

DEVELOPMENT FUND PROJECTIONS SPEECH 2020-21

Hon. Martin Hunt, MP

Minister for Finance

4 June 2020

Mr Speaker,

As Honourable Members are aware, our external donors have in the past played a very important role in helping Nauru achieve its development objectives. I am pleased to report that Nauru's external donors will continue to support Nauru's development agenda in 2020-21, and in some cases at an increased level.

The budgeted development fund projections for 2020-2021 set out a number of important projects that this Government has been working on to ensure we have modern, supportive services and infrastructure for the well-being of our people. The development budget also reflects the success this Government has achieved in strengthening relationships with our development partners.

For the financial year 2020-21, the Government expects the Development Fund to receive an indicative total income of \$7.7 Million as new funds to either support new development projects or continue existing projects. This complements the estimated \$84.3 Million that will Nauru as aid in-kind.

Just as the global COVID-19 pandemic is impacting our own economy, so too it affects the economies of our development partners and our development projects. Disruptions to global supply chains and travel restrictions for foreign workers has seen several projects impacted, none more so than our Port Project which is exploring a unique partial suspension arrangement to mitigate delay costs. To-date, our development partners have contributed over \$6.8 Million in cash for medical supplies and economic stabilisation, led by \$4.1 Million from Australia, \$1.65 Million from the Republic of China Taiwan and approximately \$500,000 each from New Zealand and the ADB.

Australia continues to strongly support Nauru with an estimated total amount of around \$23 Million for financial year 2020-21, based on ongoing projects and past bilateral arrangements with Australia. At this juncture, Australia has yet to table their budget estimates for FY2020-21 due to the uncertainty under COVID19 conditions. Our Government hopes that actual support provided by Australia in FY2020-21 exceeds the estimate provided in this report. FY20-21 marks the beginning of a new planning cycle for our partnership with Australia, and will see the development of a new Aid Partnership Agreement and Aid Investment Plan.

The Asian Development Bank is expecting to provide an overall assistance of \$35.5 Million for 2020-21. ADB will continue to implement Nauru's infrastructure programs which include the Port Project to build climate-resilient infrastructure and the Solar Development Project in

pursuit of our renewable energy targets. Additionally, the ADB supports reform activities particularly in strengthening the accountability and return on investment from State-Owned Enterprises and finance literacy amongst our communities. This coming financial year, the ADB will disburse an \$8 Million general budget support to the Government of Nauru, reflecting the achievements and performance of the public sector reforms over the last two years.

The Republic of China (Taiwan) will provide support to Nauru in 2020-21 at a level higher than previous year, with a projected \$18 Million in recurrent commitments. This assistance will go toward a range of projects in addition to Taiwan's contribution to Nauru's Intergenerational Trust Fund.

The Government of Japan will also maintain its support of 20 Million Japanese Yen, approximately \$280,000 in 2020-2021, as aid in-kind assistance for the Japanese Grassroots Grant Project Aid. Other assistance is through the Economic & Social Development Program which is valued at 200 Million Yen or \$2.8 Million - this program will be funding essential equipment to assist with upgrading the hospital for COVID-19 responses, as well as other development priorities presented under the National Infrastructure Investment Strategic Plan.

New Zealand is expecting to provide financial assistance valued at \$2.8 Million in 2020-21. This support will mainly focus on the Nauru Education sector, plus a further \$0.9 million or more towards the Intergenerational Fund.

The European Union continues to support Nauru through the 11th European Development Fund with projects implemented by the Nauru Utilities Corporation to upgrade the power distribution systems and strengthening of the Nauru National Authority Office. The 11th EDF is approaching its conclusion in 2020 and the Government will have the opportunity to work with the European Union in planning for the 12th EDF in 2021.

United Nations agencies are expected to allocate a combined amount of approximately \$1.3 Million for the financial year 2020-21, particularly in support of ongoing development in the areas of Health, Energy and Statistics.

Mr Speaker, I would like to end my remarks by emphasising that the projections provide a snapshot of our development journey and this Government will continue to manage the challenges ahead. We have survived because of our determination and support for each other.

Mr Speaker

I table the 2020-21 Development Fund Projections to the House.