



REPUBLIC OF NAURU

SUPPLEMENTARY ESTIMATES OF EXPENDITURE 2010-2011

DECEMBER 2010

CIRCULATED BY
THE HONOURABLE DR KIEREN KEKE, MP
MINISTER FOR FINANCE OF THE REPUBLIC OF NAURU

Supplementary Expenditure 2010-11

The Supplementary Appropriation Bill makes a number of adjustments to the 2010-11 Budget estimates of expenditure to provide for events which were unanticipated at the time the 2010-11 Budget was considered by Parliament.

Domestic Expenditures

Justice Secretariat – Head 43

Impact on budget balance (\$)

SubHead 314	2010-11
Legal Expenses - External	-50,000
Total Impact on Budget	-50,000

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

The Department of Justice will require an additional \$50,000 for legal fees. This is to fund ongoing legal costs for the Yen Bonds case in Japan. Further, there are expected new legal costs to close off matters relating to properties leased by the former Nauru Local Government Council, as well as a few other small matters that will require the engagement of external lawyers.

Ministerial – Head 2

Impact on budget balance (\$)

SubHead 326	2010-11
Special Projects	-25,000
Total Impact on Budget	-25,000

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

The Government has agreed to fund the drafting of a "Cabinet Handbook". A total of \$25,000 will be allocated to engage a consultant to prepare a Cabinet Handbook that records the conventions, procedures and rules of Cabinet, including procedure for the development and approval of Government policies and their implementation including through draft government legislation.

Presidency and State House – Head 1

Impact on budget balance (\$)

SubHead 255	2010-11
Travel Business	-28,700
Total Impact on Budget	-28,700

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

Unanticipated higher costs of travel and accommodation internationally, has required additional funds for business travel, for His Excellency the President of Nauru. The cost of the President and his delegation's recent travel to attend the United Nations General Assembly in New York was higher than anticipated, as well as costs associated with the High Level UN Conference on Climate Change in Cancun. Whilst these were planned and budgeted for, estimates provided earlier did not accurately capture the real costs and so underestimated the funding requirements.

Donor Revenues and Expenditures

Tawian

Impact on budget balance (\$)

Head 16 & 21 – SubHead 327-001	2010-11
Taiwan Grants	500,000
Mobile Money project	-300,000
Micro-Finance Project	-200,000
Total Impact on Budget	-

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

Mobile Money project:

With an absence of a much needed banking facility in Nauru, and Government's priority put on restoring financial services for Nauru, the proposed Mobile Money project will enable customers to send/receive money locally as well as pay retailers, suppliers etc via their mobile phones. It also has the opportunity to set up disbursement of payments such as salaries, or Utilities bills for example. An allocation of USD\$ 300,000 has been allotted for the implementation of this project.

In the long term, it could provide other financial services such as access to bank accounts overseas or a special e-savings club account (which builds interest) as well as international money transfers. This will further diversify the financial services availability to all Nauruans.

The Mobile Money concept has been launched in other Pacific Island Countries, namely Fiji and Tonga and discussions are underway with Vanautu and Samoa. A 6 week implementation/mobilisation period will be required to get this up and running with the chance that Nauru could have this new service launched by the middle of 2011, subject to timely finalisation of necessary negotiations and agreements.

Microfinance:

This allocation of USD\$200,000 shall be applied to finance the Business Development Centre Project by providing microfinance loans – mainly to farmers.

Agricultural Development Fund (ADF) Micro-grant Facility (USD\$40,000) -

The targeted beneficiaries of the ADF Micro-grant Facility will be micro-farmers or home gardeners whose produce is primarily intended for household consumption. Each micro-grant will take the form of an in-kind grant of no more than AUD\$500, which can only be provided once to each recipient. To be eligible for this funding, all applicants will have to attend and complete several tailor made courses. After a screening process conducted by CIE and the Taiwan Technical Mission, the micro-grant will be given to successful beneficiaries. Monitoring and Evaluation will be conducted based on production rates of crops and animals, health and growing conditions of crops, seedlings loss rate and yields.

NEDC Agricultural Microcredit Facility (\$USD160,000) –

Under this Facility, there will be a maximum loan of up to AUD\$4,000 which can be drawn upon by farmers. There are two types of loan on offer

- (1) Working capital loan (AUD\$2,000)
- (2) Flex equipment purchase loan (AUD\$2,000)

A 10% interest rate will be applied to this loan when it becomes operational in January 2011. The generated revenue will be used for operational funds for the chicken farm with remaining revenue going to small, kitchen-sized garden farmers.

Australian Sports Commission – Sports “Epon Keramen” Project

Impact on budget balance (\$)

Head 62 – SubHead 327-002	2010-11
Additional grants	185,000
Additional expenses	-185,000
Total Impact on Budget	-

A negative “Impact on Budget” indicates a net increase in government expenditures.

Description

The Australian Sports Commission has agreed to provide additional funding for the Sports Epon Keramen project on Nauru. ASC has committed another \$185,000 for the financial year 2010-11.

Secretariat of the Pacific Community (SPC) - Health

Impact on budget balance (\$)

Head 61 – SubHead 327-005	2010-11
Additional grants	142,255
Additional expenses	-142,255
Total Impact on Budget	-

A negative “Impact on Budget” indicates a net increase in government expenditures.

Description

SPC is providing funding for two health programs in the 2010-11 financial year. They have agreed to provide funding of \$115,025 for activities that aim to combat Non-Communicable Disease and a further \$27,200 for Small Community Grants to raise awareness on a range of health issues.

Global Fund - Health

Impact on budget balance (\$)

Head 61 – SubHead 327-016	2010-11
Additional grants	240,118
Additional expenses	-240,118
Total Impact on Budget	-

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

The Global Fund is providing a total of \$240,118 in direct funding to promote awareness of HIV and TB.

World Health Organisation

Impact on budget balance (\$)

Head 61 – SubHead 327-011	2010-11
Additional grants	75,000
Additional expenses	-75,000
Total Impact on Budget	-

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

The World Health Organisation (WHO) is providing funding to Nauru for the improvement of public health. WHO is funding programs to strengthen the Health system, including increasing public access to health information.

United Nations Environment Programme (UNEP)

Impact on budget balance (\$)

Head 21 – SubHead 327-016	2010-11
Additional grants	31,579
Additional expenses	-31,579
Total Impact on Budget	-

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

The Ozone Depleting Substance (ODS) is a United Nations Environment Programme (UNEP) funded project for the monitoring and phasing out of CFC's (refrigerants) and HCFC's that damage the ozone layer. The Department of Commerce, Industry and Environment is coordinating this project.

Global Environment Facility (GEF) through the Pacific Islands Applied Geosciences Commission (SOPAC)

Impact on budget balance (\$)

Head 21 – SubHead 327-016	2010-11
Additional grants	251,747
Additional expenses	-251,747
Total Impact on Budget	-

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

The Global Environment Facility, through the Pacific Islands Applied Geosciences Commission (SOPAC) is providing additional funding for the Integrated Water Resources Management (IWRM) project.

The IWRM project addresses sanitation issues and its effects on our groundwater supplies. The funding provides for a feasibility study to provide options and for solutions to be identified.

South Pacific Regional Environment Programme (SPREP)

Impact on budget balance (\$)

Head 21 – SubHead 327-016	2010-11
Additional grants	357,895
Additional expenses	-357,895
Total Impact on Budget	-

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

The South Pacific Regional Environment Programme, through its regional programme Pacific Adaptation to Climate Change (PACC), is providing additional funds of \$357,895 this financial year to support its project in Nauru. This project helps to reduce the vulnerability and to increase the adaptive capacity to adverse effects of climate change within the water sector.

United Nations Development Programme (UNDP)

Impact on budget balance (\$)

Head 21 – SubHead 327-016	2010-11
Additional grants	357,895

Additional expenses	-357,895
Total Impact on Budget	-

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

The United Nations Development Programme is supporting four projects in Nauru, through the Department of Commerce, Industry and Environment. This includes the Sustainable Land Management (SLM) Project, National Nursery Project, the Second National Communication (SNC), and the National Biodiversity Strategy and Action Plan (NBSAP).

Food and Agriculture Organisation (FAO)

Impact on budget balance (\$)

Head 21 – SubHead 327-016	2010-11
Additional grants	59,737
Additional expenses	-59,737
Total Impact on Budget	-

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

The Food and Agriculture Organisation (FAO) is supporting a project through its Food Security and Sustainable Livelihood Programme. The programme objective is to enhance production and food security by encouraging income generating activities through sub-projects on household food garden development. As it is part of FAO's Regional Food Security Programme, this programme also aims to strengthen regional and national capacity on trade facilitation and agricultural policies.

Australian Government (AusAID)

Impact on budget balance (\$)

Head 21 – SubHead 327-002	2010-11
Additional grants	246,000
Additional expenses	-246,000
Total Impact on Budget	-

A negative "Impact on Budget" indicates a net increase in government expenditures.

Description

The Australian Government, through AusAID, is providing grants to support the Nauru Entrepreneurship Development Centre (NEDC). NEDC aims to support the development of micro-business projects in Nauru. The project aims to develop the private sector in Nauru, by providing micro-finance as well as training, and advisory support of new and small businesses through the NEDC.

2010-11 SUPPLEMENTARY APPROPRIATION					
Head Number	Department Head	Sub Head	Sub Sub Head	Subhead	Amount \$
1	Presidency & Statehouse	255		Business Travel	28,700
2	Ministerial	326		Special Projects	25,000
16	Finance - Other Payments	327	001	Aid Project - Taiwan	300,000
21	Department of Commerce, Industry & Resources	327	001	Aid Project - Taiwan	200,000
21	Department of Commerce, Industry & Resources	327	002	Aid Project - AusAID	104,000
21	Department of Commerce, Industry & Resources	327	016	Aid Project - Other	4,858
21	Department of Commerce, Industry & Resources	327	016	Aid Project - Other	1,029,074
43	Department of Justice	318		Legal Expenses - External	50,000
61	Department of Health	327	005	Aid Project - SPC	142,225
61	Department of Health	327	011	Aid Project - WHO	75,000
61	Department of Health	327	015	Aid Project - Other (Prev Years)	107,318
61	Department of Health	327	016	Aid Project - Other	113,398
62	Sports	327	002	Aid Project - AusAID	185,000
	Total				2,364,573