

**PROJECT DOCUMENT**  
**Republic of Nauru**

**Project Title:** Enabling the Implementation of the Nauru Energy Road Map

**Project Number:** 00100156

**Output/Award ID:** 00103237

**Implementing Partner:** UNDP

**Start Date:** 1 February 2017

**End Date:** 31 Dec 2018

**PAC Meeting date:** 11 Nov 2016

**Brief Description**

Theory of Change: Imported petroleum products are the main energy source in Nauru. The country is 100% electrified and renewable energy contributes around 1% to electricity supply with the remaining 99% provided by diesel generators. To date, the institutional roles and responsibilities of the various players in the energy sector have not been well defined, coordination mechanisms have not been operationalized, there is a lack of formal mandate for the Government department carrying out national policy and planning functions, and the processes and procedures are not sufficiently developed and in some cases they are unclear. In addition, the functioning of institutions is constrained by limited financial resources and staff capacity. A number of policies and legislation impacting the energy development on the island have been introduced since 2005 through the economic reform programme. However, these predominantly focus on electricity supply and lack attention to petroleum and renewable energy supply, including fuel handling, storage and distribution. In early 2012 the Nauru Government requested technical support in the development of an Energy Road Map. The Nauru Energy Sector Road Map 2014-2020 was developed and endorsed by Cabinet in 2014 and now serve as an implementation plan for Nauru's Energy Policy Framework from 2009. The focus of the project is assisting in the establishment of an enabling environment for the implementation of the Nauru Energy Sector Road Map. The project will consist of institutional, legislative and regulatory, technical and awareness and capacity development components and associated activities. The expected results are as follows: 1) impact: reliable, affordable, secure and sustainable energy supply to meet the socioeconomic development needs of Nauru; 2) outcome: an enabling environment for Nauru Energy Sector Road Map implementation; and 3) outputs: i) Energy Unit, Department of Commerce, Industry and Environment established and operational; ii) energy sector wide legislation and regulations for residential solar photovoltaic systems established; iii) technical standards developed or adopted for residential solar photovoltaic systems; iv) capacity developed on new energy legislation and regulation and technical standards for residential solar photovoltaic systems; and v) effective project management.

**Contributing Outcome (UNDAF/Country Programme Results and Resource Framework):** Improved resilience of PICTs, with a particular focus on communities, through the integrated implementation of sustainable environmental management, climate change adaptation and/or mitigation and disaster risk management.

**Indicative Output(s):** Energy Unit, DCIE established and operational; energy sector wide legislation and regulations for residential solar PV systems established; technical standards developed or adopted for residential solar PV systems; capacity developed on new energy legislation and regulation and technical standards for residential solar PV systems; and effective project management.

<b>Total resources required:</b>	195,983.28	
<b>Total resources allocated:</b>	195,983.28	
	GIZ:	195,983.28
	In-Kind:	0
<b>Unfunded:</b>	0	

**Agreed by (signatures):**

UNDP/Implementing Partner:

Date:

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## I. DEVELOPMENT CHALLENGE <sup>1</sup>

### I.1 Energy Supply and Demand

Imported petroleum fuels are the main energy source in Nauru. Fuel demand is about 10 million litres per year and Nauru has a relatively high (estimated) 73 days of fuel supply security. There is currently no national energy data base or energy balance and energy datasets are fragmented with irregular data reporting. An estimated 3.5 million litres or approximately 35% of Nauru's fuel imports are used for transport. The majority of transport energy is for land transport (estimated at 2.5 million litres of fuel), although some fuel is also used for small domestic fishing boats and cooking and jet fuel is used for air transport (0.5–1 million litres).

Nauru is 100% electrified and has relatively low average electricity tariffs of 14USc/kWh. Currently maximum electricity demand in Nauru is around 3.3 MW. Electricity is supplied by a single power station operated by Nauru Utilities Corporation (NUC). During the years of high phosphate production, industrial use dominated the Nauru energy economy. That use has diminished and the domestic sector is now the dominant user. Decades of very low - or no - electricity costs for energy consumers has resulted in a much higher per-capita energy usage than is seen in most Pacific Island Countries (PICs) – the average household use of electricity is estimated at around 400 kWh/month (although there is likely a significant variation between households). Renewable energy contributes around 1% to electricity supply with the remaining 99% provided by diesel generators.

Nauru has a proven solar resource and this is the renewable energy technology most commonly implemented to date. Although solar PV offers electricity generation that can supplement the existing diesel generation, the variable nature of solar energy will require energy storage systems for it to be connected to the grid at high levels of penetration. There is no hydro or geothermal energy potential. Further investigation is needed to a greater or lesser extent for all other renewable energy options, i.e. wind, bio-energy and ocean energy.

### I.2 Institutional Framework

There are currently three entities with key responsibilities in the energy sector: the Ministry of Finance, including the Planning and Aid Division (PAD), the Department of Commerce, Industry and Environment (DCIE) and the Nauru Utilities Corporation (NUC). The Ministry of Finance provides national budget for energy, procures and sets prices for fuel, oversees implementation of the National Sustainable Development Strategy (NSDS) and the PAD manages development partner finance flows, crucial for capital investment in the energy sector. DCIE carries out policy and planning functions and NUC is the sole provider of grid electricity and also manages the fuel tank farm. To date, the institutional roles and responsibilities of the various players in the energy sector have not been well defined and coordination mechanisms have not been operationalized. Furthermore, there is a lack of formal mandate for the Government department carrying out national policy and planning functions, the processes and procedures are not sufficiently developed and in some cases they are unclear. In addition, the functioning of institutions is constrained by limited financial resources and staff capacity. Concerning the latter, a recent sustainable energy (and climate change adaptation) training needs and gap analysis undertaken by the Pacific Community (SPC) and the University of the South Pacific (USP) among others

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<sup>1</sup> Information in this section is taken from the following sources: 1) Nauru Energy Road Map 2014 – 2020: [http://prdrse4all.spc.int/system/files/second\\_draft\\_nauru\\_energy\\_road\\_map\\_v6\\_0.pdf](http://prdrse4all.spc.int/system/files/second_draft_nauru_energy_road_map_v6_0.pdf); 2) Republic of Nauru - Intended Nationally Determined Contribution (INDC) Under the United Nations Convention on Climate Change - [http://www4.unfccc.int/ndcregistry/PublishedDocuments/Nauru%20First/Nauru\\_NDC.pdf](http://www4.unfccc.int/ndcregistry/PublishedDocuments/Nauru%20First/Nauru_NDC.pdf); 3) Project Design Document (PDD) for the Enabling the Implementation of the Nauru Energy Road Map project - <http://acsepacific.org/wp-content/uploads/2016/02/20160126-PDD-Nauru-FINAL.pdf>; 4) Pre-Feasibility Study: Solar Photovoltaics for Replacing up to 50% of Diesel Generation in Nauru - [http://prdrse4all.spc.int/system/files/solar\\_pre-feasibility\\_report\\_130720.docx](http://prdrse4all.spc.int/system/files/solar_pre-feasibility_report_130720.docx); 5) Nauru Energy Sector Summary Report - [http://prdrse4all.spc.int/system/files/nauru\\_energy\\_sector\\_summary\\_report.pdf](http://prdrse4all.spc.int/system/files/nauru_energy_sector_summary_report.pdf); 6) Nauru Infrastructure Strategy and Investment Plan - [http://www.theprif.org/components/com\\_jomcomdev/files/2014/09/39/16-NEISIP%20Full%20Final%20Report.pdf](http://www.theprif.org/components/com_jomcomdev/files/2014/09/39/16-NEISIP%20Full%20Final%20Report.pdf); 7) Nauru Utilities Corporation (NUC), Corporate Strategy, 2012; 8) EUPacTVET - Nauru Training Needs and Gap Analysis [http://prdrse4all.spc.int/sites/default/files/nauru\\_0.pdf](http://prdrse4all.spc.int/sites/default/files/nauru_0.pdf); 9) Nauru Utilities Corporation Act 2011 - <http://faolex.fao.org/docs/pdf/nau109164.pdf>; and 10) Energy Policy Framework 2009 - [https://drive.google.com/open?id=0Bw\\_5ajzuswuV3pPNDBET1kyZ1U](https://drive.google.com/open?id=0Bw_5ajzuswuV3pPNDBET1kyZ1U)

identified a training need on solar PV systems (off/on grid), best systems for Nauru, how to install & operate the system and repair and maintenance of units.

### **I.3 Policies, Legislation and Regulation**

A number of policies and legislation impacting the energy development on the island have been introduced since 2005 through the economic reform programme. The NSDS 2005-2025 (revised 2009) the stated goal for energy is to provide '*...a reliable, affordable, secure and sustainable energy supply to meet socio-economic development needs*'. Nauru's Energy Policy Framework (NEPF) dates from 2009 and this '*...blueprint sets out our national commitment to efficient use and effective application of energy resources across all sectors*'. An Act to establish NUC commenced on 1 August 2011 with the state purposes to: a) ensure essential utilities services are provided by NUC; b) enable NUC to operate efficiently and independently while allowing for necessary oversight by the Minister to ensure the Corporation is financially viable and performs its functions fully and in a way that is not detrimental to customers; and; and c) ensure the powers and functions of the Corporation are exercised and performed in a safe way. However, these policies and legislation predominantly focus on electricity supply and lack attention to petroleum and renewable energy supply, including fuel handling, storage and distribution. In addition, while the existing instruments provide some guidance on development priorities and platform for action, the absence of implementation strategies has often resulted in unsustainable and ad hoc practices.

There is no independent regulator in Nauru, as this would not be a cost-effective option given the size of the country. Regulation of the energy sector is therefore carried out by Government entities and through self-regulation by NUC. Economic regulation is carried out primarily by the Ministry of Finance, through the Price Regulation Act 2008. The Ministry sets wholesale and retail prices for each fuel shipment and removes duty charges for power generation fuel. The Cabinet sets electricity tariffs. Financial and performance regulation of NUC is provided for under the Nauru Utilities Corporation (NUC) Act which states the legal obligations of the utility for the supply of electricity, water and fuel. Under the Act, the CEO of NUC reports directly to the Minister of Utilities. However, under the Act the process, including frequency and content of reporting are not specified. At the moment these aspects are agreed in the CEO's employment contract. The Minister also plays a role in overseeing financial management of the NUC; however, this function needs to be clarified further. NUC is to an extent self-regulating in the area of technical regulation. There is no framework for Independent Power Producers (IPPs), net-metering or feed-in-tariffs, or any technical standards that would govern connection of third parties to the electricity grid. The role of CIE in relation to the development and management of the NUC is unclear. Once the capacity of CIE is strengthened it may be appropriate for it to take on a regulatory role in terms of technical standards for the NUC.

A number of regulatory instruments are needed to further define accountabilities for the overall management of the sector and development of national energy legislation and regulations will be part of this process. An area where new legislation needs to be considered is in order to address safety and environmental issues regarding the importation, storage, handling and distribution of fuel on the island and lessons may be drawn from other countries in the region (e.g. Samoa and American Samoa). The NUC Act 2011 must be supported by regulations that define performance and safety standards of the Corporation including the processes and procedures required. As Nauru is planning to increase the contribution of renewable energy into the national energy mix, it may be necessary now to consider a legal framework that encourages private and community participation in energy generation through Power Purchase Agreements (PPAs), net metering and other similar arrangements where feasible (a number of utilities across the region have now established similar arrangements that may be useful for Nauru).

### **I.4 Energy Sector Plans**

The Nauru Infrastructure Strategy and Investment Plan is from 2011. A list of actions and investments were ranked as high priority, and prioritized for development in the next 5 years. In the power sector included is preparation of a strategy for renewable energy (with an emphasis on the use of solar power) and establishment of an O&M spare parts store and workshop for NUC. A

Corporate Strategy for NUC was finalised in 2011. NUC's vision is to '*...provide affordable, sustainable energy and water supplies at levels of reliability and quality that satisfies Nauru's customers*'.

Initially an action plan component was not prepared to accompany the NEPF document. However, in early 2012 the Nauru Government requested technical support in the development of an Energy Road Map. The Nauru Energy Sector Road Map (NERM) 2014-2020 was developed and endorsed by Cabinet in 2014 and now serve as an implementation plan for the NEPF and the revised NSDS. The implementation framework aims to be closely aligned with the NSDS monitoring and reporting process to reduce duplication and confusion amongst stakeholders. One of the purposes of the Road Map is to provide an implementation plan for all partners to work towards and thus avoid partial or incomplete solutions and different kinds of energy sector equipment and regulations being implemented which may not be compatible.

The NERM deals with national energy supply and demand and takes a whole-of-sector approach. For the purposes of the NERM, the energy sectors are split into six themes, five of these are broadly aligned directly to the themes of the 2009 NEPF and the sixth theme, Transport has been added to address a gap in this area in the NEPF and recognise the importance of transport in the energy sector. The six themes of the Road Map are:

1. Power (including supply side energy efficiency)
2. Petroleum
3. Renewable Energy
4. Demand Side Energy Efficiency
5. Transport
6. Institutional Strengthening and Capacity Building

There are six action plans, one for each of the six themes of the Road Map. These lay out the strategies and activities needed to progress towards the vision, outcomes and targets of the Road Map, the NEPF and the NSDS. Each action plans include: a) policy statement (where available from the NEPF); b) strategies; c) activities under each strategy; d) organisation responsible for each activities and supporting organisations; e) activity importance (low importance activities are not included; f) timeframe; g) expected results; and; i) estimated budget. In context of this project the most relevant component is 1).Institutional Strengthening and Capacity Building and the following are pertinent strategies:

- Strategy 1: Establish appropriate policies, regulations and legislation for the energy sector;
- Strategy 2: Facilitate development of appropriate local skill base to meet ongoing demand in the energy sector;
- Strategy 3: Improve governance and accountability in the energy sector; and,
- Strategy 4: Foster a culture of partnerships between public and private sectors including the community.

### **1.5 EU-GIZ Enabling the Implementation of the Nauru Energy Road Map Project**

Recently the European Union (EU) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) agreed to support the Enabling the Implementation of the Nauru Energy Road Map project. The support is part and parcel of the EU-GIZ Adapting to Climate Change and Sustainable Energy (ACSE) Programme.<sup>2</sup> The project was developed during 2015. The problem tree below forms the basis for the design of the project.<sup>3</sup> The final Project Design Document (PDD) was available beginning of 2016.<sup>4</sup>

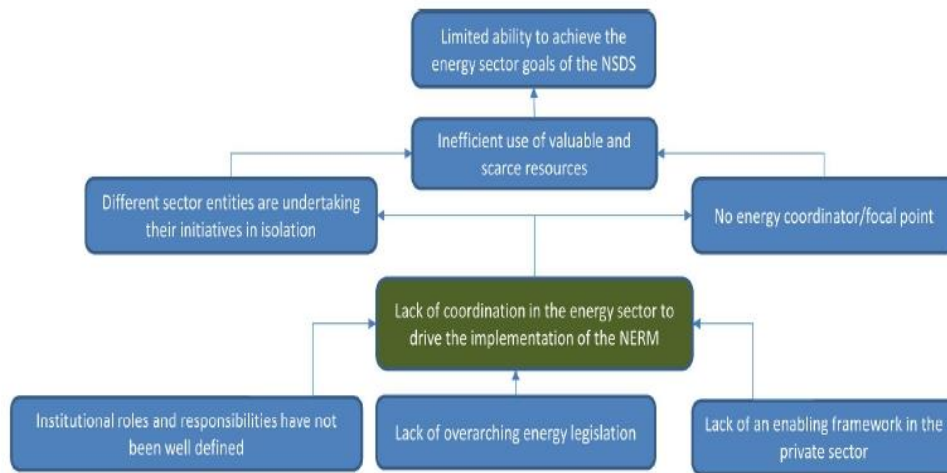
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<sup>2</sup> Information about the program is available here: <http://acsepacific.org/>

<sup>3</sup> The problem tree was prepared based on the information in the Concept Note and stakeholder consultation meetings and then detailed during the consultation and design workshop.

<sup>4</sup> Available here: <http://acsepacific.org/wp-content/uploads/2016/02/20160126-PDD-Nauru-FINAL.pdf>

**Figure 1: Problem Tree for the Enabling the Implementation of the Nauru Energy Road Map Project**



Source: p. 9, Enabling the Implementation of the Nauru Energy Road Map Project Design Document

## II. STRATEGY

In July 2016 the Government of Nauru officially requested UNDP to be Implementing Partner for the Enabling the implementation of the Nauru Energy Road Map project, which was agreed to. The following are overall strategies for the project:

- Adhering as much as possible to the Project Design Document (PDD) for the Government of Nauru and EU-GIZ Enabling the Implementation of the Nauru Energy Road Map project including scope, but adjust where required (e.g. activities, inputs; governance and management arrangements, etc.);
- Building on the work of others through regional cooperation. The project will work diligently and proactively to arrange appropriate complementary and joint activities and where relevant develop practical follow-up activities (refer section III below for details); and,
- Flexibility to adjust to changing needs. The project must be sufficiently flexible to adapt to genuine changing needs, new and unanticipated opportunities, unexpected setbacks, etc.

In the NERM document it is stressed that effective implementation relies on creating an enabling environment. Some of the enabling mechanisms mentioned include:

- The implementation of the NERM requires collaboration and commitment across the public and private sectors complemented by strong support of the local community and development partners;
- National energy legislation will be important in facilitating NERM implementation and in enabling good governance requirements to be met. Thus development and adoption of national energy legislation is essential for the success of the NERM implementation and overall development of the energy sector. Energy legislation should define the role of the government, in terms of planning, developing, and coordinating energy initiatives, energy sector regulation and creating a market where private sector and community stakeholders can engage effectively, for example, by the introduction of net-metering;
- Constraints on new private sector investments must be addressed with urgency through enabling policies that serve to attract local and foreign investors. Rules of engagement in the market to set performance standards and outcomes must also be clearly articulated through legal instruments and appropriate resources and capacity must be committed;
- The NERM implementation is expected to bring new technologies through new projects to the island therefore appropriate strategy and policy must be established to respond to ongoing change particularly the increasing integration of renewable energy. Arrangements that encourage private and community participation through net metering, power purchase agreements (PPAs), etc. must be developed during the immediate to short term; and,
- A significant opportunity for additional funding and local investment will result from the NERM implementation thus existing governance and accountability measures must be reviewed and strengthened where necessary to facilitate efficient securing and utilisation of

new funds and reporting on activities' progress. Development partners may play a key role in providing financial resources and technical assistance to the government. Effective communication, consultation, engagement and reporting mechanisms must be in place to facilitate engagement of development partners.

With regard to scope, based on the above mentioned the project will consist of four substantial components:

1. Institutional;
2. Legislative and regulatory;
3. Technical; and,
4. Awareness and capacity development.

The anticipated results from work undertaken as part of these components (as well as Project Management) are specified in section III (Results and Partnerships) and V (Results Framework) and the planned activities are detailed in section VII (Multi-year Work-plan).

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### **III. RESULTS AND PARTNERSHIPS**

#### **III.1 Expected Results**

The expected impact is:

- Reliable, affordable, secure and sustainable energy supply to meet the socioeconomic development needs of Nauru.<sup>5</sup>

In the Project Design Document (PDD) for the Enabling the implementation of the Nauru Energy Road Map project among others the following is written about impacts:

'Energy projects and the energy supply chain are a major part of the Nauru economy and therefore have direct social and economic impacts. In seeking to create an enabling environment for more efficiency within the energy sector, in both delivery of projects and use of energy, the project will lead indirectly positive social and economic outcomes for Nauru. This will largely be demonstrated via reduced Government spending (per unit of energy delivered to customers) on energy projects and on fuel, meaning more government budget available for educational, health and other social activities. The impacts will be gender neutral, but more likely to beneficially impact vulnerable groups. The outputs focused on solar rooftop standards and net metering will enable individuals and communities to be more in control of their energy futures. However, care will need to be taken to ensure that the new regime does not simply benefit those who can afford solar systems and in effect penalise those who cannot. Engagement with all affected communities will be an important part of implementing the new regimes. If successful it is expected that 500 to 1000 households would install solar over the next 10 years. Furthermore, the changes will allow future donors to directly target vulnerable groups by providing them lifetime costless energy through roof top solar systems. Net metering will allow those vulnerable people who have donated solar systems to offset excess daytime solar electricity for needed night-time electricity'

The expected project outcome is:<sup>6</sup>

- An enabling environment for NERM implementation.

The planned key outputs (or key results, based on new UNDP template) for each of the four substantial components are as follows:

1. Institutional
  - 1.1. Energy Unit, CIE established and operational
2. Legislative and regulatory

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<sup>5</sup> This is the sustainable energy component of the Nauru National Sustainable Development Strategy 2005-2025 (NSDS, revised 2009).

<sup>6</sup> Note that national outcomes require the collective efforts of two or more stakeholders. Furthermore note that there also is a UNDAF/Country Programme Results and Resource Framework outcome.

- 2.1. Energy sector wide legislation established
- 2.2. Regulations for residential solar PV systems established
3. Technical
  - 3.1. Technical standards developed or adopted for residential solar PV systems (as required covering system design, component specifications, standards for NUC commissioning inspection; and/or operation and maintenance)
4. Awareness and capacity development
  - 4.1. Capacity developed on new energy legislation and regulation and technical standards for residential solar PV systems

### III.2 Resources Required to Achieve the Expected Results

The total expected resource required is US\$195,983.28<sup>7</sup> with the key input being personnel. This amount include the indirect costs - i.e. headquarters and country office structures in providing General Management Support (GMS) services - as well as direct costs incurred by UNDP. Refer to section VII (Multi-year work plan) for details.

### III.3 Partnerships

Several relevant national and Pacific regional energy interventions have taken place, are on-going or planned in Nauru. This section is not an attempt to provide a comprehensive overview of all of interventions,<sup>8</sup> but to flag some that have direct linkages to the scope of this project. These include:

- The International Union for Conservation of Nature (IUCN), United Nations Environment Programme (UNEP) & Global Environment Facility (GEF) Low Carbon Energy Islands (LCI) project in Tuvalu, Niue and Nauru. The objective of this Pacific multi-country project is to ‘...help reduce GHG emissions by strengthening national capacities to formulate policies, plans, strategies and programs for the accelerated private sector led medium-term and long-term deployment of low-carbon energy systems in small-island countries’. The project has three components one of which is ‘Enabling framework for energy demand strategies involving energy efficiency programs and embedded renewable energy generation’. Before the end of 2016, IUCN (via its Environmental Law Program) plan’s to develop ‘Regulatory/legal framework for grid access & certification modalities for embedded RETs [renewable energy technologies]’.
- A grid connected solar PV system at Aiwo (topside) was commissioned in June 2016. This 0.5MW system is the single biggest solar PV installation so far in Nauru and is supported by United Arab Emirates (UAE) (as part of the UAE-Pacific Partnership Fund);
- The Sustainable Energy Industry Association of the Pacific Islands (SEIAPI) has so far developed and released four industry guidelines, including design and installation of grid connected solar PV systems.<sup>9</sup> In collaboration with the Pacific Power Association (PPA) supported via a World Bank (WB) project among others SEIAPI is planning also to develop guidelines for the operation and maintenance of grid-connected PV systems; and,
- The EU financed Pacific Technical Vocational Education Training for Sustainable Energy and Climate Change Adaption (PacTVET) project, implemented jointly by SPC and USP. This project is working to develop recognised accreditation in the vocational education sector related to climate change adaption and sustainable energy in the region. As mentioned, recently this project undertook a sustainable training needs and gap analysis in Nauru.

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<sup>7</sup> A total of Euro (EUR) 200,000.00 has been made available by GIZ for the Enabling the Implementation of the Nauru Energy Road Map project. However EUR18,534.00 was used for the development of the GIZ Project Design Document (PDD). Based on an UN Operational Rate of Exchange of EUR0.92for one United States Dollar (as of 28 November 2016) the amount available (EUR181,466.00) is equivalent to US\$195,983.28.

<sup>8</sup> For an overview refer to Annex 1 – Indicative List of Energy Sector Investments in Nauru 2004 – 2017, Nauru Energy Sector Overview, draft, July 2013.

<sup>9</sup> The guidelines are available here: <http://seiapi.com/guidelines/>



As stated above, a project strategy is building on the work of others through regional cooperation including joint activities where practical.

### III.4 Risks and Assumptions

Tentatively the two most significant risks and associated impact, mitigation measures and assumptions are as follows:

- *Key risk 1: Finding a suitable Project Manager*
  - Impact: delay in project implementation.
  - Mitigation measures: an extensive recruitment search and making the role attractive to potential applicants will mitigate this risk (however, the number of potentially suitable applicants maybe low). Contracting an interim/part-time overseas based Nauruan or part-time international consultant are contingency solutions, but these would not be sustainable (financially or otherwise).
  - Assumption: a qualified and experienced Project Manager identified and contracted during the first quarter of project implementation.
- *Key risk 2: Limited engagement to advance required legislation and regulation*
  - Impact: delay in the legislative process so that the planned legislation (primary as well as subsidiary legislation (regulation)) are not enacted before project completion.
  - Mitigation measures: from the outset work closely with the Department of Justice and Boarder Control (DJBC) and follow the legislative process as outlined in the mandatory Legislative Drafting Manual (2015).<sup>10</sup> If DJBC for some reason are unable to be drafter (due limited capacity, other commitments, etc.) then this role will be outsourced to a private consultant.
  - Assumption: legislative process completed within the project period.

Refer to a full risk log in Annex X.2.

### III.5 Stakeholder Engagement

The Enabling the Implementation of the Nauru Energy Road Map project was developed during 2015, including an initial Concept Note, bilateral meetings and discussions held with relevant stakeholders in Nauru as well as a consultation and design workshop in November 2015.<sup>11</sup> In the PDD for the Enabling the implementation of the Nauru Energy Road Map project among others the following is written about stakeholder engagement during project implementation (p. 8):

‘The key beneficiaries of the [Enabling the Implementation of the Nauru Energy Road Map] project will be all the communities in Nauru including Non- Governmental Organisations, women’s groups, youth groups, church groups, vulnerable groups, other civil society groups and the private sector. All groups will benefit in the long term from an enabling environment to promote renewable energy and achieve the targets of the NERM. A social analysis of any new legislation and regulations will be conducted including the convening of several meaningful community consultations with key beneficiaries at the local level. Community leaders will be involved with raising awareness and information dissemination as well as train the trainer approaches. Feedback from these consultations will be used to ensure specific needs are considered particularly when new legislation and regulations are being developed. It is important to emphasise that further consultations with all national and local stakeholders will be one of the first activities to be completed...to ensure the support of all communities in Nauru who are expected to benefit from this project. Supported by relevant government departments, civil society and vulnerable groups in particular will be taken into consideration to promote gender equality and social inclusion (e.g. the Department of Women’s Affairs can play a role in relaying information, raising awareness and organising consultations with women’s groups).’

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<sup>10</sup> Available here: [http://ronlaw.gov.nr/nauru\\_lpms/Links/LEGISLATIVE-DRAFTING%20MANUAL-Nauru.pdf](http://ronlaw.gov.nr/nauru_lpms/Links/LEGISLATIVE-DRAFTING%20MANUAL-Nauru.pdf)

<sup>11</sup> For an copy of the report for the In-Country Verification Consultation Workshop held the 12 November 2015 refer to pp. 30-34 here <http://acseacific.org/wp-content/uploads/2016/02/20160126-PDD-Nauru-FINAL.pdf> and for an overview of stakeholders consulted during project design refer to pp. 35-38, Annex 3: Stakeholder Matrix in the same hyperlink.

### III.6 South-South and Triangular Cooperation (SSC/TrC)

Key expected results from this project are energy sector wide legislative and institutional reform as well as introduction of net-metering. So far energy sector wide legislation has been introduced only in a two Pacific Island Countries, specifically in the Cook Islands and Palau. The Cook Islands Energy Act 1998 among others established an Energy Division with various responsibilities including plan the development of different sources for the generation of energy and monitor and approve the quality of imported petroleum products, and compliance with fuel standards.<sup>12</sup> In 2012 an amendment to the law was made that established an Office of the Energy Commissioner<sup>13</sup> with duties and powers including develop and implement the energy policies of government and issue directions and instructions to government agencies as may be required to give full effect to the Act, or any regulations made under, or to implement the energy policies of the government. Palau's Energy Act was signed into law in February 2016 and among others it provides a legislated mandate for the Energy Administration at the executive level as well as for the National Energy Policy.<sup>14</sup> Concerning net-metering this policy instrument has been introduced in some Pacific Island Countries and Territories including Cook Islands, Palau and American Samoa.<sup>15</sup> While South-South and Triangular Cooperation is not a formal part of this project, as much as possible it will build on the results and experiences including lessons learned from Pacific Island Countries as well as globally from other small island developing countries (SIDS) concerning the planning, introduction and implementation of energy sector wide legislative and institutional reform and the introduction of net-metering. On the other hand, the results from this project will be useful for most of the Pacific Island Countries that do not yet have energy sector wide legislative and net-metering.

### III.7 Knowledge

As mentioned below (section VI.2) the UNDP Pacific – Fiji Office will provide support for the project including aspects related to knowledge management, such as provision of administrative services (e.g. set up and maintain project files, collect project related information data, etc.) and project documentation management (establish document control procedures, compile, copy and distribute all project reports, etc.). In addition, the UNDP Pacific – Fiji Office has a dedicated communications section (as part of the Integrated Result Management Team). This section will assist with communication including knowledge products and management. Tentatively planned knowledge products include: project information on UNDP's corporate homepage, press releases on key results, information sharing a relevant Pacific regional energy events and a comprehensive lesson learned report. Furthermore, as per UNDP's Information Disclosure Policy a wide range of information about the project will be made publicly available, including general project information, the Project Document, Project Performance Reports and Evaluation Reports.<sup>16</sup> The various public information will also be made available on the homepage of the EU-GIZ Adapting to Climate Change and Sustainable Energy (ACSE) Programme (<http://acseapacific.org/>).

### III.8 Sustainability and Scaling Up

The focus of the project is assisting in the establishment of an enabling environment for the implementation of the NERM, including a dedicated government Energy Unit and sector wide legislation. Institutional, legislative and regulatory reform will have medium and long-term impacts and as such the project results are sustained after project completion. In addition, due to Nauru's high dependency on imported petroleum products in the foreseeable future and associated negative economic effects, it is likely that the Government, private and civil society stakeholders, donors and development partners after project completion will continue supporting energy sector institutions, legislation, regulations, technical standards awareness and capacity development. Furthermore, the activities supporting an enabling environment for private installation of small-

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<sup>12</sup> Available here: [http://www3.pacilii.org/ck/legis/num\\_act/ea199889/](http://www3.pacilii.org/ck/legis/num_act/ea199889/)

<sup>13</sup> The amendment is available here: [http://prdrse4all.spc.int/sites/default/files/energy\\_ammendment\\_2012.pdf](http://prdrse4all.spc.int/sites/default/files/energy_ammendment_2012.pdf)

<sup>14</sup> Available here: <http://palaugov.pw/wp-content/uploads/2016/02/RPPL-9-54-Palau-Energy-Act-Exec-Order-16-387-Dissolve-Palau-En.pdf>

<sup>15</sup> A presentation on net metering experiences in the Pacific region is available here: <https://drive.google.com/open?id=0Bw-5ajzuswubG9CQnNpZkU3VHc>

<sup>16</sup> Refer here for details about UNDP's Information Disclosure Policy: [http://www.undp.org/content/undp/en/home/operations/transparency/information\\_disclosurepolicy.html](http://www.undp.org/content/undp/en/home/operations/transparency/information_disclosurepolicy.html)

scale solar PV systems via net-metering is expected to lead to installation of generating capacity, which will defer or even eliminate some future NUC capital expenditure and benefit the Government's budget.

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## IV. PROJECT MANAGEMENT

### V.1 Cost Efficiency and Effectiveness

As mentioned above in July 2016 the Government of Nauru officially requested that UNDP directly implement the project activities.<sup>17</sup> The UNDP Sub-regional Programme Document for the Pacific Island Countries and Territories 2013-2017 that include Nauru, states that UNDP in consultation with national governments will use the direct implementation modality based on need. The following is also mentioned in the UNDP Sub-regional Programme Document (p. 4): '...the need to address the risks of using national implementation as the default mechanism in the context of small-scale national administrations with limited absorptive capacity'. The UNDP Pacific - Fiji Office is currently the Implementing Partner for several regional and national projects.<sup>18</sup> Using the direct implementation modality for this project means that UNDP will take on the role of the Implementing Partner and as such will assume overall management responsibility and accountability for project implementation and accordingly must follow all UNDP policies and procedures established.

On the substantial side, in the past years via Pacific multi-country projects, UNDP have supported various work in Nauru's energy sector. Some of the major deliverables include: a national renewable energy assessment (2003/2004);<sup>19</sup> Nauru's first national energy policy framework (2009); wind resource monitoring, assessment and a pre-feasibility study (2010);<sup>20</sup> and a national residential electrical appliance, lights and end-use survey (2015).<sup>21</sup> In addition together with other development partners, UNDP provided technical assistance for the development of the NERM 2014-2020. Furthermore, UNDP has been involved in relevant work in other Pacific Island Countries for example:

- *Fiji* - GIZ and UNDP jointly supported a review of Fiji's 2006 National Energy Policy and associated plan and the preparation of a proposed new energy policy and plan. As part hereof a legislative gap analysis was undertaken to identify what new legislation is needed and which existing legislation needs to be amended to assist effective implementation of the proposed new action plan;
- *Palau* - preparation and establishment of a residential and small business solar photovoltaic based net-metering program including system design, component specifications, procurement and standards for commissioning inspection by the Palau Public Utility Commission (PPUC); and,
- *Solomon Islands* – an institutional strengthening project with the Solomon Islands Ministry of Environment, Climate Change, Disaster Management and Meteorology (MECDM), focusing on functional capacities (planning, coordinating, monitoring, reporting, etc.).

### VI.2 Project Management

A full time national Project Manager will be recruited by UNDP and based in Nauru, specifically at DCIE. The Project Manager will be contracted by UNDP, but have dual reporting lines to the Team

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<sup>17</sup> The role and responsibilities of the 'Contracting Party/Implementing Partner' in the Project Design Document (PDD) for the Enabling the Implementation of the Nauru Energy Road Map, is equivalent to the Direct Implementation modality in UNDP terminology.

<sup>18</sup> For example UNDP is Implementing Partner for the US\$36 million Tuvalu Coastal Adaptation Project and the US\$16 million sub-regional The Pacific Risk Resilience Programme (PRRP).

<sup>19</sup> Available here: [http://www.sprep.org/attachments/climate\\_change/Vol7-NauruNationalReport\\_000.pdf](http://www.sprep.org/attachments/climate_change/Vol7-NauruNationalReport_000.pdf)

<sup>20</sup> Available here: <https://drive.google.com/open?id=0Bw-5ajzuswuRUQ4ZWNsYml6V1k>

<sup>21</sup> Available here: <https://drive.google.com/open?id=0Bw-5ajzuswuU01RSUpTb1hNcIU>

Leader Resilience and Sustainable Development, UNDP Pacific – Fiji Office as well as the Permanent Secretary, DCIE. Project support covering project administration, management and technical support to the Project Manager and communications will be provided by the UNDP Pacific – Fiji Office, specifically by the Joint Operations Centre, the Integrated Result Management Team and the Resilience and Sustainable Development Team. The Energy Programme Specialist, UNDP Pacific – Fiji Office will be assisting with project assurance (i.e. objective and independent project oversight and monitoring functions). The costs for UNDP providing project support, project assurance and communications will be covered via direct project costing (DPC).

Overall responsibility for the project rests with a Project Board that will consist of representatives from the Planning and Aid Division, Department of Finance and Economic Planning, DCIE, UNDP and GIZ. The Project Board will be co-chaired by DCIE and UNDP. Initially it is the plan that the Project Board will meet annually (or if needed bi-annually). Where possible Project Board meetings will take place at the end of the year to assess performance of the project during the year in question as well as consider/endorse the proposed annual work plan for the upcoming year.

Audits will be undertaken according to UNDP's financial regulations and rules.

For more information about the project management set-up including responsibilities of the various positions and entities mentioned above refer to section VIII (governance and management arrangements) as well as relevant annexes (X.3, X.4, X.5 and X.6).

### **VI.3 Collaborative Arrangements**

As part of a separate arrangement, GIZ has contracted an In-country Coordinator for the Nauru component of the ACSE Programme. The In-country Coordinator '...is responsible for the provision of support to the Government, the GIZ Programme Coordinator and the GIZ Technical Advisors in order to assure efficient execution of all activities under Component 1: EU-GIZ Adapting to Climate Change and Sustainable Energy as well as achievement of its objectives.' The UNDP Project Manager will work closely with the ASCE In-country Coordinator including informing about project progress, issues, etc. This project will cover the costs for one laptop personal computer (PC), stationery, one office table and local travel for the GIZ In-country Coordinator (refer to the Multi Year Work Plan below for details). In addition, the United Nations (UN) has a Joint Presence Office in Nauru led by a Country Development Manager. The Joint Presence office focuses on assisting the UN to strengthen collaboration and to better respond to needs identified at country level by working with key Government and Non-Government partners. On a regular basis the Project Manager will inform the Country Development Manager about progress including provide copies of progress reports.

## V. RESULTS FRAMEWORK

### Intended Outcome as stated in the UNDAF/Country Programme Results and Resource Framework:

(Sub-regional programme outcome 4 (UNDAF outcome 1.1)): Improved resilience of PICTs, with a particular focus on communities, through the integrated implementation of sustainable environmental management, climate change adaptation and/or mitigation and disaster risk management

### Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:

i) Share of budget resources earmarked for environmental sustainability, disaster risk management, climate change adaptation and mitigation; ii) share of population with sustainable access to improved water sources and to renewable energy (disaggregated by gender and age); and iii) area protected to maintain biological diversity

**Applicable Output(s) from the UNDP Strategic Plan:** i) Output 1.4. Scaled up action on climate change adaptation and mitigation across sectors which is funded and implemented; and ii) Output 1.5. Inclusive and sustainable solutions adopted to achieve increased energy efficiency and universal modern energy access (especially off-grid sources of renewable energy)

**Project title and Atlas Project Number:** Enabling the Implementation of the Nauru Energy Road Map

Project Outcome: An enabling environment for NERM implementation.

Indicators: 1) CIE annual budget allocation from Government budget; and 2) Status of Government energy administration.

Baseline: 1) AUD 448,966 (2012-2013); and 2) No unit within Government dedicated to energy sector planning and development (2009).

[Reference: NERM monitoring plan, page 98.]

Targets: 1) TBD; and 2) Established unit (or equivalent) within Government dedicated to energy sector planning and development by 2017.

[Reference: NERM monitoring plan, proposed target.]

EXPECTED OUTPUTS (ATLAS Activities)	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)		DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	
Output 1 - Energy Unit, DCIE established and operational	1.1 Number of new Public Service administrative entities	Government Gazette	0	2016	0	1	Data collection method: Reporting
	1.2 Number of new Public Service positions	Government Gazette	0	2016	0	1	Data collection method: Reporting

<b>Output 2</b> - Energy sector wide legislation and regulations for residential solar PV systems established (this will include establishing data protocols and mandating the Energy Unit to be provided with data and information during the project lifetime and beyond)	2.1 Number of new primary legislation (acts) related to the energy sector	Policy Paper, DJBC Drafting Instructions, Bill, DJBC Certificate of Endorsement, Cabinet paper, Act, RONLAW, Government Gazette	0	2016	0	1	Data collection method: Reporting A risk is that Nauru's online legal database ( <a href="http://ronlaw.gov.nr/">http://ronlaw.gov.nr/</a> ) is not accessible or functioning
	2.2 Number of new secondary legislation (regulation) related to residential solar PV	Policy Paper, Draft subsidiary legislation, Cabinet paper, RONLAW, Government Gazette	0	2016	0	1	Data collection method: Reporting A risk is that Nauru's online legal database ( <a href="http://ronlaw.gov.nr/">http://ronlaw.gov.nr/</a> ) is not accessible or functioning
<b>Output 3</b> -Technical standards developed or adopted for residential solar PV systems	3.1 Number of new technical standards (specification, test method, practice/procedure and/or guide) developed or adopted	Formal technical standard documents, NUC records	0	2016	0	3	Data collection method: Reporting
<b>Output 4</b> - Capacity developed on new energy legislation and regulation and technical standards for residential solar PV systems	4.1 No. of people trained	Training workshop reports	0	2016	0	50	Data collection method: Registration, Questionnaire, Reporting
Effective Project Management	5.1 Ratio of planned/completed activities per quarter	Quarterly work plan, quarterly progress report	N/a	2016	75%	80%	Data collection method: Reporting
	5.2 Ratio of budget/actual expenditures per annum	Annual work plan, Combined Delivery Report (CDR)	N/a	2016	85%	90%	Data collection method: Reporting

## VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

### Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
<b>Track results progress</b>	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	DCIE, UNDP	
<b>Monitor and Manage Risk</b>	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
<b>Learn</b>	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		
<b>Annual Project Quality Assurance</b>	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
<b>Review and Make Course Corrections</b>	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the Project Board and used to make course corrections.	DCIE, Ministry of Finance, UNDP, GIZ	
<b>Project Report</b>	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures,	Annually, and at the end of the project (final report)			

	and any evaluation or review reports prepared over the period.				
<b>Project Review (Project Board)</b>	The project's governance mechanism (i.e., Project Board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Annually	Any quality concerns or slower than expected progress should be discussed by the Project Board and management actions agreed to address the issues identified.	DCIE, Ministry of Finance, UNDP, GIZ	

### Evaluation Plan

<b>Evaluation Title</b>	<b>Partners (if joint)</b>	<b>Related Strategic Plan Output</b>	<b>UNDAF/CPD Outcome</b>	<b>Planned Completion Date</b>	<b>Key Evaluation Stakeholders</b>	<b>Cost and Source of Funding</b>
Internal mid-term Review	UNDP, GIZ	Inclusive and sustainable solutions adopted to achieve increased energy efficiency and universal modern energy access (especially off-grid sources of renewable energy)	Improved resilience of PICTs, with a particular focus on communities, through the integrated implementation of sustainable environmental management, climate change adaptation and/or mitigation and disaster risk management	13 months after project start date	DCIE, Ministry of Finance, NUC, UNDP, GIZ	GIZ
Independent terminal evaluation		Inclusive and sustainable solutions adopted to achieve increased energy efficiency and universal modern energy access (especially off-grid sources of renewable energy)	Improved resilience of PICTs, with a particular focus on communities, through the integrated implementation of sustainable environmental management, climate change adaptation and/or mitigation and disaster risk management	23 months after project start date	DCIE, Ministry of Finance, NUC, UNDP, GIZ	GIZ



## VII. MULTI-YEAR WORK PLAN <sup>22</sup>

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year		RESPONSIBLE PARTY	PLANNED BUDGET			Amount (EURO)
		Y1	Y2		Funding Source	ATLAS Budgetary Account Code, Budget Description	Amount (USD)	
<b>Output 1 -</b> Energy Unit, DCIE established and operational	1.1 Prepare structure of the energy section/unit, DCIE including organigram and job descriptions	X		Local consultant, Project Manager, DCIE	GIZ	71300 Local consultant – Short term – technical	5000	4780
	1.2 Minister (via Cabinet) establish the energy section/unit, DCIE	X		Cabinet			0	0
	1.3 Prepare TOR for Technical Working Group on Energy	X		Project Manager, DCIE			0	0
	<b>Sub-Total for Output 1</b>						<b>5,000</b>	<b>4,780</b>
<b>Output 2 -</b> Energy sector wide legislation and regulations for residential solar PV systems established	2.1 Undertake legislative gap analysis (vis-à-vis NERM implementation)	X		International consultant	GIZ	71200 International consultant – Short term – technical	15153	14486
	2.2 Draft primary and secondary legislation for residential solar PV systems including data protocols		X	DJBC			0	0
			X	International consultant	GIZ	71200 International consultant – Short term – technical	15000	14340
	2.3 Undertake consultations including community level as well as a Gender Survey and Assessment		X	DCIE, DJBC	GIZ	74500 Miscellaneous	10000	9560
	2.4 Parliament deliberate and enact legislation		X	Parliament			0	0
<b>Sub-Total for Output 2</b>						<b>40,153</b>	<b>38,386</b>	
<b>Output 3 -</b> Technical standards	3.1 Review existing available technical standards and adopt and/or prepare relevant technical standards for Nauru	X		International consultant, NUC	GIZ	71200 International consultant – Short term – technical	15000	14340

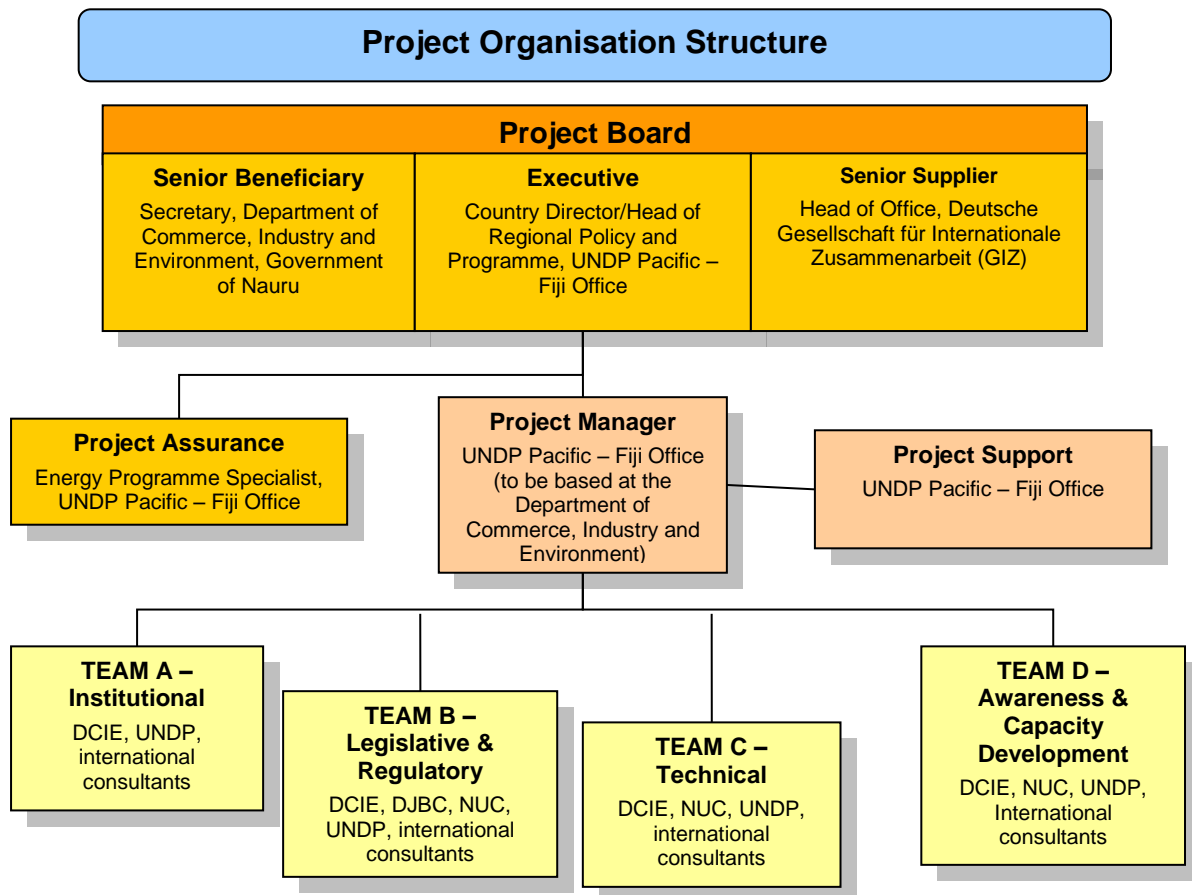
<sup>22</sup> Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

developed or adopted for residential solar PV systems	3.2 Undertake consultations	X		International consultant, NUC, Hospitality service provider	GIZ	74500 Miscellaneous	5000	4780	
	<b>Sub-Total for Output 3</b>						<b>20,000</b>	<b>19,120</b>	
<b>Output 4 -</b> Capacity developed on new energy legislation and regulation and technical standards for residential solar PV system	4.1 Prepare training materials and undertake training		X	International consultant, NUC	GIZ	71200 International consultant – Short term – technical	10000	9560	
			X	Hospitality service provider	GIZ	74500 Miscellaneous	5000	4780	
	<b>Sub-Total for Output 4</b>						<b>15,000</b>	<b>14,340</b>	
<b>Output 5 –</b> Effective Project Management	5.1 Project Manager	X	X	UNDP	GIZ	71400 Contractual Services	25062.49	23959.74	
	5.2 One laptop PC for the UNDP Project Manager	X		UNDP	GIZ	72200 Equipment and Furniture	2000	1912	
	5.3 One laptop PC for the GIZ In Country Coordinator	X		UNDP	GIZ	72200 Equipment and Furniture	2000	1912	
	5.4 Office supplies for the UNDP Project Manager	X	X	UNDP	GIZ	72500 Supplies	2500	2390	
	5.5 Office supplies for the GIZ In Country Coordinator	X	X	UNDP	GIZ	72500 Supplies	2500	2390	
	5.6 Office table for the GIZ In Country Coordinator	X		UNDP	GIZ	72200 Equipment and Furniture	1000	956	
	5.7 Local travel for the UNDP Project Manager	X	X	UNDP	GIZ	71600 Travel tickets - local	5319.7	5085.63	
	5.8 Local travel for the GIZ In Country Coordinator	X	X	UNDP	GIZ	71600 Travel tickets - local	5319.7	5085.63	
	5.9 Audit		X			GIZ	71200 International consultant – Short term – technical	6000	5736
	5.10 Mid-term review		X	UNDP, GIZ	GIZ	71600 Travel tickets international	5000	4780	
	5.11 Independent terminal evaluation		X	International consultant	GIZ	71200 International consultant – Short term – technical	10000	9560	

			X	International consultant	GIZ	71600 Travel tickets – international	5000	4780
	5.12 Communications and knowledge management	X	X	UNDP	GIZ	72400 Communication & Audio Visual Equipment	4457	4260
	5.13 UNDP Direct Project Cost	X	X	UNDP	GIZ	74500 Miscellaneous (Direct Project Costs)	26850	25668
	<b>Sub-Total for Output 5</b>						<b>103,009</b>	<b>97,519</b>
<b>General Management Support</b>						Fees for General Management Services	12,821.31 (7%)	12257.17 (7%)
<b>TOTAL</b>							<b>195,983.28</b>	<b>186,402.17</b>

Exchange rate: 0.956 (26<sup>th</sup> January 2017)

## VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS



The governance and management arrangements are illustrated in the diagram above, elaborated in the text below and detailed in the annexes for the Project Board, Manager, Support and Assurance respectively.

### Project Board

*Overall responsibilities.* The Project Board is the group responsible for making by consensus management decisions for a project when guidance is required by the Project Manager, including recommendation for UNDP/Implementing Partner approval of project plans and revisions. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance to standards that shall ensure best value to money, fairness, integrity transparency and effective international competition. In case a consensus cannot be reached, final decision shall rest with the UNDP Resident Representative. Project reviews by this group are made at designated decision points during the running of a project, or as necessary when raised by the Project Manager. This group is consulted by the Project Manager for decisions when Project Manager tolerances (normally in terms of time and budget) have been exceeded. Based on the approved annual work plan (AWP), the Project Board may review and approve project quarterly plans when required and authorizes any major deviation from these agreed quarterly plans. It is the authority that signs off the completion of each quarterly plan as well as authorizes the start of the next quarterly plan. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and external bodies. In addition, it approves the appointment and responsibilities of the Project Manager and any delegation of its Project Assurance responsibilities.

*Composition and organization.* This group contains three roles, including:

- *Executive* representing the project ownership to Chair the group. The Executive is ultimately responsible for the project, supported by the Senior Beneficiary and Senior Supplier. The Executive's role is to ensure that the project is focused throughout its life cycle on achieving its objectives and delivering outputs that will contribute to higher level outcomes. The Executive has to ensure that the project gives value for money, ensuring a cost-conscious approach to the project, balancing the demands of beneficiary and supplier;
- *Senior Supplier* representing the interests of the parties concerned which provide technical expertise to the project. The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project; and,
- *Senior Beneficiary* representing the interests of those who will ultimately benefit from the project. The Senior Beneficiary's primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries.

Refer to Annex X.3 for detailed information on the responsibilities of the Project Board.

### **Project Manager**

The Project Manager has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the Project Document, to the required standard of quality and within the specified constraints of time and cost. Refer to Annex X.4 for detailed information on the responsibilities of the Project Manager.

### **Project Support**

The Project Support role provides project administration, management and technical support to the Project Manager as required. Refer to Annex X.5 for detailed information on the responsibilities of the Project Manager.

### **Project Assurance**

Project Assurance is the responsibility of each Project Board member however the role can be delegated. The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. Refer to Annex X.6 for detailed information on the responsibilities of the Project Assurance role.

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## **IX. LEGAL CONTEXT AND RISK MANAGEMENT**

### **LEGAL CONTEXT STANDARD CLAUSES**

This document together with the UNDAF Country Results Matrix (CRM) 2013-2017 agreed by the Government and UN agencies, and the UNDP Sub-Regional Programme Document, which is incorporated by reference constitute together a Project Document as referred to in the SBAA and all UNDAF CRM provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

The UNDP Resident Representative in the Fiji Multi Country Office is authorized to effect in writing the following types of revisions to this Project Document, provided that s/he has verified the agreement thereto by the UNDP Regional Coordinating Unit and is assured that other signatories to the Project Document have no objections to the proposed changes:

- Revision of, or addition to, any of the Annexes to the Project Document;
- Revision which do not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation;
- Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and
- Inclusion of additional attachments only as set out here in the Project Document.

### **RISK MANAGEMENT STANDARD CLAUSES**

1. UNDP as the Implementing Partner shall comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP agrees to undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained

by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml). This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

3. Consistent with UNDP's Programme and Operations Policies and Procedures, social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.

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**X. ANNEXES**

**Annex X.1 - Project Quality Assurance Report**



## Annex X.2 - Risk Analysis

#	Description	Date Identified	Type	Impact & Probability	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1	Problems finding a suitable Project Manager	During design	Operational	Delay in project implementation.  P = 3 I = 4	An extensive recruitment search and making the role attractive to potential applicants will mitigate this risk (however, the number of potentially suitable applicants may be low). Contracting an interim or part-time overseas based Nauruan or international consultant are contingency solutions, but these would not be sustainable.	Team Leader Resilience and Sustainable Development, UNDP Pacific	N/a	N/a	N/a
2	Limited engagement to advance required legislation and regulation	During design	Political, Organizational	The legislative process is delay and/or planned legislation and regulation not finalized before project completion.  P = 3 I = 4	From the outset work closely with the Department of Justice and Boarder Control (DJBC) and follow the legislative process as outlined in the mandatory Legislative Drafting Manual (2015). If DJBC for some reason are unable to be drafter (due limited capacity, other commitments, etc.) then this role will be outsourced to a private consultant.	Project Manager	N/a	N/a	N/a
3	Political change	During design	Political	Change in political leadership can result in the new administration not being supportive of the project  P = 2 I = 2	The following will facilitate that the project will survive changes in government: i) raise the project profile and advocate for project benefits right from the outset; ii) involve key national and local stakeholders including update on progress regularly; and iii) engage key national and policy stakeholders in activities. In addition the fact that development partners such as UNDP support the project financially will mitigate this risk.	Project Manager	N/a	N/a	N/a

4	No or limited coordination with other relevant national and regional projects	During design	Organizational	Nor or limited coordination can lead to duplication of efforts and associated inefficiencies.  P = 2 I = 3	One of the overall strategies for the project is building on the work of others through regional cooperation. The project will work diligently and proactively to arrange appropriate complementary and joint activities and where relevant develop practical follow-up activities.	Project Manager	N/a	N/a	N/a
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## Annex X.3 – Terms of Reference for Project Board

**Overall responsibilities:** The Project Board is the group responsible for making by consensus management decisions for a project when guidance is required by the Project Manager, including recommendation for UNDP/Implementing Partner approval of project plans and revisions. In order to ensure UNDP's ultimate accountability, Project Board decisions should be made in accordance to standards that shall ensure best value to money, fairness, integrity transparency and effective international competition. In case a consensus cannot be reached, final decision shall rest with the UNDP Programme Manager. Project reviews by this group are made at designated decision points during the running of a project, or as necessary when raised by the Project Manager. This group is consulted by the Project Manager for decisions when Project Manager tolerances (normally in terms of time and budget) have been exceeded.

Based on the approved annual work plan (AWP), the Project Board may review and approve project quarterly plans when required and authorizes any major deviation from these agreed quarterly plans. It is the authority that signs off the completion of each quarterly plan as well as authorizes the start of the next quarterly plan. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and external bodies. In addition, it approves the appointment and responsibilities of the Project Manager and any delegation of its Project Assurance responsibilities.

**Composition and organization:** This group contains three roles, including:

- 1) An Executive: individual representing the project ownership to chair the group.
- 2) Senior Supplier: individual or group representing the interests of the parties concerned which provide funding and/or technical expertise to the project. The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project.
- 3) Senior Beneficiary: individual or group of individuals representing the interests of those who will ultimately benefit from the project. The Senior Beneficiary's primary function within the Board is to ensure the realization of project results from the perspective of project beneficiaries.

Potential members of the Project Board are reviewed and recommended for approval during the LPAC meeting. For example, the Executive role can be held by a representative from the Government Cooperating Agency or UNDP, the Senior Supplier role is held by a representative of the Implementing Partner and/or UNDP, and the Senior Beneficiary role is held by a representative of the government or civil society. Representative of other stakeholders can be included in the Board as appropriate.

**Specific responsibilities:**

### *Defining a project*

- Review and approve the Initiation Plan (if such plan was required and submitted to the LPAC).

### *Initiating a project*

- Agree on Project Manager's responsibilities, as well as the responsibilities of the other members of the Project Management team;
- Delegate any Project Assurance function as appropriate;
- Review the Progress Report for the Initiation Stage (if an Initiation Plan was required);
- Review and appraise detailed Project Plan and AWP, including Atlas reports covering activity definition, quality criteria, issue log, updated risk log and the monitoring and communication plan.

### *Running a project*

- Provide overall guidance and direction to the project, ensuring it remains within any specified constraints;
- Address project issues as raised by the Project Manager;
- Provide guidance and agree on possible countermeasures/management actions to address specific risks;
- Agree on Project Manager's tolerances in the Annual Work Plan and quarterly plans when required;
- Conduct regular meetings to review the Project Quarterly Progress Report and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans.
- Review Combined Delivery Reports (CDR) prior to certification by the Implementing Partner;
- Appraise the Project Annual Review Report, make recommendations for the next AWP, and inform the Outcome Board about the results of the review.
- Review and approve end project report, make recommendations for follow-on actions;
- Provide ad-hoc direction and advice for exception situations when project manager's tolerances are exceeded;
- Assess and decide on project changes through revisions;

### *Closing a project*

- Assure that all Project deliverables have been produced satisfactorily;
- Review and approve the Final Project Review Report, including Lessons-learned;
- Make recommendations for follow-on actions to be submitted to the Outcome Board;
- Commission project evaluation (only when required by partnership agreement)
- Notify operational completion of the project to the Outcome Board.

## **Executive**

The Executive is ultimately responsible for the project, supported by the Senior Beneficiary and Senior Supplier. The Executive's role is to ensure that the project is focused throughout its life cycle on achieving its objectives and delivering outputs that will contribute to higher level outcomes. The Executive has to ensure that the project gives value for money, ensuring a cost-conscious approach to the project, balancing the demands of beneficiary and supplier.

### **Specific Responsibilities** (as part of the above responsibilities for the Project Board)

- Ensure that there is a coherent project organisation structure and logical set of plans
- Set tolerances in the AWP and other plans as required for the Project Manager
- Monitor and control the progress of the project at a strategic level
- Ensure that risks are being tracked and mitigated as effectively as possible
- Brief Outcome Board and relevant stakeholders about project progress
- Organise and chair Project Board meetings

The Executive is responsible for overall assurance of the project as described in Annex X.5 – Terms of Reference for Project Assurance. If the project warrants it, the Executive may delegate some responsibility for the project assurance functions.

## **Senior Beneficiary**

The Senior Beneficiary is responsible for validating the needs and for monitoring that the solution will meet those needs within the constraints of the project. The role represents the interests of all those who will benefit from the project, or those for whom the deliverables resulting from activities will achieve specific output targets. The Senior Beneficiary role monitors progress against targets and quality criteria. This role may require more than one person to cover all the beneficiary interests. For the sake of effectiveness the role should not be split between too many people.

### **Specific Responsibilities** (as part of the above responsibilities for the Project Board)

- Ensure the expected output(s) and related activities of the project are well defined
- Make sure that progress towards the outputs required by the beneficiaries remains consistent from the beneficiary perspective
- Promote and maintain focus on the expected project output(s)
- Prioritise and contribute beneficiaries' opinions on Project Board decisions on whether to implement recommendations on proposed changes
- Resolve priority conflicts

The assurance responsibilities of the Senior Beneficiary are to check that:

- Specification of the Beneficiary's needs is accurate, complete and unambiguous
- Implementation of activities at all stages is monitored to ensure that they will meet the beneficiary's needs and are progressing towards that target
- Impact of potential changes is evaluated from the beneficiary point of view
- Risks to the beneficiaries are frequently monitored

Where the project's size, complexity or importance warrants it, the Senior Beneficiary may delegate the responsibility and authority for some of the assurance responsibilities (see also Annex X.5 – Terms of Reference for Project Assurance).

### **Senior Supplier**

The Senior Supplier represents the interests of the parties which provide funding and/or technical expertise to the project (designing, developing, facilitating, procuring, implementing). The Senior Supplier's primary function within the Board is to provide guidance regarding the technical feasibility of the project. The Senior Supplier role must have the authority to commit or acquire supplier resources required. If necessary, more than one person may be required for this role. Typically, the implementing partner, UNDP and/or donor(s) would be represented under this role.

### **Specific Responsibilities** (as part of the above responsibilities for the Project Board)

- Make sure that progress towards the outputs remains consistent from the supplier perspective
- Promote and maintain focus on the expected project output(s) from the point of view of supplier management
- Ensure that the supplier resources required for the project are made available
- Contribute supplier opinions on Project Board decisions on whether to implement recommendations on proposed changes
- Arbitrate on, and ensure resolution of, any supplier priority or resource conflicts

The supplier assurance role responsibilities are to:

- Advise on the selection of strategy, design and methods to carry out project activities
- Ensure that any standards defined for the project are met and used to good effect
- Monitor potential changes and their impact on the quality of deliverables from a supplier perspective
- Monitor any risks in the implementation aspects of the project

If warranted, some of this assurance responsibility may be delegated.

## Annex X.4 – Terms of Reference for Project Manager

**Overall responsibilities:** The Project Manager has the authority to run the project on a day-to-day basis on behalf of the Project Board within the constraints laid down by the Board. The Project Manager is responsible for day-to-day management and decision-making for the project. The Project Manager's prime responsibility is to ensure that the project produces the results specified in the project document, to the required standard of quality and within the specified constraints of time and cost.

The Implementing Partner appoints the Project Manager, who should be different from the Implementing Partner's representative in the Outcome Board. Prior to the approval of the project, the Project Developer role is the UNDP staff member responsible for project management functions during formulation until the Project Manager from the Implementing Partner is in place.

**Specific responsibilities** would include:

*Overall project management:*

- Manage the realization of project outputs through activities;
- Provide direction and guidance to project team(s)/ responsible party (ies);
- Liaise with the Project Board or its appointed Project Assurance roles to assure the overall direction and integrity of the project;
- Identify and obtain any support and advice required for the management, planning and control of the project;
- Responsible for project administration;
- Liaise with any suppliers;
- May also perform Team Manager and Project Support roles;

*Running a project*

- Plan the activities of the project and monitor progress against the initial quality criteria.
- Mobilize goods and services to initiative activities, including drafting TORs and work specifications;
- Monitor events as determined in the Monitoring & Communication Plan, and update the plan as required;
- Manage requests for the provision of financial resources by UNDP, using advance of funds, direct payments, or reimbursement using the FACE (Fund Authorization and Certificate of Expenditures);
- Monitor financial resources and accounting to ensure accuracy and reliability of financial reports;
- Manage and monitor the project risks as initially identified in the Project Brief appraised by the LPAC, submit new risks to the Project Board for consideration and decision on possible actions if required; update the status of these risks by maintaining the Project Risks Log;
- Be responsible for managing issues and requests for change by maintaining an Issues Log.
- Prepare the Project Quarterly Progress Report (progress against planned activities, update on Risks and Issues, expenditures) and submit the report to the Project Board and Project Assurance;
- Prepare the Annual review Report, and submit the report to the Project Board and the Outcome Board;
- Based on the review, prepare the AWP for the following year, as well as Quarterly Plans if required.

*Closing a Project*

- Prepare Final Project Review Reports to be submitted to the Project Board and the Outcome Board;
- Identify follow-on actions and submit them for consideration to the Project Board;

- Manage the transfer of project deliverables, documents, files, equipment and materials to national beneficiaries;
- Prepare final CDR/FACE for signature by UNDP and the Implementing Partner.

## Annex X.5 – Terms of Reference for Project Support

**Overall responsibilities:** The Project Support role provides project administration, management and technical support to the Project Manager as required by the needs of the individual project or Project Manager. It is necessary to keep Project Support and Project Assurance roles separate in order to maintain the independence of Project Assurance.

**Specific responsibilities:** Some specific tasks of the Project Support would include:

*Provision of administrative services:*

- Set up and maintain project files
- Collect project related information data
- Update plans
- Administer the quality review process
- Administer Project Board meetings

*Project documentation management:*

- Administer project revision control
- Establish document control procedures
- Compile, copy and distribute all project reports

*Financial Management, Monitoring and reporting*

- Assist in the financial management tasks under the responsibility of the Project Manager
- Provide support in the use of Atlas for monitoring and reporting

*Provision of technical support services*

- Provide technical advices
- Review technical reports
- Monitor technical activities carried out by responsible parties



## Annex X.6 – Terms of Reference for Project Assurance

**Overall responsibility:** Project Assurance is the responsibility of each Project Board member, however the role can be delegated. The Project Assurance role supports the Project Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed.

Project Assurance has to be independent of the Project Manager; therefore the Project Board cannot delegate any of its assurance responsibilities to the Project Manager. A UNDP Programme Officer typically holds the Project Assurance role.

The implementation of the assurance responsibilities needs to answer the question “What is to be assured?” The following list includes the key suggested aspects that need to be checked by the Project Assurance throughout the project as part of ensuring that it remains relevant, follows the approved plans and continues to meet the planned targets with quality.

- Maintenance of thorough liaison throughout the project between the members of the Project Board.
- Beneficiary needs and expectations are being met or managed
- Risks are being controlled
- Adherence to the Project Justification (Business Case)
- Projects fit with the overall Country Programme
- The right people are being involved
- An acceptable solution is being developed
- The project remains viable
- The scope of the project is not “creeping upwards” unnoticed
- Internal and external communications are working
- Applicable UNDP rules and regulations are being observed
- Any legislative constraints are being observed
- Adherence to RMG monitoring and reporting requirements and standards
- Quality management procedures are properly followed
- Project Board’s decisions are followed and revisions are managed in line with the required procedures

**Specific responsibilities** would include:

### *Initiating a project*

- Ensure that project outputs definitions and activity definition including description and quality criteria have been properly recorded in the Atlas Project Management module to facilitate monitoring and reporting;
- Ensure that people concerned are fully informed about the project
- Ensure that all preparatory activities, including training for project staff, logistic supports are timely carried out

### *Running a project*

- Ensure that funds are made available to the project;
- Ensure that risks and issues are properly managed, and that the logs in Atlas are regularly updated;
- Ensure that critical project information is monitored and updated in Atlas, using the Activity Quality log in particular;
- Ensure that Project Quarterly Progress Reports are prepared and submitted on time, and according to standards in terms of format and content quality;
- Ensure that CDRs and FACE are prepared and submitted to the Project Board and Outcome Board;
- Perform oversight activities, such as periodic monitoring visits and “spot checks”.

- Ensure that the Project Data Quality Dashboard remains “green”

*Closing a project*

- Ensure that the project is operationally closed in Atlas;
- Ensure that all financial transactions are in Atlas based on final accounting of expenditures;
- Ensure that project accounts are closed and status set in Atlas accordingly.