

# THE FACILITY FOR ECONOMIC AND INFRASTRUCTURE MANAGEMENT AND THE MEDIUM TERM DEVELOPMENT STRATEGY

## FREQUENTLY ASKED QUESTIONS AND TALKING POINTS

### 1. What is the Project about?

The Republic of Palau and the Asian Development Bank are supporting a project to provide a Facility for Economic and Infrastructure Management (FEIM). The ADB has contracted Polytechnics International New Zealand (PINZ) to provide a team of international and national consultants for the FEIM.

The FEIM team will help the government prepare a Medium Term Development Strategy (MTDS) for Palau focusing on strategic priorities and actions for a 5 year period.

In the course of preparing the MTDS the team will provide assessments and advice and undertake consultation as directed by a Project Steering Committee (PSC) on a range of policy, planning, economic development, social, environmental and infrastructure issues. The Ministry of Finance will be responsible for coordinating the work.

The main purpose of the FEIM Project is to help the Government to prepare a **Medium Term Development Strategy for Palau** focusing on key strategies and actions over the next 5 years.

The Project includes 2 components:

- (1) Component 1 will include a number of studies to facilitate economic, environmental and social policy formulation. It includes reviews of the agriculture, aquaculture and fisheries and tourism sectors as well as the education, health and social services sectors.
- (2) Component 2 will develop an infrastructure development plan for affordable infrastructure development and ongoing infrastructure operations and management. It will also include a plan for managing the environmental implications of infrastructure development and proposals for reforming and possibly privatizing government activities that involve business-type functions.

**2. Why is this FEIM Project being undertaken and how does the purpose of the project relate to existing plans and policies for national development?**

The Republic of Palau has a long term National Master Development Plan (NMDP) that sets out policies and plans to 2020. The NMDP was finalised in 1996 and is a very comprehensive document covering virtually all sectors, institutions and policies in Palau that were relevant at the time. Since then there have been numerous other plans and policies that have been formulated, although nothing as comprehensive as the NMDP. However, one of the problems with the NMDP is that it has such a long term focus and it provides limited guidance on priorities to reach our long term goals.

Many sectors have to deal with a range of plans and requirements that make it difficult to establish strong priorities and help ensure the most effective use of the country's natural resources and human resources.

In 2001 a Management Action Plan was formulated that emphasized structural adjustment of the public sector and a focus on improving the overall quality of life of Palauans. Good progress was made in implementing the Management Action Plan and its goals are still highly relevant as are many of the goals and themes in the NMDP.

However, it is now an opportune time to assess where we are as a nation in terms of economic and social development and the state of our natural resources and to develop a clear and practical strategy for national development with a medium term 5 year focus. Palau needs a Medium Term Development Strategy (MTDS) that establishes clear priorities and recommends credible policies, institutions and practical actions to address those priorities.

The preparation of a MTDS at this time is also beneficial given that there are a number of aid programs that will soon expire and preparations are being made for the 15 year review of the Compact of Free Association.

An effective MTDS also needs to be flexible in being able to be adjusted to address changing priorities and gaps or weaknesses that only become recognized as time passes, and it needs to be accessible and well understood by the community.

### **3. How can the plan be developed to ensure it is Palauan owned?**

It is well recognized by the team undertaking the work that the success of the FEIM Project will depend on ensuring that there is strong Palauan involvement in and ownership of recommendations that are made in formulating the MTDS.

The project will aim to ensure strong Palauan ownership by:

- (1) Regular and close involvement of the Project Steering Committee and Palauan counterparts in government.
- (2) Building on the consultation with stakeholders that has already been undertaken and reflected in existing policies and strategies.
- (3) Workshops with key stakeholders on policy, institutional and sector issues as specific studies are undertaken.
- (4) The preparation of working papers for thorough review by the PSC and key stakeholders as the MTDS is formulated.
- (5) A process of regular communication with the public through the media as key findings are presented and recommendations proposed.

### **4. How are stakeholders in each area being determined?**

The stakeholders in each area are being determined by the National Advisor, National Coordinator, Project Steering Committee and the Consultants as specific studies are being undertaken.

Identified stakeholders will also provided advice on the consultation process.

### **5. What is the consultation process?**

The consultation process involves seeking advice and feedback on assessments and recommendations in relation to policies, institutions, strategies and actions reviewed in the course of preparing the MTDS.

The nature of the consultation process will depend on the nature and extent of work that is being undertaken and the state of progress of the project.

To date consultation has mainly focused on meetings with key stakeholders to identify issues and discuss initial findings.

As the MTDS is formulated a broader consultation process will be implemented with the details to be decided by the PSC.

The public will be kept informed through regular press releases.

## **6. Who are the agencies responsible for supervising the Project?**

The Ministry of Finance is the agency responsible for overall execution of the project and will be assisted by the Ministry of Resources and Development in implementation.

## **7. What are the intended outcomes of the Project?**

The key outcome of the project is intended to be a Palauan owned, practical, action-oriented Medium Term Development Strategy (MTDS)

However the MTDS will not be in the form of a detailed plan but rather it will provide the rationale and guidance for setting of priorities and actions by stakeholders.

The final MTDS is likely to comprise 2 basic documents:

- (1) a booklet of some 30 pages setting out the MTDS that can be made publicly available and written in a simple style in English and Palauan; and
- (2) a more detailed report for use by those who are implementing the MTDS (such as leaders, legislators, planners, managers, investors and administrators) that would incorporate the work of the consultants but is suitable strategic planning document.

## **8. Is there a timeline for the Project?**

Key milestones for the project are:

- (1) A draft medium term development strategy covering the non-infrastructure sectors and policies by end-July 2008
- (2) An infrastructure development and action plan by mid-September 2008.

The substantive work on the MTDS will be finalized before the election period starts in late 2008, however, allowance has been made for the team leader and infrastructure adviser to communicate the MTDS details to a new administration in the first half of 2009.

The project started in September 2007 and will end by June 2009.

**9. What is the purpose of the PSC, who are involved and what are their responsibilities?**

In accordance with Presidential Directive No. 07-003 the Project Steering Committee (PSC) is to provide oversight of the project.

The PSC is comprises:

- the Minister of Finance and Ministry of Finance Focal Point,
- Minister of Resources and Development and Focal Point,
- ADB/PINZ National Advisor,
- Minister of Health,
- Minister of Education,
- Member of Chamber of Commerce,
- Representative of Governor's Association,
- Representative of Alliance of Non-State Actors,
- the National Planner;
- a representative appointed by the President.

The specific responsibilities and duties of the PSC are set out in the Directive and include: coordination of the views of local partners; assistance with implementation issues; direction of the consultation process; direction of a media campaign; oversight of the work of the consultants; endorsement of consultant reports for release and approval of the final medium term development strategy.

**10. What ultimately happens to all the reports prepared in the course of formulating the MTDS?**

The MTDS will be a public document. As noted above it will be available in a brief accessible form and in a more detailed report that will contain the key findings and assessments for the various policies, institutions and sectors reviewed in formulating the MTDS.

The PSC will make recommendations to the government on adoption and implementation of the MTDS.

**11. How much is the Project worth?**

The project is worth \$1.4 million with \$400,000 being contributed in kind from the Government of Palau and \$1 million being financed by the Asian Development Bank.