



## Project Data Sheet

Project 45032-001

Project Name	Public Financial Management Reform Program	
Project Number	45032-001	
Country / Economy	Nauru	
Project Status	Closed	
Project Type / Modality of Assistance	Grant	
Source of Funding / Amount	<b>Grant 0300-NAU: Public Financial Management Reform Program</b>	
	Asian Development Fund	US\$ 4.00 million
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Gender Equity and Mainstreaming	
Sector / Subsector	<b>Public sector management</b> / Public expenditure and fiscal management	
Gender	Effective gender mainstreaming	
Description	The proposed program will support the Government's efforts to improve its fiscal performance and the enabling environment for the private sector and facilitate the funding of essential services over the medium- to long-term as phosphate reserves are exhausted.	

Project Rationale and  
Linkage to  
Country/Regional  
Strategy

The decline in phosphate exports since the late 1990s has meant that there has been no real growth in the Nauruan economy for over a decade. Primary phosphate reserves are estimated to be enough for 1-2 years of production, and deeper, secondary reserves might last 20 years. An intergenerational trust fund (ITF) is being established with ADB assistance so that income from phosphate mining can be saved for when the reserves are exhausted. Full exploitation of the phosphate resource, however, requires considerable investment to refurbish the necessary infrastructure. Improved governance, especially of the SOEs that dominate the economy, is also needed to encourage the public and private investment required. The Government has requested that the program grant be used as seed funding for the ITF.

The Nauru government's current PFM strategies are based on a desire to avoid a repeat of the prior practices in the 1980s and much of the 1990s that severely undermined the government's fiscal position and the Nauruan economy. While some progress has been made since 2004 in improving the quality of PFM compared with that prevailing previously, there are a considerable number of outstanding issues to be addressed to achieve a more satisfactory overall standard. A major improvement is also required in the financial performance and governance of Nauru's major SOEs. The NUA received a fuel subsidy of approximately A\$6 million in FY2010 and blackouts/brownouts were common in early 2011. The poor dividend performance of RonPhos, the phosphate export company, has also been a strain on government finances.

Impact

Support the government's longer-term development objectives of accelerated, sustained, and inclusive economic growth

## Project Outcome

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Description of Outcome

Sustainable social protection to the population.

Progress Toward Outcome

## Implementation Progress

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Description of Project Outputs

Improved public financial management  
Support for the vulnerable  
Improved corporate governance of state-owned enterprises

Status of Implementation Progress  
(Outputs, Activities, and Issues)

The second tranche was released 3Q 2014, has seven conditions in three output areas: (i) stronger public financial management, (ii) more rigorous corporate governance and economic performance of selected SOEs, and (iii) a comprehensive legal and policy framework for equitable access to social services.

Geographical Location

Nation-wide

## Summary of Environmental and Social Aspects

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Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

## Stakeholder Communication, Participation, and Consultation

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During Project Design

## During Project Implementation

Responsible ADB Officer	Everett, Hayden B.
Responsible ADB Department	Pacific Department
Responsible ADB Division	Pacific Liaison and Coordination Office in Sydney, Australia
Executing Agencies	<i>Department of Finance novenaii@gmail.com Yaren District, Republic of Nauru, Central Pacific Department of Finance Yaren District, Republic of Nauru, Central Pacific</i>

## Timetable

Concept Clearance	30 Jan 2012
Fact Finding	01 Feb 2012 to 08 Feb 2012
MRM	14 Jun 2012
Approval	09 Aug 2012
Last Review Mission	-
Last PDS Update	26 Nov 2014

## Grant 0300-NAU

### Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
09 Aug 2012	14 Sep 2012	27 Sep 2012	30 Sep 2014	-	21 Nov 2014

### Financing Plan

### Grant Utilization

Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	4.00	Cumulative Contract Awards			
ADB	4.00	17 Jun 2022	4.00	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	17 Jun 2022	4.00	0.00	100%

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