

Federated States of Micronesia 2013/2014 HIES

Introduction and reference



Introduction

This fact sheet series presents a summary of key findings from the 2013/2014 Federated States of Micronesia (FSM) Household Income and Expenditure Survey (HIES). The HIES collected a broad spectrum of data, mainly focusing on household (HH) income and expenditure patterns, as well as sociodemographic information. This fact sheet series provides analysis of this data

The fact sheets complement the main HIES analytical report (<http://www.spc.int/prism>) as they provide a deeper analysis of their respective topics. The areas covered in this fact sheet series include:

- Agriculture
- Education
- Fisheries
- HH expenditure – national
- HH expenditure – state
- HH income – national
- HH income – state
- IT communication and transport

The topics selected reflect the key information collected through the HIES, and other areas deemed important in terms of the broader picture they provide of the socioeconomic situation of HHs in FSM.

This introduction provides background information on the HIES and the methods used to carry out the survey. It also lists the classifications, definitions and key terms used throughout the fact sheet series. Finally, it contains tables presenting a summary of key figures on HH population, income and expenditure.

Background to HIES

Survey objectives

The 2013/2014 FSM HIES collects a wealth of demographic, social and economic data. The objectives of the Survey are:

- to update information on the basket of goods and services consumed by HHs in order to rebase the Consumer Price Index (CPI);
- to supplement existing data with specific/additional economic indicators (e.g. gross domestic product and balance of payments);
- to enable further analysis on poverty; and
- to provide useful indicators on the socioeconomic situation of HHs in FSM.

Survey method

FSM HIES data collection began in July 2013 and ended in July 2014. Over this 12-month period, interviews were planned for 2,000 HHs. The selection of these HHs was determined in two stages:

- Stage 1: random selection of Enumeration Areas¹ (EA) with probability proportional to their size – i.e. larger EAs have a higher probability of being selected.
- Stage 2: random selection of HHs within the EAs selected in Stage 1.

Of the sample targeted, 83% completed the survey, while the remaining 17% submitted incomplete forms, or declined to participate (Table 1).

¹ EAs are areas that group an average of 50 HHs for administrative purposes. An enumeration area is usually, for example, delimited by roads, rivers, and coastline.

Table 1: Status of questionnaires

	Number of questionnaires				% complete	# HHs 2010 census
	Valid	Not valid	Not interviewed	Total expected		
Yap	353	47	0	400	88.3%	2,311
Chuuk	575	144	1	720	79.9%	7,024
Pohnpei	537	103	0	640	83.9%	6,289
Kosrae	199	30	11	240	82.9%	1,143
National	1,664	324	12	2,000	83.2%	16,767

The sample was designed to provide robust estimates of HH income and expenditure data at the national and state level.

The 12-month period during which the field operation took place was divided into sixteen rounds. A round consisted of a three-week period, in which 125 HHs, across the four states, were interviewed. Each HH was interviewed every other day over a two-week period – eight visits in total. During this time, the HHs recorded their daily expenditures and home-produced food items in a diary. In addition to the diary, interviews were conducted to collect data on the demographic profile of HH members, their past expenditures on major items (assets, vehicles, etc.) and their income over predefined recall periods.

Key indicators

Please refer to tables 2 and 3 on page 4.

Fact sheet reference information

Standard classifications

The four classifications used in the FSM HIES are described below:

- Classification of Individual Consumption according to Purpose (COICOP), designed by the United Nations Statistics Division (UNSD);
- International Standard Industrial Classification of all Economic Activities – Revision 4 (ISIC, Rev. 4), designed by UNSD;
- International Standard Classification of Occupations (ISCO), designed by the International Labour Organization (ILO) for organising information on labour and jobs; and
- Pacific Classification of Income (PACCOI), designed by the Pacific Community (SPC) in the context Pacific income sources. This classification consists of five main income divisions: income from employment; income from property; income from production of goods and services for HH consumption; income from transfers; and income from other receipts.

Main expenditure and income definitions

Income and expenditure definitions adopted in the 2013/2014 FSM HIES are directly derived from Resolution I from the Seventeenth International Conference of Labour Statisticians (ICLS).

Total HH expenditure is made of:

- **HH consumption expenditure:** the value of consumer goods and services that were: (i) acquired by a HH to satisfy the needs and wants of its members through direct monetary purchase in the market place, without using money as means of payment – i.e. barter, income in-kind; or (ii) produced within the HH (own account production).

- **Non-consumption expenditure:** expenditures that do not result in the acquisition of any goods and services for the direct satisfaction of HH needs, such as compulsory and quasi-compulsory transfers made to government, non-profit institutions and other HHs.

- **HH investment:** expenditures incurred by HH members for financial security, or accumulation of significant assets such as the purchase of a house, or a major renovation.

There are different types of expenditure classifications in HIES, including: cash expenditure (goods and services purchased using cash); home production (the value of home-produced items using estimation of the nearest market price); in-kind receipts (value of goods received as gifts); and imputed rents (approximate rent that would be paid by owner-occupied HHs – or HHs that do not pay rent) used to estimate the value of services received by owner-occupied HHs).

HH income consists of all income received – whether monetary or in-kind (goods and services) – by the HH or by individual members of the HH at annual intervals. HH income may be generated through: (i) employment (traditional and self-employment); (ii) property; (iii) home-produced goods and services for HH consumption; (iv) current transfers; and (v) other casual receipts.

There are different types of income classifications in HIES, including: cash income (wages and salaries, business profit distributions, sale of primary produce, transfer, and casual income); home production (or subsistence, which is the net value of home-produced and consumed goods); in-kind (home-produced goods gifted to another HH); imputed rents (as described above, but treated as income for the services that are derived from living in an owner-occupied HH); and income in-kind (non-monetary benefits gifted to an employee by the employer). In addition to these classifications, intermediate expenditure was another designation used in the income section to collect data on gross and net income (mainly for home production, business income and primary production).

Specific definitions and frequently used terms

Subsistence: income or expenditure incurred through the consumption of home-produced goods. Subsistence and home-produced goods are used interchangeably in the fact sheets. Subsistence is treated as both an income – the net value of the home-produced and -consumed item – and as an expenditure – the gross value of the home-produced and -consumed item.

Cash expenditure: HH cash purchases, whether they are for the benefit of the HH or a gift to another HH.

Subsistence expenditure: gross value of home-produced and -consumed or gifted goods.

Cash income: income in the form of cash, which can be generated through wages and salaries, business profit distribution, the sale of primary produce, transfer, property, and casual income.

Subsistence income: the net value of home-produced and -consumed or gifted goods.

In-kind income: the value of non-cash employment related benefits, such as accommodation, telephone, transport, food, clothing and other non-cash related employee benefits.

Income quintiles: division of the HH population into five groups of the same size (i.e. 20% of the HH population, equalling approximately 3,335 HHs in each quintile) based on their level of cash income.

Quintile 1 (Q1) comprises the HHs that earn the lowest amount of annual cash income, while Quintile 5 (Q5) represent the highest cash income-earning group. In FSM, 20% of the poorest HHs (in terms of cash income) receive less than US\$840 per year, whereas the highest income-earning HHs receive more than US\$15,101 (Table 2).

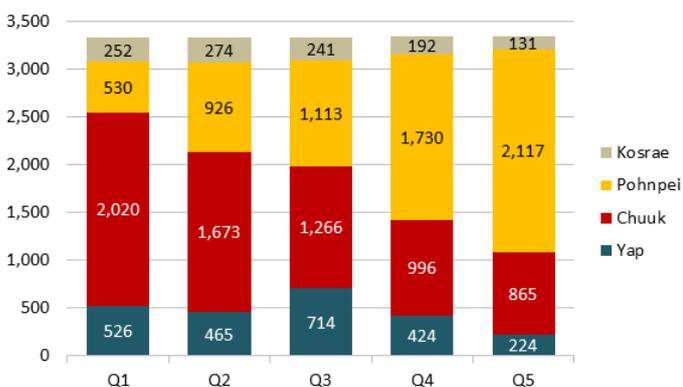
Table 4: Cash income ranges by quintile (US\$)

	Annual cash income
Quintile 1 (Q1)	< 840
Quintile 2 (Q2)	841 to 3,400
Quintile 3 (Q3)	3,401 to 7,300
Quintile 4 (Q4)	7,301 to 15,100
Quintile 5 (Q5)	> 15,101

Cash income by quintile is based on total cash income distribution. Total cash income includes: wages and salaries; net income from primary production and business activities; income from property (mainly rental); transfers (pension, scholarship and remittances); and other casual income; home production, imputed rents, gifts and in-kind income are all excluded.

Q1 mainly consists of HHs based in Chuuk (60%), whereas Q5 has a higher proportion of HHs from Pohnpei (Figure 1).

Figure 1: Number of HHs from each state by quintile



Notes:

Imputed rents: due to the arbitrary nature of imputed rents and the objective of the fact sheets being to present the living conditions of HHs in FSM, income and expenditure generated from imputed rents (the estimated value of the services that owner-occupied HHs receive from living in their dwelling) has not been included in any income and expenditure figures in the fact sheets. That is, the income and expenditure values and proportions presented in these fact sheets all omit imputed rents. To give an indication of the value of imputed rents estimated in HIES (but not necessarily used in the compilation of national accounts), the values are provided below:

Table 5: Total annual value of imputed rents as reported by HHs (US\$ '000)

Yap	Chuuk	Pohnpei	Kosrae	National
4,528	20,342	35,845	3,621	64,336

Acronyms

COICOP	Classification of Individual Consumption according to Purpose
CPI	Consumer Price Index
EA	Enumeration Area
FSM	Federated States of Micronesia
HIES	Household Income and Expenditure Survey
HHs	Households
ICLS	International Conference of Labour Statisticians
ISOC	International Standard Occupation Classification
ISIC	International Standard Industrial Classification
PACCOI	Pacific Classification of Income
SPC	The Pacific Community
USD	United States Dollar



Credit: Fenno Brunken



Federated States of Micronesia



Table 2: Population figures

	Yap	Chuuk	Pohnpei	Kosrae	National
Households	2,353	6,819	6,416	1,089	16,677
Total population	11,995	48,703	36,936	5,748	103,382
Population 15+	8,131	31,509	25,261	3,717	68,618
Labor force 15+	5,782	12,293	15,989	1,648	35,712
Population aged 6–13 (elementary school age)	2,181	9,262	6,704	1,254	19,401
Population aged 14–17 (secondary school age)	1,089	4,891	3,170	482	9,631
Population aged 15–24 (youth)	2,089	10,492	7,441	980	21,002

Table 3: Income and expenditure figures²

	Yap	Chuuk	Pohnpei	Kosrae	National
Expenditure					
Average annual total HH expenditure	US\$11,900	US\$7,400	US\$12,600	US\$12,800	US\$10,400
Average annual HH cash expenditure	US\$8,300	US\$5,800	US\$10,200	US\$12,000	US\$8,200
Average annual home production expenditure (gross)	US\$3,600	US\$1,600	US\$2,300	US\$800	US\$2,100
Income					
Average annual total HH income	US\$15,800	US\$8,400	US\$16,700	US\$15,100	US\$13,100
Average annual cash income	US\$12,000	US\$6,700	US\$14,100	US\$14,000	US\$10,800
Average annual home production income (net)	US\$2,900	US\$1,500	US\$1,600	US\$500	US\$1,700
Average annual in-kind income	US\$1,000	US\$200	US\$1,000	US\$600	US\$600

Funded by ACIAR project FIS/2015/031

² All income and expenditure figures exclude imputed rents.