

Republic of Palau Compact Of Free Association Trust Fund

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Creation of the COFA Trust Fund



- Compact of Free Association effective October 1, 1994
- 2010 Amendment to the Compact of Free Association

Trust Fund Objectives & Goals

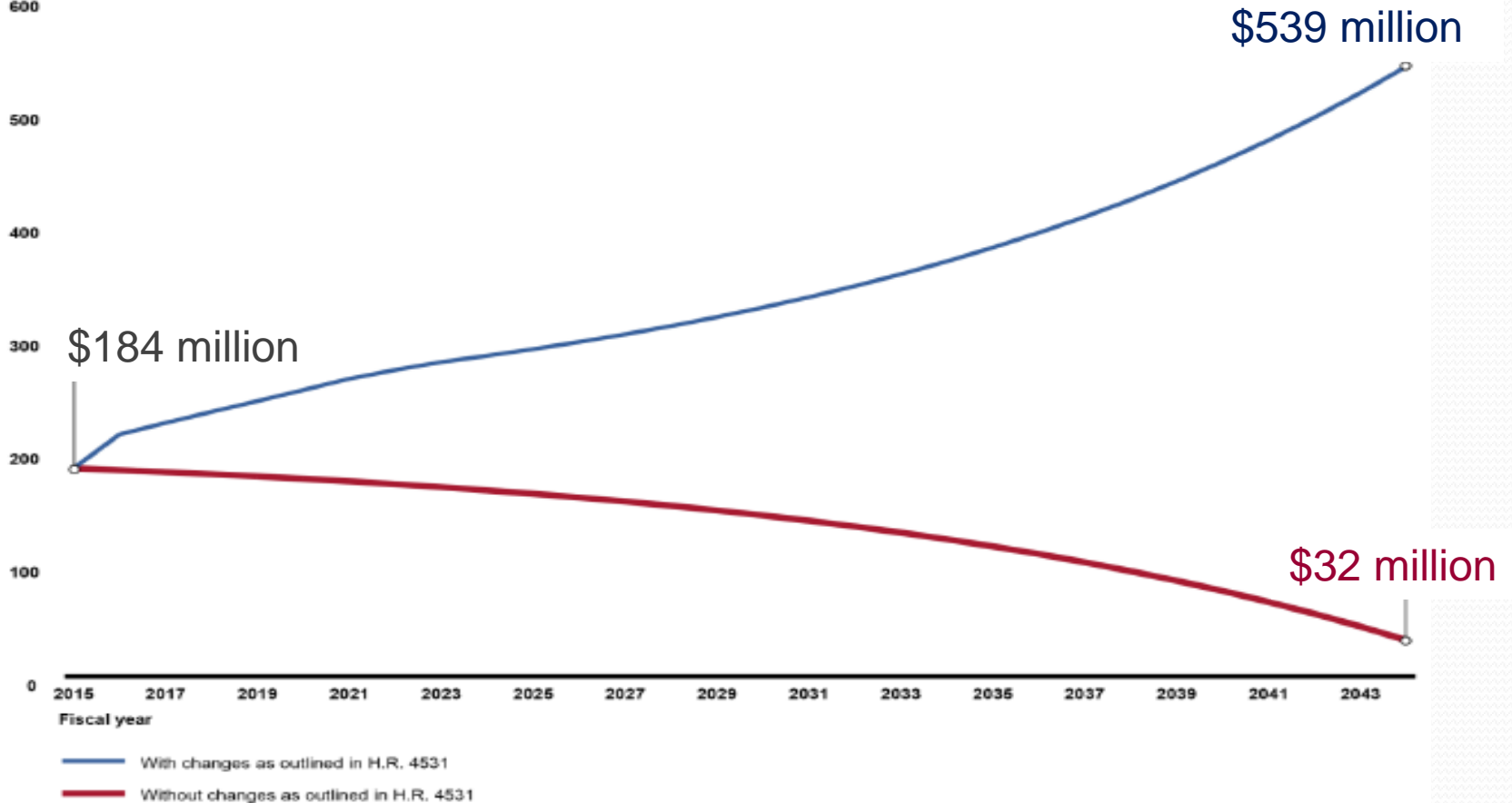
- Average annual distribution of \$15million from the 15th to the 50th year of the Compact agreement
- Economic self-sufficiency

Palau COFA Trust Fund Value Projections

Figure 2: Projected Palau Trust Fund Balance at Historical Rate of Return in Fiscal Years 2015–2044, with and without Changes Outlined in H.R. 4531

Dollars (in millions)

600

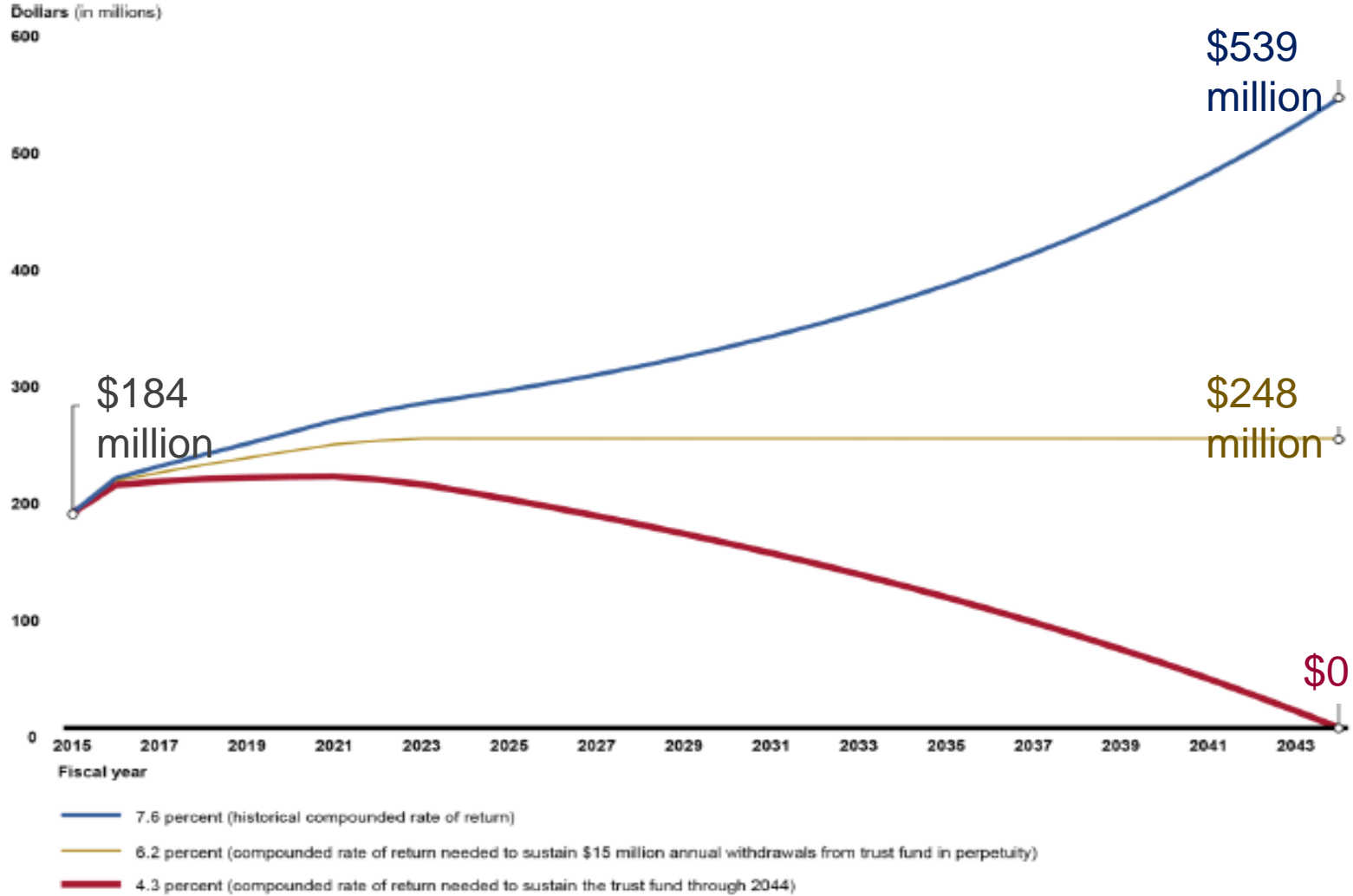


Source: GAO analysis of Palau trust fund data and House Bill 4531 (H.R. 4531), 114th Congress (2016) (as introduced in the House). | GAO-16-788T

Notes: Years shown are fiscal (Oct. 1–Sept. 30). The trust fund balances shown are nominal (i.e., unadjusted for inflation). The historical net rate of return is 7.6 percent. The analysis shown is based on the trust fund's balance as of September 30, 2015, and assumes enactment of the provisions of H.R. 4531, including the bill's inflation adjustment to trust fund contributions. Withdrawal from the trust fund in 2016 is assumed to be \$5 million, based on conditions in the fiscal year 2016 appropriation.

Palau COFA Trust Fund Value Projections

Figure 3: Projected Palau Trust Fund Balances in Fiscal Years 2015–2044 under the Contribution Schedule Outlined in H.R. 4531, with Varying Assumed Rates of Return



Source: GAO analysis of Palau trust fund data and House Bill 4531 (H.R. 4531), 114th Congress (2016) (as introduced in the House). | GAO-16-788T

**Republic of Palau - COFA Trust Fund
Total Relationship**

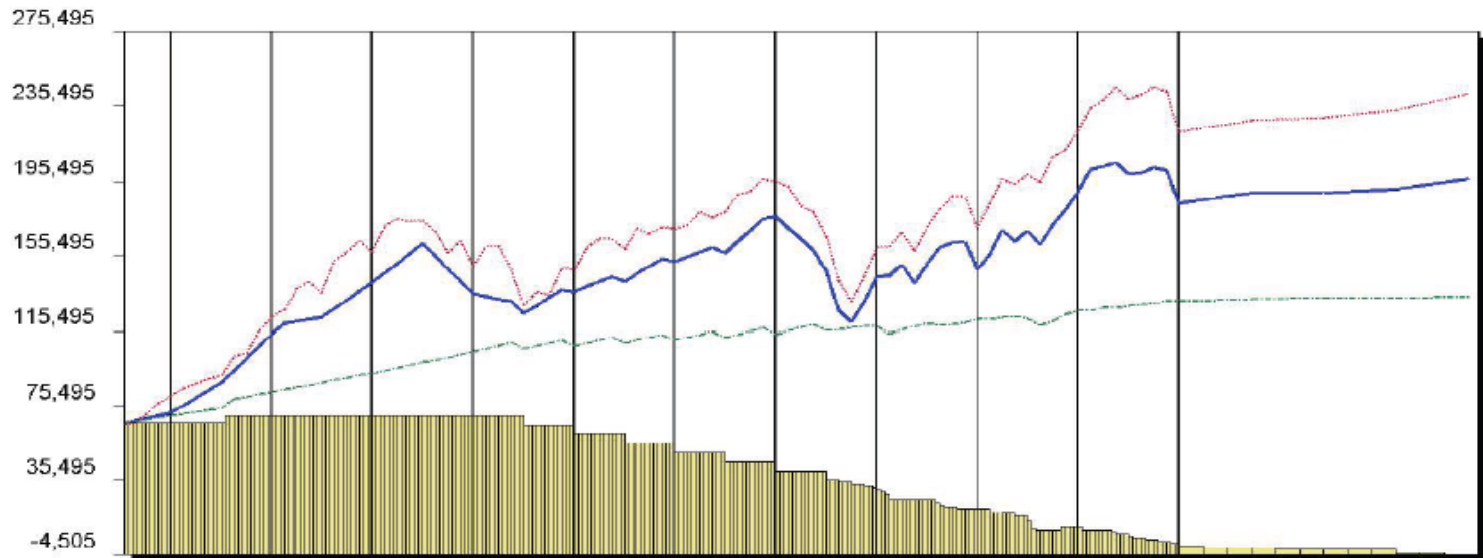
Investment Performance

Report Period: 9-30-94 to 09-30-16

Fiscal Year Ends: September

Market Value vs. Invested Capital

Market Value



Ending Value (\$000)

	09/30/94	09/30/97	09/30/99	09/30/01	09/30/03	09/30/05	09/30/07	09/30/09	09/30/11	09/30/13	09/30/15	09/30/16
— Republic of Pala	66,000	114,316	141,139	135,039	136,295	152,509	176,390	144,252	147,656	189,880	183,802	196,720
■ Invested Capital	66,000	70,495	70,495	70,495	60,495	50,495	40,495	30,495	20,495	10,495	495	-4,505
Investment Gain/Loss	00	43,821	70,644	64,544	75,800	102,014	135,895	113,757	127,161	179,385	183,307	201,225
Net Contrib. Since Incep.	00	4,000	4,000	4,000	-6,000	-16,000	-26,000	-36,000	-46,000	-56,000	-66,000	-71,000
--- Policy Index	66,000	122,785	157,539	149,869	147,651	169,756	195,201	159,626	170,159	222,542	221,943	242,458
- - 6% Total Return	66,000	83,058	93,324	104,858	107,569	110,614	114,036	117,787	121,633	125,946	130,983	133,737

Governance

ORGANIZE	FORMALIZE
<p>Enabling legislation Board By-Laws Minutes Board Resolutions Prior Performance Reports Project Documents Correspondence</p>	<p>IPS ----most recently reviewed & revised in April 2016</p> <ul style="list-style-type: none"> - Adopted in March 1995 - Amended 2000, 2003, 2014
MONITOR	IMPLEMENT
<p>Monthly Board meetings Ad hoc meetings as necessary Quarterly reporting* Annual Manager Review Meetings Annual update to President & Congress*</p>	<p>RFP process adheres to government procedures but follows due diligence and criteria established in IPS</p>

Challenges

- Administrative function
- statutory limitation*
- availability of historical information
- *Board composition & training*