

Nauru Infrastructure Partnership Review MANAGEMENT RESPONSE

Project Summary

Project Name	Nauru Infrastructure and Services Partnership		
AidWorks number	INI949 (09B259, 17A050, 17A051, 14B028, 15A373) and INI950 (09B262, 09B263)		
Commencement date	1 July 2014	Completion date	30 June 2018 (assessment period)
Total Australian \$	\$43.8		
Delivery organisation(s)	DFAT		
Implementing partner(s)	NUC, PACTAM, ADB		
Country/Region	Nauru		
Primary sector	Infrastructure – Education, WASH, Health, Sports		
Project objective/s	The Nauru Infrastructure and Services Partnership will support Government of Nauru strategies for reform of the utilities sector and essential infrastructure and services with an emphasis on: improving the reliability and cost effectiveness of power and water services, through more effective governance, maintenance and cost recovery arrangements; increasing use of renewable forms of energy and clean water capture, particularly at household level and public buildings; and supporting maintenance and provision of essential infrastructure and services. Under the initiative Nauru's electricity and water production facilities have been fully refurbished. As well,		

Introduction

DFAT commissioned a strategic end-of-term review of its Nauru Infrastructure and Services Partnership between March-June 2018 to support DFAT's improved performance and strategic planning of the infrastructure sector within the Nauru Aid Program.

The objectives of this review were to undertake an in-house end-of-term review of the DFAT-funded Nauru Infrastructure and Services investment to help guide future programming decisions. The review was limited to investments since 2014, and the purpose was threefold :

- (i) prove - to assess the effectiveness of the Australian government's current approaches to infrastructure and essential services programming in Nauru;
- (ii) improve - to recommend future strategic investment approaches and priorities for the infrastructure and services portfolio
- (iii) knowledge generation - to identify the key strengths, challenges, and opportunities in the infrastructure and essential services sector in Nauru, for the GoN to support human development and foster trade and commerce.

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The review team, from Clear Horizon, comprised two specialists - Infrastructure Specialist and a Monitoring and Evaluation (M&E) Specialist.

The review methodology included

- (i) a desktop review of background documents;
- (ii) semi-structured key informant interviews;
- (iii) site visits;
- (iv) an in-country mission to Nauru;
- (v) a preliminary findings briefing delivered at the end of the in-country mission; and
- (vi) a summit workshop to present, discuss and finalise the review findings.

DFAT's response to the evaluation report

DFAT considers the evaluation to be adequate, sufficiently addressing the questions on the Terms of Reference and Subsequent Evaluation Plan. The evaluation identified a number of areas to focus further improvements to DFAT-supported investments, including developing an Infrastructure Strategy. While DFAT agrees with a number of recommendations in the report, we recognise and respect the Government of Nauru's mandate and role in providing essential infrastructure to the people of Nauru. Australia's support to the infrastructure sector in Nauru works to assist the Government of Nauru to deliver quality, sustainable infrastructure, and not to substitute it. Australia will work to implement these recommendations to the extent possible through the investments it funds, and work with the Government of Nauru to ensure better delivery of DFAT-funded infrastructure investments, across all the key areas of Relevance, Efficiency, Effectiveness, Monitoring and Evaluation and Cross-cutting Issues.

DFAT's detailed response to the recommendations of the Review team is below:

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Recommendation	Response	Explanation and Proposed Actions	Timeframe	Responsibility
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OBJECTIVE 1 – GOVERNMENT OF NAURU TO EMBED AND IMPLEMENT A ROBUST AND STRATEGIC INFRASTRUCTURE FRAMEWORK FOR PRIORITISATION AND SELECTION OF INVESTMENTS

<p>SHORT TERM:</p> <p>a. DFAT to engage with the Pacific Regional Infrastructure Facility (PRIF) to request an independent quality peer review of the Nauru Infrastructure Asset Management Framework (NIAMF) and the National Infrastructure and Asset Management Steering Committee (NIAMSC) and associated documents is undertaken to ensure robust analysis.</p>	<p>AGREED IN PART</p>	<p>DFAT accepts this recommendation in part.</p> <p>While the Government of Nauru would need to make any request to PRIF to undertake a review of NIAMF and NIAMCS, DFAT would be prepared to provide targeted support.</p>	<p>At GoN request</p>	<p>DFAT PAD (Nauru) PRIF</p>
<p>b. Coordinate and harmonize with development partners as a key part of the process of selecting infrastructure investments to ensure that the highest priority projects are supported and opportunities to leverage the strategic advantages of each development partner are identified, as well as opportunities to co-fund or otherwise collaborate to leverage available funds. The PRIF mechanism could be a platform to facilitate coordination across Nauru's infrastructure investments.</p>	<p>AGREED IN PART</p>	<p>DFAT accepts this recommendation in part.</p> <p>While a mechanism to foster donor collaboration would need to be developed and driven by the Government of Nauru, DFAT would be prepared to provide targeted support.</p> <p>DFAT would be prepared to provide additional targeted support for the Government of Nauru to engage with PRIF in coordinating Nauru's infrastructure planning.</p>	<p>At GoN request</p>	<p>DFAT PAD (Nauru) PRIF</p>
<p>WITHIN 1-3 YEARS:</p> <p>c. Develop an Infrastructure Strategy for Nauru that supports Australia's strategic interests in Nauru and considers the recommended priority infrastructure needs identified in the NIAMF, NIIMS and National Sustainable Development Strategy (NSDS)</p>	<p>AGREED</p>	<p>DFAT accepts this recommendation without reservation.</p> <p>DFAT will develop an Infrastructure Strategy, in line with its Nauru Aid Investment Plan and the Nauru-Australia Aid Partnership Agreement. Consultation with the Government of Nauru would include reference to the NIAMF, the NIIMS and the NSDS.</p> <p>All of the areas of investment by DFAT during the review period have been relevant to the Government of Nauru's objectives in infrastructure and essential services, and are closely aligned and relevant to the NSDS.</p>	<p>2019 onwards</p>	<p>DFAT PAD (Nauru)</p>

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		This includes investments in: maritime (feasibility for port redevelopment, operational plan for the port and corporate strategy and performance improvement plan for PAN), power (performance improvement plan for NUC) and government buildings (new hospital, learning village).		
d. Support NIAMF and NIIMS as the platform to inform infrastructure investments through GoN budget allocations and requests for funding from DFAT and other development partners.	AGREED	<p>DFAT accepts this recommendation without reservation.</p> <p>The GoN has established the Nauru Infrastructure & Asset Management Steering Committee (NIAMSC) to develop a Nauru Infrastructure Asset Management Framework (NIAMF) and National Infrastructure Investment and Management Strategy (NIIMS) to set the direction for infrastructure investments and asset management for the next 5 to 10 years. The Pacific Regional Infrastructure Facility (PRIF), with which DFAT partners and co-funds, is supporting this activity.</p> <p>Subject to GoN request, DFAT would be prepared to provide additional targeted support for the Government of Nauru to engage with PRIF in coordinating Nauru's infrastructure planning.</p>		
e. Develop the capacity of DoID to periodically update the NIAMF, NIIMS and associated documents to inform infrastructure project prioritization over time (such as through a long-term embedded PACTAM advisor with budget available in 2019-20).	AGREED	<p>DFAT accepts this recommendation without reservation.</p> <p>Subject to GoN request, DFAT would be prepared to provide targeted support to support the Department of Infrastructure and Development to inform infrastructure project priorities. This could take the form of specialist short-term or long-term technical assistance.</p>	2019 onwards	DFAT DoID

OBJECTIVE 2: RETAIN THE VALUE FOR MONEY PROPOSITION OF EXISTING INVESTMENTS

SHORT TERM:				
a. Continuation of the NUC CEO. Significant gains have been made through the NUC in stabilising the electricity supply and improvements in water delivery, of which DFAT contributed not only the PACTAM Advisor (NUC CEO) but also contributed to	AGREED	<p>DFAT accepts this recommendation without reservation.</p> <p>The NUC CEO position has been very successful. DFAT intends, subject to GoN agreement, to continue to fund this position. Ultimately, the aim is to grow capacity in NUC to allow for a phased withdrawal of this position, to ensure long-term sustainability of the reforms. DFAT has requested the current CEO develop a sustainability strategy with clear time frames.</p>	Mid-2019	DFAT CEO NUC

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the capital costs of two diesel generators and associated infrastructure.				
b. Consider innovative approaches to maintaining and cleaning privately owned water tanks. Potential options include perhaps similar to the approach taken to electrical safety at the household level.	AGREED IN PART	<p>DFAT accepts this recommendation in part.</p> <p>DFAT agrees maintenance and sanitary treatment of water tanks is important. However, where tanks are privately owned, the onus on cleaning them should be with householders.</p> <p>DFAT agrees an innovative approach may be required to provide incentives for householders to maintain their water tanks properly. This could include targeted community outreach and awareness raising of the requirements for maintaining potable water on private land.</p> <p>At GoN request, DFAT would consider targeted support for public health and safety messaging, including through schools-based programs, in line with its education investments.</p>	2019 onwards	DFAT NUC
<p>WITHIN 2-3 YEARS:</p> <p>c. Asset Maintenance. The cost of assets provided by Australia degrading and needing to be replaced prematurely is a reputational risk, contributes to an ongoing need from GoN for external funding and reduces the value for money proposition of each investment. In addition, the RON hospital needs an assessment to determine if interventions are needed to address current limitations and extend the life of the modular structure situated close to corrosive marine environment. Support for short term hospital maintenance may be necessary in the interim.</p>	AGREED IN PART	<p>DFAT accepts this recommendation in part.</p> <p>Subject to request, DFAT will consider providing capacity-building support to the Government of Nauru to manage its existing infrastructure and to plan for management of pipelined developments.</p> <p>DFAT will continue to support capacity development in facilities management, construction, accredited trades and other related technical and vocational areas, including through scholarships programs and access to improved educational opportunities.</p> <p>DFAT will continue to engage with the Government of Nauru on priority development projects, including short-term and long-term development needs.</p>	2019 onwards	DFAT PAD (Nauru) MHMS
d. DFAT's Strengths and Capacity. DFAT is better placed to support on larger projects, instead of a number of smaller projects, to utilise government systems whilst best delivering project outcomes.	AGREED IN PART	<p>DFAT accepts this recommendation in part.</p> <p>DFAT has capacity, through a range of delivery modalities, to manage projects of varying sizes. Resourcing decisions are made in alignment with broader strategic objectives.</p>	2019 onwards	DFAT

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Additional resourcing within DFAT to manage the infrastructure portfolio may also needed to ensure suitable oversight can be provided to existing commitments (in particular the new port), as well as to support follow through on these recommendations.		<p>DFAT will engage a port specialist to support post's management of the port project.</p> <p>DFAT will implement the recommendations of this review in line with its strategic priorities and within resource constraints.</p>		