

**ASIAN DEVELOPMENT BANK**

**COUNTRY ASSISTANCE PLAN  
(2000-2002)**

**REPUBLIC OF NAURU**

**December 1999**

## **CURRENCY EQUIVALENTS**

(as of 30 November 1999)

Currency Unit	—	Australian Dollar (A\$)
A\$1	=	\$0.65
\$1.00	=	A\$1.54

## **ABBREVIATIONS**

ADB	-	Asian Development Bank
BON	-	Bank of Nauru
DMC	-	Developing Member Country
GDP	-	Gross Domestic Product
GNP	-	Gross National Product
IBRD	-	International Bank for Reconstruction and Development
IMF	-	International Monetary Fund
NPC	-	National Phosphate Corporation
NPRT	-	National Phosphate Royalty Trust Fund
POHQ	-	Pacific Operations Division
RETA	-	Regional Technical Assistance
RONFIN	-	Republic of Nauru Finance Corporation
UN	-	United Nations

## **NOTES**

- (i) In this Report, "\$" refers to US dollars.
- (ii) The fiscal year (FY) of the Government ends on 31 July.

## FOREWORD

The Country Assistance Plan describes the planned program of assistance by the Asian Development Bank for the Republic of Nauru covering the three-year period 2000-2002. It includes loan and technical assistance projects, as well as possible cofinancing from other donors. The CAP was prepared by the ADB between April and June 1999, in close consultation with the Government of the Republic of Nauru, and other stakeholders. The CAP was discussed with the Board of Directors in October 1999 and has been revised by the ADB to incorporate recent developments. The assistance plan described in the CAP is only indicative and may be revised to reflect future developments.

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## CONTENTS

	Page
I. COUNTRY PERFORMANCE ASSESSMENT	1
A. Economic Performance Assessment	1
B. Assessment of Socio-Environmental Performance	2
1. Poverty Issues	2
2. Gender Issues	2
3. Human Development	3
4. Environment	3
C. Governance: Sound Development Management	3
D. Implementation Assessment	4
1. The Portfolio	4
2. Issues in Project Implementation	4
II. COUNTRY OPERATIONAL STRATEGY	4
III. SECTOR STRATEGIES	4
A. Agriculture	4
B. Banking	5
C. Health	5
D. Education	5
IV. REGIONAL ECONOMIC COOPERATION	5
V. DONOR ACTIVITIES AND AID COORDINATION	6
VI. COFINANCING AND CATALYZING EXTERNAL RESOURCES	6
VII. ASIAN DEVELOPMENT BANK'S OPERATIONAL PROGRAM	6
Table 1: Lending and Technical Assistance Program, 2000-2002	6
VIII. ECONOMIC AND SECTOR WORK PROGRAM	6
APPENDIXES	7



## REPUBLIC OF NAURU

### I. Country Performance Assessment

#### A. Economic Performance Assessment

1. Nauru's small economy has been dominated by phosphate mining and its impacts since 1906. With resource exhaustion looming at the turn of the twenty-first century, the economy in fiscal crisis, and the financial system in a state of collapse, the population faces a difficult future. The Nauru Phosphate Royalties Trust (NPRT), which was built from phosphate royalties to generate income once mining ceased, is much diminished as a result of poor portfolio management and heavy investment in property markets. It is unclear what the unencumbered asset base of the Trust is, and therefore what future consumption levels can be sustained.

2. Phosphate exports dropped from an annual average of 1.58 million tonnes in the 1980s to 0.51 million tonnes during the period 1990-91 to 1996-97, primarily because of the collapse of the major Australian market. In 1997-98, the volume of phosphate exports dropped to 0.45 million tonnes. The Asian crisis negatively affected sales to Indonesia and the Republic of Korea. As a result of the export slump, the level of economic activity has declined. Real GDP is roughly estimated to have fallen by about 14 percent between 1991-92 and 1995-96, and by a further 20 percent in the subsequent two years, while the population has increased at the rate of 1.5 percent per annum. In 1997-98, GDP per capita in current prices was about A\$4,600, and the inflation rate was 4 percent (Appendix 1, page 1).

3. The export slump had a direct and major impact on government finances because historically the dividend from the government-owned Nauru Phosphate Corporation (NPC) provided between 60 and 75 percent of Government revenue. NPC dividends during 1990/91-1997/98 averaged just A\$2.5 million annually, compared with A\$26.5 million over the period 1971-90. Total government revenue fell accordingly, from A\$31 million in 1989-90 to \$17 million in 1990-91, and to just A\$13.1 million in 1997-98 (about one-quarter of GDP). Despite the drop in revenue, government substantially increased its on-budget expenditure and maintained it near that level until 1995-96. Since then, there has been a reduction in expenditure to A\$30.6 million in 1997-98, or 61 percent of GDP. This reduction was artificial to the extent that A\$10 million in interest on public debt was not paid in 1997-98, and several million dollars in arrears to suppliers were accumulated.

4. Successive governments have financed the fiscal deficits in an unplanned and largely non-transparent manner, borrowing directly from NPRT, and employing the government-owned Republic of Nauru Finance Corporation (RONFIN) as an on-lending agency that borrowed from NPRT and used NPRT assets as collateral for external commercial borrowing. The financing of the budget deficits and debt servicing created a liquidity crisis in 1996 that has continued and intensified in subsequent years. As liquid funds in NPRT and government corporations such as NPC have been depleted, government has relied on extending its overdraft with the Bank of Nauru (BON). The issuing of BON checks has drained the Bank of its reserve holdings of currency (the Australian dollar), leaving it unable to effect international transfers or meet depositors' withdrawal demands. BON has been insolvent for two years, financial intermediation has broken down, and confidence in the payments system has disappeared. The NPRT assets that were to secure sustainable consumption levels for an almost totally import-dependent society have been substantially run down. The book value of these assets has

dropped significantly. Most of the properties that dominate the portfolio are mortgaged, and market valuations are needed to arrive at a true value for the assets.

5. There are two immediate issues that need to be addressed by the government. First, the banking sector must be revived by facilitating the establishment of a foreign bank, perhaps in a joint venture arrangement. Second, as part of a medium-term move to improved fiscal planning and a balanced budget, government expenditure must be reduced and revenue raised. Downsizing of the public sector, wage reductions through reduced working hours, and a nominal wages freeze will have a serious impact on living standards as the private sector's contribution is miniscule, and a subsistence sector that accounts for just 1 percent of GDP does not offer the safety net available to other Pacific DMC populations. Nonetheless, a drop in average income is the price that has to be paid for protecting the remaining NPRT assets, which will be the major source of income when phosphate deposits run out in three or four years time.

6. The *Fiscal and Financial Reform Program* is now in place. Significant progress has been made towards achieving the reform measures. This is attributable to the high level of ownership that has been shown by the Government and the people. A National Economic Summit was successfully held in March 1999, to gain the support and understanding of the Nauruan community for the wide ranging reforms, and the immediate hardships these are likely to impose. The Summit has promoted among Nauruans a sense of realism about the standard of living that can be sustained by the Nauru economy in the future.

7. The redundancy program is being implemented. Over 20 percent of the present civil service will be retrenched. Working hours have also been reduced and the retirement age has been lowered. In an effort to generate employment and promote private sector development, janitorial, security and other services have been contracted out. Several state owned entities are also being privatized. Considerable work still remains to be done on the revenue enhancement measure. Increases in phosphate sales and consequently higher revenues for the Government together with the establishment of a foreign bank augurs well for the immediate term.

## **B. Assessment of Socio-Environmental Performance**

### **1. Poverty Issues**

8. There is no evidence of absolute poverty in Nauru which has a relatively low Human Poverty Index of 12.1 (Appendix 1, page 2). However, the considerable downsizing of the Government and Nauru Phosphate Corporation (which constitutes 95 percent of all employment) is likely to result in a significant drop in household incomes and unemployment. With limited skills and educational attainments, Nauruans rendered jobless are likely to find difficulty in securing immediate alternative employment. The situation is further aggravated by limited emigration opportunities available. Therefore pending retraining, skills development and generation of employment, Nauru is expected to undergo considerable hardship during the adjustment period. However, the social safety net of joint families and a close knit supportive culture are unlikely to allow for any form of abject poverty to emerge on the island.

### **2. Gender Issues**

9. While women play an important role in family matters, they have no representation in the Parliament and are grossly under represented at the higher levels of Government service and in the Nauru Phosphate Corporation which is the next largest employer in Nauru. This trend is likely to continue while the social system remains feudal led by a Council of Chiefs. However,

increasing number of girls are enrolling in school and the truancy among the female students is significantly lower than that among male students. As a result, women seem to be benefiting more from the education system. Future Asian Development Bank (ADB) assistance to Nauru in skills and vocational training will address the needs of women as a priority. Development of the service sector through private initiative should also provide more employment opportunities for women. The Government is aware of the need to increase employment opportunities for women and to enhance to a medium level their participation at higher levels of Government.

### **3. Human Development**

10. Nauru's Human Development Index ranking has slipped to a medium level in recent years as GDP per capita has fallen. With no minimum education requirements for employment in the Government, education has remained a neglected sector. Nauruans are not encouraged to go to schools. Very few have attained college degrees or gone abroad for higher education. Years of "welfare state" governance sustained by high phosphate earnings has led to a lifestyle of luxury and leisure. There has been no need to be educated or to learn vocational skills. Nauru will require considerable and immediate assistance to rectify the situation. Otherwise, Nauruans are likely to pay a severe price in the medium term while the reform measures are being implemented. Secondary and technical education needs are areas requiring immediate attention to enable Nauruans to seek alternate employment.

### **4. Environment**

11. The strip-mining methods employed in the extraction of phosphate for some 90 years has devastated the environment. The natural vegetation and topsoil have been removed from over 70 percent of the land area, primarily at the center of the island, thus preventing the dispersal of a rapidly-increasing population from the coastal fringe, heightening land pressures and disputes around that fringe, and possibly causing microclimate deterioration. Phosphate dust may have health implications, as it aggravates the corrosive qualities of salt-laden air.

12. Soil rehabilitation needs to be undertaken to regenerate cultivatable land in Nauru. Subsistence agriculture can then be promoted. It will not only provide subsistence income, but improve health through change of dietary habits, since to date there remains a dire shortage of fresh fruits and vegetables. Environmental issues remain an important agenda of the Government especially the impact of global warming on sea levels.

### **C. Governance: Sound Development Management**

13. Despite a change of Government, the reform process continues and this is indicative of improvement in governance. The transparency and openness with which information was exchanged and discussed at the National Economic Summit is another significant milestone in the development of sound governance. The commitment shown by the Economic Reform Committee in the implementation of fiscal and financial reforms is commendable. They have received the full support of the Cabinet to implement difficult and drastic measures. Considerable improvements have been made in transparency and accountability of the budgeting process and management. Further assistance has been sought by Government to improve budget formulation and further tighten financial controls.

## **D. Implementation Assessment**

### **1. The Portfolio**

14. There is one ongoing program loan in Nauru which was approved in December 1998 made effective in February 1999 (Appendix 2, pages 1 and 2). The first tranche of \$2.3 million has been disbursed. First tranche conditions were completed substantially ahead of schedule. Adequate progress has been made on the second tranche conditions as well as other policy reforms. In several areas, the Government has exceeded targets set under the Policy Matrix. However, several revenue measures still remain to be implemented. Progress of reforms in NPC and NPRT is slow.

### **2. Issues in Project Implementation**

15. Redundancy program has been put in place for 375 civil service employees. There has been good coordination and communication between the Executing Agency and the ADB.

## **II. Country Operational Strategy**

16. Being the only multilateral donor active in Nauru, the ADB plays a lead role in assisting Nauru recover from its present financial situation. The major focus is helping the Government implement the Fiscal and Financial Reform Program and support privatization and employment generation initiatives. Over the years, the health and education sectors have been neglected. As a result, the level of in-country health services, primary health care, and education are deplorable. Lifestyle diseases, truancy in schools and low educational attainment are symptomatic of the neglect of the social sectors. These areas may need future ADB assistance and are considered priorities by the present Government.

17. The ADB's medium term assistance is directed towards

- (i) Continued assistance in implementing the reform program and related capacity building that will enable Nauruans to sustain the benefits of the reform measures.
- (ii) Support for the diversification of the economy and development of the private sector.
- (iii) Assistance for promoting entrepreneurship and small business development (with possible support for microfinance).
- (iv) Support for the education sectors with emphasis on skills/vocational training in support of small business development.
- (v) Support for the health sector to improve in-country health service delivery, primary health care, health education, and water and sanitation.

## **III. Sector Strategies**

### **A. Agriculture**

18. Efforts are underway to start subsistence farming in Nauru. In the context of constraints on arable land, these efforts are expected to start with small backyard type operations until rehabilitation of the mined areas can be undertaken. The ADB proposes to support these activities with extension services provided through TAs and the diversification component of the program loan.

## **B. Banking**

19. Banking sector reform is an important component of the Fiscal and Financial Reforms Program. The establishment of an alternate bank in Nauru is a top priority and key to the development of private sector, and diversification of the economy. The efforts of the Government to mitigate adverse impacts of reforms will be thwarted without a proper banking system which can mobilize domestic savings. Further advisory assistance will be provided through ongoing TAs for an early establishment of a credible banking system to resume normal commercial transactions.

## **C. Health**

20. As part of its efforts to improve the effectiveness and efficiency of service delivery in health, the Government intends to amalgamate the two hospitals in Nauru. The proposed amalgamation is intended to upgrade the facilities and service capability of health care. This is expected to lower overseas referral expenditures and thereby reduce overall health expenditures. The ADB will assist the Government determine the level of health services required, and related equipment, facilities and personnel. In case of a substantial resource gap, the ADB may provide further assistance to the health sector.

## **D. Education**

21. Substantial strengthening of the education sector is envisaged in the medium term through curriculum development and introduction of skills, vocational and entrepreneurial training. The Government also intends to set a minimum standard of educational attainment for any person wishing to gain employment in public service. Only those who pass this level will be eligible to work in Government. These initiatives have been covered in the policy matrix of the Program loan.

## **IV. Regional Economic Cooperation**

22. The following are the priorities of the country for economic regional cooperation: (i) building trading relationships within and with blocks outside the region, (ii) cooperative arrangements in aviation and shipping, and (iii) coordinated policies and approaches to the management of fisheries. Nauru is a member of the Forum Secretariat, and the ADB is actively involved with the Forum Secretariat and other regional agencies in regional initiatives related to the above.

23. The ADB currently provides regional technical assistance (RETA) to support the negotiation of a regional tuna management plan, and for fiscal and tax policy advice provided through the Pacific Financial Technical Centre. In the coming three years, the ADB plans to provide RETAs for: (i) analysis of financial sector issues and strategies for selected PDMCs, (ii) judicial training in collaboration with UNDP, and (iii) more effective and sustainable coastal fisheries management.”

24. Opportunities for subregional cooperation will be explored in the area of public sector management. In particular, there may be opportunities for sharing experiences of different PDMCs in managing reform programs. Regional cooperation is being actively considered in the aviation and airline sector.

## V. Donor Activities and Aid Coordination

25. For historical reasons, Nauru has seen very little donor activity. It is not a member of the IBRD or the IMF (Appendix 3). Recently, Nauru has been given full membership in the Commonwealth. The country receives benefits under regional assistance projects of the ADB, the Pacific Forum and the South Pacific Commission and advisory services from Pacific Financial and Technical Assistance Centre.

## VI. Cofinancing and Catalyzing External Resources

26. While there is limited scope for cofinancing possibilities at this time, renewed interest from Australia in the rehabilitation of the mined phosphate area is likely to provide opportunities for cofinancing. As part of the next phase of reform initiative to increase economic activity, small scale subsistence and poultry could be undertaken. With cofinancing from Japan and Taipei, China for its proposed multisector project in health and education sector.

## VII. Asian Development Bank's Operational Program

27. The proposed loan and technical assistance pipeline for 2000-2002 is summarized in Table 1 and Appendix 4. Lending by type and sector is presented in Appendix 5. A multi-project loan to the social sector is proposed for 2000 to include (i) skills/vocational training to support the diversification strategy, (ii) improvement of health services and education, and (iii) water and sanitation improvements related to health (Appendix 6).

**Table 1: Lending and Technical Assistance Program, 2000-2002**

### A. Public Sector Lending Program

	1998 (Actual)		1999		2000		2001		2002	
	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)
Lending Program <sup>a</sup>	1	5.0	-	-	-	-	1	5.0	-	-
ADF	-	-	-	-	-	-	0.5	2.0	-	-
OCR	1	5.0	-	-	-	-	0.5	3.0	-	-
Lending Pipeline <sup>b</sup>	-	-	-	-	-	-	-	-	-	-
ADF	-	-	-	-	-	-	-	-	-	-
OCR	-	-	-	-	-	-	-	-	-	-

### B. Technical Assistance Program

	1998 (Actual)		1999		2000		2001		2002	
	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)
TA Program <sup>a</sup>	1	600.0	3	524.0	2	550.0	-	-	-	-
TA Pipeline <sup>b</sup>	-	-	-	-	-	-	-	-	-	-

<sup>a</sup> The Program is comprised of the firm projects.

<sup>b</sup> The Pipeline consists of the Program (firm projects) and standby projects. In 2001 and 2002, there is no distinction between firm and standby.

## VIII. Economic and Sector Work Program

28. The ADB proposes to undertake an in-depth economic report in late 2000 after a substantial part of the reforms have been implemented. The review will include an assessment of the overall economy as well as of key sectors such as finance, education and health. Government revenue and expenditures will also be closely reviewed. The report will be available in 2001 and will set the stage for next phase of reform initiatives. It will be the basis for the ADB's strategy beyond 2002.

**REPUBLIC OF NAURU**  
**COUNTRY PERFORMANCE INDICATORS**

Item	1994	1995	1996	1997	1998	1999 <sup>a</sup>
<b>A. Income and Growth</b>						
1. GDP per Capita (A\$, current)	...	5,712	...	...	4,600	...
2. GDP Growth (% in constant prices)	...	...	...	...	...	...
Agriculture	...	...	...	...	...	...
Industry	...	...	...	...	...	...
Services	...	...	...	...	...	...
<b>B. Saving and Investment (current market prices)</b>						
	<b>(percent of GDP)</b>					
1. Gross Domestic Investment	...	...	...	...	...	...
2. Gross Domestic Saving	...	...	...	...	...	...
<b>C. Money and Inflation</b>						
	<b>(annual percent change)</b>					
1. Consumer Prices (annual average)	-0.4	1.7	4.0	6.1	4.0	...
2. Broad Money (M2)	...	...	...	...	...	...
<b>D. Government Finance (A\$m)</b>						
	<b>(percent of GDP)</b>					
1. Total Revenue	23.9	28.8	19.5	22.1	13.1	...
2. Total Expenditure and Net Lending	202.5	95.1	24.5	27.4	30.3	...
3. Overall Surplus/Deficit (-)	-171.8	-66.6	-5.0	-5.3	-17.5	...
<b>E. Balance of Payments</b>						
1. Merchandise Trade Balance (% of GDP)	...	...	...	...	...	...
2. Current Account Balance (% of GDP)	...	...	...	...	...	...
3. Export (\$) growth (annual percent change)	...	...	...	...	...	...
4. Import (\$) growth (annual percent change)	...	...	...	...	...	...
<b>F. External Payments Indicators</b>						
1. International Reserves (billion dollars, end of period)	...	...	...	...	...	...
- months of imports	...	...	...	...	...	...
2. External Debt Service (% of exports of goods & services)	...	...	...	...	...	...
3. External Debt (% of GDP)	...	...	...	...	...	...
<b>Memorandum Items:</b>						
GDP (current prices, millions <i>local currency</i> )	...	...	61.5	...	...	...
GNP (current prices, millions <i>local currency</i> )	...	...	...	...	...	...
Exchange Rate	1.3670	1.3490	1.2773	1.3440	1.5920	...

<sup>a</sup> Estimates

**REPUBLIC OF NAURU**  
**COUNTRY PERFORMANCE INDICATORS**

	1985	1990	1998
<b>POPULATION INDICATORS</b>			
Total Population (thousands)	8.5	9.4	11.5 (1998)
Annual Population Growth Rate (% change)			2.40 (1990-98)
<b>SOCIAL INDICATORS</b>			
Total Fertility Rate (births per woman)	...	...	4.5
Maternal Mortality Rate (per hundred thousand live births)	...	...	...
Infant Mortality Rate (below 1 year; per '000 live births)	...	...	11
Life Expectancy at Birth (years)			
Female	62 (1980)	...	62
Male	62 (1980)	...	55
Adult Literacy (%)			95
Primary School Enrollment (% of school age population)			96
Female	...	...	95.0
Secondary School Enrollment (% of school age population)			34
Female	...	...	37.0
Child Malnutrition (% of under age 5 underweight)	...	...	0.0
Population Below Poverty Line (%)	...	...	...
Income Ratio of Highest 20% to Lowest 20%	...	...	...
Population with Access to Safe Water (%)	...	...	100.0
Population with Access to Sanitation (%)	...	...	97.0
Public Education Expenditure as % of GDP	...	...	n.a.
Public Health Expenditure as % of GDP	...	...	n.a.
Human Development Index	...	...	0.7
Human Development Global Ranking (developing countries)	...	...	103.0
Human Poverty Index			12.1
<b>ENVIRONMENTAL INDICATORS</b>			
<b>Forestry</b>			
Deforestation	...	...	...
Total Area	...	...	...
Annual deforestation	...	...	...
<b>Biodiversity</b>			
Nationally protected area	...	...	...
Area	...	...	...
Number	...	...	...
As % of land area	...	...	...
Biosphere reserves	...	...	...
Area	...	...	...
Number	...	...	...
World Heritage sites (number)	...	...	...
Wetlands of international importance	...	...	...
Area	...	...	...
Number	...	...	...
<b>Land Use</b>			
Cropland; permanent pasture	...	...	...
<b>Air Pollution (Ambient concentrations)</b>			
Particulates	...	...	...
SO2	...	...	...
<b>Water Pollution (concentration of pollutants in water bodies)</b>			
Biochemical Oxygen Demand (BOD)	...	...	...
Chemical Oxygen Demand (COD)	...	...	...
<b>Global Environmental Problems</b>			
CO2 emissions (total and per capita)	...	...	...

Source: Pacific Human Development Report 1999

**REPUBLIC OF NAURU**  
**PORTFOLIO PERFORMANCE**

**Table 1 : Implementation, Disbursement Performance and Postevaluation Results**  
**Public Sector Projects only**  
(as of 31 December 1998)

A. Project Portfolio <sup>b</sup>	Net Loan Amount \$ million    %		Rating (No.) <sup>a</sup>										
			Total		Implementation Progress				Development Objectives				
			No.	%	HS	S	PS	U	HS	S	PS	U	
Agriculture and Natural Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Industry	5.00	100.0	1	100.0	0	1	-	-	-	1	-	-	-
Social Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport and Communications	-	-	-	-	-	-	-	-	-	-	-	-	-
Others/Multisector	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5.00</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

  

B. Disbursements <sup>c</sup>	OCR	ADF	Total
(1) Total funds available for withdrawal (\$ mn, active loans only)	-	-	-
(2) Disbursed amount (\$ mn, cumulative, active loans only)	-	-	-
(3) Percentage disbursed [(2)/(1)] (%)	-	-	-
(4) Disbursements (\$mn, active loans only, latest year)	-	-	-
(5) Disbursement ratio (%) <sup>d</sup>	-	-	-

  

C. Net Transfer of Resources <sup>e</sup> (\$ million)	OCR	ADF	Total
Net transfer in 1995	-	-	-
Net transfer in 1996	-	-	-
Net transfer in 1997	-	-	-
Net transfer in 1998	-	-	-

  

D. Post-Evaluated Projects 1. Postevaluation Rating (as of 31 December 1998)	1968 - 1977		1978 - 1987		1988 - 1998		1968 - 1998	
	No.	%	No.	%	No.	%	No.	%
Rated Generally Successful (GS)	-	-	-	-	-	-	-	-
Rated Partly Successful (PS)	-	-	-	-	-	-	-	-
Rated Unsuccessful (US)	-	-	-	-	-	-	-	-
No Rating	-	-	-	-	-	-	-	-
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

  

2. Postevaluation Rating by Sector 1968-88 (as of 31 December 1998)	GS		PS		US		NR		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Finance and Industry	-	-	-	-	-	-	-	-	-	-
Social Infrastructure	-	-	-	-	-	-	-	-	-	-
Transport and Communications	-	-	-	-	-	-	-	-	-	-
Others/Multisector	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>

<sup>a</sup> HS: Highly satisfactory; S: Satisfactory; PS: Partially satisfactory; U: Unsatisfactory

<sup>b</sup> Excludes loans closed during the year.

<sup>c</sup> Excludes loans closed during the year without disbursement.

<sup>d</sup> Ratio of total disbursement in a given year over the net loan amount available at the beginning of the year plus the net loan amount of newly approved loans which have become effective "Net loan amount at the beginning of the year" includes all effective loans at the beginning of the year. "Loan amounts of newly approved loans which have become effective" includes loans approved before and after the beginning of the year that have become effective after the beginning of the year.

<sup>e</sup> Includes private sector projects for countries with private sector operations.

Source : OPO (A), CTD (B & C), OEO (D)

**REPUBLIC OF NAURU**  
**PORTFOLIO PERFORMANCE**

**Table 2: Status of Project Implementation**  
**Public Sector Projects Only**  
**(As of 31 December 1998)**

Sector <sup>a</sup>	Project Title	Net Loan Amount		Approval Date (mm/yy)	Effectivity Date (mm/yy)	Closing Date		Physical Progress (% complete)	Cum Contract Awards (\$ million)	Cummulative Disbursement (\$ million)	Project Performance Rating <sup>b</sup>	
		OCR (\$ million)	ADF (\$ million)			Original (mm/yy)	Revised (mm/yy)				Implementation Progress	Development Objective
I&F	Loan No. 1661-NAU Fiscal and Financial Reform Program	5.00	-	Dec-98	-	Jan-01	-	-	-	-	S	S
<b>Total</b>		<b>5.00</b>	<b>0.00</b>						<b>0.00</b>	<b>0.00</b>		

<sup>a</sup> Sector:

AGR: Agriculture & Natural Resources

ENY: Energy

SOC: Social Infrastructure

I&F: Industry and Finance

T&C: Transport and Communications

OTH: Multisector/Others

<sup>b</sup> HS: Highly satisfactory; S: Satisfactory; PS: Partially satisfactory; U: Unsatisfactory

Note: Excludes loan(s) closed during the year.

**REPUBLIC OF NAURU**  
**OVERALL EXTERNAL ASSISTANCE**

External Source (\$ million)	Past 3-5 Years (annual average)		1998 Approvals	
	Loan/Credit	TA	Loan/Credit	TA
<b>A. Multilateral Assistance</b>				
Bank	...	0.10	5.0	0.6
UNDP	...	...	...	...
World Bank	...	...	...	...
Subtotal	0.0	0.10	5.0	0.6
<b>B. Bilateral Assistance</b>	NIL			
Australia				
Canada				
France				
Germany				
Italy				
Japan				
United Kingdom				
United States				
Subtotal				
<b>Total</b>	0.0	0.10	5.0	0.6
Memo Items: External Assistance as % of Current Expenditures External Assistance as % of Capital Expenditures				

Sources: Government and Bank Staff estimates

**REPUBLIC OF NAURU**  
**LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002**  
(Amounts in \$ million)

Sector/Project Name	Strategic Dev't Objectives <sup>a</sup>		Responsible Division	Year of PPTA	PROJECT COST					
	Primary	Secondary			TOTAL	Bank			Gov't	Cofinancing (Others)
						OCR	ADF	Total		
<b>2000 FIRM LOANS</b>										
NONE										
<b>2001 LOAN PIPELINE</b>										
<b>Social Infrastructure</b>										
1. Health and Education Multi-Project Loan	HD	ECO	POHQ	1999	5.0	3.0	2.0	5.0	0.0	0.0
<b>Subtotal</b>					5.0	3.0	2.0	5.0	0.0	0.0
<b>Total</b>					<b>5.0</b>	<b>3.0</b>	<b>2.0</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>
<b>2002 LOAN PIPELINE</b>										
NONE										

<sup>a</sup> ECO = Economic Growth; HD = Human Development; POV = Poverty Reduction; WID = Women in Development; and ENV = Environmental Protection.

**REPUBLIC OF NAURU**  
**LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002**

Sector/Project Name	Responsible Division	Type of TA	Amount (\$'000)		
			Bank	Others	Total
<b>2000 TECHNICAL ASSISTANCE PROGRAM</b>					
<b>Finance</b>					
1 . Small Business Development and Microfinance	POHQ	AD	150.0	0.0	150.0
2 . Privatization Strategy and Support	POHQ	AD	400.0	0.0	400.0
	<b>Subtotal</b>		<u>550.0</u>	<u>0.0</u>	<u>550.0</u>
<b>Total</b>			<u><b>550.0</b></u>	<u><b>0.0</b></u>	<u><b>550.0</b></u>
<b>2001 TECHNICAL ASSISTANCE PROGRAM</b>					
NONE					
<b>2002 TECHNICAL ASSISTANCE PROGRAM</b>					
NONE					

**REPUBLIC OF NAURU**  
**LENDING PROGRAM BY TYPE AND SECTOR, 2000-2002**

Classification	2000 (Firm)		2001-2002	
	No.	% <sup>a</sup>	No.	% <sup>a</sup>
<b>By Type</b>				
A. Economic Growth		0.0		0.0
B. Projects Directly Aimed at Social Concerns	1	100.0		0.0
C. Projects Directly Aimed at Environmental Concerns		0.0		0.0
D. Economic Growth-oriented Projects with Social and/or Environmental Concerns		0.0		0.0
<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>By Sector</b>				
A. Agriculture and Natural Resources		0.0		0.0
B. Energy		0.0		0.0
C. Finance		0.0		0.0
D. Transport and Communications		0.0		0.0
E. Social Infrastructure	1	100.0		0.0
F. Others/Multisector		0.0		0.0
<b>Total</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>

<sup>a</sup> rounded off.

**ASIAN DEVELOPMENT BANK**

**COUNTRY ASSISTANCE PLAN  
(2000-2002)  
PIPELINE UPDATE**

**REPUBLIC OF NAURU**

**June 2000**

**REPUBLIC OF NAURU**  
**LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002**  
 (Amounts in \$ million)

Sector/Project Name	Strategic Dev't Objectives <sup>a</sup>		Responsible Division	Year of PPTA	PROJECT COST					
	Primary	Secondary			TOTAL	Bank			Gov't	Cofinancing (Others)
						OCR	ADF	Total		
<b>2000 FIRM LOANS</b>										
NONE IDENTIFIED										
<b>2001 LOAN PIPELINE</b>										
<b>Social Infrastructure</b>										
1. Health and Water Supply										
<i>Subtotal</i>	HD	ECO	POHQ	1999	5.0	3.0	2.0	5.0	0.0	0.0
					5.0	3.0	2.0	5.0	0.0	0.0
<b>Total</b>					<b>5.0</b>	<b>3.0</b>	<b>2.0</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>
<b>2002 LOAN PIPELINE</b>										
NONE IDENTIFIED										

<sup>a</sup> ECO = Economic Growth; HD = Human Development; POV = Poverty Reduction; WID = Women in Development; and ENV = Environmental Protection.

**REPUBLIC OF NAURU**  
**LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002**

Sector/Project Name	Responsible Division	Type of TA	Amount (\$'000)		
			Bank	Others	Total
<b>2000 TECHNICAL ASSISTANCE PROGRAM</b>					
<b>Finance and Industry</b>					
2 . Strengthening of Ministry of Finance and Support for Statistics Office	POHQ	AD	250.0	0.0	250.0
			<b>Subtotal</b>		<b>250.0</b>
<b>Social Infrastructure</b>					
1 . Health and Water	POHQ	PP	250.0	0.0	250.0
			<b>Subtotal</b>		<b>250.0</b>
			<b>Total</b>		<b>500.0</b>
			<b>500.0</b>	<b>0.0</b>	<b>500.0</b>
<b>2001 TECHNICAL ASSISTANCE PROGRAM</b>					
<b>Finance and Industry</b>					
1 . Small Business Development and Microfinance	POHQ	AD	150.0	0.0	150.0
2 . Strengthening Banking and Corporatization Laws	POHQ	AD	250.0	0.0	250.0
			<b>Subtotal</b>		<b>400.0</b>
			<b>Total</b>		<b>400.0</b>
			<b>400.0</b>	<b>0.0</b>	<b>400.0</b>
<b>2002 TECHNICAL ASSISTANCE PROGRAM</b>					
<b>Others</b>					
1 . Privatization Strategy and Support	POHQ	AD	300.0	0.0	300.0
			<b>Subtotal</b>		<b>300.0</b>
			<b>Total</b>		<b>300.0</b>
			<b>300.0</b>	<b>0.0</b>	<b>300.0</b>