

Impact of Alcohol Expenditure on Household Spending Patterns in Kenya

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Background and Objectives

- Alcohol is becoming important in household's decision making
- Likely to be more so for income-constrained households
- Objectives:
 - Document spending decision of alcohol consuming and non-consuming households
 - To test whether any spending differences **between** the two types of households are **caused** by alcohol

Methods and Data

- Methods
 - Use t tests to document expenditure differences between the two types of households
 - Use regression analysis to check whether expenditure differences can be attributed to **alcohol** expenditure
- Data
 - Use the 2015/2016 Kenya Integrated Household and Budget Survey
 - Has sample size of ~23,880 households

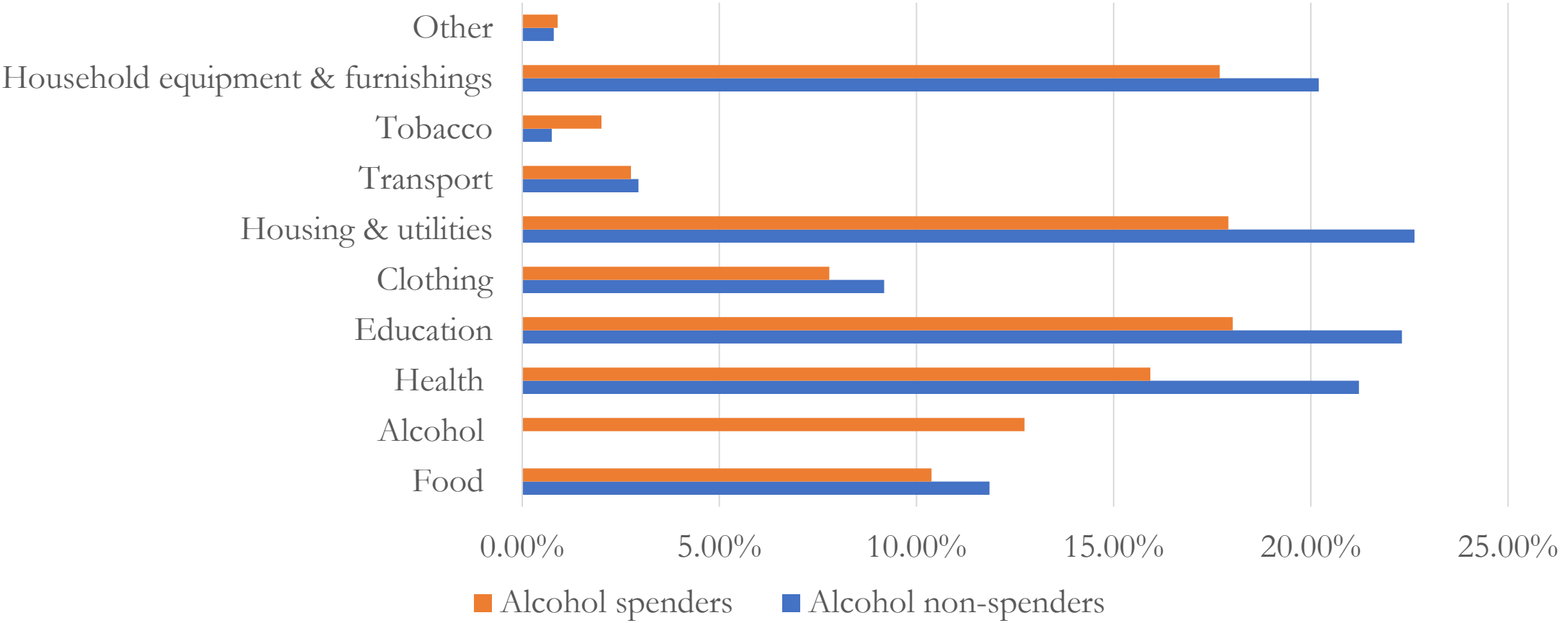
Discussion: A look at the data

Independent Variables	Urban	Rural
Monthly Alcohol Expenditure	380.78 (USD 3.8)	272.43 (USD 2.72)
Monthly Household Expenditure	46147.01 (USD 46.15)	34167.19 (USD 34.17)
Proportion of Male Adults	0.52	0.5
Household Size	4.05	4.49
Proportion of adults in the household (household structure)	0.63	0.58
Age of household head	44	47
Average age of adults in the household	39	41
Average age of children in the household	8.03	8.23
Years of schooling of household head	4.76	4.96

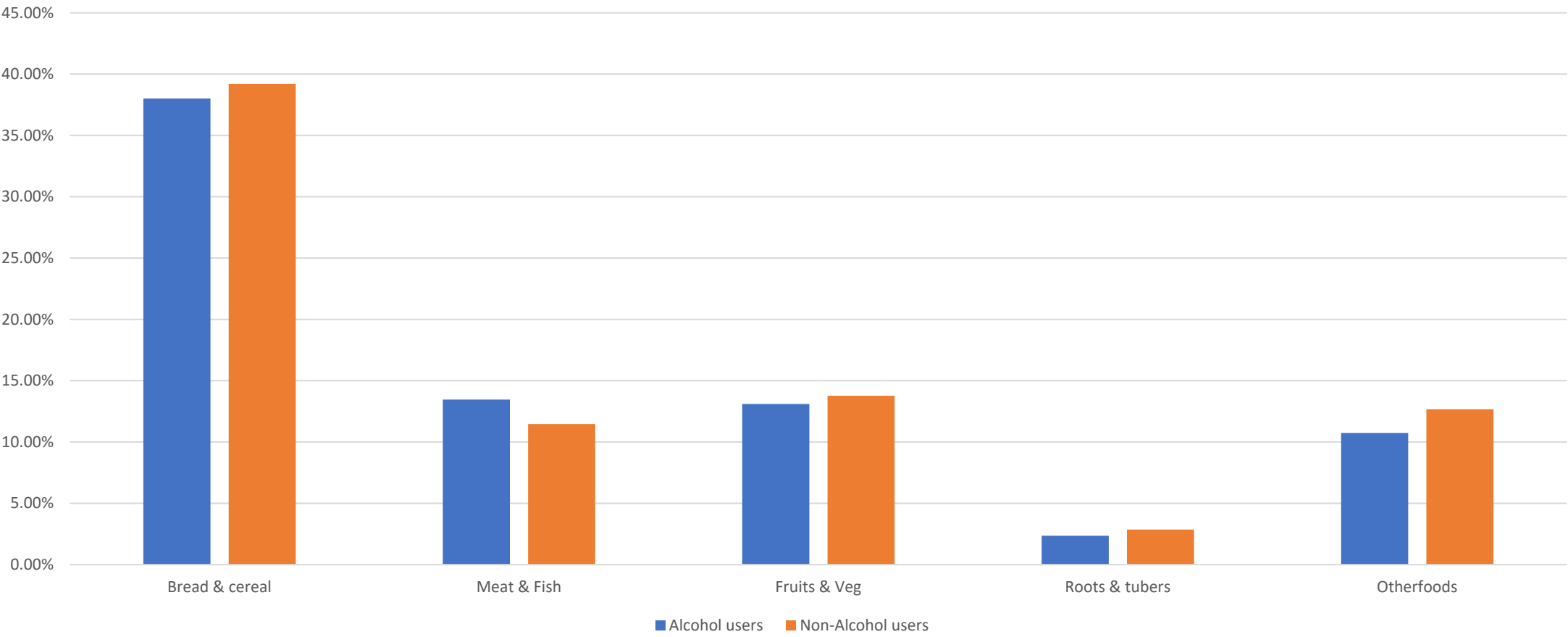
Discussion: Results

Expenditure Share on	Urban				Rural			
	n	Non-Alcohol Consuming	Alcohol Consuming	Difference	n	Non-Alcohol Consuming	Alcohol Consuming	Difference
Food	11,235	0.31	0.29	0.0178*	10,526	0.32	0.31	0.01
Tobacco	11,235	0.01	0.02	-0.01	10,526	0.01	0.02	-0.01
Transport & communication	11,235	0.03	0.03	0.00	10,526	0.02	0.03	0.00
Personal Care	11,235	0.03	0.03	0.00	10,526	0.03	0.02	0.00
Medical	11,235	0.02	0.01	0.00	10,526	0.02	0.02	0.00
Housing	11,231	0.10	0.10	0.0069**	10,526	0.10	0.09	0.01
Clothing	11,235	0.07	0.07	0.0049**	10,526	0.08	0.08	0.00
Education	11,235	0.22	0.19	0.0275***	10,526	0.20	0.17	0.0239**
Home Care	11,235	0.02	0.02	0.00	10,526	0.02	0.02	0.00
Energy	11,235	0.04	0.03	0.00	10,526	0.03	0.03	0.00
Equipment	11,235	0.16	0.16	0.00	10,526	0.16	0.15	0.00
Entertainment	11,235	0.00	0.01	0.00	10,526	0.00	0.00	0.00
Water & Sewer	11,235	0.01	0.17	-0.16	10,526	0.01	0.00	0.00
Other	11,235	0.20	0.21	-0.01	10,526	0.18	0.17	0.02

Discussion: Results



Discussion: Results



Conclusion & way forward

- a) Alcohol displaces expenditure on essential goods and services such as food, personal hygiene and healthcare.
- b) Alcohol spending households spend less on all categories of food, and possibly less healthier.
- c) Strengthen alcohol control and regulation measures. These reductions would enhance household- and -population level well-being, especially for the most economically vulnerable groups of the society.
- d) Significantly increase alcohol excise taxes to raise prices of alcohol products, which is the single most effective and most cost-effective measure for reducing alcohol use.

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