

# Federated States of Micronesia 2013/2014 HIES

## National expenditure



### Executive summary

**US\$10,360**

average annual  
household  
expenditure



**US\$852**

average annual  
cash transfers by  
82% of households



**47%**

of expenditure is on  
food and non-alcoholic  
beverages (US\$414)



**89%**

of households  
consume fish  
regularly



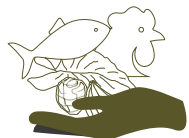
### Introduction

Households in the Federated States of Micronesia (FSM) spend US\$10,360 per year, on average. This expenditure consists of 80% cash spending and 20% non-cash spending<sup>1</sup>.



**80 %**

cash spending



**20 %**

non-cash spending

The 2013/2014 Household Income and Expenditure Survey (HIES) found that “food and non-alcoholic beverages” is the main expenditure division<sup>2</sup>, accounting for 47.3% of the total Households (HH)

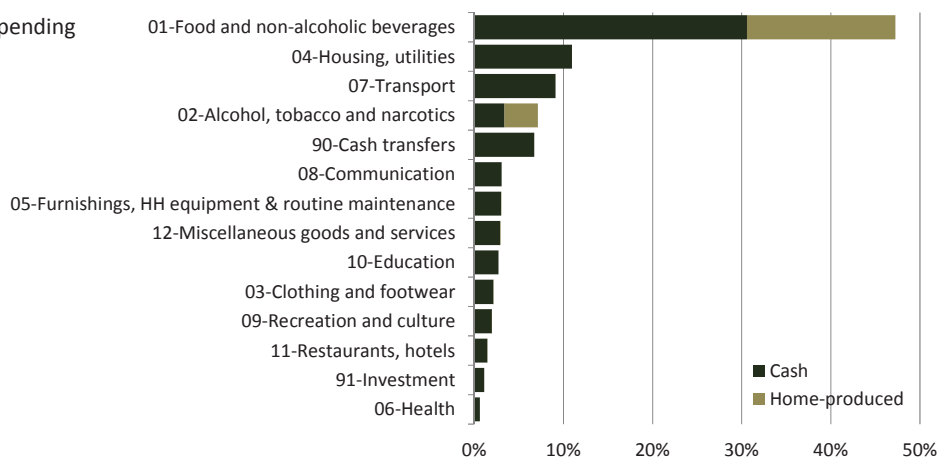
<sup>1</sup> Non-cash expenditure encompasses the value of items that were home-produced and consumed by the HH (home-production) and the value of items received as gifts and consumed by the HH. The cash expenditure encompasses all goods and services the HH purchases.

<sup>2</sup> Consumption expenditure is organized into 12 divisions (from 01 “food and non-alcoholic beverages” to 12 “miscellaneous goods and services”). Two extra divisions were added (90 “cash transfers” and 91 “HH investments”) in order to cover the total expenditure.

budget (cash and non-cash), followed by “housing, utilities” (10.9%) and “transport” (9.1%). These three broad categories of expenditure account for over two-thirds (67.3%) of the total HH budget.

Other HH expenses include “alcohol, tobacco and narcotics” (7%), “cash transfers” (7%) and “communication” (3.1%). The remaining divisions of expenditure each have an allocation of 3% or less (Chart 1).

Chart 1: Proportion of budget (%) allocated to principal expenditure categories by expenditure type



## Rice and fresh fish: A typical meal in FSM

Expenditure on “food and non-alcoholic beverages” by HHs in FSM is US\$414 per month, on average, and accounts for almost half (47%) of the total monthly HH budget.

Almost all (80%) HHs in FSM buy and eat rice regularly. Rice accounts for more than 8% of the total budget (and 17% of food expenditure) and represents more than 10% of the total cash budget (and 27% of food cash expenditure).

The wide variety of fresh seafood available in FSM makes this the most popular food item, with 89% of HHs consuming it. HHs in FSM consume the cash equivalent of US\$70 per month of fresh seafood, but only half of the seafood consumed is purchased as 47% of HHs in FSM are engaged in fishing for their own consumption.



**47%**

of households go fishing for their own consumption

Between 80 and 90% of the fresh fruit and tubers consumed in FSM are home-produced. More than two thirds of HHs pick fruit in the garden for home consumption and half harvest tubers (mainly taro).



**80 to 90%**

of the consumption of fresh fruit and tubers is home-produced

Fresh and frozen poultry (chicken) is the favorite meat after fish, consumed by 65% of HHs in FSM. Pork is not very popular, with only 9% of HHs consuming it, but being an expensive meat it is a significant food item in the overall budget.



**65%**

of households consume chicken

Canned meat and canned fish are consumed in the same quantities. Tinned meat is mainly corned beef, which is the only beef eaten by most HHs in FSM (fresh and frozen beef consumption is very low).

Pasta consumption consists almost entirely of instant noodles, which are very popular, with over two thirds of HHs consuming them. **Main food and beverage items consumed by HHs in FSM.**

Table 1: Main food and drink items consumed by HHs in FSM

	% of HHs consuming	% of HHs buying	% of HHs producing	Average monthly total exp. (US\$)	% of total exp.	% Home prod.
<b>Food &amp; non-alcoholic beverages</b>	<b>100</b>	<b>94</b>	<b>77</b>	<b>414</b>	<b>47</b>	<b>35</b>
Rice	80	80	0	71	8	0
Fish - fresh	89	69	49	70	8	48
Fruits – fresh	79	23	68	47	5	79
- Breadfruit	55	12	45	21	2	81
- Bananas	59	6	54	15	2	87
Tubers	57	10	51	37	4	84
- Taro	47	6	44	22	3	87
- Yam	12	1	10	10	1	81
Poultry - Meat	65	62	4	33	4	2
Pork - Meat	9	5	4	18	2	43
Pasta products	68	68	0	11	1	0
- Instant noodle	65	64	0	10	1	0
Canned meat	47	47	0	11	1	0
Canned fish	45	45	0	11	1	0
Bread	54	54	0	8	1	0
Seafood - fresh	25	3	21	8	1	74
Vegetables - fresh	40	33	13	6	1	33

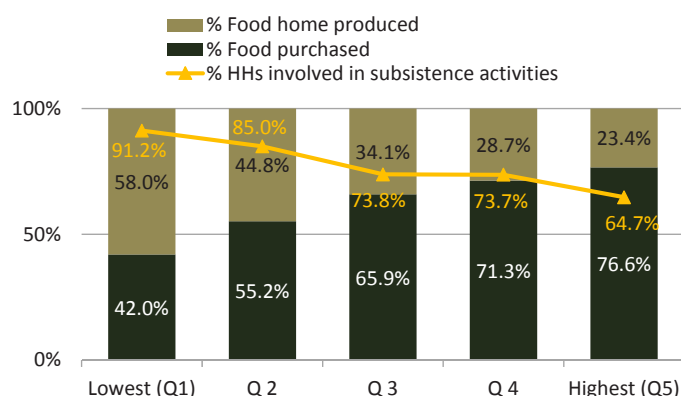
## Home production: Crucial for food supply

Over three quarters (77%) of HHs in FSM are involved in subsistence activities (fishing, cultivation, etc.) and 35% of the value of food consumed by HHs is home-produced.

**77%** 

The home production of food items is significant, especially among low-income HHs, with the poorest 20% (in terms of cash income) producing close to 60% of the food they consume. In contrast, the top 20% of cash-earning HHs in FSM depend more on cash for their food supply, with 77% of the food items they consume being purchased. Thus, the proportion of HHs involved in subsistence activities decreases as HH cash income increases.

Chart 2: Origin of the food items consumed by the HHs by cash income quintile



## Cash donation: The main non-food expenditure

Total HH expenditure on non-food items averages US\$450 per month. Of this, cash transfers (donations) to other HHs, for ceremonies, family events, remittances, etc., account for more than 10%.

Almost three quarters of HHs financially support other HHs (usually relatives), transferring US\$65 per month, on average. Including all other donations (e.g. to churches), 82% of HHs in FSM spend US\$71, on average, per month.

The second largest domain of non-food expenditure is “housing and utilities,” which includes electricity charges, domestic fuel and rent.

In FSM, 58% of HHs are connected to the electricity grid and they pay US\$64 per month for electricity, on average. The main

sources of lighting for HHs that are not connected to the grid are lamps (mainly kerosene lamps) (25%), solar panels (10%) and generators (4%). The remaining 3% use other sources of lighting such as candles. For cooking, firewood and charcoal are the main source of energy as 45% of the HHs cook on open fire and 12% use a wood stove, but only 3% of the HHs pay for firewood or charcoal. Kerosene stove is used by 25% of the HHs and 5% use an electric range.

Only 2% of HHs pay rent but rent is among the top 10 non-food expenditure items as rents are high, with tenants paying US\$530 per month, on average.

A third of HHs in FSM own at least one car and 10% own a boat with a motor. A further third of HHs use taxi services. HHs that own road vehicles spend US\$109 monthly on fuel, on average.

In the previous year, 5% of the HHs had bought a new road vehicle. These cost US\$3,400 on average, and 8% of the vehicles were bought outside FSM.



Sakau (equivalent to kava) is only consumed by 16% of HHs but accounts for 55% of expenditure within the division “alcohol,

Table 2: Top 10 non-food items and services consumed by HHs in FSM

Non-food items and services	Category	% of HHs	Monthly expenditure, on average: total HHs (US\$)	Average monthly expenditure <sup>3</sup>	% of total budget	% of non food budget	% of cash budget
Cash contributions (to other HHs)	Cash transfer	73	47	65	5.5	10.4	6.9
Electricity	Housing, utilities	58	37	64	4.3	8.1	5.3
Fuel (transport)	Transport	32	36	109	4.2	7.9	5.2
Sakau	Alcohol, tobacco and narcotics	16	34	223	3.9	7.4	1.1
Telephone services	Communication	55	24	43	2.7	5.2	3.4
Cell phone top ups	Communication	46	16	35	1.9	3.5	2.3
Fuel (domestic use)	Housing utilities	5	22	45	2.5	4.8	3.2
School fees - tertiary education	Education	9	18	205	2.0	3.9	2.6
Purchase of car	Transport	5	14	284	1.7	3.2	2.0
Cigarettes	Alcohol, tobacco and narcotics	47	13	27	1.5	2.8	1.8
Home rent	Housing utilities	2	11	530	1.3	2.4	1.6

<sup>3</sup> This is the average expenditure of HHs that actually have this expenditure item, not average of all HHs.

tobacco and narcotics.” Sakau is available in many forms: pounded, un-pounded, bottled, and pre-prepared at the *Sakau* bar, but 75% of the *Sakau* consumed is home-produced. Tobacco is more widely consumed, with 47% of HHs buying cigarettes.

Almost half of all HHs (46%) own at least one cell phone. HHs spend US\$35 monthly, on average, on prepaid recharge cards; expenditure on cards accounts for 70% of communication expenditure. At the individual level, a third of the population aged 10 years and above uses a cell phone and 20% own.



**46%**

of households own  
at least one cell  
phone

21% of the HHs are connected to a land line and, 9% of the dwellings are connected to the Internet (covering 8% of the population aged more than 10 years old). Looking at the use of Internet, almost 15% of the population aged at least 10 years old used the Internet in the past month of the interview (42% of users access it mainly from home, 25% from work and 19% from school).



**9%**

of dwellings are  
connected

A total of 2,300 students pursue tertiary education in FSM in a year, and 10% of HHs have at least one member who is currently attending a tertiary institution. On average, 60% of tertiary students receive scholarships each year. Despite the scholarships, the cost of education is still very high, accounting for 18% of the cash budgets of the HHs that have at least one member enrolled in tertiary education, but accounting for only 2% of the cash budgets of HHs with no members in tertiary education (only in primary and secondary).

**2,300**

students pursuing  
tertiary education  
per year



In FSM 91% of the HHs own their principal house outright, 4% live in their house for free, and 3% own it with mortgage and only 2% rent, paying on average US\$530 monthly.

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