



# Technical Assistance Consultant's Report

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## Marshall Islands: Strengthening the Economic Planning, Policy, and Statistics Office (EPPSO)

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For the Economic Planning, Policy, and Statistics Office

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**Asian Development Bank**

## TA-4199 RMI Final Report: Statistics Advisor

### Three new statistical Systems in place

EPPSO now has the following new statistical systems:

#### 1. Government Employment Statistics

- The Payroll database: Comprehensive tabulations of data from National Government Payroll. EPPSO is to receive a quarterly download which runs into an MS Access database, for editing and output. This will be useful for monitoring any public service reforms that may be implemented. Gross salary and employment numbers can be monitored, by Fund, Department, Organization (to detailed levels if needed) and Cost Center. The detailed results should be shared with Finance/ Budget / Performance Budget staff and perhaps individual departments. EPPSO could put together a quarterly summary of the key results for public release.

#### 2. Economy Wide Employment Statistics

- The Social Security database: Tabulations of Gross salary and employment numbers by Institutional Sector, ISIC Industry, plus an new ISIC breakdown of private sector employment which might make a useful policy paper/public release in its own right. Data is received from Social Security, uploaded into an MS Access database, edited and tabulated. EPPSO should update this quarterly to cement the routine, but the data is best published once a year. I would recommend that EPPSO share the results with Social Security, and also that Hemline and John be asked to show Social Security staff how the system works. Teaching is a great way to learn!

#### 3. Real and Nominal GDP (Income), by Institutional Sector

- The RMI GDP Excel workbook: The GDP system is set up to make the annual update is as straightforward as possible. A clear set of data inputs is required, including questionnaires, audits/financial statements and outputs from the Social Security database. EPPSO staff need only ensure that everything is collected, (or estimated) and the GDP results are generated automatically. However, the workbook is '*open*', so that staff can follow and understand the calculations and methods, but they do not have to understand everything for the system to work. But understanding is important to be able to properly the GDP results before release. I have recommended a 'duplication' approach, whereby two staff independently update copies of the GDP workbook, compare the results and resolve any differences. This will help reduce errors and I hope build knowledge and teamwork.

Each of these have been updated to FY2005 for the Statistical Abstract

In addition to the main outputs above, other assistance, on the job training and advice has been provided throughout the 8 months of the TA.

### Training and Documentation

Three staff (Hemline Ysawa, John Henry and Rudy Rilang) have received training on each of the new statistical systems. We had to spread out the GDP training out to work around staff commitments to the USP courses. The training was a challenge for the staff, because there was a lot of technical and conceptual learning required. I think they have done well but they must now cement the training with practice.

EPPSO has been left with very comprehensive user Manual for each system (almost 120 pages of reading). EPPSO management should encourage staff to read and use the manuals. This documentation should also enable any experienced economic statistician to add further developments into the GDP system.

### **Maintenance of the new statistical outputs**

The responsibility now lies with EPPSO to make good use of these systems.

Regular release of the data will help institutionalize both the statistical update processes and the external demand for the data. I would recommend the following schedule.

- Payroll: Update and publish quarterly
- Social Security: Update quarterly for practice, but publish annually
- GDP: Update and publish annually

These systems have been designed with EPPSOs staff capacity in mind, particularly the need to minimize the time inputs required.

Also, I have tried to encourage the statistics staff to work together, because this will give better quality control, and minimize knowledge loss if any of the current staff leave.

### **Future work**

I would prioritize future assistance on RMI economic statistics as follows:

1. **Support for the new systems.** Sustainability is always an issue with any new statistical processes. These are still an early stage and there are risks, particularly with GDP which is the most complex and will not now be updated for another year. I would recommend that EPPSO seek assistance for the next years update and possibly the year after; someone for at least 2 week, up to one month, to review the staff's work on Social Security and GDP updates, correct any data problems and identify and meet follow-up training needs.
2. **GDP quality improvements and industry breakdown using Gross Revenue tax data:** I was unable to implement this due to delayed implementation of the new computer Tax system and also because of the time to complete the current GDP system, training and documentation complete. Building an Access database for the Business Gross Revenue Tax would be a valuable investment for EPPSO. The system should follow the editing and missing value fill approaches used for the Social Security database. The BGRT data will need to be classified by Sector and Industry (and if possible linked with the Social Security data).
  - a. Firstly, revised estimates for private sector operating surplus within the current GDP by Income Component presentation.
  - b. Secondly, the development of GDP by Industry (ISIC).  
One of the key benefits of this would be better tracking of private sector developments

3. **GFS and Balance of Payments:** These are both needed, but developing these locally will not be possible until EPPSO is able to increase staff numbers. The GFS could potentially be done by Finance

Kommol Tata to Carl and the EPPSO staff for making me welcome and supporting this work. Kommol also to the many people and agencies in the RMI, who have helped by providing data and in other ways.

Glenn McKinlay  
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