

EN

Republic of Palau - European Union

National Indicative Programme

for the period 2014-2020

GENERAL CLAUSES

The Government of the Republic of Palau and the European Commission hereby agree as follows:

- (1) The Government of the Republic of Palau and the European Commission hereinafter referred to as the Parties, determined the general orientations for cooperation for the period 2014-2020.

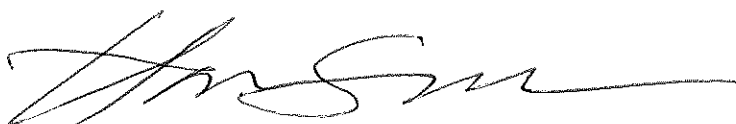
These orientations which are included in the National Indicative Programme, concern the European Union Aid in favour of the Republic of Palau and were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, revised and signed in Luxembourg on 25 June 2005 and revised and signed in Ouagadougou on 22 June 2010.

The National Indicative Programme is annexed to the present document.

- (2) As regards the indicative programmable financial resources which the European Union envisages to make available to the Republic of Palau for the period 2014-2020, an amount of EUR 1.6 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation). A B-allocation referred to in Article 3.2 (b) can be established to cover unforeseen needs. This allocation is at EUR 0 until a need arises. These allocations are not entitlements and may be revised by the Commission, following the mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects. The National Indicative Programme concerns the resources of the A-allocation. It also takes into consideration financing from which the Republic of Palau benefit or could benefit under other European Union resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as humanitarian, emergency and post emergency assistance, where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate exogenous shocks. The B-allocation shall be established according to specific mechanisms and procedures and does therefore not constitute a part of the programming.
- (5) Pending the entry into force of the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting with the Council on the financing of European Union Aid under the multiannual financial framework for the period 2014 to 2020, financing decisions for projects and programmes can be taken by the Commission at the request of the Government of the Republic of Palau within the limits of the A- and B-allocations referred to in this document under the condition that sufficient financial resources are available in the transitional measures ("Bridging Facility") composed of uncommitted balances from the previous European Development Funds (EDFs) and from funds decommitted from projects or programmes under those EDFs. The respective projects and programmes shall be implemented according to the rules and procedures of the 10th EDF until the entry into force of the 11th EDF implementing rules and financial regulation.

- (6) The European Investment Bank may contribute to the implementation of the present National Indicative Programme by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 2c and 3 of the 11th EDF multi-annual financial framework for the period 2014-2020.
- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Indicative Programme as well as the A-and B-allocations can be revised following the mid-term review and the end-of-term review or ad hoc reviews.

Signatures



For the Government of the Republic of Palau



For the European Commission

TABLE OF CONTENTS

List of Acronyms and abbreviations

0. Summary

1. The overall lines for the EU response

- 1.1. Strategic objectives of the EU's relationship with the partner country
- 1.2. Choice of sector

2. Financial overview (indicative amount)

3. EU support per sector

3.1 Energy Efficiency

- 3.1.1 Overall and specific objectives
- 3.1.2. Expected results:
- 3.1.3 Main indicators
- 3.1.4. Donor coordination and policy dialogue:
- 3.1.5. The Government's financial and policy commitments:
- 3.1.6. Environmental Impact Assessment
- 3.1.7. Risk Assessment

4. Measures in favour of civil society

5. B-allocation

6. Support measures

- 6.1. Measures to support or accompany the programming, preparation or implementation of actions
- 6.2. Support to the National Authorising Officer

Attachments

- 1. Country at a glance
- 2. Donor matrix
- 3. Sector intervention framework and performance indicators
- 4. Indicative timetable for commitment of funds

PALAU : List of principal acronyms and abbreviations

ACP	African, Caribbean and Pacific Countries
CRA	Climate Risk Assessment
EDF	European Development Fund
EIA	Environment Impact Assessment
EU / EUD	European Union / European Union Delegation
EEZ	Exclusive Economic Zone
GDP	Gross Domestic Product
MCT	Micronesian Conservation Trust
MDG	Millennium Development Goals
MTDS	Medium Term Development Strategy
NAO	National Authorising Officer
NEC	National Energy Committee
NEP	National Energy Policy
NMDP	National Master Development Plan
ODA	Official Development Assistance
PFM	Public Finance Management
PEFA	Public Expenditure and Financial Assessment
PFTAC	Pacific Financial Technical Assistance Team
SEA	Strategic Environment Assessment
TA	Technical Assistance

Summary

With a relatively high GDP per capita, Palau belongs to the high or upper middle income countries. Palau has 20 000 inhabitants, a landmass of 459 km² and a 604 289 km² Exclusive Economic Zone (EEZ).

The Government of Palau recognizes that improving the efficiency of energy use has greater short term value for reducing dependence on foreign sources of energy than any other action, and contributes to the country's shift to a low carbon economy. Since Palau joined the ACP group in 2000, almost EUR 6 million have been provided under EDF 9th and 10th - almost entirely for sustainable energy, with a small part for Disaster Risk Reduction and technical assistance. The focus on sustainable energy will continue under 11th EDF. This sector has been chosen to ensure the long-term sustainability of the achievements of previous EU investments in that sector.

Due to the remoteness of Palau, an "innovative" approach to implementation is necessary. Implementation via sector budget support, through a multi-country programme or through co-financing/ blending with other development partners is achievable. An appropriate implementation modality will be defined during project formulation.

In choosing this sector the Government and the EU are cognizant of other donor programmes in the country, particularly the US with its focus on Health and Education. A continued EU focus on the energy sector will be tailored to provide useful complementary support to other vital sectors such as water and sanitation, health and education. The overall objective of this assistance is to improve social and economic development and reduce poverty, contributing to an environmentally sustainable and low-carbon development path through improved energy efficiency in terms of generation, transmission and consumption.

Following the agreement with the Palau Government a single programme for EUR 1.6 million is to be implemented during the 11th EDF period 2014-2020 and it will include the following components:

Energy Efficiency	EUR 1 000 000	(62% of total)
Measures in favour of civil society	EUR 200 000	(13% of total)
Support measures	EUR 400 000	(25% of total)
Total	EUR 1 600 000	(100%)

In addition, the NIP may be complemented by operations financed under the EDF Regional Programme and the Investment Facility for the Pacific, and by the EIB from the Cotonou Investment Facility and/or from its Own Resources.

NATIONAL INDICATIVE PROGRAMME 2014-2020

REPUBLIC OF PALAU

1. The overall lines for the EU response

1.1. Strategic objectives of the EU's relationship with the partner country

The European Union (EU) and Palau have a 13-year long history of co-operation and partnership which started in 2000 when Palau joined the Africa, Caribbean, Pacific (ACP) group. EU-Palau cooperation is currently guided by the latest revision of the ACP-EU Partnership Agreement, signed in Cotonou in 2000 and updated in Ouagadougou in June 2010.

The ACP-EU Partnership Agreement will remain in force until 2020 and is centred on reducing, and eventually eradicating, poverty through sustainable development and gradual integration of ACP countries into the world economy.

Cooperation with Palau shall continue to pursue these objectives in keeping with the fundamental principles of the Agreement such as human rights, democratic principles, the rule of law, good governance, conflict prevention and resolution etc. As stated in the objectives of the partnership, "the principles of sustainable management of natural resources and the environment, including climate change, shall be applied and integrated at every level of the partnership".

While a strong ownership of the country development strategy and the alignment of EU aid with this strategy will remain essential elements, the EU development approach set out in 2011 "EU agenda for change" and in the 2012 EU Communication "Towards a renewed EU-Pacific development partnership" will also be reflected. As a result, efforts will be made to develop better targeted aid delivery mechanisms to ensure maximum poverty reduction. Increased assistance will be provided to address climate change challenges. These actions should facilitate a more general convergence of views on global issues debated in international fora.

The principle of alignment of the EU development strategy with the National Master Development Plan (NMDP) will guide the EU 11th EDF programming and implementation until 2020. The main long-term development objectives of the NMDP are:

(i) a substantial shift in economic activity from the public sector to the private sector aimed at increasing productivity and efficiency of the resource use; (ii) strengthening of government institutions to improve co-ordination of the decision making processes while, at the same time, reducing the relative size of government; and (iii) identification of financing strategies, including tax reform, to offset the decline in US assistance over time.

Achieving more with fewer resources is the central theme of the Medium Term Development Strategy (MTDS) and a central challenge for maintaining Palau's favourable MDG position while addressing poverty prevention and alleviation targets (see annex 1B).

Against this background, the EU cooperation strategy with Palau will be guided by the existing NMDP and associated policies and strategies for the period 2014-2020. Particular attention will be given to the National Energy Policy (NEP) and strategy adopted in 2009.

Palau's Strategic Action Plan for the Energy Sector (2009) establishes as a target the achievement of 20% of energy demand satisfied from renewable energy sources by 2020 and a 30% reduction in consumption. The EU support programme will contribute to achieve the Government's commitments to energy efficiency.

In addition, the NIP may be complemented by operations financed under the EDF Regional Programme and the Investment Facility for the Pacific, and by the EIB from the Cotonou Investment Facility and/or from its Own Resources.

1.2. Choice of sector

With a relatively high GDP per capita, Palau belongs to the high or upper middle income countries. Palau has 20 000 inhabitants, a landmass of 459 km² and a 604 289 km² Exclusive Economic Zone (EEZ).

The Government of Palau recognizes that improving the efficiency of energy use has greater short term value for reducing dependence on foreign sources of energy than any other action, and contributes to the country's shift to a low carbon economy. The 11th EDF therefore continue to focus on energy efficiency. This sector has been chosen to ensure the long-term sustainability of the achievements of previous EU investments in that sector.

In choosing this sector the Government and the EU are cognizant of other donor programmes in the country, particularly the US with its focus on health and education. A continued EU focus on the energy sector will be tailored to provide useful complementary support to other vital sectors such as water & sanitation, health & education.

Due to the remoteness of Palau, an "innovative" approach to implementation is necessary. Implementation via sector budget support, through a multi-country programme or through co-financing/ blending with other development partners may be possible provided eligibility for EU budget support is confirmed. An appropriate implementation modality will be defined during project formulation.

2. Financial overview (indicative amount)

Energy Efficiency	EUR 1 000 000	(62% of total)
Measures in favour of civil society	EUR 200 000	(13% of total)
Support measures	EUR 400 000	(25% of total)
Total	EUR 1 600 000	(100%)

3. EU support per sector

3.1 Energy Efficiency (indicative amount EUR 1 million)

3.1.1 The following overall and specific objectives will be pursued:

Overall Objective:

The overall objective is to improve social and economic development and reduce poverty, contributing to an environmentally sustainable and low-carbon development path.

Specific Objective:

The specific objective is to improve the overall efficiency of the energy sector.

3.1.2. For the specific objective the main expected **result** is:

- Improved energy efficiency in terms of generation, transmission and consumption

3.1.3 The main indicators for measuring the aforementioned result are contained in the sector intervention framework (Annex 3).

3.1.4. Donor coordination and policy dialogue:

External aid and internal implementation is coordinated through the Ministry of Finance.

Significant bilateral partners include US, Japan, and Taiwan. Palau's ties with Asia, particularly Japan, are expanding rapidly. In January 2000 Palau formally recognised Taiwan, guaranteeing the latter's increasing contribution to investment and tourism in Palau. The US, Philippines and Japan maintain embassies in Palau. Neither the EU nor its Member States have permanent representation in Palau; the country is served by the EC Delegation in Suva (a 2500 km roundtrip). Because of the great distance policy dialogue is challenging with face-to-face meetings possible only once or twice per year. The US is by far the most important contributor to Palau's economy donating in the region of 60% of total transfers amounting to some EUR 35 million per annum. Approximately USD 25 million of this is provided through Compact funds, while the remainder is made up of various Federal Grants. This is followed by Taiwan (EUR 12 million) and Japan (EUR 10 million). Currently the EU contributes about 1% of ODA (EUR 0.6 million).

Donor coordination is coordinated by the Ministry of Finance (Budget office). Palau's progress toward meeting millennium development goals (MDG) targets is good compared with other Pacific ACP countries, making it a candidate for graduation.

3.1.5. The Government's **financial and policy commitments**:

The Government is committed to improving Public Financial Management (PFM). With assistance from the Pacific Financial Technical Assistance Team (PFTAC) a Public Expenditure and Financial Assessment (PEFA) is planned in 2014.

To help implement the National Energy Policy adopted in 2010 an Energy Act to determine functions and authority required for effective Energy Administration will be developed and enforced. The Act will be based on the National Energy Policy and determine roles and responsibilities in the energy sector.

The Energy Administration will be located at an appropriate level in Government and be allocated with adequate human and financial resources to effectively address important, practical energy policy matters. A separate annual budget line will be provided for the Energy Administration. This budget allocation will allow for the development of skills and capacity necessary to review, update and implement the energy policy framework.

The creation of a National Energy Committee (NEC) will assist in the implementation of the National Energy Policy. The NEC will convene at least twice a year and issue a progress report on new initiatives and the status of energy projects and the financial status of the National Energy Policy at the end of each fiscal year.

Recognizing that improving energy efficiency will reduce the consumption of fossil energy more than any other action, taxes and policies will be revised to encourage the import and sale of appliances, vehicles and boats having the highest energy efficiency. Moreover energy efficiency standards for new buildings and renovations including homes, businesses and government premises will be developed. The policy target is set at a 30 % reduction in overall national energy consumption by 2020.

3.1.6. When needed, the appropriate type of **environmental assessment** (Strategic Environmental Assessment or Environmental Impact Assessment) will be carried out: See guidelines (<http://capacitv4dev.ec.europa.eu/public-environment-climate/documents>)

The environmental assessment and climate risk assessment procedures in the Guidance for the Integration of Environment and Climate Change in EU Development Cooperation will be applied to determine the need for an environmental assessment (SEA in the case of a programme or EIA in the case of a project) and/or a Climate Risk Assessment (CRA). Even if an environmental assessment or a CRA is not deemed necessary, the screening questionnaire will help identify environmental and climate change (adaptation and mitigation) aspects that could be integrated in the project/programme formulation in order to enhance their environmental and climate change performance.

3.1.7. The overall **risk assessment** of the sector intervention:

The major risk associated with implementing the programme is the Government's ability to achieve and maintain its 'eligibility' to receive EU budget support. Mitigating measures will include the provision of EUR200,000 for a technical assistance (TA) support programme to assist Palau prepare and implement budget support in the focal area. Should, however, budget support prove difficult to achieve a project approach will be adopted.

As indicated in Palau's Strategic Action Plan for the Energy Sector, "extreme weather events such as hurricanes and typhoons have in the past damaged and destroyed wind generators, photovoltaic equipment, transmission systems and other energy technology in the Pacific and elsewhere." Palau's history of natural disasters portrays medium risk, however, with impacts from Climate Change, specifically rising sea level, and increasing incidence of earthquakes and tsunamis in the region the probability of some type of natural disaster occurring in Palau during the period up to 2020 can be considered moderate to high.

Political risks are considered minimal.

4. Measures in favour of civil society

In line with the Cotonou Agreement and its Annex IV, an indicative amount of maximum EUR 200 000 will be set aside for support to civil society organisations involved in environmental protection and conservation such as the Micronesian Conservation Trust (MCT) which supports Micronesian Challenge goals.

5. B-allocation

A B-allocation may be included in the NIP for unforeseen needs (specifically relevant for fragility situations). This allocation is at EUR 0 until a need arises. In case of necessity, a Financing Decision to meet an unforeseen or urgent need can always be taken notwithstanding the status of the indicative B-allocation mentioned in the NIP.

6. Support measures

6.1. Measures to support or accompany the programming, preparation or implementation of actions

An indicative amount of maximum EUR 200 000 is foreseen for a Technical Assistance Support project that will assist Palau in its efforts to become eligible for budget support in the focal area as well as to prepare an alternate programme should budget support eligibility be difficult to achieve.

6.2. Support to the National Authorising Officer

An indicative amount of maximum EUR 200 000 is foreseen for support to the National Authorising Officer.

Attachments

1. Country at a glance (i.e. macro-economic indicators and indicators derived from the MDGs, as well as possible other indicators relevant for the country, including risk indicators for disaster prone countries).
2. Donor matrix showing the indicative allocations per sector
3. Sector intervention framework and performance indicators
4. Indicative timetable for commitment of funds

Attachment 1: Country at a Glance (Key macro-economic indicators and key MDG and development indicators)

Attachment 1A: Key macro-economic indicators

Key macro-economic indicators (Fiscal Years)										
	2008	2009	2010	2011	2012	2013(f)	2014(f)	2015(f)	2016(f)	
Basic data										
1	Population (in 1000)	20 228	20 344	20 470	20 606	20 754	20 918	21 097	21 291	21 502
	annual change in %	0.5	0.5	0.6	0.6	0.7	0.7	0.8	0.9	0.9
2a	Nominal GDP (in millions EUR)	145	142	148	153	178	177	-	-	-
2b	Nominal GDP per capita (EUR)	7 150	6 961	7 243	7 422	8 566	8 469	-	-	-
2c	annual change in %	-6.9	-2.6	4.0	2.5	15.4	-1.1	-	-	-
3	Real GDP (annual change in %)	-10.2	-0.4	6.9	6.3	3.5	3.0	3.0	2.0	2.0
4	Gross fixed capital formation (in % of GDP)	27.0	27.4	22.2	21.9	25.5	-	-	-	-
Balance of payments										
5a	Exports of goods (in % of GDP)	6.3	7.4	9.5	10.5	9.4	-	-	-	-
	of which the most important: fish (in % of exports)	58.9	44.9	35.9	32.5	33.0	-	-	-	-
	of which share of regional trade (in % of exports)	0.39	0.25	0.21	0.21	0.27	-	-	-	-

5b	Imports of goods (in % of GDP)	44.2	52.0	63.6	63.7	59.8	-	-	-	-	-
	of which share of EU imports (in % of imports)	0.6	0.0	0.7	0.6	0.5	-	-	-	-	-
5c	Trade balance (in % of GDP)	-37.9	-44.6	-54.2	-53.2	-50.4	-	-	-	-	-
6	Export of services (in % of GDP)	45.2	48.9	61.3	65.1	67.5	-	-	-	-	-
		2008	2009	2010	2011	2012	2013(f)	2014(f)	2015(f)	2016(f)	
	of which the most important: <i>Travel</i> (tourism) (in % of exports)	93.7	93.8	95.4	95.8	93.1	-	-	-	-	
6a	Current account balance (in % of GDP)	-9.7	-10.9	-9.9	-8.3	-5.1	-	-	-	-	
7	Net inflow of remittances (in % of GDP)	5.3	5.5	5.7	5.5	5.5	-	-	-	-	
8	Net inflows of foreign direct investment (in % of GDP)	5.6	6.3	6.4	6.3	5.8	-	-	-	-	
9	External debt (in % of GDP)	37.7	34.6	29.9	29.4	28.7	-	-	-	-	
10	Service of external debt (in % exports goods + services)	49.3	69.9	62.4	48.3	52.5	-	-	-	-	
11	Foreign exchange reserves (in months of imports of goods and non-factor services) and non-factor services)	-	-	-	-	-	-	-	-	-	
Trade capacity											

12	Average cost to export (USD per container)	820	840	720	720	720	720	-	-	-
13	Global competitiveness index	-	-	-	-	-	-	-	-	-
Government budget										
14	Revenues (in % of GDP)	35.7	41.2	38.8	38.1	38.7	-	-	-	-
	of which: grants (in % of GDP)	17.4	22.5	18.9	17.3	17.0	-	-	-	-
		2008	2009	2010	2011	2012	2013(f)	2014(f)	2015(f)	2016(f)
	of which: external tariff income (in % of GDP)	3.2	3.6	3.5	4.2	4.0	-	-	-	-
16	Expenditure (in % of GDP)	40.2	45.2	40.5	40.6	40.0	-	-	-	-
	of which: capital expenditure (in % of GDP)	5.4	10.1	6.7	7.8	8.0	-	-	-	-
16a	Deficit (in % of GDP) including grants	-3.7	-6.1	-1.4	-3.5	-3.2	-	-	-	-
16b	Deficit (in % of GDP) excluding grants	-16.5	-16.4	-13.9	-11.9	-10.4	-	-	-	-

17	Total (domestic+ external) debt (in % of GDP)	37.7	34.6	29.9	29.4	28.7	-	-	-	-
Monetary policy										
18	Consumer price inflation (annual average rate in %)	4.7	1.1	2.6	5.4	3.0	-	-	-	-
19a	Commercial Bank Lending Rates (annual average rate in %)	-	-	-	-	-	-	-	-	-
19b	Deposit Rates (annual average rate in %)	-	-	-	-	-	-	-	-	-
20	Exchange rate: annual average national currency / 1 EUR	1.5	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3

Sources

1. Time is calculated in fiscal years. For Palau, the fiscal year begins on October 1st and ends on September 30th of the following year. Year 2008 in the table represents Fiscal Year beginning on October 1st of 2007 and ending on September 30th of 2008.
2. Population Data: UNDESA United Nations Department of Economic and Social Affairs, Population Division, Populations Estimates and Projections Section (UNDESA). Website: <http://esa.un.org/unpd/wpp/Excel-Data/population.htm>.
3. Nominal GDP data source: Government of Palau – various published National Account Estimates and the ADB. Since the GDP data is in USD, USD/EUR bilateral exchange rate (period average for the representative fiscal year) is used to convert the nominal into EUR. Exchange Rate data is from ECB's website <http://sdw.ecb.europa.eu/browse.do?node=2018794> while the forecasts are from the Consensus Forecasts (December 2013).
4. Gross Formation: United Nations (UNdata): <http://data.un.org/Default.aspx>
5. Data on Balance of Payments, Government and Monetary Policy are from the Government of Palau –Key Statistics, as well as, the <http://www.pitiviti.org/initiatives/economics/palau.php> website.
6. Debt stock and servicing statistics are from the IMF and the ADB various statistical issues and IMF Article IV Mission Country Reports (2012).
7. EU trade data is from the Eurostat Database: <http://ec.europa.eu/trade/policy/countries-and-regions/statistics/regions/>
8. Trade Capacity data has been sourced from the World Bank: <http://databank.worldbank.org/data/views/reports/tableview.aspx>

9. USD (the United States Dollar) is the currency in use in Palau. Also refer to endnote No. 3 above.
10. For the MDGs and development indicators, additional information is provided in the attached excel file (which shows data sources in the 'comments').

Attachment 1B: Key MDG and development indicators

Table 6B: Republic of Palau KEY MDG AND DEVELOPMENT INDICATORS												
Key indicators	1990	2000	2008	2009	2010	2011	2012	2013	2014	2015 Expected Achievements (On-Track/Off-Track/Mixed/Insufficient information/Not Applicable)	2015 Original Goals	
1 Proportion (%) of population below 1\$/day in PPP [Source: PIFS 2010 & 2013 MDG Report (for 2008 using data for 2006, based on National Basic Poverty needs)]	...	...	24,9	...	...	...	...	...	...	MIXED RESULTS IN ACHIEVING THIS GOAL. TARGET 1.A 2006 HIES reported one in four live below BNPL. Rural- urban differences minimal due to compact geography, high GDP and relatively low level of subsistence production. High cost of living and relatively low wages of immigrant workers in the tourism sector contribute to the level of households that fall below the BNPL. [Source: PIFS 2013 MDGs Report, pg 20]	Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	

6	Children 1 year old immunized against measles (%) [Source: http://mdgs.un.org/unsd/mdg/data.aspx]	98,0	83,0	97,0	75,0	39,0	85,0	...	...	...	ON TRACK TO ACHIEVE THIS GOAL. TARGET 4.A Under-five and infant mortality down. Compact geography, good transportation and communications infrastructure, high level of health expenditure and well-developed health care system ensure health services accessible to all. Government also provides health services either free of charge or at highly subsidised rates. Palau follows US immunisation protocols – vaccinated at 2 years. Children fully immunised by 36 months range between 95 and 98 percent. [Source: PIFS 2013 MDGs Report, pg 20]	Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio
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DP

7	Total net enrolment ratio in primary education, both sexes [Source: PIFS 2013 MDG Report]	81,8	85,0	...	...	...	90,0	...	...	...	ON TRACK TO ACHIEVE THIS GOAL. TARGET 2.A High net enrolment, survival and literacy rates. Traditionally, Palauans place a high value on education. The Government provides free public education for all levels for all citizens and allocates a high level of expenditure on education. Also has legislation mandating school attendance for children 6-17 years of age. [Source: PIFS 2013 MDGs Report, pg 20]	Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling
8a	Gender Parity Index in primary level enrolment [Source: PIFS 2013 MDG Report (for 1990, 2000) & http://mdgs.un.org/unsd/mdg/data.aspx (for 2008)]	0,80	0,97	...	...	0,92	...	...	...	...	ON TRACK TO ACHIEVE THIS GOAL. TARGET 3.A Gender parity in education achieved. Palau is a matriarchal and matrilineal society where women traditionally hold positions of power and respect. While less likely to participate in the formal labour market, when	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

12	Cost of business start-up procedures (% of GNI per capita) [Source: http://data.worldbank.org/country]	...	...	4,6	4,3	6,0	5,8	5,2	3,8	...	...	...
13	Time required to start a business (days) [Source: http://data.worldbank.org/country]	...	...	28,0	28,0	28,0	28,0	28,0	28,0	...	...	...
14	Real GDP per capita, PPP (constant 2005 international \$) [Source: http://data.worldbank.org/country]	...	1605 5,5	1691 7,4	1503 7,5	1483 1,0	1569 5,5	1640 2,0	...	...	...	...
15	Access of rural population to an all season road [http://www.quandl.com/browse/worldbank/international-development-association-results-measurement-system/access-to-an-all-season-road-of-rural]	...	...	...	...	...	...	...	...	...	...	...

Attachment 2 – Tentative matrix of intervention from other donors

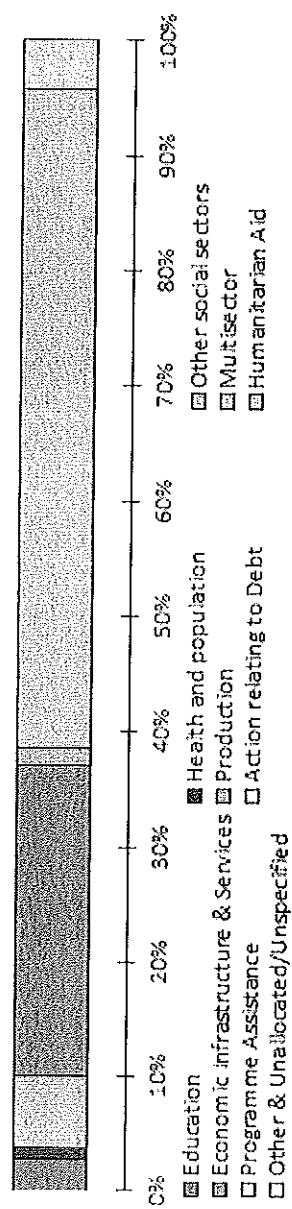
Palau

Receipts	2010	2011	2012
Net ODA (USD million)	26	28	15
Bilateral share (gross ODA)	97%	85%	99%
Net ODA / GNI	14.9%	14.9%	7.3%
Net Private flows (USD million)	3	6	22

For reference	2010	2011	2012
Population (million)	0.02	0.02	0.02
GNI per capita (Atlas USD)	8 590	9 240	9 860

Top Ten Donors of gross ODA (2011-12 average)		(USD m)
1	United States	9.2
2	Japan	5.7
3	Australia	4.1
4	AsDB Special Funds	1.7
5	GEF	0.4
6	Germany	0.2
7	Korea	0.1
8	Canada	0.1
9	WHO	0.0
10	EU institutions	0.0

Bilateral ODA by Sector (2011-12)



Sources: OECD - DAC, World Bank; www.secd.org/dac/stats

Activities of Other Development Partners

<i>Development partner</i>	<i>Primary activities</i>
ADB	Palau became a member of the ADB on December 31, 2003. ADB's program is currently under development.
Australia AusAID	Australia provided approximately A\$200,000 in bilateral aid in the period 2003-04. This was focused on education, training and community development initiatives mediated through a small grants program
European Union	Under the 9th EDF, Palau received an allocation of Euro 2 million the majority of which is to be applied to the energy sector. The principal objectives of the program are to improve the overall efficiency of the energy sector; to increase the production through renewable energy sources; and, to reduce local pollution and environmental risks associated with current energy generation practices.
Japan JICA	Japan supports Palau through a Technical Assistance program staffed by volunteers. In FY03 (April 1, 2003 - March 31, 2004) volunteers were involved in program areas that include: education and human resource development (focusing on primary and pre-school education, vocational training and education for the disabled) Japan has also provided some major infrastructure grants to Palau.
New Zealand	Support to Palau is included within NZAID's program to Micronesia with an allocation of NZ\$835,000 in 2003-04. The focus is on education and with limited grant funds for self-standing community development initiatives.
United States	In 1994, the Republic of Palau Compact of Free Association with the United States of America became law. Under the compact, Palau receives U.S. grant assistance for a period of 15 years in return for furnishing the United States with military facilities. The status of free association recognizes Palau as a sovereign state with the capacity to conduct foreign affairs consistent with the terms of the Compact. The Compact places full responsibility for Palau's defense with the United States. The Compact also provides grant funds and Federal program assistance, principally through the Department of the Interior's Office of Insular Affairs (OIA). In FY04, Palau received US\$14.07 million, and under appropriations endorsed by the U.S. Congress, can expect to receive a total of US\$77.16 million over the period FY04-09. Use of the compact funds is determined through consultations between the OIA and government representatives, however OIA encourages use of the funds in six main

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	areas: health, education public infrastructure, capacity building, private sector development and the environment. Of these, health, education and public infrastructure represent the most significant programs. In addition to the funds received under the compact of free association, Palau is also eligible for federal programs in sectors including health and education.
Others	The following UN agencies have activities: UNEP, ITC, WHO, FAO, UNFPA, UNICEF, UNDP

Attachment 3 Template for Sector intervention framework and performance indicators

Sector 1: Energy Efficiency			
Specific objective 1: improvement in energy efficiency			
Expected Results		Indicators¹	Means of verification
1.1 Improved energy efficiency in terms of generation, transmission and consumption		Number of people with secure access to cleaner cooking facilities Technical and non-technical losses in power generation, transmission, distribution and end-use (measured as % of energy generated, transmitted and distributed) MWh per year saved through energy efficiency measures Energy intensity (kg oil equivalent per \$ GDP)	Country data/ with project support

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

¹ Baselines will be provided at the latest in the Action Documents

5/11

Attachment 4. Template for Indicative timetable for commitments

Annex 4: Template for Indicative timetable for commitments	Indicative allocation (million EUR)	2014	2015	2016	2017	2018	2019	2020
SECTOR - Renewable Energy & Energy Efficiency	1			1.0				
Other measures (support to civil society)	0.2		0.2					
B- allocation	0							
Support measures								
• Measures to support or accompany the programming, preparation or implementation of actions	0.2		0.2					
• Support to the National Authorising Officer	0.2				0.2			
Total Commitments	1.6	0	0.4	1.0	0.2	0	0	0

The amounts indicated in this table are indicative.