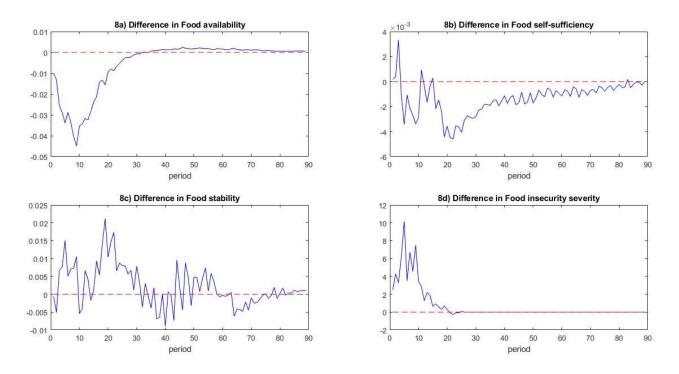
Figure 8: Difference in food security levels in Scenario D compared to Scenario A.

This figure represents the difference in the food security indicators in Scenario D compared to Scenario A (blue solid line), and the indifference level (red dashed line). For each scenario the average results from running 100 Monte Carlo simulations of the ABM in a village of 100 households over a 90-year period is computed, and the difference between the scenarios is calculated.

3.4 Can climate smart agriculture practices manage drastic climate change?

This section expands the analysis by comparing Scenario E with climate projections under RCP8.5to Scenario A under RCP4.5. The aim of this analysis is to investigate whether, from a food security perspective, CSA practice adoption is an effective mitigation strategy to different pathways of climate projections.

As shown in Table 3, at the beginning of the simulations the farmers in Scenario E are worse off than in scenario A exhibiting a lower adoption rate of CP practices and a higher implementation of WSA techniques. However, the results are reversed in the last two decades of the time horizon. Over time, the crop rotation adoption becomes higher in the Scenario E (+0.57*pp*[8]) whereas the WSA adoption comes to be lower (-2.08*pp*). These inversions in the CSA implementation rates mean that farmers prefer sustaining the soil fertility adopting costless practices to improve the self-sufficiency (+0.83*pp*),

---

[8] *pp* - percentage points

exploiting the positive effects of the WSA adoption (i.e. positive externalities in the neighbourhood) acting as a free-rider. This behaviour allows the farmer to spend the new savings from non-adopting WSA in the market food to reach a higher food availability level (+0.01pp). The stronger role of the food market access is also represented by the deterioration in the food stability.

Scenario E minus Scenario A	first twenty years	last twenty years
Crop rotation adoption rate	-0.68pp	+0.57pp
WSA adoption rate	+2.01pp	-2.08pp
Food availability	-0.51pp	+0.01pp
Food self-sufficiency	-0.85pp	+0.83pp
Food instability	+0.78pp	+1.41pp
Food insecurity severity	+7.78pp	-0.00pp

Table 3: Difference in CSA adaptation rates and food security indicators in Scenario E compared to Scenario A

This table shows the difference in the results from running 100 Monte Carlo simulations using scenario E (with 14 climate models under RCP 8.5) compared to Scenario A (with the same 14 climate models but under RCP 4.5). *pp* means percentage points.

The reason why the results in the two scenarios are not extremely different is shown in Figure 9. Figure 9 exhibits the average water stress parameter dynamics (ρ_t) among the 14 climate models in the Scenario A and Scenario E. Interestingly, in the reference geographic area, the representative concentration pathway 8.5 is coupled with a lower average water stress parameter (it is 0.4789 in Scenario E and 0.4679 in Scenario A) positively affecting the crop yields and the food security metrics, especially in the last twenty simulated periods.
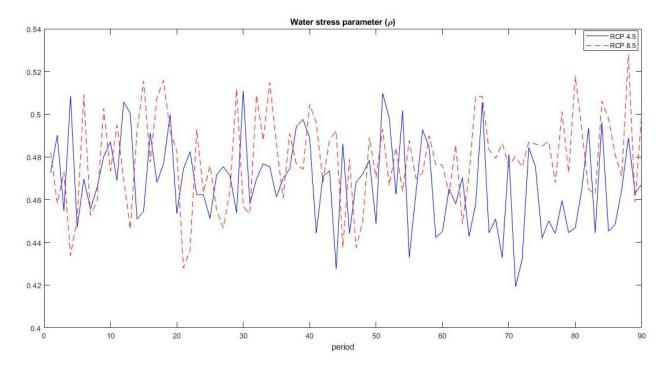
Figure 9: Water stress parameter dynamics in the two scenarios

This figure shows the average water stress parameter among 14 climate models using RCP 4.5 (Scenario A) and RCP 8.5 (Scenario E).

In the first twenty years, Scenario E leads to higher water stress on average and the variation of climate impacts on crops is also higher, and therefore farmers register a drastic reduction in the food self-sufficiency level coupled with slightly lower food availability, compared to Scenario A. The increase of WSA adopters in the farmer population in Scenario E with respect to Scenario A indicates that WSA is chosen by the farmers as a better adaptation strategy to severer climate impacts, although the strategy cannot fully counteract the adverse climate impact. In the last twenty years, crops in Scenario E are projected to endure less water stress than Scenario A, and therefore the food self-sufficiency in Scenario E is higher than Scenario A while food instability is higher indicating households rely on market purchases for cereal consumption more heavily in Scenario E than in Scenario A. Overall, the analysis suggests that farmers adopting CSA actions fare better than the non-

adopters, in which the effect of water and soil management practices on households well-being is the strongest in the scenario with more severe climate impacts.[9]

4. Policy implications

This work provides a proof of concept for how an ABM can help understand the future dynamics of farmer adaptation to climate change through climate smart agriculture. In providing a forward looking model with endogenous interactions among agents, this modelling exercise, carefully calibrated to survey data from highland Ethiopia, develops new insights for policy makers beyond the micro-econometric work that has so far developed in the literature (Di Falco et al., 2011; Asfaw et al. 2012). Specifically, it identifies multiple interlinked policy efforts that will be needed to maintain food security for Ethiopian households in the face of climate change.

The model results show the importance of farmer networks in CSA adoption, market infrastructure in maintaining farmer wealth and food security, the importance of the economic endowment of farmers especially in the case of costly long-term investments. Policy makers would do well to develop extension models for the roll out of CSA that take advantage of farmer networks for spreading information. Our model does, however, have a warning for policy makers, which is that where CSA techniques are not especially profitable in the short-term, these social networks can severely reduce adoption of a long-term potentially profitable technology. This suggests the potential need for policy makers to lessen the short-term economic burdens of climate adaptation through CSA adoption.

Policy makers also need to be aware that farmer willingness to adopt CSA does not guarantee food security for all farm households. Rather the model suggests that in zones with inadequate transport infrastructure we see volatility in endogenous local food prices that significantly reduces the ability of farmers to mitigate climate change through CSA adoption. This suggests that along with promoting

---

[9] See Figure A2 in Appendix for the percentage difference in food availability level between the two scenarios in the first (last) twenty simulated periods.

climate smart agriculture, policy makers in Africa and elsewhere should seek to activate food markets and supply chains as a complementary climate adaptation policy.

Similarly, even when most farmers adopt CSA, our model also demonstrates significant heterogeneity in the food security benefits of CSA adoption. Up to a quarter of farmers, even with adaptation to climate change through CSA adoption, will still not reach adequate levels of food security for their households. Policy makers will need to develop additional policies to mitigate the effects of climate change to help this sector of the population.

Finally, the modelling in this paper shows that climate adaptation through CSA adoption is useful but does not guarantee food security, especially with the strongest climate change scenarios. This suggests that policies to combat climate change are necessary complements to adaptation innovations. Policy makers cannot just hope that farmers can adapt their way out of climate change, they need to be focused on lessening the effects of climate change, especially the probability of the most drastic levels of climate change.

5. Conclusions

We develop an Agent Based Model to investigate whether the Climate Smart Agriculture adoption dynamics positively affects food security of developing country farmers in a model calibrated to Ethiopian highland farmers. We do so using a multidimensional definition of the food security (availability, self-sufficiency, stability, and food insecurity severity) and incorporating social and ecological pressures (*i.e.,* community network, environmental externalities and climate change) to understand farmer adoption of short- and long-term CSA techniques in rural Ethiopia. The analysis shows that CSA adoption is an effective strategy to improve the well-being of farmers through increases in crop yields and the economic returns from agricultural production. However, a high investment strategy such as WSA is not always suitable for farmers who aim to reach higher food

availability in a relatively short time frame. The food security response to the strategy also depends on farmers' investment capacity and the remaining economic resources for market purchases to satisfy consumption needs. In coping with climate change, the model findings suggest that farmers adopting CSA fare better than non-adopters, although the CSA practices adoption is not able to fully counterbalance the severe climate pressures.

Investigating explicitly the role of the social network, the analysis demonstrates the importance of community relationships to exchange information and best practices to increase the adoption rate of climate smart agriculture techniques. However, our output suggests that an equally crucial role in the adoption rate is played by the economic environment, *i.e.,* by both the market price dynamics of the food commodities and the population wealth for food security. Farmers living in more remote areas are more vulnerable to food shortage in their own district. Having worse connection to the food markets, these farmers face stronger price oscillations which negatively affect their well-being. This outcome is even more severe for the poorer farmers, both in terms of available land and economic assets.

Methodologically this work adds to the literature on climate adaptation by demonstrating how agent-based model simulations that take into account neighbourhood learning dynamics can provide additional understanding to how farmers might adapt to climate change in the future. The farmers in this model are not passive recipients of climate change, but active learners who learn from their neighbours, past experiences, past climate, and market opportunities. The work shows how to move beyond backward looking models of climate smart agriculture to estimating adaptation possibilities in a complex socio-economic environment. Having demonstrated how an agent-based model can simulate farmer adaptation with climate smart agriculture, we see many future research avenues for use of this and similar agent-based models. These include calibrating the model to other locations in Africa and beyond, analysing other CSA-type interventions, and testing how market and supply chain interventions might inform policy makers of the ability of households to adapt to future climate change.

References

1. Adesina, A. A., and Zinnah, M. M. (1993). Technology characteristics, farmers' perceptions and adoption decisions: a Tobit model application in Sierra Leone. *Agricultural Economics*, 9 (4): 297-311.

2. Ahmed, M. (2014). Farmer's decision to practice crop rotation in Arsi Negelle, Ethiopia: what are the determinants? *International Journal of Sustainable Agricultural Research*, 1 (1): 19-27.

3. Amadu, F. O., McNamara, P. E., and Miller, D. C. (2020). Understanding the adoption of climate-smart agriculture: a farm-level typology with empirical evidence from southern Malawi. *World Development*, 126, 104692.

4. An, L. (2012). Modelling human decisions in coupled human and natural systems: review of agent-based models. *Ecological Modelling*, 229: 25-36.

5. Asfaw, S., Shiferaw, B., Simtowe, F., and Lipper, L. (2012). "Impact of modern agricultural technologies on smallholder welfare: evidence from Tanzania and Ethiopia". *Food Policy*, 37 (3), 283-295.

6. Bakker, C., Zaitchik, B. F., Siddiqui, S., Hobbs, B. F., Broaddus, E. Neff, R. A., Haskett, J., and Parker, C. L. (2018). Shock, seasonality, and disaggregation: Modelling food security through the integration of agricultural, transportation, and economic systems. *Agricultural Systems*, 164: 165-184.

7. Bazzana, D., Gilioli, G., Simane, B., and Zaitchik, B. (2021). Analyzing constraints in the water-energy-food nexus: the case of eucalyptus plantation in Ethiopia. *Ecological Economics*, 180, 106875.

8. Block, J. P., Strzepek, K., Rosegrant, M. W., and Diao, X. (2008). Impact of considering climate variability on investment decisions in Ethiopia. *Agricultural Economics*, 39: 171-181.

9. Bramoullé, Y., and Kranton, R. (2016). Games played on networks. In: Bramoullé, Y., Galeotti, A., and Rogers, B. W. (Eds), *The Oxford Handbook of the Economics of Network*, Oxford University Press, New York, United States of America.

10. Branch, W.A., and Evans, G.W. (2006). Intrinsic heterogeneity in expectation formation. *Journal of Economic Theory*, 127: 264-295.

11. Conley, T. G., and Udry, C. R. (2010). Learning about a new technology: Pineapple in Ghana. *American economic review*, 100 (1): 35-69.

12. Conlisk, J. (1996). Why bounded rationality? *Journal of Economic Literature*, 34 (2): 669-700.

13. Delli Gatti, D., Desiderio, S., Gaffeo, E., Cirillo, P., and Gallegati, M. (2011). *Macroeconomics from the bottom-up*. Berlin: Springer.

14. Derber, J. C., Parrish, D. F., & Lord, S. J. (1991). The New Global Operational Analysis System at the National Meteorological Center, *Weather and Forecasting*, 6 (4): 538-547.

15. Devereux, S. (2006). Distinguishing between chronic and transitory food insecurity in emergency needs assessments. *World Food Program, Emergency Needs Assessment Branch.*

16. Di Falco, S., Veronesi, M., and Yesuf, M. (2011). Does adaptation to climate change provide food security? A micro-perspective from Ethiopia. *American Journal of Agricultural Economics*, 93: 829-846.

17. Dobbie, S., Schreckenberg, K., Dyke, J.G., Schaafsma, M., and Balbi, S. (2018). Agent-based modelling to assess community food security and sustainable livelihood. *Journal of Artificial Societies and Social Simulation*, 21 (1): 1-25, 9.

18. Duffy, J. (2006). Agent-based models and human subject experiments. In: Tesfetsion, L., Judd, K.L. (Eds.), Handbook of Computational Economics, vol. 2. Agent-Based Computational Economics, Amsterdam: North-Holland.

19. Duflo, E., Kremer, M., and Robinson, J. (2011) Nudging farmers to use fertilizer: theory and experimental evidence from Kenya. *American Economic Review*, 101: 2350-2390.

20. Eggen, M., Ozdogan, M., Zaitchik, B., Ademe, D., Foltz, J., and Simane, B. (2019). Vulnerability of sorghum production to extreme, sub-seasonal weather under climate change. *Environmental Research Letters*, 14 (4): 045005.

21. FAO (1997). Food, nutrients and diets. In FAO (eds.) Agriculture food and nutrition in Africa - A resource book for teacher of agriculture. Food and Agriculture Organization of the United Nations, Rome.

22. FAO (2008). Minimum Dietary Energy Requirement spreadsheet - 2008. Food and Agriculture Organization of the United Nations. Retrived December 5, 2018.

23. FAO (2011). *Food security indicators* (online). Available: http://www.fao.org/economic/ess/ess-fs/ess-fadata/en/#.X_8YWNhKiUm [Accessed Jan 6, 2021].

24. Funk, C., Peterson, P., Landsfeld, M., Pedreros, D., Verdin, J., Shukla, S., Husak, G., Rowland, J., Harrison, L., Hoell, A., and Michaelsen, J. (2015). The climate hazards infrared precipitation with stations—a new environmental record for monitoring extremes. *Scientific Data*, 2, 150066.

25. Gebreyes, M., Bazzana, D., Simonetto, A., Muller-Mahn, D., Zaitchik, B., Gilioli, G., and Simane, B. (2020). Local perception of Water-Energy-Food Security: Livelihood consequences of dam construction in Ethiopia. *Sustainability*, 12, 2161.

26. Gisilla, T., Black, E., Grimes, D.I.F., and Slingo, J. M. (2004). Seasonal forecasting of the Ethiopian summer rains. *International Journal of Climatology*, 24 (11): 1345-1358.

27. Groeneveld, J., Muller, B., Buchmann, C.M., Dressler, G., Guo, C., Hase, N., Hoffmann, F., John, F., Klassert, C., Lauf, T., Liebelt, V., Nolzen, H., Pannicke, N., Schulze, J., Weise, H., Schwarz, N. (2017). Theoretical foundations of human decision-making in agent-based land use models - a review. *Environmental Modelling & Software*, 87: 39–48.

28. Headley, D., Dereje, M., and Taffesse, A. S. (2014). "Land constraints and agricultural intensification in Ethiopia: a village-level analysis of high potential areas". *Food Policy*, 48: 129-141.

29. Heckbert, S., Baynes, T., and Reeson, A. (2010). *Agent-based modeling in ecological economics*. Annals of the New York Academy of Sciences, 1185: 39-53.

30. Holden, S., Shiferaw, B., and Pender, J. (2004). Non-farm income, household welfare, and sustainable land management in a less-favoured area in the Ethiopian highlands. *Food Policy*, 29: 369-392.

31. Howden, S. M., Soussana, J. F., Tubiello, F. N., Chhetri, N., Dunlop, M., and Mainke, H. (2007). Adapting agriculture to climate change. *Proceedings of the National Academy of Sciences of the United States of America*, 104: 19691-19696.

32. Lobell, D. B., and Burke, M. B., (2010). On the use of statistical models to predict crop yield responses to climate change, *Agricultural and Forest Meteorology*, 150 (11): 1443-1452.

33. Marenya, P. P., Gebremariam, G., Jaleta, M., and Rahut, D. B. (2020). Sustainable intensification among smallholder maize farmers in Ethiopia: adoption and impacts under rainfall and unobserved heterogeneity. *Food Policy*, 95, 101941.

34. Ngwira, A., Johnsen, F. H., Aune, J. B., Mekuria, M., and Thierfelder, C. (2014). Adoption and extent of conservation agriculture practices among smallholder farmers in Malawi. *Journal of soil and water conservation*, 69 (2): 107-119.

35. Nolan, J., Parker, D., van Kooten, G.C., and Berger, T. (2009). An overview of computational modeling in agricultural and resource economics. *Canadian Journal of Agricoltural Economics/Revue Canadienne d'agroeconomie,* 57 (4): 417–429.

36. Sankaranarayanan, S., Zhang, Y., Carney, J., Nigussie, Y., Esayas, B., Simane, B., Zaitchik, B. F., and Siddiqui, S. (2020). What are the domestic and regional impacts from Ethiopia's policy on the export ban of teff? *Frontiers in Sustainable Food Systems*: 4(4).

37. Simane, B., Zaitchik, B., and Mutlu, F.O. (2013). Agroecosystem analysis of the choke mountain watersheds, Ethiopia. *Sustainability (Switzerland)*, 5 (2): 592–616.

38. Smajgl, A., Brown, D.G., Valbuena, D., and Huigen, M.G. (2011). Empirical characterisation of agent behaviours in socio-ecological systems. *Environmental Modelling & Software*, 26 (7): 837–844.

39. Taylor, K. E., Stouffer, R. J., and Meehl, G. A. (2012). An Overview of CMIP5 and the Experiment Design, *Bulletin of the American Meteorological Society*, 93 (4): 485-498.

40. Teferi, E., Bewket, W., Uhlenbrook, S., and Wenninger, J. (2013). Understanding recent land use and land cover dynamics in the source region of the Upper Blue Nile, Ethiopia: Spatially explicit statistical modeling of systematic transitions. *Agriculture, Ecosystems and Environment*, 165: 98–117.

41. Tefera, S. A., and Larra, M. D. (2016). Determinants of farmers decision making for plant eucalyptus trees in market district, North Willow, Ethiopia. *Research on Humanities and Social Sciences*, 6 (13): 62-70.

42. Tesfatsion, L., and Judd, K.E. (2006). Handbook of Computational Economics II: Agent-Based Computational Economics. North-Holland.

43. Tesfaye, W., G. Blalock, and N. Tirivayi. (2020). "Climate -Smart Innovations and Rural Poverty in Ethiopia: Exploring Impacts and Pathways." *American Journal of Agricultural Economics.*

44. Thrasher, B., Maurer, E. P., McKellar, C., and Duffy, P. B.: Technical Note: Bias correcting climate model simulated daily temperature extremes with quantile mapping, *Hydrology Earth System Sciences*, 16: 3309–3314.

45. United Nations, Department of Economic and Social Affairs, Population Division, 2019. World Population Prospects: the 2019 revision.

46. Williams, T.G., Guikema, S.D., Brown, D.G., and Agrawal, A. (2020). Resilience and equity: quantifying the distributional effects of resilience-enhancing strategies in a smallholder agricultural system. *Agricultural Systems*, 182: 102832.

47. World Bank (2013). Ethiopia Economic Update II: Laying the foundation for achieving middle income status.

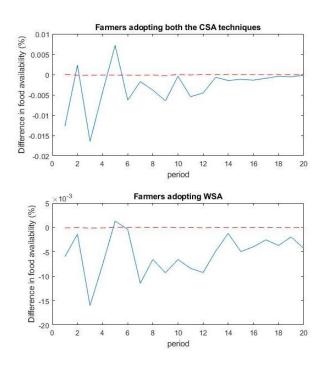48. World Health Organization (2018). The 2018 update, Global Health Workforce Statistics.

49. Wossen, T., Berger, T., Mequaninte, T., and Alamirew, B. (2013). Social network effects on the adoption of sustainable natural resource management practices in Ethiopia. *International Journal of Sustainable Development & World Ecology*, 20 (6): 477-483.

50. Zaitchik, B., Simane, B., Habib, S., Anderson, M.C., Ozdogan, M., and Foltz, J. (2012). Building Climate Resilience in the Blue Nile/Abay Highlands: A Role for Earth System Sciences. *International Journal of Environmental Research and Public Health*, 9 (12): 435–461.

51. Zhang, Y., Moges, S., and Block, P. (2016). Optimal Cluster Analysis for Objective Regionalization of Seasonal Precipitation in Regions of High Spatial–Temporal Variability: Application to Western Ethiopia, *Journal of Climate*, 29 (10): 3697-3717

52. Zhang, Y., You, L., Lee, D., and Block, P. (2020). Integrating climate prediction and regionalization into an agro-economic model to guide agricultural planning. *Climatic Change*, 158: 435-451.
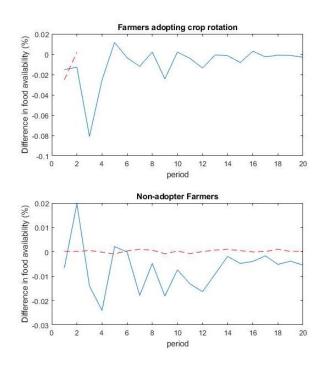
APPENDIX A

Parameter	Value	Source
Maximum number of plots per household	20	Headey et al., 2014; Gebreyes et al. 2020
Discount factor	0.9	Duflo et al. 2011
Share of land affected by market driven mechanisms (ie cash crops)	0.25	Gebreyes et al. 2020; Bazzana et al. 2021
Share of income re-invested in the production process	0.95	World Bank (2013)
Bias coefficient	1	Gebreyes et al. 2020; Bazzana et al. 2021
Average family size	5	Headey et al., 2014; Gebreyes et al. 2020
Impact of age on WSA adoption propensity	0	Simane et al. 2013; Wossen et al., 2013
Impact of age on CP adoption propensity	-0.012	Simane et al. 2013; Wossen et al., 2013
Network impact on WSA adoption propensity	+0.65	Simane et al. 2013

Network impact on CP adoption propensity	-0.45	Simane et al. 2013
Participation in social networks	60%	Di Falco et al., 2011; Simane et al. 2013
Percentage of farms with irrigation	30%	Simane et al. 2013; Gebreyes et al. 2020
Initial WSA adoption rate	78%	Simane et al. 2013
Initial CP adoption rate	32%	Asfaw et al., 2012; Simane et al. 2013
Population birth rate	31.26‰	United Nations, 2019
Population death rate	6.67‰	United Nations, 2019

Table A1: Sources of the main parameters of the model.

Figure A2: Difference in Food availability according to the farmer type inScenario E compared to Scenario A

This figure presents the percentage difference in the food availability in Scenario E compared to Scenario A for the four adopter types. For each scenario the average results from running 100 Monte Carlo simulations of the ABM in a village of 100 households over a 90-year period are computed, and the difference between the scenarios is calculated. The solid line represents the percentage difference in the first twenty periods, whereas the dashed line represents the percentage difference in the last twenty periods.

"NOTE DI LAVORO" PUBLISHED IN 2021

1. 2021, Alberto Arcagni, Laura Cavalli, Marco Fattore, Partial order algorithms for the assessment of italian cities sustainability
2. 2021, Jean J. Gabszewicz, Marco A. Marini, Skerdilajda Zanaj, Random Encounters and Information Diffusion about Product Quality
3. 2021, Christian Gollier, The welfare cost of ignoring the beta
4. 2021, Richard S.J. Tol, The economic impact of weather and climate
5. 2021, Giacomo Falchetta, Nicolò Golinucci, Michel Noussan and Matteo Vincenzo Rocco, Environmental and energy implications of meat consumption pathways in sub-Saharan Africa
6. 2021, Carlo Andrea Bollino, Marzio Galeotti, On the water-energy-food nexus: Is there multivariate convergence?
7. 2021, Federica Cappelli, Gianni Guastella, Stefano Pareglio, Urban sprawl and air quality in European Cities: an empirical assessment
8. 2021, Paolo Maranzano, Joao Paulo Cerdeira Bento, Matteo Manera, The Role of Education and Income Inequality on Environmental Quality. A Panel Data Analysis of the EKC Hypothesis on OECD
9. 2021, Iwan Bos, Marco A. Marini, Riccardo D. Saulle, Myopic Oligopoly Pricing
10. 2021, Samir Cedic, Alwan Mahmoud, Matteo Manera, Gazi Salah Uddin, Information Diffusion and Spillover Dynamics in Renewable Energy Markets
11. 2021, Samir Cedic, Alwan Mahmoud, Matteo Manera, Gazi Salah Uddin, Uncertainty and Stock Returns in Energy Markets: A Quantile Regression Approach
12. 2021, Sergio Tavella, Michel Noussan, The potential role of hydrogen towards a low-carbon residential heating in Italy
13. 2021, Maryam Ahmadi, Matteo Manera, Oil Prices Shock and Economic Growth in Oil Exporting Countries
14. 2021, Antonin Pottier, Emmanuel Combet, Jean-Michel Cayla, Simona de Lauretis, Franck Nadaud, Who emits CO_2? Landscape of ecological inequalities in France from a critical perspective
15. 2021, Ville Korpela, Michele Lombardi, Riccardo D. Saulle, An Implementation Approach to Rotation Programs
16. 2021, Miguel Borrero, Santiago J. Rubio, An Adaptation-Mitigation Game: Does Adaptation Promote Participation in International Environmental Agreements?
17. 2021, Alan Finkelstein Shapiro, Gilbert E. Metcalf, The Macroeconomic Effects of a Carbon Tax to Meet the U.S. Paris Agreement Target: The Role of Firm Creation and Technology Adoption
18. 2021, Davide Bazzana, Jeremy Foltz, Ying Zhang, Impact of climate smart agriculture on food security: an agent-based analysis