Param\_plots interpretation

EU\_all\_plots

* **0.5 hardly risk averse, 1.0 somewhat risk averse (normal), 2 rather risk averse, 3 very risk averse, 4 extremely risk averse, -0.5 risk-seeker, 0 indifferent.**
* With moderate risk aversion, farmers install agrowells, as risk aversion increases, fewer agrowells installed (?)
  + Could add something to reflect the overall reduction in risk when farmers install an agrowell
* All farmers do bethma when the reservoir is low, except when farmers have very low risk aversion or when they prefer risk, still most farmers engage in bethma
  + Plot instead fraction of farmers choosing bethma
* Income is always lower when reservoir levels are low, it seems that moderate risk (1) has highest potential income for farmers, though at this level, some farmers lose more
* For OFC cultivation, for low reservoir levels, risk averse farmers plant OFCs; for normal and high, farmers with moderate risk aversion are more likely to plant OFCs (also more likely to own agrowells)

Regret

* **K: the weight of the effect of the difference between the counterfactual and actual, i.e. the weight of the effect of regret. Use values between 0.155 and 0.564 (Laciana et al 2005).**
* **B: decision maker’s sensitivity to the magnitude of the difference in utility between the counter factual and the actual; with a more differentiated response for larger values of B. Use values between 0 and 0.9 (Laciana et al. 2005)**
* Agrowell – I don’t see any sensitivity to K or B
* OFC – no obvious sensitivity to K, B, rr, sensitivity to reservoir level
* Income – other than it being much lower with low reservoir, no real sensitivity
* Bethma – nothing really, other than reservoir

Prospect

* **Lambda ( > 1): degree of loss aversion; use 2.25 (Tvresky and Kahneman 1992)**
* **Alpha (0, 1): non-linearity of the value function; accounts for degree of risk aversion (concavity) in the gain region and risk seeking (convexity) in the loss region. Use 0.88 (Tversky and Kahneman 1992) (practical interpretation here?)**
* Agrowell – under all reservoir levels, agrowell increases with alpha
* Bethma decreases with alpha (interesting!) under low reservoir scenarios
* Income increases with alpha (but there’s a split)
* OFC cultivation increases with alpha