

EXECUTIVE ORDER NO. 232

Establishing Privatization and Private Financing Initiatives Committee

WHEREAS, Palau must develop and implement strategies to reduce its dependency on foreign aid; and

WHEREAS, the private sector in the Republic of Palau would benefit from greater development and enhanced job opportunities; and

WHEREAS, the funding from the initial term of the Compact of Free Association with the United States of America will terminate in 2009; and

WHEREAS, the public sector must be reduced in size in order to minimize overall government spending; and

WHEREAS, these challenges may be overcome through effective privatization of certain public works and services; and

WHEREAS, a Committee is necessary to provide input from numerous public and private stakeholders so that privatization strategies may be identified and prioritized,

NOW, THEREFORE, by virtue of the authority vested in me as President of the Republic of Palau, pursuant to the applicable laws of the Republic, it is hereby ordered as follows:

1. Creation of Privatization and Private Financing Initiative Committee. There is hereby established, in the Republic of Palau, a Privatization and Private Financing Initiative Committee (“Committee”.)

2. Composition. The SWSC shall be composed of the following members:

- (a) One member appointed by the President;
- (b) One member appointed by the Minister of Finance;
- (c) One member appointed by the Minister of Commerce & Trade;
- (d) One member appointed by the Minister of Resources and Development;
- (e) One member appointed by the National Development Bank of Palau; and
- (f) One member appointed by the Palau Chamber of Commerce.

The President may appoint additional regular members to the Committee and the Committee, by consensus, may add additional regular members. The Committee may also approve, by consensus, observers to Committee meetings.

3. Powers and Duties of the Committee. The powers and duties of the Committee are as follows:

- (a) To study the relative merits of the privatization of public sector services;
- (b) To specifically identify public services for which partial or complete privatization are appropriate and cost effective;
- (c) To identify basic criteria, standards and guidelines for the privatization of public services;
- (d) To establish a comprehensive privatization scheme and timetable for the National Government;
- (e) In order to reduce the cost of infrastructure development and maintenance, study, identify and make recommendations regarding Private Financing Initiative (“PFI”) alternatives to debt investment and Overseas Development Assistance; and
- (f) To draft proposed implementation guidelines for privatization scheme and timetable and for private financing alternatives.

4. Meetings. The Committee shall hold its first organizational meeting on July 7, 2005, at the Ministry of Finance Conference Room at 1:00 p.m. and at this first meeting it shall elect one of its members as Chair and another as Vice Chair. The Committee shall also designate, from among its members, a Secretary to keep the minutes and records of the Committee. The Committee shall hold regular meetings each month and may hold special meetings upon the request of the Chair or Vice Chair.

5. Administrative Support. Administrative support for the Committee shall be provided by the Ministry of Finance.

6. Timetable. The following timetable shall be followed to the greatest possible extent:

July 2005 -----	Collection, arrangement and analysis of necessary materials
Sept-October 2005 -----	Draft implementation guidelines
November-December 2005 -----	Final draft of implementation guidelines, including listing and prioritization of privatization candidates of public works and services and potential PFI
January - April 2006 -----	Finalize guideline decisions after consultation with all concerned ministers and submit report to the President.

7. Term of the Committee. -- The Committee shall remain in existence until terminated by the President.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal this
24th day of June, 2005, at the State of Koror, Republic of Palau.

/s/

Tommy E. Remengesau, Jr.
President of the Republic of Palau