

Climate change and the Ethiopian economy: a CGE analysis

ZENEBE GEBREEGZIABHER, Corresponding Author

Department of Economics, Mekelle University, Adi-Haqui Campus, P.O. Box 451, Mekelle, Tigray, Ethiopia.

Tel: +25 134 441 0349. Email: zenebeg2002@yahoo.com

JESPER STAGE

Department of Business Administration, Technology and Social Sciences, Luleå University of Technology and Department of Business, Economics and Law, Mid Sweden University,

Sweden. Email: jesper.stage@itu.se

ALEMU MEKONNEN

Department of Economics, Addis Ababa University, Ethiopia. Email: alemu_m2004@yahoo.com

ATLAW ALEMU

Department of Economics, Addis Ababa University, Ethiopia. Email: atlawalem@yahoo.com

ONLINE APPENDIX

Table A1. Ricardian regression estimates of crop net revenue model

Variables	Coefficients	t-statistics
Summer temperature	-18165.05***	-3.85
Summer temperature sq	431.74***	3.78
Winter temperature	-4977.89***	-2.92
Winter temperature sq	104.75*	2.18
Spring temperature	-15875.88***	-3.07
Spring temperature sq	433.88***	3.62
Fall temperature	25354.25***	4.76
Fall temperature sq	-763.56***	-4.93
Summer precipitation	-416.82***	-4.21
Summer precipitation sq	0.18***	3.01
Winter precipitation	184.65	0.63
Winter precipitation sq	-4.37***	-4.50
Spring precipitation	-397.78***	-4.26
Spring precipitation sq	0.22***	1.74
Fall precipitation	515.07**	5.25
Fall precipitation sq	-0.15	-1.37
Summer temp X precip	21.49***	4.89
Winter temp X precip	6.75	0.52
Spring temp X precip	16.19***	3.87
Fall temp X precip	-30.15***	-5.53
Soil - clay	353.48*	2.02
Soil - sandy	273.16	1.45
Soil - dark	368.58*	2.27
Soil - red	319.75*	2.07
Livestock Ownership	-319.05	-1.17
Crop land area	451.08***	5.60
Distance from output market	-29.21	-1.23
Distance from input market	44.70*	1.83
Extension program (crop)	-317.53*	-2.02
Credit	-353.00***	-2.74
HH head years of education	10.84	0.39
Family size (log)	630.72***	3.68
Farming experience (years)	-5.74	-1.17
Irrigation	520.88**	2.47
Constant	178954.60***	4.80

F(30, 890)	19.19	
Prob> F	0.000	
R-sq	0.531	
Root MSE	1911	
n	925	

* p<.05; ** p<.01; *** p<.001

Source: Gebreegiabher *et al.* (2013)

Table A2. Ricardian regression estimates of net livestock revenue model

Variables	Coefficients	t-statistics
Summer temperature	-10078.2***	-4.66
Summer temperature sq	238.88***	4.57
Winter temperature	381.24	0.35
Winter temperature sq	1.03	0.03
Spring temperature	-5776.53*	-1.87
Spring temperature sq	137.48**	1.99
Fall temperature	10560.03***	4.06
Fall temperature sq	-294.64***	-3.84
Summer precipitation	-140.83***	-3.06
Summer precipitation sq	-0.003	-0.09
Winter precipitation	-992.70***	-3.71
Winter precipitation sq	2.23***	3.93
Spring precipitation	44.17322	1.14
Spring precipitation sq	0.130071	1.51
Fall precipitation	118.6232**	2.34
Fall precipitation sq	-0.04298	-0.58
Soil - clay	373.8652***	3.02
Soil - sandy	72.39039	0.62
Soil - dark	-53.1719	-0.55
Soil - red	174.4503*	1.77
Livestock Ownership	251.146*	1.65
Crop land area	66.83165*	1.74
Distance from output market	89.21277***	5.16
Distance from input market	-63.9982***	-3.52
Extension program (livestock)	348.5848***	3.61
Credit	-143.589*	-1.78
HH head years of education	37.98163**	2.32
Family size (log)	96.93869	0.92
Farming experience (years)	6.818176**	1.99
Irrigation	300.4892**	2.5

Constant	6389.63***	3.04
F(30, 921)	8.54	
Prob> F	0.000	
R-sq	0.235	
Root MSE	1207.5	
n	952	

* $p < .05$; ** $p < .01$; *** $p < .001$

Source: Gebreegziabher *et al.* (2013)

Table A3. Ricardian regression estimates of (whole) farm net revenue model

Variables	Coefficients	t-statistics
Summer temperature	-21725.88***	-4.9
Summer temperature sq	499.52***	4.67
Winter temperature	-4691.91**	-2.48
Winter temperature sq	114.01**	2.12
Spring temperature	-23244.23***	-4.14
Spring temperature sq	605.83***	4.66
Fall temperature	30648.82***	5.96
Fall temperature sq	-912.59***	-6.12
Summer precipitation	-498.13***	-5.38
Summer precipitation sq	0.14**	2.46
Winter precipitation	-389.66***	-1.02
Winter precipitation sq	-1.35***	-1.4
Spring precipitation	-379.14**	-3.77
Spring precipitation sq	0.32**	2.05
Fall precipitation	632.24***	6.18
Fall precipitation sq	-0.25*	-2
Summer temp X precip	26.27***	6.44
Winter temp X precip	26.05	1.55
Spring temp X precip	15.9***	3.54
Fall temp X precip	-35.22***	-6.05
Soil - clay	598.77**	2.71
Soil - sandy	259.89	1.22
Soil - dark	231.81	1.21
Soil - red	207.83	1.11
Livestock Ownership	-750.28**	-2.69
Crop land area	640.99***	7.21
Distance from output market	-84.48	-1.57
Distance from input market	124.66*	2.15
Extension program	-229.55	-1.28
Credit	-516.47***	-3.4
HH head years of education	59.32*	1.82
Family size (log)	655.78***	3.5
Farming experience (years)	2.19	0.36
Irrigation	654.51**	2.61
Constant	243993.70***	6.05
F(34, 845)	23.39	
Prob> F	0.000	
R-sq	0.5274	
Root MSE	2200.8	

n	880
---	-----

* $p < .05$; ** $p < .01$; *** $p < .001$

Source: Gebregziabher *et al.* (2013)

Table A4. *Climate predictions of AOGCM models for Ethiopia for 2050 and 2100*

Model		Current	2050	2100
Temperature change (°C), A2 scenarios				
PCM		21.25	23.55	26.8
HadCM3		21.25	25.05	30.7
CGCM2		21.25	24.55	29.3
PCM	B2 scenarios	21.25	23.55	25.3
HadCM3		21.25	25.05	28
CGCM2		21.25	24.15	26.4
	Precipitation change (%)	Current	2050	2100
CGCM2	A2&B2 scenarios	76.77	67.93	60
PCM		76.77	80.71	87.2
HadCM3		76.77	83.36	98.4

Source: Strzepek and McCluskey (2007) and Deressa and Hassan (2009)

Table A5. Effects of climate change on net revenue for different agro-ecological zones using A1B Scenarios

Agro-ecological Zones	Temperature effect									
	Crop			Livestock			Mixed			
	2030	2050	2080	2030	2050	2080	2030	2050	2080	
Moisture Sufficient Highlands-Cereals based	-1%	-7%	-22%	124%	-47%	-48%	24%	-15%	-28%	
Moisture Sufficient Highlands-Enset based	-12%	-23%	-42%	169%	-48%	-15%	64%	-28%	-36%	
Pastoralist (Arid Lowland Plains)	-33%	-51%	-81%	145%	8%	93%	62%	-39%	-46%	
Humid Low Lands Moisture Reliable	-	108%	-135%	-182%	614%	279%	253%	36%	-53%	-95%
Agro-ecological Zones	Precipitation effect									
	Crop			Livestock			Mixed			
	2030	2050	2080	2030	2050	2080	2030	2050	2080	
Moisture Sufficient Highlands-Cereals based	34%	34%	44%	-52%	-79%	153%	16%	11%	5%	
Moisture Sufficient Highlands-Enset based	31%	-14%	7%	-167%	154%	215%	-9%	-42%	-37%	
Pastoralist (Arid Lowland Plains)	-20%	-29%	-39%	-170%	240%	206%	-90%	-71%	-72%	
Humid Low Lands Moisture Reliable	-40%	-34%	-22%	-288%	399%	362%	150%	-59%	-80%	

Source: Gebreegziabher *et al.* (2013)

Table A6. *Income levels per capita by income group (Index 2010 = 1)*

	2020	2040	2060
Rural poor			
- high TFP, no climate change	1.431	3.819	19.342
- high TFP, climate change	1.436	3.857	15.128
- zero TFP, no climate change	1.063	1.118	1.172
- zero TFP, climate change	1.066	1.128	0.960
Rural nonpoor			
- high TFP, no climate change	1.466	4.292	21.969
- high TFP, climate change	1.466	4.004	17.655
- zero TFP, no climate change	1.077	1.173	1.263
- zero TFP, climate change	1.077	1.112	1.025
Urban poor			
- high TFP, no climate change	1.314	3.226	13.344
- high TFP, climate change	1.313	2.577	10.826
- zero TFP, no climate change	1.015	1.039	1.079
- zero TFP, climate change	1.015	0.850	0.861
Urban nonpoor			
- high TFP, no climate change	1.328	3.496	16.012
- high TFP, climate change	1.328	2.776	13.070
- zero TFP, no climate change	1.024	1.062	1.118
- zero TFP, climate change	1.024	0.866	0.893

References

- Deressa, T.T., and R.M. Hassan (2009), 'Economic impact of climate change on crop production in Ethiopia: evidence from cross-section measures', *Journal of African Economies* **18**(4): 529–554.
- Gebregziabher, Z., A. Mekonnen, R. Deribe, S. Abera, and M.M. Kassahun (2013), 'Crop–livestock inter-linkages and climate change implications for Ethiopia's agriculture: a Ricardian approach', RFF Discussion Paper Series No. EfD 13-14, Resources for the Future (RFF).
- Strzepek, K. and A. McCluskey (2007), 'The impacts of climate change on regional water resources and agriculture in Africa', World Bank Policy Research Working Paper Series No. 4290, The World Bank, Washington, DC.