

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Palau has six major development partners—Australia; European Union (EU); Japan; Taipei,China; United Nations Development Programme (UNDP); and the United States (US). They provide aid through budget support and project or program operations.
2. Australia’s strategic focus, through the Partnership for Development 2010–2015, is on capacity development for the education, health, and public sectors.
3. The European Union’s strategic focus is on the energy and environment sector development especially on renewable energy.
4. The Japan government’s strategic focus is on energy, environment, education, and health. Japan supports the improved solid waste management and the establishment of a recycling system, as well as projects for natural resource management and sustainable development. Its support for coral reef research provides an important contribution to monitoring the impacts of sewage outflow on the reef’s health.
5. Taipei,China focuses its development assistance on infrastructure, agriculture, and the environment. Taipei,China currently supports small scale rural water collection and transmission infrastructure.
6. The UNDP program focus is on the environment. It mostly supports natural resources management and monitoring. Recently, UNDP stated its support for a national water resources management policy which incorporates the sanitation sector was provided.
7. The federal grant programs of the government of the United States provides support across all sectors with the major focus on education, health, and infrastructure sector. Through the Compact of Free Association with the United States government, Palau is expected to be able to access infrastructure grants of up to \$40 million over the next 5 years.
8. The Japan, Taipei,China, and United States development assistance programs include volunteer programs. Japan currently has a volunteer at the sewage treatment works.

Major Development Partners in Water, Sanitation and Environment Sector

Development Partner	Project Name	Duration	Amount (\$ million)
<i>Water Supply and Sanitation</i>			
ADB	Water Sector Improvement Program	2010–2015	16.0
Japan/JICA	Koror Wastewater System Improvements	2011	(...)
Taipei, China	Ngerikiil Water Water Distribution System Mengellang to Badrulchau Tank Water Transmission	2011–2012	0.3
UNDP/EQPB	Integrated Water Resource Management	2009–2012	0.59
<i>Environment</i>			
Japan	Project for Promotion of Regional Initiative on Solid Waste Management/ JOVB Capacity Enhancement Project for Coral Reef Monitoring	2011–2015 2009–2012	(...) 2.9

ADB = Asian Development Bank, EQPB = Environmental Quality Protection Board, JICA = Japan International Coordination Agency, TBA = to be determined, UNDP = United Nations Development Programme.

Sources: Asian Development Bank.

B. Institutional Arrangements and Processes for Development Coordination

9. Development assistance is coordinated through bilateral and multilateral consultations including an ongoing dialogue between Asian Development Bank (ADB) and the International Monetary Fund (IMF) during Article IV Consultation. ADB has been sharing with development partners the materials, analysis, and preparatory documentation of its program through regular visits to each embassy in Palau and in regional meetings in the North Pacific.

10. The Palau government has created the Office of Budget and Grant Oversight with the goal of providing a roadmap for development partners by setting national priorities. The Department of Interior has provided a grant to support the Office of Budget and Grant Oversight. The office is in its early stages and is being administered through the leadership of the Adviser in the Office of the Vice-President/Minister of Finance.

11. The goal of the Office of Budget and Grant Oversight is to improve coordination on all grants and technical assistance in Palau. Counterparts for development partners are still fragmented between Office of the President, Ministry of Foreign Affairs, and Ministry of Finance. The government has not established a formal mechanism for coordination with development partners.

12. With ADB assistance, the government is developing a medium-term budget framework. The new budget approach includes all development assistance, cash and in-kind, aligned against each ministry's medium-term development objectives.