



Australian Government



NAURU COVID-19 DEVELOPMENT RESPONSE PLAN

- Australia and Nauru have a long-standing relationship with deep historical and cultural ties, which has been strengthened by the Pacific Step-up and the COVID-19 response.
- Nauru responded quickly to COVID-19 and has no recorded cases, but its reliance on imports and open borders in securing basic goods has increased its vulnerability amidst economic and connectivity downturn.
- To strengthen its resilience and work toward regional prosperity, Australia will partner with Nauru on health, economic reform, education, law and order, food security and transport connectivity priorities.

Australia and Nauru will deepen our long term partnership in response to the challenges of COVID-19, working together toward a prosperous and stable region. As Nauru's main development partner, Australia will strengthen support to Nauru's health and education sectors and facilitate the movement of essential people and goods between Australia and Nauru. We will invest in the Nauru Trust Fund to foster long-term economic recovery, work with the Pacific Islands Forum Fisheries Agency (FFA) on enhanced maritime security, and assist with securing sustainable fish stocks. As Nauru's reliance on international freight for food and health security has been brought into sharp focus, we will prioritise support that protects Nauru's transport connectivity. As one of only two diplomatic missions in-country (alongside Taiwan) Australia plays an important role in coordinating support from likeminded partners, including New Zealand, Taiwan, Japan and the United States.

COVID-19 SITUATION ANALYSIS

As of August 2020, there have been no cases of COVID-19 in Nauru. Nauru declared a state of emergency in response to the pandemic on 16 March 2020. The national response is coordinated by a COVID-19 Taskforce, with a strategy to "capture and contain" cases. Nauru's early response efforts focused on repatriation of Nauruan nationals, establishing in-country quarantining and testing capability, developing protocols and other controls, securing contingency supplies, training and securing personnel, hospital infrastructure upgrades, and procuring medical equipment and supplies.

COVID-19 cases may occur in the future and will require a focused health response. Even if Nauru remains free of COVID-19, a significant effort will be needed to facilitate economic recovery, including through exploring options to maintain air and sea connectivity.

The Nauruan population is particularly at risk from COVID-19 due to high rates of non-communicable diseases (NCDs), obesity and smoking, in addition to large household sizes. Nauru's health system has limited surge capacity to respond to an outbreak (particularly for critical care), even with the Government of Nauru's additional resourcing and funding, and equipment and technical assistance provided by Australia and other development partners.

Compared to some other Pacific countries, Nauru faces less severe economic impacts from COVID-19. The Asian Development Bank (ADB) forecasts Nauru's economy will contract by 1.7 per cent in 2020, rebounding to 0.8 per cent in 2021. Nauru is in a relatively good fiscal position, having delivered modest budget surpluses since 2015 and having accrued cash reserves. This has created some fiscal buffers if revenue shortfalls and expenditure pressures materialise. Nauru, however, also has one of the highest total public debt stocks (as a percentage of Gross Domestic Product - GDP) in the Pacific and the International Monetary Fund (IMF) rates Nauru's levels of public debt as "very high" and "unsustainable". This has implications for Nauru's financing options: for example, while a member of the World Bank Group, Nauru does not have access to World Bank funding.

Nauru does not produce any goods (aside from phosphate) and has a negligible local agricultural sector. It is highly dependent on imports and relies on open borders to secure supplies of basic necessities. Since the global pandemic began, scheduled passenger and freight flights from Brisbane have continued and ships have delivered freight, subject to COVID-19 control measures. Maintaining transport connectivity is central to preserving food security and maintaining law and order, but continued implementation of controls is required to minimise the risks of importing COVID-19.



COVID-19 expenditure is intensifying fiscal pressures. As a small, geographically isolated country with finite natural resources (fisheries and small volumes of remaining phosphate), Nauru has a narrow economic base. Revenue is primarily derived from hosting regional processing and selling fishing licenses to its Exclusive Economic Zone (EEZ). Its revenue base is relatively well insulated from the global economic crisis. However, the Government of Nauru is forecasting a 20 per cent revenue decline due to an uncertain short and medium term outlook.

Current COVID-19 expenditure (including quarantine costs and costs related to infrastructure project delays) imposes a burden on Nauru's budget and fiscal pressures. These pressures will escalate if there is a COVID-19 outbreak. Nauru Airlines, the national carrier, has received substantial government subsidies and more may be required should air travel restrictions continue. The Government of Nauru has also introduced a state-owned shipping line to respond to supply chain risks.

Nauru's development outcomes in health, education and gender equality were already behind much of the Pacific region before COVID-19 and remain key risks for long-term economic sustainability. The focus on the COVID-19 response will need to be carefully balanced – by both Nauru and its partners – with continued prioritisation of persistent issues. Maintaining investment in routine health services (including non-communicable disease programs) is vital to mitigate disruptions that would severely affect human capital. Climate change remains an ongoing challenge that will continue to make economic and development outcomes harder to achieve and more difficult to sustain.

As a country highly vulnerable to shocks, Nauru will rely on partner assistance to navigate the crisis. Australia and Taiwan are key partners in Nauru's COVID-19 response. A range of other bilateral partners provide smaller-scale funding and equipment, including New Zealand, Japan, India, Indonesia and the United States. Important multilateral partners include the World Health Organization (WHO) and ADB.

AUSTRALIA'S RESPONSE

Australia is well-positioned to support Nauru's COVID-19 response. Our whole-of-government partnerships provide a broad base for our engagement and ensure we are Nauru's most significant economic, trade, security and development partner. Our close partnership across Australian portfolios has enabled collaboration on a wide range of COVID-19 issues since the start of the pandemic. Our development partnership is also well

positioned in vital sectors to support our shared priorities in the COVID-19 response: health security, stability, and economic recovery. All of our investments will incorporate support to address climate change and progress gender equality.

Recognising Nauru's structural and human capital constraints – compounded by global COVID-19 travel restrictions – we will explore ways to establish and expand linkages between Australian and Nauruan systems. We will aim to more effectively share expertise in the COVID-19 context, including between Nauru and Australian state and territory governments in important areas for shared learning, such as health and education.

Health Security

We will scale up our support to Nauru's health sector to strengthen the health system and tackle NCDs – both of which remain vital to both the COVID-19 response and support our enduring goal to ensure a healthy Nauruan population. Our work to strengthen health systems will pivot to respond to COVID-19 needs, including health preparedness, establishing community-based health clinics and targeted technical assistance, such as logistics and public health. Our investment in responding to the threat of COVID-19 will also build essential institutional capacities in the medium and long term.

The Nauruan health system would struggle to cope with a COVID-19 outbreak. The Indo-Pacific Centre for Health Security will provide valuable assistance and advice in preparation for an outbreak, supporting distribution of COVID-19 testing cartridges and bolstering in-country testing capability. We will support equitable access to safe and effective COVID-19 vaccines in Nauru through multilateral and regional initiatives to finance, assess, deliver and monitor COVID-19 vaccines. We will also seek to maximise Nauru's access to regional training, supplies and material, particularly through our regional funding to the WHO Pacific response.

A range of global, regional and bilateral initiatives support Nauru's COVID-19 response, placing pressure on Nauru's health system ability to coordinate efforts. We will work with other regional health partners to strengthen coherence across the health response and deliver coordinated support. We will share technical expertise on COVID-19 response with Nauruan counterparts and build institutional links with Australian health authorities.

Stability

Ensuring people and goods can move to and from the country will underpin stability in Nauru. A key priority for



our early COVID-19 partnership was helping navigate complex travel, border and quarantine issues between Nauru and its primary international port, Brisbane. Australian whole-of-government efforts will focus on facilitating the movement of essential people and goods between Australia and Nauru, including through our support for the Pacific Islands Forum's Pacific Humanitarian Pathway for COVID-19. We will continue to work with Nauru on COVID-19 risk mitigation procedures for incoming passengers, building on our standing offer of outbound screening support.

Our education support will be vital to maintaining essential services for the population. This will be fundamental to Nauru's economic recovery and future economic sustainability, as nearly half of the population (47 per cent) are under the age of 20. We will also pivot to address COVID-19 impacts on the education sector, including through exploring remote learning and strengthening IT systems, and addressing the impact of travel restrictions on students (including those studying abroad) and teachers (many of whom are expatriates).

Simultaneously, we will support efforts to address Nauru's long-term education challenges, with a strengthened focus on links to Australian systems, learning outcomes, early childhood education, and work readiness and skills to support labour mobility. We will promote opportunities for women to access training and employment pathways, and integrate climate change education across the school curriculum. We will provide funding to Nauru's existing Year 10 to 12 scholarship program with the Queensland State Government and collaborate closely with New Zealand, another important partner in Nauru's education sector.

Women, girls and people with disabilities are more likely to be disproportionately affected by the impacts of COVID-19. Nauru's small, geographically concentrated population and close familial connections means that support for the most vulnerable is most effective when mainstreamed across our response. We will explore opportunities to work with and support Nauru's newly-established Department of People with Disabilities, in light of census results showing that up to 14 per cent of the Nauru population live with a disability.

The Australian Federal Police will deliver training and capacity building to professionalise the Nauru Police Force and support law and order, including enforcement of COVID-19-specific legislation. In the context of expected increases in gender-based violence during COVID-19, the AFP will also continue enabling access to justice for women and girls experiencing violence. This is in line with Australia's focus on addressing violence

against women and girls by promoting inclusive, accessible services.

In security cooperation, the Department of Defence will support enhanced maritime security through targeted integrated aerial surveillance of its EEZ under the Pacific Maritime Security Program, coordinated through the Pacific Islands Forum Fisheries Agency (FFA). Australia's regional support to the FFA will assist with securing sustainable fish stocks and local supply of fish and tackle illegal, unreported and unregulated fishing in the region.

The Pacific Fusion Centre daily updates will provide Nauruan officials with access to timely analysis focused on the nexus between COVID-19 and Boe Declaration security priorities. The COVID-19 pandemic has provided opportunities for malicious cyber actors to exploit economies and societies for geostrategic and criminal advantage, and the Cyber Cooperation Program will support Nauru to mitigate the impact of ongoing cyber threats.

Economic Recovery

We will support Nauru to mitigate fiscal crisis and establish a pathway to economic recovery, ultimately working toward economic sustainability. Australia is working closely with Nauru on regional processing and future economic planning. To be sustainable, Nauru's macro-economic management and fiscal planning will need to account for the long-term impacts of climate change, such as long term planning and budgeting to move coastal infrastructure inland, and the need for increased water treatment capacity during drought conditions.

We will pivot our support to economic governance and public financial management in response to intensified fiscal pressures. Nauru and Australia will work together to develop an economic governance support framework that provides calibrated support to mitigate future fiscal risks. We expect the strategy will explore: the provision of more targeted technical assistance aligned with agreed mutual priorities; collaboration with other development partners, such as the ADB; more systematic gender mainstreaming, working closely with the Government of Nauru's gender mainstreaming unit; and ways to strengthen alignment between our sectoral support and public financial management outcomes. The strategy will guide the work of Australian-supported technical assistance and in-line human resources, and provide a framework for our whole-of-government partnership with Nauru.

The Nauru Trust Fund continues to be a mutual priority and an important mechanism to support Nauru's



economic sustainability, positioning Nauru to access dividends to manage future economic transitions. Amid weaker global markets due to COVID-19, Australia will ensure senior official and technical expert engagement in our participation in the Trust Fund Committee. Mitigating short-term investment losses through Australia's continued annual replenishments remains critical.

As Nauru's reliance on international freight for food and health security has been brought into sharp focus, we have elevated existing and new climate-resilient infrastructure projects which protect Nauru's transport connectivity and safeguard critical infrastructure. In partnership with Nauru, the ADB and the Green Climate Fund, Australia will continue its substantial support for the Nauru port redevelopment. We will work with partners to identify modified and localised options for continued construction work on the project, which has been delayed due to border and travel restrictions. In addition we will explore increasing infrastructure maintenance support, which can maximise local employment benefits and climate resilience efforts.

Delays to the port project and challenges in economical and reliable sea freight have highlighted the importance of prioritising runway upgrades to ensure air freight remains viable over the long term. We will fund initial preparatory work to upgrade Nauru's airport runway, drawing on Australian Infrastructure Financing Facility for the Pacific (AIFFP) expertise. This scoping work will be the basis for AIFFP to consider future grant financing for the project. We will also monitor the aviation sector and work with Nauru to understand how Australia may assist Nauru to adjust to a more sustainable model of air services.

In line with our scaled-up education and skills support, we will also strengthen efforts to ensure Nauruan men and women can access employment pathways, including through labour mobility opportunities. We will support Nauru to ratify and implement the Pacific Agreement on Closer Economic Relations (PACER) Plus and explore options to promote private sector development. We will also continue to fund technical assistance supporting delivery of essential services and capacity building, such as advisers in the Nauru Utilities Corporation and the Nauru Maritime and Port Authority.

Australia will provide COVID-19 supplementary funding of \$304.7 million as part of a COVID-19 Response Package. This package will provide support to the Pacific and Timor-Leste to deliver critical, temporary, economic support to address pandemic impacts; this targeted, temporary (ODA) funding is for two years and is in addition to Australia's \$4 billion ODA program.

HOW WE WILL WORK

The pandemic is unfolding rapidly and its eventual impacts in Nauru are uncertain. We will build and utilise flexibility in our programming to respond to the rapidly changing nature of this crisis, evolving needs, and Government of Nauru priorities. In-country technical advice remains an essential modality for delivering Australia's support. As conditions allow, advisers – demobilised from Nauru in the initial months of the pandemic – are returning to continue vital work. With border and travel restrictions unlikely to be completely lifted over the next two years, we will calibrate the portfolio of advisers in-country and will make effective use of remote options where appropriate.

Australia is working closely with key regional organisations, especially the Pacific Islands Forum (PIF) and Pacific Community (SPC), through the Pacific Humanitarian Pathway for COVID-19 (PHP-C) to overcome supply constraints. Nauru will also benefit from the SPC's substantial policy support across multiple sectors including health, economic governance, fisheries and gender.

As Nauru's primary development partner, we will continue to look for opportunities to convene and leverage partners' support for Nauru's benefit, supporting Nauru's own efforts. We will continue to work closely with multilateral organisations, development banks and international financial institutions – particularly the ADB and the WHO – to deliver support. We will also actively promote Nauru's access to other regional and global finance and support mechanisms. This type of coordinated policy engagement is important in the dynamic COVID-19 environment, where Nauruan officials often have multiple and simultaneous demands.



TABLE 1: COVID-19 RESPONSE PLAN PERFORMANCE FRAMEWORK

Program Plan	Health Security	Stability	Economic Recovery
Expected Outcomes	Nauru has a strengthened health system; improved preparedness for infectious disease outbreaks; and sustains work to address non-communicable diseases (NCDs). (SDGs 1, 3)	Nauru maintains transport connectivity for essential goods and personnel (cross-cutting). (SDGs 1, 2, 10) Australia contributes to Nauru's stability through strengthened law and justice, including responses to violence against women and girls; and sustained work to improve education outcomes. (SDGs 1, 4, 5, 16)	Nauru mitigates fiscal challenges caused by COVID-19 and makes progress on a sustainable national budget. (SDGs 8, 9, 10, 13, 17)
Key Results	Evidence that Australia has contributed to strengthened health systems, including examples of implementation of health information systems Evidence that Nauru has improved responses to health security threats, including progress toward community-based primary health care Number of new or improved therapeutics, diagnostics, vaccines and additional equipment to which Australia has contributed that are accessible in partner countries (target: 5)	Pivoted education sector support established with examples of progress toward COVID-19 responses, links to Australian systems, and strengthened focus on early childhood Examples of Australia contributing to policing responses to COVID-19 and improved services for women and girl survivors of violence (Cross-cutting) Number of significant evidence-based policy changes in key sectors of engagement (target: 3)	Examples of policy and technical advice on longer term economic recovery, including accounting for the impacts of climate change (cross-cutting) Examples of Australia supporting Nauru's transport connectivity, including: port project progress; progress toward airport runway upgrade; and support for Nauru Airlines Examples of partnering with the private sector and other partners to ensure supply lines are open
Supporting Investments	Nauru Health Support Program Technical advisers COVID-19 health direct funding Supporting health outcomes through investments in sports infrastructure, life skills programs and public sector reform.	Nauru Education Program Nauru Early Education Program (new) Australia Pacific Training Coalition COVID-19 gender equality and social inclusion direct funding Pacific Women Shaping Pacific Development Australian Federal Police partnership Pacific Maritime Security Program Pacific Fusion Centre Department of Home Affairs portfolio engagement SPC	Technical and in-line advisers Nauru Trust Fund Port redevelopment project (with the ADB and Green Climate Fund) Airport runway – scoping and design COVID-19 economic direct funding Pacific Labour Mobility AIFFP PACER Plus Essential Services and Humanitarian Corridor