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# **Rainfall variability and groundwater availability for irrigation in Sub-Saharan Africa: evidence from the Niayes region of Senegal**

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# **Rainfall variability and groundwater availability for irrigation in Sub-Saharan Africa: evidence from the Niayes region of Senegal**

**Amy Faye<sup>1</sup>, Siwa Msangi<sup>2</sup>**

## **Abstract**

Recent research on climate change, within the context of Sub-Saharan Africa, has shown the vulnerability of groundwater resources to climate change and variability. In Senegal, agriculture is among the most important users of groundwater resources, especially in the northern coastal area called ‘Niayes’ where farmers practice irrigated agriculture and use almost exclusively the quarternary sand aquifer for their irrigation needs during the dry season – which is the main growing period. However, in Senegal, irrigated agriculture, particularly that of horticultural crops, mostly grown in the Niayes, has attracted less research attention in terms of studies focused on climate change or variability, compared to staple-growing rainfed regions. In the Niayes region, farmers grow most of Senegal’s horticultural production. Combined with human use of water resources, climate variability may threaten future irrigation water availability in the area.

This paper uses an integrated hydroeconomic model and a rainfall generator to evaluate the impact of rainfall variability on irrigation water availability and simulate its implications on producers’ responses and groundwater management policy measures.

Results show that groundwater availability is diminishing over time, resulting in higher water table depth and smaller water withdrawals by farmers who will tend to decrease the area allocated to crops and favor the higher-valued crops. These trends are accelerated under a drier climate regime. A taxation policy to stabilize the aquifer would induce a reduction of the area under cultivation and have negative implications on revenues. Supply-side measures to enhance recharge may not be technically or financially feasible. This suggests that Senegal needs to develop groundwater management options that favor sustainable use of agricultural water resources without hindering national horticultural production.

**Key Words:** Agriculture; irrigation; rainfall variability; hydro-economic modeling; groundwater management; Senegal.

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# 1 INTRODUCTION

2 Ground and surface water resources are vulnerable to climate change and variability as  
3 well as extreme events (Kumar, 2012; Booker, 1995; Tanaka *et al.*, 2006; Bates *et al.*, 2008 ;  
4 ...). In Sub-Saharan Africa (SSA) groundwater constitutes an important source of consumptive  
5 water use in most countries. However, despite its importance and changing climate conditions  
6 in the region, there has been historically little interest in analyzing the impact of climate  
7 change and/or variability on groundwater availability (Taylor, Koussis and Tindimugaya,  
8 2009). The conference on « Groundwater and climate in Africa »<sup>3</sup> held in Kampala (Uganda)  
9 in June 2008 has been the first one on these issues in Africa (Taylor, Koussis and  
10 Tindimugaya, 2009). Since then, there has been a growing number of scientific publications  
11 on interactions between groundwater and climate related changes (see Taylor, Koussis and  
12 Tindimugaya, 2009; Nyenje and Batelaan, 2009 for examples).

13 Agriculture is one of the biggest users of groundwater resources along with domestic and  
14 industrial sectors. However, in SSA, climate related studies on groundwater resources have  
15 mostly focused on the resource (see examples in Hughes *et al.*, 2015) and not sufficiently on  
16 the implications of climate shocks on agricultural production and producers' responses. Most  
17 of the studies have focused on modeling hydrological aspects without an explicit integration  
18 of user behavior (e.g. Nyenje and Batelaan, 2009). Indeed, by considering water demand as a  
19 fixed amount, hydrological models fail to capture the economic value of water (see Harou *et*  
20 *al.*, 2009) and do not fully account for users' response to groundwater availability under  
21 climate change and variability. On the other hand, studies focusing on climate impact on  
22 agriculture have extensively focused on rainfed agriculture (Roudier *et al.*, 2011; Roudier,  
23 2012; Jalloh *et al.*, 2013; Sultan and Gaetani, 2016), mostly due to its widespread practice  
24 compared to irrigated agriculture that only constitutes less than 5% of arable land in SSA  
25 (Giordano, 2006). They have therefore not sufficiently studied the interactions between  
26 climate and irrigated agriculture.

27 This situation is observed in West African countries like Senegal, where, almost all the  
28 studies on climate impact on agriculture have been oriented towards staple crops in rainfed  
29 regions (P Roudier *et al.*, 2014; Sene, Diop, & Dieng, 2006) with a poor focus on irrigated  
30 crops like horticultural ones mostly grown in the coastal area called Niayes that represents  
31 one of the two main agroecological zones of irrigated agriculture in Senegal. In the Niayes,  
32 farmers almost exclusively use the quaternary sand aquifer for irrigation and are impacted by  
33 rainfall variability mainly through groundwater availability as shown by previous climate  
34 related studies in the region (Aguiar, Garneau, Lézine, & Maugis, 2010; Dasylyva &  
35 Cosandey, 2005). Those hydrological and geographical researches have been interested in  
36 how past climate have affected the aquifer and generally point out a negative effect of climate  
37 on aquifer recharge and depth (Aguiar *et al.*, 2010; Dasylyva and Cosandey, 2005). However,  
38 little effort has been done towards assessing the future impact of rainfall variability on water  
39 resources in the area and how changes in physical variables might affect horticultural  
40 production, farmers' revenues and their responses as well as the implications for groundwater  
41 management.

42 This paper aims at filling this gap by developing an integrated hydroeconomic model  
43 (HEM) that allows to analyze the impact of climate variability on irrigation water availability  
44 and its implications on production and agricultural water management in the Niayes area of  
45 Senegal. The ability of integrated hydroeconomic models to do such analyses has been shown  
46 in Western countries (Medellín-Azuara, Howitt and Lund, 2010; Blanco-Gutiérrez, Varela-  
47 Ortega and Purkey, 2013; Howitt *et al.*, 2012; Varela-Ortega *et al.*, 2016; Esteve *et al.*, 2015;  
48 ...) and some SSA countries (see You and Ringler, 2010; Robinson, Willenbockel and

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<sup>3</sup><http://www.gwclim.org/>

49 Strzepek, 2012 for examples in Ethiopia). In West African countries such as Senegal, to date,  
50 there has been no application of HEM to assess climate change or variability impact and  
51 adaptation on agricultural water resources despite their suitability for this type of analysis.

52 The objectives of the paper are threefold : (1) to assess the effect of rainfall variability on  
53 aquifer levels; (2) to assess the implications on farmers' water extractions and cropping  
54 pattern; (3) to analyze different water management instruments, namely, the imposition of a  
55 volumetric water tax (demand-side instrument).

56 Our integrated hydroeconomic model is mostly composed of a hydroeconomic component  
57 representing aquifer dynamics and groundwater use behavior, a bioeconomic model to derive  
58 agricultural water demand reflecting the economic value of water. To this combination, we  
59 associate a stochastic annual rainfall generator.

60 In the next section, we present the study area focusing on agricultural activities, the  
61 characteristics of the aquifer under study as well as the climate in the region. In section 3, we  
62 describe our methodology. Section 4 describes the data we used. Section 5 discusses key  
63 results and alternative policy interventions while discussing their implications. In section 6,  
64 we discuss the results in light with the body of literature on the issue. Lastly, section 7  
65 concludes the paper and discusses research perspectives for better policy design based on  
66 identified limitations of the study.

## 67 2. AGRICULTURE, GROUNDWATER AND CLIMATE IN THE NIAYES AREA

68 The Niayes area is the coastal zone located in the North-West of Senegal riding between  
69 four administrative regions: Dakar, Thiès, Louga and Saint-Louis (see figure 1).

70 Agriculture is the main economic activity with two growing seasons, the rainy season that  
71 goes from June to September with a minimum mean annual rainfalls of 138mm and a  
72 maximum of 599mm in the period 1970-2011 and the dry season from October to May. Due  
73 to low level of annual rainfalls, farmers specialize in irrigated agriculture during the dry  
74 season that is the main growing season<sup>4</sup> during which are grown most of horticultural crops in  
75 Senegal. The Niayes is the main production area of horticultural crops with “half to two-thirds  
76 of the national production of fresh vegetables” (Fare et al., 2017). Irrigated area covers  
77 10000ha (J. Faye, Ba, Dieye, & Dansoko, 2007) with around 10000 horticultural producers  
78 (Ministry of Agriculture and Rural Equipment, 2013). In the Niayes, farmers use the  
79 quaternary sand aquifer for irrigation needs, to which they access mostly through private  
80 wells (shallow wells, dugwells and increasingly tubewells) by manual or mechanical  
81 extraction (with motorized pumps)—(Ministry of Agriculture and Rural Equipment, 2013).  
82 There is a small proportion of farmers (less than 3%) in the South of the Niayes that access  
83 water through the Senegalese water company (SONES). Therefore, water costs faced by the  
84 farmer mostly reflects the cost associated with water extraction which is the energy cost of  
85 pumping for farmers using mechanical extraction and investment cost for well construction.  
86 More details on agricultural activity in the area can be found in Fare *et al.*, (2017) who did an  
87 extensive analysis of the agrarian system in the Niayes.

88 Concerning water resources management, it is under the responsibility of the direction of  
89 management and planning of water resources (the DGPRES<sup>5</sup>) embodied in the  
90 Ministry of hydraulics and sanitation. To date, very little is known about the agricultural  
91 water withdrawals within the Niayes area given that the farmers' private wells are currently  
92 neither subject to effective control from the DGPRES nor under any significant regime of  
93 community-level water resource management (to the best of our knowledge). However, there  
94 does exist a water code designed in 1981 and according to which farmers extracting more than

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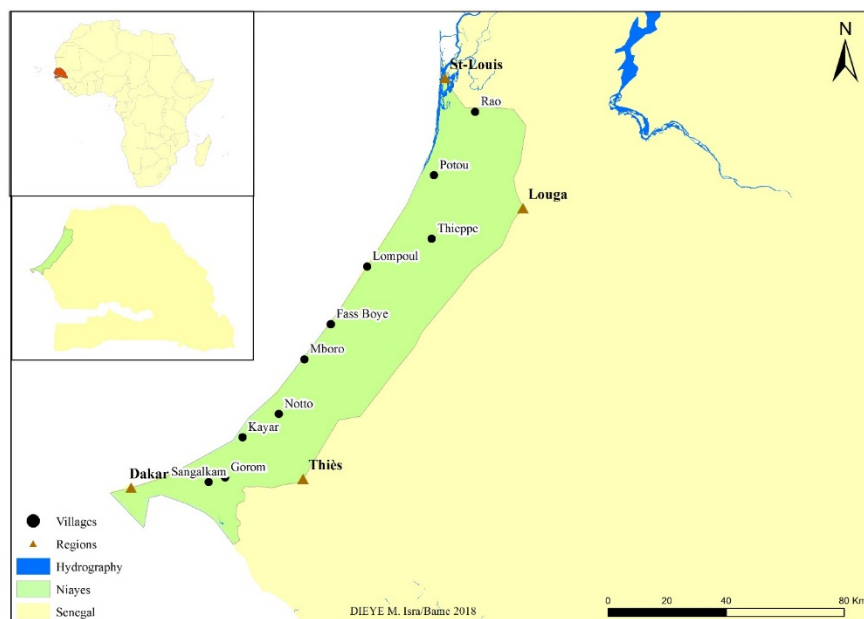
<sup>4</sup> Due to climate change and variability, the duration of the seasons may be variable.

<sup>5</sup> Direction de la gestion et de la planification des ressources en eau.

95 5m<sup>3</sup> of ground water per hour should pay for the water they use up to 12.12Fcfa per cubic  
96 meter. However, this pricing scheme has not been revised since 1980s. Therefore, the DGP  
97 is currently undertaking studies to review this water pricing scheme and explore new  
98 possibilities of water governance. We hope that this paper will contribute to their pricing  
99 analysis, as well as to the larger debate around the appropriate type of water resource  
100 management regime to impose on the region.

101 The quaternary sand aquifer is an unconfined aquifer that covers a surface of 2300km<sup>2</sup>  
102 (Aguiar et al., 2010). It is mainly recharged by rainwater infiltration (Aguiar *et al.*, 2010;  
103 Dasylyva and Cosandey, 2005). However, since the droughts of the 1970s and 1980s, rainfall  
104 levels have remained below the levels reached during wet periods (before 1970s). On average,  
105 rainfall has decreased from 500 mm in the 1932-1960 decades (Ndong, 1995) to 321.42 mm  
106 in the period 1970-1990 and 353.67 mm in the period 1990-2011.

107 Therefore, if warming trends and (more importantly) lower rainfall levels persist, the  
108 groundwater recharge may decrease and lead to declines in the available stock of  
109 groundwater. This might be exacerbated by growing extractions due to predicted warmer  
110 temperatures (Jalloh *et al.*, 2013) in Senegal that will tend to increase the evapotranspiration  
111 of crops and, therefore, induce greater demand for irrigation water. In addition, the aquifer is  
112 used by other actors like industries, the Senegalese Water Company<sup>6</sup>, the entity that extracts  
113 and distributes water to some industries and rural households via boreholes. This raises  
114 concerns about irrigation water availability under different climate outcomes and how the  
115 agricultural sector can cope with a degrading resource base that is the primary production  
116 factor for farmers in the Niayes region.



117

118 **Figure 1: The Niayes area of Senegal**

119 *Source: Realized by Dieye (2018)<sup>7</sup>*

### 120 **3. AN INTEGRATED HYDROECONOMIC MODEL TO ASSESS GROUNDWATER** 121 **AVAILABILITY AND MANAGEMENT UNDER CLIMATE VARIABILITY**

122

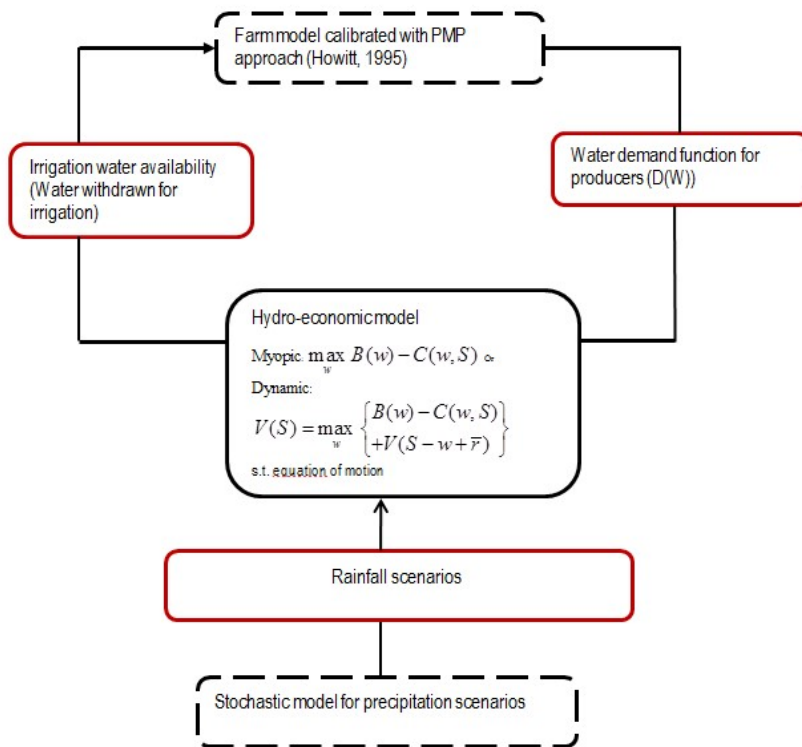
<sup>6</sup> This usage is applicable to the period during which the primary data was collected (in 2014). However, there may have been changes since then and the company's withdrawals may have diminished over time.

<sup>7</sup> Dieye is a geographer at the Senegalese Institute of Agricultural Research.

123 There is an extensive literature on the theoretical framework of common pool resources  
124 (Burt, 1964, 1966, 1967; Kim *et al.*, 1989; Ostrom, 1990; Koundouri, 2004). This has oriented  
125 our understanding of the basic problem of agricultural groundwater use, before putting it  
126 within the specific context of the Niayes region of Senegal. Empirically, economic modeling  
127 of groundwater has been mainly done using integrated hydroeconomic models that are  
128 extensively reviewed in Harou *et al.* (2009). There is a growing number of empirical studies  
129 on water availability under climate change or variability and its implications on agriculture  
130 and water management that use integrated hydroeconomic models (Medellín-Azuara, Howitt  
131 and Lund, 2010; Blanco-Gutiérrez, Varela-Ortega and Purkey, 2013; Howitt *et al.*, 2012;  
132 Varela-Ortega *et al.*, 2016; Esteve *et al.*, 2015...). Based on this literature, we tailor the  
133 integrated hydroeconomic modeling framework in Msangi and Cline (2016) to our area of  
134 study and research objectives.

135 Integrated HEM are of two types: holistic or modular (R. Brouwer & Hofkes, 2008).  
136 According to Brouwer and Hofkes (2008), the holistic approach consists of a single,  
137 integrated model which allows for direct interaction between components, whereas the  
138 modular or compartmentalized approach is comprised of stand-alone components which more  
139 loosely interact, with simulation outputs from one component providing the inputs for another  
140 one to use. In our case, unlike the holistic approach build in Msangi and Cline (2016), our  
141 integrated HEM follows a modular approach (see Brouwer and Hofkes (2008) for more  
142 details in modular and holistic approaches and Esteve *et al.*(2015) for an application of  
143 modular approaches) which is composed of two stand-alone models: a hydroeconomic model  
144 and a bioeconomic farm production model calibrated using the standard PMP approach  
145 (Howitt, 1995). These models, implemented in GAMS, are run separately but communicate  
146 via variable exchange with output variables from one model being input variables in another  
147 model as we will later explain it in detail. To this set of models we associate a stochastic  
148 rainfall generator inspired by Safouane *et al.* (2016).

149 The farm production model is run first to obtain the per hectare irrigation water demand  
150 that reflects the implicit marginal value of water to the agricultural producer. This water  
151 demand function is then transformed into a measure of producer benefit which becomes part  
152 of the decision maker's objective criterion within the hydroeconomic model. This latter  
153 directly captures the groundwater management decisions and outcomes by combining the  
154 economic benefit of water withdrawals (net of pumping costs) and the resulting aquifer  
155 dynamics from period-to-period. We can choose between alternative management regimes in  
156 which we can, in one case, account for just the immediate costs of pumping groundwater (the  
157 myopic case) or, alternatively, we can also take into account the implicit 'social' user cost of  
158 groundwater extraction, which captures the externalities a forward-looking decision-maker  
159 would consider in a dynamically optimal resource management regime. The simulations from  
160 this hydroeconomic model provides us with aggregate levels of water availability and  
161 farmers' groundwater use (aquifer level and withdrawals) over time, for the entire irrigated  
162 area in the Niayes. Withdrawals are then re-scaled to per ha quantities and fed into the farm  
163 model to evaluate the impact of different water availability levels on farmers' net revenue and  
164 their responses in terms cropping pattern. Finally, the solution of the (dynamically-optimal)  
165 resource problem defines the benchmark for economic efficiency that we will use as a basis  
166 for comparing alternative policy measures, in a later sub-section of the paper. The overall  
167 framework that we use to capture the key linkages between the different models is captured in  
168 Figure 2. In the following sub-sections, we describe the structure of the models and the results  
169 from our scenario-based simulations.

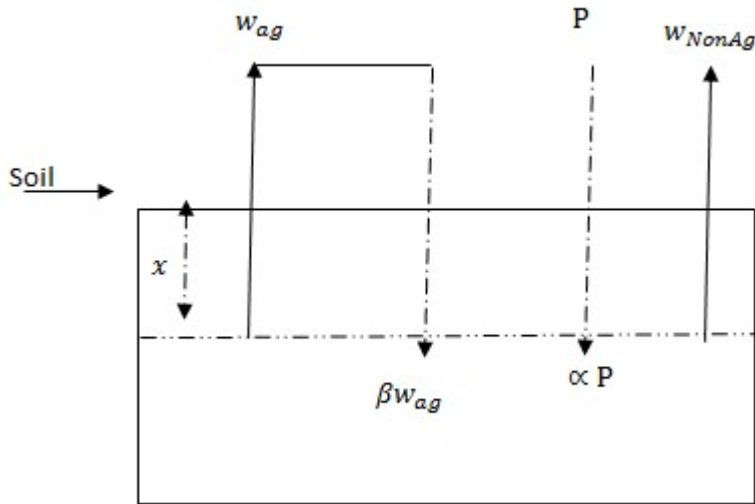


170  
171 **Figure 2: Model integration**  
172 *Source: Authors*

173 **3.1. Hydro-economic modeling framework**

174  
175 **3.1.1. Aquifer dynamics and choice of a single reservoir**

176 In the Niayes area, we noticed spatial heterogeneity for parameters such as the infiltration  
177 rate of rainfalls and the depth of the water table. As in Msangi and Cline (2016), the ideal  
178 would be to divide the aquifer into several interconnected reservoirs to account for that  
179 heterogeneity. However, we do not have the necessary data to estimate the connection  
180 coefficients between sections of the aquifer nor do we have sufficient data on hydrological  
181 parameters such as infiltration rates for the entire area. For this reason, we are constrained to  
182 consider the aquifer as a single reservoir as illustrated in figure 3.



183

184 **Figure 3: Aquifer dynamics**  
 185 *Source: Authors*

186 We capture aquifer dynamics by considering inflows (recharge) and outflows  
 187 (withdrawals from agricultural and non-agricultural users). Inflows are mainly represented by  
 188 rainfalls for which only a share  $\alpha$  infiltrates the soil as recharge. Indeed, due to factors such as  
 189 evaporation, soil characteristics, vegetation and others, not all the rain that falls goes to the  
 190 aquifer. In addition to inflows from rainfalls, we consider inflows from irrigation water  
 191 applied to crops which represents a share ( $\beta$ ) of farmers' withdrawals ( $w_{ag}$ ). Therefore an  
 192 outflow for irrigation needs of  $w_{ag}$  will result in a return to the aquifer of  $\beta w_{ag}$ . However, this  
 193 return rate is not available for our area of interest. Therefore, since studies have been  
 194 undertaken to evaluate the infiltration rate of rainfall (Gaye, 1990; Faye, 1995; El Faid, 1999;  
 195 Tine, 2004; Dasylyva and Cosandey, 2005), we consider that the return to the aquifer  $\beta$  is equal  
 196 to the infiltration rate  $\alpha$ . Sensitivity analyses are conducted in this paper to see how our  
 197 results vary according to some parameters, including the infiltration rate. Apart from  
 198 agricultural withdrawals, we account for non-agricultural users' (water company and rural  
 199 populations through boreholes) water extractions ( $w_{NonAg}$ ) for whom we do not consider any  
 200 return to the aquifer as it is primarily for potable water supply in urban areas and for domestic  
 201 water use in rural areas. We consider non-agricultural withdrawals as exogenous quantities in  
 202 our model.

203 The equation of motion that describes aquifer dynamics is written as follows:  
 204

$$x_{t+1} = x_t + \frac{w_{ag} * 10^{-4}}{As_y} - \frac{\alpha w_{ag} * 10^{-4}}{As_y} + \frac{1}{As_y} w_{NonAg} * 10^{-4} - \frac{\alpha P * 10^{-3}}{s_y} \quad (1)$$

205

206 Where  $x_t$  and  $x_{t+1}$  (in meters) correspond to the aquifer lift in the current and future periods  
 207 respectively.  $A$  is the area covered by the aquifer. In order to avoid inconsistencies in the units  
 208 of the variables, we need to convert volumetric values ( $w_{ag}$  and  $w_{NonA}$ ) into consistent units  
 209 of measure (i.e. meters) according to the following conversion rule: when we apply one  
 210 millimeter of water to a surface, it covers  $10^{-3} \text{ m}^3 / \text{m}^2$  (C. Brouwer, Goffeau, & Heibloem,  
 211 1985). This means that each unit of  $\text{m}^3 / \text{ha}$  withdrawn from the aquifer leads to an increase of  
 212 the aquifer lift of  $10^{-4} \text{ m}$ . This explains the division of withdrawals by the total area of the  
 213 aquifer and the multiplication by  $10^{-4}$ . We also multiply precipitation levels by  $10^{-3}$  in order  
 214 to convert millimeters into meters.  $s_y$  is the specific yield, a coefficient that allows to account



215 for the amount of water released from the aquifer (see Johnson (1967) for a formal definition  
 216 of specific yield).

217 The economic benefits for groundwater can now be combined with the representation of  
 218 aquifer dynamics, to give a complete framework for looking at the impact of (economically-  
 219 driven) groundwater extraction on the aquifer underlying the Niayes region. The overall  
 220 optimization problem that determines withdrawals over time can be either myopic or forward-  
 221 looking in perspective, as we show in the following sub-sections.

222

### 223 3.1.2. Myopic optimization

224 As explained in the literature (Gisser & Sánchez, 1980; Griffin, 2006; Knapp & Olson,  
 225 1995; Wang & Segarra, 2011), when it comes to economic modeling of groundwater, the  
 226 myopic behavior is a situation in which each agent maximizes its own profit to choose the  
 227 amount of water he/she withdraws without accounting for the availability of the resource in  
 228 the future and regardless of what the other agents will do. The maximization program in  
 229 equation (2) displays the myopic behavior in the case of one reservoir at the regional scale  
 230 (the Niayes region):

231

$$232 \text{Max}_{w_{ag,t}} \{[\pi(x_t, w_{ag,t}) = \text{Sirr}B(w_{ag,t}) - C(w_{ag,t}, x_t)]\} \quad (2)$$

233 S.t.

$$234 x_{t+1} = x_t + 10^{-4} \frac{((1-\alpha)w_{ag,t} + w_{NonAg})}{As_y} - \frac{\alpha P_t 10^{-3}}{s_y} \quad (3)$$

235 Where t corresponds to one period that we consider equal to a year.  $B(w_{ag,t})$  is the per  
 236 hectare benefit from extracting  $w_{ag,t}$  of water. *Sirr* is the total irrigated area in the Niayes.

237 The empirically-derived demand for water  $D(\lambda_{water})$  -- or, rather, its inverse  $\lambda_{water}(w)$  --  
 238 is used to obtain the benefit function for groundwater withdrawals  
 239 (i.e.  $B(w) = \int \lambda_{water}(w) dw$ ). The Lagrange multiplier  $\lambda_{water}$  represents a representative  
 240 producer's willingness to pay for one more unit of water which corresponds to the marginal  
 241 profit resulting from using one more unit of water.

$$242 C(w_{ag,t}, x_t) = x_t * c * w_{ag,t} \text{ is the extraction cost of } w_{ag,t} \text{ of water} \quad (4)$$

243 c is derived from the first-order condition of the maximization program:

244

$$245 \partial\pi(x, w)/\partial w = \text{Sirr} * \partial B(w)/\partial w - \partial C(w, x)/\partial w = 0 \rightarrow \text{Sirr} * \mu w^\theta - x * c = 0$$

$$246 C = \text{Sirr} * \mu w^\theta / x \quad (5)$$

247 where  $\mu$  and  $\theta$  are respectively the constant and the **elasticity** of the demand function.

248 We do not observe farmers' withdrawals ( $w_{ag}$ ). To estimate them, we consider the per  
 249 hectare water use in the farm model  $\sum_j w_j / \sum_j \alpha_j$  (see data section for more information on  
 250 the water use data by the representative farm) that we multiply by the total irrigated area in  
 251 the Niayes (*Sirr*).

$$252 w_{ag} = \text{Sirr} * \sum_j w_j / \sum_j \alpha_j \implies c = \text{Sirr} * \frac{\mu(\text{Sirr} * \sum_j w_j / \sum_j \alpha_j)^\theta}{x} \quad (6)$$

253

254 **3.1.3. Dynamic optimization**

255 In this case, the net present value of current and future net benefits from groundwater  
 256 extractions are maximized at the regional level as in the following program:  
 257

$$V(x) = \text{Max}_{w_{ag,t}} \left\{ \begin{array}{l} \pi(x_t, w_{ag,t}) + \delta V(x_{t+1}) \\ \text{s. t.} \\ x_{t+1} = x_t + 10^{-4} \frac{((1 - \alpha)w_{ag,t} + w_{NonAg})}{As_y} - \frac{\alpha P_t * 10^{-3}}{s_y} \end{array} \right\} \quad (7)$$

258 Where,  $\delta$  is the discount rate. The other terms of this maximization problem have the same  
 259 meaning as in the myopic case. To solve this dynamic problem, we use a Chebychev  
 260 polynomial to approximate the infinite-horizon, carry-over value function of the Bellman  
 261 equation (Howitt, Msangi, Reynaud, & Knapp, 2002; Hubbard & Saglam, n.d.).  
 262  
 263

264 **3.2. The farm model to derive the demand for groundwater**

265 Different methods of deriving agricultural water demand exist as describes Graveline  
 266 (2016) in his review on water programming models. In summary, econometric and  
 267 programming methods are the most used to derive irrigation water demand by agricultural  
 268 economists (Graveline, 2016). Econometric methods consist of establishing a relationship  
 269 between observed water consumption and data on the perceived cost of water (Bontemps &  
 270 Couture, 2002). In our case, we could not get accurate data on producers' water consumption  
 271 and, consequently, were compelled to use an alternative approach. Mathematical  
 272 programming models capture the water usage behavior of a representative farmer maximizing  
 273 his profit by making choices over the optimal combination of productivity-enhancing inputs –  
 274 which include water. The profit depends on the cost of inputs and the revenues from  
 275 production. Those revenues depend on i) crop yields represented by an explicit production  
 276 function (Graveline, 2016) depicting the yield response to water, ii) the area allocated to crops  
 277 and iii) crop prices. Different types of production functions have been used to represent the  
 278 yield-water relationship as summarized in Graveline (2016). In our model, the choice of a  
 279 production function has been guided by the calibration process as we will explain later in this  
 280 sub-section.

281 Our farm model depicts a typical producer that maximizes its profit according to  
 282 neoclassical microeconomic theory. In the context of the Niayes, we assume that a  
 283 representative horticultural producer maximizes its profit  $\pi$  from horticultural crops<sup>8</sup> under  
 284 resource (land, labor and water) availability constraints as shown in equations 8 to 13.

285 
$$\text{Max}_{z_{ij}, w_j, a_j} \{ \pi = \sum_j [a_j (y_j(w_j) * p_j) - (\sum_i z_{ij} * c_{ij})] \} \quad (8)$$

286 
$$\sum_j a_j \leq A, \quad (\lambda_{land}) \quad (9)$$

288 
$$\sum_j z_{famlabj} \leq totalfamlab, \quad (\lambda_{famlab}) \quad (10)$$

289 
$$\sum_j z_{paidlabj} \leq totalpaidlab, \quad (\lambda_{paidlab}) \quad (11)$$

290

---

<sup>8</sup> Although most small-holder farmers in Senegal are typical of other farm households in developing countries that subsist partially (or wholly) on what they produce on-farm – the horticultural growers in the Niayes are more commercialized and profit-oriented. Therefore we assume separability between the consumption and production decisions in the output market, and focus on the production side of the farmer's problem.

291  
292 
$$\sum_j z_{ij} \leq totalinput_i, i \neq (famlab_j, paidlab_j, w), (\lambda_{inputs}) \quad (12)$$

293 
$$\sum_j w_j \leq w_{agt}, (\lambda_{water}) \quad (13)$$

294  
295 Where,  $\pi$  is the profit of a representative producer ;  $j$  represents crops (onion, carrot,  
296 cabbage, sweet pepper, eggplant, african eggplant, tomato);  $a_j$  represents the area allocated to  
297 crop  $j$  ;  $y_j$  the production function of crop  $j$  ;  $w_j$  is the amount of water applied to crop  $j$  ;  $p_j$   
298 is the price of crop  $j$  ;  $i$  is the index of inputs (mineral and organic fertilizer, pesticides, labor,  
299 water);  $z_{ij}$  represents the vector of input quantities;  $c_{ij}$  is the vector of unit input cost except  
300 water. Water cost is accounted for in the hydroeconomic model as we will explain below.  
301  $\bar{A}, \bar{X}$  and  $\bar{W}$  correspond to the available quantities of key resources used in production.

302 Equations (9) to (12) represent land availability constraint, family labor constraint, paid  
303 labor constraint, other inputs constraint (mineral and organic fertilizer, pesticides). Input  
304 constraints are split into labor constraint (10 & 11) and other inputs constraint (12). Constraint  
305 12 would apply to those inputs which are limited at the household/firm-level, such as labor –  
306 whereas other inputs can be purchased freely on the market without any explicit rationing. For  
307 family labor, it is considered as a resource available to the household which the farm does not  
308 pay for. Equation (13) represents a constraint on available water, meaning that applied water  
309 depends on available water ( $\bar{W}$ ) from groundwater resources that correspond to farmers’  
310 withdrawals. In Mathematical Programming approaches, water can be explicitly priced (on a  
311 volumetric basis) or else provisioned under a quantitative limit or at some extraction cost. The  
312 extraction cost of water, integrated in our hydroeconomic model, is the only water-related cost  
313 that we account for in the Niayes case as farmers mostly access water through private wells.

314 We calibrated the model to observed data by using the standard PMP approach of (Howitt,  
315 1995). There is a comprehensive discussion on the standard PMP approach, its limitations and  
316 subsequent developments that include supply elasticities in the calibration process in Heckelei  
317 and Britz (2005) and Graveline (2016). In our case, the choice of the standard approach is  
318 justified by i) the lack of data on supply elasticities for the crops we consider. Concerning the  
319 yield function, we calibrated the model with a Mitscherlich-Baule specification as stated in  
320 Rosenzweig et al. (1999) who used the Mitscherlich-Baule relationship in the case of two  
321 inputs. In this paper, we use it for the single input case, i.e. water:

322 
$$y_a = y_m(1 - \exp^{-\beta_1(\beta_2 + ET_a)}) \quad (14)$$

323  
324 where  $y_a$  and  $y_m$  correspond to observed and maximum yields;  $ET_a$  corresponds to water  
325 applied to crops;  $\beta_2$  is the soil residual water that we draw from the literature<sup>9</sup> and  $\beta_1$  is  
326 computed as follows:

327 
$$\beta_1 = -\frac{\ln(1 - y_a/y_m)}{\beta_2 + ET_a} \quad (15)$$

328  
329 The presence of  $y_m$  allows the input-yield relationship to respect the "plateau" feature of Von  
330 Liebig (Paris, 1992) – where a ‘ceiling’ on attainable yield is enforced, in accordance with  
331 agronomic reality.

332 The Lagrangian is written:

---

<sup>9</sup> See table B2 in the technical appendix.

$$L = \sum_j [a_j(y_j(w_j) * p_j) - (\sum_i z_{ij} * c_{ij})] - \lambda_{land}(\sum_j a_j - A) - \lambda_{i \neq water}(\sum_j z_{ij} - totalinput_i) - \lambda_{water}(\sum_j w_j - \bar{W}) \quad (16)$$

335 First order conditions related to water input is:

$$\partial L / \partial w_j = a_j * p_j * \partial y_j(w_j) / \partial w_j - \lambda_{water} = 0 \quad (17)$$

337 To derive the implicit ‘demand’ for water – we successively change the available water  
 338 ( $\bar{W}$ ) on the right-hand side of the water constraint, and observe how the shadow value of  
 339 water ( $\lambda_{water}$ ) changes. This is empirically consistent with taking the derivative of the profit  
 340 function ( $\pi(p, c)$ ) derived from the producer’s profit maximization problem, with respect to  
 341 the input price of water ( $c_{water}$ ), in order to derive the input demand function, according to  
 342 Hotelling’s lemma  $D(c_{water}) = -\partial \pi(p, c_{water}) / \partial c_{water}$ . Given the fact that water is not  
 343 priced on the market as other purchased inputs are, and that the value must be derived  
 344 implicitly from the solution of the constrained producer’s overall optimization problem – our  
 345 approach provides an empirically tractable way to obtain a demand for water that is consistent  
 346 with the production technology and behavior that is observed in the data, and captured in our  
 347 model. As Booker *et al.* (2012) describe in their overview of empirical methods for modeling  
 348 water resource policy, this is a common approach when dealing with inputs not traded on  
 349 markets, and whose use are observed as the result of management decisions, rather than being  
 350 observed *ex ante*.

351 The inverse of the demand function in FCFA/ha per m<sup>3</sup> is written:

$$\lambda_{water}(w) = 8196.4w^{-0.442}, \text{ so } \mu = 8196.4 \text{ and } \theta = -0.442 \quad (18)$$

352 Therefore the benefit function is obtained as follow:

$$B(w) = \int \lambda_{water}(w) dw \quad B(w) = \frac{\mu}{\theta+1} w^{\theta+1} \quad (19)$$

### 358 3.3. Simulated scenarios: rainfall scenarios and adaptation scenarios

359 We simulated two categories of scenarios: rainfall variability scenarios and adaptation  
 360 scenarios. The former are composed of a reference rainfall scenario, a dry rainfall scenario  
 361 and a wet rainfall scenario. Simulated climate scenarios are integrated into the hydroeconomic  
 362 model through the equation of motion (1) to capture climate variability effect. Since farmers  
 363 exclusively irrigate during the dry season using the quaternary sand aquifer, we assume that  
 364 horticultural production is affected by climate variability through water availability which is  
 365 captured within the hydroeconomic model. The farm production model captures the response  
 366 of farmers to changing water availability under climate variability.

367 Adaptation scenarios are composed of i) autonomous adaptation defined by Leary (1999)  
 368 as initiatives taken by private agents (here farmers) and ii) planned adaptation considered as  
 369 policy-driven according to Smit et al (2001).

370 Based on these two categories of scenarios, we defined three composite scenarios:

371 a) **A baseline scenario** is composed of water availability (aquifer level) and groundwater use  
 372 (withdrawals), land use and cropping pattern. This baseline scenario is simulated under the  
 373 base rainfall scenario.

374 b) **An Autonomous adaptation scenario** that represents farmers’ responses to water  
 375 availability under climate variability. Farmers’ responses are measured in terms of

376 groundwater use behavior (water withdrawals) and changes in cropping pattern. This  
377 autonomous adaptation scenario is simulated in combination with the baseline and planned  
378 adaptation scenarios under the dry and wet rainfall scenarios.

379 c) *A planned adaptation* constitutes policy-driven water resources management scenarios.  
380 Here we tested an economic-oriented instrument: the introduction of a volumetric tax to  
381 motivate a reasonable use of the resource. This planned adaptation scenario is simulated under  
382 the base rainfall scenario.

383 In the following sub-sections, we will detail the methods used to build scenarios.

### 384 **3.3.1. Rainfall scenarios**

385 Inspired by Safouane *et al.* (2016), we developed a stochastic rainfall generator based on  
386 Markov chains by using historical data for the period 1970-2011. Our methodological  
387 approach can be declined in three steps as summarized in figure 4.

388 The first step is to classify the year types using the standardized precipitation index (SPI)  
389 over 12 months (Mckee, Doesken, & Kleist, 1993) and rainfall data over the period 1970-  
390 2011. The advantage of using this index is its simplicity and the fact that it requires only  
391 rainfall data. We used the SPI program developed by the National Drought Mitigation  
392 Center<sup>10</sup> for calculating the index. According to this index, the years are classified as  
393 extremely humid, very humid, moderately humid, close to normal, moderately dry, very dry,  
394 extremely dry. The second step consists of calculating the probability transition matrix that  
395 reflects the probabilities of moving from one year type to another based on a first order  
396 Markov chain. The third step consists of performing stochastic simulations using the  
397 probability transition matrix.

398 Three scenarios are simulated over 42 years: i) a reference or base rainfall scenario which  
399 transition matrix is derived from historical data; ii) a dry scenario obtained by using the  
400 transition matrix of the base scenario with an increase of the transition probabilities of moving  
401 to dry years; iii) a wet scenario using the transition matrix of the base scenario with an  
402 increase in the transition probabilities of heading towards wet years. Although 42 years of  
403 rainfalls were simulated, we only do the analyses over a period of 10 years. Indeed, as  
404 suggested by Tanaka *et al.* (2006), long term studies should include changes in other variables  
405 such as population change. Simulation results as well as a comparison of statistical properties  
406 of simulated reference scenario and historical series are displayed in appendix C.  
407

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<sup>10</sup> <http://drought.unl.edu/MonitoringTools/DownloadableSPIProgram.aspx>, accessed in March 2015.

### Step 1: Classification of year types based on SPI

- Calculate SPI using the program of the *National Drought Mitigation Center*
- Define year types based on the calculated SPI

Historical rainfalls classified in: extremely humid, very humid, moderately humid, near normal, moderately dry, very dry, extremely dry



### Step 2: Transition probability matrix based on Markov chain

- For each year type  $i$ , calculate the total number of historical transitions to another year type  $j$  :  
 $\sum_j f(i, j)$ ,  $f(i, j)$  is the frequency of observation of the transition  $ij$
- Calculate the frequency of observation of the transitions:  $f(i, j) \rightarrow$  Matrix of transition occurrences
- Calculate transition probabilities:  $P(i, j) = P(X_1 = j | X_0 = i) = \frac{f(i, j)}{\sum_j f(i, j)} \rightarrow$  Transition probability matrix



### Step 3: Stochastic simulations based on transition probability matrix

- Generate transitions for simulation years
- For each combination of transition and corresponding year type, generate randomly a rainfall amount corresponding to the year type based on historical rainfall values



### Generation of a 42 years precipitation series from 2012

408

409 **Figure 4 : Steps for rainfall scenarios development**

410 *Source: Authors*

411

### 412 3.3.2. Adaptation scenarios

413 Autonomous adaptation scenarios are endogenously accounted for in the different models.  
414 Indeed, since the models are behavioral, we consider that when a shock is imposed on them,  
415 the observed changes reflect farmers' responses to those shocks.

416 As for planned adaptation scenarios, according to economic literature on groundwater  
417 management (Griffin, 2006; Msangi & Cline, 2016; OECD, 2015; Ostrom, 1990), there are  
418 different policy options (ranging from tax and quota policies to water markets and collective  
419 management) to improve water availability in the long run for different users. Those policy  
420 options can be undertaken on the demand side (extractions) or on the supply side (recharge) or  
421 both of them. On the demand side, we tested, as stated previously, a tax policy on producers'  
422 water extractions as they are the main users of the resource and discussed the other cited  
423 management options. To estimate the tax, we introduced a tax parameter in the profit function  
424 of the hydroeconomic model. We then simulated different levels of taxes until we found the  
425 minimal level of volumetric tax from which the resource stabilizes over time. The following  
426 equation (20) shows the profit function with the tax  $\tau$ :

$$427 \pi(x_t, w_{ag,t}) = \text{Sirr}B(w_{ag,t}) - C(w_{ag,t}, x_t) - \tau w_{ag,t} \quad (20)$$

428

429 As for the supply side measures, we did not test any specific measure. However, we  
430 computed the required annual additional recharge to stabilize the aquifer under the baseline  
431 scenario. The additional recharge was calculated by adding to the equation of motion (1) a  
432 "recharge" term that enables stabilization of the resource over time. We obtain the following  
433 equation:

$$434 x_{t+1} = x_t + 10^{-4} \frac{((1-\alpha)w_{ag,t} + w_{NonAg})}{As_y} - \frac{\alpha P_t * 10^{-3}}{s_y} + \text{Recharge}_t \quad (21)$$

435

436 The resource stabilizes when:

$$437 x_{t+1} = x_t, \quad \text{for all } t \implies \text{Recharge}_t = \frac{\alpha P_t * 10^{-3}}{s_y} - 10^{-4} \frac{((1-\alpha)w_{ag,t} + w_{NonAg})}{As_y} \quad (22)$$

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## **4. Data**

### ***4.1. Farm model data: sampling, descriptive statistics and justification of the choice a representative farm***

#### ***4.1.1. Sampling***

Farm data was collected on a representative sample of 369 producers in the Niayes area in 2014. Producers were selected based on a two-stage stratified random sampling with two sampling units: villages and producers. We first stratified the Niayes area into three sub-areas based on physical differences to ensure that the sample will reflect the distribution of farmers in the south, center and north of the Niayes area. Based on population data of the Niayes from the National Agency of Statistics and Demography for the year 2012, we computed the share of each strata in the total population. Using the sample size that was fixed to 405<sup>11</sup> and the previously computed shares, we derived the size of each strata in the sample. We then sampled randomly 27 villages proportionally to the size of the strata. Finally, in each village, we sampled randomly 15 producers.

#### ***4.1.2. Sample characteristics and choice of a representative farm***

The data mainly contains information on-farm activities (cultivated crops, inputs quantities and costs, revenues, labor) during the dry season and off-farm activities. The sample contains 97.29% of men and 2.71% of women with an average size of 2.65 hectares. The total irrigated area of the sample represents 10% of the total 10,000 hectares irrigated area of the Niayes. The main activity is irrigated horticultural production with mostly vegetables.

In the sample farmers are input-intensive with a broad use of mineral fertilizer (all farmers), organic fertilizer and pesticides. Labor is composed of family and paid labor that includes casual laborers and seasonal labor. The latter consists of “sourgas” hired on a seasonal basis and paid either by profit sharing, monthly or seasonally. Casual laborers constitute an additional source of labor that producers hire for specific farming operations (often plowing, harvesting and sometimes sowing). They are paid on a flat rate or daily basis. In this study, we consider only seasonal labor due to incorrectly measured data on casual labor.

As for irrigation, farmers in the sample use the quaternary sand aquifer which they primarily access through private wells. Other irrigation water sources include access through the water company (SDE). Farmers using the water company are entirely located in the south of the Niayes area (in the regions of Dakar and Thiès). Farmers extract water manually or with motorized pumps. In the case of manual extraction, irrigation is done manually with buckets or watering cans while in the case of mechanical/motorized extraction, irrigation is manual or mechanic. In total, only 24% of the sample uses mechanical irrigation technics among which 47% (which corresponds to 11% in the total sample) use drip irrigation, 5.62% use sprinkler irrigation (which corresponds to 1.5% in the total sample) and other technics that farmers did not report clearly. Table 1 summarizes the characteristics of the sample.

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<sup>11</sup> Note that the realities of the field combined with filling errors in the questionnaires brought us back to a database of 369 producers.

	<b>Farm characteristics</b>	<b>Values</b>
<b>Land use</b>	Average cultivated land per farm (hectares)	2.65 (sd 2.7)*
	Cropping pattern (% of farmers cultivating the crop)	Onion (78.32), cabbage (45.26), tomato (41.19), sweet pepper (26), carrot (24.12), african eggplant (22), eggplant (22), pepper (9.49), potato (7.32)
	Share of area per crop over all area	
	Total area of the sample (hectares)	1000
<b>Input and labor</b>	Percent of farmers with family labor (unpaid)	96.48
	Percent of of farmers hiring paid labor (%)	Seasonal labor (66.12), temporary daily labor (59)
	Percent of farmers using inputs (%)	Mineral fertilizer (100), Organic fertilizer (88.88), pesticides (96.47)
<b>Irrigation and extraction technology</b>	Irrigation water sources (% of farms in the sample)	Dug wells (81.84), shallow wells <sup>12</sup> (5.96), Tube wells (8.94), Water company (1.89), Others (3.52)
	Well lift (meters)	Dug wells (8.04, sd 4.52) shallow wells (2.2, sd 0.70), Tube wells (10.38, sd 3.29)
	Water abstraction mode (% of farms in the sample)	Manual (60.16), Motorized (33.06) with electric or fuel pumps, Mixed (6.78)
	Irrigation technologies (% of farms in the sample)	Drip irrigation (11), sprinkler irrigation (1.5)
Total observations		369

481 \*sd: standard deviation  
 482 Source: Authors calculation

483  
 484 Although farms could have different characteristics along the Niayes, the data constraints  
 485 on physical parameters prevent us from developing different representative farms. Therefore,  
 486 we mainly consider one representative farm of the Niayes for modeling purposes. For the  
 487 representative farmer, we only consider crops that are cultivated by more than 10% of the  
 488 sample (see table 1). As for inputs, for each crop, we only consider inputs that are used by  
 489 more than 40% to 50% of the sample cultivating that crop. The same reasoning is applied to  
 490 labor. We could not obtain field-data on irrigation water use for the yield function of the farm  
 491 model. Therefore, we estimated it by using the Doorenbos and Kassam (1979) yield-water  
 492 relationship displayed in equation 23:

493 
$$(1 - y_a/y_m) = k_y(1 - ET_a/ET_m)$$
  
 494 (23)

495 Where,  $y_a, y_m, ET_a$  and  $ET_m$  have the same meaning as previously defined for the yield  
 496 function. Based on this and knowing  $y_a, y_m$  and  $ET_m$  the quantity of water applied to each  
 497 crop ( $ET_a$ ) is obtained as follows :

498 
$$ET_a = ET_m * (1 - \frac{y_m - y_a}{y_m * k_y})$$
 (24)

499 Tables in appendix B1 indicate details on the data we used for the representative farmer and  
 500 for the parameters in equation 24.

501 **4.2. Hydro-economic model data**

<sup>12</sup> Shallow wells are called « céane » in the Niayes and are considered as traditional shallow wells from which water can be abstracted manually using a bucket without any need to connect it to a rope (Cissé *et al.*, 2001).



502 Hydroeconomic model data come from the literature and our own estimations. Data from  
 503 the literature is mainly data on hydrologic parameters (infiltration rate and specific yields) in  
 504 the area drawn mostly from doctoral theses undertaken by hydrologists and hydrogeologists  
 505 (Gaye, 1990; Faye, 1995; El Faid, 1999; Tine, 2004). Data on groundwater withdrawals from  
 506 the different agents, i.e. the Senegalese Water Company and rural borehole users, were  
 507 obtained from the direction of hydraulics of the Ministry of Hydraulics and Sanitation and the  
 508 Senegalese water company. As for farmers' extractions, as detailed in the methodology  
 509 section, they were estimated using the estimated farm total water use and first order  
 510 conditions from the hydroeconomic model in the baseline scenario. Table B3 in appendix B  
 511 summarizes the parameters and data used for the hydroeconomic model and their sources.  
 512 Concerning data on aquifer lift, we consider the median value of all well-types lift (see table  
 513 2).

514 **Table 2: Aquifer lift data**

Well types	Mean lift	SD*	Median
Dug wells	8.04	4.52	7
shallow wells	2.2	0.70	2
Tube wells	10.38	3.29	12
Ensemble	6.87	2.83	7

515 \*SD: standard deviation

516 Source: Authors calculation

517

### 518 **4.3. Rainfall data**

519 We obtained rainfall data from the national meteorological agency of Senegal (ANACIM)  
 520 for the period 1970 to 2011 for the weather stations located in regions of Dakar, Thiès, Louga  
 521 and St-Louis.

522

## 523 **5. RESULTS**

524 In this section we present our results on climate variability impacts and adaptation options  
 525 on irrigated agriculture in the Niayes region of Senegal. The results are presented for five  
 526 selected variables: aquifer lift, water withdrawals, land use and cropping pattern, farm  
 527 income. The results for all these variables in the three defined scenarios (baseline,  
 528 autonomous and planned adaptation scenarios) are summarized in table 6. Before presenting  
 529 climate effect results, we found it important to first analyze the difference between the  
 530 dynamic and myopic cases as we expose it in the following sub-section.

### 531 **5.1. Comparing dynamic and myopic case results under the baseline scenario**

532 We find that there is a small difference in aquifer levels and water withdrawals when  
 533 moving from myopic to dynamic optimization cases although water availability is slightly  
 534 increased in the latter case. Compared to the myopic case, there is only 0.09% average  
 535 increase in the average cumulative present value of net benefits over the entire simulation  
 536 period in the dynamic optimization case (from 93,032 thousand Fcfa<sup>13</sup> in the myopic case to  
 537 93,115 thousand Fcfa in the dynamic case).

<sup>13</sup> 1USD≈~562 FCFA

538 Empirically, this small difference between the myopic and dynamic cases is known as the  
539 “Gisser and Sanchez” effect<sup>14</sup> that has been subject to multiple critiques. Koundouri (2004)  
540 suggests that this result depends on simplistic model specification and parameters such as the  
541 infiltration rate, water demand elasticity. Its controversies were then supported by a number of  
542 subsequent studies that have further refined hydro-economic models by taking into account  
543 aspects such as environmental damage (e.g. Esteban and Albiac, 2011), by analyzing the  
544 functional forms of the cost and net benefit from water extraction (e.g. Tomini, 2014) or by  
545 integrating technological progress through endogenous irrigation techniques (Kim, Fuglie,  
546 Wallander, & Wechsler, 2015). However, in our case some of the issues raised in those  
547 studies could not be integrated due to scarce data that prevented us from integrating  
548 ecosystem-level linkages to the groundwater hydrological flows in the Niayes region. Also,  
549 we could not endogenize irrigation and water extraction techniques as the data allowing to do  
550 so was not contained in the dataset, mostly the costs and benefits that would support farmers’  
551 decision to use such or such technology. The sensitivity analysis that we will perform will  
552 help us temper this limitation.

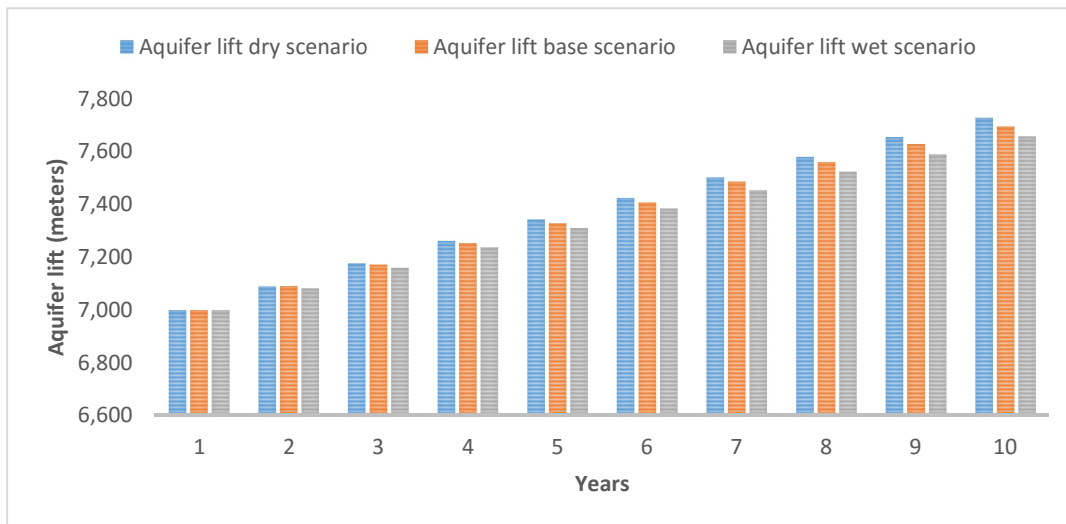
553 Since the difference between the myopic and dynamic cases is not very important, the  
554 results will mainly be presented in the myopic case except for the autonomous and planned  
555 adaptation scenarios for which, results will be displayed for the dynamic case. The reason for  
556 this choice is that since farmers’ water extractions are lower in the dynamic case, we prefer  
557 using the latter to explore farmers’ responses in order to avoid any overestimation of  
558 simulated adaptation strategies.

## 559 **5.2. Impact of climate variability on groundwater availability: aquifer lift**

560 To analyze the effect of rainfall variability on water availability, we compare the aquifer  
561 level in the reference rainfall scenario to aquifer levels in alternative rainfall scenarios (dry  
562 and wet) for the myopic case. Our results show that the drier the rainfall scenario considered,  
563 the greater the aquifer lift over the simulation period. Therefore, in a dry scenario, irrigation  
564 water availability is reduced and that effect is stronger when the drought is more severe. This  
565 is better illustrated in figure 5 that also shows that climate effect exacerbates over the years.  
566 Indeed, the difference in absolute value between the base scenario and alternative scenarios is  
567 on average 0.02% in the beginning of the period from reference rainfall scenario to dry  
568 scenario (respectively 0.1% from reference rainfall scenario to wet scenario) and 0.4% at the  
569 end of the period from reference rainfall scenario to dry scenario (respectively 0.5% from  
570 reference rainfall scenario to wet scenario). This suggests that considering a longer period  
571 would have more stressed the effect of climate variability. Furthermore, we also observe an  
572 upward trend in the depth of the aquifer over the 10-year period in the base and alternative  
573 rainfall scenarios with an increase of aquifer depth of approximately 0.73 meters for the dry  
574 scenario and 0.66 meters for the wet scenario compared to 0.69 meters for the reference  
575 scenario. Thus, withdrawals seem to exceed the rainfall recharge even with precipitation  
576 levels of about 500 mm on average over 10 years. We found that on average 13 millions of  
577 cubic meters of annual recharge (in addition to recharge from rainfalls) is needed to stabilize  
578 the aquifer over the simulation period in the baseline scenario.

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<sup>14</sup> The “Gisser-Sanchez” effect refers to the conclusions reached by Gisser and Sanchez (1980) in their study of the Los Pecos basin, in which they stated that the gains to adopting centralized (optimal) management over myopic extraction of the groundwater resource were too small to justify any intervention.

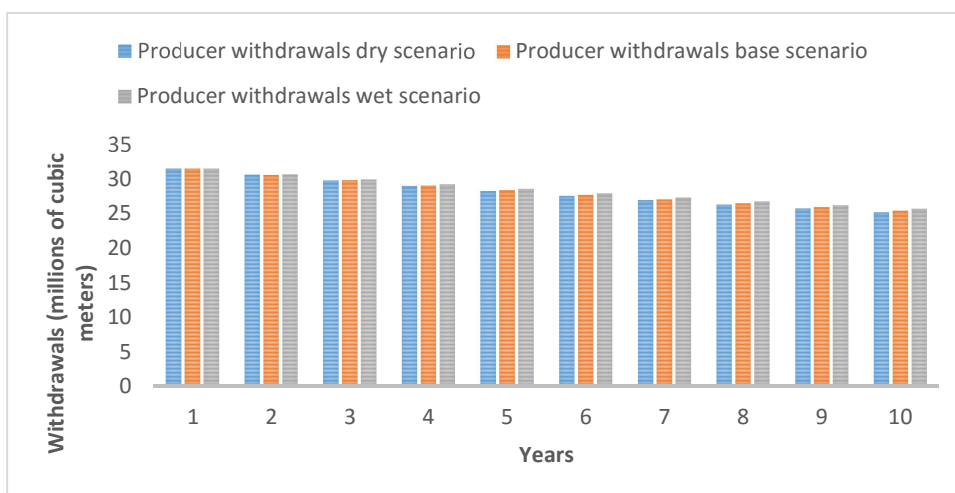


579  
580  
581 **Figure 5: Comparison of aquifer lift under myopic extraction (dry, base and wet scenarios)**

582 *Source: Authors*

583 **5.3. Impact of climate variability and adaptation on water use behavior, cropping**  
584 **pattern and farm income**

585 In the face of decreasing aquifer levels, farmers decrease their water extractions over the  
586 years (see figure 6) with a decrease of 6 millions of cubic meters in the baseline scenario, 6.3  
587 millions of cubic meters in the autonomous adaptation scenario with dry rainfalls and 5.8  
588 millions of cubic meters in the autonomous adaptation scenario with wet rainfalls. As with the  
589 depth of the water table, the difference (in absolute value) between the baseline scenario and  
590 the other scenarios increases over the years, about 0.04% in the first year from the reference  
591 scenario to the dry scenario (0.03% from the reference scenario to the wet scenario) and 1% in  
592 the last year for both scenarios.



593  
594 **Figure 6: Comparison of farmers withdrawals under myopic extraction (dry base and wet scenarios)**

595 *Source: Authors*

596  
597 Concerning land use and cropping pattern, results show that in general, as the resource  
598 gets scarce, it is optimal for famers to decrease the area allocated to crops with slightly larger  
599 decreases in the autonomous adaptation scenario under a drier rainfall regime. We find that

600 the area allocated to crops decreases more for crops with greater water requirements and  
 601 lower net returns like carrot compared to crops with higher net returns (even when they have  
 602 high water requirements) as shown in table 4. This drop in acreage results in a decrease in net  
 603 producer income with slight differences between scenarios (see table 6) over the 10-year  
 604 period.

605 These results suggest that the production of some horticultural crops (mostly low value  
 606 crops) could be reduced in the long run under climate variability. Therefore, policies should  
 607 incorporate better governance mechanisms for irrigation water resources to ensure their long-  
 608 term availability for sustainable horticultural production in the Niayes. They should also  
 609 investigate the possibility to extend horticultural production in other areas to reduce the  
 610 pressure on water resources in the Niayes.

#### 611 5.4. Agricultural water management options: tested planned adaptation

612 We tried a taxation policy to motivate farmers to preserve the resource by imposing  
 613 increasingly an ad valorem tax on producers' water withdrawal. Taxes imposed vary between  
 614 0 (without tax) and 0.14 FCFA per cubic meter withdrawn. We find that the higher the level  
 615 of the tax, the lower the withdrawals and the lower the aquifer lift. The level of tax required to  
 616 stabilize the aquifer over time is greater than 0.1 FCFA per cubic meter. However, that would  
 617 lead to a substantial reduction in farmers' withdrawals compared to the situation without tax.  
 618 As a consequence, farmers would decrease the area allocated to crops. For some crops more  
 619 than half of the initial area allocated is reduced as shown in table 4. This leads to a decrease in  
 620 farmers' income of around 83% as shown in table 6.

621 **Table 3: Land use under different levels of water availability and under taxation**

Crops	Simulated area (t=1) <sup>15</sup>	%change area allocation between t=1 and t=10 in dynamic case without taxation			%change area allocation between t=1 and t=10 in dynamic case under taxation (tax=0.1fcf/m <sup>3</sup> )	Per hectare net return (x10 <sup>5</sup> fcf/ha)	Water requirements (mm/ha)
		Base scenario (~340, 6mm/an)	Dry scenario (~187mm/an)	Wet scenario (~507 mm/an)			
Onion	0.73	-18.59	-19.08	-17.84	-67.41	16.69	703.2
Carrot	0.51	-50.67	-51.41	-49.50	-98.10	8.05	1650
Cabbage	0.46	-3.05	-3.12	-2.95	-6.29	11.96	607.2
Sweet pepper	0.27	-5.44	-5.57	-5.25	-11.85	46.32	1201
Eggplant	0.40	-17.76	-18.23	-17.04	-63.55	16.80	1125.8
African eggplant	0.41	-10.42	-10.67	-10.02	-26.20	23.28	1125.8
Tomato	0.46	-2.26	-2.31	-2.18	-4.54	10.15	451.5

622 *Source: Authors*

623  
 624 Imposing such a tax requires having accurate information on the volume of groundwater  
 625 being pumped by farmers, which is not yet well-documented for the Niayes area. It would  
 626 also require that the revenue from the tax be redistributed to the farmers being charged in  
 627 lump-sum, in order to maintain their overall welfare and to keep the policy revenue-neutral.  
 628 The lack of information on producer's pumping can prevent from imposing the right resource

<sup>15</sup> See calibration results in annex B to compare with observed values.

629 management strategy – including a quota on pumped water. Therefore, the first step towards  
 630 management should include rigorous measurement of farmers’ withdrawals from the aquifer.  
 631 More importantly, although being theoretically an option to manage groundwater resources,  
 632 the application of a taxation policy on producers’ side can lead – in the long term – to a  
 633 drastic decrease in horticultural production in the Niayes that supplies more than half of the  
 634 local market in horticultural products. This would neither be favorable to producers nor in line  
 635 with political ambitions in the horticultural sub-sector. Consequently, even though the  
 636 resource should be preserved over time, such a measure should be undertaken only if it allows  
 637 preserving the resource without offsetting farmers’ well-being. One of the venues would be to  
 638 look for alternative production areas. It might even be better to look more broadly at overall  
 639 water resource sustainability in Senegal (including surface water resources), and consider  
 640 ways of sustainably exploiting available surface and groundwater to expand irrigation so that  
 641 the country’s horticultural (and other non-horticultural) production needs can be maintained.

642 **Table 4 : Summary of results for the different scenarios and variables**

	Change in aquifer lift—x—over time (meters)	Change in water withdrawals over time (cubic meters)	Cropping pattern (%area used)							Farm income (FCFA)	Change in farm income (%)	
			0%	10%	20%	30%	40%	50%	60%			70%
<b>Baseline scenario</b>	+0.69	-6 millions	t=1								5.515 millions*	-25.7
			t=10								4.096 millions	
<b>Autonomous adaptation scenario (wet scenario case)</b>	+0.66	-5.8 millions	t=1								5.515 millions	-24.7
			t=10								4.151 millions	
<b>Autonomous adaptation scenario (dry scenario case)</b>	+0.73	-6.3 millions	t=1								5.515 millions	-26.4
			t=10								4.060 millions	
<b>Planned adaptation scenario (tax=0.1fcfa/m³)</b>	+0.003	473.77	t=1								5.515 millions	-83.2
			t=10								925 120	

\*Income simulated by the producer model the first year

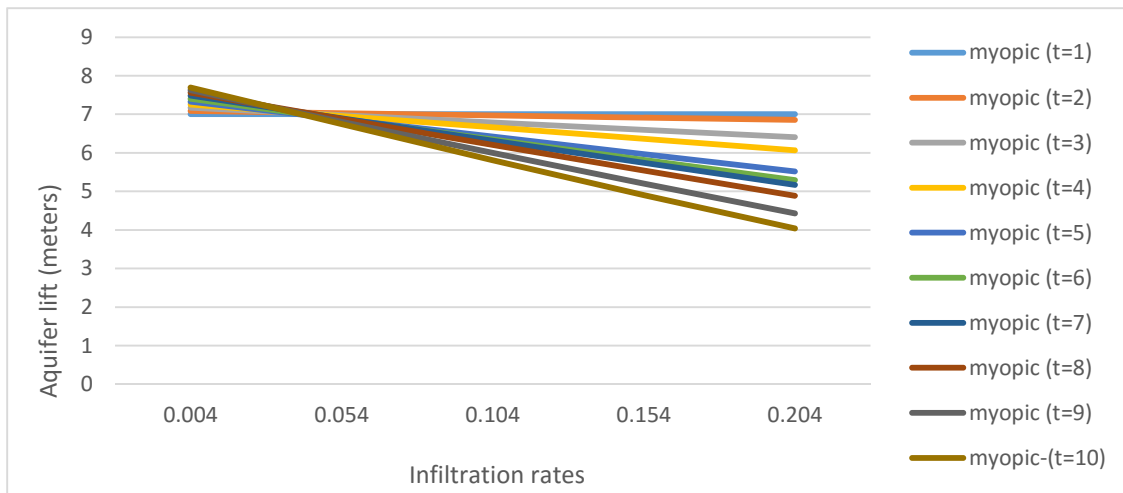
■ Onion ■ Carot ■ Cabbage ■ Sweet pepper ■ Eggplant ■ African eggplant ■ Tomatoe

Source: Authors

### 646 5.5. Sensitivity analysis

647 In this section, we conduct a sensitivity analysis on three parameters of the  
 648 hydroeconomic model: the infiltration rate, the discount factor, the elasticity of the demand  
 649 function to see how our results on water availability would change as a result of a change in  
 650 the value of those parameters. To avoid filling the paper with unnecessary figures and tables,  
 651 for each parameter, we only report the changes we observe.

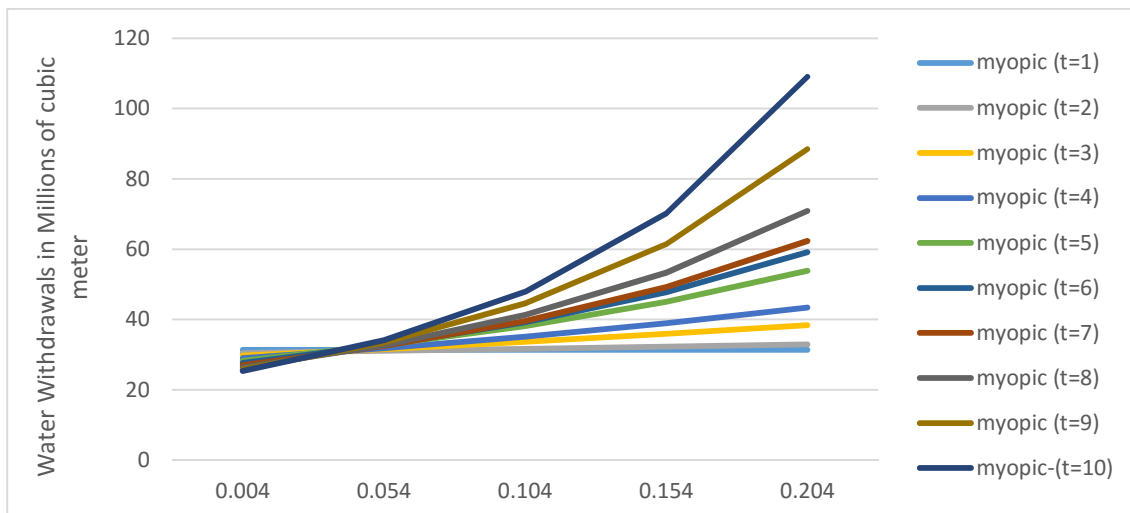
652 Sensitivity analysis on rainwater infiltration rate has been done considering rates between  
 653 0.4% and 20%. The analysis shows that higher infiltration rates imply a more available  
 654 resource over time reflected by a lower aquifer lift and higher water withdrawals as shown in  
 655 figures 7 and 8. A higher infiltration rate also induces a higher difference in water availability  
 656 between wetter and drier situations.



657  
658  
659 **Figure 7: Sensitivity analysis—Aquifer lift under different levels of infiltration rate in the myopic case and baseline scenario**

660 *Source: Authors*

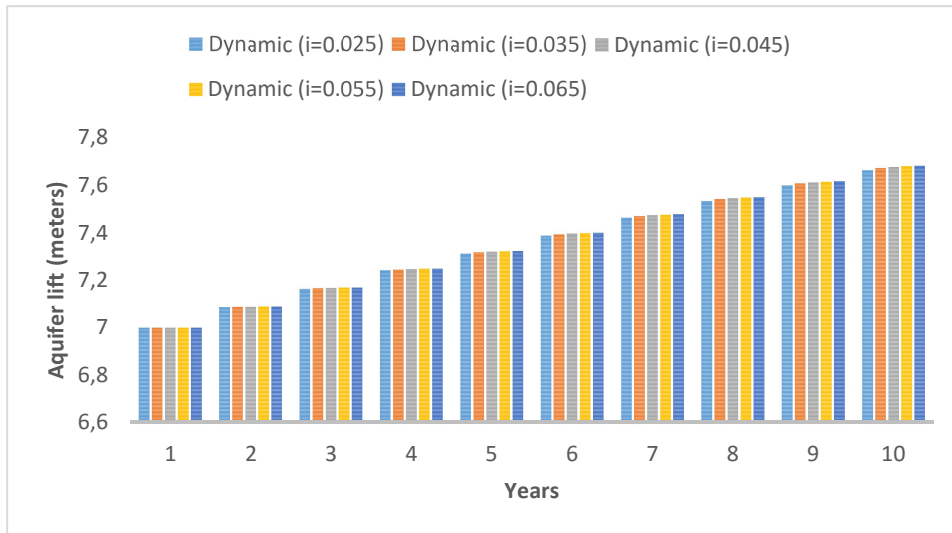
661  
662



663  
664  
665 **Figure 8: Sensitivity analysis— producer withdrawals under different levels of infiltration rate in the myopic case and baseline scenario**

666 *Source: Authors*

667 As for the discount factor, we run the model with lower interest rates ranging from 6.5%  
668 to 2.5%; therefore, a higher discount factor ( $\frac{1}{1+i}$ ). It is important to note that the myopic case  
669 is not affected by a change in the discount factor due to the fact that the future is not  
670 integrated in the myopic problem. We find that, farmers' water extractions in the dynamic  
671 case are smaller in all periods with lower interest rates as shown in figure 13. Thus, the  
672 difference between myopic and dynamic cases becomes more important. This can be  
673 explained by the fact that the higher the discount factor, the higher the present value of future  
674 net revenues. As a result, farmers value the availability of the resource in the future and thus  
675 decrease their withdrawals in the dynamic case which improves the availability of the  
676 groundwater reflected in a lower aquifer lift with lower interest rates (see figure 9). We  
677 further find that changes in the discount factor do not affect significantly the difference in  
678 water availability between rainfall scenarios.

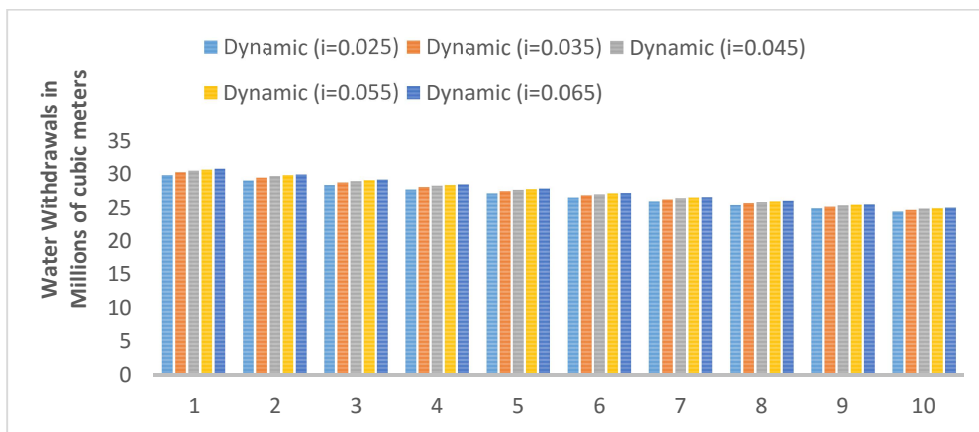


679

680 **Figure 9: Sensitivity analysis--Aquifer lift under different levels of interest rate in the myopic case and baseline scenario**

681 *Source: Authors*

682



683

684 **Figure 2: Sensitivity analysis— producer withdrawals under different levels of interest rate in the dynamic case and**  
685 **baseline scenario**

686 *Source: Authors*

687 Concerning the elasticity of the demand function, we imposed a lower elasticity of -0.15  
688 and a higher elasticity of -0.80. We note that the more the demand is inelastic (the elasticity  
689 tends to 0 in absolute value) the greater the difference between the withdrawals in the first and  
690 last years (the decreasing trend in water availability remains unchanged) as shown in table 7.

691 **Table 5: Water withdrawals under elastic and inelastic demand**

Years	Water withdrawals with elastic demand (elasticity =-0.8)		Water withdrawals with inelastic demand (elasticity =-0.15)	
	Dynamic (x10 <sup>6</sup> m <sup>3</sup> )	Myopic (x10 <sup>6</sup> m <sup>3</sup> )	Dynamic (x10 <sup>6</sup> m <sup>3</sup> )	Myopic (x10 <sup>6</sup> m <sup>3</sup> )
1	28.72	31.40	31.38	31.40
2	28.32	30.89	28.81	28.83
3	27.98	30.45	26.81	26.83
4	27.64	30.01	25.06	25.08

5	27.33	29.61	23.65	23.66
6	27.00	29.20	22.28	22.29
7	26.68	28.80	21.05	21.06
8	26.38	28.43	20.02	20.03
9	26.10	28.08	19.16	19.16
10	25.83	27.75	18.37	18.38
<b>Difference</b>	-2.88	-3.65	-13.01	-13.02

692 *Source: Authors*

693  
694 Overall, these sensitivity analyzes show that the choice of rainwater infiltration rate is an  
695 important element in analyzing the effect of rainfall variability on the availability of  
696 groundwater resources for irrigation in the Niayes. Indeed, the higher it is, the more the  
697 difference between rainfall scenarios is important. The other elements (discount factor and  
698 water demand elasticity) have a greater impact on producers' water withdrawal behavior and  
699 so affect the depth of the aquifer; however, they do not affect much the differences in water  
700 availability between rainfall scenarios nor the overall trend of results. These results confirm  
701 the critiques of simulation-based analyses put forward by Koundouri (2004).

## 702 **6. Discussion**

### 703 **6.1. Water availability under climate variability**

704  
705  
706 Our results on water availability under climate variability over time is consistent with  
707 earlier literature in the Niayes. Aguiar *et al.* (2010) studied the interannual past evolution of  
708 the quaternary sand aquifer between 1958 and 2002 and compared the evolution of aquifer  
709 levels during wet periods (1958-1970) and during dry periods (from 1972) in some localities  
710 of the Niayes. They found that the water table remained high during wet periods and observed  
711 the most significant drops in water table during the droughts of the 1970s and 1980s.

712 Concerning the insufficient recharge, Dasyuva and Cosandey (2005) analyzed the water  
713 budget of the quaternary sand aquifer in the south of the Niayes (Dakar) under different  
714 rainfall scenarios and showed that with a normal or deficit rainfall, the water balance is  
715 negative and only becomes positive from excess rainfall averaging 700 mm per year. Thus,  
716 they find that recharge from rainfalls is insufficient to ensure effective re-supply of the aquifer  
717 when annual precipitations are lower than their levels during wet periods (before 1970). In our  
718 case, we find that even in a wet scenario situation (about 507mm), the resource becomes more  
719 scarce over time.

720 Regarding the magnitude of the increase of the aquifer lift over the ten years we  
721 simulated, Aguiar *et al.* (2010) found that over the period 1958-1994, the water table fell by  
722 nearly 0.51 meters on average every 10 years. In the same way, our results show that the  
723 water table will continue to fall on average of the same amplitude or more depending on  
724 rainfall levels over a given 10-years period. This decrease of the water table could have  
725 implications on water quality. Indeed, with climate change, it is predicted on the coastal zone  
726 of Senegal a sea level rise of 20 cm by 2030 and 80 cm by 2080 compared to a rise of only 3  
727 cm between 1990 and 2010 (World Bank, 2014). An average continuous drop in the aquifer  
728 level of 0.60 meters (60cm) over 10 years increases the risk of saline intrusion that would be  
729 detrimental to horticultural production in the coastal Niayes.

730 Also, increasing aquifer lift can have implications on irrigation technology use. Indeed, as  
731 argues Sekhri (2013, 2014) who studied water related issues in some Indian villages, as long  
732 as the depth of the groundwater is not greater than 8 meters below ground, water can be



733 extracted using surface pumps. However when the depth is more than 8 meters from the  
734 surface, farmers need to use costlier submersible pumps for water extraction.  
735

## 736 **6.2. Farmers response to water availability**

737 Results on farmers' autonomous adaptation to decreasing water availability are somehow  
738 similar to other results in other contexts. We compare the results with studies in other contexts  
739 because adaptation to aquifer availability in the Niayes area has been poorly studied. In India,  
740 Sekhri (2013) analyzed the impact of a decline in groundwater and finds that a drop of one  
741 meter of the water table over a year causes a drop in production, especially for more water  
742 demanding crops. In the same way, in Spain, Esteve *et al.* (2015) used an integrated hydro-  
743 economic model for surface water and found that when available water decreases in the face  
744 of climate change, producers change their cropping pattern and their income declines.  
745 Moreover, Heidecke (2010) showed that (by analyzing survey data) in Morocco, when there is  
746 water shortage due to groundwater decline, the main reaction of producers is to reduce the  
747 area under cultivation.

748 It should be noted that the only strategies available for producers in our production model  
749 are the reduction in area under cultivation and the change in cropping pattern (among crops  
750 taken into account). These strategies, included here, assume that when water availability  
751 decreases, producers limit themselves to the amount of water available and adapt accordingly.  
752 For example a producer who grows one hectare of onion will not continue to cultivate one  
753 hectare of onion when available water drops; but will cultivate an area that he/she can irrigate  
754 with available water. However, based on our field experiences and literature (Heidecke, 2010;  
755 Sekhri, 2014), in addition to strategies related to acreage decrease and changes in cropping  
756 pattern, producers can also adopt other strategies that enable them to extract more water by  
757 increasing their water pumping capacity and therefore continue to cultivate the same areas (or  
758 even more) than before climate shock. For instance, Heidecke (2010) finds that another  
759 producers' reaction is to increase the use of the aquifer for irrigation reflected by the increase  
760 in the number of motor pumps and the drop in phreatic levels in the years of drought.

761 Currently, our model does not allow for such adaptation strategies that require the  
762 adoption of new water extraction technologies which can overestimate the impact on  
763 agricultural production. However, these strategies could negatively affect net income because  
764 they have implicit costs. This increasing cost will arise either from the increasing energy cost  
765 of pumping groundwater from a lower depth and/or from the fact that a falling groundwater  
766 table means that additional capital costs might need to be incurred in order to deepen the wells  
767 or to install higher capacity pumps to access the water. It is therefore difficult to conclusively  
768 state their possible impact on production without additional data on those costs. It should also  
769 be remembered that some strategies that improve water access could, in turn, negatively affect  
770 the groundwater resource and lead to increased water scarcity over time. Indeed, according to  
771 (Berbel, Calatrava, & Garrido, 2007), "Investment in irrigation technologies has ambiguous  
772 effects [...]. Negative effects result from the fact that changes in technology may induce new  
773 crop patterns and increase total water consumption". Also, integrating technological progress  
774 would require allowing the possibility of endogenously adopting new extraction technologies  
775 before choosing the amount of water to be extracted (given the chosen technology) which  
776 induces a hydroeconomic model with two decision variables (technology adoption and water  
777 extraction levels). These methodological limitations will be addressed in future work.  
778

## 779 **6.3. Planned adaptation results**

780 Results on water pricing management strategy can be compared to what has been found in  
781 the literature in other contexts. Indeed, (Aidam, 2015) did an analysis of the impact of price  
782 mechanisms on the water demand for farmers in Ghana and showed, using the example of  
783 large producers, that setting water prices leads to a decrease in the water consumption of  
784 producers who reduce the production of high water demanding crops to cultivate crops that  
785 require lower water consumption. This negatively affects producers' incomes. Also (Berbel &  
786 Gomez-Limon, 2000) analyzed the impact of setting water prices in three irrigated areas in  
787 Spain. They found that water prices as the only instrument to control water use is not a valid  
788 instrument to reduce the demand for agricultural water in a significant way. Indeed, water  
789 consumption does not decrease until prices reach a level that significantly reduces producers'  
790 income and labor use. They also found that, for the locations considered, when price  
791 mechanisms are used to reduce water consumption, a 40% reduction in producers' income is  
792 required to drop water demand significantly which leads to a reduction in the number of  
793 crops. Finally, when water consumption decreases as a result of substituting high water  
794 demanding crops, there will be a decline in the utilization of the labor force at the farm level  
795 and at the processing industry level.

796 These results are in line with what we found on taxation impact. However, in our results,  
797 the decrease in farmers' income is higher as discussed in the results section.

## 798 **7. Conclusions and research agenda**

799 This modeling framework is a first step towards a better representation of groundwater use  
800 in a context of climate variability and change and multiple usage of the quaternary sand  
801 aquifer in the Niayes area of Senegal where irrigated horticulture is the main agricultural  
802 activity.

803 Modeling results show that under both myopic and forward-looking cases rainfall  
804 variability affects water availability in the Niayes area. In the period 2014-2023, under  
805 different rainfall scenarios, we found that the dryer the climate, the lower the groundwater  
806 table resulting in farmers reducing their water withdrawals. Results also highlight low net  
807 returns gains between myopic and dynamic optimization cases known as the Gisser and  
808 Sanchez effect which could be explained here by the structure of the model that treats the  
809 groundwater underlying the Niayes region as belonging to one big reservoir, rather than  
810 several connected 'compartments'. Also, we consider non-agricultural users' withdrawals  
811 exogenous which led us to only account for on-farm benefits while there are also off-farm  
812 benefits that a social planner would consider. Therefore, further developments should be  
813 performed to accurately endogenize non agricultural users' behavior to see how it affects  
814 results. Also, as develops Koundouri (2004), the choice of parameters such as the elasticity of  
815 water demand, the infiltration rate is important in model design. Moreover, as suggests  
816 Esteban and Albiac (2011), there might exist ecological and environmental aspects that also  
817 affect groundwater availability that we are missing within our model specifications. We also  
818 found that the resource is being depleted over time, in all climate scenario considered (even  
819 though the effect is stronger in dryer scenarios) and whatever the degree of myopia or  
820 foresight exercised by the decision-maker. This shows that rainfall recharge does not cover  
821 water extractions that mostly come from farmers. Our model shows that an average additional  
822 annual recharge of 13 million cubic meters is required to stabilize the aquifer over the 10 years  
823 simulation period.

824 We further found that as a response to decreasing resource availability over time, in all the  
825 scenarios considered, it is optimal for farmers to decrease the area allocated to crops by the  
826 end of the considered period. Greater decreases of area are noted in a drought situation. Also,

827 crops with low returns and high water requirements are subject to greater area decreases.  
828 Therefore, resource depletion might lead to significant decrease in irrigated area over time –  
829 either due to the effect on pumping costs and accessibility or through the effects of saline  
830 intrusion into the aquifer – which would threaten long-term horticultural production  
831 sustainability in the Niayes.

832 To ensure sustainability of the resource, we tested a demand-side instrument, i.e. a  
833 volumetric tax, as a resource management policy measure and found that the minimal level of  
834 tax per cubic meter withdrawn required to stabilize the aquifer over time is 0.1fcfa. However,  
835 such a taxation measure would lead to a drastic decrease of farmers' withdrawals, area  
836 allocated to crops and income. Ensuring resource sustainability being as important as meeting  
837 demand on horticultural products, a tax on producers' side should be carefully investigated so  
838 as to avoid a drastic decrease in production in the long-run.

839 Different alternative demand options (a quota, water markets, collective action) and  
840 supply side measures that we did not test exist. A quota-based policy would lead to the same  
841 results (if successfully implemented) as the tax in terms of water extraction decreases. We did  
842 not test it – recognizing that, as a tax, it would be difficult to administer in this region.  
843 However, it should be noted that a quota may have less negative effects on producers'  
844 incomes. In addition, empirical studies have shown that a tax could lead to more reluctance  
845 from producers than a quota (Montginoul & Rinaudo, 2009). Concerning water markets, they  
846 are feasible when users have well-defined property rights (Griffin, 2006) that they can  
847 exchange in a market. This type of solution could also be difficult to generalize in the Niayes  
848 context, given the type of management institutions that currently exist, and the absence of  
849 efficient mechanisms for the producers to communicate their willingness to buy and sell  
850 water. As for the possibility of engaging in the collective management of groundwater, we  
851 cannot test it here because it requires taking into account the characteristics and interactions  
852 between all the stakeholders and illustrating the bargaining possibilities that might lead to a  
853 collectively cooperative outcome. Recent work in India by Meinzen-dick *et al.* (2017)  
854 describes the applications of experimental games to explore the willingness to engage in  
855 collective action with regards to the groundwater resource, and the effect that increasing  
856 awareness of pumping externalities on the part of the players has on this willingness-to-  
857 engage. Such an approach would be useful in exploring the potential for organizing such an  
858 institutional framework in the context of the Niayes, and will be considered for future work.  
859 In the methodological approach chosen here, we treat the institutions as exogenous and focus  
860 on the dynamics of depletion and the implications that it has on the agricultural economy.

861 Supply-side measures (like rainwater harvesting for aquifer recharge enhancement) can be  
862 alternatives to demand-side measures or complement them. However, the difficulty that can  
863 be encountered is related to the high investment costs and their affordability. Most likely,  
864 external development aid and lending would have to be mobilized for this kind of scheme,  
865 and should be part of the discussions with external donors on Senegal's overall investment  
866 strategy for the irrigation sector.

867 Finally, we noted several model limitations that included the non-integration of  
868 technological progress (i.e. making irrigation and extraction technologies endogenous), which  
869 prevented us from accounting for a broader range of adaptation strategies. However, these are  
870 currently being investigated through a mixed-method approach (quantitative and qualitative  
871 tools) through the use of forum-theatre that enables us to engage more dialogue with farmers  
872 and enhance management options. Nonetheless, the modeling framework and the findings  
873 from this study provide a basis for further research on climate impact on irrigation water  
874 availability and agricultural water management in West African agriculture.

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879

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- 1197

## 1198 TECHNICAL APPENDIX

- 1199 In this technical appendix, we explain in more detail (for the benefit of the reviewers and the  
 1200 interested readers) the specification of several key parts of the analytical framework – namely:
- 1201 a) The method for approximating the infinite-horizon, carry-over value function for the  
 1202 dynamic programming problem;
  - 1203 b) Information on the data and the calibration of the farm model;
  - 1204 c) Comparison of simulated and observed rainfalls
- 1205

### 1206 A. Complementary methodological material

#### 1207 A1. Approximating the value function

1208

1209 To estimate the carry-over value function that defines the infinite-horizon dynamic  
 1210 programming resource management problem, we employ an approximation technique using  
 1211 an n-degree Chebychev polynomial. Such ‘projection methods’ for solving dynamic  
 1212 programming problems are described in (Judd, 1998).

1213 There are a number of alternative approaches to numerically approximating the carry-over  
 1214 value function  $V(x_t)$ <sup>16</sup> that is used to solve the infinite-horizon DP problem (as described in  
 1215 Judd (1998)). In our paper we use a numerical approximation method that uses a n<sup>th</sup> order  
 1216 Chebychev polynomial – which is one of several possible ‘orthogonal polynomial’  
 1217 approximations that can be used (Judd, 1998).

1218 In this approach, the function is evaluated over the domain of possible values that the state  
 1219 variable can attain, and is numerically computed at specific ‘nodes’ within the domain –  
 1220 whose number define the order of the polynomial approximation. These Chebychev nodes

---

<sup>16</sup> Hubbard et Saglam (sd.)

1221 provide the points from which the numerical value of carry-over into the next period of the  
 1222 dynamic programming problem can be interpolated to cover the entire domain of the value  
 1223 function. The number of nodes of approximation can be increased to any desired number in  
 1224 order to improve the numerical ‘fit’ of the value function – but at the cost of additional  
 1225 computational burden. This is described further in (Howitt *et al.*, 2002).

1226 — **Chebychev nodes**

1227 For  $m$  nodes, the  $k^{\text{th}}$  node of the Chebychev function is written as:  $z_k = -\cos(\pi(2k -$   
 1228  $1)/2m)$ ,  $k = 1, \dots, m$ ,  $m \geq n + 1$ .  
 1229  $z_k$  falls within the closed interval  $[-1, 1]$ .

1230 We note that the values of the state variable do not necessarily fall within this restricted  
 1231 interval – but lie within a more general range of values  $[a, b]$  where  $a$  and  $b$  represent,  
 1232 respectively the minimum and maximum values of the state variable

1233 The mapping of the nodes of the Chebychev polynomial ( $x_k$ ) from the interval  $[a, b]$  onto the  
 1234  $[-1, +1]$  domain is done with this relationship :

1235 
$$z_k = \frac{2(x_k - a)}{b - a} - 1$$

1236 — **The Chebychev polynomial terms**

1237 After having defined the nodes of the Chebychev polynomial, we then approximate the value  
 1238 function at defined nodes over the domain of the state variable, with the polynomial function,  
 1239 which is defined as :  $V(x) = \sum_i a_i \Phi_i(x)$

1240 where

1241  $a_i$  is the coefficient of the  $i^{\text{th}}$  Chebychev polynomial term

1242 the polynomial terms can be written as:  $\Phi_n(x) = \cos(n * \cos^{-1}(x))$

1243 Using a recursive scheme, we can write out the terms of the Chebychev polynomial as:

1244  $\Phi_0(x) = 1$

1245  $\Phi_1(x) = x$

1246  $\Phi_3(x) = 2 * x \Phi_2(x) - \Phi_1(x)$

1247  $\vdots$   
 1248  $\Phi_n(x) = 2 * x \Phi_{n-1}(x) - \Phi_{n-2}(x)$  for  $n$  terms

1249

1250 Over the interval  $[-a, b]$ ,  $a_i = \frac{\sum_{k=1}^n V(x_k) \Phi_i(z_k)}{\sum_{k=1}^n \Phi_i(z_k) \Phi_i(z_k)}$

1251 
$$V(x) = \sum_i a_i \Phi_i\left(2 \frac{x-a}{b-a} - 1\right)$$

1252 **Value function iteration**

1253 Following this approach, we can solve the Bellman equation of the infinite-horizon dynamic  
 1254 programming problem by taking the following steps:

1255 i) Give an initial estimate of the carry-over value function that is defined on the right-hand  
 1256 side of the Bellman equation for the DP problem

1257

1258 ii) Calculate the left-hand side value of the Bellman equation using the mapping relationship  
 1259  $TV(x_k) = f(x_k, c_k) + \beta \sum_j V(x_k)$  which depends upon the initial ‘guess’ of the carry over  
 1260 value  $V(x)$  that was done in the first step and the optimal value of the benefit function for the  
 1261 DP problem. This gives you a new value for  $V(x)$  using the contraction mapping  $V=TV$  which

1262 is applied to the next iteration, if the convergence of sequential estimates of  $V(x)$  to a stable  
1263 value has not been achieved.

1264 iii) Verify if the difference  $|TV - V| < \varepsilon$ , where  $\varepsilon$  is sufficiently small

1265     ✓ If yes – then the infinite-horizon value function that defines the Bellman equation has  
1266     been found

1267     ✓ If not, then we return to the step ii) and repeat the procedure until the condition  
1268     described in iii) has been satisfied

1269 In this approach, we rely upon the "contraction mapping theorem" to guarantee convergence  
1270 to a stable value of  $V(x)$  for any initial guess.

1271

## 1272 **B. Information on the data and the calibration of the farm model**

1273

### 1274 **B1. Farm model data**

**Table B1: Farm production model data**

		Crops						
		African eggplant	Eggplant	Carrot	Sweet pepper	Tomato	Cabbage	Onion
Cultivated area (ha)	Mean	0.41	0.4	0.58	0.27	0.46	0.46	0.73
	Median	0.25	0.25	0.36	0.25	0.25	0.25	0.5
Yields (kg/ha)	Mean	10833	18045	12105	10010	10478	9948	10566
	Median	7040	16000	9933	6100	6560	7178	9333
Crop prices (Fcfa /kg)	Mean	243.64	117	115.01	489.59	121	148.91	239.31
	Median	200	111.11	101.72	300	97.56	113.2	235
Seeds (kg /ha)	Mean	0.22	0.26527	2.74789	0.19836	0.25559	0.56213	2.21061
	Median	0.250	0.300	3.460	0.200	0.300	0.650	2.614
Seed cost (Fcfa /kg)	Mean	108001	119001	23000	252001	230001	158000	55001
	Median	100000	100000	24000	209000	160000	145001	58000
Mineral fertilizer (urea) (kg /ha)	Mean	278.60	501.67	203.29	266.94	148.05	290.73	191.98
	Median	120.92	248.25	84.96	180.03	109.42	108.51	95.38
Urea cost (Fcfa /kg)	Mean	289.54						
	Median	280						
Mineral fertilizer (10.10.20) (kg /ha)	Mean	355.59	437.1 8	268.46	266.039	207.90	283.74	246.27
	Median	195.28	372.38	118.94	180.03	109.42	108.51	136.26
Unit cost of 10.10.20 (Fcfa /kg)	Mean	273.16						
	Median	250						
Organic fertilizer (kg /ha)	Mean	3267	4003	4399	2044	2776	1744	2394
	Median	1292	1241	1639	1216	1055	1046	1362
Organic fertilizer cost (Fcfa /kg)	Mean	33.67						
	Median	31.10						
Herbicides (l/ha)	Mean	3.66						
	Median	2.72						
Herbicides Cost (Fcfa/l)	Mean	8002						
	Median	8000						
Seasonal labor cost	Mean	138349						

Source: Authors

**Table B2 : Additional parameters and data for the farm model**

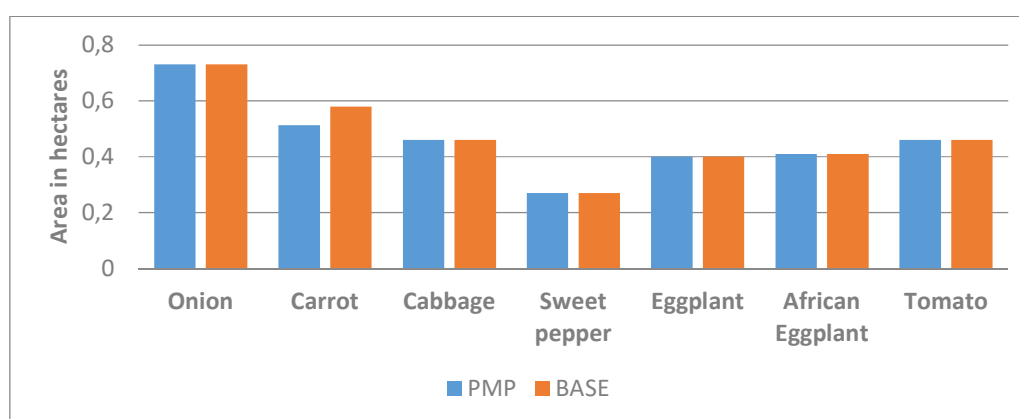
	Parameter	Value	Source
	Soil residual water	100mm	Fall (2012)
<b>Farm model right hand side value of constraints</b>	Total area cultivated (A)	3.31ha	
	Totalfamilylabor	21 person/season	Our data
	Totalpaidlabor	6.21 person/season	Our data

**Table B3: Data from literature and research centers to calculate crop water use**

Crops	Crop water requirements - -ETm (m <sup>3</sup> /ha)	Maximum Yields (y <sub>m</sub> )- -(kg/ha)	Yield response to water (k <sub>y</sub> )
African eggplant	11258	50000	1,37
Eggplant	11258	50000	1,37
Carrot	16500	35000	0,82
Sweet pepper	12010	50000	1,1
Tomato	4515	50000	1,05
Cabbage	6072	40000	0,95
Onion	7032	35000	1,1

*Data source: Crop water requirements (from Senegal's Center for the Development of Horticulture (CDH)) ; Maximum yields (from PADEN website<sup>17</sup>, we assumed a threshold of 50000 for the remaining crops due to lack of officially updated data). Yield response to water (from Doorenbos and Kassam (1979) for all crops except carrot from Carvalho et al. (2016) and eggplants from Lovelli et al. (2007)).*

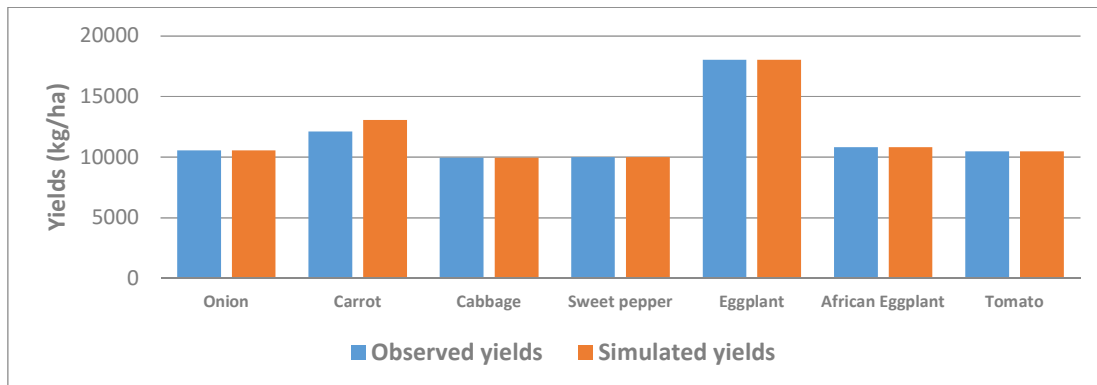
## B2. Calibration results



**Figure B1: PMP calibration results (area)**

*Source: Authors*

<sup>17</sup> PADEN is a project for the development of the Niayes region. It is a project of the Ministry of Agriculture (2013), see: <http://www.paden-senegal.org>.



**Figure B2: Calibration results (yields)**

*Source: Authors*

### B3. Hydroeconomic model data

**Table B4: Parameter values for the hydro-economic models**

Parameter	Value	Data source
Infiltration rate	0.4%	Tine (2004)
Elasticity of the demand function	-0.442	Our farm model
Constant of the demand function	8196.4	Our farm model
Discount rate	7.5%	CNCAS
Specific yield	0.15	Dasyuva and Cosandey (2005)
Total irrigated area in the Niayes	10000 ha	Faye <i>et al.</i> (2007)
Aquifer lift	7m	Sample data
Water extraction from non-ag (water company and rural boreholes sector)	1374495m <sup>3</sup>	Ministry of hydraulics and sanitation and the Senegalese water company
Area covered by the quaternary sand aquifer	2300 km <sup>2</sup>	Aguiar <i>et al.</i> (2010)

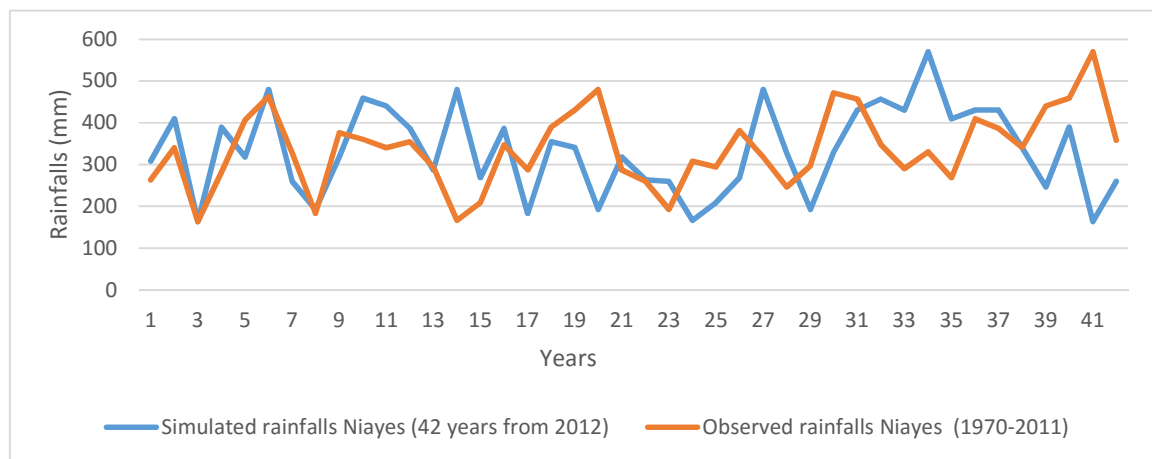
*Source: Authors with data from literature*

## C. Historical and simulated rainfalls: a comparison

**Table C1: Simulated rainfalls**

Years	Rainfalls in base scenario (mm)	Rainfalls in dry scenario (mm)	Rainfalls in wet scenario (mm)
1	163.3	209.225	462.35
2	389.325	163.3	569.725
3	318.05	209.225	479.925
4	479.925	209.225	569.725
5	259.85	166.225	471.65
6	192.325	209.225	569.725
7	318.05	163.3	439.975
8	458.95	166.225	569.725
9	439.975	182.725	458.95
10	386.275	192.325	479.925
<b>Mean (mm)</b>	340.6	187.1	507.17
<b>Coefficient of variation</b>	0.322	0.112	0.108

Source: Authors



**Figure C1: Simulated rainfalls vs. Observed rainfalls**

Source: Authors

**Table C2: Comparison of statistical characteristics of observed and simulated rainfall series**

Rainfall time series	Mean (mm/year)	Coefficient of variation
Simulated rainfalls (42 years from 2012)	333.10	0.31
Observed rainfalls (1970-2011)	337.55	0.27

Source : Authors