

6. SOCIAL CONDITION AND HUMAN RESOURCE

6.1 Social and Cultural Issues in ROP

This section will discuss cultural and social issues that Republic of Palau is facing at the moment. In comparison to other developing countries in the world, Palau has been stable in terms of the social and cultural environment in the post-colonial era. After the independence in 1994, the country has had political and social stability though economic condition is questionable as the JICA Study Team points out in this report. However, some sociological studies suggest that there has been always difficulty for the people balance their tradition and modernization. Likewise cultural and social issues observed in the present Palau have been raised for the incompatibility between the tradition and recent development. These two elements play significant roles in the present political, economic and social structure, yet they are mutually exclusive and this has produced a dichotomized social structure and confusion among the community. This section will discuss the most significant socio-cultural system concerning with the Palauan tradition called Shukang (custom), the ceremonial social gathering and gift exchange activities of Palau. The activities are still largely conducted among the present Palau, in spite of the incompatibility with recent 'American modeled' social and political structure.

6.1.1 Historical Changes and Effects of the External Influences on Palauan Socio-cultural Environment.

In the post-war era, Palau was influenced both culturally and socially by the United States as they took the political initiative. For the strong influence, the place significantly changed her value, moral and ideological basis for the external influences. The collective traditional/cultural understandings have transformed their forms, functions and meanings. Consequently, this social transformation has affected the way that 'traditional' social structure had sustained the cultural and social coherence.

In the post-colonial era, Palau has maintained an American modeled political system, yet the people notably developed their notion for the national identity and the traditional culture. The people became more aware of their pre-colonial values, the traditions and the effort to maintain their traditional customs; values and social structure have been made in various spheres of the post-colonial Palauan society. Preserving their chief system as a part of the present political structure, continuing to carry out their traditional ceremonial activities/social gatherings (Shukang) are two most remarkable examples. However, like other developing countries in their post-colonial era, certain features of traditional system, such as the sense of communal property and chief system do not fit in the modern political, social and economic system of the post-colonial Palau. Here creating a balance between the traditional cultural systems and the promotion of development has become problematic and a significant element of the social issues.

Moreover, it is claimed that many parts of the ancient religious and customary ideas and practices of the Palau have died out through contact with the outside world, in other words the colonial experiences. Especially nowadays, many complain that their traditional values and moral have been replaced by the 'American' system. In addition, the elders often say that the young generation are no longer interested in the preservation of the 'Palauan ways of living', but more incline to 'gaining cash'.

6.1.2 The Significance of Palauan Traditional Social Gatherings (Shukang)

Palau has many traditional social gatherings and they all involve certain ceremonial exchanges. The main occasions for the ceremonial exchanges are the marriage, the funeral, the house building and the celebration for the first baby birth. Each occasion

exhibits different customary rules for the operation of exchanges and these rules differ between different regions, families and clans. Despite the effort of documentation of these different customary rules by the historical preservation officers, it seems now difficult to have a complete understanding of all the customary activities among the people due to their long time colonial experiences and the post-colonial western influences. Despite the loss and changes of the customary rules for the operations of the ceremonies, the exchange activities are still largely conducted in the present Palau and the people consider them important for their 'cultural identity' and 'family ties'. Some explain that conducting their exchange activities is what makes them as 'Palauan nation'.

According to sociological studies and a survey that the researcher conducted in the last three months, the trend of the exchange activities involved in the Palauan traditional social gatherings is to use American dollar as the medium of the exchanges. Traditionally, the medium used for the traditional social gatherings were the local stone made money and locally produced foods, such as taro potato, fish and pigs. Yet it is more common now to present certain amount of American cash for the gift. The exchanges are usually conducted between relatives or close friends and known to be applicable only for the married adults and the amount of the gift cash has been increasing significantly for the last twenty years. For example, one should gift at least \$25 for the least close friend's or relative's house building party and one might have to give more than 10,000\$ for her close relatives funeral. These exchange activities hence can be a heavy economic burden and it often happens that the people make a loan from a commercial bank in order to fulfill one's social expectations.

Social functions of Shukang

Having said above that the purpose of the exchange activities is often explained to regenerate collective consensus and interpersonal relationships among individual lineage members and friends. It is believed that any Palauan should participate in the customary exchange activities, as 'Palau is a group directed society'. The virtue of sharing any material possession is here to be emphasized between the participants. The amount of the gift is claimed not important, but to show one's care is often said as the primordial.

However, this idealized understanding about the exchange activities can often be replaced with a rather rational explanation. It is that the purpose of giving the gift money is 'an alternative way to accumulating the capital without using a bank. In the Palauan exchange systems, the reciprocity for the gift exchange is the primal rule. It is necessarily to give back whatever given to the person. In any of the exchange activities, it is seen that the all amount given from the gatherer is documented and the given is supposed to must return more that what is given to him or her. This strong reciprocity perpetuates the activities themselves as well as assures the return of the donated American cash. Hence whenever a person has his own ceremony, he or she should be able to collect more than what he or she has spent for previous social gatherings for others' ceremonies.

This duty of reciprocation is often explained to tie one's interpersonal relationship with his relatives or friends. One explains that the reason why they return more than what they are given is to prevent an equalization of money loan, because it is understood that lending or owing someone function to institutionalize the relationship. In other words, by keeping one's monetary relationship to someone not equalized, one is reminded for a future occasion to reciprocate to the person whom the one owe to.

Furthermore, similar to other gift exchange systems observed in pacific region, exchange activities involved in their traditional social gatherings in Palau can be used to reconstitute one's social position. That is to say, one can promote his or her social

position by presenting a large amount for a gift exchange. Moreover, the exchange activities can be utilized for political campaigns, which politicians donate certain amount of cash in order to gain a larger social recognition.

Certainly, there is a social control for the amount used in the exchange activities. Traditionally, for example, the younger cannot present more than the elder can for it can disrespect their generosity. This social control however can only enforce to reduce the amount when the elders wished not to do so. If an elder person decided to use a large amount the younger may have to follow the decision.

Shukang as a social burden

Through this research, the researcher-conducted interviews with randomly selected 100 Palauan people, many of the interviewed imposed that they prefer to continue their ceremonial traditional social gatherings. According to them, it is because that participating in those gatherings enforce their social ties and the exchange activities function to sustain each other among their clan, family or any kind of social members. Almost 80% of the interviewed imposed that it is important to maintain conducting their traditional gatherings together with the exchange activities for they are the 'virtue' of Palauan culture.

On the other hand, it is also true that many commented that the excessive amount of cash involved in the present exchange activities has changed the 'authentic' meaning of the social gatherings. They say that the exchange activities were originally a medium for Palauan people to care and support each other mainly among the kin/clan members. The operation of the exchange activities, however, has become a political arena since it involved a large amount of money. The exchange activities are now more of a social burden, which the participants are pressurized to arrange the cash to donate. It is also told that many have loans from commercial banks or individuals for their payment of exchange activities.

Negative consequences of the transformation of Shukang activities

As explained above, in the present Palau still, there is a vigorous social rule that one has to fulfill his/her exchange payment otherwise they will be alienated from their social circle. The activities are so attached to Palauan social life and the cultural identity that it is impossible to neglect them. However, the cost to maintain one's social expectation involved in the exchange activities is more than what one should afford to. It is said during research interviews that a married person would use at least 100\$ for the exchange activities monthly, that could be more than 15% of their income. In the case that a person participated in a closely related kin, the amount for the gift could exceed more than 10,000\$. This financial burden has become a causal element of several social problems observed in the present Palau. These negative consequences are;

- Lack of youth education;
- Slump of land prices; and
- Excessive alienation to foreigners.

Lack of youth education: The demand to arrange a large amount of cash for the exchange activities has encouraged the people in Palau to work on the non-domestic basis. Of course, the people's interests in the capital market system and the cash economy rather than domestic work has been promoted strongly for the postwar American influence. Some might simply explicate the trend for the people's material desire concomitant to the western consumption. This has encouraged, in Koror particular, both parents to work to 'gain American cash' in stead of maintaining their traditional division of labor, that is the wives stays at home. The condition has led the decrease of the time that parents can spend with their children. Consequently, the parents hire domestic helpers who are cheap yet not capable to conduct a proper

child-care. Moreover those domestic helpers are not given enough power to discipline children since they are largely discriminated by the parents hence the children who are supposed to respect them.

Slump of land prices: At the moment, Palau land court has settled over 40% (approx.) of the land tenure. The issue of land tenure in Palau, similar to other newly developing Pacific countries, is often considered one of the most problematic affects of the colonial experience, that the foreign political administration arranged the land tenure without fully understanding the local customs and the cultural codes governing the rules to distribute their land. This historical understanding is in a way correct, yet the present problem of land tenure seems more complicated than a colonial effect.

The needs of cash to fulfill social expectation of the exchange activities has led some of the present Palauan people to either sell or mortgage their lands. When a Palauan person is to participate in a social gathering, which demands a large amount gift for his/her social position, the person may have to arrange the cash without a loan from a commercial bank. If the person had not finished to pay off a loan set previously, he/she might not be able to set another mortgage. The person hence would arrange the cash privately. Many of those private arrangements set to be advantageous for the lender. The arrangements often involve alienation of land tenure without any public control of the prices.

Excessive alienation of foreigners: The social gatherings are usually organized only for Palauan people. Even the foreigners married with Palauan people are not expected to participate in the exchange activities though they might have to assist the ceremonial arrangements for the gatherings, such as preparing the meals for the guests. It is persisted that the strict kinship and family relationship govern the exchange activities, thus non-Palauan person would not be able to understand and operate the activities. It is because those certain rules for the social gatherings and the exchange activities are considered quite specific to a clan or family. This explicit distinction between Palauan people and the foreigners were not problematic if their activities did not burden the participants.

Through the interview and the observation, it was claimed by many Palauan people that the traditional concept of sharing as a part of their strong cultural identity discourages any conduct explicitly connected to one's material desire. The idea of the individuality in property possessions is not admired especially among the middle class Palauan people because of the traditional concept of sharing.

Similarly, the social gathering and the exchange activities are understood important to perpetuate the traditional concept of sharing. The people consider that preserving the customary exchange activities would sustain and maintain their cultural identity and their feeling of nationalism. In a way, participating in the social gatherings and showing their generosity through the exchange activities function as the embodiment of the traditional moral, care and common sense.

Nevertheless, the recent increase of the exchange cost and the manipulative political usage of the traditional exchange activities have brought about stress and suspicion among the participants to the exchange activities. The feeling of community and sharing seems no longer the core motivation of the participant's, instead the social expectation from their close relatives and friends force the people to participate in the activities. Social relationship in the present Palau consequently has become constitutive through their fulfillment to the exchange activities.

Subsequently those who do not participate in the exchange activities, foreigners, are not legitimate to establish as 'traditionally authorized' social position as those who participate in them, the Palauan people. In every level/sphere of Palauan society, as the study team mentioned, the kin relationships rubricate the human relationship both in

negative and positive ways. The alienation of non-Palauan citizen hence occurs in all Palauan social spheres. Moreover, the idea of reciprocity either legally or privately between the Palauan people and foreigner can be less recognized by the Palauan people as there is no 'cultural and social' sense of sharing and community.

Suggestions

Shukang is originally a traditional system to balance the social hierarchy in terms of the economy or political power in Palauan society. However, due to the external influences, the form and meaning has transformed into more secular activities involving the participants' individual desire rather than the advantage of the community. Contradictory, in the present Palau, the traditional social activities perpetuates the social cultural issues, such as the lack of youth education, the slump of land prices and the excessive alienation to foreigners. It is because that the people are not still aware of the substantial changes of the activities and the effects.

At the present, there are some public projects working to resolve those social issues. The Palau women conference held once a year considers the misuse of the traditional exchange activities quite problematic. It is suggested that the people should discourage to involve large amount of American cash (dollar) in the exchange activities, as the activities themselves would lose its authentic meaning. This project has been successful in the way it prohibited the people to conduct the activities in certain seasons (between Jun to July of 2000).

However, the women conference focuses only the usage of the excessive amount of money for the social gathering, yet they do not see the causality of the present social issues embedded in the exchange activities. Moreover, the conference also set the priority to reform the activities to be more authentic and culturally correct hence the significance of the present activities has not been comprehended. It is recommended that there have to be a through analysis on the activities, that the people can comprehend the problems.

6.2 Household Income and Expenditure

6.2.1 Household Income

Based on the Census data, an average income of household was \$18,080 in 1994 and the total income of 2,974 households amounted to \$53.8 million. In the previous Census an average income was \$13,395 in 1989. Assuming the inflation rate at 4 percent p.a. during the period, a growth of income was 2.2% per a year for five years.

The "1997 Bridge Survey of Population, Housing, and Expenditures" provides the latest information about household income, though it is a sample survey carried in the ROP excluding Kayangel, Sonsorol and Hatohebel. It is estimated that 3,320 households in the ROP, excluding three states mentioned above, earned \$53.3 million in 1996. Income earning in 1996 is mostly equal to that in 1994 in nominal prices. An average income per household, therefore, decreased from \$18,080 in 1994 to \$16,066 per household in 1996 when inflation is not taken into account. The increase of non-Palauan employment is one of the major reasons of the decline of income.

Income level of household varies among sixteen states as shown in Table 6.2.1. The average income was the highest in Koror State, which was \$22,024, while it was the lowest in Sonsorol State, which was 4,908, or almost one fourth as that in Koror. The average income was \$21,449 and \$8,338 in the urban and the rural area, respectively. Koror and Airai State, where 2,209 households or 74% out of 2,973 households of the concentrated, earned 88% of the total household income in the ROP in 1994.

Table 6.2.2 shows household income level in urban and rural area in 1996 through the Bridge Survey. A comparison of the Bridge Survey result with the 1995 Census data

in Table 6.2.1 indicates that the differences between urban and rural household income have reduced from 1994 to 1996.

Table 6.2.3 shows the number of salary/wage worker in a household. It is one of outputs of the social survey conducted by JICA Study Team. Average number in the north of Babeldaob Island and Angaur Island is smaller than total average of 1.8 though it in Koror, Airai and Peleliu is as same as the total average. In consideration of higher salary level of government employees who are living Koror and Airai State, income gap between urban area and rural area are still large, showed in 1995 Census.

Table 6.2.1 Household Income by State in 1994

State	Number of Household	Mean		Total Household Income	
		Value (\$)	Comparison with national average income (%)	Value (\$)	Share (%)
Koror	1,964	22,024	122	43,255	80.5
Airai	245	16,841	93	4,126	7.7
Total of urban area	2,209	21,449	119	47,381	88.1
Kayangel	26	7,947	44	207	0.4
Ngarchelong	65	7,592	42	493	0.9
Ngaraard	91	11,119	61	1,012	1.9
Ngwal	47	6,232	34	293	0.5
Melekeok	54	6,885	38	372	0.7
Ngchesar	67	7,184	40	481	0.9
Aimelik	66	10,645	59	703	1.3
Ngatpang	37	11,879	66	440	0.8
Ngardmau	40	7,576	42	303	0.6
Ngeremlengui	65	8,688	48	565	1.1
Angaur	46	5,749	32	264	0.5
Peleliu	129	8,298	46	1,070	2.0
Sonsorol	19	4,908	27	93	0.2
Hatchobei	12	6,168	34	74	0.1
Total of rural area	764	8,338	46	6,370	11.9
Total of ROP	2,973	18,080	100	53,752	100.0

Source: 1995 Census

Table 6.2.2 Household Income of Urban and Rural Area In 1996

State	Mean Household Income (\$)	Number of Household	Total Income of Household (\$)
Koror	17,631	2,280	40,199
Airai	15,322	260	3,984
Total of Urban Area	17,395	2,540	44,182
Total of Rural Area	11,736	780	9,154
Total of ROP *	16,066	3,320	53,337

Source: 1997 Bridge Survey of Population, Housing and Expenditure

Note: * Kayangel, Sonsorol and Hatchobei States are excluded.

Table 6.2.3 Average Number of Salary/Wage Worker In a Household

States	Number
Ngardmau	1.2
Melekeok	1.3
Ngchesar	1.8
Koror	1.9
Airai	1.7
Aimelik	1.8
Angaur	1.2
Peleliu	1.8
Average	1.8

Source: JICA Study Team

6.2.2 Value of Production by Informal Economy

The National Informal Employment and Sustainable Livelihood (IESL) Project, which is funded by UNDP, Republic of Palau and UNICEF, aims to facilitate private sector development, primary production and family self-reliance by strengthening the informal sector. "Informal Employment" activities are defined to cover the unprotected, unorganized, small-scale, family based and self-reliant productive activities. The IESL activities are usually engaged in agriculture, fisheries including simple processing and handicraft in the ROP. Annual value of production of the IESL activities is estimated at \$5,184 thousand in 1995, of which 79 percent is sold to the market and the rests were distributed for traditional-custom and household consumption as shown in Table 6.2.4. Comparing the IESL product with the nominal GDP of the primary sector (agriculture and fisheries), which was U.S. dollar 6,544 thousand in 1995, contribution of the IESL activities is crucial for the Palauan economy.

In the urban area such as Koror and Airai, the IESL activities are very limited, where less than 2 percent of population engaged in the activities earned about 1 percent of household income. In the rural area, on the other hand, about 75 percent of household income was earned by the informal economic activities (see Table 6.2.3).

Table 6.2.4 Annual Value of Production and distribution of IESL Activities In 1995

		Annual Production and Distribution			
		Total production	Market	Traditional consumption	Home Consumption
Urban Area	Value (\$)	474	375	32	67
	Share (%)	100	79	7	14
Rural area	Value	4,709	3,710	476	523
	Share	100	79	10	11
Total	Value	5,184	4,085	509	590
	Share	100	79	10	11

Source: IESL Project

Table 6.2.5 Annual Value of Production of Informal Economic Activities In 1995

States	Population in 1995	Persons involved in Informal Activity (Persons)				Production by Informal Activity (\$ thousand in 1995)	Household Income (\$ thousand in 1994)	Share of Informal Activity (%)
		Youth	Adult	Elderly	Total			
Koror	12,299	15	62	16	93	369	43,255	1
Airai	1,481		128		128	105	4,126	3
Total of urban area	13,780	15	190	16	221	474	47,381	1
Kayangel	124	17	11	49	77	97	207	47
Ngarchelong	253	10	151	10	171	438	493	89
Ngaraard	421	40	154	15	209	549	1,012	54
Ngwal	176		70	25	95	615	293	210
Melekeok	261	25	123	16	164	215	372	58
Ngchesar	228		14	15	29	244	481	51
Aimeliik	419		81	14	95	485	703	69
Ngalpang	221	8	33		41	198	440	45
Ngardmau	162		91	60	151	241	303	79
Ngeremlemgui	281	5	34	10	49	93	565	16
Angaur	193	33	68	5	106	243	264	92
Peleliu	575	150	490	56	696	1,134	1,070	106
Sonsorol	80		24		24	88	93	95
Hatohobei	51		8		8	68	74	91
Total of rural area	3,445	288	1,352	275	1,915	4,709	6,370	74
Total of ROP	17,225	303	1,542	291	2,136	5,184	53,751	10

Source: IESL Project

6.2.3 Household Expenditure

"Household Income and Expenditure Survey in 1991" is the latest nation-wide information on household expenditure. As described in "Human Resource Development Report", the results of the survey indicate economic instability at the household level and an unsustainable lifestyle. Both in urban and rural areas a deficit of households accounted for 17-22 % of cash income (see Table 6.2.6).

Table 6.2.6 Income and Expenditure of Household

	All Households	Urban Households	Rural Households
Cash Income (\$)	12,373	14,207	9,061
Cash Expenditure (\$)	15,195	17,160	11,585
Balance (US\$)	-2,822	-2,953	-2,524
Balance/Cash Income (%)	-18.6	-17.2	-21.8

Source: Household Income and Expenditure Survey in 1991

The "1997 Bridge Survey of Population, Housing, and Expenditures" provides the pattern of major household expenditure, though it is a sample survey carried in the ROP excluding Kayangel, Sonsorol and Hatohobei.

Household consumed 17 percent of income for the expenditure of custom and social expenses such as funerals, family expenses, membership fees, church-related expenses, etc. In the rural area those expenses account for 23 percent of household income. Loan repayment also shares 15-19 percent in the urban area and 27 percent in the rural area. In the rural area almost half of household income are allocated for the custom-related expenditure and loan payment.

Utility costs, consisting of electricity, water telephone and gas/kerosene, share 6 percent, 11 percent and 6 percent of household income in Koror, Airai and other eleven states in the rural area. Health and insurance costs, including expenses for outpatient visit, medicines and insurance of health and life, account for 2-4 percent (see Table 6.2.7).

Table 6.2.7 Major Household Expenditure In 1996

	Total	Koror	Airai	Eleven States in Rural Area
Average Household Income (\$)	16,066	17,631	15,322	11,736
General Regular Expenditure				
Housing	2	3	4	1
Vehicles	4	4	5	3
Utility costs	6	6	11	6
Member ship fees, Church-related and other custom expenses	17	15	19	23
Major Household Expenditure				
Consumer Durable	9	7	2	20
Health and Insurance	2	2	3	4
Construction and Repair	3	1	1	12
Vehicle	10	10	4	13
Loan Payment	16	14	7	27
Other Expenses	3	2	1	4

Source: 1997 Bridge Survey of population, Housing and Expenditure

Table 6.2.8 shows average expenditure in both of urban area and rural area. The most remarkable difference is expenditure for customs such as house party. The level of custom expenditure in urban area is twice as much as it in rural area. If income level in urban area were \$21,449 described in 1995 Census, the share of custom expenditure in urban area would be 20% of monthly income.

The second difference of expenditure is for food. It is about \$250 in urban area, otherwise about \$150 in rural area. It seems to prove that self-sufficiency of vegetables and fishes in urban area isn't so popular as in rural area. The share of food expenditure in a monthly income would be about 15%.

Households in urban area pay charges for electricity and water more than in rural area though they pay charges of gas for cooking, telephone and gas for car, as same as in rural area.

Table 6.2.8 Average Expenditure per a Month
(Unit: \$)

Urban Area (Koror, Airai)	Food	249.7
	Electricity	86.9
	Gas for Cooking	16.9
	Water*	18.9
	Telephone	18.7
	Gas for Car**	66.4
	Customs	355.8
Rural Area (Ngardmau, Meleleok, Ngchesar, Aimelik Angaur, Peleliu)	Food	153.1
	Electricity	27.6
	Gas for Cooking	18.5
	Water*	2.4
	Telephone	14.1
	Gas for Car**	51.4
	Customs	185.3

Source: JICA Study Team

Note: *Water charge in Ngardmau, Ngchesar, Aimelik, Angaur State is free. In Airai, Meleleok and Peleliu State, it is \$5.00 per a month.

**Households that don't have cars were not included in the number

Base on the results of the Bridge Survey, monthly utility cost per household is estimated as shown in Table 6.2.9.

Table 6.2.9 Monthly Utility Cost per Household In 1996

	Total	Koror	Airai	Eleven States in Rural Area
Utility costs (thousand \$)				
Electricity	1,879	1,390	271	218
Water	651	463	30	158
Telephone	355	312	43	
Gas/Kerosane	510	278	90	142
Total	3,394	2,443	433	518
Number of Household Paying Utility Costs (units)				
Electricity	3,220	2,280	260	680
Water	3,240	2,280	260	700
Telephone	1,760	1,600	160	-
Gas/Kerosene	980	600	100	280
Total Number of Household	3,320	2,280	260	780
Share of Household Paying Utility Costs (%)				
Electricity	97	100	100	87
Water	98	100	100	90
Telephone	53	70	62	-
Gas/Kerosene	30	26	38	36
Average Monthly Costs per Household (in \$ per month per household)				
Electricity	49	51	87	27
Water	17	17	10	19
Telephone	17	16	22	
Gas/Kerosane	43	39	75	42
Total Number of Household	85	89	139	55

Source: JICA Study Team

6.3 Labor Market

6.3.1 Characteristics of population Growth

Table 6.3.1 shows population change of Palauan and foreigners in each census year. In 1995, total population of Palau was 17,255 and 26% of the total population consisted of foreign people.

Since 1980s average annual growth ratio of the total population is about 2 to 3 percent. But this growth is actually brought out by foreign migration. Annual growth ratio of foreign population has been more than 10 percent since the late 1980s, whereas that of Palauan population has been less than one percent.

Table 6.3.1 Population in Census years

Year	Palauans		Foreigners		Total	
	Number	Annual average Growth ratio	Number	Annual average Growth ratio	Number	Annual average Growth ratio
1958	-	-	-	-	8,884	-
1967	-	-	-	-	10,983	2.4%
1970	-	-	-	-	11,210	0.7%
1973	-	-	-	-	12,673	4.2%
1977	-	-	-	-	12,895	0.4%
1980	-	-	-	-	12,116	-2.1%
1986	1,550	-	12,323	-	13,873	2.3%
1990	2,377	11.3%	12,745	0.8%	15,112	2.2%
1995	4,401	13.1%	12,824	0.1%	17,225	2.7%

Source: Yearbook 1999, various censuses

Table 6.3.2 and Figure 6.3.1 show Palauan population distribution by the age groups. The figure shows that the distribution form has been changing from the Pyramid style to the pole style over the years, and the number of four age groups from 0 to 39 in 1995 is

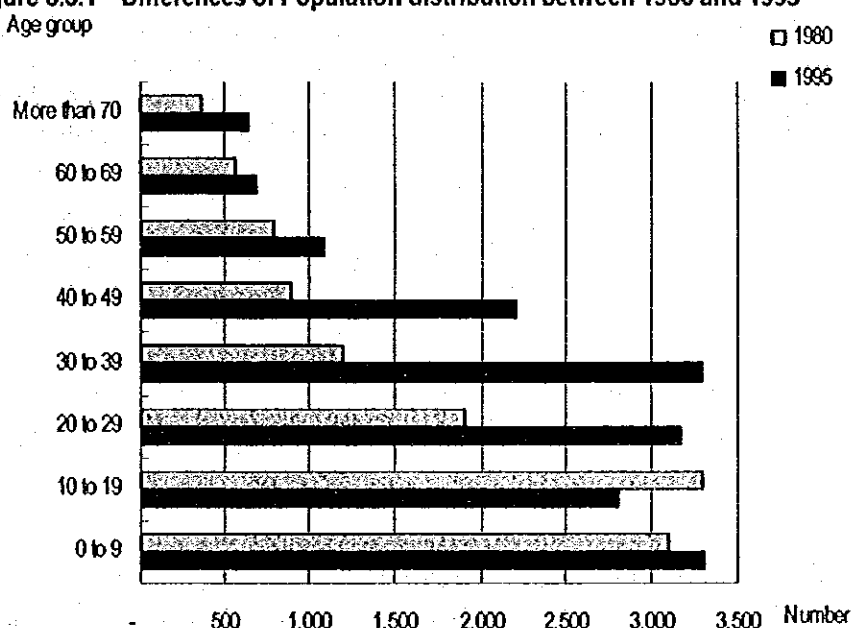
only 3,000. This figure suggests that the future population growth of Palau will be limited.

Table 6.3.2 Population distribution by age groups

Age Group	Numbers				Shares			
	1980	1986	1990	1995	1980	1986	1990	1995
0 to 9	3,102	3,122	3,042	3,313	25.6	22.5	20.1	19.2
10 to 19	3,297	3,250	2,998	2,809	27.2	23.4	19.8	16.3
20 to 29	1,907	2,587	2,743	3,168	15.7	18.6	18.1	18.4
30 to 39	1,197	1,846	2,581	3,300	9.9	13.3	17.1	19.2
40 to 49	890	1,161	1,539	2,204	7.3	8.4	10.2	12.8
50 to 59	792	809	916	1,091	6.5	5.8	6.1	6.3
60 to 69	571	652	719	689	4.7	4.7	4.8	4.0
More than 70	360	446	584	651	3.0	3.2	3.9	3.8
Total	12,116	13,873	15,122	17,225	100.0	100.0	100.0	100.0
Median	18.8	22.0	25.6	28.1	-	-	-	-

Source: Yearbook 1999, Various censuses

Figure 6.3.1 Differences of Population distribution between 1980 and 1995



Source: Yearbook 1999, Census 1980 and 1995

6.3.2 Structure of Labor Market

(1) Population of work ages, labor force and unemployment in Palau

Table 6.3.3 shows changes in working ages, labor force and unemployment population. The number of population of working ages has been continuously growing and has doubled in recent 15 years. The share of it in total population has also increased 57.5% in 1980 to 70.3% in 1995. Annual growth ration from 1980 to 1995 is 3.8% and it from 1990 to 1995 is 3.4%

The number of labor force has been increased from 2,896 in 1980 to 8,368 in 1995, and the share of it in population of work ages has also increased 41.6% to 69.1%. Annual growth ratio from 1980 to 1995 is 7.3%, which is the same growth ratio as population of work ages, and it from 1990 to 1995 is 6.6%, which is higher pace than population of work ages.

The number of unemployment has been consistently changing. In 1986,

unemployment ratio exceeded to 18% though in 1990 it was only less than 10%. The relationship between business cycle and unemployment ratio is not clear as unemployment statistic was reported only in the census, which was carried out only once every four years.

Table 6.3.3 Population of Work Ages, Labor Force and Unemployment

	Numbers				Shares			
	1980	1986	1990	1995	1980	1986	1990	1995
16 years old and over	6,966	9,024	10,238	12,114	57.5	65.0	67.7	70.3
Labor force	2,896	6,322	6,072	8,368	41.6	70.1	59.3	69.1
Unemployment	143	1,180	471	588	4.9	18.7	9.7	7.0

Source: EDP, Various Censuses

Note: Population of 16 years old and over is substitution of Population of Work Ages. Population of Work Ages means people that have potential to enter into labor market. It means that old people should be eliminated from the Population of Work Ages. Here Population of 16 years old and over is used according to previous reports and statistics in Palau

Table 6.3.4 shows the characteristics of population of working age, labor force and unemployment by gender. Though the share of male's labor force in the population of working age has increased to 24.9% between 1980 and 1995, it will not maintain such a rapid increase from now on. The share of female's labor force, on the other hand, has a potential of increase more than male's whose growth speed will be down from now on. As for unemployment ratio, female's figure is always higher than male's.

Table 6.3.4 Labor Market by Gender

Year \ Gender	Number			Share		
	1980	1990	1995	1980	1990	1995
Male, 16 years & over	3,622	5,615	6,549	-	-	-
Labor force	1,904	3,833	5,056	52.3	68.3	77.2
Unemployed	92	289	321	4.8	7.5	6.3
Female, 16 years & over	3,344	4,623	5,565	-	-	-
Labor force	992	2,239	3,312	29.7	48.4	59.5
Unemployed	51	182	267	5.1	8.1	8.1

Source: Yearbook 1999, 1980 Census, 1990 census, 1995 Census

Note: Data for Employed include armed forces personnel

(2) Characteristics of Employment Structure

Table 6.3.5 shows the employment by occupation and gender. In this table the classification of occupation is slightly different with International Classification of Status in Employment (ICSE). The preparation of the statistics should be done according to it from now on.

The share of Farming, Forestry, Fishing has increased 2.4% in 1980 to 10.0% in 1995, otherwise the share of Operators, fabricators, laborers decreased from 16.5% to 8.5%. The shares of another occupations have been stable though the numbers of them are increasing according to the growth of the labor force.

Table 6.3.5 Employment by Occupation and gender

Year	Number (persons)			Share (percent)		
	1980	1990	1995	1980	1990	1995
Managerial and professional	653	1,346	1,832	24.5	24.0	23.6
Technical, sales and administrative support	653	1,208	1,699	24.5	21.6	21.9
Service	430	1,107	1,455	16.1	19.8	18.8
Farming, forestry and fishing	65	359	773	2.4	6.4	10.0
Precision production, Craft and Repair	423	942	1,342	15.9	16.8	17.3
Operators, fabricators and labors	441	637	658	16.5	11.4	8.5
Total	2,665	5,599	7,759	100.0	100.0	100.0

Source: Yearbook 1999, 1980 census, 1990 Census, 1995 Census

Table 6.3.6 shows the employment by wage/salary source. Private company workers have increased from 37.0% of total employment to 62.6% during recent 15 years, whereas the governmental officers have dropped 56.9% (1,563 persons) in 1980 to 34.3% (2,661 persons) in 1995. Though the share of government workers has been continuously decreasing, the effort to reduce the number is necessary for the future industrial development and downsizing of government sector from termination of the Compact Fund. The share of self-employed people has been staying about 3% during 15 years.

Table 6.3.6 Employment by Wage/Salary Source

Year	Number (persons)			Share (percent)		
	1980	1990	1995	1980	1990	1995
Private wage and salary	1,016	3,323	4,859	37.0	59.3	62.6
Government worker	1,563	2,115	2,661	56.9	37.8	34.3
Self-employed	86	151	213	3.1	2.7	2.7
Unpaid family	-	10	26	-	0.2	0.3
Subsistence	80	-	-	2.9	-	-
Total	2,745	5,599	7,759	100.0	100.0	100.0

Source: Yearbook 1999, 1980 Census, 1990 Census, and 1995 Census

Table 6.3.7 shows the number of the industrial workers. In 1995, Service industry, Public Administration, Wholesale and Retail Trade, and Construction are the major industries, which provide new job opportunities. The share of Agriculture, Fish, Mining industry has decreased from 16.8% to 9.3%, though the actual number of the workers has doubled during last 25 years.

Table 6.3.8 and Table 6.3.9 shows the relationship between occupation and the wage/salary in 1994 and the relationship between classes of workers and the wage/salary. The wage level of Farming, Forestry and Fishing is the lowest, and it might be one of obstacles for the development of the commercial agriculture. The wage level of Managerial and Professional was much higher in the six categories.

For the relationship between classes of worker and wage/salary, the salary level of the government workers was higher than that of the private workers. Especially the salary level of the national government workers is twice as much as that of the private office workers. If such a gap remained and the supply of foreign workers were limited, the industrial development powered by the private sectors would face a serious labor force constrain in the future. This is why the transition of labor force from the governmental sectors to the private sectors is limited.

Table 6.3.7 Employment by Industry

Year	Number (persons)				Share (percent)			
	1970	1980	1990	1995	1970	1980	1990	1995
Agriculture, Fishery, Mining	309	81	446	724	16.8	3.0	8.0	9.3
Construction	270	476	861	1,087	14.7	17.9	15.4	14.0
Manufacturing	92	79	93	78	5.0	3.0	1.7	1.0
Transportation	72	164	335	281	3.9	6.2	6.0	3.6
Communication, other public utilities	60	64	142	154	3.3	2.4	2.5	2.0
Wholesale and retail trade	228	336	800	1,448	11.0	11.2	12.5	15.7
Finance, insurance and real estate	16	45	119	122	0.9	1.7	2.1	1.6
Service	462	951	1,973	2,570	25.1	35.7	35.2	33.1
Public Administration	333	469	830	1,295	18.1	17.6	14.8	16.7
Total	1,842	2,665	5,599	7,759	100.0	100.0	100.0	100.0

Source: Various Census Volumes

Note: Data for subsistence activity are recorded for 1980 only

Table 6.3.8 Occupation by Wage/Salary In 1994

Occupation	(Unit: persons)							
	Less than \$999	\$1,000-3,999	\$4,000-7,499	\$7,500-9,999	\$10,000-19,000	More than \$2,000	Median (\$)	Mean (\$)
Managerial and Professional	36	218	291	247	650	299	10,998	16,095
Technical, Sales and Administrative Support	72	393	434	228	293	73	6,287	7,750
Service	124	621	305	87	84	23	3,280	4,637
Farming, Forestry and Fishing	289	249	109	27	18	3	1,560	3,469
Precision Production, Craft and Repair	73	578	327	95	65	16	3,706	4,575
Operators, Fabricators and Labors	21	209	214	59	51	13	4,836	6,134

Source: 1995 Census

Table 6.3.9 Class of Worker by Wage/Salary In 1994

Class of Worker	(Unit: persons)							
	Less than \$999	\$1,000-3,999	\$4,000-7,499	\$7,500-9,999	\$10,000-19,000	More than \$2,000	Median (\$)	Mean (\$)
Private Office Worker	485	1,798	1,092	272	326	152	3,676	6,119
National Government Workers	31	105	330	381	677	193	10,459	12,317
State Government Workers	48	205	141	32	38	13	3,863	5,617
US and Other Government Workers	26	80	75	48	96	27	7,681	9,457
Self-employed	25	73	37	10	22	41	4,600	19,391
Unpaid Family	0	7	5	0	2	1	4,250	6,420
Total	615	2,268	1,680	743	1,161	427	4,958	8,200

Source: 1995 Census

Table 6.3.10 shows mean unit wage by class of worker and by place in 1990. Though data is slightly old the tendencies seem not to have changed a lot. In Palau, the mean wage of the Filipino worker is half of the Palauan's unless they are working at the government sectors. In Guam, there is not so much difference between the mean wage of Filipino workers and it of the whole workers.

Table 6.3.10 also suggests that Palauan people can earn more in Guam and the Commonwealth of Northern Mariana Islands (CNMI). This is one of reasons why Palauan studied overseas is discouraged to go back to work in Palau. The mean wages of governmental sector in Palau and CNMI are twice as high as their private sectors, whereas there is no such difference in Guam.

Table 6.3.10 Mean Wage by Class of Worker In 1990

Places	Palau			Guam			Commonwealth of Northern Mariana Islands		
	Total	Palauan	Filipino	Total	Palauan	Filipino	Total	Palauan	Filipino
Employed	3.11	3.35	1.56	10.04	7.61	8.60	4.55	4.93	2.44
Private (Profit)	2.38	2.59	1.48	9.11	7.07	7.71	3.86	5.56	2.33
Private (Non-profit)	2.64	2.61	1.41	8.01	6.34	7.69	4.80	4.78	2.13
Local Government	4.02	3.85	4.42	11.95	10.47	12.38	8.47	9.07	6.75
National Government	5.56	4.62	4.25	11.44	9.89	11.02	11.14	7.67	5.73
Self-employed	5.81	5.59		13.55		9.15	15.09	10.05	5.07

Source: NMDP, US Bureau of Census unpublished tabulations

(3) Non-Palauan labor

Non-Palauan labors are often positioned for the supplement of Palauan labors; their wages and working conditions are regulated to be equitable with that of Palauans except for farm workers, fishermen and domestic helper in Labor Laws & Regulations. The Laws & Regulation sets process for employing non-resident workers, conditions of employment, termination and departure of non-resident workers, minimum wage and salaries for non-resident workers, and living condition of non-resident workers. Almost non-Palauan labor except Americans are defined as "Non-resident Worker", besides Americans are positioned as "Resident Workers", the same as Palauans.

Table 6.3.11 shows both the numbers and the growth ratio of non-Palauan labor in Palau. The numbers of non-Palauan labors has a tendency to grow except 16% decline in 1996. The growth ratio doesn't seem to be related with GDP growth ratio, and it is growing for the last two years though the economic condition was limited. According to interview in Bureau of Human Resource Development, Ministry of Trade and Commerce and other business sectors, the reasons of the growth of the non-Palauan labors are as follows.

- Non-Palauan labors often work in the construction industry and recently big construction projects such as KB Bridge, Compact Road and Infrastructure development by use of Compact Fund are proceeding.
- For Palauan people, the minimal wage regulation is 2.5 dollar per hour, whereas there is no wage regulation for the non-Palauan labors.
- Palauan company managers are not used to market mechanism thinking. In the recession, it was often thought that sales volume was dropped because of the working quality of the employees, hence tried to increase the labor input to keep high sales volume. Consequently, this led the non-Palauan labor continues growing.

It is impossible to clarify the cause of the continuous increase of non-Palauan labor. It is because that the labor statistics of both non-Palauan labor and Palauan labor have not rigidly documented.

Table 6.3.11 Number and Growth Ratio of Non-Palauan labor

Year	1980	1990	1995	1996	1997	1998	1999
Non-Palauan labor	381	1,888 ¹	4,416 ¹	3,675 ²	4,541 ²	4,628	5,500
Growth ratio	-	-	-	-16.8	23.6	1.9	18.8
GDP growth ratio	-	-	24.32	18.11	5.53	-1.44	

Note: ¹ Not non-Palauan labor but people born in Palau, ² estimation

Source: IMF report in 1999, information from Ministry of Trade and Commerce

Table 6.3.12 shows major countries that the non-Palauan labor migrated from and the class of those migrated workers. According to the table, Filipino migrants occupy 60%

of non-Palauan labor in 1999. They have had an important role of Palauan labor force for their geographical location, about an hour flight from Palau, and their linguistic advantage that most of Filipino workers can speak English. The bulk of the Filipino migrated workers in Palau are engaged on the hotel & restaurant industry, domestic works, agricultural labor and engineering.

Chinese is the second largest group of migrated workers in Palau. 23% of the non-Palauan labor is composed of the migrated labors in 1999. It is known that most of the migrants are working at construction sites and garment factories. Bangladeshi is the third largest, but the number is declining. According to the interview in immigration office, it is said that difference in religion and language between Bangladeshi migrants and local Palauan has caused conflicts between the employees and the workers.

Japanese and Americans migrants are engaged on rather Professional/Technical or Administrative/Managerial occupations. Some of those migrants work in tourism-related industry and public administration. Taiwanese and Korean are still considered small group and most of them are working for Administrative/Managerial or Production of hotels & restaurants.

Table 6.3.12 Major Origin Countries of Non-Palauan labor

	1998		1999					
			Professional/ Technical	Administrative /Managerial	Production	Clerical	Sales	Service
Philippine	3,083	3,322	300	116	1,445	183	86	1,192
China	775	1,250	36	74	897	22	29	192
Bangladesh	313	220	6	1	116	3	0	94
Japan	132	142	51	66	10	7	1	7
USA	118	107	25	46	2	0	0	34
Vietnam	2	104	20	11	47	0	0	26
Indonesia	2	91	10	8	60	4	0	9
Korea	48	78	8	39	23	2	1	5
Taiwan	76	77	11	35	20	6	1	4
Others	79	109	15	25	33	3	2	21
Total	4,628	5,500	482	421	2,653	230	120	1,584

Source: Division of Labor

There are some conflicts between Palauan employer and foreign employee. Most of them are less payment of their wages or breaches of contract by employer. Monitoring capacity of the bureau of human resource development is limited and they can't deal with it until now.

There are unfair laws and regulations for non-Palauan labors. When foreign employees such as Filipino and Chinese go back to their home country, they have to get permissions from their employer. On the other hand, Americans and Japanese don't need such permission now. And more, the subsidy for medical treatment is not applied for foreigners, and they have to bear full cost of their medical treatment. Filipino community prepares for a fund, which is for transportation cost to Philippine and medical cost because they can't pay medical cost in Palau.

(4) Palauan labor

Statistics of Palauan workers are shown in the census conducted every five years, yet the actual conditions of unemployment, employment by industry and employment by class of work reported in the statistics are not creditable. It is necessary to prepare such data to formulate a measure against potentially large portion of unemployment, such as a job-training program.

Table 6.3.13 shows Palauan labor force and the unemployment of the census years.

The ratio of labor force on the total working age population has increased consistently. In 1995 it was approximately 60% on total, 67% on male and 51% on female. It is understood that the ratio has already achieved in higher level hence difficult to expect a further rapid increase.

Contradictory, the unemployment ratio has also increased over the same period. It was 5.9% in total, 6.5% in male and 5.3% in female in 1995. The ratio is quite high considering the existing job opportunities in Palau, that is enough for the limited workers. It is urgent to implement a program to resolve the unemployment condition.

Table 6.3.13 Palauans' Labor Market

	Number (persons)			Share (percent)		
	1980	1990	1995	1980	1990	1995
Total, 16 years and over	6,387	7,874	8,121	100.0	100.0	100.0
Labor force	2,494	4,161	4,815	39.0	52.8	59.3
Unemployed	122	448	481	1.9	5.7	5.9
Male, 16 years & over	3,215	4,045	4,127	100.0	100.0	100.0
Labor force	1,582	2,503	2,781	49.2	61.9	67.4
Unemployed	72	275	268	2.2	6.8	6.5
Female, 16 years & over	3,172	3,829	3,994	100.0	100.0	100.0
Labor force	912	1,658	2,034	28.8	43.3	50.9
Unemployed	50	173	213	1.6	4.5	5.3

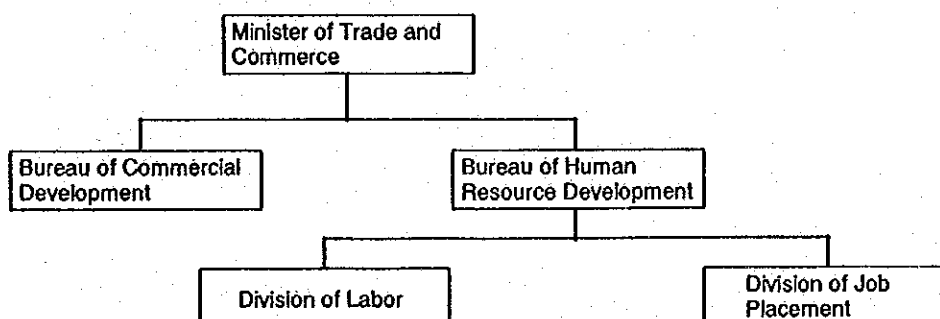
Source: 1980 Census, 1990 census, 1995 Census

Note: Data for Employed include armed forces personnel

6.3.3 Related Organization and Labor Policy

Bureau of Human Resource Development (BHRD) of Ministry of Commerce and Trade (MOTC) is responsible for the formulation of Palauan labor policies, preparation of labor statistics, job placement, job training, issuance of working certification to foreign workers, monitoring and surveillance of safety requirements and fair wage. BHRD consists of Division of Labor and Division of Job Replacement. The Division of Labor is responsible for non-Palauan labor matters such as issuance of working certification to foreign workers, enforcement of labor law, preparation of labor statistics and monitoring of safety requirements. Whereas, the Division of Job Placement is responsible for Palauan labor matters such as job placements for Palauan people and the promotion of human resource development with analyses of the labor demand of employer side.

Figure 6.3.2 Organization of Bureau of Human Resource Development



Source: Ministry of Trade and Commerce

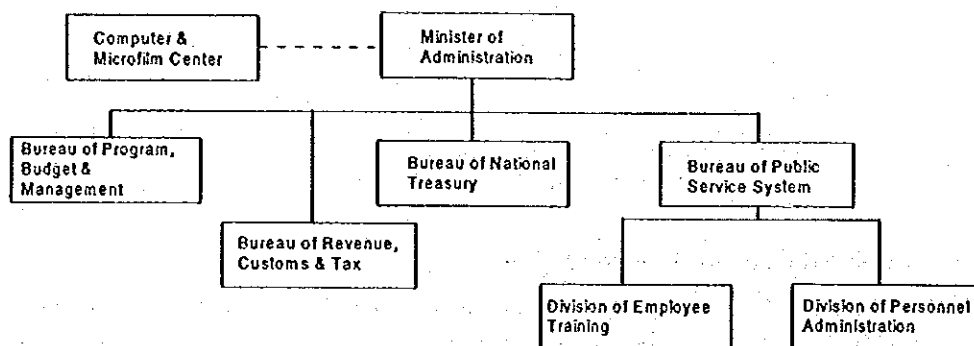
Ministry of Trade and Commerce (MOTC) is planning to develop a new bureau, Bureau of Labor, by upgrading Division of Labor. It is to enhance the function of the

enforcement of Palauan labor standard, manpower development & training, occupational safety & health, and employment service for non-Palauan labor. In general, the regulations and administrations for the non-Palauan labors in Palau should be more elaborated than what it is now. Enhancements of the functions of the labor market analysis, laws & regulations, administration for Palauan labor is required.

Bureau of Public Service System, Ministry of Administration is responsible for recruit and training of governmental employee. The bureau has two divisions, Division of personnel administration and Division of Employee Training.

Actually though the Bureau of Public Service System prepares for vacancy announcement, selection of employee from candidates and training are done by each ministry.

Figure 6.3.3 Organization of Bureau of Public Service System



Source: Ministry of Administration

Table 6.3.14 shows issues and development strategies proposed in previous study. The followings were important issues for the Palauan labor policy.

- Data preparations for the labor market and the analysis on policy formations and functions of Bureau of Human Resource Development;
- Enhancement of job place function in Division of Job Placement;
- Replacement foreign professional workers with Palauan workers; and
- Maintain the wage level of governmental sector in order to balance with it of private sector.

Table 6.3.14 Issues and Development Strategy in Labor Market in Previous Study Report

Study Report	Issue	Development Strategy
Economic Development Plan (1994)	<ul style="list-style-type: none"> - Inadequacy of domestic training institutions - High rate of unemployment - High wages and job security in government sector - Limited education opportunities - Limited employment opportunities 	<ul style="list-style-type: none"> - Stimulate productivity growth by employment expansion in formal sector limitation of wage increase in government sector - Replace foreign expatriates with Palauan workers - Perpetration of labor statistics - Enhancement of job placing service
National Master Development Plan (1996)		<ul style="list-style-type: none"> - Improvement of labor market statistics - Implementation of labor market policies - Establishment and enforcement of uniform National Labor Laws - Improvement of job placement service - Improvement of Education and Training
Sustainable Human Development (1997)	<ul style="list-style-type: none"> - Scarcity of labor force - Much number of non-Palauan labor - Much number of out-migration - Limit of employment in construction industry 	<ul style="list-style-type: none"> - Limit the number of foreign workers at no more than 70% of the Palauan labor force - Limit the percentage of non-Palauans within 33% of the total population - Eliminate of out-migration and encouragement of Palauan people abroad to come back - Increase of employment in construction industry and earnings from the infrastructure developments - Development of Human Resource in keeping with the requirements of national building and enhance Palauan economic productivity

Source: EDP, NMDP and Sustainable Human Development Report

6.3.4 Process of Employing

(1) Non-Palauan labor

There are two measures of employing in Palau for non-Palauan labors. The first measure is finding job in their home country through agent, then come to Palau as non-Palauan labor. The second is coming to Palau first, then find a job. An employment of non-Palauan labor is done only if Palauan people don't want to employ the job position in principal, recruiting by personal relation among foreign community and by agents which introduce migrant workers to companies seems to be normal.

Non-Palauan labors have to pay the Work Permit Fee. The fees are classified in Table 6.3.15 shows each amount of Working Permit Fee. In 1997, Division of Labor issued 4,714 permits and collected \$481,128.

Table 6.3.15 Work Permit Fee

	Amount per person in 1997
New Work Permit	75.0
Change of status to employment	500.0
Change of status from employment to others	125.0
Extension	125.0
Re-issue of Work Permit	75.0
Transfer	150.0
For each day an alien fails to report to Public Health for physical health clearance within 10 days as required	10.0
Application fee	5.0

Source: MOTC

(2) Palauan labor

There are also two measures to be employed for Palauan people. The first is the application to Division of Job Placement, and the second is application to employing companies directly.

In the first measure, applicants submit an application form to Division of Job Placement. Information for the applicant's expecting occupation/position, salary and his/her academic qualifications are written in this form. Similarly an employer also has to submit a job vacancy announcement form containing the information about the number of vacancies, the job title, the salary and the required qualification. Offices of Division of Job Placement check these data, and introduce to employer and job seeking persons.

In the second measure, employers privately arrange for an advertisement for their job recruitment on a newspaper or public notice boards.

(3) Employment of governmental officers

The procedure of employment of governmental officials is the same as non-Palauan labors and Palauan private employee. Bureau of Public Service System, Ministry of Administration prepares and publishes vacancy announcements in accordance with requests from each bureau. A selection of employee is done not by Bureau of Public Service System but by each bureau, and selection procedure is unclear.

6.4 Education and Vocational Training

6.4.1 Education/Vocational Training System and Facilities

(1) Education

Education system in Palau consists of Head Start school, elementary school, high school and Palau Community Collage. The operation of Head Start school is supported by US Federal grants, which is amounted to \$185,500 per year. It provides services for the 3 to 5 year old age groups. The number of the facilities in March 2000 is 19 with 30 classrooms and 30 teachers and 24 assistant teachers. The number of total enrollment is 503. The Government provides free compulsory elementary education to all Palauan children aged 6 to 14 years. 21 public elementary schools and 2 private schools provide elementary education. The number of students, teachers, the year of construction are listed in Table 6.4.1. Every state has an elementary school, and the number of elementary students is 2,947, the number of teachers 208. The student-teacher ratio is 14.2, which is much lower level in the world. And the regular renovation and maintenance of school facilities are implemented by the use of capital improvement fund.

Table 6.4.1 Elementary school in Palau in March 2000

	Name	Location	No. of students	No. of teachers (Palauan)	No. of teachers (Foreigner)	No. of other stuffs	Year of construction
Public school	Aimelik	Aimelik	71	8	1	7	50s, 90s
	Airai	Airai	189	8	1	5	80s
	Angaur	Angaur	40	7	0	3	60s, 70s
	G. B. Harris	Koror	545	24	0	9	60s, 90s
	Ibobang	Ngatpang	29	6	0	2	80s
	J. F. Kennedy	Kayangel	26	4	0	3	60s
	Koror	Koror	801	30	1	15	70s, 90s
	Melekeok	Melekeok	49	6	1	3	60s, 70s
	Menyuns	Koror	217	11	1	7	60s, 90s
	Ngaraard	Ngaraard	65	8	0	4	70s
	Ngardmau	Ngardmau	36	6	0	2	60s
	Ngchesar	Ngchesar	46	7	0	3	60s, 80s
	Ngerchelong	Ngerchelong	94	9	0	5	70s
	Ngeremlengui	Ngeremlengui	57	8	0	4	70s, 80s
	Ngiwal	Ngiwal	26	7	0	3	70s, 80s
	Peleliu	Peleliu	114	8	0	5	70s, 90s
	Pulo-Anna	Pulo Anna	4	1	0	0	70s
Sonsorol	Sonsorol	8	1	0	1	70s	
Melekeok	Hatohobei	5	1	0	1	70s	
Sub-total			2,422	160	5	82	
Private school	Maris Stella	Koror	318	23	7	2	60s
	SDA	Koror	207	2	11	4	50s
Sub-total			525	25	18	6	
Total			2,947	185	23	88	

Source: Ministry of Education

Secondary education of four year from 9th grade to 12th grade is also free compulsory now. The Government is running a public high school, Palau High School, which has 61% of students and 54% of teachers. It is offering vocational courses of Agriculture, Carpentry, Mechanic, Business and Home Economics. The renovation and maintenance of Palau High School are regularly implemented as well as elementary schools.

The share of foreign teachers in high schools is much higher than elementary schools because there are no Palauan human resources who can teach mathematics and science in secondary education level. Students are also not interested in the mathematics and science, and it is one of the fundamental reasons why Palauan engineer is limited in the country (see Table 6.4.2).

Table 6.4.2 High School in Palau in March 2000

	Name	Location	No. of students	No. of teachers (Palauan)	No. of teachers (Foreigner)	No. of other stuffs	Year of construction
Public school	Palau High	Koror	711	50	12	21	60s, 90s
Private school	Emmaus High	Koror	82	5	4	19	90s
	Bethania High	Ngaraard	81	1	8	8	60s
	Mindszenty	Koror	164	7	12	3	60s
	Palau Mission	Airai	67	1	7	4	70s
	Ibobang	Ngatpang	63	7	1	4	70s
	Sub-total			457	21	32	38
Total			1,168	71	44	59	

Source: Ministry of Education

The Palau Community Collage (PCC) predominantly provides post-secondary education and vocational training. The Collage's mainstream vocational curriculum provides for a two-year program of carrier oriented and basic skills instruction in

communications, mathematics, liberal arts and sciences for AS and AA degrees. Tuition and other expense are approximately \$3,000 for 2 years education. If the students require rooms and board in full, they have to pay additional \$1,200 per semester (2 semester in a year). Table 6.4.3 shows the number of students enrolled to PCC in spring 2000. Total of 576 students is enrolled, and the share of Palauan students is 86% and the rest are from the Federal States of Micronesia and Marshall Islands.

Three most popular two years program are Business Accounting, Criminal Justice and Office Administration, while the most unpopular courses are Agriculture Science, Air-conditioning & Refrigeration, Electrical Technology and Small Engine & Outboard Motor. In general, occupations engaged at outdoor labor or those relating to science and technology are not popular. It is perhaps because the People tend to dislike blue color job and prefer office works in public sector for the social status and the stable payment. However, academic standard of Palauan student in science and mathematics is quite low for the insufficient education capacity.

Table 6.4.3 Collage Students of Palau Community Collage In Spring 2000

Training Areas	Palau	Yap	Chuuk	Pohnpei	Kosrae	Marshalls	Total
Air condition & Refrigeration	1	3	-	-	-	-	4
Agriculture Science	2	3	-	-	-	-	5
Automobile Mechanics Tech.	7	2	-	-	-	-	9
Business Accounting	73	17	2	-	-	-	92
Construction Technology	6	10	-	-	-	-	16
Criminal Justice	69	5	1	2	-	-	77
*Education Program	92	-	-	-	-	-	92
Electrical Technology	4	-	-	-	-	-	4
General Electric Technology	19	2	-	1	1	-	23
Liberal Arts	29	2	1	-	-	-	32
Nursing Career Leader	16	4	1	-	-	-	21
Office Administration	57	4	-	-	2	1	58
Small Engine & Outboard Motor	2	5	-	-	-	-	7
Tourism & Hospitality	43	13	-	-	-	-	56
*Enrichment	38	-	-	-	-	-	38
*Unclassified	37	1	1	-	-	-	39
Total	495	71	6	3	3	1	579

Source: Yearbook 2000, Palau Community Collage

(2) Vocational Training

Other providers of vocational training are listed in Table 6.4.4. There were various kinds of vocational training facilities/programs, but most of them have been terminated unsuccessfully.

United Nations Development Program has been assisting the enhancement of the public sector through "Public Sector Development Project (PSDP)" since 1997. The project aims to increase the efficiency and effectiveness of the civil service by addressing weakness in planning, financial management and organizational management. Though the project prepares for aid coordination system, statistical data and training system new tax system, implementations by Palauan side have not been limited until now.

Table 6.4.4 Other Vocational Training Facilities/Programs

Name of Facilities/Programs	Description
Division of Employee Training, Ministry of Administration	It is the governmental organization for training of government officers.
Division of National Youth Affairs, Ministry of Community and Cultural Affairs (DNYA)	It was responsible for the Hawaii Job Corps Program. The Job Corps is intended to assist High School Graduates who have been unable to find employment due to lack of vocational skills. The program activity seems to be inactive now.
Bureau of Human Resource Development, Ministry of Trade and Commerce	It provides OJT program for youth that are not in school and have no steady jobs. This program doesn't seem to work well.
Koror State Government - Youth Development (KSG-YD)	KSG-YD offers a number of programs for youth development and training.
Job Training Partnership Act (JTPA)	JTPA program provides (a) OJT program in which 50% of wages for training are subsidized, (b) Intern program in which wages are subsidized and (c) Classroom training program. The program activity seems to be inactive now.
Small Business Resource Center	This is US funded program within the PCC offering short-term business training and related seminars. The program activity seems to be inactive now.
Palau Community Action Agency (PCCA)	It is the agency overseeing the Apprenticeship Training Program with the Civic Action Team (CAT). The Cat team trains heavy equipment operators, builders, machines, steelworkers, utility men, plumbers and electricians. It faced the shortage of new applicant.
Palau Visitor Authority (PVA)	It offers training in tourism-related areas such as waiters and general hospitality training. Vocational training in PVA is not inactive now because the tourism-training course is established in PCC.
Adult Education Program	It is by US funded program, and provides assessment and certificates to those who did not complete high school.
Palau Pacific Resort	It had tourism-training program before, but terminated due to the establishment of tourism-training course in PCC.
Black Micro Corporation	It has construction work-training program. Current situation of it is not clear.
OISCA	It had training center in Aimelik, which aims at agricultural training since 1991. Almost trainees consisted of not Palauan but FSM citizens.

Source: NMDP, Ministry of Trade and Commerce

6.4.2 Educational Attainment and Dropout

Table 6.4.5 shows the educational attainment in Palau from 1980 to 1995. The school attendance ratio in Palau has been relatively high compared to other developing countries. It has increased 98.2% in 1990 however dropped to 96.5%. The outcome of the school attendance ratio in 2000 Census has to be monitored carefully in order to find the reason why the ratio dropped since 1990.

In 1980, the elementary schools had almost half of people's attainment and the high schools had 53%. Educational qualifications from the public educational institutions of Palau are highly valued in Micronesia.

Also the level of women's school attendance ratio is relatively high, yet it is still smaller than the men's are. From the point of the equitable educational opportunity, some efforts to increase women's attendance ratio have to be made.

Table 6.4.5 Educational Attainment from 1980 to 1995

Educational Attainment	(Unit: percent)			
	1980	1986	1990	1995
Total, 25 years and over				
No school	7.3	2.0	1.8	3.5
Elementary: 1 to 8 years	46.2	36.5	27.3	18.3
High school: 1 to 3 years	12.6	13.5	13.3	13.0
4 years	17.1	22.9	26.6	29.7
College: 1 to 3 years	11.4	14.9	20.7	23.2
More than 4 years	5.4	9.1	10.3	12.2
Male, 25 years and over				
No school	5.6	1.5	1.5	2.5
Elementary: 1 to 8 years	41.4	31.9	22.6	16.6
High school: 1 to 3 years	13.7	13.5	13.8	13.3
4 years	18.9	24.2	27.8	31.8
College: 1 to 3 years	13.6	16.5	23.7	23.9
More than 4 years	6.8	10.6	10.6	11.8
Female, 25 years and over				
No school	9.0	2.5	2.1	4.7
Elementary: 1 to 8 years	50.9	41.7	32.9	20.4
High school: 1 to 3 years	11.5	13.5	12.7	12.7
4 years	15.3	21.5	25.1	27.2
College: 1 to 3 years	9.3	13.1	17.0	22.2
More than 4 years	4.0	7.4	10.1	12.8

Source: Yearbook 1999, Various Census Volumes

Note: Data not stated were recorded in 1986 only; 58 males and 8 females included in total for 1986.

Data for college 1 to 3 years, includes associate degrees for occupational and academic; data for college, 4 years and above, include bachelor's degree and graduate/professional degree in 1995.

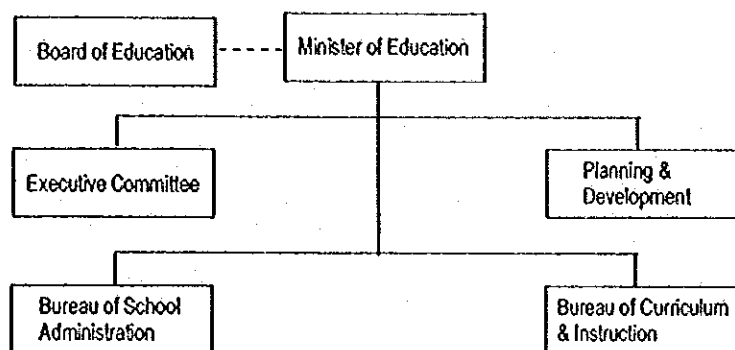
Despite the high valued educational qualification, significant number of students quit from Palau High School. It is the one of the most important problems in education sector. In the Palau High School, only 100 students graduate out of 300 to 400 freshmen. According to 1995 Census, 55% of dropouts become unemployed and even the average income of dropout are only half of the average of the national income.

6.4.3 Related Organization and Education Policy

(1) Organization

The Ministry of Education is responsible for the educational matters of both juvenile and adult education. The Bureau of School Administration is responsible for school administration, procurement of equipment, and management and recruiting of teachers, and the Bureau of Curriculum & Instruction is responsible for curriculum planning/development, procurement of equipment and so on. The Ministry has 442 employees who include teachers and other school staffs as of August 1999.

Figure 6.4.1 Organization of Ministry of Education



Source: Ministry of Education

(2) Budget and Expenditure

Table 6.4.6 shows the budget of the Ministry of Education in FY1999. The budget is 11.2% of total budget of the Government, and one of the largest tax users in the Ministries. The budget consisted of Federal Programs grant and Palau Legislature appropriation. Federal Programs grant, which is 27.6% of total budget, are reimbursement basis and allocated by the United States. These program grants will decrease from now on.

Table 6.4.6 Budget of Ministry of Education in Fiscal Year 1999 (1998-1999)

	Item	Amount (\$)
Federal Programs	Freely-Associated State Education Grant	800,000
	Special Education Program (SEPPIE)	450,000
	PHS Comprehensive School Improvement	210,250
	Title VII State Program (Bilingual Education)	100,000
	Adult Education Program	100,000
	Vocational Education Program	60,000
	Library Program	44,274
	Goal 2000 Program	26,396
	HIV-AIDS Program	54,912
	Christa McAuliffe Fellowship	10,279
	Byrds Honors Scholarship Program	60,000
	School-To-Work Program	433,686
	Special Education (Part B)	184,167
	Special Education (Pre-School)	26,522
	Sub-total	2,560,486
Palau Legislature (OEK) appropriation	Office of the Minister	45,000
	Bureau of Curriculum & Instruction	1,207,000
	Bureau of School Administration	5,473,000
	General	4,300,000
	Procurement of books, supplies and materials	300,000
	Food Service Program	850,000
	Others	23,000
	Sub-total	6,725,000
Total		9,285,486

Source: Palau 2000 Educational Improvement Implementation Update, by MOE

Table 6.4.7 shows recent expenditures of the Ministry of Education. "Personnel & Benefits" occupies the highest share in the OEK Appropriation and total expenditures. The share in OEK Appropriation has increased from 66.0% in FY1995 to 83.9% in FY1998, then dropped to 75.4% in FY 2000. Other items have not had any significant change. The share occupies more than 50% of total expenditure recent years.

The value and the share of OEK Appropriation are increasing. The share has

increased 43.7% in FY1995 to 74.8% in FY1999, and it will continue growing due to the decrease US Federal grants.

Table 6.4.7 Recent Expenditures of the Ministry of Education

Fiscal Year	(Unit: \$ thousand)					
	1995	1996	1997	1998	1999	2000
Personnel & Benefits	3,233	3,320	5,053	5,400	5,438	5,814
Rentals & Others	64	38	56	97	97	141
Contractual Services	38	41	55	75	85	115
Supplies POL & Others	623	519	719	380	881	900
Travel & Transportation	21	23	28	33	33	200
Equipment	474	43	75	148	143	99
Other Expense	22	37	62	33	55	56
Maintenance	327	210	73	141	75	139
Utilities	94	98	119	127	134	20
Construction	-	-	-	-	-	228
Sub-total OEK Appropriation	4,896	4,329	6,241	6,433	6,941	7,712
Total	11,204	8,844	9,173	8,833	9,285	-

Note: Figures in FY2000 are budget amount

Source: Ministry of Administration, Ministry of Education

Table 6.4.8 summarizes the development issues and strategies in education/vocational training. From the point of human resource development, the following items are important issues for education/vocational training policy

- Reduce of dropout in Palau High Schools and Palau Community Collage
- Enhancement of vocational training and job placement in Palau Community Collage
- Improvement of quality of education by certification system of teachers
- Financial sustainability

Table 6.4.8 Issues and Development Strategy In Education/Vocational Training In Previous Study Report

Study Report	Issue	Development Strategy
Economic Development Plan (1994)	<ul style="list-style-type: none"> - PCC applicants don't have a understanding and conception what is entitled in a career lifestyle - High dropout ratio in PCC - PCC graduates can't find jobs - Limited fund of schools and PCC - Need for educational guidelines - Limited capacity of the planning and decision making of Ministry of Education - Low quality of education 	<ul style="list-style-type: none"> - Enhancement of PCC by financial support - Supporting by MOE and PCC to study abroad - Development of policy guidelines - Enhancement of the planning and decision making of Ministry of Education - Improvement of quality of education by certification of teachers, etc. - Curriculum development - Improvement of students' achievement and performance
National Master Development Plan (1996)		<ul style="list-style-type: none"> - Self sufficient funding of PCC - Improvement of PCC performance target - Establishment of Education Advisory Committee - Upgrade and target setting of scholarship programs - Implementation of rationalized education services and establishment of self funding mechanism - Improvement of professional personnel and establishment of certification system - Establishment of partnership planning group which is in Palau 2000 Education Master Plan - Improvement of Standards, Instruction and Curricula - Upgrade of school facilities
Sustainable Human Development (1997)	<ul style="list-style-type: none"> - High ratio of dropout - Low quality of Education - Enhancing cultural relevance of education - Meeting the demands of the labor market in the 21st century - Healthy finance of the educational system 	<ul style="list-style-type: none"> - Achievement of universal education of a high standard in grades k-12 for all Palauan - Development of Palau's human resources in keeping with the requirements of national building and enhance Palauan economic activity

Source: EDP, NMDP and Sustainable Human Development Report

Table 6.4.9 Goals and Strategies of Palau 2000 Master Plan for Educational Improvement

Goals	<ul style="list-style-type: none"> - Relating to intellectual power: (1) Basic language skills, (2) Basic skills in mathematics, science, social studies and health, (3) An inquiring mind and ability to think about problem-solving in the real world, (4) Awareness and knowledge of Palau in the world context, (5) Preparation for work, post-secondary education and family life - Ability to work well with others: (1) Reliability and dependability, (2) Working cooperatively with others, (3) Trustworthiness and honesty, (4) Leadership (5) Good citizenship (6) Sharing, caring, and respecting others, (7) Expressing gratitude and being courteous, (8) Protecting one's own interests, (9) Fairness - Belief in Self and Heritage: (1) Value Palauan identity and unity though understanding local history, environment, customs, music, arts, politics, economic and social characteristics, (3) Hold a positive self-concept and a belief in one's ability to succeed, (3) Have respect for other cultures
Strategies	(1) Strengthen and professionalize the personnel and certification system for educators, (2) Strengthen school-family-community partnerships for education, (3) Improve educational standards and bring the "real" world into curriculum and instruction, (4) Strengthen education governance and policy mechanisms, (5) Strengthen pre-school education and institute compulsory kindergarten education at age 5, (6) Improve school facilities and consolidate schools once the Compact Road is constructed.

Source: Human Resource Development Report

The Task Force appointed by the President has prepared for a master plan, called "Palau 2000 Master Plan for Educational Improvement" in 1993. Goals of educational attainment and strategies are summarized in Table 6.4.9. Goals for educational attainment are defined three dimensions: Intellectual power, ability to work well with others, and belief themselves and their heritages. To achieve these goals the following strategies are identified.

A key to carry out these strategies is "School-To-Work" scheme, which aims to create a functioning partnership among home, the community and the workplace.

The Ministry of Education is implementing some projects according to previous study reports and Palau 2000 Master Plan. They are new constructions and renovations in Palau High School, and 7 elementary schools in April 2000.

It is planned to consolidate several public elementary schools in Babeldaob when the Compact Road is completed. 12 elementary schools will be consolidated to 4 schools as showed in Table 6.4.10 in the future. The consolidation will bring out the decrease of teachers and contribute to efficient elementary education. The Ministry also plans to develop a second high school in Babeldaob as poor resident facility of Palau High School is considered as one of the main causes of the high dropout ratio.

Table 6.4.10 Consolidation Plan of Elementary Schools in Babeldaob

a	Ngiwai, Melekeok, Ngechesar
b	Almelik, Ngarpang, Ibobang
c	Ngaremlengui, Ngardmau
d	Ngaraard and Ngrchelong

Note: d is consolidated if possible
Source: Ministry of Education

6.4.4 School-To-Work Program

School-To-Work program is installed to connect the human resource development directly to the local economic development. It is funded and supported by the United States.

The concept of "School-To-Work" is to achieve better education; better employment prospects; adult role models and multiple post secondary options for all students. Here JICA Study Team takes up "Tech Prep" which can connect secondary education and vocational training.

All students of Palau High School have to take Carrier Development I (CDI) in 9th grade and Carrier Development II (CDII) in 10th grade since fall of 1998. Carrier

Development has four fields, which are Business Information Systems, Industrial Engineering, Health/Human Services, and Natural Resources. Every student learns four fields in a year in CDI and CDII. Almost of classes in CDI and CDII are lecturing in classroom, and job shadowing which can have the experiences of jobs is only 6 hours in a year.

In 11th grade, all students will select one Academy from four fields, and they have 40 hours in the workplace to experience jobs more. In 12th grade students will work just like job training. This program started fall of 1998 for freshmen. This school year CDI and CDII are implementing, and PHS will graduate its first Academy graduate in spring 2002.

6.5 Public Health

6.5.1 Current Condition of Palauan Health

Table 6.5.1 shows the number of birth, death, infant death, crude birth, crude death and infant mortality rate in 1990s. The crude death rate has been staying in 7 to 8 in 1990s whereas crude birth rate has been going down from 20s to 13.5 in the latter half of 1990s. Infant mortality rate has also gone down from more than 25 to about 11 during 1990 though it has gone up again to 20.0 in 1999. In 1975 infant mortality rate was 55.1, and improvement of the figure shows the improvement of public health in Palau. These figures are very low comparing to other developing countries and Pacific Island countries. Life expectancy in Palau is 70.8 for women and 64.5 for men in 1998¹ and also high level in the world.

Table 6.5.1 Crude Birth Rate and Crude Death Rate

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Population	15,100	15,499	15,908	16,328	16,759	17,225	17,680	18,159	18,638	18,467
Births	326	347	377	355	373	399	355	330	280	250
Crude Birth Rate (per 1,000)	21.6	22.4	23.7	21.7	22.3	23.2	20.1	18.2	15.0	13.5
Deaths	117	102	116	116	129	110	144	121	125	131
Crude Death Rate (per 1,000)	7.7	6.6	7.3	7.1	7.7	6.4	8.1	6.7	6.7	7.1
Infant Deaths	8	3	10	8	8	6	7	4	3	5
Infant Mortality Rate	24.5	8.6	26.5	22.5	21.4	15.0	19.7	12.1	10.7	20.0

Source: Yearbook 1999, Ministry of Health

Table 6.5.2 shows 10 leading causes of death, and Table 6.5.3 shows in Palau in 1998. The both tables show that most causes of death and hospitalization in Palau are lifestyle disease largely connected to the patient's life style. The condition of public health in Palau also contains common problems seen in many developing countries, such as the shortage of balanced nutrition.

¹ Information from the Ministry of Health.

Table 6.5.2 10 Leading Causes of Death

Order	Cause
1	Heart disease including heart attacks & heart failure
2	Injuries
3	Stroke/Hypertension
4	Cancer
5	Respiratory illness
6	Digestive disease
7	Infectious disease (including TB, hepatitis B)
8	Suicide
9	Kidney Failure
10	Diabetes Mellitus

Source: Ministry of Health

Table 6.5.3 10 Leading Causes of Hospitalization

Order	Cause	No. of Hospitalizations
1	Disease of Respiratory System including Asthma, TB	262
2	Disease of the Genitourinary System including Kidney Diseases	202
3	Disease of Digestive System including stomach ulcers	199
4	Endocrine, Nutritional, Metabolic & Immunity including Diabetes	198
5	Disease of the Circulatory System including Heart Disease	192
6	Normal Childbirth & Delivery	185
7	Infectious & Parasitic Diseases, including STD & flu	181
8	Injury & Poisoning including motor vehicular accidents	158
9	Disease of the Nervous System including mental illness	144
10	Complications of pregnancy, childbirth & the puerperium	137
Total of hospitalization		2,686

Source: Ministry of Health

6.5.2 Condition of Sanitation Facilities in Rural Area

Table 6.5.4 shows the condition of sanitation facility in each state in 1995.

As for water, 167 housing unit (6%) out of 2,973 units didn't have piped water service in 1995. Ngaraard State (42 housing units), Kayangel State (26 housing units) and Ngechesar State (22 housing units), had many housing units without piped water especially. However, number of houses without piped water is expected to reduce due to Palau Rural Water System Project implemented from 1991 to 2000 (refer to Chapter 8 of Sector Report).

As for toilet, 37% of housing unit in Palau didn't have flush toilet, and the share of other than flush toilet was more than 70% in almost states other than Koror, Melekeok, Airai, and Aimeliik.

As for sewage disposal, Koror State is only one state that has sewage treatment system in Palau. However, 736 units (37%) did not get sewage service even in Koror State. More than 1,700 housing unit (58%) could not receive sewage treatment service by public sector, and therefore used septic tank, cesspool, etc. in Palau.

According to a memorandum from Bureau of Public Health, Ministry of Health, 64% of housing units in six states of the Babeldaob Island had privies or pit latrines in 1999. However, more than 55% of them had non-compliant privies (bad condition of sanitary). Such privies play an important part in indirect mode of transmission of disease. Table 6.5.5 shows disease caused from poor sanitation

This memorandum also points out that unmanaged public dumpsite will cause diseases by vectors such as flies, mosquitoes, roaches and rats. Table 6.5.6 shows vector-borne diseases in Palau.

Table 6.5.4 Condition of Sanitation Facilities In 1995

States	Housing Units	Water		Toilet		Sewage disposal	
		No piped water		Other than Flush toilet		Septic tank, cesspool and other	
		(Unit)	(%)	(Unit)	(%)	(Unit)	(%)
Kayangel	26	26	100	24	92	26	100
Ngarchelong	65	-		51	78	65	100
Ngaraard	91	42	46	78	86	91	100
Ngwal	47	1	2	32	68	47	100
Melekeok	54	-		21	39	54	100
Ngchesar	67	22	33	48	72	66	99
Airai	245	4	2	107	44	236	96
Aimeliik	66	6	9	33	50	66	100
Ngatpang	37	13	35	31	84	37	100
Ngardmau	40	1	3	33	83	40	100
Ngeremlengui	65	2	3	46	71	64	98
Angaur	46	-		34	74	46	100
Peleliu	129	5	4	106	82	129	100
Koror	1,964	17	1	429	22	736	37
Sonsorol	19	16	84	19	100	19	100
Halohobei	12	12	100	12	100	12	100
Total	2,973	167	6	1,104	37	1,734	58

Source: Census 1995

Table 6.5.5 Diseases Caused from Poor Sanitation

Disease	Reservoir	No. of Cases in Palau	
		1997	1998
Helminthes (worms)			
Ascariasis (roundworm)	Humans, ascid eggs in soil	32	11
Trichuriasis (whipworm)	Humans	16	4
Protozoa			
Amebiasis (Amebic dysentery)	Humans	47	122
Giardiasis	Humans; possibly other animals	11	12
Bacteria			
Cholera	Humans	0	0
Typhoid fever & Paratyphoid fever	Humans for both typhoid & paratyphoid	0	0
Shigellosis (Bacillary dysentery)	Humans		
Viruses			
Infectious Hepatitis (A&E)	A-Humans E-Unknown	0 0	0 0
Poliomyelitis	Humans	0	0
Gastroenteritis		909	1028

Source: Memorandum to National Planner from Director of Bureau of Public Health in May 1999

Table 6.5.6 Vector-Borne Diseases

Disease	Vector	No. of Cases in Palau	
		1997	1998
Dengue Fever	Mosquito	2	14
Encephalitis	Mosquito	0	0
Malaria	Mosquito	0	1
Yellow Fever	Mosquito	0	0
Leptospirosis	Rats, swine, cattle, dogs	4	6

Source: Memorandum to National Planner from Director of Bureau of Public Health in May 1999

6.5.3 Public Health System and Facility

The Ministry of Health Palau has one public medical institution, Belau National Hospital run by the Ministry of Health and 3 private hospitals. They are all located in Koror. Outside of Koror State, there are 9 dispensaries located in Babeldaob, Peleliu,

Angaur, and two southwest islands, Tobi and Sonsorol. These dispensaries are divided into two types, Super Dispensary and Regular Dispensary. Table 6.5.7 shows information on each hospital/dispensary. The Super Dispensaries have beds and doctors or nurses are staying there, otherwise the Regular Dispensaries don't have bed but nurses are staying. The Belau National Hospital is positioned as the top referral in the country, yet those who can't be treated in Belau National Hospital usually sent to Hawaii, Guam and Manila. In 1998 130 patients went to those countries to have treatments.

The buildings of Belau National Hospital were constructed in 1991, and 75% of doctors, 88% nurses, and 94% of beds are located in Belau High School.

Three Super Dispensaries are also newly constructed in 1998. Regular Dispensaries are becoming too old to running now. Community Health building located near Koror Elementary School is also too old to provide adequate services.

Palauan people enjoy constitutional right to receive healthcare service. People share the medical charge from 10% to 70% in accordance with their income and dependants. In FY1999, 30644 patients visit hospitals and dispensaries, and the number of admission in 1998 was 2,979. About 200 international tourists also visit the National Hospital in a year due to accident in diving and so on.

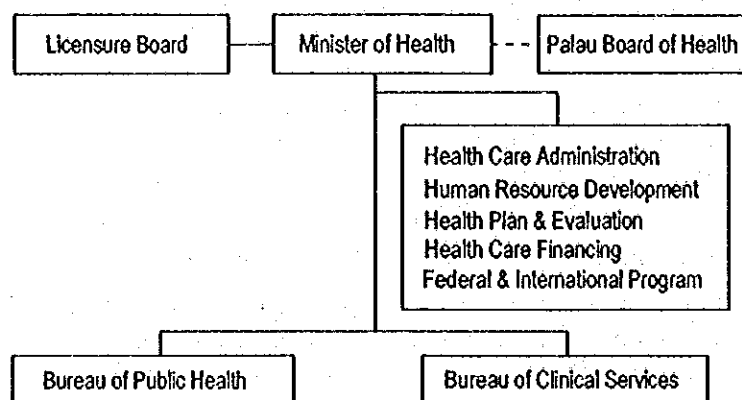
Table 6.5.7 Hospitals and Dispensaries In March 2000

Name	Location	No. of Beds	No. of Doctor	No. of Nurse	No. of other stuff	Year of construction	Remarks
Public							
Belau National Hospital	Koror	82	24	108	233	1991	Annual O&M is US\$50,000
Private							
Belau Medical Clinic	Koror	0	3	3	8	1980	
Seventh Day Adventist Clinic	Koror	0	2	3	4	1990	
Palau Family Surgical Clinic	Koror	0	1	1	1	-	
Super Dispensary							
Peleliu	Peleliu	2	1	0	0	1968	New building planned
Melekeok	Melekeok	1	0	3	0	1998	
Ngeremlengui	Ngeremlengui	1	0	1	0	1998	
Ngerchelong	Ngerchelong	1	1	0	0	1998	
Regular Dispensary							
Sonsorol	Sonsorol	0	0	1	0	-	
Hatohobei	Hatohobei	0	0	1	0	-	
Angaur	Angaur	0	0	1	0	1967	
Ngaraard	Ngaraard	0	0	1	0	1967	
Community Health							
	Koror	-	-	-	14	-	New building planned

Source: Ministry of Health

6.5.4 Related Organization and Public Health Policy

The Ministry of Health is responsible for any medical services and public health care. The Ministry consists of two bureaus: The Bureau of Clinical Services which takes care of medical services in National Hospital and dispensaries, and the Bureau of Public Health which takes care of primary health care, sanitation, and so on. The number of staff in the Ministry of Health was about 300 including doctors and nurses.

Figure 6.5.1 Organization of Ministry of Health

Source: Ministry of Health

Table 6.5.8 shows Budget of Ministry of Health in FY1999. As same as the Ministry of Education, the budget of the Ministry of Health consists of the Federal Programs and the Palau Legislature (OEK) appropriation. The Federal Program grants occupied 31% of the total budget, and for the operation of National Hospital, 53.0% of total was used.

Table 6.5.8 Budget of Ministry of Health In 1998/99

	Item	Amount (\$)
Federal Programs		1,880,220
	Sub-total	6,137,500*
	Hospital & Medical services	4,247,500
	Public Health	
	Community Health Center	895,000
	Primary & Preventive	423,000
	Behavioral Health	95,000
	Environmental & Sanitation	59,000
	Dental Programs	318,000
Total		8,017,720*

Note: * the figures between actual amount and written are different due to mistake of information.

Source: Ministry of Health

Table 6.5.9 shows expenditures of the Ministry of Health in recent years. The share of OEK Appropriation in the total budget has been staying 65 to 70%. Personnel expense is the largest part in the budget, and the share of it in the total budget has been keeping about 40%. The share of supplies, etc has decreased, otherwise the shares of others have increased gradually.

Table 6.5.9 Recent Expenditures of the Ministry of Health

(Unit: \$ thousand)

Fiscal Year	1995	1996	1997	1998	1999	2000
Personnel & Benefits	3,026	3,279	3,778	3,790	4,134	-
Rentals & Others	309	269	293	229	362	-
Contractual Services	86	661	686	890	522	-
Supplies POL & Others	1,069	967	1,070	578	382	-
Travel & Transportation	154	56	47	106	101	-
Equipment	50	87	20	506	14	-
Other Expense	15	8	9	31	64	-
Maintenance	43	61	21	59	43	-
Utilities	162	306	286	460	330	-
Construction	431	-	-	-	-	-
Matching Funds	-	41	20	-	-	-
Sub-total OEK Appropriation	4,914	5,735	6,231	6,649	5,952	6,335
Total	7,608	8,030	9,704	9,147	-	-

Source: Ministry of Administration, Ministry of Health

Note: Figures in FY2000 are budget amount

The Ministry is also allocated Hospital Trust Fund, which is amounted to US\$1.25 million. It has been used as revolving fund, and the Ministry can buy medical equipment and supplies in advance. The medical charge from patients was put in and compensated the fund, and the same amount of fund (\$1.25 million in 2000/2001) returned to the National Treasury in the end of fiscal year until now. But since 2000/2001, the Ministry can use total amount of the trust fund. From the point of promoting healthy budget, it should be carried out because the annual revenue from medical charge amounts to about \$900 thousand every year, and the charge of deficit of the trust fund will be postponed next year or later. It will be a heavy burden of the operation of National Hospital in the future.

Table 6.5.10 summarizes the development issues and development strategy in of the public health. From the point of human resource development and financial sustainability, the following items are important public health issues.

- Promotion of activities such as enlightenment, education, advertisement, and community campaign about primary healthcare;
- Financial sustainability of the operation of National Hospitals, dispensaries, primary healthcare activities;
- Human resource development of professionals such as doctors and nurses
- Enhancement of healthcare service in rural area, especially emergency medical services

The Ministry health had a sector development plan, Five-Year Health Plan (1993-1998). The goal of the plan was to develop the health system management and better infrastructure. The plan also aimed at enhancement of administration, finance, human resource development, medical supply service and maintenance, medical services, health information and preventive care, hospital medical program, and community health center. Current five-year plan from 1999 has not been proposed.

The Ministry plans to abolish regular dispensaries after the completion of the Compact Road. This is why the renovation of these facilities has not done yet.

Though Taiwanese Government has recently decided to give an aid to public health sector in accordance with the establishment of diplomatic relation, the detailed aid plan was not, however, presented as of April 2000.

Table 6.5.10 Issues and Development Strategy In Public Health In Previous Study Report

Study Report	Issue	Development Strategy
Economic Development Plan (1994)		<ul style="list-style-type: none"> - Enhancement of the Ministry of Health - Renovation of facilities of Belau National Hospital - Improvement information system of Health Sector - Scientific research in relation to national health problems - Review and redefine of the national health mandates - Reinforcement of the staffs of the Ministry of Health - Human resource development of doctors and nurses - Establishment of medical library in the National Hospital - Development of personnel classification system of the staffs - Implementation of National Health Insurance Program
National Master Development Plan (1996)	<ul style="list-style-type: none"> - Deteriorating health standards - Healthcare financing - Accessibility to medical facilities services - Resource management such as finance, staffs, etc. - Inadequate staffing - Governance of public health 	<ul style="list-style-type: none"> - Improvement of governance arrangements - Establishment of priorities in public health - Improvement of professional personnel and certification systems - Appointment of additional administrative staff - Improvement of management approach and arrangement - Decentralization of procurement system - Improvement of facilities and services - Undertaking the study on health insurance system - Increase of user charge and improvement of its structure
Sustainable Human Development (1997)	<ul style="list-style-type: none"> - Shifting cost from US taxpayers to either Palauan taxpayers or service consumers - The shortage of healthcare manpower, especially dentist and nurses - Healthcare service in rural area - The lack of knowledge about primary health care 	<ul style="list-style-type: none"> - Improvement of the health condition of Palauan by reducing the consumption of imported foods and increasing the consumption of domestic foods

Source: EDP, NMDP and Sustainable Human Development Report