

5 ODA Pre-Election Update

The Cook Islands Government (CIG) ODA chapter provides a summary of Governments planned expenditure programmes funded by development partners which were published in the annual appropriation in June 2017. This update reflects ODA estimated spends from July 2017 to June 2018. Current estimated spend for last financial year 2016/17 is reported at \$24 million which covers the period from July 2016 to June 2017.

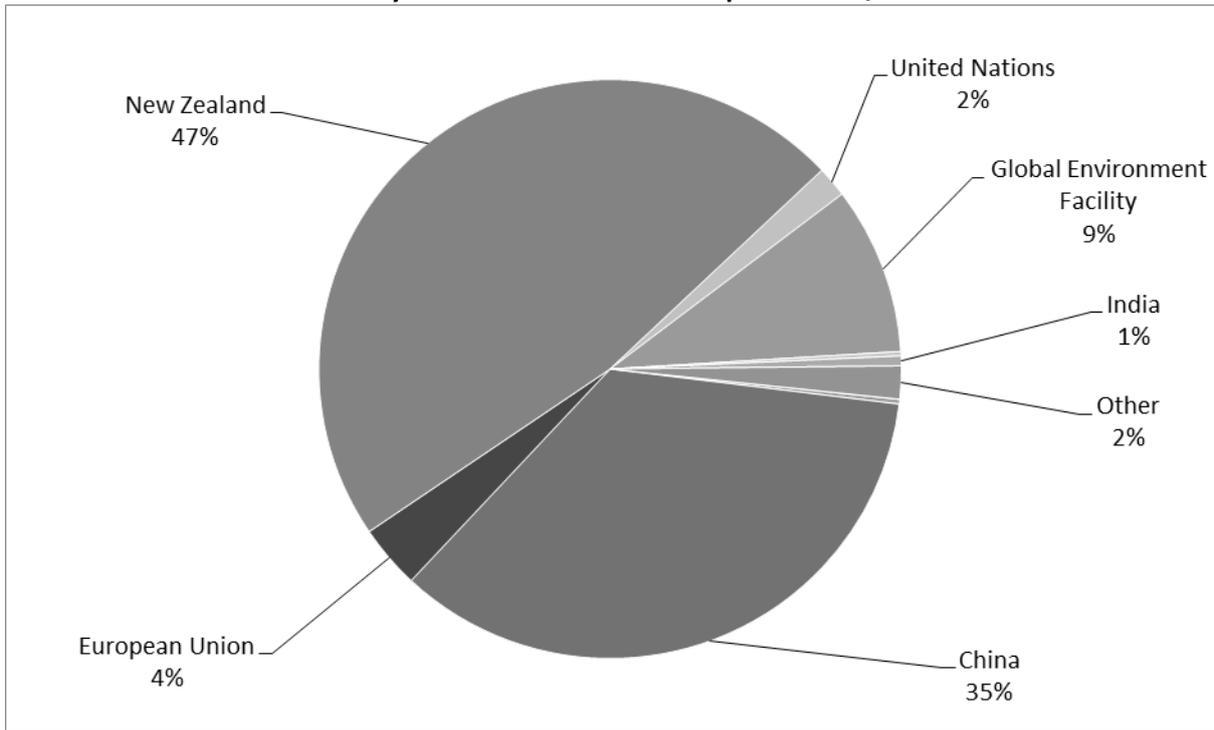
ODA was appropriated at the total value of \$78 million in the 2017/18 Budget published in June 2017 and year to date estimated expenditure spend to June is valued at approximately \$61 million, representing 79%. The estimated spend in this current financial year demonstrates the highest record that the Cook Islands has seen as a result of the successful completion of key programmes such as Renewable Energy in Northern Group, Tereora College, Apii Nikao, SRIC, Manihiki Lagoon Clean Up, Core Sector Support and continued positive progress implementation in Renewable Energy in Southern Group, Te Mato Vai, Mei Te Vai Ki Te Vai and Manatua Submarine cable and small grants programmes. To a large extent most of the Cook Islands development funds have been dedicated to support major infrastructure initiatives.

The CIG are actively working with its development partners to align grant funds to national priorities as stipulated in the National Sustainable Development Plan (NSDP). MFEM has undertaken an ambitious development agenda in the coming financial year with continuation of resources dedicated towards infrastructure implementation and assessing the implications of ODA graduation. The CIG also contributes towards ODA programmes through the exemption of taxes which is administered by DCD. This contribution to date is valued at \$2.54 million. This supports project implementation through the exemption on imported materials funded by grants as well as exemptions on value added tax for purchases of goods and services.

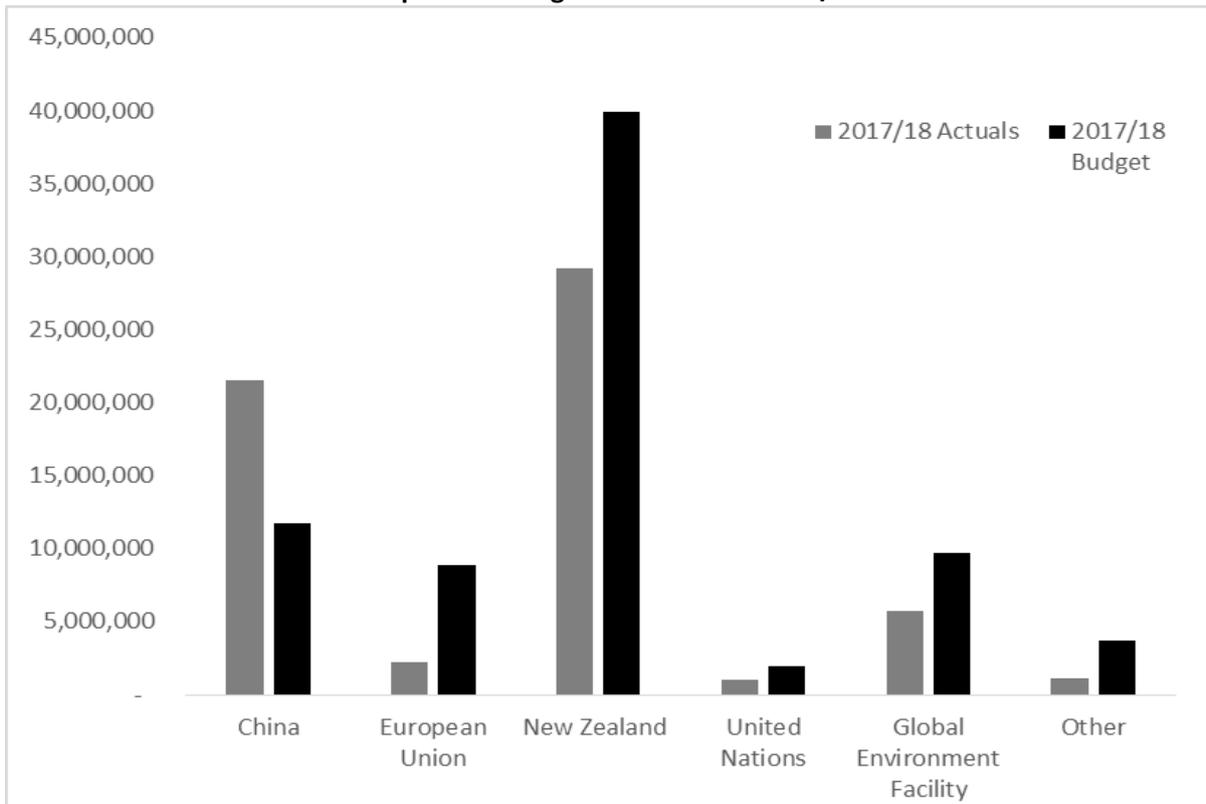
Table ODA Budget vs Actuals for 2017/18

Development Partner	2017/18 Budget	2017/18 Actual Spend	% of Spend Against Budget
Asian Development Bank	652,174	8,065	1%
Australia	226,591	157,047	69%
China	11,734,000	21,544,999	184%
European Union	8,902,092	2,179,925	24%
New Zealand	39,946,349	29,186,610	73%
United Nations	1,917,514	1,052,823	55%
Global Environment Facility	9,669,946	5,760,960	60%
Green Climate Fund	869,565	150,994	17%
India	260,486	335,619	129%
Other	3,684,395	1,132,456	31%
Total Budget	77,863,113	61,509,497	79%

ODA by Donor Contribution YTD Spends 2017/18



Graph ODA Budget vs Actuals FY 2017/18



ODA Graduation

Work is being undertaken by the Statistics Office to develop balance of payment data which will fill the gaps that the Cook Islands has in GNI data with the OECD expected to make a decision on our graduation status by early 2019. The Statistics Office is currently in discussions with Statistics New Zealand to organise the receipt of technical assistance for the balance of payments work. At this stage it is not clear whether the Cook Islands will graduate or not.

Further work is required to determine the likely impact of graduation but it is expected to be fairly limited due to the bilateral level of assistance currently received from OECD ODA countries such as Japan, Korea, the EU and Australia. This assumes that New Zealand's assistance to the Cook Islands is not affected by graduation status. It has been identified that potential areas that may be affected by ODA graduation status will be access to technical assistance and training opportunities given the international organisations' use of ODA higher income status as an assessment criteria for assistance. MFEM is still assessing the impact but it is envisaged that the Government will be required to undertake work on re-prioritising government expenditure should graduation occur. MFEM anticipates that access to technical assistance and training opportunities will be impacted significantly and requires assessing the fiscal impacts. The recent Joint Ministerial Forum meeting in Auckland also included dialogue on the Cook Islands interest in strengthening agency to agency relationships.

New Zealand remains committed to providing support in some form, post-graduation, with the level of assistance to be determined by the Triennium negotiations.

Core Sector Support (CSS) Budget and Triennium Funding with New Zealand

New Zealand is our largest development partner, and the Cook Islands have reached a stage where our bilateral relationship is maturing. The budget support type modality (Core Sector Support GFA) is progressing well and the preferred modality to implement the Cook Islands development programme going forward.

The Cook Islands currently also manages ODA from the EU (11th EDF) through the budget support towards the sanitation sector with the Ministry of Health. Main activities will include the continued policy dialogue on water and sanitation with the Government and sector.

The CSS makes up 32% of total New Zealand grant in the ODA schedule, and consist of four main outputs. The CSS Programme includes direct budget support to Ministry of Education, Cook Islands Tourism and the Ministry of Health. The investment is provided to improve indicators that directly relate to the NSDP of the Cook Island to which each of the respective agencies are required to report on annually. It is Cook Islands intention to advocate extending the support for health, education, tourism, and public financial management strengthening, to also include the other sectors, in a multi-year Grant Funding Arrangement. This would continue to demonstrate an endorsement and confidence in national systems, and simplify our bilateral and development relationship and allow us to focus on outcomes and results.

Output four is focused at providing Technical Assistance for all of Government. Priorities submitted for approval are endorsed by the National Sustainable Development Committee (NSDC). There have been several challenges mainly around the development of Terms of reference, procurement, local capacity however slight improvements have been realised over the last few months.

Current GFA will end June 2018 and confirmation on continuity has been indicated informally by New Zealand during the recent evaluation discussions. Preliminary outcomes of the evaluation suggest that the CSS is progressing well and final report will be reported upon in May 2018.

The triennium funding from New Zealand ends in June 2018 and the new triennium funding for the next three years will be announced in the coming financial year. Based on previous years the Cook Islands has received approximately \$45 million over three years towards the bilateral programme and this has also been supplemented by the transformational funds (Tereroa College, submarine cable) which sits outside the bilateral envelope. There has been a significant shift away from project support. Going forward, should the government of the Cook Islands and New Zealand negotiate a new higher support modality for the next forward aid programme, rather than focusing on a project-level oversight with multiple contracts for each project, the new agreement shall shift program oversight to the policy level through an annual high-level dialogue. The funding agreement should be focused on programmes at a larger scale compared to the smaller programmes we have funded under the previous development programmes.

National Implementing Entity (NIE) Accreditation to Climate Finance

The Cook Islands have been leading the way in the Pacific in achieving direct access to climate finance. Obtaining direct access to climate finance has been a long standing key priority for MFEM. The Cook Islands received financial resources from the Green Climate Fund (GCF) to strengthen capacity to access finance through GCF in 2016. The Cook Islands was the first country in the Pacific region and the first Small Island Developing State (SIDS) to receive such funding. Readiness one has been completed and the Cook Islands received subsequent readiness funds in 2017.

MFEM began the process of accreditation for direct access to the GCF in March of 2017. We are currently in Stage II (Step 1) Accreditation Panel Review stage. A national consultant was engaged to develop policies and guidelines for MFEM, such as anti-corruption small grants, environmental and social safeguards and anti-fraud policies. Additionally, funding was allocated and focused on developing the capacity of National Designated Authority (NDA) which in this case is the Office of the Prime Minister (OPM).

The Adaptation Fund accredited the MFEM as a National Implementing Entity (NIE) for the Cook Islands on 14 July 2016. Last month MFEM submitted fully-developed project “Akamatutu’anga kia Tukatau te Ora’anga ite Pa Enuu” Pa Enuu Action for Resilient Livelihoods (PEARL)” at the value of US\$3 million which was approved. Once again the Cook Islands were the first in the Pacific to receive fund through direct access from the Adaptation Fund. The implementation of such a large programme will commence in the new financial year once the structural framework has been established.

Manatua Cable

In early April 2017 an agreement with the Government of Niue, French Polynesia and Samoa was signed to facilitate the design, construction, operation and maintenance of the regional submarine cable system connecting these countries. The agreement also enabled the establishment of the Manatua Consortium to progress the project. In February 2018, bids were invited for the design and construction of the cable. Bidding closed in March 2018, followed by the bid evaluation. It is anticipated that a contract will be signed with the supplier in the second half of 2018.

For the Cook Islands, Avaroa Cables Ltd is the Manatua Consortium member. The Government of New Zealand has granted \$15 million to support the project, and a Grant Funding Agreement was signed between the Governments of New Zealand and the Cook Islands for the disbursement of the funds in April 2018. The Asian Development Bank has approved a OCR Loan allocation of up to US\$15million to assist in (a) financing the sections that connect Rarotonga and Aitutaki to the main section of the cable system; (b) finance construction of the landing stations in Rarotonga and Aitutaki, (c) finance the setting up a Project Management Unit (PMU) to support the implementing agency and (d) to co-finance the main section of the cable system proportionate with the Cook Islands’ share of the Manatua cable.

The cable is expected to be operational in 18 months following the signing of the supply contract coming into force. It is anticipated that \$1 million will be spent by the end of the financial year towards technical assistance to establish the institutional framework such as staffing structure.

Te Tarai Vaka (TTV) Activity Management System Simplification

The TTV is the CIG Activity Management System endorsed in 2014 to streamline approach to plan, implement and monitor programmes across government. The system consists of policies, guidelines and tools to support CIG commitment to transparent, efficient and effective use of tax payer funds and development partner assistance.

A consultant was engaged to review and simplify the TTV to better suit the needs of users and stakeholders. The review is now complete with technical assistance from local expertise, Voyager Group Consultancy. Together with a working group consisting of CIIC, OPM, OPSC, ICI and MFEM representatives, this work included a review to ensure that TTV is fit for purpose within the machinery of the CIG. TTV is now for use not only for ODA projects but also for CIG projects. The suites of about eight existing TTV policies have been merged to one TTV overarching policy with a process map for ease of referencing. The condensed version of the existing TTV templates and guidelines suite has been released for trial in November 2017. Training is in progress for key TTV users and already nine agencies including MFEM have had training in Dec 2017 and April 2018. Official endorsement for launch of the new and improved TTV will be on the MFEM website later in 2018. It is important that ongoing training for the new activity management system is embed to ensure active application of TTV processes, concepts and principals. The intention is the strengthen skills in the area of planning, risk management, monitoring and evaluation, results framework.

However, a key finding of the review is lack of streamlined approval processes for ODA and CIG programmes, at the national and political levels. Clarity is required as this impacts programme planning, implementation and reporting where there is no clear guidance as to when programmes are needed for the attention of the National Sustainable Development Commission, Infrastructure Committee, Budget Committee and such before going to Cabinet.

Te Mato Vai Mei Te Vai Ki Te Vai

Two of the largest infrastructure projects in the Cook Islands are managed by MFEM through a unique partnership arrangement. The context of both projects remains complex in the sense that MFEM relies to a large extent technical expertise and advice from its Project Management Unit which has been contracted to GHD Ltd.

The Cook Islands was one of the first countries in the world to enter into a tripartite development agreement with China and New Zealand through Te Mato Vai. There have been challenges in bringing three partners together with different approaches to development, however the core principle behind this relationship is partnership. Te Mato Vai stage one was predominately funded by a loan through Exim Bank. Although though Stage 1 has been completed, the CIG has not signed off on any official completion document. There has been issues identified where a Governance Group meeting in Auckland was held recently to address those issues.

The land issues that have risen throughout the project implementation phase have impacted the timeframe and total costs of the project. The revised total cost for the TMV project has increased by 27.5% which is currently valued at \$83.5 million. The delays in TMV have resulted in price escalation particularly in finalizing stage 2 construction contract and the identification of additional activities that were not originally included in the concept budget. On a positive note, stage two works is ahead

of schedule and progressing extremely well, it is acknowledged that McConnell Dowell has subcontracted local resources to a large extent and supporting the local economy.

Mei Te Vai Ki Te Vai is currently still in its planning phase. Rarotonga's sanitation sector have been the subject of several investigations over the last decade. These investigations resulted in a number of reports containing recommendations for upgrading sanitation infrastructure, which the CIG is currently looking into providing long-term plan for the Cook Islands sanitation systems.

MFEM is actively monitoring the financial management of both these key projects. The CIG have also dedicated resources to establish a Crown Corporate Entity which will become responsible to manage TMV and MTVKTV.

The narrative below provides a detailed update on specific donor programmes and key initiatives driven by the DCD.

5.1 NEW ZEALAND PROGRAMMES

5.1.1 Cook Islands Core Sector Support (CSS)

Implementing Agency: Ministry of Finance and Economic Management

Total estimated year to date spend is **\$12.1 million**

The goal of CSS is to enhance the Cook Islands self-sufficiency by enabling predictable, efficient and effective delivery of priority development objectives coupled with practical policy reform. The GFA goal aligns with our (recently-signed) Joint Commitment for Development (JCFD) objectives of improving economic growth, strengthening human capacity, and enhancing overall economic self-sufficiency. The CSS is progressing well and all funding has been to a large extent committed.

The Core Sector Support Grant Funding Arrangement (GFA) which replaces the PBBS was signed in November 2016 and is valued at \$20.1 million inclusive of funding allocated through the previous PBBS. It is allocated over the 2016/17 and 2017/18 financial year. It is also designed to assist the Cook Islands' in enhancing economic self-reliance into the future.

The Activity will provide:

- predictable funding for health and education to ensure the quality of core services delivered to New Zealand citizens;
- predictable funding to the tourism sector to maintain and safeguard economic growth; and
- funding for specialist technical assistance and/or to procure specific outputs relating to the implementation of the Cook Islands Public Sector Strategy and broader Public Sector strengthening and reform.
-

Expenditure on Outputs 1, 2 and 3 (Health, Education and Tourism) will be reflected in the 2018/19 Budget as funding is channelled directly to the national budget. An update on output 4 programmes is provided below.

Total estimated spend to date for overall core sector program is inclusive of direct budget support to Ministry of Education, Cook Islands Tourism and the Ministry of Health.

Phase 4 Implementation of the Revenue Management System (CUSMOD):

The project was successfully completed within budget and within the timeframes, a completion report was produced by both the supplier Data Torque as well as the MFEM - Revenue Management Division using the recently updated TTV templates. There have been no issues identified to date with the system.

Financial Management Information System (FMIS):

The Cook Islands FMIS project management unit (PMU) are undergoing final recruitment of the team and are working to meet the targeted User Acceptance timeframes which begins in April 2018. A reallocation of funding was made to accommodate the online companies registry project. This will not affect the overall project funding.

Online Companies Registry:

Expected remaining work program cost increase from \$0.2 million to \$0.6 million to be covered by New Zealand in full. Initial meetings have been held between PSDI, ADB and stakeholders. Confirmation on the project specifics has been made and procurement is now underway with the contract award likely to take place in early June. The estimated project timeline is 12 months.

Audit House Keeping TA:

This TA is still on-going, positive feed-back from the Audit Office as well as the Crown Division within Treasury is being reciprocated, the set targets for Audit completion dates are being revised to shorter timeframes. An updated bi-monthly report will be provided at the end of the month to report on which ministries were provided with Audit housekeeping.

Ministry of Transport Aviation International Compliance:

In addition to the engagement of a Fixed Term Director of Civil Aviation (DCA), the Pacific Aviation Safety Organisation (PASO) has been engaged to review and update civil aviation rules for the Cook Islands; this is aimed to be completed in the last quarter of this financial year.

A request for extension of the DCA TA has been pushed through the local budget appropriation; work is still being done on the long term organizational structure of transport with regards to Aviation.

Occupational Health and Safety Legislation Review:

Tender for legislative and policy review and drafting has been awarded to Shaw PTY with the Awareness Campaign contract awarded to Fuchs Creative & Art Director. The contract signing for both contracts for services is complete. Shaw PTY are expected to be in country in May 2018 to begin their Work Plan and research work while Fuchs is based in-country and will begin in liaising with Shaw PTY.

Prison review and warden training:

Engagement has progressed between NZ Corrections and MFAT who have both agreed to a high level engagement framework and consultation with the Deputy National Commissioner, final approval of these is expected in April 2018. NZ Corrections will seek Ministerial endorsement on a partnership with Cook Islands Ministry of Justice. A team from NZ Corrections is expected to be in country by June 2018.

Asset Management Stock-take:

Procurement is underway with NZ. The Tender Evaluation Team which includes representatives from the CIG Government and NZ who will assess tender evaluations and look to contract award is expected for mid-May 2018.

Foreign Direct Investment (FDI):

The contract signing is complete and the TA is scheduled to begin work in May 2018, with completion expected end in July 2018. The TA will be managed by the Economics division within MFEM.

Ministry of Transport Maritime International Compliance

The contract for services has been negotiated with the successful supplier, GHD Ltd. The Work programme is expected to begin in May 2018.

Fixed Term Maritime Technical Manager

The recruitment process is complete and the successful applicant has been notified with contract signing expected to take place during the week of 16 April 2018.

Resourcing for CIG Annual Audit backlogs:

The Terms of Reference has been approved by New Zealand with the recruitment of fixed term CA expected in the months of May 2018. Funding for Capacity building components will be managed by DCD through reporting requirements.

ODA graduation

The Project TOR has been forwarded to NZ Statistics for input as the contract is likely to be arranged between MFAT and NZ Statistics. In the meantime, MFEM is looking at other options should the TOR approval be delayed.

Public Expenditure Reviews of the economic, social, and environmental sectors:

The contract signing is complete with the project starting in June 2018, the completion date is aimed for March 2019.

Evaluation of Core Sector Support

An evaluation of the Core Sector Support was commissioned by the NZ MFAT which began on 9th April with a series of interviews with all stakeholders involved. The evaluation team was made up of 2 representatives from MFAT, 1 from the Cook Islands and 1 independent consultant from New Zealand. The interviews ended on Friday 13th April and a preliminary update of findings was reported back to MFAT, MFEM and OPM. The final findings of the Evaluation is expected to be complete by the end of April and the report will be circulated to all stakeholders involved. The preliminary findings were very positive overall, the next steps will be to ensure all recommendations and feedback during the evaluation process is integrated into the next core sector support grant funding agreement for the next financial year.

5.1.2 Tereora College Redevelopment (Phase 1)

Implementing Agency: Cook Islands Investment Corporation

Total estimated year to date spend is **\$2.56 million**

The redevelopment plan for this project was approved by Cabinet in February 2016 with the support of the staff and students of the college, landowners and the community.

In November 2016, construction work began and this was completed before the start of the 2018 school year. Redevelopment of the college and the delivery of Stage 1 was designed and built by Cook Islanders for Cook Islanders.

The official opening and handover ceremony was held in March 2018 and was attended by the Right Honourable Prime Minister Jacinda Arden of New Zealand and her delegation, staff and students, landowners and the wider community. This was New Zealand's 50th anniversary gift to the Cook Islands funded through the transformation funds.

Two buildings were presented; the Technology Centre which acts as a hub for technology creativity and the Student Research/Administration building as the heart of the college. In addition to providing tutorial spaces, support services, administration offices and a library, the building houses a Seminar room – the first of its kind in the country.

The new buildings incorporate climate adaptation and mitigation measures where feasible. The College buildings and facilities are on track to becoming fit-for-purpose and responsive to the demands for innovative learning environments that support the evolving learning and teaching practices. Throughout the project, CIIC provided up to date progress to the wider community and social network on their Facebook page [Tereora College Redevelopment Project](#).

New Zealand construction funding for this project was approximately NZD\$11 million with the CIG contributing the rest. The final completion report for the programme will be completed by the end of the financial year.

5.1.3 Manihiki Lagoon Clean-Up

Implementing Agencies: MFEM, MMR and Manihiki Island Government

Total estimated year to date spend is **\$0.10 million**

The Manihiki Lagoon Clean-up project was successfully completed in August 2017. The final completion reports from the contractor, project manager and Manihiki Island Government were received and accepted by DCD. This project was designed to remove abandoned pearl farming materials and other waste products from the lagoon in an effort to improve pearl production and quality.

A total of 33 farms were cleaned with a total of 232.8 tonnes of materials removed which was made up of 67.7km of ropes and 8,841 floats. The bulk of the waste removed were ropes and floats with bio-fouling growing on them. Other materials removed were roofing iron, tyres, household utensils, plastic piping and kerosene stoves.

The dive team worked for 90 days on the lagoon. The work programme was well planned and implemented efficiently and effectively. The volume of materials removed averaged over 2.5 tonnes a day.

Some of the positive results of the project include:

- The removal of the abandoned materials and the bio-fouling growing on those materials, which has reduced the competition for food for the pearl oysters.
- Active farmers are wanting to expand in to some of the cleaned up areas
- An upskilling of the Manihiki residents involved with the project. Seven divers achieved advanced open water certification.

Public consultation as well as public awareness programmes were conducted throughout the project implementation period. The Manihiki Island Government (MIG) were the point of contact for farmers who were listed on the abandoned farms list for any enquiries or issues. Any objections were resolved by the MIG.

All stakeholders involved in this project established a good working relationship and worked in harmony. The MIG now own the equipment used for the project and the trained divers, so are capable of completing the removal of debris on all remaining abandoned farms in the Manihiki lagoon.

5.1.4 Mei te Vai Ki te Vai (MTVKTV) Project

Implementing Agency: Ministry of Finance and Economic Management

Total estimated spend to date is **\$3.04 million**

The project name stands for “From Water to Water”, capturing the importance of effective sanitation practices which affects the quality of the lagoon waters.

Muri Lagoon is contaminated by sediments and nutrients that impact water quality, ecosystem diversity and its appearance. The purpose of the Mei Te Vai Ki Te Vai project is to improve the water

quality of the lagoons in Rarotonga and Aitutaki for the benefit of our health, environment and economy. Mei Te Vai Ki Te Vai project aims to collect wastewater from domestic and commercial properties, and feed it through a network of pipes, pump stations and other infrastructure to a single point for treatment and then disposal. This will treat wastewater on a larger scale and reduce the impact of wastewater on the natural environment.

The project includes the following target outcomes progress to date:

Master Plan and Road Map

Water pollution caused by increasing population and development pressure is contributing to degradation of tourism amenities (lagoons), catchments and freshwater in Rarotonga. Although the relative contributions of pollution sources are currently under investigation, the degradation has created an urgent need to address these sources, including wastewater from sanitation systems.

The purpose of the Master Plan is to provide long-term planning for the Cook Islands' sanitation systems, including a programme of infrastructure and institutional interventions. A draft has been submitted to CIG, with ongoing one on one consultation with relevant Stakeholders.

Environmental investigations and monitoring

The environmental investigations by GHD, University of New South Wales, Southern Cross University with assistance from the Ministry of Marine Resources, aim to provide adequate quality data to help identify and develop the best technical solution to the environmental problems at Muri Lagoon.

The investigations are looking at the source and type of nutrient and sediment levels, their transport patterns into the lagoon, and how they behave in the Lagoon. This will include examining groundwater flow paths, streams and discharges from land-based activities, including wastewater. This work is currently underway in Rarotonga with Aitutaki to commence early May this year.

Wastewater Infrastructure

Designs are in progress for wastewater infrastructure, specifically a Muri/Avana area reticulation system. The purpose of the reticulation system is to collect wastewater (from toilets, sinks and other drains) from properties and feed it into a network of pipes, pump stations and other infrastructure to transport it to a single point (off-site). This will help to better treatment of wastewater on a larger scale and reduce the likelihood of overwhelming amounts of nutrients in the soil.

Muri Wastewater concept design

A Concept Design is the first step to designing the wastewater infrastructure. The concept design stage looks at technical issues and options at a high level to develop the most appropriate approach. As part of the concept design work, we considered a wide range of potential options for wastewater disposal. Not all options are suitable in the context of the Cook Islands, and not all options are equal. Following community consultations it has been identified that there are two possible ways to dispose of treated wastewater in Rarotonga – either onto land, or into the ocean. A draft has been submitted to CIG.

Early Mitigation

Completing new wastewater infrastructure will take time, and it will also take time for water quality in the lagoon to improve. This is why it is important to plan early measures alongside a new wastewater system. Early mitigation measures are actions we can implement in the short term to help alleviate some of the issues.

Among the early mitigation measures considered to alleviate the deteriorating condition of the lagoon water quality. Proposed Dredging of sediment in order to improve flushing in the lagoon and reducing the favourable conditions for algae growth.

Sediment removal - Sediment accumulation hinders adequate flushing of lagoon water out to the ocean, therefore influencing the poor water quality in the lagoon in Muri. Together with the community, we have identified an opportunity to remove some of the sediment

Riparian planting - Working closely with the Ministry of Agriculture, Ridge to Reef team and others to progress the planting around streams. This is to reduce the sediment and nutrients entering the streams and ending up in the Lagoon.

Establishment of a Water and Wastewater Authority

To date, CIIC has formed a transitional company, pending the establishment of a dedicated crown corporate entity that will be responsible for the provision of drinking water and wastewater services in Rarotonga. CIIC has established a Board for the Ta Tou Vai (company), which they are currently recruiting for a CEO.

Community and Stakeholders

Ongoing Community Consultation with the Public informed every step of the way

5.1.5 Te Mato Vai (TMV)

Implementing Agency: Ministry of Finance and Economic Management

Total estimated spend to date is **\$10.05 million**

The purpose of the Te Mato Vai project is to replace Rarotonga's aging water network, improve storage and introduce treatment to provide our people with clean and reliable drinking water (potable). The following are project activities progress to date:

Stage 1

New Ring Main Construction

Overseas based contractor CCECC Ltd completed the Stage 1 Ring main Construction Works in December 2016.

Ring Mains Commissioning

The wider stage 1 commissioning contract was awarded to Land Holdings Ltd, where the new ring mains are connected to the existing sub mains. Work commenced early this year with the DCD-MFEM Project Management Unit (PMU) supervising this work.

Stage 2 works contract

Construction Contract

Overseas based contractor McConnell Dowell Ltd was awarded the Stage 2 Contract. McConnell Dowell are now fully mobilized with Stage 2 construction currently underway.

Land Negotiation support

Landowners meetings are an ongoing process, as the CIG works toward obtaining consent from landowners to enable site preparations.

New Zealand Funded Scholarships

Implementing Agency: Ministry of Internal Affairs

Total estimated spend to date is **\$0.06 million**

These cover Tertiary Scholarships NZ, Tertiary Scholarships Pacific Regional, TPD: Training and Professional Development and Commonwealth Scholars these are recorded as 3rd party grants as they are managed directly by New Zealand.

5.2 EUROPEAN UNION PROGRAMMES

5.2.1 EU Budget Support

Implementing Agency: Ministry of Finance and Economic Management

Total estimated spend to date is **\$0.02 million**

The European Union (EU) continues its funding support via the budget support modality. The 10th cycle of funding (EDF10) has now concluded with focus moving to the 11th cycle (EDF11) of funding to continue with its incentivized budget support to allocate funding using national systems up until the year 2020.

The focus of the 11th EDF funding will continue to improve the Sanitation Sector, this was ratified through the signing of the Financing Agreement (EDF11) in September 2017. The CIG will be receiving a fixed tranche of EURO 1.35 million for budget support for the Sanitation Sector. A further EURO 0.05 million has been earmarked for evaluation of the effectiveness of the program. These funds are estimated to be accessed in the 2019/20 financial year, and have been targeted for the Ministry of Health to support programmes in sanitation. Particularly related to resource mobilisation, sanitation upgrades, strengthening compliance and capacity building. It has been agreed that the primary focus of this program would be to assist in reviewing and making more robust plans to upgrade sewerage systems by commercial properties in compliance with the regulations (2014) established by the Ministry of Health.

The EU funded two TA programmes under the 10th EDF. The first TA proposal relates to interdisciplinary studies to be carried out on the Muri Lagoon area, this programme is expected to be completed in the second quarter of the financial year. The second TA for feasibility studies for a Centralised Laboratory on Rarotonga was completed with the Central Lab Implementation Plan and Feasibility Studies report endorsed by the relevant agencies in the last quarter.

5.2.2 EU Partnership Multiyear Fisheries Policy Support

Implementing Agency: Ministry of Marine Resources

Total estimated spend to date **\$0.59 million**

The Sustainable Fisheries Partnership Agreement includes an annual fisheries sector contribution of EURO 0.35 million by the European Commission under the four year protocol. The policy sector support is channelled through the Multi-Annual Sectoral Support Programme. During the first year of implementation, the Ministry of Marine Resources (MMR) implemented 15 out of 16 of the programmes in the 2017 Multi-Annual Matrix. During the Joint Committee meeting in Brussels in January, the EU approved disbursement of the second tranche of the protocol which was received by the CIG in February 2018 for MMR to continue implementation of programmes in the matrix.

5.2.3 EU-GIZ ACSE Northern Island Water Project Phase II

Implementing Agency: Office of the Prime Minister

Total year to date spend is **NZD \$0.36 million**

The EURO 35.5 million Regional European Union (EU) programme Adapting to Climate Change and Sustainable Energy (ACSE) is funded out of the 10th EDF.

This project aims to improve the resilience of Nassau, Penrhyn and Palmerston to natural disasters (including drought proofing) by increasing their capacity to collect, store and manage their precious water resources. The supply and construction works is carried out through a partnership relationship between the Office of the Prime Minister, Infrastructure Cook Islands, Island Governments and the Island Communities of the Northern Cook Islands.

The total cost of this project is EURO 0.40 million. Two separate tenders were carried out, the first being for the supply and delivery of water catchment materials Section 1 – Building Materials and Section 3 – Tank Sealing Compound was awarded to Cook Islands Building Supplies. Section 2 – Aluminium Roofing was awarded to Cook Islands Trading Corporation Limited. The second tender for the design, fabrication, delivery and installation of tank lids which was awarded to a local based company, Tango Boats.

The first milestone payment of 50% of the total contract was disbursed in December 2017. It is expected that implementation of the project may be delayed up to 6 weeks due to the uncertainty of shipping to the Northern Islands, as a result, this may cause delays of the overall completion of the project.

5.3 Secretariat of the Pacific Communities (SPC) Programmes

5.3.1 Cook Islands Household Income & Expenditure Survey

Implementing Agency: Ministry of Finance and Economic Management

The overall level of activity in the economy is closely aligned with domestic consumer activity. Household Expenditure Survey results will provide updated information about the ability of individuals to consume goods and services, spending patterns, availability of goods and services to the consumer and the means to acquire them.

Household Expenditure Surveys (HES) are conducted at irregular intervals due to high costs involved with the last one conducted in 2005-2006. Statistics Office, MFEM on behalf of CIG conducted the fourth Cook Islands HES in November 2015. A wide range of demographic information, private dwelling information as well as detailed level of expenditure for households were collected. All required field operations for this one year data collection activity are completed. This is the most resource intensive survey which requires visits to households throughout the Cook Islands over a two week period rather than one visit like the Census.

Data entry and verification of data collected is also in process and continues to be in collaboration with the Statistics Programme at SPC. Thereafter survey results target release date is for Quarter 3, 2018.

5.4 UNITED NATIONS ADMINISTERED PROGRAMMES

FAO Improved production, processing and marketing of agricultural produce

Implementing Agency: Ministry of Agriculture

The actual title for this FAO programme should be FAO Multi Country Programming Framework (CPF) 2013-2017 – not the above as published in the National Budget ODA Schedule FY2017/18. This programme began in 2013 and ended in December 2017. Project activities reporting is only for that through Ministry of Agriculture.

For 2013-2017, the focus under the Pacific Multi Country Programming Framework (CPF) was to improve agriculture produce supply chain and increase households engaged in agriculture for own use and for sale. The 2013-2017 CPF project completion report for projects that have ended since 2013 have been published by FAO aligned with FAO annual publishing timelines with publication pending for 2017 project activities completed.

The Cook Islands benefits from this regional programme through its national programmes for Technical Cooperation Programme (TCP) and Telefoods Projects. For 2017, there are four key projects including the review and redraft of the Ministry of Agriculture Act 1978. Improving the

capacity of domestic farmers and agro-processors to supply the domestic markets with safe and nutritious foods have been the priority for this programme. Projects completed include: Cultivation of Pitaya (dragon fruit for food security on Rarotonga and the Pa Enea (US\$9,811); Establishment of back yard gardens for food security programme (US\$8,295) and Nursery and shade house for production of vegetable seedlings, fruit trees, flowering trees and plants, medicinal trees and plants for sustainable and self-sufficient food security (US\$9,281).

In progress now with Ministry of Agriculture and FAO are negotiations in priority areas in time for activation in 2018. The next CPF will run for five years (2018-2022).

FAO Regional Funding

Implementing Agency: Ministry of Agriculture

Apart from the above national FAO programme, the Cook Islands continues to also have access to regional FAO Technical Cooperation Programme primary the project for Strategies and capacity building in Pacific SIDS to address Climate Change Impacts on Jurisdictional Claims.

The Cook Islands has also accessed the FAO Trust Fund Projects through the Chamber of Commerce programme for Training of young farmers towards farming for business.

FAO has also provide capacity building and support to ensure Cook Islands political and operational level attendance at regional and international meetings and teleconferences in the area of agriculture and fisheries.

GEF Small Grants Programme

Implementing Agency: Cook Islands Red Cross Society

Total estimated spend to date is **\$0.29 million**

The Cook Islands Global Environment Facility (GEF) Small Grants Programme (SGP) was established in 2005 and until 2015 was part of the SGP Samoa. As of late 2014, The Cook Islands Red Cross Society now serve as the SGP host institution with the GEF SGP Cook Islands now a separate programme. Cook Islands Red Cross is the only agency outside of the public sector reporting administration of a development programme targeted at Cook Islands Civil Society Organisations as small environment projects executing agencies.

In progress for implementation are Operational Phase 5 approved projects and the Operational Phase 6 (OP6) country programme strategy (Jul 2017 – Jun 2018). OP6 aims to “effectively support creation of global environmental benefits and the safeguarding of global environment through community and local solutions that complement and add value to national and global level action”. Focus of support for community based organised activities are on conservation of biodiversity, waste management, prevention of land degradation, capacity building and awareness programmes to address climate change through community based support. OP6 budget funds are estimated at US\$0.25 million.

Green Climate Fund Readiness

Implementing Agency: Ministry of Finance and Economic Management

Total estimated spend to date is **\$0.15 million**

The Cook Islands have been successful in accessing readiness support from the Green Climate Fund. The first readiness fund commenced in May 2016 and came to an end in August 2017. The main area of focus for the first readiness support was strengthening the National Designated Authority and the Ministry of Finance and Economic Management.

In October 2017, the Cook Islands received a second round of readiness support of funds to carry out the 3 core areas below:

- to continue to strengthen the National Designated Authority,
- to develop a Country Programme, and
- to support MFEM in gaining direct access to the fund.

The readiness 2 programme commenced with the launching of a consultation stakeholder meeting including the Pa Euna island representatives. This workshop is named the “Green Climate Fund Fostering Resilience” and took place on Friday 27th October. The main outputs of the national workshop was too review the project proposal ideas that were developed during the May 2016 Brilliant Resilient workshop in the context of the GCF with the hopes of;

- Identifying if they are still relevant;
- Determining if they should be included in the GCF Cook Islands Country Programme;
- Refine the project proposal ideas.

In addition, this workshop hoped to improve our stakeholders understanding of:

- What the GCF is;
- What has currently taken place to date under the GCF at the national level with regards to accreditation and readiness support;
- Provide clarity on the process to access GCF funds;
- Provide clarity on the development of a GCF Country Programme.

The readiness funds have also provided employment opportunities for 5 funded consultancy positions and to date these roles listed below have been successfully filled through the Cook Islands procurement system which has resulted in a speedy implementation of the activities within the programme:

- Climate Change Development Programme Manager within DCD, MFEM
- Climate Change Programme Assistant within DCD, MFEM
- Country Programme Consultant
- Climate Change Policy Consultant
- Communications Consultant

The most significant piece of work that the GCF team within MFEM have been working on for this readiness programme is gaining accreditation to the GCF. The MFEM have hired a dedicated consultant who has been working closely with the GCF Climate Change Development Programme Manager and Climate Change Programme Assistant at MFEM in submitting the accreditation application to the GCF. The first official MFEM application for accreditation was submitted to the GCF in September 2017 and feedback provided to MFEM from the GCF suggested for systematic strengthening in the areas of Gender Policy, Anti-corruption, Environmental and Social Safeguards, Grants Award System and Grievance Mechanisms. To date, these areas have been strengthened and the final updated accreditation application will be submitted to the GCF secretary for review by the 20th April 2018 ready for the GCF board’s consideration in their upcoming board meeting scheduled for June 2018. If the MFEM are successful in gaining accreditation to the fund, the Cook Islands will be eligible to access up to US\$50 million in climate finance through the GCF.

UNDP Ridge to Reef

Implementing Agencies/Ministries: National Environment Service, Ministry of Marine Resources, Ministry of Agriculture, Cook Islands Tourism, House of Ariki, Marae Moana
Total estimated year to date spend is **\$0.94 million**

The Ridge to Reef project will enhance the Cook Islands capacities to effectively manage its protected area estate and sustainably manage its productive landscapes at local scales while taking into account food security and livelihoods, including operationalisation of the CIMP and the

establishment and strengthening of various forms of protected and locally managed areas within the CIMP, including Protected Natural Areas, Community Conservation Areas and Ra'ui Sites.

Although the project commencement date was delayed, major activities have been conducted and continue to be implemented by all stakeholders involved. The Mid Term Review was conducted in November 2017 with finalisation yet to be completed by the Biodiversity Steering Committee (BSC). UNDP also completed its' Project Implementation Review with an overall rating of 'moderately unsatisfactory' highlighting key areas for improvement. Also, in February 2018, UNDP Internal Control Audit of National Environment Services was carried out by the Cook Islands National Audit Office.

Other major highlights over the past 12 months include the Marae Moana Act 2017 which was passed in Parliament on 12th July 2017. This Act ensures that all agencies must report activities and the linkages to the achievement of the Marae Moana. The Terms of Reference continues to be developed for the production of the Marae Moana outlook report and communications strategy facilitator as well as Technical Assistance for cost benefits analysis of sustainable financing mechanism.

UNDP Adaptation Fund Strengthening the Resilience of our Islands and Communities to Climate Change (SRIC)

Implementing Agency: United Nations Development Programme (UNDP).

Total estimated spend to date is **\$0.97 million**

The SRIC Programme is coming to an end with the official end date scheduled for May 2018. The programme has been a huge success and has delivered on all the activities stipulated in the project document. The programme has impacted largely on vulnerable communities in the Pa Enea (Outer Islands) in helping these small islands adapt to climate change and be ready to respond to the effects of climate change.

The programme is currently in the process of paying out all final contractual milestones to complete and close off existing projects in the pa enua.

A terminal evaluation will be taking place at the end of April 2018 and a completion report of the entire programme will be developed and shared publically.

Pa Enea Action to Resilient Livelihoods "Akamatutu'anga kia Tukatau te Ora'anga ite Pa Enea" – (PEARL)

Implementing Agency: Ministry of Finance and Economic Management

The Cook Islands received accreditation status through the Ministry of Finance and Economic management as the National Implementing Entity (NIE) with the Adaptation Fund in July 2016 and have since then been working on a project proposal to address the impacts of climate change in the Pa Enea called the Pa Enea Action to Resilient Livelihoods (PEARL). The MFEM project was recently approved by the Adaptation Fund board in March 2018.

Pa Enea Action to Resilient Livelihoods "Akamatutu'anga kia Tukatau te Ora'anga ite Pa Enea" – (PEARL)

Implementing Agency: Ministry of Finance and Economic Management

In March 2018, the MFEM as the only Cook Islands NIE under the Adaptation Fund were approved US\$3 million to implement the PEARL project. The objective of the programme is to "build and implement an integrated approach to further increase the adaptive capacity of remote island

communities and ecosystems to disaster risk and climate change impacts” in the Pa Enuu. The project is estimated to commence in the latter half of 2018 and end in September 2021 and is the very first project to be implemented through a Cook Island National Implementing Entity, the MFEM.

UNDP Nagoya Protocol

Implementation Agency: National Environment Services

Total estimated spend to date is **NZD\$0.42 million**

The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilisation (ABS) to the Convention on Biological Diversity is a supplementary agreement to the Convention on Biological Diversity. Its objective is the fair and equitable sharing of benefits arising from the utilisation of genetic resources, thereby contributing to the conservation and sustainable use of biodiversity.

The Cook Islands Audit Office conducted an Audit on NES projects including Nagoya Protocol, Ridge to Reef and National Biodiversity Planning to Support the implementation of the CBD 2011-2020 Strategic Plan in the Cook Islands. The Mandatory Project Implementation Review (PIR) has also been completed for the Nagoya Protocol project.

An unsatisfactory rating was noted in the PIR and progress to June 2017 is sufficiently off track by project closure date of 05th July 2018. In order to achieve significant project milestones, the project will need to be extended by 12 months to compensate for the excessive time taken to procure a Project Coordinator. In addition, the delays in development of the legislation and regulatory framework under Component 1 has affected the implementation of much of the project as many activities particularly Component 2 rely on this policy and legislation being finished in order to proceed. Technical assistance has been sought from UNDP’s Global ABS project to support the national consultant/s on ABS policy.

Progress has been made under Component 3 such as agreeing in principle on a benefit sharing mechanism between the Koutu Nui, CIMTECH/Matheson Enterprises and partners and agreeing on the Raui Network Trust Fund in concept, which will be established once the policy and legislation is in place.

UNDP National Biodiversity Planning to Support the implementation of the CBD 2011-2020 Strategic Plan in the Cook Islands

Implementing Agency: National Environment Services

Total estimated spend to date is **\$0.05 million**

The 5th Draft National Report to the convention on biological diversity is now prepared for Cabinet Submission and will be going through the endorsement process. This was based on the feedback from the NBSAP workshop last quarter as well as one on one meetings held.

The current consultancy that NBSAP have with Maureen Hilyard on the Cleaning House Mechanism is still in progress. A framework for the Biodiversity CHM is available but still needs input from key Biodiversity stakeholders to share and update information/links as well as media releases. It is expected that this work would be complete by Quarter 4.

NBSAP is reaching the project closing phase with only 10% of funds remaining which will be returned to UNDP to continue expenditure on behalf of NES via direct payments with UNDP. Funds have already been committed to ongoing activities such as the completion and printing of the final NBSAP document.

UNDP Pacific Regional Ridge to Reef

Implementing Agency: Infrastructure Cook Islands

Total estimated spend to date is **\$0.04 million**

Infrastructure Cook Islands (ICI) have appointed a Project Manager for the Pacific Regional Ridge to Reef project. This project is a test site of Muri Lagoon/Area under the Regional programme. A GEF Ridge to Reef Programme, Regional Programme Steering Committee meeting was held in Tonga from 31st July to 04th August 2017. This project is testing the integration of water, land and forest and coastal management to preserve ecosystem services, store carbon, improve climate resilience and sustain livelihoods in Pacific Island Countries. The meeting was held to ensure harmonisation of the R2R Star with that of the R2R IW programme represented by Programme Manager and ICI Secretary.

UNDP Preparation of the Third National Communication under UN Framework Convention on Climate Change (UNFCCC)

Implementing Agency: Office of the Prime Minister

Total estimated spend to date is **\$0.07 million**

The last two quarters have been difficult for the Cook Islands Third National Communications (TNC) report. This is due to several reasons. There has been difficulty in Funding tranche request delays as the TNC has only received one tranche of funds for the year 2017 which has delayed a lot of the work for 2017 for the TNC. There is a lack of Communication from UN Environment, Nairobi Office (UNEP). There has mostly been a lack of communication from the UN Environment office. The project coordinator and CCCI ensure that quarterly reports, expenditure reports and any documents/correspondence are relayed onto the UN Environment office. The office in return receives little feedback or no communication at all. However, progress to date include the TNC extension for June 2019 and funding request .Project coordinator and Climate Change officer have prepared the necessary extension documents and are currently with COS for final comments and approval.

World Health Organisation Technical Cooperation Biennium Budget Support

Implementing Agency: Ministry of Health

Total estimated spend to date is **\$0.21 million**

The Cook Islands country budget allocation support agreed priority programmes (Categories 1 to 5 excluding Polio and Outbreak and crises response) for the 2016-2017 biennium is US\$0.38 million human resources development including fellowships aligned to the Clinical Workforce Development Plan utilise 50% of the total budget. With the remaining 50% focusing towards Communicable Diseases, Non-communicable Diseases (implementation of National Health Strategy and the National Strategy and action plan for NCDs) Promoting Health through Life and Preparedness Surveillance and Response.

Review and the development of new National Health Strategy has been completed with emphasis on avoiding duplication of effort especially in the water and sanitation areas with WHO identified to provide technical assistance.

5.5 INDIA GRANT FUND

Implementing Agency: Ministry of Finance and Economic Management

Total estimated spend to date is **\$0.33 million**

A total of \$0.96 million was granted for the 16 approved grassroots projects of India Grant Fund 2016/2017 Round. The main focal area of the grant funding from the Government of India is to

support, promote, and/or develop social, economic and/or cultural and development cultural, economic and social development and sustainability. An additional prerequisite was the alignment to Te Kaveinga Nui Framework National Sustainable Development Plan 2016-2020.

Out of the 16 approved projects, 7 projects have been completed to date. The remaining 9 projects are still being implemented and progress reports are provided according to Grant Funding Arrangement requirements. It is envisaged that these projects will be completed before the next round of funding begins in the latter half of 2018.

5.6 KOREA GRANT FUND

Implementing Agency: Ministry of Finance and Economic Management

The Republic of Korea Government has allocated Official Development Assistance (ODA) through the Korean Small Grants Programme to the Cook Islands for amounts up to US \$0.2 million annually.

The Cook Islands proposal under the 2017/18 funding round for a medical waste incinerator for the Rarotonga Hospital was approved by the Korean Government in February 2018. The CIG were able to procure an invoice for the incinerator well below the value of the grant and have therefore put forward a request to the Korean Government for consideration of an additional two incinerators. The value of the invoices submitted to the Korean Government is US\$0.15 million.

DCD is waiting on final confirmation from the Korean Embassy if this request has been approved.

5.7 JAPAN PROGRAMMES

These are programmes other than the \$0.55 million Grant allocated towards the Cook Islands Renewable Energy sector programme through the Pacific Environment Community (PEC) Fund with regional agency Pacific Islands Forum Secretariat (PIFS). Also part of the Japan funding is the JICA training and development programme with an allocated funding of \$0.01 million.

Non Project Aid Grant Programme: Palmerston Island multipurpose Cyclone Centre

Implementing Agency: Ministry of Finance and Economic Management

In 2014, the Government of Japan allocated Grant towards the Te Aponga Uira Fuel Project with remaining funds of \$1.3 million towards the construction of the Palmerston Island Cyclone Centre. Project executing agency, Infrastructure Cook Islands is the process of procurement of goods and services for the construction of this Centre and in collaboration with Palmerston Islands Government, Office of the Prime Minister and Cook Islands Investment Corporation.

Economic and Social Development Programme

Implementing Agency: Ministry of Finance and Economic Management

The Government of Japan have endorsed project concept approval and grant fund for two hundred million Japanese Yen (JPY200,000,000) for this programme. This includes endorsement by both parties for the procurement of imported Japan made goods for this project. However, official project agreement signing by both parties are hold until the next financial year.

This is a new grant programme to equip public sector agencies in the delivery of infrastructure rehabilitation projects. This project is for importation of goods for civil engineering plant/equipment, tractors, and agricultural machinery/parts, motor vehicles for the transport of goods or materials and special purpose motor vehicles. Project executing agency is Japan procurement agency Japan International Cooperation Systems (JICS) with MFEM and public sector agencies identified as grant recipients. The list of equipment and machinery has been identified through the existing capital plan and collaboration with key ministries.

Grassroots and Human Security Grant Fund Project (GGP)

Implementing Agency: Japan Wellington Embassy

Total estimated spend to date is **\$0.55 million**

There is a growing demand for this programme as seen in the significant increase in small grants of \$0.55 million approved. The grants are towards four new projects with respective civil society organisations as project executing agencies. The projects already underway are for the repair of Aitutaki Community tanks, Takitumu School repair and upgrade, Respite Unit construction for the Rarotonga Creative Centre and procurement of a fishing vessel for Pukapuka Islanders in Rarotonga.

5.8 CHINA PROGRAMMES

China Building Repair

Implementing Agency: Cook Islands Investment Corporation

Total estimated spend to date is **\$7.58 million**

The renovations projects are for public buildings in Rarotonga namely the Indoor Sports Arena, Ministry of Justice, and Police Headquarters.

CIIC hosted two technical assistance teams from China in September 2017. The two teams conducted technical and structural inspections on the three buildings that will undergo renovations. The teams consisted of engineers specializing in electrical, structural, water supply and drainage, heating and ventilation as well as a revision to construction costing. The preliminary results from these inspections were discussed and signed off between CIIC and the China working groups.

The Implementation Agreement for this project was finalized and signed in October 2017. Furthermore, on the 07 December 2017, Government of the Cook Islands and Peoples Republic of China Government signed the Grant Agreement for CNY¥30,000,000, to supplement current funding for the renovations project.

The revised total budget for the project is now estimated to be \$14.58 million. During the recent visit of Counselor Huang who confirmed a Chinese company had formally been awarded the construction contract for the renovations work. There is ongoing negotiations between CIIC and the Embassy on next steps.

Apii Nikao Construction

Implementing Agency: Cook Islands Investment Corporation

Total estimated spend to date is **\$13.95 million**

The construction of the Apii Nikao School project has evolved significantly since construction started in May 2017, despite delays this quarter caused by unfavourable weather.

The construction contract for the project was awarded to CCECC and construction supervision to be provided by China Railway Fifth Survey Design and Institute Group Co. CCECC engaged local contractors Landholding Ltd to construct the timber block fence surrounding the school as well as Prestige Furnishings Ltd to supply storage units for teachers. It is noted that the total budget for the project is estimated to be \$14.58 million.

The completion certification is yet to be formally signed off before the formal handover ceremony for Apii Nikao is scheduled to take place early May 2018.

5.9 FORUM FISHERIES AGENCY (FFA)

Project Development Fund – US Fisheries Treaty

Implementation Agency: Ministry of Marine Resources

Total estimated spend to date is **\$0.14 million**

The US Multilateral Treaty for fisheries includes an annual allocation of US\$0.15 million per Pacific Island party development fisheries projects. Funds are held in trust by the treaty with FFA with direct administration by Ministry of Marine Resources (MMR).

The Ministry of Marine Resources has received funding that includes Fishing Aggregate Device (FAD) support, operational equipment support for MMR staff in the Northern Group islands, Young Professional Scheme, Artisanal fishery e-monitoring and professional development supported targeted for fisheries officers at the regional and international levels.

This also included operational support in hosting the Thirteenth Regular Session of the Scientific Committee of the Commission for the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean held in Rarotonga during the month of August.

5.10 MULTILATERAL PROGRAMMES

Pacific Information and Communication Technology Investment Planning and Capacity Development Facility (Phase 2)

Implementing Agency: Office of the Prime Minister with TA Support from ADB

Previously called “E-Government” this TA has now evolved into a recently approved US\$1 million regional project with sub-projects in the Cook Islands. The three outcomes of the overall TA are (i) advancing ICT Policy and regulatory frameworks, (ii) developing ICT applications and (iii) adopting technology innovations and protections against cybercrime.

The TA will support all the above three areas with a priority to assess and prepare for e-Government implementation. The work will start with a comprehensive assessment of the current ICT infrastructure and services i.e. (i) to assess the current situation of ICT with recommendations towards necessary developments (infrastructure, hardware and software, organizational structure, human resources and policies and legislation) for the implementation of full-scale e-government processes and then select a few government agencies to implement e-Services under a pilot project. The TA will also support necessary legal and legislative changes needed for e-Services.

Online Registry

In December 2017, the Cook Islands Parliament enacted a package of legislation which will significantly improve the enabling environment for the private sector. The package comprises (i) Companies Act, (ii) Personal Property Securities Act and (iii) Incorporated Societies Amendment Act. This is a significant step but the benefits will only be attained if there is a successful implementation. The implementation will involve a number of key deliverables. PSDI will work with the Government to develop an appropriate work program and support the implementation. The program will require significant resources and this will be in the form of funding the purchase of the registry as well as specialized technical support. The implementation will be rolled out over a long period and will involve the following tasks:

- (a) Drafting of implementing regulations for all 3 Acts;
- (b) Preparation of procurement specifications for the on-line registry;
- (c) Procuring of the registry and preparation of the Ministry for installation;
- (d) Installation of the software;
- (e) Technical support and training for registry staff, bankers, private sector users; and
- (f) Broader awareness raising.

The incentive for the legislative reform was to support the implementation of an online company registry. The CIG together with the NZ Government have generously committed financial resources to fund the procurement of the on-line registry software. The funding documentation is being processed between the Government, NZ MFAT and ADB PLCO Sydney for completion. The funding will be directed through ADB, PSDI and ADB will manage the procurement. In addition, PSDI will provide all project management and technical support. PSDI has successfully implemented many on-line registries throughout the Pacific and will work closely with the Ministry of Justice as counterpart and other stakeholders to design and install a software package which will be appropriate for the Cook Islands.

Renewable Energy

Implementing Agency: Office of the Prime Minister

Total estimated spend to date is **\$5.19 million**

It is Government's ambition to increase power generation from renewable sources and enhance the government's institutional capacity for implementing the Cook Islands Renewable Energy Chart Implementation Plan (CIRECIP), 2012–2020, which sets a target of supplying electricity from renewable energy sources on all inhabited islands by 2020.

The goal of the Renewable Energy Programme Support is to establish a solid foundation for renewable energy sector development and operations in the Cook Islands.

The Southern Group Renewable Energy Programme is well underway with the Cook Islands Renewable Energy Sector Project (COO46453-002). Phase 1 (Atiu, Mauke, Mitiaro and Mangaia) significant construction progress has been made. Mitiaro is 99% complete with electrical install work remaining. The civil work array is complete on Mauke with the remainder of electrical install in the early part of the next quarter. Work on Atiu has moved more quickly than expected with building 90% complete and solar arrays now adjusted and within the boundary pegs. The PMU monitored site clearance on the island of Mangaia, the final project site and construction commenced in the later part of this quarter.

The first additional financing provided by GEF6 will be used for the battery energy storage system (BESS) installation at the Solar PV facility at the Rarotonga Airport for integration into the existing power system infrastructure. Progress of the BESS contract awarded to MPower Limited on the 1 June 2017. 90% of the design submission has been accepted, however progress has been slowed due to on site factory pre-commissioning tests still being undertaken and will continue until the POE is satisfied that all issues have been resolved.

A second additional financing of a US\$12 million grant was received from the Green Climate Fund (GCF) in December 2016 and the ADB's President provided approval on 30 October 2017. This funding will be used for the procurement of equipment and materials, civil works, related transportation, insurance, and installation costs for the installation of three additional units of BESS. TAU is the implementing agency for this subproject. The Fund Activity Agreement (FAA) between ADB and GCF is expected to be signed mid-May 2018. Following the signing of the FAA agreement, ADB and GCF will be able to proceed with signing the Grant Agreement (GA), and the Project Agreement (PA) between ADB and TAU can also be signed.

The Rarotonga Battery Energy Storage Systems "Power Station" and "Airport South" under Cook Islands Renewable Energy Sector Project (COO46453-002) – Phase 2 (Rarotonga) (BESS) ITB closed on 20 February 2018 with Bid Opening commencing at midday on the same day. Six bids were received and publicly opened. Bid Evaluation Report (BER) is progressing and it is expected to be completed by mid-May to coincide with signing of the Grant Agreement.

The Phase 2 Aitutaki tender documents closed at the end of the quarter with 7 bids being received. The Aitutaki ITB BER received a no objection letter from ADB and confirmation and approval from CI Government Tender Committee. The Rarotonga Battery Energy Storage Systems “Power Station” and “Airport South” under Cook Islands Renewable Energy Sector Project (COO46453-002) – Phase 2 (Rarotonga) (BESS) ITB closed on 20 February 2018 with Bid Opening commencing at midday on the same day. Six bids were received and publicly opened. GCI approved NZ2.8million for the Aitutaki RE project appropriated in the 2017/18 capital budget and this together with savings from the current Phase 1 contracts is expected to see sufficient funds available for this project.

The third Semi-Annual Safeguard Monitoring Report for the CIRESP for the period 1 July – 31 December 2017 was submitted in January 2018. The purpose of the report was to document social and environmental safeguard monitoring activities as well as environmental safeguards. Questions raised by ADB are being responded to with the next Semi Annual report due as at 30 June 2018.

5.11 CIGCIGNEW/EXISTING PROGRAMMES APPROVED FOR IMPLEMENTATION (Not included in ODA 2017/18 Publication)

Aid Effectiveness

Implementing Agency: Ministry of Finance and Economic Management

Total estimated spend to date is **\$0.05 million**

The Aid Effectiveness budget is drawn from the interest earned on development partner trust accounts and is used by the MFEM to support the implementation of the official development assistance policy. The programme currently contributes to several projects including the following: annual meeting of development partners, development of Activity Management Framework (Te Tarai Vaka), surge capacity to catch up and standardise Crown financial statements, training and set-up of project financial management software. The framework assesses our country systems and measuring aid effectiveness principals as outlined in the ODA Policy 2015 of the Cook Islands in accordance to international standards.

Australia Pacer Plus

Implementing Agency: Ministry of Foreign Affairs and Immigration

Late confirmation from the regional implementing agency meant that the inclusion of Pacer Plus funds of AU\$25k from Australia Government was not included in the financial year 2017/18. This grant is for communications and consultations in the Cook Islands on Pacer Plus 2017/18. Based on the outcomes of consultations, the next steps will be to submit Cook Islands proposal to the regional funds available for Pacer Plus which has a total contestable funding budget of AU\$7million.

Pacer Plus is a comprehensive Free Trade Agreement (FTA) between 14 members of the Pacific Islands Forum: Australia, Cook Islands, Federated States of Micronesia, Kiribati, Republic of Marshall Islands, Nauru, New Zealand, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

A FTA means the parties reduce duties and other regulations of commerce that restrict trade. According to WTO practice, the FTA parties are expected to enter into reciprocal commitments to liberalise ‘substantially all trade’. FTA parties however maintain their individual trade policies vis-à-vis third parties with no requirement to have a common external tariff. In Pacer Plus context, this gives policy space to most Forum Islands Countries, as their tariffs are generally higher than those of Australia and New Zealand. This will not affect the right of the parties to levy internal taxes or changes on goods, provided the non-discrimination principle is observed. Meaning that parties may impose taxes on goods, provided the taxes on imported products are not different from the taxes imposed on like or similar domestic products.

Australia Government

Implementing Agency: Ministry of Internal Affairs

Total estimated spend to date is **\$0.15 million**

The Government of Australia has allocated Official Development Assistance (ODA) through the Ministry of Internal Affairs – Gender Empowerment Programme to the Cook Islands for the amount of \$0.2 million

The Pacific Women shaping Pacific Development (Pacific Women) was announced by the Australia Government at the Pacific Leaders forum in August 2012. It commits up to \$320 million over 10 years to the 14 Pacific Island Forum Members.

Over the 10-year life span of Pacific Women, DFAT has allocated \$3.9 million for Womens Empowerment on Cook Islands. The program will continue in two phases to account for the outcome of the upcoming OECD DAC review of Cook Islands ODA eligibility. The first phase (2016-2018) would provide funding to recruit national consultants to provide technical assistance to the Ministry of Internal Affairs and Funding to PTI to continue to its program of support for ending violence against women (EVAW).