



REPUBLIC OF NAURU

Nauru's
NATIONAL SUSTAINABLE
DEVELOPMENT STRATEGY 2019-2030

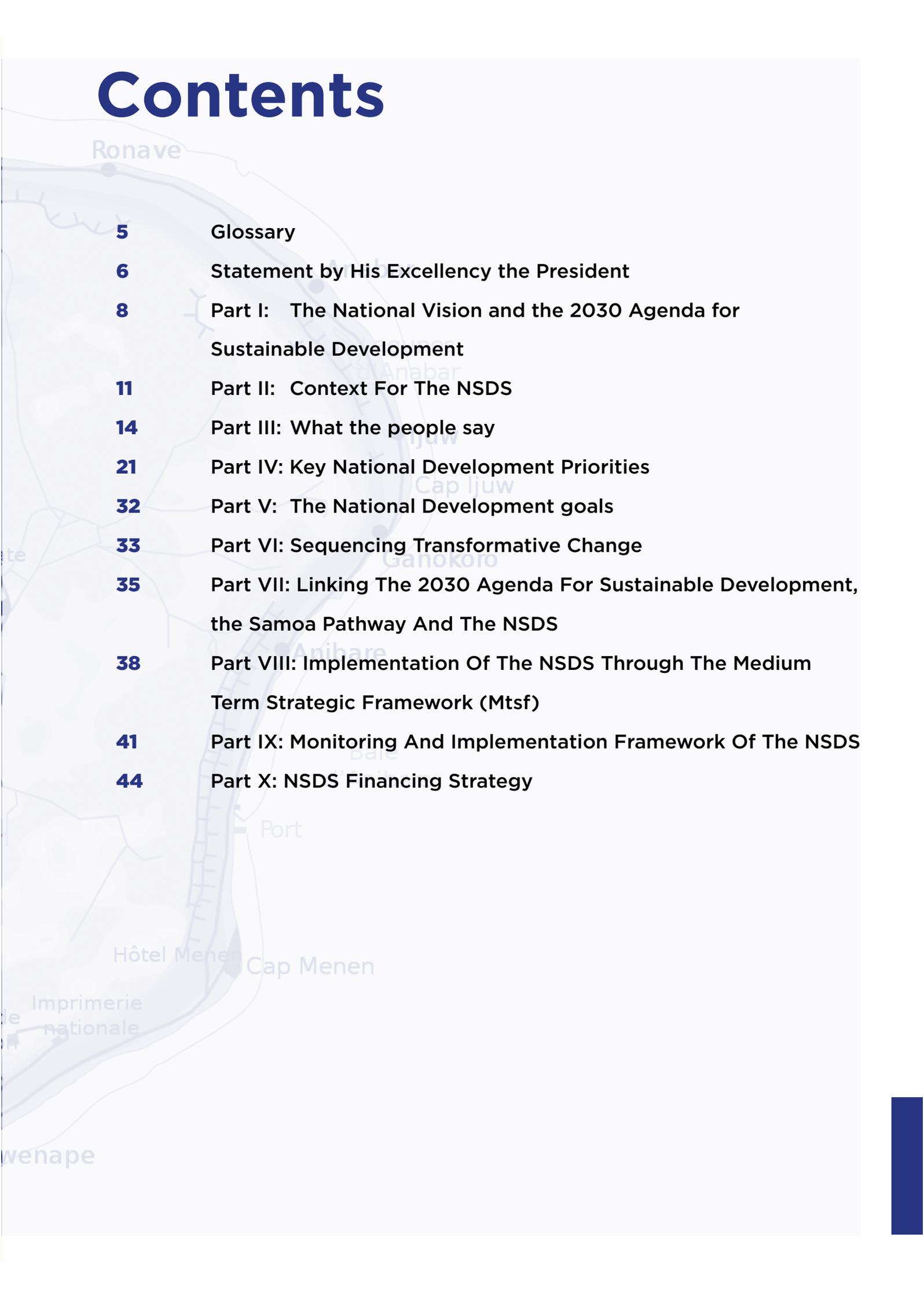


REPUBLIC OF NAURU

NATIONAL SUSTAINABLE DEVELOPMENT
STRATEGY 2019-2030: Revised 2019



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GLOSSARY

BOP	Balance of Payments
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CSO	Community Service Obligations
EHC	Eigigu Holding Corporation
FATF	Financial Action Taskforce
FFA	Forum Fisheries Agency
FIU	Financial Intelligence Unit
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GNI	Gross National Income
HH	Household
HIES	Household Income and Expenditure Survey
ICT	Information and Communication Technologies
ITU	International Telecommunications Union
IUU	Illegal, Unregulated & Unreported
KPI	Key Performance Indicator
NACOS	Nauru Australia Compact of Settlement
NAP	National Adaptation Plan
NCD	Non Communicable Diseases
NEAT	Nauru Education Assistance Trust
NGO	Non-government organisation
NIC	Nauru Insurance Corporation
NPRT	Nauru Phosphate Royalties Trust
NRC	Nauru Rehabilitation Corporation
NSDS	National Sustainable Development Strategy
NUC	Nauru Utilities Corporation
PAD	Planning and Aid Division, Department of Finance & Sustainable Development
PNA	Parties to Nauru Agreement
POHLN	Pacific Open Health Learning Network
POP	Persistent Organic Pollutants
PRAN	Pacific Regional Assistance to Nauru
REHAB	Republic of Nauru Rehabilitation Corporation
RONFIN	Republic of Nauru Finance Corporation
RONPHOS	Republic of Nauru Phosphate Corporation
RPC	Regional Processing Centre
SBOA	Small Business Owners Association
SDG	Sustainable Development Goals
SME	Small and Medium Enterprise
SOE	State Owned Enterprises also termed Instrumentalities
SPC	Pacific Community
STI	Sexually Transmitted Infections
TVET	Trade and Vocational Education and Training
TWG	Technical Working Group for the NSDS Review 2017
UNESCO	United Nations Educational Scientific & Cultural Organization
WSIS	World Summit on the Information Society

STATEMENT BY HIS EXCELLENCY THE PRESIDENT

2018 marked 50 years since Nauru gained independence in 1968. As a nation we have journeyed through times of trials as well as great fortunes. Immediately after independence, we began our journey as a sovereign nation with one of the highest levels of wealth per capita in the world. We have since experienced a rapid decline of our nation's economy and in our standard of living. Nauru's social, political, economic and geographical landscape has changed considerably from what it was over 50 years ago.

The NSDS, launched in 2005 was born out of crisis and serves as a reminder for us all today of what we as a nation committed to achieve in order to avoid the mistakes of the past and secure a sustainable future. A review and update of the NSDS was conducted in 2009 which highlighted positive steps in achieving key objectives that were outlined in 2005, but also exposed areas in need of improvement.

Since the NSDS revision in 2009, the country's economy has changed considerably. In 2005 the country was beginning to recover from the economic crisis which began in the 1990s. By 2009, there was an upturn in economic growth with the resumption of phosphate mining. However, that has since slowed down with primary phosphate nearing exhaustion.

With the reopening of the Regional Processing Centre (RPC) in September 2012 the economy received an injection of resources which led to higher government revenues and increased employment. Buoyant receipts from fishing licences and other revenue collection streams boosted economic activity. Still, many challenges remain, including the need to improve the existing infrastructure as well as improving outcomes for education and health and promoting environmental sustainability.

Changes in the external environment with heightened risks caused by geopolitical tensions amongst the most powerful nations in the region, the impact of climate change on our oceans and our land, coastal inundation from sea-level rise, as well as changes to our major main sources of government revenues necessitates that the NSDS must be updated regularly to ensure greater internal consistency for better implementation outcomes, improved quality of planning, and linking the NSDS to international arrangements. This will also ensure that the Government of Nauru gains access to resources from regional and international development partners for financing implementation of the NSDS.

This revised NSDS document focuses on National Vision, National Development Priorities and National Development Goals. This provides flexibility of the NSDS to changing political, social and economic environments and allows the implementation to remain responsive. It lays out the roadmap towards transformative change and is aligned to broader international goals such as the SAMOA Pathway, the Paris Agreement and the 2030 Agenda for Sustainable Development.

Climate change represents the single greatest threat to the livelihoods, security and wellbeing of our people. Therefore, it should be rightly highlighted as a pillar for Nauru's sustainable development undertaking. Climate variability and slow yet adverse effects of climate change increases our vulnerability and undermines the sustainable development of Nauru. As a nation, we have made headway in climate change adaptation policies with the adoption of the RONADAPT as well as ambitious mitigation strategies laid out in the Nauru Energy Roadmap. We have begun the hard work of matching rhetoric and reality with the implementation of Nauru's first solar farm which will reduce our reliance on fossil fuels and complete construction of a climate resilient Port facility. There is more work to be done. Many of Nauru's key assets are vulnerable to coastal related hazards including sea level rise, coastal erosion, storms, water intrusion and flooding which are projected to intensify due to climate change. Therefore, a long-term priority is to relocate key infrastructure to higher ground. This is a major undertaking that shall span generations and we will commit to this endeavour with vigour.

Though we have often been defined as 'small' and 'vulnerable', our past is a testament to our resilience and will as a nation. This NSDS is vital for our development and I urge all Nauruan citizens, those employed in the public service, SOE's or engaged in the private sector, whether you are a student pursuing your education or a mother raising your children; to take ownership and to know your roles and responsibilities within the ambit of the NSDS. We all have a part to play and we must remain diligent and never lose sight of what we as a Nation have set out to achieve.



With God's Will First,
Lionel Rouwen Aingimea
President of Nauru

PART I: THE NATIONAL VISION AND THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

Nauru's long-term vision, central message, and goals are unchanged from the 2009 update of the NSDS and are linked to the United Nations 2030 Agenda for Sustainable Development.

National Vision

A future where individual, community, business and government partnerships contribute to a sustainable quality of life for all Nauruans

The key vision for the people of Nauru is:

Since independence in 1968, the government has been the main producer of goods and services in the economy. The mining of phosphate initially provided the main source of wealth for the people. As the supply of phosphate is gradually coming to an end, the people will have to adapt to a new era. Future social and economic progress will depend on close and enduring partnerships between the government, the business and community sectors, as well as with individuals. The vision focuses on achieving a sustainable quality of life for all the people of Nauru where the people can fulfil their capabilities. The central message of the NSDS is:

“Partnerships for Quality of Life”

In January 2016 the United Nations 2030 Agenda for Sustainable Development came into effect. It is made up of 17 Sustainable Development Goals (SDG). They provide an overarching framework within which the NSDS contributes towards achieving internationally agreed development goals of a just, rights-based, equitable and inclusive global society in which all stakeholders benefit from sustained and inclusive economic growth, social development and environmental protection.

National Development Priorities

The seven long-term goals for Nauru which will enable the fulfilment of the national vision are:

- Stable, trustworthy, fiscally responsible government
- Access to quality education, formal and non-formal
- Improved health and well-being
- Provision of enhanced social, infrastructure and utilities services
- Development of an economy based on multiple sources of revenue
- Enhance resilience against the impacts of climate change that is inclusive of rehabilitating and restoring degraded lands
- Development of domestic food production for food security

National Values and Principles

The National Development Goals are based on national key principles which reflect the values of the people of Nauru:

- **Effective leadership for managing issues and challenges**
We will focus on the national interest in seeking to achieve the NSDS Vision with impartiality and honesty while respecting Nauru's cultural heritage of respect for our elders and our families.
- **Inclusive collaboration and cooperation for effective and progressive development**
We will consult widely with all stakeholders in the public and private sectors on development issues.
- **Accountable and transparent processes**
We shall monitor the progress of the implementation of the NSDS and the results will be made available to all stakeholders so that the accountability and transparency of the processes are upheld and provide legitimacy to the NSDS process.
- **Commitment to bringing about measurable progress and change consistent with the National Development Priorities**
We shall ensure that the implementation of the NSDS bring about progress even when changing environmental and geopolitical conditions make the achievement of the NSDS vision challenging.



NSDS Review 2016

The NSDS is the path forward for the people of Nauru by setting the National Vision and the National Development Goals which will give effect to the aspirations of the people.

The NSDS first came into effect in 2005. It was updated in 2009 and the Department of Finance and Sustainable Development commissioned another review in 2016¹. The 2016 review indicated that only 25% of the NSDS milestone activities had been implemented. The leading sectors where milestone activities had been implemented were Education, Environment, Public Administration, Sports, Governance Institutions, and Fisheries. These sectors had received aid assistance from development partners and so were able to undertake their key milestone activities.

During the period 1990 – 2000 the economy had suffered from the decline of phosphate production and unsustainable policies. At the time of the update of the NSDS in 2009, the government faced many financial challenges as the overarching backdrop for the update. In 2012 the reopening of the Regional Processing Centre (RPC) had a significant impact on economic activity. The government's finances began to improve due to increased revenues from the RPC together with the resumption of phosphate mining and the increase in revenue from the issuance of fisheries licences. Nauru's annual GDP growth averaged more than 20 percent from 2011–2014. The RPC contributed to the increase of the total population by inflows of refugees and contract workers of between 10 to 20%. The share of RPC-related services reached an estimated 35% of GDP; employment by the RPC peaked at over 1,400 (with over 700 Nauruans) in 2016 or about 29% of the employed labour force, second only in size to the government; and the RPC-related revenues were over \$40 million or over 35% of government's annual revenue (excluding grants). Growth is estimated to have slowed and hold at 2 percent for 2018-2019 due to the slowdown in phosphate exports and a gradual tapering off in RPC-related activity¹.

At the same time, many challenges persist. Nauru faces challenges associated with its small size, remote location, and narrow production base. The economy is affected by the high cost of goods and services, inadequate infrastructure and the impact of climate change. In 2012/13 about 24% of the population (16.8% of households) lived below the basic needs poverty line (BNPL). Income inequality is higher than average compared with other countries in the region.

¹ *Nauru Sustainable Development Strategy: 2016 Review Report*

Progress in implementing the NSDS milestone activities was affected by lack of funding; lack of staff capacity; weak coordination; unclear goals; slow processing of land required for new projects and weak governance in selected areas.

The outlook for the economy beyond 2018 is estimated for growth around 1.5%. The operations of the RPC are expected to decline as some of the refugees are resettled overseas. The projected reduction in government revenue will affect the maintenance of public service delivery as well as funding the wage bill and other basic public services. The timing and magnitude of the process of resettlement are yet to be confirmed other than that it would have an impact on GDP, employment levels, and the government's revenue unless alternatives are developed.





PART III: WHAT THE PEOPLE SAY

In September of 2017- an NSDS Public Consultation Report² was produced, as part of the review of the NSDS, the Minister for Finance and Sustainable Development appointed a Technical Working Group (TWG) to undertake consultations at community and sector levels. The consultations were to update stakeholders on the status of the current NSDS and to seek feedback on social, economic and environmental priority issues which were of concern to them. The consultations were well attended, and valuable insights were provided into the current inclusive process used for national policy dialogue. The community meetings provided an opportunity to hear the communities' views on potential growth and development areas, key challenges, and possible solutions. The following are the main issues which emerged:

☀️ **Community Consultations:**

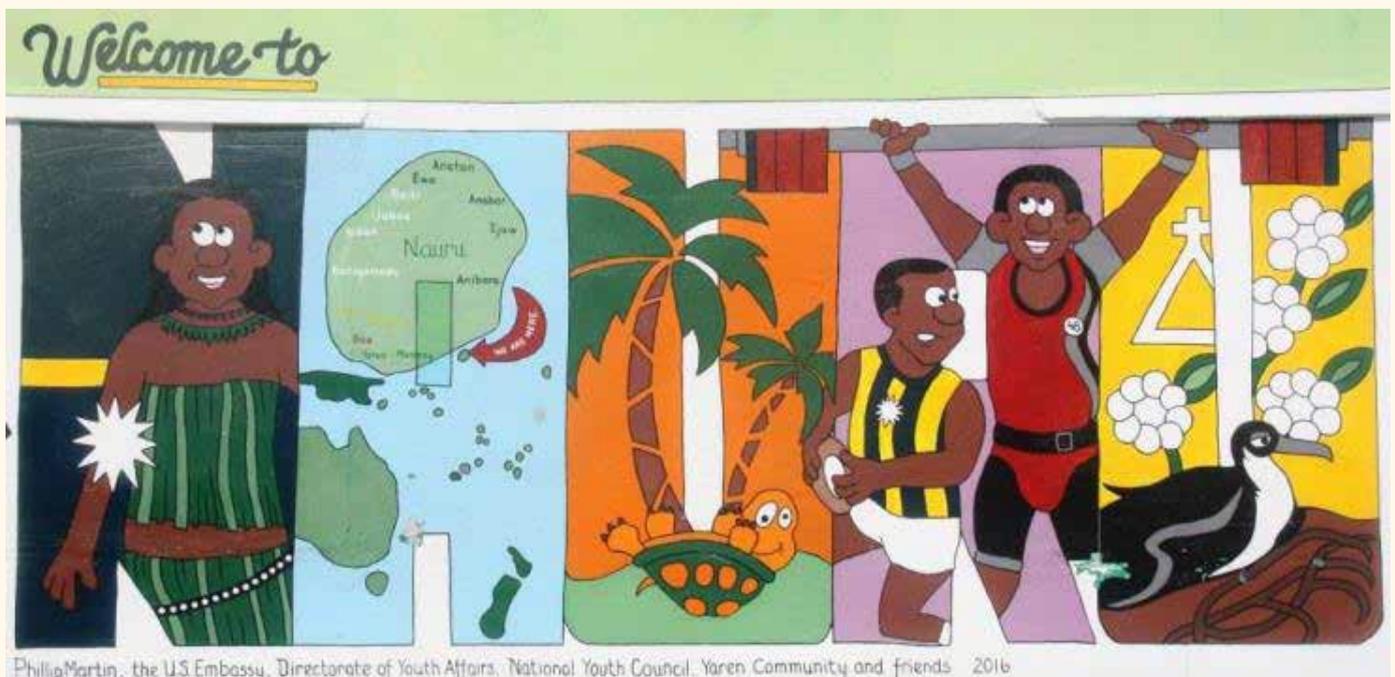
- Both the sector and community consultations highlighted that individuals and communities displayed a high level of good will and readiness to collaborate with government agencies and departments and other communities to improve the standards of living throughout Nauru;
- The participants called for ongoing communication on the NSDS review process especially the draft outcome of the stakeholders' consultations;
- There was overwhelming support for the inclusive approach by the TWG to engage the stakeholders on the NSDS review and the discussions on development challenges and priorities;
- There was general support for a prioritization process, given the many pressing development challenges faced by the people of Nauru;
- The key priorities identified during the consultations were:



² NSDS Consultations Report: 2018

☀ Economic Security and Opportunities

- Keeping the prices of goods and services within affordable boundaries
- Providing greater access to finance for small businesses and for home owners



- Providing new sources of employment by developing eco-tourism
- Increasing domestic food production, such as fruit and vegetable farming, to improve nutritional standards



☀ Infrastructure

- Fast-tracking the Higher Ground Project so that landowners and the nation can develop these for a range of purposes such as economic and environmental considerations
- Commencing port development to lower the cost and duration of transporting goods by sea and providing opportunities for fisheries development and investment
- Improving the drainage system and roads to lower the economic costs of domestic transportation
- Improving the supply and quality of water and sanitation to improve health outcomes and support economic diversification



☀ Educational opportunities

- Strengthening the capacity of Nauruans to identify opportunities for employment by improving non-formal education and learning opportunities
- Achieving greater potential in learning and development through the removal of institutional barriers
- Building an adaptable and responsive education system consistent with Nauru's cultural and social context which are also consistent with regional standards



☀ Health management

- Improving the well-being and health outcomes by strengthening the Health Department's technical and administrative capacities
- Improving physical and mental health outcomes through more effectively funded and implemented programmes
- Strengthening better health outcomes by developing more effective health promotion





Cross cutting

- Safeguarding cultural heritage and fostering creativity through better focussed social and community programmes
- Strengthening social inclusion through greater participatory processes in policy design
- Ensuring more effective youth justice through programmes which are structured to ensure voices of young people are heard
- Recognising contribution of young people through participatory processes
- Addressing the issues of youth at work
- Developing child and youth friendly communities to support greater social cohesion
- Providing greater recognition of the role of women in the community through better designed community programmes
- Developing sustainable communities to achieve greater cohesion through the design of more effective social policies
- There was a higher proportion of females participating in the consultations and demonstrating interest in the development issues of their communities in both the responses to questionnaires and in district consultations;
- Many communities were experiencing challenges with basic needs issues, and were seeking ways of accessing financial and advisory support; in many cases, the members of the community needed to build up the confidence to empower them to actively seek ways of accessing support; and
- Some of the communities were finding access to social services in relation to teenage pregnancy and counselling issues very challenging.



☀ Sector-based consultations:

- A strong consensus emerged during the consultations that policies and programs which had been put in place and were working effectively should be retained and not be compromised or disregarded in the design of the new NSDS;
- It was agreed that there was a need for improvement in knowledge and skills for development purposes; this should include areas such as tourism development, agricultural planting, marketing, and small business management;
- The capacity of the domestic workforce was a major challenge and discussions focused on why Nauruans were not trained in key skills, which were often supplied by expatriate workers; it was proposed that a multidisciplinary and collaborative model be explored to ensure skills transfer was sustainable;
- It was agreed that cultural identity was a major concern; discussions focused on how shared languages and values could be promoted more effectively;
- Discussion focused on the need to address social issues of petty crimes and socially unacceptable behavior which undermined social cohesion and well-being; there was a call for options such as stronger community leadership, community policing, Community Liaison Officers (CLO), and police constables to enforce the laws and to act as mentors, advocates, brokers and negotiators of services; and
- There was general agreement that for Nauru to make timely progress towards the 2030 Agenda for Sustainable Development goals, and achieve the goals of the NSDS, there must be key guiding principles in place to guide the effective implementation of the NSDS. These are stated in the earlier section.





PART IV: KEY NATIONAL DEVELOPMENT PRIORITIES

The review of the NSDS undertaken by the TWG with the communities and sectoral consultations, in conjunction with situation analysis of the NSDS progress of implementation, identified the following key national priorities:

☀ Economic Sector

- **Employment and sustainable income-generating activities** are amongst the key issues facing the people of Nauru. The RPC has made a significant impact on domestic economic activity since being reopened in 2012. The commencement of the resettlement of the refugees has raised concerns on the impact on economic growth, employment levels, and the government's revenue unless alternatives are developed. The projected loss of jobs and the reduction of government services associated with the reduction in revenue from RPC-activities will exacerbate a situation already under pressure. The consultations with the communities raised fears of loss of employment and incomes as the rental incomes associated with phosphate mining leases are not expected to continue due to the winding down of mining operations. The consultations demonstrated a heightened sense of urgency on the need to identify viable alternatives.
- **The business environment** is an essential element for the development of the private sector. It faces the challenges of remoteness from overseas markets, small size and dependence on a narrow range of activities. The public sector and the SOE dominate much of the economy. While there is now a commercial bank it does not yet provide access to loan finance, limiting access by the private sector and individuals. In addition, the current regulatory environment requires further strengthening to support investment. The private sector makes up a small share of GDP with most of the activities focused on retail stores, restaurants, security services and other small businesses. The CIE has initiated support for micro-finance through training workshops as well as promoting traditional arts and crafts for local businesses, which will ensure that traditional knowledge and skills are preserved. Long distances from overseas markets, diseconomies of scale and high dependence on imports are some of the constraints that the business environment faces. These challenges are more pressing given the uncertainty that Nauru faces with the likely changes of the RPC.





- **The tourism industry** is at an early stage of development. Nauru currently receives less than 1,000 bona fide tourists annually. Remoteness and cost of travel pose a hurdle for potential visitors. At the same time, the number of business travellers to Nauru is relatively higher. Business travellers are the primary source of visitor receipts in Nauru. The quality of infrastructure, as well as the limited availability of goods and services (including hospitals, activities, hotels, travel agencies, and internet cafes), limit the attraction of Nauru as a destination. Customary land rights also affect investment in the tourism sector. Similarly, there is a need to develop strategies to increase the receipts from business travellers given that visa requirements make the cost of travel to Nauru relatively high. Culture and tourism strategies are not readily linked due to limited development of the sector. On the other hand, unplanned

tourism puts additional stress on the culture and the natural environment (such as waste generation, water use, energy use) highlighting the need for a careful strategy for culturally sustainable eco-tourism. A balanced approach is needed to promote sustainable tourism as an option for



diversification at a time when the future direction of the economy is uncertain. The national carrier, Nauru Airlines, is profitable and provides a base on which to build a revitalised tourism industry.

- **Diversification** of the economy is a key issue given the risks associated with dependence on a narrow range of products. With the expected changes to the operations of the RPC, Nauru is likely to become more dependent on foreign aid and the proceeds from fisheries licences. This increases Nauru's vulnerability to the changing international economic and geopolitical environment. Improving the environment for private sector development allows the economy to widen the range of goods and

services which can be produced. Such diversification, where directed effectively, will enable the economy to be more resilient in the face of market and geopolitical instability. This requires the strengthening of public infrastructure, financial services, governance institutions and land management.

☀ **Social and Community Sector**

- **Education** is a key concern for the people of Nauru. However, the results have been below expectations. Pass rates have been low together with low completion and retention rates. Absenteeism is a continuing challenge. Children and young adults are among the most vulnerable groups (particularly those without formal employment in the public or private sector) within Nauru's society. Few students pursue an education in the technical fields where Nauru is experiencing a capacity gap, particularly, science, technology, ICT, and healthcare. There is a growing group of young people who have not received adequate formal education and who are excluded from the formal economy resulting in possible marginalisation and disillusionment fuelling an increasing incidence of juvenile delinquency. The challenge for the education sector is that while education is free for all students with significant incentives offered by the government and development partners to promote better outcomes, the challenges persist. So new, more effective interventions are needed.



- **Health** is a key sector which must be strengthened if the vision of the NSDS is to be achieved. The current indicators show that the state of health is below regional standards. Life expectancy in Nauru is 57.8 years for men and 64.8 years for women, amongst the lowest in the region. Health standards remain poor although progress has been made in improving infant and maternal mortality rates. The increasing cost of health service provision (including prescriptions and overseas referrals) places pressure on the health sector budget. Current lifestyle habits, including excessive alcohol consumption, smoking, poor diet and lack of physical activity, continue to pose health risks for the national population and have resulted



in the persistent occurrence of NCDs. The high incidence of NCDs adds an increasing cost to the healthcare sector while decreasing the size of the labour force when NCDs lead to disability. The economic costs are significant. Annual expenditure for diabetes is approximately 20% of the government's annual health care expenditure. The lack of agricultural production

in Nauru, the prohibitive costs of importing fresh, healthy food and a lack of awareness of the importance of nutrition often contribute to the poor diet of the general population. There is a current lack of health literacy while information management and data collection of medical records require strengthening. Policy planning requires further strengthening to cope with the challenges of the health sector.



- Attaining the **Sustainable Quality of Life** for all Nauruans is the national vision in the NSDS. This will require appropriate strategies to support civil society initiatives, climate change adaptation, improved communications, promoting cultural activities, protecting the natural environment, enhancing gender relations, a stronger judiciary, increased remittance opportunities, sports activities, transport, waste management and youth activities in addition to Health, Education, Water and Energy above.

☀ Infrastructure Sector

- Infrastructure is a key sector which needs further strengthening. Infrastructure assets such as the port, airfield, roads, schools and other buildings are in a fragile condition after extended periods of relative neglect brought about by lack of funds and in-country management. The various government departments and SOE responsible for managing infrastructure services have struggled to meet their obligations and often respond only when near break downs of assets or services have occurred.



- The supply of **electricity** has improved with stable supply in recent years. At the same time, the way in which electricity is delivered is not sustainable for Nauru. There is a need to upgrade infrastructure, increase efficiency, secure the benefits of renewable energy, and develop and implement sustainable water management policies. Given that Nauru is dependent on fossil fuel, especially in the transport sector, there has been high-level political support for improving energy sustainability and the government had set a target of achieving 50% renewable energy by 2015. This was not achieved. Like many small island states in the Pacific, Nauru is vulnerable to global fuel price movements. An increasing population will increase future fuel demands, adding pressure to the energy sector. Extreme weather events and sea-level rise can threaten energy related infrastructure.



- Access to clean **water** is a key priority raised during the community consultations. There is a need to align the quality of current supplies with internationally recommended standards. Most ground water has been contaminated due to mining, ineffective sewerage systems and dumping of other commercial, burial sites, and household wastes. Frequent droughts and lack of proper rainwater storage facilities compound water scarcity issues. A solar powered reverse osmosis plant has improved the supply of water, through delivery and bottling, of potable water. Water storage facilities for houses have improved with most communities being made aware of the importance of using clean water and either treat or boil water for home use. There is limited human capacity to monitor and manage water resources and a lack of specialised capacity in modern technologies (such as the desalination plant). The communities often manage groundwater use, and they generally lack the capacity to ensure the safety of the water. There is a need to increase the capacity for water storage. There is also a need to improve delivery of water from storage facilities to household water tank storages especially during sustained drought periods when demand escalates. The reverse osmosis plant improves access to water, but the water delivered from the desalination plant does not meet WHO standards. Although the plant uses solar power, the high energy demands of the plant make it susceptible to external factors. Land ownership issues have created difficulty related to the use of ground water. There is no wastewater facility.



- **Waste** management is another key issue raised by communities during the consultations. It is constrained by the limited availability of suitable land for landfills. The approval of the Littering Act provides a policy framework for waste management in Nauru but there is a shortage of waste management facilities and infrastructure. Polices on waste need to be strengthened, including for waste dumping. The existing regulations are not strictly enforced, and the lack of an environmental levy promotes inexpensive products which lack biodegradable packaging. The Waste Management Unit and the dumpsite operations lack sufficient human capacity for properly collecting and disposing of wastes. A sewage and water waste treatment facility is required to protect public health. Managing wastes appropriately within the small land mass will continue to be a problem for Nauru. The ability to properly dispose of liquid, chemical and hazardous wastes is limited by the excessive costs of waste treatment. Waste disposal threatens the natural environment and biodiversity by



putting pressure on the natural coping capacity. It also decreases air and water quality. Increased flooding could potentially create waste run-off and spread the effect of wastes to a larger area.

☀️ Cross Cutting Sector

- The **governance institutions** of Nauru are amongst the key building blocks for progressing the NSDS. Although a great deal has been achieved in strengthening governance institutions, including the law and justice sector, more needs to be done to complete many of the reforms that have been started, such as in the areas of an independent media, freedom of information, and leadership code. Other issues to be addressed include out-dated legislation, the need for more qualified personnel, reduction of the court's backlog, and addressing issues of gender and child based violence. The governance institutions have been provided with considerable support by development partners, particularly for the strengthening and capacity development for the legislature based



on a modernized Constitution. Such areas as the strengthening of the audit function require further support and the financial reports of many SOE are still outstanding. The Public Accounts Committee has not met due to the lack of audited financial accounts creating a gap in the framework of public accountability.



- **Public sector capacity** is a cross cutting priority issue. Strong administrative, institutional and technical capacities of the public sector are the key building blocks for progressing the NSDS. The improvement of the performance of the public service has been a key strategy of the NSDS. This was done through the identification of capacity gaps and design of appropriate strategies to build capacity at individual, organisational and institutional levels. There were also initiatives to improve basic numeracy and literacy skills, computer literacy and technical skills in specific areas. At the same time, the challenges for public administration include high staff turnover, loss of key staff due to agencies competing for the same pool of workers and the high dependence of the government departments on a paper-based system. Attempts to develop participatory corporate (operational) plans for all Ministries and departments with clear links to annual budgets have met limited success although most budget discussion revolves around recurrent expenses. Initiatives to improve the efficiency and effectiveness of spending on government administration and services need further strengthening. Attempts to identify capacity gaps and design appropriate strategies to build capacity have been slow as they have been implemented in an ad hoc manner. Scholarship priorities are not identified due to limited training needs analysis and manpower planning. Although most staff members have job descriptions, some of the senior member's of the public service have not been included, making performance measurement difficult. Succession planning and travel policy also require further strengthening. Asset management has not been implemented effectively and requires additional resources.

- **Land** issues are amongst the key factors affecting the rate of implementation of the NSDS. Delays associated with capacity constraints and the complexities of the customary land tenure system often require sensitive handling which is time consuming. The Lands Act requires the consent of at least 75% of landowners to gain access to land; land cannot be sold amongst Nauruans, and they can only pass on or transfer land to each other.

There is a need to develop a more dynamic legal and regulatory framework which will contribute to mobilizing access to land. Nauru has very limited land



(21 sq. kms.) with almost 80% subjected to degradation due to mining. This has resulted in a lack of land for agricultural production as well as development in the tourism and construction sectors. In 2011, only 13% of households maintained a kitchen garden or were involved in growing crops. Almost all the population and economic infrastructure are based along the coastal zone. There is a lack of capacity to manage land resources sustainably (for example, management that considers Environmental Impact Assessments). There has been slow progress in the rehabilitation of mined phosphate lands. There is a need to improve political support, policies and communication for integrated land-use planning and management. Issues related to land rights also discourage foreign investment. Landowners need support to negotiate with foreign companies to protect them from possible land alienation. The lack of a waste management system also puts additional pressure on the available land resources. These factors must be effectively addressed if the NSDS is to make progress towards the national vision.

- **Climate Change** represents the single greatest threat to the livelihoods, security and wellbeing of our people. Climate variability and slow onset effects of climate change increases our vulnerability and undermines the sustainable development of Nauru.
 - ❑ Nauru is susceptible to droughts which, in the past, have had significant impacts on health, food security and the economy as it can put a strain on the national budget. It has been projected that climate change effects such as increase in sea surface temperature, sea levels, ocean acidification and change to ocean currents will impact Nauru’s fisheries resources. For a country that is heavily reliant on its ocean resources for food security and revenue source, the negative effects of climate change on the ocean resources can be disastrous.
 - ❑ Sea level rise is also another slow onset effect of climate change. The majority of Nauru’s population and economic infrastructure are located in the low lying coastal strip. Many of Nauru’s key assets are vulnerable to coastal related hazards including sea level rise, coastal erosion, storms, water intrusion and flooding which are projected to intensify due to climate change. One of Nauru’s priorities is to relocate key infrastructure and resettle entire communities and households to higher ground which would involve the rehabilitation and restoration of degraded land.
 - ❑ The Government, state owned enterprises, the private sector, civil society organizations, communities, regional organizations and development partners all have unique roles to play in addressing these challenges to build a more resilient future for the people of Nauru.
 - ❑ It is critical that these key stakeholders work in partnership to build national capacity and resilience in all key developmental sectors such as health, education, economic, infrastructure, transport, environment, agriculture and fisheries for the sustainable development of Nauru.



PART V: THE NATIONAL DEVELOPMENT GOALS

Based on the identification of the key national priorities, the broad National Development Goals are designed to reflect the national vision to be achieved. Nauru's National Development Goals and the related key outcomes are outlined below:



Most of the National Development Goals have been carried over from the NSDS Update 2009. At the same time, changing circumstances require that other goals should be added. These are not new goals as many stakeholders during the consultations wanted to retain the same goals but with some further refinements to highlight the importance of health and education.

PART VI: SEQUENCING TRANSFORMATIVE CHANGE

The NSDS aims to bring about transformative change to Nauru with its alignment with the 2030 Agenda for Sustainable Development. Transformative change encompasses three key areas: economic, environmental and social. It focuses on promoting viable employment-intensive growth patterns that ensure macroeconomic stability. Transformative change is expected to change production and consumption patterns to support the economic changes in an environmentally sustainable manner. At the same time, social structures are going to be affected and norms and institutions will be re-aligned with supporting economic changes. These are challenging shifts which will require strong social and political leadership.

The 4 National Sectors for development planning and the 24 Key Outcomes present challenges for Nauru in terms of the need to strengthen key political, institutional, technical and administrative capacities as well identifying the necessary financing sources to enable the effective implementation of key activities.

One of the lessons learnt from the review of the present NSDS is that the prioritization and sequencing of the milestone activities must be designed more effectively. Some of the milestone activities in the current NSDS, while important, are not crucial to developing Nauru's growth potential. To overcome this problem, the revised NSDS ought to sequence the implementation of strategic activities to address the key issues which present the most difficult obstacles to growth before addressing other equally important but less urgent challenges.

The NSDS must create conditions which will promote economic growth to address the problems of unemployment, marginalization, and disillusionment which have emerged from the stakeholder consultations if Nauru is to achieve its national vision. To be effective, the NSDS must offer more than a list of projects. It must offer better ideas and a more attractive and compelling narrative which are aligned with transformative change. The NSDS must, therefore, focus on those key areas which are proving the most difficult to resolve but which can trigger transformative change with flow-on effects to other sectors.

Many social, legal and political constraints hinder economic growth. These often result in low returns to investment, poor retention of added value by the private sector, and the prohibitive cost of finance. These constraints are present in many Pacific countries with small size, remote locations and a narrow range of resources. Overcoming these constraints requires that priority should be focussed on:

- strengthening governance in all sectors;
- strengthening political administrative, technical and institutional capacities; and
- Mobilizing access to land.

All these issues are covered in the NSDS and addressing them will create the appropriate environment and contribute to transformative change which will progress the implementation of the NSDS. For example, there are large infrastructure projects under way in Nauru. These include Port Development Project; Submarine Cable Connection; and Sports Complex Construction.

These projects have the potential to create significant flow-on effects to the economy and will, over time, partially make up for the decline in revenues and employment caused by the changes to the operations of the RPC. However, there is a need to strengthen the underlying conditions of political, administrative, technical and institutional capacities to ensure that the gains from such large investments are sustainable over the medium to long term. Furthermore, there will be a need to adapt social and other norms during the process of strengthening institutional capacities, given the size of Nauru. Transactions will have to be carried out in a depersonalized manner which will be counter to the culture and social norms of Nauru. These issues are complex, but they need to be flagged as issues which the stakeholders will have to address if the transformative change is to be successfully delivered and contribute to the achievement of the national vision.



PART VII: LINKING THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT, THE SAMOA PATHWAY AND THE NSDS

In January 2016, the 2030 Agenda for Sustainable Development officially came into effect, having been adopted by the UN Member States, including Nauru, in September 2015. The 2030 Agenda commits the UN membership to achieving a world that, inter alia, is just, rights-based, equitable and inclusive in which all stakeholders, including women, children, youth and future generations benefit from sustained and inclusive economic growth, social development and environmental protection. The development of the 2030 Agenda reflects the SIDS Accelerated Modalities of Action (SAMOA) Pathway which was the outcome of the Third International Conference on Small Island Developing States (SIDS Conference) held in September 2014 in Apia, Samoa, and in which Nauru had been closely involved. The overarching theme of the conference, “The sustainable development of Small Island developing States through genuine and durable partnerships”, is reflected in the design of the NSDS. Nauru is also one of the first countries to ratify the Paris Climate Agreement of 2016 committing itself to contribute to the lowering of international levels of carbon emissions. It has also joined other countries in supporting the Sendai Framework for Disaster Risk Reduction in 2015. The NSDS has been designed to mainstream the SDG within its structure. The following table identifies the linkages of the NSDS Key Outcomes with the SDG and the SAMOA Pathway.

2030 Agenda for Sustainable Development (SDG)	SAMOA Pathway Declaration	NSDS Key Outcome
Goal 1. End poverty in all its forms everywhere	Clause 6	1
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Clause 59	2, 3
Goal 3. Ensure healthy lives and promote well-being for all of all ages	Clause 60	2, 9, 10
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Clause 34	8
Goal 5. Achieve gender equality and empower all women and girls	Clause 27(h)	12
Goal 6. Ensure availability and sustainable management of water and sanitation for all	Clauses 64 & 65	16, 17

2030 Agenda for Sustainable Development (SDG)	SAMOA Pathway Declaration	NSDS Key Outcome
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all	Clauses 47 to 50	15
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Clauses 23 to 29	1, 4, 5, 7, 13, 14, 20
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Clause 27(b)	18, 19
Goal 10. Reduce inequality within and among countries	Clause 6 & 7	1, 13
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable	Clause 30	4
Goal 12. Ensure sustainable consumption and production patterns	Clauses 68 & 69	5, 6
Goal 13. Take urgent action to combat climate change and its impacts	Clauses 31 to 46	24
Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development	Clauses 53 to 58	23
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Clause 94	22, 23, 24
Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Clauses 83 to 86	11, 14, 21
Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	Clauses 96 to 101	1



PART VIII: IMPLEMENTATION OF THE NSDS THROUGH THE MEDIUM TERM STRATEGIC FRAMEWORK (MTSF)

The implementation of the NSDS shall be undertaken through a Medium Term Strategic Framework (MTSF) which shall be of 5 years duration and which shall be revised and updated at the end of the fifth year cycle. The first MTSF shall be for the period 2019/20-2024/25. The MTSF will outline in detail the Policy Objectives for each of the 4 sectors which shall contribute to achieving the Key Outcomes outlined in the NSDS. These will be by the government agencies and shall be based on their sector plans over the medium term. The planned strategies are designed to achieve the Policy Objectives based on situation analysis reports at the sector level.

The attainment of the Key Outcomes will in turn contribute to the attainment of the National Development Goals and ultimately the National Vision. The structure of the MTSF is outlined in Annex 1. A proposed Nauru Indicator Monitoring Database (NIMD) will be a feature under the Nauru Strategies for Development of Statistics (Nauru-SDS) that will integrate closely with the necessary monitoring of the national sustainable development strategies (NSDS); that will also have a duty to warrant Nauru's commitment to the regional and international development agendas. When NSDS and NIMD are integrated the effects can feed into the design of the M&E Framework.

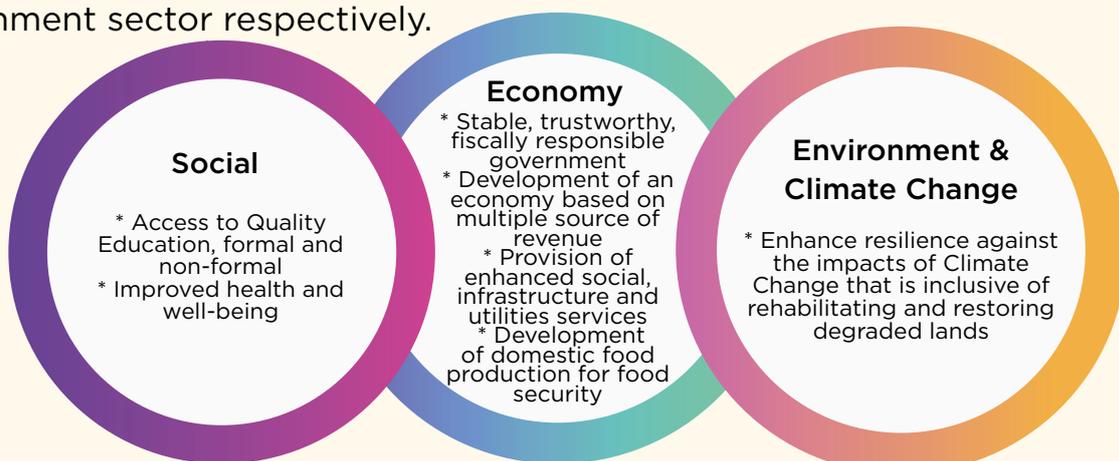
The Structure of the NSDS

NATIONAL VISION

A future where individual, community, business and government partnerships contribute to a sustainable quality of life for all Nauruans

NAURU'S LONG-TERM SUSTAINABLE DEVELOPMENT PRIORITIES

The 2019 revised key national priorities have clearly created standalone goals which are central to the following sustainable development pillars; for Social and Environment sector respectively.





PRIORITY AREA 1: ECONOMIC SECTOR

Econ-Goal 1: A stable macroeconomic environment conducive to private investment established

Econ-Goal 2: Increased level of domestic agricultural production aimed at addressing food security and healthy livelihoods

Econ-Goal 3: Enhance development and sustainable management of marine and fisheries resources to provide sustainable economic returns

Econ-Goal 4: Efficient and effective use of mining and quarrying resources for economic and rehabilitation purpose economy

Econ-Goal 5: Promote development of small and micro enterprises, foreign investment and economic integration into the global economy

Econ-Goal 6: Promote development of small-scale sustainable tourism

Econ-Goal 7: An effective, competitive and stable financial system that will enhance economic growth and development

PRIORITY AREA 2: SOCIAL AND COMMUNITY SECTORS

Soc-Goal 1: Improve the quality and broaden the scope and reach of education

Soc-Goal 2: A healthy and productive population

Soc-Goal 3: Enhanced quality of life through Sports for All

Soc-Goal 4: A cultural, socio-inclusive, cohesive and self reliant community with sustainable livelihoods

Soc-Goal 5: A just society that recognizes and respects the rights of women and children, that promotes equal opportunities

Soc-Goal 6: Investing in Youth – A sustained future for Nauru

Soc-Goal 7: A robust, vibrant and effective civil society for a just and peaceful Nauru

The national planning system for Nauru is classified in the above 4 sectors but this does not formally classify climate change as a cross-cutting issue.

PRIORITY AREA 3: INFRASTRUCTURE SECTOR

Infra-Goal 1: Provide a reliable, affordable, secure and sustainable energy supply to meet socio-economic development needs

Infra-Goal 2: Provide a reliable, safe, affordable, secure and sustainable water supply to meet socio-economic development needs

Infra-Goal 3: Effective management of waste and pollution that minimizes negative impacts on public health and environment

Infra-Goal 4: Improve transport infrastructure and provide reliable and sustainable transport services

Infra-Goal 5: Provide universal and reliable access to internationally competitive communication services and an independent and commercially viable media

PRIORITY AREA 4: CROSS-CUTTING SECTORS

Cross-Goal 1: Strengthen and develop the institutional capacity of the Nauru Public Service

Cross-Goal 2: Strengthen Parliament, Audit, Justice, Law, Order and Border Control

Cross-Goal 3: A transparent and fair land management system that supports social, economic and private sector development

Cross-Goal 4: Sustainable use and management of the environment and natural resources for present and future generations

Cross-Goal 5: Build up resilience to combat the effects of climate change and natural disasters

PART IX: MONITORING AND IMPLEMENTATION FRAMEWORK OF THE NSDS

The NSDS is intended to be a living document. This requires the design of a monitoring and evaluation (M&E) framework that will realise the NSDS vision. This section outlines the M&E framework which will allow all stakeholders to assess and measure progress and provide feedback to the government on the road towards the final vision.

The NSDS comprises 7 National Development Goals. The Medium Term Strategic Framework for the 5-year period from 2019-2020 to 2024-2025 shall outline the Priority Areas, Key Outcomes, and Policy Objectives. The progress of the achievement of the Policy Objectives shall be tracked by the selection of indicators, the setting of baseline benchmarks as well as quantifiable targets for the end of the medium-term period.

Government departments and SOE shall be responsible for identifying the indicators, baseline benchmarks and target which will measure the progress of the implementation of the activities under the Policy Objectives as shown by monitoring frameworks (see Annex 2). This is because they are the key agents of implementation using resources allocated by the annual budget funded from domestic resources and from development partners. In consultation with the Department of Finance and Sustainable Development, they shall design problem/solution trees to determine the core problems for each key outcome under their responsibilities and use the results to design the M&E systems. The key objective is to evaluate the impact on the key outcomes of each priority area.

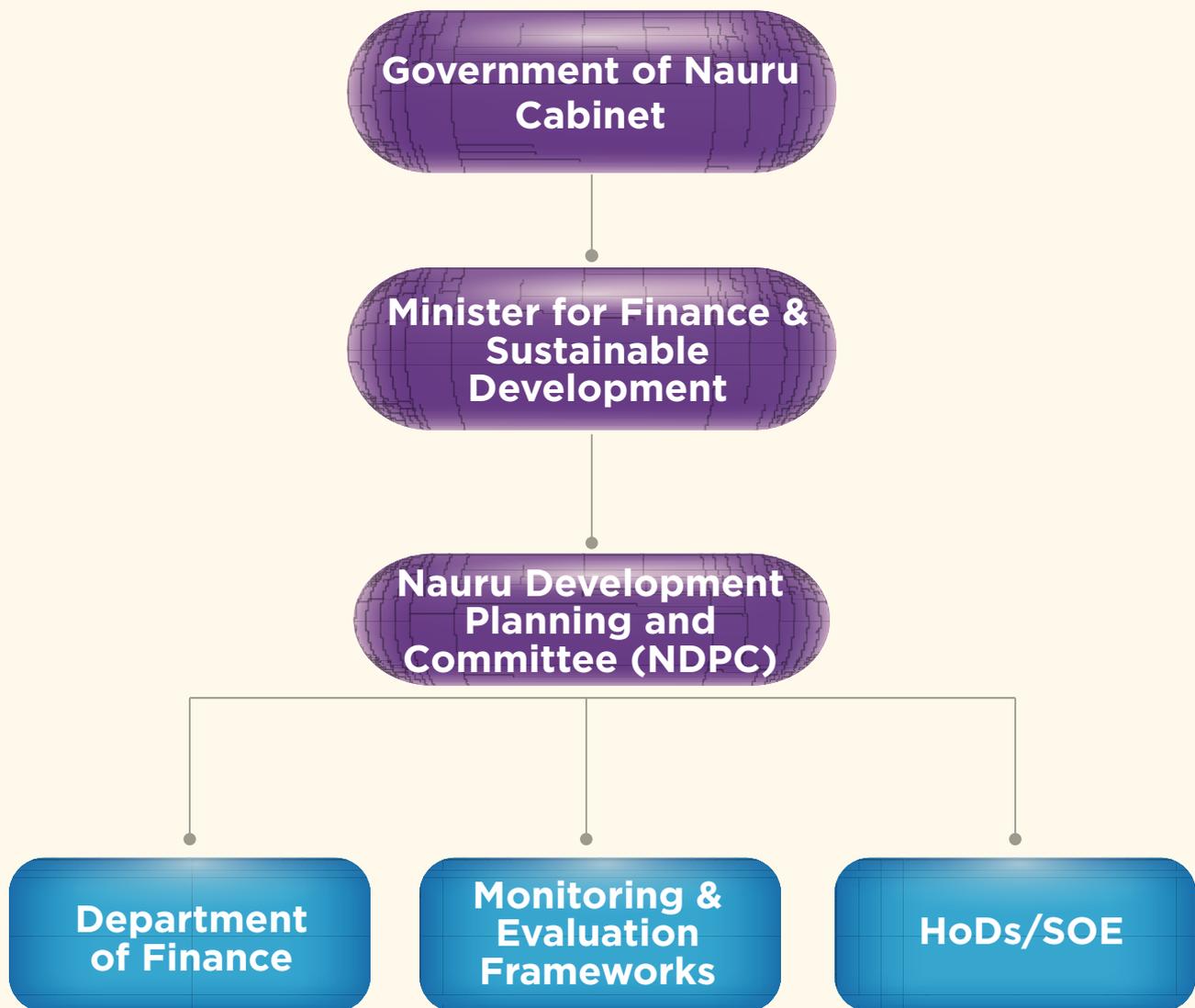
The design of the M&E systems for each priority area shall be based on the linkages between the variables and the chain of causation which leads to outcomes and final goals of the NSDS being achieved as outlined below:



The M&E framework of the NSDS shall be conducted at the sectoral and whole of government level by government departments and SOEs, in consultation with the Department of Finance. The results of the M&E reports shall be used to determine budget priorities in the formulation the Medium Term Expenditure Framework and the Annual Budget. The results shall also inform the design of the next NSDS Medium Term Strategic Framework.

The reporting for NSDS as integrated with SDGs will be as follows:

NSDS and SDGs Monitoring Policy Implementation



Departments and SOE are required to make annual reports on their activities focussing on progress made towards the 24 NSDS Development Goals or Key Outcomes. They shall identify challenges and propose remedial actions with associated costs.

The Planning and Aid Division of the Department of Finance and Sustainable Development shall prepare an annual summary of progress in implementing the NSDS. Inputs would come from Annual Reports of Government Departments, SOE, and reports by constitutional bodies, such as the Auditor. The Annual Development Report would then be considered by the National Development and Planning Committee for tabling before Cabinet. The Report, together with any recommended changes, should be used in the preparation of the annual budget including aid donor projects. The Planning and Aid Division as the secretariat for the NDPC shall be responsible for all coordination activities.

The 2015 Addis Ababa Action Agenda of the Third International Conference on Financing for Development (Addis Ababa Action Agenda) had affirmed seven action areas to address the various sources of finance for funding the SDG. These are: domestic public resources and combatting illicit, financial flows; domestic and international private business and finance; international development cooperation (including official development assistance, South-South cooperation and development bank lending as well as reviewing the graduation policies for LDC); international trade; debt sustainability; systemic issues; and science, technology, innovation and capacity building. The Addis Ababa Action Agenda provides the framework for funding of countries to attain the SDG. As the NSDS is aligned with the SDG, the framework also provides the government with the opportunity to utilize it.

Although Nauru is classified as an upper middle-income country by some publications, which limits Nauru's access to concessional funding from development partners. At the same time this does not truly reflect the severe vulnerability Nauru faces in its efforts to mobilize more domestic resources for development to combat adverse effects of climate change. Nauru is a Small island developing states (SIDs), and islands supporting small communities are a special case both for environment and development. They are ecologically fragile and vulnerable. Their small size, limited resources, geographic dispersion and isolation from markets, place them at a disadvantage economically and prevent economies of scale. Because small island development options are limited, there are special challenges to planning for and implementing sustainable development. Small island developing states will be constrained in meeting these challenges without the cooperation and assistance of the international community.

Nauru's financial position has recently returned to a less vulnerable position with the reopening of the RPC in 2012. As discussed earlier, the RPC, together with fisheries licences, have had a major influence on the financial position of the government and the domestic economy. The recent move to resettle some of the refugees overseas has raised the probability that the revenue flows the government receives from its operations will begin to decline.

The government, recognizing this likely outcome, established the Nauru Trust Fund (NTF) with the objective of building up a sufficient principal value that could provide a future stream of budget financing to support investments in education, health, environment, and public infrastructure. It is financed by annual contributions from both the government and its key bilateral donors, comprising the governments of Australia and Republic of China – Taiwan (RoC Taiwan). The NTF was capitalized in 2016 with an initial contribution totalling A\$30.7 million

(equal to about 20% of GDP), with A\$20.4 million from the government and a total of A\$10.3 million from development partners (Australia; ROC-Taiwan; and ADB). The NTF has a target principal value of A\$400 million. The NTF operates under an initial build-up phase, currently set at 20 years, during which no withdrawals from the fund are allowed. This limits the possible reliance on the NTF for funding the NSDS in the medium term.

Nauru will therefore depend heavily on external sources of finance including foreign aid and foreign direct investment (FDI). Dependence on the FDI is limited as it is heavily concentrated in selected countries and sectors, with the additional factor of limited domestic absorptive capacity.

Nauru has a relatively narrow donor base. In the recent years, the bi-lateral development partners included; Australia, ROC-Taiwan, New Zealand, Japan, the European Union, Korea, India, Russia, Canada, Italy and UAE. Its most important multilateral donors are the ADB, Global Environment Facility (GEF) and the UNDP. Nauru has benefitted from development partners which are committed and with long-term development programmes. Maintaining close relationships with these development partners will be important in progressing the implementation of the NSDS.

The government is also implementing measures which are aligned with the Addis Ababa Action Agenda. These include:

- committing to transparent budgeting and public procurement frameworks
- strengthening international cooperation in tax matters through the continued strengthening the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) framework
- emphasizing the importance of policy coherence in designing trade and investment agreements
- expanding the focus and advancing the policy coherence agenda to include the economic, social and environmental dimensions of sustainable development





At the same time the government is seeking support from development partners to further strengthen these measures due to its own capacity constraints.

Nauru's debt condition has been an obstacle in the past to development. Public debt is estimated at about A\$48 million (34 percent of

GDP), comprising mostly of loans from ROC-Taiwan, overdue fees and obligations to international organizations, and the Yen bonds that were defaulted in the 1990s. Public domestic debt is estimated at around A\$43 million (31 percent of GDP), mostly longstanding liabilities related to the Bank of Nauru liquidation in the mid-2000s. Most domestic debt is in the form of old debt or arrears. Nauru's access to credit markets remains limited and no substantial new borrowing is expected over the medium term. The most recent IMF Debt Sustainability Analysis indicates that Nauru's debt is sustainable. Through the implementation of the foregoing measures, the government seeks to lay the groundwork to support the financing of the NSDS.

At the same time, the government shall be seeking to utilize the facilities made available for accessing new and existing climate financing such as Adaptation Fund (including Direct Access), GCF, GEF, Least Developed Countries Fund (LDCF). Special Climate Change fund (SCCF), Climate Investment Funds (CIFs including the Pilot Partnership for Climate Resilience), MDBs (including IDA with its focus on small states), GFDRR, IDA's CRW, IMF Standard Window, IMF Poverty Reduction and Growth Trust Fund, IMF Catastrophe Containment and Relief Fund, insurance facilities such as Pacific Catastrophe Risk Assessment and Finance Initiative (PCRAFI) being converted into a Facility, Caribbean equivalent (CCRIF) and Africa Risk Capacity Insurance Facility).

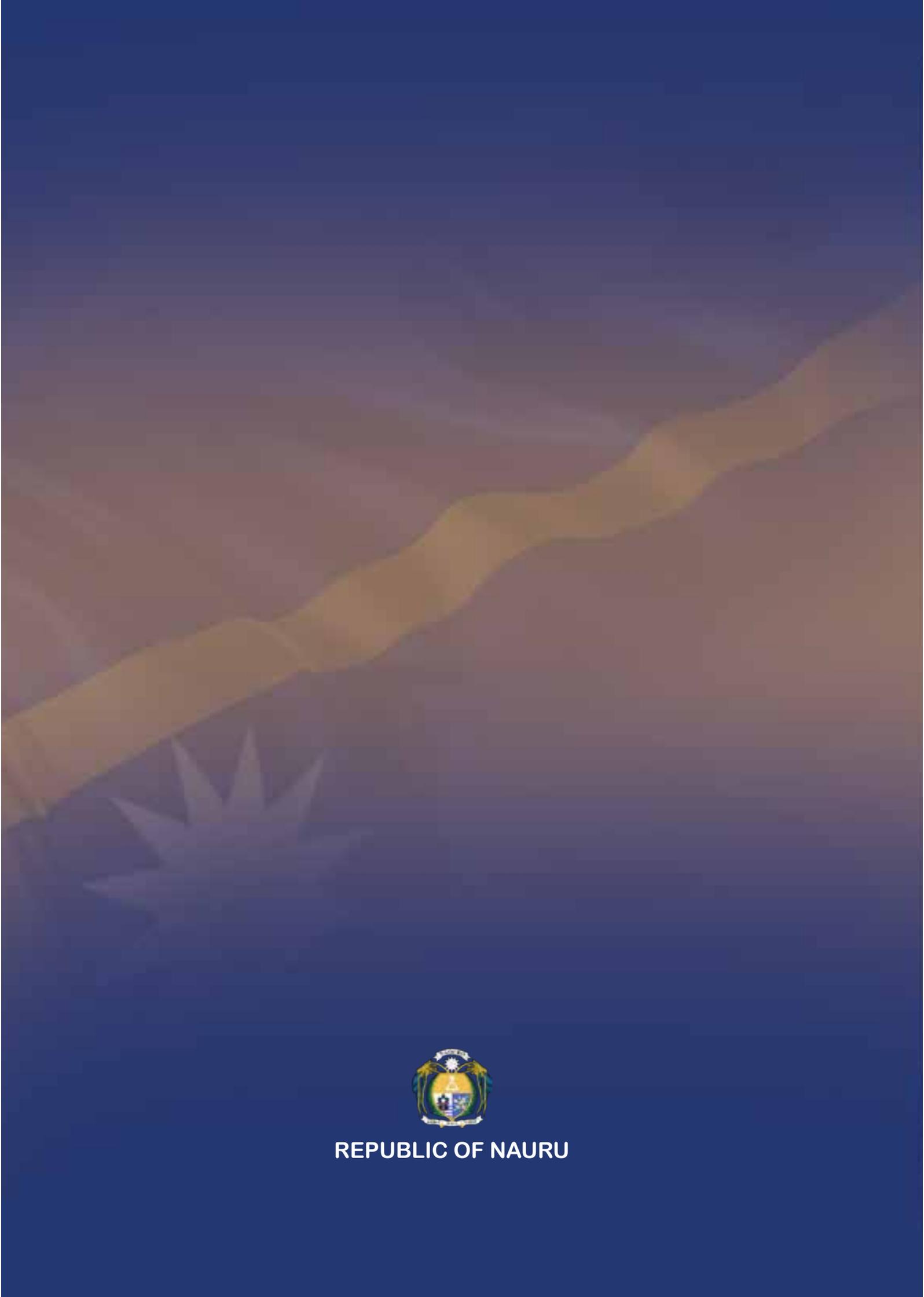
The SDGs is in its early stages of implementation; new financing options are under discussion in addition to the traditional relationships such as Enhanced Approaches to Debt Management and Resolution; Debt for Nature/ Debt for Climate Swaps; Linking Loan Repayments to Economic Performance.

In 2017 the government successfully applied for grant co-financing from the GCF and the ADB for the Port Development Project, which is a positive sign of new opportunities becoming available for funding future NSDS activities.

Some of the options noted above are relevant to Nauru and would be worth closer examination. If successfully applied, they would enable the government to access more funding which could be used to support new development initiatives.

At the same time, the costs of seeking, processing, disbursing and accounting for funding imposes additional costs which are often not explicitly recognized in the previous NSDS. The Planning and Aid Division shall identify the costs of receiving development assistance funding from individual donors with a view to mainstreaming these as part of the budget process to be tabled before Cabinet. This is to ensure that all relevant information is included in the processing of development assistance.





REPUBLIC OF NAURU