

DISCUSSION PAPER SERIES

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# School or Work? The Role of Weather Shocks in Madagascar

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## ABSTRACT

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### **School or Work? The Role of Weather Shocks in Madagascar\***

We examine the impact of rainfall variability and cyclones on schooling and work among a cohort of teens and young adults by estimating a bivariate probit model, using a panel survey conducted in 2004 and 2011 in Madagascar – a poor island nation that is frequently affected by extreme weather events. Our results show that negative rainfall deviations and cyclones reduce the current and lagged probability of attending school and encourage young men and, to a greater extent, women to enter the work force. Less wealthy households are most likely to experience this school-to-work transition in the face of rainfall shocks. The finding is consistent with poorer households having less savings and more limited access to credit and insurance, which reduces their ability to cope with negative weather shocks.

**JEL Classification:** Q54, J43, I25

**Keywords:** climate shocks, employment, schooling, Africa

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## **Introduction**

Weather events can affect human capital formation and exert a long-lasting influence on individual well-being and on macroeconomic performance. This is of particular concern in developing countries, where high rates of poverty, a labor force primarily employed in rainfed agriculture, and limited credit and insurance markets can magnify the effects of negative weather shocks. In this article, we study the influence of rainfall variability and hurricanes on schooling and entry into the labor market in Madagascar, one of the 10 countries in the world with the highest Climate Risk Index (Kreft et al. 2016).

Hurricanes, floods, and droughts are serious threats for the Malagasy fragile ecology and agricultural sector, in which nearly three out of four workers are employed.<sup>1</sup> According to a recent report from the US Agency for International Development (USAID),<sup>2</sup> climate scientists expect flooding and erosion to increase in some regions of the country, as rainfall increases in intensity; in the south, rainfall will be less predictable, leading to greater extremes, including more frequent drought.

Our main goals are to explore (1) how normal rainfall variability affects schooling and working decisions; (2) the extent to which there is heterogeneity across households in these responses; and (3) the impact of acute weather shocks, particularly cyclones, on schooling and work choices.

We focus on a cohort of young men and women in Madagascar who were between 21 and 23 years old in 2011, and who were initially surveyed in 2004. We build a balanced annual panel data set from 2004 to 2011, with information on the school and

working situation of each individual, derived from retrospective questions included in the questionnaire of the 2011 round of the survey. We match individual-level data with satellite-based, fine-grained information on rainfall,<sup>3</sup> and with data on hurricanes, using information on the time-varying place of residence of each individual.

Our empirical analysis, based on a non-separable agricultural household conceptual framework, involves estimating a bivariate probit model of schooling and work for the young adult cohort members (CMs) residing in rural areas of Madagascar. We do so using time and geographically fixed-effects. The identification strategy relies on the large temporal and spatial historical variations in rainfall between 2004 and 2011, across 210 rural communities. Results show that positive rainfall deviations from the long-term average increase the probability of school enrollment, while reducing the probability of being engaged in work. We observe both contemporaneous and lagged effects. Moreover, these effects are heterogeneous across households. Specifically, they are attenuated when individuals are from wealthier households. This suggests that assets help to mitigate the effect of transitory adverse weather conditions. Women are more likely than men to be pushed to the labor market following a negative weather event. Our results also show that cyclones reduce the probability of being enrolled in school. While we cannot empirically test the mechanisms through which cyclones impact schooling and work decisions, a plausible conjecture is that these rainfall events destroy roads, interrupt electricity, and damage schools, contributing to school dropout.

This article contributes to a rapidly growing body of research, which examines how extreme weather events influence economic outcomes (Dell, Jones, and Alken

2014), and more specifically, human capital. Prior research has shown that weather events have a significant impact on human capital through several dimensions: income (Levine and Yang 2014); wages (Mahajan 2017); nutrition and health (Maccini and Yang 2009; Tiwari, Jacoby, and Skoufias 2017); and consumption and calorie intake (Asfaw and Maggio 2017). More relevant to our specific interest in schooling and work, Villalobos (2016) found that daily meteorological variations (precipitation and temperature) had a deleterious impact on schooling outcomes in Costa Rica, and that students in more humid and warmer villages were at a higher risk of absenteeism and poor academic outcomes. Groppo and Kraehnert (2017) showed that students living in Mongolian districts affected by severe winters were less likely to complete compulsory school. The impacts were significant only for students living in herding households. The authors concluded that the effects were not associated with increased child labor in herding or with the closure of school facilities, but rather the effects were related to the drop in household income due to the loss of livestock. Maccini and Yang (2009) found that favorable rainfall conditions, occurring in the year of birth, had a positive effect on educational outcomes for adult Indonesian women. Jensen (2000) estimated that adverse rainfall conditions in Côte d'Ivoire decreased school enrollment of children.

Regarding the effects on labor outcomes, Jessoe, Manning, and Taylor (2018) and Jacoby and Skoufias (1997) found that weather shocks caused negative income fluctuations, which led to households withdrawing their children from school in order to increase labor market engagement, with possibly long-lasting negative effects on poverty and development. By assuming that households respond to exogenously determined

wages, Shah and Steinberg (2017) found that positive rainfall conditions increased average wages in the Indian rural sector. This encouraged parents to increase their children's on-farm labor supply and, as a consequence, schooling participation decreased. Rainfall shocks, in this context, act as a "productivity wage shifter." The authors found that such an effect outweighs the income effect on schooling, given that it is a normal good. In other words, households could be motivated to lower human capital investments in their children's education, when wages for low-paying, unskilled jobs increase. Shah and Steinberg (2017) also found that higher rainfall in early life (defined as the period spent in utero and up to the age of 2 years) had a positive impact on math and reading tests and reduced the probability of being behind in school or of having never been enrolled. Finally, Dumas (2015) showed that child labor increased with higher rainfall in Tanzania in the absence of efficient labor markets. This effect is explained by what she calls the "price effect": the increase in labor productivity pushed parents to make their children work on the family farm.<sup>4</sup>

Overall, the existing literature suggests that a positive weather event and, more specifically, a positive deviation in rainfall can have ambiguous effects on schooling and labor, strongly dependent on the context. This ambiguity reflects the conflicting income and price effects associated with shocks. That is, we might observe an income effect whereby a positive shock increases agricultural production, so that parents are able to send children to school for longer periods, with their entry into the labor market postponed. Conversely, we could also observe a price effect: the increase in labor productivity associated with better climatic conditions encourages parents to have their

children work, thus increasing the probability of school dropout. However, the overall effect might be even more complex when households' consumption and production choices are interconnected and depend on endogenously determined shadow prices. The complexity is particularly important in contexts like Madagascar, where labor markets are heterogeneous and affected by large transactions costs. Within a non-separable agricultural household framework, we find that the indirect effect (through the change in the shadow price) is negative. Henceforth, the overall effect is positive only if the direct (income) effects dominate.

The remainder of the article is structured as follows: Section 2 introduces the conceptual framework that underpins our estimation approach. Section 3 provides a description of the context of our study, and it introduces the data employed in the econometric analysis, presenting the relevant descriptive statistics. The estimation strategy that we employ is discussed in Section 4, and Section 5 describes the results of the econometric analysis. Finally, Section 6 draws the main conclusions and discusses the policy implications of our work.

## **Conceptual Framework**

Weather shocks can have immediate and lagged effects on school and work decisions. In this study we define negative weather shocks, which can contribute to drought conditions, as rainfall events that are below the historical local trend. Conversely, a positive weather shock occurs when the rainfall deviation from the historical local trend is above zero.<sup>5</sup> In



considering these positive and negative deviations, the underlying assumption is that less rain will adversely affect productivity and yields; conversely, above normal rains are favorable (e.g., Dillon, McGee, and Oseni 2015), with the exception occurring when these positive deviations are large and associated with floods. In Madagascar, such acute rainfall events occur primarily as cyclones, which are differentiated from normal weather deviations in our models. Positive and negative shocks, in turn, can have contemporaneous and/or lagged effects on decisions to drop out of school and enter the labor market.

In our model we rely on the data that we collected containing information on the exact month the CM left school and/or entered the labor market. This data also allows us to distinguish between immediate (or contemporaneous) and lagged effects of rainfall deviations on schooling and working decisions. As for the contemporaneous effect, CMs may or may not complete their school year, depending on the current year's rainfall—a decision affected by the households' expected revenues in the current agricultural season. In our models, these immediate effects may result in the CM leaving school before the beginning of the harvest season in June.

Concerning the lagged effects, households may decide to keep their children at school (e.g., to pursue a new schooling year in September) or send them to work (e.g., by around November, at the start of the next agricultural season), depending on the production of and revenues generated from the crops grown in the previous rainy season. The decision as to whether a child remains in school during the agricultural cycle that follows the agricultural season in which the shocks occurred represents the lagged

effects, which are captured by the rainfall variable observed in year  $t-1$  on school or work status in year  $t$ .

Figure 1 shows the definition of our school, work, and rainfall variables, with respect to the months of the year. For the purpose of our analysis, we considered an individual to be in school in year  $t$ , if she was attending and completed school in the schooling year that began in September of year  $t-1$  (i.e., she did not drop out of school before June of year  $t$ ). We considered an individual at work in year  $t$ , if she reported having been employed, including unpaid work in a family enterprise, on or before May in year  $t$ . Thus, we did not consider her to have worked in year  $t$ , if she started working after June in year  $t$  (for these individuals, we assigned a working status for the year  $t+1$ ); but she was considered as working if she had worked between month 6 and month 12 of year  $t-1$ . Our rainfall variable in year  $t$  is defined over the period November ( $t-1$ ) through April ( $t$ ), which broadly corresponds to the rainy season throughout the country. Consistently, the historical means are estimated for the same period of the year (i.e., between November of year  $t-1$  and April of year  $t$ ). Since our research focuses on rural areas, we defined our outcomes in accordance with the agricultural season of rice, which is the main crop in Madagascar. More than two-thirds of our sampled individuals reported rice as the main cultivated crop. While maize is an important secondary crop, its agricultural calendar closely resembles that of rice.<sup>6</sup>

<INSERT FIGURE 1 approximately HERE>

A large majority of rural households are primarily engaged in agricultural activities, either working their own land or as hired laborers on someone else's land.<sup>7</sup> Also, as found in Tanzania (Tiberti and Tiberti 2015) and several other countries in sub-Saharan Africa, because of high transaction costs and heterogeneity across workers and households, the labor market is imperfect or absent (e.g., see the examples reported in de Janvry and Sadoulet 2006). In such a context, engagement in the selling or purchasing of a good in an imperfect market might be unprofitable for households and for this reason, production and consumption decisions are interconnected. Hence, we believe that the non-separable agricultural household model (AHM) (see, e.g., Singh, Squire, and Strauss [1986]) is an appropriate framework for our empirical strategy. Jessoe, Manning, and Taylor (2018) proposed a similar framework to study the effects of weather changes on employment and migration patterns in Mexico. More precisely, consistent with the non-separable model, we assume that consumption, production, and labor market decisions are interrelated, and consequently, exogenous shocks such as rainfall deviations affect the endogenously determined shadow wages of labor and family members' time allocation. As a consequence, the effect of the rainfall shock on the CM's decision is not simply given by the direct income (or production) effects (with the endogenous price held constant), but also by an indirect effect through the shock's impact on the endogenous prices. Typical for this type of approach, a useful tool to understand the expected sign of the impact of an exogenous shock on a farm household's behavior is comparative statics analysis.

Starting with standard setting (see, for example, Henning and Henningsen [2007]), we assume that farm households maximize their utility function,  $U$ , which depends on the vector,  $\mathbf{C}$ , of consumption of purchased and own-produced commodities, and of leisure, and on some household characteristics  $s^c$ . Utility maximization,  $\max U(\mathbf{C}, s^c)$ , is subject to the production technology constraint  $G(\mathbf{X}, R, z) = 0$ , the time constraint  $T - |X_l| + X_l^h - X_l^s - C_l \geq 0$ , and the budget constraint  $P_c \mathbf{C} \leq P_x \mathbf{X} - g(X_l^h, s^l) + f(X_l^s, s^l)$ .  $G(\cdot)$  is a usual multi-input–multi-output production function, depending on a vector of agricultural inputs  $R$ , both variable and fixed, such as land; outputs  $\mathbf{X}$  (positive); and exogenous factors  $z$ , such a rainfall deviations.  $T$  is the total time available to a farm household;  $|X_l|$  is the total time that labor is engaged on a household’s farm, which is the sum of family labor and hired labor,  $X_l^h$ ;  $X_l^s$  is the off-farm supplied labor; and  $C_l$  is the time in leisure (a category in which we include child schooling).<sup>8</sup>  $P_c$  and  $P_x$  are the price of commodities and inputs/outputs, respectively, whereas  $g(\cdot)$  and  $f(\cdot)$  denote the cost function of hired labor and the income function of off-farm work, respectively, both affected by labor market characteristics,  $s^l$ . As found in Henning and Henningsen (2007), under non-separability, the marginal cost of hiring labor and the marginal revenue from off-farm work correspond to the shadow wage.

Let us consider a change in an exogenous input  $z$ , such as rainfall. By assuming that farm households demand on-farm labor and supply off-farm labor simultaneously, the impact on the CM’s decision of whether to be in school or to be working  $Q$ , our endogenous variables of interest) is the following (de Janvry, Fafchamps, and Sadoulet 1991):

$$(1) \quad \frac{dQ}{dz} = \underbrace{\frac{\partial Q}{\partial z} \Big|_{P_l^*}}_{\text{direct component}} + \underbrace{\frac{\partial Q}{\partial P_l^*} \frac{dP_l^*}{dz}}_{\text{indirect component}}$$

And, by applying the implicit function theorem to the time constraint

$T - |X_l| + X_l^h - X_l^s - C_l \geq 0$ , the shadow price  $P_l^*$  adjustment is:

$$(2) \quad \frac{dP_l^*}{dz} = \frac{\frac{\partial X_l}{\partial z} + \frac{\partial C_l}{\partial y} \frac{\partial y}{\partial z}}{-\frac{\partial X_l}{\partial P_l^*} + \frac{\partial X_l^h}{\partial P_l^*} - \frac{\partial X_l^s}{\partial P_l^*} - \frac{\partial C_l^H}{\partial P_l^*}}$$

where  $\partial C_l / \partial y \times \partial y / \partial z$  is the rainfall-induced income effect on the demand for leisure.

The sign of the numerator is expected to be positive. In fact,  $\partial X_l / \partial z$ , the effect of the overall on-farm labor supply (family and hired labor), with respect to a change in rainfall, is expected to be positive because positive rainfall deviations (excluding floods) increase agricultural production and thus the demand for on-farm labor. A supporting result for this assumption is reported in Sadoulet and de Janvry (1995, p. 74) and in Jessoe, Manning, and Taylor (2018). The second term of the numerator is the product between the change in income resulting from positive rainfall deviations ( $\partial y / \partial z$ ) (see, for example, Bengtsson [2010]), and the consequent income effect of the demand for leisure ( $\partial C_l / \partial y$ ). The effect of rainfall deviations on income,  $\partial y / \partial z$ , is expected to be positive and relatively high, especially in Madagascar where rainfed agricultural production is prevalent. Since leisure is normally assumed to be a non-inferior good, the second term is also positive.

The sign of the denominator is expected to be positive as well. The first term,  $\partial X_l / \partial P_l^*$  (the own price effect of on-farm labor), is expected to be negative. As shown in Henning and Henningsen (2007), with labor market imperfections caused by non-

proportional variable transaction costs and labor heterogeneity, the function cost of hiring on-farm workers is convex and the income function from off-farm economic activities is concave. If such hypotheses hold (as is plausible in our context), it follows that  $(\partial X_l^h / \partial P_l^* - \partial X_l^s / \partial P_l^*)$  ranges between zero (*autarky* case) and infinity (if labor market works perfectly). Finally, the own-price effect to Hicksian demand of leisure  $(\partial C_l^H / \partial P_l^*)$  is negative. It follows that the better the functioning of the agricultural labor market (and so, the greater the integration to the labor market), the lower the indirect effect (tending toward zero).

If we return to our utility function  $U(C, s^c)$ , the direct (income) effect, given that schooling is a normal good, is expected to increase the likelihood of staying in school and reduce the likelihood of entering the labor market, especially since there will be less need to pull children out of school to help cope with the decline in agricultural output and earnings. On the opposite, the likelihood of schooling decreases with positive changes in the shadow wage (as its opportunity cost increases) and, so, the indirect effect of positive rainfall deviations is expected to be negative. Hence, the overall effect is positive if the direct effect dominates, and negative in the case when the indirect effect prevails.<sup>9</sup>

In addition to the direct and indirect effects discussed earlier, the CM's decision might be affected by infrastructure effects—such as cyclones destroying schools, roads, electric grids and causing damage to other physical structures—which could prevent school attendance.

In the empirical analysis below, we are not able to disentangle the relative importance of the direct and indirect effects as they impact schooling and work decisions,

but only the overall effect. In addition, our analysis tests for the existence of contemporaneous and lagged effects. For example, in the case of a negative weather shock from a lower rainfall leading to drought, we examine whether this effect is felt immediately, as evidenced by CMs dropping out of school during the agricultural season in which the rainfall shock occurs, or instead, choosing not to enroll in school and to work in the academic year subsequent to the shock. In the case of positive deviations in rainfall, we also examine contemporaneous and lagged effects. Better rains lead to higher family income, which may increase both the likelihood that CMs remain in school during the current agricultural calendar, as well as encourage parents to enroll CMs in school the following academic year, rather than having them entering the labor market. In the case of cyclones, we only look at contemporaneous impacts of the destruction of infrastructure.<sup>10</sup>

Finally, we test for the existence of heterogeneity to vulnerability. Pre-shock assets can help households to mitigate the effects of the shocks, as they can be used as buffer stocks and as collateral for credit loans, especially in the case of transitory shocks. Such capacities can differ, however, by the size of the households' assets holdings. Therefore, we expect that weather shocks impact CMs differently, depending on their households' abilities to buffer shocks, which in this article, is proxied by a household wealth index in the initial period.

## **Context, Data, and Descriptive Statistics**

### *Context*

Madagascar's geography, located between the Indian Ocean and the Mozambique Channel, often makes the island the terminus of tropical cyclones and storms that originate on the western coasts of Australia. Most of the regions of the country are classified as high risk for cyclones, with the Eastern Coast being the most affected. The frequency of tropical cyclones is expected to decline in the next decades, but their intensity will increase (Mavume et al. 2009; Hervieu 2015). The country is particularly vulnerable to tropical cyclones due to the lack of good disaster warning strategies (Fitchett and Grab 2014). Between 2000 and 2012, a number of tropical cyclones have hit Madagascar, with the 2004 cyclones, Elita and Gafilo, the most devastating storms, killing about 380 people, leaving 200,000 homeless, and destroying about 1,400 schools throughout the country (Rajaon, Randimbiarison, and Raherimandimby 2015). More recently, Enawo—the most devastating cyclone in more than a decade—struck in 2017, affecting nearly a half million people.

Although rainfall is expected to intensify in some regions of Madagascar, especially those vulnerable to cyclones, lower rainfall is projected in the south of the country.<sup>11</sup> The past three years have been characterized by a prolonged drought, which has been exacerbated by an exceptionally strong El Niño in 2015–16. According to the Food and Agriculture Organization of the United Nations (FAO 2016), El Niño has



resulted in the lowest precipitation in 35 years. Drought has, in turn, contributed to crop failures, disease, and malnutrition. According to the United Nations Children’s Fund (UNICEF), at the beginning of the academic year 2015–16, parents started to take children out of school, when teachers’ and students’ absenteeism increased as a result of drought conditions (UNICEF 2016).

In addition to strong winds, tropical storms are often accompanied by heavy rains and increasingly, widespread flooding. This is due in part to climate change and in part to environmental degradation. It is not only Madagascar’s extreme vulnerability to weather events, but also the fact that its agricultural sector represents around one-quarter of the country’s GDP, employing about 75 percent of the population and that most landholdings are small-scale, rainfed farms—which makes the country an interesting case to study, in terms of the impact of weather events on schooling and work decisions.

### *Individual Data and Descriptive Statistics*

In this article, we use individual data from two surveys: the *Madagascar Life Course Transition of Young Adults Survey* (2011–2012) and the *Progression through School and Academic Performance in Madagascar Survey* (EPSPAM 2004). These are the two latest rounds of a survey that follows a cohort of young adults born in the late 1980s. The sample in the cohort was based on a survey, *Programme d’Analyse des Systèmes Educatifs de la CONFEMEN* (PASEC), conducted in 1998 with second-grade students, who were from randomly selected schools throughout the country. This school-based

sample, however, was not representative of young children in that age range, because many children were not enrolled in school; schools that were very small and had few students per grade were excluded. To partially address this issue, the 2004 survey supplemented the 48 PASEC clusters with an additional 12 clusters, randomly selected from remote rural communities with small primary schools, defined as having classrooms with less than 20 students. In these new clusters, we also did a complete enumeration of all the children in the cohorts' age range and randomly selected 15 children of the same age as those of the original PASEC sample. In addition, in each of the original PASEC clusters, we did a complete enumeration and selected 15 children who were *not* in the original PASEC sample. This was to make sure that we did not exclude those who never attended school, or enrolled very late, which is not an uncommon occurrence in Madagascar. Thus, the 2004 and 2011–12 samples include cohort members who would not have been selected by the original school-based survey, because they dropped out of school early or never attended. This sampling approach was designed to make the cohort nationally representative. Comparisons of descriptive statistics of the cohort with other nationally representative surveys indicate that we were able to achieve this objective (Herrera and Sahn 2015; Aubery and Sahn 2017).<sup>12</sup>

Both the 2004 and 2011–12 surveys collected comprehensive information on cohort members and their family members. The questionnaire included modules on education, labor, migration, entrepreneurship, agriculture, family enterprises, health and fertility, and cognitive abilities, as well as household assets and housing conditions. The cohort-based sample also collected considerable retrospective data using recall

techniques; for example, we know the exact month and year that a cohort member left school, the precise timing of entry into the labor force, and the type of work performed. The cohort-based sample was complemented by community surveys of social and economic infrastructure, as well as general information on the key historical developments in the villages where the CMs were living in 2004. We have information on 1,119 cohort members living in rural areas (roughly half of them are women) and aged 21 to 23 at the time of the 2011–12 survey, compared to the average age in 2004 of 14.9 (Table A.1). Among them, 316 rural CMs left their community of origin between 2004 and 2012 to move to another Malagasy area; we defined them as (internal) migrants.

<INSERT Figure 2 approximately here>

Figure 2 shows the school-to-work transitions, by age of our cohort members, during the period 2004–12. As expected, older members were less likely to attend school, while the share of those CMs engaged in economic activities increased rapidly with age. Also, individuals both attending school and working decreased over time, and the circumstance of being neither at school nor at work occurred most frequently when cohort members were 18 and 19 years old. In our sample of rural CMs, no one who dropped out of school returned at a later date. A negative shock, such as a rainfall deficit, during the teenage and young adult years will induce people to leave school and, therefore, have permanent effects, including lower human capital accumulation.

Table A.1 reports some descriptive statistics of all the control variables used in our econometric estimation, in addition to rain-related variables. As reported in Table A.1, about 46 percent of CMs left their original households between 2004 and 2011–12 and are now living in newly formed households. Twenty-eight percent of the CMs migrated out of their community during this time period. Almost half of them migrated within the same district of origin, 36 percent moved to another district of the same province, and only 17 percent moved to another province. Table A.1 also reports the percentage of households cultivating land in 2004 and the household asset index in the same year.<sup>13</sup>

In our models, we also rely on data from the community questionnaire, especially for a question on the topography of the village where individuals live. More specifically, we create a classification with the following categories: hills (where 47 percent of CMs live), coastal plains (10.5 percent), interior plains (11.3 percent), plateau (16 percent), valleys (13 percent), and others. The community questionnaire also provides information on the presence of the middle and high schools, as well as information about their year of construction, which we use in our models.

In terms of our focus on the impact of climate and weather data on schooling and work, we use the Köppen–Geiger climate classification system in order to identify the climatic zones of the country. This system first classifies geographical areas into five main climate groups: tropical, dry, temperate, continental, and polar. Then, it classifies each group by the seasonal precipitation type and the level of heat. According to this classification, Madagascar is divided into eight climatic zones, as shown in Figure A.1.

Table A.2 shows the distribution of the CMs, corresponding to the climatic zones in which they lived in 2004 and in 2011.

### *Weather Data and Indicators*

Data on cyclones are taken from the *Tropical Cyclones Windspeed Buffers 1970–2015*, provided by the *Global Risk Data Platform*.<sup>14</sup> We have information on the number and strength of cyclones that hit sample communities. The strength of a cyclone is measured through the Saffir–Simpson hurricane wind scale (SSHWS). This scale classifies cyclones into five categories on the basis of the wind speed, from 1 (minimal strength, between 119 to 153 km/h) to 5 (maximal strength, more than 252 km/h). We also have information on tropical storms, which are approximately 63–118 km/h in wind speed.

Figure A.2 shows how the communities where our cohort members live have been affected by cyclones over the period 2004–2012. Table A.3 indicates that in 2004, when cyclones Elita and Gafilo hit Madagascar, almost 60 percent of CMs were directly impacted by a tropical storm, while almost 15 percent were hit by a tropical cyclone. The percentages were much lower for the following years, especially with respect to tropical cyclones.

Rainfall data is derived from the African Rainfall Climatology, version 2, National Oceanic and Atmospheric Administration. They are gridded daily precipitation estimates from 1983 to 2012, centered over Africa at 0.1 degree (about 10 x 10 km) spatial resolution.<sup>15</sup>

In this study, we employ several rainfall-based indicators. First, we estimate the standardized rainfall deviations over the period November–April (rainy season),<sup>16</sup> by taking the variation between the total amount of rain precipitation over these months in year  $t$  in community  $c$  and the 1991–2011 average, normalized by its 1991–2011 standard deviation (SD).<sup>17</sup> This indicator captures (positive or negative) rainfall deviations with respect to the local, long-term average. Also, given that the measure is standardized to the community’s average, differences in the yearly deviations across rainy and dry zones are comparable.

Figure A.3 shows the trend of the standardized rainfall deviation between 2004 and 2011, both at a national level and by climatic zone. Between 2004 and 2011, the standardized rainfall deviation ranged between  $-1.96$  and  $2.89$ , relative to the long-term average. There are differences across climatic zones, which are useful for our analysis, as the positive (or negative) rainfall deviations vary across communities. The left panel of Figure 3 shows the distribution of the rainfall deviation variable over the period 2004 to 2012 for all rural communities. The right panel shows the distribution of the mean of the same variable calculated by community over the whole period. When we compare the two panels, we observe the distribution of the community mean to be more concentrated around zero. This confirms that, on average, rainfall deviation from the mean is zero over the period in our sample communities. In other words, the communities in our sample are not systematically characterized by a positive or by a negative rainfall deviation. This indicates that what we observe within our period of interest is the normal rainfall variability, and we are not analyzing years characterized by exceptional rainfall events.

Moreover, this assures us that our measure of rainfall deviation does not capture community effects.

<INSERT FIGURE 3 approximately HERE>

Based on the standardized rainfall indicator, we identified exclusive categories to capture, in particular, extreme rainfall shocks.<sup>18</sup> We also defined a variable *drought*, that takes the value 1 if rainfall deviation is lower than 1 at time  $t$ . Finally, we used a relative seasonality index to capture the degree of variability of rainfall through the period November–April for each year.

It is not only the quantity of rain that falls in a year that matters, but also its distribution, or timing, during the year. If it all occurs in a few months of the year, the same quantity of rain can have different (sometimes detrimental) effects on agricultural production and the integrity of infrastructure than if it falls more evenly throughout the year. Following Walsh and Lawler (1981, p. 202), we defined the seasonality index as “the sum of the absolute deviations of mean monthly rainfalls from the overall monthly mean, divided by the mean [...] rainfall” over November–April. This index ranges between 0 (if rainfall is distributed equally across months) and 1.20 or higher (if all the yearly rain falls in one or two months). According to the literature (see, for example, FAO [2016]), for values between 0.4 and 1, the index indicates areas with seasonal rainfall. As shown in Figure A.3, most of the climatic zones in Madagascar experienced one or more years in which rainfall was extremely unequally distributed.

## Estimation Strategy

We assume that schooling and work decisions are interdependent. A cohort member can choose to be only at school, only at work, sharing her time between school and work, or neither at school or at work. To allow interdependency of the different alternatives, we adopted a bivariate probit model, where we define  $S^*$  and  $W^*$  as the latent variables of attending school (S) and participating in work activities (W), respectively,<sup>19</sup> as shown in the basic specification:

$$(3) \quad S_{it}^* = \beta_1^S \mathbf{X}_{it} + \beta_2^S \text{rain}_{ct} + \beta_3^S \text{rain}_{ct} * \text{asset}_{i2004} + \theta_{it}^S + \mu_z^S + \theta_t^S + \varepsilon_{it}^S$$

$$(4) \quad W_{it}^* = \beta_1^W \mathbf{X}_{it} + \beta_2^W \text{rain}_{ct} + \beta_3^W \text{rain}_{ct} * \text{asset}_{i2004} + \theta_{it}^W + \mu_z^W + \theta_t^W + \varepsilon_{it}^W,$$

where:

$$(5) \quad S_{it} = \begin{cases} 1 & \text{if } S_{it}^* > 0 \\ 0 & \text{if } S_{it}^* \leq 0 \end{cases}$$

$$(6) \quad W_{it} = \begin{cases} 1 & \text{if } W_{it}^* > 0 \\ 0 & \text{if } W_{it}^* \leq 0 \end{cases}$$

In this model,  $S_{it}$  takes the value of 1 if the cohort member  $i$  was enrolled in school during year  $t$ , and  $W_{it}$  equals 1 if the cohort member was engaged in economic



activities. The definition of the school and work variables have been detailed in Section 2 (also refer to Figure 1).  $\mathbf{X}_{it}$  is a set of explanatory variables that includes characteristics of the cohort member, of her parents, and of the community in which she resided in 2004, as illustrated in Section 3. In particular, consistent with the theoretical framework discussed previously in the article, we control for the transaction costs (the presence of a paved road in the village and the quality of land are proxies for these costs) and introduce factors influencing the shadow price of schooling (such as the father's and mother's education levels and health and working statuses, as well as the number of brothers and sisters) and labor (such as land endowment in 2004 and the value of assets other than land). The variable  $rain_{ct}$  is one of the rainfall variables described in the previous section, as observed in community  $c$ , where the CM lived in the year  $t$ . By introducing the interaction of the rainfall variable with a household wealth index in 2004, which is the initial year of the analysis, we allow for heterogeneous effects across households.<sup>20</sup> More specifically, we can control for households' resilience to climatic shocks, which is hypothesized to vary according to the CM's initial wealth. We control for the CM's age (denoted by dummies  $\theta_{it}$ ), climatic zones  $z$  ( $\mu_z$ ), and the year ( $\theta_t$ ). The inclusion of these fixed effects ensures that our results are not biased by systematic differences related to these variables. Finally,  $\boldsymbol{\varepsilon}_{it}^S$  and  $\boldsymbol{\varepsilon}_{it}^W$  are normally distributed error terms, with  $cov(\boldsymbol{\varepsilon}_{it}^S, \boldsymbol{\varepsilon}_{it}^W) = \rho$ . Standard errors are clustered at the community level. With our data, an unbiased identification of  $\beta_2$  and  $\beta_3$  is possible because of the large temporal and spatial variation in the community-level rainfall deviations, which should not be

correlated with any unobserved variables affecting school and work decisions ( $\varepsilon_{it}^S$  and  $\varepsilon_{it}^W$ ).

In a separate specification, we include a dummy that is equal to 1 if a hurricane (of at least strength 1) hit the community where the CM lived during year  $t$ . This is done in order to test whether experiencing a cyclone has an impact on the probability of attending school and/or being engaged in work. We also estimate a specification in which we introduce the rainfall variable at time  $t-1$ . This allows us to test for the existence of a lagged effect of rainfall deviation on schooling and working decisions.

One concern is that economic and social development or, more generally, differences in a given community can be systematically correlated with rainfall levels. If this is the case, rainfall might be associated with some unobserved determinants of school and work decisions. We employ two strategies to overcome such a possibility. First, we used rainfall levels normalized to local historical levels, so that high or low rainfall communities in year  $t$  are defined only with respect to their historical trends and not with respect to other communities (which might be comparatively more rainy). Second, we run a separate estimation in which we control for communities' fixed effects to test the robustness of our results and to make sure that rainfall deviations are not systematically associated with local development or other differences across communities, which may be indirectly related to school and work status (see specification 8 in Table 4).

Finally, we acknowledge the concern that individual, unobserved heterogeneity may be correlated with our main explanatory variable, rainfall. This would be the case if past rainfall patterns were both correlated with current rainfall patterns and with

unobserved individual characteristics. For instance, past unfavorable rainfall patterns could have reduced households' assets or increased their resilience to shocks. If this was the case, what we would observe is not only the effect of current rainfall deviation, but also the possible effect of the long-term pattern of rainfall. We are confident that it is not the case, because we do not use absolute values, but rather a standardized deviation from the long-term mean as the main explanatory variable for rainfall. Furthermore, we control for the wealth of the CM's family in 2004. Moreover, when we regress rainfall deviation on its lagged value, the lagged value is not significant. To further address this concern, as shown in Table A.6, we checked whether rainfall deviation was correlated with a past rainfall pattern, over the eight-year period of analysis. Through a simple regression analysis, we verified that our variable is not explained by the long-term mean of a range of other variables that measure precipitation, including the mean of the same variable, not normalized, and the mean of the variable measuring total precipitation from station data (normalized and not normalized) during the agricultural season or during the entire year.

## **Results**

The first set of results for key parameters is reported in Table 1, while Table A.4 provides the results for the full specification. The correlation coefficient *athrho* between  $\varepsilon_{it}^S$  and  $\varepsilon_{it}^W$  is significantly different from zero and is negative, meaning that the schooling and working choices are jointly determined and that unobserved factors, which increase the probability of attending school, also decrease the probability of working. Table 1

shows the effect of the continuous standardized rainfall deviation on school and work decisions. Rainfall deviations positively affect the probability of attending school while they reduce the probability of being engaged in a work activity (column 1). This finding is consistent with the expected positive effect of good rains on incomes. Unfortunately, our data do not allow us to test the impact on rainfall deviations on agricultural production. However, various earlier studies (e.g., Bengtsson [2010] for Tanzania, in addition to other studies cited in the introduction) found a positive effect. Also, we cannot disentangle the income from any price effect, which may be affecting the magnitude of the overall effect.

We also note that the effects are heterogeneous across households, which can be seen when we include the interaction of household wealth, measured at the time the CMs were 14 to 16 years of age, with rainfall (column 2). This interaction is negative and significant for schooling and positive for work, suggesting that the effect of rainfall deviation on the decision to attend school or work is attenuated when CMs are from wealthier households. This finding is consistent with our expectations and points to wealth—and related factors, such as greater access to savings, credit, and insurance—helping to buffer the impact of adverse weather events. This result is also consistent with the findings of Beegle, Dehejia, and Gatti (2006), who found that asset holdings mitigated the (increasing) effects of transitory income shocks on child labor.

Specification 3 further adds the occurrence of cyclones into the model. Like rainfall shocks, cyclones reduce the probability of attending school and appear to push the cohort members into the workplace. We can safely assume that in the case of

cyclones, the CMs enter the workplace and drop out of school as a result of economic hardship, possibly exacerbated by damage to schools and related infrastructure that impede access to educational opportunities.

Specification 4 in Table 1 adds the lagged rainfall and the interaction of the lagged rainfall with 2004 assets. The rainfall and interaction terms are not statistically significant at conventional levels in the schooling model. What is interesting is that the addition of the lagged rainfall variable and the interaction with the asset index do not affect the significance or magnitude of the contemporaneous effect. This corroborates the observation that the impacts of current and lagged rainfall events on schooling operate independently of one another. The probability of working is strongly affected by both current and lagged rainfall episodes. The sign, significance, and magnitude of the contemporaneous and lagged effects are very similar, and this is also applied to the interaction between lagged rainfall and assets.<sup>21</sup>

<INSERT TABLE 1 approximately>

In Table 2 we present the marginal effects, based on the specification in the last column in Table 1, to gain insight into the magnitude of the impacts of cyclones and lagged and current rainfall shocks. The occurrence of a cyclone or hurricane decreases the probability of being enrolled in school by 15.2 percentage points and increases the probability of being engaged in a work activity by 10.5 percentage points at mean asset levels. In terms of rainfall, looking at the last column of Table 2, we find that a unit of z-

score<sup>22</sup> increase in the standardized rainfall increases the probability of being enrolled in school by 2.5 percentage points (baseline probability 49%) and decreases the probability of being engaged in work by 4.1 percentage points (baseline probability 52%), calculated at the samples' mean asset levels. Similarly, we find that lagged rainfall increases the probability of work by 5.0 percentage points, slightly higher than contemporaneous rainfall, although the impact on school enrollment is only 1.4 percentage points (which is not, in any case, statistically significant).

<INSERT TABLE 2 approximately HERE>

We also calculate the marginal effects at different levels of assets to determine the extent to which wealth buffers the impact of rainfall fluctuations. Table 2 shows the point estimates for the 25th, 50th, and 75th percentiles of the asset distributions, and Figure 4 plots the curves from the 10th to the 90th percentiles. At the 25th percentile, the impact of a change in one unit of our rainfall measure is a 3.6 percentage point increase in the probability of school, as contrasted with only a 1.7 percentage point increase for CMs from households at the 75th percentile (for the latter, the effect is not statistically significant). Similarly, the change in the probability of working associated with a one unit decline in rainfall is to raise the probability of work by 5.5 percentage points for those belonging to the 25th percentile, while for CMs from households at the 75th percentile, the increase in work probability is almost half that, 3.1 percentage points. As we get further toward the lower bounds of the asset distribution, we can see that the impact of

rainfall shocks on work and school choices is much greater than that for households with greater wealth, and conversely, the probabilities of going to school or working is less affected by climate shocks among CMs from wealthier families (Figure 4).

<INSERT FIGURE 4 approximately HERE>

We next consider several extensions and robustness checks, reported in Table 3. First, we include an interaction with gender (column 5). The negative and significant interaction in the work equation suggests that young women in our cohort are even more susceptible to being pushed into the labor market with negative rainfall deviations than male CMs. When the rains are particularly favorable, however, young women experience a stronger reduction in the probability of being engaged in a work activity.

In another specification (column 6), we exclude from the sample those individuals who migrated from the community where they lived in 2004.<sup>23</sup> The reason for this exclusion is that the community variables that we introduced in the model—the presence of schools and the type of land—are from the community where the individual lived in 2004. When migrants are excluded from the sample, the coefficients are little changed and are of the same magnitude. Also, with such a specification, we test whether our results are biased because of the endogeneity of migration decisions, which are also possibly related to rainfalls. According to our results, this does not seem the case, as our estimates are fairly robust, irrespective of the sample (with or without migrants) that we include.

We also ran a model that excluded from the sample those CMs coming from households who were not engaged in the agricultural sector, which we define as households where none of the members cultivated any land between 2004 and 2011 and where neither the CMs nor their fathers have reported that their primary sector of work is agriculture. This allows us to check whether the rainfall effect is higher for “agricultural” households. Results, reported in column 7 of Table 3, are stable to the exclusion of non-agricultural households. We can infer from this model that the impact of weather shocks operates at least, in part, indirectly on schooling and work choices—for example, affecting food prices and availability, and more generally, labor market and economic conditions in the rural communities in which the CMs reside. Finally, in specification (8), we estimate the model using community fixed effects. Of course, for those CMs who migrated during our period, communities are not constant over time. Both rainfall coefficients are still significant and of a similar magnitude.

In Table 4 we run a series of other robustness checks, by employing different definitions of the rainfall variable. We first show, in specification (9), the results of a model using rainfall measures based on the full year, not just the rainy season, to define the standardized rainfall deviation. As can be seen, this change does not qualitatively change the results. Specification (10) then reports the results based on a categorical definition of the rainfall deviation: the coefficients are higher as rainfall deviation increases, both for schooling and work. In specification (11), we introduce a dummy variable, instead of the rainfall deviation, to analyze more directly the specific effect of drought.<sup>24</sup> Results show that drought would generate a reduction in the probability of



school attendance and an increase in the probability of being engaged in work activities, especially for the poorest CMs. Finally, specification (12) introduces a seasonality index to assess whether a less even distribution of rainfall over the agricultural season affects the CMs' school and work decisions. While schooling is not affected by the intraseasonal distribution of rainfall, a higher concentration of rainfall increases the probability of working, even though, again, assets holdings help households mitigate such a negative effect. A higher concentration of rainfall throughout the year is expected to negatively affect agricultural land productivity and so the revenue of agricultural households. For this reason, according to our results, young adults may enter the workforce to contribute to household income, even without having a large effect on schooling participation.

<INSERT TABLE 3 approximately HERE>

<INSERT TABLE 4 approximately HERE>

## **Conclusion**

In this article we explore the impact of weather events on school and work decisions of a cohort of young adults in Madagascar. This is a particularly important issue, given the evidence that human activity is contributing to rapid climate change, which may lead to more severe cyclones, more frequent droughts and floods, and a higher concentration of rainfall in certain periods within a given year. Further exacerbating the potential

deleterious impacts of climate variability in poor countries, such as Madagascar, is the lack of well-established credit and insurance markets as well as poverty that limits the ability of households to buffer the impact of negative climate shocks.

Our focus on the impact of weather events on schooling and work is especially pertinent to the cohort of teens and young adults we study, who are transitioning from school to work. The concern is that deleterious shocks will cause young people to drop out of school earlier than might be expected and enter the labor market to mitigate the impact of drought, floods, and cyclones. A priori, the sign of the impact of rainfall deviations on school and work is undetermined. According to the non-separable agricultural household conceptual framework we use, while a positive increase in rainfall deviation is expected to increase school through an income (direct) effect, the sign of the indirect (through the rainfall-induced change in the shadow wage) effect is likely to be negative and its magnitude depends on the degree of imperfection of markets. The higher the market imperfections, the more reduced the positive income effect. To address this question empirically, we estimate a bivariate probit model for a cohort of 1,119 young men and women from 2004 to 2011, who are transitioning from their teenage years to young adulthood during that period.

The results of our work provide compelling evidence that negative rainfall deviations and cyclones reduce the probability of attending school and push young men and women into working. Most affected by these weather events are the less wealthy households, as one would expect, given their more limited savings, less access to credit and insurance, and generally more limited ability to cope with negative shocks. We also

find that there are both contemporaneous and lagged effects of the weather shocks, and that they are of a similar magnitude. Another source of particular concern is our finding that poor young women are even more susceptible to being pushed into the labor market when negative rainfall deviations are experienced.

Our results are robust to a range of rainfall definitions. We also conduct numerous robustness checks, including using community fixed effects and conducting individual-level heterogeneity tests that address possible correlations between the characteristics of the CMs and rainfall variability.

It is important to recall here that we analyze the effect of normal rainfall variability—our period of interest is not characterized by exceptional rainfall events. The effects we observe could be more pronounced in case of prolonged negative seasons.

The findings in our article add to a rapidly growing literature on the role of weather shocks on a range of outcomes, including schooling and work. Although climate scientists will continue to address the causes of weather shocks and work to prevent human activity that contributes to climate change, our research also highlights the importance of mitigation efforts. These are especially important for the poor in ecologically fragile countries like Madagascar, which lack economic and social institutions that can help protect the vulnerable from climate shocks.

## **Appendix**

<INSERT FIGURE A.1 approximately HERE>

<INSERT FIGURE A.2 approximately HERE>

<INSERT FIGURE A.3 approximately HERE>

<INSERT TABLE A.1 approximately HERE>

<INSERT TABLE A.2 approximately HERE>

<INSERT TABLE A.3 approximately HERE>

<INSERT TABLE A.4 approximately HERE>

<INSERT TABLE A.5 approximately HERE>

<INSERT TABLE A.6 approximately HERE>

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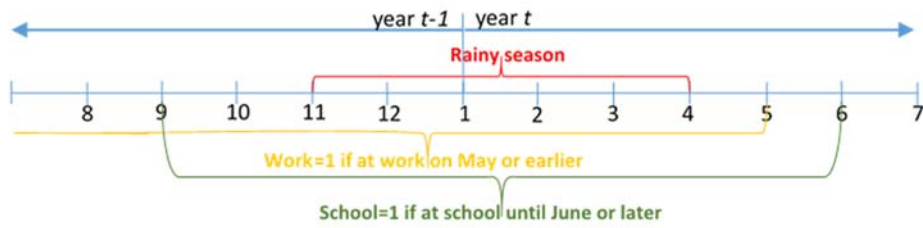
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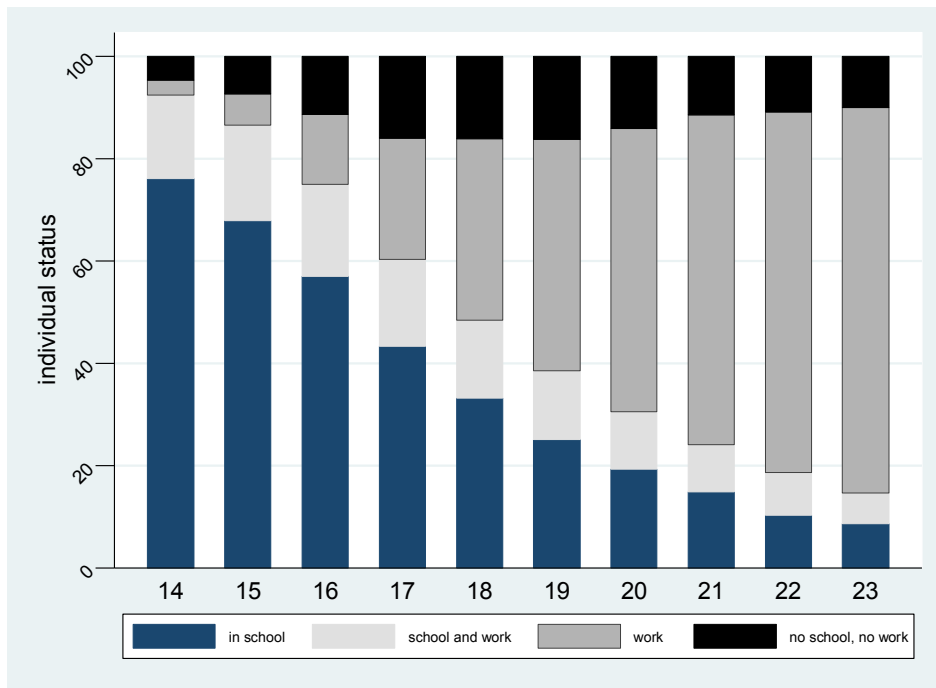
## Appendix: Figures and Tables



**Figure 1. Definition of school, work, and rainfall variables**

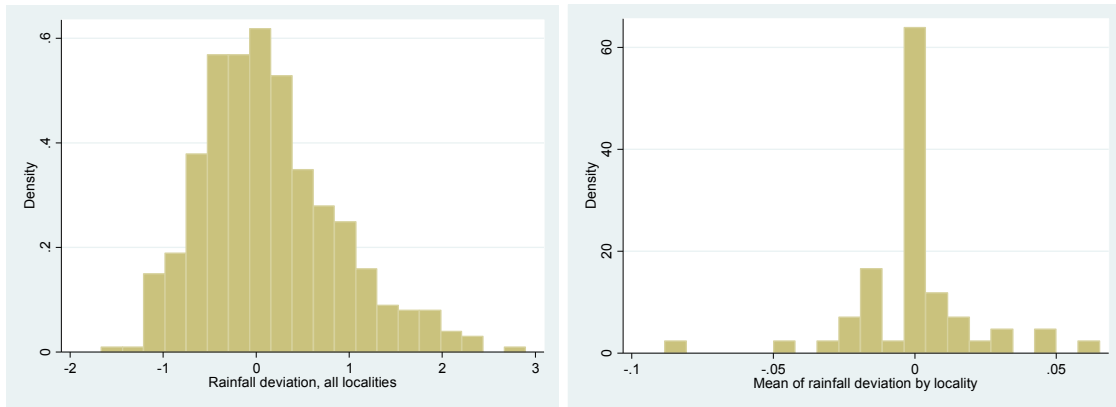
*Source:* Authors' elaboration

*Notes:* On the horizontal axis, we report the months of the year.



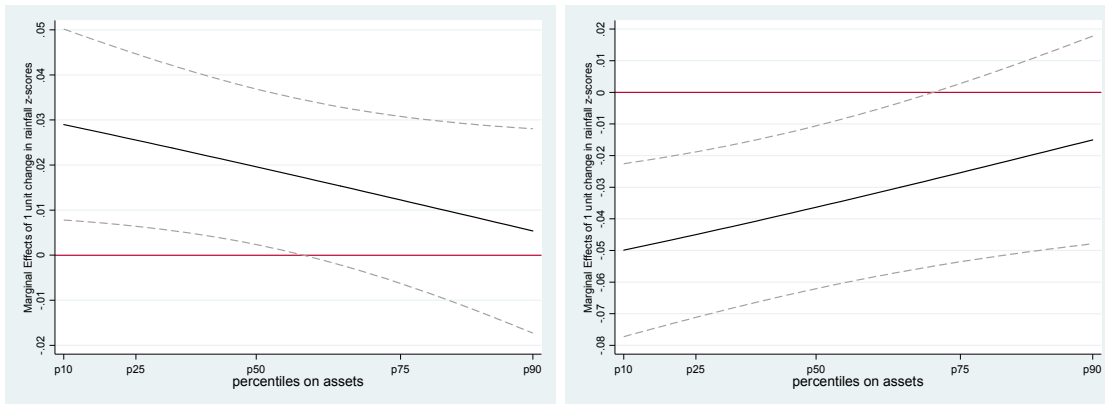
**Figure 2. School-to-work transition between 14 and 23 years old (in 2004–2011), rural cohort members**

*Source:* Authors' elaboration based on *Madagascar Young Adult Survey*



**Figure 3. Distribution of rainfall deviations (left panel) and distribution of the mean of rainfall deviation by community (right panel)**

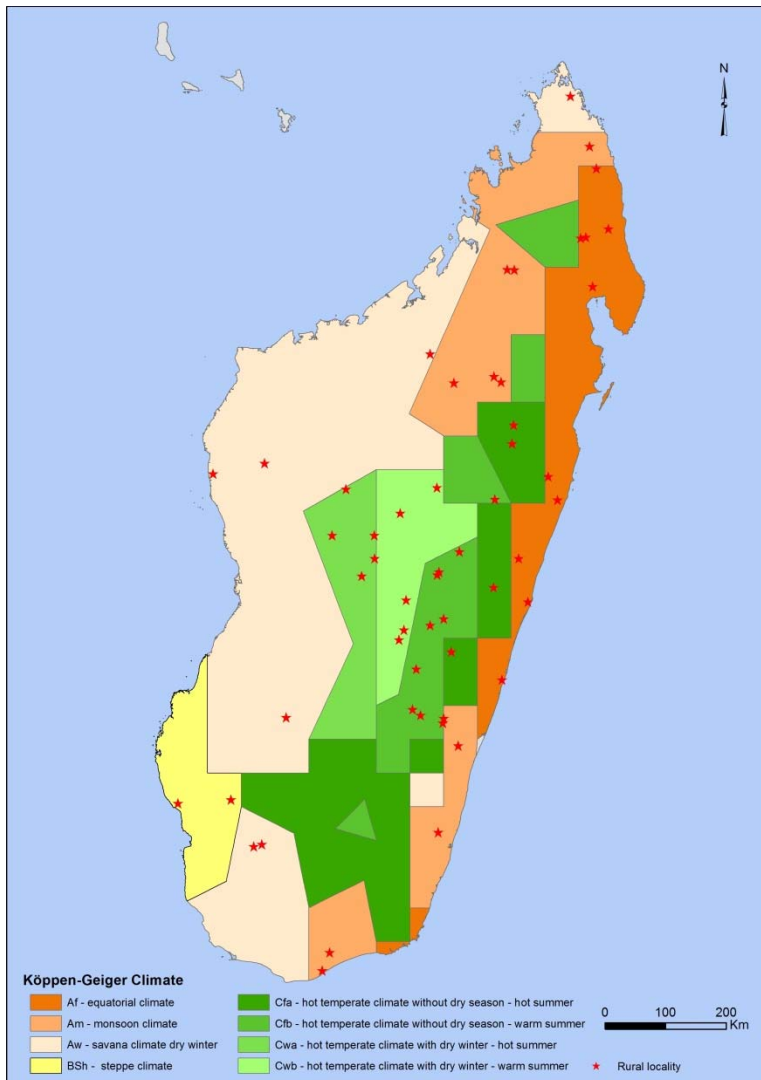
*Source: Authors' elaboration from the Madagascar Young Adult Survey.*



**Figure 4. Marginal effects of rainfall deviations on the likelihood of schooling (left panel) and working (right panel)**

*Source:* Authors' elaboration based on specification (4) in Table 1.

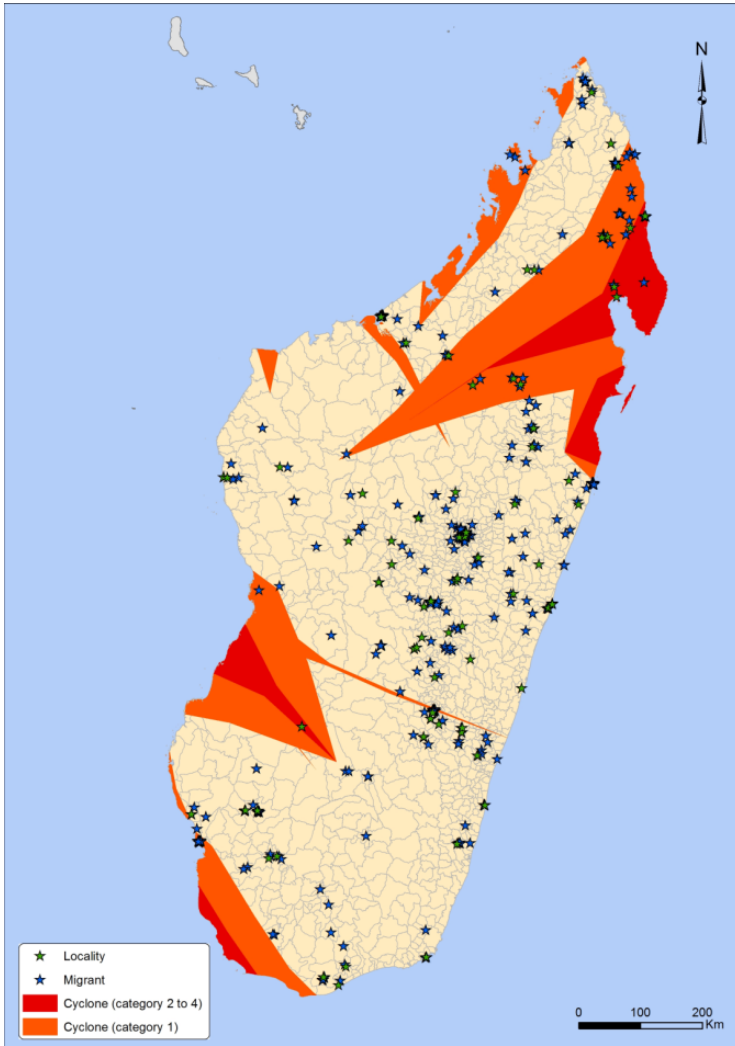
*Notes:* Dashed grey curves identify the confidence intervals.



**Figure A.1. Climatic zones, Köppen–Geiger climate classification system**

*Source:* Authors' elaboration from Kottek et al. (2006).

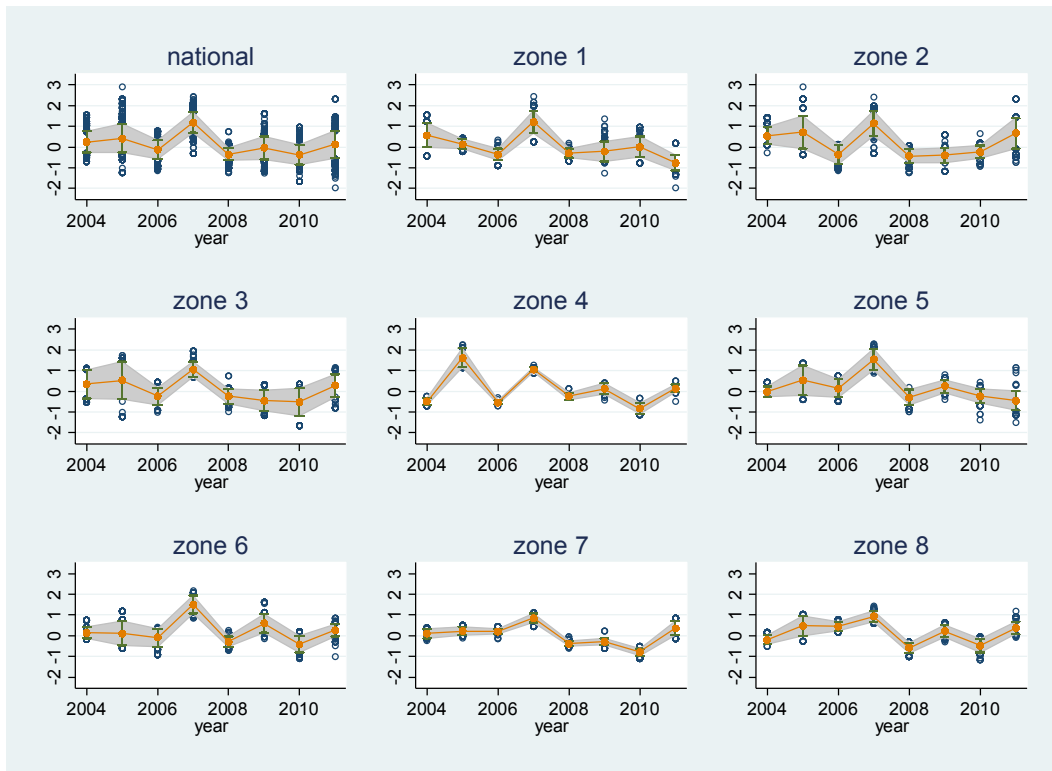
*Notes:* 1. Af. Equatorial rainforest, fully humid; 2. Am. Equatorial monsoon; 3. Aw. Equatorial savannah with dry winter; 4. Bsh. Steppe climate (hot steppe); 5. Cfa. Warm temperate, fully humid (hot summer); 6. Cfb. Warm temperate, fully humid (warm summer); 7. Cwa. Warm temperate, dry winter (hot summer); 8. Cwb. Warm temperate, dry winter (warm summer).



**Figure A.2. Cyclones having hit sample communities over the period 2004 to 2012**

*Source:* Authors' elaboration from the *Global Risk Data Platform* and *Madagascar Young Adult Survey*.





**Figure A.3. Rainfall deviation from the long-term, national mean, and by climatic zones (2004–2011)**

*Source:* Authors' estimation.

*Notes:* For the definition of climatic zones, see Figure A.1.

**Table 1. Effects of Rainfall on School and Work Decisions, Main Specifications**

|                          | (1)                  | (2)                  | (3)                  | (4)                  |
|--------------------------|----------------------|----------------------|----------------------|----------------------|
| <i>Equation: School</i>  |                      |                      |                      |                      |
| Rainfall (6 months)      | 0.057*<br>(0.031)    | 0.098**<br>(0.040)   | 0.108***<br>(0.039)  | 0.110***<br>(0.041)  |
| Assets                   | 0.009***<br>(0.003)  | 0.010***<br>(0.003)  | 0.010***<br>(0.003)  | 0.010***<br>(0.003)  |
| Rainfall x Assets        |                      | -0.002*<br>(0.001)   | -0.002*<br>(0.001)   | -0.002*<br>(0.001)   |
| Cyclones                 |                      |                      | -0.237***<br>0.096   | -0.388***<br>(0.097) |
| Lagged rainfall          |                      |                      |                      | 0.053<br>(0.044)     |
| Lagged rainfall x Assets |                      |                      |                      | -0.001<br>(0.001)    |
| <i>Equation: Work</i>    |                      |                      |                      |                      |
| Rainfall (6 months)      | -0.101**<br>(0.040)  | -0.146***<br>(0.047) | -0.153***<br>(0.047) | -0.163***<br>(0.045) |
| Assets                   | -0.010***<br>(0.003) | -0.010***<br>(0.003) | -0.010***<br>(0.003) | -0.010***<br>(0.003) |
| Rainfall x Assets        |                      | 0.002*<br>(0.001)    | 0.002*<br>(0.001)    | 0.003**<br>(0.001)   |
| Cyclones                 |                      |                      | 0.237*<br>(-0.130)   | 0.269**<br>(0.132)   |
| Lagged rainfall          |                      |                      |                      | -0.175***<br>(0.046) |
| Lagged rainfall x Assets |                      |                      |                      | 0.002**<br>(0.001)   |
| Observations             | 8,600                | 8,600                | 8,600                | 8,600                |

*Source:* Authors' elaboration from the *Madagascar Young Adult Survey* and *EPSPAM*.

*Notes:* Specification (1) includes all variables shown in Table A.4 except for the interaction between rainfall and assets; (2) corresponds to the specification in Table A.4 (this is our base specification); and (3) as in (2) plus dummy variable for cyclones; (4) as in (3) plus lagged ( $t-1$ ) rainfall variable.

**Table 2. Marginal Effects of Cyclones, Rainfall, and Lagged Rainfall on School and Work Decisions, at Different Assets Levels**

|                 | <i>School</i>        | <i>Work</i>          | <i>School</i>        | <i>Work</i>          | <i>School</i>        | <i>Work</i>         | <i>School</i>        | <i>Work</i>         |
|-----------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
|                 | Assets p25           |                      | Assets p50           |                      | Assets p75           |                     | Assets mean          |                     |
| Lagged rainfall | -0.018<br>(0.015)    | -0.061***<br>(0.017) | 0.015<br>(0.013)     | -0.052***<br>(0.017) | 0.011<br>(0.014)     | -0.041**<br>(0.018) | 0.014<br>(0.013)     | -0.050**<br>(0.017) |
| Rainfall        | 0.036***<br>(0.012)  | -0.055***<br>(0.016) | 0.027**<br>(0.012)   | -0.044***<br>(0.016) | 0.017<br>(0.13)      | -0.031*<br>(0.017)  | 0.025**<br>(0.127)   | -0.041**<br>(0.016) |
| Cyclones        | -0.148***<br>(0.035) | -0.102***<br>(0.048) | -0.152***<br>(0.036) | 0.105**<br>(0.049)   | -0.153***<br>(0.037) | 0.106**<br>(0.051)  | -0.152***<br>(0.036) | 0.105**<br>(0.050)  |

*Source:* Authors' elaboration from the *Madagascar Young Adult Survey* and *EPSPAM*.

**Table 3. Effects of Rainfall on School and Work Decisions, Robustness Checks (Sub-population and Fixed Effects)**

|                         | (2)                  | (5)                  | (6)                  | (7)                  | (8)                  |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <i>Equation: School</i> |                      |                      |                      |                      |                      |
| Rainfall (6 months)     | 0.098**<br>(0.040)   | 0.093**<br>(0.043)   | 0.082*<br>(0.045)    | 0.100**<br>(0.042)   | 0.086**<br>(0.041)   |
| Assets                  | 0.010***<br>(0.003)  | 0.010***<br>(0.003)  | 0.008**<br>(0.004)   | 0.009**<br>(0.004)   | 0.010**<br>(0.004)   |
| Rainfall x Assets       | -0.002*<br>(0.001)   | -0.002*<br>(0.001)   | -0.000<br>(0.001)    | -0.003*<br>(0.001)   | -0.002*<br>(0.001)   |
| Woman (dummy)           | -0.218***<br>(0.065) | -0.219***<br>(0.065) | -0.177**<br>(0.073)  | -0.184***<br>(.069)  |                      |
| Rainfall x Woman        |                      | 0.008<br>(0.039)     |                      |                      |                      |
| Community fixed effects | no                   | no                   | no                   | no                   | yes                  |
| <i>Equation: Work</i>   |                      |                      |                      |                      |                      |
| Rainfall (6 months)     | -0.146***<br>(0.047) | -0.111**<br>(0.047)  | -0.136***<br>(0.051) | -0.133***<br>(0.050) | -0.085*<br>(0.046)   |
| Assets                  | -0.010***<br>(0.003) | -0.010***<br>(0.003) | -0.009***<br>(0.003) | -0.006*<br>(0.003)   | -0.007***<br>(0.003) |
| Rainfall x Assets       | 0.002*<br>(0.001)    | 0.002*<br>(0.001)    | 0.001<br>(0.002)     | 0.002<br>(0.001)     | 0.002<br>(0.001)     |
| Woman (dummy)           | 0.015<br>(0.064)     | 0.025<br>(0.057)     | 0.035<br>(0.064)     | 0.026<br>(0.063)     |                      |
| Rainfall x Woman        |                      | -0.066**<br>(0.034)  |                      |                      |                      |
| Community fixed effects | no                   | no                   | no                   | no                   | yes                  |
| Observations            | 8,600                | 8,600                | 7,355                | 7,720                | 8,600                |

*Source:* Authors' elaboration from the *Madagascar Young Adult Survey* and *EPSPAM*.

*Notes:* For specification (2), see the notes to Table 1; (5) as in (2) plus interaction between rainfall and woman; (6) as in (2) but by excluding migrants (see text for definition); (7) as in (2) but by excluding non-agricultural households (see text for definition); (8) as in (2) plus community fixed effects.

**Table 4. Effects of Rainfall on School and Working Decisions, with Different Definitions and Measures of Rainfall**

| Equation                        | School              |                     |                      |                      |                     | Work                 |                      |                      |                      |                      |
|---------------------------------|---------------------|---------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                 | (2)                 | (9)                 | (10)                 | (11)                 | (12)                | (2)                  | (9)                  | (10)                 | (11)                 | (12)                 |
| Rainfall                        | 0.098**<br>(0.040)  |                     |                      |                      | 0.106***<br>(0.040) | -0.146***<br>(0.047) |                      |                      |                      | -0.169***<br>(0.049) |
| Assets                          | 0.010***<br>(0.003) | 0.009***<br>(0.003) | 0.028***<br>(0.005)  | 0.009***<br>(0.003)  | -0.004<br>(0.011)   | -0.010***<br>(0.003) | -0.009***<br>(0.003) | -0.024***<br>(0.007) | -0.009***<br>(0.003) | 0.007<br>(0.008)     |
| Rainfall x Assets               | -0.002*<br>(0.001)  |                     |                      |                      | -0.003**<br>(0.001) | 0.002*<br>(0.001)    |                      |                      |                      | 0.003**<br>(0.001)   |
| Rainfall categories (ref: < -1) |                     |                     |                      |                      |                     |                      |                      |                      |                      |                      |
| Cat2: > -1 & < 0                |                     |                     | 0.517***<br>(0.118)  |                      |                     |                      |                      | -0.479***<br>(0.166) |                      |                      |
| Cat3: > 0 & < 1                 |                     |                     | 0.593***<br>(0.117)  |                      |                     |                      |                      | -0.530***<br>(0.172) |                      |                      |
| Cat4: > 1 & < 2                 |                     |                     | 0.612***<br>(0.134)  |                      |                     |                      |                      | -0.790***<br>(0.212) |                      |                      |
| Cat5: > 2                       |                     |                     | 0.622**<br>(0.250)   |                      |                     |                      |                      | -0.714**<br>(0.313)  |                      |                      |
| Cat2 x Assets                   |                     |                     | -0.018***<br>(0.005) |                      |                     |                      |                      | 0.016**<br>(0.007)   |                      |                      |
| Cat3 x Assets                   |                     |                     | -0.021***<br>(0.006) |                      |                     |                      |                      | 0.014*<br>(0.007)    |                      |                      |
| Cat4 x Assets                   |                     |                     | -0.015**<br>(0.006)  |                      |                     |                      |                      | 0.016**<br>(0.008)   |                      |                      |
| Cat5 x Assets                   |                     |                     | -0.024***<br>(0.008) |                      |                     |                      |                      | 0.008<br>(0.011)     |                      |                      |
| Rainfall (over 12 months)       |                     | 0.085***<br>(0.031) |                      |                      |                     |                      |                      | -0.115***<br>(0.035) |                      |                      |
| Rainfall (12 months) x Assets   |                     | -0.002**<br>(0.001) |                      |                      |                     |                      |                      | 0.003***<br>(0.001)  |                      |                      |
| Drought                         |                     |                     |                      | -0.548***<br>(0.112) |                     |                      |                      |                      | 0.512***<br>(0.169)  |                      |
| Drought x Assets                |                     |                     |                      | 0.019***<br>(0.005)  |                     |                      |                      |                      | -0.015**<br>(0.007)  |                      |
| Seasonality Index (SI)          |                     |                     |                      |                      | -0.117<br>(0.265)   |                      |                      |                      |                      | 0.613***<br>(0.239)  |
| SI x Assets                     |                     |                     |                      |                      | 0.015<br>(0.011)    |                      |                      |                      |                      | -0.018**<br>(0.009)  |
| Observations                    | 8,600               | 8,600               | 8,600                | 8,600                | 8,600               | 8,600                | 8,600                | 8,600                | 8,600                | 8,600                |

Source: Authors' elaboration from the *Madagascar Young Adult Survey* and *ESPAM*.

Notes: For specification (2), see the note to Table 3; (9) as in (2) but with rainfall estimated over 12 months (instead of over 6 months); (10) as in (2) but with rainfall variable defined in 5 categories (see footnote 19 for their definition) (instead of a continuous rainfall variable); (11) as in (2) but with a binary variable identifying drought (instead of a continuous rainfall variable); (12) as in (2) plus a seasonality index and the interaction between the seasonality index and the assets.

**Table A.1. Descriptive Statistics**

| <i>Time-varying characteristics</i>      | <i>Mean</i><br><i>(2004)</i> | <i>SD</i><br><i>(2004)</i> | <i>Mean</i><br><i>(2011)</i> | <i>SD</i><br><i>(2011)</i> |
|--|------------------------------|----------------------------|------------------------------|----------------------------|
| Age (years)                              | 14.87                        | 0.81                       | 21.87                        | 0.81                       |
| Father's shock                           | 7.86                         | 0.27                       | 18.77                        | 0.39                       |
| Mother's shock                           | 5.81                         | 0.23                       | 12.69                        | 0.33                       |
| Father works                             | 91.25                        | 0.28                       | 81.33                        | 0.39                       |
| Mother works                             | 90.19                        | 0.30                       | 86.14                        | 0.35                       |
| CM lives in a new household              | 1.34                         | 0.16                       | 46.47                        | 0.50                       |
| Brothers less than 18 years old (number) | 0.60                         | 1.04                       | 0.42                         | 0.85                       |
| Sisters less than 18 years old (number)  | 0.53                         | 0.94                       | 0.39                         | 0.82                       |
| Migrant                                  | 3.57                         | 0.19                       | 28.24                        | 0.45                       |
| Middle school in village                 | 71.49                        | 0.45                       | 77.93                        | 0.41                       |
| High school in village                   | 20.73                        | 0.41                       | 45.31                        | 0.50                       |
| <i>Time-invariant characteristics</i>    | <i>Mean</i>                  |                            | <i>SD</i>                    |                            |
| Female                                   | 51.12                        |                            | 0.50                         |                            |
| Age at school entry (years)              | 6.95                         |                            | 1.82                         |                            |
| Father has no education                  | 50.04                        |                            | 0.50                         |                            |
| Father has completed primary             | 17.42                        |                            | 0.38                         |                            |
| Father has completed college             | 32.53                        |                            | 0.47                         |                            |
| Mother has no education                  | 60.50                        |                            | 0.49                         |                            |
| Mother has completed primary             | 23.32                        |                            | 0.43                         |                            |
| Mother has completed college             | 16.18                        |                            | 0.37                         |                            |
| Household assets in 2004 (0 to 100)      | 20.23                        |                            | 16.65                        |                            |
| Household cultivates land in 2004        | 40.93                        |                            | 0.49                         |                            |
| Land type, coastal plain                 | 10.44                        |                            | 0.30                         |                            |
| Land type, interior plain                | 11.28                        |                            | 0.33                         |                            |
| Land type, hill                          | 46.97                        |                            | 0.49                         |                            |
| Land type, plateau                       | 16.03                        |                            | 0.36                         |                            |
| Land type, valley                        | 12.86                        |                            | 0.33                         |                            |
| Land type, others                        | 2.42                         |                            | 0.15                         |                            |
| Paved road in village                    | 12.69                        |                            | 0.33                         |                            |
| <i>Number of observations</i>            | <i>1,119</i>                 |                            |                              |                            |

*Source:* Authors' elaboration from the *Madagascar Young Adult Survey* and *EPSPAM*.

*Notes:* If not specified differently, variables are expressed in percentages. The questionnaire asks CMs the following question: "Did your father (your mother) have any illness or disability, or an injury during the last seven years (since 2004), which prevented him (her) from working or carrying on business for a month or more?" Also, we were not able to observe changes in parents' working activities over time. In order to build this variable, we used the answers collected in 2011–12. Working status refers to 2011–12 for those parents who are still economically active, while it refers to the time of retirement for the inactive ones, and to the time of death for those no longer alive.

**Table A.2. Climatic Zones**

| <i>Climatic zones</i>                            | <i>2004</i><br><i>(percentage)</i> | <i>2011</i><br><i>(percentage)</i> |
|--|------------------------------------|------------------------------------|
| 1. Equatorial rainforest, fully humid            | 15.64                              | 16.53                              |
| 2. Equatorial monsoon                            | 19.48                              | 17.16                              |
| 3. Equatorial savannah with dry winter           | 13.05                              | 14.39                              |
| 4. Steppe climate (hot steppe)                   | 4.02                               | 4.02                               |
| 5. Warm temperate, fully humid (hot summer)      | 7.33                               | 7.69                               |
| 6. Warm temperate, fully humid (warm summer)     | 20.64                              | 18.86                              |
| 7. Warm temperate, dry winter (hot summer)       | 11.35                              | 10.72                              |
| 8. Cwb. Warm temperate, dry winter (warm summer) | 8.49                               | 10.63                              |

*Source:* Authors' elaboration from the *Madagascar Young Adult Survey*.

**Table A.3. Cohort Members Hit by Cyclones, in %**

| <i>Year</i> | <i>% CM hit by at least a tropical storm<br/>or a tropical cyclone</i> | <i>% CM hit by at least a tropical cyclone<br/>strength <math>\geq 1</math></i> |
|-------------|--|---|
| 2004        | 64.34  | 14.75   |
| 2005        | 10.99  | 0.09  |
| 2006        | 28.95  | 0.09  |
| 2007        | 27.17  | 2.06  |
| 2008        | 37.27  | 0.00  |
| 2009        | 26.18  | 2.23  |
| 2010        | 2.06   | 0.00  |
| 2011        | 4.20   | 0.00  |

*Source:* Authors' elaboration from the *Global Risk Data Platform* and *Madagascar Young Adult Survey*.



**Table A.4. Full Specification of the Base Model**

| <i>Equations</i>                                       | <i>School</i>        | <i>Work</i>          |
|--|----------------------|----------------------|
| If CM is a girl  | -0.218***<br>(0.065) | 0.015<br>(0.057)     |
| Age at school entry                                    | -0.027<br>(0.018)    | 0.023<br>(0.020)     |
| If CM lives in a new household                         | -0.289***<br>(0.096) | 0.089<br>(0.075)     |
| Number of child siblings, boys                         | 0.002<br>(0.028)     | -0.011<br>(0.039)    |
| Number of child siblings, girls                        | 0.010<br>(0.035)     | 0.088**<br>(0.037)   |
| If father experienced any illness or death             | -0.184*<br>(0.103)   | 0.104<br>(0.123)     |
| If mother experienced any illness or death             | -0.125<br>(0.126)    | 0.294**<br>(0.145)   |
| If father works  | -0.129<br>(0.105)    | 0.046<br>(0.114)     |
| If mother works  | -0.026<br>(0.121)    | 0.293**<br>(0.120)   |
| Number of secondary schools (cycle 1) in the community | 0.181**<br>(0.083)   | 0.011<br>(0.102)     |
| Number of secondary schools (cycle 2) in the community | 0.099<br>(0.083)     | -0.216*<br>(0.131)   |
| If community has access to a paved road                | 0.101<br>(0.109)     | 0.130<br>(0.131)     |
| If the hh had a land in 2004                           | 0.149**<br>(0.072)   | 0.125*<br>(0.068)    |
| Rainfall deviation (6 months)                          | 0.098**<br>(0.040)   | -0.146***<br>(0.047) |
| Assets in 2004   | 0.010***<br>(0.003)  | -0.010***<br>(0.003) |
| Rainfall deviation x Assets                            | -0.002*<br>(0.001)   | 0.002*<br>(0.001)    |
| <i>Control for (dummies):</i>                          |                      |                      |
| Age of CMs   | Yes                  | Yes                  |
| Father's education                                     | Yes                  | Yes                  |
| Mother's education                                     | Yes                  | Yes                  |
| Year (2004 to 2011)                                    | Yes                  | Yes                  |
| Climatic zone  | yes                  | yes                  |
| Land type  | yes                  | yes                  |
| <i>Athrho</i>  | -0.579***<br>(0.058) |                      |
| Observations   | 8,600                |                      |

*Source:* Authors' estimation.

**Table A.5. Average Precipitation (in mm) and Precipitation around 1 z-score of Rainfall between November and April, National and by Climatic Zones**

| <i>Zone</i> | <i>Average</i> | <i>1 z-score</i> | <i>0 z-score</i> |
|-------------|----------------|------------------|------------------|
| 1           | 1175.389       | 2166.787         | 994.8435         |
| 2           | 1070.435       | 1783.585         | 964.6864         |
| 3           | 842.5096       | 1227.292         | 725.5471         |
| 4           | 510.2336       | 574.7544         | 390.2637         |
| 5           | 1113.622       | 1225.844         | 979.7858         |
| 6           | 1065.659       | 1312.056         | 925.751          |
| 7           | 1321.616       | 1618.008         | 1219.17          |
| 8           | 1210.272       | 1496.411         | 1074.956         |
| National    | 1077.534       | 1423.665         | 946.4648         |

*Source:* Authors' estimation.

**Table A.6. Effects of the Long-term Mean of Variables Measuring Precipitation on Normalized Rainfall Deviation**

| <i>Long-term mean of rainfall variables</i>             | <i>Coefficient<br/>(SD)</i> |
|---|-----------------------------|
| Mean of annual precipitation, station data, normalized  | -0.0217<br>(0.225)          |
| Mean of annual precipitation, station data              | -0.000<br>(0.000)           |
| Mean of annual precipitation, satellite data            | 0.000<br>(0.000)            |
| Mean of November to April precipitation, station data   | 0.000<br>(0.000)            |
| Mean of November to April precipitation, satellite data | -0.000<br>(0.000)           |
| Constant  | -0.025<br>(-1.118)          |
| Observations  | 1,533                       |

*Notes:* Means are calculated over the period 1992–2012.

## Notes

<sup>1</sup> World Development Indicators (the data refer to 2015).

<sup>2</sup> See <https://www.usaid.gov/madagascar/environment>, accessed January 2018.

<sup>3</sup> Satellite-based data are preferred to those from the CRU (Climatic Research Unit), because of the poor quality of the latter from 2006 to 2009 (see Footnote 18).

<sup>4</sup> The literature also explores the impact of weather events on the diversification choice. For example, Skoufias, Bandyopadhyay, and Olivieri (2017) showed that *ex ante* rainfall variability in India was associated with more diversification of rural households from agricultural to off-farm sectors. Similarly, Bandyopadhyay and Skoufias (2015) found that *ex ante* rainfall variability risks in Bangladesh pushed adult members that were not the heads of their households away from the agricultural sectors, also at a cost of a lower total household welfare.

<sup>5</sup> Other papers adopt measures of rainfall based on deviation from historical trend (e.g., Björkman-Nyqvist 2013; Dumas 2015; Shah and Steinberg 2017; Sesmero, Ricker-Gilbert, and Cook 2018).

<sup>6</sup> See <http://www.fao.org/agriculture/seed/cropcalendar/welcome.do>

<sup>7</sup> Data used in the empirical analysis show that only 27% of sample households did not cultivate any land between 2004 and 2012, while only 10% of them did not engage in agricultural activities over the period. We consider a household engaged in agricultural activities if it cultivates land or if the CM or her father is engaged in the agricultural sector. See Section 5 for the definition of “non-agricultural household.”

<sup>8</sup> In accordance with Rosenzweig and Evenson (1977), child schooling and leisure can be considered as similar goods with respect, for example, to their respective shadow price.

For this reason, for simplicity, we assume that child schooling is included in  $C_t$ . For example, the shadow prices of child schooling and leisure are both “positively correlated with the number of children and the opportunity cost of school attendance and child leisure” (Rosenzweig and Evenson 1977, p. 1067).

<sup>9</sup> The change in the shadow prices of child education and working can also be affected by rainfall-induced changes in the price of commodities, complementary (to labor) inputs and substitutes.

<sup>10</sup> In the case of inefficient government infrastructure, cyclones could have an extended lagged effect as well, because the physical infrastructure may not be rebuilt for several time periods. We have tried to include the lagged cyclone effect in our model, but it turns out not to be significant.

<sup>11</sup> See <https://www.usaid.gov/madagascar/environment> (accessed January 2018).

<sup>12</sup> The reality is that no survey in Madagascar conducted in the past decade can really be considered nationally representative, since the most recent census, upon which sampling frames have been built, was conducted in 1993.

<sup>13</sup> We computed this measure of wealth (based on non-land assets), using factor analysis on data observed in 2004, following the procedure used by Filmer and Pritchett (2001).

<sup>14</sup> Data available at:

<http://preview.grid.unep.ch/index.php?preview=data&events=cyclones&evcat=1&lang=eng>

<sup>15</sup> We also tried to use CRU 3.24 data, gridded data that interpolate between the ground stations with a resolution of 0.5 x 0.5 degrees, but these data present a large number of observations with a zero anomaly between 2006 and 2009. This is due to the lack of

weather stations available within the radius that is used for rainfall and temperature observations. We thus decided not to use CRU data due to their poor quality for our case study. We also wanted to use the Standardized Precipitation Evapotranspiration Index (SPEI) to take into account the effect of evapotranspiration, but, unfortunately, the SPEI database is based on CRU data for rainfall.

<sup>16</sup> Although there are some differences with respect to the beginning and end of the rainy season within the country, in most of the areas, this season goes from November to April, with a few others experiencing a slightly shorter rainy season (see <http://www.fao.org/agriculture/seed/cropcalendar/welcome.do>, accessed January, 2018).

<sup>17</sup> Satellite rainfall data are reported for grid cells of about 10 km<sup>2</sup>. They do not exactly correspond to our sample communities (i.e., survey clusters) in terms of surface, but there is no more than one community in a grid cell. Therefore, we would use the term community to designate both survey clusters and grid cells as the two coincide perfectly for our scope.

<sup>18</sup> These are defined as follows: Category 1 if rainfall deviation is lower than -1; Category 2 if rainfall deviation ranges between -1 and 0; Category 3 if rainfall deviation ranges between 0 and 1; Category 4 if rainfall deviation ranges between 1 and 2; Category 5 if rainfall deviation is higher than 2.

<sup>19</sup> As to why we did not use a probit with fixed individual effects, most of the variables used in our estimations are binary; controlling for fixed individual effects requires enough variability within each observation, which is not the case with our data. Also, see the threads discussed by Greene (2004).

<sup>20</sup> While we also have wealth information for 2012, we choose to use the lagged wealth to avoid possible reverse causality and limit the impact of unobservable heterogeneity on current school and work decisions.

<sup>21</sup> We also estimated a specification, including a quadratic term for the rainfall variable, in order to capture the effect of excessive rain and floods. This term is not significant.

Results are available from the authors upon request.

<sup>22</sup> Table A.4 provides information on how one unit of z-score translates into absolute mm of rainfall, by climatic zone and nationally.

<sup>23</sup> We also estimated the baseline model on the sample of 803 individuals who never changed their residence between 2004 and 2011. Results are stable and are available from the authors upon request.

<sup>24</sup> The variable *drought* takes the value 1 when rainfall deviation is below the 20th percentile.