

Republic of Palau Sustainable Land Management Policy

Koror, Republic of Palau
April 2012

Prepared by the SLM Medium Sized Project
Office of the PALARIS
Ministry of Public Infrastructure, Industries and Commerce

Funded by Global Environment Facility
United Nations Development Programme





Republic of Palau
Office of the President

JOHNSON TORIBONG
President

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April 17, 2012
Serial No. 12- 1942

To: Honorable Senator Paul Ueki
Chairman
Palau SLM Task Force
Ngerulmud, Melekeok State
Palau, PW 96939

Ms. Madelsar Ngrangas
SLM Project Coordinator
Koror, Republic of Palau 96940

RE: Endorsement of Palau's Sustainable Land Management Policy

Dear Honorable Chairman Senator Paul Ueki:

On behalf of the Republic of Palau, I hereby express my full endorsement of Palau's Sustainable Land Management (SLM) Policy.

Based on the expertise, experience and knowledge of SLM members and its representative participants from various government and non government groups, the outcome of this comprehensive Sustainable Land Management Policy will serve as a clear indicator and important guide for our nation's future economic and sustainable development.

I look forward to its implementation and will be submitting to the 8th Olbiil Era Kelulau for their full support and endorsement with a Resolution.

Sincerely,


Johnson Toribong
President
Republic of Palau



cc: All Ministries



OBIS RA RUBEKUL BELAU

Office of the Council of Chiefs
P.O. Box 1257 Koror, Republic of Palau 96940
Tel: (680) 488-3350 Fax: (680) 488-3846
E-mail: coc@palaunet.com

February 02, 2012

Ms. Madelsar Ngiraingas
SLM Project Coordinator
Koror, Republic of Palau

Subject: Endorsement of Palau's Sustainable Land Management Policy

Dear Ms. Ngiraingas:

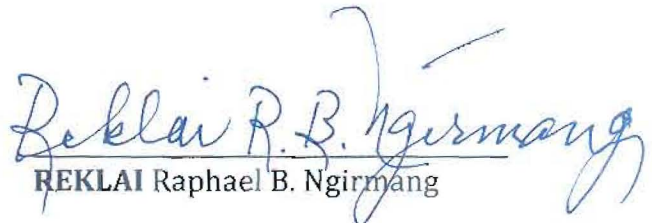
We are pleased to express our full endorsement of the Sustainable Land Management (SLM) Policy for the Republic of Palau.

The Council of Chiefs, which is comprised of Palau's 16 highest chiefs, has consistently been an interested stakeholder in sustainable land management matters. We have been an avid member of the SLM Task Force since 2009, and we have been actively involved in the development and drafting of the SLM Policy for the Republic of Palau. The Council of Chiefs believes that comprehensive planning is essential to the positive economic and sustainable development of our states. We recognize the advantages that the SLM Policy will have on the overall growth and vitality of each state.

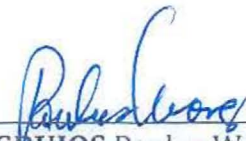
Therefore, the Palau Council of Chiefs fully endorses the Sustainable Land Management (SLM) Policy for the Republic of Palau. We are committed to participate in and support the implementation of this policy. We look forward to helping ensure the success of Sustainable Land Management in Palau.

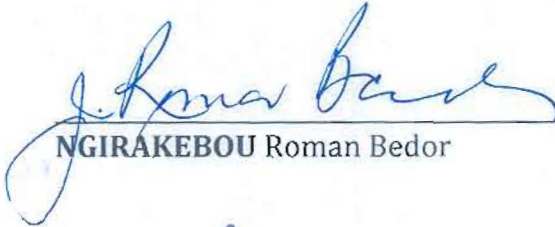
Respectfully,



IBEDUL Yutaka M. Gibbons



REKLAI Raphael B. Ngirmang


MADERNGEBUKED Thomas O. Remengesau



UONGRUIOS Paulus Wong


NGIRAKEBOU Roman Bedor


NGIRAKED Yukiwo P. Dengokl

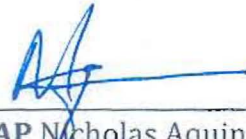

NGIRTURONG Yamazaki Rengiil


UONGERCHETEI Victor Joseph


RENGULBAI Yukiwo Etpison



UCHERBELAU Lorenzo Edward


OBAK Isao Singeo


NURAP Nicholas Aquino


HEIMONG Sebastian Marino


RDECHOR Isimang Bandarii


REKEMESIK Surangel Whipps, Sr.

BEOUCH (VACANT)




For more information, contact:
Chamber of Commerce @ 488-3400
PCOC@palaunet.com

TO: His Excellency Johnson Toribiong, President, Republic of Palau
Ngerulmud, Melekeok State, R.O.P.
Palau, PW 96939

Honorable Senator Paul Ueki, Chairman, Palau SLM Task Force
Ngerulmud, Melekeok State
Palau, PW 96939

Ms. Madelsar Ngiraingas, SLM Project Coordinator
Koror, Republic of Palau
Palau, PW 96940

FROM: President Ken Uyehara 
Palau Chamber of Commerce

DATE: February 13, 2012

SUBJECT: **Endorsement of Palau's Sustainable Land Management Policy**

On behalf of the Palau Chamber of Commerce, we are pleased to express our full endorsement of the Sustainable Land Management (SLM) Policy for the Republic of Palau.

We have been an avid member of the SLM Task Force since 2009, and we have been actively involved in the development and drafting of the SLM Policy for the Republic of Palau. The Chamber believes that comprehensive planning is essential to the positive economic and sustainable development of the Republic. We recognize the advantages that the SLM Policy will have on the overall growth and vitality of each state. We are committed to participate in and support the implementation of this policy. We look forward to helping ensure the success of Sustainable Land Management in Palau.

The Palau Chamber of Commerce also supports the Palau Automated Land and Resources Information Systems (PALARIS) as the keeper of the data from the SLM and other projects that generate land and resource information systems. The housing of this information in a central location would greatly facilitate locating parcel maps with the proper overlays.

The Chamber, which is comprised of numerous companies across the business sector, has consistently been an interested stakeholder in sustainable land management matters. We support projects such as these, which facilitate the establishment of new businesses.



GOVERNORS' ASSOCIATION

P.O. Box 6042

Koror, Republic of Palau PW 96940

As of June 2011

OFFICERS

Gov. Yositaka Adachi
Chairman
State of Koror

Gov. Laurentino Ulechong
Vice Chairman
State of Ngaraard

Gov. Vicky N. Kanai
Secretary
State of Airai

Gov. Leilani N. Reklai
Treasurer
State of Aimeliik

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Gov. Akiko Sugiyama
State of Ngardmau

(vacant)
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Gov. Maria G. Meltel
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Gov. Damian Albis
State of Sonsorol

Gov. Thomas Patris
State of Hatochobei

TO: His Excellency Johnson Toribiong, President, Republic of Palau
Ngerulmud, Melekeok State, R.O.P.
Palau, PW 96939

Honorable Senator Paul Ueki, Chairman, Palau SLM Task Force
Ngerulmud, Melekeok State
Palau, PW 96939

Ms. Madelsar Ngiraingas, SLM Project Coordinator
Koror, Republic of Palau
Palau, PW 96940

FROM: Governor Yositaka Adachi
Chairman, Governors' Association

DATE: January 18, 2012

SUBJECT: Endorsement of Palau's Sustainable Land Management Policy

On behalf of the Governors' Association, I am pleased to express our full endorsement of the Sustainable Land Management (SLM) Policy for the Republic of Palau.

The Governors' Association, which is comprised of Palau's 16 state governors, has consistently been an interested stakeholder in sustainable land management matters. We have been an avid member of the SLM Task Force since 2009, and we have been actively involved in the development and drafting of the SLM Policy for the Republic of Palau. The Association believes that comprehensive planning is essential to the positive economic and sustainable development of our states. We recognize the advantages that the SLM Policy will have on the overall growth and vitality of each state.

Therefore, the Governors' Association fully endorses the Sustainable Land Management (SLM) Policy for the Republic of Palau. We are committed to participate in and support the implementation of this policy. We look forward to helping ensure the success of Sustainable Land Management in Palau.

The Sustainable Land Use Policy of The Republic of Palau

Executive Summary

The Sustainable Land Use Policy of the Republic of Palau sets forth the people of Palau's vision for sustainable land management and a foundation for integrated land use and management. This policy forms the basis for a strategic action plan to ensure that the policy vision becomes a reality. Palau's vision for Sustainable Land Management is as follows:

Sustainable Land Management (SLM) is the wise management of natural and cultural resources to meet changing human needs and benefit the people of Palau while protecting the long-term productive potential and cultural value of these resources for future generations.

In order to achieve our goal for sustainable land management, effective protection, management and use of our assets and values, and reduction of threats and constraints, this policy establishes three top priorities and ten comprehensive policy elements.

This policy establishes three top priorities for policy makers to pursue immediately:

1. **Nationwide Coordination:** The national government should establish a national coordinating body with the responsibility, authority and funding to coordinate and support national and state efforts to implement SLM.
2. **Development Guidelines:** States should complete master plans, land use plans and zoning systems. The national government should adopt a national building code.
3. **Sustainably Financed Agencies:** The national agencies that implement SLM should charge market rates for their services.

The policy includes ten comprehensive policy elements, with the understanding that implementing some of these policies will take more time:

1. Improve Institutional Arrangements
2. Increase Capacity for Land Use Planning and SLM
3. Establish Zoning and Development Guidelines
4. Strengthen Enforcement Capacity across agencies
5. Raise Public Awareness
6. Balance Culture with economic development
7. Develop and Implement Climate Change Adaptation Strategies
8. Diversify funding and create revenue stream for SLM
9. Create Incentives and Economic Opportunities to promote SLM
10. Actively Participate in International Conventions

Finally, this policy calls for the development of a comprehensive SLM Action Plan to develop and enact these policies and top priorities. The development and implementation of this Action Plan is included as part of Top Priority 1: Nationwide Coordination and Policy 1: Improved Institutional Arrangements.

Nationwide Coordination for Sustainable Land Management

In order to successfully implement a Sustainable Land Management (SLM) Policy, Palau needs an overall coordinating function between the national and state agencies, traditional leaders and communities, and non-government and private sector organizations involved in Palau's land management. The need for such a coordinating body is supported by the policy reviews, stakeholder consultations, and analysis supporting the development of Palau's Sustainable Land Management Policy. This coordinating body would increase the effectiveness of current systems for sustainable land management and support the implementation of policy proposals for additional systems and processes.

The coordinating body should be responsible for the following functions:

- 1) Facilitating and ensuring communication and coordination between national, state traditional leaders, communities, non-government and private sector organizations involved in land use planning and management (especially state master planning)
- 2) Collecting and disseminating land use information (e.g., geographical and scientific data, land use plans, and development standards) to the organizations involved in land use planning and management
- 3) Supporting the development, implementation, and coordination of land use and development standards (e.g. zoning and building codes)
- 4) Providing a central point of access for land use information to the public
- 5) Developing and implementing an SLM Action Plan to implement The Sustainable Land Management Policy. The SLM Action Plan should include goals, objectives, actions, tasks, specific roles, responsibilities, timelines, financing strategies, deliverables and outcomes.
- 6) Preparing annual work plans and reporting regularly using a standardized format that can be easily updated and used to inform the government and the public on their progress and effectiveness in implementing Palau's policies on sustainable land management.
- 7) Assisting all entities involved in land use planning and management to develop and report to the coordinating body on their progress in implementing their strategic plans and annual work plans that include activities, tasks, key personnel, budget, time lines and updated data.
- 8) Refining, coordinating, and monitoring the implementation of the SLM Finance Plan. In particular, refining the plan will require a more detailed consultation with agencies involved with SLM to identify, quantify, and implement ideas to increase revenues, increase efficiencies, and reduce costs.

The coordinating body should report to an SLM Steering Committee tasked with oversight of the nationwide implementation of the SLM policy. This SLM Steering Committee should include representation from the OEK, the traditional leaders, state governments, national agencies and communities responsible for land management, and key non-governmental and private sector organizations. PALARIS should be considered for this coordinating role. It already has some capacity to take on the nationwide coordination roles and responsibilities, given the agency's expertise in managing geographical data and experience in developing land use policy. However, for PALARIS to be a fully effective coordinator between the various state and national agencies, PALARIS should have additional authority and budget for staff, equipment, supplies and training.¹

¹ Discussed further in the SLM PALARIS Capacity Assessment and the SLM Sustainable Finance Plan.

Development Guidelines for Sustainable Land Management

To maximize the benefits from the development and use of its land, Palau needs to support comprehensive land use planning on a state-by-state basis, and develop national and state guidelines to ensure that land development and use follow and support those plans. The need for such coordinated planning is supported by the policy reviews, stakeholder consultations, and analysis supporting the development of Palau's Sustainable Land Management Policy.¹ The development guidelines should address three elements of planning: 1) master plans and land use plans, 2) zoning systems, and 3) building codes.

- 1) State master plans and land use plans (including disaster plans) will assure residents and investors, guide land owners and developers, protect natural and cultural resources, and enable coordination within and between states. Several States have master plans and many States have initiated the planning process.
- 2) Zoning systems or codes should be developed to provide in-depth guidance and harmonization on a State by State basis. States can opt to use an existing zoning system or develop their own classifications. At a minimum, zoning systems should classify and distinguish between the following types of potential uses: residential, agricultural, industrial, commercial, conservation, and cultural. National and state permitting processes should be updated to ensure that development projects are appropriate to the zones they affect.
- 3) A national building code should be developed and adopted. A Task Force that includes a certified engineer, architect, and local master builder should develop building codes that ensure minimum standards for safety and quality development. State specific alternatives should be addressed but should not diminish the overall safety or quality standards of the national building code. The zoning and building codes should be aligned with each other.

National funding and technical support through a national coordinating body should ensure that these three elements of nation-wide sustainable land use planning are implemented. A national certification program for inspectors should build capacity in each state to ensure compliance to traditional, state and national laws. The Resource Management and Development Suitability Study (RMDSS) provides guidelines that National and State planners should build upon. Environmental Assessment and Environmental Impact Statements provide mitigation measures that should serve as guidelines for specific development projects.

Several key issues were identified that States should address through their planning and zoning:

1. Prioritization of good agricultural lands for local food production
2. Protection of water sources (upper watersheds, ground water, springs, catchments) and development of storage, distribution and treatment systems that provide adequate, high quality water supplies for each State.
3. Development and maintenance of wastewater and solid waste management systems to protect public health and the environment
4. Protection and maintenance of historic and cultural sites

¹ See SLM Policy Review, SLM Policy Workshop Reports, and SLM State Government Workshop Report.

5. Access to adequate housing, local community commercial centers, parks & recreation, infrastructure (power & water lines, roads), public services (health care, law enforcement and fire protection) and facilities (e.g. , schools, evacuation shelters)
6. Strategic planning and zoning for adaption to and mitigation of the impacts of Climate Change
7. Implementation of existing Best Management Practices for National and State Land Use and Master Planning, building codes, and wastewater and solid waste management systems

The States and their respective traditional leaders and communities, should have the primary responsibility for establishing and implementing development guidelines. In particular, the proposed National Coordinating Body for Sustainable Land Management should assist the State Planning Commissions and State Public Land Authorities to drive these processes. The national government through the proposed National Coordinating Body should provide states with resources, training, and support to establish and implement these development guidelines. The National Government should provide an annual budget for a certified national planner to assist each State in their specific technical needs to develop their master and land use plans. The national planner should ensure that community, state and national land use priorities are aligned with each other.

Sustainable Finance for Sustainable Land Management

Through the SLM project's consultations with the government agencies involved in Palau's land management, three recurring themes emerged for most agencies: 1) agency missions could be more effectively achieved with a larger budget; 2) mechanisms to raise revenues to support an increased budget have been identified and 3) constraints to raising revenues have been identified. Policy measures can address these three recurring themes for most agencies.

In order to support sustainably financed agencies, the OEK should pursue the following changes:

- 1) Agencies should charge market rates for their services, to create a larger and more stable revenue base for their activities. In many cases, they will be able to expand their services to more effectively support and guide sustainable land management.
- 2) Agencies should be provided with the authority, incentives and direction to achieve these revenue increases.

There are several ways policy makers can help these agencies improve their finances. Several constraints must be addressed to encourage these organizations to raise these revenues:

- **Provide authority:** Some agencies indicated that they are prohibited by law or policy to establish or raise fees for their services. For example, the Bureau of Agriculture and PALARIS charge prices for their services that were set by law years ago and are now significantly below market prices. Similarly, until recently BPW was prohibited from charging for many of their water, sewer and septic services. The recently passed Water and Sewer Act requires the new Water and Sewer Authority to charge market rates. The OEK should pass legislation authorizing other government agencies more independence in setting and updating the fees for their services. This will make these agencies more self-sufficient in their operations and reduce their reliance on tax revenues.
- **Provide incentive:** Agencies identified services they could market, but indicated a lack of interest because they could not direct those revenues to their own agency. In most cases, funds must be collected by Palau's National Treasury, and there is no process to ensure that funds collected by one agency are allocated to that agency for its expenses. To address this problem, the OEK should pass legislation authorizing agencies to collect money directly to support their own budgets. Alternatively, the OEK could pass legislation to require the National Treasury to track revenues raised by different agencies, maintain those revenues in separate accounts, and distribute those revenues (or a portion of them) to those agencies.
- **Provide direction:** In some cases, the agency may not have previously considered potential measures to increase revenues, but might do so with direction from policymakers. In other cases, revenue ideas have been considered but rejected either due to lack of incentive or philosophical opposition to charging fees for services. In either case, the OEK could pass legislation directing these agencies to consider and implement fee increases for their services.

Agency staffs already have many ideas on how to increase agency revenues.¹ As part of the implementation of Palau's Sustainable Land Management Policy, OEK should task the SLM Coordinating Body with refining, coordinating, and monitoring the implementation of the SLM Sustainable Finance Plan. In particular, refining the plan will require a more detailed consultation with agencies involved with SLM to identify, estimate, and implement ideas to increase revenues, increase efficiencies, and reduce costs. Developing these estimates would provide the OEK with greater justification to direct such revenue increases and better data with which to plan future budgets.

¹ Discussed further in the SLM Sustainable Finance Plan.

The Sustainable Land Management Policy of The Republic of Palau

Executive Summary

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In order to achieve our goal for sustainable land management, effective protection, management and use of our assets and values, and reduction of threats and constraints, this policy establishes three top priorities and ten comprehensive policy elements.

This policy establishes three top priorities for policy makers to pursue immediately:

1. **Nationwide Coordination:** The national government should establish a national coordinating body with the responsibility, authority and funding to coordinate and support national and state efforts to implement SLM.
2. **Development Guidelines:** States should complete master plans, land use plans and zoning systems. The national government should adopt a national building code.
3. **Sustainably Financed Agencies:** The national agencies that implement SLM should charge market rates for their services.

The policy includes ten comprehensive policy elements, with the understanding that implementing some of these policies will take more time:

1. Improve Institutional Arrangements
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8. Diversify funding and create revenue stream for SLM
9. Create Incentives and Economic Opportunities to promote SLM
10. Actively Participate in International Conventions

Finally, this policy calls for the development of a comprehensive SLM Action Plan to develop and enact these policies and top priorities. The development and implementation of this Action Plan is included as part of Top Priority 1: Nationwide Coordination and Policy 1: Improved Institutional Arrangements.

The basis for these proposals, and the proposals themselves, are discussed in greater detail in the pages that follow.

The Sustainable Land Management Policy of The Republic of Palau

Background

The Sustainable Land Management Policy of The Republic of Palau sets out the nation's policy vision for unified and integrated land use and management, and sets forth the foundation for Palau's future land use and management. It forms the basis for a strategic action plan to ensure that the policy vision becomes a reality. The policy was developed in an inclusive and participatory process to ensure that the stakeholders' vision is reflected.

The Sustainable Land Management (SLM) Task Force has led the process under the Ministry of Public Infrastructure, Industries and Commerce as part of the larger SLM project. The SLM Task Force includes representatives of the Senate and the House of the 8th OEK; the Governors' Association; Traditional Leaders; Women's Groups; national agencies, private-sector companies and organizations; and non-governmental groups involved in the development, use and management of Palau's land and natural resources. Stakeholders from all of these groups participated in the development of this policy.

Vision

Palau's vision for Sustainable Land Management is as follows:

Sustainable Land Management (SLM) is the wise management of natural and cultural resources to meet changing human needs and benefit the people of Palau while protecting the long-term productive potential and cultural value of these resources for future generations.

With this vision in mind, Palau's land use policy emphasizes the need for sustainable development. The Sustainable Land Use Policy **provides guidance to enable the nation to wisely use its land to meet current and future needs that benefit all.**

Assets & Values

The Sustainable Land Use Policy seeks **to guide the nation on sound management of its land to ensure that key assets and values are protected as Palau positions itself competitively in the global market.** Fifteen assets and values were identified by stakeholders in the 2nd and 3rd SLM Policy Workshops in February and May 2011. Each asset or value provides different benefits for the people of Palau and are listed below.

1. Land
2. Cultural Heritage Sites
3. Palauan Traditional Knowledge & Identity
4. Community Welfare
5. Soil
6. Terrestrial Ecosystems:
7. Coastal Areas
8. In-shore marine resources
9. Biodiversity
10. Water
11. Non-renewable resources

12. Aesthetic values
13. Renewable resources
14. Infrastructure
15. Human resources

Constraints & Threats

Fourteen inherent constraints and threats to land use sector development and economic growth were identified from the Policy Review Workshops, Best Management workshops and meetings with community leaders, traditional leaders (both men and women) and other key stakeholders. These constraints are faced by other small island developing states and are listed below:

1. Limited capacity for land use planning
2. Unclear land ownership and property rights
3. Climate change
4. Population Growth and Urbanization
5. Threats to Water Quality and Quantity
6. Wildfire
7. Loss of Biodiversity
8. Narrow resource base
9. Small domestic market
10. Remoteness from major markets
11. Heavy dependence on trade and foreign assistance
12. Vulnerability to external shocks such as price volatility
13. Need for a transparent regulatory framework and clear institutional arrangements
14. Lack of funding for data acquisition and analysis, equipment, training, and personnel.

These constraints and threats are addressed in greater detail in the SLM Policy Review.

Top Priorities and Comprehensive Policy Elements

In order to pursue our vision for sustainable land management, to effectively protect, manage and use our assets and values, and to address the threats and constraints for effective development and management of our land, this policy establishes three top priorities and ten comprehensive policy elements.

This policy establishes three top priorities for policy makers to pursue immediately:

1. Nationwide Coordination
2. Development Guidelines
3. Sustainably Financed Agencies

These priorities are discussed in greater detail below.

This policy establishes ten comprehensive policy elements, with the understanding that implementing some of these policy elements will take more time:

1. Improve Institutional Arrangements
2. Increase Capacity for Land Use Planning and SLM

3. Establish Zoning and Development Guidelines
4. Strengthen Enforcement Capacity across agencies
5. Raise Public Awareness
6. Balance Culture with economic development
7. Develop and Implement Climate Change Adaptation Strategies
8. Diversify funding and create revenue stream for SLM
9. Create Incentives and Economic Opportunities to promote SLM
10. Actively Participate in International Conventions

These policy elements are discussed in greater detail below.

Finally, this policy calls for the development of a comprehensive SLM Action Plan to develop and enact these policies and top priorities. The development and implementation of this Action Plan is included as part of Top Priority 1: Nationwide Coordination and Policy 1: Improved Institutional Arrangements.

Top Priorities

1. **Nationwide Coordination:** Palau's current systems for sustainable land management and policy proposals for additional systems and processes indicate a clear need for an overall coordinating function between the various national and state agencies involved in Palau's land management.

The coordinating body should be responsible for the following functions:

- 1) Facilitating and ensuring communication and coordination between the national and state and non-government organizations involved in land use planning and management (especially state master planning)
- 2) Collecting and disseminating land use information (e.g., geographical and scientific data, land use plans, development standards, etc.) to the organizations involved in land use planning and management
- 3) Supporting the development, implementation, and coordination of land use and development standards (such as zoning, building codes, etc.)
- 4) Providing a central point of access for land use information to the public
- 5) Developing and implementing an SLM Action Plan to implement Palau's National Land Use Policy. The SLM Action Plan should include goals, objectives, actions, tasks, specific roles, responsibilities, timelines, financing strategies, deliverables and outcomes.
- 6) Reporting regularly on their annual work plan using a standardized format that can be updated and used for other reporting purposes to the government and the public on the implementation and effectiveness of Palau's policies on sustainable land management.
- 7) Assisting all entities involved in land use planning and management to develop and report to the coordinating body strategic plans and annual work plans that include activities, tasks, key personnel, budget, time lines and data

The coordinating body should report to an SLM Steering Committee tasked with oversight of the nationwide implementation of the SLM policy. This SLM Steering Committee should include representation from the OEK, the state governments,

traditional leaders, national agencies, national and state land authorities, and key non-governmental and private sector organizations. PALARIS should be considered for this coordinating role. It already has some capacity to take on the nationwide coordination roles and responsibilities, given the agency's expertise in managing geographical data and experience in developing land use policy. However, for PALARIS to be a fully effective coordinator between the various state and national agencies, PALARIS should have additional authority and budget for staff, equipment, supplies and training.¹

2. Development Guidelines: Previous studies and recent workshops have emphasized the need for comprehensive land use planning on a state-by-state basis, and coordination between states, the national government, traditional leaders and civil society, in order to optimize Palau's development and use of its land for multiple purposes.² The development guidelines should address three elements of planning: 1) master plans and land use plans, 2) zoning systems, and 3) building codes.

- 1) State master plans and land use plans (including disaster plans) will assure residents and investors, guide land owners and developers, protect natural and cultural resources, and enable coordination between states. Several States have master plans and many States have initiated the planning process.
- 2) Zoning systems should be developed to provide in-depth guidance and harmonization on a State by State basis.
- 3) A Task Force that includes a certified engineer and architect should develop building codes that ensure minimum standards for safety and quality development. State specific alternatives will be addressed but should not diminish the overall safety or quality standards of the national building code.

National funding and technical support through a national coordinating body should ensure nation-wide sustainable land use planning. A national certification program for inspectors should build capacity in each state to ensure compliance to state and national laws. The Resource Management and Development Suitability Study (RMDSS) provides guidelines that National and State planners should build upon. Environmental Assessment and Environmental Impact Statements provide mitigation measures that should serve as guidelines for specific development projects.

3. Sustainably Financed Agencies: Through the SLM project's consultations with the government agencies involved in Palau's land management, three recurring themes emerged for most agencies: 1) agency missions could be more effectively achieved with a larger budget; 2) mechanisms to raise revenues to support an increased budget have been identified and 3) constraints to raising revenues have been identified. Policy measures can address these three recurring themes for most agencies. Most agencies involved in land management provide services at rates that are far below market value (in many cases, for free). Therefore in order to have sustainably financed agencies the following should be required:

¹ Discussed further in the SLM PALARIS Capacity Assessment and the SLM Sustainable Finance Plan.

² See SLM Policy Review, SLM Policy Workshop Reports, and SLM State Government Workshop Report.

- 1) Agencies should charge market rates for their services, to create a much larger and more stable revenue base for their activities. In many cases, they will be able to expand their services to more effectively support and guide sustainable land management.
- 2) Agencies should be provided with the authority, incentives and direction to achieve these revenue increases.

Comprehensive Policy Elements

1. Improved Institutional Arrangements for Land Use Management

Policy Summary: Create the necessary structure with the authority and support required for effective and transparent implementation of The Sustainable Land Use Policy that ensures coordination across agencies as follows:

- 1.1 Establish and support a central body to ensure nationwide coordination of all Land Use Planning activities, including National–State cooperation on zoning, land use planning and other policies affecting the use and management of the land. As the central hub for Palau’s geographical information systems, the Palau Automated Land and Resource Information Systems Office (PALARIS) should be given additional authority, responsibility and resources to fulfil this role.
- 1.2 Consolidate all land use information in a central database; increase funding for data acquisition and analysis; and mandate that any major construction survey, scientific research, essay, or geospatial data should be submitted to PALARIS (with exceptions or protection for proprietary information). As state databases are developed, support networking and coordination between the central database and state databases should be addressed. As the central hub and repository for Palau’s geographical information systems, the Palau Automated Land and Resource Information Systems Office (PALARIS) should be given additional authority, responsibility and resources to fulfil this role.
- 1.3 Ensure adequate resources for State land planning agencies, in particular State Planning Commissions and State Public Lands Authorities.
- 1.4 Consolidate the formal register of land titles to a single, efficient and reliable source. As the key authority for land title disputes, Palau’s Land Court should be given the authority, responsibility and resources to fulfil this role.
- 1.5 Conduct a feasibility study for land easements as a component of land use management on all levels.
- 1.6 Develop clear guidelines for interaction between the SLM Coordinating Office and existing agencies and state governments, in particular how the SLM Coordinating Office’s role in the current permitting/development process.

Responsible authorities/collaboration agencies include: Executive Office, OEK, Ministry of Public Infrastructure and Industries and Commerce (PALARIS) MOJ Judicial Branch (Palau Land Court), MOS (Bureau of Domestic Affairs, Bureau of Foreign Affairs, Bureau of International Trade and Technical Assistance), MCCA, State Governments, Public Land Authorities, Traditional Leaders

2. Increase Capacity for Land Use Planning and Sustainable Management, at the National and State levels

Policy Summary: Establish and coordinate state master plans and land use plans, and increase institutional capacity to facilitate economic development while preserving environmental and cultural values..

- 2.1 Support comprehensive land use planning on a state-by-state basis. The national government will provide technical and financial support to individual states to develop state master plans and land use plans. The national coordinating body will coordinate the development of individual state plans to promote consistency and collaboration and reduce conflicts.
- 2.2 Create a nationwide land use map for SLM, updated regularly, to assist in decision-making process and monitoring of natural resources and development to illustrate optimal dedication of the land (e.g. steep slopes, soil types, vegetation, watersheds, zoning, infrastructure and other available data). Authorize and direct PALARIS to create and update this national map, in consultation with the States and relevant agencies and organizations that is available for all planning initiatives.
- 2.3 Based on state master plans and land use plans, create a single land use plan for Palau that would enable management of resources along a watershed/water catchment line based upon existing State planning initiatives and the conservation action planning initiatives of the Belau Watershed Alliance (BWA). This plan should include watershed management, integrated coastal zone management, disaster management and preparedness, and climate change adaptation. Provide state governments the responsibility, guidance and resources to fulfill this role. Ensure participation from community and traditional leaders. Provide PALARIS and other relevant agencies the responsibility and resources to provide guidance and assistance to the States in producing this plan.
- 2.4 Priority and resources for master/land use planning should be given to States where intensive development or large scale national projects exist or are being planned to serve all States (e.g. landfill, sewerage treatment, national ports, national capitol) and is likely in the near future (e.g. national landfill in Babeldaob) and States most vulnerable to sea level rise (e.g. Kayangel, Hatohobei, Sonsorol) in order to prepare comprehensive master/land use plans. There should be training for all States and flexibility for all States to determine master/land use plans that are appropriate for their state of development.
- 2.5 Align the National vision of Sustainable Development with State visions which in turn are aligned with visions at the village level. This is an essential component of land use planning and could be addressed through annual State Visits as part of the land use planning process coordinated with the Ministry of State (MOS) Bureau of Domestic Affairs (BDA) with allocated funding to develop state master plans to ensure that the visions are aligned at each level. All development policies, projects and plans should consider and account for social and environmental impacts.
- 2.6 Increase institutional capacity through additional training and hiring of qualified professionals in the areas of land use planning, climate change adaptation and sustainable land management. Specifically, Palau needs the knowledge and expertise to assess land degradation, assist states and communities develop land use and SLM plans, and provide alternatives for sustainable livelihoods.
- 2.7 When a state asset is nationalized, the nation will fund the maintenance of the asset through usage fees. Fees must be used for asset maintenance and states should agree to usage fee structure through established legal agreements between all parties.

Responsible authorities/collaboration agencies include: MPIIC (PALARIS), EQPB MOF, MOS (BDA) MNRET (BoA,BMR), MOH, State Governments, Traditional Leaders, BWA

3. Zoning and Guidelines for Rural, Urban, Commercial and Industrial Development

Policy Summary: Put in place appropriate zoning regulations by State to include all types of development and conservation measures (e.g. watershed protection); adopt guidelines for development and; a national building code.

- 3.1 Develop of zoning regulations for each state as part of the state master planning process. Zoning should include constraints, soil types, hazardous potential, solid waste management, protected areas, projected population growth, projected infrastructure needs and cultural sites. Zoning regulations should consider existing regulations to avoid overlap or less rigorous standards. Provide state governments the responsibility, guidance and resources to fulfill this role. Ensure participation from community and traditional leaders. Provide PALARIS and other relevant agencies the responsibility and resources to provide guidance and assistance to the States.
- 3.2 Adopt a national building code for the Nation which incorporates safety regulations and promotes energy efficiency. The Ministry of Public Infrastructure, Industries and Commerce's Safety Office may serve as the focal point for this. Enable states flexibility to supplement national building code with state-specific elements by providing certification programs for State Safety Officers and Inspectors.
- 3.3 Create and adopt guidelines for urban, commercial and industrial planning to include: tourism considerations (i.e. aesthetic values), safety and health of the community, recreational considerations, access to services; cultural considerations (i.e. promote community centers); energy efficiency and renewable energy. Include these guidelines within state master planning, zoning, and building codes.
- 3.4 Strengthen national coordination of infrastructure support for state development (public water systems, sewer lines, roads to sea port) under the Ministry of Public Infrastructure, Industries and Commerce.

Responsible authorities/collaboration agencies include: MPIIC (PALARIS,CIP, BPW) MOH, State Governments including State Public Land Authorities and State Planning Commissions and State Economic Authorities, EQPB, FIB, MNRET(BOA, BAC), Traditional Leaders, PALARIS

4. Strengthen Enforcement Capacity Across Agencies

Policy Summary: Support effective Best Management Practices (BMPs) and regulations where they exist; and create new BMPs and/or regulations to address gaps in forestry, agriculture and mineral exploration. Strengthen institutional capacity and clarify roles and responsibilities between agencies to implement BMPs and regulations.

- 4.1 Review and revise the roles, objectives, functions, governance arrangements, and specific regulatory requirements (including but not limited to the Palau

National Code) of all relevant agencies; including review of criteria for requiring environmental impact assessments and thresholds that require immediate mitigative action and subsequent follow up to ensure standards (e.g. water quality) are restored. Ensure efficient monitoring, evaluation and enforcement of regulatory requirements and strengthen partnership and communication between relevant agencies.

- 4.2 Identify, review, revise and where necessary create BMPs for all key agencies and where necessary integrate BMPs and regulations to ensure coordination across agencies. Create a guidance handbook that lists agencies and processes for permits that is available on an existing or new national website. Consolidate all permit functions ensuring coordination across agencies and increase capacity of other agencies involved in permits (e.g. EQPB, BOA, BAC, BMR, BPW, CIP, and states) to ensure that each permit is thoroughly reviewed. Increase capacity of States by developing a certification program to enable them to review permits based upon their capacity. Give states with qualified personnel a greater role in reviewing and approving small scale projects, ensuring their alignment with land use plans, zoning and national permits. Provide states with oversight and support from EQPB, BAC, Bureau of Public Health, and proposed Building Code Commission to address cumulative impacts of small scale projects and large scale development.
- 4.3 Provide needed resources based upon work plans with clear objectives, activities, tasks budgets, needed personnel, time lines, and activities and deliverables. Support is performance based in order to determine if an increase in budget for personnel and technical capacity for enforcement is effective. Evaluate and monitor all state and national agencies involved in BMPs and regulations. Increase state authority for enforcement of national land use and environmental regulations. Establish minimum qualifications and processes (such as deputizing) for state officers.
- 4.4 Enact BMPs identified as necessary to address gaps proposed through SLM Project. Reassess BMPs annually to ensure that all BMPs adequately address community concerns and impacts.

Responsible authorities/collaboration agencies include: MOJ, MOH, EQPB, MNRET (BoA, BMR), BAC, MPIIC (BPW, CIP), MOF (Customs Office) State governments, Traditional leaders, and Building Code Commission.

5. Raise Public Awareness

Policy summary: Increase public awareness and education to take action and responsibility for sustainable land management, incorporating new and traditional knowledge, to reduce threats caused by human actions and natural causes, encourage responsible actions, and reduce enforcement needs.

- 5.1 Support State and community efforts to raise awareness about the need for formalized land use planning, ensuring their involvement in developing state master/land use plans and laws. Enable strategic meetings between community members and policy makers.
- 5.2 Develop and implement targeted awareness campaigns at community levels to reduce threats caused by human actions and natural causes such as: wildfires, typhoons and storms, sea level rise, invasive species, solid waste, erosion and sedimentation, and biodiversity conservation. Model campaigns based on State priorities. Consult with traditional leaders in planning and execution of awareness campaigns.

5.6 Develop and implement public education and awareness campaigns for new and traditional BMPs, model programs, community trainings and “how-to-guides” associated with BMPs to address land degradation within the context of sustainable land management in sectors relating to agriculture, aquaculture, agroforestry, residential and commercial development, nature and culture based tourism, foreign investment, and natural threats (including climate change, sea level rise, tsunamis, droughts). Secure funding and technical resources to support such programs, trainings and how-to- guides. Establish a central agency (e.g., Palau Community College (PCC) or Ministry of Education MOE) to act as a central repository for educational materials. Provide such agency with additional authority, responsibility and resources to fulfil this role. Develop a sustainable development curriculum for elementary, high school and community college in coordination with the Small Business Center (SBC) to promote the creation and implementation of SLM projects for fund raising events. Encourage and assist resource-owning communities to document their traditional knowledge of sustainable land management and develop local strategies

Responsible authorities/collaboration agencies include: MOE, PCC, SBC Traditional leaders, MPIIC, MNRET, and private elementary and secondary schools, local Radio and Television and Publishing Companies,

6. Balance Culture with Economic Development

Policy summary: Maintain, preserve, protect and promote Palauan traditional practices, history, and the value of the land for future generations

- 6.1 Formally incorporate traditional practices into best management practices and regulations adapting them to meet 21st century challenges. Implement the traditional process that requires consultation with chiefs by the National and State and Public Land Authorities for use of public lands or resources.
- 6.2 Identify cultural and historical sites that need to be set aside for strict protection. Review eligibility guidelines for site registration. Provide the National Bureau of Arts & Culture (BAC) the responsibility, authority and resources to review development projects and require cultural assessments. Increase public awareness and education on registration process for cultural and historical sites.
- 6.3 Develop a certification program through the BAC for States to build capacity to conduct cultural assessments and conduct site restorations under the supervision of the national archeologist and staff.
- 6.4 Create a mechanism to add value to land which is dedicated to traditional uses (e.g. taro patches) to discourage development or transfer
- 6.5 Develop a directory of contacts of State Historians and clan experts for specific land oral histories. Set up a database to access existing information of oral histories that have been released by the clans through either court cases or anthropological studies.
- 6.6 Enact and/or strengthen legislation to provide for effective protection of important cultural sites.

Responsible authorities/collaboration agencies include: MPIIC, National and State Public Land Authorities and Planning Commissions, BAC, Traditional leaders, MNRET (BoA)

7. Develop and Implement Climate Change Adaptation Strategies

Policy Summary: “Mainstream” climate change adaptation strategies into all aspects of land use planning, disaster risk management, economic development plans, and environmental management plans including those related to health, well-being and safety, food security, and sustainable livelihoods. At the same time strengthen institutional capability to understand the effects of climate change for Palau, the degree of vulnerability, the national capacity to adapt and to develop and implement appropriate response strategies to climate change.

- 7.1 Implement the National Disaster Management Framework that has clearly defined roles to ensure the coordination, development and effective implementation of appropriate adaptation options and strategies for disaster risk reduction. Ensure coordination with states in implementing the framework.
- 7.2 Strengthen PALARIS capacity as a coordinating body to coordinate national resource survey data, review indicators and monitoring programmes, and consolidate the involvement of stakeholders in terms of data collection and information dissemination. Information requirements include the following:
 - identification of sensitive areas and ecosystems;
 - information on land use changes and practices;
 - information on natural ecosystems including forests, mangroves and coral reefs;
 - development of fine resolution contour data;
 - better understanding of the present effects of social and economic change on the environment; and
 - more current satellite imagery.
- 7.3 Develop integrated assessment methods - there is a need for new and improved tools and methodologies that would facilitate integrated assessment of the effects of climate and sea-level change in Palau.
- 7.4 Improve communication and dissemination of useful and relevant information to the public, policy makers, and other decision makers on vulnerabilities and adaptation.
- 7.5 Implement full scale adaptation and mitigation projects based upon successful pilot programs funded through Global Environment Fund for climate change, biodiversity and land degradation.

Responsible authorities/collaboration agencies include: MPIIC, National Public Land Authority, MNRET, OERC, NEMO, State government, State public land authorities and State planning commissions

8. Create Incentives and Economic Opportunities to Promote SLM

Policy Summary: Maximize attractive economic incentives to encourage land owners to realize the benefits of Sustainable Land Management; at the same time, expand and diversify sustainable economic development activity to increase employment and revenues from appropriate development.

- 8.1 Increase tax incentives, access to low-interest loans, and Public-Private Partnerships to encourage landowners to sustainably develop their properties in the following sectors:
 - Agroforestry
 - Taro patches
 - Home gardens
 - Urban forests

- Community-based tourism
- Revitalization of coconut groves
- Reforestation
- Restoration of traditional water systems

Tax incentives should include tax holidays for new development and tax-free status for farming activities.

- 8.2 Develop incentives to support local produce and products and marketing opportunities. Support domestic demand for local foods through education and awareness programs and government purchasing (e.g. school lunches).
- 8.3 Support eradication of fruit flies and establish controlled export standards and mechanisms to conform to import standards of partner countries.
- 8.4 Implement and support the Tourism Action Plan for Babeldaob and outer-islands as tourism is the largest economic opportunity for the country. Include awareness and education programs to support sustainable tourism. Support studies to determine carrying capacity of key natural resources and sites.
- 8.5 Promote value-added strategies for local made products. Re-establish the New Product Development Committee to authenticate and endorse Palauan products. Increase utilization of existing memberships such as the Pacific Islands Trades & Investment arm of Pacific Island Forum. Provide support for packaging food products for export.

Responsible authorities/collaboration agencies include: Ministry of Finance, Chamber of Commerce, Palau Visitors Authority, Belau Tourism Association, MPIIC, MNRET, state governments, Traditional Leaders

9. Diversify Funding and Create Revenue Streams for SLM

Policy Summary: Create a solid financial base to implement the Land Use Policy and Best Management Practices by creating revenue streams from existing activities and actively seek strategic partnerships to attract funding for remaining activities

- 9.1 Support the development of business plans for all partners as part of their work plan related to SLM in partnership with Small Business Center and Palau National Development Bank.
- 9.2 Enable agencies involved in land use management functions and have the capacity to generate revenues to recuperate costs and generate additional revenues matching international standards (i.e. PALARIS, BLS, EQPB, etc.)
- 9.3 Dedicate resources to identify potential funding agencies (national, regional and international) from which grants could be sought for the higher priority elements of the Financial Plan in partnership with the Office of Environmental Response and Coordination's Office of Grants Coordinator.
- 9.4 Consolidate functions and services to reduce costs; apply economies and avoid redundancy (i.e. database management, data collection) as indicated throughout the policy.
- 9.5 Strengthen linkages with state and national development planning and budgetary processes.

Responsible authorities/collaboration agencies include: MPIIC, OERC, MOF, FIB State Governments, Chamber of Commerce

10. Participate in International Programs Related to the Sustainable Management of Natural Resources

- 10.1 Review existing international programs Palau is party to that relate to SLM and do a cost benefit analysis for membership.
- 10.2 Enable participation of key partners in important subregional, regional and international environmental, climate change, sustainable land management program.
- 10.3 Ensure that steering committees and bodies established to implement requirements for international conventions are actively engaged, compensated, and minutes from meetings are available to interested partners.
- 10.4 Ensure timely submission of land-based information and reports to support national reporting to international conventions and adequate review period for committee members and interested parts is given to ensure comprehensive coverage is given and to ensure transparency; and
- 10.5 Support effective exchange of information and expertise within the Palau, the subregional, regional and international communities.
- 10.6 Ensure that local expertise is given priority for implementation of convention obligations and all agencies are properly compensated for their contributions.
- 10.7 Ensure that all proposals for funding are available for partners to review and ensure activities are implemented as proposed.
- 10.8 Strengthen linkages/alignment with national millennium development goals and indicators.

Responsible authorities/collaboration agencies include: Ministry of State, Office of Environmental Response and Coordination, MNRET, MPIIC, OEK, traditional leaders

Additional materials, including a list of relevant national legislation/policies or development plans relevant to this policy, are provided in the policy review and other documents for this report, and are available from PALARIS.

Finance Plan for the SLM Policy of the Republic of Palau

Executive Summary

Palau's Sustainable Land Use policy establishes three top priorities: 1) Nationwide Coordination; 2) Development Guidelines; and 3) Sustainable Finance. The projected costs of these priorities are summarized in the following table.

Top Priorities	Startup	Annual	FY 2012
1) National Coordination	\$ 189,400	\$ 118,867	\$ 182,500
2) Development Guidelines	\$ 1,894,000	\$ 200,600	\$ 490,000
3) Sustainable Finance	\$ 25,000	\$ -	\$ 25,000
Total	\$ 2,108,400	\$ 319,467	\$ 697,500

Beyond the top priorities, Palau's SLM Policy includes ten comprehensive policy elements, with the understanding that implementing some of these policies will take more time. The SLM Finance Plan estimates the startup and annual costs for each of these policy elements, though in less detail than the cost estimates for the top three priorities. Additionally, the Finance Plan estimates funding sources and amounts for each of the new annual expenses, as a way of demonstrating that there are sufficient funds available to pay for the proposed policy elements. The balancing of proposed costs and potential funding sources are summarized in the table below.

Element	Description	Startup Cost	Annual Cost	New Savings	New Grants	New Revenues	New Taxes	Total New Funds	Balance
1	Improve Institutional Arrangements	\$ 519,400	\$ 694,867	\$ -	\$ 50,000	\$ 20,000	\$ 560,000	\$ 630,000	\$ (64,867)
2	Increase Capacity for SLM	\$ 1,760,000	\$ 16,000	\$ -	\$ -	\$ 45,000	\$ -	\$ 45,000	\$ 29,000
3	Development Guidelines	\$ 186,000	\$ 196,600	\$ -	\$ -	\$ 196,600	\$ -	\$ 196,600	\$ -
4	Strengthen Enforcement	\$ 200,000	\$ 414,000	\$ -	\$ -	\$ -	\$ 400,000	\$ 400,000	\$ (14,000)
5	Public Awareness	\$ 220,000	\$ 31,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (31,000)
6	Balance Culture and Development	\$ 100,000	\$ 25,000	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 25,000
7	Climate Change Strategies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	SLM Incentives	\$ 2,385,000	\$ 2,213,600	\$ 2,500	\$ 200,000	\$ 1,806,125	\$ 238,600	\$ 2,247,225	\$ 33,625
9	Diversify Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	International Programs	\$ 20,000	\$ 149,000	\$ 4,000	\$ 144,000	\$ -	\$ -	\$ 148,000	\$ (1,000)
Total		\$ 5,390,400	\$ 3,740,067	\$ 6,500	\$ 394,000	\$ 2,067,725	\$ 1,248,600	\$ 3,716,825	\$ (23,242)

In addition to the funding sources estimated for the annual costs, the Finance Plan estimates that there is at least \$4.6M in grant funding available for the startup costs of Palau's SLM Policy. The table below summarizes just a few of the potential sources.

Source	Total	SLM %	SLM
UN Adaptation Fund	\$ 3,000,000	50%	\$ 1,500,000
GEF	\$ 4,200,000	30%	\$ 1,260,000
UN Small Grants	\$ 1,200,000	30%	\$ 360,000
PACC	\$ 1,000,000	30%	\$ 300,000
SPC	\$ 1,500,000	50%	\$ 750,000
Aus Aid	\$ 1,000,000	50%	\$ 500,000
Total	\$ 11,900,000	39%	\$ 4,670,000

Refining the estimates for the costs and funds to implement Palau's Land Management Policy will require further consultations with Palau's key SLM agencies. In the short term, funding the SLM Policy's top priorities will continue the momentum of the project and support efforts to secure outside grants to fund the startup costs of Palau's SLM Policy.

Finance Plan for Palau's Sustainable Land Management Policy

Introduction: Sustainable Land Management and Sustainable Finance

This is a Sustainable Finance Plan to support The Sustainable Land Management (SLM) Policy of the Republic of Palau. The SLM Policy sets forth the people of Palau's vision for sustainable land management and a foundation for integrated land use and management. This policy forms the basis for a strategic action plan to ensure that the policy vision becomes a reality. The SLM Finance Plan identifies costs and funds to support this plan.

Palau's SLM Finance Plan follows the general principles for Integrated Financing Strategies described in the United Nations' Global Mechanism's handbook on "Integrated Financing Strategies for Sustainable Land Management." [CITE] In general, the finance plan looks at Palau's current costs for land management activities and estimates the additional changes to implement the new SLM Policy's proposed activities. The plan proposes potential funding sources for the new costs of the SLM Policy. Potential funding sources include internal sources such as new taxes and fees, external sources such as new grants, and "innovative" sources such as new revenues and new savings. More detail on the methodology (and limitations) of this finance plan are included in the appendix.

This Finance Plan, as it currently stands, should be considered a first step in a detailed process. Many of the estimates contained in the plan are preliminary and need to be refined. Some of the costs identified in the plan may not be incurred right away, as the policy elements they refer to will be implemented as part of a long-term process. Refining the estimates and timing for various policy costs will be part of the process to develop and implement the strategic action plan that will support Palau's SLM Policy. This process should be undertaken in coordination with, and as a part of, the typical budget and finance processes followed by the various organizations involved in Palau's land management. The SLM Coordination Office should oversee the process to update and refine the SLM Finance Plan.

As a first step, the SLM Finance Plan serves several purposes. It gives an overall estimate of the costs and funding sources to implement Palau's SLM Policy, and provides detailed estimates for some of the policy's top priorities that should be funded immediately. It provides the basis for detailed conversations and decisions to prioritize and schedule the implementation and timing of various policy elements. It provides the basis for the agencies that will implement the SLM policy to direct their efforts in budgeting and fundraising. Finally, this plan shows that there are sufficient funds available to implement Palau's sustainable land use policy. In sum, the SLM Finance Plan stands as an important tool to support the implementation of the Sustainable Land Management Policy of the Republic of Palau.

Proposals: Top Priorities

The Sustainable Land Management Policy for the Republic of Palau recommends a number of new activities and processes. The SLM Finance Plan makes broad estimates of how much these recommendations will cost to implement. Expenses are considered in three types of categories: startup, annual, and FY2012. Startup expenses are one-time costs necessary to start a new activity, such as the purchase of new equipment such as a vehicle or a computer system. Startup expenses also include one-time projects, such as initial planning efforts or consulting engagements. Annual expenses are costs necessary to maintain an activity year after year, for example supplies and maintenance (gas and tune-ups for vehicles, software and electricity for computers). Annual expenses also include salaries for employees. Finally, the plan estimates the FY2012 expenses most critical to maintain the momentum of the SLM policy development project. These FY2012 expenses include a mix of both startup costs (such as land planning and consulting support) and annual expenses (such as salaries and meeting expenses). The FY2012 expense estimates are based entirely on supporting the SLM policy's top three priorities, but these expenses may likely support other elements of the policy as well.

Palau's Sustainable Land Use policy establishes three top priorities: 1) Nationwide Coordination; 2) Development Guidelines; and 3) Sustainable Finance. Implementing the Nationwide Coordination priority is estimated to require about \$189K in startup expenses, \$119K per year in annual costs, and \$183K for FY2012. Implementing the Development Guidelines priority is estimated to require \$1.9M in capital costs (spread over several years), \$200K in annual costs, and \$490K for FY2012. Pursuing the Sustainable Finance recommendations may cost about \$25K in startup funding, which is targeted for FY2012. The Sustainable Finance recommendations are expected to produce net increases in government revenues, so there are no annual expenses assumed for the Sustainable Finance priority. The costs these priorities are summarized in the following table and each priority is then discussed further below.

SLM Top Priority Expenses

Top Priorities	Startup	Annual	FY 2012
1) National Coordination	\$ 189,400	\$ 118,867	\$ 182,500
2) Development Guidelines	\$ 1,894,000	\$ 200,600	\$ 490,000
3) Sustainable Finance	\$ 25,000	\$ -	\$ 25,000
Total	\$ 2,108,400	\$ 319,467	\$ 697,500

Priority 1 – Nationwide Coordination: In order to successfully implement a Sustainable Land Management Policy, Palau needs an overall coordinating function between the national and state agencies, traditional leaders and communities, and non-government and private sector organizations involved in Palau's land management. PALARIS already has some capacity to take on this role, given the agency's expertise in managing geographical data. However, to be

a fully effective coordinator between the various state and national agencies, PALARIS will need additional staff, additional authority, and additional equipment.

An initial estimate for the startup cost to establish this nationwide coordination office is about \$190K, including \$160K to support a two-year consulting engagement to help develop and implement the action plan to implement the policy, and \$30K for equipment and supplies. An initial estimate for the annual costs to run the coordinating office is about \$119K, including \$50K in new salaries (beyond existing PALARIS staff), \$20K in consulting fees, \$16K for outreach and meeting costs, \$10K in training fees, \$23K in office support, equipment, materials and maintenance. For FY2012, the plan estimates the costs to total \$183K. This includes some of the consulting fees included in the startup and annual costs, but leaves out some of the equipment and salary costs, as they are already funded in part by the Palauan government.

The Finance Plan assumes that the bulk of the annual budget for Nationwide Coordination will be supplied from the proposed increase to the Green Fees that support Palau's conservation efforts. The FY2012 budget proposes to add \$15 to the current Green Fee, which would produce an additional \$1.6M per year for conservation efforts. Nationwide coordination of land management is fundamental to effective conservation, so this is recommended as an important use of some of those funds, still leaving most of those funds available for other uses, including state land planning discussed below. A key activity of the national coordinating office will be to secure additional grants to support the startup costs for the top priorities and other elements of the SLM policy. A detailed budget estimate for the national coordination is included in the Appendix.

Priority 2 – Development Guidelines: To maximize the benefits from the development and use of its land, Palau needs to support comprehensive land use planning on a state-by-state basis, and develop national and state guidelines to ensure that land development and use follow and support those plans. The need for such coordinated planning is supported by the policy reviews, stakeholder consultations, and analysis supporting the development of Palau's Sustainable Land Use Policy. The development guidelines should address three elements of planning: 1) master plans and land use plans, 2) zoning systems, and 3) building codes. These efforts will require significant expenses to provide for staff time, outside expertise, meeting expenses. The Finance Plan breaks this priority into two parts: Priority 2a covers state master plans, land use plans and zoning schemes and Priority 2b covers a national building code.

Priority 2a – Master Plans, Land Use Plans & Zoning Schemes: The Finance Plan assumes that the State Governments will need about \$50,000 each, based on the experience of Palau Conservation Society (PCS) and Airai State in developing their plans. PCS's budget to support the development of Airai's master plan and land use plan was approximately \$60K, but they expect that additional states will cost half that much because they will use the template developed for Airai. In addition to the \$30K for development of each state's master plans and land use plans, an additional \$20K should support the development of zoning system for each state and a review and any state-specific additions to the national building code. If each state requires \$50K to complete this process, the total cost would be \$800K. The Finance Plan assumes that this process and the associated costs will take place over several years, and that

the full amount will be paid for from the proposed increase to the Green Fees described above. This still would leave most of the proceeds of the increased Green Fees for other purposes.

An initial estimate for the startup cost to establish development guidelines is about \$1.8M, including \$50K per state for two years each plus \$10K for each state in additional consulting support from PCS. An initial estimate for the annual costs to run the coordinating office is about \$16K to support meetings in each state to review and update the plans on an annual basis. For FY2012, the plan estimates the annual costs to be \$461K. This includes \$400K to establish development guidelines in eight states at \$50K each, plus \$40K for consulting support, \$21K for outreach materials, meetings, and administrative support. These costs could be less if fewer states initiate development guideline projects in FY2012 or if the consulting costs can be reduced.

Priority 2a – National Building Code: Developing and implementing a national building code will also require significant capital and annual costs. The startup costs for this effort are estimated to be about \$146K. This includes \$74K for equipment, materials and supplies, \$40K to train new inspectors and administrators, \$20K for consulting from outside experts to help develop the building code, and \$12K to support board stipends. Annual costs to implementation the code area estimated at approximately \$196K per year. This includes \$102K for staff salaries, \$40K in annual training costs, \$33K for equipment, materials and supplies, \$10K for consulting costs, and \$12K for board stipends. For FY2012, the plan assumes only \$41K in costs to support the establishment of a Building Code Commission. This would include \$20K to hire outside experts to help with the development of a national building code, \$12K to support stipends for the members of the Building Code Commission, and \$9K in outreach materials, meetings, and administrative support.

The Finance Plan assumes outside grant assistance for some of the startup costs, and funding of the annual costs through development fees assessed on residential and commercial development projects. A key priority for both the Nationwide SLM Coordinating Committee and the National Building Code Committee would be to secure grant funding to support the startup costs for this priority. The Finance Plan assumes the annual costs would be funded by development fees assessed on residential and commercial development projects. As detailed in a separate SLM proposal on developing a building code, assessing development fees of 1% for residential projects and 3% for commercial projects should supply a full \$180K per year so that the administration of the building code would be completely self sufficient. This self-sufficiency relies on an assumption of at least 50 residential projects and 50 commercial projects per year. This assumption will need to be refined and verified. More detailed budget estimates for developing and implementing a national building code is included in the Appendix.

Priority 3 – Sustainable Finance: Through the SLM project's consultations with the government agencies involved in Palau's land management, three recurring themes emerged for most agencies: 1) agency missions could be more effectively achieved with a larger budget; 2) mechanisms to raise revenues to support an increased budget have been identified and 3) constraints to raising revenues have been identified. These agencies will need a combination of new authority, incentives and direction to achieve these revenue increases. Together with

strong leadership and management, these agencies are expected to be able to maximize their capacities to operate effectively. Additionally, proper action and guidance from Palau's policymakers will ensure that these revenue increases will go a long way towards supporting Palau's agencies to better achieve their missions for sustainable land management. These proposals should be considered on an agency-by-agency basis as part of the normal budget process. As part of the implementation of Palau's Sustainable Land Use Policy, OEK should task the SLM Coordinating Body with refining, coordinating, and monitoring the implementation of the SLM Sustainable Finance Plan. In particular, refining the plan will require a more detailed consultation with agencies involved with SLM to identify, estimate, and implement ideas to increase revenues, increase efficiencies, and reduce costs. Initial estimates suggest that a combination of new savings and new revenues could produce hundreds of thousands of dollars in benefits, but these estimates will need considerable refinement. The finance plan assumes that there will be no annual costs associated with the Sustainable Finance priority, but estimates at \$25K startup cost which should be budgeted for FY2012. This funding would include \$20K in consulting fees to update and refine the finance plans estimates of potential revenue increases and pursue the actions necessary to secure these revenues, plus an additional \$5K for outreach materials or meeting costs.

Proposals: Full Policy

In addition to the top three priorities, Palau's SLM Policy includes ten comprehensive policy elements, with the understanding that implementing some of these policies will take more time:

1. Improve Institutional Arrangements
2. Increase Capacity for Land Use Planning and SLM
3. Establish Zoning and Development Guidelines
4. Strengthen Enforcement Capacity across agencies
5. Raise Public Awareness
6. Balance Culture with economic development
7. Develop and Implement Climate Change Adaptation Strategies
8. Diversify funding and create revenue stream for SLM
9. Create Incentives and Economic Opportunities to promote SLM
10. Actively Participate in International Conventions

The SLM Finance Plan estimates the startup and annual costs for each of these policy elements, though in less detail than the cost estimates for the top three priorities. The overall costs to implement all these policy elements are approximately \$5.4M in startup costs and \$3.6M in annual costs. These costs are summarized by policy element in the table below, and in greater detail in the Appendix.

Element	Description	Startup Cost	Annual Cost
1	Improve Institutional Arrangements	\$ 519,400	\$ 598,867
2	Increase Capacity for SLM	\$ 1,760,000	\$ 16,000
3	Development Guidelines	\$ 174,000	\$ 179,600
4	Strengthen Enforcement	\$ 200,000	\$ 414,000
5	Public Awareness	\$ 220,000	\$ 31,000
6	Balance Culture and Development	\$ 100,000	\$ 25,000
7	Climate Change Strategies	\$ -	\$ -
8	SLM Incentives	\$ 2,385,000	\$ 2,196,600
9	Diversify Funding	\$ 25,000	\$ -
10	International Programs	\$ 20,000	\$ 149,000
Total		\$ 5,403,400	\$ 3,610,067

The Finance Plan estimates the costs for each part of each policy element and then assigns the annual costs to an organization. The new annual costs to each organization are summarized in the table below, and shown in greater detail in the appendix. The Finance Plan also estimates funding sources and amounts for each of the new annual expenses, as a way of demonstrating that there are sufficient funds available to pay for the proposed policy elements. The full balancing of proposed costs and potential funding sources is included in the appendix.

Budget Category	Budget Item	New Costs	Total New Funds
MPIIC	PALARIS	\$ 378,867	\$ 403,000
MPIIC	Water & Sewer Operation		\$ -
MPIIC	Bureau of Public Works		\$ -
MPIIC	Bureau of Lands and Survey		\$ -
MPIIC	Infrastructure Maint. Matching Funds		\$ -
MPIIC	PPLA		\$ -
MPIIC	Building Code Commission	\$ 179,600	\$ 179,600
States	State Governments	\$ 800,000	\$ 800,000
Judiciary	Judicial Branch	\$ 20,000	\$ 20,000
MNRET	Bureau of Agriculture	\$ 209,600	\$ 218,225
MNRET	Protected Areas Network		\$ -
Semi-Independent Orgs	Palau Conservation Society		
Semi-Independent Orgs	Environmental Quality Protection Board		\$ -
Semi-Independent Orgs	Palau Visitors Authority	\$ 1,575,000	\$ 1,600,000
MCCA	Ministry of Culture	\$ 25,000	\$ 50,000
MOE	Ministry of Education	\$ 410,000	\$ 400,000
MOF	Ministry of Finance	\$ 12,000	\$ 12,000
Total	Total	\$ 3,610,067	\$ 3,682,825

Potential Funds

The SLM Finance Plan includes estimates and recommendations for funding sources to offset the costs of implementing the Sustainable Land Use Policy. These funding sources fall into four basic categories:

1. **New Savings:** This plan suggests a number of potential efficiency measures, such as sharing expenses or duties between two or more organizations. If implemented, these will reduce current expenses to offset some of the new expenses recommended by the Draft Policy.
2. **New Grants:** This plan identifies a number of potential sources for grants to support some of the activities proposed by the Draft Policy.
3. **New Revenues:** Many of the organizations that implement SLM policies and activities have identified opportunities to increase government revenues, often by initiating or increasing fees for the services those organizations already provide.
4. **New Taxes:** Where the proposed new savings, grants, and revenues are insufficient to offset the costs of proposed policies, the Finance Plan estimates the amount of additional taxes revenues that should be collected to cover the shortfall, and suggests ways in which those taxes can be raised.

The SLM Finance Plan compiles all these new savings, new grants, new revenues and new taxes to show how they will balance out the new costs to implement Palau's Sustainable Land Management Policy. This balancing of new expenses and new funding is shown in the Appendix.

Budget Category	Budget Item	New Savings	New Grants	New Revenues	New Taxes	Total New Funds
MPIIC	PALARIS	\$ 4,000	\$ 194,000	\$ 45,000	\$ 160,000	\$ 403,000
MPIIC	Water & Sewer Operation					\$ -
MPIIC	Bureau of Public Works					\$ -
MPIIC	Bureau of Lands and Survey					\$ -
MPIIC	Infrastructure Maint. Matching Funds					\$ -
MPIIC	PPLA					\$ -
MPIIC	Building Code Commission			\$ 179,600		\$ 179,600
States	State Governments				\$ 800,000	\$ 800,000
Judiciary	Judicial Branch			\$ 20,000		\$ 20,000
MNRET	Bureau of Agriculture	\$ 2,500		\$ 6,125	\$ 209,600	\$ 218,225
MNRET	Protected Areas Network					\$ -
Semi-Independent Orgs	Palau Conservation Society					\$ -
Semi-Independent Orgs	Environmental Quality Protection Board					\$ -
Semi-Independent Orgs	Palau Visitors Authority			\$ 1,600,000		\$ 1,600,000
MCCA	Ministry of Culture				\$ 50,000	\$ 50,000
MOE	Ministry of Education		\$ 200,000	\$ 200,000		\$ 400,000
MOF	Ministry of Finance				\$ 12,000	\$ 12,000
Total	Total	\$ 6,500	\$ 394,000	\$ 2,050,725	\$ 1,231,600	\$ 3,682,825

In addition to the funding sources estimated for the annual costs, the Finance Plan estimates that there is at least \$9M in grant funding available for the startup costs of Palau's SLM Policy. The table below summarizes just a few of the potential sources. Many of these funding sources supply funds for a wide scope of uses, so the grant total listed in the table below may be larger than the amount available for Palau's SLM policy expenses. However, there are also a number of potential sources not listed in this table because their funding availability has not yet been

estimated. This includes a wide range of funding sources within the United States government such as the Department of Interior, Environmental Protection Agency, and the Department of Education. There has also not yet been an attempt to estimate the funding available from a number of international development finance organizations like the World Bank and the Asian Development Bank. What the table below shows, primarily, is that there is more than enough international grant funding available to support the estimated \$5.4M in startup costs for Palau's SLM Policy. The next step will be to review these and other sources to identify and prioritize a fundraising plan to support Palau's SLM policy development and implementation.

Source	Total
UN Adaptation Fund	\$ 3,000,000
UNFCCC	\$ 2,200,000
UNCBD	\$ 1,500,000
UNCCD	\$ 500,000
UN Small Grants	\$ 1,200,000
GEF Capacity Building Fund	\$ 500,000
GEF SLM Strat Plan	\$ 35,000
UN Implementation Fund	\$ 150,000
PACC	\$ 1,000,000
SPC	\$ 1,500,000
Aus Aid	\$ 1,000,000
Total	\$ 9,585,000

Conclusions and Next Steps

Refining the estimates for the costs and funds to implement Palau's Land Management Policy will require further consultations with Palau's key SLM agencies. As Palau develops the Action Plan to implement the Sustainable Land Use Policy, these recommendations should be compiled and refined. Then, the SLM Finance Plan should be updated to show how the combination of new costs, new savings, new grants, new revenues and new taxes will balance out. The template for this balancing of new expenses and new funding is shown in Appendix 2. Ultimately, all the sources and uses of funds to implement Palau's sustainable land use policy should be accounted for as part of the government's regular budget and accounting systems. Further, the national government should keep separate track of these costs and funds to support fundraising efforts. In the meantime, this finance plan makes suggestions on where the funds will come from for the major recommendations of the SLM policy. Most importantly, this plan shows that there are sufficient funds available to implement Palau's sustainable land use policy.

Appendix – Top Priority Costs

Priority 1: Nationwide Coordination	Startup	Annual	FY 2012
Salaries			
SLM Coordinator		\$ 35,000	\$ 26,250
SLM Assistant Coordinator		\$ 15,000	\$ 11,250
Other			\$ 51,000
Subtotal	\$ -	\$ 50,000	\$ 88,500
Training			
Fees	\$ -	\$ 4,000	
Registration	\$ -	\$ 2,000	
Travel, Food, Lodging	\$ -	\$ 4,000	
Other	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ 10,000	\$ -
Equipment/Materials			
Car	\$ 15,000	\$ 3,000	\$ -
Fuel		\$ 2,000	\$ -
Computers	\$ 8,000	\$ 2,667	\$ -
Furniture	\$ 1,000	\$ 200	\$ -
Tools (GPS, radio, etc)	\$ -	\$ -	\$ -
Maintenance	\$ -	\$ 3,600	\$ -
Subtotal	\$ 24,000	\$ 7,867	\$ -
Field Operations			
Meetings	\$ -	\$ 6,000	\$ 6,000
Other	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ 6,000	\$ 6,000
Research and Special Studies			
Complete Action Plan	\$ 160,000	\$ -	\$ 80,000
Other	\$ -	\$ -	\$ -
Subtotal	\$ 160,000	\$ -	\$ 80,000
Education and Awareness			
Outreach material & announcements	\$ -	\$ 10,000	\$ 5,000
Other	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ 10,000	\$ 5,000
Institutional Support/Admin.			
Phone, Fax, Printing, etc.	\$ 2,000	\$ 2,000	\$ 2,000
Rent, Utilities, Permits, Fees, etc.	\$ 2,400	\$ 12,000	\$ -
Office Supplies/Miscellaneous	\$ 1,000	\$ 1,000	\$ 1,000
Subtotal	\$ 5,400	\$ 15,000	\$ 3,000
Professional Services			
Consultant Fees	\$ -	\$ 10,000	\$ -
Other Consultant Fees	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ 10,000	\$ -
Others			
Contingency funds	\$ -	\$ -	\$ -
Management Effectiveness Review	\$ -	\$ 10,000	\$ -
Other	\$ -		
Subtotal	\$ -	\$ 10,000	\$ -
TOTAL	\$ 189,400	\$ 118,867	\$ 182,500
Sources	Startup	Annual	FY 2012
Grants	\$ 160,000		\$ 95,000
Taxes		\$ 96,000	\$ 84,500
Fees			
Savings			
Revenues			
In-Kind	\$ 29,400	\$ 22,867	\$ 3,000
Total	\$ 189,400	\$ 118,867	\$ 182,500
Surplus / (Shortfall)	\$ -	\$ -	\$ -

Priority 2a: State Master Plans, Land Use Plans & Zoning	Startup	Annual	FY 2012
Salaries			
Director	\$ -	\$ -	
Support	\$ -	\$ -	
Other	\$ -	\$ -	
Subtotal	\$ -	\$ -	
Training			
Fees	\$ -	\$ -	
Registration	\$ -	\$ -	
Travel, Food, Lodging	\$ -	\$ -	
Other	\$ -	\$ -	
Subtotal	\$ -	\$ -	
Equipment/Materials			
Car	\$ -	\$ -	
* \$5/gal			
Computers	\$ -	\$ -	
Furniture	\$ -	\$ -	
Tools (GPS, radio, etc)	\$ -	\$ -	
Maintenance	\$ -	\$ -	
Subtotal	\$ -	\$ -	
Field Operations			
Meetings		\$ 16,000	\$ 8,000
Other	\$ -	\$ -	
Subtotal	\$ -	\$ 16,000	\$ 8,000
Research and Special Studies			
Develop Plans and Zones	\$ 1,600,000	\$ -	\$ 400,000
Other	\$ -	\$ -	
Subtotal	\$ 1,600,000	\$ -	\$ 400,000
Education and Awareness			
Outreach material & announcements	\$ -	\$ -	\$ 10,000
Other	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ 10,000
Institutional Support/Admin.			
Phone, Fax, Printing, etc.	\$ -	\$ -	\$ 2,000
Rent, Utilities, Permits, Fees, etc.	\$ -	\$ -	\$ -
Office Supplies/Miscellaneous	\$ -	\$ -	\$ 1,000
Subtotal	\$ -	\$ -	\$ 3,000
Professional Services			
Consultant Fees	\$ 160,000	\$ -	\$ 40,000
Other Consultant Fees	\$ -	\$ -	
Subtotal	\$ 160,000	\$ -	\$ 40,000
Others			
Contingency funds	\$ -	\$ -	\$ -
Management Effectiveness Review	\$ -	\$ -	\$ -
Other	\$ -	\$ -	
Subtotal	\$ -	\$ -	\$ -
TOTAL	\$ 1,760,000	\$ 16,000	\$ 461,000
Sources	Startup	Annual	FY 2012
Grants	\$ 160,000	\$ 16,000	\$ 61,000
Taxes	\$ 1,600,000		\$ 400,000
Fees			
Savings			
Revenues			
In-Kind			
Total	\$ 1,760,000	\$ 16,000	\$ 461,000
Surplus / (Shortfall)	\$ -	\$ -	\$ -

Priority 2b: Building Code	Startup	Annual	FY 2012
Salaries			
Director	\$ -	\$ 30,000	
Admin	\$ -	\$ 12,000	
Field Staff	\$ -	\$ 60,000	
Subtotal	\$ -	\$ 102,000	
Training			
Fees	\$ 16,000	\$ 16,000	
Registration	\$ 8,000	\$ 8,000	
Travel, Food, Lodging	\$ 16,000	\$ 16,000	
Other	\$ -	\$ -	
Subtotal	\$ 40,000	\$ 40,000	
Equipment/Materials			
Car	\$ 45,000	\$ 9,000	
Fuel		\$ 6,000	
Computers	\$ 24,000	\$ 8,000	
Furniture	\$ 3,000	\$ 600	
Tools (GPS, radio, etc)	\$ -	\$ -	
Maintenance	\$ -	\$ 10,800	
Subtotal	\$ 72,000	\$ 23,600	
Field Operations			
Meetings	\$ 2,000	\$ 1,000	\$ 1,000
Other	\$ -	\$ -	\$ -
Subtotal	\$ 2,000	\$ 1,000	\$ 1,000
Research and Special Studies			
Develop and update Building Code	\$ 20,000	\$ 10,000	\$ 20,000
Other	\$ 12,000	\$ 12,000	\$ 12,000
Subtotal	\$ 32,000	\$ 22,000	\$ 32,000
Education and Awareness			
Outreach material & announcements	\$ -	\$ 5,000	\$ 5,000
Other	\$ -	\$ -	
Subtotal	\$ -	\$ 5,000	\$ 5,000
Institutional Support/Admin.			
Phone, Fax, Printing, etc.	\$ -	\$ 2,000	\$ 2,000
Rent, Utilities, Permits, Fees, etc.	\$ -	\$ -	\$ -
Office Supplies/Miscellaneous	\$ -	\$ 1,000	\$ 1,000
Subtotal	\$ -	\$ 3,000	\$ 3,000
Professional Services			
Consultant Fees	\$ -	\$ -	\$ -
Other Consultant Fees	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
Others			
Contingency funds	\$ -	\$ -	\$ -
Management Effectiveness Review	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
TOTAL	\$ 146,000	\$ 196,600	\$ 41,000
Sources	Startup	Annual	FY 2012
Grants	\$ 125,500		\$ 20,500
Taxes	\$ 20,500	\$ 16,600	\$ 20,500
Fees		\$ 180,000	
Savings			
Revenues			
In-Kind			
Total	\$ 146,000	\$ 196,600	\$ 41,000
Surplus / (Shortfall)	\$ -	\$ -	\$ -

Priority 3: Sustainable Finance	Startup	Annual	FY 2012
Salaries			
Director	\$ -	\$ -	
Admin	\$ -	\$ -	
Field Staff	\$ -	\$ -	
Subtotal	\$ -	\$ -	
Training			
Fees	\$ -	\$ -	
Registration	\$ -	\$ -	
Travel, Food, Lodging	\$ -	\$ -	
Other	\$ -	\$ -	
Subtotal	\$ -	\$ -	
Equipment/Materials			
Car	\$ -	\$ -	
Fuel			
Computers	\$ -	\$ -	
Furniture	\$ -	\$ -	
Tools (GPS, radio, etc)	\$ -	\$ -	
Maintenance	\$ -	\$ -	
Subtotal	\$ -	\$ -	
Field Operations			
Meetings	\$ -	\$ -	
Other	\$ -	\$ -	
Subtotal	\$ -	\$ -	
Research and Special Studies			
Update and Refine Finance Plan	\$ 20,000	\$ -	\$ 20,000
Other	\$ -	\$ -	\$ -
Subtotal	\$ 20,000	\$ -	\$ 20,000
Education and Awareness			
Outreach material & announcements	\$ 5,000	\$ -	\$ 5,000
Other	\$ -	\$ -	\$ -
Subtotal	\$ 5,000	\$ -	\$ 5,000
Institutional Support/Admin.			
Phone, Fax, Printing, etc.	\$ -	\$ -	\$ -
Rent, Utilities, Permits, Fees, etc.	\$ -	\$ -	\$ -
Office Supplies/Miscellaneous	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
Professional Services			
Consultant Fees	\$ -	\$ -	\$ -
Other Consultant Fees	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
Others			
Contingency funds	\$ -	\$ -	\$ -
Management Effectiveness Review	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -
TOTAL	\$ 25,000	\$ -	\$ 25,000
Sources	Startup	Annual	FY 2012
Grants			
Taxes	\$ 25,000		\$ 25,000
Fees			
Savings			
Revenues			
In-Kind			
Total	\$ 25,000	\$ -	\$ 25,000
Surplus / (Shortfall)	\$ -	\$ -	\$ -

FY2012 Summary	1	2a	2b	3	Total
Salaries					
Director	\$ 26,250	\$ -	\$ -	\$ -	\$ 26,250
Admin	\$ 11,250	\$ -	\$ -	\$ -	\$ 11,250
Field Staff	\$ 51,000	\$ -	\$ -	\$ -	\$ 51,000
Subtotal	\$ 88,500	\$ -	\$ -	\$ -	\$ 88,500
Training	\$ -	\$ -	\$ -	\$ -	\$ -
Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Registration	\$ -	\$ -	\$ -	\$ -	\$ -
Travel, Food, Lodging	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment/Materials	\$ -	\$ -	\$ -	\$ -	\$ -
Car	\$ -	\$ -	\$ -	\$ -	\$ -
Fuel	\$ -	\$ -	\$ -	\$ -	\$ -
Computers	\$ -	\$ -	\$ -	\$ -	\$ -
Furniture	\$ -	\$ -	\$ -	\$ -	\$ -
Tools (GPS, radio, etc)	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -
Field Operations	\$ -	\$ -	\$ -	\$ -	\$ -
Meetings	\$ 6,000	\$ 8,000	\$ 1,000	\$ -	\$ 15,000
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 6,000	\$ 8,000	\$ 1,000	\$ -	\$ 15,000
Research and Special Studies	\$ -	\$ -	\$ -	\$ -	\$ -
Update and Refine Finance Plan	\$ 80,000	\$ 400,000	\$ 20,000	\$ 20,000	\$ 520,000
Other	\$ -	\$ -	\$ 12,000	\$ -	\$ 12,000
Subtotal	\$ 80,000	\$ 400,000	\$ 32,000	\$ 20,000	\$ 532,000
Education and Awareness	\$ -	\$ -	\$ -	\$ -	\$ -
Outreach material & announcements	\$ 5,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 25,000
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 5,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 25,000
Institutional Support/Admin.	\$ -	\$ -	\$ -	\$ -	\$ -
Phone, Fax, Printing, etc.	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	\$ 6,000
Rent, Utilities, Permits, Fees, etc.	\$ -	\$ -	\$ -	\$ -	\$ -
Office Supplies/Miscellaneous	\$ 1,000	\$ 1,000	\$ 1,000	\$ -	\$ 3,000
Subtotal	\$ 3,000	\$ 3,000	\$ 3,000	\$ -	\$ 9,000
Professional Services	\$ -	\$ -	\$ -	\$ -	\$ -
Consultant Fees	\$ -	\$ 40,000	\$ -	\$ -	\$ 40,000
Other Consultant Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ 40,000	\$ -	\$ -	\$ 40,000
Others	\$ -	\$ -	\$ -	\$ -	\$ -
Contingency funds	\$ -	\$ -	\$ -	\$ -	\$ -
Management Effectiveness Review	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	\$ 182,500	\$ 461,000	\$ 41,000	\$ 25,000	\$ 709,500
Sources	1	2a	2b	3	Total
Grants	\$ 95,000	\$ 61,000	\$ 20,500	\$ -	\$ 176,500
Taxes	\$ 84,500	\$ 400,000	\$ 20,500	\$ 25,000	\$ 530,000
Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Savings	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
In-Kind	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
Total	\$ 182,500	\$ 461,000	\$ 41,000	\$ 25,000	\$ 709,500
Surplus / (Shortfall)	\$ -	\$ -	\$ -	\$ -	\$ -

Appendix: Baseline Current Costs

Compared to the government's \$57M annual budget, an estimated \$13M (23%) are expenses that support land management in some way. Land Management (LM) expenses were estimated by applying an assumed LM % to each budget line item. Appendix 1 shows greater detail in charts and graphs of the major government budget categories that make up this total, and Appendix 3 contains more detail on some of the budgets that comprise those major categories.

The SLM Finance Plan estimates total funding for SLM activities in Palau at approximately \$11.4M for Fiscal Year 2011. This total includes funding for key organizations within the national government, state governments, and several independent organizations. It does not include land management expenses incurred by for-profit corporations, private organizations, or private citizens. In particular, these expenses can be summarized within six key categories.

1. **Ministry of Public Infrastructure, Industry and Commerce (MPIIC):** MPIIC is estimated to spend approximately \$4.0M per year on land management. This includes expenses for Water & Sewer (\$1.2M), Bureau of Public Works (\$1.1M), Bureau of Lands and Surveys (\$791K), Palau Automated Land and Resource Information System (\$461K), and Infrastructure Maintenance Matching Funds (\$300K). Most of these expenses are funded solely from the national budget, with the exception of PALARIS, which supports more than 70% of its budget from external grants.
2. **State Block Grants:** \$2.2M (50%) of the \$4.4M national budget for State Block Grants is assumed to go to land management purposes. This estimate does not include any external grants that states may receive for land management purposes.
3. **Judicial Branch:** Palau's Judicial Branch is assumed to spend about \$1.8M for land management purposes. This estimate is based on the assumption that half of the judiciary's annual budget of \$2.2M is used for the land court, plus another 10% of the budget for the time the Supreme Court spends on land management issues. The Judiciary has also received an \$880K grant from Taiwan to upgrade their computer systems. Using similar logic, 60% of this grant is assumed to support land management.
4. **Ministry of Natural Resources, Environment, and Tourism (MNRET):** MNRET is estimated to spend approximately \$1.8M per year on land management. This includes expenses for the Bureau of Agriculture (\$1.6K) and Palau's Protected Area Network (\$225K). The budget estimate for the Protected Area Network does not include any external grants, while the Bureau of Agriculture supports more than 75% of its budget from external grants.

5. **Semi-Independent Organizations:** There are a number of Agencies, Authorities, Boards, and Commissions key to land management in Palau. Taken together, they account for at least \$1.2M in land management expenses. This includes estimates for the Palau Conservation Society (\$612K), Palau's Environmental Quality Protection Board (\$642K), the Palau Visitor's Authority (\$151K), and the Palau Public Lands Authority (\$136K). These estimates include a range of national budget funds and external grants.
6. **Ministry of Culture (MCCA):** MCCA is estimated to spend approximately \$326K per year on land management. This is primarily from the Bureau of Arts and Culture's work to identify, register and preserve cultural and historical sites. More than 60% of BAC's budget comes from external grants.

Further details on these figures are included in the Appendix. In every case, these estimates are initial estimates, and should be refined as part of the process to develop and implement the SLM Action Plan. The methodology and limitations for these estimates are described in the Appendix. Nevertheless, these estimates give a solid starting point to understand the current scale of expenses for land management in Palau, and a good baseline to compare the estimated costs to implement the priorities and elements of Palau's Sustainable Land Management Policy.

Appendix – Baseline Figures

Budget Category	Budget Item	Appropriated	Grants	Total	LM %	Current LM \$
MPIIC	Water & Sewer Operation	\$ 2,000,000	\$ -	\$ 2,328,000	50%	\$ 1,164,000
MPIIC	Bureau of Public Works	\$ 2,183,000	\$ -	\$ 2,275,000	50%	\$ 1,137,500
MPIIC	Bureau of Lands and Survey	\$ 759,000	\$ -	\$ 791,000	100%	\$ 791,000
MPIIC	PALARIS	\$ 121,000	\$ 334,900	\$ 460,900	100%	\$ 460,900
MPIIC	Infrastructure Maint. Matching Funds	\$ -		\$ 600,000	50%	\$ 300,000
MPIIC	PPLA	\$ 136,000	\$ -	\$ 136,000	100%	\$ 136,000
States	State Governments	\$ 4,362,000		\$ 4,362,000	50%	\$ 2,181,000
Judiciary	Judicial Branch	\$ 2,175,000	\$ 880,000	\$ 3,055,000	60%	\$ 1,833,000
MNRET	Bureau of Agriculture	\$ 372,000	\$ 1,226,918	\$ 1,598,918	100%	\$ 1,598,918
MNRET	Protected Areas Network	\$ 225,000	\$ -	\$ 225,000	100%	\$ 225,000
Semi-Independent Organizations	PCS		\$ 875,000	\$ 875,000	70%	\$ 612,500
Semi-Independent Organizations	EQPB	\$ 398,000	\$ 243,935	\$ 641,935	75%	\$ 481,452
Semi-Independent Organizations	PVA	\$ 605,000		\$ 605,000	25%	\$ 151,250
Semi-Independent Organizations	Building Code Enforcement			\$ -	100%	\$ -
MCCA	Ministry of Culture	\$ 905,000	\$ 234,000	\$ 1,163,000	28%	\$ 325,928
Total	Total	\$ 2,772,000	\$ 2,106,918	\$ 4,878,918	75%	\$ 3,656,918

SLM Policy Costs by Element

Element	Description	Organization	Startup Cost	Annual Cost	Cost Notes	Funding Notes
1	Improve Institutional Arrangements		\$ 519,400	\$ 689,867		
1.1	National SLM Coordination Office	PALARIS	\$ 189,400	\$ 109,867	see priority 1	increased green fees - see priority 1
1.2	Consolidated Land Use Database	PALARIS	\$ 200,000	\$ 176,000	see PALARIS capacity assessment	see PALARIS capacity assessment
1.3	Fund SPCs and SPLAs	States	\$ 50,000	\$ 384,000	rough estimates for staff and training	grant for startup, increased green fees for annual
1.4	Consolidate Land Title Register	Judiciary	\$ 40,000	\$ 20,000	rough estimate based on SLM policy project	grant for project, increase court fees for annual
1.5	Easement Study	PALARIS	\$ 40,000	case-by-case	rough estimate based on SLM policy project	grant funding
2	Increase Capacity for SLM		\$ 1,600,000	\$ 16,000		
2.1	State-by-state land use planning	States	\$ 1,600,000	\$ 16,000	see priority 2a	increased green fees - see priority 2
2.2	National land map	PALARIS	included	included	already included in 1.1, 1.2, 2.1	already included in 1.1, 1.2, 2.1
2.3	National land use plan	PALARIS	included	included	already included in 1.1, 1.2, 2.1	already included in 1.1, 1.2, 2.1
2.4	State SLM priority and training	States	included	included	already included in 1.3 and 2.1	already included in 1.3 and 2.1
2.5	Community visioning	PALARIS	included	included	already included in 1.1, 1.2, 2.1	already included in 1.1, 1.2, 2.1
2.6	SLM Training	PALARIS	included	included	already included in 1.3 and 2.1	already included in 1.3 and 2.1
2.7	Nationalized Asset Maintenance	National	case-by-case	case-by-case	case-by-case basis	case-by-case basis to be included in asset fees
3	Development Guidelines		\$ 174,000	\$ 179,600		
3.1	Zoning guidelines	States	included	included	already included in 2.1	already included in 2.1
3.2	National Building Code	MPIIC	\$ 134,000	\$ 179,600	see priority 2b	grant for startup, permit fees for annual
3.3	Planning Guidelines	PALARIS	\$ 40,000	\$ -	rough estimate based on SLM policy project	grant funding - coordinate with state planning process
3.4	Coordinate Infrastructure Development	PALARIS	included	included	should be included in 1.1	should be included in 1.1
4	Strengthen Enforcement		\$ 200,000	\$ 414,000		
4.1	Enforcement review	PALARIS	\$ 50,000	\$ 10,000	rough estimate based on SLM policy project	grant for startup, increased fees for annual
4.2	BMP and permit consolidation	PALARIS	\$ 50,000	\$ 10,000	rough estimate based on SLM policy project	grant for startup, increased fees for annual
4.3	Increase State Authority	States	\$ 50,000	\$ 384,000	rough estimates for staff and training	grant for startup, increased green fees for annual
4.4	BMP gap assessment	PALARIS	\$ 50,000	\$ 10,000	rough estimate based on SLM policy project	grant for startup, increased fees for annual
5	Public Awareness		\$ 220,000	\$ 31,000		
5.1	Community meetings	PALARIS	included	included	already included in priority 1	already included in priority 1
5.2	Threat awareness campaigns	States	\$ 80,000	\$ 16,000	\$5K per state startup, \$1K annual	grant for startup, green fees for annual
5.3	BMP awareness campaigns	PALARIS	\$ 40,000	\$ 5,000	rough estimate based on SLM policy project	grant for startup, permit fees for annual
5.4	Central education repository	MOE	\$ 20,000	\$ 5,000	rough estimate based on SLM policy project	grant for startup
5.5	Sustainable development curriculum	MOE	\$ 80,000	\$ 5,000	rough estimate based on SLM policy project	grant for startup
<i>Continued on next page...</i>						

SLM Policy Costs by Element

Element	Description	Organization	Startup Cost	Annual Cost	Cost Notes	Funding Notes
6	Balance Culture and Development		\$ 100,000	\$ 25,000		
6.1	Add traditional practices to BMPs	BAC	\$ 20,000	\$ 5,000	could do all 5 as one project?	grants for startup
6.2	ID cultural & historical sites	BAC	\$ 20,000	\$ 5,000	possible add: restore sites at ~\$1,000 per site	site visitor fees and concession fees for annual
6.3	Develop state cultural capacity	BAC	\$ 20,000	\$ 5,000	could do all 5 as one project?	"
6.4	Add value to traditional use land	BAC	\$ 20,000	\$ 5,000	"	"
6.5	State historian database	BAC	\$ 20,000	\$ 5,000	"	"
7	Climate Change Strategies		\$ -	\$ -		
7.1	Implement National Disaster Mgmt Fr	MPIIC	?	?	need info on NDMF requirements and costs	
7.2	Strengthen PALARIS capacity	PALARIS	included	included	included in 1.1 National Coordination Office	included in 1.1
7.3	Integrated assessment methods	PALARIS	included	included	included in training costs of 1.1	may require additional startup grants for equip
7.4	Improve communication	PALARIS	included	included	included in 1.1 National Coordination Office	included in 1.1
7.5	Implement adaptation projects	PALARIS	?	?	need cost info on GEF pilot projects	
8	SLM Incentives		\$ 2,385,000	\$ 2,190,600		
8.1	Tax incentives and loans	MOF/NDBP	\$ 250,000	\$ 6,000	startup is working capital, annual is admin	grants for startup, interest supports annual
8.2	Support local product demand	MOE/MOH	\$ 10,000	\$ 400,000	startup is awareness campaign, annual is subsid	grants for startup and annual
8.3	Export standards	BOA	\$ 500,000	\$ 179,600	startup is eradication and standards, annual is i	grants for startup, permits and fees for annual
8.4	Tourism Action Plan	MNRET/PVA	\$ 1,600,000	\$ 1,575,000	see Tourism Action Plan cost summary	grant for startup, room tax for annual
8.5	Support local product development	MPIIC	\$ 25,000	\$ 30,000	consultancy for startup, admin for annual	taxes on exports?
9	Diversify Funding		\$ -	\$ -		
9.1	Develop business plans	NDBP/SBC	included	included	included as part of 1.1 SLM Action Plan	will create additional revenues
9.2	Increase agency revenues	MOF	included	included	included as part of 1.1 SLM Action Plan	will create additional revenues
9.3	Dedicate resources to pursue grants	MOF/OERC	included	included	included as part of 1.1 SLM Action Plan	will create additional revenues
9.4	Consolidate functions and services	MOF/PALARIS	included	included	included as part of 1.1 SLM Action Plan	will create additional revenues
10	International Programs		\$ 20,000	\$ 149,000		
10.1	Review existing programs	PALARIS	\$ 20,000	\$ 5,000	consultancy for startup, included annual coordi	grant for startup and annual
10.2	Enable participation	PALARIS	\$ -	\$ 120,000	annual costs for travel to meetings	paid for by grants from int'l orgs
10.3	Engage steering committees	PALARIS	\$ -	\$ 24,000	annual costs for steering committee meetings	paid for by grants from int'l orgs
10.4	Timely reporting	PALARIS	included	included	included in 10.1	grant funding for startup, included in 1.1. for annual
10.5	Leverage international expertise	PALARIS	included	included	included in 1.1 National Coordination Office	included in 1.1 National Coordination Office
10.6	Prioritize local expertise	PALARIS	included	included	included in 1.1 National Coordination Office	included in 1.1 National Coordination Office
10.7	Transparent proposals	PALARIS	included	included	included in 1.1 National Coordination Office	included in 1.1 National Coordination Office
Total			\$ 5,218,400	\$ 3,695,067		

SLM Policy Costs by Organization

Element	Description	Organization	Startup Cost	Annual Cost	Cost Notes	Funding Notes
1.1	National SLM Coordination Office	PALARIS	\$ 189,400	\$ 109,867	see priority 1	increased green fees - see priority 1
1.2	Consolidated Land Use Database	PALARIS	\$ 200,000	\$ 176,000	see PALARIS capacity assessment	see PALARIS capacity assessment
1.5	Easement Study	PALARIS	\$ 40,000	case-by-case	rough estimate based on SLM policy project	grant funding
2.2	National land map	PALARIS	included	included	already included in 1.1, 1.2, 2.1	already included in 1.1, 1.2, 2.1
2.3	National land use plan	PALARIS	included	included	already included in 1.1, 1.2, 2.1	already included in 1.1, 1.2, 2.1
2.5	Community visioning	PALARIS	included	included	already included in 1.1, 1.2, 2.1	already included in 1.1, 1.2, 2.1
2.6	SLM Training	PALARIS	included	included	already included in 1.3 and 2.1	already included in 1.3 and 2.1
3.3	Planning Guidelines	PALARIS	\$ 40,000	\$ -	rough estimate based on SLM policy project	grant funding - coordinate with state planning proces
3.4	Coordinate Infrastrucure Developmer	PALARIS	included	included	should be included in 1.1	should be included in 1.1
4.1	Enforcement review	PALARIS	\$ 50,000	\$ 10,000	rough estimate based on SLM policy project	grant for startup, increased fees for annual
4.2	BMP and permit consolidation	PALARIS	\$ 50,000	\$ 10,000	rough estimate based on SLM policy project	grant for startup, increased fees for annual
5.1	Community meetings	PALARIS	included	included	already included in priority 1	already included in priority 1
5.3	BMP awareness campaigns	PALARIS	\$ 40,000	\$ 5,000	rough estimate based on SLM policy project	grant for startup, permit fees for annual
7.2	Strengthen PALARIS capacity	PALARIS	included	included	included in 1.1 National Coordination Office	included in 1.1
7.3	Integrated assessment methods	PALARIS	included	included	included in training costs of 1.1	may require additional startup grants for equip
7.4	Improve communication	PALARIS	included	included	included in 1.1 National Coordination Office	included in 1.1
7.5	Implement adaptation projects	PALARIS	?	?	need cost info on GEF pilot projects	
9.4	Consolidate functions and services	PALARIS	included	included	included as part of 1.1 SLM Action Plan	will create additional revenues
10.1	Review existing programs	PALARIS	\$ 20,000	\$ 5,000	consultancy for startup, included annual coordination?	grant for startup and annual
10.2	Enable participation	PALARIS	\$ -	\$ 120,000	annual costs for travel to meetings	paid for by grants from int'l orgs
10.3	Engage steering committees	PALARIS	\$ -	\$ 24,000	annual costs for steering committee meetings	paid for by grants from int'l orgs
10.4	Timely reporting	PALARIS	included	included	included in 10.1	grant funding for startup, included in 1.1. for annual
10.5	Leverage international expertise	PALARIS	included	included	included in 1.1 National Coordination Office	included in 1.1 National Coordination Office
10.6	Prioritize local expertise	PALARIS	included	included	included in 1.1 National Coordination Office	included in 1.1 National Coordination Office
10.7	Transparent proposals	PALARIS	included	included	included in 1.1 National Coordination Office	included in 1.1 National Coordination Office
4.4	BMP gap assessment	PALARIS	\$ 50,000	\$ 10,000	rough estimate based on SLM policy project	grant for startup, increased fees for annual
PALARIS Subtotal			\$ 679,400	\$ 469,867		

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SLM Policy Costs by Organization

Element	Description	Organization	Startup Cost	Annual Cost	Cost Notes	Funding Notes
1.3	Fund SPCs and SPLAs	States	\$ 50,000	\$ 384,000	rough estimates for staff and training	grant for startup, increased green fees for annual
2.1	State-by-state land use planning	States	\$ 1,600,000	\$ 16,000	see priority 2a	increased green fees - see priority 2
2.4	State SLM priority and training	States	included	included	already included in 1.3 and 2.1	already included in 1.3 and 2.1
3.1	Zoning guidelines	States	included	included	already included in 2.1	already included in 2.1
4.3	Increase State Authority	States	\$ 50,000	\$ 384,000	rough estimates for staff and training	grant for startup, increased green fees for annual
5.2	Threat awareness campaigns	States	\$ 80,000	\$ 16,000	\$5K per state startup, \$1K annual	grant for startup, green fees for annual
States Subtotal			\$ 1,780,000	\$ 800,000		
1.4	Consolidate Land Title Register	Judiciary	\$ 40,000	\$ 20,000	rough estimate based on SLM policy project	grant for project, increase court fees for annual
Judiciary Subtotal			\$ 40,000	\$ 20,000		
3.2	National Buidling Code	MPIIC	\$ 134,000	\$ 179,600	see priority 2b	grant for startup, permit fees for annual
7.1	Implement National Disaster Mgmt Fr	MPIIC	?	?	need info on NDMF requirements and costs	
8.5	Support local product development	MPIIC	\$ 25,000	\$ 30,000	consultancy for startup, admin for annual	taxes on exports?
2.7	Nationalized Asset Maintenance	MPIIC	case-by-case	case-by-case	case-by-case basis	case-by-case basis to be included in asset fees
MPIIC Subtotal			\$ 159,000	\$ 209,600		
5.4	Central education repository	MOE	\$ 20,000	\$ 5,000	rough estimate based on SLM policy project	grant for startup
5.5	Sustainable development curriculum	MOE	\$ 80,000	\$ 5,000	rough estimate based on SLM policy project	grant for startup
8.2	Support local product demand	MOE	\$ 10,000	\$ 400,000	startup is awareness campaign, annual is subsidy	grants for startup and annual
MOE Subtotal			\$ 110,000	\$ 410,000		
6.1	Add traditional practices to BMPs	BAC	\$ 20,000	\$ 5,000	could do all 5 as one project?	grants for startup
6.2	ID cultural & historical sites	BAC	\$ 20,000	\$ 5,000	possible add: restore sites at ~\$1,000 per site	site visitor fees and concession fees for annual
6.3	Develop state cultural capacity	BAC	\$ 20,000	\$ 5,000	could do all 5 as one project?	site visitor fees and concession fees for annual
6.4	Add value to traditional use land	BAC	\$ 20,000	\$ 5,000	could do all 5 as one project?	site visitor fees and concession fees for annual
6.5	State historian database	BAC	\$ 20,000	\$ 5,000	could do all 5 as one project?	site visitor fees and concession fees for annual
BAC Subtotal			\$ 100,000	\$ 25,000		
8.3	Export standards	MNRET	\$ 500,000	\$ 179,600	startup: eradication and standards, annual: inspectors	grants for startup, permits and fees for annual
8.4	Tourism Action Plan	MNRET	\$ 1,600,000	\$ 1,575,000	see Tourism Action Plan cost summary	grant for startup, room tax for annual
MNRET Subtotal			\$ 2,100,000	\$ 1,754,600		
8.1	Tax incentives and loans	MOF	\$ 250,000	\$ 6,000	startup is working capital, annual is admin	grants for startup, interest supports annual
9.1	Develop business plans	MOF	included	included	included as part of 1.1 SLM Action Plan	will create additional revenues
9.2	Increase agency revenues	MOF	included	included	included as part of 1.1 SLM Action Plan	will create additional revenues
9.3	Dedicate resources to pursue grants	MOF	included	included	included as part of 1.1 SLM Action Plan	will create additional revenues
MOF Subtotal			\$ 250,000	\$ 6,000		
Total			\$ 5,218,400	\$ 3,695,067		

Appendix – Methodology and Limitations

Methodology

The Finance Plan uses The Republic of Palau's federal budget for Fiscal Year 2011 as its starting point. The Plan estimates a baseline for Palau's current land management expenses by estimating a percentage for each expense that is used to support land management expenses.

All of these percentages are based on the judgment of the consultant, rather than detailed analysis or official government assignments. While it would be possible to refine the estimates, they should provide a sufficient starting point to gauge the magnitude of Palau's land management expenses, and a useful comparison for the estimated expenses to implement the new activities proposed in Palau's Sustainable Land Use Plan.

Agencies, bureaus and other expenses that are obviously tied strongly to land management are assigned a high percentage for land management. For example, the budgets for Palau's Bureau of Lands and Survey and Bureau of Agriculture are estimated as 100% for land management expenses. Every activity and expense of those Bureaus is assumed to support land management. Most other government expenses are assumed to have a much lower contribution to land management. For example, the budgets for the office of the President, the Ministry of Finance, and the OEK are estimated as only 10% for land management expenses. It is assumed that these bodies spend some, but not much, of their time on land management issues, and therefore some of their expenses should be assigned to land management. Finally, there are many government expenses that are assumed to have nothing to do with land management, such as the operations of the national hospital or the Republic's overseas embassies. These expenses are estimated as 0% for land management, and therefore do not contribute to the baseline estimate for land management expenses.

After assigning an estimated land management percentage to each budget item, all the land management estimated costs are totaled, providing an overview of Palau's overall costs for land management. Appendix 1 shows greater detail in charts and graphs of the major government budget categories that make up this total, and Appendix 3 contains more detail on some of the budgets that comprise those major categories.

After estimating a baseline for Palau's current costs of land management, the Finance Plan estimates the additional costs required to implement the proposals of new activities and processes. The Finance Plan makes broad estimates of how much these recommendations will cost to implement. Where possible, these estimates are based on comparable expenses for similar efforts, but of course these estimates rely on consultant judgment as well. In estimating these expenses, capital expenses and annual expenses are considered separately. Capital expenses are costs necessary to start a new activity, for example the purchase of new equipment such as a vehicle or a computer system. Capital expenses also include one-time

projects, such as consulting engagements. Annual expenses are costs necessary to maintain an activity year after year, for example supplies and maintenance (gas and tune-ups for vehicles, software and electricity for computers). Annual expenses also include salaries for employees.

Finally, the Finance Plan includes estimates and recommendations for funding sources to offset the costs of implementing the Sustainable Land Use Policy. These funding sources fall into four basic categories:

1. **New Savings:** This plan suggests a number of potential efficiency measures, such as sharing expenses or duties between two or more organizations. If implemented, these will reduce current expenses to offset some of the new expenses recommended by the Draft Policy.
2. **New Grants:** This plan identifies a number of potential sources for grants to support some of the activities proposed by the Draft Policy.
3. **New Revenues:** Many of the organizations that implement SLM policies and activities have identified opportunities to increase government revenues, often by initiating or increasing fees for the services those organizations already provide.
4. **New Taxes:** Where the proposed new savings, grants, and revenues are insufficient to offset the costs of proposed policies, the Finance Plan estimates the amount of additional taxes revenues that should be collected to cover the shortfall, and suggests ways in which those taxes can be raised.

The SLM Finance Plan compiles all these new savings, new grants, new revenues and new taxes to show how they will balance out the new costs to implement Palau's Sustainable Land Use Policy. This balancing of new expenses and new funding is shown in Appendix 2.

Limitations

The SLM Finance Plan is a useful estimate of the costs and funds to implement Palau's Land Use Policy, but there are several limitations to this estimate that should be noted.

First, the plan is based on the federal government's expenses as estimated in the FY 2011 budget. The budget figures used for the federal government do not include the FY 2011 Supplemental Budget. The plan attempts to include the most relevant external grants that support land management in Palau. Many of Palau's government agencies and activities rely heavily on external grants – in some cases accounting for as much as half of an agency's overall budget. However, it is difficult to get full information on many of the external grants that contribute to government land management activities, so these numbers will need to be refined in later iterations of the SLM Finance Plan. This plan also uses the estimated expenses listed in government budgets. This plan is not an audit that shows how actual expenses compare to estimated expenses.

A second limitation is that the plan does not include funds or expenses from many independent and for-profit organizations involved in land management. Palau's electricity and

communications utilities both have some involvement in land management, such as the maintenance of the lands on which their facilities are located, or the trimming of trees that interfere with their power and communications lines. This plan is primarily concerned with government expenses, however, and most concerned with how those expenses will change with the implementation of Palau's Sustainable Land Use Policy. It is not expected that the policy will cause any significant changes in the land management costs for private organizations.

A third limitation is that the baseline was constructed using consultant estimates to assign percentages of government budgets towards land management. These estimated percentages could be refined for a more accurate baseline picture. However, they are probably accurate enough to give a sense of the scope of the government's expenses for land management.

Finally, the estimated costs and potential funds to implement Palau's sustainable land use plan are initial estimates. As part of developing the Action Plan to implement the Policy, these estimated costs and potential funds should be checked and refined.

Appendix – Sources

Interviews, Correspondence, Strategic Plans and Budgets:

- BAC
- BLS
- BPW
- EQPB
- BOA
- PALARIS
- Land Court
- PCS

Documents:

- FY2011 Budget
- UN GM IFS for SLM
- PALARIS Capacity Review
- SLM Policy
- SLM Policy Review