Photo courtesy:
Yap – Larry Raigatel (Waagey Cooperation)
Chuuk – Statistics Office
Pohnpei – Dana Lee Ling
Kosrae – Phillip Ritter
FOREWORD

It is with great pleasure that we disseminate and communicate the results of the Federated States of Micronesia (FSM) 2013/14 Household Income & Expenditure Survey (HIES). This major accomplishment is the third of its kind to be conducted in the FSM. The last HIES was in 2005. The 2013/14 HIES is distinctly different from the previous ones because fieldwork was undertaken over a one-year period as opposed to the conventional two weeks of fieldwork practiced in the previous surveys. The extension of the fieldwork duration was to capture seasonal expenditures/incomes, a common occurrence in the FSM.

While the survey collects a wealth of information and has the potential to meet many objectives, the main objectives of the survey were to rebase the Consumer Price Index (CPI) basket; to supplement data in compiling components of National Accounts, Balance of Payment and other economic indicators; and to enable further analysis on poverty. Additionally, the survey results provide useful information and indicators on socio-economic situation of households. This information will inform policy makers in framing social developmental policies and in initiating financial measures for improving economic conditions of the people.

The publication is a valuable resource not only for the high end users but also for the casual readers with general interest in financial situations at the household level in FSM. The main table output centers around income and expenditure which is further broken down to finer details such as on consumption of Food and Non-Alcohol Beverages, Alcohol Beverages and Tobacco, Clothing and Footwear, which are some of the finer level details that are presented in the report.

The publication complements findings from previous surveys such as the 2010 Census and 2005 HIES, and other statistical publications, allowing for additional trend analysis.

The project was made possible through financial support provided by the Government of FSM and the Asian Development Bank (ADB) through the Japan Fund for Poverty Reduction (JFPR) Program. We are also grateful for the continued and valuable technical support from the Statistics for Development Division (SDD) of the Secretariat of the Pacific Community (SPC).

It is extremely important to extend special appreciation to the FSM households who participated and responded to the survey. The successful completion of the survey would not have been possible without their cooperation and contribution.

Finally, I would like to recognize the Division of Statistics, including the state statistics branch offices, Office of SBOC for the successful implementation of this project and to the several individuals who in any other capacity contributed to the work.

I hope the readers of this report have a productive and enlightening reading experience.

Evelyn Adolph
Director
ACKNOWLEDGEMENTS

On behalf of the FSM Statistics Division I acknowledge with great appreciation the financial and technical support towards the 2013/14 HIES from the Congress of the Federated States of Micronesia and the Asian Development Bank (ADB) through the Japan Fund for Poverty Reduction (JFPR) Program. I would also like to thank the Secretariat of the Pacific Community, Statistics for Development Division (SPC-SDD) for the technical expertise and facilitation of technical attachment(s) of the FSM Statistics staff to produce this report and the subsequent reports that will follow.

I extend a special thank you to the statistics staff, both at the national and state offices, for the successful implementation and completion of the 2013/14 HIES. Their dedication over the long period of the survey and their commitment to achieving the required tasks had yielded outputs of high quality.

I wish to further extend my utmost gratitude to the HIES field teams (interviewers, supervisors and quality control officers) and the FSM households. The successful completion of the survey would not have been possible without the persistence of the field teams in their tasks and cooperation of the households.

The findings of the 2013/14 HIES will provide updated socio-economic information required for policy and strategic planning development. With the continuing decrement of Compact funding it is ever more crucial that resource-use planning be evidence-based. It is therefore the vision of the FSM Statistics Office that the survey results will generate the highest level of interest from planning bodies like politicians and government authorities, and those in the general public as well.

The FSM Statistics aims at achieving a well informed and empowered society and public sector that will confidently shape the country’s future. Thus, it looks forward to working with other national agencies and development partners in developing further outputs that may inform sectoral plans and reports, utilizing the HIES information. Outputs from such collaborative exercise promote the practice of a coherent planning process that directly links to the FSM’s Strategic Development Plan (SDP).

As the publication contains the most current and best available statistics on household income and expenditure patterns, I encourage everyone to fully utilize the information presented in the publication.

Feedback or inquiries regarding this publication can be directed to the Statistics Division, Office of Statistics, Budget & Economic Management, Overseas Development Assistance and Compact Management (SBOC).

Mathew Chigiyal
Assistant Director for Statistics
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Content</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOREWORD</td>
<td>i</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>ii</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>iii</td>
</tr>
<tr>
<td>LIST OF ANALYSIS TABLES</td>
<td>iv</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>v</td>
</tr>
<tr>
<td>LIST OF APPENDICES TABLES</td>
<td>v</td>
</tr>
<tr>
<td>ABBREVIATIONS AND SYMBOLS USED IN DOCUMENT</td>
<td>vi</td>
</tr>
<tr>
<td>SECTION 1 – SURVEY OVERVIEW</td>
<td>1</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>BACKGROUND</td>
<td>1</td>
</tr>
<tr>
<td>SURVEY OBJECTIVES</td>
<td>2</td>
</tr>
<tr>
<td>SECTION 2 – DEMOGRAPHIC PROFILE</td>
<td>4</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>4</td>
</tr>
<tr>
<td>DEMOGRAPHIC ANALYSIS</td>
<td>4</td>
</tr>
<tr>
<td>Estimated Population of FSM at the time of the HIES</td>
<td>4</td>
</tr>
<tr>
<td>Comparison in Population Structures: Census 2010 vs. HIES 2013/14</td>
<td>5</td>
</tr>
<tr>
<td>SECTION 3 – EXPENDITURE ANALYSIS</td>
<td>8</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>8</td>
</tr>
<tr>
<td>Formation of Main Expenditure Categories</td>
<td>8</td>
</tr>
<tr>
<td>Finer Level Divisions and Sub-categories for Main Expenditure Analysis</td>
<td>8</td>
</tr>
<tr>
<td>Type of expense</td>
<td>9</td>
</tr>
<tr>
<td>EXPENDITURE ANALYSIS – MAIN TABLES &amp; GRAPHS</td>
<td>11</td>
</tr>
<tr>
<td>Distribution of Household Expenditure by Major categories</td>
<td>11</td>
</tr>
<tr>
<td>Annual Expenditure Amounts by Category &amp; Type</td>
<td>13</td>
</tr>
<tr>
<td>Distribution of Consumption Expenditure by Detailed COICOP Class</td>
<td>17</td>
</tr>
<tr>
<td>Distribution of Household Expenditure by Category and Type</td>
<td>25</td>
</tr>
<tr>
<td>Percentage of Households with Certain Types of Expenditure</td>
<td>27</td>
</tr>
<tr>
<td>Comparison of Total expenditure: 2005 vs. 2013</td>
<td>28</td>
</tr>
<tr>
<td>Household Total Expenditure by Income Quintiles / Deciles</td>
<td>29</td>
</tr>
<tr>
<td>Household Total Expenditure by household / Head of Household characteristics</td>
<td>32</td>
</tr>
<tr>
<td>Household Total Expenditure by State</td>
<td>38</td>
</tr>
<tr>
<td>SECTION 4 – INCOME ANALYSIS</td>
<td>40</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>40</td>
</tr>
<tr>
<td>Formation of Main Income Categories</td>
<td>40</td>
</tr>
<tr>
<td>Finer Level Categories for Main Income Analysis</td>
<td>42</td>
</tr>
<tr>
<td>Type of income</td>
<td>43</td>
</tr>
<tr>
<td>INCOME ANALYSIS – MAIN TABLES &amp; GRAPHS</td>
<td>45</td>
</tr>
<tr>
<td>Distribution of Household Income/Receipts by Major category</td>
<td>45</td>
</tr>
<tr>
<td>Annual Income Amounts by Category &amp; Type</td>
<td>47</td>
</tr>
<tr>
<td>Distribution of Employment Household Income by Detailed Category</td>
<td>50</td>
</tr>
<tr>
<td>Distribution of Household Income by Category and Type</td>
<td>52</td>
</tr>
<tr>
<td>Percentage of Households with Certain Types of Income/Receipts</td>
<td>54</td>
</tr>
<tr>
<td>Household Total Income by income quintiles / deciles</td>
<td>57</td>
</tr>
<tr>
<td>Household Total and Average Income by Head of Household Characteristics</td>
<td>59</td>
</tr>
<tr>
<td>Household Total Income by state</td>
<td>62</td>
</tr>
<tr>
<td>Share of Remittances in Total Household Income</td>
<td>64</td>
</tr>
<tr>
<td>Inequality and Gini index</td>
<td>65</td>
</tr>
<tr>
<td>SECTION 5 – SAVING</td>
<td>67</td>
</tr>
<tr>
<td>SECTION 6 – BUSINESS AND SUBSISTENCE ACTIVITIES RELATED EXPENDITURES</td>
<td>70</td>
</tr>
<tr>
<td>APPENDIX A – ADDITIONAL EXPENDITURE TABLES</td>
<td>74</td>
</tr>
<tr>
<td>APPENDIX B – ADDITIONAL INCOME TABLES</td>
<td>81</td>
</tr>
<tr>
<td>APPENDIX C – DETAIL OF EXPENDITURE SUB-CLASS LEVEL</td>
<td>95</td>
</tr>
</tbody>
</table>
LIST OF ANALYSIS TABLES

Table 2.1: Population by state, Census 2010 vs. HIES 2013/14 (estimated mid-point)...
Table 2.2: Comparisons of average household size by state; Census 2010 vs. HIES 2013/14...
Table 2.3: Comparison of sex-ratios by state; Census 2010 vs. HIES 2013/14...
Table 2.4: Comparison of place of birth (%), Census 2010 vs. HIES 2013/14...
Table 3.1: Total annual household expenditure by expense category and expense type (US$ 000)...
Table 3.2: Average annual household expenditure by expense category and expense type (US$)...
Table 3.3: Average annual per-capita expenditure by expense category and expense type (US$)...
Table 3.4: Distribution of household expenditure within group by expense category and expense type...
Table 3.5: Distribution of household expenditure within total by expense category and expense type...
Table 3.6: Percentage of households with expenditure by expense category and expense type...
Table 3.7: Total annual expenditure, 2005 & 2013 (following the 2005 classification)...
Table 3.8: Percentage of home production in the food consumption, 2005 & 2013...
Table 3.9: Total annual expenditure by total household income deciles and quintiles...
Table 3.10: Total annual expenditure by division (COICOP and non-consumption) and income quintile (US$ 000 & %)...
Table 3.11: Average annual and monthly household expenditure by total income deciles and quintiles...
Table 3.12: Expenditure composition by expenditure type and income deciles (%)... Table 3.13: Distribution of household expenditure by divisions (COICOP and non-consumption) and household size (%)... Table 3.14: Distribution of households by household head characteristics...
Table 3.15: Distribution of households by total income quintiles and sex of household head...
Table 3.16: Average monthly household expenditure and percentage by expenditure division and sex of the household head...
Table 3.17: Average monthly household expenditure (US$) and percentage by expenditure division and age of household head...
Table 3.18: Average monthly household expenditure (US$) and percentage by division and work status of the household head...
Table 3.19: Total annual expenditure, population, household, and average per capita household annual expenditure by state...
Table 3.20: Household expenditure distribution by state and income quintile (%)
Table 3.21: Total expenditure breakdown by state (%)
Table 3.22: Total expenditure breakdown expenditure category and state (%)
Table 4.1: Total annual household income by income category and income type (US$ 000)...
Table 4.2: Average annual household income by income category and income type (US$)...
Table 4.3: Average annual per capita income by income category and income type (US$)...
Table 4.4: Total wage & salary income by industry...
Table 4.5: Distribution of household income within group by income category and income type (%)
Table 4.6: Distribution of household income within total by income category and income type (%)
Table 4.7: Percentage of households with income by income category and income type...
Table 4.8: Annual income and distribution of income – comparison 2005 vs. 2013...
Table 4.9: Total household income (excluding imputed rents) – comparison 1998/2005/2013...
Table 4.10: CPI adjusted household income in FSM converted to 2013 price (US$) and annual real income growth rate (%)
Table 4.11: Average annual and monthly household income by deciles and quintiles
Table 4.12: Distribution of income type by total income deciles (%)
Table 4.13: Average annual income by quintiles and states (US$) – excluded imputed rents...
Table 4.14: Average annual income (US$) and distribution of the households (%) by sex of household head and state...
Table 4.15: Distribution of households by total annual income group and sex of household head (%)
Table 4.16: Income generation by sex of household head (%)
Table 4.17: Average annual income by work status of household head...
Table 4.18: Breakdown of total income (cash and non cash) excluding imputed rents by work status of household head...
Table 4.19: Total income, average annual income and breakdown by type of income and state (US$ 000 and %)
Table 4.20: Total income disaggregated by income source and state (US$ 000 and %)
Table 4.21: Average annual income (US$) and income reporting households (%) by income source and state
Table 4.22: Remittances beneficiaries (%) and average annual amount received ($) by household head characteristics
Table 4.23: Gini index – total income vs. cash income
Table 4.24: Gini index – state comparison, 1998 & 2013
Table 4.25: Gini index – total income vs. cash income
Table 5.1: Average household saving by income class and state (including imputed rents)
Table 5.2: Average annual household saving by income class and state (including imputed rents)
Table 5.3: Percentage of households involved in own employment activities (for cash or own consumption)
Table 5.4: Percentage of households making money in own employment activities
Table 5.5: Operating and overhead costs by type of own employment activities (US$ 000 & %)
Table 5.6: Detail of annual total operating and overhead costs by type of activities (US$)
Table 5.7: Gross income, operating and overhead costs and net income by type of own-employment activity (US$ 000)
LIST OF FIGURES

Figure 2.1: Population pyramids – Census 2010 vs. HIES 2013/14 ................................................................................................. 6
Figure 3.1: Percentage of expenditure/disbursement by major categories ............................................................................................ 11
Figure 3.2: Percentage of total final consumption expenditure by COICOP divisions (COICOP divisions 1 to 12) ................................. 12
Figure 3.3: Percentage of non-consumption expenditure by sub-category (non COICOP) ................................................................. 12
Figure 3.4: Percentage of the investment expenditure by sub-category (non COICOP) ................................................................. 13
Figure 3.5: Percentage breakdown of Food & Beverage division ............................................................................................................. 17
Figure 3.6: Origin of the food items consumed ............................................................................................................................... 18
Figure 3.7: Percentage breakdown of Alcohol, Tobacco & Narcotics division ....................................................................................... 18
Figure 3.8: Percentage breakdown of Clothing & Footwear division .................................................................................................... 19
Figure 3.9a: Percentage breakdown of Housing, Water, Electricity & Other Fuels division ................................................................. 19
Figure 3.9b: Percentage breakdown of Housing, Water, Electricity & Other Fuels division (excluding imputed rents) ............................ 20
Figure 3.10: Percentage breakdown of Furnishings, Household Equipment & Maintenance division .................................................... 21
Figure 3.11: Percentage breakdown of Health division ........................................................................................................................ 21
Figure 3.12: Percentage breakdown of Transport division ................................................................................................................. 22
Figure 3.13: Percentage breakdown of Communications division .......................................................................................................... 22
Figure 3.14: Percentage breakdown of Recreation & Culture division .................................................................................................. 23
Figure 3.15: Percentage breakdown of Education division ...................................................................................................................... 23
Figure 3.16: Percentage breakdown of Restaurants & Hotels division .................................................................................................. 24
Figure 3.17: Percentage breakdown of Miscellaneous Goods & Services division ................................................................................ 24
Figure 3.18: Average household monthly total expenditure by household size (US$) ................................................................. 32
Figure 3.19: Household monthly total expenditure per-capita by household size (US$) ................................................................. 33
Figure 3.20: Composition of total expenditure by household size (%) ............................................................................................... 33
Figure 3.21: Total household expenditure (%) and average annual per-capita expenditure by state (US$) .......................................... 38
Figure 4.1: Distribution of household total income by major category .................................................................................................. 45
Figure 4.2: Total household income by type of income (US$ 000) ........................................................................................................... 46
Figure 4.3: Distribution of cash income by Major category (%) ............................................................................................................. 46
Figure 4.4: Percentage contribution of main types of employment income to total employment income ...................................................... 50
Figure 4.5: Percentage contribution of main types of subsistence income to total subsistence income ...................................................... 51
Figure 4.6a: Average monthly income adjusted prices (US$ 2013), current prices (US$) and Consumer Price Index (CPI) .............................................................................................................. 56
Figure 4.6b: Disposable household monthly income (US$) in 2013 price by state .................................................................................... 57
Figure 4.7: Annual income distribution by state (excluding imputed rents) .......................................................................................... 59
Figure 4.8: Average annual household total income (excluding imputed rents) by age group of household head (US$) .......... 60
Figure 4.9: Income generation by age of household head (%) .............................................................................................................. 61
Figure 4.10: Lorenz curve – distribution of total income and cash income ............................................................................................ 65
Figure 5.1: Contribution to national savings (%) ............................................................................................................................. 67
Figure 5.2: Average annual household savings by states and total income quintiles (US$) ................................................................. 67
Figure 5.3: Comparison of average annual total income and expenditure by income groups – including imputed rents (US$) ............. 68
Figure 5.4: Average annual saving by characteristics of household head (US$) ..................................................................................... 69
Figure 5.5: Average annual saving by household size (US$) ................................................................................................................. 69

LIST OF APPENDICES TABLES

A1: Total Monthly Household Expenditure by Expense Category and Expense Type (US$ 000) - FSM ................................................................. 74
A2: Average Monthly Household Expenditure by Expense Category and Expense Type (US$) - FSM ................................................................................. 75
A3: Average Monthly Per-capita Expenditure by Expense Category and Expense Type (US$) - FSM ................................................................. 76
A4a: Total Annual Household Expenditure by Expense Category, Expense Type and State (US$ 000) - Yap ................................................................. 77
A4b: Total Annual Household Expenditure by Expense Category, Expense Type and State (US$ 000) - Chuuk ................................................................. 78
A4c: Total Annual Household Expenditure by Expense Category, Expense Type and State (US$ 000) - Pohnpei ................................................................. 79
A4d: Total Annual Household Expenditure by Expense Category, Expense Type and State (US$ 000) - Kosrae ................................................................. 80
B1: Total Monthly Household Income by Income Category and Income Type (US$ 000) - FSM ................................................................. 81
B2: Average Monthly Household Income by Income Category and Income Type (US$) - FSM ................................................................................. 82
B3: Average Per Capita Monthly Income by Income Category and Income Type (US$) - FSM ................................................................. 83
B4a: Total Annual Household Income by Income Category, Income Type and State (US$ 000) - Yap ................................................................. 84
B4b: Total Annual Household Income by Income Category, Income Type and State (US$ 000) - Chuuk ................................................................. 85
ABBREVIATIONS AND SYMBOLS USED IN DOCUMENT

ADB - Asian Development Bank
CHK - Chuuk
CNMI - Commonwealth of the Northern Marianas
COICOP - Classification of Individual Consumption according to Purpose
CPI - Consumer Price Index
EEZ - Exclusive Economic Zone
Equip. - Equipment
FISIM - Financial Intermediation Services Indirectly Measured
FSM - Federated States of Micronesia
GDP - Gross Domestic Product
Hh/hh - Household
HIES - Household Income and Expenditure Survey
incl. - including
IT - Information and Technology
KM/km - Kilometers
KSA - Kosrae
n.e.c. - not elsewhere classified
PNI - Pohnpei
SBOC - Office of Statistics, Budget & Economic Management, Overseas Development Assistance and Compact Management
SDP - Strategic Development Plan
SPC-SDD - Secretariat of the Pacific Community – Statistics for Development Division
USA - United States of America
– - Zero or rounded up value less than 0.01
# - Number
% - Percent
& - And
US$ - United States Dollar
SECTION 1 – SURVEY OVERVIEW

INTRODUCTION

This report is the first generated output from the Federated States of Micronesia (FSM) Household Income and Expenditure Survey (HIES) 2013/14. The report provides the following information:

1) A Survey Overview
   a. Background
   b. Objectives
2) Main Analysis
   a. Demographic Analysis
   b. Expenditure Analysis
   c. Income Analysis
3) Details on data quality

A secondary report has been produced to address the main methodology issues associated with the survey, focusing on:

1) Key Concepts & Definitions
2) Survey Procedures
3) Survey Materials Adopted
   a. Questionnaires
   b. Classification Codes

Aside from these two reports, additional outputs will be produced in the future to address other key survey objectives, as outlined in section 1.3. These shorter specific reports will address key sectors covered in the HIES and other key outputs produced from the survey will address economic statistics.

BACKGROUND

FSM is an independent sovereign island nation consisting of four states – from west to east, Yap, Chuuk, Pohnpei and Kosrae – that are spread across the Western Pacific Ocean. Together, the states comprise around 607 islands (a combined land area of approximately 702 km²) that cover a longitudinal distance of almost 2,700 km just north of the equator. They lie northeast of New Guinea, south of Guam and the Marianas, west of Nauru and the Marshall Islands, east of Palau and the Philippines.

While the FSM’s total land area is quite small, it has an exclusive economic zone (EEZ) of more than 2,600,000 km². The capital is Palikir, located on Pohnpei State, while the largest city is Weno, located in Chuuk State.

For administrative purposes, the four states are divided into municipalities (Yap – 20; Chuuk – 40; Pohnpei – 11; Kosrae – 4).
Based on results from the 2010 census, there were an estimated 102,843 persons (Population: Yap – 11.1%; Chuuk – 47.3%; Pohnpei – 35.2%; Kosrae – 6.4%) residing in 16,767 households (Households: Yap – 13.8%; Chuuk – 41.9%; Pohnpei – 37.5%; Kosrae – 6.8%) in FSM.

The Statistics Division conducted the second HIES in 2005, with 1,600 households being selected in the survey, of which 1,380 responded with sufficient data to significantly contribute to the survey analysis (86.3%). For the 2013/14 HIES, 1,988 households were selected in the survey, with 83.7% response rate. 3.2% were classified as out of scope (did not meet residency requirements), 10.5% were vacant, 0.2% of interviews failed after three attempts and 2.4% were unsuccessful for other reasons, such as death or refusal.

The 2013/14 HIES was implemented adopting the newly developed standardized HIES methodology for the Pacific region. The new approach, currently being developed by the Secretariat of the Pacific Community (SPC), has resulted in better survey forms being used for data collection, and involved collecting the data over a 12 month period to account for seasonal factors, and keep field team to a smaller better qualified group which will also see significant improvements in data quality. This is a significant change from the 2005 HIES where data collection took place over a 2-week period only.

**Economic changes between HIES 2005 and HIES 2013/14**

During the 2005 HIES the economy was recovering from the collapse of garment exports after the 2004 expiration of the World Trade Organization’s Agreement on Textiles and Clothing. Since then, real gross domestic product (GDP) had 3 years of contraction (2006 to 2008), with GDP growth reported for 2009 to 2011 and in 2013 (zero growth in 2012). Real GDP for 2013 decline by US$ 6.9 million since the 2005 HIES - on a per capita basis, real GDP decline from US$ 2,320 to US$ 2,293 between 2005 and 2013 respectively (3%).

The contracting Compact of Free Association agreement with the United States remains effective until 2023 and the sale of fishing licenses to foreign vessels, which have bolstered government revenue.

Public sector jobs continue to dominate the employment structure, with private sector employment remaining at about 40% of total over the past decade. In this period, the FSM economy lost a net total of 1,159 jobs - 467 of which were in the private sector.

**SURVEY OBJECTIVES**

A survey such as a HIES, collects a wealth of information on not just income and expenditure, but also households access and use of certain facilities and assets. It therefore has the potential to meet many objectives.

The standardized HIES being developed for the Pacific region, and being used by FSM for the 2013/14 survey, aims to produce typical key outputs that focus on the following objectives:

1) To obtain expenditure weights and other useful data for the revision of the consumer price index;
2) To supplement the data available for use in compiling official estimates of various components in the systems of national accounts;
3) To supplement the data available for production of the Balance of Payments; and
4) To gather information on poverty lines and incidence of poverty throughout FSM.

In addition, the survey outputs aim to produce useful indicators/information for a range of sectors covered in the survey. While the focus is on income/expenditure, household access and use of certain facilities and assets are also analyzed. Short sector based reports will address topics of most importance to Pacific Island nations, such as:

- Food security
- Fisheries
- Agriculture
- Health

- Education
- Labor Force
- Transport
- IT/Communication

- Gender
- Home Production
- Food in general
- Ceremonies/Gift Giving

These outputs will provide basic data for social and economic planning and policy development.
SECTION 2 – DEMOGRAPHIC PROFILE

INTRODUCTION

This section of the report aims to undertake some basic demographic analysis of the characteristics of persons who were part of the 2013/14 HIES sample survey, and compare these to the results from the 2010 Census.

Although the characteristics of the population for the 2010 Census and 2013/14 HIES are not expected to be identical, it is hoped the rough distribution of the two populations will be similar, given the time difference between the two surveys (census date, and mid-point of HIES) was quite close. Similarities in the population structure for the two surveys will support the HIES sample being representative of the FSM population.

DEMOGRAPHIC ANALYSIS

ESTIMATED POPULATION OF FSM AT THE TIME OF THE HIES

The first section of the analysis shows the population counts for the private dwelling population in terms of households and persons for each State and municipality of FSM from the 2010 Census. Using projection data, these figures have been updated to estimate what the count of households and persons was estimated to be during the mid-point of the 2013/14 FSM HIES (April 1, 2014).

As can be seen from this table, it is estimated the overall population has grown from 102,843 reported in the 2010 Census to 103,382\(^1\) in the mid-point of the 2013/14 HIES. This reflects a population increase of 0.5\% between both surveys.

The projected number of private households was derived using the same household size as that witnessed in the 2010 census.

Table 2.1: Population by state, Census 2010 vs. HIES 2013/14 (estimated mid-point)

<table>
<thead>
<tr>
<th>State</th>
<th>Census 2010 (population)</th>
<th>HIES 2013/14 (weighted)</th>
<th>% change</th>
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<tbody>
<tr>
<td></td>
<td>HHs</td>
<td>Persons</td>
<td>HHs</td>
</tr>
<tr>
<td>Yap</td>
<td>2,311</td>
<td>11,377</td>
<td>2,353</td>
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<tr>
<td>Chuuk</td>
<td>7,024</td>
<td>48,654</td>
<td>6,819</td>
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<tr>
<td>Pohnpei</td>
<td>6,289</td>
<td>36,196</td>
<td>6,416</td>
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<tr>
<td>Kosrae</td>
<td>1,143</td>
<td>6,616</td>
<td>1,089</td>
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<tr>
<td>Total</td>
<td>16,767</td>
<td>102,843</td>
<td>16,677</td>
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</tbody>
</table>

\(^1\) Household population from HIES sample that weighted households, not persons, and was based on household projections that was derived from the household listing in the census
COMPARISON IN POPULATION STRUCTURES: CENSUS 2010 VS. HIES 2013/14

The second component of analysis for this section compared the population structure witnessed during the 2010 census with the population structure from the sample of households in the HIES 2013/14.

Comparisons were done for the following:

1) Average household size for each state (Table 2.2)
2) Sex ratios for each state (Table 2.3)
3) General population structure via a population pyramid (Figures 2.1 & 2.2)
4) Country of birth breakdown (Table 2.4)

As can be seen from Table 2.2, the average household size is 1.1% higher in the weighted HIES sample (6.2 persons per household) compared to the census (6.1 persons per household). The difference is negligible, confirming the representativeness of the HIES data.

In Table 2.3, the sex ratios differ by less than one percent again confirming the representativeness of the HIES data when compared to 2010 census data.

This is also the case for the population pyramid’s showing the difference in the population structure between the census and the HIES data. As stated earlier, whilst it is not expected that these comparisons should show very similar results, the magnitude of the differences is relatively minimal.

The last table, Table 2.4, shows the breakdown of FSM residents in the census and HIES by country of birth. The country of birth figures match – almost exactly – however when reported at the state level, there are discrepancies. It’s difficult to interpret why these discrepancies occurred, but it is possibly due to the fact that this analysis was conducted on the un-weighted sample.

Table 2.2: Comparisons of average household size by state; Census 2010 vs. HIES 2013/14

<table>
<thead>
<tr>
<th>State</th>
<th>Census 2010 (population)</th>
<th>HIES 2013/14 (weighted)</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HHs Persons Ave HH size</td>
<td>HHs Persons Ave HH size</td>
<td></td>
</tr>
<tr>
<td>Yap</td>
<td>2,311 11,377 4.9</td>
<td>2,353 11,995 5.1</td>
<td>3.6%</td>
</tr>
<tr>
<td>Chuuk</td>
<td>7,024 48,654 6.9</td>
<td>6,819 48,703 7.1</td>
<td>3.1%</td>
</tr>
<tr>
<td>Pohnpei</td>
<td>6,289 36,196 5.8</td>
<td>6,416 36,936 5.8</td>
<td>0.0%</td>
</tr>
<tr>
<td>Kosrae</td>
<td>1,143 6,616 5.8</td>
<td>1,089 5,748 5.3</td>
<td>-8.8%</td>
</tr>
<tr>
<td>Total</td>
<td>16,767 102,843 6.1</td>
<td>16,677 103,382 6.2</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Table 2.3: Comparison of sex-ratios by state; Census 2010 vs. HIES 2013/14

<table>
<thead>
<tr>
<th>State</th>
<th>Census 2010 (population)</th>
<th>HIES 2013/14 (weighted)</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males Females Sex ratio</td>
<td>Males Females Sex ratio</td>
<td></td>
</tr>
<tr>
<td>Yap</td>
<td>5,635 5,742 100.98</td>
<td>5,914 6,081 100.97</td>
<td>0.0%</td>
</tr>
<tr>
<td>Chuuk</td>
<td>24,835 23,819 101.04</td>
<td>24,544 24,159 101.02</td>
<td>0.0%</td>
</tr>
<tr>
<td>Pohnpei</td>
<td>18,371 17,825 101.03</td>
<td>18,141 18,807 100.96</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Kosrae</td>
<td>3,352 3,264 101.03</td>
<td>2,841 2,907 100.98</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total</td>
<td>52,193 50,650 101.03</td>
<td>51,440 51,954 100.99</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
Figure 2.1: Population pyramids – Census 2010 vs. HIES 2013/14

- FSM - Census 2010 (shaded) & FSM vs. HIES 2013/14 (outline)
- YAP - Census 2010 (shaded) & YAP vs. HIES 2013/14 (outline)
- CHK - Census 2010 (shaded) & CHK vs. HIES 2013/14 (outline)
- PNI - Census 2010 (shaded) & PNI vs. HIES 2013/14 (outline)

- KSA - Census 2010 (shaded) & KSA vs. HIES 2013/14 (outline)

The figures illustrate the population pyramids for different areas and surveys, showing the distribution of the population across different age groups for males and females.
Table 2.4: Comparison of place of birth (%), Census 2010 vs. HIES 2013/14

| Place of birth | Census 2010 | | | | | | | | | | HIES 2013/14 | | | | | | Percent change |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|               | FSM | Yap | Chuuk | Pohnpei | Kosrae | FSM | Yap | Chuuk | Pohnpei | Kosrae | FSM | Yap | Chuuk | Pohnpei | Kosrae | FSM | Yap | Chuuk | Pohnpei | Kosrae | FSM | Yap | Chuuk | Pohnpei | Kosrae |
| FSM           | 96.9 | 94.4 | 99.0 | 95.3 | 93.9 | 96.9 | 95.7 | 98.1 | 96.7 | 94.6 | 0.0 |
| Yap           | 10.5 | 92.7 | 0.0 | 0.6 | 0.1 | 17.4 | 94.1 | 1.0 | 2.0 | 0.3 | 6.9 |
| Chuuk         | 47.6 | 0.9 | 98.8 | 2.2 | 0.4 | 40.7 | 1.2 | 96.5 | 2.4 | 0.6 | -6.9 |
| Pohnpei       | 32.7 | 0.8 | 0.2 | 91.8 | 2.4 | 29.1 | 0.3 | 0.6 | 91.8 | 3.1 | -3.6 |
| Kosrae        | 6.1 | 0.1 | 0.0 | 0.6 | 90.9 | 9.7 | 0.1 | 0.0 | 0.5 | 90.6 | 3.6 |
| Philippines   | 0.8 | 1.9 | 0.2 | 1.3 | 1.0 | 0.7 | 1.7 | 0.3 | 0.9 | 0.5 | -0.1 |
| USA (incl. Guam, CNMI) | 1.6 | 2.9 | 0.7 | 2.0 | 3.9 | 1.9 | 1.6 | 1.7 | 2.0 | 3.3 | 0.3 |
| Other         | 0.7 | 0.8 | 0.1 | 1.4 | 1.3 | 0.5 | 1.0 | 0.0 | 0.4 | 1.6 | -0.2 |
SECTION 3 – EXPENDITURE ANALYSIS

INTRODUCTION

FORMATION OF MAIN EXPENDITURE CATEGORIES

Section 3 of this report covers the analysis undertaken on the expenditure/disbursement information collected in the FSM 2013/14 HIES.

A main consideration to the development of this chapter was how best to classify the data collected, to provide the most meaningful results to users. As such, the format was based on Resolution 1 from the Seventeenth International Conference of Labor Statisticians. This Resolution proposes the following breakdown for classifying expenditure:

1. Consumption Expenditure:

   1.1. Household Consumption Expenditure: The value of consumer goods and services acquired, used or paid for by a household through direct monetary purchases, own-account production, barter or as income in-kind for the satisfaction of the needs and wants of its members.

   1.2. Other Consumption Expenditure: The value of consumer goods and services acquired or used by the household through transfers from government, non-profit institutions or other households.

2. Non-Consumption Expenditure: Those expenditures incurred by a household as transfers made to government, non-profit institutions and other households, without acquiring any goods or services in return for the satisfaction of the needs of its members.

Other information that will also prove useful in completing the expenditure/disbursement composition of the household includes:

3. Investment: Covers expense items incurred by household members for financial security or accumulation of significant assets, such as a house (including improvement of the house) and plants.

FINER LEVEL DIVISIONS AND SUB-CATEGORIES FOR MAIN EXPENDITURE ANALYSIS

Consumption Expenditure

For tabulation purposes, the analysis separates category 1, consumption expenditure, into divisions conforming to the COICOP classification guidelines. This would result in the following 12 divisions being formed in the tables for addressing consumption expenditure:

1. Food and Non-Alcoholic Beverages
2. Alcoholic Beverages, Tobacco and Narcotics
3. Clothing and Footwear
4. Housing, Water, Electricity, Gas and Other Fuels
5. Furnishings, Household Equipment and Routine Household Maintenance
6. Health
7. Transport
8. Communication
9. Recreation and Culture
10. Education
11. Restaurants and Hotels
12. Miscellaneous Goods and Services

Non-Consumption Expenditure

For category 2, non-consumption expenditure, the analysis will further split it to create sub-categories of importance to FSM. The six main categories identified for FSM include:

1. Cash donation for Special Events - Ceremonies
2. Cash Donations to support other households (in FSM or overseas)
3. Cash transfers to Church
4. Taxes
5. Donations to Community/School/Village
6. Other donations (i.e., charitable contributions)

Special events cover the household’s contributions to weddings, funerals, birthdays etc. Except for taxes, the next five categories above refer more to acts of generosity on behalf of the household where they have provided assistance to the community in some form (i.e., another household, church, village, school).

Investment

For category 3, investments were only collected under 4 sub-categories which covered:

1. Land purchase
2. House purchase / major alteration of dwelling
3. Plants, equipment
4. Home mortgages

Although information was asked of households selected in the survey if they purchased a house, no cases arose during data collection.

<table>
<thead>
<tr>
<th>TYPE OF EXPENSE</th>
</tr>
</thead>
</table>

To add further value to the analysis, effort has been made throughout the survey to determine how that expenditure took place. Five main expenditure types have been created to establish the manner in which the expenditure took place, which include:

1. Cash/In-kind purchases
2. Home production
3. In-kind receipts – expenditure for the benefit of another household
4. In-kind receipts – home production given away
5. Imputed rents
Further explanations for each are provided below.

_Cash/In-kind purchases_
Cash/In-kind purchases represent any purchases made by the household for goods or services for which a payment was made by the household. The payment can be made in the form of a cash payment or payment in-kind (that is, the household pays for the good or service with something other than cash). In the situation where a purchase is made in-kind, the household is required to estimate the value of the item/service they exchanged for their purchase.

_Home production_
Home production in the expenditure tables only covers the value of items which were home produced by the household and then consumed by that household. Any home production given away or sold by the household is not regarded as an expense. In the case of the selected household being given home produced items from another household, this will be included in the group “in-kind receipts”.

_In-kind receipts_
In-kind receipts cover non-cash gifts given away by the households which in turn are consumed by another household. This may be a home produced item given away to another household or any other goods bought for the benefit of other households.

_Imputed rents_
Imputed rents represent the value of the house for owner and people who live in their main house for free (rent free). An estimation of the monthly rent of the house (if they were to pay a rent) provided by the respondent allows us to get this amount.
DISTRIBUTION OF HOUSEHOLD EXPENDITURE BY MAJOR CATEGORIES

As can be seen from Figure 3.1 below, most household expenditure/disbursements are associated with consumption expenditure (94.1%), which as detailed earlier, represents items that the household consume itself. This analysis includes cash/in-kind purchases as well as home production consumed and gift given away outside the household. Non-consumption expenditure accounts for 4.9%, followed by only a small amount on investment/savings (1.0%).

For the Consumption Expenditure category it can be clearly seen in Figure 3.2 that the majority of this expenditure is associated with “housing” (37.3%) especially due to imputed rents which totaled almost 80% of this expenditure category. “Food & non-alcoholic beverages” is the next most significant group (36.6%). These 2 divisions far exceeded expenditure of the other divisions. “Transport” and “Alcohol and tobacco” (including sakau and betel nuts) account for 7.0% and 5.5% of the total household consumption expenditure respectively, with eight other divisions registering contributions lower than 3%. The “Health” division recorded extremely low contributions (0.5%) due to the government’s significant assistance in this area. Figure 3.2 shows that a third of the food consumption is home produced by the household themselves, and half of the COICOP division 2 (alcohol, tobacco & narcotics), mainly due to home produced sakau & betel nuts.
Figure 3.2: Percentage of total final consumption expenditure by COICOP division (COICOP division 1 to 12)

Figure 3.3 shows the breakdown of non-consumption expenditure category, amounting to 4.9% of total expenditure, by sub-category. As can be seen in this chart, “ceremonies” make up 70% of this category. “Donation to Church” makes significant contributions with almost 14%. “Support to other households” represents cash donation that did not happen in the context of any major events (11.4%). Other donations (village, association, groups or communities) make up 3.1% of this category. In terms of donation to school, the expenditure shown in this category is limited to money raised by school during fundraising, but most of the donation to school appear in the COICOP and are included with “school fees” (consumption expenditure) thereby underestimating the figures in Figures 3.3. “Taxes” show a low percentage of this category (0.8%) even if all types of taxes are mentioned (e.g., home, council, imported goods).

Construction and house improvement is the main investment expenditure incurred by the households in FSM. This is followed by the reimbursement of home loans (as long as the loan has started before the period). Plants and equipment consist of generators, solar panel, water tank and all durables households bought for professional use.
The following three tables (Tables 3.1-3.3) show the actual dollar amounts spent by FSM households on each of the consumption and non-consumption expenditure categories as well as investment. To provide additional information in these tables for consumption expenditure, a split has been made to distinguish if the expense was a “cash/in-kind purchase”, “home production consumed”, or an “in-kind receipt”. The three tables provide the following information:

- **Table 3.1**: Total annual expenditure
- **Table 3.2**: Average annual household expenditure
- **Table 3.3**: Average annual per capita expenditure

for each broad category of expense, as well as expense type for consumption expenditure.

The same analysis is provided for each of these three tables for “monthly expenditure in Appendix A.

Table 3.1 shows that FSM households expended a little over US$ 172M on goods and services in 2013 (total consumption expenditure, excluding imputed rents), the vast majority of this being cash purchases which account for US$ 134M (78%). The consumption of home produced goods accounts for an additional US$ 30M (18%), with in-kind receipts making up the remaining US$ 9M (5%).

The table also shows that FSM households pay just over US$ 11.5M on expenses they don’t consume themselves, the majority of this being on special event such as weddings, funerals, birthdays, etc.

In terms of average annual household amounts, Table 3.2 shows that households in FSM consume on average US$ 7.1K a year on goods and services and spend on average 8.2K a year in total. A third of the food they consume is home produced.
Finally, when these figures are converted to per capita expenditure per year (Tab 3.3), the average FSM person is consuming an estimated US$ 1,161 a year on goods and services. This amount equates to US$ 494 on “Food and non-alcoholic beverages”, US$ 179 on “Housing”, US$ 147 on “Transport” for the main groups.

Table 3.1: Total annual household expenditure by expense category and expense type (US$ 000)

<table>
<thead>
<tr>
<th>Expense category</th>
<th>Beneficiary: the household</th>
<th>Beneficiary: another household (in-kind receipt)</th>
<th>Imputed rent</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purchase</td>
<td>Home produced</td>
<td>Purchase</td>
<td>Home produced</td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>51,042</td>
<td>24,374</td>
<td>1,825</td>
<td>4,400</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>5,739</td>
<td>4,774</td>
<td>97</td>
<td>1,699</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>3,580</td>
<td>-</td>
<td>378</td>
<td>-</td>
</tr>
<tr>
<td>4 - Housing, water, electricity, gas, other fuel</td>
<td>18,515</td>
<td>-</td>
<td>76</td>
<td>2</td>
</tr>
<tr>
<td>5 - Furnishings, equip, routine maintenance</td>
<td>4,806</td>
<td>-</td>
<td>219</td>
<td>38</td>
</tr>
<tr>
<td>6 - Health</td>
<td>1,030</td>
<td>-</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>15,212</td>
<td>-</td>
<td>501</td>
<td>-</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>5,236</td>
<td>-</td>
<td>53</td>
<td>-</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>2,939</td>
<td>-</td>
<td>73</td>
<td>20</td>
</tr>
<tr>
<td>10 - Education</td>
<td>4,619</td>
<td>-</td>
<td>28</td>
<td>-</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>2,457</td>
<td>-</td>
<td>26</td>
<td>15</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>4,888</td>
<td>-</td>
<td>121</td>
<td>50</td>
</tr>
<tr>
<td>TOTAL CONSUMPTION EXPENDITURE</td>
<td>120,063</td>
<td>29,148</td>
<td>3,403</td>
<td>6,224</td>
</tr>
</tbody>
</table>

Cash transfer - Ceremonies                             | 8,163    | -             | -        | -             | - | - | 8,163  |
Cash transfer - Support to another household            | 1,319    | -             | -        | -             | - | - | 1,319  |
Cash transfer - Church                                  | 1,615    | -             | -        | -             | - | - | 1,615  |
Cash transfer - Taxes                                   | 93       | -             | -        | -             | - | - | 93     |
Cash transfer – School, community                       | 362      | -             | -        | -             | - | - | 362    |
Other cash transfer (i.e., charitable contribution)     | 33       | -             | -        | -             | - | - | 33     |
TOTAL NON-CONSUMPTION EXPENDITURE                       | 11,585   | -             | -        | -             | - | - | 11,585 |

Land purchase                                          | 214      | -             | -        | -             | - | - | 214    |
Construction/major alteration of dwelling               | 1,012    | -             | -        | -             | - | - | 1,012  |
Plant, major equipment                                  | 495      | -             | -        | -             | - | - | 495    |
Home mortgages                                          | 651      | -             | -        | -             | - | - | 651    |
TOTAL INVESTMENT                                       | 2,373    | -             | -        | -             | - | - | 2,373  |

TOTAL HOUSEHOLD EXPENDITURE                             | 134,021  | 29,148        | 3,403    | 6,224         | 64,336 | 237,132 |
Table 3.2: Average annual household expenditure by expense category and expense type (US$)

<table>
<thead>
<tr>
<th>Expense category</th>
<th>Beneficiary: the household</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Beneficiary: another household (in-kind receipt)</th>
<th></th>
<th></th>
<th></th>
<th>Imputed rent</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purchase</td>
<td>Home produced</td>
<td>Purchase</td>
<td>Home produced</td>
<td></td>
<td>Purchase</td>
<td>Home produced</td>
<td></td>
<td>Imputed rent</td>
<td>TOTAL</td>
<td></td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>3,061</td>
<td>1,462</td>
<td>109</td>
<td>264</td>
<td>-</td>
<td>4,895</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>344</td>
<td>286</td>
<td>6</td>
<td>102</td>
<td>-</td>
<td>738</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>215</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>219</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 - Housing, water, electricity, gas, &amp; other fuels</td>
<td>1,110</td>
<td>-</td>
<td>23</td>
<td>-</td>
<td>3,858</td>
<td>4,991</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 - Furnishings, equip., routine maintenance</td>
<td>288</td>
<td>-</td>
<td>13</td>
<td>2</td>
<td>-</td>
<td>304</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 - Health</td>
<td>62</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>62</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 - Transport</td>
<td>912</td>
<td>-</td>
<td>30</td>
<td>-</td>
<td>-</td>
<td>942</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 - Communication</td>
<td>314</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>317</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>176</td>
<td>-</td>
<td>4</td>
<td>1</td>
<td>-</td>
<td>182</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 - Education</td>
<td>277</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>279</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>147</td>
<td>-</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>150</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>293</td>
<td>-</td>
<td>7</td>
<td>3</td>
<td>-</td>
<td>303</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL CONSUMPTION EXPENDITURE</td>
<td>7,199</td>
<td>1,748</td>
<td>204</td>
<td>373</td>
<td>3,858</td>
<td>13,382</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash transfer - Ceremonies</td>
<td>489</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>489</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash transfer - Support to another household</td>
<td>79</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>79</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash transfer - Church</td>
<td>97</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>97</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash transfer - Taxes</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
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</tr>
<tr>
<td>Cash transfer – School, community</td>
<td>22</td>
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<td>-</td>
<td>-</td>
<td>22</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Other cash transfer (i.e., charitable contribution)</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
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</tr>
<tr>
<td>TOTAL NON CONSUMPTION EXPENDITURE</td>
<td>695</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>695</td>
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<td>-</td>
<td>-</td>
<td>13</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Construction/major alteration of dwelling</td>
<td>61</td>
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<td>-</td>
<td>-</td>
<td>61</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Plant, major equipment</td>
<td>30</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Home mortgages</td>
<td>39</td>
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<td>-</td>
<td>39</td>
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<td></td>
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<tr>
<td>TOTAL INVESTMENT</td>
<td>142</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>142</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>TOTAL HOUSEHOLD EXPENDITURE</td>
<td>8,036</td>
<td>1,748</td>
<td>204</td>
<td>373</td>
<td>3,858</td>
<td>14,219</td>
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</tbody>
</table>
Table 3.3: Average annual per-capita expenditure by expense category and expense type (US$)

<table>
<thead>
<tr>
<th>Expense category</th>
<th>Beneficiary:</th>
<th>Beneficiary:</th>
<th>Imputed rent</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>the household</td>
<td>another household (in-kind receipt)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Purchase</td>
<td>Home produced</td>
<td>Home produced</td>
<td></td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>494</td>
<td>236</td>
<td>18</td>
<td>43</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>56</td>
<td>46</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>35</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>4 - Housing, water, electricity, gas &amp; other fuels</td>
<td>179</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>5 - Furnishings, equip., routine maintenance</td>
<td>46</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>6 - Health</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>147</td>
<td>-</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>51</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>28</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>10 - Education</td>
<td>45</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>24</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>47</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL CONSUMPTION EXPENDITURE</strong></td>
<td>1,161</td>
<td>282</td>
<td>33</td>
<td>60</td>
</tr>
<tr>
<td>Cash transfer - Ceremonies</td>
<td>79</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Support to another household</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Church</td>
<td>16</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Taxes</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer – School, community</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other cash transfer (i.e., charitable contribution)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL NON CONSUMPTION EXPENDITURE</strong></td>
<td>112</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Land purchase</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Construction/major alteration of dwelling</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Plant, major equipment</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Home mortgages</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENT</strong></td>
<td>23</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL HOUSEHOLD EXPENDITURE</strong></td>
<td>1,296</td>
<td>282</td>
<td>33</td>
<td>60</td>
</tr>
</tbody>
</table>
The following section shows the percentage distribution of each detailed class' contribution to the 12 divisions listed in consumption expenditure. The total annual amount from each expense class is listed, including the contribution of that division’s to consumption expenditure to assist with putting things into perspective.

01 - Food & Non-alcoholic Beverages division
Total annual expenditure: US$ 81.6M
Percentage contribution to consumption expenditure: 36.6%

"Bread & cereals” is the main class within the food division, followed by the “fish & sea food” class. These two classes summed to almost half of the total food consumption expenditure. “Fish & sea food”, “Fruits” and “Vegetables” are more commonly home produced than purchased. Figure 3.5 highlights the importance of the home production in the total food expenditure (contributing about 35% of the value of food and beverages consumed).

Figure 3.6 shows that two third of the vegetables and fruits consumed by the households in FSM are home produced and almost half of the fish. Non-alcoholic beverages show 20% of home production (mostly due to “sweet tuba” which is made of the sap extracted from the coconut tree).
Household Income and Expenditure Survey 2013/14
Main Analysis Report

Figure 3.6: Origin of the food items consumed

02 - Alcoholic Beverages, Tobacco & Narcotics division
Total annual expenditure: US$ 12.3M
Percentage contribution to consumption expenditure: 5.5%

Figure 3.7: Percentage breakdown of Alcohol, Tobacco & Narcotics division

Narcotics (sakau & betel nuts) are the main component of this division (64%). Three quarters of the narcotics consumed are home produced. Tobacco contributed 21% of this division (100% purchased). All
alcohol beverages together, the alcohol consumption totaled 15% of this division. Beer is the main alcohol consumed, with half of it home produced (as mature tuba coded under Beer in FSM).

03 - Clothing & Footwear division
Total annual expenditure: US$ 3.6M
Percentage contribution to consumption expenditure: 1.6%

"Garments" represents the main class under clothing division, followed by clothing services (cleaning and repairing) and shoes.

04 - Housing, Water, Electricity & Other Fuels division
Total annual expenditure: US$ 83.2M
Percentage contribution to consumption expenditure: 37.3%
Figure 3.9a shows that almost 80% of the “housing expenditure” is due to the imputed rents (for owners occupied and for people who live in for free). Figure 3.9b shows the breakdown of the “housing” division excluding the classes related to imputed rents in order to get a better view of the total housing expenditure.

Figure 3.9b: Percentage breakdown of Housing, Water, Electricity & Other Fuels division (excluding imputed rents)

Figure 3.8b presents a better view of the real “housing” expenditure, focusing only on cash purchases. Electricity is the main item under this division (almost half of the housing expenditure) followed by the liquid fuels and the rents.

05 - Furnishings, Household Equipment & Maintenance division
Total annual expenditure: US$ 5.0M
Percentage contribution to consumption expenditure: 2.3%
This division is highly dominated by the non-durable goods (such as washing products like detergent and washing soap).

06 - Health division
Total annual expenditure: US$ 1.0M
Percentage contribution to consumption expenditure: 0.5%

Pharmaceutical products consist of all medicine, whether prescribed or not by a doctor. Expenditure on health (doctor or professional health staff) is very low in FSM due to the fact that it is largely subsidized
by the government.

07 - Transport division
Total annual expenditure: US$ 15.7M
Percentage contribution to consumption expenditure: 7.0%

Figure 3.12: Percentage breakdown of Transport division

Almost half of the transport expenditure is on fuel. Fuel expenditure is comprised of fuel for cars and motorized tools only. Fuel for boat is excluded from final consumption expenditure (as it is an intermediate expense) and fuel for domestic use is covered under COICOP division 4.

08 - Communications division
Total annual expenditure: US$ 5.3M
Percentage contribution to consumption expenditure: 2.4%

Figure 3.13: Percentage breakdown of Communications division

Telephone services comprised of subscription to land line phone, however, phone cards makes up 70% of the telephone services expenditure.
09 - Recreation & Culture division
Total annual expenditure: US$ 3.0M
Percentage contribution to consumption expenditure: 1.4%

Recreation & culture division is dominated by the “Newspapers, books and stationery” COICOP class, mainly due to the fact that most of the education items do not belong to the “Education” division but are part of the culture division.

10 - Education division
Total annual expenditure: US$ 4.6M
Percentage contribution to consumption expenditure: 2.1%
Education expenditure following the COICOP is strictly dedicated to school fees. School uniforms are coded under garments (“clothing” division 03) and books and stationeries under “newspapers, books & stationeries” (“recreational and culture” division 09)

11 - Restaurants & Hotels division  
Total annual expenditure: US$ 2.5M  
Percentage contribution to consumption expenditure: 1.1%

The “Restaurants, cafes & the like” section includes all the take away food items households in FSM consumed or used. Accommodation services mainly comprise of accommodation for student (i.e., boarding or rooming fees).

12 - Miscellaneous Goods & Services division  
Total annual expenditure: US$ 5.1M  
Percentage contribution to consumption expenditure: 2.3%

“Personal care” is comprised of all personal hygiene items like body soap, gels, toilet paper, diapers, and so forth. The “financial services” is mainly dominated by the interest paid on loans.
The following two tables (Tables 3.4 and 3.5) show the distribution of each expenditure category and expenditure type with respect to the total expenditure.

The first table (Table 3.4) shows the percentage contribution within each of the three broad categories; “consumption expenditure”, “non-consumption expenditure” & “investments”. To interpret this table we can see that food & non-alcoholic beverages contribute 36.6% to the total consumption expense, however, actual cash/in-kind purchases of food & non-alcoholic beverages only contribute to 22.9 percent of total consumption expenditure (23.7% if we sum the purchase for the household and for the benefit of another household). Additionally, Table 3.4 shows that 15.9% of the final consumption expenditure is home produced (13.1% + 2.8%).

Table 3.4: Distribution of household expenditure within group by expense category and expense type

<table>
<thead>
<tr>
<th>Expense category</th>
<th>Beneficiary: the household</th>
<th>Beneficiary: another household (in-kind receipt)</th>
<th>Imputed rents</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purchase</td>
<td>Home produced</td>
<td>Purchase</td>
<td>Home produced</td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>22.9%</td>
<td>10.9%</td>
<td>0.8%</td>
<td>2.0%</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>2.6%</td>
<td>2.1%</td>
<td>-</td>
<td>0.8%</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>1.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4 - Housing, water, electricity, gas &amp; other fuels</td>
<td>8.3%</td>
<td>-</td>
<td>0.2%</td>
<td>-</td>
</tr>
<tr>
<td>5 - Furnishings, equip, routine maintenance</td>
<td>2.2%</td>
<td>-</td>
<td>0.1%</td>
<td>-</td>
</tr>
<tr>
<td>6 - Health</td>
<td>0.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>6.8%</td>
<td>-</td>
<td>0.2%</td>
<td>-</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>2.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>1.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10 - Education</td>
<td>2.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>1.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>2.2%</td>
<td>-</td>
<td>0.1%</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL CONSUMPTION EXPENDITURE</td>
<td>53.8%</td>
<td>13.1%</td>
<td>1.5%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Cash transfer - Ceremonies</td>
<td>70.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Support to another household</td>
<td>11.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Church</td>
<td>13.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Taxes</td>
<td>0.8%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer – School, community</td>
<td>3.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other cash transfer (i.e., charitable contribution)</td>
<td>0.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL NON CONSUMPTION EXPENDITURE</td>
<td>100.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Land purchase</td>
<td>9.0%</td>
<td>-</td>
<td>-</td>
<td>- 9.0%</td>
</tr>
<tr>
<td>Construction/major alteration of dwelling</td>
<td>42.7%</td>
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<td>-</td>
<td>- 42.7%</td>
</tr>
<tr>
<td>Plant, major equipment</td>
<td>20.9%</td>
<td>-</td>
<td>-</td>
<td>- 20.9%</td>
</tr>
<tr>
<td>Home mortgages</td>
<td>27.5%</td>
<td>-</td>
<td>-</td>
<td>- 27.5%</td>
</tr>
<tr>
<td>TOTAL INVESTMENT</td>
<td>100.0%</td>
<td>-</td>
<td>-</td>
<td>- 100.0%</td>
</tr>
</tbody>
</table>
The second table (Table 3.5) shows the percentage contribution to the overall total for the three broad categories combined. As the information is now expressed as percentages of the overall total, the figures are somewhat smaller than those presented in Table 3.4. For example, expenditure for ceremonies may represent 70.5% of non-consumption expenditure, as can be seen in Table 3.4, but as illustrated in Table 3.5 this expenditure only represents 3.4% of all expenditures/disbursements.

Table 3.5: Distribution of household expenditure within total by expense category and expense type

<table>
<thead>
<tr>
<th>Expense category</th>
<th>Beneficiary: the household</th>
<th>Beneficiary: another household (in-kind receipt)</th>
<th>Imputed rents</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pur-chase</td>
<td>Home produced</td>
<td>Pur-chase</td>
<td>Home produced</td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>21.5%</td>
<td>10.3%</td>
<td>0.8%</td>
<td>1.9%</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>2.4%</td>
<td>2.0%</td>
<td>-</td>
<td>0.7%</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>1.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4 - Housing, water, electricity, gas &amp; other fuels</td>
<td>7.8%</td>
<td>-</td>
<td>0.2%</td>
<td>-</td>
</tr>
<tr>
<td>5 - Furnishings, equip, routine maintenance</td>
<td>2.0%</td>
<td>-</td>
<td>0.1%</td>
<td>-</td>
</tr>
<tr>
<td>6 - Health</td>
<td>0.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>6.4%</td>
<td>-</td>
<td>0.2%</td>
<td>-</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>2.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>1.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10 - Education</td>
<td>1.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>1.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>2.1%</td>
<td>-</td>
<td>0.1%</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL CONSUMPTION EXPENDITURE</td>
<td>50.6%</td>
<td>12.3%</td>
<td>1.4%</td>
<td>2.6%</td>
</tr>
<tr>
<td>Cash transfer - Ceremonies</td>
<td>3.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Support to another household</td>
<td>0.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Church</td>
<td>0.7%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Taxes</td>
<td>0.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer – School, community</td>
<td>0.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other cash transfer (i.e., charitable contribution)</td>
<td>0.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL NON CONSUMPTION EXPENDITURE</td>
<td>4.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Land purchase</td>
<td>0.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Construction/major alteration of dwelling</td>
<td>0.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Plant, major equipment</td>
<td>0.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Home mortgages</td>
<td>0.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL INVESTMENT</td>
<td>1.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL HOUSEHOLD CONSUMPTION</td>
<td>56.5%</td>
<td>12.3%</td>
<td>1.4%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>
PERCENTAGE OF HOUSEHOLDS WITH CERTAIN TYPES OF EXPENDITURE

This section provides information on what proportion of households actually incurred each expenditure category and type. As would be expected, nearly all households surveyed reported some cash/in-kind purchase of “food and non-alcoholic beverages” (99%). The other key consumption expenditures which had high incidences of cash/in-kind purchases included “furnishings, equipment & maintenance” (82.9%), “miscellaneous goods & services” (78.2%), “housing, water, electricity, gas & other fuel” (79.3%).

In the non-consumption expenditure categories the most prolific were “special events” (71.3%) and “church donations” (56.3%).

Table 3.6: Percentage of households with expenditure by expense category and expense type

<table>
<thead>
<tr>
<th>Expense category</th>
<th>Beneficiary: the household</th>
<th>Beneficiary: another household</th>
<th>Imputed rents</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purchase</td>
<td>Home produced</td>
<td>Purchase</td>
<td>Home produced</td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>93.9%</td>
<td>76.0%</td>
<td>9.4%</td>
<td>36.6%</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>54.7%</td>
<td>15.3%</td>
<td>2.2%</td>
<td>9.1%</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>55.6%</td>
<td>-</td>
<td>1.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>4 - Housing, water, electricity, gas &amp; other fuels</td>
<td>79.3%</td>
<td>-</td>
<td>2.4%</td>
<td>-</td>
</tr>
<tr>
<td>5 - Furnishings, equip &amp; routine maintenance</td>
<td>82.9%</td>
<td>-</td>
<td>2.9%</td>
<td>0.6%</td>
</tr>
<tr>
<td>6 - Health</td>
<td>24.8%</td>
<td>-</td>
<td>0.3%</td>
<td>-</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>60.5%</td>
<td>-</td>
<td>4.1%</td>
<td>-</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>59.2%</td>
<td>-</td>
<td>0.3%</td>
<td>-</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>47.7%</td>
<td>-</td>
<td>1.5%</td>
<td>0.2%</td>
</tr>
<tr>
<td>10 - Education</td>
<td>19.1%</td>
<td>-</td>
<td>0.4%</td>
<td>-</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>20.9%</td>
<td>-</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>78.2%</td>
<td>-</td>
<td>6.9%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Cash transfer - Ceremonies</td>
<td>71.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Support to another household</td>
<td>30.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Church</td>
<td>56.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Taxes</td>
<td>1.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer – School, community</td>
<td>16.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other cash transfer (i.e., charitable contribution)</td>
<td>2.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Land purchase</td>
<td>0.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Construction/major alteration of dwelling</td>
<td>3.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Plant, major equipment</td>
<td>2.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Home mortgages</td>
<td>1.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL HOUSEHOLD CONSUMPTION</td>
<td>98.0%</td>
<td>76.7%</td>
<td>21.5%</td>
<td>38.3%</td>
</tr>
</tbody>
</table>
COMPARISON OF TOTAL EXPENDITURE: 2005 VS. 2013

The previous 2005 HIES did not code items according to COICOP, which makes comparison difficult at the item level, but at a broad level, (Division and Class) Table 3.7 shows a comparison total expenditure between HIES 2005 and 2013.

Table 3.7: Total annual expenditure, 2005 & 2013 (following the 2005 classification)

<table>
<thead>
<tr>
<th>Category</th>
<th>2005</th>
<th>Percent</th>
<th>2013</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and non-alcoholic beverages</td>
<td>83,132</td>
<td>40.9%</td>
<td>76,808</td>
<td>32.4%</td>
</tr>
<tr>
<td>incl. Cereal &amp; Bakery Products</td>
<td>14,281</td>
<td>7.0%</td>
<td>20,456</td>
<td>8.6%</td>
</tr>
<tr>
<td>Meat &amp; Poultry</td>
<td>12,345</td>
<td>6.1%</td>
<td>13,976</td>
<td>5.9%</td>
</tr>
<tr>
<td>Fish &amp; Seafood</td>
<td>23,004</td>
<td>11.3%</td>
<td>16,643</td>
<td>7.0%</td>
</tr>
<tr>
<td>Fruits, Vegetables &amp; Tubers</td>
<td>17,159</td>
<td>8.5%</td>
<td>16,312</td>
<td>6.9%</td>
</tr>
<tr>
<td>Dairy &amp; Egg Products</td>
<td>2,071</td>
<td>1.0%</td>
<td>1,453</td>
<td>0.6%</td>
</tr>
<tr>
<td>Non-alcoholic beverages</td>
<td>4,880</td>
<td>2.4%</td>
<td>2,691</td>
<td>1.1%</td>
</tr>
<tr>
<td>Miscellaneous Food</td>
<td>7,826</td>
<td>3.9%</td>
<td>3,884</td>
<td>1.6%</td>
</tr>
<tr>
<td>Meals away from home</td>
<td>1,565</td>
<td>0.8%</td>
<td>1,393</td>
<td>0.6%</td>
</tr>
<tr>
<td>Housing, household maintenance, repairs &amp; operations</td>
<td>36,608</td>
<td>18.0%</td>
<td>69,857</td>
<td>29.5%</td>
</tr>
<tr>
<td>incl. Imputed rents</td>
<td>22,783</td>
<td>11.2%</td>
<td>64,336</td>
<td>27.1%</td>
</tr>
<tr>
<td>Transportation &amp; communication</td>
<td>19,536</td>
<td>9.6%</td>
<td>20,448</td>
<td>8.6%</td>
</tr>
<tr>
<td>Gifts</td>
<td>13,057</td>
<td>6.4%</td>
<td>21,212</td>
<td>8.9%</td>
</tr>
<tr>
<td>Fuel, light &amp; water</td>
<td>10,737</td>
<td>5.3%</td>
<td>15,367</td>
<td>6.5%</td>
</tr>
<tr>
<td>Furniture, equipment &amp; accessories</td>
<td>8,598</td>
<td>4.2%</td>
<td>4,806</td>
<td>2.0%</td>
</tr>
<tr>
<td>Clothing &amp; footwear</td>
<td>7,716</td>
<td>3.8%</td>
<td>3,580</td>
<td>1.5%</td>
</tr>
<tr>
<td>Alcohol, tobacco, sakau, &amp; betel nut</td>
<td>7,478</td>
<td>3.7%</td>
<td>10,513</td>
<td>4.4%</td>
</tr>
<tr>
<td>Medical care</td>
<td>4,145</td>
<td>2.0%</td>
<td>1,030</td>
<td>0.4%</td>
</tr>
<tr>
<td>Recreation</td>
<td>3,476</td>
<td>1.7%</td>
<td>2,939</td>
<td>1.2%</td>
</tr>
<tr>
<td>Education</td>
<td>489</td>
<td>0.2%</td>
<td>4,619</td>
<td>1.9%</td>
</tr>
<tr>
<td>Other expenses</td>
<td>8,046</td>
<td>4.0%</td>
<td>5,952</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>203,018</td>
<td>100.0%</td>
<td>237,132</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Total household expenditure increased by 17% between 2005 and 2013. This increase is mainly due to the imputed rents that were estimated at US$ 22,783M in 2005 and US$ 64,336M in 2013. The estimation value of the imputed rents is subjective and based on the respondent only.

At a broad level, the expenditure on food has dropped between the two surveys, but it remains the main division of expenditure in 2013. As in 2005, 9 years later, “Housing, household maintenance, repairs and operations” is still the second main division in terms of total expenditure (18% of the expenditure in 2005 and 29.5% in 2013). According to the 2005 classification of goods and services, “Transportation and communication” ranked third in 2005 and has been exceeded by the division “Gifts” in 2013.
Table 3.8: Percentage of home production in the food consumption, 2005 & 2013

<table>
<thead>
<tr>
<th>Category</th>
<th>2005</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOOD</td>
<td>46.1%</td>
<td>35.2%</td>
</tr>
<tr>
<td>Meat &amp; Poultry</td>
<td>25.5%</td>
<td>17.5%</td>
</tr>
<tr>
<td>Fish &amp; Seafood</td>
<td>68.4%</td>
<td>51.5%</td>
</tr>
<tr>
<td>Fruits, Vegetables &amp; Tubers</td>
<td>89.6%</td>
<td>87.6%</td>
</tr>
</tbody>
</table>

In 2005 46% of the food consumed by FSM households was home produced and 9 years later this dropped to 35%. “Fruits, vegetables and tubers” are still mainly (87.6%) home produced in 2013, only “Meat and Poultry” and especially “Fish and seafood” show lower percentage in 2013 (68% of the “Fish and seafood” consumption was home produced in 2005 and 52% in 2013).

HOUSEHOLD TOTAL EXPENDITURE BY INCOME QUINTILES / DECILES

Table 3.9 shows the distribution of total household expenditure according to the total net income deciles\(^2\). The poorest 10% of the households in FSM only account for 4.2% of total expenditure and almost 25% of total expenditure is spent by the 10% richest households in FSM. The quintile section of Table 3.9 shows that the 20% highest quintile households account for more than 40% of total expenditure.

Table 3.9: Total annual expenditure by total household income deciles and quintiles

<table>
<thead>
<tr>
<th>Total net income deciles</th>
<th>US$ 000</th>
<th>Percent</th>
<th>Total net income quintiles</th>
<th>US$ 000</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decile1</td>
<td>9,932</td>
<td>4.2%</td>
<td>Quintile1</td>
<td>22,152</td>
<td>9.3%</td>
</tr>
<tr>
<td>Decile2</td>
<td>12,220</td>
<td>5.2%</td>
<td>Quintile2</td>
<td>29,223</td>
<td>12.3%</td>
</tr>
<tr>
<td>Decile3</td>
<td>13,165</td>
<td>5.6%</td>
<td>Quintile3</td>
<td>36,233</td>
<td>15.3%</td>
</tr>
<tr>
<td>Decile4</td>
<td>16,059</td>
<td>6.8%</td>
<td>Quintile4</td>
<td>53,979</td>
<td>22.8%</td>
</tr>
<tr>
<td>Decile5</td>
<td>16,117</td>
<td>6.8%</td>
<td>Quintile5</td>
<td>95,545</td>
<td>40.3%</td>
</tr>
<tr>
<td>Decile6</td>
<td>20,116</td>
<td>8.5%</td>
<td>Total</td>
<td>237,132</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile7</td>
<td>23,412</td>
<td>9.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decile8</td>
<td>30,568</td>
<td>12.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decile9</td>
<td>37,592</td>
<td>15.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decile10</td>
<td>57,952</td>
<td>24.4%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^2\) Imputed rents have been excluded from the computation of Income deciles
Table 3.10: Total annual expenditure by division (COICOP and non-consumption) and income quintile (US$ 000 & %)

<table>
<thead>
<tr>
<th>Expenditure divisions</th>
<th>Quintile 1 US$ 000</th>
<th>Quintile 2 US$ 000</th>
<th>Quintile 3 US$ 000</th>
<th>Quintile 4 US$ 000</th>
<th>Quintile 5 US$ 000</th>
<th>Total US$ 000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>8,254 37.3</td>
<td>13,588 46.5</td>
<td>13,772 38.0</td>
<td>19,113 35.4</td>
<td>26,913 28.2</td>
<td>81,641 34.4</td>
</tr>
<tr>
<td>2 - Alcohol, tobacco &amp; narcotics</td>
<td>450 2.0</td>
<td>740 2.5</td>
<td>1,551 4.3</td>
<td>3,059 5.7</td>
<td>6,510 6.8</td>
<td>12,309 5.2</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>246 1.1</td>
<td>345 1.2</td>
<td>619 1.7</td>
<td>809 1.5</td>
<td>1,639 1.7</td>
<td>3,658 1.5</td>
</tr>
<tr>
<td>4 - Housing, water, electricity &amp; other fuels</td>
<td>10,264 46.3</td>
<td>10,719 36.7</td>
<td>13,461 37.2</td>
<td>17,918 33.2</td>
<td>30,866 32.3</td>
<td>83,229 35.1</td>
</tr>
<tr>
<td>5 - Furnishings, equipment &amp; maintenance</td>
<td>504 2.3</td>
<td>643 2.2</td>
<td>742 2.0</td>
<td>1,097 2.0</td>
<td>2,222 2.3</td>
<td>5,209 2.2</td>
</tr>
<tr>
<td>6 - Health</td>
<td>67 0.3</td>
<td>74 0.3</td>
<td>136 0.4</td>
<td>127 0.2</td>
<td>631 0.7</td>
<td>1,035 0.4</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>683 3.1</td>
<td>819 2.8</td>
<td>2,119 5.8</td>
<td>3,916 7.3</td>
<td>8,174 8.6</td>
<td>15,712 6.6</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>398 1.8</td>
<td>526 1.8</td>
<td>812 2.2</td>
<td>1,132 2.1</td>
<td>2,420 2.5</td>
<td>5,290 2.2</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>151 0.7</td>
<td>163 0.6</td>
<td>280 0.8</td>
<td>832 1.5</td>
<td>1,956 2.0</td>
<td>3,382 1.4</td>
</tr>
<tr>
<td>10 - Education</td>
<td>16 0.1</td>
<td>79 0.3</td>
<td>277 0.8</td>
<td>1,235 2.3</td>
<td>3,039 3.2</td>
<td>4,647 2.0</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>25 0.1</td>
<td>59 0.2</td>
<td>101 0.3</td>
<td>532 1.0</td>
<td>1,781 1.9</td>
<td>2,498 1.1</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>301 1.4</td>
<td>385 1.3</td>
<td>638 1.8</td>
<td>1,086 2.0</td>
<td>2,649 2.8</td>
<td>5,059 2.1</td>
</tr>
<tr>
<td>Non Consumption Expenditure</td>
<td>794 3.6</td>
<td>1,081 3.7</td>
<td>1,724 4.8</td>
<td>3,120 5.8</td>
<td>6,745 7.1</td>
<td>13,463 5.7</td>
</tr>
<tr>
<td>Total</td>
<td>22,152 100.0</td>
<td>29,223 100.0</td>
<td>36,233 100.0</td>
<td>53,979 100.0</td>
<td>95,545 100.0</td>
<td>237,132 100.0</td>
</tr>
</tbody>
</table>
In terms of annual total expenditure, the upper quintile spent on average 4 times more than the lowest quintile. All expenditure divisions show higher amount. “Education” shows the highest difference between quintile 1 and 5. Expenditure on school fees represent US$ 16,000 for the 20% poorest households, however, the same division reaches more than US$ 3M for the most wealthy group. “Restaurant and hotels” division shows a similar trend (70 times higher in quintile 5). “Alcohol, tobacco and narcotics”, “Health”, “Transport”, “Recreation and culture” and “Non consumption expenditure” and “Miscellaneous goods and services” show expenditure in quintile 5 around 10 times higher than quintile 1.

The proportion of total expenditure on “Food & non-alcoholic beverages” and “Housing, water, electricity and other fuels” is lower for higher quintiles. Those 2 divisions contributes more than 84% of the total expenditure for the poorest households (quintile 1) and only 60% for the highest income households (quintile 5), which shows a positive link between expenditure diversity and total income. “Transport”, “Alcohol, tobacco and narcotics” and “Non consumption expenditure”, showing higher share in quintile 5, illustrating this change in the consumption pattern of better off households. When the basic needs (Food and Housing) are sufficiently covered, income is allocated to expenditure on other divisions: “Recreation and culture”, “Communication”, “Restaurants and hotels”, “Miscellaneous goods and services”, “Clothing”. “Education” proportion of total expenditure is higher in quintile 5. Households in quintile 5 dedicated 0.7% of their total budget to “Health” division which may be a low share of their total budget, but represents expenditure ten times higher than quintile 1.

Only division “Furnishing equipment and routine maintenance of the dwelling” remains stable over the 5 quintile groups.

Total monthly household expenditure, on average, amounts to US$ 1,185 (including home production, gifts and imputed rents) in 2013 in FSM. Table 3.11 presents the breakdown by household total net income deciles and quintiles. The lowest decile group spends on average monthly around US$ 498 and the highest decile spends 5.7 times more (US$ 2900).

<table>
<thead>
<tr>
<th>Total net income deciles</th>
<th>Average total expenditure (US$)</th>
<th>Total net income quintiles</th>
<th>Average total expenditure (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual</td>
<td>Monthly</td>
<td>Monthly</td>
</tr>
<tr>
<td>Decile1</td>
<td>5,977</td>
<td>498</td>
<td>Quintile1</td>
</tr>
<tr>
<td>Decile2</td>
<td>7,317</td>
<td>610</td>
<td>Quintile2</td>
</tr>
<tr>
<td>Decile3</td>
<td>7,935</td>
<td>661</td>
<td>Quintile3</td>
</tr>
<tr>
<td>Decile4</td>
<td>9,591</td>
<td>799</td>
<td>Quintile4</td>
</tr>
<tr>
<td>Decile5</td>
<td>9,715</td>
<td>810</td>
<td>Quintile5</td>
</tr>
<tr>
<td>Decile6</td>
<td>12,033</td>
<td>1,003</td>
<td>Total</td>
</tr>
<tr>
<td>Decile7</td>
<td>13,960</td>
<td>1,163</td>
<td></td>
</tr>
<tr>
<td>Decile8</td>
<td>18,387</td>
<td>1,532</td>
<td></td>
</tr>
<tr>
<td>Decile9</td>
<td>22,577</td>
<td>1,881</td>
<td></td>
</tr>
<tr>
<td>Decile10</td>
<td>34,552</td>
<td>2,879</td>
<td></td>
</tr>
</tbody>
</table>

Higher income household are more dependent on the cash economy as two-third of their expenditure is cash based and only 12% is home produced. Home production almost reaches 20% of the total expenditure in low decile groups (except decile1). Households in the lowest decile may have overestimated the value of their house as the imputed rents estimation totaled more than 40% of the expenditure (see Table 3.12).
### Table 3.12: Expenditure composition by expenditure type and income deciles (%)

<table>
<thead>
<tr>
<th>TOTAL NET INCOME deciles</th>
<th>Total cash purchase</th>
<th>Total home produced</th>
<th>Imputed rents</th>
<th>Total expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decile1</td>
<td>50.9%</td>
<td>8.3%</td>
<td>40.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile2</td>
<td>46.9%</td>
<td>14.1%</td>
<td>39.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile3</td>
<td>52.1%</td>
<td>18.5%</td>
<td>29.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile4</td>
<td>50.3%</td>
<td>17.6%</td>
<td>32.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile5</td>
<td>53.0%</td>
<td>17.4%</td>
<td>29.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile6</td>
<td>52.6%</td>
<td>16.1%</td>
<td>31.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile7</td>
<td>55.5%</td>
<td>17.3%</td>
<td>27.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile8</td>
<td>58.9%</td>
<td>15.4%</td>
<td>25.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile9</td>
<td>60.9%</td>
<td>16.2%</td>
<td>22.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile10</td>
<td>66.8%</td>
<td>11.5%</td>
<td>21.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>58.0%</strong></td>
<td><strong>14.9%</strong></td>
<td><strong>27.1%</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

### HOUSEHOLD TOTAL EXPENDITURE BY HOUSEHOLD / HEAD OF HOUSEHOLD CHARACTERISTICS

Figure 3.18 compares household size and the average household expenditure. Up to 6 members, there is a positive correlation between household size and expenditure. However, beyond 6 household members, average household expenditure falls and stabilizes, meaning that households above 6 members are likely to suffer economic hardship.

![Figure 3.18: Average household monthly total expenditure by household size (US$)](image-url)
Households with 1 person spend on average US$ 800 monthly, which is 3.3 times more than households with 6 persons. Per capita average expenditure declines as household size increases (Figure 3.19).

Figure 3.19: Household monthly total expenditure per-capita by household size (US$)

Figure 3.20 highlights the importance of home production in large households (around 20%) mainly as a supplement of cash expenditure.

Figure 3.20: Composition of total expenditure by household size (%)
Table 3.13: Distribution of household expenditure by divisions (COICOP and non-consumption) and household size (%)

<table>
<thead>
<tr>
<th>Expenditure division</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10+</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>24.3%</td>
<td>29.2%</td>
<td>30.4%</td>
<td>33.1%</td>
<td>31.6%</td>
<td>36.5%</td>
<td>36.3%</td>
<td>39.8%</td>
<td>37.5%</td>
<td>37.4%</td>
<td>34.4%</td>
</tr>
<tr>
<td>2 - Alcohol, tobacco &amp; narcotics</td>
<td>4.6%</td>
<td>3.7%</td>
<td>5.0%</td>
<td>3.5%</td>
<td>6.0%</td>
<td>5.8%</td>
<td>6.9%</td>
<td>5.5%</td>
<td>3.3%</td>
<td>5.5%</td>
<td>5.2%</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>1.1%</td>
<td>1.0%</td>
<td>1.7%</td>
<td>2.1%</td>
<td>2.1%</td>
<td>1.6%</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.3%</td>
<td>1.3%</td>
<td>1.5%</td>
</tr>
<tr>
<td>4 - Housing, water, electricity &amp; other fuels</td>
<td>52.4%</td>
<td>42.0%</td>
<td>39.0%</td>
<td>37.2%</td>
<td>33.8%</td>
<td>31.6%</td>
<td>32.7%</td>
<td>31.7%</td>
<td>36.0%</td>
<td>31.6%</td>
<td>35.1%</td>
</tr>
<tr>
<td>5 - Furnishings, equipment &amp; maintenance</td>
<td>1.6%</td>
<td>2.2%</td>
<td>2.2%</td>
<td>2.3%</td>
<td>2.4%</td>
<td>1.9%</td>
<td>2.0%</td>
<td>2.2%</td>
<td>2.2%</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>6 - Health</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.8%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>1.4%</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>5.4%</td>
<td>6.6%</td>
<td>7.9%</td>
<td>6.3%</td>
<td>7.7%</td>
<td>6.7%</td>
<td>7.0%</td>
<td>4.6%</td>
<td>6.9%</td>
<td>6.6%</td>
<td>6.6%</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>2.0%</td>
<td>2.3%</td>
<td>3.0%</td>
<td>3.2%</td>
<td>2.2%</td>
<td>1.8%</td>
<td>2.0%</td>
<td>1.8%</td>
<td>1.9%</td>
<td>2.0%</td>
<td>2.2%</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>0.5%</td>
<td>1.0%</td>
<td>1.0%</td>
<td>1.6%</td>
<td>1.4%</td>
<td>1.3%</td>
<td>1.4%</td>
<td>1.3%</td>
<td>2.1%</td>
<td>2.0%</td>
<td>1.4%</td>
</tr>
<tr>
<td>10 - Education</td>
<td>0.1%</td>
<td>0.6%</td>
<td>0.9%</td>
<td>1.6%</td>
<td>2.3%</td>
<td>2.6%</td>
<td>2.8%</td>
<td>1.5%</td>
<td>2.3%</td>
<td>2.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>1.5%</td>
<td>0.7%</td>
<td>0.6%</td>
<td>0.9%</td>
<td>1.1%</td>
<td>1.5%</td>
<td>1.2%</td>
<td>0.8%</td>
<td>0.7%</td>
<td>1.1%</td>
<td>1.1%</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>2.4%</td>
<td>2.6%</td>
<td>2.3%</td>
<td>2.6%</td>
<td>2.7%</td>
<td>2.4%</td>
<td>1.6%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>1.6%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Non Consumption Expenditure</td>
<td>3.9%</td>
<td>7.9%</td>
<td>5.8%</td>
<td>5.3%</td>
<td>6.1%</td>
<td>6.3%</td>
<td>4.2%</td>
<td>5.0%</td>
<td>6.0%</td>
<td>5.7%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The proportion of expenditure on “Housing, water, electricity, gas and other fuels” declines as household size increases from half of the total expenditure (1 person) to less than a third of the total expenditure (10+). As expected, the proportion of total expenditure dedicated to “Food and Non-alcoholic beverages” increases with the household size. There are no other clear trends that come out from Table 3.13, as regardless of its size, households dedicated between 70% and 75% to their basic needs (food and housing).
Table 3.14: Distribution of households by household head characteristics

<table>
<thead>
<tr>
<th>Sex</th>
<th>Households</th>
<th>Age</th>
<th>Households</th>
<th>Occupation status</th>
<th>Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>13,365</td>
<td>&lt; 30</td>
<td>712</td>
<td>Work for pay employee</td>
<td>5,755</td>
</tr>
<tr>
<td>Female</td>
<td>3,312</td>
<td>30 - 39</td>
<td>2,972</td>
<td>Work for pay – other</td>
<td>871</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40 - 49</td>
<td>3,993</td>
<td>Work – no pay</td>
<td>4,705</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50 - 59</td>
<td>4,756</td>
<td>Retired</td>
<td>2,121</td>
</tr>
<tr>
<td></td>
<td></td>
<td>60 - 69</td>
<td>2,682</td>
<td>Home duties</td>
<td>2,646</td>
</tr>
<tr>
<td></td>
<td></td>
<td>70+</td>
<td>1,562</td>
<td>No work - other</td>
<td>581</td>
</tr>
<tr>
<td>Total</td>
<td>16,677</td>
<td>Total</td>
<td>16,677</td>
<td>Total</td>
<td>16,677</td>
</tr>
</tbody>
</table>

About 80% of the head of household is male, and mostly between 50 and 59 years old. Almost 68% of the household heads are part of the labor force, (Table 3.14).

Table 3.15: Distribution of households by total income quintiles and sex of household head

<table>
<thead>
<tr>
<th>Total Net Income Quintile</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quintile 1</td>
<td>20.2%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Quintile 2</td>
<td>19.7%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Quintile 3</td>
<td>19.1%</td>
<td>23.4%</td>
</tr>
<tr>
<td>Quintile 4</td>
<td>20.1%</td>
<td>19.8%</td>
</tr>
<tr>
<td>Quintile 5</td>
<td>20.9%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The share of the households headed by male follows similar structure of household quintiles (20%). In the case of female household head, there is a slight difference, especially in the highest quintile where there is a lower proportion of households headed by women. This is indicative that high quintile households are less likely to be headed by women.

Table 3.16: Average monthly household expenditure and percentage by expenditure division and sex of the household head

<table>
<thead>
<tr>
<th>Expenditure division</th>
<th>Average household monthly expenditure (US$)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>417</td>
<td>371</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>60</td>
<td>67</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>19</td>
<td>15</td>
</tr>
<tr>
<td>4 - Housing, water, electricity &amp; other fuels</td>
<td>424</td>
<td>384</td>
</tr>
<tr>
<td>5 - Furnishings, equipment &amp; maintenance</td>
<td>26</td>
<td>27</td>
</tr>
<tr>
<td>6 - Health</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>85</td>
<td>53</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>10 - Education</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>25</td>
<td>24</td>
</tr>
<tr>
<td>Non Consumption Expenditure</td>
<td>70</td>
<td>55</td>
</tr>
<tr>
<td>Total</td>
<td>1,212</td>
<td>1,076</td>
</tr>
</tbody>
</table>

Households headed by male spend on average 12% more than female. In terms of percentage distribution of the household expenditure there is no major difference (Table 3.16).
Average household expenditure increases with older household head. Households headed by a person within the 60 – 69 years old spend two times more than young headed household (<30). Expenditure pattern (%) does not highlight any significant discrepancy between age groups (Table 3.17).

Households headed by persons involved in “Home duties” as main activity had the lowest expenditure (US$ 850 per month). Paid employee or employer households spend twice as much as the home duties. Households headed by other non-workers spend more than retired but slightly less than paid employee (remittances might help them to afford expenditures).
Table 3.17: Average monthly household expenditure (US$) and percentage by expenditure division and age of the household head

<table>
<thead>
<tr>
<th>Expenditure division</th>
<th>Average monthly household expenditure (US$)</th>
<th>Age of household head</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; 30</td>
<td>30 - 39</td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>263</td>
<td>358</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>32</td>
<td>57</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>12</td>
<td>22</td>
</tr>
<tr>
<td>4 - Housing, water, electricity &amp; other fuels</td>
<td>281</td>
<td>346</td>
</tr>
<tr>
<td>5 - Furnishings, equipment &amp; maintenance</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>6 - Health</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>33</td>
<td>62</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>17</td>
<td>19</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>10 - Education</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>18</td>
<td>20</td>
</tr>
<tr>
<td>Non Consumption Expenditure</td>
<td>29</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>721</td>
<td>983</td>
</tr>
</tbody>
</table>

Table 3.18: Average monthly household expenditure (US$) and percentage by division and work status of the household head

<table>
<thead>
<tr>
<th>Expenditure division</th>
<th>Average monthly expenditure (US$)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Work for pay</td>
<td>Other without pay</td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>442</td>
<td>409</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>64</td>
<td>62</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>26</td>
<td>25</td>
</tr>
<tr>
<td>4 - Housing, water, electricity &amp; other fuels</td>
<td>483</td>
<td>707</td>
</tr>
<tr>
<td>5 - Furnishings, equipment &amp; maintenance</td>
<td>33</td>
<td>37</td>
</tr>
<tr>
<td>6 - Health</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>113</td>
<td>160</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>40</td>
<td>48</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>23</td>
<td>33</td>
</tr>
<tr>
<td>10 - Education</td>
<td>39</td>
<td>14</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>22</td>
<td>19</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>41</td>
<td>37</td>
</tr>
<tr>
<td>Non Consumption Expenditure</td>
<td>98</td>
<td>72</td>
</tr>
<tr>
<td>Total</td>
<td>1,432</td>
<td>1,628</td>
</tr>
</tbody>
</table>
Pohnpei accounts for half of FSM total expenditure and counts slightly more than a third of the population. This results in a much higher average expenditure in Pohnpei. Conversely Chuuk totaled almost half of the population in FSM but contributes for less than 30% to the total expenditure (Table 3.19 and Figure 3.21).

Table 3.19: Total annual expenditure, population, household, and average per capita household annual expenditure by state

<table>
<thead>
<tr>
<th>State</th>
<th>Total annual expenditure (US$)</th>
<th>Population %</th>
<th>Number</th>
<th>Number %</th>
<th>Average total annual expenditure (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yap</td>
<td>32,471</td>
<td>13.7%</td>
<td>11,995</td>
<td>11.6%</td>
<td>2,707</td>
</tr>
<tr>
<td>Chuuk</td>
<td>70,637</td>
<td>29.8%</td>
<td>48,703</td>
<td>47.1%</td>
<td>1,450</td>
</tr>
<tr>
<td>Pohnpei</td>
<td>116,517</td>
<td>49.1%</td>
<td>36,948</td>
<td>35.7%</td>
<td>3,154</td>
</tr>
<tr>
<td>Kosrae</td>
<td>17,507</td>
<td>7.4%</td>
<td>5,748</td>
<td>5.6%</td>
<td>3,046</td>
</tr>
<tr>
<td>FSM</td>
<td>237,132</td>
<td>100.0%</td>
<td>103,395</td>
<td>100.0%</td>
<td>2,293</td>
</tr>
</tbody>
</table>

The average annual per capita expenditure in Pohnpei and Kosrae is twice as high as Chuuk. Yap averages US$ 2,700 annual per capita, and is ranked closer to Pohnpei and Kosrae than Chuuk.
Table 3.20: Household expenditure distribution by state and income quintile (%)

<table>
<thead>
<tr>
<th>Income Quintile</th>
<th>Yap</th>
<th>Chuuk</th>
<th>Pohnpei</th>
<th>Kosrae</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quintile 1</td>
<td>6.6%</td>
<td>60.1%</td>
<td>25.9%</td>
<td>7.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Quintile 2</td>
<td>7.3%</td>
<td>62.3%</td>
<td>24.8%</td>
<td>5.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Quintile 3</td>
<td>18.1%</td>
<td>35.9%</td>
<td>41.9%</td>
<td>4.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Quintile 4</td>
<td>21.4%</td>
<td>25.8%</td>
<td>45.1%</td>
<td>7.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Quintile 5</td>
<td>17.1%</td>
<td>20.4%</td>
<td>54.7%</td>
<td>7.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>13.7%</td>
<td>29.8%</td>
<td>49.1%</td>
<td>7.4%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

More than 60% of the households from the lowest quintiles (quintile 1 & 2) come from Chuuk, and more than half of the high income quintile (quintile 5) comes from Pohnpei. This distribution shows a high level of inequality between those states.

At the National level 15% of expenditure is home produced in FSM (Table 3.21). However, Kosrae and Yap do not follow this trend. Kosrae households are highly dependent on the cash economy as 75% of their expenditure is cash and only 5% is home produced. Yap shows an opposite trend with a quarter of the consumption home produced.

Table 3.21: Total expenditure breakdown by state (%)

<table>
<thead>
<tr>
<th>State</th>
<th>Cash</th>
<th>Home produced</th>
<th>Imputed rents</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yap</td>
<td>59.8%</td>
<td>26.2%</td>
<td>13.9%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Chuuk</td>
<td>55.7%</td>
<td>15.5%</td>
<td>28.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Pohnpei</td>
<td>56.3%</td>
<td>12.9%</td>
<td>30.8%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Kosrae</td>
<td>74.4%</td>
<td>5.0%</td>
<td>20.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>FSM</td>
<td>58.0%</td>
<td>14.9%</td>
<td>27.1%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Pohnpei consumption pattern reflects a developed country profile with a lower percentage dedicated to food and higher for housing or non-consumption expenditure (Table 3.22).

Table 3.22: Total expenditure breakdown expenditure category and state (%)

<table>
<thead>
<tr>
<th>Expenditure category</th>
<th>Yap</th>
<th>Chuuk</th>
<th>Pohnpei</th>
<th>Kosrae</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>42.1%</td>
<td>42.5%</td>
<td>27.1%</td>
<td>35.9%</td>
<td>34.4%</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>7.9%</td>
<td>1.4%</td>
<td>7.2%</td>
<td>1.9%</td>
<td>5.2%</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>1.4%</td>
<td>1.5%</td>
<td>1.6%</td>
<td>1.7%</td>
<td>1.5%</td>
</tr>
<tr>
<td>4 - Housing, water, electricity &amp; other fuels</td>
<td>21.8%</td>
<td>36.4%</td>
<td>38.9%</td>
<td>29.2%</td>
<td>35.1%</td>
</tr>
<tr>
<td>5 - Furnishings, equipment &amp; maintenance</td>
<td>1.9%</td>
<td>2.1%</td>
<td>2.2%</td>
<td>3.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>6 - Health</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.5%</td>
<td>0.2%</td>
<td>0.4%</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>9.1%</td>
<td>4.2%</td>
<td>7.1%</td>
<td>8.8%</td>
<td>6.6%</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>2.5%</td>
<td>2.6%</td>
<td>1.9%</td>
<td>2.1%</td>
<td>2.2%</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>1.2%</td>
<td>1.2%</td>
<td>1.5%</td>
<td>2.5%</td>
<td>1.4%</td>
</tr>
<tr>
<td>10 - Education</td>
<td>2.1%</td>
<td>1.7%</td>
<td>2.0%</td>
<td>2.8%</td>
<td>2.0%</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>1.2%</td>
<td>0.4%</td>
<td>1.5%</td>
<td>0.8%</td>
<td>1.1%</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>3.9%</td>
<td>1.2%</td>
<td>1.8%</td>
<td>4.7%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Non Consumption Expenditure</td>
<td>4.5%</td>
<td>4.4%</td>
<td>6.7%</td>
<td>6.3%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
SECTION 4 – INCOME ANALYSIS

INTRODUCTION

FORMATION OF MAIN INCOME CATEGORIES

Section 4 of this report covers the analysis undertaken on the income/other receipts information collected in the FSM 2013/14 HIES.

As with expenditure, a main consideration to the development of this chapter was how best to classify the data collected, to provide the most meaningful results to users. Once again, the format was based on Resolution 1 from the Seventeenth International Conference of Labour Statisticians. This Resolution proposes the following breakdown for classifying income and other receipts:

1. **Household Income**: Consists of all receipts whether monetary or in-kind (goods and services) that are received by the household or by individual members of the household at annual or more frequent intervals, but excludes windfall gains and other such irregular and typically one-time receipts. Household income receipts are available for current consumption and do not reduce the net worth of the household through a reduction of its cash, the disposal of its financial or non-financial assets or an increase in its liabilities. Four main components of household income are defined here, which include:

   1.1 **Income from Employment**: Comprises receipts for participation in economic activities in a strictly employment related capacity. It consists of two components:

   1.1.1 **Employment Income**: Comprises direct wages and salaries for time worked and work done, cash bonuses and gratuities, commissions and tips, directors’ fees, profit-sharing bonuses and other forms of profit-related pay, remuneration for time not worked as well as free or subsidized goods and services from an employer. It may include severance and termination pay as well as employers’ social insurance contributions. These items should be reported separately, when included. Employee income may be received in cash (monetary) or in-kind as goods or services.

   1.1.2 **Income from Self-Employment**: Is defined as income received by individuals, over a given reference period, as a result of their involvement in self-employment jobs. In particular, income from self-employment concerns primarily owners of unincorporated enterprises who work in these enterprises. It excludes profits from capital investment of partners who do not work in these enterprises ("sleeping partners"), dividends and directors’ fees paid to owners of incorporated enterprises. Income from self-employment includes the estimated value of goods and services produced for barter as well as goods produced for own consumption, less expenses.

   1.2 **Property Income**: Property income is defined as receipts that arise from the ownership of assets (return for use of assets) that are provided to others for their use. These are returns, usually monetary, from financial assets (interests, dividends), from non-financial assets (rents) and from royalties (return for services of patented or copyright material). Interest receipts are payments...
received from accounts with banks, building societies, credit unions and other financial institutions, certificates of deposit, government bonds/loans, securities, debentures and loans to non-household members. Dividends are receipts from investment in an enterprise in which the investor does not work. Pensions and annuities in the form of dividends from voluntary private insurance schemes are also included. Rents are payments received for the use of both unproduced assets (i.e. natural resources), such as land; and for produced assets, such as houses. Rents should be recorded net of expenses (i.e., they should be recorded and collected separately from other consumption expenditures, so they can be treated as both income and expenditure). Royalties are receipts from writings, right to make use of inventions, etc. (i.e. patented or copyright materials).

1.3 Income from Household Production for Services of Own Consumption: Income from household production of services for own consumption consists of the net estimated value of housing services provided by owner-occupied dwellings, of unpaid domestic services and of services from household consumer durables. These are services that fall under the general production boundary of the system of national accounts. Because of measurement issues, owner-occupied dwellings may be the only part of this component that could be included for now. The operational definition of this component should be clearly described when estimates for it are presented or included in estimates of the total income of households. The net estimated values of housing services from owner-occupied dwellings should be presented separately from the estimates for other services. Estimates of the values of these services should be made in a consistent manner in producing household income and household expenditure statistics when these are to be analyzed jointly.

1.4 Transfer Income: Transfers are receipts for which the recipient does not give anything to the donor in direct return for the receipts. Transfers can consist of cash (in the monetary sense), of goods or of services. Current transfers are those that usually recur regularly (relative to the reference period used for income), tend to be small and are also mostly available for use during the reference period. Regarded as income are all current transfers received in cash and as goods as follows:

(a) Social security pensions, insurance benefits and allowances generated from government sponsored social insurance schemes (compulsory/legal schemes) such as pensions (including military and overseas pensions), unemployment benefits, and sickness benefits;

(b) Pensions and other insurance benefits from employer-sponsored social insurance schemes not covered by social security legislation (both funded and unfunded) such as education allowance and medical expenses;

(c) Social assistance benefits from governments (universal or means-tested) which provide the same benefits as social security schemes but which are not provided for under such schemes;

(d) Current transfers from non-profit institutions (e.g. charities, trade unions, religious bodies) in the form of regular gifts and financial support such as scholarships, union strike pay, union’s sickness benefits, and relief payments;

(e) Current transfers from other households in the form of family support payments (such as alimony, child and parental support), regular receipts from inheritances and trust funds, regular gifts, financial support or transfer in-kind of goods.

Transfer of housing services between households should be considered as income for the recipient household. Although income includes current transfers received in the form of services from governments and non-profit institutions (social transfers in-kind) and in the form of other services
from households, the operational definition of income should exclude such transfers until methods exist for valuing them that are widely acceptable.

2. Irregular Gifts Received & casual income: As stated above, household income covers all receipts which are received by the household or by individual members of the household at annual or more frequent intervals. In the Pacific, many gifts are received by households, whether it is by other households or other community groups, on an ad-hoc irregular basis. For this reason, a section in the tabulations has been included to cover such receipts, due to their significance for a country like FSM. Any other receipts the household may receive will also be covered in this section, and include things like “funeral allowance”, “sale of motor vehicle”, “sale of other assets” & “inheritances”.

FINER LEVEL CATEGORIES FOR MAIN INCOME ANALYSIS

Household Income
For household income, it is desirable to have the following three categories remain:

1.1 Income from Employment
1.2 Property Income
1.3 Transfer Income

For each sub-category, finer level breakdowns for FSM income analysis will be as follows:

1.1 Income from Employment: The main categories included here are:

1. Wage & Salary Income
2. Income from own business (non-subsistence)
3. Subsistence Income (Agriculture)
4. Subsistence Income (Handicraft)
5. Subsistence Income (Livestock)
6. Subsistence Income (fishing)
7. Home Production Consumed

An effort has also been made to separate out the main subsistence activities in to the four main activities identified – fisheries, agriculture, livestock and other (covers home processed food and handicrafts). Whilst it will be seen that not great deal of money will be collected from these sectors, they still play a very significant role in the lives of Micronesians in terms of consuming what is collected/produced and gift sharing amongst household – especially in the fisheries sector.
1.2 Property Income: As discussed above, property income is income which arises from the ownership of assets. In FSM, income from this source plays a significant role in the livelihood of Micronesians. For this reason this category has been split into the major types of property income which includes:

1. Home Rental
2. Other income from capital (dividends, interests, royalties)

In the questionnaire on income (module 4), land lease was actually collected under “Other property income”, whereas in the tabulations to follow, “Other Property Income” will be comprised of interest from financial institutions overseas, interest from money lending and dividends.

1.3 Transfer Income: As discussed above, transfer income covers receipts for which the recipient does not give anything to the donor in direct return for the receipts. Transfer income does not have a major impact on the roles of Micronesians, but it has still been split into four sub-categories, based on level of interest:

1. Remittances
2. Pensions
3. Scholarship
4. Other transfers (from within FSM and overseas)

Regular Gifts Received & casual income
As stated above, this section addresses cash and gifts which are received by households, whether it is from another household or other community groups, on an ad-hoc irregular basis. The categories of most relevance to FSM which are covered in this section are as follows:

1. Items received for free as a gift (home produced or bought)
2. Casual income (i.e., sale of assets, inheritance)

TYPE OF INCOME

To add further value to the analysis, effort has been made throughout the survey to determine how that income was received. Seven main categories have been created to establish the manner in which the income was received, which include:

1. Cash income
2. Home production consumed
3. In-kind receipts – bought goods & services (purchased for the benefit of another household)
4. In-kind receipts – home production given away
5. Imputed rents
6. Intermediate expenditure
7. In-kind income

Further explanations for each are provided as follows:
Cash Income
Cash income will account for most of the income households receive as it will account for the majority of wage and salary income, business income, and sales of home production. All receipts from property income and transfer income will also be classified as a cash income source.

Home production income
Home production income only covers the value of home production that the household produces themselves and then consumes. If the household sells the home produce it is categorized as a cash income, as cash was generated from the sale.

In-kind receipts
This type of income is similar as the one described on the expenditure analysis. All goods given away are treated as expenditure and income, and can come from cash purchase or home production (for the benefit of another household).

Imputed rents
Imputed rents are treated as income and expenditure as well.

Intermediate expenditure
Even if this is not an income, those expenditures will allow the estimation of net income for business activities and subsistence activities. All equipments are not considered as intermediate expenditure but household investment (see in the expenditure analysis). Only the salary to staff, the current expenditure are covered in this group (i.e., fuel for boat [fishing], pig feeder [livestock].)

In-kind income
In-kind income covers any income received by the household which was not in the form of cash. For wage and salary, this would entail the employer paying the household member, in full or partially, with a gift in-kind instead of cash. For the section in the tables addressing “Irregular Gifts Received & Other Receipts”, the component “ad-hoc gifts received” will also be categorized as a form of in-kind income.
INCOME ANALYSIS – MAIN TABLES & GRAPHS

DISTRIBUTION OF HOUSEHOLD INCOME/RECEIPTS BY MAJOR CATEGORY

The following graph (Figure 4.1) shows the distribution of household income across each of the major categories collected in the survey. The analysis clearly shows that income from “Employment” is the most important source of income accounting for 57% of the total household income. This income from employment amount includes all wages and salary income (66%), home production (17%), and own business income and income from subsistence activities that shared the rest (8% each).

The next major category contributing to household income is “imputed rents” that accounts for income and expenditure (estimation of the amount of the house). The group “Regular transfers”, ranked third, includes all the pension (55% of this group), cash remittances received (27% of this group) and scholarship (16% of this group).

“Other casual income” includes all goods given away (purchased and home produced) and irregular cash income that come from casual sales, inheritance, and similar sources.

The “Property” category is made of home rental received by owners, royalties, sale of bonds, and interests.

More details on the key contributors to some of these groups can be found later in this section.

Figure 4.1: Distribution of household total income by major category

Figure 4.2 presents the breakdown of the total household income by type of income. Total household income in FSM reached 283 million (US$) in 2013. Cash income is the main income type showing 64% of the total household income. The estimation of the imputed rents comes next (23%). Home production consumed by the household represents 10% of the household income, In-kind receipts together (purchases and home produced items given away) totaled 3.4% of the total household income, and finally income in-kind from employer 0.4%.
The next graph (Figure 4.3) focuses on “cash income” only. Almost 60% of the household cash income comes from wage jobs, and 17% from regular transfers (mainly pension). Cash income made from subsistence activities (mainly the sale of agricultural items) ranks third showing a similar level as cash income made from household business. 96% of the remittances come from overseas, and represent the fifth major source of cash income for FSM households. Property income shows a lower part of the household cash income with only 1.9% (mainly due to home rental income that amounted to 80% of the total property income).
ANNUAL INCOME AMOUNTS BY CATEGORY & TYPE

The following three tables (Tables 4.1-4.3) show the actual dollar amounts received by FSM households by income category and type. The three tables provide the following amounts:

- Table 4.1: Total annual income/receipts
- Table 4.2: Average annual household income/receipts
- Table 4.3: Average annual per capita income/receipts

for each broad category of income, as well as income type.

The same analysis is provided for each of these three tables for “monthly” income/receipts in Appendix B.

Table 4.1 shows that FSM households had a total household income of just above US$ 218M in 2013 (excluded imputed rents).

<table>
<thead>
<tr>
<th></th>
<th>Net cash</th>
<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Imputed rents</th>
<th>Income in-kind (wage jobs)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wages &amp; salaries</strong></td>
<td>105,394</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,150</td>
<td>106,544</td>
</tr>
<tr>
<td><strong>Business income</strong></td>
<td>13,058</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,058</td>
</tr>
<tr>
<td><strong>Subsistence – agriculture</strong></td>
<td>6,594</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,594</td>
</tr>
<tr>
<td><strong>Subsistence – handicraft</strong></td>
<td>2,578</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,578</td>
</tr>
<tr>
<td><strong>Subsistence – livestock</strong></td>
<td>690</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>690</td>
</tr>
<tr>
<td><strong>Subsistence – fisheries</strong></td>
<td>3,638</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,638</td>
</tr>
<tr>
<td><strong>Home production consumed</strong></td>
<td></td>
<td>-</td>
<td>27,659&lt;sup&gt;3&lt;/sup&gt;</td>
<td>-</td>
<td>-</td>
<td>27,659</td>
</tr>
<tr>
<td><strong>EMPLOYMENT INCOME</strong></td>
<td>131,951</td>
<td>27,659</td>
<td>-</td>
<td>-</td>
<td>1,150</td>
<td>160,760</td>
</tr>
<tr>
<td><strong>Rental</strong></td>
<td>3,394</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,394</td>
</tr>
<tr>
<td><strong>Other property income</strong></td>
<td>863</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>863</td>
</tr>
<tr>
<td><strong>PROPERTY INCOME</strong></td>
<td>4,257</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,257</td>
</tr>
<tr>
<td><strong>Remittances</strong></td>
<td>11,728</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11,728</td>
</tr>
<tr>
<td><strong>Pensions</strong></td>
<td>23,723</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,723</td>
</tr>
<tr>
<td><strong>Scholarship</strong></td>
<td>7,040</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7,040</td>
</tr>
<tr>
<td><strong>Other transfers</strong></td>
<td>410</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>410</td>
</tr>
<tr>
<td><strong>REGULAR TRANSFERS</strong></td>
<td>42,902</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>42,902</td>
</tr>
<tr>
<td><strong>Items received for free</strong></td>
<td></td>
<td>-</td>
<td>3,403</td>
<td>6,224</td>
<td>-</td>
<td>9,628</td>
</tr>
<tr>
<td><strong>Other casual income</strong></td>
<td>801</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>801</td>
</tr>
<tr>
<td><strong>CASUAL INCOME</strong></td>
<td>801</td>
<td>-</td>
<td>3,403</td>
<td>6,224</td>
<td>-</td>
<td>10,429</td>
</tr>
<tr>
<td><strong>TOTAL HHOLD INCOME</strong></td>
<td>179,910</td>
<td>27,659</td>
<td>3,403</td>
<td>6,224</td>
<td>-</td>
<td>218,348</td>
</tr>
<tr>
<td><strong>IMPUTED RENTS</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>64,336</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL HHOLD INCOME</strong></td>
<td>179,910</td>
<td>27,659</td>
<td>3,403</td>
<td>6,224</td>
<td>64,336</td>
<td>282,683</td>
</tr>
</tbody>
</table>

<sup>3</sup> Home production in income chapter is presented as net amount that is why it does not match with the home production presented in expenditure chapter which is gross amount. Section 6 explains the difference between both values.
Converted to average annual household amounts, Table 4.2 shows that households in FSM had an average annual household income of US$ 13,000 in 2013. The employment income component of this amount was US$ 7,900 of which wage and salary accounted for US$ 6,320. In terms of cash income, households in FSM earned in 2013 US$ 10,800.

Table 4.2: Average annual household income by income category and income type (US$)

<table>
<thead>
<tr>
<th></th>
<th>Net cash</th>
<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Imputed rents</th>
<th>Income in-kind (wage jobs)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages &amp; salaries</td>
<td>6,320</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>69</td>
<td>6,389</td>
</tr>
<tr>
<td>Business income</td>
<td>783</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>783</td>
</tr>
<tr>
<td>Subsistence – agriculture</td>
<td>395</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>395</td>
</tr>
<tr>
<td>Subsistence – handicraft</td>
<td>155</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>155</td>
</tr>
<tr>
<td>Subsistence – livestock</td>
<td>41</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41</td>
</tr>
<tr>
<td>Subsistence – fisheries</td>
<td>218</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>218</td>
</tr>
<tr>
<td>Home production consumed</td>
<td>-</td>
<td>1,659</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,659</td>
</tr>
<tr>
<td>EMPLOYMENT INCOME</td>
<td>7,912</td>
<td>1,659</td>
<td>-</td>
<td>-</td>
<td>69</td>
<td>9,640</td>
</tr>
<tr>
<td>Rental</td>
<td>204</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>204</td>
</tr>
<tr>
<td>Other property income</td>
<td>52</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>52</td>
</tr>
<tr>
<td>PROPERTY INCOME</td>
<td>255</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>255</td>
</tr>
<tr>
<td>Remittances</td>
<td>703</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>703</td>
</tr>
<tr>
<td>Pensions</td>
<td>1,423</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,423</td>
</tr>
<tr>
<td>Scholarship</td>
<td>422</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>422</td>
</tr>
<tr>
<td>Other transfers</td>
<td>25</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>25</td>
</tr>
<tr>
<td>REGULAR TRANSFERS</td>
<td>2,573</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,573</td>
</tr>
<tr>
<td>Items received for free</td>
<td>-</td>
<td>204</td>
<td>373</td>
<td>-</td>
<td>-</td>
<td>577</td>
</tr>
<tr>
<td>Other casual income</td>
<td>48</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>48</td>
</tr>
<tr>
<td>CASUAL INCOME</td>
<td>48</td>
<td>-</td>
<td>204</td>
<td>373</td>
<td>-</td>
<td>625</td>
</tr>
<tr>
<td>TOTAL HHOLD INCOME</td>
<td>10,788</td>
<td>1,659</td>
<td>204</td>
<td>373</td>
<td>-</td>
<td>69</td>
</tr>
<tr>
<td>IMPUTED RENTS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,858</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL HHOLD INCOME</td>
<td>10,788</td>
<td>1,659</td>
<td>204</td>
<td>373</td>
<td>3,858</td>
<td>69</td>
</tr>
</tbody>
</table>
Finally, when these figures are converted to per capita household income per year (Table 4.3), on average one person in FSM has an income estimated at US$ 2,112 a year of which employment income accounted for US$ 1,276 (excluded estimated rents).

Table 4.3: Average annual per capita income by income category and income type (US$)

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Net cash</th>
<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Income in-kind (wage jobs)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages &amp; salaries</td>
<td>1,019</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>Business income</td>
<td>126</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Subsistence – agriculture</td>
<td>64</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Subsistence – handicraft</td>
<td>25</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Subsistence – livestock</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Subsistence – fisheries</td>
<td>35</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Home production consumed</td>
<td>-</td>
<td>268</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EMPLOYMENT INCOME</td>
<td>1,276</td>
<td>268</td>
<td>-</td>
<td>11</td>
<td>1,555</td>
</tr>
<tr>
<td>Rental</td>
<td>33</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other property income</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PROPERTY INCOME</td>
<td>41</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Remittances</td>
<td>113</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pensions</td>
<td>229</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Scholarship</td>
<td>68</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other transfers</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>REGULAR TRANSFERS</td>
<td>415</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Items received for free</td>
<td>-</td>
<td>-</td>
<td>33</td>
<td>60</td>
<td>-</td>
</tr>
<tr>
<td>Other casual income</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CASUAL INCOME</td>
<td>8</td>
<td>-</td>
<td>33</td>
<td>60</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL HHOLD INCOME</td>
<td>1,740</td>
<td>268</td>
<td>33</td>
<td>60</td>
<td>11</td>
</tr>
<tr>
<td>IMPUTED RENTS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>622</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL HHOLD INCOME (incl. Imputed rents)</td>
<td>1,740</td>
<td>268</td>
<td>33</td>
<td>622</td>
<td>11</td>
</tr>
</tbody>
</table>
The following section shows the percentage distribution of the employment income through different characteristics:

1) Employment income (breakdown through the main category of this group)
2) Home production
3) Wages & salary income through industry

The total annual amount from that household income group is listed for each, along with the contribution of that group to household income to assist with putting things in perspective. For the additional analysis on subsistence income, the contribution of this group to both employment income and total household income is provided.

**Employment Income**

Total annual employment income: US$ 161M
Percentage contribution to household income: 57%

**Home production**

Total annual subsistence income: US$ 29.1M
Total annual intermediate expenditure related to subsistence activities; US$ 1.5M
Total value of the net home production: US$ 27.6M
Percentage contribution to employment income: 17.2%
Percentage contribution to household income: 9.7%

Figure 4.5: Percentage contribution of main types of subsistence income to total subsistence income

Wage & salary by industry
Total annual wage and salary cash income: US$ 105M
Percentage contribution to employment income: 66%
Percentage contribution to total household income: 37%

Table 4.4: Total wage & salary income by industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>US$ 000</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>25,965</td>
<td>24.6%</td>
</tr>
<tr>
<td>Public administration &amp; defence</td>
<td>19,571</td>
<td>18.6%</td>
</tr>
<tr>
<td>Wholesale &amp; retail trade, repair of motor vehicles</td>
<td>10,193</td>
<td>9.7%</td>
</tr>
<tr>
<td>Human health &amp; social work</td>
<td>9,590</td>
<td>9.1%</td>
</tr>
<tr>
<td>Construction</td>
<td>4,896</td>
<td>4.6%</td>
</tr>
<tr>
<td>Transportation &amp; storage</td>
<td>4,597</td>
<td>4.4%</td>
</tr>
<tr>
<td>Accommodation and food service activities</td>
<td>3,779</td>
<td>3.6%</td>
</tr>
<tr>
<td>Financial &amp; insurance activities</td>
<td>3,704</td>
<td>3.5%</td>
</tr>
<tr>
<td>Electricity, gas, steam &amp; air conditioning supply</td>
<td>3,165</td>
<td>3.0%</td>
</tr>
<tr>
<td>Professional, scientific &amp; technical activities</td>
<td>3,020</td>
<td>2.9%</td>
</tr>
<tr>
<td>Activities of extraterritorial organizations</td>
<td>2,949</td>
<td>2.8%</td>
</tr>
<tr>
<td>Information &amp; communication</td>
<td>2,386</td>
<td>2.3%</td>
</tr>
<tr>
<td>Activities of households as employer</td>
<td>2,352</td>
<td>2.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2,072</td>
<td>2.0%</td>
</tr>
<tr>
<td>Fishing</td>
<td>1,921</td>
<td>1.8%</td>
</tr>
<tr>
<td>Other services activities</td>
<td>1,863</td>
<td>1.8%</td>
</tr>
<tr>
<td>Administrative &amp; support service activities</td>
<td>1,801</td>
<td>1.7%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>612</td>
<td>0.6%</td>
</tr>
<tr>
<td>Water supply, sewerage, waste management</td>
<td>312</td>
<td>0.3%</td>
</tr>
<tr>
<td>Quarrying</td>
<td>255</td>
<td>0.2%</td>
</tr>
<tr>
<td>Arts, entertainment &amp; recreation</td>
<td>231</td>
<td>0.2%</td>
</tr>
<tr>
<td>Forestry</td>
<td>87</td>
<td>0.1%</td>
</tr>
<tr>
<td>Real estate activities</td>
<td>76</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>TOTAL WAGE &amp; SALARY</strong></td>
<td>105,394</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
The following two tables (Table 4.5 & 4.6) show the distribution of each income category and income type with respect to the total income.

The first table (Table 4.5) shows the percentage contribution within each of the main broad household income types; “employment income”, “property income” & “transfer income”, as well as the grouping for “casual income”. To interpret this table we can see that wage & salary income contribute 65.6 percent to the total employment cash income, an addition 0.7% comes from the income in-kind and other benefits from employer which leads to a total 66.3% contribution of wage and salary to the employment income.

Pension is the main component of the transfer income (55% of this category) followed by remittances and scholarship.

Table 4.5: Distribution of household income within group by income category and income type (%)

<table>
<thead>
<tr>
<th>Income category</th>
<th>Net cash</th>
<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Home production (wage jobs)</th>
<th>Imputed rents</th>
<th>Income in-kind (wage jobs)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages &amp; salaries</td>
<td>65.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.7%</td>
<td>66.3%</td>
</tr>
<tr>
<td>Business income</td>
<td>8.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8.1%</td>
<td></td>
</tr>
<tr>
<td>Subsistence – agriculture</td>
<td>4.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.1%</td>
<td></td>
</tr>
<tr>
<td>Subsistence – handicraft</td>
<td>1.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.6%</td>
<td></td>
</tr>
<tr>
<td>Subsistence – livestock</td>
<td>0.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.4%</td>
<td></td>
</tr>
<tr>
<td>Subsistence – fisheries</td>
<td>2.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.3%</td>
<td></td>
</tr>
<tr>
<td>Home production consumed</td>
<td>-</td>
<td>17.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17.2%</td>
<td></td>
</tr>
<tr>
<td><strong>EMPLOYMENT INCOME</strong></td>
<td>82.1%</td>
<td>17.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Rental</td>
<td>79.7%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>79.7%</td>
<td></td>
</tr>
<tr>
<td>Other property income</td>
<td>20.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20.3%</td>
<td></td>
</tr>
<tr>
<td><strong>PROPERTY INCOME</strong></td>
<td>100.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.0%</td>
<td></td>
</tr>
<tr>
<td>Remittances</td>
<td>27.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>27.3%</td>
<td></td>
</tr>
<tr>
<td>Pensions</td>
<td>55.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>55.3%</td>
<td></td>
</tr>
<tr>
<td>Scholarship</td>
<td>16.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>16.4%</td>
<td></td>
</tr>
<tr>
<td>Other transfers</td>
<td>1.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.0%</td>
<td></td>
</tr>
<tr>
<td><strong>REGULAR TRANSFERS</strong></td>
<td>100.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.0%</td>
<td></td>
</tr>
<tr>
<td>Items received for free</td>
<td>-</td>
<td>-</td>
<td>32.6%</td>
<td>59.7%</td>
<td>-</td>
<td>92.3%</td>
<td></td>
</tr>
<tr>
<td>Other casual income</td>
<td>7.7%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td><strong>CASUAL INCOME</strong></td>
<td>7.7%</td>
<td>-</td>
<td>32.6%</td>
<td>59.7%</td>
<td>-</td>
<td>100.0%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL HHOLD INCOME</strong></td>
<td>82.4%</td>
<td>12.7%</td>
<td>1.6%</td>
<td>2.9%</td>
<td>-</td>
<td>0.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>IMPUTED RENTS</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.0%</td>
<td>-</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>TOTAL HHOLD INCOME</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100.0%</td>
<td></td>
</tr>
<tr>
<td>(incl. Imputed rents)</td>
<td>63.6%</td>
<td>9.8%</td>
<td>1.2%</td>
<td>2.2%</td>
<td>22.8%</td>
<td>0.4%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
The second table (Table 4.6) shows the percentage contribution to the overall total for the household income groups.

As the information is now expressed as percentages of the overall total, the figures are somewhat smaller than those presented in Table 4.5. For example, income from home rental may represent 79.7% of total property income, as can be seen in Table 4.5, but as illustrated in Table 4.6, this income only represents 1.2% of total income/receipts (imputed rents excluded).

### Table 4.6: Distribution of household income within total by income category and income type (%)

<table>
<thead>
<tr>
<th>Income category</th>
<th>Net cash</th>
<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Home produced</th>
<th>Imputed rents</th>
<th>Income in-kind (wage jobs)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages &amp; salaries</td>
<td>37.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.4%</td>
<td>37.7%</td>
</tr>
<tr>
<td>Business income</td>
<td>4.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.6%</td>
</tr>
<tr>
<td>Subsistence – agriculture</td>
<td>2.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.3%</td>
</tr>
<tr>
<td>Subsistence – handicraft</td>
<td>0.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.9%</td>
</tr>
<tr>
<td>Subsistence – livestock</td>
<td>0.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.2%</td>
</tr>
<tr>
<td>Subsistence – fisheries</td>
<td>1.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.3%</td>
</tr>
<tr>
<td>Home production consumed</td>
<td>-</td>
<td>9.8%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9.8%</td>
</tr>
<tr>
<td><strong>EMPLOYMENT INCOME</strong></td>
<td>46.7%</td>
<td>9.8%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.4%</td>
<td>56.9%</td>
</tr>
<tr>
<td>Rental</td>
<td>1.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.2%</td>
</tr>
<tr>
<td>Other property income</td>
<td>0.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>PROPERTY INCOME</strong></td>
<td>1.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.5%</td>
</tr>
<tr>
<td>Remittances</td>
<td>4.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.1%</td>
</tr>
<tr>
<td>Pensions</td>
<td>8.4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8.4%</td>
</tr>
<tr>
<td>Scholarship</td>
<td>2.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.5%</td>
</tr>
<tr>
<td>Other transfers</td>
<td>0.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>REGULAR TRANSFERS</strong></td>
<td>15.2%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15.2%</td>
</tr>
<tr>
<td>Items received for free</td>
<td>-</td>
<td>-</td>
<td>1.2%</td>
<td>2.2%</td>
<td>-</td>
<td>-</td>
<td>3.4%</td>
</tr>
<tr>
<td>Other casual income</td>
<td>0.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>CASUAL INCOME</strong></td>
<td>0.3%</td>
<td>-</td>
<td>1.2%</td>
<td>2.2%</td>
<td>-</td>
<td>-</td>
<td>3.7%</td>
</tr>
<tr>
<td><strong>TOTAL HHOLD INCOME</strong></td>
<td>63.6%</td>
<td>9.8%</td>
<td>1.2%</td>
<td>2.2%</td>
<td>-</td>
<td>0.4%</td>
<td>77.2%</td>
</tr>
<tr>
<td><strong>IMPUTED RENTS</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22.8%</td>
<td>-</td>
<td>22.8%</td>
</tr>
<tr>
<td><strong>TOTAL HHOLD INCOME</strong></td>
<td>63.6%</td>
<td>9.8%</td>
<td>1.2%</td>
<td>2.2%</td>
<td>22.8%</td>
<td>0.4%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
PERCENTAGE OF HOUSEHOLDS WITH CERTAIN TYPES OF INCOME/RECEIPTS

The analysis presented in Table 4.7 provides information on what proportion of households actually received each income/receipt group and type. As would be expected, the majority of households surveyed reported some cash income from a current wage and salary job (55.5%). However the most common source of income for households in FSM is the home production (mainly agriculture items) with 76% of the households involved in some form of subsistence activity. It is also interesting to note from this analysis the large proportion of households that reported receiving remittances (41.6%).

In addition to this, 50% of the households received some gift for free from other households (mainly food) which highlight the importance of the exchange and solidarity in FSM communities.

Table 4.7: Percentage of households with income by income category and income type

<table>
<thead>
<tr>
<th>Income category</th>
<th>Net cash</th>
<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Imputed rents</th>
<th>Income in-kind (wage jobs)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages &amp; salaries</td>
<td>55.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>55.5%</td>
</tr>
<tr>
<td>Business income</td>
<td>4.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.5%</td>
</tr>
<tr>
<td>Subsistence – agriculture</td>
<td>24.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>24.1%</td>
</tr>
<tr>
<td>Subsistence – handicraft</td>
<td>15.8%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>15.8%</td>
</tr>
<tr>
<td>Subsistence – livestock</td>
<td>12.1%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12.1%</td>
</tr>
<tr>
<td>Subsistence – fisheries</td>
<td>12.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12.9%</td>
</tr>
<tr>
<td>Home production consumed</td>
<td>0.0%</td>
<td>76.7%</td>
<td>-</td>
<td>-</td>
<td>2.3%</td>
<td>76.7%</td>
</tr>
<tr>
<td>EMPLOYMENT INCOME</td>
<td>78.2%</td>
<td>76.7%</td>
<td>-</td>
<td>-</td>
<td>2.3%</td>
<td>97.0%</td>
</tr>
<tr>
<td>Rental</td>
<td>0.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.9%</td>
</tr>
<tr>
<td>Other property income</td>
<td>3.0%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.0%</td>
</tr>
<tr>
<td>PROPERTY INCOME</td>
<td>3.8%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.8%</td>
</tr>
<tr>
<td>Remittances</td>
<td>41.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41.6%</td>
</tr>
<tr>
<td>Pensions</td>
<td>18.6%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18.6%</td>
</tr>
<tr>
<td>Scholarship</td>
<td>7.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7.5%</td>
</tr>
<tr>
<td>Other transfers</td>
<td>0.9%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.9%</td>
</tr>
<tr>
<td>REGULAR TRANSFERS</td>
<td>54.5%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>54.5%</td>
</tr>
<tr>
<td>Items received for free</td>
<td>-</td>
<td>-</td>
<td>21.5%</td>
<td>38.3%</td>
<td>-</td>
<td>50.4%</td>
</tr>
<tr>
<td>Other casual income</td>
<td>1.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.3%</td>
</tr>
<tr>
<td>CASUAL INCOME</td>
<td>1.3%</td>
<td>-</td>
<td>21.5%</td>
<td>38.3%</td>
<td>-</td>
<td>50.9%</td>
</tr>
<tr>
<td>IMPUTED RENTS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>98.1%</td>
<td>98.1%</td>
</tr>
<tr>
<td>TOTAL HHOLD INCOME</td>
<td>91.7%</td>
<td>76.7%</td>
<td>21.5%</td>
<td>38.3%</td>
<td>98.1%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Table 4.8 presents the 2013 HIES income outputs using the 2005 income classification. At a broad level, total income has increased by 28% over the period between HIES 2005 and 2013 (8 years).

Table 4.8: Annual income and distribution of income – comparison 2005 vs. 2013

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$ 000</td>
<td>%</td>
</tr>
<tr>
<td>Wages &amp; salaries</td>
<td>104,146</td>
<td>47.2</td>
</tr>
<tr>
<td>Business income</td>
<td>19,972</td>
<td>9.1</td>
</tr>
<tr>
<td>Rental</td>
<td>2,167</td>
<td>1.0</td>
</tr>
<tr>
<td>Scholarship</td>
<td>4,478</td>
<td>2.0</td>
</tr>
<tr>
<td>Subsistence</td>
<td>39,577</td>
<td>18.0</td>
</tr>
<tr>
<td>Remittances</td>
<td>6,973</td>
<td>3.2</td>
</tr>
<tr>
<td>Gift</td>
<td>7,933</td>
<td>3.6</td>
</tr>
<tr>
<td>Other</td>
<td>12,436</td>
<td>5.6</td>
</tr>
<tr>
<td>Imputed rents</td>
<td>22,783</td>
<td>10.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>220,465</td>
<td>100.0</td>
</tr>
</tbody>
</table>

“Wages & Salaries” is still the main source of income in 2013, but its contribution declined by 10% for the benefits of "Imputed rents". In 2005 income from “Subsistence” activities were ranked second after "Wage & salaries" and third in 2013 due to the increase in "Imputed rents".

Excluding imputed rents from the analysis, the income growth rate over the period is reduced to 10.5%. Table 4.9 shows that considering the average household income (excluding imputed rents) income growth rate dropped to 8.9% while the Consumer Price Index (CPI) has risen by more than 40%.

Table 4.9: Total household income (excluding imputed rents) – comparison 1998/2005/2013

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Unit</th>
<th>1998</th>
<th>2005</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income (excluding imputed rents)</td>
<td>US$ 000</td>
<td>173,468</td>
<td>197,682</td>
<td>218,588</td>
</tr>
<tr>
<td>Total number of households</td>
<td>#</td>
<td>16,100</td>
<td>16,427</td>
<td>16,677</td>
</tr>
<tr>
<td>Monthly average household income (excluding imputed rents)</td>
<td>US$</td>
<td>898</td>
<td>1,003</td>
<td>1,092</td>
</tr>
<tr>
<td>Monthly average income growth rate period 1998-2005 &amp; 2005-2013</td>
<td>%</td>
<td>-</td>
<td>11.6%</td>
<td>8.9%</td>
</tr>
<tr>
<td>CPI index rate period Q1.1999 to Q4 2005 &amp; Q4.2005 to Q4.2013</td>
<td>%</td>
<td>-</td>
<td>11.7%</td>
<td>42.9%</td>
</tr>
</tbody>
</table>

4 Including wages in-kind from the employer
The paragraph below compares average monthly total income (excluding imputed rents) in 1998, 2005 and 2013 in nominal prices over both periods:

- 1998 to 2005: the average monthly household income increased by 11.6% and the CPI by 11.7%
- 2005 to 2013: the average monthly household income has increased by 11.7% and the CPI by 42.9%

In order to compare the real disposable income of FSM households at different HIES, the price effect (change in cost of living due to CPI increase) has to be adjusted (as demonstrated in Table 4.10).

Table 4.10: CPI adjusted household income in FSM converted to 2013 price (US$) and annual real income growth rate (%)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1998</th>
<th>2005</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cash income price 2013 (US$)</td>
<td>1,432</td>
<td>1,433</td>
<td>1,092</td>
</tr>
<tr>
<td>Annual growth rate – period (%)</td>
<td>-</td>
<td>0%</td>
<td>-3.3%</td>
</tr>
</tbody>
</table>

Table 4.10 shows the disposable household income in 1998, 2005 and 2013 in 2013 prices (according to the CPI growth rate during the period). During the period 1998 to 2005 the household income remained stable, and during the period 2005 to 2013, households lost 3.3% of purchasing power each year.

Figure 4.6a illustrates this loss in the purchasing power of FSM households as household nominal income is deflated by the higher cost of living (i.e. real income is decreasing).
Figure 4.6b extends the analysis to all four states and shows some different trends. During the first period (1998 to 2005) households in Kosrae and Chuuk incurred an important drop in their real disposable income (-4.5% and -1.6% respectively). However households in Yap and especially in Pohnpei have seen their purchasing power increase. The second period (2005 to 2013) shows a downward trend in all four states, and Chuuk seems to be the most affected, losing almost 6% of disposable income each year during the period 2005 to 2013.

**HOUSEHOLD TOTAL INCOME BY INCOME QUINTILES / DECILES**

Total income in FSM in 2013 averaged US$ 16,950 (Table 4.11). This average hides important inequalities between deciles as households who belong to the lowest decile (decile 1) earn on average US$ 263 monthly, and the better-off households (decile 10) earns on average 207 times more (US$ 5,254).

Table 4.11: Average annual and monthly household total income by deciles and quintiles

<table>
<thead>
<tr>
<th>Total net income deciles</th>
<th>Cumulative share of the total income</th>
<th>Average total income (US$)</th>
<th>Total net income quintiles</th>
<th>Cumulative share of the total income</th>
<th>Average total income (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Annual</td>
<td>Monthly</td>
<td></td>
<td>Annual</td>
</tr>
<tr>
<td>Decile1</td>
<td>1.9%</td>
<td>3,158</td>
<td>263</td>
<td>Quintile1</td>
<td>4.8%</td>
</tr>
<tr>
<td>Decile2</td>
<td>4.8%</td>
<td>4,904</td>
<td>409</td>
<td>Quintile2</td>
<td>12.6%</td>
</tr>
<tr>
<td>Decile3</td>
<td>8.0%</td>
<td>5,583</td>
<td>465</td>
<td>Quintile3</td>
<td>25.2%</td>
</tr>
<tr>
<td>Decile4</td>
<td>12.6%</td>
<td>7,707</td>
<td>642</td>
<td>Quintile4</td>
<td>46.0%</td>
</tr>
<tr>
<td>Decile5</td>
<td>18.0%</td>
<td>9,229</td>
<td>769</td>
<td>Quintile5</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile6</td>
<td>25.2%</td>
<td>12,148</td>
<td>1,012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decile7</td>
<td>34.1%</td>
<td>15,018</td>
<td>1,252</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decile8</td>
<td>46.0%</td>
<td>20,245</td>
<td>1,687</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decile9</td>
<td>62.6%</td>
<td>28,143</td>
<td>2,345</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decile10</td>
<td>100.0%</td>
<td>63,051</td>
<td>5,254</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>16,950</td>
<td>1,412</td>
<td>Total</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Table 4.12: Distribution of income type by total income deciles (%)

<table>
<thead>
<tr>
<th>Income deciles</th>
<th>Cash %</th>
<th>Home production %</th>
<th>Gift given away %</th>
<th>Imputed rents %</th>
<th>Income kind %</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decile1</td>
<td>6.5%</td>
<td>14.6%</td>
<td>1.6%</td>
<td>77.2%</td>
<td>0.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile2</td>
<td>20.0%</td>
<td>19.5%</td>
<td>2.3%</td>
<td>58.1%</td>
<td>0.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile3</td>
<td>31.3%</td>
<td>24.4%</td>
<td>2.6%</td>
<td>41.7%</td>
<td>0.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile4</td>
<td>37.2%</td>
<td>20.2%</td>
<td>2.5%</td>
<td>39.9%</td>
<td>0.2%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile5</td>
<td>49.2%</td>
<td>16.1%</td>
<td>3.0%</td>
<td>31.2%</td>
<td>0.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile6</td>
<td>52.4%</td>
<td>13.6%</td>
<td>2.9%</td>
<td>31.0%</td>
<td>0.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile7</td>
<td>57.6%</td>
<td>13.6%</td>
<td>3.3%</td>
<td>25.3%</td>
<td>0.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile8</td>
<td>61.6%</td>
<td>11.2%</td>
<td>3.9%</td>
<td>23.3%</td>
<td>0.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile9</td>
<td>66.0%</td>
<td>10.3%</td>
<td>4.6%</td>
<td>18.4%</td>
<td>0.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Decile10</td>
<td>79.8%</td>
<td>4.4%</td>
<td>3.3%</td>
<td>11.9%</td>
<td>0.6%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>63.1%</td>
<td>10.3%</td>
<td>3.4%</td>
<td>22.8%</td>
<td>0.4%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Better off households depend more on cash income as from decile 8, more than 60% of the total income comes from cash income. Home production and Imputed rents decline as the household income increases. For the lower deciles (decile 1 to 3), imputed rents is the main source of income, meaning that the value of the estimated rent is higher than the money they earn and the items they home produce (Table 4.12).

As imputed rents is a subjective estimation of the value of the house provided by the respondent, Table 4.13 presents the average income excluding imputed rents (only cash/in kind income, home production and gift).

Table 4.13: Average annual income by quintiles and states (US$) – excluded imputed rents

<table>
<thead>
<tr>
<th>Income quintiles</th>
<th>States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yap</td>
</tr>
<tr>
<td>Quintile1</td>
<td>2,894</td>
</tr>
<tr>
<td>Quintile2</td>
<td>7,101</td>
</tr>
<tr>
<td>Quintile3</td>
<td>10,717</td>
</tr>
<tr>
<td>Quintile4</td>
<td>16,359</td>
</tr>
<tr>
<td>Quintile5</td>
<td>41,851</td>
</tr>
<tr>
<td>Total</td>
<td>15,844</td>
</tr>
</tbody>
</table>

Excluding imputed rents, households in FSM earned on average US$ 13,000 in 2013. Table 4.13 shows that the average annual income is twice as high in Pohnpei as Chuuk. Pohnpei displays the highest annual average income. Lowest quintile households in Chuuk earned on average US$ 960 in 2013 and demonstrating the low level of income in this province. Kosrae is a very unequal province regarding income, as highest quintile households earned on average 45 times more than lowest quintile.
This annual average income of US$ 13,092 at the national level hides some inequality as 70% of the households do not reach this level. In 2013, 20% of the households earned less than US$ 2,600 (first quintile). Figure 4.7 shows the different situation in each state. Chuuk shows a very low level of income as 85% of the households in Chuuk earned less than the national average income in 2013 (US$ 13,090). Half of the households in FSM earn less than US$ 7,300 (national median) per year however this less prosperous half share only 13% of the total income (excluding imputed rents) which results to high level income inequality.

HOUSEHOLD TOTAL AND AVERAGE INCOME BY HEAD OF HOUSEHOLD CHARACTERISTICS

At the National level, female headed households contribute 18% to the total household income. Households headed by males earn on average 9% more than female headed households (total net income excluding imputed rents) and 11% more based on cash income. The difference between male and female head is higher in Chuuk where households headed by males earned 42% more than female headed households. Chuuk has fewer female headed households as only 16.7% of the households are headed by female, compared to Yap where it is more than a quarter.

Table 4.14: Average annual income (US$) and distribution of the households (%) by sex of household head and state

<table>
<thead>
<tr>
<th>State</th>
<th>Male US$</th>
<th>Female US$</th>
<th>Growth rate (male/female)</th>
<th>Difference (male – female)</th>
<th>Male %</th>
<th>Female %</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yap</td>
<td>16,103</td>
<td>15,085</td>
<td>6.7%</td>
<td>1,018</td>
<td>74.6%</td>
<td>25.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Chuuk</td>
<td>8,858</td>
<td>6,197</td>
<td>42.9%</td>
<td>2,660</td>
<td>83.3%</td>
<td>16.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Pohnpei</td>
<td>17,033</td>
<td>15,517</td>
<td>9.8%</td>
<td>1,516</td>
<td>78.5%</td>
<td>21.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Kosrae</td>
<td>15,190</td>
<td>14,896</td>
<td>2.0%</td>
<td>294</td>
<td>81.9%</td>
<td>18.1%</td>
<td>100.0%</td>
</tr>
<tr>
<td>FSM</td>
<td>13,311</td>
<td>12,208</td>
<td>9.0%</td>
<td>1,103</td>
<td>80.1%</td>
<td>19.9%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Table 4.15: Distribution of households by total annual income group and sex of household head (%)

<table>
<thead>
<tr>
<th>Annual total income group</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 5,000</td>
<td>37.4%</td>
<td>36.7%</td>
</tr>
<tr>
<td>5,000 to 9,999</td>
<td>23.2%</td>
<td>28.2%</td>
</tr>
<tr>
<td>10,000 to 29,999</td>
<td>29.2%</td>
<td>28.4%</td>
</tr>
<tr>
<td>more than 30,000</td>
<td>10.2%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The percentage of households that earn less than US$ 5000 annually is the same for both male and female household heads. The distribution of households headed by males shows a higher percentage at the highest income group as 10.2% get annually more than US$ 30,000 whilst 6.7% for the households headed by females. Regarding the source of income, there is no significant difference according to the sex of household head (see Table 4.16).

Table 4.16: Income generation by sex of household head (%)

<table>
<thead>
<tr>
<th>Sex of the household head</th>
<th>Cash</th>
<th>Home production</th>
<th>Gift</th>
<th>Imputed rents</th>
<th>Income in-kind</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>63.4%</td>
<td>10.2%</td>
<td>3.2%</td>
<td>22.7%</td>
<td>0.4%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Female</td>
<td>61.7%</td>
<td>10.7%</td>
<td>4.2%</td>
<td>22.9%</td>
<td>0.5%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Total</td>
<td>63.1%</td>
<td>10.3%</td>
<td>3.4%</td>
<td>22.8%</td>
<td>0.4%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Figure 4.8: Average annual household total income (excluding imputed rents) by age group of household head (US$)

Household income increases with older household head (Figure 4.8) and only the oldest age class declines. Cash income is the main type of income for all age groups, and tends to decline for the oldest group (following the average income trend). Home production share slightly declines as well (from 15% for the young group to 10% at 70+).
Table 4.17: Average annual income by work status of household head (US$)

<table>
<thead>
<tr>
<th>Work status of household head</th>
<th>Average annual income (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work for money - employee</td>
<td>18,365</td>
</tr>
<tr>
<td>Work for money - other</td>
<td>20,078</td>
</tr>
<tr>
<td>Work no money</td>
<td>8,496</td>
</tr>
<tr>
<td>Retired</td>
<td>13,624</td>
</tr>
<tr>
<td>Home duties</td>
<td>7,613</td>
</tr>
<tr>
<td>No work - other</td>
<td>10,623</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,092</strong></td>
</tr>
</tbody>
</table>

As expected, headed households who are involved in paid work earn on average 36% more than the retired and obviously much higher than the one who work for free (might be home production for consumption or volunteers).

Table 4.18: Breakdown of total income (cash and non cash) excluding imputed rents by work status of household head

<table>
<thead>
<tr>
<th>Work status of the household head</th>
<th>Cash income</th>
<th>Non cash income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work for money - employee</td>
<td>88.2%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Work for money - other</td>
<td>89.8%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Work no money</td>
<td>62.8%</td>
<td>37.2%</td>
</tr>
<tr>
<td>Retired</td>
<td>86.6%</td>
<td>13.4%</td>
</tr>
<tr>
<td>Home duties</td>
<td>72.6%</td>
<td>27.4%</td>
</tr>
<tr>
<td>No work - other</td>
<td>76.7%</td>
<td>23.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81.7%</strong></td>
<td><strong>18.3%</strong></td>
</tr>
</tbody>
</table>

Households in FSM are dependent on cash income as 82% of their total income is cash. The less cash dependent households are the one whose heads work for free (not for cash) as they are involved in subsistence activities for own consumption. About 18% of the household heads in FSM are involved in subsistence activities as their main activity.
TOTAL HOUSEHOLD INCOME BY STATE

Pohnpei households contribute 50% to the total household income. Pohnpei and Chuuk are the most populated states, but Chuuk contributed only 27% of the total household income, which results in a very low average annual income for Chuuk. Kosrae is the state that is the most dependent on cash income as home production reaches only 3% of the total income.

Table 4.19: Total income, average annual income and breakdown by type of income and state (US$ 000 and %)

<table>
<thead>
<tr>
<th>State</th>
<th>Total annual household income US$ 000</th>
<th>Average annual household income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount US$</td>
<td>Home production</td>
</tr>
<tr>
<td>Yap</td>
<td>41,807</td>
<td>17,768</td>
</tr>
<tr>
<td>Chuuk</td>
<td>77,726</td>
<td>11,398</td>
</tr>
<tr>
<td>Pohnpei</td>
<td>143,042</td>
<td>22,293</td>
</tr>
<tr>
<td>Kosrae</td>
<td>20,109</td>
<td>18,461</td>
</tr>
<tr>
<td>FSM</td>
<td>282,683</td>
<td>16,950</td>
</tr>
</tbody>
</table>

Table 4.20 presents disaggregated income by state. “Wages and salaries” remain the main source of income in all states, followed by “imputed rents” at the national level. In Yap, “Home production consumed” is ranked after “Wages and salaries” and in Kosrae, “Other transfers” (mainly pension and scholarship) is higher than imputed rents.

Table 4.20: Total income disaggregated by source and state (US$ 000 and %)

<table>
<thead>
<tr>
<th>Income source</th>
<th>Yap US$ 000</th>
<th>%</th>
<th>Chuuk US$ 000</th>
<th>%</th>
<th>Pohnpei US$ 000</th>
<th>%</th>
<th>Kosrae US$ 000</th>
<th>%</th>
<th>FSM US$ 000</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages &amp; salaries - cash</td>
<td>16,629</td>
<td>39.8%</td>
<td>27,787</td>
<td>35.8%</td>
<td>54,530</td>
<td>38.1%</td>
<td>6,447</td>
<td>32.1%</td>
<td>105,394</td>
<td>37.3%</td>
</tr>
<tr>
<td>Imputed rents</td>
<td>4,528</td>
<td>10.8%</td>
<td>20,342</td>
<td>26.2%</td>
<td>35,845</td>
<td>25.1%</td>
<td>3,621</td>
<td>18.0%</td>
<td>64,336</td>
<td>22.8%</td>
</tr>
<tr>
<td>Other transfers</td>
<td>4,100</td>
<td>9.8%</td>
<td>5,886</td>
<td>7.6%</td>
<td>16,008</td>
<td>11.2%</td>
<td>5,180</td>
<td>25.8%</td>
<td>31,173</td>
<td>11.0%</td>
</tr>
<tr>
<td>Home production consumed</td>
<td>6,869</td>
<td>16.4%</td>
<td>9,956</td>
<td>12.8%</td>
<td>10,281</td>
<td>7.2%</td>
<td>553</td>
<td>2.8%</td>
<td>27,659</td>
<td>9.8%</td>
</tr>
<tr>
<td>Business income</td>
<td>3,839</td>
<td>9.2%</td>
<td>2,580</td>
<td>3.3%</td>
<td>5,259</td>
<td>3.7%</td>
<td>1,380</td>
<td>6.9%</td>
<td>13,058</td>
<td>4.6%</td>
</tr>
<tr>
<td>Remittances</td>
<td>650</td>
<td>1.6%</td>
<td>6,201</td>
<td>8.0%</td>
<td>3,497</td>
<td>2.4%</td>
<td>1,380</td>
<td>6.9%</td>
<td>11,728</td>
<td>4.1%</td>
</tr>
<tr>
<td>Gifts in-kind</td>
<td>2,218</td>
<td>5.3%</td>
<td>1,389</td>
<td>1.8%</td>
<td>5,422</td>
<td>3.8%</td>
<td>600</td>
<td>3.0%</td>
<td>9,628</td>
<td>3.4%</td>
</tr>
<tr>
<td>Subsistence - agriculture</td>
<td>1,083</td>
<td>2.6%</td>
<td>915</td>
<td>1.2%</td>
<td>4,437</td>
<td>3.1%</td>
<td>159</td>
<td>0.8%</td>
<td>6,594</td>
<td>2.3%</td>
</tr>
<tr>
<td>Property income</td>
<td>846</td>
<td>2.0%</td>
<td>755</td>
<td>1.0%</td>
<td>2,186</td>
<td>1.5%</td>
<td>470</td>
<td>2.3%</td>
<td>4,257</td>
<td>1.5%</td>
</tr>
<tr>
<td>Subsistence - fisheries</td>
<td>275</td>
<td>0.7%</td>
<td>216</td>
<td>0.3%</td>
<td>3,062</td>
<td>2.1%</td>
<td>84</td>
<td>0.4%</td>
<td>3,638</td>
<td>1.3%</td>
</tr>
<tr>
<td>Subsistence - handicraft</td>
<td>196</td>
<td>0.5%</td>
<td>1,220</td>
<td>1.6%</td>
<td>1,083</td>
<td>0.8%</td>
<td>78</td>
<td>0.4%</td>
<td>2,578</td>
<td>0.9%</td>
</tr>
<tr>
<td>Wages &amp; salaries - in-kind</td>
<td>46</td>
<td>0.1%</td>
<td>170</td>
<td>0.2%</td>
<td>846</td>
<td>0.6%</td>
<td>89</td>
<td>0.4%</td>
<td>1,150</td>
<td>0.4%</td>
</tr>
<tr>
<td>Casual income</td>
<td>476</td>
<td>1.1%</td>
<td>7</td>
<td>0.0%</td>
<td>319</td>
<td>0.2%</td>
<td>0</td>
<td>0.0%</td>
<td>801</td>
<td>0.3%</td>
</tr>
<tr>
<td>Subsistence - livestock</td>
<td>53</td>
<td>0.1%</td>
<td>302</td>
<td>0.4%</td>
<td>266</td>
<td>0.2%</td>
<td>69</td>
<td>0.3%</td>
<td>690</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total</td>
<td>41,807</td>
<td>100.0%</td>
<td>77,726</td>
<td>100.0%</td>
<td>143,042</td>
<td>100.0%</td>
<td>20,109</td>
<td>100.0%</td>
<td>282,683</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

In 2013, households who were involved in wage jobs earned on average US$ 11,386 per year, which is not the highest income as households involved in business earned on average US$ 17,371 per year. “Other transfers” (mainly pension and scholarship) and “Property income” (mainly house rents) respectively earn US$ 7,594 and US$ 6,805. Apart from “Imputed rents”, which incurred in 2013 to 98% of the households (all households except tenants), “Home production consumed” is the main source of income for the households in FSM. About 79% of FSM households were involved in such activities. “Wages and salaries” is the third most common...
source of income for FSM households - 55% of FSM households in FSM obtained income from this source. "Remittances" came in at fourth place with 41%.

“Home production consumed” is very common in Yap where 96.3% of the households were involved and only 70% in Pohnpei. Pohnpei is more cash oriented than other states as it show highest percentage of households involved in the sale of subsistence items (e.g. fish, crops). As illustrated in Table 4.21, “Property income” is the most valuable source of income in Pohnpei (mainly house rents) as households who rent out houses made on average in 2013 US$ 20,500. In Chuuk, more households received remittances (50%) than salaries (42%) in 2013.

Table 4.21: Average annual income (US$) and income reporting households (%) by income source and state

<table>
<thead>
<tr>
<th>Income source</th>
<th>Yap US$</th>
<th>Yap %</th>
<th>Chuuk US$</th>
<th>Chuuk %</th>
<th>Pohnpei US$</th>
<th>Pohnpei %</th>
<th>Kosrae US$</th>
<th>Kosrae %</th>
<th>FSM US$</th>
<th>FSM %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries - cash</td>
<td>11,804</td>
<td>59.9</td>
<td>9,578</td>
<td>42.5</td>
<td>13,029</td>
<td>65.2</td>
<td>8,474</td>
<td>69.8</td>
<td>11,386</td>
<td>55.5</td>
</tr>
<tr>
<td>Wages and salaries - in-kind</td>
<td>1,932</td>
<td>1.0</td>
<td>2,578</td>
<td>1.0</td>
<td>5,385</td>
<td>2.4</td>
<td>676</td>
<td>12.1</td>
<td>3,043</td>
<td>2.3</td>
</tr>
<tr>
<td>Business income</td>
<td>24,960</td>
<td>6.5</td>
<td>11,045</td>
<td>3.4</td>
<td>19,004</td>
<td>4.3</td>
<td>15,754</td>
<td>8.0</td>
<td>17,371</td>
<td>4.5</td>
</tr>
<tr>
<td>Subsistence - agriculture</td>
<td>1,635</td>
<td>28.1</td>
<td>1,098</td>
<td>12.2</td>
<td>1,947</td>
<td>35.5</td>
<td>745</td>
<td>19.6</td>
<td>1,654</td>
<td>23.9</td>
</tr>
<tr>
<td>Subsistence - handicraft</td>
<td>1,089</td>
<td>7.7</td>
<td>1,472</td>
<td>12.2</td>
<td>1,137</td>
<td>14.9</td>
<td>430</td>
<td>16.6</td>
<td>1,203</td>
<td>12.9</td>
</tr>
<tr>
<td>Subsistence - livestock</td>
<td>233</td>
<td>9.6</td>
<td>382</td>
<td>11.6</td>
<td>301</td>
<td>13.8</td>
<td>662</td>
<td>9.5</td>
<td>344</td>
<td>12.0</td>
</tr>
<tr>
<td>Subsistence - fisheries</td>
<td>1,011</td>
<td>11.6</td>
<td>432</td>
<td>7.3</td>
<td>1,723</td>
<td>27.7</td>
<td>963</td>
<td>8.0</td>
<td>1,379</td>
<td>15.8</td>
</tr>
<tr>
<td>Home production consumed</td>
<td>3,030</td>
<td>96.3</td>
<td>1,747</td>
<td>83.6</td>
<td>2,316</td>
<td>69.2</td>
<td>674</td>
<td>75.4</td>
<td>2,091</td>
<td>79.3</td>
</tr>
<tr>
<td>Property income</td>
<td>2,019</td>
<td>17.8</td>
<td>12,144</td>
<td>9.0</td>
<td>20,580</td>
<td>1.7</td>
<td>12,257</td>
<td>3.5</td>
<td>6,805</td>
<td>3.8</td>
</tr>
<tr>
<td>Imputed rents</td>
<td>1,995</td>
<td>96.5</td>
<td>3,016</td>
<td>98.9</td>
<td>5,708</td>
<td>97.9</td>
<td>3,392</td>
<td>98.0</td>
<td>3,932</td>
<td>98.1</td>
</tr>
<tr>
<td><strong>Remittances</strong></td>
<td><strong>905</strong></td>
<td><strong>30.5</strong></td>
<td><strong>1,810</strong></td>
<td><strong>50.2</strong></td>
<td><strong>1,599</strong></td>
<td><strong>34.1</strong></td>
<td><strong>2,252</strong></td>
<td><strong>56.3</strong></td>
<td><strong>1,689</strong></td>
<td><strong>41.6</strong></td>
</tr>
<tr>
<td>Other transfers</td>
<td>5,607</td>
<td>31.1</td>
<td>7,178</td>
<td>12.0</td>
<td>7,566</td>
<td>33.0</td>
<td>11,828</td>
<td>40.2</td>
<td>7,594</td>
<td>24.6</td>
</tr>
<tr>
<td>Casual income</td>
<td>5,864</td>
<td>3.4</td>
<td>333</td>
<td>0.3</td>
<td>2,745</td>
<td>1.8</td>
<td>-</td>
<td>-</td>
<td>3,696</td>
<td>1.3</td>
</tr>
<tr>
<td>Gifts in-kind</td>
<td>1,297</td>
<td>72.7</td>
<td>528</td>
<td>38.6</td>
<td>1,570</td>
<td>53.8</td>
<td>969</td>
<td>56.8</td>
<td>1,144</td>
<td>50.4</td>
</tr>
</tbody>
</table>
SHARE OF REMITTANCES IN TOTAL HOUSEHOLD INCOME

Remittances contribute 4.1% to the total household income but were more important in Chuuk and Kosrea (8% and 7% respectively see Table 4.20). In FSM 41.6% of the households received remittances in 2013 (a US$ 1,689 additional to the annual cash budget), and 50% gave gift in-kind away to another household. In Kosrae and Chuuk remittances were received by more than half of the households.

At the National level, 9% of the money transferred to FSM households comes from a military person. Son and daughters are more likely to send remittances to their parents as half of the remittances received by households in FSM come from their children. 95% of the money come from overseas and mainly the United States mainland (42% of the total amount), Hawaii accounted for 28% of the total amount received, and Guam 23% [unpublished data].

Table 4.22: Remittances beneficiaries (%) and average annual amount received ($) by household head characteristics

<table>
<thead>
<tr>
<th>Household head characteristics</th>
<th>Remittances beneficiary (households)</th>
<th>Average annual amount received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>40.5%</td>
<td>1,759</td>
</tr>
<tr>
<td>Female</td>
<td>46.1%</td>
<td>1,440</td>
</tr>
<tr>
<td>Age group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 30</td>
<td>39.5%</td>
<td>951</td>
</tr>
<tr>
<td>30 - 39</td>
<td>38.0%</td>
<td>1,229</td>
</tr>
<tr>
<td>40 - 49</td>
<td>36.6%</td>
<td>1,940</td>
</tr>
<tr>
<td>50 - 59</td>
<td>42.0%</td>
<td>1,703</td>
</tr>
<tr>
<td>60 - 69</td>
<td>49.3%</td>
<td>1,848</td>
</tr>
<tr>
<td>70+</td>
<td>48.1%</td>
<td>1,853</td>
</tr>
<tr>
<td>Work status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work for pay - employee</td>
<td>28.7%</td>
<td>1,360</td>
</tr>
<tr>
<td>Work for pay - business</td>
<td>37.4%</td>
<td>1,955</td>
</tr>
<tr>
<td>Work no pay</td>
<td>45.3%</td>
<td>1,921</td>
</tr>
<tr>
<td>Retired</td>
<td>54.2%</td>
<td>1,815</td>
</tr>
<tr>
<td>Home duties</td>
<td>54.0%</td>
<td>1,328</td>
</tr>
<tr>
<td>No work - other</td>
<td>44.0%</td>
<td>2,996</td>
</tr>
</tbody>
</table>

Female headed households are more likely to receive remittances than male headed households (46% of the female headed households received financial support in 2013 whilst 40% of male headed households). Financial support increases as age of household head increased. In 2013 households headed by a person aged more than 70 years old received twice as much support as households headed by a person lower than 30 (Table 4.22). Regarding the work status of the household head, only 28.7% of the households headed by a person who works for pay received support, compared to more than half for the retired and home duties headed households.
INEQUALITY AND GINI INDEX

The distribution of income throughout the population demonstrates a high degree of income inequality, with the poorest 50% of households in FSM accounting for only 18% of the total household income (Table 4.11). That is, the distribution of income is unequal among households in FSM, as illustrated in Figure 4.10. The Lorenz curve shows the distribution of the total income among households population in relation to equal income distribution, which is portrayed by the blue line.

![Figure 4.10: Lorenz curve – distribution of total income and cash income](image)

The cash income Lorenz curve shows even higher discrepancies as the poorest half of households only received 8% of total cash income.

The Gini index summarizes the inequality in the household income illustrated by the Lorenz curve. This index ranges between 0 and 1, and the closer to 0 the more equal the income distribution (see equality on the straight line on Figure 4.10). A Gini index of 0 means that all households earn the same amount and a Gini index of 1 means that 1 household earns the total household income and others get nothing.
Inequality is higher with respect to cash income (as the Gini index is higher and as demonstrated in Figure 4.10). The effect of home production reduces inequality when it comes to total income as presented in Table 4.23. The high level of imputed rents declared by low decile households may also explain the difference between cash and total income in the Gini index.

Table 4.24: Gini index – state comparison, 1998 & 2013

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSM</td>
<td>0.4075</td>
<td>0.5078</td>
</tr>
<tr>
<td>Yap</td>
<td>0.3360</td>
<td>0.4575</td>
</tr>
<tr>
<td>Chuuk</td>
<td>0.3624</td>
<td>0.4850</td>
</tr>
<tr>
<td>Pohnpei</td>
<td>0.4156</td>
<td>0.4771</td>
</tr>
<tr>
<td>Kosrae</td>
<td>0.4084</td>
<td>0.5197</td>
</tr>
</tbody>
</table>

Income inequality has increased since 1998 as demonstrated by the higher 2013 Gini index in Table 4.24. In 1998 Pohnpei was the most unequal state in terms of household income distribution, overtaken by Kosrae during the 15 year period. Inequality has increased in all four states however Yap remains the most equal in 2013.
SECTION 5 – SAVING

Savings is calculated as the difference between income and expenditure. FSM households in 2013 saved US$ 45.5M in total. 58% of the saving came from Pohnpei households (Figure 5.1) who saved, on average, US$ 4,134 in 2013 (Figure 5.2).

In FSM households saved US$ 2,700 on average in 2013. As shown in Figure 5.2, households in Pohnpei and Yap were the highest saving States. Average household saving is four times higher in Pohnpei than in Chuuk, which corresponds with state disaggregated income levels. Savings increase as average household income increases through the quintiles. Looking at savings by income quintiles, only two highest quintiles (the richest) realized savings in 2013 (i.e., expenditure did not exceed income).
Table 5.1: Average household saving by income class and state (including imputed rents)

<table>
<thead>
<tr>
<th>Income class</th>
<th>FSM # hh</th>
<th>Saving (US$)</th>
<th># hh</th>
<th>Saving (US$)</th>
<th># hh</th>
<th>Saving (US$)</th>
<th># hh</th>
<th>Saving (US$)</th>
<th># hh</th>
<th>Saving (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 2,500</td>
<td>1,017</td>
<td>-2,055</td>
<td>75</td>
<td>-337</td>
<td>587</td>
<td>-1,905</td>
<td>279</td>
<td>-1,764</td>
<td>77</td>
<td>-5,927</td>
</tr>
<tr>
<td>2,500-3,999</td>
<td>1,627</td>
<td>-2,124</td>
<td>154</td>
<td>-514</td>
<td>1,001</td>
<td>-1,861</td>
<td>368</td>
<td>-2,714</td>
<td>104</td>
<td>-4,962</td>
</tr>
<tr>
<td>4,000-5,999</td>
<td>2,077</td>
<td>-1,983</td>
<td>184</td>
<td>-594</td>
<td>1,331</td>
<td>-2,126</td>
<td>425</td>
<td>-417</td>
<td>137</td>
<td>-7,317</td>
</tr>
<tr>
<td>6,000 - 9,999</td>
<td>3,204</td>
<td>-1,234</td>
<td>503</td>
<td>-364</td>
<td>1,560</td>
<td>-1,594</td>
<td>966</td>
<td>-391</td>
<td>175</td>
<td>-5,167</td>
</tr>
<tr>
<td>10,000 - 14,999</td>
<td>2,661</td>
<td>-20</td>
<td>476</td>
<td>5</td>
<td>939</td>
<td>731</td>
<td>1,093</td>
<td>-577</td>
<td>153</td>
<td>-411</td>
</tr>
<tr>
<td>15,000 - 19,999</td>
<td>1,833</td>
<td>659</td>
<td>364</td>
<td>882</td>
<td>556</td>
<td>1,860</td>
<td>803</td>
<td>276</td>
<td>109</td>
<td>-3,362</td>
</tr>
<tr>
<td>20,000 - 29,999</td>
<td>1,901</td>
<td>3,639</td>
<td>297</td>
<td>4,172</td>
<td>394</td>
<td>4,282</td>
<td>1,051</td>
<td>3,546</td>
<td>159</td>
<td>1,663</td>
</tr>
<tr>
<td>30,000 - 49,999</td>
<td>1,437</td>
<td>9,825</td>
<td>194</td>
<td>10,801</td>
<td>277</td>
<td>11,255</td>
<td>867</td>
<td>8,087</td>
<td>99</td>
<td>19,172</td>
</tr>
<tr>
<td>50,000+</td>
<td>920</td>
<td>40,127</td>
<td>105</td>
<td>57,972</td>
<td>174</td>
<td>50,959</td>
<td>565</td>
<td>32,281</td>
<td>77</td>
<td>49,022</td>
</tr>
</tbody>
</table>

Total / average: 16,678, 2,731, 2,353, 3,968, 6,819, 1,039, 6,416, 4,134, 1,089, 2,389

At the national level, two thirds of the households had dissaving. Similar to the national pattern, households in the lower income classes in the states had dissaving. In Kosrae, households with income of less than US$ 20,000 have dissaving, representing about 70% of total households population (Table 5.1).

Figure 5.3: Comparison of average annual total income and expenditure by income groups – including imputed rents (US$)

As show in Figure 5.3 in FSM, households who earn more than US$ 15,000 incurred savings.

Female headed households saved 9% more than male headed households. The saving increases as the age of the head of the household increases (Figure 5.4). Households headed by person aged less than 30 on average spend more than they earn (dissaving). Households headed by person aged 50 to 59 save annually more than
US$ 4,000, and more than 5,000 for heads aged 60 to 69. In terms of work status of the household head, households headed by an active worker who works as an independent have the highest level of annual saving (average US$ 5,800). Household size and saving are positively correlated until 3 persons, and from 4 persons the saving start to decrease as household size increases (See Figure 5.5).

Figure 5.4: Average annual saving by characteristics of household head (US$)

Figure 5.5: Average annual saving by household size (US$)
SECTION 6 – BUSINESS AND SUBSISTENCE ACTIVITIES RELATED EXPENDITURES

This section aims to extend the expenditure analysis to include operating and overhead costs incurred by households involved in family business, or subsistence activities (i.e., agriculture, fishing, livestock raising). As one of the main objectives of HIES is the estimation of household income, the employment income section deals with money households made from the sale of subsistence items (i.e., crops, fishes, livestock, handicraft). In addition to simply listing income and in order to provide more accurate net income figures, all the costs related to the activity are collected (for instance fuel for fishing, animal feed for livestock, etc). Households involved in subsistence activities solely for home consumption (i.e. not selling) incur similar costs to those who produce with the purpose of generating income, which is deducted from the estimated value of home production. That is, operating and overhead costs are deducted from gross income; however the equipment expenditure (capital expenditure) is excluded.

Table 6.1: Percentage of households involved in own employment activities (for cash or own consumption)

<table>
<thead>
<tr>
<th>State</th>
<th>Household Business (non-subsistence)</th>
<th>Agriculture &amp; forestry</th>
<th>Handicraft &amp; home production</th>
<th>Livestock &amp; aquaculture</th>
<th>Fishing, hunting &amp; gathering</th>
<th>Households participating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yap</td>
<td>6.8%</td>
<td>89.7%</td>
<td>32.2%</td>
<td>74.0%</td>
<td>66.5%</td>
<td>94.5%</td>
</tr>
<tr>
<td>Chuuk</td>
<td>3.4%</td>
<td>48.5%</td>
<td>17.5%</td>
<td>29.4%</td>
<td>48.6%</td>
<td>65.9%</td>
</tr>
<tr>
<td>Pohnpei</td>
<td>4.5%</td>
<td>68.2%</td>
<td>29.0%</td>
<td>60.8%</td>
<td>37.7%</td>
<td>81.8%</td>
</tr>
<tr>
<td>Kosrae</td>
<td>8.5%</td>
<td>56.8%</td>
<td>9.6%</td>
<td>52.3%</td>
<td>47.8%</td>
<td>81.4%</td>
</tr>
<tr>
<td>FSM</td>
<td>4.7%</td>
<td>62.4%</td>
<td>23.5%</td>
<td>49.3%</td>
<td>46.8%</td>
<td>77.1%</td>
</tr>
</tbody>
</table>

In 2013, about 77% of FSM households are involved in at least one subsistence activity. Agriculture seems to be the most common with two-thirds of households reporting subsistence agriculture income (Table 6.1).

However as demonstrated in Table 6.2, only 39.8% of the households are involved in subsistence activities solely for cash.

Table 6.2: Percentage of households making money in own employment activities

<table>
<thead>
<tr>
<th>State</th>
<th>Household Business (non-subsistence)</th>
<th>Agriculture &amp; forestry</th>
<th>Handicraft &amp; home production</th>
<th>Livestock &amp; aquaculture</th>
<th>Fishing, hunting &amp; gathering</th>
<th>Households participating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yap</td>
<td>6.8%</td>
<td>28.1%</td>
<td>11.6%</td>
<td>9.6%</td>
<td>7.7%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Chuuk</td>
<td>3.4%</td>
<td>12.4%</td>
<td>7.3%</td>
<td>11.6%</td>
<td>12.2%</td>
<td>29.1%</td>
</tr>
<tr>
<td>Pohnpei</td>
<td>4.5%</td>
<td>35.7%</td>
<td>27.7%</td>
<td>14.0%</td>
<td>15.0%</td>
<td>50.9%</td>
</tr>
<tr>
<td>Kosrae</td>
<td>8.5%</td>
<td>19.6%</td>
<td>8.0%</td>
<td>9.6%</td>
<td>16.6%</td>
<td>38.7%</td>
</tr>
<tr>
<td>FSM</td>
<td>4.7%</td>
<td>24.1%</td>
<td>15.8%</td>
<td>12.1%</td>
<td>12.9%</td>
<td>39.8%</td>
</tr>
</tbody>
</table>
All households involved in non-subsistence business do it for cash. Regarding subsistence activities, some households produce solely with the purpose of home consumption, and some with mixed consumption and income intention. The sale of agriculture items seems to be the most popular source of cash income regarding own employment in FSM, as almost a quarter of households is obtained income thru this activity. Table 6.2 shows Pohnpei has a higher proportion of households selling subsistence items for cash income.

In 2013, operating and overhead costs of US$ 20.5M were incurred by household businesses and households participating in subsistence activities (for home production and cash purposes) in 2013. Household businesses (retail store, sakau selling, and the like) accounted for almost 85% of those costs. As for subsistence activities, livestock and fishing incurred more costs than other subsistence activities (Table 6.3).

Table 6.3: Operating and overhead costs by type of own employment activities (US$ 000 & %)

<table>
<thead>
<tr>
<th>Own employment activities</th>
<th>US$ 000</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household business (non-subsistence)</td>
<td>17,377</td>
<td>84.4%</td>
</tr>
<tr>
<td>Subsistence</td>
<td>3,218</td>
<td>15.6%</td>
</tr>
<tr>
<td>incl. Agriculture</td>
<td>104</td>
<td>0.5%</td>
</tr>
<tr>
<td>Handicraft &amp; food processed from home</td>
<td>408</td>
<td>2.0%</td>
</tr>
<tr>
<td>Livestock &amp; aquaculture</td>
<td>1,430</td>
<td>6.9%</td>
</tr>
<tr>
<td>Fishing, hunting &amp; gathering</td>
<td>1,277</td>
<td>6.2%</td>
</tr>
<tr>
<td>Total own employment</td>
<td>20,594</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Table 6.4 presents a breakdown of the different kind of operating costs that business and subsistence activities incur. An extra activity has been added compared to Table 6.3: “subsistence activities for own consumption”. This activity refers to the households that did not declare any income from fish, handicraft, agriculture items or livestock as they exclusively consumed them but nonetheless incurred production costs.

“Goods for resale” (i.e. costs of goods sold) is the highest operating costs as most of non-subsistence businesses in FSM are retail stores.

Looking at the animal feed, it appears that 68% of the expenditure was made by households that did not make money selling livestock. Fuel expenditure is equally distributed between non subsistence businesses (US$ 848,232) and fishing activities (US$ 941,356 which is the sum of the total spent by households that fish for cash and those that fish for own consumption).

Finally, Table 6.5 presents the aggregated amount of gross and net income by type of own employment activities. Deducting the costs allows the estimation of net income.
### Table 6.4: Detail of annual total operating and overhead costs by type of activities (US$)

<table>
<thead>
<tr>
<th>Operating and overhead costs</th>
<th>Household business (non-subsistence)</th>
<th>Subsistence activities - cash oriented</th>
<th>Subsistence activities - own consumption oriented</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agriculture &amp; forestry</td>
<td>Handicraft &amp; home</td>
<td>Livestock &amp; aquaculture</td>
<td>Fishing, hunting &amp; gathering</td>
</tr>
<tr>
<td>Goods for resale</td>
<td>5,396,946</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Labour</td>
<td>5,132,276</td>
<td>10,258</td>
<td>21,299</td>
<td>14,232</td>
</tr>
<tr>
<td>Electricity</td>
<td>2,342,651</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fuel</td>
<td>848,232</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Animal feed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Registration/licenses fees</td>
<td>1,247,682</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>1,032,005</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Water</td>
<td>593,419</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equipment rental</td>
<td>313,102</td>
<td>573</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Communications</td>
<td>258,840</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ingredients for making food</td>
<td>-</td>
<td>-</td>
<td>216,686</td>
<td>-</td>
</tr>
<tr>
<td>Building rental</td>
<td>152,771</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ice</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transport</td>
<td>-</td>
<td>35,449</td>
<td>17,078</td>
<td>391</td>
</tr>
<tr>
<td>Materials for making handicrafts</td>
<td>-</td>
<td>-</td>
<td>85,419</td>
<td>-</td>
</tr>
<tr>
<td>Other costs</td>
<td>-</td>
<td>12,023</td>
<td>24,869</td>
<td>-</td>
</tr>
<tr>
<td>Raw materials</td>
<td>58,819</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total operating &amp; overhead costs</strong></td>
<td><strong>17,376,746</strong></td>
<td><strong>58,303</strong></td>
<td><strong>365,352</strong></td>
<td><strong>470,399</strong></td>
</tr>
</tbody>
</table>
Table 6.5: Gross income, operating and overhead costs and net income by type of own-employment activity (US$ 000)

<table>
<thead>
<tr>
<th>Own employment activity</th>
<th>Gross amount</th>
<th></th>
<th>Net amount</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash income</td>
<td>Home production</td>
<td>Operating &amp;</td>
<td>Cash income</td>
</tr>
<tr>
<td></td>
<td>US$ 000</td>
<td>US$ 000</td>
<td>overhead costs</td>
<td>US$ 000</td>
</tr>
<tr>
<td>Household business (non-subsistence)</td>
<td>30,435</td>
<td>-</td>
<td>17,377</td>
<td>13,058</td>
</tr>
<tr>
<td>Subsistence activities cash oriented</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture &amp; forestry</td>
<td>6,652</td>
<td>-</td>
<td>58</td>
<td>6,594</td>
</tr>
<tr>
<td>Fishing, hunting &amp; gathering</td>
<td>3,397</td>
<td>-</td>
<td>819</td>
<td>2,578</td>
</tr>
<tr>
<td>Livestock &amp; aquaculture</td>
<td>1,160</td>
<td>-</td>
<td>470</td>
<td>690</td>
</tr>
<tr>
<td>Handicraft &amp; home processed food</td>
<td>4,003</td>
<td>-</td>
<td>365</td>
<td>3,638</td>
</tr>
<tr>
<td>Subsistence - own consumption oriented</td>
<td>-</td>
<td>29,164</td>
<td>1,505</td>
<td>-</td>
</tr>
<tr>
<td>Total own employment oriented</td>
<td>45,647</td>
<td>29,164</td>
<td>20,594</td>
<td>26,557</td>
</tr>
</tbody>
</table>

Net income (gross income less cost) figures presented above match the tables presented in section 4 (income analysis). Regarding home production, section 3 (expenditure analysis) presents gross amounts (US ($'000) 29,164), which is why there are discrepancies between expenditure and income tables. That is, the expenditure tables present the estimated value of home production consumed if it were to be purchased, so production costs cannot be estimated, hence the figures are gross. More importantly, the income section shows net amounts (US ($'000) 27,659), which match with the above analysis of cost and net income.
## APPENDIX A – ADDITIONAL EXPENDITURE TABLES

### A1: Total Monthly Household Expenditure by Expense Category and Expense Type (US$ 000) - FSM

<table>
<thead>
<tr>
<th>Expenditure category</th>
<th>Beneficiary: the household</th>
<th>Beneficiary: another household (in-kind receipt)</th>
<th>Imputed rent</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pur-</td>
<td>Home</td>
<td>Pur-</td>
<td>Home</td>
</tr>
<tr>
<td></td>
<td>chase</td>
<td>produced</td>
<td>chase</td>
<td>produced</td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>4,253</td>
<td>2,031</td>
<td>152</td>
<td>367</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>478</td>
<td>398</td>
<td>8</td>
<td>142</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>298</td>
<td>-</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>4 - Housing, water, electricity, gas, other fuels</td>
<td>1,543</td>
<td>-</td>
<td>32</td>
<td>-</td>
</tr>
<tr>
<td>5 - Furnishings, equip, routine maintenance</td>
<td>401</td>
<td>-</td>
<td>18</td>
<td>3</td>
</tr>
<tr>
<td>6 - Health</td>
<td>86</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7 - Transport</td>
<td>1,268</td>
<td>-</td>
<td>42</td>
<td>-</td>
</tr>
<tr>
<td>8 - Communication</td>
<td>436</td>
<td>-</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
<td>245</td>
<td>-</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>10 - Education</td>
<td>385</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
<td>205</td>
<td>-</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
<td>407</td>
<td>-</td>
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<td>Cash transfer - Church</td>
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<td>Cash transfer – School, community</td>
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<td>Other cash transfer (i.e., charitable contribution)</td>
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### A.2: Average Monthly Household Expenditure by Expense Category and Expense Type (US$) - FSM

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<th>Expenditure category</th>
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<th>Beneficiary: another household (in-kind receipt)</th>
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<td>12</td>
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<tr>
<td>12 - Miscellaneous goods &amp; services</td>
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<td>-</td>
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<td>Cash transfer - Church</td>
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<tr>
<td>Cash transfer - Taxes</td>
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<td>-</td>
<td>5</td>
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<td>-</td>
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### A.3: Average Monthly Per-capita Expenditure by Expense Category and Expense Type (US$) - FSM

<table>
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<th>Expenditure category</th>
<th>Beneficiary: the household</th>
<th>Beneficiary: another household (in-kind receipt)</th>
<th>Imputed rent</th>
<th>TOTAL</th>
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<td>Home</td>
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<tr>
<td></td>
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</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>41</td>
<td>20</td>
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</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
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</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
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<td>-</td>
</tr>
<tr>
<td>4 - Housing, water, electricity, gas, other fuels</td>
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<tr>
<td>5 - Furnishings, equip &amp; routine maintenance</td>
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<td>6 - Health</td>
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<td>7 - Transport</td>
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<tr>
<td>8 - Communication</td>
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</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
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<tr>
<td>11 - Restaurants &amp; hotels</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash transfer - Taxes</td>
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</tr>
<tr>
<td>Cash transfer – School, community</td>
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<td>-</td>
</tr>
<tr>
<td>Other cash transfer (i.e., charitable contrib.)</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Land purchase</td>
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<td>-</td>
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</tr>
<tr>
<td>Construction/major alteration of dwelling</td>
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<td>-</td>
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</tr>
<tr>
<td>Plant, major equipment</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Home mortgages</td>
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<td><strong>TOTAL HOUSEHOLD EXPENDITURE</strong></td>
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<td>23</td>
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A.4a: Total Annual Household Expenditure by Expense Category, Expense Type and State (US$ 000) - Yap

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<th>Expenditure category</th>
<th>Beneficiary: the household</th>
<th>Beneficiary: another household (in-kind receipt)</th>
<th>Imputed rent</th>
<th>TOTAL</th>
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<tbody>
<tr>
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<td>Purchased</td>
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<tr>
<td>2 - Alcoholic beverages, tobacco, narcotics</td>
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<td>42</td>
<td>113</td>
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<tr>
<td>3 - Clothing &amp; footwear</td>
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<td>14</td>
<td>-</td>
</tr>
<tr>
<td>4 - Housing, water, electricity, gas, other fuel</td>
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<td>39</td>
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<tr>
<td>5 - Furnishings, equip &amp; routine maintenance</td>
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<td>6 - Health</td>
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<td>7 - Transport</td>
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<td>8 - Communication</td>
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<td>42</td>
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<td>9 - Recreation &amp; culture</td>
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<td>17</td>
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<td>10 - Education</td>
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<td>17</td>
<td>-</td>
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<td>11 - Restaurants &amp; hotels</td>
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<td>12 - Miscellaneous goods &amp; services</td>
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<td>669</td>
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<th>Cash transfer - Ceremonies</th>
<th>Cash transfer - Support to another hhold</th>
<th>Cash transfer - Church</th>
<th>Cash transfer - Taxes</th>
<th>Cash transfer - School, community</th>
<th>Other cash transfer (i.e., charitable contrib.)</th>
<th>TOTAL NON CONSUMPTION EXPENDITURE</th>
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<th></th>
<th>Land purchase</th>
<th>Construction/major alteration of dwelling</th>
<th>Plant, major equipment</th>
<th>Home mortgages</th>
<th>TOTAL INVESTMENT</th>
<th>TOTAL HOUSEHOLD EXPENDITURE</th>
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<td>128</td>
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</table>
### A.4b: Total Annual Household Expenditure by Expense Category, Expense Type and State (US$ 000) - Chuuk

#### State - CHUUK

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<th>Imputed rent</th>
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<td>669</td>
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<tr>
<td>2 - Alcoholic beverages, tobacco, narcotics</td>
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<td>2</td>
<td>25</td>
<td>3</td>
<td></td>
<td>967</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
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<td>11 - Restaurants &amp; hotels</td>
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<table>
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<th>Cash transfer - Ceremonies</th>
<th>Cash transfer - Support to another household</th>
<th>Cash transfer - Church</th>
<th>Cash transfer - Taxes</th>
<th>Cash transfer – School, community</th>
<th>Other cash transfer (i.e., charitable contribution)</th>
<th><strong>TOTAL NON CONSUMPTION EXPENDITURE</strong></th>
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<tbody>
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<tr>
<td>2 - Alcoholic beverages, tobacco, narcotics</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>3 - Clothing &amp; footwear</td>
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<td>-</td>
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<td>585</td>
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<tr>
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<td>105</td>
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<td>-</td>
<td>15</td>
</tr>
<tr>
<td><strong>TOTAL NON CONSUMPTION EXPENDITURE</strong></td>
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<td>-</td>
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<table>
<thead>
<tr>
<th>Expenditure category</th>
<th>Land purchase</th>
<th>Construction/major alteration of dwelling</th>
<th>Plant, major equipment</th>
<th>Home mortgages</th>
<th><strong>TOTAL INVESTMENT</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>187</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>187</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco, narcotics</td>
<td>349</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>349</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>332</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>332</td>
</tr>
<tr>
<td>4 - Housing, water, electricity, gas, other fuels</td>
<td>22</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22</td>
</tr>
<tr>
<td>5 - Furnishings, equip, routine maintenance</td>
<td>890</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>890</td>
</tr>
<tr>
<td><strong>TOTAL INVESTMENT</strong></td>
<td>38,667</td>
<td>10,240</td>
<td>705</td>
<td>684</td>
<td>20,342</td>
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A.4c: Total Annual Household Expenditure by Expense Category, Expense Type and State (US$ 000) - Pohnpei

<table>
<thead>
<tr>
<th>Expenditure category</th>
<th>Beneficiary: the household</th>
<th>Beneficiary: another household (in-kind receipt)</th>
<th>Imputed rent</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purchased</td>
<td>Home produced</td>
<td>Purchased</td>
<td>Home produced</td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>21,203</td>
<td>7,553</td>
<td>833</td>
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<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>3,023</td>
<td>3,799</td>
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<td>1,580</td>
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<tr>
<td>3 - Clothing &amp; footwear</td>
<td>1,808</td>
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<td>40</td>
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<tr>
<td>4 - Housing, water, electricity, gas &amp; other fuels</td>
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<td>-</td>
<td>168</td>
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</tr>
<tr>
<td>5 - Furnishings, equip &amp; routine maintenance</td>
<td>2,340</td>
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<td>176</td>
<td>19</td>
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<td>6 - Health</td>
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<td>7 - Transport</td>
<td>7,920</td>
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<tr>
<td>8 - Communication</td>
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<tr>
<td>9 - Recreation &amp; culture</td>
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<td>-</td>
<td>50</td>
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<tr>
<td>10 - Education</td>
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</tr>
<tr>
<td>11 - Restaurants &amp; hotels</td>
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<td>-</td>
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<td>12</td>
</tr>
<tr>
<td>12 - Miscellaneous goods &amp; services</td>
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<td>45</td>
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<tr>
<td>TOTAL CONSUMPTION EXPENDITURE</td>
<td>55,967</td>
<td>11,352</td>
<td>1,708</td>
<td>3,714</td>
</tr>
</tbody>
</table>

| Cash transfer - Ceremonies                                | 5,341     | -              | -         | -              | -      | 5,341  |
| Cash transfer - Support to another household               | 795       | -              | -         | -              | -      | 795    |
| Cash transfer - Church                                     | 741       | -              | -         | -              | -      | 741    |
| Cash transfer - Taxes                                      | 36        | -              | -         | -              | -      | 36     |
| Cash transfer – School, community                          | 167       | -              | -         | -              | -      | 167    |
| Other cash transfer (i.e., charitable contrib.)            | 4         | -              | -         | -              | -      | 4      |
| TOTAL NON CONSUMPTION EXPENDITURE                          | 7,085     | -              | -         | -              | -      | 7,085  |

| Land purchase                                             | 265       | -              | -         | -              | -      | 265    |
| Construction/major alteration of dwelling                 | 116       | -              | -         | -              | -      | 116    |
| Plant, major equipment                                    | 465       | -              | -         | -              | -      | 465    |
| Home mortgages                                            | 846       | -              | -         | -              | -      | 846    |
| TOTAL INVESTMENT                                          | 265       | -              | -         | -              | -      | 265    |

| TOTAL HOUSEHOLD EXPENDITURE                                | 63,898    | 11,352         | 1,708     | 3,714          | 35,845 | 116,517|
### A.4d: Total Annual Household Expenditure by Expense Category, Expense Type and State (US$ 000) - Kosrae

#### State - KOSRAE

<table>
<thead>
<tr>
<th>Expenditure category</th>
<th>Beneficiary: the household</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Purchased</td>
<td>Home produced</td>
<td>Purchased</td>
<td>Home produced</td>
<td>Imputed rent</td>
<td>TOTAL</td>
</tr>
<tr>
<td>1 - Food &amp; non-alcoholic beverages</td>
<td>5,291</td>
<td>582</td>
<td>149</td>
<td>269</td>
<td>-</td>
<td>6,291</td>
</tr>
<tr>
<td>2 - Alcoholic beverages, tobacco &amp; narcotics</td>
<td>321</td>
<td>8</td>
<td>1</td>
<td>3</td>
<td>-</td>
<td>334</td>
</tr>
<tr>
<td>3 - Clothing &amp; footwear</td>
<td>279</td>
<td>-</td>
<td>15</td>
<td>2</td>
<td>-</td>
<td>296</td>
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<tr>
<td>4 - Housing, water, electricity, gas, other fuels</td>
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<td>-</td>
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<td>5,112</td>
</tr>
<tr>
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<td>-</td>
<td>11</td>
<td>1</td>
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<td>555</td>
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<td>-</td>
<td>1,535</td>
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<tr>
<td>8 - Communication</td>
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<td>7</td>
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<td>-</td>
<td>362</td>
</tr>
<tr>
<td>9 - Recreation &amp; culture</td>
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<td>-</td>
<td>6</td>
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<td>10 - Education</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>493</td>
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<tr>
<td>11 - Restaurants &amp; hotels</td>
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<tr>
<td>12 - Miscellaneous goods &amp; services</td>
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<td>3,621</td>
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<td>-</td>
<td>642</td>
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<td>Cash transfer - Support to another household</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>72</td>
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<td>Cash transfer - Church</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>216</td>
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<tr>
<td>Cash transfer - Taxes</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33</td>
</tr>
<tr>
<td>Cash transfer – School, community</td>
<td>37</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>37</td>
</tr>
<tr>
<td>Other cash transfer (i.e., charitable contrib.)</td>
<td>12</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td><strong>TOTAL NON CONSUMPTION EXPENDITURE</strong></td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>27</td>
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<tr>
<td>Construction/major alteration of dwelling</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>21</td>
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<tr>
<td>Plant, major equipment</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>37</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>98</td>
</tr>
<tr>
<td><strong>TOTAL HOUSEHOLD EXPENDITURE</strong></td>
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<td>590</td>
<td>322</td>
<td>278</td>
<td>3,621</td>
<td>17,480</td>
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</tbody>
</table>
### APPENDIX B – ADDITIONAL INCOME TABLES

**B.1: Total Monthly Household Income by Income Category and Income Type (US$ 000) - FSM**

<table>
<thead>
<tr>
<th>Income category</th>
<th>Net cash</th>
<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Imputed rents</th>
<th>Income in-kind (wage jobs)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wages &amp; salaries</strong></td>
<td>8,783</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>96</td>
<td>8,879</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>1,088</td>
</tr>
<tr>
<td><strong>Subsistence – agriculture</strong></td>
<td>549</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>549</td>
</tr>
<tr>
<td><strong>Subsistence – handicraft</strong></td>
<td>215</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>215</td>
</tr>
<tr>
<td><strong>Subsistence – livestock</strong></td>
<td>57</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>57</td>
</tr>
<tr>
<td><strong>Subsistence – fisheries</strong></td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>303</td>
</tr>
<tr>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>283</td>
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<tr>
<td><strong>Other property income</strong></td>
<td>72</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>72</td>
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<tr>
<td><strong>PROPERTY INCOME</strong></td>
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<tr>
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<td>-</td>
<td>-</td>
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<td><strong>Pensions</strong></td>
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<td><strong>Scholarship</strong></td>
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<td>587</td>
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<td><strong>Other transfers</strong></td>
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<td>-</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>3,575</td>
</tr>
<tr>
<td><strong>Items received for free</strong></td>
<td>-</td>
<td>-</td>
<td>284</td>
<td>519</td>
<td>-</td>
<td>802</td>
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<tr>
<td><strong>Other casual income</strong></td>
<td>67</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>67</td>
</tr>
<tr>
<td><strong>CASUAL INCOME</strong></td>
<td>67</td>
<td>-</td>
<td>284</td>
<td>519</td>
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<td>869</td>
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<tr>
<td><strong>TOTAL HHOLD INCOME</strong></td>
<td>14,993</td>
<td>2,305</td>
<td>284</td>
<td>519</td>
<td>96</td>
<td>18,196</td>
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<tr>
<td><strong>IMPUTED RENTS</strong></td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>5,361</td>
<td>5,361</td>
</tr>
</tbody>
</table>

| **TOTAL HHOLD INCOME** (incl. Imputed rents) | 14,993 | 2,305 | 284 | 519 | 5,361 | 96 | 23,557 |
### B.2: Average Monthly Household Income by Income Category and Income Type (US$) - FSM

<table>
<thead>
<tr>
<th>Income category</th>
<th>Net cash</th>
<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Imputed rents</th>
<th>Income in-kind (wage jobs)</th>
<th>Total</th>
</tr>
</thead>
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<tr>
<td>Wages &amp; salaries</td>
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<td>532</td>
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<td>-</td>
<td>-</td>
<td>65</td>
</tr>
<tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33</td>
</tr>
<tr>
<td>Subsistence – handicraft</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13</td>
</tr>
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<td>Subsistence – livestock</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>18</td>
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<td>Home production consumed</td>
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<td>-</td>
<td>-</td>
<td>138</td>
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<td>-</td>
<td>6</td>
<td>803</td>
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<td>Rental</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>17</td>
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<tr>
<td>Other property income</td>
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<td>-</td>
<td>-</td>
<td>4</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
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<td>Items received for free</td>
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<td>Other casual income</td>
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<tr>
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<td>52</td>
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<td>-</td>
<td>321</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL HHOLD INCOME</strong></td>
<td>899</td>
<td>138</td>
<td>17</td>
<td>31</td>
<td>321</td>
<td>6</td>
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### B.3: Average Per Capita Monthly Income by Income Category and Income Type (US$) - FSM

<table>
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<th>Income category</th>
<th>Net cash</th>
<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Imputed rents</th>
<th>Income in-kind (wage jobs)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
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B.4a: Total Annual Household Income by Income Category, Income Type and State (US$ 000) - Yap

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<th>Home produced</th>
<th>Imputed rents</th>
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B.4b: Total Annual Household Income by Income Category, Income Type and State (US$ 000) - Chuuk

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### B.4c: Total Annual Household Income by Income Category, Income Type and State (US$ 000) - Pohnpei

#### State – POHNPEI

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<th>In-kind receipts</th>
<th>Income in-kind (wage jobs)</th>
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(incl. Imputed rents)
### State – KOSRAE

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<th>Income in-kind (wage jobs)</th>
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<tr>
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<td>TOTAL HHOLD INCOME (incl. Imputed rents)</td>
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### B.5a: Reporting Households by Income Category, Income Type and State - Yap

#### State – YAP

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<th>Income category</th>
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<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Imputed rents</th>
<th>Income in-kind (wage jobs)</th>
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### B.5b: Reporting Households by Income Category, Income Type and State - Chuuk

#### State – CHUUK

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<th>Net cash</th>
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<th>In-kind receipts</th>
<th>Imputed rents</th>
<th>Income in-kind (wage jobs)</th>
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<td>6,745</td>
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### B.5c: Reporting Households by Income Category, Income Type and State - Pohnpei

#### State – Pohnpei

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<th>Income category</th>
<th>Net cash</th>
<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Imputed rents</th>
<th>Income in-kind (wage jobs)</th>
<th>Total</th>
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### B.5d: Reporting Households by Income Category, Income Type and State - Kosrae

#### State – KOSRAE

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<th>Home production consumed</th>
<th>In-kind receipts</th>
<th>Income in-kind (wage jobs)</th>
<th>Total</th>
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</tr>
<tr>
<td>CASUAL INCOME</td>
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<td>- 345</td>
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### B.6: Reporting Households, Total and Average Income by Sex of the Household Head - FSM

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<th>Female headed households</th>
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<tr>
<td>Other transfers</td>
<td>92</td>
<td>214</td>
</tr>
<tr>
<td>Casual income</td>
<td>173</td>
<td>729</td>
</tr>
<tr>
<td>Gift in-kind</td>
<td>6,690</td>
<td>7,445</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,365</strong></td>
<td><strong>230,221</strong></td>
</tr>
</tbody>
</table>
### B.7: Reporting Households, Total and Average Income by Age of the Household Head, FSM

<table>
<thead>
<tr>
<th>Source of income</th>
<th>&lt; 30</th>
<th>30 - 39</th>
<th>40 - 49</th>
<th>50 - 59</th>
<th>60 - 69</th>
<th>70+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hh #</td>
<td>US$ 000</td>
<td>Hh #</td>
<td>US$ 000</td>
<td>Hh #</td>
<td>US$ 000</td>
</tr>
<tr>
<td><strong>Wages and salaries - cash</strong></td>
<td>1,573</td>
<td>247</td>
<td>6,380</td>
<td>12,523</td>
<td>1,490</td>
<td>8,407</td>
</tr>
<tr>
<td><strong>Wages and salaries - in-kind</strong></td>
<td>36</td>
<td>24</td>
<td>1,507</td>
<td>244</td>
<td>64</td>
<td>3,815</td>
</tr>
<tr>
<td><strong>Business income</strong></td>
<td>420</td>
<td>7</td>
<td>62,400</td>
<td>2,783</td>
<td>63</td>
<td>43,926</td>
</tr>
<tr>
<td><strong>Subsistence - agriculture</strong></td>
<td>194</td>
<td>187</td>
<td>1,037</td>
<td>1,061</td>
<td>812</td>
<td>1,307</td>
</tr>
<tr>
<td><strong>Subsistence - fisheries</strong></td>
<td>32</td>
<td>77</td>
<td>411</td>
<td>603</td>
<td>495</td>
<td>1,219</td>
</tr>
<tr>
<td><strong>Subsistence - livestock</strong></td>
<td>16</td>
<td>45</td>
<td>351</td>
<td>125</td>
<td>353</td>
<td>355</td>
</tr>
<tr>
<td><strong>Subsistence - handicraft</strong></td>
<td>135</td>
<td>80</td>
<td>1,685</td>
<td>567</td>
<td>495</td>
<td>1,146</td>
</tr>
<tr>
<td><strong>Home production consumed</strong></td>
<td>807</td>
<td>572</td>
<td>1,411</td>
<td>4,518</td>
<td>2,316</td>
<td>1,951</td>
</tr>
<tr>
<td><strong>Rental</strong></td>
<td>20</td>
<td>31</td>
<td>651</td>
<td>21</td>
<td>70</td>
<td>300</td>
</tr>
<tr>
<td><strong>Other property income</strong></td>
<td>2,037</td>
<td>712</td>
<td>2,860</td>
<td>9,992</td>
<td>2,959</td>
<td>3,376</td>
</tr>
<tr>
<td><strong>Remittances</strong></td>
<td>268</td>
<td>282</td>
<td>951</td>
<td>1,389</td>
<td>1,131</td>
<td>1,229</td>
</tr>
<tr>
<td><strong>Pensions</strong></td>
<td>40</td>
<td>17</td>
<td>2,360</td>
<td>789</td>
<td>173</td>
<td>4,575</td>
</tr>
<tr>
<td><strong>Scholarship</strong></td>
<td>30</td>
<td>12</td>
<td>2,588</td>
<td>757</td>
<td>139</td>
<td>5,442</td>
</tr>
<tr>
<td><strong>Other transfers</strong></td>
<td>43</td>
<td>36</td>
<td>1,205</td>
<td>87</td>
<td>31</td>
<td>2,783</td>
</tr>
<tr>
<td><strong>Casual income</strong></td>
<td>51</td>
<td>7</td>
<td>7,600</td>
<td>36</td>
<td>41</td>
<td>873</td>
</tr>
<tr>
<td><strong>Gift in-kind</strong></td>
<td>184</td>
<td>335</td>
<td>547</td>
<td>1,651</td>
<td>1,518</td>
<td>1,087</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,791</td>
<td>712</td>
<td>8,128</td>
<td>37,120</td>
<td>3,993</td>
<td>16,047</td>
</tr>
</tbody>
</table>
### B.8: Reporting Households, Total Household Income and Average Household Income by Work Status of the Household Head, FSM

<table>
<thead>
<tr>
<th>Income source</th>
<th>Work - employee</th>
<th>Work - business</th>
<th>Work no pay</th>
<th>Retired</th>
<th>Home duties</th>
<th>No work - other</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Hh income</td>
<td>Income</td>
<td>Hh income</td>
<td>Income</td>
<td>Hh income</td>
<td>Income</td>
</tr>
<tr>
<td>Wages and salaries - cash</td>
<td>5,694</td>
<td>74,984</td>
<td>13,169</td>
<td>881</td>
<td>807</td>
<td>322</td>
</tr>
<tr>
<td>Wages and salaries - in-kind</td>
<td>241</td>
<td>913</td>
<td>27</td>
<td>62</td>
<td>42</td>
<td>5</td>
</tr>
<tr>
<td>Business income</td>
<td>314</td>
<td>6,162</td>
<td>19,597</td>
<td>74</td>
<td>78</td>
<td>12</td>
</tr>
<tr>
<td>Subsistence - agriculture</td>
<td>1,040</td>
<td>1,412</td>
<td>1,358</td>
<td>345</td>
<td>396</td>
<td>94</td>
</tr>
<tr>
<td>Subsistence - fisheries</td>
<td>362</td>
<td>387</td>
<td>1,067</td>
<td>179</td>
<td>193</td>
<td>84</td>
</tr>
<tr>
<td>Subsistence - livestock</td>
<td>618</td>
<td>178</td>
<td>288</td>
<td>210</td>
<td>232</td>
<td>38</td>
</tr>
<tr>
<td>Subsistence - handicraft</td>
<td>648</td>
<td>817</td>
<td>1,261</td>
<td>207</td>
<td>357</td>
<td>103</td>
</tr>
<tr>
<td>Home production consumed</td>
<td>4,023</td>
<td>7,221</td>
<td>1,795</td>
<td>1,673</td>
<td>2,281</td>
<td>446</td>
</tr>
<tr>
<td>Rental</td>
<td>67</td>
<td>1,151</td>
<td>17,161</td>
<td>18</td>
<td>35</td>
<td>203</td>
</tr>
<tr>
<td>Other property income</td>
<td>257</td>
<td>32</td>
<td>125</td>
<td>64</td>
<td>46</td>
<td>50</td>
</tr>
<tr>
<td>Imputed rents</td>
<td>5,472</td>
<td>24,644</td>
<td>4,504</td>
<td>4,173</td>
<td>2,641</td>
<td>581</td>
</tr>
<tr>
<td>Remittances</td>
<td>1,653</td>
<td>2,248</td>
<td>1,360</td>
<td>2,131</td>
<td>1,429</td>
<td>256</td>
</tr>
<tr>
<td>Pensions</td>
<td>386</td>
<td>2,607</td>
<td>6,745</td>
<td>238</td>
<td>605</td>
<td>168</td>
</tr>
<tr>
<td>Scholarship</td>
<td>661</td>
<td>3,888</td>
<td>5,883</td>
<td>196</td>
<td>119</td>
<td>52</td>
</tr>
<tr>
<td>Other transfers</td>
<td>38</td>
<td>81</td>
<td>2150</td>
<td>28</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Casual income</td>
<td>49</td>
<td>38</td>
<td>790</td>
<td>18</td>
<td>23</td>
<td>13</td>
</tr>
<tr>
<td>Gift in-kind</td>
<td>3,064</td>
<td>3,570</td>
<td>1,165</td>
<td>2,612</td>
<td>1,130</td>
<td>286</td>
</tr>
<tr>
<td>Total</td>
<td>5,755</td>
<td>130,334</td>
<td>22,647</td>
<td>4,705</td>
<td>2,646</td>
<td>9,251</td>
</tr>
<tr>
<td></td>
<td>871</td>
<td>22,107</td>
<td>25,390</td>
<td>55,210</td>
<td>18,039</td>
<td>4,010</td>
</tr>
</tbody>
</table>

### Notes
- Households Income and Expenditure Survey 2013/14
- Main Analysis Report
- B.8: Reporting Households, Total Household Income and Average Household Income by Work Status of the Household Head, FSM
- Income source: Work - employee, Work - business, Work no pay, Retired, Home duties, No work - other
- Table includes income from various sources such as Wages and salaries, Business income, Subsistence income, Home production consumed, Rental, Other property income, Imputed rents, Remittances, Pensions, Scholarship, Other transfers, Casual income, Gift in-kind
- Total household income and average household income presented for each work status category.
## APPENDIX C – DETAIL OF EXPENDITURE SUB-CLASS LEVEL

### C.1: Total Annual Household Expenditure (US$ 000) and Households Reporting Expenditure (%) by Expense Type and Expenditure Sub-class – FSM

<table>
<thead>
<tr>
<th>Expenditure division and class</th>
<th>TOTAL EXPENDITURE (USD '000)</th>
<th>PERCENTAGE OF HOUSEHOLDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cash</td>
<td>Home produced</td>
</tr>
<tr>
<td>TOTAL EXPENDITURE</td>
<td>134,020.7</td>
<td>29,148.1</td>
</tr>
<tr>
<td>TOTAL CONSUMPTION EXPENDITURE</td>
<td>120,062.7</td>
<td>29,148.1</td>
</tr>
<tr>
<td>[101] Food and non-alcoholic beverages</td>
<td>51,041.7</td>
<td>24,373.9</td>
</tr>
<tr>
<td>Bread and cereals</td>
<td>20,456.2</td>
<td>-</td>
</tr>
<tr>
<td>Fish and sea food</td>
<td>8,484.3</td>
<td>8,158.6</td>
</tr>
<tr>
<td>Meat</td>
<td>12,285.3</td>
<td>1,690.5</td>
</tr>
<tr>
<td>Fruit</td>
<td>778.6</td>
<td>7,483.1</td>
</tr>
<tr>
<td>Vegetables</td>
<td>1,458.4</td>
<td>6,592.3</td>
</tr>
<tr>
<td>Mineral water, soft drinks, and juices</td>
<td>1,355.8</td>
<td>425.1</td>
</tr>
<tr>
<td>Sugar, jam, honey, chocolate and juices</td>
<td>1,699.0</td>
<td>3.3</td>
</tr>
<tr>
<td>Food products n.e.c.</td>
<td>1,471.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Milk, cheese and eggs</td>
<td>1,448.6</td>
<td>4.9</td>
</tr>
<tr>
<td>Coffee, tea and cocoa</td>
<td>909.7</td>
<td>-</td>
</tr>
<tr>
<td>Oils and fats</td>
<td>694.7</td>
<td>13.0</td>
</tr>
<tr>
<td>[102] Alcoholic beverages, tobacco and narcotics</td>
<td>5,739.1</td>
<td>4,774.2</td>
</tr>
<tr>
<td>Narcotics</td>
<td>2,030.8</td>
<td>4,129.5</td>
</tr>
<tr>
<td>Tobacco</td>
<td>2,579.1</td>
<td>0.8</td>
</tr>
<tr>
<td>Beer</td>
<td>798.2</td>
<td>643.9</td>
</tr>
<tr>
<td>Spirits</td>
<td>257.9</td>
<td>-</td>
</tr>
<tr>
<td>Wine</td>
<td>73.1</td>
<td>-</td>
</tr>
<tr>
<td>[103] Clothing and footwear</td>
<td>3,579.9</td>
<td>-</td>
</tr>
<tr>
<td>Garments</td>
<td>2,132.5</td>
<td>-</td>
</tr>
<tr>
<td>Cleaning, repair and hire of clothing</td>
<td>572.3</td>
<td>-</td>
</tr>
<tr>
<td>Shoes and other footwear</td>
<td>503.2</td>
<td>-</td>
</tr>
<tr>
<td>Clothing materials</td>
<td>279.2</td>
<td>-</td>
</tr>
<tr>
<td>Other articles of clothing and accessories</td>
<td>92.7</td>
<td>-</td>
</tr>
</tbody>
</table>
C.1: Total Annual Household Expenditure (US$ 000) and Households Reporting Expenditure (%) by Expense Type and Expenditure Sub-class – FSM (continue)

<table>
<thead>
<tr>
<th>Expenditure division and class</th>
<th>TOTAL EXPENDITURE (USD '000)</th>
<th>PERCENTAGE OF HOUSEHOLDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This household</td>
<td>Another household</td>
</tr>
<tr>
<td></td>
<td>Cash</td>
<td>Home produced</td>
</tr>
<tr>
<td>[104] Housing and utilities</td>
<td>18,515.2</td>
<td>-</td>
</tr>
<tr>
<td>Imputed rentals of owner-occupiers</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Electricity</td>
<td>7,274.0</td>
<td>-</td>
</tr>
<tr>
<td>Other imputed rentals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Liquid fuels</td>
<td>4,347.4</td>
<td>-</td>
</tr>
<tr>
<td>Actual rentals paid by tenants</td>
<td>2,168.6</td>
<td>-</td>
</tr>
<tr>
<td>Water supply</td>
<td>1,883.8</td>
<td>-</td>
</tr>
<tr>
<td>Gas</td>
<td>1,481.0</td>
<td>-</td>
</tr>
<tr>
<td>Materials for the maintenance/repair of dwelling</td>
<td>861.8</td>
<td>-</td>
</tr>
<tr>
<td>Services for the maintenance/repair of dwelling</td>
<td>117.9</td>
<td>-</td>
</tr>
<tr>
<td>Other actual rentals</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Heat energy</td>
<td>135.9</td>
<td>-</td>
</tr>
<tr>
<td>Other services relating to the dwelling n.e.c.</td>
<td>118.6</td>
<td>-</td>
</tr>
<tr>
<td>Solid fuels</td>
<td>86.8</td>
<td>-</td>
</tr>
<tr>
<td>Refuse collection</td>
<td>39.5</td>
<td>-</td>
</tr>
<tr>
<td>[105] Furnishings, equipment &amp; maintenance</td>
<td>4,806.2</td>
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</tr>
<tr>
<td>Non-durable household goods</td>
<td>2,382.5</td>
<td>-</td>
</tr>
<tr>
<td>Major household appliances whether electric or not</td>
<td>531.1</td>
<td>-</td>
</tr>
<tr>
<td>Domestic services and household services</td>
<td>368.8</td>
<td>-</td>
</tr>
<tr>
<td>Glassware, tableware and household utensils</td>
<td>360.6</td>
<td>-</td>
</tr>
<tr>
<td>Small tools and miscellaneous accessories</td>
<td>333.3</td>
<td>-</td>
</tr>
<tr>
<td>Furniture and furnishings</td>
<td>244.5</td>
<td>-</td>
</tr>
<tr>
<td>Household textiles</td>
<td>199.3</td>
<td>-</td>
</tr>
<tr>
<td>Small electric household appliance</td>
<td>170.2</td>
<td>-</td>
</tr>
<tr>
<td>Major tools and equipment</td>
<td>151.5</td>
<td>-</td>
</tr>
<tr>
<td>Carpets and other floor coverings</td>
<td>62.6</td>
<td>-</td>
</tr>
<tr>
<td>Repair of household appliances</td>
<td>1.7</td>
<td>-</td>
</tr>
<tr>
<td>[106] Health</td>
<td>1,029.6</td>
<td>-</td>
</tr>
<tr>
<td>Pharmaceutical products</td>
<td>429.6</td>
<td>-</td>
</tr>
<tr>
<td>Hospital services</td>
<td>259.0</td>
<td>-</td>
</tr>
<tr>
<td>Paramedical services</td>
<td>233.9</td>
<td>-</td>
</tr>
<tr>
<td>Dental services</td>
<td>68.7</td>
<td>-</td>
</tr>
<tr>
<td>Medical services</td>
<td>26.5</td>
<td>-</td>
</tr>
<tr>
<td>Therapeutic appliances and equipment</td>
<td>10.7</td>
<td>-</td>
</tr>
<tr>
<td>Other medical products</td>
<td>1.2</td>
<td>-</td>
</tr>
</tbody>
</table>
### C.1: Total Annual Household Expenditure (US$ 000) and Households Reporting Expenditure (%) by Expense Type and Expenditure Sub-class – FSM (Continue)

<table>
<thead>
<tr>
<th>Expenditure division and class</th>
<th>TOTAL EXPENDITURE (USD '000)</th>
<th>PERCENTAGE OF HOUSEHOLDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This household</td>
<td>Another household</td>
</tr>
<tr>
<td>[107] Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuels and lubricants for transport equipment</td>
<td>7,310.9</td>
<td>-</td>
</tr>
<tr>
<td>Motor cars</td>
<td>2,781.4</td>
<td>-</td>
</tr>
<tr>
<td>Passenger transport by road</td>
<td>2,051.1</td>
<td>-</td>
</tr>
<tr>
<td>Passenger transport by air</td>
<td>1,842.3</td>
<td>-</td>
</tr>
<tr>
<td>Maintenance and repair of transport equipment</td>
<td>461.4</td>
<td>-</td>
</tr>
<tr>
<td>Spare parts and accessories</td>
<td>319.7</td>
<td>-</td>
</tr>
<tr>
<td>Other services of transport equipment</td>
<td>211.3</td>
<td>-</td>
</tr>
<tr>
<td>Other purchased transport services</td>
<td>100.2</td>
<td>-</td>
</tr>
<tr>
<td>Passenger transport by sea and inland waterway</td>
<td>125.4</td>
<td>-</td>
</tr>
<tr>
<td>Bicycles</td>
<td>5.0</td>
<td>-</td>
</tr>
<tr>
<td>Motor cycles</td>
<td>2.7</td>
<td>-</td>
</tr>
<tr>
<td>[108] Communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone and telefax services</td>
<td>4,700.3</td>
<td>-</td>
</tr>
<tr>
<td>Telephone and telefax equipment</td>
<td>429.0</td>
<td>-</td>
</tr>
<tr>
<td>Postal services</td>
<td>107.1</td>
<td>-</td>
</tr>
<tr>
<td>[109] Recreation and culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Books</td>
<td>1,387.0</td>
<td>-</td>
</tr>
<tr>
<td>Cultural services</td>
<td>384.7</td>
<td>-</td>
</tr>
<tr>
<td>Equipment for sound and pictures</td>
<td>358.4</td>
<td>-</td>
</tr>
<tr>
<td>Stationery and drawing materials</td>
<td>273.9</td>
<td>-</td>
</tr>
<tr>
<td>Information processing equipment</td>
<td>221.9</td>
<td>-</td>
</tr>
<tr>
<td>Games, toys and hobbies</td>
<td>56.6</td>
<td>-</td>
</tr>
<tr>
<td>Gardens, plants and flowers</td>
<td>15.1</td>
<td>-</td>
</tr>
<tr>
<td>Recording media</td>
<td>41.9</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous printed matter</td>
<td>38.8</td>
<td>-</td>
</tr>
<tr>
<td>Games of chance</td>
<td>32.0</td>
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</tr>
<tr>
<td>Equipment for sport and recreation</td>
<td>35.5</td>
<td>-</td>
</tr>
<tr>
<td>Major durables for outdoor recreation</td>
<td>25.8</td>
<td>-</td>
</tr>
<tr>
<td>Musical instruments</td>
<td>25.6</td>
<td>-</td>
</tr>
<tr>
<td>Pets and related products</td>
<td>23.9</td>
<td>-</td>
</tr>
<tr>
<td>Package holidays</td>
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<td>19.0</td>
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<tr>
<td>Photographic and cinematographic equipment</td>
<td>12.9</td>
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</tr>
<tr>
<td>Recreational and sporting services</td>
<td>2.8</td>
<td>-</td>
</tr>
<tr>
<td>Repair of audio-visual and IT equipment</td>
<td>1.9</td>
<td>-</td>
</tr>
<tr>
<td>Newspapers and periodicals</td>
<td>0.6</td>
<td>-</td>
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</tbody>
</table>
### C.1: Total Annual Household Expenditure (US$ 000) and Households Reporting Expenditure (%) by Expense Type and Expenditure Sub-class – FSM (continue)

<table>
<thead>
<tr>
<th>Expenditure division and class</th>
<th>TOTAL EXPENDITURE (USD '000)</th>
<th>PERCENTAGE OF HOUSEHOLDS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>This household</td>
<td>Another household</td>
</tr>
<tr>
<td></td>
<td>Cash</td>
<td>Home produced</td>
</tr>
<tr>
<td>[110] Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary education</td>
<td>3,510.7</td>
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<tr>
<td>Pre- primary and primary education</td>
<td>593.9</td>
<td>-</td>
</tr>
<tr>
<td>Secondary education</td>
<td>514.7</td>
<td>-</td>
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<tr>
<td>[111] Restaurants and hotels</td>
<td>2,456.8</td>
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</tr>
<tr>
<td>Restaurants, cafes and the like</td>
<td>1,392.8</td>
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<tr>
<td>Accommodation services</td>
<td>1,064.0</td>
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<tr>
<td>[112] Miscellaneous good and services</td>
<td>4,887.7</td>
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<tr>
<td>Appliances and products for personal care</td>
<td>2,182.1</td>
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<tr>
<td>FISIM</td>
<td>2,185.1</td>
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<tr>
<td>Hairdressing and grooming</td>
<td>145.8</td>
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<tr>
<td>Other personal effects</td>
<td>115.8</td>
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<tr>
<td>Jewelry, clocks and watches</td>
<td>38.8</td>
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<tr>
<td>Insurance connected with the dwelling</td>
<td>77.3</td>
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<tr>
<td>Other services n.e.c.</td>
<td>72.5</td>
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<tr>
<td>Insurance connected with transport</td>
<td>36.0</td>
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<tr>
<td>Other financial services n.e.c.</td>
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<tr>
<td>Other Insurance</td>
<td>1.4</td>
<td>-</td>
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<tr>
<td>Insurance connected with health</td>
<td>1.6</td>
<td>-</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>0.8</td>
<td>-</td>
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<tr>
<td>Social protection</td>
<td>-</td>
<td>-</td>
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<tr>
<td>TOTAL NON-CONSUMPTION EXPENDITURE</td>
<td>11,585.1</td>
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<tr>
<td>[201] Ceremonies</td>
<td>8,162.7</td>
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<tr>
<td>[202] Cash donations to households</td>
<td>1,319.1</td>
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<tr>
<td>[203] Cash donations to church</td>
<td>1,615.4</td>
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<tr>
<td>[205] Taxes and fines</td>
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<tr>
<td>[206] Cash donations to associations</td>
<td>362.0</td>
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<tr>
<td>[207] Other charitable contributions</td>
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<tr>
<td>TOTAL INVESTMENT EXPENDITURE</td>
<td>2,372.9</td>
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<tr>
<td>[301] Purchase of land or house</td>
<td>214.0</td>
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<tr>
<td>[302] House construction</td>
<td>1,012.1</td>
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<tr>
<td>[303] Major improvements to house</td>
<td>495.4</td>
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</tr>
<tr>
<td>Boats and outboard motors</td>
<td>350.3</td>
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</tr>
<tr>
<td>Generators, water tanks, solar power</td>
<td>145.1</td>
<td>-</td>
</tr>
<tr>
<td>[305] Mortgage payment</td>
<td>651.4</td>
<td>-</td>
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</tbody>
</table>