

Poverty Incidence in Nauru

An assessment of Poverty

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“Perhaps the hardest reality for Nauruan’s to accept is that life has changed and just as importantly, that life has changed for the long term. It is not foreseeable that living standards will ever return to their previously very high levels. What is required to achieve modest improvements in the living standards is to accept the fact that the government can no longer provide for the welfare society we had accustomed to, and therefore work in partnership at all levels in striving towards this modest standards.”

(Nauru Former President Ludwig Scotty, opening statement in 2005 NSDS Report.)

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Abbreviation & Acronyms

ADB	Asian Development Bank
AusAid	Australian Government Aid Agency
BNPL	Basic Need Poverty Line
GDP	Gross Domestic Product
FPL	Food Poverty Line
HCI	Head Count Index
HH	Household
HIES	Household Income and Expenditure Survey
KNSO	Korea National Statistics Office
MDG	Millennium Development Goal
NSDS	National Sustainable Development Strategy
PAE	Per Adult Equivalent
PAH	Pacific Assessment of Hardship
PDMC	Pacific Developing Member Countries
STI	Statistical Training Institute (Korea)
UN	United Nations
UNSIAP	United Nations Statistical Institute for Asia and the Pacific

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Background

When Nauru founded its independence in January 31st 1968 the economy and the lives of its people were thriving due to the exportation of rich phosphate¹ which then through years of government mismanagement, has been deteriorating to a point of economic failure.

Then around three decades later in 2004 a young and reformed minded government with a campaign slogan of “vote for change” took office. From this point and bound by their campaign commitments, introduced a robust reform program in 2005/06 which has directly impacted the livelihoods of its people.

Starting in 2005, the reforms and restructuring program occurred across all government sectors and instrumentalities. Some of the initiative involves, reducing the workforce to appropriate level, lowering the basic wage and closure of insolvent government institutions. Other Pacific islanders who have been working for the phosphate industry for generations have also been repatriated to their home countries.

At the same time the country saw the introduction of the first National Sustainable Development Strategy² (NSDS) in 2005 which will be the key driving mechanism for the country’s resurgence.

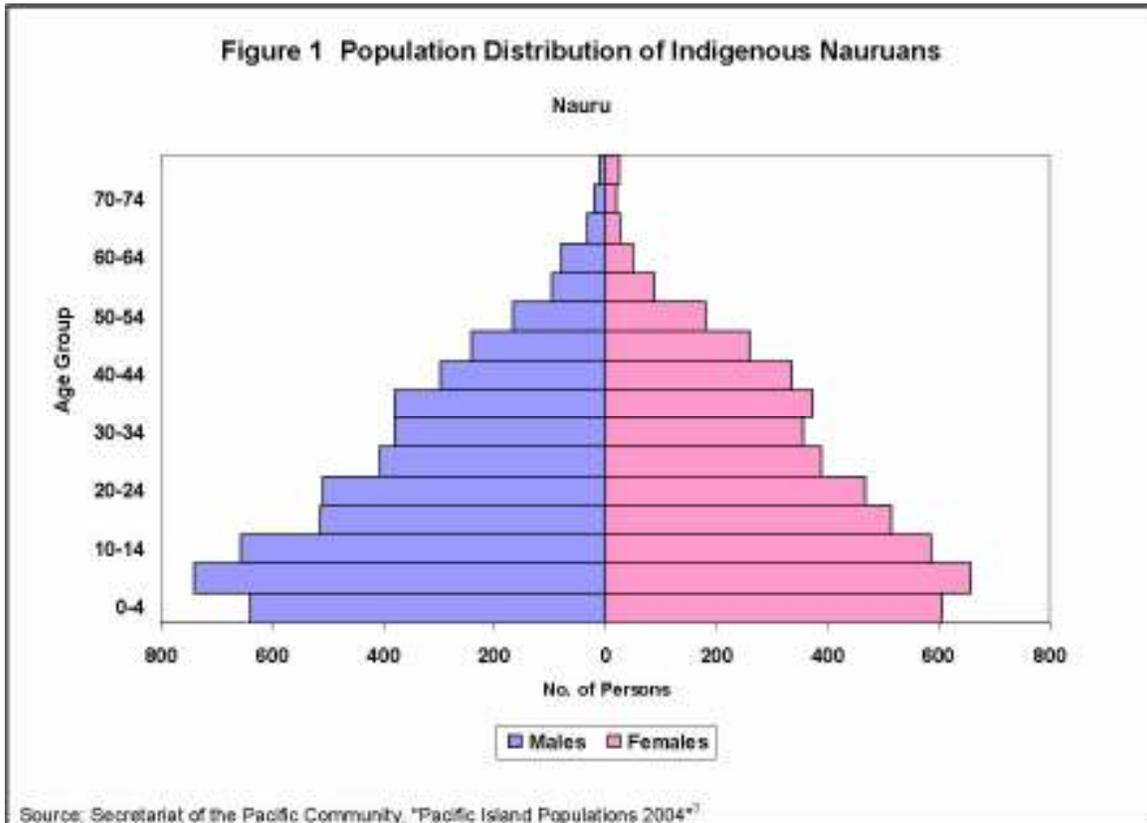
Nauru is approximately 21square km in area, and 15km in circumference and the geographical population distribution of Nauru is considered fully urbanized mainly due to its small size. One third of the island is habitable and is commonly located on the coastal fridge, with the exception of one district³. The island consists of 14 districts which make up Nauru except varies in geographical size and population size. The last population count based on the 2002 Census is 10,065 with a Labour Force Participation rate at 76.6% and of whom 23.4% who is not working but are actively looking for work. Nauru has a high total fertility rate with an average of 3.9 births per woman and an implied natural population growth of around 2.5% per year, suggesting a doubling of population every 28 years (in the absence of migration). However, it also has a high mortality rate. The combination of past high birth rates and high mortality rates has skewed the population distribution toward children and young adults (Figure 1). The birth rate has continued

¹ A compound containing phosphorous; an important nutrient for primary production

² Refer 2005 NSDS report

³ Buada district is land locked by the 13 districts and is located inland

to fall through recent years, particularly in 2007 when it continued the downward trend at 3.4%⁴.



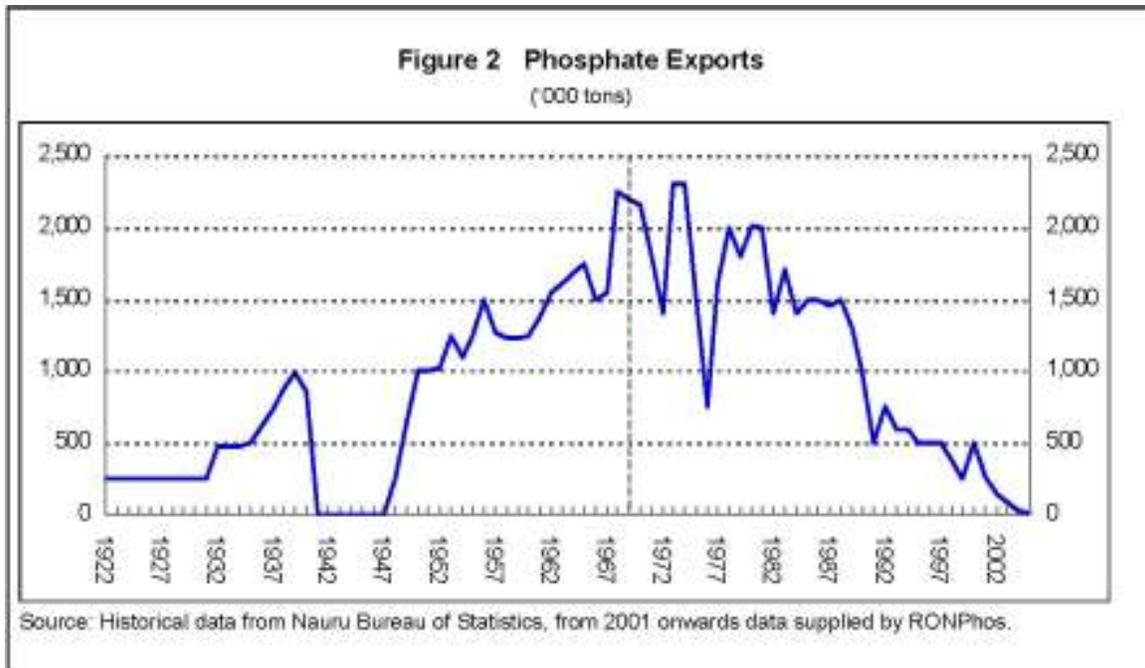
Population projections available at www.spc.int

Compiling the recent GDP estimates was however complicated because of the accumulative pending salaries that the Government were liable to compensate to the public service. However estimates are as follows, GDP per capita was estimated at A\$3,375 to A\$3,800, or \$2,400 to \$2,715, from FY2004 to FY2006 (current prices). GDP per capita excluding pending salaries, which in this case is the more meaningful measure of income levels, was estimated at A\$2,428 to A\$2,946, or \$1,733 to \$2,102, over the same period (current prices)⁵.

⁴ Rate from 2007 Nauru Demographic & Health Survey (NDHS)

⁵ It is the more meaningful measure as it better reflects the economy's ability to pay for expenditure. Under the usual measure of GDP, Nauru could increase its GDP by announcing pay increases and returning to the practice of 'paying' public sector staff more than can be afforded. In which case, the estimate of GDP would lack economic meaning.

Nauru's primary export product is phosphate and exports reached a peak in the 1970s at approximately 2,300,000 tons, had fallen to approximately 500,000 tons by the early 1990s and were virtually zero by 2004 (Figure 2). However after 2004 the phosphate production was resumed on a small scale and a scientific study was carried out and found that Primary phosphate reserves are estimated to be sufficient to support 5 years of mining, while secondary phosphate reserves may equal a 30year supply, possibly worth as much as A\$1 billion.



Nauru relies a great deal on imports for almost all of its material needs (food, consumer goods, plant and equipment, fuel, and building materials). Most of these goods are imported from Australia. The primary means of paying for imports is via phosphate exports, fishing licenses (treated as an income transfer rather than an export) and aid transfers.

The current government and Nauru's society are faced with numerous obstacles into the future and in order to maintain economic and sustained growth, robust reform needs to be constant which ultimately means severe hardship and poverty of the people.

Executive Summary

The purpose of this paper is to analyse whether Poverty would be an issue for the Government, if so, then to draw a conclusion on some recommendation on poverty reduction programs to alleviate poverty in Nauru.

By tradition Nauruan culture is centred on by sharing and caring for families in their respective clans. Nowadays where currency is the main source of trade, the cultural values of sharing still remains intact. However the growing demands for cash influenced by poor economic performance, government instability, growing unemployment and rising societal problems have raised questions about poverty.

The poverty incidence will be based on the internationally accepted low nutritional basket of food with a UN benchmark of approximately 2100/2200 kilo calories to determine the national food and non food poverty lines.

The main dataset used for analysis is based on the 2006 Nauru HIES. However, the results for this paper have found evidence of Poverty and that this will be an issue for the Government to address. The primary result of low distribution of income and limited opportunities for employment has affected the livelihood of the people. Interestingly, the research also found that the level of education of household heads is low implying that current educational system needs to be improved to allow people the opportunity to further their education post the high school levels. The results also show that the household characteristic such as access to sanitary toilets, electricity and water does not have any significant relationship to poverty.

Taking into account the main element of the objective, the research concludes that Poverty incidence in Nauru is a reality and has to be addressed by the Government.

I. Introduction

1.1 Why undertake incidence of Poverty?

The main focus of this paper is to investigate whether there is any incidence of poverty in Nauru. Characteristics of poverty have previously never been addressed due to the lack of data availability. The National Household Income and Expenditure Survey (HIES) which is a first of its kind to be conducted in Nauru, was implemented in July 2006 with financial assistance of the Australian Government Aid Agency (AusAid).

Prior to these surveys very little studies were conducted in the area of poverty in Nauru and only recently has the demand for this information become a high priority for the government and development agencies mainly due to the implications of the NSDS.

1.2 Why is it being carried out?

The 1980's was a period of strong economic growth and the people experienced prosperity that was well documented at the time which even saw Nauru as one of the highest income per capita in the world. But then, as mentioned previously, with Nauru's primary export product deteriorating over the years and also the contribution of years of Government mismanagement. The economic transition taken effect in 2005 has been severe in Nauru's society.

Therefore it is important to identify those in society who are considered to be poor and to implicate what are the characteristics of poverty in order to impact the implementation of Government's policies.

1.3 Definition of Poverty in the Pacific

There is no general or officially accepted definition of poverty; in fact, it means different things to different people in different times and places. This has raised too much misunderstanding and confusion. Poverty can be either absolute or relative.

According to the PAH, poverty in the Pacific does not in fact mean starvation and destitution; instead poverty is generally viewed as hardship due to the lack of or poor services of transport, water, primary healthcare, and education.

Broadly accepted definition that has been adopted in the Pacific is defined in Box 1. This definition was widely debated during the consultation in the PDMCs included in the PAH. The importance of family, kinship, and customary obligations was chosen as a central feature.

Box 1

Poverty = Hardship

An inadequate level of sustainable human development manifested by:

- A lack of access to basic services such as primary health care, education, and portable water.
- A lack of opportunities to participate fully in the socio-economic life of the community.
- Lack of adequate resources (including cash) to meet the basic needs of the household or the customary obligations to the extended family, village community, and/or the church.

1.4 Definition of Poverty in Nauru

Although there is no official definition of Poverty in Nauru a definition based on the Pacific definition will be adopted and refined to Nauru's circumstances. Therefore to distinguish Nauru's unique circumstances against the Pacific region we need to take into account two key issues' that is a little different from the rest of the Pacific region. The first one is that subsistence activities such as agriculture and farming are very restricted due to availability of land. The traditional lifestyle is mainly based around fishing which is the only main source of subsistence

activity which is still common today. Although throughout Nauru's society transition, the people are greatly reliant on imported food and consumer products which have made greater demand for income. The second point is accessibility to basics services which in the case of Nauru is not a big issue because Nauru consists of one island. Therefore the preferred definition of Poverty in this paper is defined in Box 2

<p>Box 2</p> <p>Definition of Poverty for Nauru</p>	
<p>An inadequate level of sustainable human development manifested by:</p>	
<ul style="list-style-type: none"> ● A lack of opportunities to participate fully in the socio-economic life of the community. ● Lack of adequate resources (including cash) to meet the basic needs of the household or the customary obligations to the extended family, community, and/or the church 	

1.5 Descriptions

Terms and their meanings used in this research.

Currency unit	Australian dollar
Adult	A person who is 15 years and older.
Child	A person who is below 15 years of age.
Per Adult Equivalent	Due to different level of consumption we assume that two children consume the same amount of item to reach the same level of item as an adult consume
Expenditure (consumption)	Anything that a household spent money on: food, housing, transport, tobacco & alcohol, clothing and footwear, miscellaneous, etc.
Poor Households	Considered to be <i>under</i> poverty line. Every person in that household is considered to be poor regardless of their <i>own</i> income or expenditure.
Non-Poor Households	Considered to be <i>above</i> poverty line. Every person in the household is considered to be <i>non-poor</i> regardless of their <i>own</i> income or expenditure.
Head Count Index	Percentage of Households (usual residents) below poverty line.

1.6 Household Income and Expenditure Survey

The Bureau of Statistics conducted this survey in 2006 and it collected data on income and expenditure from a sample frame of 450 households and which poverty analysis for this paper is based on. Like many other developing countries, Nauru needs to have frequent surveys of this kind in order to keep track and address the issue's relating to Poverty.

II. Methodology

Methodology for calculating the Food Poverty Line (FPL), Non Food Poverty Line and Basic Needs Poverty Line (BNPL) will be applied based on the **Absolute method**. This method is based on the work of Rowntree of York, England dating back in to the 19th century which is considered to be the commonly used method today.

2.1 Absolute Poverty Line

Absolute poverty line is an indication of the minimum cost of living standard which is interpreted in this paper as BNPL. When determining the BNPL, expenditure is adopted to calculate the poverty line rather than the income data because generally the income data is inconsistent mainly due its sensitivity for the respondent.

2.2 Cost of Basic Needs Method

Determine cost of “low-cost, minimally nutritious” food basket (based on 2100/2200 calories per day per adult equivalent) = Food Poverty Line. Determine non-food factor based on expenditure pattern of lowest quintile households = Non-Food Basic Needs Factor which is illustrated clearly in the diagram below:

$$\text{Food Poverty Line} + \text{Non Food Poverty Line} = \text{BNPL}$$

2.3 Food Energy Method (Absolute)

In order to derive the cost of food energy, a basket of food items is used to estimate the National Food Poverty Line (FPL). The total food energy should be equal to 2,200 Kilo joules, which is the internationally minimum amount of energy a person must take per day to survive. The average household size (adult equivalent) for the bottom three expenditure deciles is **8.9** (*see Annex 1*). For the purpose of this research a provisional list of food was selected to substantiate the minimum cost of nutritious food taken per day. The price for each item is from the 4th Quarter of the 2000 Consumer Price Index or otherwise estimated based on local knowledge at that time (survey period).

III. Results and Findings

In this chapter results of the indicators of Poverty, inequality and characteristics of household poverty will be presented and discussed.

3.1 National Poverty Lines

The National *Basic Needs Poverty Line* is **A\$36.96** and the National *Food Poverty Line* is **A\$20.88** per household per week. These measurements are based on household expenditure deciles.

3.2 Poverty Indicators and Severity

According to the consumption patterns Table 1 of food and non food items it is estimated that 25.1% of households will have cash shortages to meet their basic needs. Whilst 16.0% of this households is struggling to meet the cost of food in order to maintain the standard calorie intake.

Table 1 Poverty Incidences (Head Count Index)

% of Household below	Food poverty line (FPL)	Poverty line (BNPL)
Nauru	16.0	25.1

As can be seen in Table 2 the characteristics of households, population and per adult equivalent falling below the FPL per day. A high of 25 percent PAE per day are considered undernourished as according to FPL compared to 75 percent who are not in food poverty. The main factor for this problem could be related to the low income and lack of employment which has limited this household from purchasing food. Also a low distribution of income to large extended household might be another factor.

Table 2 Percentages of Food Poverty Characteristics

Food Poverty	Data	Total	%
Hhold not meeting 2,100 kcal per day	Households	246	16
	Population	2,474	25
	PAE Population	2,014	25
Not in food poverty	Households	1,292	84
	Population	7,366	75
	PAE Population	5,955	75
Total hholds		1,538	100
Population		9,840	100
PAE Population		7,969	100

Table 3 shows, the distribution of expenditure percentile. The results indicate that a significant proportion of the population is accounted in the bottom three deciles (about 40%) which imply that significant proportion of the population is poor and the expenditure per capita is very small. Whereas, comparing to the distribution percentile of household it's somewhat insignificant and evenly distributed. There's also strong evidence that the household size is a contributing factor to poverty in Nauru as can be seen in the table below. Households with large family size whom are accounted in the bottom three deciles will struggle to meet their basic needs and sustain their livelihoods compared to the smaller sized households.

Table 3 Poverty distribution of percentile by population, household and household size.

PAE total expenditure percentile	Estimated population	HH	Average HH Size
1	1,477	149	10
2	1,220	147	8
3	1,218	137	9
4	924	143	6
5	1,164	160	7
6	1,101	174	6
7	697	163	4
8	567	140	4
9	611	126	5
10	861	198	4
9,840		1,538	

As can be seen in Table 4 income, expenditure on food and non food⁶ will be analysed and discussed. As expected, the equitable distribution of the poor to non - poor is evident in the results and as expected where the proportion of the poor have little source of income to sustain there livelihood compared to the non - poor.

When studying the expenditure patterns of food to non food expenditure, it is clear when comparing the bottom 20% of the poor to the top 20% of the non - poor that the poor spend most of their money on food with a expenditure ratio of 2.31 and 3.12 respectively. While the expenditure ratio for the top 20% of the non – poor stands at 0.43 and 0.29 respectively.

Household in the bottom 20% do not have the luxury of spending on non food items due to the limited income, this implicating that the poor will remain poor because their financial capacity is limited. It is highly recommended that Government intervention could support this cohort by providing more employment opportunities to which should at least improve their poverty status in Nauru’s society.

Table 4 Poverty distributions percentile by income, food and non food expenditure and expenditure ratio.

PAE total expenditure percentile	PAE Food		PAE Non Food		Food/Non food ratio
	PAE Income (\$)	%	expenditure (\$)	%	
1	662.30	2.80	41.85	1.44	2.31
2	841.65	3.56	87.45	3.01	3.12
3	887.58	3.75	88.76	3.06	0.59
4	1,115.06	4.72	140.76	4.85	1.44
5	2,186.11	9.24	395.38	13.62	1.22
6	1,838.99	7.78	127.24	4.38	0.41
7	2,796.89	11.83	433.76	14.94	1.06
8	2,156.28	9.12	355.25	12.24	0.66
9	4,200.15	17.76	275.53	9.49	0.43
10	6,964.21	29.45	957.24	32.97	0.29
	23,649.22	100.00	2,903.22	100.00	5,787.99

⁶ Non food expenditure is classified as eg. apparel clothing, household supplies, education supplies and fee, health supplement and fee, transportation, personal products etc.

In order to fully understand the consumption patterns of the poor, the poorest 25 percent is tabulated in Table 5. It is clear that the consumption of the poorest is accounted at 57 percent of the overall population and the cohort of 10 percentile accounts for the majority of the consumption with 40 percent within the studied frame. By comparing the poorest 25 percentile to the remaining sub groups nearly 16 percentage of the poorest spend more on consumable items than those who are considered well off.

Table 5 Consumption of the poorest 25%

	1	2	2.5	> 2.5	Total
Percentile	40.49	16.09	0.50	42.92	100.00
	57.08				

Comprehensive consumption patterns of the poorest of the poor could be seen in Table 6 where the bottom 3 deciles is thoroughly examined and reviewed. Based on the consumption patterns, the Engel's ratio indicates a 0.77 for the first decile compared to the second and third decile that had a consumption ratio of 1.87 and 2.31 respectively. Indicating that people in decile one spends much more on food than people in decile 2 and 3. However to get a more meaningful result to the study, the total ratio for all 3 deciles of 0.55 can be used as a reference.

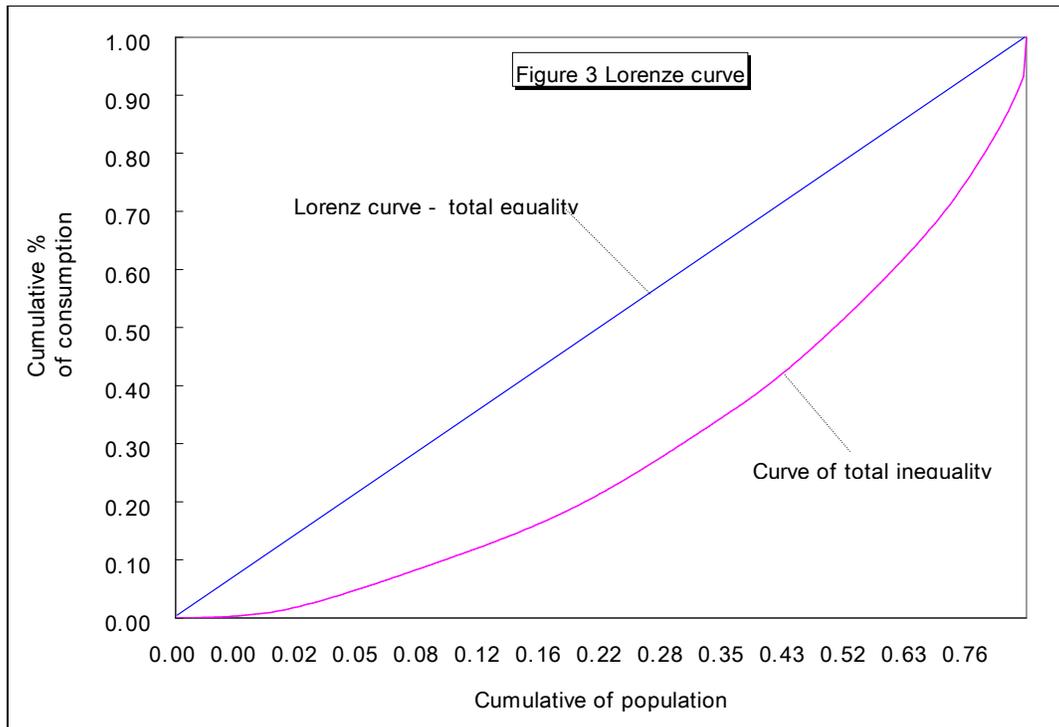
Table 6 Consumption of bottom 3 deciles and Engel's ratio

Decile	Food	Non food	Total	Ratio
1	1,146.76 56%	884.16 44%	2,030.92 100%	0.77
2	19,344.84 35%	36,138.74 65%	55,483.58 100%	1.87
3	13,901.61 30%	32,143.52 70%	46,045.13 100%	2.31
4+	441.90 51%	420.78 49%	862.68 100%	0.95
Bottom 3 properly represented				0.55

3.3 Inequality measures

Inequality as measured by the Gini concentration ratio is 0.67 implicating a high level of inequality and the distribution of wealth when compared to the internationally accepted ratio of 0.10.

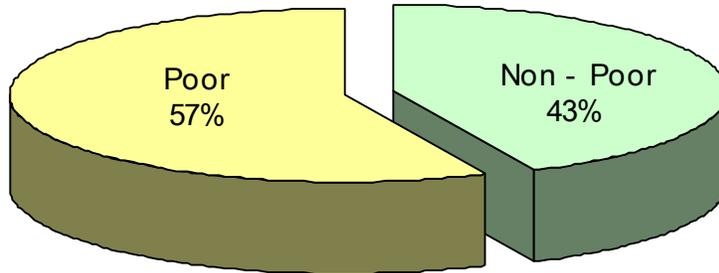
The distribution of income gap is displayed in the Lorenz chart below and it indicates that there is significant inequality of income in Nauru. This implying that the gap between professionals with higher income is high compared to the labourers in the lower income cohort.



3.4 Poverty Characteristics of Households

In this section poverty and household characteristics will be discussed and examined to find out wether household characteristics have any relations to poverty. As can be seen below in Figure 4, poor households accounted of 57 percent of who are falling below the BNPL compared to the 43 percent of non - poor. This indicates that the poor households in Nauru is more significant than the non poor and whereas Government policies and strategy of poverty reduction should be enforced to effectively alleviate poverty.

Figure 4 % of Poor and Non - Poor household (BNPL)



In Nauru 73 percent of the households are headed by men compared to the 27 percentage of the households who are headed by women, as indicated in Table 7. These show that the traditional concept of “men as the primary bread winner and women devoted for caring of the family and home” is still common. Although when comparing the poverty gap of both gender, the male headed household has nearly 10 percentage poverty gap from the poor to the non - poor. Whilst the number of female headed households is insignificant, they have a 5 percent gap between the poor to the non - poor. Overall the results indicate no major finding that the gender of household head is a contributing factor to household in poverty.

Table 7 Poverty percentage in Households by Gender head

HH Headed by Gender	Poor	Non - Poor	Total
Male	41	32	73
Female	16	11	27
Total	57	43	100

Now, we will examine into more details whether the education level of household head is a contributor to the poor. In Table 8 it appears that there are no significant differences in the qualifications of the poor to the non poor with 50 percent to 55 percent respectively. However, it is important to note that overall the education level is very low with 52 percent of household heads accounted for a Year 10 leaving certificate. Indicating that education level is low and Government should promote education by providing high paid work to high qualified staff and also to provide incentives for those finishing in Year 10 so that they can continue there education at a much higher level.

Table 8 Poverty percentage of Household head by level of education

Highest qualifications of HH heads	Poor	Non - Poor	Total
None	23	21	22
Primary leaving certificate	2	0	1
Year 9 leaving certificate	6	5	6
Year 10 leaving certificate	50	55	52
Unirversity Entrance	1	0	1
Vocational/Trade School	9	5	7
USP certificate	1	4	2
Other Certificate	8	8	8
Degree	0	2	1
Total	100	100	100

Note: Level of education is asked but does not specify if it's completed

In Table 9, household size PAE is used to determine the welfare characteristics and consumption pattern of individuals or PAE in Nauru. As indicated in the results below 70 percentage of the population in Nauru is dominated by large size households (5 members and more). It is also evident that 94 percent of the poor is accounted in the large household size compared to 6 percent of the smaller sized household. Implicating that large household size in Nauru tends to be poor compared to the smaller household. From these findings it is recommended that the aim of tackling this issue will be strengthening and subsidizing Government policies on family planning and also promoting child welfare.

Table 9 Poverty percentage by Household size

Household size	Data	Poor	%	Non - Poor	%	Total	%
Small (<5)	Pop(PAEs)	102	5.92	2,289	36.69	2,392	30.01
Large (>5)	Pop(PAEs)	1,627	94.08	3,950	63.31	5,577	69.99
Total Pop (PAE's)		1,730	100.00	6,239	100.00	7,969	100.00

Electricity supplied to household is an important indicator to monitor because it identifies the well being of the poor. Households without electricity tend to use alternative methods for their basic energy needs such as wood for cooking and lighting which is harmful to health when used inefficiently. However, for Nauru's case nearly 100 percent of the household have access to the main power supply with the poor accounted of 13 percent as indicated in Table 10.

Table 10 Poverty percentage with access to electricity

% of HH with electricity	Poor	Non - Poor	Total
Electricity, mains supply	86.05	13.65	99.70
No electricity	0.30	0.00	0.30
Total	86.35	13.65	100.00

Accessing sanitary toilets is an important indicator for poverty assessment because it indicates whether households are living in a healthy environment which will enable progress towards development. Access to sanitary toilets in Nauru is 100 percentage (Table 11) with a proportion of household using public sewage system of 97 percent and 3 percent using own flushed septic tanks.

Table 11 Poverty percentage with access to sanitary toilets

<u>% of HH's with sanitary Toilets</u>	<u>Poor</u>	<u>Non - Poor</u>	<u>Total</u>
Public sewage system	13.65	83.19	96.84
Own flush septic tank	0.00	2.86	2.86
Shared flush toilet	0.00	0.30	0.30
Total	13.65	86.35	100.00

Without water there can be no sustainable development in health, education and livelihoods, locking people into a cycle of poverty and disease. In Nauru, there are two main source of drinking and cooking water as can be seen in Table 12. The results indicate that just over 70 percent of households collect their water from their own water tank compared to 30 percent from tanker truck. Indicating that households in Nauru do not have any problems with accessing water.

Table 12 Poverty percentage with main source of drinking and cooking water

<u>% of HH's with main source of drinking water and cooking</u>	<u>Poor</u>	<u>Non - Poor</u>	<u>Total</u>
Rain water tank	58.15	12.00	70.15
Tanker truck	27.92	1.93	29.85
Total	86.07	13.93	100.00

IV. Conclusion and Recommendations

4.1 Conclusion

Studying the subject of Poverty is broad and complex. It manifests itself in low and uneven levels of income and consumption, physical insecurity, poor health, low levels of education, disempowerment, high levels of unemployment, and social and geographical isolation. However, this research tends to focus only on some of the key variables that are associated in Nauru state of affairs.

In conclusion certainly poverty incidence in Nauru is beginning to flourish. Based on the HCI indices, Nauru accounts for 25.1 percent and the research also found several others variables which will be presented categorically.

When measuring the FPL the research found 16% of households fail to meet the standardised calorie intake of 2100/2200 per kcal and of whom fall below the FPL threshold. A high of 25 percent PAE per day are considered undernourished as according to FPL compared to 75 percent who are not in food poverty.

When the household are distributed and ranked by percentile the study of expenditure patterns of food to non food expenditure can be analysed. There is strong evidence when comparing the bottom 20% of the poor to the top 20% of the non - poor that the poor spend most of their money on food with an expenditure ratio of 2.80 compared to 0.31 respectively.

Inequality measured by the Gini concentration ratio is 0.67 implicating a significantly high level of inequality and the distribution of wealth in Nauru.

Household falling below the BNPL of A\$36.96 per week threshold are considered poor and they are nationally accounted for 57 percent whereas the non - poor are accounted for 43 percent.

Household head were also studied and results indicate no major finding that the gender of household head is a contributing factor to household living in poverty. But when the level of educational attainment was analysed the research found significant number of household head, whether poor or non poor are finishing their education at the level of high school (52 percent).

Then finally household characteristics are analysed based on access to drinking water, sanitary toilets and electricity and the results found no significant relationships to poverty.

Therefore, this paper concludes that poverty is an issue for the government especially in the area of accessibility and opportunities for income. It is critical to note and take into consideration the distribution of wealth and the issue of equality. The Government should also promote education by providing high paid work to high qualified staff and provide more incentives for those finishing in Year 10 so that they can continue their education at a much higher level.

4.2 Recommendations

- ✧ Government and donor partners to promote and subsidise a self reliant economy by providing education on subsistence activities and agriculture programs. Then to further increase immediate income opportunities for the poor in the high demand for unskilled workers in the local and international labour market.
- ✧ Government should focus and promote education by providing high paid salaries to high qualified staff and also to provide incentives especially for those finishing in Year 10 so that they can continue their education at a much higher level. Generally a focus on investing and strengthening the educational system from the infant to the secondary level to allow high output of highly educated workforce in the future.
- ✧ Government to strengthen its policies for family planning and to provide awareness program in the health department especially in the baby clinic to support child welfare.
- ✧ Government policies on Price control needs to be reviewed and strengthen especially tariffs of the food groups and other necessities that will support the livelihoods of the people in poverty.
- ✧ Government to empower the poor through Micro Finance without interest. People without income or financially unstable to access and develop a small and sustainable business where a minimum of 6 months to a year is authorized for the loan to be repaid. This time frame will permit individuals to cross the poverty threshold which then will enable other microfinance entrepreneurs to start their businesses.

- ✧ In line with the above proposal the Government should then establish a Micro Finance Support group where staff can provide useful information, technical support as well as monitoring the progress of the customer's performance.

- ✧ The Government to initiate an Investment in Housing Programme to alleviate households from overcrowding which could lead to rough sleeping conditions and health hazards. The government's housing strategy should aim to include more opportunities for home ownership and better housing services.

- ✧ Some of these recommendations have been documented in the short goals of the NSDS. However monitoring the progress of the NSDS and its programs need to be strengthened to enable a productive and effective assessment of development and most importantly to alleviate poverty and hardship.

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Appendix

Estimate of Food & Basic Needs Poverty Lines for Nauru Households

NAURU LOW INCOME HOUSEHOLD – AVERAGE HOUSEHOLD SIZE OF BOTTOM 3 DECILES = 8.9

	adults	children	
Assumed household composition for calculation	5.5	3.4	8.9
adult equivalent	5.2	1.7	7.0

Based on Daily Calorie Requirement of 2200 per Adult			Total family consumption per day			estimated unit cost per cpi 1Q06		estimated cost per family/day		cost of bought goods	
Breakfast	Unit/Measure	Per person	adults	children	adult equivalent unit	unit					
Banana or Pawpaw	fruit	1	5.2	1.8	7.0	each	0.20	1.36			
Bread	loaf	0.2	1.1	0.4	1.5	loaf	2.00	3.06			3.06
Rice	serving gm	85	0.4	0.1	0.5	kg	1.44	0.66			0.66
Water	glass	1	5.2	1.8	7.0	glass	0.05	0.34			
Mid-morning											
Water	glass	1	5.2	1.8	7.0	glass	0.05	0.34			
Banana or Pawpaw	fruit	1	5.2	1.8	7.0	each	0.20	1.36			
Lunch											
Local Vegetables	serving gm	85	0.40	0.10	0.60	kg	1.00	0.58			
Rice	serving gm	170	0.90	0.03	1.20	kg	1.44	1.33			2.55
Fresh Tuna or Reef Fish	serving gm	150	0.80	0.20	1.00	kg	2.50	2.55			1.33
Water	glass	2	10.50	3.10	13.60	glass	0.05	0.68			
Mid-afternoon											
Water	glass	1	5.2	1.8	7.0	glass	0.05	0.34			
Banana or Pawpaw	fruit	1	5.2	1.8	7.0	each	0.20	1.36			
Dinner											
Local Vegetables	serving gm	85	0.40	0.10	0.60	kg	1.00	0.58			
Rice	serving gm	170	0.90	0.03	1.20	kg	1.15	1.33			2.55
Fresh Tuna or Reef Fish	serving gm	150	0.80	0.20	1.00	kg	2.50	2.55			1.33
Water	glass	2	10.50	3.10	13.60	glass	0.05	0.68			
Estimated Food Poverty Line for Nauru Households											
						Day	A\$	19.10	2.73	11.48	
						Week	A\$	133.7	19.10	80.36	
						Annum	A\$	6952.4	993.20	4178.72	