



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2016-17

Nauru

September 2017

NAURU AID PROGRAM PERFORMANCE INFORMATION 2016-17

SUMMARY

This report summarises the performance of Australia's aid program in Nauru from July 2016 to June 2017 against jointly agreed objectives outlined in the Nauru Aid Investment Plan 2015-16 to 2018-19 and the Aid Partnership Arrangement (APA) 2016-2019. The APA maps bilateral development assistance against Nauru's National Sustainable Development Strategy (NSDS).

Australia's development cooperation program in Nauru supports the objectives of a socially stable and economically resilient Nauru that has effective and accountable public sector management and invests in nation-building infrastructure, and quality education and health services. The Australian Federal Police and Attorney-General's Department also provide ongoing assistance to the law and justice sector. The Department of Immigration and Border Protection continued to provide funding for additional capacity support in Nauru's education, health and law enforcement sectors during the period, along with the development of various essential infrastructure. This is however, not counted as official development assistance (ODA) and is therefore not covered in this performance report.

In 2016-17 Australia provided \$22.4 million in ODA to Nauru – equivalent to 17 per cent of the Government of Nauru's budget expenditure of \$144 million. Australia is Nauru's major development partner; other bilateral partners include Taiwan (\$12.2m), Japan (\$3.2m), New Zealand (\$1.6m), and the European Union (\$0.6m). The Asian Development Bank (ADB) and regional institutions are also key partners for Nauru.

The principal delivery mechanisms for the program are in-line and capacity-building advisers, direct funding through government systems for implementation of health and education strategic plans, and funding of infrastructure both in partnership with the Nauruan Government and with the ADB.

EXPENDITURE

Australia provided a total of \$22.4 million in ODA to Nauru in 2016-17 (see Table 1). Approximately \$5.8 million in bilateral assistance was re-programmed late in the year due to delay of Nauru's port redevelopment program and slow expenditure in the health and education sectors. Of this \$3.3 million was re-programmed towards funding reform of the Nauru Port Authority and an additional payment of \$2.5 million was made to the Intergenerational Trust Fund for the People of Nauru (Nauru Trust Fund).

Table 1 Total ODA Expenditure to Nauru in FY 2016-17

Objectives	A\$ million	% of total ODA
1 Public Sector Management (including Nauru Trust Fund)	6.1	27
2 Infrastructure	5.6	25
3.a Human development: Education	3.2	14
3.b Human development: Health	1.0	4
Program management, coordination and evaluation	3.4	15
Sub-Total Bilateral	19.2	86
Regional	2.1	9
Other government departments	1.1	5
Total ODA Expenditure	22.4	100

PERFORMANCE AGAINST STRATEGIC OBJECTIVES

Objective	Previous Rating	Current Rating
Objective 1 Public sector management	Green	Green
Objective 2 Infrastructure	Green	Green
Objective 3 Human Development	Amber	Red
Improved Health	Amber	Red
Improved Education	Amber	Amber

Note:

■ Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

OBJECTIVE 1: MORE EFFECTIVE PUBLIC SECTOR MANAGEMENT



The objective of more effective public sector management was again rated green in 2016-17. The investment is the continuation of Australia's multi-year commitment to public sector accountability, providing increased capacity and driving progress on critical reform measures.

Through this investment Australia has supported improvements in Nauru's overall public financial management – particularly in budgeting, revenue collection and planning. The primary delivery mechanism continues to be provision of skilled personnel to fill senior management roles in the Nauru Ministry of Finance through the Pacific Technical Assistance Mechanism (PACTAM). PACTAM advisers have led improvements in budget preparation and execution, helped reform the customs system and increase customs revenue (equivalent to 6.8 per cent of GDP), and have supported implementation of Nauru's first tax system, including the introduction of a new business profits tax in 2016-17. They have also increased the number and compliance of government departments utilising the Financial Management Information System (FMIS) and play a key role in safeguarding the administration of Australian development funding.

Australia is also contributing to the Nauru Trust Fund, which is a good example of strong governance, accountability and collaboration between Australia, Nauru, Taiwan and the ADB. Australia contributed \$5 million to the fund this year, and maintains active engagement on its board. The Government of Nauru has maintained its annual contributions, based on a proportion of annual government revenue. The total value of the Nauru Trust Fund grew by \$23.2 million during the period and now exceeds \$58 million. As the fund matures through further contributions and earnings, it will support Nauru's long-term fiscal sustainability.

Reforms continued through close engagement with the ADB, International Monetary Fund (IMF) and its Pacific Financial Technical Assistance Centre (PFTAC). Nauru received its first IMF Article IV Consultation mission in January 2017, which is a major milestone for a developing economy. The Government of Nauru also conducted a Public Expenditure Financial Accountability (PEFA) self-assessment in November 2016, supported by the IMF and co-conducted with a DFAT Assessment of National Systems. Active engagement

with the Government of Nauru on the recommendations of these assessments will remain a continuing priority for DFAT in this sector, supported by the in-line PACTAM advisers.

OBJECTIVE 2: INVESTING IN INFRASTRUCTURE



DFAT rated this objective green again in 2016-17. A key priority of the Aid Investment Plan is to invest in nation-building infrastructure to promote Nauru's long-term prospects, and to enable its government to provide essential services, such as power and water.

In 2016-17, a range of infrastructure and utilities projects made good progress. Our ongoing technical support to the Nauru Utilities Corporation (NUC) is improving power generation and drinking-water production for Nauru's population. The CEO of NUC, a PACTAM adviser, is ahead of schedule on implementation of NUC's Strategic Plan 2015-2020, having achieved significant reductions in the frequency (53 per cent) and duration (50 per cent) of power outages in the last year. NUC has improved organisational effectiveness through increasing the 'on-time attendance' of employees and provision of training in critical operational areas. Two new 2.8MW diesel generators, procured in partnership with NUC and the ADB, will be commissioned by October 2017. The generators will provide more reliable and efficient baseload power for the next 30 years, supporting NUC's goal of 50 per cent renewable energy generation by 2030.

We are also contributing to the development of infrastructure for education and health. Construction commenced in October 2016 for the \$5 million third stage of Nauru's Learning Village, which will provide better access to tertiary education on-island through a new campus for the University of the South Pacific and possibly other tertiary institutions, and a national library. The Republic of Nauru Hospital Redevelopment Phase 2 (\$28.4m) was completed in February 2017 and has expanded service capacity through the opening of new paediatric, medical and surgical wings and enhanced capacity for pathology and radiology. DFAT also provided funding to refurbish existing community sporting facilities in June 2017, as part of the long-running Epon Keramen (community sports) program.

Australia is planning to support further infrastructure development in Nauru over the coming years. We have been engaged in planning for the reform and redevelopment of Nauru's seaport, a critical asset for the island nation. Australia contributed \$3.3 million to the ADB-led port reform and institutional strengthening component, which will commence ahead of the proposed engineering work, pending final design approval and agreement on co-financing arrangements. Separately, Australia has commenced consultation and design work for a new indoor sporting complex for Nauru. Concept designs for new nurses quarters have also been prepared as part of an anticipated third phase of the hospital redevelopment.

Consideration of ongoing maintenance requirements, development partner co-financing and appropriate DFAT resourcing to manage new infrastructure development in Nauru remain constraints for the program.

OBJECTIVE 3: SUPPORTING HUMAN DEVELOPMENT - HEALTH AND EDUCATION



DFAT rates this objective as red for health and amber for education in 2016-17. The health sector program in particular underperformed, with activities and programs supported by our direct funding (\$2.9 million in 2015-16) being significantly behind schedule. DFAT has since developed and disseminated a management plan to address these shortcomings.

The Nauru Improved Health Program focuses on strengthening health systems, in particular, budget prioritisation, strategic planning and supporting primary and curative healthcare. Australia's support to the Nauru Ministry of Health and Medical Services (MHMS) included addressing personnel, policy and financial gaps through the provision of technical advisers, training, funding for pharmaceuticals and the implementation of key programs such as the public health and non-communicable disease strategies. Allocated funding from DFAT to support delivery of public health services and development of the Health Information Management System was mostly unexpended over the period. This was largely due to significant staffing changes in MHMS and delays in finalising critical technical assistance positions to support progress on these jointly agreed priorities (see Program Quality section below). These measures complement the redevelopment of parts of the Republic of Nauru Hospital (see Objective 2 above).

Australia supports implementation of Nauru's Education Sector Strategy 2017-2021 with direct funding to the Nauru Ministry of Education through an operational account. In cooperation with Australia, the Government of Nauru uses this account to implement their education strategy, which aims to provide educational pathways that are relevant locally and regionally. DFAT support contributed to development of a new Technical and Vocational Education and Training Strategic Plan that was approved by the Nauruan Cabinet in April 2017. Further support will expand technical and vocational training on Nauru for secondary and post-secondary students unlocking domestic and regional employment opportunities.

Through DFAT's support to the education sector, Nauru recruited 79 qualified teachers from other Pacific countries in 2016 and 2017 to fill existing vacancies. Nauru is continuing an innovative, online, in-country program that has enabled 21 Nauruan students to graduate with Associate Degrees in Teaching (Pacific Focus) and four with Diplomas in Community Wellbeing. To date this program has boosted the proportion of Nauruan teachers with a diploma-level qualification by 10 per cent.

Separately, under the Australia Awards Scholarship and Australia Awards Pacific Scholarship programs, 11 students graduated over 2016-17 in the areas of education, development, arts, science, health and commerce. A cohort of a further 18 students (ten women and eight men) commenced studies for advanced certificate, bachelor and master degrees in 2017.

Despite some good progress in a number of initiatives, education and health indicators remain below regional standards. Progress in these sectors is often constrained by a lack of actionable data on which to base policy-making and ongoing human resource constraints. The development of Australian-standard infrastructure, such as the Republic of Nauru Hospital and the Learning Village, presents a significant opportunity for improved health and education outcomes over the coming years, although regular maintenance will be critical. This will be complemented by technical assistance for operational planning and reporting, as well as capacity building for departmental staff.



MUTUAL OBLIGATIONS

Australia continues to deliver effective and predictable development assistance in line with the Government of Nauru's National Sustainable Development Strategy, sector strategies, the Nauru Aid Investment Plan 2015-16 to 2018-19, and the new Aid Partnership Arrangement 2016-2019. As highlighted in the 2015-16 APPR, the Government of Nauru has continued to increase its expenditure in education and health, however planning and resourcing for infrastructure maintenance requires more attention. Nauru and Australia have maintained each party's MOU obligations to contribute to the Nauru Trust Fund.

The Governments of Australia and Nauru have jointly committed to improving Nauru's procurement and financial systems to ensure that Nauru and development partner funds are disbursed economically and ethically, and provide the greatest possible value for money. DFAT also maintains a zero-tolerance approach to fraudulent and corrupt actions against Australia's development program with Nauru, overseen through six-monthly audits of the operational account. Two reported instances of possible fraud were favourably resolved in 2016-17, with none outstanding for the program. Two interim independent procurement agents were terminated by the Government in the last year for poor performance, and Australia has been helping to review and complete Nauru's procurement guidelines ahead of an open tender for a replacement.

Nauru remains active in regional and global climate change discussions – as an island nation that experiences drought and will be affected by rising sea levels. In June 2017 Nauru signed the regional PACER Plus agreement after years of negotiations, and will receive associated support from Australia to strengthen tax and customs systems ahead of implementing the agreed reductions in tariff barriers. Also in April 2017, Nauru and Australia signed a Memorandum of Understanding for the Northern Australia Workers Pilot Program, offering Nauruans an expanded range of Australia-based employment opportunities in comparison with the existing Seasonal Worker Programme. Capacity building support for recruitment, training and networking to maximise participation in these programs and subsequent labour mobility initiatives will be a key priority of DFAT's engagement in the coming years.

PROGRAM QUALITY

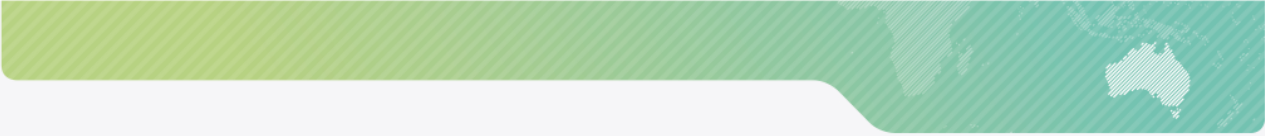
Aid Quality Check ratings for 2016-17 indicated varying levels of progress across Australia's key investments. Our support continues to be well aligned with existing national policies on sustainability, sectoral strategies and Sustainable Development Goal indicators. DFAT has prioritised monitoring and evaluation systems going forward.

The five PACTAM Advisers in the Ministry of Finance have contributed markedly to stability and reform within the sector. When compared against the overall cost (around 6.5 per cent of the bilateral budget), their demonstrated impact and, therefore, value for money is quite high. For these reasons, the public sector management objective continued to rate as a good or adequate DFAT investment against most criteria.

The ratings for investing in infrastructure are generally improved from 2015-16. The arrival in July 2017 of two 2.8 MW diesel generators marks the final phase of the \$6.4 million project co-funded with the ADB. DFAT has also supported the complementary position of the NUC CEO through PACTAM since 2013, which has resulted in strong improvements in the Corporation's performance.

Completion of the Learning Village has been delayed from July to November 2017, however the quality of work is very high and feedback from stakeholders is very positive. Stage 2 of the redevelopment of the Republic of Nauru Hospital was completed on schedule in February 2017. The works were assessed to be of good quality, generally using robust materials, fittings and fixtures, and constructed to the required standards, complying with applicable building codes and health facilities guidelines, including for disability access.

In 2016-17, our health investment was rated poor for effectiveness and efficiency, largely driven by the inability of MHMS to implement programs funded by Australia's direct budget support. It was acknowledged



that MHMS capacity constraints were exacerbated by the ongoing hospital redevelopment works and the additional demands of the parallel refugee health services. Despite this there were successes, including positive progress against some key indicators, such as under-five mortality, infant mortality and maternal mortality – there were no deaths in the reporting period.

Our education investments have maintained generally good to adequate ratings for relevance, effectiveness and efficiency compared to 2015-16. The Department of Education made reasonable progress on a number of key outcomes supported by this investment. The sector has been relatively responsive, utilising the flexibility afforded by the direct funding agreement.

In the domestic security sector, the Australian Federal Police (AFP) continued to implement the Nauru Police Force Police (NPF) Capacity Program, which has supported the development and implementation of effective governance systems, information-sharing procedures, training, and the provision of critical policing resources. During the reporting period, the AFP has delivered subject-specific training to NPF members in the areas of human rights, driver training, crime scene first responder, public order management, interviewing vulnerable witnesses, intelligence and watch house procedures. Separately, under the Pacific Police Development Program, Australia's Attorney-General's Department worked with Nauru's Department of Justice and Border Control to prepare training to support implementation of the new *Crimes Act 2016*.

The Pacific Women Shaping Pacific Development program is developing Nauru's second gender country plan (2017-20), following a team mission to Nauru in May 2017. Over the 10-year life span of this program, DFAT has allocated \$5.1 million for initiatives supporting women's empowerment in Nauru. Australia collaborated with UN Women to deliver training packages to encourage women in leadership and support their participation in the 2016 Nauru elections. Over the period, the Australian High Commission also sponsored a number of local community events to promote gender equality and female empowerment. This included a 'Walk and Ride' event for International Women's Day (March 2017), a 'Walk a mile in her shoes' march for White Ribbon Day (November 2016) and a women's networking afternoon tea with government officials and community representatives.

Ratings for Gender Equality generally declined across all four investments, based on a more rigorous assessment of performance and impact. Nevertheless, there have been achievements, including improving the health sector response and services to reduce domestic violence. This is being implemented through:

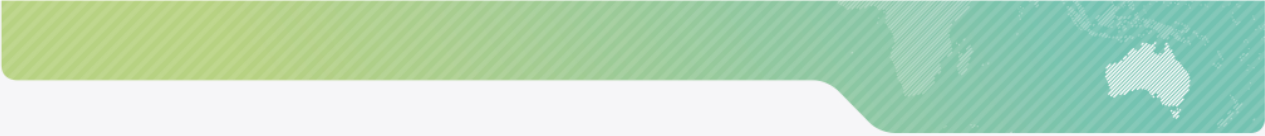
- provision of counselling and support for victims of domestic violence and the development of protocols and a referral system for identifying, reporting and managing incidents of domestic violence; and
- placement in January 2017 of a Gender Based Violence Counsellor based in the Ministry of Health.

DFAT continues to undertake regular independent reviews of transactions made through the operational account and in April 2017 the auditors were for the first time able to provide an opinion (positive assessment) on the quality of financial reporting for the account. While this is a good outcome, further work is required to improve transparency and more effectively use bilateral program funds to drive reform.

MANAGEMENT ACTIONS

The Aid Quality Checks for 2016-17 found that most of the management responses from the 2015-16 APPR had been achieved or partially achieved. Some were postponed for operational reasons, some abandoned due to changes in circumstances or strategy, and some remain to be addressed.

Devolution of the development program from Canberra to the Australian High Commission in Nauru was completed in 2016-17 with the commencement of a long-term Second Secretary (Development) and the recruitment of additional, more senior locally engaged program managers supporting our public financial management, education, health and infrastructure investments. This will broaden our engagement and policy dialogue supporting DFAT's priority investments and help institute a stronger performance and



monitoring regime for our programs. Ongoing training and mentoring is a priority to build the capacity of the development team over 2017 and 2018.

In the health sector we are focussing efforts on two activities to improve the investment. We are working with the Government of Nauru to fill vacant adviser positions. We have increased our capacity with the engagement of a part-time senior health adviser, as well as a full-time locally engaged health program manager. Between September and December 2017, we will commission an independent review of our health sector engagement. The independent review will feed into a redesign of our health investments, and contribute to a performance assessment framework for DFAT's health sector investment.

In the education sector, an adviser was recruited from June 2017 to assist the Department of Education to implement a new five-year education strategic plan. A major focus of the adviser will be to further develop and implement the education performance assessment framework. We will seek to establish a regular formal dialogue mechanism, such as a six-monthly sector dialogue, that would include New Zealand as the other major education sector donor. Expanding technical and vocational education and training (TVET) will be a particular focus in 2017-18, noting the expanded capacity of the Learning Village campus.

A new performance assessment framework was drafted in June 2017 (see Annex E). This will be further refined and utilised to improve monitoring and evaluation of the program. DFAT will engage a part-time gender adviser under the second gender country plan in late 2017 to improve mainstreaming gender across the investments of education, health, infrastructure and public sector management.

In terms of public financial management, we will continue to support improved use of FMIS. This will improve compliance for both the Government's budget and Australian funds in the operational account. We will seek to align our financial and economic initiatives with an ADB-Nauru policy reform program to be negotiated in late 2017.

The Water Tanks Project that was funded in 2010-12 was de-listed as a fraud case in December 2016. At this time, 106 concrete slabs have been prepared and a further 100 will be constructed through community contracts run by the Department of Commerce, Industry and Environment. DFAT will continue to work with the Government of Nauru to address implementation issues with the Household Water Tanks project in order to achieve a satisfactory outcome for this climate change investment.

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT RESPONSES

Describe progress made against management responses in 2015-16 report

Management responses identified in 2015-16 APPR	Rating	Progress made in 2016-17
Devolution of management and oversight of the development cooperation program from Canberra to the Australian High Commission in Nauru	Achieved	A long term Second Secretary (Development) has replaced revolving short term staff placements. A new staffing structure at the High Commission has been approved and established, and five new locally-engaged program managers have been recruited or promoted into the development team. Staff are receiving training.
Prepare a Performance Assessment Framework	Achieved	Completed (see Annex E)
Prepare a Performance Assessment Framework with the Department of Education	Partly achieved	The Department of Education has completed a Five Year Strategic Plan which includes a monitoring and evaluation framework. However, plans to recruit an adviser to assist with strategic plan implementation were delayed. The new adviser has been recruited and will commence in August 2017.
Move to a government demand-driven approach to scholarships	Not Achieved	To achieve this requires major government agencies and state-owned enterprises to prepare human resource development plans in order for the government to determine their highest priority skills and professions. This may not be achievable in the near future.
Climate Change and Gender	Partly achieved	DFAT support for gender-empowering activities remain largely separate to existing programming. However, placement of in-line PACTAM advisers in the departments of health and education will provide for greater reporting of sex-disaggregated sectoral outcomes going forward. The new hospital facility is designed to resist cyclones, has back-up power generators, improved drainage to reduce flooding and has an on-site reverse osmosis unit for producing water. A transition towards 50 per cent renewable energy by 2030 has also been prioritised through our ongoing support to the Nauru Utilities Corporation.
Conduct a rapid “diagnostic” of Nauru’s health sector	Not achieved	It was determined that such a review was not practical in the past year. A senior health adviser has been recruited to lead a review of Nauru’s health sector and Australia’s program interventions early in 2017-18.
Complete the Household Water Tanks project	Partly achieved	The reported possible fraud associated with this activity has been resolved. However, a satisfactory plan to complete the procurement of the water tanks has not been achieved to date. The termination of the government’s independent procurement agent has contributed to the delay.

Note:

- Achieved. Significant progress has been made in addressing the issue
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
- Not achieved. Progress in addressing the issue has been significantly below expectations

ANNEX B – PERFORMANCE BENCHMARKS

Progress towards Performance Benchmarks in 2016-17

Aid objective	Performance Benchmark	Rating	Progress in 2016-17
Strengthened provision of education and health services	<ul style="list-style-type: none"> Amount and timing of budget support for education and health is negotiated with the Government by 30 September 2016. Payment of budget support made according to agreed times across the financial year 	Not Achieved	High operational account balances for both education and health delayed the finalisation of payments. The payment for education was made in June 2017 only once the education operational account balance had reduced to an acceptable level. A small contribution was made for health for a particular activity, but as health balances were still high there was not a requirement to make the full payment in 2016-17. We will continue to plan for and make payment of tranches based on realistic cashflow requirements.
	<ul style="list-style-type: none"> Conduct a rapid “diagnostic” of the health sector in 2016 to help map out key issues, opportunities and recommend options for priority actions 	Not Achieved	Agreement was not achieved on the terms of reference nor the timing of the diagnostic, due to significant MHMS restructures over the reporting period. Other reviews such as the DFAT independent review will now be prioritised instead of the diagnostic.
	<ul style="list-style-type: none"> Provision of technical assistance that assists Government to deliver and implement health and education services 	Not Achieved	Agreement was achieved on an education implementation adviser in late June 2017, the adviser is expected to start in August 2017. Agreement has not been reached on technical assistance for health. Discussions are ongoing.
Strengthened governance and Public Service capability	<ul style="list-style-type: none"> Provision of relevant technical assistance that contributes to strengthening Nauru’s financial management and economic governance decision making 	Achieved	PACTAM advisers are in place and delivering on their agreed workplans. Performance reviews undertaken by Scope Global are highly positive.
	<ul style="list-style-type: none"> Conduct biannual reviews of the operational account to provide assurance that expenditure is appropriate; key controls are effective; and to drive business improvement 	Achieved	DFAT continues to undertake regular independent reviews of transactions made through the operational account and in April 2017, the auditors were for the first time able to provide an ‘opinion’ (positive assessment) on the robustness of operational account reporting. While this is a good outcome, further work on a roadmap for improvement is expected to improve transparency and more effective use of bilateral program funds going forward.
	<ul style="list-style-type: none"> Conduct an Assessment of National Systems (ANS) review in August 2016 	Achieved	The ANS review was conducted in August 2016, the report was finalised in July 2017 with a management response due in September 2017.
	<ul style="list-style-type: none"> Tender for a Government of Nauru Independent Procurement Agent (IPA) 	Partly Achieved	A draft tender document has been produced, however there have been delays in finalising the document due to issues with the interim provider. The consultant engaged for the tender of the IPA is also working on revising the procurement guidelines for Nauru.
Enhanced economic infrastructure	<ul style="list-style-type: none"> Stage two of hospital redevelopment completed by February 2017 	Achieved	Stage two was completed by the end of February 2017. An independent review showed that the building was generally of good quality.
	<ul style="list-style-type: none"> New generators delivered to NUC (through ADB) by March 2017, for installation by August 2017 	Partly Achieved	The generators arrived on Nauru in late June and early July 2017 and will be commissioned by November 2017.




Portfolio adequately addresses gender equality considerations

- 80 per cent of activities adequately address gender issues (across Nauru's four major investments in public sector management, infrastructure, health and education)

Not Achieved

Gender scores across the four main investments did not meet expectations. A gender adviser will be engaged in 2017-18 to assist in mainstreaming gender across the Nauru aid program. A country plan review team visited Nauru in May 2017 and are preparing an updated country plan 2017-20.

Note:

-  Achieved. Significant progress has been made and the performance benchmark was achieved
-  Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
-  Not achieved. Progress towards the performance benchmark has been significantly below expectations

Performance Benchmarks for remainder of Aid Investment Plan

Aid objective	Performance Benchmark	2017-18	2018-19
More effective Public Sector Management	Strengthened financial management capacity and economic governance to maximise the benefits of available revenue	<ul style="list-style-type: none"> Operational Account – conduct biannual “audits” that lead to recommendations that are implemented appropriately Procurement – IPA tender commenced, selected and operational; finalised procurement guidelines Provision of technical advice to support public financial management that meets partner government expectations 	<ul style="list-style-type: none"> Operational Account – conduct biannual “audits” that lead to measurable improvements in execution of funds Procurement – timely, transparent procurement and reporting from IPA Financial Instructions – utilisation of Instructions to improve operations
Investing in Infrastructure	Construction and maintenance of economic infrastructure to support human development and foster commerce and trade	<ul style="list-style-type: none"> Electricity supply – delivery, installation and effective operation of two generators by NUC Port Redevelopment - Nauru Port Reform and Redevelopment Project works commence, with fit for purpose design Indoor Sports Facility – design finalised and approved, construction commences Community sports facilities refurbished Learning Village - construction completed; higher education agencies finalise course curriculums for forward teaching period; and library established 	<ul style="list-style-type: none"> Electricity supply - effective maintenance of generators; documented reliable power supply; and proposals submitted to NUC for solar farm installation Port Redevelopment - Progress on redevelopment works on track; with improved port operations Indoor Sports Facility – managed, maintained and well utilised by men, women, boys and girls and disadvantaged groups
Supporting Human Development (Health)	Systems and services are responsive to people’s health needs through: (i) strengthening health system management; (ii) supporting primary health care; (iii) curative care; and (iv) support services and networking	<ul style="list-style-type: none"> Operational Account – funds administered appropriately on an agreed basis for activities to support the Health Annual Operational Plan Hospital facilities – implementations of Masterplan Review recommendations commence Review – DFAT review and redesign of the health investment completed and implemented 	<ul style="list-style-type: none"> Operational Account – funds administered appropriately on an agreed basis for activities to support the Health Annual Operational Plan Improve the health sector response and services to victims of domestic violence and establish child protection services in communities
Supporting Human Development (Education)	Implementation of education pathways that develop locally and regionally relevant skills	<ul style="list-style-type: none"> Nauru Education Strategic Plan - Recruit and mobilise Education Adviser to support delivery of the Education Strategic Plan 	<ul style="list-style-type: none"> Nauru Education Strategic Plan – benchmarks to be determined in consultation with Education Adviser

- Operational Account – funds administered appropriately on an agreed basis for activities to support the Education Strategic Plan
- TVET – a range of courses for in-demand qualifications are delivered to adult learners in Nauru

- Operational Account – funds administered appropriately on an agreed basis for activities to support the Education Strategic Plan
- TVET – a range of courses for in-demand qualifications are delivered to adult learners in Nauru

ANNEX C- EVALUATION PLANNING

LIST OF EVALUATIONS COMPLETED IN THE REPORTING PERIOD

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INK496 Pacific Women Shaping Pacific Development	Review of Nauru Gender Country Plan	Pending	Pending	Pending	pending

LIST OF PROGRAM PRIORITISED EVALUATIONS PLANNED FOR THE NEXT 12 MONTHS

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Health sector investment review	INI970 Nauru Improved Health	Nov 2017	Dec 2017	To inform DFAT health priorities	DFAT led
Review of the UNE Teacher Education program	INI950 Nauru Improved Education	March 2018	June 2018	To verify performance and assess value for money	Partner led
Education sector investment review	INI950 Nauru Improved Education	April 2018	September 2018	To inform DFAT education priorities	DFAT led

ANNEX D- AID QUALITY CHECK RATINGS

AQC RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings.

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Nauru Infrastructure and Services (INI949)	\$61.4m	2017 AQC	5	5	4	4	4	2	N/A
	2009-18	2016 AQC	5	4	3	4	3	4	4
Nauru Public Sector Reform (INI943)	\$31.4m	2017 AQC	5	4	4	4	4	2	N/A
	2009-18	2016 AQC	5	4	5	4	4	2	4
Nauru Improved Education (INI950)	\$26.1m	2017 AQC	5	4	4	3	5	3	N/A
	2009-18	2016 AQC	5	4	4	3	5	4	3
Nauru Improved Health (INI970)	\$25.7m	2017 AQC	4	2	2	3	3	3	N/A
	2009 -18	2016 AQC	5	3	3	3	3	4	4

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas.

5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas.

1 = Very poor; does not satisfy criteria in many major area.

ANNEX E- PERFORMANCE ASSESSMENT FRAMEWORK

OBJECTIVE	MILESTONES / BENCHMARKS	
	2017-18	2018-19
MORE EFFECTIVE PUBLIC SECTOR MANAGEMENT		
Objective 1.0 - Strengthened financial management capacity and economic governance to maximise the benefits of available revenue	<ul style="list-style-type: none"> <i>Operational Account</i> – conduct biannual “audits” that lead to recommendations that are implemented appropriately <i>Procurement</i> – IPA tender commenced, selected and operational; finalised procurement guidelines <i>Provision of technical advice</i> to support public financial management that meets partner government expectations 	<ul style="list-style-type: none"> <i>Operational Account</i> – conduct biannual “audits” that lead to recommendations that are implemented appropriately <i>Procurement</i> – IPA tender finalised, selected and operational <i>Provision of technical advice to support public financial management that meets partner government expectations</i>
INVESTMENT IN NATION BUILDING INFRASTRUCTURE		
Objective 2.0 - Construction and maintenance of economic infrastructure to support human development and foster commerce and trade)	<ul style="list-style-type: none"> <i>Electricity supply</i> – delivery, installation and effective operation of 2 generators by NUC <i>Port Redevelopment</i> - Nauru Port Reform and Redevelopment Project works commence, with fit for purpose design <i>Indoor Sports Facility</i> – design finalised and approved, construction commences <i>Learning Village</i> - construction completed; higher education agencies finalise course curriculums for forward teaching period; and library established 	<ul style="list-style-type: none"> <i>Electricity supply</i> - effective maintenance of generators; documented reliable power supply; and proposals submitted for solar farm installation <i>Port Redevelopment</i> - Progress on redevelopment works on track; with improved port operations <i>Indoor Sports Facility</i> – managed, maintained and well utilised by men, women, boys and girls and disadvantaged groups
STRENGTHENED PROVISION OF EDUCATION SERVICES		
Objective 3.0 - Implementation of education pathways that develop locally and regionally relevant skills	<ul style="list-style-type: none"> <i>Nauru Education Strategic Plan</i> - Recruit and mobilise Education Adviser to support delivery of the Education Strategic Plan <i>Operational Account</i> – funds administered appropriately on an agreed basis for activities to support the Education Strategic Plan <i>TVET</i> – a range of courses for in-demand qualifications are delivered to adult learners in Nauru 	<ul style="list-style-type: none"> <i>Nauru Education Strategic Plan</i> – benchmarks to be determined in consultation with Education Adviser <i>Operational Account</i> – funds administered appropriately on an agreed basis for activities to support the Education Strategic Plan <i>TVET</i> – a range of courses for in-demand qualifications are delivered to adult learners in Nauru
STRENGTHENED PROVISION OF HEALTH SERVICES		
Objective 4.0 - Systems and services are responsive to people’s health needs through: (i) strengthening health system management; (ii) supporting primary health care; (iii) curative care; and (iv) support services and networking	<ul style="list-style-type: none"> <i>Operational Account</i> – funds administered appropriately on an agreed basis for activities to support the Health Annual Operational Plan <i>Hospital facilities</i> – implementations of Masterplan Review recommendations commence <i>Review</i> – DFAT review and redesign of the health investment completed and implemented 	<ul style="list-style-type: none"> <i>Operational Account</i> – funds administered appropriately on an agreed basis for activities to support the Health Annual Operational Plan Improve the health sector response and services to victims of domestic violence and establish child protection services in communities

Note: all objectives include cross-cutting elements of gender equality, climate change and disability inclusive development