



TECHNICAL ASSISTANCE REPORT

NAURU

Report on the Government Finance Statistics
and Public Sector Debt Statistics Mission
(October 13–17, 2025)

NOVEMBER 2025

PREPARED BY

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Abbreviations and Acronyms

2008 SNA	<i>System of National Accounts 2008</i>
APD	Asia and Pacific Department, IMF
BCG	Budgetary Central Government
COA	Chart of Accounts
CG	Central Government
COFOG	Classification of the Functions of Government
DOF	Department of Finance
EBU	Extrabudgetary Unit of Government
EXIM	Export-Import Bank of Taiwan
FMIS	Financial Management Information System
FY	Fiscal Year
IFRS	<i>International Financial Reporting Standards</i>
IPSAS	<i>International Public Sector Accounting Standards</i>
GFS	Government Finance Statistics
<i>GFSM 2014</i>	<i>Government Finance Statistics Manual 2014, IMF</i>
GG	General Government
GON	Government of Nauru
MFED	Ministry of Finance and Economic Development
NBS	Nauru Bureau of Statistics
NTF	Nauru Intergenerational Trust Fund
PEMU	Public Enterprise Monitoring Unit, Ministry of Finance
PFTAC	Pacific Financial Technical Assistance Center
PIC	Pacific Island Country
PSDS	Public Sector Debt Statistics
RPC	Regional Processing Centre
SOE	State-Owned Enterprises
STA	Statistics Department, IMF
TA	Technical Assistance

Executive Summary

Background

- 1. In response to a request from the Nauruan authorities, a Technical Assistance (TA) mission on Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS) was conducted in Yaren, Nauru during October 13 – 17, 2025.** The mission worked with the Department of Finance (DOF) and Nauru Bureau of Statistics (NBS) to (i) review the progress on implementing previous mission recommendations, (ii) assess the authorities' capacity to compile fiscal statistics, (iii) assist with the production of GFS data and improving compilation methods, (iv) provide GFS conceptual training. The mission was delivered by Mr. Stephen McDonagh (GFS/PSDS Adviser) under the ongoing Pacific Financial Technical Assistance Center (PFTAC) capacity development work program.
- 2. Sustaining GFS compilation is challenging due to significant internal resource constraints.** Regular compilation of fiscal statistics presents a challenge to the Nauruan authorities as a result of the small size of the country and related capacity constraints. Compilation had been largely achieved with the support of previous missions. Dissemination of fiscal statistics has been intermittent in the past and, notably, does not happen in the absence of technical assistance. The authorities have acknowledged the need and desire to take ownership of the compilation effort.
- 3. Effective immediately, NBS will take responsibility for the compilation of GFS, supported closely by DOF.** As the primary data holder of budget and debt data the DOF is a key stakeholder in the GFS process. For most Pacific Islands countries, the Department (or Ministry) of Finance will compile and disseminate GFS statistics, in particular for the Budgetary Central Government (BCG) sector. The recent TA missions focused their attention on working with the Nauruan DOF to the extent that the NBS were inadvertently excluded. While DOF were committed to compiling and disseminating fiscal statistics in practice, with limited capacity and competing priorities, production of fiscal statistics was sporadic. This was further hampered by lack of a clear dissemination strategy for DOF. By contrast, NBS practices for other statistics is to post the results on its website and simultaneously distribute the publication via the Government Information Office. NBS is mandated to compile GFS and PSDS. NBS cannot claim to be any better resourced than DOF so in order to have a chance of successfully implementing and sustaining a compilation process a semi-automated tool that can be managed with limited resource requirements must be used. Future plans to expand the coverage of GFS will need to be strategic, taking into account the structure of the source data, the NBS resources and also the resources of the data holders.

Summary of findings

- 4. The mission worked with NBS to develop a manageable production process, building on the previously developed compilation process.** Focusing on BCG sector, the mission reviewed the template and the bridge between the Chart Of Accounts (COA) and the framework set out in the *Government Finance Statistics Manual 2014 (GFSM 2014)*. The new additions to the COA were mapped to GFS and the bridge table was updated. Previous classifications were reviewed with particular focus on large amounts that had been recorded under *Transfers not allocated – current* (discussed further below). With minimal manual intervention, an extract from the FMIS can be readily mapped and presented according to the *GFSM 2014* framework. With these improvements, more time can be focused on analysis and validation of the results. The process was demonstrated to the authorities and the process files handed over to the compiler.
- 5. A preliminary GFS series for the Nauru Intergenerational Trust Fund (NTF) has been developed based on 2021 – 2024 data.** Nauru's GFS is currently limited to BCG sector coverage. The NTF is classified as the only extra-budgetary unit (EBU). Utilizing the most recent annual reports for the NTF, a GFS series covering Fiscal Year (FY) 2021 – 2024 was prepared. By combining the EBU data together with

the BCG data, a preliminary consolidated Central Government (CG) data was compiled. Since Nauru lacks any other subsectors of general government, this could potentially represent a complete General Government (GG) coverage, subject to the verification of the institutional sectorization of the State-Owned Enterprises (SOEs) in Nauru.

6. There are nine (9) SOEs operating in Nauru at the time of the mission. To date, the SOEs have been treated as public corporations for the purposes of fiscal statistics. In common with most Pacific Islands countries there is a lack of available information for SOEs with delays in publication of audited annual financial statements, often for a number of years. For example, financial statements for the Republic of Nauru Phosphate Corporation (RONPHOS) were last published in FY 2017. The delays can be ascribed to several factors including the lack of qualified staff to prepare the necessary data at the SOEs symptomatic of the capacity constraints within the country. The Auditor General has had a renewed focus on the auditing process, concentrating on the most recent financial years as data for recent years should be more readily available. The mission was updated that across all the SOEs, audits for FY 2024 were either completed or close to completion. The necessary accounting data for FY 2025 was also being collected in preparation for the next audit. As result of the lack of SOE's financial information it has not been possible to perform the institutional sectorization exercise. Nonetheless, the mission demonstrated the principles of institutional sectorization, making use of the data available. The template was left with the compiler to continue updating with the accounting data as the audited reports become available.

7. Government of Nauru (GON) balance sheet information is not readily available. Not only are audit accounts for SOEs not up to date – the same is true for the GON public accounts. The Nauruan authorities have a renewed commitment to compiling the balance sheet and have a plan to integrate such a report within the FMIS. Making use of supplementary information it would be possible to compile stock data, however this would be a labor-intensive exercise for the compiler and require inputs from a variety of stakeholders. It would be difficult to verify the accuracy of such an estimate and would not be an (easily) replicable process for the compiler to maintain. The mission did not devote time to the balance sheet and will follow up with the authorities on the progress of updating the FMIS.

8. The mission reviewed donor grants and noted the lack of any capital grants in the data. All cash-based grants to the GON are for general budget support, with no identifiable capital grants. While in-kind donations—such as vehicles and infrastructure—are common and capital in nature, they are excluded from fiscal statistics due to uncertainty in estimates. An exception was the imputed capital grant from Taiwan, which serviced GON's external debt on behalf of state-owned enterprises; this arrangement ended in 2024, ceasing such grants.

9. GON has incurred debt by borrowing on behalf of and on-lending to SOEs. The on-lending by GON to Nauru Air Corporation was treated as a capital transfer – the Government had no reliable expectation of a realistic return. This treatment in the public accounts is aligned with the *GFSM 2014* guidance on capital transfers. On-lending to RONPHOS is included as an asset in the GON public accounts. Both loans had been serviced by Taiwan as a donor partner. Following a changed diplomatic relationship GON now services the debt and RONPHOS pays interest. This requires updates to the Chart of Accounts to separate the interest and principal payments. Additionally, GoN forgave part of RONPHOS's loan, which under *GFSM 2014* is recorded as a capital transfer. These developments highlight gaps in fiscal reporting and the need for improved classification.

10. With some limitations, the mission developed a first estimate of the functional breakdown of expenditure for BCG, despite limited granularity. A new report from the FMIS cross-classifying the economic transactions by department provided a good starting point for estimating expenditure according to the Classifications of the Functions of Government (COFOG). A reasonably accurate set of data at division level has been compiled based on FY 2023 – 2025 data. Importantly the mapping was done from the COA allowing the compilation process to be readily reproduced each year. The mission attempted to map at a

detailed class level, however was limited by the availability of detail from the FMIS. By way of example education spending cannot be identified by level (e.g. primary, secondary, etc.). The exercise was of particular interest to the authorities, who have committed to integrating the mapping into the FMIS with a view to generating a COFOG report directly. They DOF also committed to exploring the options to improve the COA to support more accurate COFOG statistics.

11. To support progress in the above work areas, the mission recommended a detailed action plan with the following priority recommendations carrying particular weight to make headway in improving GFS:

TABLE 1. Priority Recommendations

Target Date	Priority Recommendation	Responsible Institutions
September 2026	The authorities should use the production process demonstrated during the mission to compile GFS statements for BCG.	NBS
September 2026	Maintain the SOE sectorization template as annual reports become available.	NBS
June 2026	DOF to notify NBS of new natural account entries, or other changes to COA, and collaboratively agree on the appropriate GFS classifications.	DOF

12. Further details on the priority recommendations and the related actions/milestones can be found in the action plan under Recommendations.

Recommendations

Priority	Actions/milestones	Due
A new data set has been compiled and disseminated internally and/or to the public		
High	Priority recommendation: The authorities should use the production process demonstrated during the mission to compile GFS statements for BCG.	September 2026
Medium	Review and verify the results compiled during the mission. Transmit the annual GFS to the IMF from FY 2023.	December 2025
Source data are adequate for the compilation of these macroeconomic statistics		
High	Priority recommendation: Maintain the SOE sectorization template as annual reports become available.	September 2026
Medium	Start an ongoing collection of financial information for all parts of the public sector.	September 2026
Medium	Develop a report from the FMIS mapping the COA to the GFS economic classifications to support the compilation of annual GFS	June 2026
Medium	Maintain the COA bridge table on an ongoing basis and proactively seek bilateral assistance where the classification proves difficult.	June 2026
Medium	Update the COA to separately identify interest and principal repayments	June 2026
Medium	Update the COA to delineate between current and capital grants, including donor assistance.	June 2026
Medium	Record the debt forgiveness to RONPHOS as a capital grant	June 2026
Medium	Investigate if a report mapping the COA to COFOG can be integrated within the FMIS.	June 2026
Medium	Establish a pilot data collection for the estimates of in-kind donor assistance.	December 2026
Legal and institutional environment are adequate for the compilation and dissemination of statistics		
High	Priority recommendation: DOF to notify NBS of new natural account entries, or other changes to COA, and collaboratively agree on the appropriate GFS classifications.	June 2026

Detailed Technical Assessment

A. Review of previous TA mission recommendations

Progress on the previous TA recommendations has been limited, with most actions either not achieved or only partially implemented (Annex 2). Key areas such as compiling flow GFS statements, incorporating balance sheet data, and reinstating regular data transmission to the IMF remain outstanding. While some steps have been taken - such as partial updates to the chart of accounts and maintaining the bridge table - implementation has been uneven. The lack of progress is largely attributed to institutional capacity constraints, delays in decision-making, and weak coordination. The mission agreed with the authorities on the need to clarify responsibilities, enhance technical support, and establish realistic timelines to accelerate implementation. The authorities have acknowledged the need and desire to take ownership of the compilation effort. The automated compilation process developed during the mission reduces the resources needed to compile GFS. Enhanced cooperation between the DOF and the NBS regarding the COA and jointly reviewing the GFS classifications is a practical way for the authorities to share resources and expertise.

B. Business process and sustainable domestic compilation

- 1. With limited domestic capacity and competing priorities the authorities have been unable to develop and sustain compilation of GFS.** Compilation of GFS for Nauru is dependent on capacity supplementation provided during TA missions. Dissemination to the IMF has largely corresponded to the estimates developed in conjunction with the TA support. Previous missions developed compilation templates aimed at automating the compilation process to be manageable. Changes in data sources as well as staff capacity have not helped deliver a sustainable domestic process. In recent years TA missions have focused their efforts with the DOF as the primary data holder, to the exclusion of the NBS.
- 2. In line with its mandate and with immediate effect, the NBS has taken responsibility for the compilation and dissemination of GFS, with support from the DOF.** At the outset the mission addressed the institutional responsibility for GFS compilation. Both the NBS and the DOF were agreed that the NBS was the appropriate organization to lead on the national compilation and dissemination of fiscal statistics. NBS have already begun using the GFS report provided by the DOF for compilation of national accounts statistics. The DOF is fully supportive and acknowledged the benefit of high-quality and timely fiscal statistics. The DOF has been active in investigating if the FMIS can support a GFS-based reporting function and have confirmed that there is no technical barrier to integrating such a report. At the same time, the DOF reaffirmed its commitment to supporting GFS compilation by continuing to provide timely and detailed data as well as sharing detailed technical knowledge to enable accurate GFS to be reported. The DOF will assist in the analysis and review of the GFS outputs assisting the NBS in verifying the accuracy of the results compiled.
- 3. The DOF has expanded the range and detail of FMIS reports supporting GFS compilation.** With capacity constraints the most significant barrier to GFS reporting in Nauru, having reliable and regular source data is paramount. A production process must be as automated as possible in the Nauruan context, and routinely adapting the process due to changes to source data templates is not feasible. The DOF has committed to providing a detailed extract from the FMIS. Since the last mission the DOF has expanded the reports to include more detailed levels of transactions by Government Departments. Examining this report, the mission was able to compile a provisional COFOG estimate. The lack of balance sheet information for the GON has been a challenge and DOF has prioritized integrating balance sheet reporting from the FMIS.

Findings

4. The existing compilation process was reviewed and the mission demonstrated the compilation process to the compiler. The previously developed GFS compilation template, while provided to the authorities at the time, had not been maintained since the last mission. The process uses an FMIS output to compile the statement of operations and the statement of sources and uses of cash for BCG by mapping the COA to the *GFSM 2014* framework. Examining the templates the mission was satisfied that the process should continue to be used. Routine maintenance was necessary, particularly to update the bridging table to assign GFS codes to new COA items. The mission updated the GFS time series using the pre-existing compilation process.

5. The NBS and the DOF should collaborate on any changes or updates to the COA. Since changes to the COA are unavoidable - often prompted by new government policy initiatives that require additional COA codes - each new COA entry must be added to the bridge table and linked to the correct GFS economic classification. Doing so is the only way to ensure these activities are accurately represented in GFS statements. If these updates are neglected, new transactions might be left out of fiscal statistics. In reality, updating the GFS mapping demands the DOF's expertise to correctly interpret the substance of new activities. While FMIS reports offer certain details, they do not always provide sufficient information to determine the exact economic classification needed. The mission recommends that the DOF proactively notify the NBS when adding or changing the COA. This could be expected to be related to the setting of the annual national budget. Doing so is also beneficial to the work and outputs of the DOF. Confirming the appropriate GFS presentation allows the DOF to communicate the impact of budget decisions in GFS terms.

6. The DOF expressed an interest in adding GFS presentations to the budget documents. The DOF acknowledged the benefits and transparency of GFS and are considering how to include GFS presentation of the budget data in the related documents provided to the government. The tables included in the budget are not consistent with the GFS presentation. The mission reviewed the budget documents and created a mapping and comparison from the budget to GFS revenue and expenditure. At a high level the DOF includes a financing item above the line as revenue. The receipt of cash from loan draw-downs is included in budget revenue. At a more detailed level of presentation, the budget shows certain fees (such as charges for visas) separately from taxes. The charges for Nauruan visa fees are significantly more than the cost of the provision of the service and so in GFS such a receipt is classified as a tax. The category of 'non-tax revenue' in the budget includes items that in GFS are categorized as taxes. However, such differences can be described as presentational between the budget and GFS.

7. Expenditure as presented in the budget, with only minor adjustments, can generally be made consistent with GFS expenditure classifications. A detailed review of expenditure items identified that the primary modification needed to align the budget with GFS standards is the exclusion of foreign exchange losses. Under GFS guidelines, such losses are not considered an expense; instead, they are categorized as other economic flows. Similarly to revenue, further analysis at a more granular level highlights several presentational differences in how individual expenditure items are displayed within the budget documents. The DOF is actively evaluating the most effective approach to integrate GFS-compliant presentations into the budget, while also recognizing that shifting to the GFS format may cause some disruption for users accustomed to existing budget presentations. The department intends to carefully consider these impacts to ensure a smooth transition and clear communication of any changes in expenditure reporting.

8. With some limitations, the FMIS reports generated by the DOF allowed an initial estimate of COFOG to be compiled at a high level, however further work is still required. Since the previous mission the DOF has been working to improve the reporting functions from the FMIS. While this work is primarily to support the DOF's objectives of improved oversight and management of budget spending it also provides improved data sources for GFS compilation. The NBS uses these outputs for its national accounts statistics further demonstrating the value of the DOF investment in FMIS and outputs. The NBS also

increases the consistency of its macro-economic statistical outputs by using the same underlying data sources. As the new outputs were incorporated into the GFS production process by the mission it became apparent that a functional presentation of expenditure could be attempted. At the level of COFOG divisions, with some limitations due to the structure of the COA, a set of experimental outputs has been compiled. The authorities committed to reviewing the outputs and engaging on options to improve the source data. For example, the National Emergency Services division, identifiable in the FMIS, includes firefighting services, ambulance and airport rescue. For the purposes of this preliminary exercise the National Emergency Services expenditures were mapped entirely to Public Order and Safety and efforts are needed to correctly identify the amounts that should be allocated to Transport and Health. The level of detail available to the mission could not separately identify each of these functions and so further work is needed by future missions to refine the COFOG outputs with improved source data.

9. The mission emphasized the importance of balancing efforts in GFS compilation, recommending that greater focus be placed on verifying and analyzing the results. The updated time series was presented to NBS and DOF staff. Attention was drawn to trends in the data and in particular outliers. The mission underscored that such anomalies should be reviewed and confirmed by knowledgeable data owners, illustrating the essential role of collaboration in compiling and disseminating GFS. Specific examples were shared during the session to demonstrate this process in practice. Some examples used during the presentation include:

- Taxes on income, profits and capital gains have been on a downward trend. The detailed data show that tax payable by corporations and other enterprises was less than that payable by individuals in FY 2025. The DOF were able to confirm that a new entrant to the mobile phone market is reducing the market share of the established corporation, thus reducing its profits and related tax. As the new entrant expands its profits and associated tax is expected to increase.
- Dividends received have declined significantly. While the COA has separate accounts for RONPHOS and the Nauru Utilities Corporation, neither has paid dividends in FY 2025. The remainder of dividend receipts is grouped in one account. The mission recommended that DOF provide additional entries in the FMIS for the individual SOEs.
- Use of goods and services is close to the level of spending on compensation of employees. The DOF explained that this is due to the level of business travel, which is a significant amount of expenses.
- Interest expenditure is not separately identified in the COA. This is a result of legacy reasons where the GON did not pay interest, the external loans were serviced by a donor. Supplementary information is available to allow the necessary imputations in the fiscal statistics.

C. Methodological Issues

Background

10. The work of previous TA missions had integrated a bridge table from the COA to GFSM 2014 economic classifications within the production process. This bridge table is essential for an automated and manageable compilation process that could be implemented within the Nauruan resource constraints. Since the last mission this bridge table had not been maintained. Notably the COA has been added to in the intervening time and without updating the bridge table, these additions cannot be automatically captured in the GFS statements. The mission worked with the authorities to incorporate the additional items from the COA and update the bridge table to the appropriate GFS economic classification. Such an exercise is useful for the compilers, demonstrating the need for additional information from relevant stakeholders to correctly classify transactions on regular basis.

11. Previous missions had focused on compilation of GFS for BCG, a pragmatic approach in the context of limited capacity. The 2025 mission extended the scope of the GFS compilation process to include the NTF, an EBU. Over time, the BCG compilation process has been systematically developed to ensure it is sustainable and centered on producing a core set of essential GFS statements, thereby minimizing the burden associated with compiling annual data. Although routine GFS compilation has not yet been fully institutionalized, the renewed commitment and active engagement demonstrated during the mission enabled the process to be expanded, particularly when illustrating the principles of institutional sectorization. The authorities recognized the substantial value of incorporating NTF accounts into the fiscal statistics. The consolidated GFS now aggregate information that, while previously accessible to the public, had to be gathered from various, often fragmented, sources. Further work is needed to extend the time series and develop a sustainable compilation process.

12. Audited accounts for SOEs continue to be subject to lags, meaning that the sectorization of individual SOEs remains incomplete. The Auditor General is attempting to reset the timeliness of submission of the accounting data by the SOEs to allow timely audits to be performed. Concentrating on FY 2024, the process is well underway, with the majority of audits either completed or close to completion. The work will continue to audit FY 2025 data bringing the accounts up-to-date. However, it is not yet clear how the existing gaps in SOE accounts will be addressed, with challenges inherent in the SOEs in accessing data becoming more acute the further back in time that is investigated. This delays a complete application of the institutional sectorization of SOEs, which continue to be assumed to be public corporations until a sufficient series of accounts is available. The Auditor General should continue with the clearly established deadlines and schedule for SOEs to submit their accounting data.

Findings

13. Nauru has introduced a citizenship by investment program. Officially known as the Nauru Economic and Climate Resilience Citizenship Program the initiative that offers applicants the opportunity to obtain a second citizenship. The cost to the applicant is US\$105,000 (approximately AU\$160,000). The authorities were advised that even though regulatory checks will take place the charge is significantly out of proportion to the costs of providing the service. The *GFSM 2014* describes the difference between administrative fees and taxes and such receipts by the GON are classified as taxes. The mission advised the authorities that under the recently updated System of National Accounts 2025 such non-refundable contributions to the government will be recorded as current transfers.

14. The mission reviewed donor grants received and the absence of any identifiable grants classified as capital. All cash-based donor grants received by GON are for general budget support and cannot directly be linked to a capital project. In the case this link can be made the associated grant receipt should be classified as capital in nature. As is common in the region, Nauru benefits from in-kind donations from its donor partners. Donations in-kind tend to be capital in nature – such as police car and other government vehicles; infrastructure projects – explaining the absence of capital grants received in the fiscal statistics. The authorities acknowledged the principle and the existing gap in the fiscal statistics. Supplementary information is compiled for the budget which attempts to estimate in-kind donations for the coming fiscal year. The mission could not verify the accuracy of these estimates and was reluctant to include such data until a level of certainty could be assured – capital projects can be subject to unforeseen timing issues and delays and so such projections cannot be assumed to be reliable. No immediate solution is apparent for this issue, and it will remain on the agenda for future development.

15. An exception to the above is an imputed capital grant related to a donor servicing debt on behalf of Nauru. The GoN has two external loan liabilities. These loans were borrowed on behalf of RONPHS and Nauru Air Corporation by the GON from Export-Import (EXIM) Bank Taiwan. The bank was unwilling to lend directly to the SOEs and so GON entered into the arrangement borrowing from EXIM and on-lending to the SOEs. In the GON accounts the on-lending to Nauru Air Corporation was treated as a

capital transfer – the Government had no reliable expectation of a realistic return. The treatment in the public accounts is therefore aligned with the *GFSM 2014* guidance on capital transfers. Taiwan, as a donor to GON, agreed to service both these debts to EXIM. The payments by Taiwan should be included as capital grants receivable due to the debt-related nature of the transaction. In 2024 the arrangement with Taiwan ended due to a change in the diplomatic relationship. The GON will take responsibility for the servicing of the loan taken on behalf of Nauru Air Corporation and the imputed capital grants will cease to be recorded.

16. The GON accounts have included the on-lending to RONHPOS as an asset in the public accounts. As a result of the changed diplomatic relationship in 2024, Taiwan will no longer service the debt on behalf of RONPHOS; consequently, RONPHOS will be responsible for servicing the debt going forward. The COA used in the GON FMIS does not separately identify interest payments, primarily because the government did not previously pay any interest, with the donor partner making payments directly to EXIM. For GFS purposes, supplementary information was available to include the appropriate interest amounts. Under the new arrangement, RONPHOS will pay interest on its liability to GON, and GON will, in turn, service the external borrowing. It is necessary for the COA to be updated to record the interest payments made by GON.

17. The GON has forgiven part of the loan issued to RONHPOS. The *GFSM 2014* describes debt forgiveness as the voluntary cancellation of all or part of a debt obligation within a contractual arrangement between a creditor and a debtor. In contrast with debt write-off there is a mutual agreement in debt forgiveness and an intention to convey a benefit. This benefit is recorded as a capital grant or transfer from the creditor to the debtor, which extinguishes the financial claim and the corresponding debt liability. The value of the debt forgiven by GON will be included in the fiscal statistics as a capital transfer.

18. The mission investigated the relatively large amounts reported as expense transfers not elsewhere classified and improved the classification of the underlying data. Noting a growing trend in this series, the mission reviewed the previous classification of the individual source data included in this category. One entry in the COA – ‘Donations – local’ warranted further investigation. The DOF clarified that these payments were for housing and health support in the community. These payments are made to meet the needs that arise from social risks. The mission updated the mapping of this item from transfers not elsewhere classified to social assistance benefit. Another adjustment to the COA bridge table worth noting concerned the Fiscal Cash Buffer – this item is a contingency mechanism in the budget to prepare for unexpected expenditure. Such contingencies are common and set aside a reserve to cover unforeseen expenditures that arise during the fiscal year without needing to reallocate funds from other programs. However, such contingencies create a problem for GFS mapping, as from year to year the reserve may be used for different purposes. In this case the officials were able to verify that this contingency has consistently been used to support overruns in social welfare. The item was also recoded to social assistance benefit.

Annex 1. Officials met during the mission

Name	Ministry	Division	Email Address
Ramrakha Detenamo	NBS	Acting Director	ramrakhadetenamo@gmail.com
Atunaisa Baleimatuku	DOF	Deputy Secretary	Dstreasury.nr@gmail.com
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Officials who attended training:

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Stephanie Bam	DOF	Budget Director	directorbudget.nr@gmail.com
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Annex 2. Progress made with respect to the previous mission recommendations

Priority	Action/Milestone	Responsible Institutions	Update September 2025
Outcome: Data are compiled and disseminated using appropriate statistical techniques, including to deal with data sources, and/or assessment and validation of intermediate data and statistical outputs.			
Medium	Update the chart of accounts to delineate between current and capital grants, including donor assistance, from FY 2024.	DOT	2-Partially achieved
Medium	Update the chart of accounts to delineate between repayments of principal and interest from FY 2024.	DOT	1-Not achieved
Medium	Maintain the chart of accounts bridge table on an ongoing basis and proactively seek bilateral assistance where the classification proves difficult.	DOT	3-Largely achieved
Outcome: Higher frequency data has been compiled and disseminated internally and/or to the public.			
High	Priority recommendation: Compile the flow GFS statements for the budgetary central government (BCG) subsector domestically on an annual basis.	DOT	1-Not achieved
High	Priority recommendation: Reinstate the regular annual transmission of the GFS data to the IMF starting from FY 2023.	DOT	1-Not achieved
Outcome: Source data are adequate for the compilation of these macroeconomic statistics.			
High	Priority recommendation: Incorporate the available balance sheet data into the GFS statements from FY 2023.	DOT	1-Not achieved
Medium	Establish a pilot data collection for the estimates of in-kind donor assistance.	DOT	1-Not achieved

Annex 3. GFS estimates for Central Government and Budgetary Central Government

Preliminary estimates of operations of CG, AUD Thousands

	FY 2021	FY 2022	FY 2023	FY 2024 ¹
Revenue²	303,427	336,515	304,330	326,482
Taxes	94,102	87,656	77,032	54,836
<i>Taxes on income, profits and capital gains</i>	63,483	55,419	49,644	28,604
<i>Taxes on goods and services</i>	10,990	11,230	10,966	8,926
<i>Taxes on international trade and transactions</i>	19,629	21,007	16,422	17,306
Grants ²	36,960	27,434	20,837	31,516
Other revenue	172,365	221,425	206,461	240,130
<i>Property income</i>	80,371	87,038	77,424	71,773
<i>Sales of goods and services</i>	91,808	134,125	128,854	168,253
<i>Fines, penalties and forfeits</i>	186	262	183	104
Expense	229,646	244,199	243,174	265,133
Compensation of employees	68,220	73,426	75,565	72,514
Use of goods and services	54,665	62,861	67,909	76,282
Consumption of fixed capital	0	0	0	0
Interest	208	185	161	137
Subsidies	30,784	17,265	19,595	27,400
Grants	0	0	0	0
Social benefits	34,636	58,725	48,096	39,294
Other expense	41,133	31,737	31,848	49,506
<i>Property expense other than interest</i>	8,580	8,106	8,009	7,949
<i>Transfers not elsewhere classified</i>	32,082	23,269	23,596	41,051
<i>Premiums, fees, and claims related to nonlife insurance and standardized guarantees</i>	471	362	243	506
Gross operating balance	73,781	92,316	61,156	61,349
Transactions in nonfinancial assets				
Net/gross investment in nonfinancial assets ³	29,914	35,682	15,307	23,444
Fixed assets	29,914	34,840	15,307	23,444
Inventories	0	0	0	0
Non-produced assets	0	842	0	0
Expenditure	259,560	279,881	258,481	288,577
Net lending (+) / Net borrowing (-)	43,867	56,634	45,849	37,905

1. Annual financial statements for Nauru Trust Fund up to 2024 at time of mission.

2. Compared with the fiscal table in the Article IV staff report a lower level of grants is observed in GFS (FY 2023 and 2024). The data for the GFS mission were extracted after the Article IV visit.

3. A lower level of investment in nonfinancial assets is seen in the GFS data (FY 2023 and 2024) compared with the Article IV report.

Preliminary estimates of operations of CG, AUD Thousands

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue	278,791	314,860	289,987	310,154	328,503
Taxes	94,102	87,656	77,032	54,836	51,099
<i>Taxes on income, profits and capital gains</i>	63,483	55,419	49,644	28,604	22,076
<i>Taxes on goods and services</i>	10,990	11,230	10,966	8,926	9,904
<i>Taxes on international trade and transactions</i>	19,629	21,007	16,422	17,306	19,119
Grants	28,416	21,227	14,559	25,142	38,564
Other revenue	156,273	205,977	198,396	230,176	238,840
<i>Property income</i>	64,699	72,174	69,978	61,745	49,872
<i>Sales of goods and services</i>	91,388	133,541	128,235	167,490	188,066
<i>Fines, penalties and forfeits</i>	186	262	183	104	89
Expense	263,139	269,775	267,323	286,257	343,062
Compensation of employees	68,220	73,426	75,565	72,514	92,056
Use of goods and services	54,440	62,616	67,413	75,682	91,518
Consumption of fixed capital	0	0	0	0	0
Interest	208	185	161	137	113
Subsidies	30,784	17,265	19,595	27,400	36,800
Grants	(33,718)	(25,821)	(24,645)	(21,724)	(22,591)
Social benefits	34,636	58,725	48,096	39,294	49,483
Other expense	41,133	31,737	31,848	49,506	50,501
<i>Property expense other than interest</i>	8,580	8,106	8,009	7,949	8,627
<i>Transfers not elsewhere classified</i>	32,082	23,269	23,596	41,051	41,737
<i>Premiums, fees, and claims related to nonlife insurance and standardized guarantees</i>	471	362	243	506	137
Gross operating balance	15,652	45,085	22,664	23,897	(14,559)
Transactions in nonfinancial assets					
Net/gross investment in nonfinancial assets	29,914	35,682	15,307	23,444	20,492
Fixed assets	29,914	34,840	15,307	23,444	20,492
Inventories	0	0	0	0	0
Non-produced assets	0	842	0	0	0
Expenditure	293,053	305,457	282,630	309,701	363,554
Net lending (+) / Net borrowing (-)	(14,262)	9,403	7,357	453	(35,051)

Experimental estimates of COFOG (BCG), AUD Thousands

	FY 2023	FY 2024	FY 2025
Expenditure	282,630	309,701	363,554
General public services	133,319	144,734	177,506
Defense	0	0	0
Public order and safety	40,116	44,888	72,113
Economic affairs	24,328	32,099	22,345
Environmental protection	3,380	6,756	2,596
Housing and community amenities	0	2,644	3,853
Health	36,771	23,663	28,121
Recreation, culture and religion	7,225	10,712	10,426
Education	15,376	20,367	21,853
Social protection	22,115	23,836	24,745

Annex 4. Public Sector Institutional Table

Budgetary Central Government

1.01	01 - Presidency and State House (including GIO)
1.02	02 - Ministerial
1.03	03 - Chief Secretary Office
1.04	04 - Skills and Workforce Development
1.05	09 - Electoral Commission
1.06	11 - Finance Secretariat
1.07	12 - Finance -Public Debt
1.08	13 - Bureau of Statistics
1.09	15 - Nauru Revenue Office
1.10	16 - Finance - Other Payments
1.11	17 - Nauru Customs Office (NCO)
1.12	18 - Nauru Regional Processing Centre (NRPCC)
1.13	21 - Environment Management & Agriculture (DEMA)
1.14	22 - Climate Change & Resilience
1.15	31 - Fisheries
1.16	41 - Police
1.17	42 - Multi Cultural Affairs
1.18	43 - Justice - Secretariat
1.19	44 - Judiciary
1.20	45 - Border Control
1.21	46 - Correctional Services
1.22	50 - TVET
1.23	51 - Education
1.24	59 - Public Health
1.25	61 - Health
1.26	71 - Foreign Affairs - Secretariat
1.27	76 - Foreign Affairs- Geneva
1.28	77 - High Commission India
1.29	80 - Internal Affairs
1.30	81 - Community And Youth
1.31	83 - Media Bureau
1.32	84 - Lands & Survey
1.33	85 - Lands Committee
1.34	87 - People Living with Disability (PLD)
1.35	91 - Transport
1.36	93 - Maritime Transport
1.37	95 - ICT
1.38	97 - Telecom

Extrabudgetary Funds

2.01	Nauru Intergenerational Trust Fund (NTF)
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Social Security Funds

N/A

State Governments

N/A

Local Governments

N/A

State-Owned Enterprises*

- 6.01 Cenpac Corporation
- 6.02 Eigigu Holdings Corporation
- 6.03 Naoero Postal Services Corporation
- 6.04 Nauru Air Corporation
- 6.05 Nauru Ports Authority
- 6.06 Nauru Rehabilitation Corporation
- 6.07 Nauru Utilities Corporation
- 6.08 RONPHOS
- 6.09 Nauru Shipping Line

**Subject to the market test to determine market/non-market nature, when sufficient number of years annual reports available*

Public Financial Corporations

N/A

Accounting Practices

1. Basis of recording: BCG data are reported on a cash basis.
EBUs and public corporations report on accrual basis
2. Valuation of assets and liabilities: Financial assets and liabilities at nominal value.