

**National Assessment Report
Republic of Palau
May 2006**

Responses to the six specific questions re NSDS

QUESTION 1(a) What is the current status with respect to National Sustainable Development Strategy (NSDS)?

The Palau NSDS process is currently in progress. However, there is an urgent need to adapt or modify the institutionalized structure of the government to have a single national working group to specifically address and implement government development policies relating to all three pillars of sustainable development, i.e. economic, social and environmental issues.

Considerable work has already been undertaken in line with NSDS. Since attaining its independence in 1994, the Republic of Palau has developed and is presently implementing a variety of strategies and national action plans relevant to sustainable development including:

i) **Palau 2020 National Master Development Plan (PNMDP)** was developed in 1996 and approved by the Palau National Congress the following year as the Republic's long-term developmental planning document. PNMDP is a widely focused roadmap that articulates economic and social development priorities for Republic of Palau, including capital improvement projects. The Plan vision is to substantially enhance the quality of life of Palauan citizens in both long and short terms. Developmental goals established under this 2020 Master Plan include:

- Increased economic growth per capita on a sustainable basis;
- Sharing the benefit of economic growth on an equitable basis to all different economic sectors,
- Establishing a planning framework for future expenditures;
- Cooperating with foreign interests to establish genuine stakeholder development, and
- Incorporating Palauan development priorities within the global environment to enhance the national environment.

ii). **The Economic Development Plan (EDP)** was prepared in 1994, pursuant to Section 231 of the Compact of Free Association (COFA) which established a 15-year political relationship between the United States of America and the Republic of Palau.

Broad objectives of the 1994 EDP plan include:

- Laying down the foundation for achieving economic self-reliance based on a free and vibrant market economy;
- Developing Palau's human, natural and technical resources in a framework of environmental and cultural protection, and
- Achieving measurable and certain progress toward balanced development of the 16 states throughout the Republic of Palau.

The policies and strategies to help implement EDP plan are defined as:

- Develop a self-reliant production-based market economy;
- Reduce and streamline the public sector;
- Develop natural resources to generate income;
- Develop human resources and manpower requirements;
- Balance regional economic integration and development; and
- Conserve environment and cultural assets.

iii) The JICA Study: “The Study for Promotion of Economic Development in the Republic of Palau (Volumes I, II, III)”, October 2000.

The EDP (explained above) was a five-year plan to address immediate infrastructure needs by utilizing COFA Section 212(b) funding. At the conclusion of the fifth year, when most CIP funds had been expended or obligated, it was deemed necessary to undertake a revision of EDP. Palau therefore sought assistance from the Government of Japan that resulted in the development of the JICA Study. The JICA Study sets forth the following objectives:

- To formulate long-term integrated development strategies and a mid-term infrastructure improvement plan aimed at harmonizing economic development with environmental protection;
- To conduct pre-feasibility studies for priority investment project packages for priority sectors identified in the Study;
- To assist Palauan counterpart personnel in strengthening their planning capability through implementation of the Study.

In arriving at its infrastructure recommendations, the JICA Study identified a broad list of “key issues” including:

- Natural, human and cultural resource base; national interest and national security;
- Institutions for economic development and macroeconomic management;
- Public sector and fiscal issues; labor market; financial sector; direct foreign investments;
- External relations and Overseas Development Assistance (ODA);
- Terrestrial, coastal, marine and living environment.

And within the context of these “key issues”, the JICA Study developed both long-and mid-term development strategies focusing on both the sectors of the economy in need of development, as well as on social and environmental concerns. Sectors and concerns identified were:

- Tourism, Agriculture, Aquaculture, Fisheries, Land Use, Environmental Management, and

- Strengthening labor, human resource development and health.

iv) **National Environmental Management Strategies (NEMS)** Developed through the South Pacific Environment Programme (SPREP) and the United Nations Development Programme (UNDP) in 1994, NEMS highlights strategies for the development of policy and planning mechanisms for sustainable development, human resource management, pollution control, education and information, preservation of cultural, archeological and historical resources, and recommendations for long-term sustainable management plans for tourism development, marine resource protection, and agriculture. product diversification, capacity-building schemes, development of high-end tourism product; diversification of tour attractions in the Big Island of Babedaob, and effective management of natural and cultural resources.

A National Tourism Unit was to be established within the Office of the President to implement STPAP in 2002; however, the Olbiil Era Kelulau (Palau National Congress) disapproved its creation. As a result, nothing has been done to implement the recommendations of these tourism plans.

vi) **The Management Action Plan (MAP).** The MAP was developed by President Tommy E. Remengesau, Jr. of the Republic of Palau to serve as his new Administration's strategic roadmap for the reform of the Executive Branch of the government. It incorporated many of the recommendations made both in the *2020 Palau National Master Development Plan (PNMDP)* and the *1994 Economic Development Plan (EDP)* and sets forth both short and long term recommendations based upon economic and social factors, which are to be implemented by various ministries, departments, agencies and entities of Palau National Government. MAP was approved and promulgated by the President through Presidential Directive No. 01-007 in February 2001.

MAP's primary goals and objectives include:

- The improvement of the quality of life of the Palauan people;
- An emphasis on quality of services with the aim of reducing the costs of such services;
- Ensuring the accountability of the government;
- Developing viable government structures;
- Fostering a strong sense of community;
- Cost containment;
- Government right-sizing; and
- Incorporating PNMDP into the planning process.

In addition to the foregoing goals and objectives, the MAP calls for:

- A comprehensive national plan for the management and protection of marine resources;
- Collaborative establishment of marine conservation areas between the 16 States and the National Government;

- A strategic plan to implement the recommendations of Agriculture Task Force;
- Establishment of guidelines for agro-forestry with minimizing of soil disturbance and environmental impacts as the primary objective;
- Development of a comprehensive mangrove, forest, and watershed management and rehabilitation plan, and
- Implementation of an effective fruit fly eradication program.

vii) Sustainable Human Development in Palau: Progressing with the Past.

A Committee on Population and Children (CoPopChi) was created by former President Kuniwo Nakamura in 1995 to develop recommendations for a national population policy. The report outlined a total of 21 broad strategies for achieving sustainable human development in Palau.

Although the recommendations and the accompanying report heightened the understanding of the link between population and development, neither the Executive nor Legislative Branches of the government have endorsed CoPosChi policy recommendations or an alternate set of recommendations.

viii) Republic of Palau National Assessment Report: Barbados Programme of Action + 10 Review (January 2005, Mauritius). This report was developed through broad consultations from the public and private sectors, including non-governmental organization (NGOs) and presents Palau's progress in working towards sustainable development. The following six key areas comprise the body of the report:

- Key Socio-Economic Challenges and Resources;
- National Framework for Sustainable Development, National Progress Made;
- Problems Encountered in Implementation of the Barbados Programme of Action;
- Trade, Investment, Capacity Building and Cooperation and the Status of Small Island Developing States (SIDS) Vulnerability,
- Millennium Development Goals and Sustainable Development in SIDS, and
- Emerging Concerns and Needs of SIDS.

ix) Republic of Palau PUBLIC SECTOR INVESTMENT PROGRAM (PSIP) 2003-2007. This program establishes public sector infrastructure priorities for a five-year timeframe from 2003 through 2007. It incorporates all prior planning infrastructure documents, including those previously mentioned, i.e. *2020 Palau National Master Development Plan (PNMDP)*; the *1994 Economic Development Plan (EDP)*

A total of 21 infrastructure projects recommended under both PNMDP and EDP and successfully implemented within the parameters of PSIP include the following:

1. *Palau National Water System Improvement;*
2. *Palau Road Improvement/Repair Project;*
3. *Palau National Power Plant Rehabilitation;*
4. *The Palau National Gymnasium and Sports Facilities Project;*

5. *The New National Airport Terminal Construction;*
6. *Palau National Educational Facilities Construction, Renovation and Equipment Replacement;*
7. *National Health Facilities Improvement Project*
8. *Individual State CIP Projects*
9. *Palau National Capitol Construction, Phase I*
10. *School Rehabilitation*
11. *Intra-Babeldaob Access Road Project*
12. *Outer Island Electric Power Systems Project*
13. *Koror-Airai Water Systems Improvement*
14. *Babeldaob Electric Power Transmissions and Distribution Project*
15. *National Museum, Archives and Library Project*
16. *National Capitol Construction Project, Phase II*
17. *Palau Prison Facility Project*
18. *Court Building Annex*
19. *Babeldaob and Outer Islands Public Safety Substations*
20. *Palau High School Construction Project*
21. *Agriculture Station Extension Project.*

x) **National Biodiversity Strategy and Action Plan (NBSAP) –MICRONESIAN CHALLENGE** Originally planned in January 2001, the Republic of Palau NBSAP took four years to complete and was approved in December 2004 by the Biodiversity Steering Committee and by the President of the Republic in January of 2005. As required by the Palau Constitution, the Palau National Biodiversity Strategy and Action Plan has recently been endorsed by the House and the Senate of the Seventh Olbiil Era Kelulau, Palau National Congress.

All major milestones required to be taken for this project were attained, including two national-level and 32 state-level workshops (2 in each of the 16 states of the Republic).

Palau's NBSAP was developed under the auspices of the Office of Environment Response and Coordination (OERC) which serves as the Republic's United Nations Operational Focal Points for:

- (a) *Climate Change Convention;*
- (b) *Kyoto Protocol*
- (c) *Biological Diversity Convention*
- (d) *Biosafety Protocol*
- (e) *Desertification Convention*
- (f) *Ozone Convention*
- (g) *Montreal Convention – Ozone*
- (h) *World Heritage*
- (i) *Global Environment Facility (GEF)*
- (j) *International Waters Programme*

This Office also serves as Contact Focal Point for U.S. *Coral Reef Task Force*; *Secretariat of the National Environmental Protection Council (NEPC)*, and *Co-secretariat for the International Coral Reef Initiative (ICRI)*.

Under the NBSAP, the President has created the *Micronesia Challenge*. First presented to the leaders of the Northern Pacific in November of 2005, the *Micronesia Challenge* is a shared vision to preserve 30% of near shore marine resources and 20% of terrestrial resources for all generations to come.

His Excellency Tommy E. Remengesau, Jr., President of the Republic of Palau, had the opportunity to present the *Micronesian Challenge* to the 2006 Annual Meeting of the Convention on Biodiversity held in Curitiba, Brazil and obtained pledges from environmental groups Conservation International and The Nature Conservancy of approximately US\$6 Million in support of implementation of this new initiative in the protection of the environment.

QUESTION 1(b)(c) “Is it under preparation? Does it exist?”

Since its independence in October 1994 in Free Association political relationship with the United States of America, the Republic of Palau has developed and implemented a number of social, economic and environmental projects, programs, facilities as set forth in the **2020 Palau National Master Development Plan (PNMDP), the 1994; the Economic Development Plan (EDP), the 3-volume JICA Study, the National Environmental Management Strategies (NEMS), the Management Action Plan (MAP), the 2003-2007 Republic of Palau PUBLIC SECTOR INVESTMENT PROGRAM (PSIP), the Republic of Palau National Assessment Report, Barbados Programme of Action 10+ Review, the National Biodiversity Strategy and Action Plan (NBSAP), etc.** However, none of these reports exists under the title “National Sustainable Development Strategy.”

It should be pointed out that the basic objective of the 2001 Presidential Management Action Plan (MAP) is to integrate environmental planning into socio-economic developmental planning efforts in order to come up with cohesively integrated programs for sustainable development in the Republic.

QUESTION 1(d) “Do you have another national plan strategy that could be adapted to meet the criteria of an NSDS?”

What perhaps could be adapted to meet NSDS criteria is the **REPUBLIC OF PALAU National Assessment Report - Barbados Programme of Action + 10 Review – (Compiled by Ministry of Resources and Development in Partnership with other Ministries, Agencies and Organizations) June 2004. (Copy can be made available from the Palau Mission to the United Nations).**

If not that, there is no other single report that could be adapted to meet the criteria of an NSDS. There would have to be a consolidation of all the previously mentioned Plans, Studies and Reports into one composite sustainable development document. Moreover, there needs to be a core working group whose primary task is to go over all the studies, plans and reports and to extract relevant social, economic and environmental issues on sustainable development and compile the same into a composite working NSDS document.

QUESTION 2. “What would you hope to achieve with an NSDS?”

The hope is that an NSDS would assist in achieving sustainable development for the people of the island Republic that will ensure their self-reliance and sufficiency for now and generations to come. The purpose of an NSDS is to create strategies in the three pillars of sustainable development; namely, in the economic, social and environmental sectors—that are measurable and implementable and are conducive to supporting lifestyles of small island developing states. We also hope to forge lasting partnerships with donor countries and/or organizations to use as leverage to access technical, expert and financial assistance and support. Implementation of these sustainable strategies should be uniform, collaborated and centralized and easily to be implemented at the grassroots or community levels.

It is planned that upon return, Palau’s delegation would recommend to the President to move the existing Office of Planning and Statistics from the Bureau of Finance and place it within the Office of the President. The office would be re-structured to be headed by an overall National Planner, assisted by Deputy National Planners for Economic, Social and Environmental Sectors. It is envisioned that the centralized Planning Office be upgraded, elevated and adapted to incorporate duties, functions and responsibilities for foreign grant aid coordination, execution and implementation and project funded programs from the UN agencies and other donor organizations. This will be an agency of the government that will oversee the proper implementation of the Republic’s National Sustainable Development Strategy once completed and finalized. It is also expected that a United Nations expert will be housed within the National Planning Office who will help not only assist in compiling or formulating NSDS but in its implementation. Local counter-parts would work closely with the UNDP expert as understudies and take over from him or her upon expiration of his/her tenure.

QUESTION 3. “Is there a mechanism for broad participation of stakeholders (including civil society representatives) in the NSDS and other national development planning and decision-making processes? If not, are you considering establishing one?”

Yes. There are existing mechanisms that ensure broad-based representation in the policies or decision-making processes. This includes National Leadership Symposiums, Key Agencies and Operations, Cooperation with international and regional initiatives as briefly outline below:

National Leadership Symposium in political area –Compact of Free Association Review (COFA), held in February this year, included participants from all sectors of Palauan community that convened in separate Focus Groups and reported their findings and recommendations in Law enforcement and regulations, Capital Improvement Infrastructure Projects, Private Sector Development, Sustainable Government Operations and Human Resource Development.

Key agencies and organizations that participated actively in the symposium included officials of the Executive Branch, the Palau National Congress, the Republic Judiciary; 16 state governments, council of traditional leaders; religious organizations, civil societies (NGOs) i.e. Palau Conservation Society, Palau Community Action Agency, The Nature Conservancy, Palau Federation of Fishing Associations, Women’s Groups and Organizations, Chamber of Commerce, Rotary Club, National Environment Protection Council, Office of Environmental Response Coordination, Marine Resources Consortium, Palau Natural Resources Council, Marine Resources Pacific Consortium (MARPAC), Palau International Coral Reef Center (PICRC), etc.

QUESTION 4. “What do you consider your country’s achievements or best practices in planning, developing or implementing NSDS?”

Development of the Palau 2020 National Master Development Plan in 1996 and its adoption by Palau National Congress in 1997, and other related plans, i.e. 2001 Presidential Management Action Plan; 2003-2007 Public Sector Investment Plan (PSIP), JICA STUDY (3 volumes); National Leadership Symposium; Republic of Palau National Assessment Report (Barbados Programme of Action + 10 Review)

QUESTION 5 “What have been the main challenges”?

Lack of properly trained manpower to undertake assignments and pursue them to the end. Small size of public sector employees such that individual personnel would have to take on various duties and responsibilities that are often too many to shoulder. Lack of national capacity building program so as to ensure continuity of service provision to the country and its people.

Geographically located in the northwestern most part of the cluster of Pacific SIDS, the Republic of Palau has been disadvantaged when it comes to benefiting from grants, aids or project financing from UNDP and other donor organizations with their regional offices headquarters either in Suva, Fiji, Port Vila, Vanuatu or Apia, Samoa. Our fellow Micronesian country of Federated States of Micronesia (FSM), by virtue of being “centrally located geographically, has recently become a host to the Commission of the Convention on Conservation and Management of Highly Migratory Fish (Tunas) in the Central and Pacific Ocean as well as the Micronesian UN Small-scale grant schemes. And yet again Palau lost out due to its remoteness and isolation but all the more so Palau needs to have an in-house UN in-country expert to help us out in NSDS exercise. .

Additionally, as one of the smallest of the small Pacific SIDS, Palau shares the major challenges acknowledged by the Apia 4-8 August 2003 Pacific Regional Review of Programme of Action for SIDS. These challenges were once again noted in Document E/ESCAP/SPIDC(9)3 of ESCAP 9th Session in Bangkok, 4-5 April 2006. These challenges include:

- “Lack of national understanding, ownership and political will to implement the Strategy”;
- “Public services ... are small and unskilled and ...(Palau require(s) a critical mass of institutions....(legislative branch), judiciary and executive branch (including foreign missions, education, and health services and police to exist as ‘states’
- “...small human resources are often spread too thinly across government institutions, resulting in inefficiency and poor performance”;
- “Many Governments of Pacific SIDS (and Palau is no exception) need to consult more widely and build partnerships with shareholders, not only concerning the Mauritius Strategy but also concerning their overall plans (national sustainable development strategies)”
- “indeed, in many of these countries (Palau included) national planning systems are not clearly defined and certainly participation by the civil society and community consultations are not considered part of the national planning process. Addressing these institutional omissions in the planning structure and staffing offices with people who can move the action along would go a long way to removing the institutional bottlenecks.”;
- “Harmonization and coordination of aid are major challenges to implementation of the Mauritius Strategy and there is a need for innovative ways of coordinating aid among donors;
- “The prospects for Pacific SIDS (including Palau) being able to finance implementation of the Mauritius Strategy from their own resources are not encouraging because the majority of them have very limited sources of financing for economic development. While low-to-moderate economic growth is projected for Pacific SIDS, their standards of living is set to decline because their population growth rates exceed their modest gross domestic product (GDP) growth rates.

QUESTION 6. “What is the single most important intervention or activity that the project should undertake in the next phase of project implementation?”

To upgrade or elevate and house with the immediate office of the President, the existing Office of Planning and Statistics that would have, among its prime responsibility, to coordinate the execution and implementation of project funded projects throughout the Republic of Palau. The office should be staffed by technical experts and consultants from various specialized UN agencies, donor organizations or countries to fill the deficit that currently exists. External experts should have national counter-parts under-studying

on the job that would take over the consultant's functions upon the expiration of their tenures.