

Abstract

This study examines the impact of energy poverty on the subjective well-being of children in four developing countries: Ethiopia, India, Peru, and Vietnam. We assess energy poverty using a multidimensional approach, leveraging data from the Young Lives study, which conducted surveys in 2006, 2009, 2013, and 2016 (Rounds 2 to 5). Our analysis focuses on the young cohort (Rounds 3 to 5) and the older cohort (Rounds 2 to 5), as these rounds include questions on children's subjective well-being. To mitigate potential endogeneity concerns and establish causal relationships, we employ a two-stage least squares regression, using residential electricity prices at the country level as an instrumental variable. Our findings reveal that energy poverty significantly reduces children's subjective well-being, with boys and older children more affected. Robustness checks confirm the validity of these results. Additionally, we find that health status mediates the impact of energy poverty on children's well-being, highlighting the importance of targeted policy interventions.

Keywords: energy poverty, health, subjective well-being, instrumental variable, young lives
JEL Classification Codes: I31, O10