

# NAURU PUBLIC SECTOR REFORM AND CAPACITY BUILDING

## PROGRAM DESIGN TEAM

### CONSULTANT SCOPES OF SERVICES:

#### Financial / Accountant Manager and Trainer

## 1. BACKGROUND

### 1.1 Key Stakeholders

The Hon the Minister for Finance of Nauru	Responsible for the overall efficiency and effectiveness of the basic education and TVET system.
GON including the Department of Finance and the Department of Commerce, Industry and Resources	Responsible for providing budget advice to the GON and for identifying the liabilities and recommended short and medium-term actions for the various forms of foreign debt.
Nauru citizens	Reduced international debt levels will increase the viability and potential of the economy and encourage inward investment.
External lenders and institutions	As lenders, have an interest in receiving payment for the maximum amount of their individual debt, largely from the GON. Their external lenders and institutions will be summarised on the proposed database.
AusAID and other international donors	AusAID and other donors have an interest in the GON addressing the foreign debt as part of supporting the development of a viable and debt free Nauru.

### 1.2 Nauru's Fiscal Situation

Nauru has a significant level of foreign debt, much of which was accrued during the 1990s and early 2000s. This foreign debt amounts to many hundreds of millions of dollars and represents a constant liability for the GON, in terms of its international reputation, financial transactions and medium-term planning.

The lack of any local or international banking services in Nauru, a lack of foreign reserves and a significant reduction in pay for all GON employees in 2004, are each indications of the ongoing difficulties facing Nauru's financial affairs.

More recently, on the local economic front, there are positive signs of increasing revenues from the renewed mining and export of phosphate, which will provide an additional and significant income stream for the GON over the next 15-20 years, as well as well-paid employment for those working in the mines, the supporting service industries and the various landowners. However, the reduction in local employment, as a result of the closing of Australia's Offshore Processing Centre (OPC) on Nauru will reduce economic activity.

Within this fluid context, as Nauru returns to having a balanced national budget, there will be a need to develop a medium term strategy for addressing the overseas debt.

### 1.3 Current Department of Finance Debt Priorities

Currently, the information on Nauru's foreign debt is included in written files, reports and separate documents, with no central record or data available on either the profile of the debt (by country / currency / sector) or on the prioritised debt for any future discussion. Some work has been carried out

on a medium term strategy for debt reduction and more accurate data and information is now required to ensure that future GON planning and decision-making is based on having access to valid, secure debt information.

The Department of Finance requires a database to hold and manage the information, as well as having several of its in-house staff trained on the inputting and the reporting of foreign debt information. This information will need to be progressively updated as Nauru's debt position changes over time. In addition, once the Department of Finance has an up-to-date record of its fiscal responsibilities, the prioritisations of managing the debt and negotiations with current debtors can be undertaken so eventually the foreign debts can begin to be cleared.

## 2. RATIONALE

The Nauru Finance Department is in need of technical support to facilitate the implementation of its financial management systems to ensure that they are secure, timely and data driven and which aid in promoting efficient and effective decision-making capabilities for both the Nauru Finance Department and for the Government of Nauru. In relation to foreign debt, there is a need to consolidate the debt information into a single reliable source, and then to provide the Government with high-level advice on how best to approach the debt.

The Government of Nauru and the Government of Australia have agreed to include financial and debt management strategy within the current Memorandum of Understanding between the two governments. This support requires a two-pronged approach, with both aspects intrinsically linked. The two differing activities will require two separate consultancies to carry out the tasks, leading to a much stronger understanding of the foreign debt and then support for the development of strategies to start managing the debt.

## 3. DETAILED JOB DESCRIPTION

### 3.1 Summary

<b>Position</b>	Financial / Accountant Manager and Trainer
<b>Duration &amp; Timing</b>	5 weeks Commencing April 2008
<b>Location</b>	Nauru
<b>Reporting To:</b>	In Nauru : Government of Nauru Secretary of Finance
<b>Contracted Through</b>	World Wide Project Management Services Pty Ltd (Contracted by AusAID to provide Program Design services to Nauru's Public Sector Reform and Capacity Building Program)

The *Financial / Accountant Manager and Trainer* will work with the Secretary of Finance and the staff in the Department to develop, then implement, a secure foreign debt data management and record system, including GON staff training in data inputs and the security requirements. The consultant may be required to provide a briefing to the Specialist Debt Management Consultant.

Using the data prepared by the Financial / Accountant Manager and Trainer, the *Specialist Debt Management Consultant* will work with the Secretary of Finance, the senior Finance team and (where required) the Hon the Minister, to prioritise Nauru's foreign debt payment position as part of negotiating for the best possible outcomes with the various creditors.

Both consultants will each be required to provide confidential, independent advice to the Government of Nauru and (as appropriate) to AusAID.

The Financial / Accountant Manager and Trainer's consultancy has two main parts:

1. Development, testing and use of propriety software (ie MS Excel) to develop a simple mechanism to quantify and classify Nauru's foreign debt information, which is currently located in several folders and files. The existing information on foreign debt will be identified and entered onto the spreadsheets using the agreed fields and data management summaries required by the GON;
2. Training and mentoring of (at least) two local Nauruan staff that will be nominated from within the Department of Finance, especially in the data entry, reporting methods and in the high-level security aspects of the data.

### 3.2 Objectives and Scope of the Short-Term Position

It is proposed that a consultant spend 5 weeks in Nauru and undertake the following work:

- o Become familiar with the operation and structure of the MS Excel file that has been developed for this activity;
- o Review the existing foreign debt files, folders and publications that contain the detailed debt information and then classify / define the debt according to the MS Excel parameters / fields;
- o Develop a method by which data is entered from the individual hard-copy files and documents, including a log of the documents completed. This will avoid any duplication and also ensure that all debt documents have been reviewed and that each part of the data is traceable back to the individual source document;
- o Once the method is established and initial work is completed, train and mentor at least two Department of Finance staff in the skills and knowledge for them to review a specific written document, extracting the relevant debt information and subsequently entering the information onto the data-base. This includes the types of reporting available, the filing and classification of the hard documents and the need for absolute security of the debt information;
- o Develop a set of brief procedures for the document analysis, data entry and security, including storage, access to the data and safeguards against theft or misuse (many of these security and accessibility measures will already be included in the MS Excel). This will enable the information to be continuously updated over time;
- o Provide reports and summaries that provide the relevant GON Ministers with details and information in a form that can be used for decisions on priorities and debt management.

### 3.3 Specific Outcomes

The outcome of this activity will be:

- o Development and completion of a simple, well organised Excel data management file that is located on a secure external drive, which will be locked in a secure location. This secure drive will store and report on the information and details of Nauru's foreign debt, using an MS Excel file.
- o At least two staff from the Department of Finance will have been trained in the inputting of data and management of the specific files, including in the printing of summary reports for the GON.
- o The Secretary of Finance will have a full understanding of the Excel spreadsheets, the data loaded and the ways in which the system can be used to modify the debt position (over time) and to develop the specific reports.
- o The debt management data system will be secure, simple to use and able to provide accurate and relevant reports to senior GON decision makers.

### 3.4 Proposed Management of Foreign Debt Data

#### *Proposed Spreadsheets*

The simple spreadsheets will be set up in MS Excel to provide storage and presentation of financial and debt data, including in summary format. The reporting is dependant on the fields so it is important that the data is classified and stored in a way that provides summaries that can GON / Minister's requirements.

When constructing the spreadsheets the fields will be identified and "dummy" stats inserted so that the form and layout of the reporting can be modified before the "real" data foreign debt gets entered. The following fields provide a start-point for meeting the GON / Ministry of Finance Debt Reform reporting requirements.

- **Country the Debt Owed to**
- **Debt Currency**  
ie USD, AUD, Euro, Yen
- **Nauru Sector**  
GON agency, Other debt
- **Debt Amount**  
Principle debt, Interest, Payments to date
- **Year the Debt Incurred**
- **Organisation the Debt Owed to**  
Bank, Private organisation, Government, Individual
- **Debt Organisation Contact person details**  
Address, email, phone, web.

#### *Foreign Debt Data Security*

The internal and external debt data for Nauru is commercially and politically sensitive. The storage, protection and security measures will be of high importance. One option is to use a computer to enter the data but to have all of the operating files and data located in a separate large-capacity, secure storage device that can be removed and stored in a safe place. This would require a clear procedure and to occur at the end of each data input session. This enables the files and data to be locked (for example) in a GON safe or other highly secure and confidential location.

A separate backup file and the data storage can be located in another different location, with the data updated monthly. This (ie 2) would likely be the maximum desirable number of data storage devices, as the theft or misplacement of the data would be politically and economically sensitive and potentially damaging.

Safe-hand methods should be used for all transport / movement of the file storage device, together with clear responsibilities for access, movement, storage and any development of printed reports. Password protection and other measures can be used to provide multiple layers of protection to any unauthorised person accessing the data. The passwords and security protection details should be limited to a clear "need to know" basis.

## 4. QUALIFICATIONS AND EXPERIENCE

### 4.1 Essential

- Professional accredited accountancy qualification (minimum degree level).
- Sound understanding of government financial systems and accounting procedures.
- Ability to review written reports and documents, financial records and summary spreadsheets, then identify the relevant information relating to debt / liabilities and classify the data for inclusion in the data-base.
- A proven and up to date ability to use MS Excel or other similar application.
- Ability to communicate clearly in writing and verbally, to work with a wide range of Government staff and other people and to be aware of the sensitivities associated with the foreign debt data;
- The capacity to train Nauruan staff in data entry and aware of the sensitive nature, (and therefore the important security requirements) of the transport, storage and access of the foreign debt data.
- Current drivers licence and ability to drive a vehicle with manual transmission

### 4.2 Desirable

- Experience in the South Pacific.
- Experience as a financial accountant that has been involved in the electronic storage of data, information and reporting.

### 4.3 Referees

Contact details (name, position, telephone, fax, email addresses) required for two recent relevant referees who can answer questions in English about the consultant's suitability for the position.

## 5. TERMS AND CONDITIONS

- Daily fees should be quoted in Australian Dollars (AUD) per calendar day and will be assessed on a Value for Money basis
- Accommodation (hotel or house) and a vehicle while in Nauru will be provided.
- Per diems of AUD \$115 per calendar day
- Medical and evacuation insurance included in contract
- Return economy class airfare from home base
- Airport transfers
- Airport taxes
- A full briefing and additional background information on Nauru and the position will be provided to the successful candidate