

Palau
Table A. Comprehensive Framework
Real Sector

CORE FRAMEWORK: National Accounts
National Descriptor:
(if different, please indicate)

ENCOURAGED EXTENSIONS:
(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:
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Leave a blank line between two persons' information.)*

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Date : November 2002

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:

Benchmark estimates of GDP at constant prices were produced using the income, expenditure, and value-added approaches for 1984-85, 1992-93, and 1993-94. There is a set of new accounts for the year 2000 based on new administrative data that closely follows the *UN's System of National Accounts 1993 (SNA)*. These accounts include a production account, broken down to institutional sectors and industry, and a primary distribution of income account, which encompasses the generation of income and allocation of primary income accounts. These provide a new estimate for national income on a gross and net basis. Estimates are made for the allocation of primary income account within the property incomes section.

Developments are ongoing with secondary distribution of income, use of income, capital, rest of world, and goods and services accounts. Estimated balances for domestic production, national income, and national disposable income have been developed for 2000. Estimates for 2001 are presently being compiled.

The basis of the latest accounts is an annual corporate report that must be filed with the authorities and is available to the Statistics Office. This has been redeveloped over the past year to include income, expenditure, fixed asset schedules, and balance sheets.

GDP at constant prices is currently estimated by deflating the current or nominal price GDP by the CPI to arrive at a crude estimate of economic growth.

GDP data are published in the Statistics Office's *Statistical Yearbook* and are also made available to the public request.

Classification System:

All classifications are based on the *System of National Accounts 1993* and the International Standard Industrial Classification (ISIC) and International Institutional Standard Classification (IISC).

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:

Incorporated companies required to file the Attorney General's Annual Corporate Report are covered.

Transaction Coverage:

Geographic Coverage:

The national accounts cover the entire Republic of Palau.

Unrecorded Activity (as relevant):

The private household sector with paid domestic workers are not entirely covered, but estimates are incorporated into the report. Estimates are based on Social Security data paid by employers on behalf of their employees. The estimates assume that a certain percentage of the hired domestic workers are not in the system.

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.

9 months in the *Statistical Yearbook*. Data are also available upon request.

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 on an accrual basis, with the exception of government fiscal transactions which are recorded on a cash basis. Corporate and Social Security data are recorded on a quarterly basis while government fiscal accounts are recorded on a fiscal year 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.

Data are compiled from administrative records (Corporate Reports & Social Security records). Both sources are readily available one month after each quarter. Government fiscal accounts represent another important data source and are available one week after each month. Estimates for the Agriculture and Fishing sector are based on the population census.

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.

Data are compiled from the quarterly Corporate Reports filed through the Attorney General's Office. Since those data cover only incorporated companies, Social Security Data are used to derive ratio of output, intermediate consumption, consumption of fixed capital, and the resultant gross value added of those incorporated companies. The ratios derived are then rated up to cover those companies not required to file Corporate Reports (i.e. sole proprietorships and partnerships) to cover the whole economy. After Gross Value Added is derived (at industry level), Total Gross Value Added is calculated. Taxes identified through government fiscal accounts are then netted off and subsidies added to arrive at GDP at basic prices. Consumption of fixed capital (CFK) is then estimated to arrive at NDP. Constant price GDP is then estimated by using our CPI as a deflator.

VI. Other Aspects

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

The reference year is the fiscal year (October 1-September 29).

Although Palau recognizes that Gross National Income (GNI) is an important economic indicator, we do not have the resources to compile it at this time.

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:

Improvements in the National Accounts are ongoing, and thus Primary and Secondary Income Distribution Accounts are almost complete. The two major data sources (the Social Security Office and quarterly Corporate Reports) are considered to be reliable sources. However, data relating to Agriculture & Fishing activities are estimated, and past estimates are being revised based on the recently completed 2000 Census.

Short-Term Plans:

Complete the Primary and Secondary Income Distribution Account.

Seek funding to hire additional staff, preferably with economics/accounting, finance degrees to improve our staff capabilities.

The U.S. Department of Interior will be assisting Palau in conducting an Agriculture Survey, most likely in mid 2003.

GDP compilation manual is being finalized and will be published.

Medium-Term Plans:

Improve timeliness of publication from 12 months to at least 9 months.

Develop industry specific price deflators.

Technical Assistance/Financing Needs/Other Prerequisites:**Short-Term:**

Palau would like to request a Pacific Financial Technical Assistance Center (PFTAC) review, preferably in 2003, to assess progress thus far in developing a more comprehensive system of National Accounts.

Funding is needed to hire additional staff.

The U.S. Department of Interior has offered assistance in conducting a Household Income and Expenditure Survey (HIES), labor force survey and agriculture survey in the next two years. The assistance includes funding as well as technical expertise.

Medium-Term: