

Value of the Basic and Essential Family Baskets in Galapagos

Andrea Marín Luna

Charles Darwin Foundation

The Ecuadorian National Institute of Statistics and Censuses (INEC – Instituto Nacional de Estadística y Censos) determines a monthly value for the Basic Family Basket (BFB) and the Essential Family Basket (EFB) at the national level, based on studies in Quito, Guayaquil, Cuenca, Loja, Manta, Esmeraldas, Machala, and Ambato (Annex 1). Galapagos is not included within the study areas and therefore there are no official values for these basic supplies in the archipelago.

This article presents a value for both the BFB and the EFB in Galapagos for January and April 2008, based on a study carried out on the three islands with the most inhabitants: Santa Cruz, San Cristóbal, and Isabela.

To calculate the value for the baskets, data on local prices were collected and the basket values calculated in accordance with the methodology used by INEC. Although the information obtained and presented in this article is not considered official by the Ecuadorian government, it provides a reference point for a comparison between Galapagos and the rest of the nation.

The methodology used to determine the values was as follows. First a total of 357 businesses were identified on the three islands included in the study (213 in Santa Cruz, 106 in San Cristóbal, and 38 in Isabela). Prices were then collected at distribution centers for each article included in the BFB (Annex 2) and the EFB (Annex 3) in January and April of 2008. Information was obtained from 95% of the businesses. Housing data were obtained through consultation with some tenants on the islands. The value of the two types of baskets was then calculated using the Consumer Price Index (CPI) methodology of INEC.

Basic Family Basket

INEC (1990) defines the BFB as “the combination of 75 articles (goods and services) acquired in a specific quantity considered the minimum amount that is indispensable to satisfy the basic needs of a typical home with four members, for food, housing, clothing, and miscellaneous items for one month.”

The value of the BFB in Galapagos in January 2008 was US\$652, in comparison to US\$479 reported for continental Ecuador, signifying that goods



and services are 36% more expensive in Galapagos. The value in Galapagos in April was US\$686 compared to US\$496 on the continent, a 38% cost differential (Figure 1).

The national press (El Universo, 2008) reported that the increase in the value of the BFB in continental Ecuador between January and April (4%) was due to a variety of factors, including climatic variations in the mountains that resulted in an increase in the price of agricultural products, the increase in the price of basic materials, as well as the demand for rice and other products from neighboring countries, and the high international cost of petroleum.

The higher value of the BFB in Galapagos in relation to the continent is

primarily due to the cost of the chain of transportation required to bring products to market, including the costs of sourcing items on the continent, preparing shipments, air and maritime transport, shipping taxes, and mark-ups by local merchants in Galapagos. The increase in the value from January to April was primarily due to the increase that occurred on the continent. Most of the products included in the BFB come from the continent, so their prices were directly affected. An additional factor was product scarcity in February 2008 that resulted when two of the principal cargo ships that transport food to Galapagos broke down, leaving the population in the archipelago without a regular supply of goods.

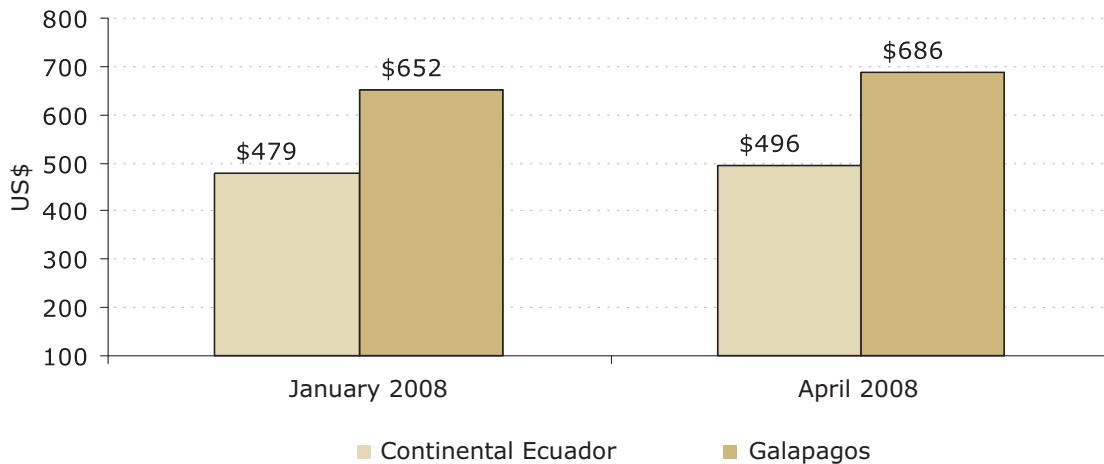


Figure 1. Value of the BFB in January and April 2008 in Galapagos and continental Ecuador.

Basic Family Basket by island

Isabela is the most expensive island with a BFB of US\$760 in January 2008 and US\$784 in April (an overall value 58% higher than on the continent). San Cristóbal and Santa Cruz had values more than \$100 less than Isabela (Figure 2).

The factor that contributes most to the high cost on Isabela is the transport of food items, many of which come from Santa Cruz. Direct flights from the continent to San Cristóbal and Baltra (the island adjacent to Santa Cruz) result in a lower value for the BFB on those two

islands. Isabela does not have an airport that can receive commercial flights from the continent.

The difference in the cost of the BFB in Galapagos between January and April (US\$33.8) is nearly double that observed on the continent (US\$17) (Table 1). According to those interviewed, this increase was due to the scarcity of products and the lack of price controls. The difference on San Cristóbal (US\$43.3) was greater than Santa Cruz (US\$36.1) and Isabela (US\$24.8).

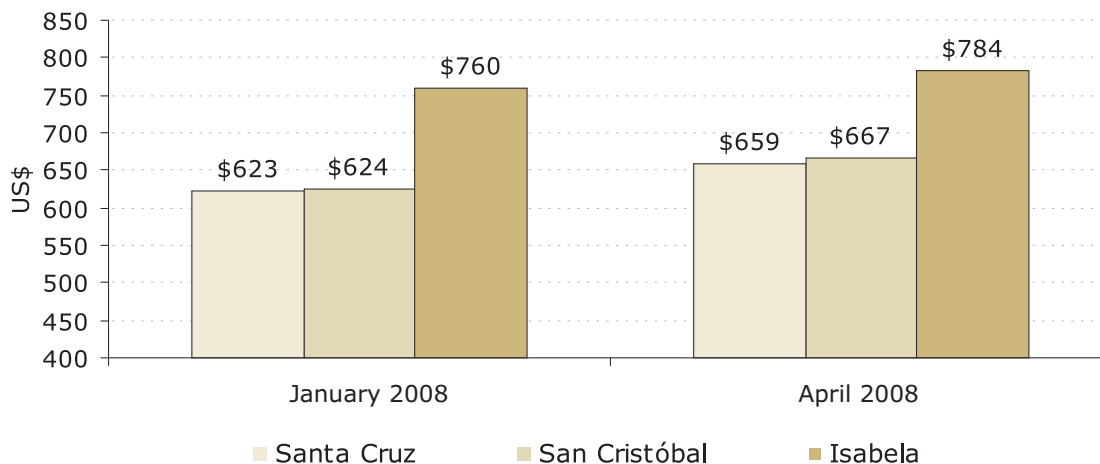


Figure 2. Value of the BFB by island for January and April 2008.

Table 1. Value of the BFB in January and April 2008 and the increase between the two months, in continental Ecuador and on the three main inhabited islands of Galapagos.

LOCATION	JANUARY (US\$)	APRIL (US\$)	INCREASE BETWEEN JANUARY AND APRIL	
			US\$	%
Continental Ecuador	478.8	495.8	17.0	3.5
Galapagos	651.6	685.4	33.8	5.1
Santa Cruz	623.3	659.4	36.1	5.7
San Cristóbal	623.9	667.2	43.3	6.9
Isabela	759.7	784.5	24.8	3.2

Sources: INEC 2008; Estudio Canasta familiar en Galápagos, CDF 2008.

Basic Family Basket in 2001

According to a previous article on the Family Basket in Galapagos (Fundación Natura, 2002), the value of the BFB in Galapagos in 2001 was US\$513, 65% higher than in continental Ecuador where it was US\$310 (Figure 3.). In 2008, the value of the BFB in Galapagos was only 38% higher than on the continent. The

greater difference between the continent and Galapagos in 2001 as compared to 2008 was due to factors such as inflation, which in April 2001 equaled 14.43%, while in April 2008, inflation was only 5.18% (INEC, 2008; El Universo, 2008). In addition, in 2001 there was considerable economic instability in Ecuador due to the conversion to the US dollar.

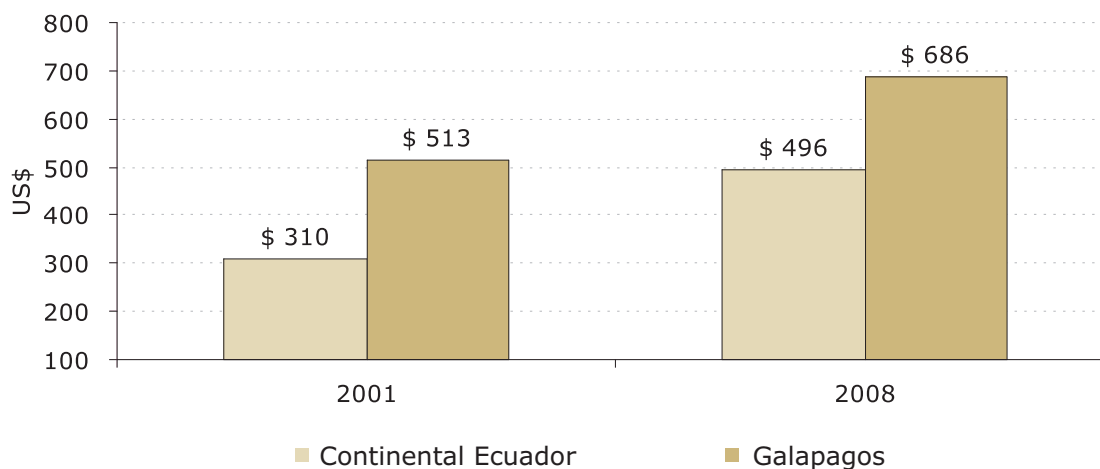


Figure 3. Value of the BFB in continental Ecuador and Galapagos in 2001 and 2008. Sources: Informe Galápagos 2001-2002; Estudio Canasta Familiar en Galápagos, CDF 2008.

In 2001 the value of the BFB showed little variation among the inhabited islands of Galapagos. San Cristóbal had the lowest cost (US\$502), followed by Isabela (US\$517), and Santa Cruz (US\$519). In 2008 there was a different result, with the value of a BFB in Isabela 19% greater than Santa Cruz and 18% greater than San Cristóbal.

articles (goods and services) – consumed in lower amounts than the articles of the BFB – that a family of four of a medium economic means could acquire to cover their basic necessities” (INEC, 1990).

In January 2008, the value of the EFB in continental Ecuador was US\$335, while in Galapagos it was US\$490. In April the value in Galapagos was US\$517, significantly greater (48%) than the US\$350 registered in continental Ecuador (Figure 4).

Essential Family Basket

The EFB, known as the “poverty basket,” differs from the BFB in that it “contains 73

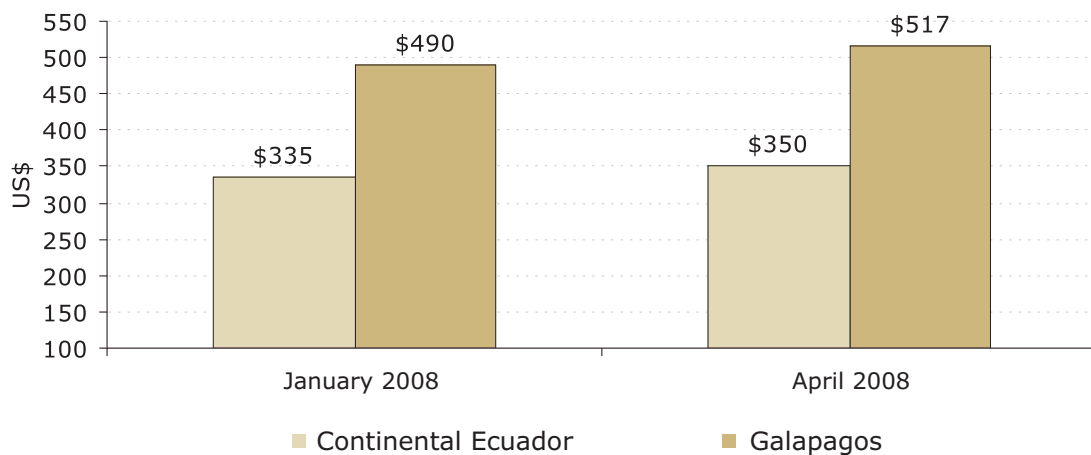


Figure 4. Value of the EFB in January and April 2008 in continental Ecuador and Galapagos. Sources: INEC 2008; Estudio Canasta Familiar en Galápagos, CDF 2008.

As with the BFB, the value of the EFB was higher in Isabela than in San Cristóbal and Santa Cruz (Figure 5), although the

difference among islands was less for the EFB than for the BFB (Table 2).

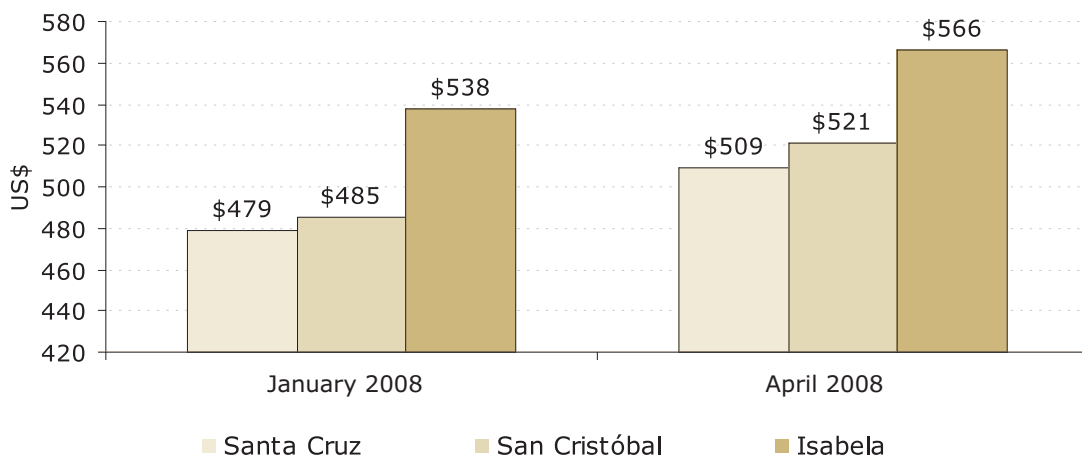


Figure 5. Value of the EFB in January and April 2008, by island.

Table 2. Value of the EFB in January and April 2008, and the increase from January to April, in continental Ecuador and in the three main inhabited islands of Galapagos.

LOCATION	JANUARY (US\$)	APRIL (US\$)	INCREASE FROM JANUARY TO APRIL	
			US\$	%
Continent	334.7	349.7	15.0	4.4
Galapagos	489.8	516.7	26.9	5.5
Santa Cruz	478.8	509.1	30.3	6.3
San Cristóbal	485.0	520.8	35.8	7.4
Isabela	538.4	565.4	27.0	5.0

Sources: INEC 2008; Estudio Canasta Familiar en Galápagos, CDF 2008.

Conclusions

The cost of basic products is definitely greater in Galapagos than in continental Ecuador due to factors already discussed in this article, such as the cost of transport from the continent to the islands. However additional factors, such as lack of governmental controls, below standard product transport, and limited agricultural planning in Galapagos also influence the difference in prices.

The cost of basic products is definitely greater in Galapagos than in continental Ecuador

As an insular ecosystem located at 1000 km from continental Ecuador, Galapagos

is poor in resources and must depend upon production on the continent. However, several alternatives exist that could reduce the difference in costs between the islands and the mainland. Ongoing monitoring of compliance with official prices could ensure that retail businesses maintain prices at more just and equitable levels. Increasing the quality and frequency of transport from the continent to the islands could potentially reduce product scarcity, thus avoiding speculation and subsequent increases in prices. Finally, a well-organized and sustainable agricultural sector in Galapagos could help to reduce the price of products that can be produced in the archipelago.

Annexes

ANNEX 1. Value (US\$) of the Basic Family Basket in various cities in continental Ecuador in 2008. Source: INEC, 2008

CITY	JANUARY	APRIL	INCREASE BETWEEN JANUARY AND APRIL	
			US\$	%
Cuenca	510.45	522.66	12.21	2.39
Loja	483.16	506.21	23.05	4.77
Quito	481.42	497.38	15.96	3.32
Guayaquil	479.71	492.92	13.21	2.75
Manta	471.68	487.79	16.11	3.42
Esmeraldas	469.64	489.33	19.69	4.19
Machala	461.47	484.07	22.60	4.90
Ambato	444.31	463.65	19.34	4.35

Annex 2. Value (US\$) of the products (by category) included in the BFB in Galapagos in January and April 2008, by island.

	January				April			
	Galapagos	Santa Cruz	San Cristóbal	Isabela	Galapagos	Santa Cruz	San Cristóbal	Isabela
Foods and beverages	230.6	224.7	249.3	267.7	261.0	255.6	287.0	285.0
Cereals and by-products	37.2	40.7	31.3	35.6	43.2	44.7	40.8	43.4
Meat and preparation	32.2	30.9	36.7	30.2	37.8	36.0	44.9	33.8
Fish and seafood	4.8	5.0	4.8	4.4	5.5	5.6	5.9	5.2
Fats and oils	6.7	6.3	6.5	8.0	8.3	7.7	8.3	9.9
Dairy products and eggs	47.2	46.1	44.3	52.6	49.8	49.5	44.4	57.3
Fresh vegetables	18.1	18.2	16.7	21.7	22.5	23.3	20.6	24.2
Tubers and by-products	19.1	17.2	37.4	18.2	23.0	19.7	51.1	22.3
Legumes and by-products	4.3	4.1	4.9	4.3	5.2	5.2	5.6	5.3
Fresh fruit	12.8	12.9	13.1	14.1	13.9	14.2	13.5	14.5
Sugar, salt, and condiments	8.8	8.4	9.3	8.6	10.0	10.0	10.6	9.4
Coffee and carbonated beverages	9.6	7.9	15.8	33.9	9.9	9.2	11.7	21.1
Other products	2.6	1.1	2.7	3.8	2.2	1.4	2.9	3.5
Other foods and beverages	27.2	25.8	25.8	32.3	29.8	29.1	26.7	35.1
Housing	226.5	206.2	185.7	287.4	227.4	207.3	186.6	288.2
Rent	190.0	170.0	150.0	250.0	190.0	170.0	150.0	250.0
Lighting and fuel	21.5	21.4	21.1	22.0	21.6	21.4	21.0	22.2
Cleaning and maintenance	13.7	13.7	13.4	13.8	14.3	14.4	14.2	14.3
Other home appliances	1.3	1.1	1.2	1.6	1.5	1.5	1.4	1.7
Clothing	23.7	24.6	23.6	21.5	22.4	24.4	21.8	21.5
Fabrics, sewing, and accessories	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Manufactured clothing - men's	11.3	12.3	11.0	10.5	10.5	12.3	9.8	10.5
Manufactured clothing - women's	8.8	8.7	9.0	7.4	8.3	8.5	8.4	7.4
Cleaning services	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Miscellaneous	170.8	167.8	165.2	183.2	174.5	172.1	171.8	189.8
Health care	96.7	96.4	94.8	105.6	99.6	99.9	96.3	107.7
Care of person and property	17.1	17.1	17.8	14.9	17.3	17.1	18.3	16.1
Recreation, reading	8.2	4.8	4.8	13.9	7.2	6.6	4.6	11.6
Tobacco	11.2	11.9	10.2	11.2	12.8	10.9	15.0	16.8
Education	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
Transportation	26.2	26.2	26.2	26.2	26.2	26.2	26.2	26.2
TOTAL	651.6	623.3	623.9	759.7	685.4	659.4	667.2	784.5

Annex 3. Value (US\$) of the products (by category) included in the EFB in Galapagos in January and April 2008, by island.

	January			April				
	Galapagos	Santa Cruz	San Cristóbal	Isabela	Galapagos	Santa Cruz	San Cristóbal	Isabela
Foods and beverages	207.2	201.4	229.2	222.5	234.4	229.2	263.8	247.9
Cereals and by-products	29.6	32.5	24.7	28.1	34.2	35.5	32.2	34.4
Meat and preparation	30.1	28.8	34.3	28.2	35.3	33.6	41.9	31.6
Fish and seafood	3.8	4.0	3.8	3.7	4.5	4.5	4.7	4.4
Fats and oils	6.2	5.8	5.9	7.3	7.5	7.1	7.6	9.1
Dairy products and eggs	35.7	34.7	34.0	39.6	38.1	37.6	35.1	43.7
Fresh vegetables	17.4	17.8	15.9	20.4	21.1	22.0	19.2	22.6
Tubers and by-products	17.6	15.5	39.2	16.0	20.8	17.4	52.7	19.5
Legumes and by-products	4.3	4.0	5.2	4.4	5.3	5.1	6.2	5.4
Fresh fruit	14.2	14.3	14.3	16.0	15.6	16.0	14.9	16.4
Sugar, salt, and condiments	5.9	5.7	6.2	5.8	6.7	6.7	7.1	6.3
Coffee and carbonated beverages	7.0	5.8	10.9	12.8	6.6	6.4	6.8	9.9
Other products	3.6	1.5	3.8	5.2	3.0	2.0	3.9	4.7
Other foods and beverages	31.8	31.0	31.0	35.0	35.7	35.3	31.5	39.9
Housing	163.6	161.5	141.0	192.8	164.4	162.5	141.8	193.7
Rent	121.6	120.0	100.0	150.0	121.6	120.0	100.0	150.0
Lighting and fuel	27.3	27.0	26.7	27.9	27.3	27.1	26.6	28.1
Cleaning and maintenance	13.1	13.2	12.9	13.1	13.7	13.7	13.5	13.6
Other housing appliances	1.6	1.3	1.5	1.9	1.8	1.7	1.7	2.0
Clothing	23.4	24.0	23.6	21.4	22.2	24.0	21.8	21.3
Fabric, sewing, and accessories	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Manufactured clothing - men's	10.3	11.1	10.1	9.7	9.6	11.3	9.0	9.7
Manufactured clothing - women's	8.9	8.7	9.3	7.4	8.4	8.5	8.6	7.4
Cleaning services	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Miscellaneous	95.6	91.9	91.1	101.6	95.6	93.4	93.4	102.5
Health care	22.5	21.7	21.4	25.5	23.0	22.2	21.7	25.8
Care of person and property	18.1	18.6	18.7	15.1	18.1	18.1	19.1	16.0
Recreation, reading	8.7	5.1	5.1	14.8	7.7	7.0	4.9	12.3
Tobacco	4.4	4.6	4.0	4.4	5.0	4.2	5.8	6.5
Education	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4
Transportation	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
TOTAL	489.8	478.8	485.0	538.3	516.7	509.1	520.8	565.4