

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Nauru: 2018 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
-	-	-	77.29	77.29

- = nil.

Notes: Commitment is the financing approved by the ADB Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

Nauru: Cumulative Lending, Grant, and Technical Assistance Commitments^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Energy	7	10.76	9.82
Finance	4	6.28	5.73
Information and Communication Technology	1	15.00	13.69
Public Sector Management	7	8.53	7.79
Transport	5	68.80	62.79
Water and Other Urban Infrastructure and Services	1	0.20	0.18
Total	25	109.57	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Numbers may not sum precisely because of rounding.

ADB's recent development efforts in Nauru have helped the government address considerable infrastructure needs, strengthen public financial management, raise the performance of state-owned enterprises, and improve the delivery of essential services.

NAURU

Nauru is the world's smallest island nation and one of the most remote countries on earth.

In recent years, the country's economy has benefited from the presence of a regional processing center for asylum seekers, strong revenues from fishing licenses, and the liquidation of the Nauru Phosphate Royalties Trust. Economic and fiscal sustainability, however, remain key concerns for the Government of Nauru. The country relies on narrow and uncertain sources of revenue, with limited private sector opportunities. Education outcomes in Nauru are improving, but are still poor by international standards, while rates of noncommunicable diseases are among the highest in the world.

The Asian Development Bank (ADB) has been supporting Nauru since 1991, and has committed a loan of \$5 million, grants totaling \$97.61 million, and technical assistance projects worth \$6.96 million.

Cumulative loan and grant disbursements to Nauru amount to \$13.8 million. These were financed by regular ordinary capital resources and the Asian Development Fund.

ADB-SUPPORTED PROJECTS AND PROGRAMS

ADB's recent development efforts in Nauru have helped the government address the country's considerable infrastructure needs, strengthen public financial management, raise the performance of state-owned enterprises, and improve the delivery of essential services.

In May 2018, ADB committed a \$15 million grant for Nauru to help deliver high-speed internet to the country through a submarine fiber-optic internet cable project that also takes in



the Federated States of Micronesia and Kiribati. The cables will provide faster, cheaper and better-quality connections than satellite dishes, delivering digital services in health and education and reducing the costs of doing businesses.

In August 2018, ADB approved a \$21.3 million grant to help upgrade the Aiwo boat harbor to become Nauru's first fully functioning international port. The project will transform the largely inoperable boat harbor into an efficient, reliable, and climate-resilient port, boosting trade, tourism, and regional connectivity to improve the lives of all Nauruans. The Green Climate Fund (\$26.91 million), the Government of Australia (\$14.08 million), and the Government of Nauru (\$17.3 million) are contributing to the \$79.59 million project, which will also strengthen the capacity of the Port Authority of Nauru.

ADB has also disbursed almost \$9 million in grants for the [Electricity Supply Security and Sustainability Project](#), cofinanced by the European Union and the Government of Australia. The project invested in two new fuel-efficient generators for the Nauru Utilities Corporation and helped repair the corporation's power station.

An ADB policy-based grant of \$3.9 million—including \$1.9 million cofinancing from the Government of Australia—has helped establish the Intergenerational Trust Fund for the People of the Republic of Nauru and introduce new tax measures in the country. These reforms will help strengthen Nauru's fiscal sustainability. The program also includes reforms to strengthen the performance of the Nauru Utilities Corporation.

Nauru has benefited from the [Pacific Private Sector Development Initiative](#), a regional technical assistance program administered by ADB, which helped reestablish banking services in the country in 2015, after more than 15 years without a functioning bank. ADB has also approved technical assistance to help the government further expand financial inclusion in Nauru. It is doing so by improving financial literacy and undertaking reforms to bring broader financial services to the island.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments

from ADB's own funds (in equity and direct loans) in 2018 amounted to \$3.14 billion for 32 transactions in economic and social infrastructure, the finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2018, ADB mobilized \$3.17 billion of long-term cofinancing and \$3.99 billion of cofinancing in trade finance, microfinance, and supply chain finance programs. Total outstanding balances and commitments of nonsovereign transactions funded by ADB's own resources stood at \$12.7 billion as of 31 December 2018.

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, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's [Trade Finance Program](#) and [Supply Chain Finance Program](#).

Nauru: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2016	100.0	1
2018	100.0	1
Total	100.0	2

Note: "Year" refers to the circulation year of the project completion report (PCR). The success rates reported are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample sizes, success rates do not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2018.

Nauru: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2017–2018

No. of Ongoing Loans ^a (as of 31 Dec 2018)	2017 (\$ million)		2018 (\$ million)	
	2017 (\$ million)	2018 (\$ million)	2017 (\$ million)	2018 (\$ million)
Contract Awards ^{b,c}	-	-	-	-
Disbursements ^b	-	-	-	-
No. of Ongoing Grants ^a (as of 31 Dec 2018)			3	
	2017 (\$ million)		2018 (\$ million)	
Contract Awards ^{b,c}	-	-	-	17.72
Disbursements ^{b,d}	1.05	2.91	-	-
Actual Problem Projects (%) (as of 31 Dec 2018)			-	

- = nil.

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based lending/grants.

^d Includes only Asian Development Fund and other ADB special funds.

Nauru: Projects Cofinanced, 1 January 2014–31 December 2018

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	3	50.32
Grants	3	50.32
Technical Assistance Grants	1	2.61

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

Nauru: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2017		2018		Cumulative (as of 31 Dec 2018)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	-	-	-	-	9.75	0.01
Consulting Services	0.01	0.00	-	-	0.50	0.00
Total Procurement	0.01	0.00	-	-	10.25	0.01

- = nil, 0.00 = less than \$50,000.

Top 5 Contractors/Suppliers from Nauru Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2014–31 December 2018

Contractor/Supplier	Contract Amount (\$ million)
Others	5.83
Total	5.83

Top 5 Consultants from Nauru Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2014–31 December 2018

Consultant	Contract Amount (\$ million)
Individual Consultants	0.08
Total	0.08

ADB began cofinancing operations in Nauru in 1996. Since then, cumulative direct value-added official cofinancing commitments for Nauru have amounted to \$50.32 million for three investment projects and \$3.19 million for four technical assistance projects.

In 2018, Nauru received \$40.99 million in grant cofinancing from the Government of Australia and the Green Climate Fund for the Sustainable and Climate-Resilient Connectivity.

A summary of projects with cofinancing from 1 January 2014 to 31 December 2018 is available at www.adb.org/countries/nauru/cofinancing.

PARTNERSHIPS

To maximize cofinancing and development coordination, ADB works closely with Nauru's other key development partners, notably with the Government of Australia, which is Nauru's largest bilateral partner. The bank's support for reform of public financial management is coordinated closely with the Government of Australia and the Pacific Financial Technical Assistance Centre. ADB worked closely with the Government of Australia and the Secretariat of the Pacific Community to help develop Nauru's National Women's Policy. It also collaborates with other partners through cofinanced regional initiatives, including the Pacific Private Sector Development Initiative and the Pacific Region Infrastructure Facility.

Such collaboration and coordination involves extensive consultations with civil society organizations in Nauru and the country's small private sector.

PROCUREMENT

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 are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$10.2 billion in 2017 and \$12.55 billion in 2018. Cumulative procurement since 1966 has been \$180.86 billion covering 215,461 contracts.

In Nauru, 15 contracts worth \$9.75 million have been awarded to contractors and suppliers since 1991.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$746.79 million in 2017 and \$696.18 million in 2018. Cumulative procurement since 1966 has been \$12.7 billion covering 59,248 contracts.

In Nauru, 10 contracts worth \$0.5 million have been awarded to consultants since 1991.

OPERATIONAL CHALLENGES

ADB activities in Nauru are impeded by the practical realities of the country's small size and remoteness. Government departments and senior personnel are thinly stretched across a myriad of responsibilities. Expatriate advisors are often needed to occupy key technical and senior management roles, which can complicate efforts to ensure local ownership of development activities.

The ADB approach in Nauru is to emphasize the need for a flexible response, longer-term engagement, and the importance of capacity development. Proactive engagement—along with a consultative and participatory approach by ADB—helps to ensure local buy-in and commitment to the bank's activities. To encourage reform implementation, ADB often provides direct assistance or coordinates with other development partners to offer appropriate support.

FUTURE DIRECTIONS

As part of its projected development program for Nauru, ADB intends to provide a policy-based grant in support of ongoing reforms to promote greater fiscal sustainability, strengthen public financial management, and improve service delivery.

Nauru will also continue to benefit from regional technical assistance programs supported by ADB, including developing a new sustainable infrastructure strategy and updating its National Sustainable Development Strategy.



ABOUT NAURU AND ADB

ADB Membership

Joined 1991

Shareholding and Voting Power

Number of shares held: 426 (0.004% of total shares)
Votes: 40,123 (0.302% of total membership,
0.464% of total regional membership)
Overall capital subscription: \$5.92 million
Paid-in capital subscription: \$0.29 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 up to 31 December 2016 and retaining the ADF support as a grant-only operation from 1 January 2017, 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

Tony McDonald is the Director and **Scott Dawson** is the Alternate Director representing Nauru on the ADB Board of Directors.

Xiaoqin Fan is the ADB Regional Director of the Pacific Liaison and Coordination Office (PLCO). PLCO was opened in 2005 and is ADB's representative office in Sydney, Australia. It acts as the focal point for liaison with the Government of Australia and the Government of New Zealand, as well as Australia- and New Zealand-based development organizations and nongovernment organizations. PLCO is involved in programming, processing, and administration of assistance in Nauru, Solomon Islands, and Vanuatu. It is also the ADB Pacific Department's division responsible for the finance sector development and private sector development across all 14 of ADB's Pacific developing member countries.

In 2018, ADB approved the establishment of a country office in Nauru. The office strengthens the bank's presence in the country, working to enhance the relationship between ADB and the government, improve development partner coordination, and help build local capacity in the design and implementation of ADB-supported projects.

The Nauru government agency handling ADB affairs is the Ministry of Finance and Sustainable Development.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 68 members, 49 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. In 2018, lending volume was \$19.88 billion (126 projects), with technical assistance at \$241.20 million (280 projects) and grant-financed projects at \$1.42 billion (44 projects). In addition, \$14 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, 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 2014 to 31 December 2018, ADB's annual lending volume averaged \$15.99 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$583.95 million and \$184 million over the same period. As of 31 December 2018, the cumulative totals excluding cofinancing were \$275.82 billion in loans for 3,090 projects in 44 countries, \$9.38 billion in 374 grants, and \$4.52 billion in technical assistance grants, including regional technical assistance grants.

Notes:

ADB welcomed Niue as its 68th member in March 2019.

Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars.

Data are updated as of 31 December 2018 unless otherwise indicated. Fact sheets are published annually in April.

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Useful ADB websites

Asian Development Bank
www.adb.org

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

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

ADB Data Library
data.adb.org