

## **ATTACHMENTS**

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## A: STATISTICS – BUDGET DATA

### 2009-10 Budget: Aggregates

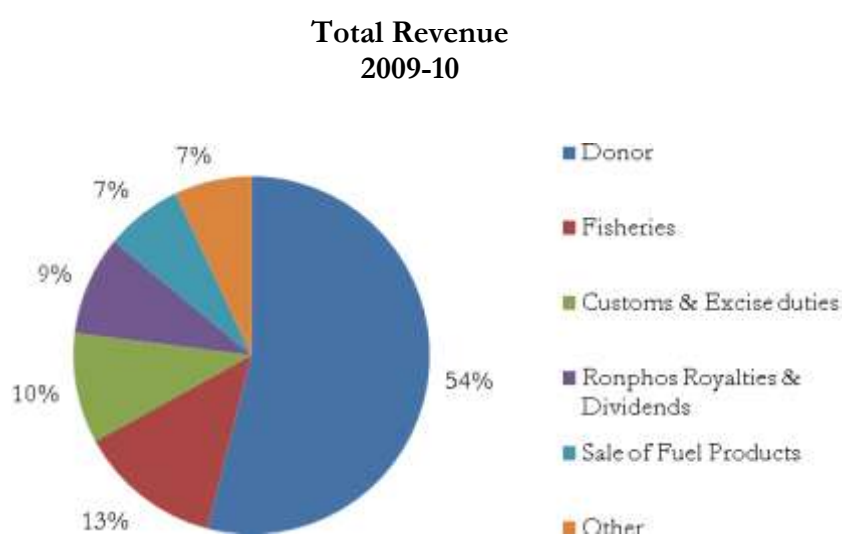
The 2009-10 Budget estimated that revenues and expenditure were roughly balanced generating a small surplus of \$50,000 (main fiscal aggregates are below in Table 1). However, despite the fact that the 2009-10 Budget was prepared in June 2009, like most other countries Nauru has been significantly affected by the Global Financial Crisis and the estimates for 2009-10 as well as 2010-11 look tenuous. Importantly, the impact of the GFC will be most severe on two of Nauru's major revenue sources: phosphate dividends & royalties and customs duties, and may also result in a need for further unbudgeted outlays to assist some of its State Owned Enterprises remain afloat.

Unlike many other economies around the world, Nauru is not in a position to fund a stimulus package or run a deficit to maintain its levels of government spending. Nauru's budget must be fully financed through real cash revenues and as such the GFC will have significant impacts on the economy.

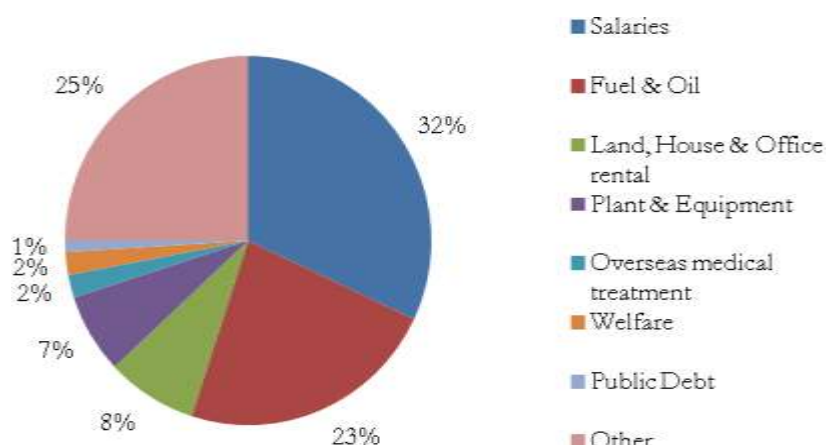
**Table 1: Budget Aggregates ('000)**

|                            | Revised Budget | Budget        | Forward Year Projections |               |               |
|----------------------------|----------------|---------------|--------------------------|---------------|---------------|
|                            | 2008-09        | 2009-10       | 2010-11                  | 2011-12       | 2012-13       |
| Domestic Revenue           | 29,024         | 27,137        | 25,925                   | 25,925        | 25,925        |
| Domestic Expenses          | -33,519        | -28,705       | -26,977                  | -26,977       | -26,977       |
| <b>Base Budget Balance</b> | <b>-4,496</b>  | <b>-1,568</b> | <b>-1,052</b>            | <b>-1,052</b> | <b>-1,052</b> |
| Donor Revenue              | 27,161         | 30,662        | 30,616                   | 30,616        | 30,616        |
| Donor Expenses             | -22,450        | -29,045       | -28,999                  | -28,999       | -28,999       |
| <b>Net Budget Position</b> | <b>215</b>     | <b>50</b>     | <b>565</b>               | <b>565</b>    | <b>565</b>    |

### 2009-10 Budget: Composition of Revenue and Expenditure



### Total Expenditure 2009-10



### Historical Budget Aggregates

Budget aggregates since the 2005 NSDS are presented in the following table.

**Table 2: Historical Budget Aggregates (\$m)**

|                                   | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 <sup>(1)</sup> | 2009-10 <sup>(1)</sup> |
|-----------------------------------|---------|---------|---------|---------|------------------------|------------------------|
| Revenue                           | 11.4    | 24.4    | 24.2    | 30.6    | 56.2                   | 57.8                   |
| • of which: grants <sup>(3)</sup> | na      | na      | 11.8    | 17.0    | 27.2                   | 30.7                   |
| • of which: domestic              | na      | na      | 12.4    | 13.6    | 29.0                   | 27.1                   |
| Expenditure                       | 9.8     | 21.6    | 22.9    | 27.0    | 56.0                   | 57.75                  |
| • of which: salaries              | 4.3     | 5.3     | 5.2     | 7.1     | 8.4                    | 8.9                    |
| Surplus                           | 1.6     | 2.8     | 1.3     | 3.5     | 0.2                    | 0.0                    |
| Total debt <sup>(2)</sup>         | na      | na      | 869.4   | 869.4   | 869.4                  | 869.4                  |

1. Data for 2008-09 and 2009-10 are estimates from the budget documents. 2008-09 data are the revised budget estimates.

2. Includes debt owed overseas, debts within Nauru to individuals and other organisations outside the Government, and inter-entity debts owed between entities within the public sector in Nauru. This estimate is for 2006-2007 year. Since 2006-2007 the Government of Nauru implemented a debt management strategy that has included seeking forgiveness of, or discounts on, amounts owed to creditors, staged repayments of debts owed to creditor who accepted a write down of the amount owed and seeking arbitration on some contested debt. As the validity of some debt is in question it is not possible to accurately update the estimate of current debt.

3. Prior to 2006-07 the Nauru budget did not present information on donor assistance.

## B: STATISTICS – ECONOMIC & SOCIAL DATA

### MAIN ECONOMIC & SOCIAL INDICATORS

Since the 2005 NSDS the Nauru Bureau of Statistics has made major inroads in producing economic and social statistics including Consumer Price Index (CPI), household income and expenditure, trade statistics and demographic and health statistics.

#### Consumer Price Index (CPI)

During 2008-09, the Nauru Bureau of Statistics published the first CPI series for Nauru. This publication indicates that the inflation in Nauru is low, at 1.67 percent for 2009. The Bureau is also forecasting an annual inflation rate, starting from the base period of August 2008, of 3.5 per cent, with recent months showing fewer fluctuations.

#### Household Income and Expenditure Survey (HIES)

Nauru has recently prepared some preliminary results from its first HIES for 2006.

##### *Income*

As can be seen from Table 1, wages and salaries dominates household income, (over \$10 million or \$6,565 per capita) representing almost 70 per cent of total income. This can be attributed to the high reliance on wages and salary type employment, especially in the government sector.

**Table 1: Annual household income by income sources – 2006 (\$)**

| Income Source              | Total Income      | Average Income |
|----------------------------|-------------------|----------------|
| Wages & Salaries           | 10,097,000        | 6,565          |
| Gifts Received             | 908,000           | 590            |
| Other Income               | 856,000           | 557            |
| Imputed Rent               | 800,000           | 520            |
| Home Produce – Consume     | 732,000           | 476            |
| Home Produce – Gifts Given | 322,000           | 209            |
| Benefits                   | 249,000           | 162            |
| Previous Jobs              | 217,000           | 141            |
| Seafood                    | 208,000           | 135            |
| Other Business             | 112,000           | 73             |
| Homemade Produce           | 100,000           | 65             |
| Handicraft                 | 31,000            | 20             |
| Fruit & Vegetable          | 25,000            | 16             |
| Livestock                  | 25,000            | 16             |
| Services                   | 14,000            | 9              |
| <b>Total Income</b>        | <b>14,696,000</b> | <b>9,555</b>   |

##### *Main Economic Activity*

Table 2 shows the total population aged 15 years and over by main economic activity. More than half of the male population and a third of the female population were engaged in paid work in either the government sector, in private business or self-employment. More than a quarter of both males and females were currently not working, but were available to work if a job was available (unemployed seeking work). A quarter of the women and ten percent of the men were

not working because they were either doing home duties, studying, retired, sick or disabled, or not interested in looking for work. Very few persons (less than 0.5 per cent) indicated that their main activity was working for subsistence or unpaid work.

**Table 2: Population aged 15 and over by Main Economic Activity – 2006**

| Main Economic Activity | Total Population |              |              |
|------------------------|------------------|--------------|--------------|
|                        | Male             | Female       | Total        |
| Paid Work              | 1,663            | 1,108        | 2,771        |
| Unpaid Work            | 146              | 174          | 320          |
| Unemployed             | 844              | 862          | 1,706        |
| Not Working            | 311              | 813          | 1,124        |
| Subsistence            | 13               | 12           | 25           |
| Not stated             | 179              | 256          | 435          |
| <b>Total</b>           | <b>3,156</b>     | <b>3,225</b> | <b>6,381</b> |

### *Expenditure*

Table 3 presents expenditure data and shows that spending on cereal products is the single largest household expenditure category with annual expenditure with \$1,910,168 per year (representing almost 18 per cent of total household expenditure). This reflects the dominance of rice, noodles and bread in the Nauruan diet. This table also illustrates the relatively low amounts spent on such items as fruit and vegetables, health and education.

**Table 3: Household expenditure by category – 2006 (\$)**

| Expenditure Sub-groups    | Total Annual Expenditure | Average Annual Expenditure |
|---------------------------|--------------------------|----------------------------|
| Cereal Products           | 1,910,168                | 1,242                      |
| Meat & Poultry            | 1,305,553                | 849                        |
| Seafood                   | 965,401                  | 628                        |
| Gifts Given               | 944,237                  | 614                        |
| Transportation            | 813,714                  | 529                        |
| Imputed Rent              | 800,214                  | 520                        |
| Miscellaneous Foods       | 575,594                  | 374                        |
| Dairy Products            | 317,706                  | 207                        |
| Miscellaneous Expenses    | 307,104                  | 200                        |
| Tobacco                   | 284,549                  | 185                        |
| Household Maintenance     | 282,758                  | 184                        |
| Household Appliances      | 281,892                  | 183                        |
| Household Supplies        | 272,275                  | 177                        |
| Gifts Received (non-cash) | 246,261                  | 160                        |
| Meals away from home      | 223,103                  | 145                        |
| Recreation                | 206,683                  | 134                        |
| Fruit & Vegetables        | 193,517                  | 126                        |
| Clothing                  | 180,988                  | 118                        |
| Household Bills           | 115,834                  | 75                         |
| Alcoholic Beverages       | 89,664                   | 58                         |
| Non-alcoholic beverages   | 87,357                   | 57                         |

|                     |                   |              |
|---------------------|-------------------|--------------|
| Personal products   | 79,355            | 52           |
| Education           | 66,722            | 43           |
| Health              | 59,552            | 39           |
| Household Furniture | 46,323            | 30           |
| Rent                | 20,139            | 13           |
| Footwear            | 12,423            | 8            |
| Communication       | 10,829            | 7            |
| <b>Total</b>        | <b>10,699,914</b> | <b>6,957</b> |

### *Distribution of Expenditure*

Table 4 presents per capita expenditure by income quintile and shows that although households within the top quintile spend on average three times as much than those in the bottom quintile, when observing the per capita weekly expenditures by income quintile, the ratio of expenditure is just above one. This is largely due to the household size of the upper quintiles are significantly higher than the household size of the lower quintiles.

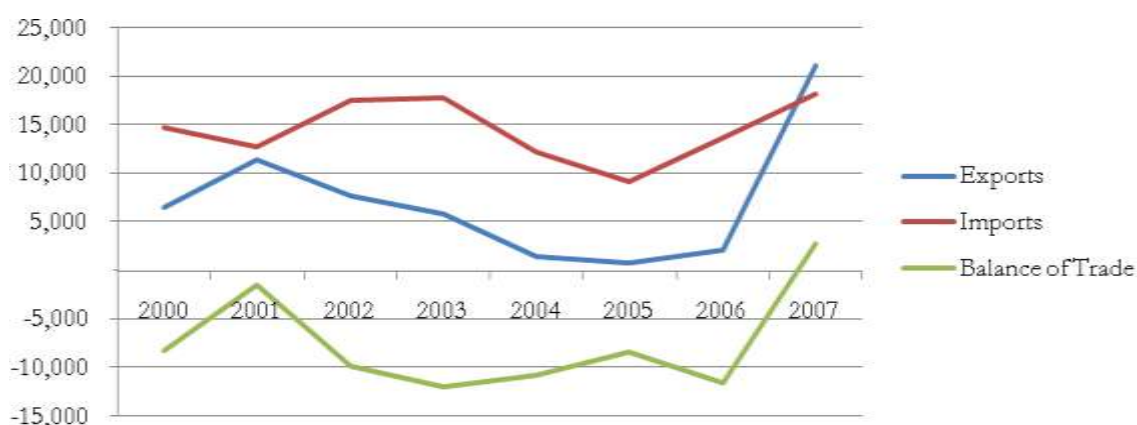
**Table 4: Annual expenditure per capita by income quintile – 2006**

| Income Quintile | Population | Annual Expenditure (\$) | Weekly Expenditure (per capita) (\$) |
|-----------------|------------|-------------------------|--------------------------------------|
| Quintile 1      | 1,446      | 1,325,819               | 18                                   |
| Quintile 2      | 1,718      | 1,616,051               | 18                                   |
| Quintile 3      | 1,989      | 1,954,533               | 19                                   |
| Quintile 4      | 2,166      | 2,239,169               | 20                                   |
| Quintile 5      | 2,649      | 3,564,341               | 26                                   |

### **Trade Statistics**

While the Bureau of Statistics is still working on developing comprehensive trade data, Chart 1 below indicates that the trade balance with Australia (Nauru's main trading partner) has improved considerably with annual trade deficits hovering around \$10 million between 2002 and 2006 to a small surplus of \$2.8 million in 2007. This large turnaround has been due to a very large increase in exports more than offsetting an increase in imports. Exports (of phosphate) were at negligible levels in 2004 and 2005, but increased rapidly in 2007 to \$21 million.

This chart also indicates that there has been strong growth in imports from Australia since 2005, where imports have doubled from \$9.2 million in 2005 to \$18.3 million in 2007. This suggests that there has been a rebound in the Nauru economy which seems to have bottomed-out in 2005. However, looking forward the recent Global Economic Crisis is likely to have a large impact on the balance of trade with the drying up of export markets and reduction in export prices.

**Chart 1: Nauru's Trade Balance with Australia ('000)**

### Demographic and Health Survey

In 2007 Nauru released its first Demographic Health Survey which provides detailed information on fertility, family planning, infant and child mortality, maternal and child health, nutrition, and knowledge of HIV and AIDS and other sexually transmitted infections (STIs).

- **Fertility** – Nauru's total fertility rate is 3.4 births per woman; childrearing starts early and is nearly universal; birth intervals are generally short (median interval is 28.5 months).
- **Family Planning** – Knowledge of family planning is high: 93 per cent of women and 99 per cent of men aged 15-49 have heard of at least one method of contraception; and 64 per cent of married women have used a family planning method at least once.
- **Maternal Health** – 95 per cent of women who had a live birth within the five years preceding the survey received antenatal care from a skilled health professional; over nine in ten births occurred in a health facility and over 97 per cent of births were delivered with the assistance of a trained health professional.
- **Child Health** – 86 per cent of children aged 18-29 months were fully vaccinated at the time of the survey; the occurrence of diarrhoea in children varied by age but 70 per cent of children with diarrhoea were treated with some kind of oral rehydration therapy.
- **Fosterhood & Orphanhood** – About 65 per cent of children aged 18 years or less live with both parents, while 11 per cent live with only a mother and 13 per cent live with neither parent.
- **Breastfeeding and nutrition** – 95 per cent of children born in the five year period preceding the survey were breastfed at some time. Children aged between 6 and 23 months consumed grains more often than any other food group. The staple diet of young Nauruan mothers was made from grains (96 per cent) and those from the meat, fish and poultry group (97 per cent). 80 per cent of women aged 15-49 were overweight or obese (77 per cent for men).
- **HIV, AIDS and STIs** – 83 per cent of men (73 per cent of women) have knowledge about HIV/AIDS. However, more detailed knowledge (e.g. mother-child transmission via breastfeeding) is less common.

- **Mortality** – The neonatal mortality rate is 27 deaths per 1,000 births. Post neonatal mortality (children born alive but who die before the age of 5 years) is 11 deaths per 1000 live births. Total infant mortality is 38 deaths per 1000 births.

## **POPULATION PROJECTIONS (NAURUANS)**

### **Projection Scenarios and Assumptions**

P1 – Constant fertility; increase life expectancy, zero net migration.

P2 – Fertility decline, life expectancy increase, zero net migration.

P3 – Fertility decline, life expectancy increase, -100/year emigration.

| Scenario  | Average births per woman | Life expectancy 2002 --- 2022        | Net Migration | Population 2022 <sup>(1)</sup> |
|-----------|--------------------------|--------------------------------------|---------------|--------------------------------|
| <b>P1</b> | Constant at 2.89         | Males 49 --- 55<br>Females 57 --- 66 | 0             | 12,287                         |
| <b>P2</b> | Decline to 2.0 by 2025   | Males 49 --- 55<br>Females 57 --- 66 | 0             | 11,546                         |
| <b>P3</b> | Decline to 2.0 by 2025   | Males 49 --- 55<br>Females 57 --- 66 | -100/year     | 9,978                          |

1. 2006 population: 9,086.

### **Projections: Age structure**

|                   | 0 – 14 years | 15 – 64 years | 65 years and over |
|-------------------|--------------|---------------|-------------------|
| 2006              | 3,371        | 5,599         | 114               |
| Projected to 2025 |              |               |                   |
| P1                | 3,721        | 8,029         | 536               |
| P2                | 3,002        | 8,008         | 536               |
| P3                | 2,689        | 7,016         | 272               |

### **Projections: School age population**

|                   | Primary: 6-12 yrs | Lower: 13-16yrs | Upper: 17-18yrs |
|-------------------|-------------------|-----------------|-----------------|
| 2006              | 1,543             | 846             | 415             |
| Projected to 2025 |                   |                 |                 |
| P1                | 1,681             | 871             | 396             |
| P2                | 1,421             | 819             | 392             |
| P3                | 1,271             | 733             | 351             |

### **Projections: Potential labour force and jobs required (ages 16-64)**

|                   | Potential labour force |         | Jobs required        |                        |
|-------------------|------------------------|---------|----------------------|------------------------|
|                   | Males                  | Females | Males <sup>(1)</sup> | Females <sup>(1)</sup> |
| 2006              | 2,679                  | 2,652   | 2,277                | 1,909                  |
| Projected to 2025 |                        |         |                      |                        |
| P1                | 3,755                  | 3,759   | 3,192                | 2,706                  |
| P2                | 3,874                  | 3,932   | 3,293                | 2,831                  |
| P3                | 3,398                  | 3,436   | 2,888                | 2,474                  |

1. Male participation rate (85 per cent); female participation rate (72 per cent).

Note: All figures rounded, adapted from Chris McMurray.



| INTERNATIONAL COMPARISONS                                      | Nauru  | Kiribati   | Tuvalu   | Niue                             |
|--|--|--|--|----------------------------------|
| Land size  | 21 sq km   | 726 sq km  | 26 sq km   | 259 sq km                        |
| EEZ  | 320,000 sq km  | 3.6 million sq km  | 757,000 sq km  | 390,000 sq km                    |
| Number of islands  | 1  | 33   | 9  | 1                                |
| Population   | 9,100  | 98,000   | 9,760  | 1,625                            |
| Population Density   | 433 per sq km  | 135 per sq km  | 375 per sq km  | 6.3 per sq km                    |
| Population Growth Rate   | 0.6 per cent   | 2.0 per cent   | 0.5 per cent   | (1.8 per cent)                   |
| GDP per capita (AUD)   | 2,765  | 1,629  | 3,170  | 5,835                            |
| Real Growth of GDP per capita                                  | na   | 1.8 per cent   | 3.0 per cent   | -0.3 per cent                    |
| Major industries   | Mining, Fishing Licences                             | Agriculture, Copra, Fishing Licences, Tourism, Trust Fund Interest | Maritime Employment, Remittances, Domain Name, Fishing Licences, Trust Fund Interest | Agriculture, Tele-codes, Tourism |
| Budget deficit (% of GDP)                                      | surplus  | -37.9  | -7.2   |                                  |
| Total Debt (USD million)                                       | 755.8  | 10.1   | 5.0  |                                  |
| Unemployment rate  | 27 per cent  | 6.1 per cent   | na   | 21 per cent                      |
| Government Employment (as % of total formal sector employment) | 42 per cent  | 68.3 per cent  | 55.6 per cent  | 53 per cent                      |
| Proportion of Labour Force in Subsistence                      | 0.4 per cent   | 70 per cent  | 53 per cent  | na                               |
| Energy Consumption (million kw/hrs)                            | 32   | 19.7   | 4.2  | na                               |
| Adult Literacy Rate  | 95 per cent  | 92 per cent  | 98 per cent  | na                               |
| School Attendance Ratio  | Primary – 88.1 per cent<br>Secondary – 60.2 per cent | na   | na   | na                               |
| Life Expectancy  | 49 (m) / 57 (f)                                      | 62.8   | 70   | 70                               |

Source: Key Indicators for Asia and the Pacific, 2009, Asian Development Bank and Nauru Bureau of Statistics. Note. Much of this data could not be updated from the 2005 NSDS.

## **C: MILLENNIUM DEVELOPMENT GOALS**

### **Goal 1: Eradicate extreme poverty and hunger**

#### **Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day**

While there are no time series data of incomes in Nauru, it is very unlikely that many Nauruans (if any) would have incomes of less than \$1 per day.

According to Nauru's Household Income and Expenditure Survey (HIES), in 2006 the average level of income in Nauru from all sources was \$9,555 per annum (over \$26 per day). In addition the HIES reported that in 2006 expenditure by the lowest quintile was almost \$83 per week (\$11.80 per day). Whilst this does not take into account dis-saving, it is considered a reasonable proxy indicator of income. Also the 2006 HIES indicates that only 43 per cent of the population aged 15 and over are in paid work (53 per cent for males; 34 per cent for females).

In addition, there is some anecdotal evidence that incomes have risen in Nauru. Since 2005 public service salaries have increased substantially from the \$140 per fortnight which was paid at that time. In addition, the resumption of paying 100 per cent of landowner rentals as well as phosphate royalties combined with Nauru's close system of extended family where income is transferred amongst family members, means that incomes are substantially higher than they used to be. However, more detailed data on the distribution of this expenditure and income across income groups would be required to be able to fully assess this target.

#### **Target 2: Halve, between 1990 and 2015 proportion of people who suffer from hunger**

Nauru does not have statistics on the proportion of the population who suffer from hunger. However, as incomes have increased in Nauru since 2005 so has the prevalence of subsistence agriculture and fishing (albeit from a very low base and remains at low absolute levels) then this is likely to have reduced the degree of hunger.

While hunger may not be an issue, there is a high degree of obesity among both children and adults as well as malnutrition among children. This indicates that while there may not be a shortage of food, people are not eating a nutritious diet.

### **Goal 2: Achieve universal primary education**

#### **Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling**

Nauru can potentially achieve this goal. All students, boys and girls, have free access to Primary schooling, including free text books, free transport and free schooling. However, as the attendance rate is 65 per cent, this goal is not achieved in practice. School

enrolment in 2002 was 92 per cent and has gone down to between 67-70 per cent in 2007-2008.

A survey and workshops on attendance have provided many possible explanations for poor attendance. These include: school education is not valued, teachers do not teach, bullying, transport, required at home to care for siblings, cannot catch up with the work after being truant for so long, embarrassed because no uniform or no lunch, no toilet paper, authoritarian teacher, no discipline at home (student decides if they will go to school or not), required to gather food for household and irrelevant curriculum.

Nauru has acknowledged these issues and the approach has been to make school attractive rather than force students to attend. The curriculum is relevant through rich tasks, there is a behaviour management policy to curb bullying, schools have been refurbished, teachers have been trained, hunger is being addressed through a “healthy breakfast scheme” provided three times a week, text books and desks have been provided. The challenge is to increase both enrolment and retention of students in school until completion.

Access to secondary (and TVET) education will be improved with the construction of the Nauru Secondary School in 2009.

### **Goal 3: Promote gender equality and empower women**

#### **Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005 and to all levels of education no later than 2015**

This MDG has been achieved. There is no gender disparity in primary or secondary education as in 2009 the ratio of boys: girls are 51:49 in primary and 52:48 in secondary. However, the concern is the relatively low representation of boys who are awarded scholarships or complete secondary. Less than 35 per cent of Year 8 secondary scholarships in the past three years have gone to boys.

The 2006 HIES indicates that only 34 per cent of females aged 15 and over are in paid work. In addition, there are no women in Parliament and few women heading Government departments or State Owned Enterprises. There is also a high incidence of gender based violence, including against children, and this reflects gender inequality.

### **Goal 4: Reduce child mortality**

#### **Target 5: Reduced by two thirds, between 1990 and 2015, the under-five mortality rate**

The Infant Mortality Rate (IMR) from the last official census in Nauru (2002) was 44.1 per 1,000 live births. Based on WHO data (see table below) this represents a reduction in the IMR of 43 per cent between 2002 and 2006. The 2007 DHS indicates an IMR of 38 per

1,000 live births (provisional data), which is high and occurs during the first weeks/months.

The local statistics in the table below are unofficial data kept by the Maternity Unit staff at the RON Hospital. These data include stillbirths and IUD deaths and therefore are not consistent with the above census or WHO data. However, these ‘unofficial’ statistics indicate that the IMR has declined by 53 per cent from 2002 to 2008.

**Table: Mortality Rates**

|                               | Deaths of children per 1,000 live births |                   | Total         |
|-------------------------------|--|-------------------|---------------|
|                               | Under 1 year                             | 1 year to 5 years | Under 5 years |
| Nauru (WHO) 2006              | 25                                       | 5                 | 30            |
| Nauru (local statistics) 2008 | 20.7                                     | 4.2               | 24.9          |

Source: [http://apps.who.int/whosis/database/menu.cfm?path=whosis\\_regions](http://apps.who.int/whosis/database/menu.cfm?path=whosis_regions)

Nauru’s Public Health services conduct an extended program for immunization, which has been strengthened since 2007 by having immunization clinics and a community outreach program for immunization aimed at (amongst other things) reducing the mortality rate. In 2007 and 2008 these have achieved 100 per cent coverage for all the vaccines including BCG/ Hepatitis B/ Measles/Rubella/ DPT/ Polio. A new vaccine, Hip B vaccine, is being initiated in 2009.

Public Health also operates a regular Well Baby Clinic to assess the developmental and nutritional milestones and to encourage breast feeding. The nutrition of children as well as violence against children needs to be addressed.

**Goal 5: Improve maternal health**

**Target 6: Reduced by three-quarters, between 1990 and 2015, the maternal mortality ratio**

Nauru does not have accurate statistics on maternal health at this time. It is notoriously difficult to measure maternal mortality across the Pacific partly because of a lack of standard definition of maternal death. However, based on ‘unofficial’ data kept by nursing staff at the RON Hospital over the four years 2005-2008 the Maternal Mortality Rate is estimated to be 171/100,000. To reduce this rate Public Health has put in place regular antenatal/ post natal/ family planning clinics.

In addition, 97 per cent of births in Nauru are delivered by a health professional and 99 per cent of deliveries take place in health facilities. Women have universal access to reproductive health services provided by the health system but quality is variable/low. Nauru is also acting upon a report from the Australian Institute of Health and Welfare (AIHW) which contains recommendations for improvements.

There is also a high rate of teenage pregnancy in Nauru including among girls as young as 13-14 years of age. The 2007 Demographic and Health Survey DHS reports the teenage fertility rate is 69 per cent and the unmet needs for family planning stands at 23.5 per cent.

**Goal 6: Combat HIV/AIDS, TB and other diseases**

**Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS**

At this time there have been no HIV/AIDS patients in Nauru and the Government has introduced a number of HIV/AIDS initiatives dealing with prevention.

- Awareness/education programs including IEC materials for HIV/AIDS.
- Mass media campaigns for prevention and control of HIV/AIDS/STI.
- STI screening, surveillance and treatment programs.
- Global funds to fight against HIV/AIDS have been obtained and have initiated a number of planned strategic activities.

As a consequence of testing being voluntary, there is not a high level of screening. The high incidence of STIs, reportedly as high as 30 per cent among the population, potentially increases vulnerability to HIV infection.

**Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases**

TB prevalence has been reduced from 328/100,000 in 1990 to 134/100,000 in 2006. Public Health Services are implementing TB follow up through the DOTS program and only two TB patients were found in 2009 from a population of 10,000. In addition, a mass media campaign for prevention and control of TB has also been initiated. Support from the global fund to fight TB and HIV has been obtained and Public Health has initiated the planned strategic activities as per an agreed work plan.

Endocrine and metabolic disorders remain the top 2 causes of admission to hospital, indicating that NCDs remain the main health problem in Nauru.

Diabetes is a major problem in Nauru with women suffering from the highest rate in the world (30 per cent). The rate of diabetes for the 15-64 age group is 16.2 per cent, while for the 55-64 age group this rises to 52.8 per cent for women and 37.4 per cent for men. These data are only by blood glucose level test, and no survey has been done for Impaired Glucose Tolerance Test. Obesity particularly among women and youth is a major problem in Nauru and contributes to the high rate of diabetes.

Activities according to the NCD plan have been initiated by targeting four risk factors: physical activity, nutrition, and alcohol and tobacco control.

Malaria is not considered to be a problem in Nauru.

**Goal 7: Ensure environmental sustainability**

**Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources**

There are no data in Nauru on land area under forest, CO<sup>2</sup> emissions or consumption of ozone-depleting substances.

Nauru has commenced rehabilitating mined-out phosphate lands and within the next 24 months, about 10 ha of land will be rehabilitated.

A draft Environment Management Bill has been prepared, but requires further work before being presented to Parliament. In addition, environmental issues are not included in planning by sector ministries. A marine reserve has also not been established, and a reef conservation strategy has not been developed.

Sustainable management of natural resources, covering fisheries, environment, energy including renewable energy, marine and coastal areas, agriculture and land issues needs strengthening.

**Target 10: Halve by 2015 the proportion of people without sustainable access to safe drinking water**

Water supply has improved in Nauru with R/O units now operational, with a combined capacity of 360kl of water daily. This equates to 32 litres per person per day. This supply is supplemented by rainwater harvesting through the installation of new rainwater tanks and delivery of water has been improved through the deployment of new delivery trucks. According to the 2007 DHS, access to water stands at 90 per cent, with no disparity between urban and rural areas.

Ongoing efforts are made to increase current supply and delivery capacity to ensure that access to water improves. Water quality standards have not been established and efforts will be made to develop guidelines for such standards.

**Target 11: Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers**

The supply of housing has increased in Nauru with the repatriation of the Kiribati and Tuvaluan communities in 2006, and the provision of some utilities has improved (such as power, water and sewage removal). However, living conditions remain poor with many houses in very poor condition and multiple family units still live in single households. Housing and building regulations exist but are not implemented. The land tenure system prevents planned land use and encourages random building by landowners.

**Goal 8: Develop a global partnership for development**

**Target 12: Develop further an open, rules based, predictable, non-discriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction, both nationally and internationally)**

Nauru has legislated significant reforms to the financial and legal systems to make them robust (able to deal with international money laundering, financing of terrorism and proceeds of crime). The Government is also working on developing transparent trading regulations/legislation including new corporate governance arrangements for its State Owned Enterprises.

**Target 13: Address the special needs of the least developed countries (includes tariff - and quota-free access for exports, enhanced program of debt relief for and cancellation of official bilateral debt, and more generous official development assistance for countries committed to poverty reduction)**

Nauru does not have policies which provide preferential treatment for least developed countries or any other country. It imposes a broad-based customs duty on all imports (with higher rates on some goods such as tobacco, alcohol and petroleum products reflecting social objectives). Nauru does not impose import quotas.

**Target 14: Address the special needs of land locked countries and small island developing states (through the Program of Action for the Sustainable Development of Small Island Developing States and 22<sup>nd</sup> General Assembly provisions)**

With a population of around 10,000 Nauru has first-hand experience of the challenges and special needs of small island developing states. These revolve around a significant lack of capacity to implement reforms and meet the various onerous international requirements of nationhood, as well as the substantial fiscal cost of maintaining basic services to the community.

**Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term**

In 2007 the Government estimated the total debt for the Republic at AUD\$869.4 million and prepared a comprehensive debt management strategy. This strategy consisted of a combination of debts write-down, extending repayment schedules, refinancing and debt swaps and netting.

**Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth**

Nauru has developed a draft Youth Policy with five key policy objectives. These are Skills Development, Employment and Income generation, Social Development, Supportive Environment and Cross Cutting Initiatives. The Policy examines a more effective way of delivering the policy objectives through reorganisation of the Youth Affairs Department, and strengthening of the role of the Youth Council. The draft policy implements a whole of government approach to youth issues by placing the responsibility for youth issues with various departments rather than a single Youth Affairs Department. Addressing youth issues is a key development agenda for the government given that 50 per cent of the population is under 30 years of age.

The facilities of the new Learning Village and development of the TVET program through partnerships of Education with Australia Pacific Technical College will also provide greater opportunities for Nauru's youth to gain employable skills.

**Target 17: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries**

To strengthen the pharmaceutical sector capacity, Nauru now participates in the EC/ACP/WHO collaborative partnership program which assists Pacific Island Countries to improve accessibility, affordability, quality and use of essential medicines. Some 80 per cent of Nauru's pharmaceuticals now come from this source, known as IDA. Through the use of IDA the cost of pharmaceuticals to Nauru has reduced considerably.

Early in 2009 Nauru ordered 9 months anticipated requirements of pharmaceuticals to ensure it has stock on hand. However, with unpredictable shipping schedules maintaining supplies remains a constant concern.

**Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communication technologies**

A private sector company, in a joint venture with the Government, has recently introduced Island-wide mobile coverage as well as wireless internet services into Nauru. There are plans to phase out telephone land lines.



## **D: SECTOR STATEMENTS**

This Part presents a brief summary of Nauru's main achievements towards the milestones in the NSDS in the economic, social and infrastructure sectors. It also highlights areas which have not been fully achieved, and identifies the reasons for this.

### **ECONOMIC SECTORS**

#### **Commerce & Industry**

The reestablishment of a viable phosphate mining industry in Nauru has been partially achieved. The previous Nauru Phosphate Corporation (NPC) has been restructured into a new company, RONPHOS, with a new management team and reduction in staffing levels. Significant funds have also been spent on repairing and maintaining the mining equipment and this has resulted in exports of phosphate of around 300,000 tonnes in 2007-08 and 2008-09. Looking ahead prospects for phosphate exports have been significantly affected by the Global Economic Crisis and this is likely to put pressure on RONPHOS.

Despite these improvements in the prospects for phosphate mining, the fact that the Nauruan economy is so narrowly based in one industry presents risks. These have been highlighted in the recent Global Economic Crisis where phosphate markets have dried up and prices have fallen.

Accordingly, the Government has placed a priority on diversifying the economy into other areas. In particular, it recognises the importance a growing small-business community can play in private sector development. Therefore, with the assistance of the UNDP, Nauru recruited an expert in small business development and microfinance and expects a Small Business Incubator designed to nurture business start-up will be established this year. In addition, the Nauru Private Business Sector Organization (NPBSO) was established in 2008.



The Government has also recently approved the establishment of a private sector raw frozen loins processing plant in Nauru and this will be a key to diversifying the economy away from phosphate. In addition, Abwan Noni is one of the few exportable products available on Nauru and the Government was approached by a local entrepreneur to assist in product development and export marketing for a Nauruan-made Noni export. Finally, while there have been some advances in the area of tourism, the development of Nauru's tourism industry is still in its infancy. A tourism scoping study is currently underway, but is not yet complete.

In terms of the supply of food, Nauru tends to import the majority of foodstuffs with little local production. This also presents risks for Nauru as it exposes the local population to the ebb and flow of international food markets. This risk was highlighted in 2008 when a regional shortage of rice resulted in the imposition of price caps and rationing.

Therefore, increasing Nauru's self reliance in food production has been a priority and there have also been some successes in terms of agriculture and animal husbandry. Some household gardens have been established and livestock has been distributed to communities. So as to provide an opportunity for individuals to sell their wares, in May 2009 Nauru's weekly central market was established and has had between 25 and 42 vendors per week.



Despite these gains, there are substantial constraints facing the private sector on Nauru such as weak entrepreneurial culture, lack of awareness about business opportunities, absence of advisory and training services, limited access to simple technologies, lack of banking facilities, lack of competitive advantage, mismatch between labour supply and required skills and the lack of start-up capital funding.

Land tenure has also been a major obstacle to the establishment of small business (including agriculture) and there has been little reform in this area since 2005. The envisaged review of land tenure has not taken place, and the intractable nature of these issues is one of the major impediments to Nauru's development. In particular, many projects have been prevented from getting off the ground, while others which have commenced have had to close because of landowner disputes.

### **Fisheries**

There have been some advances towards achieving the goals for fisheries established in the NSDS. Revenue from access fees has been maximised. Nauru now licences all the major purse-seine fleets operating in the Western Pacific and the catch per unit area of EEZ is higher in Nauru than in any other Pacific Island country. Nauru also appears to obtain a higher percentage return on the value of the fish caught by foreign boats than any other PNA member. Oceanic Fisheries Monitoring Control and Surveillance capacity has improved with the introduction of the electronic Vessel Monitoring System and the development of a National Plan of Action on IUU fishing.

However, no prosecutions for violation of Nauru fisheries laws have been made since 2004. Part of this is because most of the previous violations were by purse-seiners for unlicensed fishing. Nauru now licences all these purse-seiners and they are covered by the regional vessel-monitoring system. However, lack of EEZ surveillance patrol capability continues to make it difficult to detect potential IUU fishing by unlicensed fishing vessels. Due to poor internet connectivity Nauru relies heavily on regional cooperation for the day-to-day management of tuna fisheries, particularly connection to the regional Vessel Monitoring System at FFA and tuna catch databases at SPC, but also communication with fleets and with surveillance officers in other countries.

Commercial export fisheries have also not been developed. There was a Pacific-wide downturn in the longline fishing sector since the NSDS was developed, and Nauru was particularly disadvantaged from competing in this sector by airfreight constraints. Like Palau, the only fisheries exports are as informal checked-in baggage. However, a private sector company is currently investigating the feasibility of establishing a tuna loining plant in Nauru.

Aquaculture has not developed during the NSDS period, despite several development projects, mainly due to inadequate security of land tenure in potential growing areas for farmed fish. In general, there is inadequate legal basis for aquaculture development and coastal and reef fisheries management in Nauru (the Fisheries Act concentrates on oceanic fisheries management).

Community-based coastal fisheries management plans are now in place for one district and two others are work in progress, and a legal basis for firming up community-government co-management and establishing marine protected areas has been drafted. A foundation has been laid for private-sector development of fisheries with the closure of the NFMRA-run Nauru Fisheries Corporation and the setting-up of the Nauru Fishers Association. Also surveys have shown the potential for setting up a high-value low-volume aquarium fish export business.

“Adequate fish to supply local demand” is a goal in the NSDS that is difficult to measure, but is being addressed by providing technical and training support for increased Nauruan involvement in canoe and outboard-based near shore fishing (prior to 2005 this was mainly by non-Nauruans), and the maintenance of Fish Aggregation Devices.

## **Environment**

Progress in rehabilitating the topside of Nauru has been slower than expected due to substantially more material (pinnacles) having to be removed than projected. However, equipment has been purchased and a work plan for the use of the NACHOS funding has been agreed by Nauru and AusAID. Accordingly, the Nauru Rehabilitation Corporation (NRC) has commenced rehabilitating a small (5 ha) portion of land as a demonstration site. This is to be followed by a 13 ha site for a national cemetery site which will take at least 18 months to develop.

Apart from rehabilitating topside the 2005 NSDS only contained one goal dealing with the general environment, whose short term milestone was to undertake an environmental review and pass new environmental legislation. A draft of an Environment Management Bill has been prepared, but still requires further work before being presented to Parliament.

Despite this, Nauru has pursued a number of other projects consistent with international environmental initiatives and these are reflected in new sector goals, strategies and milestones. In 2008 the Government finalized the National Energy Policy Framework with assistance from SOPAC. Work is also being carried out in developing water governance and finalizing the National Solid Waste Management Strategy which was developed late in 2008. Other environmental issues which have been pursued by Nauru are in the areas of climate change, biodiversity and sustainable land management.



- In climate change, Nauru will be preparing its Second National Communication (SYNC) to the Conference of the Parties of the UN Framework Convention on Climate Change.
- In biodiversity, Nauru will be preparing its National Biodiversity Strategy and Action Plan (NASAL) and its first and third National Reports to the Fourth Session of the Conference Parties (COP) of the Convention on Biological Diversity (CBD).
- In sustainable land management (SLM) Nauru has commenced a project aimed at maintaining and improving ecosystem stability, integrity, functions and services while enhancing sustainable livelihoods. This will be done by building Nauru’s capacity to implement a comprehensive regime for sustainable land management and to ensure that SLM is mainstreamed into all levels of decision-making. By the end of the project, land degradation issues should be fully recognized in National Development Plans and sector Action Plans, such as those for urban development, transport, agriculture and biodiversity. SLM should also be integrated into relevant policy, laws and educational/training programs, using integrated land use planning to underpin such initiatives.

## **Finance, Public Administration & Governance**

Since the NSDS was finalised in 2005, Nauru has made substantial progress in the areas of financial and economic reform as well as public administration and governance. However, key challenges still remain in many areas.



In the area of budget reform, the Government has stuck to its fiscal strategy and implemented significant reforms to budget processes and reporting. Budget documents are now clearer and present a full analysis of both domestically funded programs, and donor-funded programs. The Government aims that 2009-10 will be the first year in over a decade that audited national accounts be presented to Parliament. While through the operation of the Aid Management Unit, donor aid into Nauru is being more effectively coordinated, development planning in many areas remains weak and capacities and capabilities need to be developed.

The Government is now going the next step in tightening up on expenditure control systems particularly through the introduction of the MYOB accounting system. While the Government has introduced a range of new revenue measures, collection of revenues still needs to be strengthened and capacity in the revenue and customs areas needs to be tackled. Due to Nauru's relatively narrow revenue base, in recent times revenues (particularly from the phosphate industry and import duties) have been significantly affected by the global downturn.

In addition, there have also been significant improvements in the statistics which are being produced in Nauru and this will assist Nauru in making better, more informed decisions. With the production of CPI data the area of prices monitoring is one example where decisions can be better informed by sound economic data.

Apart from the budget sector, Nauru has also made significant inroads in reforming the State Owned Enterprises (SOEs) sector. Many inefficient SOEs have been closed, others have been replaced by private sector operators and others have been reformed with clear accountabilities and expectations. This has resulted in a significant reduction in the drain this sector has traditionally had on the budget. Indeed, some dividends are now being paid to the Government. However, again much still needs to be done, particularly in the areas of financial reporting and accountability. In addition, the global downturn is having a large impact on some SOEs which operate in the traded goods and services sectors such as RONPHOS and Our Airline.

In terms of the financial sector, reform has also been rapid. After the significant reforms to Nauru's financial sector architecture in the areas of money laundering and financing of terrorism which resulted in Nauru being removed from the Financial Action Task Force's NCCT, further reforms have been implemented. For instance, the Bank of Nauru has been closed and will be liquidated in 2009-10. Similarly, the Nauru Insurance Corporation and RONFIN have also been closed.

The Government is keen to build on its successes in the area of the financial sector and the priorities in the future will be to fully implement the necessary legislative and administrative processes to make these reforms fully effective. These include preparing new financial sector legislation (dealing with banking and insurance) as well as boosting the capacity of the Financial Investigations Unit (FIU) and negotiating Taxation Information Exchange Agreements (TIEAs).

The long-term financial sustainability of Nauru has also been an important consideration in reforms which have been introduced. Prior to 2005, Nauru accumulated significant debts. These have been catalogued and a repayment strategy has been developed. Looking ahead Nauru has

been active in developing alternative trust fund structures which are designed such that the funds of the trust cannot be inappropriately spent. These trust funds, which are designed for the next generation of Nauruans will be finalised in 2009-10.



These financial and economic reforms have been accompanied by reforms to public administration and governance. In particular, there have been some reforms boosting the capacity of the public service, legislature, audit, justice and border control.

For instance, positive developments in the law and justice areas apart from overseas officials holding central positions have been significant. Reforms of the Border Control Services have been to increase their capacity, improve equipment, and operations to enhance revenue collection. Further improvements to border control will require capital equipment which is expensive. Access to justice will be improved when the recently created position of Public Defender is filled.

## **SOCIAL SECTORS**

### **Education**

The NSDS reports that “The highest rated attribute of the preferred long-term future is an improved education system with a high standard of early education, primary, secondary and vocational curriculum to international standards and an equity-based charging on ability to pay”.

In 2005, a two year Strategic Plan, Footpath I, stabilised the education system and built a platform for development. From 2005-2007, the Department of Education trialled a curriculum framework, instituted a skills upgrading program for all teachers, commenced a program of facilities upgrading, provided “starter packs” of school needs for all students, consulted widely to prepare a draft policy manual, established a series of benchmarks of student learning outcomes, and established a CASE unit to monitor the work of the Department.

In 2008, a five year Strategic Plan, Footpath II 2008-2013, using the data generated, collected and analysed from Footpath I, was endorsed. The Plan is substantially funded for the first three years and is on track to achieve its five year goals.



In 2009, Footpath II has established a Curriculum Framework, including TVET. The Rich Task pedagogy has been embedded in the Curriculum and Teacher Training program. A four year Teacher Upskilling program has been devised and funded for the next two years. A new Secondary School, incorporating significant TVET facilities, is due for completion early in 2010.

All schools have been refurbished to a degree where they are now safe learning and working environments. The Department of Education has established firm professional relationships with PRIDE, UNESCO, SPBEA, USP, Divine Word University and others. A Policy Framework to support the work of schools and teachers is currently being formalised and implemented. A Monitoring and Evaluation Unit (which is called CASE) operates. Negotiations are proceeding for the Year 12 and TVET students to be eligible for internationally recognised qualifications.

However, much still remains to be done in the NSDS goal of integrating health and nutrition into the schooling process. A CHIPS (Child Health in Primary School) program is being developed to address the issue. There is a vast pool of youth who have need of basic education.

From 2000 to 2008, the number of students to gain a Year 12 certificate that qualified them for University was less than 50 out of a cohort of 1,700 potential students. The new Nauru Secondary Facility will provide an opportunity to provide basic education and trade skills to this group who have “slipped through the cracks”. Able Disable also still requires considerable support.

As Footpath II recognises, achieving the ultimate goal of having a primary, secondary and vocational curriculum of international standards is a long term endeavour. It will be 2014 before most of Nauru’s teachers are fully qualified. It will be 2015 before students now entering lower Secondary School (Year 7) will reach Year 12 and receive the full benefits of the improved curriculum and facilities. It will be some time before the schooling is fully valued, as evidenced by full attendance at school.

Education and Training continues to be free while the quality and scope of education and training is improving. The low attendance rates of less than 70 per cent indicate that the Department of Education may consider a program to promote the value of its products.



## **Health**

Nauru has made substantial progress in the priorities of health which are identified in the NSDS. Notwithstanding the difficulties confronted due to lack of resources; appropriate infrastructures and skilled staff, this progress will be ongoing.

For 2008-09 and 2009-10 operational plans for health have been developed. The Organisational Reform Report has been implemented. The Director of Medical Services has initiated routine clinical meetings, a mortality review committee, and an overseas referral committee. A Review of Nursing Service has been completed and the Department of Health is now implementing those recommendations with the objective of improving nursing service delivery by developing protocols, introducing succession planning and identifying future leaders.

There has been some progress in curative health services to respond effectively to the health needs of the people of Nauru by providing the appropriate range and level of high quality health services and being accountable for the outcome of these services. Nursing Clinical Guidelines and Procedures have been completed, ready for sign-off and implementation late in September 2009. To strengthen the pharmaceutical sector capacity the Essential Drugs List has been reviewed and updated and Nauru now participates in the EC/ACP/WHO collaborative partnership program which assists Pacific Island Countries to improve accessibility, quality and use of essential medicines. Some 80 per cent of Nauru’s medications now come from this source, known as IDA and this has reduced pharmaceutical costs considerably.



Appropriate contracts are in place for a maintenance program for all biomedical equipment including radiology, laboratory and dental equipment, for specialist medical equipment, and for oxygen plant, R/O Unit and Genset. One new ambulance has been obtained and another repaired, and both are in operation. While there has been some effort to repair existing medical facilities, they still remain in poor order and need to be replaced. The initial preparations for Terms of Reference for the Master Plan for the Redevelopment of Republic of Nauru Multipurpose Health Facility have been undertaken. Nauru’s public health services are designed

to implement and sustain a range of policies and programs that enhance the quality of life for the people of Nauru by targeting the reduction of risk factors and promoting a healthy island lifestyle. The Non-communicable Disease (NCD) Strategy emphasizes increased physical activity; reduced alcohol consumption; discourages tobacco uptake and an improved diet for Nauruans. All Communicable Diseases programs are operating; including STIs, Leprosy, RHD, Filariasis and Trachoma.

Environmental health, sanitation and food safety programs have been strengthened. Health service delivery points in the community and schools are being promoted, along with primary health care services clinics. Steps are also being taken to formalise the establishment of mental health services in Nauru.



Maternal and Child Health Services, Antenatal, Post-natal and Baby Care clinics are now operational. Women are encouraged to have healthy women checks to reduce the incidence of cervical cancer. 100 per cent EPI immunization coverage has been achieved. The Health education (community outreach) and School Health programs are operational in co-operation with the Department of Education and volunteers. The Pandemic Plan has been strengthened further and demonstrates preparedness for emerging pandemic situations.

Training of Nauruan nationals as health care professionals continues to be a priority of the Department of Health. Scholarships at the Fiji School of Nursing and Fiji School Medicine involve trainees in pharmacy, nursing, medicine, radiology, environmental health and physiotherapy. Three graduate nurses returned in 2009 and the Department is expecting a further seven graduate nurses to return and commence employment in January 2010. The bilateral program between the Government of Nauru and Cuba has resulted in the offer of 10 medical scholarships annually. There are seventeen students studying medicine at present. The establishment of the Pacific Open Health Learning Network will be instrumental in advancing staff training. The Health Trainee Scholarship Program has seen three nurses graduate from the Fiji School of Nursing in 2008 and eight nurses will graduate in 2009; four from Kiribati School of Nursing; three from Fiji School of Nursing and one from nurse training in Thailand.



There is also an expatriate staff establishment of 36 positions, 16 medical and dental, 10 allied health services and 10 nursing staff of which only 3 are vacant across all cadres. Immediate workforce gaps are filled by a combination of expatriate and local employees. There are only five unfilled direct care positions out of a total staff of 152 representing a 3 per cent vacancy level.

## **Sports**

Closely related to preventative health initiatives, are programs designed to encourage fitness through participation in sports. Since 2005 Nauru has implemented a number of coordinated sports programs and with the assistance of donors has refurbished several sports facilities (including tennis courts, basketball courts and sports fields). Issues with landowners and contractors have been the major constraints to further achievements in this area.

## **Community development**

Reform in Nauru has been all encompassing, yet community groups could be more effective in contributing to this process. The production of handicrafts has increased in recent times and a number of women's groups have been created.

## **INFRASTRUCTURE SECTORS**

### **Electricity**

Since 2005 there have been significant achievements in terms of electricity generation and the goals set out in the NSDS. One of the key achievements is the availability of electricity supply on a 24 hour basis for the first time in ten years following limited access of 16 hours maximum to electricity. The power station also is now no longer dependent on leased generation units; in fact it is currently operating on its own generation sets for the first time in many years.

A prepaid billing system structured on a tiered tariff system, where a subsidised life-line block is available to households, is now operational which allows consumers to effectively manage their energy consumption and at the same time strengthens Utilities' financial performance. Early reports indicate that the introduction of these meters has resulted in significant reductions in electricity consumption (in the vicinity of 20 per cent) with resultant savings in fuel usage and reductions in greenhouse gas emissions. While there are economic benefits from the introduction of charging for electricity, this has come at a cost to individual consumers whose disposable incomes have dropped.

Some developments on renewable energy supply have progressed with a limited solar grid being connected plus stand alone solar home systems now in operation on the island at capacity of 40kW. A wind energy resource assessment has also commenced.



While there have been significant achievements in the area of electricity generation, a major challenge to the ongoing delivery of reliable electricity to Nauruan households is the transmission network which is currently antiquated and in need of urgent repair/replacement.

Fuel demand has been sustained since 2005 and improved stock management and purchasing arrangements has reduced fuel losses, strengthened safety measures, and capability. Despite these improvements, poorly maintained infrastructure (particularly at the fuel tank farm and pipeline) means that significant risks to Nauru's fuel supply remain. In terms of corporate governance, some structures and systems have been introduced in Utilities to assist financial planning and reporting in addition to developing local management capacity and capability.

### **Water**

Significant improvement in access to potable water supplies has been achieved. Currently three R/O Units are operational and have the capacity to produce 360kl of water per day. Improved delivery capacity to an estimated maximum of 288kl daily has also relieved pressure on access to water supply. This supply capacity has been supplemented by rainwater harvesting. For instance, 260 new rainwater tanks have been installed in Nauruan households. Despite these improvements for Nauru to deal with drought its capacity to produce, harvest and deliver water needs to be further expanded.



## **Public works**

The treatment of sewage in Nauru has improved since 2005 with the delivery of a new sewage (sludge or suction) truck in 2007. Households now enjoy a cost-effective sewage removal service. Maintaining such new equipment needs to be a priority going forward so as to ensure this service is sustained into the future. Sewage waste is still being disposed of into the ocean and Nauru is currently conducting a feasibility study on various sewage treatment systems so as to protect the environment.

There have been some improvements in public buildings with a regular maintenance plan instituted for Government offices and there have been some improvements in school buildings and health facilities. While some trial work has been undertaken in repairing some roads, footpaths and drains, there are several areas where further work is still required.

## **Transport**

Since the 2005 NSDS, Nauru has made marginal progress in transport reform. The main reason for relatively slow progress has been the large fiscal cost of carrying out various projects to improve Nauru's transport system which were identified in the NSDS.



With the assistance of Taiwan the mooring relay system has been repaired and this has resulted in a significant increase in the number of ships visiting Nauru. However, further action is required at the ports to guarantee regular shipping services to Nauru. This includes an upgrade to the existing port and associated buildings, rafts, barges and cranes.

In terms of aviation, the Government purchased an aircraft and re-launched air services to Nauru in 2006 under the new brand name "Our Airline". The finance for the aircraft purchase is being paid off by annual grant funding from Taiwan. In addition to this Nauru acquired a second aircraft through a loan from an external partner which is now chartered by Norfolk Air. Both aircraft are managed efficiently so as to generate revenue and profit (albeit, in the current economic environment trading conditions are difficult and margins are being squeezed). Apart from flying the Nauru-Brisbane sector both aircraft are contracted for charter and leasing to generate further revenue.

There have also been a number of improvements in facilities at the Nauru International Airport including two new fire trucks, baggage screening machines and GPS charts. However, there remain many areas where urgent capital repairs are required including resurfacing the runway and erecting a new security fence.

In terms of land transport, public transport services are provided to individuals who are charged a fee of \$0.60 for a trip around the Island. Services to school children have also been improved with the commissioning of a number of new buses.



## **Information and Communication Technologies**

The infrastructure sector, and specifically the area of Information and Communication Technologies, has witnessed a number of improvements since the inception of the NSDS in 2005.

The most significant achievement has been the launching of a joint venture between the Government and Digicel for the provision of telecommunication services. This is a unique model within the Pacific, and while there is no objective data to measure the success of this yet, early indications are that this will bring many benefits to Nauru across a number of sectors and a high proportion of the population.



There were also attempts to improve the level of access to Internet services, with the development and installation of a wireless network that utilised Wi-Fi and WiMAX technologies. This was intended to provide more connectivity to a much larger proportion of the population. While the Wi-Fi segment of the network has been decommissioned, there is potential to make effective use of the WiMAX infrastructure to allow connectivity to Internet services at much higher speeds than previously available.

The level of access to broadband Internet services has continued to be problematic. While there was a project implemented to address this issue, it met with limited success. There was also no significant increase in the available bandwidth via the Internet gateway in order to meet subscriber demand. The Government recently decided that the fixed line system for telecommunication services is to be decommissioned. This comes as a response to the situation where the system was not maintained sufficiently, and is now too expensive to upgrade or replace. Like many projects, the major constraints preventing the successful achievement of the stated goals in the NSDS were the lack of funding and technical capacity.

In respect of Nauru's media since 2005 there have been significant developments particularly in the areas of radio and TV. Both radio and TV are more professionally delivered with coverage over the entire island and paid commercials have recently been introduced. In addition, there is more local content in the media with weekly news programs as well as presentations for special events of local interest. While the print media has not developed to the same extent, there are plans to establish a local newspaper in 2009-10.

## **E. DONOR ASSISTANCE**

The amount of donor assistance to Nauru has increased considerably since the NSDS was developed in 2005. In particular, donor grant assistance, which result in money being paid into the Treasury fund which is reflected in the budget, has increased from \$11.8 million in 2006-07 to an estimated \$30.7 million in 2009-10. These figures exclude assistance provided “in kind” by donors through direct support or the provision of technical assistant. This assistance has been spread in all areas of the Nauruan economy and below is a survey of the main donors in Nauru and the main sectors in which they operate.



### **BILATERAL**

#### ***Australia***

Australia remains Nauru’s largest donor. Australia’s development assistance is provided in support of Nauru’s own reform programs in the areas of finance and governance, education and training, health, utilities, fisheries and law and order (including policing and financial intelligence). Australia’s support is provided in a number of ways, including funding for additional technical advisory capacity and support in key government departments for both planning and implementation of government development policy (this includes support for long term capacity development through the tertiary scholarship program); building and maintaining key service delivery infrastructure (e.g. redevelopment of the Nauru Secondary School; refurbishment of the power station and water production assets; building and repair work at the hospital); and supporting essential recurrent costs such as fuel and pharmaceuticals.

Australia has also actively supported Nauru’s efforts to re-establish its regional and international credentials through a diverse range of assistance including aviation safety and security (through funding for Aviation Fire Fighting and Rescue vehicles); winding up of the Bank of Nauru; and debt management (Australia’s paying out of Nauru’s ADB loan arrears led to the welcome re-engagement of the ADB in Nauru).

Nauru also benefits from a range of regional programs that are funded by Australia. The majority of these programs are delivered through regional organisations such as the Pacific Islands Forum, the Forum Fisheries Association, SPC, and many others.

#### ***Cuba***

Cuba assistance is focused entirely in the area of health. Bilateral assistance includes the deployment of specialist doctors for periods of twelve months and training of human resources in the field of medicine. To date there are 17 students studying to complete their medical degrees in Cuba.

#### ***European Union (EU)***

As prioritized by Nauru, assistance from the EU is focussed in the energy sector including renewable energy. Under the 9th EDF, the EU funding has been utilized towards the installation of pre-paid electricity meters to all households in Nauru, installation of solar cells at the Nauru College and energy efficiency awareness through the appointment of officers. In addition, the

EU provides funding to the regional program Disaster Risk Reduction focusing on national water security.

At the regional level, the EU has also provided assistance in the areas of agriculture through the Development of Sustainable Agricultural Program (DSAP), strategic planning in education (PRIDE) and PICTA., with a focus on broader trade issues as well.

### ***Greece***

Greece has provided assistance to Nauru in the form of general budget support for humanitarian purposes.

### ***India***

The Government of India provides assistance to Nauru both nationally and regionally. Bilateral assistance includes technical assistance through the deployment of qualified personnel and the provision of funding for school buses. In particular, India has deployed officials to the Parliament (Parliamentary Counsel) and Audit (Director of Audit). India has also provided funding to develop apartments at the Menen Hotel so as to accommodate expatriate employees. At the regional level, the Government of India provides development funding to Pacific Island Countries managed by the Pacific Island Forum Secretariat. This funding is available on an annual basis and is aimed to provide immediate assistance to priorities of island governments.

### ***Israel***

Israel has provided assistance in the areas of health including supplying medical supplies for the Nauru diabetes clinic and short term deployment of specialist doctors, as well as utilities (electricity and water).

### ***Italy***

Under a multilateral agreement premised on addressing climate change issues, Italy's assistance has focused on renewable energy and the water sector in Nauru (such as the installation of water tanks). Additional assistance is also provided bilaterally to the health sector as well as agriculture.

### ***Japan***

Through its grass roots projects, Japan is providing assistance to the communities of Nauru addressing the water sector in particular, water security and accessibility through the provision of water tanks and water delivery vehicles. In addition, under the Non Project Grant Aid (NPGA) Japan also provides assistance through the purchase of diesel to the utilities sector for the generation of electricity.

The Government of Japan also provides capacity building through training courses offered annually.

### ***Korea***

Korea has provided assistance to Nauru in the form of school supplies and school buses. Like Japan, Korea also provides on an annual basis training programs aimed to build capacity.

### ***New Zealand***

While currently not a bilateral partner of Nauru, New Zealand's assistance to Nauru is channelled through the Pacific Regional Assistance to Nauru (PRAN) program managed by PIFS and aimed specifically at the education and justice sectors.

Assistance to the education sector is in the form of budget support, curriculum development and implementation, teacher training, ICT support, a literacy program, benchmarking, assessment and modernisation.

Support to the Justice sector is in the form of technical assistance through the deployment of officers to the Justice Department.

### ***Singapore***

Singapore provides Nauruans with access to the Singapore Corporation Program, which focuses on human resource development training through technical assistance in the form of training courses and study visits conducted in Singapore.

### ***Taiwan***

Focal sectors supported by the Government of Taiwan includes assistance to the development and growth of the private sector, the energy sector (solar cells), budget support and the payment of pending salaries (including of Kiribati and Tuvaluan workers stranded in Nauru). Australia and the Pacific Islands Forum Secretariat also assisted in the repatriation of these workers.

Taiwan has also provided assistance in the areas of agriculture including establishing milkfish farming, establishing nurseries/livestock husbandry as well as the provision of in-kind assistance such as the provision of rice.

Taiwan also supports the health sector through the provision of on-island full time medical and nursing staff, regular Mobile Medical Missions and the provision of medical supplies and equipment.



Taiwan has also undertaken capacity building activities (including the training of welders) and provided ICT equipment throughout the government sector.

### ***Turkey***

Turkey has provided assistance to Nauru in the energy sector, most notably in the form of assistance to purchase generators.

## **MULTILATERAL**

### ***Asian Development Bank***

Since the 2005 NSDS the ADB has provided assistance to Nauru mainly in the form of Technical Assistance in a range of areas. These include the development of the NSDS in 2005, the reform to the electricity sector, the planning for the redevelopment of the Nauru port, the Nauru Intergenerational Fund and HIV/AIDS activities.

### ***Pacific Islands Forum Secretariat (PIFSec)***

PIFSec has provided assistance to Nauru in a number of areas. These include providing assistance with the repatriation of stranded workers from Kiribati and Tuvalu, the establishment of Aid Management Unit and development of the NSDS in 2005. PIFSec was also instrumental in the development of the Pacific Regional Assistance for Nauru (PRAN) in collaboration with other Council of Regional Organisations in the Pacific (CROP) agencies and donors.

### ***Secretariat of the Pacific Community (SPC)***

SPC has assisted Nauru improve its statistical service, in particular providing technical assistance to develop and publish the 2007 Demographic and Health Survey.

SPC has developed a Joint Country Strategy with Nauru that describes its support across a wide range of sectors.

### ***Secretariat of the Pacific Regional Environment Programme (SPREP)***

SPREP's focus of assistance in Nauru has been in three areas: climate change, biodiversity & conservation and waste management & pollution prevention primarily through the provision of technical and policy advice.

### ***United Nations Food and Agriculture Organization (FAO)***

The UN FAO have been active in Nauru in a number of areas (including providing technical assistance and training) dealing with food security. These include the production of local crops (including disease free banana species), livestock, water resources, aquaculture and pest control (such as the coconut hispid beetle).

### ***United Nations Development Program (UNDP)***

The UNDP provides assistance in three strategic outcome areas: poverty reduction and MDGs (including support to aid effectiveness); good governance and human rights (including Parliamentary strengthening and the review of the Constitution); and sustainable management (including Pacific adaptation to climate change).

### ***United Nations Development Program (UNDP) – Global Environment Facility (GEF)***

The GEF has provided assistance to Nauru primarily in the area of water security through better management practices and greater water use efficiency through the reduction of ground water pollution and use of grey water. GEF has also assisted Nauru in the Sustainable Land Management (SLM) Project.

### ***World Health Organisation (WHO)***

The WHO has provided considerable assistance to Nauru's health sector. It has focused on strengthening capacity of national environmental health and food safety, assisting in the effective delivery of health services through a well trained and managed workforce, supporting the adoption of standardized NCD surveillance activities and development, implementation and monitoring of Nauru's NCD Strategy.