

Asian Development Bank & Nauru

FACT SHEET

Table 1. Nauru: 2014 Approved Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
–	–	0.45	4.70	5.15

– = nil.

Note: Grants and technical assistance include cofinancing.

Table 2. Nauru: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b}

Sector	No.	Total Amount	
		(\$ million) ^c	% ^c
Energy	6	6.03	35.87
Finance	3	5.93	35.29
Public Sector Management	5	4.64	27.65
Water and Other Urban Infrastructure and Services	1	0.20	1.19
Total	15	16.80	100.00

^a Grants and technical assistance include cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Total may not add up because of rounding.

The Asian Development Bank (ADB) has been supporting the Government of Nauru since 1991, having approved a loan worth \$5.00 million, 2 grants totaling \$6.00 million, and 11 technical assistance projects totaling \$3.10 million. Active programs (as of 31 December 2014) include three technical assistance projects totaling \$0.95 million and one grant for \$4.70 million.

The economy of Nauru grew strongly in 2014, boosted by the reopening of Australia's Regional Processing Centre for asylum seekers, and the liquidation of the Nauru Phosphate Royalties Trust. Despite these increases in revenue, Nauru faces many serious development challenges. The country has almost no private sector, little arable land, limited freshwater supply, and extremely high levels of debt. The government also has limited sources of internal revenue. Education outcomes are improving, but are still poor by international standards, and have contributed to high rates of youth unemployment. Meanwhile, Nauru's levels of noncommunicable diseases such as diabetes and cancer, are among the highest in the world.

Cumulative disbursements to Nauru for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amounted to \$6.3 million.

ADB-Supported Projects and Programs

ADB, Australia, and the Pacific Financial Technical Assistance Centre have supported Nauru in a major program of public financial management (PFM) reform. The program is based on a PFM action plan, and on a public expenditure and financial accountability assessment that was carried out with ADB technical assistance.

Following the preparation of the first ADB country operations business plan, 2012–2014 for Nauru, ADB approved in August 2012 a policy-based grant of \$4 million from the Asian Development Fund for the Public Financial Management Reform Program to support reform of PFM and state-owned enterprises (SOEs). As part of this program, ADB—together with the Secretariat of the Pacific Community and the Government of Australia—supported the development of the first National Women's Policy in Nauru.

ADB is supporting corporate governance reform of key SOEs in Nauru. The second phase of the technical assistance for institutional strengthening of the Nauru Utilities Corporation is helping the corporation to develop and implement an asset management and maintenance plan, improve accountancy systems, implement performance management, and review its corporate governance. The \$4.70 million Electricity Supply Security and Sustainability Project, cofinanced by the European Union (EU), was approved in 2014. The second phase of the Public Financial Management Reform Program, and a Nauru port development project, are planned for 2015 and 2016, respectively.

Table 3. Nauru: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2013–2014

Number of Ongoing Loans (as of 31 Dec 2014)	2013 (\$ million)		2014 (\$ million)	
Contract Awards/Commitments ^{a,b}	-	-	-	-
Disbursements ^a	-	-	-	-
Number of Ongoing Grants (as of 31 Dec 2014) ^c			1	
Contract Awards/Commitments ^{a,b}	-	-	-	-
Disbursements ^a	-	-	2.0	-
Actual Problem Projects (%)			-	-

- = nil.

Note: Totals may not add up because of rounding.

^a Includes closed loans/grants that had contract awards or disbursements during the year.
^b Excludes policy-based lending/grants.
^c Includes only Asian Development Fund and other ADB special funds.

The Pacific Private Sector Development Initiative, cofinanced by the governments of Australia and New Zealand, has provided technical assistance for an assessment of financial service needs in Nauru. This has led to the development of an information memorandum to attract a foreign bank. The country has been without a bank for more than a decade, and the availability of banking services is expected to provide a boost to private sector development and to living conditions on the island. The Pacific Private Sector Development Initiative is also supporting the government in updating the regulatory framework of Nauru's finance sector.

The Pacific Region Infrastructure Fund, which is administered with ADB technical assistance, has assisted the government in the development of the Nauru Economic Infrastructure Strategy and Investment Plan, and is carrying out a prefeasibility study for port redevelopment.

Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, other concessional financing, and commercial financing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's Trade Finance Program.

By the end of 2014, cumulative direct value-added official cofinancing for Nauru amounted to \$2.7 million for one investment project and \$0.6 million for three technical assistance projects.

In 2014, Nauru received \$2.7 million grant cofinancing from the European Commission for the Electricity Supply Security and Sustainability.

Table 4. Nauru: Projects Cofinanced, 1 January 2010–31 December 2014

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	1	2.70
Grants	1	2.70

^a A project with more than one source of cofinancing is counted once.

A summary of projects with cofinancing from 1 January 2010 to 31 December 2014 is available at www.adb.org/countries/nauru/cofinancing

Partnerships

As the key source of multilateral development assistance to Nauru, ADB coordinates its program of assistance with other development partners. ADB liaises particularly closely with Australia, the largest bilateral aid partner for Nauru. ADB, Australia, and the Pacific Financial Technical Assistance Centre conduct joint annual economic review exercises for Nauru, and are supporting the government in an ongoing program of public financial management reform.

In the infrastructure sector, the multidonor Pacific Region Infrastructure Fund has assisted the government in the development of the Nauru Economic Infrastructure Strategy and Investment Plan. In energy, the EU provided \$2.7 million in cofinancing for the Electricity Supply Security and Sustainability Project.

ADB continues to work with civil society organizations in Nauru, and its small private sector, to strengthen the effectiveness, quality, and sustainability of the assistance it provides. The National Sustainable Development Strategy, 2005–2025 was developed through extensive consultation, while the development of the National Women's Policy required close coordination with Australia and the Secretariat of the Pacific Community.

Procurement

Share of ADB's Procurement Contracts

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Procurement contracts for goods, works, and related services under loan and grant operations totaled \$6.59 billion in 2013 and \$8.58 billion in 2014. Cumulative procurement, as of 31 December 2014, was \$135.21 billion.

Procurement contracts for consulting services under loan, grant, and technical assistance operations totaled \$511.13 million in 2013 and \$555.30 million in 2014. Cumulative procurement, as of 31 December 2014, was \$9.98 billion.

Table 5. Nauru's Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2013		2014		Cumulative (as of 31 Dec 2014)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
	Goods, Works, and Related Services	–	–	2.00	0.02	3.62
Consulting Services	–	–	–	–	0.42	0.00
Total Procurement	–	–	2.00	0.02	4.05	0.00

– = nil, 0.00 = less than 0.01%.

Goods, Works, and Related Services

From 1 January 1966 to 31 December 2014, contractors and suppliers were involved in 194,667 contracts for goods, works, and related services under ADB loan and grant projects worth \$135.21 billion. During the same period, 11 contracts were awarded to contractors and suppliers from Nauru worth \$3.62 million.

Table 6. Top 5 Contractors/Suppliers from Nauru Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2010–31 December 2014

Contractor/Supplier	Sector	Contract Amount (\$ million)
Others		3.62
Total		3.62

Consulting Services

From 1 January 1966 to 31 December 2014, consultants were involved in 45,584 contracts for consulting services under ADB loan, grant, and technical assistance projects worth \$9.98 billion. During the same period, seven contracts were awarded to consultants from Nauru worth \$0.42 million.

Table 7. Top 5 Consultants from Nauru Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2010–31 December 2014

Consultant	Sector	Contract Amount (\$ million)
Individual consultant/s		0.02
Others		0.38
Total		0.40

Operational Challenges

Nauru faces many development constraints because of its underlying economic fragility. ADB acknowledges Nauru's lack of resources and its inability to create economies of scale, and the ADB approach in such countries emphasizes the need for a flexible response, a longer-term engagement, and the importance of capacity development. Consistency of human resources is an ongoing challenge for Nauru. Staffing changes in government and senior public service positions are frequent, highlighting the importance of a consultative and participatory arrangement in ADB operations, to obtain buy-in from various stakeholders over the longer term.

Future Directions

ADB operations in Nauru will continue the strategic focus on public sector management, energy, and infrastructure. Investment in these areas will continue, most notably with the \$4.70 million Electricity Supply Security and Sustainability Project, cofinanced by the EU and approved in 2014. Also approved in 2014, technical assistance projects will proceed for institutional strengthening of the Nauru Utility Corporation, and tariff and subsidy policy reform. A second phase of the Public Financial Management Reform Program is planned for 2015, while in 2016, plans are afoot for a Nauru port development project and a technical assistance grant to shore up the implementation of the National Sustainable Development Strategy. Through the development of a new banking act, ADB continues to support the reintroduction of financial services to Nauru, with the aim of securing a new banking agent in 2015.

About Nauru and ADB

ADB Membership

Joined 1991

Shareholding and Voting Power

Number of shares held:	426 (0.004% of total shares)
Votes:	39,856 (0.302% of total membership, 0.463% of total regional membership)
Overall capital subscription:	\$6.17 million
Paid-in capital subscription:	\$0.30 million

Contributions to Special Funds Resources

Nauru has contributed to the Asian Development Fund (ADF), which is ADB's window for concessional lending to its borrowing members, and to the Technical Assistance Special Fund (TASF), which provides grants to borrowing members to help prepare projects and undertake technical or policy studies.

Contributions to the ADF (committed):	\$0.30 million
Contributions to the TASF (committed):	\$0.07 million

Anthony Baker is the Director and **Richard Sisson** is the Alternate Director representing Nauru on the ADB Board of Directors.

Andrea Iffland is the Regional Director of the Pacific Liaison and Coordination Office. The office was opened in 2005, and provides the primary operational link for activities between ADB and the governments of the subregion, the private sector, civil society stakeholders, and development partners. The office engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Nauru, Solomon Islands, and Vanuatu.

The Nauru government agency handling ADB affairs is the Department of Finance.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2014, lending volume was \$12.92 billion (113 projects), with TA at \$158.88 million (256 projects) and grant-financed projects at \$405.34 million (17 projects). In addition, \$9.24 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2010 to 31 December 2014, ADB's annual lending volume averaged \$12.10 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$697.97 million and \$156.69 million in TA over the same period. As of 31 December 2014, the cumulative totals excluding cofinancing were \$216.21 billion in loans for 2,729 projects in 44 countries, \$6.87 billion in 256 grants, and \$3.75 billion in TA grants, including regional TA grants.

Contacts

Pacific Liaison and Coordination Office

Level 20, 45 Clarence Street
Sydney, NSW Australia 2000
Tel +61 2 8270 9444
Fax +61 2 8270 9445
adbplco@adb.org
www.adb.org/nauru

ADB Headquarters

6 ADB Avenue, Mandaluyong City
1550 Metro Manila, Philippines
Tel +63 2 632 4444
Fax +63 2 636 2444

Department of Finance

Republic of Nauru
Tel +674 444 3133/444 3703
Fax +674 444 3125/444 3199

Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

Depository Libraries
www.adb.org/publications/depositories

To access a complete list of development and economic indicators, visit:

Statistics and Databases
www.adb.org/data/statistics