

# The Complexity of Multidimensional Learning in Agriculture

Rachid Laajaj, Universidad de Los Andes,

Karen Macours, Paris School of Economics and INRAE

## Abstract:

The adoption of new technologies often requires farmers to re-optimize production decisions over various inputs. Yet few studies examine how exposure to information signals on different inputs translate into dynamic learning and adoption decisions. We randomly invited farmers in Kenya to participate in agronomic research trials, giving them an opportunity to conduct side-by-side comparisons of different combinations of inputs during three consecutive seasons. Drawing from detailed data collection during six seasons, we study farmers' learning process. Farmers react to the exogenous signal by increasing experimentation and their farming know-how increases rapidly. High skill farmers experiment the most as a response to the treatment and learn faster, but also make new mistakes and endure a reduction in short term profit. We present a theoretical model with a multidimensionality of input and practice decisions where complementarities and substitutabilities make searching for a better equilibrium costly, and then test the model's implications.

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# 1. Introduction

Poverty reduction, food security and sustainable agriculture remain among the greatest challenges of the 21<sup>st</sup> century, as reflected in the first two Sustainable Development Goals. An abundant literature studies constraints to agricultural technology adoption, motivated by the belief that major progress towards these goals could be achieved if only smallholder farmers would adopt promising new technologies. Lack of information about the returns to a new technology or about the required know-how is often flagged as a major constraint to adoption (Foster and Rosenzweig, 1995; Bandiera and Rasul 2006, Conley and Udry 2010). Hefty increases in the price of mineral fertilizer, global targets for mitigating greenhouse gas emissions, and farmers' needs to shift technologies to adapt to changing climates, all provide further impetus for a shift towards more sustainable agricultural practices (Lobell, 2008; Whitfield et al. 2018; Osendarp et al, 2022; Snapp et al 2023). Because such practices tend to be more knowledge-intensive, compared to the capital-intensive inputs that were the engine of the green revolution (Bationo et al. 2012, Vanlauwe et al. 2010), this transition is likely to raise the role of knowledge constraints and our need to better understand them. Despite this, our knowledge of how farmers learn about multidimensional input packages remains quite limited.

To address this gap, this paper explores the complexity of the learning process and the strategies that emerge among different types of farmers. It examines how intense exposure to new information about different input combinations affects different types of farmers' learning, their dynamic decisions on inputs and practices, and the resulting profits. In randomly selected villages, we set up a series of agronomic 2x3 trials offering farmers a direct multi-season opportunity to try multiple side-by-side comparisons of various input combinations on their own land. This paper studies the dynamic learning through those trials, starting from an intensive data collection process, providing a comprehensive baseline measure of skills, administrative data from the trials as well as detailed measures of agricultural know-how, practices, input use, experimentation, beliefs about the returns to the new inputs, social interactions and profits collected during six consecutive seasons over the three years of the study period.

The analysis starts from a model closely related to Conley and Udry (2010), in the sense that Bayesian learning farmers actualize their beliefs about the shape of a profit function both through their own experience and from receiving signals from exogenous outside sources of information. To adapt the model to our focus, we assume a continuous, flexible, multi-

dimensional profit function. At each period, farmers have an initial prior, decide on a bundle of inputs and practices, and observe the realization of profits, which allows them to update their beliefs at that point of the profit function and its vicinity. In unexplored areas of the profit function, farmers tend to have a prediction of average returns and a wide variance. The resolution of the problem follows a multi-armed bandit problem, where farmers' decisions balance the benefits from exploitation (immediate utility gain) with the ones from exploration (benefits from the acquisition of knowledge that can increase future gains).<sup>1</sup> In a continuous space, possible strategies are the exploitation of a known local maximum, local exploration or alternatively “jumping into the wild”, i.e. to explore new areas of the profit function. However, because of risk aversion, the latter option is quite limited, unless an external source of information provides sufficient information about that part of the profit function to reduce the related uncertainty. In the model, high skill farmers (HSFs) differ from low skill farmers (LSFs) in the precision of the signal that they extract from observation (as in Rosenzweig 1995).

The main finding from the theory is that farmers can be good at finding a local maximum but are limited in their capacity to explore further and to transit to a higher local maximum. The presence of complementarities and substitutabilities between inputs is at the origin of a curse of multidimensionality, making it very costly to explore the complex profit function, unless an external source of information can trigger exploration. Farmers are then willing to tolerate profit loss in the short term if it is compensated by the expected gain from learning about the profit function, and the possibility to discover a higher local equilibrium. Because HSFs learn more with each observation, they tend to explore more and are willing to accept more losses than LSFs.<sup>2</sup> This also leads to the prediction that LSFs particularly value connections with HSFs because they can benefit from their experimentation.<sup>3</sup>

The main empirical estimations are based on a sample of 10 farmers in each of 96 villages, purposely sampled to represent both high and low skilled farmers. Half of the villages was randomly assigned to the treatment group, implying that the 10 farmers were invited to

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<sup>1</sup> See Lattimore and Szepesvári (2020) for a description of bandit problems, their resolution and standard trade-offs.

<sup>2</sup> In contrast to the target input model (Foster and Rosenzweig, 1995), with experimentation, farmers acquire not only know-how (learning to fine-tune input decisions to optimize profit) but also learn about the potential returns to the different input combinations, allowing for more diverse trajectories of adoption and decisions about when experimentation is worthwhile.

<sup>3</sup> While the two terms refer to the same concept, we use “exploration [of the profit function]” in the context of the theoretical model to adopt the language used in the description of the arbitrage faced in armed bandit models, and “experimentation” in the empirical parts to reflect more standard vocabulary in technology adoption.

participate to an agronomic research trial during 3 consecutive seasons in the farmers' land. Farmers participated in all tasks, under the guidance of an agronomist from the International Institute for Tropical Agriculture (IITA). The trials were composed of 6 subplots including a control subplot and 5 subplots where modern inputs were tested. The inputs and practices followed the principles of Integrated Soil Fertility Management package (ISFM), a sustainable intensification practice. The trials occupied a very small portion of farmer's land, hence they have almost no direct economic impact. Instead, they represent an opportunity to learn about input and recommended practices. In each treated village, 4 farmers were randomly selected to take part in a maize trial, 3 farmers were assigned to a soya trial and 3 farmers were assigned to an intercropping trial (combining maize and soya) with the randomization stratified by skills.

The results show that the 3-season-long exposure to the agricultural trials led to a significant increase in know-how and in the use of the promoted inputs (outside of the trials), which grows over time, despite causing a reduction in profit, concentrated in the first seasons and more pronounced for the HSFs. While apparently paradoxical, this is consistent with the predictions of the model if the value of the expected gains from the knowledge gathered through Bayesian update of the profit function in the area pointed out by the trials exceed the short-term losses. Several results also show evidence of differential learning between LSFs and HSFs. Despite starting at a higher level of knowledge HSFs increased their know-how faster than LSFs. The difference in learning is particularly pronounced in "subtle" learnings, such as adapting seed decisions to weed prevalence or deciding which fertilizer to use between two relatively good fertilizers tested in the trials. Additionally, consistent with HSFs learning from their own experimentation, we find that the HSFs' decisions to use the tested inputs is highly correlated with the yield response observed in their own trials (which is not the case for LSFs). We also investigate the prediction that figuring out the complementarities and substitutabilities between the various inputs and practices is part of the challenge in the adoption of new technologies. We find that the treatment makes farmers more likely to discover and use some complementary inputs over time, but they also become more likely to commit new mistakes due to "wrong combinations" of inputs and practices, and these patterns tend to be stronger for HSFs. Results further show that the frequency of changes in inputs and practices decisions (a measure of farmer's own experimentation) significantly increased with exposure to the trials, in particular for HSFs. Exposure to new inputs may take farmers out of their comfort zone, at the cost of

committing new mistakes and losing profits while they are exploring the profit function and identifying the right input combinations that go along the new input package.

Finally additional lessons enrich our understanding of learning within networks conditional on skills. We find that the treatment increases communication between farmers and they learn a lot from each other. For example, the farmers with the maize treatment significantly increased their knowledge about the inputs tested in the soya trials and vice versa. However, learning across crop treatments is more limited when it comes to more subtle learning and actual adoption of the new inputs. Finally, results show that HSFs tend to know more about what other farmers do, but also that LSFs tend to be more aware about the input use of HSFs than the one of LSFs. Finally, LSFs tend to adopt inputs and practices one to two seasons after HSFs do so. Together, the results point towards HSF being more able to learn from their own experience, acting as explorers, whose learning tend to spill over to other farmers.

This paper contributes to various strands of the literature. First, it broadly relates to papers testing interventions addressing farmers' information constraints, such as demonstration plots and field days (Crane-Droesch 2018, Emerick and Dar, 2021), extension services or trainings (Kondylis et al. 2017, Beaman et al. 2021; Aker and Jack, 2023), or input subsidies (Carter et al. 2021, Gignoux et al. 2023) and to evidence that the difficulty to observe returns can lead to the persistence of lemon technologies (Bold et al, 2017). As these papers typically focus on the impacts of interventions aimed at increasing adoption of a specific technology, they often measure learning about a technology's know-how or returns. By contrast, this paper focuses on a detailed understanding of the learning process about different inputs and practices. Other related works zoom into specific aspects of learning using experimental games or virtual environment (Barham et al 2018, Tjernström et al. 2021, Conlon et al. 2022). This article connects with Hanna et al. (2014)'s work on mistakes in learning from selective attention, and closely relates to Nourani (2019)'s model with farmers whose adoption and dis-adoption decision are affected by learning about both profitability and know-how and who can be rationally inattentive when learning costs are too high. It shares the goal of better understanding the learning process when facing multidimensional input and practice decisions and adds a specific focus on better understanding the complexity faced by farmers, with particular relevance for innovations involving complex input packages, and how farmers possibilities and strategies may depend on their skills. A key contribution stems from being able to track the dynamic learning over 6

seasons, which in addition tackles concerns about external validity resulting from stochastic processes (Rosenzweig and Udry, 2020).

This paper highlights that besides the know-how about a particular new technology itself, it can be the cost of figuring out the adjustments in other inputs and practices that affects adoption decisions. As such it also provides a common framework that helps interpret other recent papers finding that the success of an intervention depends on whether farmers succeed in making such adjustments (Emerick et al. 2016) or not (Jones et al. 2022, Ghosh 2018). Emerick et al. (2016) show, that a large share of the gains from a new flood-tolerant rice variety comes from crowding in other complementary investments, such as labor-intensive planting method, area cultivated, fertilizer usage, and credit utilization. By contrast, Jones et al. (2022) find that many farmers fail to adopt irrigation because leveraging its benefits requires switching to horticulture, which is associated with increased use of labor, fertilizer, and seeds. Also, Ghosh (2018) finds that, after the adoption of genetically modified Bt cotton seeds, farmers in India lost profit because they failed to understand that, to reap the benefit of Bt cotton, they needed to reduce pesticide use, a substitutable input. Relatedly, Kondylis et al (2023) document costly adoption mistakes during learning from demonstration plots through networks. By contrast, we document mistakes on the adjustments in other inputs and practices needed along the adoption process. Because our findings highlight the need to better understand and reduce this experimentation cost for the farmers, this paper also connects to research exploring solutions to this complexity through decision support tools (Chandrasekhar et al 2022; Islam and Beg, 2021), or precision agriculture (Fabregas et al. 2019; Corral et al 2020).

The paper further contributes to the large literature on information spillovers in agricultural technology adoption (Bandiera and Rasul, 2006; Conley and Udry 2010). Evidence shows that diffusion through social networks can be an effective strategy (BenYishay and Mobarak, 2018; Beaman et al, 2018), but diffusion about appropriate technology use and know-how through networks is often unequal (Beaman and Dillon 2018; Bandiera et al., 2023), slow (Chandrasekhar et al 2022) or even absent (Duflo et al 2023). We highlight that this heterogeneity can be related to the interaction between the complexity of the lessons to be shared and the farmers' abilities. While side-by-side comparisons of new and old inputs on demonstration plots can make farmers seek information from others (de Janvry et al 2019), heterogeneity among farmers and their conditions are often seen as one of the reasons for slow

diffusion of innovations (Munshi 2004, Magnan et al, 2015) and productivity dispersion (Gollin and Udry, 2021). Differentiating from this narrative, this paper shows evidence suggestive of LSFs benefitting from the presence and exploration of HSFs in the presence of new information. We find that learning-from-others can help LSFs compensate their limited ability to learn from experimentation compared to HSFs, but also that learning-from-others is limited for more subtle information.

Finally, with the focus on farmers' skills, this paper speaks to the broader debate about the returns to human capital in the agricultural sector (Young, 2013; Gollin et al., 2014). The possibility of positive learning externalities from HSFs to LSFs implies that estimates based on individual returns (as in Hamory et al., 2021) may underestimate the overall return to skills in the agricultural sector. This also relates to a broader literature, according to which such spillovers cause productivity gains to be driven by the upper tail of the local skills distribution (Jorgenson and Griliches 1967, Squicciarini and Voigtländer 2015). Since sustainable agriculture tends to be more knowledge intensive and context specific, if it is to become more prominent, this would raise the relevance of such models in the agricultural sector. At the same time, as our results highlight that learning is very imperfect, it also suggests that educational systems that teach children how to learn using scientific reasoning (as in Ashraf et al, 2022) could be particularly relevant even in agriculture, despite it often being considered the traditional sector.

The next section describes the context, the agricultural trials, and the study design. Section 3 provides a first set of results and highlights a set of paradoxes within them. Section 4 presents a theoretical model which addresses some of these puzzles and develops further predictions to take to the data in Section 5. Section 6 concludes and discusses policy implications.

## **2. Context, Agricultural Trials, and Study Design**

### **2.1 Context**

This project occurred in Siaya, Western Kenya, which had a poverty rate of 38.22% in 2016<sup>4</sup>, while farming was the main economic activity and maize the main crop. In our sample, about a third of farmers is involved in commercial farming, and 77% of farmers used mineral fertilizer at baseline, mostly Calcium Ammonium Nitrate (CAN) and Diammonium Phosphate

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<sup>4</sup> Source: Kenya National Bureau of Statistics, <https://kenya.opendataforafrica.org/urwhbig/poverty-estimates?region=1000260-siaya>

(DAP), which have long been used and are easily available, but can increase soil acidity over the long run (Uwiragiye et al. 2023). Research efforts in the region have focused on testing more context-specific and sustainable intensification packages, including combinations of mineral and organic fertilizer and new seeds and crops. The challenge that motivated this paper is about improving farmers' decisions about optimal combinations of inputs and agronomic practices.

We partnered with the International Institute for Tropical Agriculture (IITA), one of the CGIAR research centers, with a long track record in sustainable intensification research, including ISFM. ISFM aims at increasing efficiency while bringing environmental benefits through the right combinations of inputs and practices and local adaptation, but its full implementation is quite knowledge intensive (Bationo et al. 2012, Vanlauwe et al. 2010).<sup>5</sup>

## 2.2 The agronomic trials and farmers' learning opportunities

A set of agronomic trials was organized on the farmers' parcels, following a factorial design aimed at comparing different combinations of inputs with each other. Each trial is laid out in 12 by 16.5 meters (39 by 54 feet), representing only 1.3% of the median farmers' cultivated area. Treated farmers were assigned to either a maize trial, a soya trial or a trial with maize and soya intercropped. Using a 2 by 3 design, each trial was divided into 6 subplots where different input combinations were tested. The trials occurred during three consecutive seasons to reduce the influence of rainfall variability and to allow farmers to observe the benefits across seasons. The trials were part of IITA's agronomic research and would qualify as researcher-designed and farmer-managed trials (Franzel and Coe, 2002). This implies that agronomists had full control over the design of the trials, from the choice of inputs to the recommended management practices, while the farmers provided the land and labor, following their guidance.

The tested inputs were relatively new in the region and complied with the previously described logic of ISFM. They included biofertilizers (which can be a cheaper and sustainable substitute to the provision of nitrogen through mineral fertilizers), compost, seeds resistant to striga (the most common weed in the area), and mineral fertilizers that improve soils through micronutrients and a reduction of soil acidity (Kihara et al 2016, Njoroge et al 2017). Despite our

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<sup>5</sup> Vanlauwe et al. (2010) define ISFM as “a set of soil fertility management practices that necessarily include the use of fertilizer, organic inputs and improved germplasm, combined with the knowledge on how to adapt these practices to local conditions, aimed at maximizing agronomic use efficiency of the applied nutrients and improving crop productivity [...]”.



intent to include only inputs available in the local market, de facto, their availability at local retailers varied between the different inputs and by location. Availability for the trials themselves, however, was guaranteed for the 3 seasons. The trials were implemented to conduct standard agronomic research and were subsequently used for publications (Thuita et al. 2018, Laajaj et al 2020). On average, the results from the trials demonstrate substantial yield gains and profitability when comparing subplots with the input packages compared to the control subplot of each trial. Appendix A and Laajaj et al. (2020) describe the design of the trials, the inputs and the main agronomic findings in more detail.<sup>6</sup>

The trials provided farmers a 3-season-long opportunity to directly learn from the side-by-side comparisons of input combinations on their own land. Participating farmers were further exposed to information (signals) about inputs and practices through : i) about 3 visits of the agronomists per season, with the possibility to interact and ask questions; ii) a one-page description of the inputs provided to the farmer at the onset of the implementation; iii) signs placed in each subplot listing inputs to help farmers remember what is being tested in each one of them; and iv) a field day, including a collective visit to all trials in the village and a discussion session, organized towards the end of the third season. The salience of the trials is likely to have been further enhanced by weekly visits by a contact person (typically one of the ten farmers) to the trial plot to verify that the farmers fulfilled their responsibilities, and by the frequency of surveys, including seasonal comprehensive post-harvest surveys as well as targeted visits to the trial plots (treatment farmers only) to ask about input use and outputs on each of the subplots.

Note that this intensity of interactions was not designed to evaluate what an extension intervention with demonstration plots could look like and the RCT was hence not designed to evaluate a scalable intervention. Instead, we use the intensity of learning opportunities that resulted from being exposed to these trials as an exogenous variation in information signals about various inputs and practices, to study farmers' learning about the complexity of the input packages being tested. The sources of learning are many: farmers can observe the yield differences between subplots, but even if the yield effects are not discernable, farmers may also consider the simple fact that certain practices are requested by the agronomists in the trials and that certain inputs were selected for the trials as signals on their own. The trials also provide an

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<sup>6</sup> Trial results show that the “best bet” input package increased yield by 950 kg/acre in the maize trials and by 283 kg/acre in the soya trials.

opportunity to discuss with the agronomists, with the contact person and with other farmers. Last but not least, as farmers learn from the trial, they may want to adjust what they do in their own parcels and learn from their own experimentation outside of the trials.

## 2.3 Sampling and Study Design

This section describes the sampling of villages and farmers within villages followed by the random selection of villages assigned to the treatment and random assignment of trial crop (maize, soya or intercrop) among the 10 farmers of each treated village. Figure 1 provides a visual representation of the study design. The study was conducted in 96 villages, located in five regions (Boro, Ugunja, Ukwala, Wagai and Yala) of Siaya County in western Kenya.

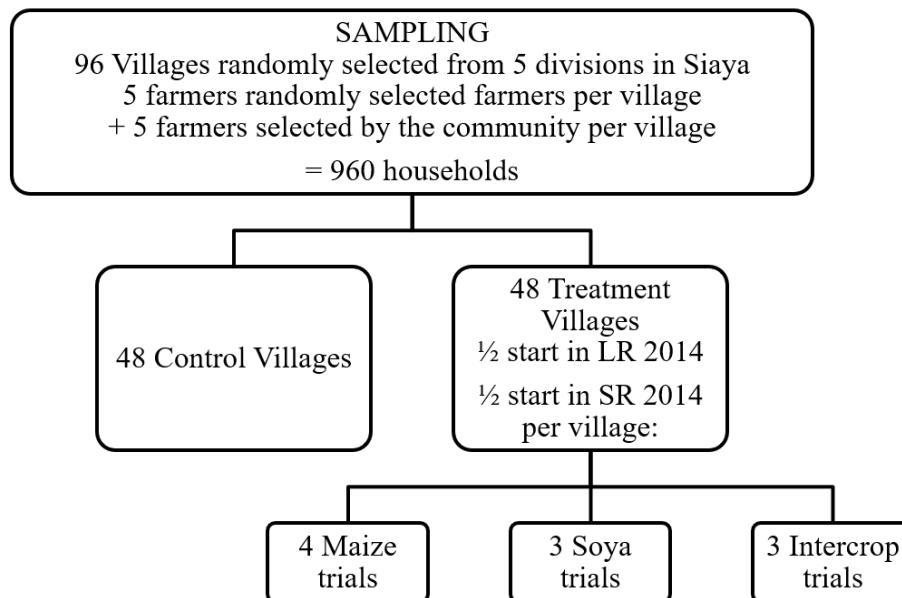


Figure 1: Graphical representation of the sampling and study design

In each village 10 farmers were selected to take part in the study, purposely sampled to represent different farmer types. First, to be able to randomly select 5 farmers, stratified by skill level, we first made lists of all farming households in the village with the help of each village's community health worker (CHW).<sup>7</sup> We asked the CHW 3 questions about every village

<sup>7</sup> The listing exercise was done with the CHW because they tended to be very knowledgeable about each household in their village since their work implies regular visits of all households. This started from a full mapping of the village, taking them part by part to minimize the risk of omitting households. In nearly half of the villages, CHWs already had a list of households, which was used as a starting point.

member's 1) level of education 2) being active and motivated and 3) agricultural knowledge. We used the answers to the 3 questions (low, middle or high) to create an index (henceforth referred to as the ex-ante proxy measure of skill) to sort farmers into 5 skill quintiles. We then randomly selected one farmer from each skill quintile, resulting in 5 farmers per village, henceforth referred to as the randomly selected farmers.

The 5 additional farmers per village were selected by the community after explaining the trials and study during a gathering in each village. Reflecting common practice in agronomic trials, village members were asked to nominate five farmers thought to be good farmers willing to participate in the trials, with the precise selection criteria left to the village members to decide (except that it should include at least 2 women). Qualitative observations of discussions during the gatherings clearly pointed at selecting farmers that the community thought would represent them well. We refer to these 5 additional farmers as the community-selected farmers.

In the 96 villages, before assigning treatments, all 10 selected farmers were visited to obtain consent for the trials and identify the potential trial parcel (chosen by the farmer, conditional on fitting with some criteria for suitability to the research trials). A small number of replacements occurred when farmers would not be interested in participating or when they did not have any parcel that met the basic conditions (no extreme slopes and absence of obstacle, tree or shade). Replacement was done within farmer type, always keeping 5 farmers selected by the community and 5 random ones, balanced across skill quintiles.

After finalizing the selection of the farmers in all 96 villages, we randomized the selection of villages that would participate to the trials, using public lotteries organized in each sub-county, which implies that it was stratified at the sub-county level. We organized the trials in two waves: in 24 randomly selected villages trials started in the long rain of 2014 and in another 24 randomly selected villages trials started in the short rain of 2014. Each trial lasted for 3 seasons. In all treatment villages, 4 of the 10 selected farmers were randomly assigned to participate in the maize trial, 3 were randomly assigned to participate in the soybean trial and the remaining 3 farmers were assigned to the intercrop trial (of maize and soya together). This assignment was stratified by community versus randomly selected farmers and by quintile of skill level (based on the ex-ante proxy).

### 2.3 Data Collection, Timeline and the skills measure

The main data was collected through a baseline survey (with 2 visits), and five follow-up surveys. The timing of data collection is illustrated in Figure 2. Data collection was designed to capture the dynamics of the treatment effects over time, during the three seasons of treatment and up to two seasons after the treatment ends. Data was collected in cooperation with Innovation for Poverty Action (IPA), on farmer's skill measures, a plot-by-plot measure of characteristics, inputs, practices and production, a test of know-how related to the new inputs, input decisions, yield expectations under various scenarios and network information. Additionally, monitoring data from the trials were collected by the agronomists of IITA.

As the beginning of the trials was staggered (with 24 villages initiating in the short rain 2013 and another 24 villages in the long rain 2014), estimations tend to balance seasonal effects: for example when we look at the effects in the first season, half of the villages that are in their first season of treatment are in long rain and the other half is in short rain, and this is true for any number of seasons between 1 and 4. The effects of the treatment 5 seasons after the beginning of the treatment are only comprised of the first treated group once it reaches the short rain of 2016.

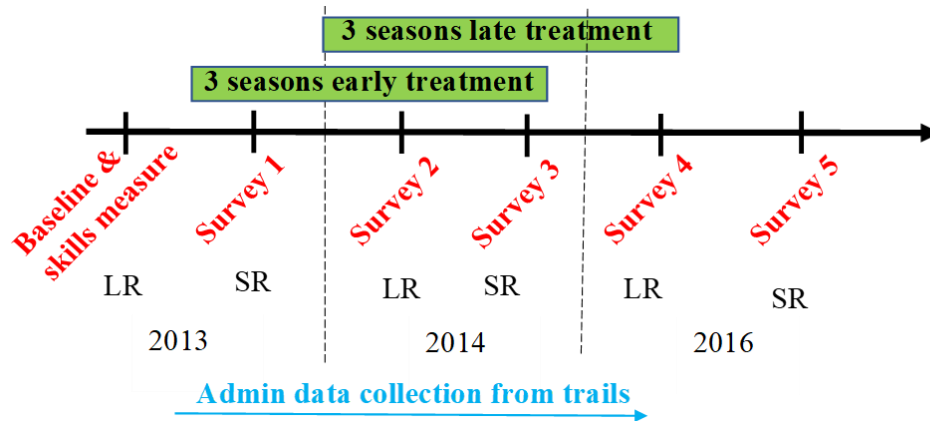


Figure 2 Timeline of interventions and data collection

Throughout the analysis, we separate the results by farmers' initial skills level. Given that skills measurement is prone to substantial measurement error, we tested, adapted and improved a set of skill measures to obtain one of the most extensive skills measures available for rural developing context (see appendix C for more details and Laajaj and Macours (2021) for evidence in reliability and validity of the measure). For each farmer, we administered twice a 2.5 hour survey instrument to calculate a non-cognitive index (using factor analysis), a cognitive index

and an index of agricultural knowledge (using item response theory for the last two components). Taking the non-weighted average of these three components provides us with a comprehensive skill index. We then divide this index at the median, classifying half of the farmers in the sample as low skill farmers (LSFs) and the other half are high skill farmers (HSFs).<sup>8</sup> Among the community-selected group 62% are classified as HSF and among the randomly selected farmers 38% are (see Figure C2).

## 2.4 Balance, Compliance and Attrition

Appendix Table B1 shows initial characteristics of the farmers in treated villages compared to other farmers in control villages. Out of the 14 variables, only one variable is significant, and the predetermined characteristics do not significantly predict the likelihood of being treated (p-value of the joint test=0.384).

There was high compliance with the trials, 95% of the farmers assigned to the treatment had the agronomic trial in their parcel at least one season, and no farmer in control villages participated to the IITA agronomic trials.<sup>9</sup> Additionally, since all treatment villages had multiple trials, treatment farmers that did not participate in a given season were still indirectly exposed through lessons from the trials among their neighbors. Survey attrition was also low: 2.9% in the control and 3.3% in the treatment, over all seasons, with a maximum of 4.6% in any given season. The difference in attrition between control and treatment group is not significant during any season (see Table B2).

## 3. Impact of Exposure to Trials on Agricultural know-how, Adoption and Profits

### Estimation strategy

We estimate the treatment effects separately for low and high skill farmers. The following regression pools the treatment effect over the different follow-up rounds:

$$Y_{it} = \beta_0 + \alpha T_{it} * LSF_i + \beta T_{it} * HSF_i + X_{it}\gamma + \varepsilon_{it} \quad (1)$$

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<sup>8</sup> Appendix table D1 displays the main results using the continuous skills measure instead, evidencing that the conclusions remain very similar. A binary index is used in the results presented in the main text to facilitate the reading and interpretation.

<sup>9</sup> Some treated farmers participated to the trials only in some seasons but not in others. In treatment villages, the first, second and third season of trials had participation rate of 91, 84 and 90% respectively. The main reasons for not participating were that they did not prepare their parcel for planting despite multiple warnings, or loss of interest.

Where  $Y_{it}$  is the outcome of interest,  $T_{it}$  is a dummy equal to one if farmer  $i$  is in a treatment village where the trials already started at period  $t$ ,  $LSF_i$  and  $HSF_i$  are dummies for belonging to the group of low skill farmers or high skill farmers, respectively,  $X_{it}$  is a vector of controls that capture the baseline value of  $Y_{it}$  when available, dummies at the levels of stratification or heterogeneity (sublocations, ex-ante skill proxy groups and the  $LSF_i$  dummy) interacted with each round of data collection and  $\varepsilon_{it}$  is the error term, clustered at the village level. The coefficient  $\alpha$  can thus be interpreted as the average effect of being offered to participate to the trials for LSFs, and  $\beta$  is interpreted as the treatment effect for HSFs. When the estimations are presented in tables, they encompass a test of the difference between  $\alpha$  and  $\beta$  and of  $\frac{\alpha+\beta}{2}$ , the homogenous effect of the treatment, not separating by skill.

While stratification was based the ex-ante skill quintiles, we use the more precise (ex-post) skill measure to split groups for the primary analysis investigating the heterogeneity of effects by skills. As robustness, we show in Appendix D that the results using the ex-ante proxy measure of skills lead to highly consistent results, with slightly noisier estimators. Appendix C displays a statistical analysis of the relationship between the ex-ante and more precise ex-post measure of skills. As expected, the baseline skill level of farmers is correlated with many other characteristics. HSFs are significantly younger, more educated, wealthier, more likely to be male, to use chemical fertilizer or soil conservation practices, and have higher input costs and benefits at baseline (see Appendix Table C1). While the analysis will focus on differences by skill-level, in line with the theoretical model and the interest in learning, heterogeneity of impact by skill level could capture any of these observed, or indeed additional unobserved dimensions. Even if differences cannot be attributed to skill, it is arguably of interest to observe the different reactions to exposure to new information between the two types of farmers and many relevant policy implications do not require this attribution. Appendix Table D1 replicates all results without differentiating between skill levels.

Besides the distinction between LSFs and HSFs treatment effects, we are particularly interested in observing the dynamics of the treatment effect over time. Hence our most common estimation separates the effects by number of seasons since the beginning of the treatment:

$$Y_{it} = \beta_0 + \sum_{s=1}^{s=5} \alpha_s T_{it}^s * LSF_i + \sum_{s=1}^{s=5} \beta_s T_{it}^s * HSF_i + X_{it}\gamma + \varepsilon_{it} \quad (2)$$

where  $T_{it}^s$  is a dummy = 1 if at time  $t$ , household  $i$  is in a village where the treatment started  $s$  seasons ago. Hence when  $s$  goes from 1 to 3, the evolutions of  $\alpha_s$  and  $\beta_s$  reflect the increase in exposure to the trials, while when  $s$  goes from 3 to 5, the exposure does not increase anymore, and the coefficients  $\alpha_s$  and  $\beta_s$  capture the dynamics after the end of the trials. Finally, as half of the treated farmers initiated their treatment in the short rain of 2013 and the other half initiated in the long rain of 2014, at any season  $s$ , half of the farmers for which  $T_{it}^s = 1$  are in a long rain season and the other half is in a short rain season. This design conveniently eliminates the seasonality from the interpretation of the dynamic effects.

For most of the outcomes of interest,  $Y_{it}$ , we use standardized indices aggregating information from a relatively large set of variables, which refer to the inputs, practices and outcomes measured on all the non-trial plots (based on plot-level data) of each farmer. See appendix C for definitions.

### 3.2 First set of results

Figure 3 illustrates both levels and treatment effects of being selected to participate in the trials, separated by LSF versus HSF and by number of seasons since the treatment started. The blue square presents the average of  $Y_{it}$  in the control group. The red diamond is the prediction of the average value of  $Y_{it}$  in the treatment group, obtained by simply adding the treatment effect to the average of the control group. The point estimates of the treatment effects are displayed next to each red diamond. The 90% confidence interval of the treatment group is obtained by adding the average of the control group to the confidence interval of the treatment effect. Hence a treatment effect is significant at the 90% confidence level if its confidence interval does not include the blue square. This presentation of the results facilitates the visual comparisons of both treatment effects and levels between LSFs and HSFs.

The upper left panel of Figure 3 shows the dynamic effects on know-how. As expected, even in the control group, HSFs have more know-how than LSFs. We observe a significant treatment effect on knowledge acquisition that grows over time between the first and third season of treatment (while the trials are implemented), and then stabilizes. Strikingly, despite starting from a higher level of knowledge, HSFs learn faster and more than the LSFs. The learning gains are large, reaching about half of a standard deviation after 3 seasons for the HSF.

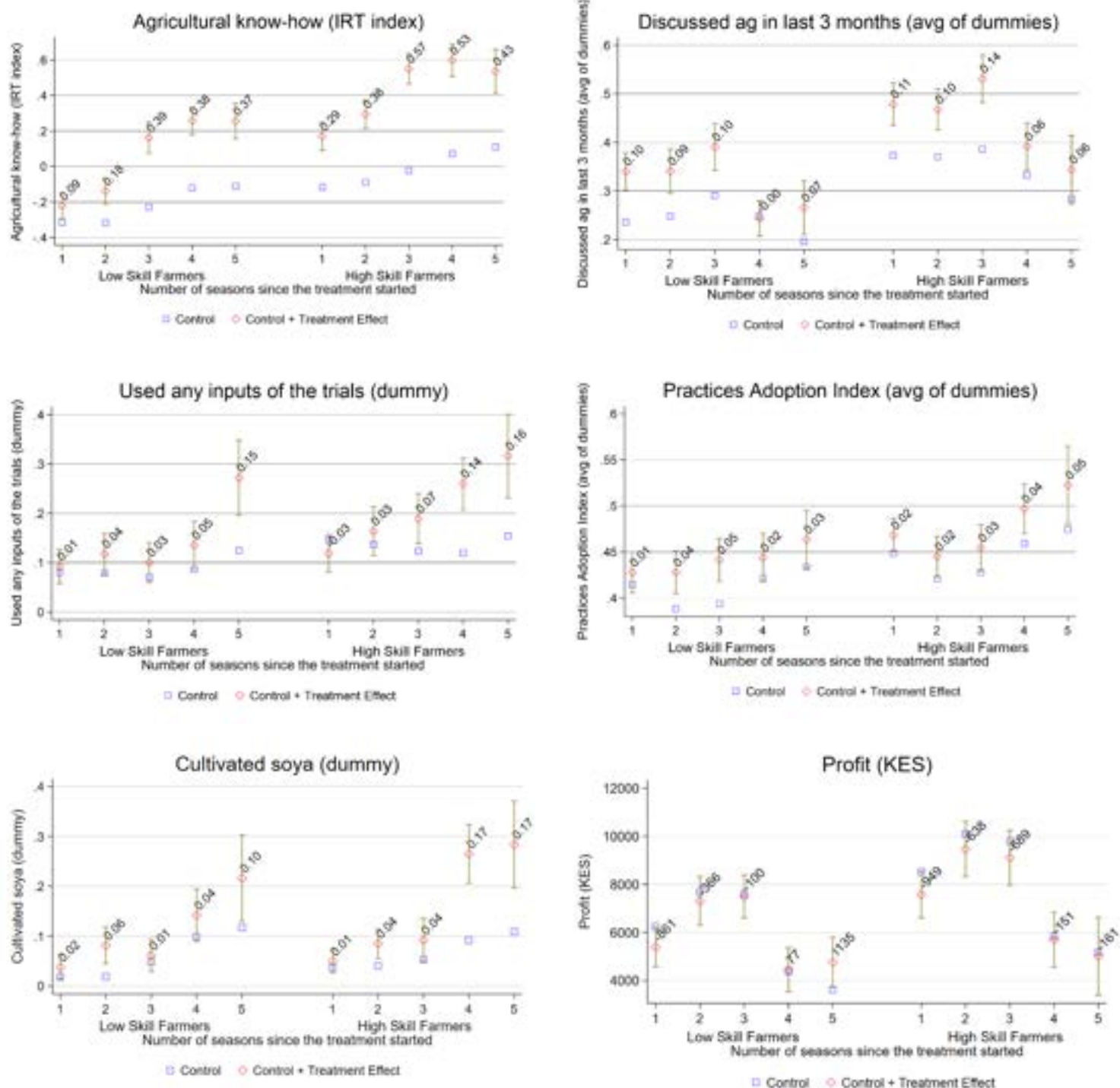


Figure 3 Treatment effects by skills and number of seasons since treated This figure displays the results from the estimation of equation (2). Blue squares represent the average among control farmers in the corresponding season and skill level. Red diamonds represent the expected value in the corresponding treatment group (average value in control group + treatment effect), and the value that appears next to each red diamond is the corresponding treatment effect.

The top-right panel displays the treatment effects on the likelihood of discussing agriculture with the other sample farmers in the same village. HSFs are substantially more likely



to discuss agriculture at baseline, and there is a positive and significant treatment effect on the likelihood to discuss agriculture across almost all periods and skill levels. Discussion increased, in particular, during the trial seasons, but also, to a lower extent, after the trials are over. This points towards curiosity or interest to learn at a time when there are more new technologies being experimented and more information to share, and it suggests that learning may not only come from exposure to their own trials but also from discussing with others.

The middle panels of Figure 3 display the dynamic averages and treatment effects, by skill level, on adoption of inputs and practices. Results for the binary variable of whether the farmer used any of the inputs tested in the trials in their own plots (excluding the agronomic trials) are presented in the middle-left panel. By the third season after the treatment was initiated, LSFs increased their input use by a non-significant 3 percentage points, while HSFs increased it by a significant 7 percentage points. By the 5<sup>th</sup> season after the beginning of the treatment, however, LSFs increased their input use by 15 percentage points, nearly as much as the 16 percentage points significant increase observed among HSFs. The middle-right panel investigates the dynamic treatment effects on adoption of the agronomic practices applied in the trials. Results show that farmers rapidly adjust their practices, with significant treatment effects that appear in the first season for HSFs, and by the second season for LSFs. Key lessons from the middle panels are that the treatment effects are significant but initially modest in magnitude. HSF tend to adopt before LSFs, but LSFs catch up in terms of input adoption in the last season. Also, practices tend to react faster than input use, but input adoption grows more steadily over time.

The bottom left panel analyzes effects on soya adoption, which is experimented in 6 out of the 10 trials per village (3 in soya trials and 3 in intercrop trials) and is new to most farmers at the time of baseline. We think of growing a new crop as a more drastic change, since it requires changing many practices and inputs at once. In this case, we also find significant and growing effects. By the 5<sup>th</sup> season after the treatment started, LSFs substantially increased their likelihood to grow soya, however, contrary to what we observed in the input adoption panel, they do not reach the level of HSFs who maintain treatment effects and adoption levels substantially higher than the LSFs. Interestingly, the most notable jump in input and soya adoption for HSFs occurs between seasons 3 and 4, just after the end of the trial, as if many farmers first waited to learn as much as possible from the trials before experimenting on their own. By contrast, HSFs have their largest jump in adoption during the 5<sup>th</sup> season, with a one-year lag compared to LSFs.

Finally, the bottom right panel shows the dynamic treatment effects on profits. While farmers' average profits remain positive, the impact of exposure to trials on profits is negative and significant at 10% level in the first period for both LSFs and HSFs.<sup>10</sup> The impact on profits progressively grows over time, however, becoming positive and significant at 10% level for LSFs in the 5<sup>th</sup> season, allowing the profit of LSFs to converge with the profit of HSFs. The positive trend of the treatment effect over time is significant ( $p=0.017$ ).

Taking the results together we find two paradoxes. First, most standard models would predict a convergence in know-how between LSFs and HSFs, since the more information one already has, the less value the new information brings. On the contrary, our results show a divergence in know-how. This could reveal a difference in how much information LSFs and HSFs acquire when exposed to a similar signal. Second, the estimated treatment effects on adoption of new inputs and the new crop increase over time even though profits are negatively affected at early stages. In a standard model, one would expect adoption to increase only if farmers are positively surprised when experimenting the new inputs (Conley and Udry 2010). The following section first lays out a model consistent with these findings, then uses it to derive additional predictions to take to the data, before analyzing additional outcomes to shed more light on the learning.

#### 4. A model with multi-dimensional input decisions

This section lines out a model that provides a framing for the results and is consistent with most findings. We build on a learning model similar to Conley and Udry (2010), where farmers adjust their profit function when they observe new realizations of profit conditional on input decisions. The most fundamental differences compared to Conley and Udry (2010) are that the profit function is multidimensional and flexible, and that farmers are forward looking, i.e. that they incorporate the value of learning from experimentation in their input decisions. We focus on the consequences of a costly learning process with a multi-dimensional profit function letting aside the numerous additional barriers to technology adoption and distinctions between LSFs and HSFs. We do not argue in any way that this is the only barrier to technology adoption

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<sup>10</sup> The negative impact in profit is entirely driven by a reduction in the production value for LSFs while the increase in input costs is significantly higher for HSF and explains part of their reduction in profit (Appendix Table D1, columns 5 and 6).

nor the only driver of differences between LSFs and HSFs, but simply present a model that focuses on the aspects that we are most able to observe.

In this theoretical model, farmers need to make a variety of input and practice decisions despite their limited and local information about the shape of the profit function. In this Bayesian optimization setting, each input decision generates a profit, which provides a signal at a given point of the profit function. HSFs and LSFs only differ in the precision of their signal: a HSF observes the signals with more precision and thus learns faster. The model helps characterize the initial stationary point, for a given farmer trying to maximize her long-term utility, before describing the expected reaction to an exogenous new signal about the profit function.

#### 4.1.A Multi-Dimensional Profit Function

There exists a true profit function:  $\pi(X) = f(X) + \varepsilon_{it}$ , where  $X = (x_1, x_2, \dots, x_n)$  is defined over  $R_+^n$  and characterizes the  $n$  inputs and practices (with  $n > 2$ ). Each continuous variable  $x_i$  can be the quantity of a commercial input (such as seeds, mineral fertilizer or bio-fertilizers), any practice decision (manure, spacing, dates of planting, weeding, soil conservation practices, etc.), or exogenous parameters (soil characteristics, climatic conditions, etc.).

The function  $f(X)$  results from a Gaussian process. This stochastic process allows for considerable flexibility in the shape of the function with convenient properties:

- 1) It is infinitely differentiable.
- 2) The covariance between two points  $X$  and  $X'$  is a decreasing function of the distance  $|x - x'|$ . This conveys the idea that closeness in the values of  $x$  increases the similarity in target values (Rasmussen and Williams 2006, chapter 4).
- 3) Every finite linear combination of the values at different points of  $X$  is normally distributed.

The second property guides the extent to which an observation at point  $X$  provides a signal that is informative about profits not only at this point but also in its vicinity in the form of a Kernel with a decreasing precision as the distance from  $X$  increases. The third property facilitates the use of Bayesian learning. Finally, the combination of the first and second property allows the farmers to also expect smoothness in the trend, hence if they find it to be increasing when moving in a certain direction it is more likely to keep being increasing when moving further in this direction (following a Bayesian optimization with gradients, as in Wu et al. 2017).

#### 4.2 The farmer's learning and objective function

At any time  $t$  and any point  $X$  the farmer has the expected belief  $f_t^b(X)$  about the profit function, with variance  $V_t^b(X)$ . The farmer's prior  $f_0^b(X)$  has a large variance  $V_0^b(X)$  in unexplored areas of the profit function. During a finite number of periods  $t = 1, \dots, T$ , at each period, the farmer decides all inputs  $x_1, x_2 \dots x_n$  then observes the realization of the profit function  $\pi(X_t)$  from which she derives an instantaneous utility  $u(\pi(X_t))$  and updates her beliefs at and around  $X_t$  before moving to the next period. The instantaneous utility function  $u(\pi)$  is increasing in  $\pi$  with Decreasing Absolute Risk Aversion (DARA).<sup>11</sup> For simplicity, we assume no savings or other mechanisms to smooth consumption over time.

At any given period, the farmer picks the vector of inputs  $X_t$  that maximizes her long-term utility during the current and future periods:

$$\max_{X_t} E \left[ u(\pi(X_t)) + U_{t+1} \left( f_{t+1}^b(X_t), V_{t+1}^b(X_t) \right) \right] \quad (3)$$

where  $U_t^b \left( f_t^b(X), V_t^b(X) \right) \equiv E[\sum_{s=t}^T \delta^{s-t} u(\pi(X_s)) | f_t^b(X), V_t^b(X)]$  represents the present value of utility at time  $t$  given that the farmer holds the beliefs  $f_t^b(X)$  and  $V_t^b(X)$  and  $\delta$  is the time discount.

Below we often refer to the utility gain from information, which we define as:

$$E[\sum_{s=t+1}^T \delta^s u(\pi(X_s)) | f_{t+1}^b(X), V_{t+1}^b(X)] - E[\sum_{s=t+1}^T \delta^s u(\pi(X_s)) | f_t^b(X), V_t^b(X)] \quad (4)$$

In words, it is the present value of the expected gain in utility that comes from the update of  $f_t^b(X)$  and  $V_t^b(X)$  when  $\pi(X_t)$  is observed, given that the additional information will allow more informed input choices in the future. For simplicity, we first assume that the farmer makes decisions in isolation from other farmers, until we simulate an exogenous, unexpected signal and consider its consequences on the farmers' decisions.

#### 4.3 LSFs and HSFs differ in the precision of their signals

Central to our analysis is the assumption that HSFs learn faster than LSFs because they observe the signals with a higher precision. Hence, in a situation where a HSF and a LSF start

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<sup>11</sup> A utility function exhibits DARA if its absolute risk aversion is decreasing in wealth or consumption. This is a standard assumption and englobes most commonly used utility functions, including the Constant Relative Risk Aversion.

with the same  $(f_{t+1}^b(X), V_{t+1}^b(X))$  and experience the same  $\pi(X_t)$ , then for the HSF, at  $X$  and its vicinity, the expected value of  $f_{t+1}^b(X)$  will be, in expectation, closer to the true  $f(X)$  and the variance at  $V_{t+1}^b(X)$  will be lower than the one of the LSF. Therefore, ceteris paribus, the expected utility gain from information is greater for the HSF than the LSF. In appendix E, we explain how the difference in the precision of the signal can result in a behavioral inattention that affects both farmers, but the HSFs have a larger attention span that allows them to observe more of the exogenous factors that affect  $\pi(X)$  than the LSFs. The assumption is empirically supported by the difference in the treatment effects on know-how in Figure 3.

#### 4.4 Resolution through Bayesian Optimization

Figure 4 illustrates the Bayesian optimization search, for a true profit function  $f(X)$  with the confidence interval of the beliefs about its value, for a case where a farmer observed five realizations of  $\pi(x)$ . We use the figure, where  $X$  is a one-dimension vector, to provide a basic intuition of a Bayesian optimization, however it is important to remember that the actual optimization occurs in a multidimensional space  $X$ , substantially adding to the difficulty of the farmer's learning.

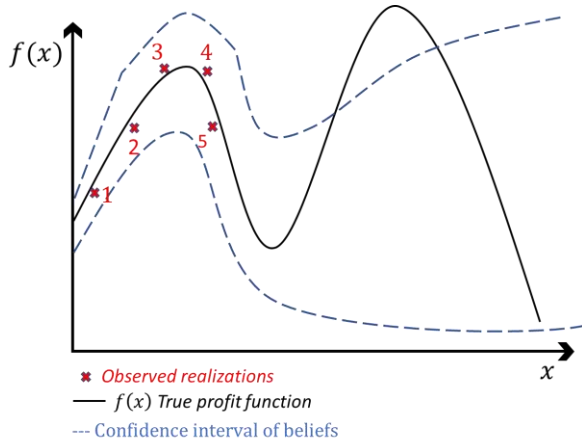


Figure 4: graphical representation of a Bayesian optimization search. The graphical representation is limited to a one-dimensional  $x$  to facilitate understanding, but the multidimensionality of the area to be explored is central to the model.

The Bayesian optimization consists in deciding, at each period, the vector  $X_t$  that offers the highest gain in expected utility from both the immediate utility derived from  $\pi(X_t)$ , and from the present value of the information gain from observing the realization of  $\pi(X_t)$  and updating one's beliefs, as defined in equation (3). The optimal analytical solution is obtained by backward

induction. However, because it rapidly becomes too complex to be solved analytically, the programming literature for the optimization of the search of such black-box function, circumvents this complexity by using forward induction rules of thumb that approximate the optimal solution.<sup>12</sup> We borrow methods from this programming literature, but slightly modify it to reflect our distinct goal: while the programming literature aims at finding the global optimum, we aim to represent the behavior of a risk-averse farmer with a relatively small  $T$ , for whom each realization of  $\pi_t$  has large immediate consequences on the farmers' well-being, leaving her less room to explore and find the global maximum.

At each period, an acquisition function  $AF_t(X)$  approximates the expected utility gain from exploring  $X$ . The Upper Confidence Bound (UCB) is one of the simplest and most commonly used acquisition functions.<sup>13</sup> The focus on the upper bound reflects the idea that areas of  $X$  with some possibility of a high realization have the highest exploration value. After incorporating risk aversion, we obtain:

$$AF_t(X) = \underbrace{E[u(\pi(X))]}_{\text{Exploitation gain}} + \underbrace{\alpha_{Ft}[f_t^b(X) + \lambda V_t^b(X)]}_{\text{Exploration gain}} \quad (5)$$

The first term of the right-hand side is the immediate expected utility gain of the risk averse farmer, which is increasing in  $f_t^b(X)$  and decreasing in  $V_t^b(X)$ . The second term is the upper bound of the confidence interval, for example, if one choses  $\lambda = 1.96$  then it is equal to the upper bound of the 95% confidence interval.  $\alpha_t$  reflects the weight on exploitation relative to exploration, which is increasing in the farmers' patience and number of remaining periods. Also, to reflect the fact that a HSF acquires more information when exploring, and thus derives a higher utility gain from information, we set  $\alpha_{HSF\ t} > \alpha_{LSF\ t}$ , as the only difference in the model between LSFs and HSFs.

In this model, the farmer has 3 possible strategies. First, she can explore in the vicinity of the values of  $X$  where a realization was observed, making use of the reduction in the variance of the belief and of the information about the possible gradient around that point to explore in the direction that is most likely to be increasing. In Figure 4, this is consistent with the input

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<sup>12</sup> For an overview of Bayesian optimization methods, see Garnett (2023).

<sup>13</sup> We chose the UCB for its analytical simplicity. Results are robust to any function with a marginal benefit from variance that is either linear or concave. Some of the more recent machine learning algorithms are shown to outperform the UCB method. Yet assuming UCB already probably overestimates the farmers ability to search close to optimally. We adapted the original UCB formula by including the concave utility function in the exploration part of the equation. See Contal et al. 2013 for evidence of the performance of Upper Confidence Bound when maximizing an unknown function for which evaluations are noisy and are acquired with a high cost.

decisions from 2 to 5. Second, the farmer can decide to stop exploring and exploit what appears to be the best option given the information available, applying minor adjustments as more information is revealed. In Figure 4, it is equivalent to selecting input decisions between  $X_3$  and  $X_4$  in the following periods. Finally, the farmer can decide on a third strategy which we refer to as a “jump into the wild” in which case the farmer explores an area where almost no information is available beyond the prior. This is equivalent to exploring the right side of Figure 4. In this model such “jump into the wild” can occur, either at very early stages, when the farmer only found a very unsatisfactory local equilibrium, or if an exogenous shock provides information regarding a new combination of inputs and practices in an unexplored area of  $X$  (e.g. a shock resulting from observing the results of the trials).

#### 4.5 Summary of the propositions and their implications in our context

We derive 7 propositions that describe what to expect at equilibrium and then once a farmer is exposed to a new signal, such as the one of the trials. The 7 propositions are listed and discussed within the text below, emphasizing their implications in our specific context. Their formal statement, proof and intuitive understanding are developed in appendix F.

The results first describe the initial equilibrium, highlighting that, with enough time, farmers converge to a local maximum (proposition 1).<sup>14</sup> Hence farmers are good at finding a local maximum through finetuning and adjusting their decisions, but may be stuck in a local maximum that can be low compared to other maxima of the function if this requires making larger changes in their inputs or multiple changes at once. Because HSFs are better at acquiring information, they are expected to reach an equal or higher stationary point than LSFs (proposition 2). The curse of dimensionality results from the presence of complementarities and substitutabilities in  $f(X)$  (proposition 3). Without them, each input decision could be optimized separately, which would greatly facilitate the exploration and reduce the likelihood of making mistakes when experimenting a new input. In practice if using a new seed or fertilizer, may require adjusting your practices and other inputs, then this requires a new exploration effort in each dimension of  $X$ , increasing the likelihood of committing costly mistakes along the way. This will orient our empirical approach towards testing the risk of committing such mistakes.

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<sup>14</sup> The fact that local optimization algorithms are often trapped in a local optimum that is highly dependent on the starting point is a common finding (Wu et al. 2017).

We then explore the consequences of receiving new exogenous information about  $f(X)$  at some unexplored area of  $X$ . The signal can trigger an exploration of the new area if its precision is strong enough and if the update reveals sufficiently high profits for the Acquisition Function at that point to exceed the one of the stationary points (proposition 4). The exploration can result in loss in expected utility in the short term, which comes from abandoning the farmers’ “comfort zone”, where the local optimum was identified, to investigate a new area, at the risk of making costly mistakes while trying to find a higher local maximum. HSFs can tolerate more losses than LSFs as their utility gain from knowledge acquisition is higher and they are willing to explore, as long as this gain exceeds the immediate loss in expected utility (proposition 5).

Interestingly, we also find that the model makes it possible for subjective expectations about profit to move in a non-monotonic way. Assume that a farmer first performs poorly when trying a new input because of the lack of knowledge of complementary practices and inputs, but this productivity improves as these decisions are adjusted, then this can be reflected in the evolution of her subjective expectations (proposition 6). This prediction is not typical of models where the farmers underestimate the true (given) benefit of a technology nor in a pure learning-by-doing model. We find that it requires both elements (learning about the returns and increasing know-how) to generate the possible non-monotonicity of the expected evolution of subjective expectations over time. Finally, our model highlights that, when observing other farmers, homogamy can be valuable (if farmers with similar skills level tend to have similar practices). A LSF may also particularly value observing a HSF, however, given that she is more likely to explore and provide valuable knowledge in unknown areas, potentially pointing to a path towards a higher local maximum (proposition 7).

## 5. Additional results

The theoretical model was intentionally built to fit empirical patterns in section 3 and allows to provide a sensible explanation for the set of results. In this section we test the model’s implications for additional outcomes, such as exploration and subjective expectations, making use of the framework to guide the analysis and interpretation of the results.



### 5.1 Additional Outcomes: exploration and subjective expectations

Among the predictions of the model, proposition 4 foresees that if the trials provide sufficient information, they should trigger more exploration and proposition 6 opens the possibility of a non-monotonic change in subjective expectations about profit. Figure 5 shares the same format as Figure 3, displaying the results of equation (2) for a new set of outcome variables aimed at capturing those predictions.

The upper left panel shows the fraction of the farmers' input decisions that was modified compared to the last season, the upper right panel displays a similar index for changes in practices (a more detailed explanation is provided in Appendix C2). The means in the controls show there is a substantial amount of experimentation in practices (23 to 25%) each season, while experimentation in inputs is more limited (6 to 8%). Exposure to trials significantly increases changes in inputs and practices for both LSFs and HSFs. Hence, we conclude that the treatment triggers more experimentation. This experimentation seems to be initiated by HSFs before LSFs and is still occurring by the fifth season after the beginning of the treatment. According to the model, the fact that farmers are still exploring is consistent with the fact that profits have not yet reached their new local maximum and can help understand why effects on profits are still not positive by the 5<sup>th</sup> season.

The bottom panels of Figure 5 show the treatment effects on subjective expectations about yields with the new inputs versus without them (see appendix on how this differential expectation was measured). Effects on expected returns are very limited during the first three seasons and remain low for the LSFs. Expected returns become somewhat larger for HSFs in the last two seasons (i.e. after completion of 3 seasons of the trials), though we only find a significant positive treatment effect on subjective expectations for HSFs with the soya input (right panel) package during the last two seasons. This is consistent with Laajaj et al. (2020)'s finding that the soya package is more responsive to the quality of management than the maize package. It is thus possible that only HSFs had a quality of management that was high enough to see good profits and adjust their beliefs upward.

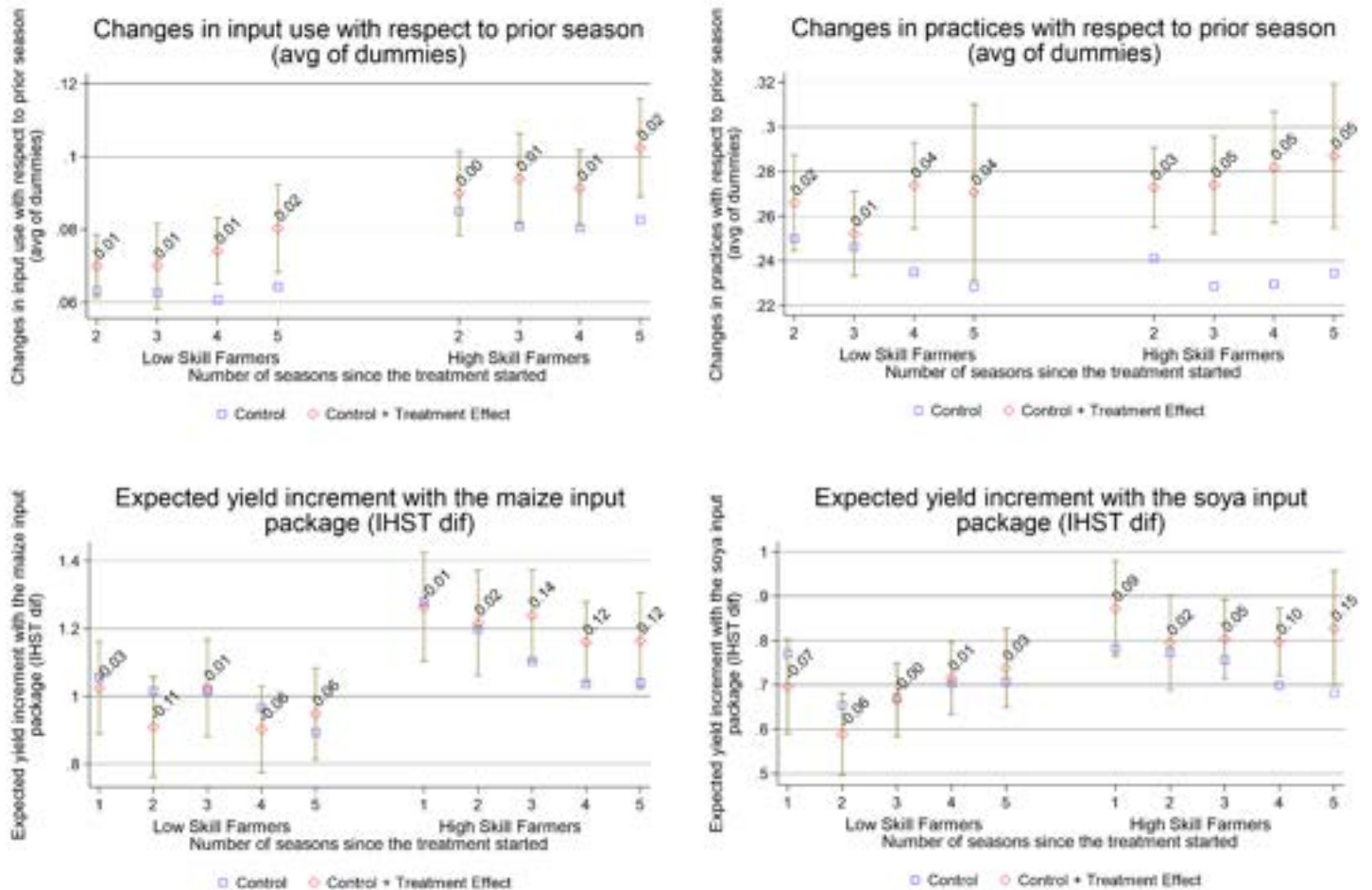


Figure 5 Treatment effects by skills and number of seasons since treated on additional outcomes. This figure displays the results from the estimation of equation (2). Blue squares represent the average among control farmers in the corresponding season and skill level. Red diamonds represent the expected value in the corresponding treatment group (average value in control group + treatment effect), and the value that appears above each red diamond is the corresponding treatment effect.

Technology adoption models often assume a better technology implies an expected upward adjustment of the belief, as soon as they can observe a new technology (Conley and Udry 2010). In our context, adoption grows, however, despite initial effects on the expected beliefs about profits that are non-significant (and often negative). While these results need to be caveated by the possibility that noise in the expected yield measures is obscuring some effects, the findings are consistent with our model, which allows for more complex stories and movements than the standard model.

## 5.2 Adoption in the intensive margin

The results on adoption presented so far use dummies (or the average between dummies), reflecting the fact that in real life, the fixed cost of adoption of a new input (or practice)

contributes to the challenge of adopting any positive quantity. As the theoretical model describes an adoption and learning process driven by variation in the intensive margin, we also estimate impacts on the total amount spent on trial inputs and the area dedicated to soya cultivation.

Figure 6 displays a visual representation of households’ “trajectories” over the five seasons among adopters in the treatment group in terms of the value of trial inputs (with the parallel figure for area dedicated to soya in Figure D4). Trajectories are diverse, however an upward trend over time appears to stand out for most farmers. This could indicate farmers progressively getting closer to optimum as they explore the profit function. The patterns also suggest farmers tend to experiment on a small scale before expanding, possibly as they become more confident about the potential benefits of the new technology and how to use it.

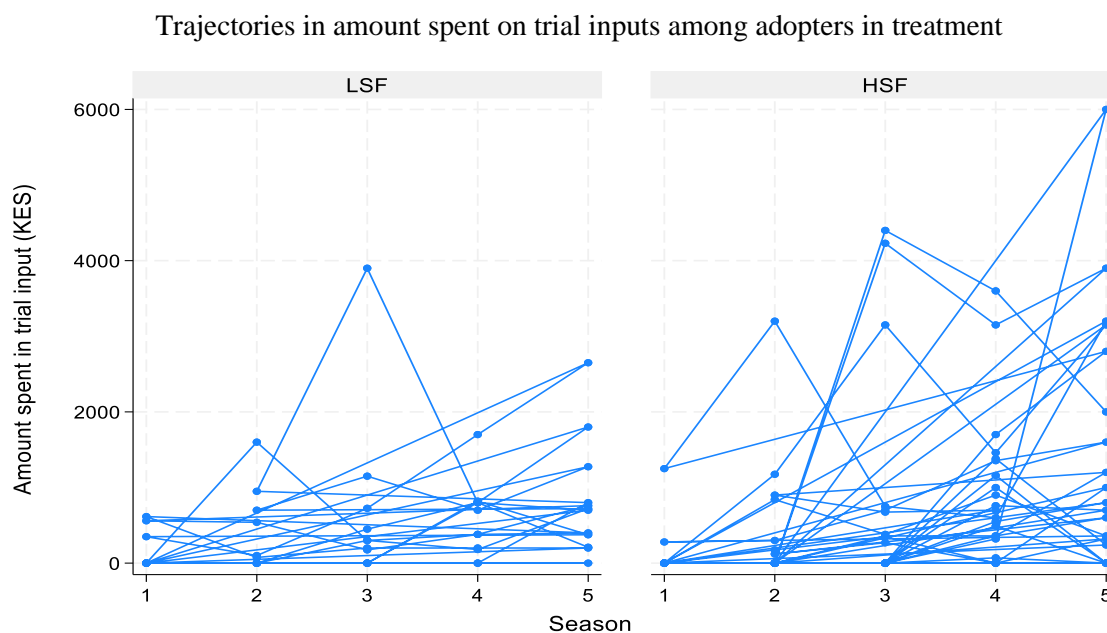


Figure 6: Each blue line connects a given household across the 5 seasons of the study. Only treated farmers are included (and only the ones with a strictly positive value in the amount spent on trial inputs in the last 2 seasons).

Appendix Figure D2 shows that the effects by season and skill level of these continuous variables are very similar to the adoption results in Figure 3. Additionally, the histograms of Figure D3 show that at the intensive margin, the two variables tend to increase over time.

### 5.3 Subtle learning and complementarities

Proposition 3 highlights that the curse of dimensionality results from complementarities and substitutabilities between inputs. In practical terms this reflects the fact that, as one changes a given input, the right decisions about other inputs and practices can become different, hence these need to be adjusted as well. Until farmers have found the right combinations, they are prone to making “mistakes” i.e. using combinations of inputs that lower profits compared to what farmers would do if they had access to better information (even though farmers are behaving optimally given their knowledge at time  $t$  and objective function). Based on what we know from the agronomists’ expertise and from the trials results, we can dive into specific decisions and input combinations to see how the treatment affects the likelihood of such mistakes. This requires describing each variable before analyzing the corresponding results. For simplicity, Table 1 displays the results of estimating equation (1), pooling together the treatment effect over different seasons.

In the WTP section (see appendix for details), we ask what inputs the farmer would buy for maize production under two alternative scenarios: a plot with high level of striga and a plot with low striga infestation. Striga is a widespread weed in Western Kenya and very harmful to maize production. One of the seeds tested in the trial (the IR seed) is coated with a herbicide that makes it resistant to striga (there is therefore a complementarity between the presence of striga and the use of IR seeds). A farmer who understood the purpose of IR seeds should be more likely to select it under the scenario of high striga compared to the scenario of low striga. We therefore can take the difference in the use of IR seed under the two scenarios to test the farmers’ understanding about the complementarity.<sup>15</sup> The results in column 1 of Table 1, show the effect of the treatment on adapting well the inputs to the conditions is significant and more than twice higher for a HSF (0.23) than for LSF (0.1). Hence it appears that this type of knowledge is acquired much faster by HSFs than LSFs.

Second, we draw on the fact that, in the soya trials, a fertilizer tested on some of the subplots (Sympal) strictly dominated the fertilizer tested on other subplots (Minjingu). Farmers who perceived this difference should select Sympal rather than Minjingu. Using the WTP

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<sup>15</sup> While the non-incentivized WTP method is prone to experimenter demand effects, that should cancel out when we compare two different inputs tested on the trials, or in answers to questions asking WTP under two different conditions. As such it can tell us what farmers believe is the right choice, exempt from financial and input availability constraints.

questions for soya, column 2 shows that the treatment increases very significantly the likelihood of selecting Sympal rather than Minjingu for HSFs but not for LSFs. This arguably points to subtle learning, as it requires being able to compare the yields of two new inputs that each improve yields, which should have a lower signal-to-noise ratio than comparing yields with inputs to yields without inputs. We conclude that some subtle learning appears to be out of reach for LSFs and to be acquired only by HSFs.

Table 1: Subtle learning and the effect of exposure to new information on potential mistakes

| Concepts                          | Adapting inputs to conditions                | Picking the best of 2 inputs | Proper combinations of inputs and practices |   |  | Wrong combinations of inputs and practices |   |
|-----------------------------------|--|------------------------------|---|---|--|--|---|
| VARIABLES                         | WTP IR seeds if high striga minus low striga | WTP Sympal vs Minjingu       | Used hybrid and one seed per hole           | Used both commercial and homemade fertilizer on at least one plot | WTP Biofertilizer together with Sympal (N & P sources) | Used hybrid maize seed from own production | WTP Sympal and Mijingu (2 P sources together) |
| Treatment * LSF                   | 0.098***<br>(0.022)                          | 0<br>(0.023)                 | 0.04<br>(0.026)                             | -0.047*<br>(0.026)  | 0.007<br>(0.008)                                       | 0.026<br>-0.016                            | 0.032***<br>(0.008)                           |
| Treatment * HSF                   | 0.229***<br>(0.034)                          | 0.077***<br>(0.029)          | 0.065**<br>(0.032)                          | -0.041<br>(0.025)   | 0.070***<br>(0.015)                                    | 0.040**<br>(0.018)                         | 0.080***<br>(0.012)                           |
| Observations                      | 3,742  | 2,893                        | 4,431                                       | 4,552   | 2,893  | 4,431                                      | 2,893   |
| Avg outcome in LSF control grp    | 0.0534                                       | 0.0202                       | 0.245                                       | 0.345   | 0.007  | 0.107                                      | 0.00119                                       |
| Avg outcome in HSF control grp    | 0.174  | 0.0249                       | 0.442                                       | 0.49  | 0.012  | 0.142                                      | 0.00262                                       |
| P-val of Treat. (low & high sk.)  | 0  | 0.0478                       | 0.0119                                      | 0.0139  | 0.0002   | 0.00198                                    | 0   |
| P-val Treat. * LSF = Treat. * HSF | 0.0007                                       | 0.0302                       | 0.559                                       | 0.868   | 0.0000   | 0.587                                      | 0.0013  |

Table 1 presents the results of estimating equation (1), which pools the treatment effects of all seasons together, but separates the treatment effects by LSFs and HSFs. Sections that use the WTP questions regarding maize (soya) inputs were only administrated to farmers who received the maize (soya) treatment, the intercrop treatment and a similar sized, random subset of the control group, hence the smaller number of observations on regressions with outcomes variables from this section. Standard errors, clustered at the village level, are in parenthesis. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1.

Columns 3 to 5 test whether exposure to the trials increased the likelihood of applying a proper combinations of inputs and practices (according to the expert agronomists). First, farmers who use hybrid seeds are recommended to sow only one seed per hole, while with traditional seeds, more seeds per hole are recommended to compensate for their poor germination rate. Second, using chemical and non-chemical fertilizers together is one of the core principles of ISFM. Third, as done in the trials, combining a source of Nitrogen (like biofertilizer) and a source of Phosphorous (like Sympal or Minjingu) is the usual recommendation because of the

expected complementarity between the two macronutrients. We find mixed effects of the treatment on these 3 recommended combinations. Treatment farmers appear more likely to adjust the seed and number of seed per hole together (only significant for HSF). On the other hand, they react to the treatment by reducing their joint use of chemical and commercial fertilizers and only HSFs significantly increased their combined use of a Nitrogen and Phosphorus sources. Hence both LSFs and HSFs catch the right combinations in some cases but seem to not follow the practices that agronomists believe to be best in other.

Finally, the last two columns look at how the treatment affects the likelihood of committing mistakes due to the lack of understanding of complementarities and substitutabilities between the different inputs and practices. First, while it is fine to re-use one's seeds when a farmer uses traditional seeds, it can be very harmful to the production (and profits) if a hybrid seed is re-used for planting. Yet the treatment significantly increased the likelihood of re-using hybrid seeds, likely because some farmers switched to hybrid seeds without realizing that they needed to modify the practice of re-using the seeds. Finally, the last column builds on the fact that, as shown in the soya trials, farmers only need to use one P-source (of phosphorus), such as Sympal or Minjingu, but combining 2 P-sources is not recommended for profit maximization. We see however that farmers in the treatment groups are 8 percentage points more likely (for HSFs) to want to combine Sympal and Minjingu. The results in the last 2 columns suggest that HSFs are most likely to commit these two mistakes. This is consistent with HSFs being the ones who explore the most and point to a possible explanation for why HSFs experience a significant profit loss following the treatment. While these are only a small proportion of the many "mistakes" that can occur as a farmer gets out of her comfort zone to experiment a new package, they are illustrative that at least some mistakes may be more frequent during this exploration and possibly constrain technology adoption.

## 5.4 Learning from oneself and from others

### 5.4.1 Learning from one's own experience in the trials

At the core of the theoretical model is the hypothesis that HSFs are better than LSFs at extracting valuable information from their own observations of profit realizations. Figure 3 provided evidence that HSFs tend to acquire know-how faster than LSFs. To complement we analyze whether the input use decisions of the farmers are consistent with the results obtained in

their own agronomic trials. First, we estimated the yield increment observed in the agronomic trial of each farmer by comparing the yield in the most promising subplots to the control subplot (see details on the calculation of yield increment in appendix A). While the yield increments that a farmer observes from these small subplots can be noisy proxies for what actual yields would be at a larger scale, it provides a direct measure of the signal that farmers get and are expected to respond to. We then regress the decision to purchase the corresponding new inputs on this yield increment (averaged over all prior seasons for each period) with interactions that separate the effect for LSFs and the one for HSFs. These regressions are not as cleanly identified as the previous estimations, as they no longer only use the random treatment assignment, but the actual realizations in the trials. Yet they are suggestive of whether decisions are consistent with what would occur if farmers were extracting a signal from the profit realizations in their own trial.

Table 2: Input decisions and yield increment from one's own trials

| VARIABLES                           | used any maize<br>inputs of the trials<br>(dummy) | used any soya inputs<br>of the trials<br>(dummy) |
|-------------------------------------|---|--|
| Maize yield increment in trial* LSF | -0.0145<br>(0.0575)                               |  |
| Maize yield increment in trial* HSF | 0.196***<br>(0.0485)                              |  |
| Soya yield increment in trial* LSF  |   | -0.00551<br>(0.0375)                             |
| Soya yield increment in trial* HSF  |   | 0.0707**<br>(0.0320)                             |
| Observations                        | 1,412   | 1,141  |
| Dep. var. mean                      | 0.0880  | 0.0111   |
| p-val LSF effect = HSF effect       | 0.0156  | 0.137  |

This table estimates whether the decision to use a maize (soya) input that was tested in the trial is affected by the yield increment observed in the agronomic trial. Yield increment refers to the difference between treatment subplots and the control subplots in the agronomic trials (a proxy for the performance of the tested inputs in this context). In each season we estimate the average yield increment over all preceding seasons to consider all prior realizations observed by the farmer.

Table 2 shows a striking difference between LSFs and HSFs. For both soya and maize, we find that HSFs who obtained a higher yield increment in trial subplots where the new inputs were used (compared to the control subplot) were significantly more likely to use at least one of these

inputs in the subsequent seasons. By contrast for LSFs, we find no relationship between the yield increment in the trials and use of the corresponding inputs.<sup>16</sup> The results are consistent with the HSFs (but not LSFs) extracting information from their own trials and acting accordingly. Recall also that LSFs do adopt inputs, although with some delay compared to HSFs (Figure 3). The results in Table 2 provide further evidence that LSFs tend to imitate rather than learn from the observation of their own trials to guide their decisions. Again, these findings are only suggestive, since we cannot fully exclude the presence of unobservable characteristics that are correlated with higher yields in the trials and with the purchase of new inputs (though it would need to be the case only for HSFs but not for LSFs to generate these heterogenous results).

#### 5.4.2 What is learned from others (and what is not)?

We now make use of the fact that, within a treated village, different farmers participated to different trials, and hence were expected to learn about different inputs and practices directly from their trials. To do this, we estimate the effect by crop treatment, using the following specification:

$$Y_{it} = \beta_0 + \sum_{(c=m,s,i)} \alpha_c T_{it}^c * LSF_i + \sum_{(c=m,s,i)} \beta_c T_{it}^c * HSF_i + X_{it} \gamma + \varepsilon_{it} \quad (3)$$

$T_{it}^c$  is the crop treatment where  $c$  could be either maize, soya or intercropping (of maize and soya) and specifies the crop that was tested in the trials assigned to farmer  $i$ . Hence  $\alpha_c$  and  $\beta_c$  are the treatment effects for a LSFs and HSFs respectively, to whom a trial with crop  $c$  was assigned.  $Y_{it}$  is the outcome, which tends to be crop specific in this set of regressions.

Given that farmers interact, and in fact significantly increased their interactions as a reaction to the treatment (as shown in Figure 3), a farmer who receives treatment  $T^c$  could also learn about optimal practices and inputs for a different crop than  $c$  through her interaction with the farmers in the same village with trials for the other crops. The main purpose of this estimation is to tease out this indirect knowledge acquisition from direct knowledge acquisition, based on the assumption that maize (soya) specific knowledge is directly acquired only by farmers assigned to a maize (soya) trial or intercrop trial. Figure 7 displays the results of equation (3), following a format similar to the ones of Figures 3 and 5, though instead of

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<sup>16</sup> The distributions of yield increment for LSFs and HSFs are displayed in figure A2. It shows somewhat similar averages and spread among LSFs and HSFs, hence the difference in adoption levels of the trial inputs and predictive power of yield increment on adoption cannot be explained by differences in their distribution.



separating treatment effects by the number of seasons since the beginning of the treatment, it separates them by crop treatment.

The top and middle panels report treatment effects on a maize specific know-how index and a soya specific know-how index (each one using the relevant crop-specific subset of items from the aggregate know-how index). The color scheme aims to facilitate the reading: if the crop treatment is written in green (orange), the effect is expected to be direct (indirect).<sup>17</sup> For example if farmers who were assigned to the maize trials improved their maize cultivation know-how, we can expect this learning to come from their own exposure to the trials (and perhaps also from the experience of others) but if we observe an increase in maize know-how among farmers assigned to the soya trials then this points to a spillover from other farmers in the village who had the maize or intercrop treatment. The top panel shows a high level of spillover, as treatment effects on know-how that are not significantly different among directly treated farmers and those who could only have acquired the corresponding knowledge from the experience of their peers. This conclusion stands for LSFs as well as HSFs and for maize as well as soya specific know-how.

To investigate whether spillover in knowledge translates in spillover in input adoption, the middle panel displays the treatment effects of the crop treatments on the adoption of the new inputs separating the inputs tested in maize trials from the ones tested in soya trials. The results are strikingly different from the top panel. The treatment effects on maize (soya) trial inputs are only significant among farmers assigned to the maize (soya) treatment and, to some extent, the intercrop treatment. In other words, in this context, farmers learned a lot of know-how from each other, but when it came to buying and using the new inputs, direct exposure to the trials was necessary.

If farmers acquired know-how both through direct and indirect exposure, then why was this insufficient for indirectly exposed farmers to adopt the corresponding inputs? To shed light on this question, in the bottom panel, we inspect whether farmers with direct and indirect exposure to a crop were also able to acquire the more subtle knowledge specific to that each, looking at crop-specific outcomes of Table 1. The bottom left looks at the crop treatment effects on the choice of IR maize seeds in the presence of striga minus without striga (see explanation in section 5.2). This knowledge should be acquired in maize trials, and we see indeed very

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<sup>17</sup> No color is assigned to the intercrop given that it can be somewhat in between with partial learning made possible for either maize specific or soya specific knowledge.

significant effects of the maize treatments on this outcome variable. By contrast the soya treatment effect (associated to indirect learning) is not significant among LSFs and significant but substantially lower among HSFs. Similarly, we look at whether farmers chose the Sympal P-source rather than Minjingu and we find that only HSFs who received the soya treatment significantly increased their likelihood to pick the higher-performing P-source (Sympal).

We conclude that more complex lessons are far more likely to be acquired only with direct exposure (and only by HSFs for the most difficult ones). This result provides insights on multiple puzzles that our initial results seemed to raise. First, the fact that some kinds of knowledge require both direct exposure and high skills can explain the divergence in know-how over time. Second, it becomes more understandable that farmers who did not have this direct exposure may not feel ready to use the new inputs. This is consistent with proposition 6 of the model, emphasizing that the precision of the new information needs to be sufficient to trigger a new exploration, which may not be the case when farmers are indirectly exposed. This points to a potentially important limitation for diffusion of complex technology bundles through networks.

Within this sample the lack of adoption of maize (soya) inputs among farmers who received the soya (maize) trial treatment could be because farmers prioritized learning about their assigned crop treatment. Table D2 therefore displays the spillover effects on 5 additional randomly selected farmers in each village (outside of the 10 farmers that participated to the study) surveyed during the last 2 seasons. Results show modest spillovers in learning outcomes but no spillover in the adoption of trial inputs, allowing us to reject this alternative explanation.

#### 5.4.3 Learning from whom?

Proposition 7 points to the possibility that LSFs may value learning from HSFs over homogeneity. While lessons from agents who are more similar are more likely to readily apply (since they have more similar  $X_i$ s), the LSFs may still value learning from HSFs more if they particularly value information on parts of the profit function that they are less familiar with, and that HSFs are more likely to explore these areas. To investigate this, we asked each farmer about her connections and interactions with each of the nine other sampled farmers in the village. We use this data to learn about how much LSFs and HSFs are aware of what other farmers are doing and who they pay attention to the most.

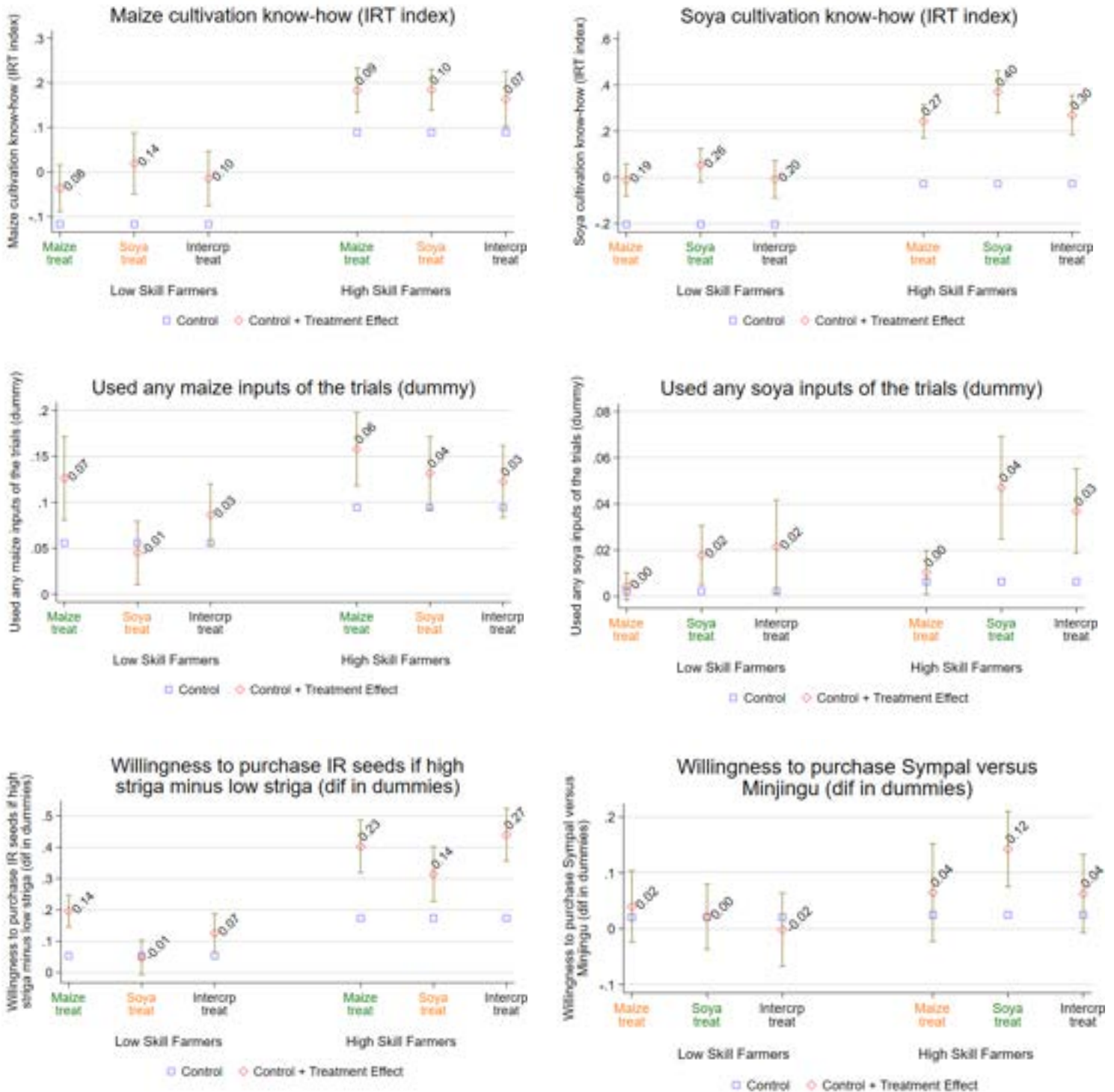


Figure 7 Treatment effects by skills and crop treatments on crop specific input use and learning. The figure displays the results from estimating equation (3), where each crop treatment (maize, soya, intercrop, each randomly assigned) is separated. Blue squares represent the average among control farmers by skill level. Red diamonds represent the expected value in the corresponding treatment group (average value in control group + treatment effect), and the value that appears above each red diamond is the corresponding treatment effect. When the crop is written in green, it is a direct effect (for example how the maize trial treatment affects maize know-how). When it is orange, it should be interpreted as a cross learning.

The upper left panel of Figure 8 shows the average skill level of LSFs, HSFs and of the person (among the other 9 farmers) they indicate has the most influence on their agricultural decisions. The upper right panel uses data from a question on the likelihood of talking about agriculture during the last three months with each of the 9 other farmers. We consider respondents that are LSF or HSF and whether they talked to a LSF or HSF in the same village. We also separately show whether they talked to the people they ranked in their top three of the most influential persons (among the 9 sampled farmers). The bottom panels share the same format, but the variables displayed assess the respondent's knowledge about the other 9 farmers' input use and crop tested in the trials (by comparing their answers about another farmer's input use and trial crops with the input use measured in the survey when asking that other farmer and their trial assignment). Such correct assessments are arguably a necessary (though not sufficient) condition to acquire valuable knowledge from other farmers in the village.<sup>18</sup>

The first panel of Figure 8 shows that the average skill index of the influencers of both LSFs and HSFs is very close to the average skill index of HSFs. Hence, based on their own statement, even LSFs tend to follow the advice of farmers who on average have a skill level close to the one of the HSFs. The other 3 panels of Figure 8 show that: 1) the influencers always have the highest values, which validates the farmers' claim about who they follow the most and thus supports the conclusions from the first panel; 2) HSFs talk significantly more to other farmers and know significantly more about the inputs that others use, which points towards HSFs being better not only at learning from their own experience, but also at learning from others; and 3) LSFs appear to discuss with and know about the treatment status of the HSFs in their village at least as much as about the LSFs, and they know significantly more about the input use of the HSFs compared to the one of the LSFs in their village. The latter is consistent with proposition 7, according to which LSFs may prefer observing HSFs because they tend to experiment more. Finally, the low levels of awareness are also quite interesting: on average respondents can accurately guess at least one input for only about 37% of the other farmers, which indicates that learning from one's neighbors faces important frictions.

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<sup>18</sup> See Wolitzky (2018) for a theoretical discussion on the inefficiencies for learning when farmers can only observe the outcomes of other agents' decisions.

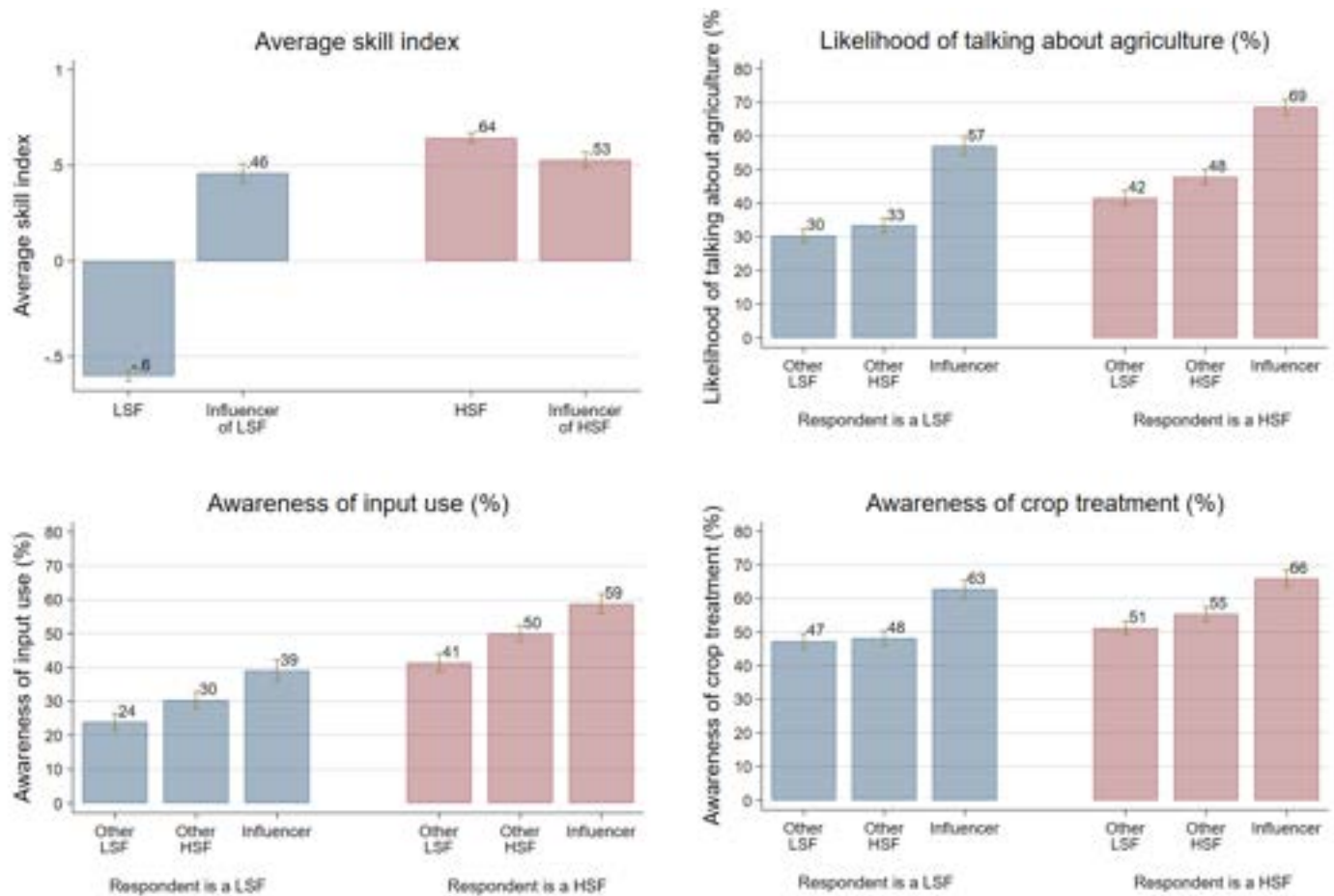


Figure 8: Descriptive statistics about the farmers and their influencers' skills and communication. The figure presents simple averages and their 95% confidence intervals for different groups and dyadic relationships. LSF and HSF refer to low-skill farmer and high-skill farmer, respectively. The "influencer" refers to the farmers response when asked who they follow the most for their agricultural decisions. "Influential contacts" refer to up to 3 most influential farmers, according to the respondent.

#### 5.4.4 Potential Caveats and Related Robustness

The study has various caveats. First (as discussed in section 2.4), the theoretical model attributes the differences between LSFs and HSFs to the skill itself and its consequences on the ability to learn. We cannot directly test that the differences are due to skills rather than other systematic differences between LSFs and HSFs. For this purpose, an ideal experiment would require not only an exogenous variation in exposure to new information (like the trials), but also an exogenous (and sizeable) variation in a comprehensive set of skills, which would be difficult to achieve. We thus interpret our empirical results as different treatment effects between LSFs and HSFs, without assigning it to the skill difference. Moreover, skills may affect investment and management decisions (as a response to an information shock) not only through the ability to learn, but also through many other channels as they can capture being more risk taking, patient,

pro-active, open to change or hardworking for example. Various results, such as different speed of learning between LSFs and HSFs, or negative effects in expectation on profit associated with increasing adoption are consistent with the predictions of our theoretical model, and less with heterogeneity driven by such other differences. However, we fully acknowledge that the design of the RCT does not allow us to isolate the effect of learning from other possible channels and drivers of heterogeneity. A related but distinct concern is the relatively high correlation between the selection process (community selected or not) and the skill measure, raising the possibility that the different effects for HSFs versus LSFs are driven by heterogeneity of impact due to the selection process. This could occur if being selected by the community (rather than randomly) affects farmer's involvement and behavior as a response to the treatment. To rule out this interpretation appendix Figure D1 shows that controlling for an interaction of the treatment with being community selected does not affect the main results.

Second the model ignores other constraints to technology adoption, including behavioral or internal ones. We fully acknowledge the possibility of bounded rationality in learning processes and connect to this literature with the assumption that limited attention and heterogeneous attention capacity drive the difference in learning between LSFs and HSFs (appendix E). Still, the Bayesian optimization puts an upper bound on how well a farmer can manage the uncertainty, highlighting that even under such rational optimization, learning in agriculture is particularly complex and the challenges would only be accentuated once we incorporate human limitations in learning. Furthermore, farmers also often face multiple outside constraints, not incorporated in the model, such as credit constraint, access to input markets, uncertainty about output prices and access to output markets. While all these constraints are fully relevant, this article aims to focus on the complexity that arises from the multiplicity of input decisions, which is likely to further increase when the various other limitations are considered.

Third, one can wonder whether the negative profits after multiple seasons simply mean that the inputs tested in the trials are not profitable in the farmers' conditions. We believe this is unlikely for two reasons. First, it is inconsistent with the trial results themselves (which showed positive benefits of the input package compared to the control plots). Second, it is not consistent with the fact that the treatment appears to first lower profit, but the treatment effect on profit grows significantly over time, as adoption increases and becomes positive (though only significantly for LSFs). If it was simply due to bad inputs the reduction in profits should increase

proportionally with adoption. By contrast, the dynamics that we observe are much more in line with increasing know-how as farmers make mistakes while figuring out how to combine the different inputs and practices. Additionally, even if the inputs and practices tested in the trials were simply non-profitable (even when the related know-how is acquired), results would not be incompatible with the model, where unsuccessful exploration is a possible scenario. Under this scenario, the time spent by farmers trying new inputs before realizing that the inputs are not worth adopting would strengthen our argument that exploration can be costly when compared to the expected benefits of an uncertain reward.

Finally, one can wonder whether the sustainable inputs can take various seasons to fully pay off, thus explaining initial losses and continued take-up? While this is technically possible, we note that in the trials, the benefits of the tested inputs materialized within the 3 seasons. It would also not explain most other empirical results, such as the increase in experimentation (frequency of changes in input and practice decisions), the increase in the likelihood to make new mistakes and to some extent, the increased discussions about agriculture and following of HSFs. Appendix D4 further explores this possible explanation by testing whether the treatment significantly increased soil quality and shows the evidence does not support this hypothesis.

## 6. Conclusion and Policy Implications

This paper uses farmers' intensive exposure to new information through their participation in multi-season agronomic trials to study the complexity of farmers' learning when they are given information that allows them to re-optimize the use of multiple inputs with possible complementarities and substitutability. The empirical findings provide insights in this complex multidimensional learning process over a 6-season period but also raise multiple questions. Why does providing information appear to make farmers worse-off, at least in the short term? Why do farmers increase their use of the new inputs over time despite their loss in profit and the fact that their expectations about yield increment with the new input packages do not increase (at least in the first seasons)? Why does farmers' knowledge diverge over time? If homogeneity makes lessons more applicable, why do LSFs know more about what HSFs do? The predictions of the theoretical model help provide answers to those questions, attributing the loss in profit and mistakes to the costs of taking farmers away from their comfort zones to

explore new input combinations. Since HSFs are more able to learn and willing to explore, they end up bearing a higher share of the exploration cost and provide valuable information to LSFs.

Exposure to the trials not only increased know-how, but also increased farmer's own exploration and a sustained increase in the adoption of new inputs and practices despite a loss in profits in the first seasons. Farmers' know-how increased immediately after initial exposure and diverged between LSFs and HSFs, consistent with the latter also being significantly more able to learn subtle and complex lessons, including choosing between two inputs, adapting an input use decision to local conditions and learning about proper combinations of inputs. Exposure to new information through trials also increased the frequency at which farmers modify their input decisions on other plots, which came with an increased likelihood of committing new mistakes. And while there are spillovers in simple know-how, that is less the case for more complex learning or for the adoption of trial inputs. The model and the results together point to a possibly underappreciated constraint to technology adoption: if using a new input requires changes in other inputs or practices, farmers are likely to make mistakes along the way. Finding the right combinations may take time and come at a substantial cost that many may not be able to afford.

The findings are humbling in the sense that they highlight the complex challenges faced by small scale farmers in developing countries as they navigate the need to shift to more sustainable practices, often involving combinations of inputs and practices rather than marginal changes in one input. They highlight that top-down information interventions may be a complement rather than a substitute for local skills and exploration. The findings call for strategies that properly combine top-down information about what combinations of inputs are worth exploring with attempts to lower the cost of the exploration and adjustments required for the farmers. First, when some of the adjustments are homogenous enough that they can be anticipated, extension interventions can incorporate advice about what input adjustments farmers should pay attention to (Hanna et al, 2014). Second, the design and targeting of field days (Emerick et al. 2021), extension through on-farm experimentation (Lacoste et al. 2022) and citizen science approaches (van Etten et al. 2019; Ebitu, et al. 2021) or attempts to help farmers learn how to experiment and learn (Ashraf et al. 2021) could specifically aim to minimize the cost of local exploration. The ability to locally discover and share knowledge about effective combinations of inputs and practices may very well be a determining factor in the possibility to transition from an input intensive agriculture to a knowledge intensive and sustainable one.



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**ONLINE APPENDIX for:**  
**The Complexity of Multidimensional Learning in Agriculture**  
Rachid Laajaj and Karen Macours

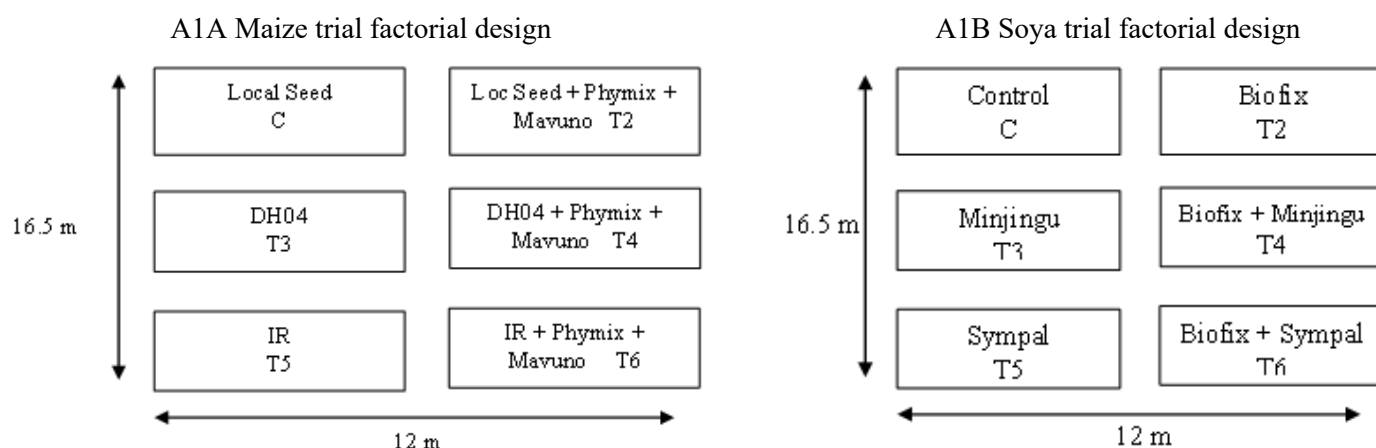
**Appendix A: Description of the Agronomic Trials**

**A.1 Researcher-designed and farmer-managed trials**

The trials were designed by soil scientists and agronomists of IITA, who provided general oversight while the day-to-day management of the trial plots fell to the farmers, according to the following division of tasks: All inputs were provided by the research team, with the exception of the local maize seed, tested in two out of the six maize subplots (where farmers were asked to apply their own, for comparison with treated subplots). A researcher (local expert agronomist) was present and led planting, gapping and thinning, all fertilizer applications, and harvesting. In these activities, labor was typically provided by the farmers. Planting dates were mostly decided by the researchers to best target the onset of rains, also responding to the farmers' feedback on beginning of rains and availability to schedule the visit for planting. The farmers were in charge of land preparation, weeding and other management, with the researcher providing guidelines on those practices. Farmers were also asked to inform the contact person in case of any pest or disease, in which case the researcher provided the required pesticide or fungicide. Finally, farmers provided the land area, that needed to fit the criteria for a trial, including sufficient space with reasonably low inclination and no shade. This was rarely a binding factor in the selection of farmers. Farmers tended to have many locations that satisfied these criteria, and it was up to them to select which location within their parcels they wanted to dedicate to the trials.

**A.2 Trial design and inputs tested**

For each farmer, the trials followed a factorial design of 2x3 subplots as presented in figures A1A (for maize) and A1B (for soya). The intercrop trials followed the same factorial design as the soya trials, testing the same combination of soya inputs, but tracking performance on both soya and maize yields. We refer to the "trial plot" for the entire area dedicated to the trial with IITA, and to subplots to refer to each one of the 6 subdivisions where a specific input combination was tested. Each subplot was approximately  $4.5 \times 5$  m and treatments were randomized between the six subplots. Between subplots, a 1 m buffer of sweet potatoes was planted to prevent inter-plot contamination. Plot layout and treatments were maintained for three seasons. All the trials aimed to test some of the most viable solutions that an integrated soil fertility management combination of inputs can bring to the conditions faced by farmers in the region. See Laajaj et al (2020) for details on all inputs and justification for their choices.



**Figure A1: Visual representation of factorial designs of agronomic trials for the cases of maize and soya trials.**

Each rectangle represents a subplot with a specific set of inputs tested. In maize trials, where DH04 is indicated, in fact half of the maize trials tested KSTP 94 seed and the other half tested DH04 maize seed (randomly allocated at the village level). In soya trials, where Biofix is indicated, in fact half of the soya (or intercrop) trials tested Legumefix inoculant and the other half tested Biofix inoculant (randomly allocated at the village level).

## A.2 Main agronomic Findings from the trials

The key findings from the agronomic analysis of the trial data are published in Thuita et al. (2018) and (Laajaj et al 2020). Notably, the maize trials showed that the combination of chemical (Mavuno planting and Mavuno top dressing) and non-chemical fertilizers (Phymix vermicompost) led to large gains in yield and in benefits in all seasons. The yield gains profitability increases over time. There were no significant differences between local seeds and the improved seeds (IR, KSTP94 or DH04). The soya trials in turn showed that : i) the P-source alone (either Sympal or Minjingu) had a significant positive impact on yield and on benefits compared to not using it. ii) One of the P-sources (Sympal) consistently outperformed the other (Minjingu). iii) The tested bio-fertilizer (Biofix or Legumefix, inoculants with a nitrogen-fixing bacteria) is a cost-saving substitute to traditional nitrogen sources (like CAN or Urea); iv) There is a complementarity between the P-source (Sympal or Minjingu) and bio-fertilizer; and v) The results are conditional on management quality and other production practices.

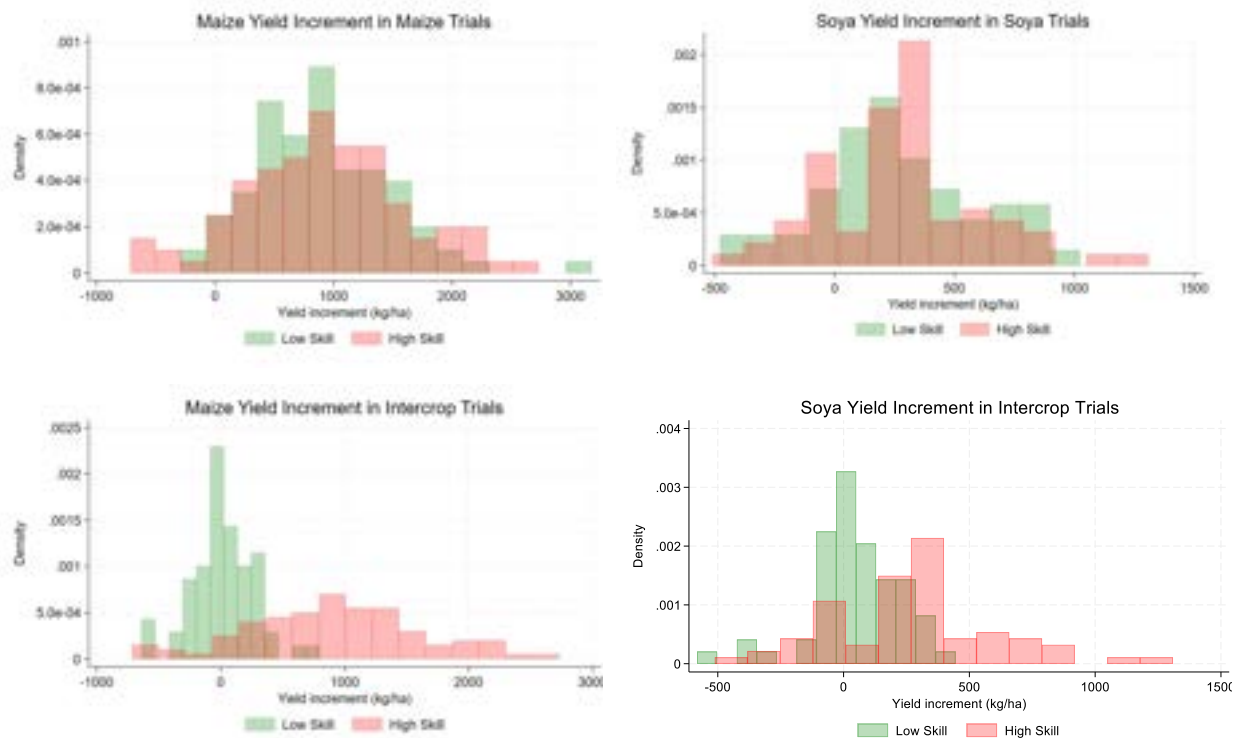
## A3 Yield increments observed from the trials

The monitoring data from the agronomic trials include crop cut measures of yield within each subplot of the trials. We use this to compute a “yield increment” of the “best bet” package compared to its control, following Laajaj et al (2020). These yield increments can be interpreted as the potential of the

input package observed when tried in the farmer's plot. We use it in Table 2 to estimate its effect on the farmers' decisions to purchase the trial inputs. The measures can be noisy measures of the true potential of the input (because of the small size of each subplot and various sources of seasonal variation), but it reflects well the farmer's realization and observation that allows her to update her prior about the potential of the tested inputs.

Yield increments for maize are calculated using three pairs of treatment–control plots: T2–T1, i.e. subtracting yields in the plot with local seeds and no fertilizer (T1) from yields in the plot with local seeds and the full fertilizer package (Mavuno and Phymix). Similarly, calculations are done for hybrid seed plots with and without fertilizer (T4–T3), and for IR seeds plots with and without fertilizer (T6–T5)..

Yield increments for soybean are calculated using two pairs of treatment–control plots: (a) subtracting yields in the control plot from yields in plots containing a soybean inoculant and Sympal (T6); and (b) subtracting yields in the control plot from yields in plots containing a soybean inoculant and Minjingu (T5). Figure A2 shows a relatively large spread in potential realizations of yield increment in the different trials. It also shows no systematic differences in yield increment between the trials of the LSFs and HSFs for the maize and soya trials, but a more systematic difference in intercrop trials.



**Figure A2 PDFs of yield increments in the agronomic trials**

The figure displays the distribution of yield increment. Its calculation is described above. Yield increments in intercrop trials are presented separately since yields in intercropping and monocrop systems are not comparable.



## Appendix B: Verification of the Randomization

**Table B.1 Balance Test**

| Variable   | Treatment status |              | p-value of difference |
|--|------------------|--------------|-----------------------|
|  | Control          | Treatment    |                       |
| Household head is female   | 0.24 [0.02]      | 0.25 [0.02]  | 0.889                 |
| Age of respondent  | 45.77 [0.58]     | 45.29 [0.61] | 0.555                 |
| Household size   | 5.68 [0.11]      | 5.57[0.12]   | 0.504                 |
| Number of cattle   | 2.7 [0.19]       | 2.89 [0.22]  | 0.654                 |
| Land Size (log of ha)  | 0.27 [0.05]      | 0.26 [0.07]  | 0.885                 |
| Years of education   | 5.95 [0.15]      | 6.16 [0.17]  | 0.396                 |
| Used any inputs of the trials  | 0.09 [0.01]      | 0.09 [0.01]  | 0.952                 |
| Grew soya (dummy)  | 0.04 [0.01]      | 0.03 [0.01]  | 0.366                 |
| Profit (KES)   | 5963 [349]       | 5281 [333]   | 0.176                 |
| Used soil conservation practice                                      | 0.29 [0.02]      | 0.28 [0.02]  | 0.596                 |
| Fertilizer (dummy)   | 0.74 [0.02]      | 0.81 [0.02]  | 0.212                 |
| Fertilizer (every year in past 10 years)                             | 0.31 [0.02]      | 0.3 [0.02]   | 0.923                 |
| Wealth Index   | -0.02 [0.04]     | 0.02 [0.05]  | 0.647                 |
| p-value of joint significance of all variables to explain treatment: |                  |              | 0.6633                |
| Total number of observations   | 472              | 472          | 944                   |

Standard errors of means in brackets

**Table B2: Attrition rates by season and treatment status**

| Attrition rates |             |             |             |                           |
|-----------------|-------------|-------------|-------------|---------------------------|
| Season          | Full sample | Treatment   | Control     | p-val of dif in attrition |
| 0               | 1.7%        | 1.7%        | 1.7%        | 1                         |
| 1               | 2.1%        | 1.9%        | 2.3%        | 0.618                     |
| 2               | 2.6%        | 2.7%        | 2.5%        | 0.834                     |
| 3               | 4.1%        | 4.8%        | 3.3%        | 0.226                     |
| 4               | 4.6%        | 5.2%        | 4.0%        | 0.345                     |
| 5               | 3.5%        | 3.3%        | 3.8%        | 0.707                     |
| <b>All</b>      | <b>3.1%</b> | <b>3.3%</b> | <b>2.9%</b> | <b>0.637</b>              |

Note: attrition is equal to one if the farmer did not answer the main survey in a given season.

## Appendix C: Definitions of variables and aggregate indices

The breadth of outcomes considered in this paper is part of its contribution. We aggregate outcomes by type in a set of standardized indices. Below, we provide explanations about each index and references to more detailed sources, starting with an in-depth discussion of the skill measurement, before turning to construction and definitions for all the outcome variables.

### C.1 The Skill Index

The sample, data and index calculation used to measure skills are the same as the ones used in Laajaj and Macours 2021, which tests the reliability and validity of the measures and more generally provides guidelines for such measures in rural contexts of low- and middle-income countries. The online appendix of that article provides detailed lists of items and the replication file available online (<https://www.openicpsr.org/openicpsr/project/124141/version/V1/view>) provides the code for the estimation of the indices. This paper uses the exact same measure (applied to the same population using the same data). The skill index is a non-weighted average of 3 components: cognitive, noncognitive, and technical agronomic skills. Here we provide a brief description of the 3 components.

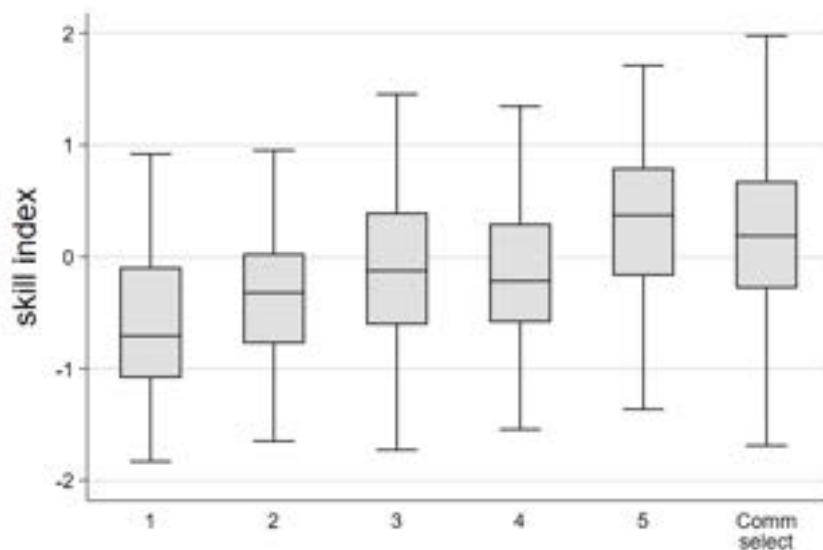
The cognitive index is obtained using Item Response Theory (two parameter model) with the responses from five cognitive tests: (i) the Raven Colored Progressive matrices, measuring visual processing and analytical reasoning; (ii) the digit span forwards and backwards, measuring short-term memory and executive functioning; (iii) a written and timed test of basic math skills; (iv) an oral nine-item test containing short math puzzles relevant for agriculture; and (v) a reading comprehension test.

The non-cognitive skill measure results from a subset of items from the 44-item Big Five Index (a commonly used instrument for the Big Five personality traits) together with commonly used instruments for lower-order constructs such as locus of control, self-esteem, perceptions about the causes of poverty, attitudes towards change, organization, tenacity, metacognitive ability, optimism, learning orientation and self-control. Most of these subscales are derived from a set of questions asking the respondent the level at which they agree or disagree with general statements about themselves, with answers on a Likert scale from one to five. In addition, we asked a set of locus-of-control questions with visual aids in which people are asked to attribute success to effort and good decisions, luck, or endowments. We also included the CESD, a commonly used depression scale, validated in many developing countries, as it relates to some noncognitive domains captured in other scales (neuroticism and optimism). Factorial analysis revealed that the non-cognitive index is multidimensional, hence we use the average of the non-cognitive factors to obtain an aggregated non-cognitive skills construct.

To build the technical agronomic skills items, we started from different types of questions that can be found in the literature, and worked closely with the team of agronomists from IITA who were

overseeing the trials to identify which knowledge could be the most relevant: questions on the timing at which inputs should be used, how to apply the inputs (quantity, location, etc.) and knowledge of both basic and more complex practices (spacing, rotation, composting, conservation). The items cover the most common practices and inputs in Western Kenya. We use a mix of open questions and multiple-choice questions. Some questions allow multiple answers, and a subset of questions had visual aids (for example, pictures of inputs). The set of questions covered a relatively broad spectrum of practices, including a set of questions on maize, soybean, banana, soil fertility practices, composting, and mineral fertilizer. We used Item Response Theory to compute the agronomic technical skill index.

All skill items were obtained from a baseline skill survey specifically designed for this purpose, implemented twice at a three-week interval to evaluate the reliability through test-retest correlations. To reduce measurement error for each index, we take the average of the two indexes obtained from the two rounds of survey. Extensive tests of reliability and consistency were applied to the data (Laajaj and Macours, 2021). The cognitive measure is highly reliable and with limited noise, the technical agronomic skills measure is noisier, but still quite reliable. By contrast, the noncognitive skill measure is noisy and prone to systematic measurement errors (such as acquiescence bias, which we adjusted for, and social desirability bias, harder to correct) and thus requires more caution in its use and interpretation. Despite the limitations, this is arguably a very comprehensive effort to obtain in-depth skills measures.

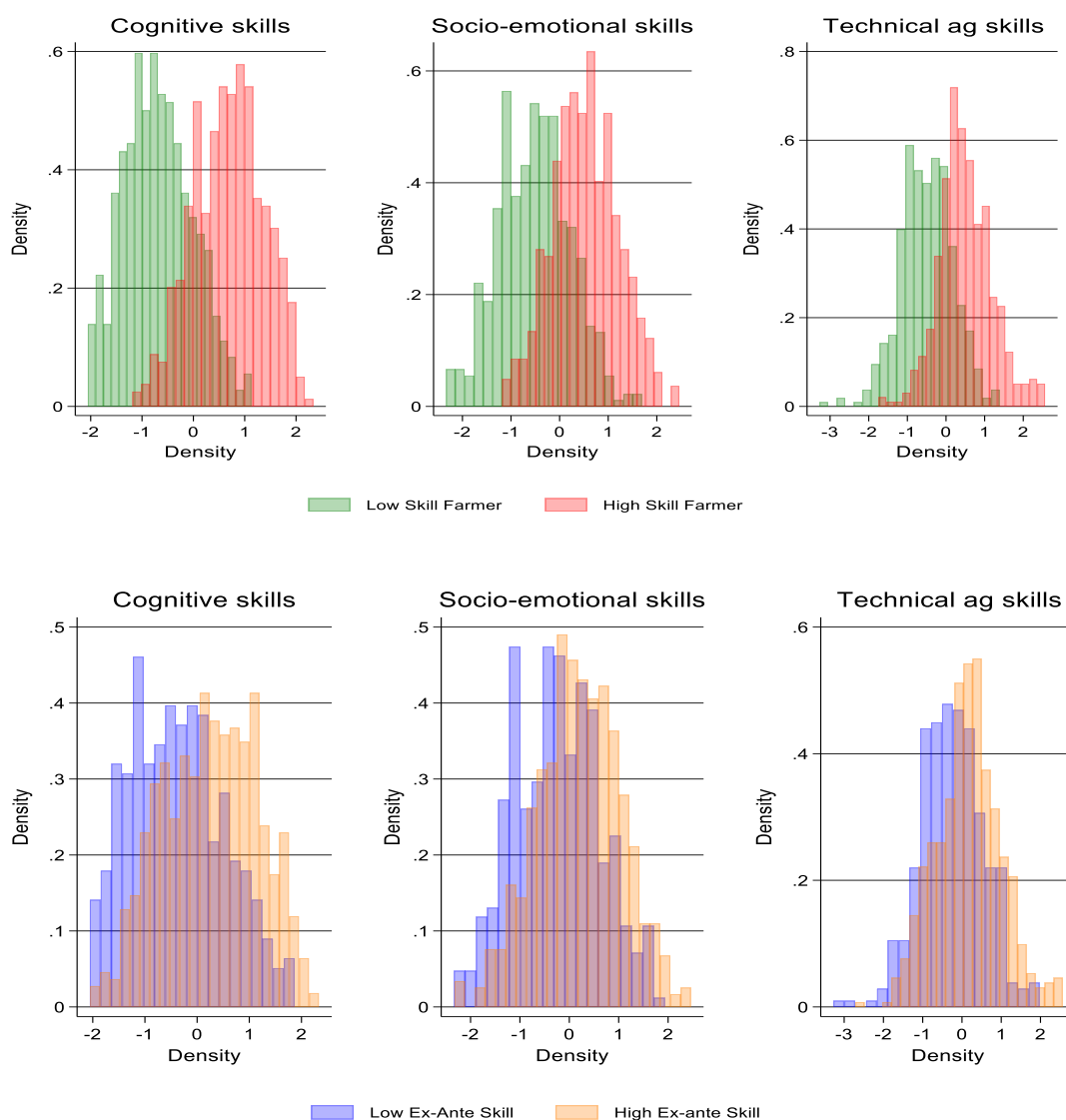


**Figure C1** The box plot displays the median (the central line), the 25<sup>th</sup> percentile (bottom of the box), the 75<sup>th</sup> percentile (top of the box), as well as the lower adjacent value and upper adjacent value of the skill distribution for each possible quintile in the ex-ante skill index (among randomly selected farmers), and for the community selected farmers (right hand box).

As treatment stratification was based on the ex-ante skill proxy (described in section 2.3), Figure C1 displays the spread of the ex-post skill index for the 5-levels of ex-ante classification and, separately

for the community-selected farmers. The ex-post skill measure increases with the ex-ante proxy as expected, and the community selected farmers tend to have a skill distribution relatively similar to farmers in the 5<sup>th</sup> quintile of ex-ante skill proxy.

The share of HSFs (according to the ex-post measure) varies from 16% in the lowest (ex-ante) quintile, to 70% in the fifth quintile. Among the community-selected group 62% are classified as HSF. This confirms that community-selected farmers are closest to the top quintile in the randomly selected sample, and that our ex-ante skill proxy is a well correlated but imperfect proxy for the farmers' skill level. Among the 50% randomly selected farmers, the cutoff of the aggregate skill index is at percentile 62, so that being a HSF is roughly equivalent to being in the top 2 quintiles of the village distribution.



**Figure C2:** distribution of ex-post (top-panel) and ex-ante (bottom-panel) aggregate skill measure

Figure C2 further helps understand the relationship between the ex-ante proxy and the ex-post, more comprehensive skill measure. The ex-ante proxy captures a reasonable share of the difference in skill in each one of the 3 dimensions (bottom panel). As expected, it differentiates less, however, than the LSF-HSF contrast that was created by splitting the farmers based on the median of the aggregate skill distribution (upper panel).

Table C1 shows clear systematic differences between LSF and HSF in baseline socio-economic variables, as well as agricultural practices and outcomes. Land size, number of cattle and the likelihood to grow soya do not differ significantly. As skills are far from being randomly assigned, we do not attribute differences in treatment effects for LSFs and HSFs to the skills themselves. For example, we cannot rule out that since our HSFs are wealthier on average, they can take more risk, and that this drives some of the differences in treatment effects between the two groups. In a similar way, any other observed or non-observed differences between LSFs and HSFs could contribute to the differences in treatment effects.

**Table C1: Comparison of socio-economic characteristics between LSFs and HSFs.**

| Variable   | Skill Level  |              | p-value of difference |
|--|--------------|--------------|-----------------------|
|  | Low          | High         |                       |
| Household head is female   | 0.33 [0.02]  | 0.15 [0.02]  | 0.000                 |
| Age of respondent  | 47.7 [0.62]  | 43.38 [0.55] | 0.000                 |
| Household size   | 5.06 [0.11]  | 6.19 [0.11]  | 0.000                 |
| Number of cattle   | 2.71 [0.19]  | 2.87 [0.22]  | 0.532                 |
| Land Size (log of ha)  | 0.28 [0.05]  | 0.26 [0.07]  | 0.747                 |
| Years of education   | 4.03 [0.14]  | 8.08 [0.12]  | 0.000                 |
| Used any inputs of the trials  | 0.07 [0.01]  | 0.11 [0.01]  | 0.018                 |
| Grew soya (dummy)  | 0.03 [0.01]  | 0.03 [0.01]  | 0.550                 |
| Profit (KES)   | 5031 [326]   | 6221 [355]   | 0.025                 |
| Used soil conservation practice                                      | 0.26 [0.02]  | 0.31 [0.02]  | 0.077                 |
| Fertilizer (dummy)   | 0.69 [0.02]  | 0.86 [0.02]  | 0.000                 |
| Fertilizer (every year in past 10 years)                             | 0.24 [0.02]  | 0.38 [0.02]  | 0.000                 |
| Wealth Index   | -0.09 [0.04] | 0.09 [0.05]  | 0.001                 |
| p-value of joint significance of all variables to explain treatment: |              |              | 0.000                 |
| Total number of observations   | 472          | 470          | 942                   |

Standard errors of means in brackets

## C.2 Inputs and practices: adoption and exploration

The survey instrument includes a section where farmers enumerate their plots, which crops they grow in each plot, followed by detailed questions on inputs, practices and production. To measure input adoption, we compare the list of commercial inputs that they mention using on their non-trial plots to the list of inputs tested in the trials. We define a dummy equal to one if the farmer used in his own parcels, at least one of the inputs tested in the trials, which includes soya fertilizers (Mavuno and Sympal), biofertilizer (Biofix) or seed (SB19), or the maize fertilizer (Mavuno planting or top dressing), or seed (IR, KSTP94 or DH04).

Regarding practices, we ask about many practices, including intercropping, manure, number of weeding, number of seeds sowed per hole, soil conservation practices, etc, which are part of the instructions provided by the agronomists in the management of the trials. We then construct an index that represents the fraction of these practices adopted by the farmer in at least one plot (not including trials). The 10 practices are dummies presented below, with their average across our sample:

| <b>Description of the dummy: equal to one if...</b>  | <b>Adoption rate</b> |
|--|----------------------|
| The household used manure in at least one parcel   | 67%                  |
| The household used a soil conservation practice in at least one parcel   | 43%                  |
| The household harrowed twice or more at least one parcel   | 31%                  |
| The household applied weeding twice or more in at least one parcel   | 59%                  |
| The household used gapping in at least one parcel (filling with a plant that grew somewhere else in places where the crop did not germinate) | 35%                  |
| The household used intercropping in at least one parcel  | 82%                  |
| The household used sweet potato in at least one parcel   | 12%                  |
| The household grew soya in at least one parcel   | 8%                   |
| The household used crop rotation in at least one parcel  | 57%                  |
| The household used only 1 seed per hole in at least one parcel   | 57%                  |

The practices adoption index is a non-weighted average of the 10 dummy variables, so a 0.1 increase in the index can be interpreted as the adoption of one additional practice out of the 10 practices.

To measure exploration, both for inputs and practices (separately), we use an index of the frequency of changes to reflect the extent to which farmers are exploring and trying new things. For this purpose, we generate for each practice or input a dummy equal to 1 if the dummy of use at a given season is different from the one of the preceding seasons (the farmer was not using it on any of their plots in the prior season and started using it on at least one plot, or the farmer was using it in the prior season and then stopped using it), and 0 if it is the same. We then average the index across all inputs and across all

practices to obtain an index of changes in input decisions and in index of changes in practice decisions. These indices can be interpreted as the fraction of practices (or inputs) decisions that the farmer changed compared to the prior season.

Section 5.3 uses two continuous measures of adoption. The first one is the sum of the amount spent on trial inputs. For this we simply add across all parcels, input expenditures dedicated to the purchase of any input that belongs to the list of inputs tested in the trials. The second measure is the area dedicated to soya, which we obtain by summing the area of all parcels in which soya was planted (including parcels where soya was intercropped).

### C.3 Profits

Profits are computed by deducting the total cost of inputs from the total value of production (using village level prices). These profits incorporate labor costs when hired but do not account for the shadow value of household's labor. Average profits are positive for both LSF and HSF, with seasonal profits being negative for 14% of farmers, and profits over all season only negative for 3%. Farmers using inputs tested in the trial on their own plots have significantly higher profits.

### C.4 Agricultural knowledge index (general, maize and soya)

To measure technical know-how with respect to the use of the trial inputs, 15 knowledge questions were asked ranging from recognizing the inputs to questions on where and when to apply the fertilizer or how to store the biofertilizer. These questions (combining open questions and multiple choice) were designed together with the agronomists of IITA, with the intention to capture the key practical decisions that can affect the profitability of the newly tested inputs. All questions were first transformed into binary variables equal to 1 if the farmer provided an answer that the agronomist considered correct. Extensive piloting allowed to avoid "ambiguous" answers that would be correct in some context but not in others. To combine all these items into one index, we use the 2-parameter model of item response theory (IRT). We also generate sub-indices for maize knowledge and soya knowledge by running the 2 parameter IRT model, but in each case limiting the items to the corresponding ones.

### C.5 The Willingness to Purchase inputs

One of the major limitations of our index on input adoption is that not all inputs are available at all retail shops (agrodealers) and also that in some cases farmers may wish to adopt but not have the money to do it, which can explain why even though effects on input adoptions are significant, the average values remain modest. We therefore also gathered data on an intermediary outcome: whether farmers would be willing to purchase the trial inputs when we simply simulate the situation where they want to

produce maize (or soya) in one of their plots, then ask them to imagine that they enter the shops and find a list of inputs with their real local prices. The list included common inputs sold and used in the region as well as the ones tested in the trials. Which ones would they purchase? This allows us to construct a binary variable, equal to 1 if at least one of the newly tested inputs is chosen in this fictitious scenario. The WTP questions were targeted so that farmers in the treatment were asked about the crop for which they had been randomly selected to receive the agronomic trials, with the equivalent number of randomly selected farmers in the control villages asked for that crop.

We also use this set of questions to compare how much farmers prefer using Sympal versus Minjingu or IR seed compared to another maize seed, without the answers being affected by input availability.

#### C.6 The Expectation of Yield Increment with the input package (for maize and soya)

Finally, to examine learning about the returns, we estimate impacts on beliefs about expected yield increase when using inputs compared to without inputs in either maize or soya production using a method similar to Carter et al (2021).<sup>1</sup> To do this, after identifying a given plot for each study participant, farmers were asked what production she expected if they used the set of inputs that they had chosen on this parcel (as per the WTP section described in appendix section C4) in (i) a normal year, (ii) a good year, and (iii) a bad year. The same set of questions was asked for a scenario in which they did not use any input in the same parcel and conditions. We then asked the farmer to say, on average, out of 10 years, how many are good years, bad years, and normal years. This set of questions allows us to calculate the expected yield when using the technology package and the expected yield when not using the technology package and accounting for the stochastic nature of yield. We then transform the expected yield values in inverse hyperbolic sine transformations. And then we take the difference between expected yield increase with the input package compared to expected yield increase without the input package. This index can be interpreted as the relative increment in yield that the farmer expects when using the selected input package compared to when not using it. If the treatment allowed farmers to learn that the fertilizer package can allow them to reach higher yield than what they were able to reach before knowing about these inputs, then we would expect a positive effect on this subjective expectation about yield increment. The variables are computed separately for maize and for soya.

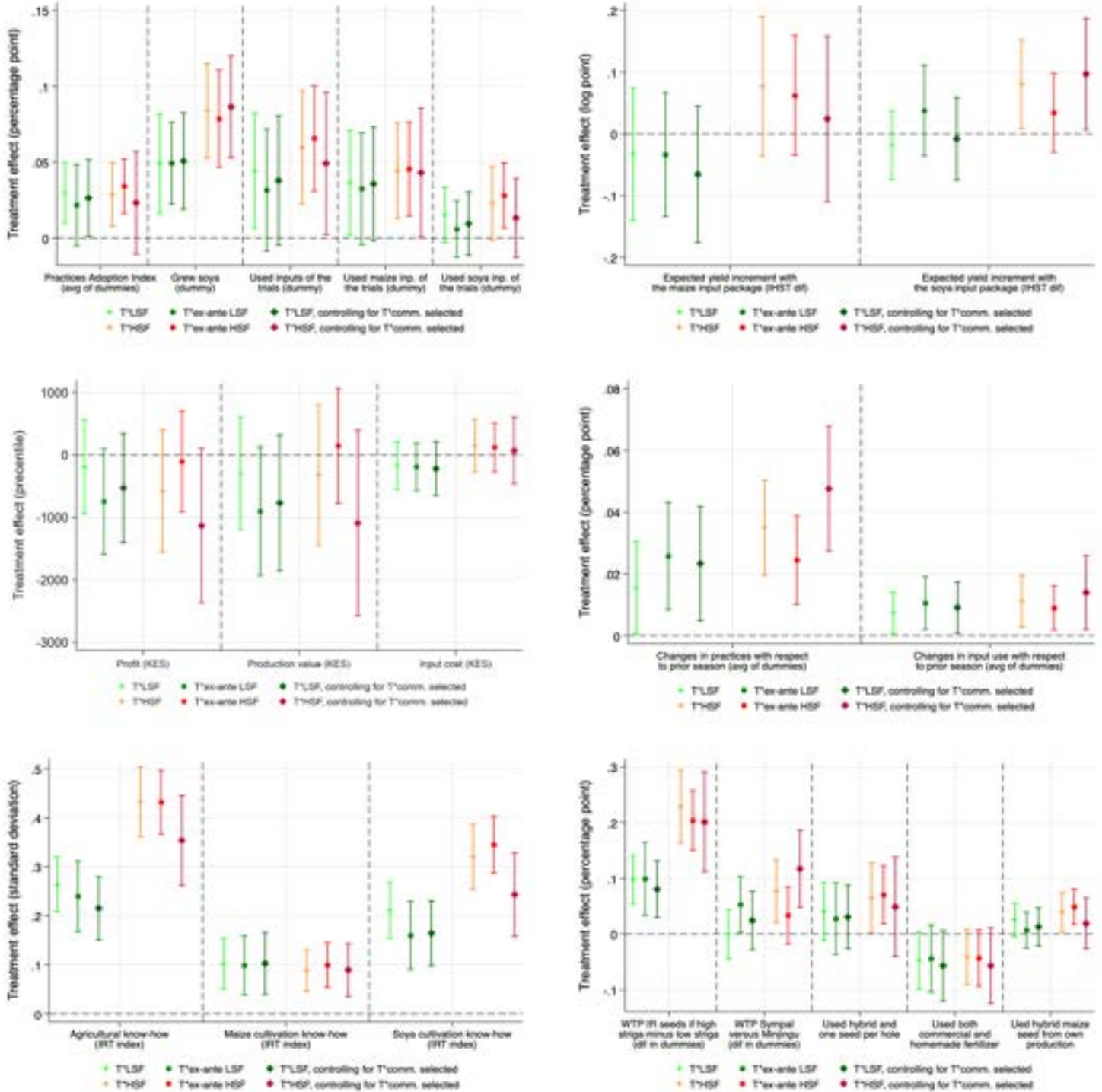
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<sup>1</sup> Carter et al (2021) estimate the expected yield with the input packaged whereas we estimate the expected yield increment by subtracting expected yield without the input package to the expected yield with the input package, which is arguably closer to what really matters economically for the farmer.



## Appendix D: Robustness Checks and Additional Results

**Figure D.1** Pooling seasons since treatment started and with robustness checks



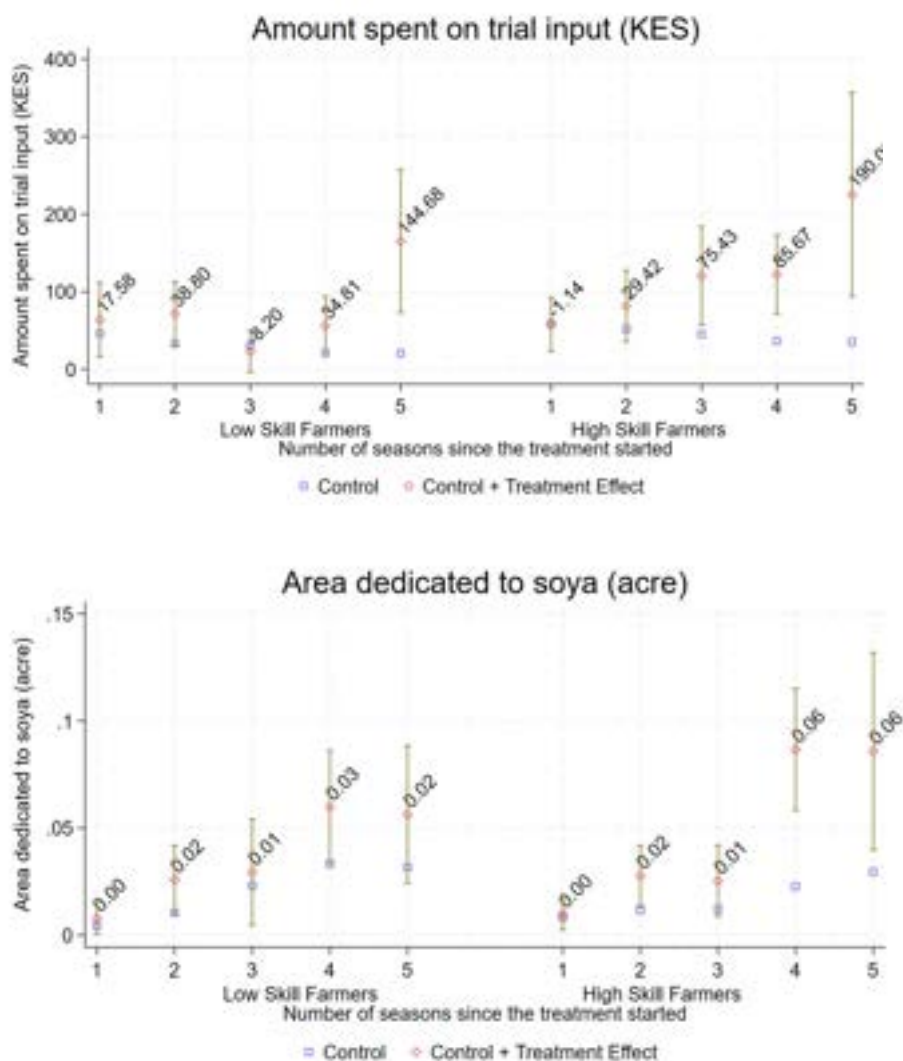
Note: Figure D1 presents the results of the estimation of equation 1, where the treatment effects are separated by LSF versus HSF but pooling all seasons together, with 95% confidence intervals in brackets. It then presents the same specification but using the ex-ante proxy (and level of treatment stratification) to classify farmers into high skill or low skill. And the third specification maintains the ex-post skill measure of the main specification, but controls for the treatment interacted by whether the farmer comes from the community selected process (rather than the random selection). The outcomes presented in the figures include the ones used throughout the article, slightly re-organized, to pool together the ones that share the same unit.

**Table D1:** Regressions pooling seasons and LSF with HSF, with Treatment interacted with skill index

| VARIABLES                  | (1)<br>Practices<br>Adoption<br>Index (avg of<br>dummies)                                  | (2)<br>Used any<br>inputs of the<br>trials (dummy)                                    | (3)<br>Grew soya<br>(dummy)  | (4)<br>Profit<br>(KES)  | (5)<br>Production<br>Value (KES)  | (6)<br>Input Cost<br>(KES)   | (7)<br>Agricultural<br>know-how (IRT<br>index)                                      |
|----------------------------|--|---|--|---|---|--|---|
| Treatment                  | 0.028***<br>(0.007)  | 0.050***<br>(0.014)   | 0.066***<br>(0.012)  | -431.550<br>(309.061)   | -385.745<br>(347.340)   | -32.338<br>(139.402)   | 0.340***<br>(0.024)   |
| Treatment *<br>skill index | 0.005<br>(0.010)   | 0.009<br>(0.016)  | 0.029**<br>(0.014)   | -34.495<br>(415.708)  | 299.657<br>(503.328)  | 329.636*<br>(191.054)  | 0.116***<br>(0.032)   |
| Observations               | 4,541  | 4,655   | 4,541  | 4,534   | 4,518   | 4,531  | 4,548   |
| Baseline value<br>control  | YES  | YES   | YES  | YES   | YES   | YES  | NO  |
| VARIABLES                  | (8)<br>Discussed ag<br>with other vlg<br>member in<br>last 3 months<br>(avg of<br>dummies) | (9)<br>Expected yield<br>increment with<br>the maize input<br>package (IHST<br>dif)   | (10)<br>Expected<br>yield<br>increment<br>with the soya<br>input package<br>(IHST dif) | (11)<br>Changes in<br>practices with<br>respect to<br>prior season<br>(avg of<br>dummies) | (12)<br>Changes in<br>input use with<br>respect to<br>prior season<br>(avg of<br>dummies) | (13)<br>Willingness to<br>purchase IR<br>seeds if high<br>striga minus low<br>striga (dif in<br>dummies) | (14)<br>Willingness to<br>purchase<br>Sympal versus<br>Minjingu (dif in<br>dummies) |
| Treatment                  | 0.083***<br>(0.016)  | 0.018<br>(0.038)  | 0.031<br>(0.024)   | 0.025***<br>(0.005)   | 0.009***<br>(0.002)   | 0.158***<br>(0.021)  | 0.037*<br>(0.019)   |
| Treatment *<br>skill index | 0.019<br>(0.020)   | 0.055<br>(0.057)  | 0.018<br>(0.032)   | 0.015*<br>(0.008)   | -0.000<br>(0.004)   | 0.071***<br>(0.025)  | 0.051**<br>(0.022)  |
| Observations               | 4,655  | 3,689   | 3,267  | 4,529   | 4,529   | 3,742  | 2,893   |
| Baseline value<br>control  | YES  | NO  | NO   | NO  | NO  | NO   | NO  |
| VARIABLES                  | (15)<br>Used hybrid<br>and one seed<br>per hole  | (16)<br>used both<br>commercial<br>and homemade<br>fertilizer on at<br>least one plot | (17)<br>=1 if reports<br>using hybrid<br>maize seed<br>from own<br>production          | (18)<br>Used any<br>maize inputs<br>of the trials<br>(dummy)                              | (19)<br>Used any soya<br>inputs of the<br>trials (dummy)                                  | (20)<br>Maize<br>cultivation<br>know-how (IRT<br>index)  | (21)<br>Soya<br>cultivation<br>know-how (IRT<br>index)                              |
| Treatment                  | 0.047**<br>(0.020)   | -0.046**<br>(0.018)   | 0.032***<br>(0.010)  | 0.039***<br>(0.013)   | 0.019**<br>(0.008)  | 0.091***<br>(0.018)  | 0.259***<br>(0.024)   |
| Treatment *<br>skill index | 0.009<br>(0.024)   | 0.021<br>(0.027)  | -0.001<br>(0.017)  | -0.000<br>(0.015)   | 0.007<br>(0.010)  | -0.036<br>(0.026)  | 0.093***<br>(0.029)   |
| Observations               | 4,431  | 4,552   | 4,431  | 4,655   | 4,655   | 4,548  | 4,548   |
| Baseline value<br>control  | NO   | NO  | NO   | YES   | YES   | NO   | NO  |

Note: Table reports the effects of Treatment alone, pooling all seasons and without separating LSF and HSF. It also includes the Treatment interacted with the continuous skill index to assess heterogenous effects by skill. The estimation is ran for the outcomes that appear throughout the article.

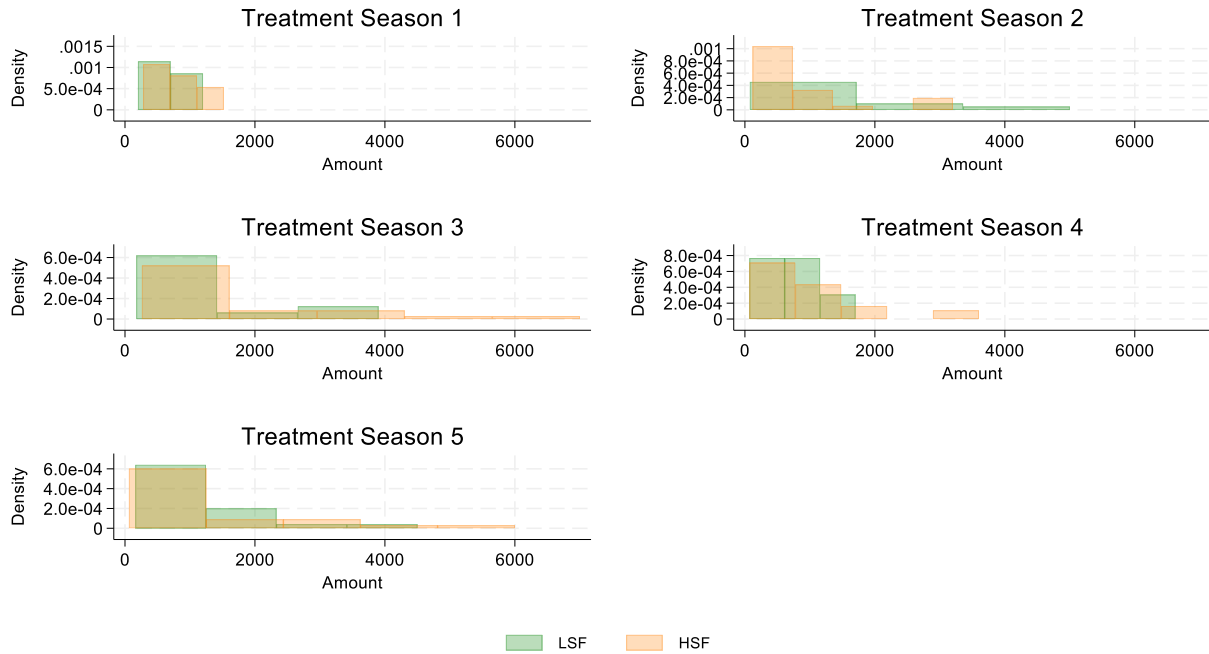
Because the skill index has a 0 mean, the coefficient of the Treatment dummy can be interpreted as the average treatment effect in the entire sample, over the different periods. Robust standard errors in parentheses, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1



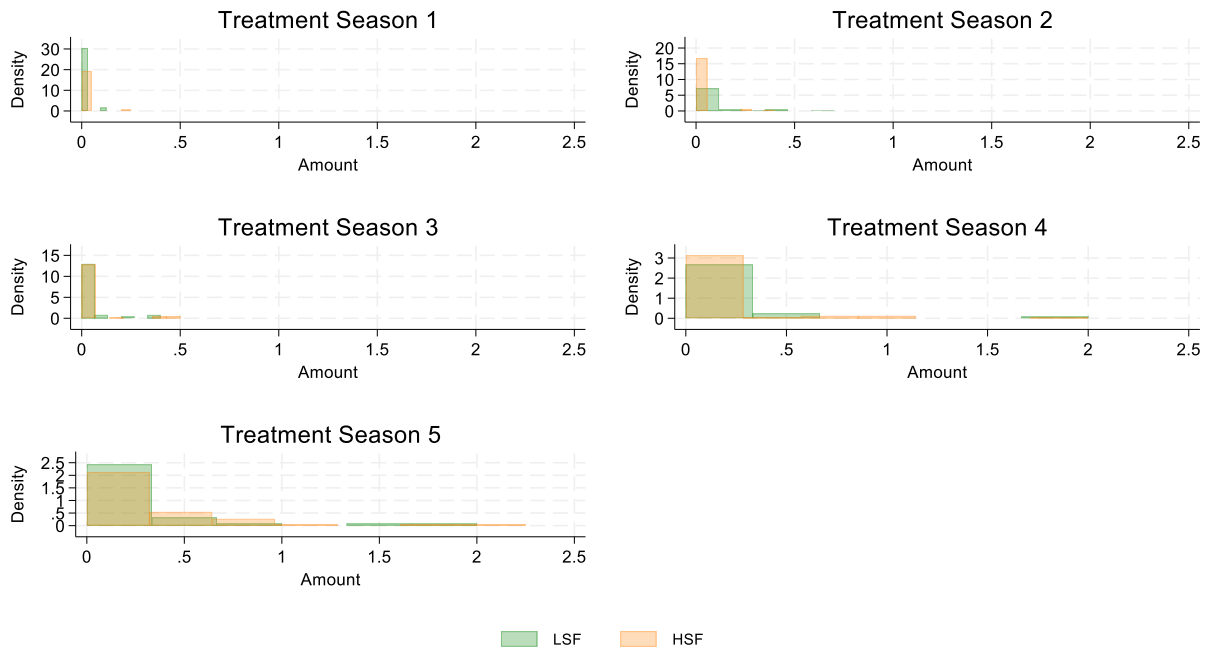
**Figure D2 Adoption of trial inputs and soya cultivation on the intensive margin**

Treatment effects by skills and number of seasons since treated on continuous measures of adoption. The figure replicates the methodology of Figure 4, displaying the results from the estimation of equation (2). Blue squares represent the average among control farmers in the corresponding season and skill level. Red diamonds represent the expected value in the corresponding treatment group (average value in control group + treatment effect), and the value that appears above each red diamond is the corresponding treatment effect.

## Amount spent on trial inputs (KES)

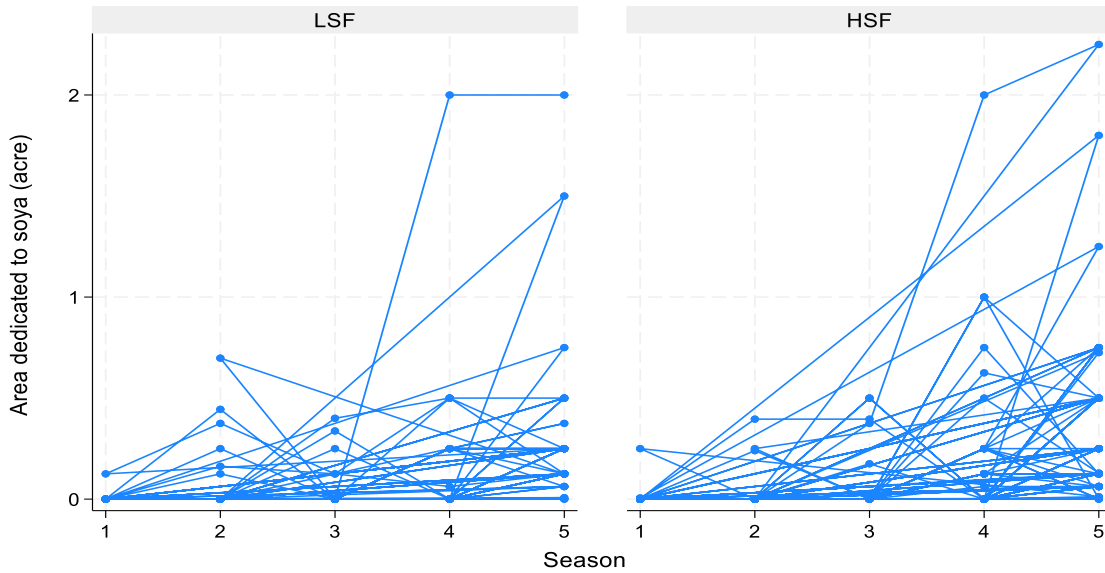


## Area dedicated to soya (acre)



**Figure D3: Distribution of continuous measures of technology adoption.**

To graph this distribution, all 0 were transformed into missing values, so that it should be interpreted as a descriptive representation of the evolution of the distribution at the intensive margin. The sample is restricted to the treatment group.



**Figure D4: Household trajectories in area dedicated to soya among adopters**

Each blue line connects a given household across the 5 seasons of the study. Only treated farmers are included (and only the ones with a strictly positive value of soya area in the last 2 seasons), in order to observe variations in the intensive margin among adopters.

**Table D2: Regressions of treatment effect on key outcomes in a spillover sample**

| VARIABLES                       | (1)<br>know-how<br>(IRT) | (2)<br>Practices<br>Adoption<br>Index (avg<br>of<br>dummies) | (3)<br>Used any<br>inputs of<br>the trials<br>(dummy) | (4)<br>WTP<br>maize prog<br>inputs | (5)<br>WTP soya<br>prog inputs | (6)<br>Can<br>identify<br>input<br>names |
|---------------------------------|--------------------------|--|---|------------------------------------|--------------------------------|--|
| Spillover * LSF (ex ante proxy) | 0.021<br>(0.046)         | 0.010<br>(0.012)   | 0.019<br>(0.015)                                      | 0.001<br>(0.006)                   | -0.000<br>(0.007)              | 0.031**<br>(0.016)                       |
| Spillover * HSF (ex ante proxy) | 0.097<br>(0.091)         | 0.007<br>(0.030)   | 0.018<br>(0.028)                                      | 0.020*<br>(0.011)                  | -0.005<br>(0.012)              | 0.003<br>(0.047)                         |
| Observations                    | 942                      | 942  | 956   | 942                                | 932                            | 942                                      |
| Avg outcome in LSF control      | -0.129                   | 0.399  | 0.0234  | 0.0505                             | 0.0667                         | 0.0962                                   |
| Avg outcome in HSF control      | -0.113                   | 0.428  | 0.0319  | 0.0370                             | 0.0724                         | 0.205                                    |
| P-val of Treat. (LSF & HSF)     | 0.202                    | 0.595  | 0.216   | 0.0896                             | 0.738                          | 0.489                                    |
| P-val of T * LSF = T * HSF      | 0.500                    | 0.931  | 0.975   | 0.125                              | 0.717                          | 0.573                                    |

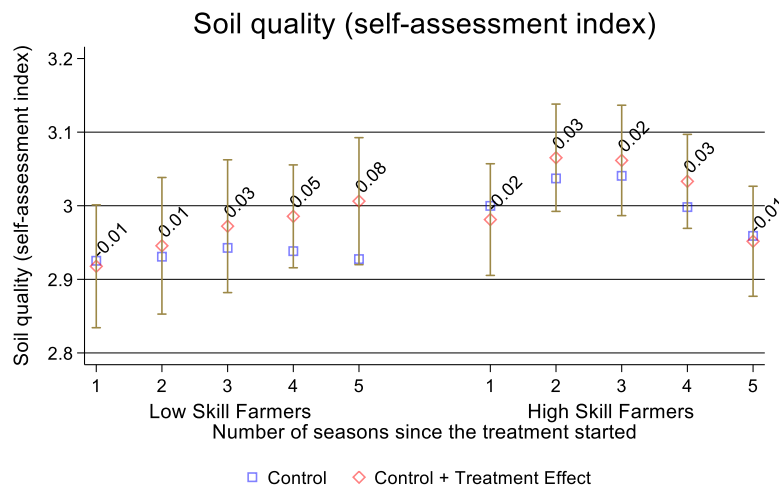
Estimates with spillover sample, consisting of an additional 480 farmers, i.e. 5 randomly selected farmers within each village, (after excluding the 10 farmers already selected to take part of the study). We administrated follow-up surveys to this additional sample during the last 2 rounds of the study. “Spillover” refers to belonging to a treatment village (where another 10 farmers were assigned to participate to the agronomic trials). The LSF and HSF categorization of these farmers uses the ex-ante proxy measure of skill described in the main text since we do not have detailed skills measures on this sample. These farmers were not actively involved in the trials, nor in discussions or field days throughout the study.

#### D.4 Treatment effects on soil quality

A possible explanation for the continued adoption, despite negative effects on profits could be that farmers perceived that the trial inputs contribute to improvements in soil quality which will be reflected in future profits. To test this, we assess whether the treatment affected soil quality. In every season, the farmers were asked the soil quality of each parcel on a 5 step scale (1 being very poor and 5 being very fertile). We take the average of the response over all parcels to create an index of the farmers' perception of soil quality. Figure D4 displays the effects of the treatment on this outcome variable, separating the treatment effects by skill type and number of seasons since the beginning of the treatment and shows no significant effect. Because some coefficients appear to be marginally significant, we show in table D4, the treatment effects when pooling all seasons together and conclude that there is no significant effect of the treatment on the farmers' perception of the soil quality of their parcels.

We must note, however that the soil quality variable suffers from a high number of missing observations: 20.9% of observations were missing in the control group and 22.7% in the treatment group (p-value of the difference 0.097). This is due to many farmers answering that they don't know about the quality of their parcels. Hence the results are slightly prone to a selection bias if those more likely to answer tend to differ between the treatment and control group, and they are only indicative of no major change in the perception about soil quality that occurred with the treatment.

Finally, one may be concerned that the perception of soil quality may not reflect well actual soil quality. Since we are trying to understand what can explain the increase in adoption decisions despite the negative profits, however, we are interested in the farmers' perception of soil quality rather than the soil quality per se, hence this is not a primary issue.



**Figure D5 Treatment effects by skills and number of seasons on the perception of soil quality.**

This figure displays the results from the estimation of equation (2). Blue squares represent the average among control farmers in the corresponding season and skill level. Red diamonds represent the expected value in the corresponding treatment group

(average value in control group + treatment effect), and the value that appears above each red diamond is the corresponding treatment effect.

**Table D3: Regressions of treatment effect on Soil Quality**

| VARIABLES   | (29)<br>Soil quality (self-assessment index) |
|---|--|
| Treatment * low skill   | 0.017<br>(0.026)                             |
| Treatment * high skill  | 0.044<br>(0.087)                             |
| Observations  | 4,470  |
| p-val average skill   | 0.508  |
| p-val low skill treat=high skill treat                                | 0.770  |
| Robust standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1 |  |

## Appendix E: Why would HSF learn with higher precision? A behavioral inattention explanation

This section provides a minor extension to the theoretical model to provide behavioral foundations for why HSFs would learn faster than LSFs in the form of observing realizations with more precision and thus less noise. However, this noise is not due to additional randomness (or risk exposures) in their realizations. Any farmer faces the same profit function:

$$\pi = f(X) + \epsilon_{it}$$

We assume that the randomness of profit can be modeled as  $k$  random shocks such as weather, bug infestation or weeds:

$$\epsilon_{it} = \eta_{1t} + \eta_{2t} + \dots + \eta_{kt}$$

These random shocks can be observed, but this requires attention, which itself requires the allocation of scarce cognitive resources. We assume that farmers have a limited bandwidth, which limits the number of random shocks that they are able to observe. Importantly, a farmers' skill determines the number of random shocks that she can observe, hence HSFs can observe more shocks than LSFs. When a shock is observed then the noise of that shock does not affect the precision of the Bayesian update, only the variance of unobserved shocks enters in the calculation of the precision (which is given by the inverse of the total variance). Since farmers are rational, they will observe the shocks with the highest variance until they reach the maximum number of shocks that they can observe. Because the HSFs are left with a smaller number of unobserved shocks, they face less noise in their Bayesian update and can update their beliefs with more precision at each round. This is one possible model where behavioral inattention and differences in attention capacity can drive the difference in learning capacity. Among the possible alternatives, the LSFs could observe the decision variables  $X$  or the outcome variable  $Y$  with some noise (larger than the one of the HSFs), because they are less able to pay attention. This would also result in differences in precision of the signals between LSFs and HSFs.



## Appendix F: Propositions and their proofs

*Proposition 1: With  $T$  high enough, all farmers converge to a stationary point that is a local maximum.*

First, because the distribution of the beliefs at any  $X$  is normal, its expected value and variance of the beliefs ( $f_t^b(X)$  and  $V_t^b(X)$ ) are sufficient statistics to describe the distribution at each point. Hence, we can re-write equation 5 as:

$$AF_t(f_t^b, V_t^b) = \underbrace{Eu\pi(f_t^b, V_t^b)}_{\text{Exploitation gain}} + \underbrace{\alpha_{Ft}[f_t^b + \lambda V_t^b]}_{\text{Exploration gain}}$$

where  $Eu\pi(f_t^b, V_t^b)$  is a function that describes the expected utility derived from the profit of a random variable that follows a normal distribution  $\mathfrak{N}(f_t^b, V_t^b)$ . Even though  $f_t^b$  and  $V_t^b$  are functions of  $X$ , here we omit the  $X$  to focus on the effects of changes in these variables (as if they were exogenous), before looking at how they vary depending on  $X$ .

Notice that  $f_t^b$  increases the value of both exploitation and exploration gains. By contrast  $V_t^b$  only increases the exploration gain but reduces the exploitation gain. This tradeoff in the variance will play a key role in the farmer's arbitrage. Hence, we describe the behavior of the function  $AF_t(\overline{f_t^b(X)}, V_t^b(X))$ , i.e. when keeping  $f_t^b(X)$  fixed and varying only  $V_t^b(X)$ .

$$\frac{dAF_t(\overline{f_t^b}, V_t^b)}{dV_t^b} = \frac{dEu\pi(\overline{f_t^b}, V_t^b)}{dV_t^b} + \alpha_{Ft}\lambda$$

Given that the utility function exerts increasing absolute risk aversion, we know that:

1.  $\frac{dEu\pi(\overline{f_t^b}, V_t^b)}{dV_t^b}$  is negative and concave (in other terms the absolute utility cost of variance is convex)
2.  $\frac{dEu\pi(\overline{f_t^b}, 0)}{dV_t^b} = 0$
3.  $\lim_{V_t^b \rightarrow \infty} \frac{dEu\pi(\overline{f_t^b}, V_t^b)}{dV_t^b} = -\infty$

Taking these elements together with the fact that  $\alpha_t\lambda$  is a positive constant, we know that

$AF_t(\overline{f_t^b(X)}, V_t^b(X))$  is single-peaked, first increasing  $\left(\frac{dAF_t(\overline{f_t^b}, V_t^b)}{dV_t^b} > 0\right)$  and then decreasing

$\left(\frac{dAF_t(\overline{f_t^b}, V_t^b)}{dV_t^b} < 0\right)$ . If  $f_t^b(X)$  was constant, the  $X$  at which this maximum is located is the location of the

best next step (that maximizes the  $AF_t$ ). When  $f_t^b(X)$  is increasing, this optimal step will be located further away from  $X_{t-1}$  where the loss due to the increase in the variance exactly compensates the gain in  $AF$  due to the increase in  $f_t^b(X)$ .

We first show that any point  $\hat{X}$  that is not a local maximum cannot be a stationary point. Assume that  $\hat{X}$  has a strictly positive expected gradient when varying  $X$  in a given direction  $\Delta X^{PG}$ , then

$$\frac{dAF_t(\bar{f}_t^b, \bar{V}_t^b)}{d\bar{f}_t^b} > 0 \text{ and, as shown in the preamble, if the variance is sufficiently low at the vicinity of } \hat{X} \text{ then}$$

$$\frac{dAF_t(\bar{f}_t^b, \bar{V}_t^b)}{d\bar{V}_t^b} > 0, \text{ and if it is not sufficiently low, then being a stationary point would require the farmer to}$$

remain at this position, but as the farmer does so, the variance would be reduced until the point where

$$\frac{dAF_t(\bar{f}_t^b, \bar{V}_t^b)}{d\bar{V}_t^b} > 0. \text{ Once this condition satisfied, then if } \epsilon \text{ is small enough, a step } \epsilon \Delta X^{PG} \text{ can only lead to an}$$

increase in  $AF_t$  and thus will always be preferred to remaining at  $\hat{X}$ , hence  $\hat{X}$  cannot be a stationary point.

As a result, with enough time, any farmer will continue exploring until a local maximum is reached. A local maximum is not necessarily a stationary point, but if it not a stationary point, then the exploration continues until a local maximum that is high enough to be a stationary point (because it provides a higher  $AF_t$  than jumping into the wild or any alternative previously explored), hence with  $T$  high enough any farmer converges to a stationary point that is a local maximum.

*Proposition 2: Under the same conditions, HSFs are expected to converge to a (weakly) higher local maximum than LSFs*

Assume a local maximum  $\hat{X}$ . For this local maximum to be a stationary point,  $AF_t(\hat{X})$ , it needs to exceed the  $AF_t$  associated to jumping into the wild. The expected benefit of exploiting  $\hat{X}$  is given by  $E[u(\pi(X))]$  (the exploitation gain in equation 5, in the case where the variance is only driven by the randomness of the profit function, but not variance in the beliefs) and is independent of the skill level of the farmer. By contrast the  $AF_t$  of jumping into the wild is strictly higher for HSFs than LSFs since  $\alpha_{HSF} > \alpha_{LSF}$ . Hence the minimum value of  $f(\hat{X})$  required for  $\hat{X}$  to be a stationary point is strictly higher for HSFs than LSFs.

*Proposition 3: The curse of dimensionality results from complementarities and substitutabilities between inputs.*

The curse of dimensionality refers to the fact that the area to explore increases exponentially with the number of dimensions of  $X$ . To simplify it, assume that each dimension of  $X$  is defined over a finite segment of size  $s$ . The Hilbert space over which  $f(X)$  is define is then a hypercube with an  $n$ -dimensional volume of  $s^n$ . Hence the area to be explored grows exponentially with  $n$  (the number of dimensions of  $X$ ).

In the absence of complementarities (and substitutabilities)  $\frac{d^2 f(X)}{dx_i dx_j} = 0 \quad \forall i, j \in 1, \dots, n$  and  $i \neq j$ . As a result, any lesson about  $\frac{df(x_i, x_{-i})}{dx_i}$  would be relevant independently of  $x_{-i}$  and each dimension can be explored separately. In this setting, each additional  $n^{th}$  dimension adds  $s$  to the area that needs to be explored but is not multiplied by the previous  $n - 1$  hypercube.

This can be understood more easily if, for illustration, we assume that each dimension  $x_i$  is discrete (of size  $s \geq 2$ ) rather than continuous. In the presence of complementarities, the total number of combinations of inputs and thus parameters to learn about is  $s^n$ . In the absence of complementarities, however, it is sufficient to know the effect of each possible variation in  $x_i$  (for any other inputs  $x_{-i}$ ) to figure out the entire distribution, (because one can perfectly extrapolate to other combinations of  $x_{-i}$ , hence the number of parameters to learn about is  $sn$ .)

The next set of propositions describe the reaction to an unexpected source of information, coming from the observation of an exogenous realization of  $\pi(X)$ . This mimics the effect of exposure to the trials, or the effect of observing the input decision and profit of other farmers. For simplicity, our model considers such info as exogenous and does not incorporate strategic actions such as the delaying of one's exploration to wait for information from others (farmers or external intervention).

**Proposition 4:** *A new signal can trigger a “jump in the wild” if its precision is sufficiently high and if it reveals profits that are sufficiently above the prior at that point.*

We model the effect of a new information such as the one coming from the trials as a new signal that occurs at an unexplored part of the production function. Let  $\dot{X}$  be the location of the new signal and  $\pi_{t+1}(\dot{X})$  be the new signal observed with precision  $\dot{\rho}$ . The fact that  $\hat{X}$  is a stationary point before the signal implies that:

$$AF_t(\hat{X}) \geq AF_t(\dot{X})$$

And using our re-writing:

$$AF_t(f_t^b(\hat{X}), V_t^b(\hat{X})) \geq AF_t(f_t^b(\dot{X}), V_t^b(\dot{X}))$$

We first describe how the signal is expected to affect  $AF_t(\dot{X})$  through  $f_t^b(\dot{X})$  and then describe how it affects  $AF_t(\hat{X})$  through  $V_t^b(\dot{X})$ . The proposition requires that the realization of profit at the newly explored point exceeds the prior:  $\pi_{t+1}(\dot{X}) > f_t^b(\dot{X})$ . In Bayesian update the posterior is a weighted average of the prior and the new signal, where the weights are proportional to the precisions of the

signals. Hence the adjustment of  $f_t^b(\dot{X})$  is upward and increasing in  $\dot{\rho}$ . We also know that  $AF_t(\dot{X})$  is increasing in  $f_t^b(\dot{X})$ , hence more precision increases  $AF_t(\dot{X})$  through its positive effect on  $f_t^b(\dot{X})$ .

We now look at how  $\dot{\rho}$  affects  $AF_t(\dot{X})$  through  $V_t^b(\dot{X})$ . In Bayesian update, the variance of the posterior is decreasing in the precision of the signal, hence  $\frac{dV_t^b(\dot{X})}{d\dot{\rho}} > 0$ . Additionally, because  $\dot{X}$  is located in the unknown area, it is in the area with high variance and a negative effect of variance on  $AF_t$  (because of the dominating effect of risk reduction – see proof of proposition 1), hence  $\frac{dAF_t(f_t^b(\dot{X}), V_t^b(\dot{X}))}{dV_t^b(\dot{X})} < 0$ . Putting these 2 elements together, the higher the precision, the higher the reduction of variance, which contributes to more increase in  $AF_t(\dot{X})$ .

The last two paragraph can be summarized by the following equation:

$$\begin{aligned} \frac{dAF_{t+1}(f_{t+1}^b(\dot{X}), V_{t+1}^b(\dot{X}))}{d\dot{\rho}} &= \underbrace{\frac{dAF_{t+1}(f_{t+1}^b(\dot{X}), V_{t+1}^b(\dot{X}))}{df_{t+1}^b(\dot{X})}}_{>0} \underbrace{\frac{df_{t+1}^b(\dot{X})}{d\dot{\rho}}}_{>0} + \underbrace{\frac{dAF_{t+1}(f_{t+1}^b(\dot{X}), V_{t+1}^b(\dot{X}))}{dV_{t+1}^b(\dot{X})}}_{<0} \underbrace{\frac{dV_{t+1}^b(\dot{X})}{d\dot{\rho}}}_{<0} \end{aligned}$$

Conditional on  $\pi_{t+1}(\dot{X}) > f_t^b(\dot{X})$  an increase in  $\dot{\rho}$  increases  $f_t^b(\dot{X})$  and reduces  $V_t^b(\dot{X})$  and both of these effects increase  $AF_t(\dot{X})$ . Hence  $AF_t(\dot{X})$  is increasing in  $\dot{\rho}$ . Finally, conditional on the realization of  $\pi_{t+1}(\dot{X})$ , being high enough, when  $\dot{\rho}$  is high enough then  $AF_t(\hat{X}) < AF_t(\dot{X})$  and the farmer switches from exploiting  $\hat{X}$  to exploring  $\dot{X}$ .

**Proposition 5:** *When jumping into the wild, short-term losses in expected utility can be tolerated, and even more so for a HSF than a LSF.*

If a farmer decides to jump from exploiting  $\hat{X}$  to exploring  $\dot{X}$ , it must be the case that  $AF_t(\hat{X}) < AF_t(\dot{X})$ . Since  $\hat{X}$  is a stationary point its gain does not include any gain from information. Hence we have:

$$AF_t(\dot{X}) = \underbrace{E[u(\pi(\dot{X}))]}_{\text{Exploitation gain}} + \underbrace{\alpha_{Ft}[f_t^b(\dot{X}) + \lambda V_t^b(\dot{X})]}_{\text{Exploration gain}}$$

$$AF_t(\hat{X}) = \underbrace{E[u(\pi(\hat{X}))]}_{\text{Exploitation gain}}$$

And thus:

$$\underbrace{E[u(\pi(\dot{X}))]}_{\text{Exploitation gain at } \dot{X}} + \underbrace{\alpha_{Ft}[f_t^b(\dot{X}) + \lambda V_t^b(\dot{X})]}_{\text{Exploration gain at } \dot{X}} > \underbrace{E[u(\pi(\hat{X}))]}_{\text{Exploitation gain at } \hat{X}}$$

Which is totally consistent with

$$\underbrace{E[u(\pi(\dot{X}))]}_{\text{Exploitation gain at } \dot{X}} < \underbrace{E[u(\pi(\hat{X}))]}_{\text{Exploitation gain at } \hat{X}}$$

To the extent that:

$$\underbrace{\alpha_{Ft}[f_t^b(\dot{X}) + \lambda V_t^b(\dot{X})]}_{\text{Exploration gain at } \dot{X}} > \underbrace{E[u(\pi(\hat{X}))]}_{\text{Exploitation gain at } \hat{X}} - \underbrace{E[u(\pi(\dot{X}))]}_{\text{Exploitation gain at } \dot{X}}$$

In plain English, a farmer is willing to accept a drop in her profit to the extent that the loss in expected utility is at least compensated by the gain in utility from the information acquired.

Finally, since  $\alpha_{HSF t} > \alpha_{LSF t}$  the first term is greater for a HSF than a LSF and thus the acceptable loss in expected utility is greater for a HSF than a LSF. In simple terms, since a HSF acquires more information when exploring, her acceptable loss is higher.

**Proposition 6:** *When exploring a new area, the belief about profit with the new package can, in expectation, move in a non-monotonic way.*

We model the adoption a new input package as a switch from  $\hat{X}$  to  $\dot{X}$  and the vicinity of  $\dot{X}$ . It is possible that as the farmer explores the vicinity of  $\dot{X}$  it reaches a new local maximum  $\ddot{X}$ . In the case where  $\dot{X} < \hat{X} < \ddot{X}$ , then the beliefs would in expectation move first down and then up, and the farmer can continue exploring the new area despite  $\dot{X} < \hat{X}$  because of proposition 5.

To put it in words, assume that a farmer starts using a new input package. The immediate return may be relatively low, because the farmer still needs to explore further the profit function to reach the global max. Hence the adjustment of expectations follows a moving target. In this case, the expected beliefs about the returns with the new inputs first decrease and then increase.

The proposition is relatively weak in the sense that it simply states that it is a possible scenario (as opposed to alternative standard models).

**Proposition 7:** *A LSF can obtain more valuable information from observing a HSF than a LSF.*

Again, the proposition is relatively weak because it simply states a possibility, making its proof very simple in such a broad model where a wide range of scenarios are possible. Homogamy among LSFs has 2 consequences: first similar farmers tend to have values of the input vector  $X$  that are more similar (including perhaps some values that are not malleable because the ability to execute them depends on skills). Second, because this other farmer is also a LSF, this other farmer would explore new areas less than a HSF (proposition 5). Which effect dominates is an empirical question. The more LSFs value “finding new equilibria” over exploring in the vicinity of their current practice, the more they are likely to value observing HSFs than LSFs.