



## Nauru: Institutional Strengthening of the Nauru Utilities Corporation

Project Name	Institutional Strengthening of the Nauru Utilities Corporation
Project Number	47352-001
Country	Nauru
Project Status	Closed
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	<b>TA 8631-NAU: Institutional Strengthening of the Nauru Utilities Corporation</b> Technical Assistance Special Fund US\$ 225,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development
Sector / Subsector	<b>Energy</b> - Energy sector development and institutional reform
Gender Equity and Mainstreaming	No gender elements
Description	ADB assistance will support the NUC in the following activities: (i) developing and implementing an asset management and maintenance plan; (ii) improving accounting systems through integration of the asset registry and the financial management information system; (iii) implementing performance management systems for lower level NUC staff; and (iv) reviewing the corporate governance of the organization.
Project Rationale and Linkage to Country/Regional Strategy	Despite significant progress, a number of weaknesses in the performance of NUC remain. NUC has no preventative maintenance plans, and as a result maintenance is carried out on an emergency or ad hoc basis. The NUC also lacks procedures for capital expenditure planning and procurement planning. NUC depends on imported diesel fuel for almost all power generation. Tariffs are the lowest in the Pacific and do not cover diesel fuel cost. The utility therefore depends on a fuel subsidy from the government. Unclear compensation policies and worker classifications result in inefficient allocation of compensation at the NUC. While an asset inventory was introduced under TA-7873, additional improvements are required to the accounting system, in particular through integration of the fixed assets register and the financial management information system fixed asset management module which has recently been acquired for the NUC. There is also a lack of management autonomy, despite corporatization. Despite the NUC's newly streamlined governance structure, it is still subject to ministerial oversight and requires cabinet approval for borrowing, acquisition and disposal of property, rather than being accountable to an independent board of directors.
Impact	Reduced drain on the fiscal position of the government

### Project Outcome

Description of Outcome	Improved financial, operational and governance performance of the NUC
Progress Toward Outcome	The consultants have submitted draft final report containing recommendations. Several steps have been already institutionalized to improve capacity and streamlining operational issues. The ongoing Nauru Electricity supply security and sustainability project is monitoring implementation and sustainability of recommendations of the report.

### Implementation Progress

Description of Project Outputs	NUC implements asset management and maintenance plan NUC implements improved accounting systems through integration of the asset registry and the financial management information system NUC implements Performance Management System for lower level NUC staff NUC implements revised corporate governance structure
Status of Implementation Progress (Outputs, Activities, and Issues)	The consultants have submitted the draft final report and is being reviewed by ADB. Each consultant has incorporated findings and recommendation for the way forward. The implementation of those recommendations will be monitored. Consultants' final report is expected to be submitted by April 2016.
Geographical Location	

## Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

### Stakeholder Communication, Participation, and Consultation

During Project Design	We consulted with government ministries and the Nauru Utilities Corporation (NUC), development partners including the Government of Australia, the European Union, and the private sector and stateown enterprises including the Republic of Nauru Phosphate Corporation, Nauru Rehabilitation Corporation and Eigigu Holdings, as well as Capelle & Partners, and Meridien Holdings. Civil society groups consulted include the Nauru Island Association of NGOs.
During Project Implementation	Consultation with stakeholders including Ministry of Finance, NUC, Nauru phosphate Corporation, Government of Australia, High commissioner of Taiwan during TA implementation were duly carried out by the consultants and by ADB during review missions.

## Business Opportunities

Procurement

Consulting services

## Responsible Staff

Responsible ADB Officer	Indrawansa, P.P.G.P.P.
Responsible ADB Department	Pacific Department
Responsible ADB Division	Pacific Liaison and Coordination Office in Sydney, Australia
Executing Agencies	<i>Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines</i>

## Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	01 Apr 2014
Last Review Mission	-
Last PDS Update	30 Mar 2016

## TA 8631-NAU

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
01 Apr 2014	-	01 Apr 2014	31 Mar 2016	-	-

Financing Plan/TA Utilization	Cumulative Disbursements
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ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
225,000.00	0.00	75,000.00	0.00	0.00	0.00	300,000.00	01 Apr 2014	182,824.37

Project Page

<https://www.adb.org/projects/47352-001/main>

Request for Information

<http://www.adb.org/forms/request-information-form?subject=47352-001>

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