

MICRONESIA CHALLENGE

Island Partnership for Natural Resource Conservation



PALAU



Letter from the President



*H.E. Tommy E. Remengesau, Jr.,
President of the Republic of Palau
during the UNCBD CoP8
in Curitiba, Brazil,
March 2006.*

The Republic of Palau is a relatively young country, yet it confronts many of the challenges that are faced by the developing nations of the world. In our efforts to sustainably develop our islands we are ever aware of our small domestic market, remoteness from major markets, narrow resource base, heavy dependence on trade and foreign assistance, and vulnerability to external shocks and natural disasters.

Our response to these realities is to emphasize our strength, which is our unique and bountiful natural environment. For years now, I have stated that, for Palau, "The Environment is our Economy." We have therefore chosen to take the path that fits our reality. This path, at its beginning and at its end, leads to the comprehensive protection of our diverse natural habitats.

We also know that we must work with global partners and with our regional friends to curb the current tide of environmental degradation that threatens us all. That is why I, along with my partners from the Federated States of Micronesia, the Republic of the Marshall Islands, the Territory of Guam, and the Commonwealth of the Northern Mariana Islands presented the Micronesia Challenge to the UN Convention on Biological Diversity in March 2006 in Curitiba, Brazil.

The Micronesia Challenge is a commitment by Palau and its regional partners to effectively conserve, within each country, 30% of near-shore marine and 20% of terrestrial resources by the year 2020. Through this challenge, Palau aims to become the first nation in the world to establish a Protected Areas Network that is totally self-supporting. Our goal is to establish a \$12 million fund that will provide annual funding for the management of our protected areas.

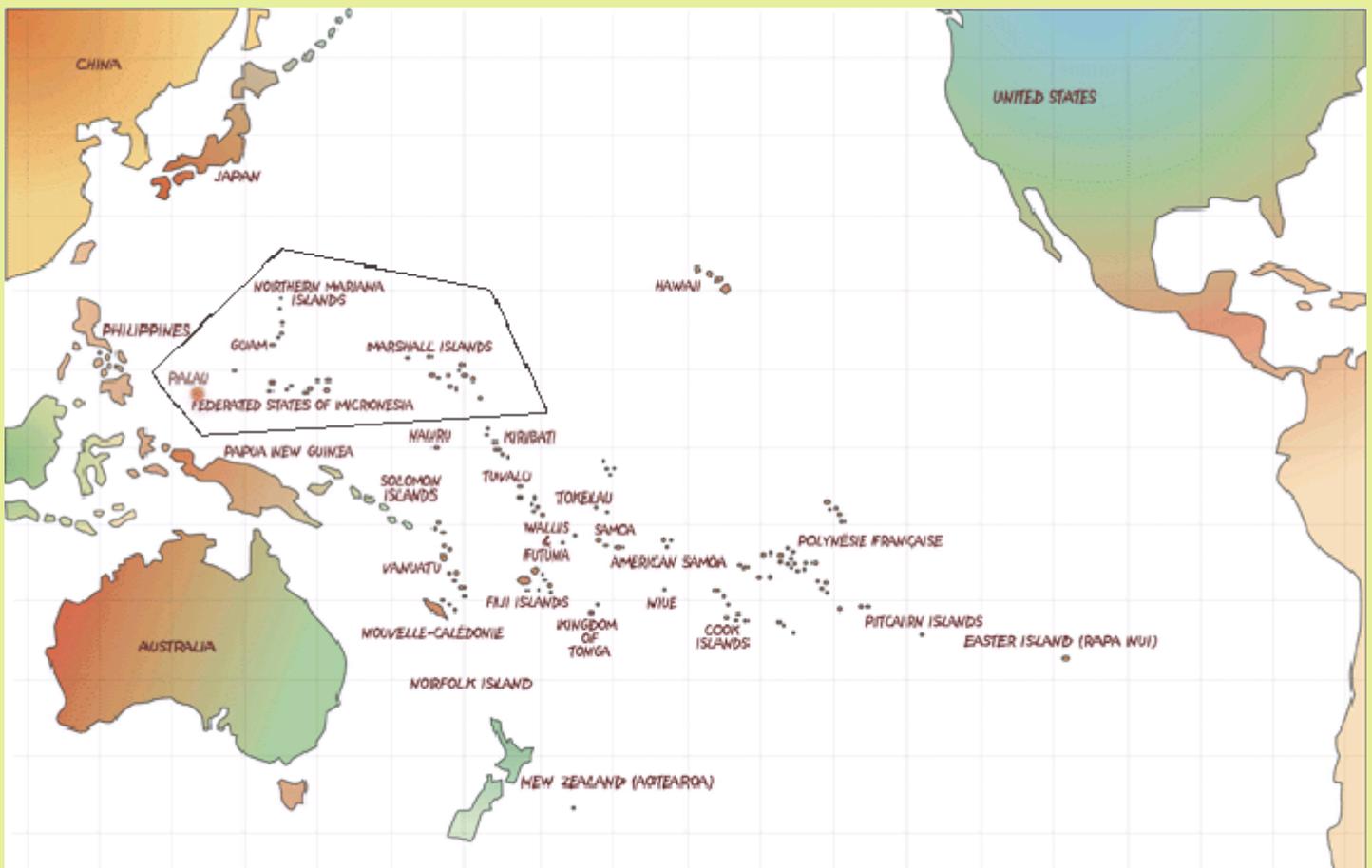
I therefore ask for your support to help us establish this very unique approach to the preservation of our beautiful Palauan Islands. Only with your help will we succeed in ensuring that our cultural past and pristine natural resources will not be lost in the development challenges that we face.

In advance, on behalf of the Palauan people, I thank you for your support.

Sincerely,

A handwritten signature in black ink, appearing to read "Tommy E. Remengesau, Jr.", written over a light blue rectangular background.

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



The Micronesia Challenge Region

The Micronesia region is located in the north Pacific, the largest ocean in the world. The Micronesia Challenge region occupies a vast seascape approximately 6.7 million square kilometers in size, nearly the size of the continental United States.

The unique combination of geographic isolation, high biological diversity, and a vibrant cultural history, makes the Micronesia islands exemplary microcosms for conservation. Cultural mores are still strongly observed and these traditions are heavily dependent on the rich terrestrial and marine resources that the region provides.

Micronesia contains some of the Earth's richest variety of plant and animal life. The Micronesia region is also one of the planet's 29 coral reef hot spots.

The very characteristics that make the north Pacific Islands unique are also what makes them particularly vulnerable to environmental threats, such as deforestation, sea level rise and climate change, and invasive alien species, to name a few.

Many of these threats are not unique to any one island, rather these issues are being faced by all the countries within the Micronesia region.

Recognizing this regional connectivity and the need to address the problems across borders spurred the birth of the Micronesia Challenge.

~ High levels of endemism
 ~ More than 60 threatened species
 ~ Over 10% of the world's total reef area
 ~ 462 coral species representing approximately 59% of Mother Earth's total recorded corals



What is the Micronesia Challenge

The Micronesia Challenge is a commitment by the Chief Executives of the Republic of Palau, the Federated States of Micronesia, the Republic of the Marshall Islands, the U.S. Territory of Guam, and the Commonwealth of the Northern Mariana Islands to:

“effectively conserve at least 30% of the near-shore marine and 20% of the terrestrial resources across Micronesia by 2020.”

Covering 6.7 million square kilometers of ocean, the Micronesia Challenge represents more than 20% of the Pacific Island region – and 5 percent of the largest ocean in the world.

The Micronesia Challenge will help protect at least 66 currently identified threatened species, 10 percent of

the global total reef area and 462 coral species – that is 59 percent of all known corals.

The Micronesia Challenge was signed by each of the five Chief Executives in early 2006 and was officially presented to the international community at a high level event at the Conference of the Parties under the United Nations Convention on Biological Diversity in March of 2006 in Curitiba, Brazil.



Global Island Partnership

The Micronesia Challenge is not a stand-alone initiative. Rather, it is part of a much larger and growing commitment by island nations throughout the world to take the international lead in preserving primary ecosystems. This commitment, known as the '*Global Island Partnership*', was developed during the Mauritius International Meeting in January of 2005.

At the "*Islands, Reefs and Communities: Committing to the Future*" high level event in Mauritius, commitments by island countries and announcements of over US\$20 million in support for island conservation were greeted with the unprecedented support for marine conservation and protected areas by UN Secretary General, Kofi Annan.

This pledge to the effective and long-term protection of important environmental habitats and its call for a move

towards regional and international partnership was further defined and supported at the Global Forum on Oceans, Coasts, and Islands in January 2006.

Overall, the Global Island Partnership represents the interests of 500 million people on 130,000 islands worldwide. As a result of the Pacific leadership in the field of environmental protection, the Global Island Partnership, in a little less than two years, has engaged more than 20 countries and 20 international, national and local organizations in high-level commitments and on-the-ground action for island conservation and sustainable use. These commitments have resulted in more than US\$25 million in support for national environmental programs.



Palau's Biological Significance

The World

Palau has one of the largest portions of species that occur nowhere else (endemic) in the world.

Palau supports more coral, fish, and other invertebrates per unit area of marine habitat than any other place on Earth.

Palau contains some of the most extensive seagrass beds in the world.

Palau contains the highest number of marine lakes within a given area than anywhere else known on Earth.

Palau is home to the most isolated *Dugong dugon* (seacow) population in the world.

Palau is home to one endemic Nautilus, *Nautilus belauensis*, the largest Nautilus species in the World.

Palau is home to seven of the nine known giant clam species in the world.

The Region

Palau supports the highest coral (> 400 species) and fish (1,450 species) diversity of any island group in Micronesia.

Palau contains the most diverse marine flora and coral fauna in Micronesia.

Palau supports the most species of seagrasses in Micronesia.

Palau is home to the only crocodile and Dugong population in Micronesia.

Palau has the highest recorded bird species variety in Micronesia.

Palau supports the most diverse forest systems in the Micronesia region.

PALAU



In Babeldaob's far north is a field with rows of large basalt monoliths known as *Badrulchau*, the origin of which is unknown. There are 37 stones, some weighing up to 4500kg (5 tons). Many of the surrounding hillsides were once elaborately terraced into steps and pyramids; it's thought construction began around AD 100 and was abandoned around 1600.



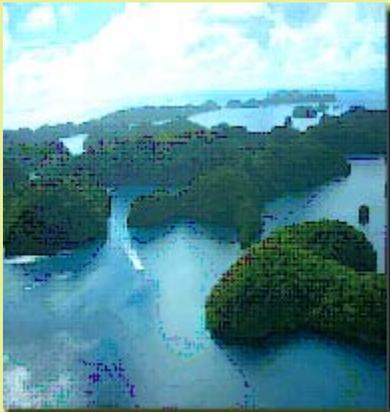
Lake Ngardok Nature Reserve houses the largest natural lake in Micronesia.



UNESCO Man & Biosphere Site Ngeremeduu Bay is the largest estuary in Micronesia. The bay drainage area and adjacent marine communities have the highest species richness in Micronesia.



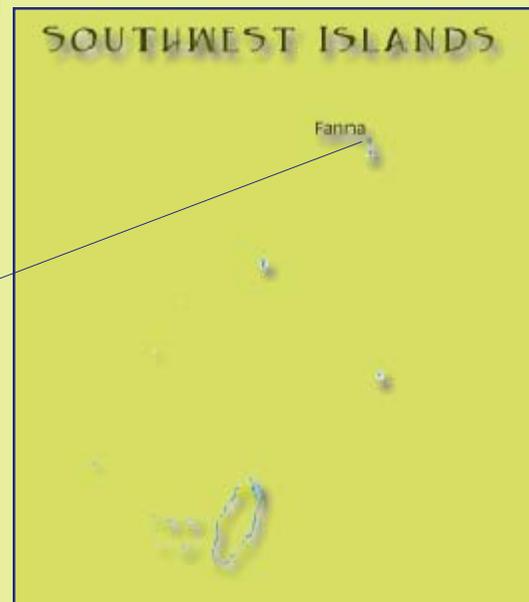
Palau's forests are the most species rich in all of Micronesia. The upper *Mesekelat* watershed of Ngchesar State is home to the largest contiguous patch of old-growth forest in all of Palau.



Palau's renown Rock Islands, legendary dive sites, and marine lakes, including Palau's famous jellyfish lakes, home to *Mastigias* jellyfish that have, long ago, lost their ability to sting.



In 2006, Fanna Island was recognized as an *Important Bird Area* by *Birdlife International*. It is estimated to have a density of 675-853 birds per hectare, with a total population of 23,000 to 31,000 birds.





Implementing the Micronesia Challenge in Palau

The Republic of Palau, with the generous assistance of The Nature Conservancy, developed a comprehensive Protected Areas Network (PAN) framework to serve as the foundation for Palau's natural resources conservation efforts.

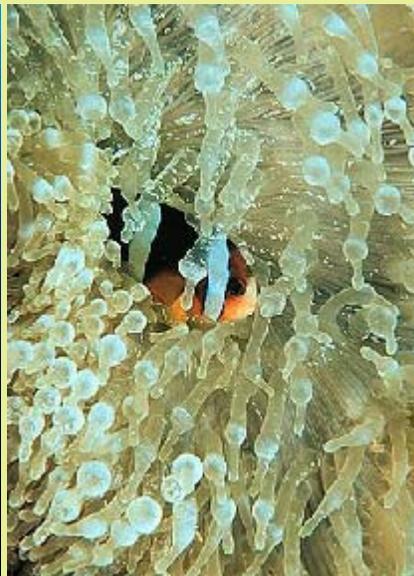
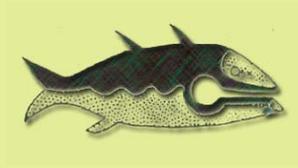
The PAN was developed in close partnership with local communities, non-government organizations, and State and national government agencies.

This work has resulted in the passage of a comprehensive 'Protected Area Network' law as well as the identification of appropriate funding levels to effectively implement the PAN.

The PAN regulations, establishing the criteria for site selection and the management and enforcement regimes

have been officially endorsed. The regulations are now being successfully implemented nationwide.

The PAN is the implementing mechanism for Palau's promise to the Micronesia Challenge. Under the PAN, Palau will achieve its commitment to the Micronesia Challenge by effectively conserving at least 30 percent of its near-shore and 20 percent of its terrestrial resources by the year 2020.



The Micronesia Challenge Financing Mechanism

There are two primary components to the PAN financing scheme.

Visitor's Fee – The first component is the establishment of a US\$50 per person visitor fee.

Endowment Fund – The second component is the establishment of a US\$12 million endowment fund, to generate approximately US\$600,00 per year in supplemental support.

These two revenue sources will finance the PAN. The funding will go towards the:

- “ Identification of critical habitats or cultural heritage areas in need of protection or sustainable management;

- “ Monitoring and enforcement of the PAN sites;
- “ Establishment of local and national capacity to manage PAN sites; and
- “ Provision of economic incentives to stakeholders within the respective PAN sites.

With the generous assistance of The Nature Conservancy, the PAN legislation was developed in accordance with international financial standards and guidelines to ensure the protection and effective management of contributions to the endowment fund.



Be a Micronesia Challenge Partner

The Government of Palau seeks the generous assistance of its friends and partners to support the effective implementation of the Micronesia Challenge in Palau via the Protected Areas Network.

Through your charitable contribution, along with the implementation of a visitor fee system, Palau will achieve its goal of becoming the first developing country in the world to institute a self-funding protected area network system.

Your support in this very important commitment by the Micronesia region will allow us to build on our natural conservation successes.

Gifts to the Micronesia Challenge - Palau endowment or regional activities of the Micronesia Challenge can be made in two ways, either as outright gifts or as pledges.

Pledges can be scheduled to be paid over a five year period.

For more information on the Micronesia Challenge, please contact:

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