



**CABINET MEETING**  
 Office of the President  
 Ngerulmud | 9:14 am – 10:30 am  
 Tuesday, February 7, 2016

In Attendance:

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| <ol style="list-style-type: none"> <li>1. President Tommy E. Remengesau, Jr</li> <li>2. Vice President Raynold Oilouch</li> <li>3. Minister Billy Kuartei, MOS</li> <li>4. Minister Emais Roberts, MOH</li> <li>5. Minister Charles Obichang, MPIIC</li> <li>6. Minister Baklai Temengil-Chilton, MPIIC</li> <li>7. EU/Climate Change Ambassador Olai Uludong</li> <li>8. Acting Director Sylverius Tellei, Immigration</li> <li>9. Acting Director Omtei Ringang, Public Safety</li> <li>10. Director Andrew Tabelual, Education Administration</li> <li>11. Exec. Director Keobel Sakuma</li> <li>12. Director Gustav Aitaro, Foreign Affairs</li> <li>13. Director Brian Melairei, Public Works</li> <li>14. Kaleb Udui, Jr., Senior Economic Advisor</li> </ol> | <ol style="list-style-type: none"> <li>15. King Sam, PAN Coordinator</li> <li>16. DOCS Rebluud Kesolei</li> <li>17. Press Secretary Olkeriil Kazuo</li> <li>18. Nace Soalablai, Legislative Liaison Officer</li> <li>19. Director Frida Delmau, Palau Housing Authority</li> <li>20. NDBP President Claire Harvey</li> <li>21. Anthony Rudimch, Water Project Manager</li> <li>22. Isebong Rengulbai, PPUC PIO</li> <li>23. Ucheliou Demei, Foreign Service Officer</li> <li>24. Ervin Esunriuch, Special Assistant to the Vice President</li> <li>25. Darwin Florencio, EQBP Compliance Officer</li> <li>26. Mike Blesam, EQPB Compliance Supervisor</li> </ol> |
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Prepared by Rolynda Jonathan, Office of the President

AGENDA	DISCUSSION
<b>Strengthen Communication, “Think Outside the Box” and “Follow Up”</b>	<ul style="list-style-type: none"> <li>• President reiterates the importance of strengthening communication strategies, and to “think outside the box” and “follow up” on all initiatives.               <ul style="list-style-type: none"> <li>- The purpose of our minutes is so we can effectively provide progress reports of matters discussed and assignments given in previous meetings. This also reduces repetition.</li> <li>- Coordinate with Press Secretary Olkeriil Kazuo and Deputy Press Secretary Rolynda Jonathan on matters listed in the memorandums.</li> <li>- Make sure information shared are also released to the public through each respective agencies especially information relating to projects, programs and activities.</li> </ul> </li> </ul>
<b>Report from Palau Housing Authority on Housing Loan Program</b>	<ul style="list-style-type: none"> <li>• Frida: Presidential Directive No. 15-12 signed on Oct. 2015 created the taskforce that would assess challenges of displaced residents. In June 2016, the final report and recommendation from the taskforce was submitted.               <ul style="list-style-type: none"> <li>- 85 applicants were identified as displaced, however the number will continue to rise.</li> <li>- PHA has interviewed 66 individuals. The remaining 19 are result of incomplete application or other reasons why application has not proceeded to the interview stage.</li> <li>- Major obstacle of the program is not on funding as funding is there. The main challenge falls on land.</li> <li>- Over half of displaced individuals do not have land. Those who have been assisted have leases or other land possible for construction.</li> <li>- Obstacle for the state is that most of them have released leases for rent for years – possibly more than 5 years. Payments are being received however there’s no infrastructure in place further delaying home construction. For example, in Airai there 5 applicants who cannot construct their homes due to lack of access.</li> <li>- \$5 million has been drawn down. \$1 million was allocated to PHA program. \$2.5 million is</li> </ul> </li> </ul>



	<p>sitting in the Ministry of Finance. This portion of the funding is meant for township housing for states. PHA is not aware of any plans for this funding. According to the subsidiary agreement, PHA can initialize discussion and make changes. We're hoping discussion can be made to utilize the funding to address needs of the program. In the meantime, we continue to make payments towards the \$37,000 interest.</p> <ul style="list-style-type: none"> <li>- Awarding for displaced individuals is really slow. Funding is idle. PHA did not receive funding until August 2016. Out of 37 total approved loans, 26 are new housing. 1 is displaced.</li> <li>• President: Continue to meet and discuss ways forward. As for the remaining balance, we can discuss that with the Minister of Finance. I am more concerned about your report of the land issues. Get a plan together to address that immediately. If we need access roads to enable construction then let's do it. We cannot pursue dialogue with Taiwan about additional funding assistance if we haven't expended the funding for this program.</li> </ul>
<p><b>Progress Update from NDBP on Agriculture &amp; Aquaculture Mega Loan Program</b></p>	<ul style="list-style-type: none"> <li>• Claire: We've received an initial interest for a \$500,000 loan for aquaculture. At this stage it is still a concept. We've hired a new agriculture broker, Jeff Ngirarsaol. <ul style="list-style-type: none"> <li>- On Feb. 3, NDBP hosted the agri/aquaculture fair with over 20 booths and displays</li> <li>- A variety of vendors were present including Ekei Women's Organization, Palau Taiwan Farmer's Association, Ngchesar Women, MJ Farm, Hiromi Nabeyama, etc.</li> <li>- A number of clients showed interests in talking to the bank. Jeff has begun visiting communities and soliciting interests.</li> <li>- Most of the loans received are between \$10-15,000</li> <li>- Kaleb: The board has approved Claire's contract, and so she's going to be working on these matters moving forward.</li> </ul> </li> <li>• President: This week, Thailand Ambassador and his team of experts are visiting to follow up on commitments to assist Palau with the development of its aquaculture industry particularly on mangrove crabs. I'm hoping a meeting can be set with NDBP and as a result of this visit there are concrete plans in place moving forward. Jeff needs to be there at that meeting or someone from the bank. <ul style="list-style-type: none"> <li>- Interest is there, but we don't have an expert to assist applicants with business plans, financial analysis, etc. We need to hire at least 2 or 3 experts in the areas of crab, fish and agriculture that can provide assistance and support.</li> </ul> </li> </ul>
<p><b>Update from PPUC on Water and Sewer Projects</b></p>	<ul style="list-style-type: none"> <li>• Water Project: As of today, pipe installation in the north side area from Ngerkesoaol to Ngarachamayong has been completed. Installation and excavation is ongoing on the opposite end of the road from Ngermid to Ngerkesoaol, Ngerkesoaol to Bai ra Meketii, and Bank of Guma to Ngarachamayong. <ul style="list-style-type: none"> <li>- As a result of the bomb detection in Malakal, construction work has been seized until preliminary survey is conducted. Because of this situation, an excavation protocol has been put in place.</li> <li>- The survey was conducted and a report will be requested from Clear Ground Demining when they return from their trip overseas. Recommendation from specialists has been made in terms of the technique of excavation. Instead of excavating deep into the road, it was recommended to dig in a shallow yet long method.</li> <li>- PPUC cannot find any records of unexploded ordnances in secondary roads. In a joint meeting between, PPUC, Norwegian People's Aid (NPA), JICA, Bureau of Public Safety, and JMAS, a request to Norwegian Aid was made to conduct preliminary survey at secondary roads starting from Ngerbeched. PPUC and contractor have proceeded to mark areas in Ngerbeched intended for pipe installation for NPA to inspect. For the south side area, a request has been made to allow construction work 24/7. This is under consideration.</li> <li>- Work is ongoing and progressing</li> </ul> </li> <li>• President: At the 2:00 PM meeting today, convey my message to PPUC CEO and management that we've discussed this matter in the past and to resolve this issue with PNCC immediately. There's no reason why we would still have any disagreements. Let's do what needs to be done.</li> </ul>



	<ul style="list-style-type: none"> <li>• Sewer Project: Work has started and will begin from T-dock to CIP Office. In the T-dock area across from DHL, they have begun leveling the area and prepare to begin. PPUC is considering a soft groundbreaking ceremony for this project soon.</li> </ul>
<p><b>Delay of the Environmental Impact Fee (EIF) Implementation</b></p>	<ul style="list-style-type: none"> <li>• President: As you all know, the EIF is supposed to be implemented on April 2017. After consultations and review with all concerned agencies including discussion with the OEK, we've decided to delay the implementation to no earlier than April 1, 2018 and no later than October 1, 2018. <ul style="list-style-type: none"> <li>- The tourism industry right now is fluctuating. The value of the Japanese Yen is down further impacting tourism from Japan. The Korea market is also down. As a result of economic issues with China having pulled some of its economic cooperation to Taiwan, tourism from Taiwan has been impacted. Europe is the only steady market at this time. With all of these factors it clearly shows that with or without the implementation of the EIF we are expected to see a 10% reduction of tourism arrivals.</li> <li>- Because of the projected reduction of tourism, we also don't want to see the EIF as a reason for the downturn of tourism.</li> <li>- We've succeeded in reducing packaged tours and strengthening tourism from other markets like Japan, Taiwan, Europe, Korea and other markets.</li> <li>- International Air Transport Association (IATA) is not cooperative at this time because the fee is unrelated to airport operation. Delaying its implementation will also give us the opportunity to review and incorporate the fee into airline ticketing. Meanwhile, the departure tax will continue.</li> <li>- The EIF is a matter of policy and cooperation between public and other related agencies. A portion of the fee was for the Pension Plan, state governments and some to the Marine Sanctuary.</li> <li>- President instructs Minister Sadang to identify other source of funding to Pension Plan and the state governments.</li> </ul> </li> </ul>
<p><b>Update from the Ministry of Health</b></p>	<ul style="list-style-type: none"> <li>• Minister Roberts: Many changes are happening at the hospital at the moment including cleaning up and relocating medical supplies. <ul style="list-style-type: none"> <li>- The position of Director under Bureau of Hospital &amp; Clinical Services is now headed by Dr. Ngirachisau Mekoll.</li> <li>- A full report of management and personnel shuffling will be submitted as soon as it's complete.</li> <li>- Announcements have been made seeking new doctors. Doctor Botu has been approached to work for the hospital again as MOH continues efforts to seek an Orthopedic Surgeon. MOH has also approached Nathan Chin, son of Senator Camsek Chin, who is an Emergency Room Doctor if he is interested to return to Palau. MOH is also actively looking for a new pediatrician. The hospital has two, but one is pregnant and will be leaving in the next week.</li> <li>- A massive clean-up is also ongoing to clear storage areas to store supplies properly. There is also a large inventory of property. President: Make sure Millan Isaak assists the hospital with the inventory.</li> <li>- MOH is working on procuring a new incinerator unit. The current unit is not functional. The existing incinerator unit, according to Director Melairei, is still operational; however the equipment was found to be costly in terms of power consumption. Additionally, when operational the unit releases foul odor and smoke to surrounding areas. President: Let's work on identifying a new site for the existing incinerator in the meantime. If it's identified that a more energy efficient unit is required then we'll look into it.</li> <li>- MOH is working on procuring a new generator. There are two back-up generators: one is not working and the other is nearly at the end of its lifespan.</li> <li>- MOH is also working to find a new sterilizing unit for medical and surgical tools. The current unit is old and contains leakage.</li> <li>- Another issue faced by the hospital is lack of space. There are discussions from the Ministry of Finance to construct a healthcare fund building next to the Community Health Center. MOH has requested the MOF to allocate space for public health, if possible.</li> <li>- Palau was recently ranked #1 based on a survey of 22 states conducted by health officials from Washington. Palau was ranked #1 as result of its efficiency and timeliness in reporting, etc.</li> </ul> </li> </ul>
<p><b>Update from Ministry of Justice</b></p>	<ul style="list-style-type: none"> <li>• Vice President: The Ministry of Justice is mindful of the first 100 days and is working on achieving those goals and targets.</li> </ul>



	<ul style="list-style-type: none"> <li>- Clean-up, shuffling and structuring efforts are ongoing. Once complete, a report will be submitted to the President.</li> <li>- There's an issue of space at the Ministry of Justice. The main office is rundown. MOH has met with Director Casmir Remengesau and the Ministry of Finance to discuss office location for Labor. The office needs additional staff, but there's a lack of space to accommodate new personnel.</li> <li>- There's a shortage of attorneys. Attorney General Ernestine Rengiil has initiated the process to recruit new attorneys.</li> <li>- There was an incident at Marine Law where one of the Japanese workers was severely injured. The injury resulted in amputation.</li> <li>- MOJ is also faced with the challenges of Syrian refugees entering Palau. Discussion has been made with airlines. However it is difficult to identify a visitor's status as refugee, tourist, etc. Refugees in Syria, according to protocol from airlines, will deplane in Palau for a certain number of days before they are transported elsewhere.</li> <li>- President: An immediate action is needed in this regard. There is an available authority I believe we can utilize to limit the number of specific groups from entering due to national security and health reasons. President instructs the whole to expand on the Executive Order limiting the number of Bangladesh and Myanmar citizens to include Syria.</li> </ul>
<p><b>Miscellaneous</b></p>	<ul style="list-style-type: none"> <li>• <b>Zika Circulation Letter:</b> The Ministry of Health was asked to draft a strong statement letter on the Zika, a good circulation to all tour operators and businesses operating in the tourism industry. The letter needs to be shared to Press Secretary Olkeriil Kazuo.</li> <li>• <b>Use of Apartments as Hotel Accommodations:</b> It has come to my attention that there are businesses using apartments and other related housing as hotel accommodation to avoid payment of tax. Mainly Chinese business owners are seen operating apartment as hotel accommodations. This is illegal. The President has informed the Ministry of Finance to look into this and address it immediately.</li> <li>• <b>Promotion of Palau as Low Budget "Cheap" Destination:</b> It has also come to my attention that Palau is being marketed as a low budget "cheap" destination. There needs to be a strong circulation to all tourism business operators to stop marketing Palau as nothing less than a high-quality destination. President instructs Ministry of Natural Resources, Environment and Tourism particularly the Bureau of Tourism to produce the circulation. Kaleb Udui asked to assist MNRET in this respect.</li> <li>• <b>Tourism Policy Framework:</b> Kaleb Udui recommends finalizing tourism policy framework. This will get businesses to help police any violations. President has instructed his legal team to draft an executive order in regards. It will be formally transmitted to the OEK for adoption through resolution. <ul style="list-style-type: none"> <li>- Deputy Chief of Staff Rebluud Kesolei instructed to have the executive order drafted today.</li> </ul> </li> <li>• <b>Survey of Domestic Sea Lanes Lighting &amp; Plans for Streetlight Project:</b> Survey is reported to be completed by Thursday, February 9. Director Brian Melairei instructed to follow up and work with Ministry of Finance to complete plans for the streetlight project as soon as possible.</li> <li>• <b>Nominees to Military Academies:</b> Both nominees have been accepted as official candidates. Both are now required to go through the applications process that includes physical exams, etc.</li> <li>• <b>Inauguration Report, Relocation of Archive &amp; TIP Report:</b> The inauguration report is in the finalization process. Minister Temengil-Chilton working on the TIP report that is due this week and helping to relocate the Archive Office to its new location in Ngerulmud.</li> <li>• <b>Meeting with FAA Regional Director:</b> Minister Obichang, Director Melairei and Director Peter Polloi to leave to Guam on Feb. 8 to meet with FAA Regional Director.</li> <li>• <b>Ambassadorial Appointments:</b> Ambassador Uludong has been appointed as United Nations Permanent Representative. Ambassador Otto will become UN High Representative of Small Islands, Landlocked States and Least Developed Countries, a UN position.</li> </ul>



<b>Reminders</b>	<ul style="list-style-type: none"><li>• All Ministers and Directors are urged to share reports of first 100 days initiatives and activities to the Office of the President.</li><li>• The next Cabinet Meeting is scheduled for 9AM on Monday, February 13, 2017 at Office of the President in Ngerulmud. <b>If a Minister is unable to attend a Director must attend on his/her behalf.</b></li><li>• Joint Leadership Meeting with the 10<sup>th</sup> Olbiil Era Kelulau is scheduled for 11AM on Monday, February 13, 2017 at the Rubekul Belau Chamber in Ngerulmud.</li><li>• All Ministers are requested to attend the Cabinet Meeting and Joint Leadership Meeting.</li><li>• Economic Symposium is scheduled for February 23, 2017</li></ul>
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**\* Meeting minutes are subject to change and approval**