

group. It is particularly the young new entrants and specifically females in the job market who struggle to find a job. Among the top reasons for being unemployed, the highest is “unable to find suitable employment”.

**Not Economically Active (NEA)**

More than 75 percent of the NEA's in 15-24 age group is below 19 years. A large proportion of the NEA's are school going and hence not economically active.

**HOUSEHOLD INCOME**

Between 2003 and 2010, the total monthly household income from all sources almost doubled from Rf 408 million to Rf 792 million. For Male' total income was estimated to be 428 million (54 percent) and Rf 364 million (46 percent) for atolls in 2010.

*Average monthly income of reporting households by income source and locality, 2009/10*

Source of income	2009/2010									
	Total	Male'	Atoll	Region 1 (HA, HDh, Sh)	Region 2 (N, R, B, Lh)	Region 3 (K, AA, ADh, V)	Region 4 (M, F, Dh)	Region 5 (Th, L)	Region 6 (GA, GDh)	Region 7 (Gn, S)
Total	16,736	28,909	11,200	9,372	9,656	18,450	15,163	9,991	8,833	11,809
Wages & Salary	14,913	21,578	10,212	8,758	8,849	15,270	12,313	8,193	8,779	10,169
Business	7,087	13,180	5,563	5,440	5,411	8,047	6,692	4,760	3,941	5,368
Property	13,936	19,968	3,714	1,973	4,615	5,007	4,767	4,547	1,733	2,078
Rent	14,530	21,399	3,488	1,973	3,542	5,005	4,702	4,317	1,733	2,201
Transfer	4,052	5,320	3,713	3,557	4,122	3,529	3,643	3,491	2,873	4,344
Old-age pension	2,270	2,381	2,253	2,319	2,131	2,350	2,402	2,256	2,289	2,175

The major source of household income was wages & salaries, contributing Rf 452 million (57 percent) to the total income of the entire country. Other significant sources were business with Rf 168 million (22 percent) and property income with 75 million (9 percent). Between 2003 and 2010, the average monthly household income grew at an average annual rate of 8 percent per annum.

Average household income was estimated at about Rf 16,736 in 2010. The average household income for Male' was Rf 28,909 and for Atolls was nearly three times lower at Rf 11,200 for Atolls.

Average households income varies by quintile group's, Average household income for 1st quintile was Rf 3,546, significantly lower than that of 4th quintile (Rf 19,341) and 5th quintile (Rf 38,187).

Median household income has doubled during the seven years from Rf 5,235 in 2003 to Rf 10,679 in 2010. In 2010 it was Rf 18,000 for Male' and two times lower at Rf 8,446 in the Atolls. The median is lower than the average in all regions. The difference between median and average household income were highest in Male' and in Region 3

(K, AA, ADh, V) and lowest in Region 2 (N, R, B, Lh).

Per-capita income was estimated to be Rf 2,746. It was Rf 4,252 in Male' and two times lower at Rf 1,940 in the Atolls.

**HOUSEHOLD SAVINGS AND WEALTH**

The household savings rate comes to 21 percent for the Republic. The savings rate is lower for the Atolls at 7 percent compared to 33 percent of Male'.

Among the total households (47,303) which reported both income and expenditure, 60 percent reported a saving. In Male' 70 percent of the households reported a saving and in atolls 56 percent reported a saving. Amongst the regions, most number of households which reported savings were from Region 4 (M,F,Dh), and the region with most households reporting a dis-saving was Region 6 (GA,GDh) with 53 percent.

*Household Savings Rate by locality in million Rufiyaa.*

	Total Annual Values (in million Rf)		
	Republic	Male'	Atolls
Household Income	9,500	5,130	4,369
Household expenditure (incl. durables)	7,487	3,438	4,049
Household expenditure (excl. durables)	6,686	3,113	3,572
Household savings (incl. durables)	2,012	1,691	320
Household savings (excl. durables)	2,813	2,016	796
Household savings rate (incl. durables)	21.2%	33.0%	7.3%
Household savings rate (excl. durables)	29.6%	39.3%	18.2%

In Male' households with per capita monthly income of Rf 1,800 and above are able to start saving while in the Atolls, households with a much lower level of per capita monthly income of Rf 1,200 and above are able to start saving.

In Male' the households living on rented accommodation had a lower saving comparatively with the households living in owner occupied or rent free dwellings.

In HIES 2009/10, total annual savings is approximately 2 billion Rufiyaa of which 72 percent was contributed from Male', and 28 percent from the Atolls. Among Atolls, Regions 2 and 3 showed the highest savings.

Based on the household's own perception, 64 percent of the households who reported to be well below average compared to the households within the community said that income has decreased compared to 2005. On the other hand 63 percent of the households who reported to be very well off compared to the households within the community said that their income has increased compared to 2005.

**SURVEY REPORT**

The full report presents more detailed analysis and tables. Soft copy can be accessed from our website (<http://www.planning.gov.mv>).

**INTRODUCTION**

The Household Income and Expenditure Survey (HIES) of the Maldives 2009-2010, collected detailed information on the expenditure, income, saving, demographic and socio-economic characteristics from local households living in the administrative islands of the country.

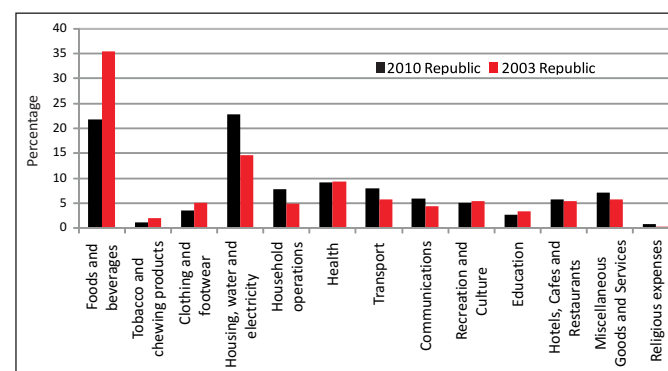
It is the second such nationwide survey conducted by the Statistics Division of the Department of National Planning and is planned to be conducted every five years on a regular basis.

Survey was conducted in Male' in 2009 (October-December) and in the Atolls in 2010 (March – May and August). The survey was designed to represent Male', Atolls as a whole and 7 regions grouped to include the following Atolls: Region 1 (HA, HDh, Sh); Region 2 (N, R, B, Lh); Region 3 (K, AA, ADh, V); Region 4 (M, F, Dh); Region 5 (Th, L), Region 6 (GA, GDh) and Region 7 (Gn, S). Hence, the most disaggregated level at which the survey results would be presented is at Region level and no conclusions can be drawn from the survey for any particular atoll or island. A sample size of 2,060 household was selected for the survey, representing 4.5 percent of all local households in the administrative islands of the country. The average household size from this survey is 6.2 and there were 2 income earners per household.

It is anticipated that the findings of this survey will be of great value to all data users in making more informed decisions, for the economic and social progress of the country and the well being of its population.

**HOUSEHOLD EXPENDITURE**

*Percentage Change in Expenditure Pattern, Republic 2003 & 2010*



There have been substantial changes in the household expenditure pattern in the Republic between 2003 and 2010.

The most remarkable change is the sharp increase in expenditure on housing, household operations and hotels, cafes & restaurants. These three expenditure groups had increased over three folds within the period while expenditure on transport, communications, and miscellaneous goods & services had increased over two folds.

The household expenditure for Male' and the Atolls show a similar pattern as both tend to move in same direction with the exception of health expenditure. Health expenditure in Male' increased significantly while for the Atolls the expenditure on health declined in 2010.

Although household expenditure on food dominated the other expenditure groups for Male' and the Atolls in 2003, the major portion of household expenditure was spent for housing for Male' in 2010, while for the Atolls food remained as the major household expenditure group.

There is only a moderate increase in the expenditure on education for both Male' and the Atolls.

Household expenditure on tobacco shows a decline for both Male' and the Atolls within the seven years under review, most likely due to under-reporting.

Due to increase in demand for housing and the price hike experienced in household rent, particularly in Male', the proportion of households spending below Rf 5,000 as rent had declined in 2010 compared to 2003, while the proportion of households spending Rf 5,000 and above, as rent increased substantially except for the class paying monthly rent of Rf 12,500 - Rf 14,999.

On average, 42 percent of households had reported overseas travel, which comes to a monthly expenditure of Rf. 3,799 per month per household. Proportion of households travelling for medical purposes is highest accounting for 74 percent of these households. The proportion of households in Male' travelling for holiday/leisure purpose is 3 times as much as that of the Atolls.

**Household per Capita Expenditure**

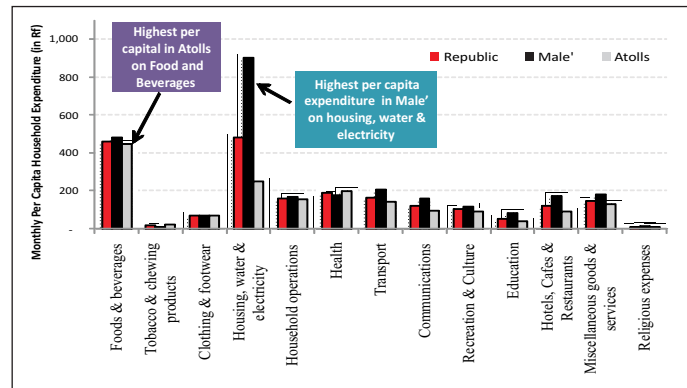
Monthly per capita expenditure for Republic, Male' and Atolls is Rf 2,136, Rf 2,778 and Rf 1,779 respectively.

Monthly per capita expenditure on tobacco and health were higher in Atolls than in Male'. While monthly per capita expenditure in Male' on housing is remarkably higher in



Atolls. In Male' Rf 905 per household member per month is spent on housing while for Atolls this figure is only Rf 253 per household member per month.

Household per Capita Expenditure, 2009/10



Monthly per capita expenditure for the richest 20 percent of population is 3 times that of the poorest 20 percent.

### Consumer Durables

Households enjoyed access to a wide range of consumer durable goods. The value of consumer durables purchased during 2010 makes up to 8 percent of the annual household expenditure of the Republic.

Reflecting the increasing affluences and the rising of standard of living, more households were enjoying consumer durables in 2010. On average, there are more than 4 fans, 3 mobile phones, 1 TV, 1 electric iron, 1 washing machine and a gas cooker per household.

The percentage of audio-visual equipment and, transport and communication items newly purchased during the year in the Atolls were more than that of Male'. The percentage of electrical household appliances purchased during 2010 in the Atolls is only 26 percent of the total value of consumer durables purchased while for Male' it is 30 percent.

In Male' use of air- conditioners had increased, which accounts for 60 percent of households. Ownership of computer increased to 80 percent of the households. 91 percent of households in Male' and 30 percent of households in Atolls own a motorcycle.

## POVERTY ANALYSIS

**Poverty:** Consumption aggregate is used to define the measure of welfare which is used for poverty analysis here. Consumption aggregate is derived by aggregating households' expenditures on goods and services so as to approximate the value of consumption achieved during the reference period. It excludes lumpy expenditures such as on weddings, housing constructions, consumer durables,

actual rent paid, travel abroad for Hajj.

The poverty analysis here uses a practical approach based on the theory of poverty dominance, whereby instead of searching for one poverty line, the differences can be observed in the population falling below any given line, wherever the line is drawn.

The first Vulnerability and Poverty Assessment (VPA, 1997) set three national poverty lines at the Atoll median expenditure per person per day, half the median and another one in-between these two lines. In line with the same definition, HIES 2009/10 sets the new relative poverty lines at Rf. 44; median of Atoll expenditure per person per day and half the Atoll median at Rf 22 per person per day.

**The headcount ratio:** measures the proportion of population which is poor for a given poverty line. Over the period 2003-2010, the condition of the poor has improved for the Republic. In Atolls, poverty has also declined. On the other hand, poverty shows an opposite trend for Male'. As shown, poverty has increased for all the given lines in Male'. Male' showed a sharp increase in poverty during this period.

Headcount ratio for Republic, Male' and Atolls-2002/03 and 2009/10

Relative Poverty Line	Republic		Male'		Atolls	
	2003	2010	2003	2010	2003	2010
International poverty line of US \$ 1.25 (\$1-a-day poverty line used in MDGs)	9%	8%	2%	7%	12%	8%
International poverty line of US \$ 2	31%	24%	9%	19%	39%	27%
Rf. 44 (Median of Atoll expenditure per person per day for HIES 2009/10)	66%	51%	40%	44%	75%	55%
Rf. 22 (Half the Median of Atoll expenditure per person per day for HIES 2009/10)	21%	15%	4%	12%	27%	16%

Poverty declined for Republic and Atolls while poverty increased in Male'

*Note: International poverty line is measured in purchasing power parity (PPP) dollars. 1.25\$ is equivalent to Rf 17 (with adjustment for inflation) in 2010 and Rf 12 in 2003.*

**Poverty Gap Ratio:** indicates the incidence and depth of poverty-how poor the poor are. The poverty gap has decreased substantially for the relative poverty line anchored at half the median of expenditure in the Atolls (Rf.22). The poverty gap measure indicates that in Republic 2003, the poor had an expenditure shortfall of 5 percent the poverty line; in 2009/10 such shortfall has decreased to only 4 percent. The poverty gap Male' continued to rise for Male' in 2009 compared to 2003.

Among all the regions, poverty is highest in Region 2 (N, R, B, Lh) where 72 in every 100 people are poor. The PGI is also highest in this region.

**Inequality:** The expenditure share of the poorest quintile remained the same for republic and the atolls at 7 percent.

Expenditure share of poorest quintile has decreased in Male' compared to 2002/03 from 8 percent to 7 percent. On the other hand the expenditure share of richest 20 percent increased in Male' from 44 percent to 45 percent. This indicate inequality is on the rise in Male'. The richest 20 percent receives a substantially higher share of 47 percent in Male' and 42 percent in atolls.

The Lorenz curves constructed for 2003 and 2010 suggests a reduction in inequality across the country, mainly driven by improved situation in Atolls, while for Male' the degree of inequality increased over this period with the increase of poverty.

The Gini coefficient which shows the extent of inequality are as shown in the table below. Gini coefficient ranges between 0 and 1. Maximum 1 signifies complete inequality and minimum 0 total equality.

Gini coefficient for Republic, Male' and Atolls, 2002/03 and 2009/10

Inequality Measure	Republic		Male'		Atolls	
	2003	2010	2003	2010	2003	2010
Gini Coefficient	0.41	0.37	0.35	0.38	0.40	0.36

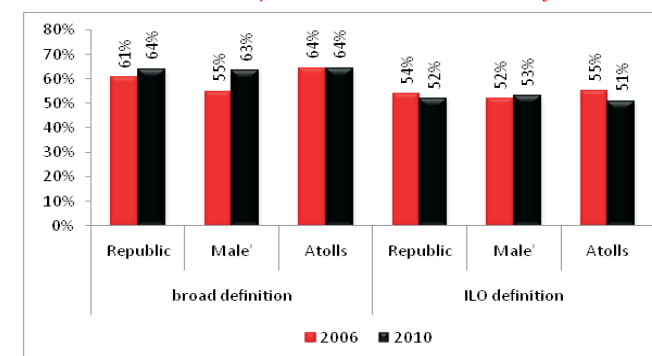
This shows that while inequality declined in Republic and Atolls, inequality increased in Male'.

## EMPLOYMENT

### Labour Market

Labour force (locals in administrative islands) increased by 17 percent between 2006 and 2010. However, this increase has not been matched by an increase in job creation, which resulted in an increase in unemployment (20,000 in numbers). This constitutes 37 percent males and 63 percent females for the year 2010. Unemployment in Male' increased by 8 percent while in the Atolls this increased at a much higher rate at 21 percent.

Labour Force Participation Rates, 2006 & 2010, by location



Labour Force Participation Rate (LFPR) increased with the increase in total labour force participation from 61 percent to

64 percent. While there was an increase from 55 percent to 63 percent in Male', there was no change in the LFPR for Atolls over this period. This noticeable increase in LFPR in Male' is due to the higher number of discouraged workers in the Labour Force in 2010.

The difference between male LFPR and female LFPR is at 18 percentage points. Highest LFPR is seen in the age groups 25-34 years, 35-44 years and 45-54 years, at 76 percent, 78 percent and 77 percent respectively.

### Employment

Between 2006 and 2010, average annual growth rate in employment was set off as it decreased for Atolls by 1 percent and increased by 1 percent for Male', while for males, it increased by 1 percent and for females it decreased by 2 percent. The negative growth rate of employed population for the youth age group 15-24 years may be attributed to better educational opportunities in the country.

In 2006, fishing and quarrying sector were dominated by males. Agriculture, Manufacturing, Education and Health and Social Work sectors are dominated by females. Government is the largest employer in the country employing over one in every four workers in the country.

### Unemployment

Unemployment rate for the country by ILO definition (include those seeking and available for work) stands at 12 percent and by broad definition (local definition to include discouraged workers. Those not looking for work for reasons "unable to find suitable employment" and "lack of employment opportunities", included under unemployed) at 28 percent in 2010. Unemployment rate increased for both definitions from 2006 to 2010.

Unemployment Rates (ILO & broad definition) by location, 2006 & 2010

	Republic	Male'	Atolls
2006 ILO definition	5%	5%	5%
2010 ILO definition	12%	9%	13%
2006 Broad definition	16%	11%	18%
2010 Broad definition	28%	24%	31%

Unemployment rate for females are high for all age groups and above 50 percent for 15-19 years and 55-59 years age