

ASIAN DEVELOPMENT BANK

**COUNTRY ASSISTANCE PLAN
2001 – 2003**

REPUBLIC OF NAURU

December 2000

CURRENCY EQUIVALENTS

(As of 30 November 2000)

Currency Unit	--	Australian Dollar (A\$)
A\$1.00	=	\$0.52565
\$1.00	=	A\$1.902407

ABBREVIATIONS

ADB	-	Asian Development Bank
BON	-	Bank of Nauru
FFRP	-	Fiscal and Financial Reform Program
GDP	-	Gross Domestic Product
NPRT	-	Nauru Phosphate Royalties Trust
RETA	-	Regional Technical Assistance
RONFIN	-	Republic of Nauru Finance Corporation
TA	-	Technical Assistance

NOTES

- (i) The fiscal year (FY) of the Government ends on 30 June.
- (ii) In this report, "\$" refers to US dollars.

FOREWORD

The Country Assistance Plan describes the planned program of assistance by the Asian Development Bank (ADB) for Republic of Nauru, covering the three-year period 2001-2003. 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 2000, in close consultation with the Government of the Republic of Nauru, and other stakeholders, including non-government organizations. The CAP was discussed with the Board of Directors in October 2000 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 more recent developments.

For further information, please visit the Asian Development Bank's website at: <http://www.adb.org> or contact any of the following:

1. Manager, Pacific Operations Division
Office of Pacific Operations
Asian Development Bank
6 ADB Avenue
Mandaluyong City, Metro Manila
2. The Regional Representative
South Pacific Regional Mission (SPRM)
La Casa di Andrea, Kumul Highway
P.O. Box 127, Port Vila, Vanuatu
Telephone No. (678-2) 3301
Fax No. (678-2) 3183
E-mail Address: adbsprm@adb.org

Mailing address:
P.O. Box 789
0980 Manila, Philippines

Telephone (632) 632-5897 or 632-5893 or 632-5894
Fax (632) 636-2648
E-mail adbpub@adb.org

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166°55'E

166°57'E

NAURU

SOUTH PACIFIC OCEAN

0°30'S

0°30'S



0°33'S

0°33'S

166°55'E



- National Capital
 - City/Town
 - Road
 - Railway
 - Topside
 - District Boundary
 - International Boundary
- Boundaries are not necessarily authoritative.

166°57'E

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. Phosphate exports dropped from an annual average of 1.58 million tonnes in the 1980s to 0.50 million tonnes during the 1990s, primarily because of the collapse of the major Australian market. 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. Although there are no national accounts, real per capita GDP is likely to have increased in 1998-1999 to A\$4,900. Real government expenditure rose by 15 percent compared with 1997-1998, the volume of phosphate exports rose by 38 percent, the Japanese-funded construction of Ainabare boat harbor began, and fisheries production for the domestic market increased. Some 450, or 30 percent, of the public sector workforce was retrenched from April 1999. A rise in the inflation rate from 4 percent in 1997-1998 to 6.7 percent in 1998-1999 was consistent with a rise in the level of economic activity (Appendix 1, page 1).

3. The 1998-1999 budget projected an overall surplus, but the actual outcome was officially reported as a deficit of A\$12 million. The real figure was probably larger since recorded revenue included A\$4 million in dividend payments from the bankrupt Bank of Nauru, and the expenditure figure did not capture all payments made by government. The deficit was more than covered by A\$26 million in net borrowing, with A\$3.5 million from ADB and A\$29 million from Taipei, China. Of the latter amount, A\$14 million was unspent at the end of the fiscal year. During the 1999 fiscal year, NPRT raised a US\$99 million loan from General Electric Capital to pay dividends to landowners, and to refinance and restructure the investments of NPRT, the Nauru Finance Corporation, and the Nauru Superannuation Board.

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. The key features of Nauru's economic situation that were of concern in 1998 and 1999 continued to be worrisome in 2000 as the exhaustion of the phosphate resources draws even closer. In general, fiscal planning and discipline continue to be poor with the banking system remaining in a state of collapse. Attempts to establish a legitimate bank to provide banking services in the interim while Bank of Nauru (BON) is rehabilitated have yet to produce results.

6. For a brief period in FY1999, significant progress was made in achieving the first tranche conditions of the Fiscal and Financial Reform Program (FFRP) loan and then followed through with impressive expenditure cuts and substantial public service downsizing. Unfortunately, political changes and lack of a reforms' champion, the availability of unconditional bilateral external loans, and an unwillingness to confront harsh economic realities have all combined to stall the reform process.

7. The FY2000 budget was presented to Parliament in September 1999. The accompanying budget speech clearly identified the country's current economic difficulties and outlined necessary course of action. However, the budget estimates did not represent a convincing attempt to move towards long-term fiscal sustainability.

8. 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.

B. Poverty Assessment

9. 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. The lack of access to quality health services, safe water, and housing are the main areas that need to be urgently addressed as part of ADB's poverty alleviation strategy.

C. Assessment of Socio-Environmental Performance

1. Gender Issues

10. 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 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.

2. Human Development

11. 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 particularly 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.

3. Environment

12. The strip-mining methods employed in the extraction of phosphate for some 90 years have 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.

13. Soil rehabilitation needs to be undertaken to regenerate cultivable 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.

D. Governance: Sound Development Management

14. In 1999, 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. However, governance had taken a backseat over the last several months. With the new Government making good governance as one of its priorities, decisions in the long-term interest of the nation are likely to be made. It is expected that the new Government elected in April 2000 will support reforms and revert to principles of good governance demonstrated in 1999.

E. Implementation Assessment

1. The Portfolio

15. There is one ongoing program loan in Nauru of \$5 million for FFRP and four Technical assistance (TA) grants totaling \$844,000. The program loan was approved in December 1998 made effective in February 1999 (Appendix 2, pages 1 and 2). Under FFRP considerable progress has been made especially in the area of expenditure control through substantial downsizing of civil service and cut backs in expenditure. However, the progress has been

stalled in the latter half of 1999 and second tranche release conditions are yet to be met. Release of second tranche is therefore likely to be delayed.

16. With regard to ongoing TAs, the Social Awareness and Transitional Requirements TA is still to be utilized. The capacity building TA piggybacked to the Program Loan is progressing. The Program Coordinator and Debt Specialist have been fielded, and the Bank expert is to be engaged shortly. The Y2K assistance TA has been partly implemented with the critical requirements of BON completed in time.

2. Issues in Project Implementation

17. The following implementation problems have been encountered: (i) lack of commitment at the political level, (ii) no focal point for ADB's consultations on program implementation, and (iii) absence of strong leadership in the MOF on a day to day basis. Government was requested to immediately appoint a Secretary for the ERC and to provide it full time administrative support.

II. Country Operational Strategy

A. The COS

18. 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.

19. 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.

B. Poverty Partnership Agreement

20. In Nauru, the Government has not established a definition of poverty nor poverty line to determine the incidence of poverty, the intensity and severity of such poverty. However, government policies have recognized and are concerned about the disadvantaged people, those with low incomes or insufficient subsistence production, those with poor health status and education as well as the fragility of the atoll environment in which people live. The proposed Health and Water Supply Project loan will improve the health and living conditions of the

country. Finally, the ADB-financed RETA No. 5907¹ will assist the Government to prepare a poverty assessment that would lead to a Poverty Partnership Agreement between Nauru and ADB.

III. Sector Strategies

A. Agriculture

21. 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

22. 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 and Education

23. As part of its efforts to improve the effectiveness and efficiency of service delivery in health, the Government has amalgamated the two hospitals in Nauru. The amalgamation was intended to upgrade the facilities and service capability of health care and 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. The proposed Health and Water Supply Project loan will improve the health and living environment of the atoll.

24. 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.

D. Governance Dimensions of ADB Operations

25. 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. The policy matrix of the FFRP loan has several measures to improve governance throughout the public service system. However, lack of political endorsement may thwart substantial improvement in governance.

¹ RETA 5907: *Poverty Assessment in Pacific Developing Member Countries*, for \$400,000.00, approved on 28 March 2000.

E. Gender Dimension of ADB Operations

26. Future 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.

F. Private Sector Development

27. The downsizing of the public sector is likely to cause significant increase in unemployment. The private sector will have to expand to absorb those rendered jobless. However, given the limited scope for private sector development due to Nauru's distant location and lack of competitive advantage, the private sector will require considerable time. Development of small-scale business in the service sector and small agro-industries such as poultry and backyard agriculture seem to be viable options. The ADB is supporting such development through the FFRP and piggybacked TA. A TA for transitional support is providing training and business development assistance for retrenched Government employees. Privatization of utilities and state-owned enterprises are under consideration and will be supported by appropriate technical assistance.

IV. Regional Economic Cooperation

28. 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.

29. 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.

30. 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

31. For historical reasons, Nauru has seen very little donor activity. It is not a member of the World Bank 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. Nauru has recently obtained full membership in the United Nations and is likely to benefit from UN programs. ADB undertakes donor coordination in its areas of involvement.

VI. Cofinancing and Catalyzing External Resources

32. 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. Cofinancing assistance with Japan and Taipei,China will be required to improve utilities in Nauru.

VII. ADB's Operational Program

33. The proposed loan and technical assistance pipeline for 2001-2003 is summarized in Table 1 and Appendix 4. Lending by poverty classification, crosscutting operational priorities, and sector is presented in Appendix 5. The project profile of the 2001 project on health and water supply loan is presented in Appendix 6. 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 which the Government has requested.

Table 1: Lending and Technical Assistance Program, 2000-2003

A. Public Sector Lending Program

	1999 (Actual)		2000		2001		2002		2003	
	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)
Lending Program ^a	-	-	-	-	1	5.0	-	-	-	-
ADF	-	-	-	-	0.5	2.0	-	-	-	-
OCR	-	-	-	-	0.5	3.0	-	-	-	-
Lending Pipeline ^b	-	-	-	-	-	-	-	-	-	-
ADF	-	-	-	-	-	-	-	-	-	-
OCR	-	-	-	-	-	-	-	-	-	-

B. Technical Assistance Program

	1999 (Actual)		2000		2001		2002		2003	
	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)
TA Program ^a	3	524.0	2	500.0	2	400.0	-	-	-	-
TA Pipeline ^b	-	-	-	-	-	-	1	300.0	-	-

^a The Program is comprised of the firm projects.

^b The Pipeline consists of the Program (firm projects) and standby projects. In 2002 and 2003, there is no distinction between firm and standby.

VIII. Economic and Sector Work Program

34. The ADB proposes to undertake an in-depth economic report in 2001 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 set the stage for next phase of reform initiatives. It will be the basis for the ADB's strategy beyond 2002.

**REPUBLIC OF THE NAURU
COUNTRY PERFORMANCE INDICATORS**

Item	1995	1996	1997	1998	1999	2000 ^a
ECONOMIC INDICATORS						
A. Income and Growth						
1. GDP per Capita (A\$, current)	5,712	...	...	4,600	...	...
2. GDP Growth (% in constant prices)	...	...	...	...	...	...
Agriculture	...	...	...	...	...	...
Industry	...	...	...	...	...	...
Services	...	...	...	...	...	...
B. Saving and Investment (current market prices) (percent of GDP)						
1. Gross Domestic Investment	...	...	...	...	...	...
2. Gross Domestic Saving	...	...	...	...	...	...
C. Money and Inflation (annual percent change)						
1. Consumer Prices (annual average)	1.7	4.0	6.1	4.0	6.7	...
2. Broad Money (M2)	...	...	...	...	...	...
D. Government Finance (in A\$ million)						
1. Total Revenue	28.8	19.5	22.1	13.1	18.0	...
2. Total Expenditure and Net Lending	95.1	24.5	27.4	30.3	32.1	...
3. Overall Surplus/Deficit (-)	-66.6	-5.0	-5.3	-17.5	-14.1	...
E. Balance of Payments						
1. Merchandise Trade Balance (% of GDP)	...	...	...	...	...	...
2. Current Account Balance (% of GDP)	...	...	...	...	...	...
3. Export (\$) growth (annual percent change)	...	...	...	...	...	...
4. Import (\$) growth (annual percent change)	...	...	...	...	...	...
F. External Payments Indicators						
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)	...	...	...	...	...	...
Memorandum Items:						
GDP (A\$ million)	...	61.5	...	...	...	...
GNP (A\$ million)	...	...	...	...	...	...
Exchange Rate (local currency per dollar, annual average)	1.3	1.3	1.3	1.6	...	...
Population (million)	...	...	...	0.0115	...	...

^a Estimate

Source: Nauru Statistics Office

**REPUBLIC OF NAURU
COUNTRY PERFORMANCE INDICATORS**

	1985	1990	1998
POPULATION INDICATORS			
Total Population (thousands)	8.5	9.4	11.5 (1998)
Annual Population Growth Rate (% change)	...	...	2.40 (1990-98)
SOCIAL INDICATORS			
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
Secondary School Enrollment (% of school age population)	...	...	34
Female	...	...	37
Child Malnutrition (% of under age 5)	...	...	0
Population Below Poverty Line (%)	...	...	...
Income Ratio of Highest 20% to Lowest 20%	...	...	...
Population with Access to Safe Water (%)	...	...	100
Population with Access to Sanitation (%)	...	...	97
Public Education Expenditure as % of GNP	...	...	n.a.
Public Health Expenditure as % of GDP	...	...	n.a.
Human Development Index	...	...	0.7
Human Development Ranking	...	...	103
Human Poverty Index	...	...	12.1
ENVIRONMENTAL INDICATORS			
Forestry			
Deforestation	...	...	...
Total Area	...	...	...
Annual deforestation	...	...	...
Biodiversity			
Nationally protected area	...	...	...
Area	...	...	...
Number	...	...	...
As % of land area	...	...	...
Biosphere reserves	...	...	...
Area	...	...	...
Number	...	...	...
World Heritage sites (number)	...	...	...
Wetlands of international importance	...	...	...
Area	...	...	...
Number	...	...	...
Land Use			
Cropland; permanent pasture	...	...	...
Air Pollution (Ambient concentrations)			
Particulates	...	...	...
SO ₂	...	...	...
Water Pollution (concentration of pollutants in water bodies)			
Biochemical Oxygen Demand (BOD)	...	...	...
Chemical Oxygen Demand (COD)	...	...	...
Global Environmental Problems			
CO ₂ 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 1999)**

A. Project Portfolio	Net Loan Amount \$ million %		Rating (No.) ^a											
			Total		Implementation Progress				Development Objectives					
			No.	%	HS	S	PS	U	HS	S	PS	U		
Agriculture and Natural Resources	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0	0
Energy	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0	0
Finance and Industry	5.00	100.0	1	100.0	0	1	0	0	0	0	1	0	0	0
Social Infrastructure	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0	0
Transport and Communications	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0	0
Others/Multisector	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0	0
Total	5.00	100.0	1	100.0	0	1	0	0	0	0	1	0	0	0

B. Disbursements	OCR	ADF	Total
(1) Total funds available for withdrawal (\$ mn, active loans only)	0.0	0.0	-
(2) Disbursed amount (\$ mn, cumulative, active loans only)	0.0	0.0	-
(3) Percentage disbursed [(2)/(1)] (%)	-	-	-
(4) Disbursements (\$mn, active loans only, latest year)	0.0	0.0	-
(5) Disbursement ratio (%) ^b	-	-	-

C. Net Transfer of Resources ^c (\$ million)	OCR	ADF	Total
Net transfer in 1995	0.0	-	-
Net transfer in 1996	0.0	-	-
Net transfer in 1997	0.0	-	-
Net transfer in 1998	0.0	-	-
Net transfer in 1999	0.0	-	-

D. Post-Evaluated Projects (By Year of Approval)	1968 - 1977		1978 - 1987		1988 - 1999		1968 - 1999	
	No.	%	No.	%	No.	%	No.	%
1. Postevaluation Rating (as of 31 December 1999)								
Rated Generally Successful (GS)	0	-	0	-	0	-	0	-
Rated Partly Successful (PS)	0	-	0	-	0	-	0	-
Rated Unsuccessful (US)	0	-	0	-	0	-	0	-
No Rating	0	-	0	-	0	-	0	-
Total	-	-	-	-	-	-	-	-
2. Postevaluation Rating by Sector 1968-99 (as of 31 December 1999)								
	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources	0	-	0	-	0	-	0	-
Energy	0	-	0	-	0	-	0	-
Finance and Industry	0	-	0	-	0	-	0	-
Social Infrastructure	0	-	0	-	0	-	0	-
Transport and Communications	0	-	0	-	0	-	0	-
Others/Multisector	0	-	0	-	0	-	0	-
Total	-	-	-	-	-	-	-	-

^a HS: Highly satisfactory; S: Satisfactory; PS: Partially satisfactory; U: Unsatisfactory

^b Ratio of disbursement during the year over the undisbursed net loan balance less cancellations at the beginning of the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

^c Includes private sector projects for countries with private sector operations.

Source : Programs (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 1999)

Sector ^a	Project Title	Net Loan Amount		Approval Date (mm/yy)	Effectivity Date (mm/yy)	Closing Date		Project Progress (% complete)	Cum Contract Awards (\$ million)	Cummulative Disbursement (\$ million)	Project Performance Rating ^b	
		OCR (\$ million)	ADF			Original (mm/yy)	Revised (mm/yy)				Implementation Progress	Development Objective
F & I	Loan 1661-NAU Fiscal and Financial Reform Program	5.0	-	Dec-98	-	Jan-01	-	-	-	-	S	S
Total		5.0	0.0						0.0	0.0		

^a Sector:

AGR: Agriculture & Natural Resources

ENE: Energy

F&I: Finance and Industry

SOC: Social Infrastructure

T&C: Transport and Communications

OTH: Others/Multisector

^b HS: Highly satisfactory; S: Satisfactory; PS: Partially satisfactory; U: Unsatisfactory

REPUBLIC OF NAURU
OVERALL EXTERNAL ASSISTANCE
(in \$ million)

External Source	Past 3-5 Years (annual average)		1999 Approvals	
	Loan/Credit	TA	Loan/Credit	TA
A. Multilateral Assistance				
ADB	...	0.31	...	0.24
UNDP	...	...	...	...
World Bank	...	...	...	...
Subtotal	-	0.31	-	0.24
B. Bilateral Assistance	NIL			
Australia	...	...	...	...
Canada	...	...	...	...
France	...	...	...	...
Germany	...	...	...	...
Italy	...	...	...	...
Japan	...	...	...	...
United Kingdom	...	...	...	...
United States	...	...	...	...
Subtotal	-	-	-	-
Total	-	0.31	-	0.24
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, 2001-2003

Sector/Project Name	Poverty Classification ^{a*}	Crosscutting Operational Priority ^{b*}	Responsible Division	Year of PPTA	PROJECT COST (in \$ million)					
					TOTAL	Bank			Gov't	Cofinancing (Others)
						OCR	ADF	Total		
2001 FIRM LOANS										
Social Infrastructure										
1 Health and Water Supply Loan	PI	HD	POHQ	2000	5.0	3.0	2.0	5.0		
<i>Subtotal</i>					5.0	3.0	2.0	5.0	0.0	0.0
Total					5.0	3.0	2.0	5.0	0.0	0.0
2002 LOAN PIPELINE										
NONE IDENTIFIED										
2003 LOAN PIPELINE										
NONE IDENTIFIED										

^a CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions

^b ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD = Private Sector Development and RC = Regional Cooperation

* This classification was completed prior to the finalization of the improved and redesigned classification system in December 2000, which will be applied from January 2001.

REPUBLIC OF NAURU
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2001-2003

Sector/Project Name	Responsible Division	Type of TA	Amount (\$ '000)		
			ADB	Others	Total
2001 TECHNICAL ASSISTANCE PROGRAM					
Finance and Industry					
1 Strengthening Banking and Corporation Laws	POHQ	AD	250.0		250.0
2 Small Business Development and Microfinance	POHQ	AD	150.0		150.0
	Subtotal		<u>400.0</u>	0.0	<u>400.0</u>
Total			400.0	0.0	400.0
2002 TECHNICAL ASSISTANCE PROGRAM					
Finance and Industry					
1 Privatization Strategy and Support	POHQ	AD	300.0		300.0
	Subtotal		<u>300.0</u>	0.0	<u>300.0</u>
Total			300.0	0.0	300.0
2003 TECHNICAL ASSISTANCE PROGRAM					
NONE IDENTIFIED					

REPUBLIC OF NAURU
LENDING PROGRAM, 2001-2003
BY POVERTY CLASSIFICATION, CROSSCUTTING OPERATIONAL PRIORITY AND SECTOR

Classification	2001 (Firm)		2002-2003	
	No.	%	No.	%
I. By Poverty Classification*				
A. Core Poverty Intervention		0.0		0.0
B. Poverty Intervention (Non-core)	1	100.0		0.0
C. Other Development Interventions		0.0		0.0
Total		100.0	0	0.0
II. By Crosscutting Operational Priority				
A. Environment		0.0		0.0
B. Gender and Development		0.0		0.0
C. Good Governance		0.0		0.0
D. Human Development	1	100.0		0.0
E. Private Sector Development		0.0		0.0
F. Regional Cooperation		0.0		0.0
Total	1	100.0	0	0.0
III. By Sector				
A. Agriculture and Natural Resources		0.0		0.0
B. Energy		0.0		0.0
C. Finance and Industry		0.0		0.0
D. Social Infrastructure	1	100.0		0.0
E. Transport and Communications		0.0		0.0
F. Others/Multisector		0.0		0.0
Total	1	100.0	0	0.0

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REPUBLIC OF NAURU

PROJECT PROFILE				
1. Project Name: Health and Water Supply Loan		2. Sector/Subsector: Social Infrastructure		
3. Poverty Classification: ^a PI		4. Crosscutting Operational Priority: ^b HD		
5. Rationale & Objectives: To help the Government address its priority needs in the health and education sectors.		6. Beneficiary Participation/Consultation Needs:		
7. Scope: (i) Strengthening health services and health education, (ii) improving water and sanitation services, (iii) skills and vocational training program, and (iv) entrepreneurship development.				
8. Estimated Cost & Financing Plan:				Remarks:
Loan Project Cost (\$m)				
Financing (Source)	FC	LC	Total	
ADB	5.0		5.0	
Co-financing				
Borrower				
Sub-borrowers			-	
Total	5.0		5.0	
9. Estimated Benefits and Beneficiary Groups:				
10. Executing Agency: Office of the President		11. Project Implementation Period: Start: TBD End: TBD		
12. Environment Category: B/C		13. Processing Year: 2001		

^a CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions

^b ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD=Private Sector Development and RC = Regional Cooperation

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