



**MULTI-FOCAL AREA ENABLING ACTIVITY
PROPOSAL FOR GEF FUNDING FOR NATIONAL
CAPACITY NEEDS SELF-ASSESSMENT FOR GLOBAL
ENVIRONMENTAL MANAGEMENT (NCSA)**

AGENCY'S PROJECT ID: PIMS 2549
GEFSEC PROJECT ID:
COUNTRY: Republic of Palau
COUNTRY ELIGIBILITY: Republic of Palau is a Party to the UNCBD, UNFCCC, and the UNCCD
PROJECT TITLE: National Capacity Needs Self-Assessment for Global Environment Management
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NATIONAL EXECUTING AGENCY: Office of Environmental Response and Coordination
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GEF OPERATIONAL PROGRAM: Enabling Activity
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RECORD OF ENDORSEMENT ON BEHALF OF THE GOVERNMENT (OPERATIONAL FOCAL POINT):

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Date: *October 8, 2004*

CONVENTION PARTICIPATION

CONVENTION	DATE OF RATIFICATION/ACCESSION	NATIONAL FOCAL POINT *
UNCBD	NOV 4, 1998	Ms. Youlsau Bells National Environment Planner Office of Environmental Response and Coordination
UNFCCC	JULY 14, 1999	Ms. Youlsau Bells National Environment Planner Office of Environmental Response and Coordination
UNCCD	OCT 18, 1999	Ms. Youlsau Bells National Environment Planner Office of Environmental Response and Coordination

* UNFCCC and UNCCD Convention web site is currently in the process of updating the national focal point, upon request from government of Palau.

This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the GEF Project Review Criteria for NCSA approval.

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LIST OF ACRONYMS

BPOA	Barbados Programme of Action
CoP	Convention of the Parties
EIS	Environmental Impact Statement
EU-ACP	European Union – Atlantic, Caribbean, and Pacific
GEF	Global Environment Facility
GHG	Greenhouse Gas
JICA	Japan International Cooperation Agency
LMO	Living Modified Organisms
MAP	Management Action Plan
MAREPAC	Marine Resources Pacific Consortium
MCT	Ministry of Commerce and Trade
MEAs	Multilateral Environment Agreements
MOF	Ministry of Finance
MRD	Ministry of Resources and Development
NAP	National Action Plan
NBSAP	National Biodiversity Strategies and Action Plan
NC	National Coordinator
NCSA	National Capacity Self-Assessment
NEMS	National Environmental Management Strategy
NEPC	National Environmental Protection Council
NGO	Non Government Organization
NSC	National Steering Committee
OERC	Office of Environmental Response and Coordination
OTEC	Ocean Thermal Energy Conversion
PALARIS	Palau Automated Land and Resources Information System
PCC	Palau Community College
PICRC	Palau International Coral Reef Center
PIREP	Pacific Islands Renewable Energy Project
PNRC	Palau Natural Resource Council
POPs	Persistent Organic Pollutants
SIDS	Small Island Developing States
STPAP	Sustainable Tourism Policies and Action Plan
TOR	Terms of Reference
UNCBD	United Nations Convention on Biological Diversity
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
WSSD	World Summit on Sustainable Development
2020 Plan	2020 Master Development Plan

TABLE OF CONTENTS

SECTION 1: SITUATION ANALYSIS	4
Part 1: Sustainable Development Context	4
Part 2: Commitment to International Agreements	5
Climate Change Related Activities	6
Biodiversity Status and Related Activities	8
Desertification Status and Related Activities	9
Part 3: Institutional Settings in Palau	10
SECTION 2: OBJECTIVES, AND LINKAGES TO ON-GOING ACTIVITIES	12
Linkages to On-going Activities	13
SECTION 3: PROJECT ACTIVITIES	14
Component 1: Project Management and Coordination	15
Activity 1: Initiate and Coordinate the Planning Process	15
Activity 2: Establish and Maintain High-level Coordination, Involvement, and Support	16
Component 2: Thematic Assessments	16
Activity 1: Inventory of Existing Information	16
Activity 2: Analysis and Assessment of Existing Information	17
Activity 3: Thematic Assessment	17
Activity 4: Assessment of Stakeholder Capacity Needs	18
Component 3: Crosscutting Issues and Synergies	19
Activities	19
Component 4: Development of a National Action Plan and Strategy	20
Activities	20
SECTION 4: INSTITUTIONAL FRAMEWORK AND PROGRAM IMPLEMENTATION	20
Regional coordination	21
SECTION 5: PROGRAM PRIORITIES AND TIMELINE	22
SECTION 6: BUDGET	23

SECTION 1: SITUATION ANALYSIS

Part 1: Sustainable Development Context

1. Geography and Population. The Republic of Palau comprises the westernmost archipelago in the Caroline Islands of Micronesia. This archipelago is located 3 to 7 degrees North and 130 to 172 degrees East. The Ngaruangel Atoll is to the far north and Helen's Reef is to the far southwest. The Republic is made up of over 400 islands, including the famous Rock Islands and covers a total area of 494 km². The largest island is Babeldaob. The most populated island is Koror with nearly 70% of the 17,225 residents of Palau. About 75% of the land is primary forest. Less than 14% of Palau's land is arable by virtue of soil type of mainly latosols and steep slopes. An estimated 2.5% of the total cultivated area is under agroforestry cultivation. Nine major watershed basins are found in Palau. Portions of the country's two largest watersheds (Ngerdoch and Ngermeskang) are designated as national conservation areas. Mangrove forest comprises 11% of Palau's land area. The Republic has territorial jurisdiction from 0 to 12 nautical miles offshore and an Economic Exclusive Zone (EEZ) of 12 to 200 nautical miles offshore. The EEZ is a total of 237, 835 square miles.

Flora and Fauna. The Republic's famous Rock Islands and unique and diverse flora and fauna have established the country as one of the top natural wonders of the world. The Republic of Palau has the most diverse flora and fauna of Micronesia. The terrestrial flora has over 1,258 taxa with over 104 endemic and 839 indigenous plants. The Republic has 5,000 species of insects, 141 species of birds (8 are endemic), and 93 species of freshwater fish. The marine flora includes 1,500 species of fish, over 500 species of hard and soft corals, over 100 marine seaweeds and hundreds of marine invertebrates. The unique and diverse assemblage of flora and fauna has brought world renown to the Republic.

Development. The economies of Palau consist primarily of tourism, subsistence agriculture and fishing. The government is the major employer of the work force, relying heavily on financial assistance from the US. Business and tourist arrivals numbered 20,000 in FY 00/01. The current GDP is US\$ 160 Million and GDP per capita income is US \$8,700 and GDP of US 160 Million. Long run prospects for the key tourist sector have been greatly bolstered by the expansion of air travel in the Pacific, the rising prosperity of leading East Asian countries, and the willingness of foreigners to finance infrastructure development. (CIA –The World Fact Book)

2. Since its independence in 1994, the Republic of Palau has developed and implemented strategies set forth in its National Environmental Management Strategy, the 2020 National Master Development Plan, and the Sustainable Tourism Development Plan. In addition, the primary objective of the 2001

Presidential Management Action Plan is “to integrate environmental planning into developmental planning efforts.”

3. The **National Environmental Management Strategy** (NEMS) was developed in 1994 as part of Palau’s transition to an independent nation. The NEMS highlights strategies for the development of policy and planning mechanisms for sustainable development, human resource management, pollution control, education and information, preservation of cultural, archaeological and historical resources, and recommendations for long-term sustainable management plans for tourism development, marine resources protection, and agriculture development.
4. The **2020 National Master Development Plan** (2020 Plan) was developed in 1996 and recommends strategies to protect Palau’s environment through the development or strengthening of policy mechanisms, legislative frameworks, institutional capacity building programs, formal and informal education programs, research and data collection, waste management, and pollution control, among other developmental issues. In December 1997, the Olbiil Era Kelulau (national congress) officially adopted the 2020 Plan. Since its adoption, a number of strategies highlighted in the Plan have been implemented.
5. The **2001 Sustainable Tourism Policies and Action Plan** (STPAP) was developed to implement 24 key issues identified in the 1997 Sustainable Development Policies and Action Plan. The recommendations include product diversification, capacity building mechanisms, development of a high-end tourism product, and the effective management of natural and cultural resources.
6. The **Presidential Management Action Plan’s** (MAP) aim is “to improve the quality of life of the people of Palau.” The MAP recommends the revival of the National Planning Commission with a mandate to provide a cohesive planning structure within the Executive Branch and to ensure the effective implementation of the 2020 Plan.
7. Upon request from the Republic of Palau, the Japan International Cooperation Agency (JICA) agreed to review and, where needed, update the 5-year Economic Development Plan, which was part of the initial implementation of the Compact of Free Association with the United States. The outcome of the JICA assistance was a three volume comprehensive report, ‘**Study for Promotion of Economic Development in the Republic of Palau**’. The Study highlighted many developmental issues, with a strong emphasis on sustainable development, to strengthen Palau’s economy over the mid and long-term.
8. Due to Palau’s status in 1992, it did not participate in the Earth Summit in Rio de Janeiro. As an outcome, Palau stakeholders were not aware of Agenda 21. However, in developing Palau’s **World Summit on Sustainable Development National Assessment Report**, we found that many of the agreements highlighted in Agenda 21 were already incorporated into Palau’s development plans and

initiatives. Ultimately, we learned through this process that Palau's barriers to effective sustainable development were not so much at the planning phase, but rather, at the implementation and monitoring phases.

9. Palau did not gain its independence until 1995 and therefore did not participate in the Global Conference on the Sustainable Development of Small Island Developing States, which took place in Barbados in 1994. However, as a member of the United Nations and a Party to various MEAs, Palau undertook a review of the status of implementation of the Barbados Programme of Action (BPOA) in preparation for the BPOA+10 Global Conference expected to take place in January 2005. During this process, as with the WSSD process, we noted that Palau had implemented many of the measures within the BPOA. However, the review highlighted a number of continuing and emerging issues that Palau must still tackle. The lack of implementation of out-standing sustainable development issues stems from, among other factors, a lack of capacity within various sectors to effectively manage the respective concern.

Part 2: Commitment to International Agreements

10. Since its independence in 1994, Palau has taken significant strides to show its commitment in protecting its resources as well as contributing to the global struggle to protect the world's resources. In December 1994, Palau became a member of the United Nations. Since that time, Palau has become an active Party to the United Nations conventions on climate change, biodiversity and biosafety protocol, desertification, ozone, persistent organic pollutants, law of the sea, the Food and Agriculture Organization, and the United Nations Educational, Scientific and Cultural Organization (UNESCO), as well as RAMSAR. In addition, Palau is a member of regional environment and sustainable development organizations such as the South Pacific Regional Environment Programme, the Secretariat of the Pacific Community, the FORUM, and the South Pacific Applied Geoscience Commission. With the ratification of these conventions, Palau has shown its strong commitment to Agenda 21 by becoming a Party to a number of Multilateral Environment Agreements (MEAs). The Republic also actively participated in the World Summit on Sustainable Development and has incorporated many of the Plan of Implementation elements into national priority issues and planning.
11. Under the conventions on climate change and desertification, which Palau ratified in 1999, a number of activities have been carried out as part of Palau's obligations as a Party to the conventions. Palau ratified the Convention on Biological Diversity (CBD) in 1998. The National Biodiversity Strategies and Action Plan and Palau's Report to the CoP will be complete by January 2005.
12. Until its independence in 1995, the Republic of Palau was a United Nations Trust Territory under United States administration. Under this status, Palau was a Party to regional and international agreement that the United States was also a Party.

Therefore, Palau was not generally aware of international discussions pertaining to environmental and sustainable development agreements as these issues were dealt with by the United States on behalf of Palau and other US Trust Territories.

13. However, since its independence, Palau has taken significant strides in its commitment to protect its natural habitats while also ensuring a strong economic future for its people. To date, Palau has 290km² of natural habitat, both marine and terrestrial, that is under some sort of protection. The national government, state governments, traditional leaders, NGOs, and the communities as a whole have all played an instrumental role in the creation and management of Palau's conservation and protected areas.
14. Since 2000, the National Government, through the Presidential Management Action Plan, has placed a strong focus on environmental management and its essential integration into developmental issues. In 2001, 2002, and 2004 respectively, the National Government furthered its commitment to mainstreaming sustainable development by establishing the Office of Environmental Response and Coordination in 2001, the National Environmental Protection Council in 2002, and the Protected Areas Network in 2004. These agencies have mandates that focus on mainstreaming sustainable development components and activities into planning processes at all levels. In addition, the soon to be initiated National Tourism Unit will have a two-year mandate for the establishment of a strong foundation for sustainable eco-tourism in Palau.

Climate Change Status and Related Activities

15. With the assistance of the UNDP/GEF, the Republic of Palau completed and deposited its **First National Communication to the UNFCCC** December 2002. The National Communication included the results of Palau's National Greenhouse Gas (GHG) Inventory for the period of 1994 to 2000. The results showed that Palau is a minor emitter of GHG into the atmosphere. The National Communication also contained Palau's Vulnerability and Adaptation assessment which showed that Palau, as with other island states, have a high degree of climate change vulnerability areas that will require adaptive or mitigation measures to reduce the full effects of climate changes, particularly to the coastal areas.
16. However, as with many developing countries, Palau lacks the necessary technical and human resources to effectively mainstream climate change adaptation and mitigation issues into national planning processes as well as data collection regimes to effectively monitor the impacts of climate change trends. Strengthening and building capacity in these areas would greatly enhance efforts to inform and educate stakeholders and decision makers by providing them with statistical information regarding the impacts of climate change to Palau's coastal areas, inner reefs, and current and potential infrastructure developments in areas identified to be critical to impacts of climate change.

17. The **UNDP Pacific Islands Renewable Energy Project** is a regional project managed through the South Pacific Regional Environment Programme. The two-year project's objective is "the preparation of a regional approach to removing barriers to the development and commercialization of renewable energy systems in the Pacific Island countries that influence country efforts to reduce the long term growth of greenhouse gas emissions from fossil fuel uses, especially diesel."
18. **EU-ACP Solar Lighting Project for the Compact Road (Indicative Programme)**. On June 10, 2002, Palau signed the 'Country Strategy Paper and National Indicative Programme' setting the framework for projects and programs to be funded by the European Union. A base amount of \$2 million Euros is available to the Republic under the Indicative Programme. An additional \$0.6 million Euros is also available for unforeseen needs, such as emergency assistance. Both funding opportunities are available under the 9th European Development Fund. The Republic, in agreement with the European Commission, has identified renewable energy as the focal area in which the funding will be expanded over this first funding period. The primary focus for the \$2 million Euros will be equipping the Compact Road with Solar Street Lighting systems by the year 2007.
19. **Ocean Thermal Energy Conversion**. Current power generation in Palau is almost solely dependent upon fossil fuels. Critical to Palau's quest for sustainable development and a strong economy is to seek potential sources of "clean" energy that can be harnessed locally and do not negatively impact Palau's natural environment. One potential alternative energy source Palau is currently pursuing is Ocean Thermal Energy Conversion (OTEC). It is anticipated that OTEC, which is dependent on deep cold water sources, holds great promise for Palau especially due to the location of the Palau Islands, adjacent to the 8,000 meter deep Palau Trench. The project will focus on the implementation of recommendations provided in the "Feasibility Study on Ocean Thermal Energy Conversion – OTEC".
20. **Palau-CNMI-Guam-Yap Renewable Energy Initiative**. As an outcome of the Western Micronesian Chief Executives' Conference, the Republic is the designated Focus State to determine the current energy sources of the member island states, Guam, Yap, the Commonwealth of the Northern Marianas, and Palau. In addition, Palau is required to identify appropriate eco-friendly alternative energy technologies to aid in the reduction of the cost of energy consumption thereby facilitating the sustainable economic growth of the region. This study is currently underway.

Biodiversity Status and Related Activities

21. Palau ratified the United Nations Convention on Biological Diversity in 1998. With the assistance of the UNDP/GEF, the Republic of Palau is in the process of

completing its National Biodiversity Strategies and Action Plan and First National Report to the CoP. Both documents are expected to be finalized by January 2005.

22. **UNDP/GEF Enabling Activity to Prepare Palau's NBSAP and First National Report to the CoP.** The NBSAP is expected to provide a comprehensive document depicting Palau's past and present resource use trends and rates of loss, if applicable; enacted legislative regimes addressing environmental protection and/or management; institutional arrangements for the management of environment and sustainable development issues, programs, and activities in Palau; and community level wants and desires for the current and future use of their resources. Lastly, the NBSAP will provide a gap analysis highlighting areas of neglect for the effective management of Palau's resources. The analysis will also provide recommendations for 'the way forward' in addressing these gaps at all levels, national, state, and community.
23. **UNEP/GEP Development of a National Biosafety Framework.** This project aims to assist Palau review and develop a framework for the management of the transboundary movement of living modified organisms (LMOs) and to create public awareness regarding the potential risks associated with LMOs to human health and the environment. This project is near completion and incorporates: 1) a regulatory regime and administrative system including risk assessment and advance informed consent requirements; and 2) mechanisms for public awareness and participation.
24. **UNESCO/UNEP Indigenous Knowledge and Marine Biodiversity in the Pacific.** This project will build on existing research undertaken on traditional ecological knowledge and marine conservation practices in Palau, the Solomon Islands and Vanuatu. Its objective is to foster the articulation of scientific knowledge with indigenous knowledge, through coordinated and collaborative interaction between State institutions and agencies, and local communities, at both policy and action levels. It will focus on the manner in which traditional knowledge can inform scientific efforts to conserve marine biodiversity including through the application of indigenous knowledge on sustainable fisheries and an assessment of environmental impacts on coastal systems. Efforts will also be made to ensure the continuing vitality of indigenous ecological knowledge within local communities, and to strengthen its inter-generational transmission.

Desertification Status and Related Activities

25. The Republic of Palau ratified the United Nations Convention to Combat Desertification (UNCCD) on July 14, 1999. In accordance with its Party obligations to the UNCCD, Palau has submitted its first and second National Reports to the UNCCD Secretariat. There has been some discussion with the UNCCD Secretariat regarding national or regional drought mitigation programs in the Pacific. To date, none have been initiated. However, Palau has and will continue to actively pursue the assistance of the UNCCD in developing early

warning systems and mitigation/adaptation options in the region to detect and manage the aftereffects of El Nino/La Nina events.

26. **Palau's National Action Plan for Combating Land Degradation and Mitigating the Effects of Drought.** Sponsored by the UNCCD and the Global Mechanism, the stakeholder workshop is to address issues of desertification, drought mitigation/adaptation, and freshwater management in light of increasing drought events in the region. The workshop is to identify the priority issues in these areas and gain stakeholder participation in the development of Palau's National Action Plan for Combating Land Degradation and Mitigating the Effects of Drought.

Part 3: Institutional Settings in Palau

27. All of the ministries within the Republic of Palau address sustainable development issues at some level. However, the ministries most closely associated with sustainability issues as it relates to economic development are the Ministry of Commerce and Trade (MCT) and the Ministry of Resources and Development (MRD). Both are mandated to source sustainable economic development opportunities that emphasize minimal negative environmental and social impacts to Palau's people and natural habitats. The MCT's concentration is primarily focused on large-scale economic development while the MRD's efforts are focused on community-based economic opportunities.
28. **Ministry of Commerce and Trade.** The MCT focuses on attracting potential partners from abroad that will facilitate the sustainable economic development of Palau. In order to attract more responsible investors, the MCT focuses its efforts on expanding and upgrading Palau's telecommunications and transportation networks. The MCT's second objective is to build capacity of local Palauans to enter the labor force through training and job placement programs.
29. **Ministry of Resources and Development.** In addition to sourcing community-based economic activities, the MRD has oversight over government initiated agricultural programs, fisheries activities and agreements, capital improvement programs, and public works. In addition, the MRD is mandated to provide technical support to national and state government agencies in determining land issues for planning purposes. An invaluable tool provided by the MRD in this effort is the Palau Automated Land and Resources Information System (PALARIS), the national geographic information system. The MRD has also been designated by the Olbiil Era Kelulau (national congress) to establish the management framework for the newly enacted Protected Areas Network.
30. **Ministry of Finance.** An important conduit in the organization and management framework for sustainable development is the Ministry of Finance (MOF). The MOF is central to the process of government as it is the key coordination ministry of the Government. It has primary responsibility for national planning and the

budget process and influences the control and productivity of government expenditure, revenue, and financing. Changes to budget, economic, and accountability processes affect sustainable growth trends through their impact on public and private sector activities. In addition to producing the Republic's annual statistical figures, the MOF is also mandated to develop and incorporate 'green accounting' into the Republic's annual reporting processes. This would include, but not limited to, the Greenhouse Gas Inventory and the Environmental Vulnerability Index. The MOF also assists various agencies fulfill their statistical reporting requirements as part of the Republic's obligations under MEAs, among other regional and international treaties.

31. **Ministry of Community and Cultural Affairs.** The Palau National Museum, within the Ministry of Community and Cultural Affairs, houses the National Archive pertaining to Palau's culture, history, and traditions. The Division of Parks and Recreation is currently working with the States of the Republic to establish national park systems, to include park management plans and identification of areas of cultural or biological significance.
32. **Office of Environmental Response and Coordination, Office of the President.** The Office of Environmental Response and Coordination (OERC) is mandated to ensure that the Republic's obligations under the UN conventions on climate change, biodiversity, ozone, persistent organic pollutants, and desertification are fulfilled. In line with this mandate, the OERC is the Operational Focal Point for the above conventions as well as the International Waters Programme and the Global Environment Facility. The OERC is also directed to facilitate a coordinated approach to Palau's response measures to environmental degradation, protection, and if possible, rehabilitation of natural habitats at the national level.
33. **Environmental Quality Protection Board.** The Environmental Quality Protection Board is a semi-government agency created in 1981 to be the national clearinghouse for all structural development activities within the Republic. All development projects are required to conduct an Environmental Assessment. Depending on the scale of the project, a full Environmental Impact Statement (EIS) may be required. An EIS normally requires evaluation of water quality and capacity within a given watershed, soil characteristics, and terrestrial and/or marine inventories depending on the site location.
34. **Palau International Coral Reef Center.** The Palau International Coral Reef Center Act of 1998 established the Center to support "a self-sustaining, non-profit coral reef research center and marine park that will provide a forum for coral reef studies, research, and education." The Palau International Coral Reef Center (PICRC) aims to enhance the knowledge about coral reefs and related marine environments to allow for the effective management and conservation of these habitats within Palau and the Western Pacific. The goals of the PICRC is to

promote rational and sustainable use of Palau's marine resources; to increase the capacity of all stakeholders to manage and conserve coral reefs and associated ecosystems; assist in the development and management of marine protected areas; share scientific knowledge on coral reef ecosystems among all stakeholders locally and internationally; and facilitate capacity building initiatives for the effective management of marine habitats in Palau and the Western Pacific. As part of its mission as a regional center for coral reef research and conservation, the PICRC houses the Global Coral Reef Monitoring Network Node.

35. **Palau Community College.** The Palau Community College's (PCC) coastal and marine program provide assistant to agencies in Palau in the planning and management of marine resources. In addition to providing technical support to marine conservation programs, the PCC coastal and marine program aims to increase technical and human resource capacity through education, outreach, and targeted training programs. The PCC – Cooperative Research and Extension's mission is to collaborate with partners and clients to generate, develop, and disseminate practical, relevant, and sustainable technologies and knowledge in agriculture, environment, food, and human services to benefit the people of Palau.
36. **Non-Government Organizations.** Non-governmental organizations (NGOs) have played an active role in protecting Palau's biologically significant habitats. Relative to the rest of the northern Pacific, Palau hosts a high number of NGOs. The more active over the past ten years include the Palau Conservation Society, Palau's only grass roots NGO focusing on environmental issues, the Coral Reef Research Foundation, and The Nature Conservancy. The newly established C3 (Community Centered Conservation) has conducted several activities to further assist conservation efforts, particularly in the areas of dugong populations, seagrass mapping for Ngerderrak Marine Protected Area and the 'Bag for Life' program which aims to reduce the use of plastic grocery bags through the use of reusable material grocery bags.
37. **National Environmental Protection Council.** The National Environmental Protection Council (NEPC) was established through Presidential Executive Order 205 to assist in a coordinated approach to economic growth within the context of sustainable development. The multi-agency council consists of representatives from national and state government departments, semi-government agencies, NGOs, and the private sector. The mandate of the NEPC is to:
 - Identify and prioritize national environmental issues within the context of sustainable development;
 - Propose a comprehensive sustainable management plan highlighting the Republic's national priorities and policies;
 - Establish clear, concise, documented and endorsed national guidelines for environmental programs and projects pursuant to established priorities;
 - Comment on all proposed public and private development projects to ensure environmental sustainability and integrity;

- Propose legislation to protect the environment; and
- Serve as the focal coordinating group for all environmental initiatives at the national level.

Were required, the NEPC also acts as the National Steering Committee for programs and activities under the:

- United Nations Framework Convention on Climate Change;
- United Nations Convention on Biological Diversity and Biosafety Protocol;
- United Nations Convention to Combat Desertification;
- Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer;
- Stockholm Convention on Persistent Organic Pollutants; and
- The GEF International Waters Programme.

38. **Palau Natural Resource Council.** The Palau Natural Resource Council's (PNRC) mission is to provide leadership for the wise use and sustainable management of Palau's (land-based) natural resources using appropriate technology. To accomplish its mission, the PNRC shall cooperate and coordinate with other organizations, agencies, groups, and individuals. The PNRC focuses its efforts on four strategic areas: agricultural sustainability, biodiversity protection, invasive species control, and water quality and quantity protection.

39. **Marine Resources Pacific Consortium.** The Marine Resources Pacific Consortium (MAREPAC) – Palau was formed in 1999 and is one of nine groups that makes up the consortium. The mission of the MAREPAC is to work cooperatively to achieve the conservation of coastal and marine environments and the sustainable use of marine resources for the benefit of present and future generations.

SECTION 2: OBJECTIVES, AND LINKAGES TO ON-GOING ACTIVITIES

40. The purpose of the NCSA project is to develop a comprehensive strategy on capacity building to address national and international environmental management issues across three thematic areas – climate change, biological diversity, and land degradation. The project will also seek to explore related capacity needs within and across the three thematic areas using a stakeholder consultative approach.

41. The NCSA process will take advantage of the wealth of documentation available regarding the capacity needs of relevant agencies and NGOs in the management of environmental and sustainable development issues as they relate to the three thematic areas. The NCSA will seek to:

- a. Raise awareness among stakeholders regarding the objective of the project and to identify key stakeholder groups and representative individuals to act as agency counterparts to the NCSA consultations and self-assessments process to determine their current and future needs to meet Palau's national and international obligations.
 - b. Focus on capacity needs of key agencies and other local stakeholders to contribute to meeting Palau's Party obligations to global environment agreements and national sustainable development goals.
 - c. Contribute to the effective implementation of existing environmental laws and policies by conducting an analysis of national and State laws within the context of existing and model global environment laws.
42. As with all developing countries, particularly Pacific island countries, financial, technical, and human resources are limited. Agencies both at the national and State levels must fulfill their mandates with limited financial, technical, and human resource capacity. Often, agencies are expected to address internal and external environment and economic issues with little technical support and modest funding mechanisms. In many instances the agencies lack the necessary expertise to address issues pertaining to the management of sustainable development components. With Palau's limited human and technical capacity, the reporting requirements of MEAs have put considerable strain on the applicable agency's ability to effectively implement activities and programs as required by MEAs as well as complete the reporting requirements in a timely fashion. The NCSA project will also provide an opportunity for Palau to provide solutions for such capacity constraints related to overall MEA compliance.

Linkages to On-going Activities

43. The NCSA will seek to further advance the goals and actions of the Presidential Management Action Plan (MAP) and chapter 9 and 12 of the 2020 National Master Development Plan (2020 Plan). Through the NCSA, the MAP and the 2020 Plan may gain critical information on capacity building needs and opportunities. The NCSA will also build upon the WSSD National Assessment Report and review the capacity elements of the SIDS Chapter within the WSSD Plan of Implementation.
44. The project will work with, and where relevant build upon, on-going projects and programs within the three thematic areas – climate change, biodiversity, and desertification. The NCSA will also seek potential partnerships with on-going projects and programs dealing with solid waste management and alternative energy such as the UNDP/GEF PIREP. Additionally, the NCSA will seek to contribute to elements of the development of various planning instruments such as the National Implementation Plan on Persistent Organic Pollutants (POPs), the

National Tourism Unit 2-year Sustainable Development Framework, and the Protected Areas Network program.

45. The information produced by the NCSA process will contribute to Palau's current efforts to prepare its National Action Plan for Land Degradation under the UNCCD. Lastly, the NCSA will be integrated or linked, where applicable, to other GEF funded projects and activities such as the Biodiversity, POPs, and Climate Change Enabling Activities.

SECTION 3: PROJECT ACTIVITIES

46. Capacity building is defined as “the actions needed to enhance the ability of individuals, institutions and systems to make and implement decisions and perform functions in an effective, efficient and sustainable manner”¹. It involves a process of changing attitudes and behaviors through training, imparting knowledge, learning by doing, as well as institutional development in terms of functions and performance capabilities. It is also concerned with creating enabling environments within which institutions and individuals operate. Furthermore, capacity building does not always involve the creation of new capacity, but often the redeployment or release of latent capacities.
47. Many studies and assessments have already been conducted to identify the priority needs for environment management in Palau. However, a comprehensive assessment of existing capacity to see if what is available is adequate in terms of quality and quantity to achieve the government's mission, vision and objectives both in the short and long term is absent.
48. It is expected that the NCSA will capitalize on the information already available in terms of the needs and constraints for capacity building in Palau. Therefore, the main emphasis for the NCSA will be self- assessments for most, if not all of the agencies and organizations with responsibilities relating to Palau's obligations as a Party to the UNCBD, UNFCCC and UNCCD and/or thematic issues under one or more MEA, and are partners with OERC in the implementation of the NCSA.
49. The NCSA will involve a large number of individuals, agencies (both government and non-government), village communities and the private sector. Hence, it is extremely important that a well prepared National Action Plan and Strategy for its implementation is developed in a participatory and transparent manner. In this regard, a series of meetings and workshops will be conducted to formulate an implementation plan for the NCSA and to raise stakeholder awareness about the project and its relevance to the three conventions. These meetings (to be carried out throughout the life of the project) will lead to the development of a National Action Plan and Strategy that will guide the actual implementation of the NCSA and will be implemented jointly by the OERC as the leading agency and all other stakeholders.

¹ GEF: A Guide for Self-Assessment of Country Capacity Needs for Global Environmental Management.

Component 1: Project Management and Coordination

Activity 1: Initiate and Coordinate the Planning Process

50. Project coordination unit established within the Office of Environmental Response and Coordination (OERC) and the recruitment of the National Coordinator to manage the activities of the project.
51. Project formally introduced to the National Environmental Protection Council (NEPC). The National Steering Committee (NSC) established under the NEPC comprising of relevant stakeholders to the process. The National Coordinator (NC) will coordinate closely with the NSC to achieve the outcomes of the project. The NSC will provide direction to the NC within the scope of the project requirements and their Term of Reference (TOR).
52. Conduct a planning workshop for the NSC to develop specific work plans and programs to achieve the prescribed requirements within the timeframe allotted for the project. This process will include the identification of processes, approaches, and methodologies regarding stocktaking and gap identification, and thematic assessments; taking into account past work completed in this area, specifically the First National Communication to the UNFCCC, the NBSAP, the UNCCD 1st and 2nd National Action Plans, the WSSD National Report, the BPOA+10 National Review, the National Biosafety Framework, and other relevant documents and reports.
53. Design and draft a TOR for technical local counterpart(s) who will be assisting with the implementation of the NCSA activities.
54. Review the capacity of existing national technical groups established under the three conventions, such as the NBSAP Steering Committee to share information and, where appropriate, form linkages.

Activity 2: Establish and Maintain High-level Coordination, Involvement, and Support

55. The Office of Environmental Response and Coordination (OERC), as the lead executing agency for the project, will manage the NCSA project. An NSC will be established under the multi-agency National Environmental Protection Council (NEPC). The NEPC is comprised of environment/sustainable development related stakeholders from government, semi-government, NGO, private sector, and community organizations. The NSC will be comprised of all key stakeholders to act as the advisory body in providing guidance and support for monitoring the progress of the project. Project personnel and consultant(s) will be recruited as stated above to assist in the day-to-day management of the project and the timely implementation of key activities.

56. This process will facilitate greater commitment, participation, and the sharing of information by NSC members to impart their progress and constraints in the management of their respective programs and activities with those of the NCSA.
57. At a minimum, the NSC will meet on a quarterly basis during the implementation of the project. However, on occasion and at the request of three or more NSC members or the NC, additional meetings may take place.
58. The technical experts or consultant(s), with the assistance of the NC, will explore synergies among the three conventions and other existing environment projects such as Biosafety, Persistent Organic Pollutants, and the NBSAP to avoid duplications of activities.

Component 2: Thematic Assessments

59. The Thematic Assessments will encompass the three main convention covered under the NCSA, mainly the UNCBD, UNFCCC, and the UNCCD. An attempt will also be made to assess other conventions and agreements for possible synergies and linkages to further strengthen effective coordination amongst all environmental related agreements. Existing national and local mechanisms to facilitate the implementation of obligations under the various conventions will require a comprehensive assessment to determine areas for improvement and further strengthening.

Activity 1: Inventory of Existing Information

60. A national inventory of all existing reports, strategic plans, and other necessary documents relating to the three convention will require the collation of all available information including those on past, current, and future planned capacity building or development initiatives, particularly of those agencies and organizations participating in the NCSA.

Activity 2: Analysis and Assessments of Existing Information

61. An analysis and assessment of existing information for capacity building in the area of national environment policy development, to enable the preparation and implementation of existing and proposed environment policies as highlighted in the 2020 Master Development Plan, the NEMS, Agenda 21, WSSD, and the Millennium Development Goals.
62. An assessment of relevant documents and reports that identify both thematic and overall sustainable development priorities for Palau to determine if indications of priorities and constraints for capacity building is needed. The assessment will include development plans, sectoral plans, actions plans, sustainable development

plans, reports to the UNCBD, UNFCCC, UNCCD, WSSD, and the BPOA+10, among other relevant documents.

63. Identify gaps and root causes for lack of capacity for environmental management at the national, State, and community levels.

Activity 3: Thematic Assessment

64. The NPC will look to consolidate existing working groups for the three thematic areas to undertake detailed assessments of each thematic area. The technical expert will conduct the thematic assessment of the three working.

Thematic assessments will include the following:

- a. Conduct an evaluation of the baseline situation for each thematic area including the identification of existing and on-going capacity development activities. This will include a review of existing strategic plans within each thematic area and workshop consultation with key stakeholders.
- b. It is pertinent at this level for the technical expert and the working groups to prepare a thematic profile and identification, confirmation or revision of priority issues.
- c. For each thematic area, in-depth assessments of necessary tools and mechanisms to facilitate the implementation of related activities under the three conventions should be investigated.
- d. Thematic working groups to undertake an analysis of the problems faced in addressing priority issues within the thematic areas and identify the main causes of these problems.
- c. Prepare an integrated thematic report, which covers all issues identified and provide within this report an analysis of the most appropriate methods to effectively address capacity constraints within each thematic area.
- d. Analysis of synergies and cross-cutting issues between the three thematic areas UNFCCC, UNCBD and UNCCD. This will include recommendations on ways to improve coordination and synergies amongst the three thematic areas.
- e. Assessment of other relevant conventions and agreements to determine areas for synergies and coordination.
- f. A summary of Palau's obligations under the UNCBD, the UNFCCC and the UNCCD is prepared and maintained, including identification and promotion of synergies and complementarities between the conventions.

- g. Increased awareness and understanding of the conventions at all levels.
- h. Assess capacity development needs for enhancing promotional activities under the conventions to better inform stakeholders at all levels of priority issues identified in the implementation of the conventions and also Palau's national commitment to the sustainable management of its environmental resources.

Activity 4: Assessment of Stakeholder Capacity Needs

- 65. Conduct an assessment of key stakeholders involved in the thematic working groups for each thematic area via analysis and identification of technical capacity and constraints with regards to their respective roles in the implementation of Palau's obligations as a Party to the conventions.
- 66. The NC, in partnership with the technical expert, will compile a report on the outcome of the assessments of the thematic working groups. Including the identification of appropriate mechanisms required to address capacity development in areas of technical support for activities obligated under the conventions.
- 67. National stakeholder consultation workshop to include all sectors of society at all levels (government departments, NGOs, local communities, academic institutions and the private sector) that are not represented in the three working groups established under the conventions, but their work is also related directly or indirectly to the conventions is important for the NCSA process. The national consultation will cover:
 - a. The relationship between the global environment and local development priorities;
 - b. The progress on the implementation of the conventions;
 - c. The scope and work plan of this NCSA Palau project;
 - d. The possible methodologies applied for undertaking capacity assessments;
 - e. Identifying mechanisms to further strengthened partnerships between the executing agency and the public and private sectors through the implementation of the NCSA;
 - f. Identifying potential financing projected for NCSA implementation after the end of the project to address national constraints indicated from the NCSA assessment; and
 - g. Conduct root cause analysis to identify capacity needs.

68. The national stakeholder consultation should provide a better understanding of each stakeholder's capacity to meet relevant aspects of Palau's obligations under the conventions. As well as the implications of the three conventions and the NCSA for stakeholders are well understood and ways of better integrating convention related work into local work programs are explored and investigated. The consultation should help identify resource persons who can participate in future activities. The consultation should obtain inputs regarding implementation progress, priority capacity constraints and the project work plan.

Component 3: Crosscutting assessment and Synergies

69. Cross-cutting assessment analyzes the capacity constraints which cuts across three thematic areas namely; biodiversity, climate change, and land degradation. The assessment then also identifies opportunities for synergies.

70. Cross-cutting assessment also identifies synergies and linkages with other projects and overall sustainable development goal. In order to ensure that the NCSA can benefit from the experience and lessons learned from previous and current capacity building projects, as well as other programs implemented under the various conventions, clear linkages between the project and ongoing activities will be established.

Activities:

- a. Based on thematic assessment, analyze common issues among Rio conventions and cross-cutting capacity constraints in implementing them. Identify opportunity for synergies among thematic areas, and at different levels (individual, institutional, systemic).
- b. Explore linkages between the NCSA, and other national and regional environment capacity building projects already established;
- c. Lessons learned from past and current environment capacity building programs are identified and documented;
- d. Identify synergies and overlaps with other environment programs under the different conventions identified including Persistent Organic Pollutants and Biosafety;
- e. Identify linkages with other on-going environment projects such as the Biodiversity Enabling Activity, Biosafety Enabling Activity, Ozone 2005 Phase Out Program, Persistent Organic Pollutants, UNCCD National Action Plans, and others.
- f. Identify linkages and synergies with overall sustainable development goal.

Component 4: Development of a National Action Plan and Strategy

71. Following the completion of the stakeholder self-assessments involved in the three working groups and the national consultation as stated in Activity 4. It should then be possible to identify each stakeholder's priority needs for capacity building in relation to the role they play in implementing Palau's obligations under the conventions. These priorities will be defined in the form of a National Action Plan to address capacity building needs.

Activities:

- a. Prepare and finalize a National Action Plan (NAP) for Capacity Needs and Development, as a mechanism for addressing environmental management capacity needs at all levels.
- b. Identify and prioritize within the National Plan for Capacity Needs and Development areas of main concern for capacity building development.
- c. Identify mechanisms to strengthen the role and involvement of relevant stakeholders involved in the implementation of the three conventions in the NAP.
- d. Develop appropriate capacity building solutions to address priority needs identified during the NCSA process and listed in the NAP.
- e. Develop a National Strategy for implementing the NAP.
- f. Include in the strategy and action plan potential funding assistance to finance the implementation phase of the NAP.
- g. This strategy and action plan will include monitoring and evaluating capacity development, possibly through activities supported by the project at a later time.
- h. The National Action Plan and Strategy will identify mechanisms to better address constraints that have emerged from the NCSA process.
- i. NCSA report describing result of assessment and process is finalized.
- j. Hold final stakeholder workshop to endorse NAP and NCSA report.

SECTION 4: Institutional Framework and Program Implementation

1. The project will establish a Steering Committee under the National Environmental Protection Council. Its responsibilities will entail inputting policy and technical advice, including the launching of the NCSA process, incorporation of the results of the WSSD, final validation of the thematic and cross-cutting priorities identified, and reviewing and approving the final NCSA document. The Steering Committee will meet regularly during the project implementation.
2. The OERC will be the executing agency for the proposed Project. The UNDP Country Office in Fiji will undertake the GEF oversight.
3. Successful project execution will require close cooperation of the above-mentioned stakeholders. As executing agency, the OERC will ensure the delivery of the project outputs and the judicious use of the project resources. The Project Manager, the National Environment Planner within the OERC, will be responsible for the overall operational management and financial management and reporting of the UNDP-GEF funds in accordance with financial rules and regulations for nationally executed projects.

Regional Coordination

4. Although the NCSA is country-specific, there are merits in considering linkages to similar projects in other Pacific island countries. The experience of Palau going through the NCSA process will be useful to other Pacific island countries and likewise, the experience of other countries could assist Palau improve its planning for and implementation of capacity building initiatives in the future.
5. Experience from other nationally implemented projects show that regional coordination does provide an opportunity for countries to meet and discuss common issues having implications on both national and regional programs. To facilitate this process, it is important that a regional mechanism is developed either through the UNDP office or other relevant bodies to coordinate this regional assistance to Palau and other Pacific island countries participating in the NCSA.

SECTION 5: Program Priorities and Timeline

Activities	Months																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Priority 1: Initiate and Coordinate the Planning Process																		
Hiring of National Coordinator																		
Establishment of Project Office																		
Steering Committee Established																		
NCSA Induction Workshop																		
Development of TOR for Steering Committee																		
Inventory of existing reports																		
Production of NCSA articles for OERC Newsletter																		
Regular meetings of the Steering Committee																		
Priority 2: Thematic Assessments and Profiles																		
Establishing links with other relevant programs																		
Development of self-assessment methodology																		
Preparation of TORs and recruitment of thematic consultants																		
Training of NCSA Agency Counterparts																		
Assessment and analysis of relevant reports and documents relating to the three thematic areas to take stock and further define priority areas for capacity building																		
Conduct evaluation of baseline situation																		
Conduct in-depth capacity needs self-assessment of each thematic area																		
Conduct agency self-assessments																		
Priority 3: Work Plan																		
Agreeing to the work plan development process																		
Stakeholder PA Workshops																		
Development and advancement of work plan																		
Project Coordination																		
Monitoring and evaluation																		
Presentation of Action Plan and Resources Mobilization Strategy																		
Final Draft of the NCSA																		

SECTION 6: Budget

BUDGET USD				
Activity	Stocktaking	Process	Product	Total
Thematic Assessments				
▪ Climate Change	8,000	15,000	5,000	
▪ Biodiversity	9,000	15,000	5,000	
▪ Land Degradation	9,500	15,000	5,000	
Sub Total	26,500	45,000	15,000	86,500
Analysis of Crosscutting Issues and Synergies	10,000	20,500	10,000	40,500
Strategy and Action Plan Development	5,000	22,000	5,000	32,000
Project Coordination and Management	5,000	20,000	10,000	35,000
Monitoring and Evaluation		6,000		6,000
GRAND TOTAL	46,500	113,500	40,000	200,000