



Palau: Palau Public Utilities Corporation Reform Program

Project Name	Palau Public Utilities Corporation Reform Program	
Project Number	54151-001	
Country	Palau	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan Technical Assistance	
Source of Funding / Amount	Loan: Palau Public Utilities Corporation Reform Program	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 5.00 million
	TA: Palau Public Utilities Corporation Reform Program	
	Technical Assistance Special Fund	US\$ 400,000.00
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Energy - Energy sector development and institutional reform	
Gender Equity and Mainstreaming	Some gender elements	
Description	<p>The proposed Palau Public Utilities Corporation Reform program aims to strengthen the corporate governance and financial management of Palau's water and electricity utility company, Palau Public Utilities Corporation (PPUC), and improve electricity market by supporting tariff reforms. The programmatic approach is proposed through policy-based loans to finance two subprograms during 2020-2022. The programmatic approach will (i) confirm sequencing of reforms and investment projects in coordination with the IMF and other partners, (ii) ensure long-term continued engagement as the reforms are multi-fold and require multiple years to implement and yield results, (iii) facilitate provision of advisory and analytical assistance to support implementation of reforms, and (v) adjust the size of respective subprograms with the pace of implementation. Transaction technical assistance (TA) will facilitate program implementation, including providing technical advice to and building the capacity of the Ministry of Finance (MoF) and PPUC.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>The Government of Palau recognizes the strong link between economic growth and the urgency of energy reforms to sustain supply by modernizing its infrastructure. Given the importance of energy sector in the economy, its improved governance and performance can have far-reaching effects in all segments of the society, impacting the day-to-day lives of citizens, and other parts of the business sector. With adverse impact of Covid-19, the sector reforms including good governance financial sustainability and development of contingency plan are critical to ensure its positive contribution to economic efficiency, competitiveness and energy security. PPUC reform is a good practice example and could be an important driver in the reform of the overall SOE sector in Palau.</p> <p>The program will complement and underpin ADB's proposed project loans during 2020-2022 for (i) power transmission enhancement, (ii) disaster resilient clean energy financing and (iii) developing PPP transaction for renewable energy. This lending program and ADB's overall energy sector strategy are also designed to support PPUC's investment plan and the government's target for 45% renewable generation by 2025.</p>	
Impact	Financial sustainability and sector performance achieved	
Outcome	Reliability, sustainability, and affordability of the energy system improved	
Outputs	Tariffs reforms managed PPUC financial management and sustainability PPUC corporate governance and transparency	
Geographical Location	Nation-wide	
Safeguard Categories		
Environment	C	
Involuntary Resettlement	C	
Indigenous Peoples	C	
Summary of Environmental and Social Aspects		
Environmental Aspects		
Involuntary Resettlement		
Indigenous Peoples		
Stakeholder Communication, Participation, and Consultation		
During Project Design		
During Project Implementation		

Responsible ADB Officer	Abbasov, Rafayil
Responsible ADB Department	Pacific Department
Responsible ADB Division	PAEN
Executing Agencies	Ministry of Finance 3rd Floor, Executive Bldg, ROP Capitol Ngerulmud, Melekeok State, P.O. Box 6011 Koror, PW 96940, Republic of Palau

Timetable	
Concept Clearance	13 May 2020
Fact Finding	15 Jun 2020 to 30 Jun 2020
MRM	28 Aug 2020
Approval	-
Last Review Mission	-
Last PDS Update	13 May 2020

Project Page	https://www.adb.org/projects/54151-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=54151-001
Date Generated	15 May 2020

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