

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The major donors to Nauru’s energy sector are the Government of Australia, the European Union (EU), and (with this project) the Asian Development Bank (ADB). Historically, the Government of Australia has provided frequent capital infusions for the power and water supply operations of the Nauru Utilities Corporation (NUC) and funded salaries of expatriate professionals in key management positions. Recently, the EU has contributed to NUC’s capital stock in distribution network reinforcements.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Energy Sector			
ADB	Regulatory and Governance Reform for Improving Water and Electricity Supply in Nauru	2012–2013	0.200
	Institutional Strengthening of the Nauru Utilities Corporation	2014–2015	0.225
European Union	Distribution Rehabilitation Project	2013–2015	1.755
GIZ	Development of Energy Road Map	2013–2014	<0.050
Government of Australia	Generation Investment	2014	2.400
	Expatriate Management Support at NUC	Annual	0.200
	Ad hoc transfers for fuel delivery, capital investments	Annual	>1.000

ADB = Asian Development Bank, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit, NUC = Nauru Utilities Corporation

Source: Asian Development Bank

B. Institutional Arrangements and Processes for Development Coordination

2. At the national level, the Government of Nauru Ministry of Utilities and the Ministry of Commerce, Industry, and Environment are nominally responsible for development of the energy sector. In practice, the Ministry of Finance’s Aid Management Unit facilitates the activities of development partners across all sectors, including energy. Development coordination among development partners in the energy sector is also coordinated through the Pacific Regional Infrastructure Facility’s Energy Working Group, and on an ad hoc basis through networks of counterpart staff among the engaged development partner organizations.

3. The proposed project was developed in consultation with the EU, which is cofinancing the project, and the Government of Australia, which is funding a parallel and complementary investment in diesel generation at the NUC.

C. Achievements and Issues

4. The Government of Australia and the EU remain the most prominent development partners in the energy sector, while the International Renewable Energy Agency and the Abu Dhabi Fund for Development have indicated their interest in financing investment in renewable energy in Nauru. ADB will continue to liaise with these agencies for the purposes of aligning programs.

D. Summary and Recommendations

5. Continued consultations and alignment of programs with those of other development partners is warranted. Further, parallel ADB operations in Nauru should be informed of the objectives of the present proposed project and incorporate, to the extent feasible, conditions and covenants that support these objectives.