

## **Official Development Assistance (ODA)**

Official Development Assistance was appropriated at the total value of \$53.5 million in the 2018/19 Budget. This value includes all ODA projects including significant projects such as the Manatua Cable project, the Renewable Energy Grant from the Green Climate Fund and Core Sector Support Grant Funding with New Zealand with outputs 1 - 3 treated as Revenue on behalf of the Crown (ROBOC) through Treasury and distributed to core ministries (Education, Health and Tourism).

Total spend illustrates programme/project expenditures from July to September 2018. ODA spends is estimated at \$4.5 million. The low spend for ODA in the first quarter of the financial year is due to the delay in the appropriation bill being passed in parliament as well as the NZ triennium funding envelope not being confirmed due to ongoing negotiations on priorities and the design of the individual grant funding agreements. It is anticipated that higher spends will be reported in the next quarter once the NZ triennium funding is finalized.

### **ANNEX 2**

#### **NEW ZEALAND PROGRAMMES**

New Zealand has committed \$50 million towards the bilateral program for the next three years. The triennium funding is not yet confirmed however should be finalized by the end of November 2018. It is important to note that New Zealand support will continue to be allocated towards existing priorities such as the Core Sector Support (CSS – Health, Tourism, Education and strengthening public sector initiatives) and Sanitation. The estimated budget towards CSS has been based on the previous baseline data which has been pre-approved by New Zealand in anticipation of a finalized Grant Funding Arrangement.

#### **Manatua Cable**

Implementing Agency: OPM

Total spend for this quarter is \$33,696.89

As of October 2018 all 4 Consortium members have signed the Construction and Maintenance Agreement (C&MA) and the Supply Contract. As the documents have been signed by all parties the C&MA has come into effect. The Supply Contract will come into effect the first week of December and has been awarded to Tyco Electronics Subsea Communications LLC (TESubCom). The Consortium PSG have elected a Chairperson and Vice-Chairperson for the Management Committee (MD) and Procurement Group (PG). The MC Chairperson will be a representative from Office des Postes et Telecommunications de Polynesie Francaise (OPT) and the MC Vice-Chairperson will be a representative from Avaroa Cable Limited (ACL) as Vice-Chair. The MC

will replace the Consortium PSG. The MC will be responsible for directing the progress of engineering, provisioning and installation, bringing into service and continued operation of Manatua Cable System. The PG Chairperson will be a representative from OPT and the PG Vice-Chairperson will be a representative from Samoa Submarine Cable Company Limited (SSCC). The Procurement Group will ensure that the Supplier, Cable Landing Parties (CLP's) and Third-Party providers, if any, will engineer, provide and install Segment S and SLTE Segment in time and in accordance with the technical specifications to permit Manatua to be placed into operation by the scheduled date.

The Supply Contract is for the design, manufacture, installation, integration, testing and commissioning of the Manatua Cable System and the provision of long term technical support and maintenance of the System. TESubCom has been awarded the supply of the contract.

Cook Islands, Avaroa Cables Ltd is the Manatua Consortium member for the Cook Islands. The Government of New Zealand has granted NZ \$15 million to support the project, and a Grant Funding Agreement (GFA) was signed for the disbursement of the funds in April 2018. The Asian Development Bank has approved an OCR Loan allocation of up to US\$15million. As of October 2018 a revised work plan has been put together which details key milestones to be achieved as part of the Manatua Submarine Cable project with budgeted costing and will be utilized as a guide for the release of funds from the GFA and the ADB Loan. There are some outstanding items to be completed for the ADB agreements, which are currently being rectified to be progressed in the months to come.

#### **Cook Islands Core Sector Support (CSS): Output 4 TA Programme**

Programme Management Oversight: DCD-MFEM & Policy Division-OPM

The CSS makes up 32% of total New Zealand Aid in the ODA Schedule. The NZ CSS Programme includes direct budget support to Ministry of Education, Cook Islands Tourism and the Ministry of Health. The following are reporting only for NZ CSS Output 4 as the activities for Output 1-3 are complete. To date there are 14 TA projects in progress for CSS Output 4. New Zealand Ministry of Foreign Affairs and Trade (MFAT) together with the Ministry of Finance and Economic Management of the Cook Islands are currently drafting the new Core Sector Support Grant Funding Agreement for 2018/19 – 2020/21 which should be finalized by November 2018.

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**CSS TA Project Name****& Implementing  
Agency****September Quarter 2018 Progress**

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Online Companies  
Registry  
Ministry of Justice

Procurement specifications were prepared by ADB PSDI and socialized with Government. These have been finalized by both parties. Early June ADB began the tender process following ADB's procurement guidelines. The close date was extend to 30 August. Six expression of interests were received and the bid evaluation process has begun. It is anticipated a supplier will be contracted in early November. A mission timetable will be negotiated with the vendor and the Cook Islands Government following finalisation of the contract. PSDI have drafted all the legislative forms needed to support the commencement of the 3 Acts. These have been reviewed and approved by MoJ. PSDI have also been working with the MoJ to prepare financial models to ensure the registry is sustainable and also cost effective for all.

NZ's contribution of \$615K has been paid direct to ADB's Pacific Private Sector Development Initiative (PSDI). In addition an approximate amount of USD350k (amount still tentative) will be provided under PSDI for the registry and implementation.

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Audit House Keeping  
Treasury Division-  
MFEM

This programme has been making considerable progress and contribution to TMD and CIAO achieving up to date financial reports for CIG. There has been major improvement in fast tracking the turn over time of submissions of annual accounts and audits. Furthermore, the TA is currently reviewing internal processes for Ministries/Agencies.

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Cook Islands Aviation  
International  
Compliance  
Ministry of Transport  
(MOT)

The Director of Civil Aviation (DCA) contract has been extended for another 12 months to progress the current workplan and negotiate safety oversight services. Discussions are ongoing for the oversight services to be transferred to NZ from PASO. A major milestone was achieved this quarter with all the relevant safety and legislative rules, information and guidance documents being approved, adopted, gazetted and published on the Ministry of Transport website <http://www.transport.gov.ck/aviation/rules/>. Compliance

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**CSS TA Project Name  
& Implementing  
Agency**

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**September Quarter 2018 Progress**

to ICAO is now at 30% through the workplan items completed so far. Discussions were held with key stakeholder to start planning for the upcoming runway rehabilitation.

First progress report was received highlighting some key deliverables including the signing of the Amended Cook Islands Civil Aviation Rules (CICAR) and Inspection report on the condition of the Rarotonga International Airport's runway was provided to Hon. Minister and CEO of Airport Authority.

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Ministry of Transport  
International  
Compliance  
  
Quality Management  
System

An initial risk assessment was carried out by the TA with the Ministry of Transport to identify procedures and processes critical to addressing these risks. Following the assessment, additional scope of works were identified. All activities will be prioritised and managed through consultations on an as needed bases, to ensure a sustainable approach is taken to achieve planned outputs and outcomes. Final stage of this project is on track to be completed by end October 2018. A successful training took place from 10<sup>th</sup> - 13<sup>th</sup> September on the QMS as well as business process maps for each Output of MoT.

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Occupational Health  
and Safety Legislation  
Review  
  
Ministry of Internal  
Affairs

TA contract awarded to Shaw Idea who began implementation of the Cook Islands Occupational Safety and Health (OSH) National Reform Project. The contractor has delivered the first 3 milestones of the contract and the project is progressing to schedule and well on track to deliver its planned outputs.

Project continues to progress well in accordance with the revised and agreed work plan. Six submissions were received from members of the public in relation to the OSH Issues Paper submitted to the Public for feedback. These are being considered as the consultant prepares the Research and Scoping Report. The communications consultant continues with its concept design for effective promotion and awareness of OSH in the Cook Islands.

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<b>CSS TA Project Name &amp; Implementing Agency</b>	<b>September Quarter 2018 Progress</b>
Prison Review & Warden Training  Office of the Prime Minister & Prison Services - Ministry of Justice (MOJ)	The Contract was signed on 04 <sup>th</sup> September for the mission to commence from the 17 <sup>th</sup> September. This was led by a high level team made up of the following members Rachel Leota – National Commissioner, Jeanette Burns – Regional Commissioner, Northern and Barney Tihema – Director, Maori Services. The first progress report is due end October.
Asset Management Stocktake  Cook Islands Investment Corporation	The tender report is currently with MFAT thereafter CIIC will work on drafting terms and conditions of the contract before a review is undertaken by CLO. It should also be noted that the tender evaluation is satisfied at the choice of the preferred company which scored highest in both price and non-price components of the tender.
Study of Foreign Direct Investment (FDI) in the Cook Islands  Ministry of Finance and Economic Management	The Draft Report has been received as well as recommendations. Two out of three payments have been paid out to TA Delta Pearl Partners Pty Ltd who are now working on improving the draft. There have been a number of delays largely due to the availability and quality of data from a number of key agencies.
Public Expenditure Review of the Economic, Social & Environmental Sectors  Ministry of Finance and Economic Management	Output 1 has been completed as per contract details whereby a detailed methodology on the following was provided: <ul style="list-style-type: none"> <li>• Structure of review</li> <li>• Evidence of collation</li> <li>• Key data sources and information providers</li> </ul> A draft report of findings was also presented to Financial Secretary and Budget Manager and her team with the programme scheduled to be completed by October 2018.
Improving Audit Performance	This programme continues to progress well against TOR. CIAO has procured two TA's to assist in their goal to improve audit performance. This initiative will include staff incentives for training

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**CSS TA Project Name****& Implementing****September Quarter 2018 Progress****Agency**

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Cook Islands Audit  
Office (CIAO)

and returning graduates employment bonds with CIAO. Contracts have been signed for both consultants to Audit, CIAO have received final approval from the Philippines Government with the two consultants now in country carrying out the required work. DCD and CIAO have signed an MOU to allow for better monitoring of outputs and disbursement of funding for this programme. The first of four payments have been paid out to CIAO to assist with relocation cost of consultants and assist with capacity development of current staff.

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GNI Development  
Ministry of Finance  
and Economic  
Management

A contract has been signed with the preferred supplier and the work for this programme is expected to start in early October and progress to the end of the year.

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Financial Management  
Information Systems  
(FMIS)  
Treasury Division-  
MFEM

FMIS Implementation's 11 week Build Stage which commenced in June 2018 has now moved into preparation for the Test Stage with IST training for the PMU. The Build Stage included but is not limited to:

- i. Configuration of System,
- ii. QA review
- iii. Integration development
- iv. Data Migration preparation.

Other initiatives such as expanding the Test Stage to allow more effort/time for the PMU to conduct thorough testing with test scripts that will be developed further by the PMU. FMIS project timeline next steps are full incorporation of public sector agencies accounts into the new CIG FMIS by 2019.

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ODA Graduation  
Treasury Division –  
MFEM

A contract has been signed with the preferred supplier. He is expected in country in early October to work with the Statistics Office on checking the data that is currently being developed. This work may continue out-of-country until December.

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**CSS TA Project Name****& Implementing****September Quarter 2018 Progress****Agency**

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**CHINA PROGRAMMES**

In the pipeline is a China Strategy inclusive of development programmes management of the Peoples Republic of China funding. This new strategy should inform the way forward.

**China Building Repair**

Implementing Agency: Cook Islands Investment Corporation (CIIC)

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

The preliminary results from the extensive technical and structural inspections of the three building were carried out in 2017/18FY. These were discussed with representatives from CIIC and then signed off between CIIC and the Chinese working groups. Based on the preliminary inspections, the new proposed budget for this project was revised to approximately NZ\$10,146,898 million. The renovations project is to be funded through the Economic and Technical Cooperation Agreement (ETCA) Grant funded by the People's Republic of China (PRC).

The Implementation Agreement for this project was finalized and signed in October 2017. Furthermore, the Governments of the Cook Islands and Peoples Republic of China have signed Grant Agreements to the value of CNY¥30,000,000, to fund the renovations project.

Since then, this project has been suspended pending outcome of discussions between PRC Government and the Cook Islands Government.

**JAPAN PROGRAMMES**

There are now four officially recognised Japan ODA programme to the Cook Islands.

The NZ\$0.55 million towards the Cook Islands Renewable Energy sector programme with **Pacific Environment Community (PEC) Fund** administered by Pacific Islands Forum Secretariat (PIFS) have come to an end as of last quarter.

The **JICA training and development programme** with an allocated funding of NZ\$0.0125 million is difficult to capture in terms of financial expenditure as published expenditure report is only available at end of October.

Whereas, the one off grant from the **Japan Trust Grant** accessed by Ministry of Marine Resources (MMR) through the regional Western and Central Pacific Fisheries Commission (WCPFC) is to undertake and fisheries monitoring, control and surveillance (MCS) gap analysis with target project completion by end of financial year.

**Non Project Aid Grant Programme: Palmerston Island multipurpose Cyclone Centre**

Implementing Agency: Ministry of Finance and Economic Management

Total spend to date is: NZ\$499,345

Cook Islands Government directly manages remaining balance NZ\$1.3 million of this 2014 TAU Fuel Project. This is towards the construction of the Palmerston Island Cyclone Centre, a project that is now currently in progress with Landholdings Ltd as successful bidder for construction of this multipurpose shelter Infrastructure Cook Islands in project management unit and contract manager for this work aside from close collaboration with Palmerston Island Government, Office of the Prime Minister and Cook Islands Investment Corporation. Work is already underway since September with the initial site visit made, materials shipping and foundation construction currently in progress. Of importance in this work in managing contractor and community expectation towards joint collaboration in the construction of this much awaited new building.

**Economic and Social Development Programme**

Implementing Agency: Ministry of Finance and Economic Management

The political level agreement has been signed up too for this grant of two hundred million Japanese Yen (JPY200,000,000). This includes the joint Government approved List for procurement of capital goods towards enhancement of public sector agencies functions in infrastructure rehabilitation. The project is primarily 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. It is also a project under the umbrella regional Japan Non Project Grant Aid programme.

Following the visit in August, by project executing agency Japan International Cooperation Systems (JICS), more information was provided for actual funds utilisation. In that the funds used will also include contract services for JICS as project executing agency and procurement agent and the MUFG bank of Japan as agency for grant fund disbursement. Cook Island co-financing contributions include landing costs, location preparation for the placement of goods and transport to final destination in Rarotonga and also VAT payments.

Cabinet and Japan Embassy in Wellington has endorsed JICS as procurement agent as required of this grant arrangement. At the same time Cabinet has reconfirmed MFEM role with DCD as its preferred operations focal point and contracts manager for this programme. A project Committee made up of Secretariat to the Infrastructure Committee, JICS, Tender Secretariat and

DCD representatives are in the process of firming up the list of equipment and machinery for procurement as identified through the capital plan and in collaboration with public sector agencies identified as grant recipients. Target to finalise procurement specifications for at least five items on this list is within the next quarter.

### **Grassroots and Human Security Grant Fund Project (GGP)**

Implementing Agency: Japan Wellington Embassy  
Total estimated spend to date is Nil

Although there are no new project approvals this quarter, three of four separate projects to the value of NZ\$0.55 million are currently in progress. Handover in August of the two fire pump trucks and a tank truck to Teimorimotia Fire Rescue Station truck confirmed project completion. Timely procurement and handover of these fire fighting vehicles has enhanced efforts in combating the alarming increase in house, business and bush fires since June 2018. Whereas, three construction projects on Rarotonga since 2018 are underway for the Pokoinu Child Welfare Centre, the Community Hall & Evacuation Shelter based at St Joseph Primary school and the Avarua School multipurpose hall & cyclone shelter.

### **MULTILATERAL PROGRAMMES**

The ODA Schedules lists several multilateral – either governments from more than two countries and/or funding mechanisms coming together to fund regional programmes for access by the Cook Islands where the regional programme is aligned to the Cook Islands national priority development areas in the Cook Islands National Sustainable Development Plan.

### **Pacific Information and Communication Technology Investment Planning and Capacity Development Facility: Phase 2 Programme Oversight Management: Office of the Prime Minister with TA Support from Asian Development Bank (ADB), Cook Islands**

Implementing Agency: Office of the Prime Minister  
Zero spend reported this quarter.

Previously called “E-Government” this TA has now evolved into a US\$1 million regional project with sub-projects. US\$400 thousand will support the governments of the Cook Islands, Tonga and other interested developing member countries. 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 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. The Cook Islands implementing agency in consultation with ADB confirmed the consulting firm this quarter.

### **Online Registry**

Programme Oversight Management: Asian Development Bank, Cook Islands  
Zero spend reported this quarter.

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 Cook Islands Government together with the NZ Government have generously committed financial resources to fund the procurement of the on-line registry software. The funding documentation has been finalised between all parties. Funding will be directed through ADB Private Sector Development Initiative (PSDI) and ADB will manage the procurement. Requests for submission of proposals closed 30 August (Manila Time). ADB are currently evaluating the proposals. Subject to the Bid Evaluation processing timeframes, it is anticipated a vendor will be contracted by early November. PSDI 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.

NZ MFAT confirmed with the Cook Islands and ADB that the contribution will be NZ\$615,000. The ADB PSDI will continue to provide technical support. PSDI financing

### **RENEWABLE ENERGY**

**Programme Oversight Management: Asian Development Bank (ADB), Ministry of Finance and Economic Management (MFEM), Office of the Prime Minister (OPM) and Te Aponga Uira (TAU)**

Implementing Agency: Office of the Prime Minister  
Total spend for this quarter is NZ\$109,085.41

The programme has a blended funding arrangement, primarily the ADB loan and grant financing support from the European Union (EU), Global Environment Facility (GEF) and the Green Climate Fund Grant. All grant financing is administered by ADB.

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 for the Cook Islands Renewable Energy Sector Project (COO46453-002). Significant progress has been made for all Phase 1 islands (Atiu, Mitiaro, Mauke and Mangaia). Solar power stations and arrays on the islands of Mitiaro and Atiu have been commissioned and handed over. The civil work array is completed for Mauke and Mangaia with the remainder of the electrical installations anticipated to be completed next quarter. Phase 1 contract was awarded to NETCON on the 17 August 2016, followed by the power distribution network package for Mitiaro and Mauke (CIRESP-002) on the 27 March 2017. The civil works contract, through an ADB 'No objection letter' was included as part of the NETCON Phase 1 turnkey contract on the 18 May 2017.

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 for this BESS contract has been slow due to pre-commissioning and functional guarantee testing issues. Project Owners Engineer (Entura) will continue to monitor testing until satisfied that all issues have been resolved. Site clearance in Rarotonga was completed this quarter. This contract was awarded to MPower Limited on the 1 June 2017.

**Green Climate Fund – Renewable Energy Battery Storage.**

Implementing Agency: Office of the Prime Minister  
Total spend for this quarter is Zero

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 was signed in May 2018, followed by ADB and CIG signing the Grant Agreement (GA) and the Project Agreement (PA) between ADB and TAU on the 20 June 2018. The Rarotonga Battery Energy Storage Systems "Power Station (LOT1)" and "Airport South (LOT2)" under Cook Islands Renewable Energy Sector Project (COO46453-002) – Phase 2 (Rarotonga) (BESS) ITB for closed on 20 February 2018 with Bid Opening commencing at midday on the same day. Six bids were received and publicly opened. ITB BER received a no objection letter from ADB and approval confirmation from CI Government Tender Committee. Airport South (LOT2) contract has been awarded to Vector Ltd on the 26 September 2018. An update for the Rarotonga Battery Energy Storage Systems "Power Station (LOT1) contract will be provided next quarter.

Aitutaki Renewable Energy Project – Refer to the Capital section.

### **Mei Te Vai ki te Vai Project**

Implementing Agency: Ministry of Finance and Economic Management

Total spend for this quarter is NZ\$255,675.46

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. The following are project activities progress to date (for further information please visit

<https://www.totatouvai.co/mei-te-vai-ki-te-vai>)

Project Activity	Quarterly Progress
Master plan and road Map	Work is in progress towards January 2018 release of a draft master plan The Draft Master Plan Framework (previously referred to as the Draft Sanitation Master Plan) will be used in producing a Wastewater Master Plan by December 2018 for the safe collection, treatment and disposal of domestic and commercial wastewater on Rarotonga and Aitutaki.
Environmental investigations and monitoring	This is to establish a firm scientific and environmental understanding of the current situation to ensure that the final technical options developed are robust and can be clearly justified. The environmental testing and monitoring works in Rarotonga are now complete and reporting for the environmental investigations and analysis is currently underway. The draft Rarotonga / Muri Environmental Investigations Report has an estimated completion date

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of 13 October 2018.

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Wastewater Infrastructure	Designs are in progress for wastewater infrastructure, specifically a Muri/Avana area reticulation system with replication of this system in all other parts of Rarotonga. 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. Further investigations on short listed options for disposal. Consultation and engagement with the community on the short list of disposal options. Government to review options and make a decision on a concept option to proceed to detailed design.
Muri Wastewater concept design	Conceptual design work has been undertaken to assist in informing the community on the technical solutions that are being considered. Workshops and consultations with the public are underway, where options concerning the disposal of the treated effluent generated from the reticulation system. One which includes land treatment and the other disposal through an outfall beyond the reef. Cost estimates, environmental and engineering information will go into the Concept Design report, together with a summary of community feedback
Early Mitigation	Among the early mitigation measures considered to alleviate the deteriorating condition of the lagoon water quality. Proposed Dredging of sediment from the mouth of Are mango stream, in order to improve flushing in the lagoon and reducing the favorable conditions for algae growth. The final design for the early mitigation works for shore protection and beach nourishment has been completed including the design report, design drawings and specification.

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## **Te Mato Vai (TMV)**

Implementing Agency: Ministry of Finance and Economic Management

Total spend for this quarter is

NZ Aid; NZ\$1,918,712.21

GIG CAPEX; NZ\$3,886,245.90

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 (for further information please visit <https://www.totatouvai.co/te-mato-vai-1>)

Project Activity	Quarterly Progress
Project Management Unit	The Cook Islands Government has engaged GHD New Zealand Limited to project manage the Te Mato Vai project through the Project Management Unit (PMU). A multi-agency Steering Group oversees the PMU's work, to provide a consistent direction for Government policy and funding. Once we have completed the project, a new Crown-owned water and wastewater authority will operate and maintain the new water supply infrastructure
Land Consultation	Landowners of all sites granted consent to access the sites to undertake survey and ground investigation work. This is an ongoing process, getting land access to all construction sites
Stage 2	<p>The contract for the design and construction of Stage 2 was awarded to McConnell Dowell in August 2017.</p> <p>Construction at the Turangi, Avana, Tupapa, and Matavera intake sites have commenced, as well as trunk main upgrades at Papua and Avatiu. The aim is to complete all Stage 2 construction and for the upgraded treatment and filtration facilities to be operational in 2020.</p>
Water Treatment	<p>The World Health Organisation's Drinking Water Standards require an appropriate level of chlorine to be added to remove bacteria before water can be considered 'potable' water.</p> <p>While chlorination is not part of Stage 2 of the project, we are future-proofing the treatment facilities to enable disinfection through chlorination if required. Any proposal to introduce chlorine treatment will be discussed extensively with the community</p>

## EUROPEAN UNION PROGRAMMES

### EU Budget Support

Programme Management Oversight: DCD-MFEM

The European Union (EU) provides ODA via budget support modality. The 10th cycle of funding (EDF10) has now concluded with focus moving to the 11th cycle (EDF11) to continue with its incentive based budget support using the Cook Islands 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 Cook Islands government will be receiving a fixed tranche of EUR\$1,350,000 for budget support for the Sanitation Sector. A further EUR\$50,000 has been earmarked for evaluation of the effectiveness of the programme. These funds are estimated to be accessed in the 2019/20 Fiscal

Year, and have been targeted for the Ministry of Health to support programmes in sanitation, towards resource mobilisation, sanitation upgrades, strengthening compliance and capacity building. The agreed primary focus of this programme would be review support towards improved robust plans to upgrade sewerage systems by commercial properties in compliance with 2014 Regulations administered by Ministry of Health.

### **EU Partnership Multiyear Fisheries Policy Support**

Implementing Agency: Ministry Marine Resources

Total spend for this quarter is NZ\$100,042

The Sustainable Fisheries Partnership Agreement includes an annual fisheries sector contribution of EUR\$350,000 by the European Commission under the 4 year protocol. These funds assists MMR with the implementation of the Multiannual Sectorial Program Matrix which supports projects in the Cook Islands fisheries sector.

### **EU-GIZ ACSE Northern Island Water Project Phase II**

Implementing Agency: Office of the Prime Minister

Total spend to date is NZ \$209,300.77

Construction team as well as the In-Country Coordinator travelled to the Northern Group in August to commence work on the project. The team are still in Penrhyn trying to complete work on site and envisage to have this complete by the end of October. A handover ceremony has been deferred until possibly towards the end of the project completion date which is set at the end of December 2018.

Towards the end of October, a Peer learning workshop for practitioners will be held in Suva, Fiji to celebrate, share experiences, best practices, success stories and lessons learnt. The workshop will provide inclusive learning spaces for thematic discussions and sharing of experiences from project implementation between practitioners on a regional level. To document these, key points from the 22 projects will be drawn together into one, cohesive 'Lessons Learnt' report for the EU-GIZ ACSE programme.

### **GREEN CLIMATE FUND (GCF) READINESS 2**

Implementing Agencies: MFEM and OPM

The spend to date is NZ\$41,000

The second readiness programme is progressing well against the project activities as per the following:

#### **Accreditation to the fund**

The Ministry of Finance and Economic Management applied for accreditation in the area of "Grants" at the "small scale" funding modality which allows access of funds up to US\$50 million. Through the GCF secretariat and GCF accreditation panel reviews, the recommendations and

feedback demonstrate that MFEM have a strong accreditation application and the chances of becoming accredited to the GCF is highly likely.

MFEM are very hopeful to receive accreditation status at the next GCF board meeting in October 2018.

### **Develop a National Climate Change Policy**

The Office of the Prime Minister has engaged a consultant to develop a National Climate Change Policy. The first draft is complete and went through various stakeholder consultations. The final draft is scheduled to be finalised in November 2018.

### **Develop a Cook Islands GCF Country Programme**

The first draft of the GCF Country Program has been developed and circulated amongst all stakeholder involved. Extensive consultations with the community and stakeholders was carried out with the Pa Enea and main island Rarotonga. The draft document was prepared through analyses of the Cook Islands main strategic documents relating to sustainable development and climate change, such as the NSDP 2016-2020, the JNAP2, and NIIP 2015, among others, with the purpose of seeking alignment with the GCF result areas for mitigation (Energy generation and access; Transport; Buildings, cities, industries and appliances; Land use and forest) and adaptation (Livelihoods of vulnerable people, communities and regions; Health, food and water security; Infrastructure and built environment; Ecosystems and ecosystem services). The final draft is scheduled for completion by November 2018 once all stakeholder input has been incorporated into the final document. The Cook Islands GCF team are organising an investor's round table meeting in February 2019 where the country programme document will be launched.

### **Project Proposal Development**

The National Designated Authority (NDA), the office of the prime minister together with the ministry of finance and currently working under a project proposal under the Simplified Approval Process funding modality for the Green Climate Fund. The key components of the project will focus on Health and Water. A consultant has been engaged to complete the project proposal application in order to have it ready for the next board meeting in 2019 for consideration.

### **ADAPTATION FUND**

#### **Pa Enea Action to Resilient Livelihoods (PEARL) Project**

Implementing Agencies: MFEM (NIE) and OPM (PMU)

Executing Entities: Ministry of Agriculture, Emergency Management Cook Islands, Water Unit within the Office of the Prime Minister

The spend to date is NZ\$9,100

The pearl project got approved by the Adaptation Fund in May 2018 and will officially commence in October 2018 once the National Implementing Entity and Project Management Unit has been set up with new staff. The first task that the NIE and PMU will be planning for is the inception workshop with stakeholders and the community to launch the project, this is scheduled to take place in early December 2018.

### **UNITED NATIONS (UN) ADMINISTERED PROGRAMMES**

The ODA Schedule has various programmes/projects either with direct UN funding or international funding mechanisms such as Global Environment Facility (GEF), Adaption Fund, administered by a United Nations programme. Progress to date for some of these programmes are as follows with reporting by highest budget allocations.

#### **UNDP GEF Regional Ridge to Reef (R2R)**

Implementing Agency: National Environment Service, Ministry of Marine Resources, Ministry of Agriculture, Cook Islands Tourism, House of Ariki, Marae Moana

Total Spend to date is NZ\$280,000.00

Following the passing of the Marae Moana Act 2017, which was passed in July 2017 whereby a communication plan is underway. The Mid Term Review was conducted in November 2017 and the UNDP also completed its' Project Implementation Review with an overall rating of 'moderately unsatisfactory' highlight key areas for improvement. The UNDP Internal Control Audit of National Environment Services was completed by the Cook Islands National Audit Office in February 2018.

The last two quarters of this project saw the reprogramming of all respective stakeholders involved and to continue with their current work programmes.

#### **UNDP GEF Strengthening the Implementation of the Nagoya Protocol on "Access to Genetic Resources and Benefit Sharing (ABS)" in the Cook Islands**

Implementing Agency: National Environment Service

Total estimated spend to date is Nil

The primary objective of this project is to develop and implement a National Access and Benefit Sharing (ABS) Legal Framework, build National Capacities and support an ABS Agreement based on Traditional Knowledge and a Public-Private Partnership.

The request for an extension of this project has been extended to 05<sup>th</sup> October 2019 to allow completion of remaining project activities. No funding has been received for the new financial year.

### **UNDP GEF Small Grants Programme**

Implementing Agency: Cook Islands Red Cross

Total spend to date is Nil

This is the only in country development partner agency outside of government reporting administration of a development programme targeted at Cook Islands civil society organizations as small environment projects executing agencies. 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 serves as the SGP host institution with the GEF SGP Cook Islands now a separate programme.

There are five projects which are currently active under Operational Phase 5, with four more in their final stages of approval. The Operational Phase 6 (OP6) country programme strategy (Jul 2017 – Jun 2018) outlines the OP6 aim 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”. The 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. Formal confirmation of OP6 is actually US\$0.20 million for expenditure allocation no later than December 2019.

### **UN FAO Improved production, processing and marketing of agricultural produce**

Implementing Agency: Ministry of Agriculture (MOA)

Total spend to date is Nil

This programme has come to an end in December 2017 with FAO Steering Committee final meeting held in December 2017 international development consulting TA ANZDEC providing programme management oversight on behalf of FAO for the implementation of this programme in the Cook Islands.

MOA is in the process of consultations for agriculture and food projects of up to US\$330,000 to inform the CPF 2018-2022. As of August 2018, MOA was unable to confirm approved funding

for the Technical Cooperation Programme (TCP) 2018-2019, and the CPF. For the CPF MOA intention is to apply for agriculture programmes in food & nutrition in schools, Schools vegetables & fruit tree gardens, home gardens, community gardens, health and community gardens, home gardens, summer house for off-seasons hot /rainy weather, Pa Enea gardens and such. Although technical assistance in this space was scheduled for September, this was pushed out to next quarter due to unavailability TA.

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

Implementing Agency: Office of the Prime Minister

Total spend to date is NZ\$9,500

The first quarter has been progressing positively for the TNC. The third funding tranche of 7499250 USD was approved and received on the 18th July 2018 to MFEM, DCD for 2018 activities.

The Third National Communications program partnered up with the Otago Museum's "Far from Frozen" to promote Climate Change in the Cook Islands.

The Ministry of Education was enthusiastic to allow the schools to visit the roadshow. However, given the time limitation, some schools were sending classes as large as 60 students with teachers to the exhibition. The showcase included interactive displays, demonstrations and virtual reality experiences, all designed to communicate the science behind climate change.

The awareness program proved successful for the Rarotonga community and the feedback was very positive. Especially with over 500 students and public attending the exhibition. Media exposure of the event was widely circulated with newspaper and TV releases prior to the event and with two news articles during the exhibition as well as live TV interviews with the team from Otago Museum and students.

Sea level rise, ocean acidification with coral bleaching and intensifying cyclones were made a reality for those who visited the exhibition bringing home the climate change message.

There continues to be a communication problem with the TNC team and CCCI since working with UNE on the Cook Islands Third National Communication report. With delays in responses and assistance. We hope that this would improve in the last year of activities for the report.

Furthermore, the project coordinator with the assistance of the climate change officer and Senior Procurement officer are working on the TOR to contract consultants to complete TNC activities.

### **UNDP Pacific Regional Ridge to Reef**

Implementing Agency: Infrastructure Cook Islands

Total spend to date is zero.

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 in July/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.

### **UN World Health Organisation Technical Cooperation Biennium Budget Support**

Implementing Agency: Ministry of Health

Total spend to date is NZ\$62,693

Ministry of Health reported expenditure under this project primary towards health officials continuing professional development in mental health, social health care, trauma and training for dental therapists and assistants. About \$20k was also expended on the 20<sup>th</sup> Cook Islands Annual Health Conference in July 2018 held in Rarotonga and Aitutaki. Immunization activities and the midterm review of the Non Communicable Diseases and Oral Health Strategy were also activities under this funding support.

### **INDIA GRANT FUND**

Implementing Agency: Ministry of Finance and Economic Management

Total spend to date is NZ\$77,174.00

A total of NZD\$964,386.02 was granted for 16 approved grassroots projects of India Grant Fund 2016/2017 Round. The main focal area of this funding 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, 12 have been completed successfully to date. The remaining 4 projects are still being implemented and progress reports are provided as per Grant Funding Arrangement requirements. New timeframe for these projects to be completed by December 2018. The next round of funding for 2018/19 has been advertised and applications will close 16<sup>th</sup> November 2018.

### **KOREA GRANT FUND**

Programme Oversight Management: Ministry of Finance and Economic Management

Total spend to date is NZ\$224,771

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\$200,000 annually.

A proposal for a medical waste incinerator that was submitted to the Korea Government for FY2017/18 funding round. We received confirmation in February 2018 from the Korean Embassy that our application was successful. A variation for our proposal was submitted to include an additional 2 incinerators for the Pa Enea as the initial proposal didn't reach the funding ceiling. The variation was accepted and the payment for the incinerators were made in June 2018. MOH is currently working with the supplier to ship the incinerators to the Cook Islands.

### **FORUM FISHERIES AGENCY (FFA)**

#### **Project Development Fund – US Fisheries Treaty**

Project Management Oversight: Ministry of Marine Resources (MMR)

Total spend to date is NZ\$114,000

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).

Expenditure funding this quarter was funding targeted for last financial and actually received this quarter for trial deployment of offshore Fishing Aggregate Device (FAD) and support, operational equipment support for MMR in Manihiki, sewer appliance replacement, Rarotonga Scuba diving skills development towards lagoon clean-up programme, engagement of short term consultancy services and professional development supported targeted for fisheries officers and Ministry of Foreign Affairs at the regional and international levels.