

Federated States of Micronesia 2013/2014 HIES

States expenditure



Executive summary

60%

of the total expenditure is dedicated to food in Chuuk



55%

of the value of the food consumed in Yap is home-produced (only 13% in Kosrae)

40%

of the households in Pohnpei consume Sakau (which is the main non food items consumed)



82%

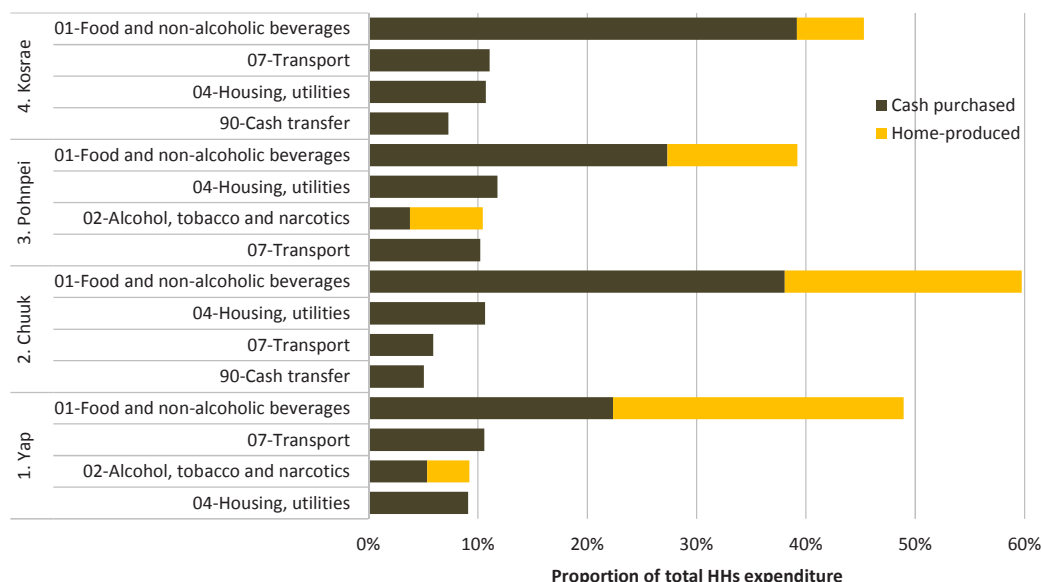
of the households in Chuuk have a total expenditure below the national average

Summary

In Chuuk, almost 60% of the total household (HH) budget is dedicated to “Food and non-alcoholic beverages” and less than 40% in Pohnpei where HHs have more diverse expenditure patterns. “Food and non-alcoholic drinks”, “Housing” and

“Transport” are in the top four main expenditure divisions in all states (Chart 1). “Alcohol, tobacco and narcotics” make up a higher proportion of the HH budget in Yap and Pohnpei (respectively ranked 4th and 3rd) while “Cash transfers” are more important in Chuuk and Kosrae (ranked 4th).

Chart 1: Top 4 main expenditure categories by state (% of total expenditure)

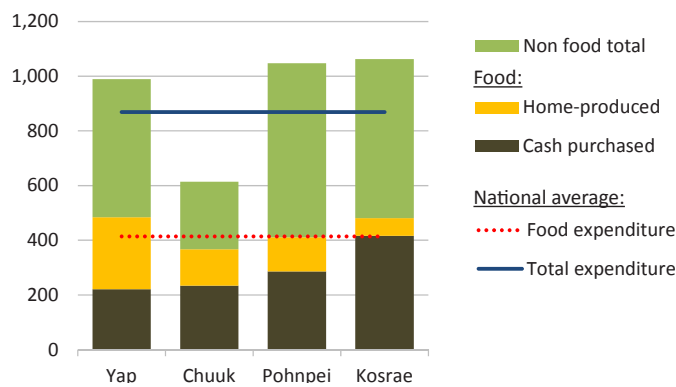


Total expenditure: Kosrae cash dependency

Hhs in Yap, Pohnpei and Kosrae have a total (cash and non-cash) expenditure of around US\$12,000, on average, per annum. Chuuk HHs have much lower level of expenditure with Hhs spending, on average, 40% less.

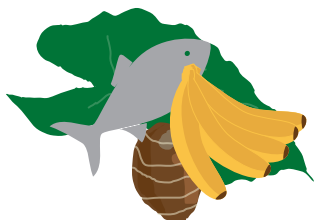
Looking at food expenditure, Yap and Kosrae demonstrate similar levels as HHs, on average, spend more than US\$5,760 per year. This high level of food expenditure is mainly attributable to the value subsistence consumption – the value of home-produced and consumed food – in Yap and cash purchases in Kosrae.

Chart 2: Composition of average annual HH food and total expenditure (USD) by state



Food consumption: Yap and Kosrae contrast each other, Chuuk and Pohnpei have a similar profile

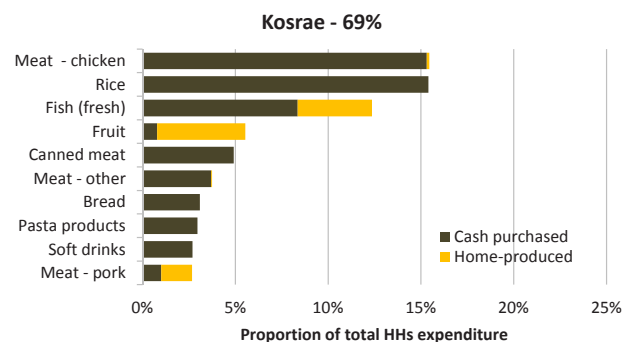
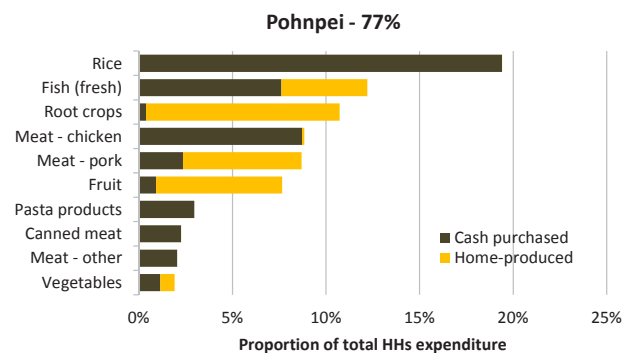
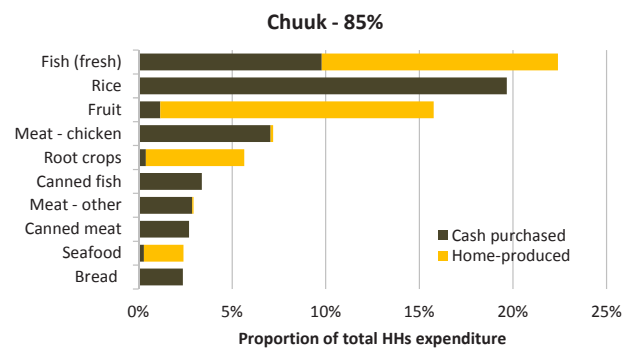
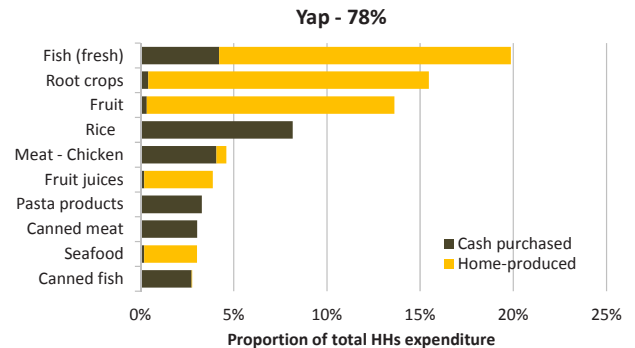
Focussing on HH food consumption, the states show different profiles. In Yap, fish, tubers and fruit represent the main food items consumed by HHs (all mainly home-produced) (Chart3). Those three food items account for 50% of the total value of food expenditure in Yap. Conversely, Kosrae shows a completely different profile with imported food items (chicken and rice) comprising a high proportion of food expenditure. Moreover, Kosrae is marked by a higher diversity in the food items consumed as the main 10 food items account for 69% of food expenditure (compared with 85% in Chuuk). In Chuuk and Pohnpei HHs prefer to eat fish and rice rather than local tubers.



50%

of total value of food expenditure in Yap are on fish, tubers and fruit

Chart 3: Top 10 food expenditure items by state (and % of the total food expenditure)



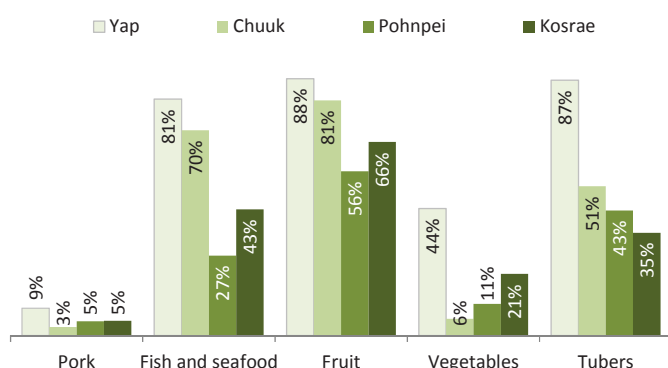
Home production: Yap the leader

The production of food items for own consumption is very high in Yap as 55% of the food consumed is home-produced (compared to 13% in Kosrae) and more than 95% of HHs produce food items for their own consumption. On average,

HHs in Yap save US\$3,120 per annum in cash expenditure by consuming the food items they produce. Overall, fish, tubers and fruit are the main items produced by HHs (Chart 3). Kosrae shows a different profile as 72% of HHs consume food items they produce themselves, but in lower value, as they save US\$780 per annum by consuming home-produced food items.

Fruit picking is the most common subsistence activity undertaken by HHs in the four states. Looking at other subsistence activities, HHs in Yap are highly involved in farming tubers and fishing (87% harvest tuber and 81% go fishing) (Chart 4).

Chart 4: Proportion of HHs involved in the production of pork, fish and seafood, fruit, vegetables and tubers for their own consumption by state



In order to get a complete picture of home production (subsistence), it is necessary to include the consumption of sakau in Pohnpei as 25% of the Pohnpeian HHs harvest sakau for their own consumption, and 75% of the sakau they consume is home-produced. The total value of home production in Pohnpei increases by 50% when adding the value of home-produced sakau (from US\$1,500 to US\$2,280 per annum).

Non-food expenditure by states: mainly energy

Looking at non-food expenditure, they are closely related with the living conditions in each state. Energy is one of the main expenditures in all states: in Yap, Pohnpei and Kosrae, respectively 63%, 86% and 95% of HHs are connected to the public electricity grid and spend, on average, between US\$720 and US\$840 per year.

The importance of cash contribution to other HHs shows the solidarity between HHs in the four States (cash contributions include money given to other HHs for a ceremony or remittance for financial support). In Chuuk and Yap, more than two-thirds of HHs gave money to other HHs and more than 80% of HHs in Pohnpei and Kosrae gave money.

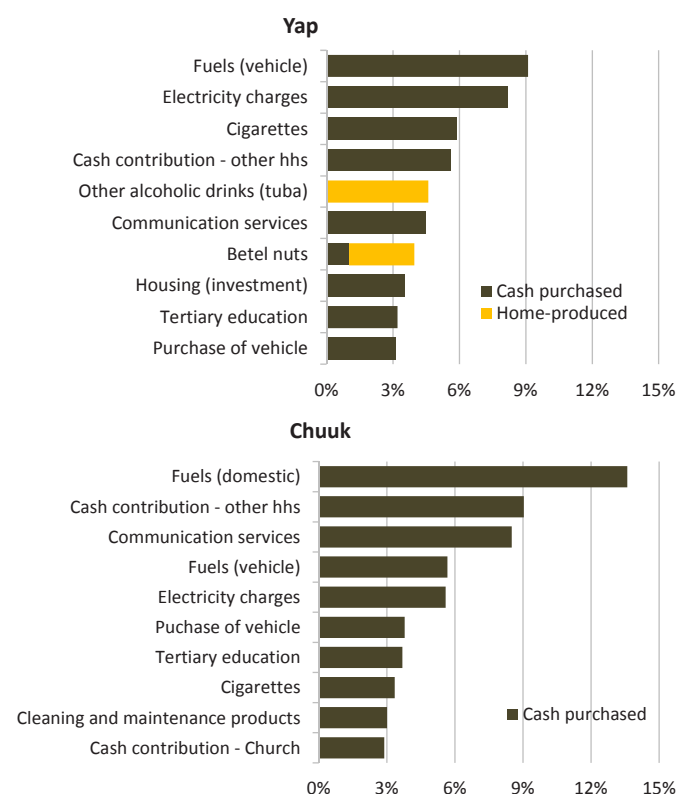
Fuel for vehicles (mainly in Yap) and airfares (mainly in Kosrae) are important non-food items that HHs consume. In Yap and Pohnpei 45% of HHs own at least one car, 13% in Chuuk and 63%

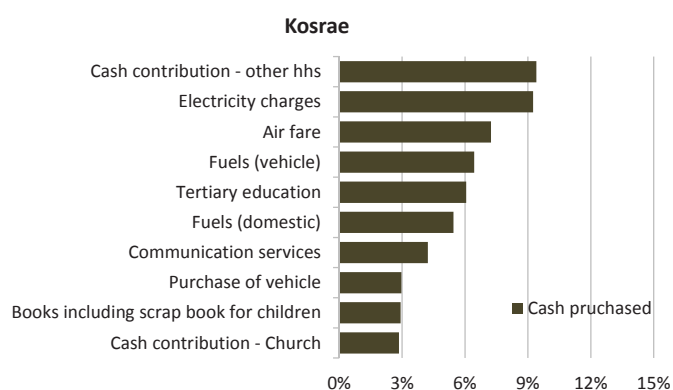
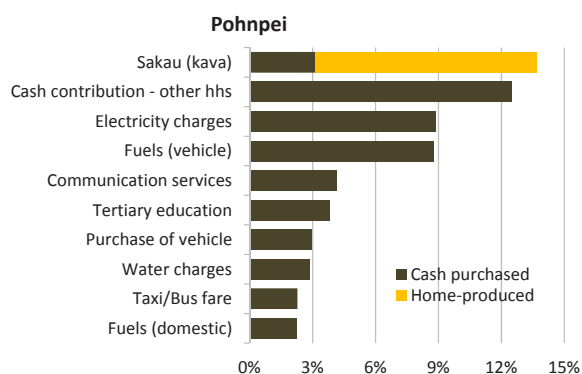
in Kosrae. On the other hand, Chuuk has the higher proportion of HHs who own a motorised boat (13%). The annual average HH expenditure on fuel for vehicle ranges from US\$960 in Kosrae, US\$1,200 in Yap and Chuuk to US\$1,440 in Pohnpei. Almost 10% of the HHs in Kosrae spend cash on international airfares in a year, their favourite destination being Hawaii and they spend, on average, US\$2,120 per trip (on airfares).

Yap has the highest proportion of HHs who buy cigarettes (57%), and they spend, on average, US\$636 per year. Regarding the local kava (sakau), only Pohnpeian HHs have large expenditure on sakau and, as a valuable item, they mostly home produce it. Looking at the overall sakau expenditure, HHs in Pohnpei have higher expenditure on sakau than rice, making sakau the main expenditure item of Pohnpeian HHs (40% of HHs consume it for a total average of US\$2,640 per year).

Communication services expenditure is made of land line phone bills, internet fees and cell phone prepaid recharge cards. At the National level, 70% of this expenditure division is made of cell phone prepaid recharge cards. In Chuuk, 90% of communication services expenditure consists of cell phone prepaid recharge cards. The reason for this high contribution of cell phone credits to communication services expenditure is due to low access to land line telephone (6% of the HHs) and low HH internet access also (5% of the dwelling connected). As a result, 47% of the Chuukese HHs spend, on average, US\$480 annually on cell phone credits. In other states HHs spend more on land line phone and internet and even if cell phone prepaid recharge cards is the main communication expenditure it is not as important as in Chuuk.

Chart 5: Top 10 non-food expenditure by state (and % of the total non food expenditure)

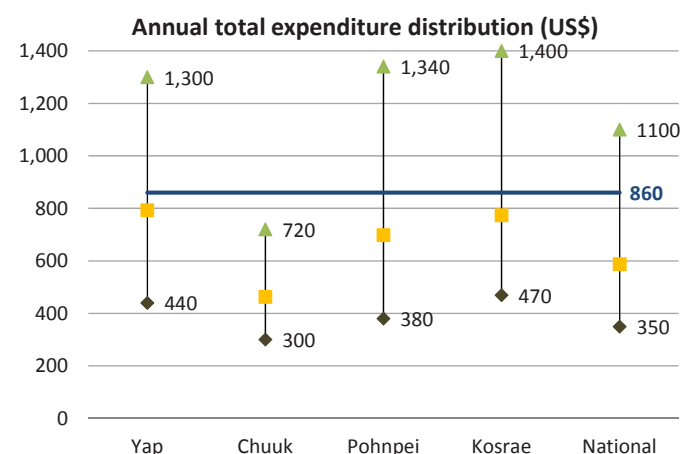
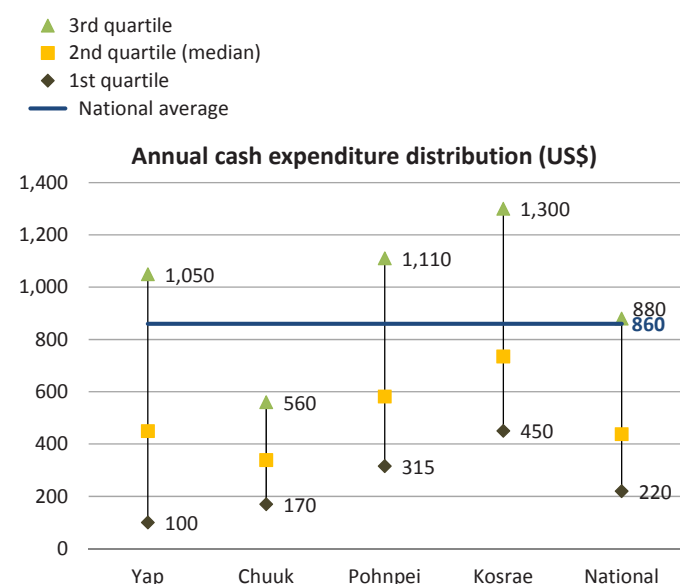




In terms of cash expenditure, the first quartile in Yap spends less than US\$100 monthly, which is very low compared to other states. In Kosrae, the first quartile spends less than US\$450 a month. Chuuk is very low as well, and shows a more equal distribution of expenditure (cash and total) as the fourth quartile spends at least US\$560 per month (the 25% highest spending HHs in Chuuk).

Total expenditure increases expenditure levels in all quartiles and states, which evidences the positive impact of home production on HH consumption expenditure. As mentioned previously, this additional benefit is crucial in Yap and especially for the first quartile as it multiplies HHs in quartile one consumption expenditure by four.

Chart 6: Cash expenditure and total expenditure distribution (annual expenditure USD)



Expenditure distribution by states: Chuuk below national average

Regarding the national total average expenditure, only Chuuk is significantly below (-20%). Yap (+15%), and even more so, Pohnpei and Kosrae report an average total expenditure respectively 21% and 23% higher than the national average. 82% of HHs in Chuuk have a total expenditure below the national average.

Quartiles divide the population of each state in equally sized groups (25%) according to the money they spend (cash expenditure distribution) or the items they consume (purchase and home production for the total expenditure) (Chart 6). The first quartile includes the 25% of the HHs who spend or consume the least. The fourth quartile includes the group of HHs who spend or consume the most (by value).

