

 Early Warning System

ADB-57121-001

Strengthening Fiscal Resilience for Sustainable Development Program,  
Subprogram 1



### Quick Facts

<b>Countries</b>	Palau
<b>Financial Institutions</b>	Asian Development Bank (ADB)
<b>Status</b>	Proposed
<b>Bank Risk Rating</b>	C
<b>Borrower</b>	Government of Palau - Ministry of Finance
<b>Sectors</b>	Law and Government
<b>Investment Type(s)</b>	Loan
<b>Investment Amount (USD)</b>	\$ 12.50 million
<b>Project Cost (USD)</b>	\$ 25.00 million



### **Project Description**

According to the Bank's website, the proposed Strengthening Fiscal Resilience for Sustainable Development Program will complement and advance reforms initiated by the Government of Palau under the previous programs of the Asian Development Bank (ADB) designed to help the government recover from the coronavirus disease (COVID-19) pandemic, and to strengthen domestic resource mobilization (DRM) and public financial management (PFM).

It aims to further strengthen national and subnational public sector management (PSM) to improve fiscal discipline and strategic allocation of resources, while consolidating climate change mitigation and adaptation considerations into planning and budget execution. Specifically, the program will strengthen tax and customs administration systems, as well as land use and marine planning processes, and mainstream climate considerations into these to set the stage for faster and more sustainable growth. The program is aligned with ADB's Strategy 2030 and its operational priorities of tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; strengthening governance and institutional capacity; and accelerating progress in gender equality.



## Early Warning System Project Analysis

The program is considered low risk because (i) the loan amount does not exceed \$50 million; (ii) MOF has previously executed externally financed operations; (iii) ADB has previous extensive experience in PFM in Palau; and (iv) the operation is not expected to be classified as category A in any safeguard category.



### Investment Description

- Asian Development Bank (ADB)

The government has requested a concessional loan not exceeding \$25.0 million from ADB's ordinary capital resources to help meet the government's development financing needs for FY2024 and FY2025. ADB's proposed financing consists of \$12.5 million for subprogram 1 in 2024 and \$12.5 million for subprogram 2 in 2025. The government's projected fiscal deficit (excluding grants) is estimated at \$47.4 million (16.1% of GDP) in FY2024 and at \$35.6 million (9.5% of GDP) in FY2025. ADB is engaging with the New Zealand Ministry of Foreign Affairs and Trade for possible grant cofinancing. Climate financing under subprogram 1 is estimated at \$6.3 million based on policy actions that contribute to climate outcomes.



### Contact Information

*No contacts available at the time of disclosure.*

### ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

### ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.



## Bank Documents

- [Project Disclosure PDF](#)
- [Strengthening Fiscal Resilience for Sustainable Development Program, Subprogram 1: Concept Note](#)