

Chair's Summary of Meeting of the Board of Directors

3 June 2009

Palau: Country Partnership Strategy (2009–2013)

1. Directors endorsed the Palau Country Partnership Strategy (CPS) for 2009–2013, with one Director abstaining. Directors noted Palau's aid dependency, vulnerability to global economic conditions and the impact of climate change. Directors supported the strategic thrusts of the CPS and its operational program directed towards fiscal consolidation, improving the macroeconomic framework and strengthening environmental resilience.
2. Many Directors appreciated the revised format of the CPS noting that its brevity, structure and direction were appropriate to the size and scope of ADB's engagement in Palau. Some Directors commented that improvements could be made on the balance between keeping the CPS short on the one hand, and sectoral and specific analysis of issues on the other.
3. Palau exhibits characteristics of fragility and several Directors requested ADB commit greater staff resources to monitoring and managing CPS implementation. To improve implementation of the CPS, Directors encouraged ADB to utilize local and regional expertise effectively to improve project design and delivery. A few Directors encouraged ADB to further review options for regional pooling of some common services provided by governments in small Pacific Developing Member Country, such as strengthening statistical data bases.
4. Some Directors noted the importance of fiscal reforms for Palau's long-term economic sustainability, and the opportunity for ADB to assist in this area. A few Directors cautioned that large infrastructure projects in a small island can burden the country with high operation, maintenance and depreciation costs which should be carefully considered by the team in implementing the CPS lending program.
5. Some Directors noted the absence of a Government agency to coordinate donor assistance and stressed the need for close donor coordination to reduce the Government's burden.