

Republic of Palau

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Mr. Chairman, distinguished colleagues,

The Republic of Palau achieved its independence in 1994. Consequently, for the past 10 years, our nation has been diligently working to establish an appropriate environment for sustainable development. Palau has therefore concentrated on the establishment of an institutional framework that focuses on:

- The development of appropriate economic institutions;
- The investment in infrastructure;
- The incorporation of environment in all planning efforts;
- The support to and development of key sectors of the economy;
- The containment of the cost of government; and
- The limiting of government corruption.

The Republic of Palau believes that the minimization of corruption stands as a primary column to the other focus areas. Consequently, from the beginning of its independence, and even before, special emphasis has been given to the promulgation of laws that will ensure transparency in government transactions. Major laws promulgated to ensure clear governmental processes include the following:

- The Public Auditing Act – This law mandates the conduct of audits of all agencies and activities of the Republic, including the audit of all National Treasury transactions, including contracts, grants and the disbursement of public funds.
- The Special Prosecutor Act – This law established the Office of the Special Prosecutor, who has the power to investigate and prosecute the national and state governments, and its officials, for violations of the Constitution and laws of the Republic or for failure to implement such laws. The Office, since its creation, has been very active in monitoring and ensuring that public officials spend public funds in an appropriate and lawful manner.
- The Code of Ethics – The Code of Ethics regulates transactions by national and state public employees, officials and elected officials, as well as persons making campaign contributions. The law prohibits personal gain through governmental transactions, prohibits conflict of interest, restricts incompatible outside

employment, prohibits solicitation of gifts and severely restricts the size of campaign contributions, limiting such contributions to Palauan citizens.

- The Government Procurement Code – The Procurement code ensures the fair and equitable treatment of all persons who deal with the procurement system of the Republic of Palau national government, or any of its state governments, and applies to construction materials, goods, and services, and the management, control, warehousing, sale, and disposal of construction materials, goods and services.
- The Budget Reform Act – This Act established a performance based budget and reporting system in Palau. The law mandates the generation of information to ensure efficient government, the development of well-defined goals and priorities and strengthens government accountability.
- The Money Laundering and Proceeds of Crime Act – The Money Laundering and Proceeds of Crime Act was enacted in 2001 in order to keep a step ahead of international criminal activity as well as potential corruption at the local level. Stringent bank reporting standards are imposed and criminal penalties for infractions are severe. New safeguards are also pending before the Legislature to better track sizeable cash transactions made through remittance services.

Mr. Chairman, the Republic of Palau is committed to establishing a transparent government at the national and state levels that works to assist the private sector and the people of Palau. As a new nation, institutional integrity is within the grasp of the people and its government officials. The Republic of Palau is therefore in favor of continued assistance to fine-tune its governmental response to the issue of corruption. Our country is thankful for the efforts of the ADB and the OECD in assisting Small Island Developing States to establish local capacity and institutional integrity. On behalf of the President of the Republic of Palau, I therefore endorse the Action plan for the Anti-Corruption Initiative for Asia and the Pacific.