

<p>Palau</p> <p>Table A. Comprehensive Framework</p> <p>External Sector</p>
--

CORE FRAMEWORK: Balance of Payments
National Descriptor:
(if different, please indicate)

ENCOURAGED EXTENSIONS: International Investment Position (IIP)
(as applicable)
National Descriptor:
(if different, please indicate)

Information applies to: Core Framework only
(select from drop down list)

National Methodological Publication:
(as applicable, including information on how it may be obtained)

CONTACT PERSON(S):
(Enter the contact information of a person in the following order on separate lines: Name, Title, Agency, Address, Telephone, Fax, E-mail Address Leave a blank line between two persons' information.)

Name	:	Dennis Oilouch
Title	:	Head, Statistics Office, Bureau of Budget & Planning
Name	:	Visia N. Alonz
Title	:	Statistics Specialist, Statistics Office, Bureau of Budget & Planning,
Agency	:	Ministry of Administration
Address	:	P.O. Box 6011, Koror, Palau 96940
Telephone	:	(680) 488-2738/6057
Facsimile	:	(680) 488-5627
E-mail	:	ops@palaunet.com

DATE METADATA UPDATED: November 2002

I. Analytical Framework, Concepts, Definitions, and Classifications
--

Describe the analytic framework used, identifying the main components that are published; the classification systems used; and any disparity (e.g., in scope or procedure) between data of different periodicity. If an international (or regional) statistical guideline is used, state in which respects the guideline is followed and in which respects national modifications are made. Major modifications should be particularly noted.

Analytical Framework, Concepts and Definitions:

A. Annual Data

1. Data compiled by the Bureau of Budget and Planning, Statistics Office and published in our Annual Statistics Yearbook in July each year:
 - **Goods and Services**, broken down into: imports f.o.b; freight and insurance on imports, travel; investment income; interest payment; government and elsewhere included; and other.
 - **Unrequited Transfer**, broken down into private and official.

2. Data compiled by the Bureau of Budget and Planning, Statistics Office for FY 1999 and FY 2000 are as follows:
 - **Current Account, net (including official grants)**, classified into: trade balance, fob; investment income (net); service (net); balance on goods, services and income; transfers (net), *including official grants; and the current account balance (including official grants).*
 - **Current Account, net (excluding official grants)**, classified into: trade balance, fob; investment income (net); service (net); balance on goods, services and income; transfers (net), *excluding official grants; and the current account balance (excluding official grants).*
 - **Financial (Capital) Account**, The difference between the total receipts and total payments of current and capital accounts, and the changes in financial holdings.
 - **Overall Balance**, Reflection of the changes in the financial holdings or increasing assets in the Government Budget.

Classification System:

The data are organized in a number of different ways, all of which are based on the fourth edition of the IMF's Balance of Payments Manual (BPM4).

II. Scope of the Data

Identify the coverage of institutional units, transactions, and geographic areas about which data are disseminated. Note any major departures from international guidelines (e.g., national accounts exclude units engaged in informal activities, central government excludes social security funds). Identify periodicity and timeliness of the data.

Unit Coverage:

The Palau Balance of Payment is intended to cover all household & institutions, but gaps do exist, and those gaps are identified below in "Unrecorded Activity".

Transaction Coverage:

The data cover all transactions of residents with no international exclusions.

Geographic Coverage:

The entire country is covered.

Unrecorded Activity (as relevant):

Palau currently does not have coverage on private travel for residents; value of in-kind assistance from abroad, export of items that tourists purchases, i.e. handicrafts, postages and reef fish & other goods that Palau residents are sending to relatives aboard. Also remittance from banks and remittance companies do not have very accurate coverage.

Periodicity:

Identify the frequency of compilation and dissemination of the data (e.g., monthly, quarterly, annual)
Annual

Timeliness:

Identify the lapse of time between the end of a reference period (or a reference date) and the dissemination of the data.

Provisional data are available two to three months after the relevant fiscal year (September 30). Palau Government audited reports (final) however are available 9 months after the fiscal year. **Palau Balance of Payment data are available in our annual Statistical Yearbook which the Statistics Office publishes 9 months after the relevant fiscal year.**

III. Accounting Conventions

The time of recording (cash, accrual, or other (specify)), valuation methods, and other accounting conventions should be specified.

All data are recorded at market prices, including data on fish exports to Japan and garment exports to other countries.

Recording of Income: The data are a combination of cash and accrual data. (Data obtained from the custodian companies are on cash-based, while the data obtained from the Bureau of National Treasury are primarily on an accrual basis.)

IV. Nature of the Basic Data Sources

For the main components disseminated, indicate whether data are compiled from administrative records, surveys, censuses, or combinations of these. Briefly describe the means of data collection; where sampling is used, the sampling methods should be briefly described.

The basic data are obtained from a variety of sources.

Merchandise trade data: The main source is the overseas trade statistics with the data on imports f.o.b using a set formula (freight and insurance are assumed by IMF to be 25% of the value of f.o.b imports).

Freight and Insurance: *Credit data* are included for freight and insurance. The *Debit data* are calculated using the formula described above.

Other transportation: Based on data collection difficulties from the Continental Airlines, and Port Authority, the IMF omitted the transportation line item.

Travel: *Credit data* are obtained from the Palau Visitors Authority (PVA), and *estimates on average length of stay and average daily spending* are computed by the PSD project based on the PVA Survey Report and the information from the hotels in Palau. *Debit data* are obtained from the DILOG 134-P Financial Report, Bureau of National Treasury, Ministry of Administration.

Investment Income: Data on Investment Income are obtained either from the Compact Non-Trust Fund, Social Security, Capital Projects Fund and the Special Revenue Fund, or from the Office of the President, Bureau of National Treasury under Ministry of Administration, and the Social Security Office.

Private Unrequited Transfers: Data are collected by the Statistics Office from the banking institutions.

Government Unrequited Transfers: Data for foreign aid receipts (in cash and in kind) are obtained from the Bureau of National Treasury under Ministry of Administration, Bureau of Foreign Affairs under the Ministry of State.

Official Non-Monetary Capital: Data on loan drawings and repayments made by the government and statutory bodies are obtained from the Bank of Hawaii, and Bank of Guam –Palau Branch.

Monetary Capital, Commercial Banks: Data are obtained from the banking institutions.

Official Reserves, etc: Data are provided by the Foreign Reserve Bank and Custodian Companies. All custodian companies are United States Investment Firm based in the United States.

V. Compilation Practices

Describe any adjustments made to the basic data sources (censuses, surveys, or administrative records). Include, as appropriate, a description of procedures for estimating missing values, grossing-up samples, consolidating data, cross-checking data sources, and reconciling alternative estimates. For price-adjusted measures, describe the general approach used.

Fish is exported to Japan. Fish from Palau are not treated as exports because the fishing companies are foreign own, so in essence Palau is only as a transshipment point for the fish. Palau does not add value to the fish so only **the fish tax** and packaging are **reflected in the goods and services heading** in the Palau Balance of Payments. Garment is exported to other countries primarily the United States and its territories, i.e. Guam. Garment however is treated as export since materials are imported in; the materials are then sewed in to clothing. So although garment industries are treated as exports, the initial value of the imported materials has to be netted off.

VI. Other Aspects

Briefly describe any other aspects considered important, such as seasonal adjustment, base years, reference years, and disclosure control procedures.

No seasonal adjustment is made.

VII. Plans for Improvement

Describe short-term (in the next year) and medium-term (2-5 years) plans for making improvements in the comprehensive framework and note any improvements that have been implemented in the past two years. Technical or other assistance needs that may be required for implementing these plans should also be noted, if applicable. If it has been determined that there are no shortcomings that need to be addressed, this determination should be explicitly stated.

Recent Improvements:

The Bureau of Budget and Planning assigned a UNV-Financial and Development Planning Specialist, UNDP-Public Sector Development Project, to prepare the Balance of Payments Statistics for fiscal years 1999-2000. The UNV-Specialist compiled, computed, and recorded the data on current account, service account, income, current transfers, and capital & financial account with reference to the fifth edition of the IMF's Balance of Payments Manual.

The preparation of the Balance of Payments manual, technical report and guidelines to be used in the calculation of the balance of payment statistics for Palau is being completed.

Bureau of Budget and Planning contracted an expert from Stats New Zealand in 2001 to review Palau Balance of Payment after UNV-Financial and Development Planning Specialist has finished compiling Palau-Bop to assess its quality and make recommendations for improvement.

Short-Term Plans:

Begin improvements on existing Balance of Payments as recommended by experts from Stats New Zealand

Medium-Term Plans:

Hire local staff with the appropriate qualification to assist in the compilation of the Balance of Payments

Technical Assistance/Financing Needs/Other Prerequisites:

Short-Term:

PFTAC visit to review current methodology and fill in gaps identified by Stats New Zealand.

Medium-Term:

None