

ASIAN DEVELOPMENT BANK

**COUNTRY ASSISTANCE PLAN
(2000-2002)**

COOK ISLANDS

December 1999

CURRENCY EQUIVALENTS

(as of 30 November 1999)

Currency Unit	—	New Zealand Dollar (NZ\$)
NZ\$1.00	=	US\$0.51165
US\$1.00	=	NZ\$1.95446

ABBREVIATIONS

ADB	-	Asian Development Bank
AusAID	-	Australian Agency for International Development
CG	-	Consultative Group
CIIC	-	Cook Islands Investment Corporation
ERP	-	Economic Restructuring Program
NZODA	-	New Zealand Overseas Development Assistance
POHQ	-	Pacific Operations Division
RETA	-	Regional Technical Assistance
SPRM	-	South Pacific Regional Mission
TA	-	Technical Assistance
UNDP	-	United Nations Development Programme

NOTES

- (i) In this Report, "\$" refers to US dollars.
- (ii) The fiscal year (FY) of the Government ends on 30 June.

FOREWORD

The Country Assistance Plan describes the planned program of assistance by the Asian Development Bank for Cook Islands covering the three-year period 2000-2002. It includes loan and technical assistance projects, as well as possible cofinancing from other donors. The CAP was prepared by the ADB between April and June 1999, in close consultation with the Government of Cook Islands, and other stakeholders. The CAP was discussed with the Board of Directors in October 1999 and has been revised by the ADB to incorporate recent developments. The assistance plan described in the CAP is only indicative and may be revised to reflect future developments.

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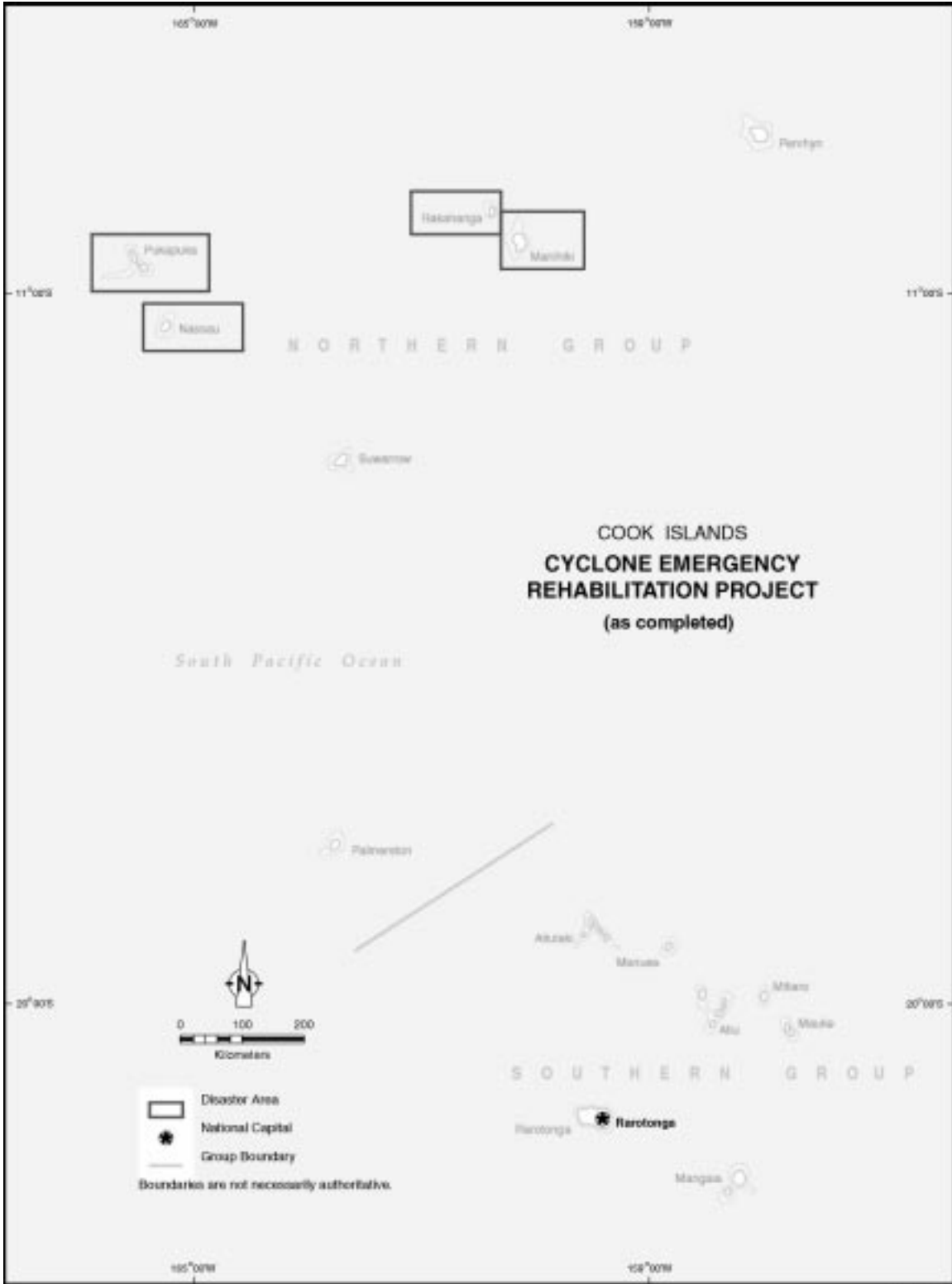
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COOK ISLANDS

I. Country Performance Assessment

A. Economic Performance Assessment

1. Growth is expected to resume in 1999. The Asian Development Bank (ADB) estimates real GDP growth at -3.5 percent for 1997, -1.0 percent for 1998 and 2.5 percent in 1999. A major accomplishment was the conclusion by end-1998 of debt restructuring agreements with three major bilateral creditors – Italy, Nauru and New Zealand--although a similar agreement with France has remained elusive. Bilateral discussions between France and the Cook Islands are ongoing. Additional air services in recent months have brought a strong recovery in tourist numbers from the last quarter of 1998¹. This trend is likely to continue into 1999 and 2000. A deal to complete the Vaimaanga Hotel could bring additional investment and jobs in the new millennium.

2. The other key growth industry, black pearls, is set to boom over the next ten years. Although there are data deficiencies, best estimates indicate that production of saleable pearls will grow from about 54,000 in 1998 to a sustainable level of about 600,000 pearls by 2004; annual sales are forecast to increase from about \$2.7 million (NZ\$5 million) in 1998 to \$21-27 million (NZ\$40-50 million) in 2004.

3. The above optimistic scenario is corroborated by the results of a business confidence survey conducted in early 1999 in which 72 percent of the respondents were optimistic or very optimistic that the economy would perform better in 1999. Around 60 percent expected an increase in gross turnover in their business. However, the outlook for employment was tentative, with two-thirds of the respondents expecting no change.

4. The principal policy issue for the Cook Islands is the completion of the Economic Restructuring Program (ERP) and consolidation of its achievements, particularly in improving fiscal governance and creating an environment conducive to private sector growth. There was cause for concern over the effectiveness and durability of some changes. Despite attempts at balancing the operating budget in 1996-97 and 1997-98, deficits were recorded, and government was unable to fully service an external debt of US\$80 million (NZ\$143.9 million), equivalent to 97 percent of GDP. Despite the debt relief provided by Italy, Nauru and New Zealand, the fiscal situation remains fragile, with tight restrictions on cash effectively undermining the output budgeting system. The original 1998-99 budget was not in compliance with legislative requirements that the operating budget be balanced. This has since been corrected under the supplementary budget for 1998-99.

B. Assessment of Socio-Environmental Performance

1. Poverty Issues

5. There is no experience of absolute poverty in the Cook Islands. The recent ERP led to considerable downsizing of government from 1996 to 1998. The number of ministries was cut from 52 to 22 and the number of public servants reduced from about 3,350 to 1,340. The resident population dropped from 19,100 to 16,600, as Cook Islanders took advantage of their

¹ The figures for the last quarter of 1998 were 14 percent more than the same quarter of 1997.

New Zealand citizenship to access the New Zealand and Australian labor markets and welfare systems. Emigration provides an alternative social safety net for Cook Islanders in the event that family and clan are unable to offer assistance to those without jobs or incomes.

6. The projected economic growth over the next few years is expected to be concentrated in the pearl-producing areas of the northern islands and Rarotonga, which benefits most from tourism. Other parts of the country, due to their geographic isolation, will remain largely insulated from the benefits of economic growth. These small outer islands, each with less than a thousand population, are increasingly unable to sustain the provision of basic services. An issue that will need to be addressed in the coming years is the widening disparity in income and social conditions between different parts of the country.

2. Gender Issues

7. Despite representing 50 percent of primary and 52 percent of secondary enrolment, including two-thirds of form 6-7 classes, females are under-represented in overseas training programs. The number of men with tertiary and graduate qualifications is twice that of women, due in part, to limited participation in science/technology-based diploma and certificate programs overseas. This variable access to advanced qualifications contributes to under-representation of females at most levels in the public service. Women are similarly under-represented in the wage workforce, forming about one-third of this group. For these reasons, policy measures are required to ensure equitable access for women to emerging social and economic opportunities, particularly opportunities for higher education and employment.

3. Human Development

8. The country's human development indicators are among the highest in the Pacific. However, the major challenges are the alleviation of urban-rural disparities and the delivery of essential services in cost-effective, sustainable ways. There are several constraints to cost-effective national health, education and welfare service delivery particularly in the outer islands. An obvious one is geographic. The country's small population is scattered over 18 islands and 45 settlements averaging roughly 400 people. Poor roads and limited transport often make access to schools and clinics problematic. Walking to a school or clinic can take an hour or more. Communications between headquarters and outer island officers is infrequent and expensive. High transportation costs undermine cost-efficient distribution of books, building materials, and drugs, regular visits by specialist medical staff, and upgrading of housing, water supplies and amenities. Economies of scale are largely nonexistent in the outer islands. The average preschool size is 15 students; the average primary school has an enrolment of 135 pupils. Another obstacle is the limited management, administrative, and professional/technical capacity in the outer islands, combined with unclear lines of delegation between headquarters and outer island authorities.

4. Environment

9. Environmental management is a concern across several sectors. In urban areas, waste management and water supply are inadequate, in part due to the lack of appropriate cost recovery mechanisms. This is a serious threat to the health of the urban population as well as to the prospects for the tourism sector, which is the mainstay of the Cook Islands economy. Another growth industry, pearl farming, is also at risk due to overstocking (farms continue to expand in the absence of controls and regulations). These priority environmental concerns are being addressed with assistance from the ADB.

C. Governance: Sound Development Management

10. The initial wave of privatization (1996-97) was handled hastily and left a number of deficiencies. One major asset sale (Rarotongan Hotel) was notable for a lack of transparency and contestability, and there had been a lack of attention to regulatory arrangements in the privatization of the government-owned telecommunications monopoly. With the establishment of the Cook Islands Investment Corporation (CIIC) in March 1998, more effective controls were introduced for the management and disposition of all Government assets. The ADB will be working closely with the CIIC to ensure that possible private sector participation in provision of urban services (such as solid and liquid waste management and water supply) is accompanied by proper regulatory mechanisms.

11. The ADB will continue to support, through proposed technical assistance grants, the Government's efforts to address priority reform issues. Renewed commitment to realize fiscal surpluses is needed and will have to involve a planned completion of public service reform. The numbers of ministries and public servants are still far too high for a population of 16,600. The failure to reduce the size and cost of a parliament of 25 members, and the associated public concern over politicians' real commitment to improved governance, also need to be addressed. The fate of the recommendations of the 1998 Political Reform Commission, which include one for the downsizing of Parliament, will be a key test for government. The devolution to local government of basic service provision that was implemented under the ERP is attractive as a mechanism for increasing participation in the reform process, but care will be needed to ensure that it does not increase the public expenditure burden through creation of new layers of bureaucracy. Finally, there is a need to reform a high and distortive tariff system.

D. Implementation Assessment

1. The Portfolio

12. There were 4 active project loans at the end of 1998. Disbursements and contract awards for the year 1998 amounted to \$2 million and \$1.8 million, respectively. The disbursement ratio for 1998 was 43.2 percent. The contract award ratio for 1998 was 21 percent. Project implementation personnel attended the ADB's regional project implementation and administration seminar held in Fiji Islands in May 1998.

2. Issues in Project Implementation

13. The massive downsizing of Government from 1996 to 1998 affected the implementation of various ADB-financed projects. While the retrenchment of personnel was ongoing, it was futile to proceed with institutional development and capacity building activities, given that tenure of staff was uncertain and morale was very low. The sharp cut in staff also exacerbated existing skill deficiencies and weaknesses in management and accounting systems. However, with the substantial completion of the initial retrenchment process in 1998, project environments have normalized.

II. Country Operational Strategy

14. The ADB's priority in the Cook Islands is to continue to support the ongoing reform process, as it moves into a phase of consolidation, through timely and focused provision of technical assistance on matters where local expertise is not sufficient or available. At the same time, ADB assistance will aim to provide enabling environments for private sector growth in sectors with strong potential. Loans and technical assistance grants will strengthen local capacities to sustain essential infrastructure and services. A key objective, in the medium term, will be to establish effective regulatory and management frameworks in key sectors such as the pearl industry and for public utilities that may be shifted to private control or management. In the medium term, the ADB will also provide assistance to address emerging poverty in isolated outer island communities.

15. The new Government which assumed office in November 1999 is expected to continue to pursue the implementation of the key goals of the Economic Restructuring Program: Ensuring financial discipline through maintenance of balanced budgets; promoting accountability and transparency through proper reporting and auditing on economic and financial performance; adhering to its debt payment obligations, particularly those agreed during the 1998 Manila Debt Restructuring Meetings; and promoting private sector development.

III. Sector Strategies

A. Agriculture and Natural Resources

16. In this sector, ADB assistance continues to focus on the high-growth pearl industry. There are two dominant concerns in the industry: First, the fact that, despite strong growth and profitability, the industry contributes very little to the national government in terms of taxation; and, second, the large risk of overstocking (mainly in Manihiki lagoon where 80 percent of the potential pearl farming areas are already occupied) with the attendant dangers of disease breakout and diminished productivity and product quality. Past ADB assistance has concentrated mainly on building technical capabilities to monitor the ecology of the lagoons. However, institutional capacities for regulation and management have lagged behind. A series of two TAs is proposed: the Phase 1 TA (US\$100,000 in 2000) would finance in Manihiki lagoon a census and mapping of pearl farms, reassessment of carrying capacity, studies of effective regulatory mechanisms in other countries, activities to consult and organize stakeholders regarding the need for regulation and control to avoid the dangers of overstocking, and the formulation of a lagoon management plan acceptable to stakeholders. In addition, a component of the TA to be implemented by MFEM would identify appropriate mechanisms for capturing government revenues from the pearl industry. If the Phase I TA succeeds in producing a lagoon management plan fully endorsed by local stakeholders in Manihiki, it would be followed by a Phase 2 TA in 2001 (US\$100,000) to help build sustainable local capacity to implement the plan.

B. Social Infrastructure and Environment

17. The priority concern in the sector is to develop financially sustainable and environmentally sound arrangements for waste management and water supply, which are key to the survival of the tourism industry and the health of the urban population. A US\$1.96 million loan for a Waste Management Project is programmed for 2000; a US\$220,000 TA for

Community Education and Participation is piggybacked to the loan. This would be followed by a loan of US\$3.4 million for a Water Supply and Sewerage Project in 2001.

C. Outer Island Development

18. To address poverty concerns and vulnerability in the outer islands, a loan of US\$3.0 million for *Outer Island Development* is programmed for 2003. Preceding the loan in 2002 is a \$300,000 TA for *Local Government Capacity Building*. To prepare the project, a PPTA for US\$300,000 is planned for 2001. A possible model for the loan is the Island Development Program in Tuvalu, which will establish a “trust fund” to provide a continuing subsidy to finance development activities in poor outer island communities.

D. Governance Dimensions of Asian Development Bank Operations

19. Completion of the unfinished reform agenda should remain the highest priority of Government. At the time of the 1999 CPM, the Government was then not in a position to discuss possible ADB assistance for the next stage of reforms. However, it was agreed that further discussions would need to take place between the ADB and Government on this subject. To permit flexibility, a TA grant of \$180,000 has been earmarked for processing in early 2000 to support reform actions. To ensure local ownership and commitment, the design of the TA should be preceded by a consultative process to formulate a detailed reform agenda, and to build broad support for the next stage of reforms. The reform agenda is expected to cover the issues mentioned in para. 11 above. To support continuing policy reform initiatives in later years, the ADB proposes to earmark US\$100,000, US\$200,000, and US\$500,000, respectively in technical assistance grants in 2001, 2002 and 2003 as a “flexible fund” to be used in small amounts, as and when needed, in response to priority requirements.

E. Gender Dimensions of Asian Development Bank Operations

20. In the update of the Economic Report for the Cook Islands (see below), the gender issues identified in para. 7 above will be revisited and specific recommendations for policy action will be identified. The recommendations will be raised by the ADB in policy dialogue with Government.

F. Private Sector Operations

21. The focus on policy reform and governance issues in the Cook Islands is the most direct means for building private sector confidence and for promoting an enabling environment for private sector-led growth. The ADB’s assistance program also addresses long-term viability issues in the two leading industries – tourism and pearl farming. The loans in 2000 (waste management) and 2001 (water supply and sewerage) deal with infrastructure bottlenecks which would have affected current prospects and future private investment in the tourism sector. The technical assistance projects for the pearl industry are intended to address urgent institutional issues related to the environmental sustainability of intensive pearl farming by the private sector.

IV. Regional Economic Cooperation

22. The following are the priorities of the country for economic regional cooperation: (i) building trading relationships within and with blocks outside the region, (ii) cooperative arrangements in aviation and shipping, and coordinated policies and approaches to the

management of fisheries. To these ends, the ADB is actively involved with the Forum Secretariat and other regional agencies in a variety of regional initiatives.

23. The ADB currently provides regional technical assistance (RETA) to support the negotiation of a regional tuna fund management plan; and for fiscal and tax policy advice provided through the Pacific Financial and Technical Centre. In the coming three years, the ADB plans to provide RETAs for: (i) analysis of financial sector issues and strategies for selected PDMCs, (ii) judicial training in collaboration with UNDP, and (iii) more effective and sustainable coastal fisheries management.

V. Donor Activities and Aid Coordination

24. The annual level of external assistance is expected to fall from about US\$7.7 million (average over past 3-5 years) to about US\$6.0 million per year from 2000 onwards. New Zealand remains the dominant donor to the Cook Islands, providing almost half of the total external assistance. In past years, New Zealand annual assistance has amounted to about US\$3.3 million (NZ\$6 million). The areas covered under the NZODA program include public sector reform, human resource development, private sector development, outer islands development, and projects in the health, agriculture and environment sectors.

25. Australia, the next largest bilateral donor, provides about US\$0.8 million annually in aid, mainly for infrastructure projects. The ADB continues to be the major multilateral donor to the Cook Islands, which is not a member of the World Bank or the International Monetary Fund. Several UN agencies are represented in the Cook Islands, but only provide small amounts of aid. The UNDP has started a small TA project to support the devolution of basic services to local governments.

26. The ADB and NZODA continue to closely coordinate their respective external assistance efforts in several areas, notably the assistance to the reform program. In previous years, the ADB has helped to facilitate the coordination of external assistance through the consultative group (CG) process. If requested by the Government, the ADB is prepared to provide assistance for a CG meeting in 2000.

VI. Cofinancing and Catalyzing External Resources

27. The ADB will explore with NZODA and with AusAID whether there is any scope for cofinancing of the proposed 2001 loan for the *Water Supply and Sewerage Project*.

VII. Asian Development Bank's Operational Program

28. The proposed loan and technical assistance pipeline for the period 2000-2002 is summarized in Table 1 and Appendix 4. Lending by type and sector is presented in Appendix 5. The project profile for the firm 2000 loan is in Appendix 6. It should be noted that the proposed program is still subject to review and confirmation with the new Government which assumed office in November 1999.

Table1: Lending and Technical Assistance Program, 2000-2002**A. Public Sector Lending Program**

	1998 Actual		1999		2000		2001		2002	
	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)
Lending Program ^a	-	-	-	-	1	1.96	1	3.4	-	-
ADF	-	-	-	-	1	1.96	1	3.4	-	-
OCR	-	-	-	-	-	-	-	-	-	-
Lending Pipeline ^b	-	-	-	-	-	-	-	-	-	-
ADF	-	-	-	-	-	-	-	-	-	-
OCR	-	-	-	-	-	-	-	-	-	-

B. Technical Assistance Program

	1998 Actual		1999		2000		2001		2002	
	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)
TA Program ^a	1	750.0	-	-	3	500.0	-	-	-	-
TA Pipeline ^b	-	-	-	-	-	-	3	500.0	2	500.0

^a The Program is comprised of the firm projects.

^b The Pipeline consists of the Program (firm projects) and standby projects. In 2001 and 2002, there is no distinction between firm and standby.

VIII. Economic and Sector Work Program

29. The ADB proposes to undertake a mission to update the Economic Report on the Cook Islands in mid-2000 with funding, in part, from ongoing ADB TA. A revised Economic Report will be available for distribution by late 2000. The report will cover the macroeconomy and key productive sectors; it will also include a review of public expenditure. The report's recommendations can help to shape the next stage of reforms and guide the preparation of the 2001/2002 budget.

IX. Local Cost Financing

30. Only one project loan is in the pipeline for 2000. In view of the country's relatively high per capita income, the general approach will be to keep local cost financing to a minimum, to be provided only where justifiable, and on a case-by-case basis.

COOK ISLANDS
COUNTRY PERFORMANCE INDICATORS

Item	1994	1995	1996	1997	1998	1999 ^a
A. Income and Growth						
1. GDP per Capita (US dollars, current)	7,843.0	5,246.0	5,125.0	5,346.0	4,541.0	...
2. GDP Growth (% in constant prices)	3.3	-4.4	-0.1	-3.5	-1.0	...
Agriculture	17.1	17.9	19.5	21.2	...	...
Industry	18.6	17.0	18.9	18.9	...	...
Public Administration	24.8	24.7	20.9	16.3	...	...
Other	...	39.4	40.6	43.6	...	...
B. Saving and Investment (current market prices)						
	(percent of GDP)					
1. Gross Domestic Investment	...	...	...	...	...	...
2. Gross Domestic Saving	...	...	...	...	...	...
C. Money and Inflation						
	(annual percent change)					
1. Consumer Prices (annual average)	...	0.9	-0.6	-0.4	1.0	...
2. Broad Money (M2)	48.9	-	6.9	-37.1	...	...
D. Government Finance (NZ \$m)						
	<u>94/95</u>	<u>95/96</u>	<u>96/97</u>	<u>97/98</u>	<u>98/99</u>	
1. Revenue	69.2	59.5	45.8	44.6	45.2	...
2. Operating Expenditure	71.8	68.8	47.3	44.2	42.7	...
3. Operating Surplus/Deficit (-)	-2.6	-9.3	-1.5	0.4	2.5	...
E. Balance of Payments						
1. Merchandise Trade Balance (% of GDP)	-46.2	-43.1	-39.0	-45.9	...	...
2. Current Account Balance (% of GDP)	-5.5	-9.0	-1.9	-4.2	...	...
3. Export (\$) growth (annual percent change)	-2.5	-0.2	-34.0	-25.5	...	...
4. Import (\$) growth (annual percent change)	-21.7	-9.9	-14.8	15.2	...	...
F. External Payments Indicators						
1. International Reserves (\$, end of period)	...	...	...	...	...	...
- months of imports	...	...	...	...	...	...
2. External Debt Service (% of exports of goods & services)	...	...	...	...	...	...
3. External Debt (% of GDP)	...	...	...	...	78.6	...
Memorandum Items:						
GDP (current prices, local currency)	162,349.0	155,362.0	149,012.0	150,402.0	147,578.0	...
GNP (current prices, local currency)	...	...	...	...	...	...
Exchange Rate (NZ\$ per dollar, annual average)	1.6865	1.5235	1.4543	1.5083	1.8678	...

^a Estimates

Source: Ministry of Finance and Economic Management, Cook Islands

COOK ISLANDS
COUNTRY PERFORMANCE INDICATORS

	1985	1990	1998
POPULATION INDICATORS			
Total Population	...	18,600.0 (1991)	16,500.0
Annual Population Growth Rate (% change)	...		-1.80 (1990-98)
SOCIAL INDICATORS			
Total Fertility Rate (births per woman)	...	3.5	3.7
Maternal Mortality Rate (per hundred thousand live births)	20
Infant Mortality Rate (below 1 year; per '000 live births)	...	26	11
Life Expectancy at Birth (years)
Female	74
Male	71
Adult Literacy (%)	93
Primary School Enrollment (% of school age population)	...	99	100
Female	100
Secondary School Enrollment (% of school age population)	45
Female	49
Child Malnutrition (% of under age 5 underweight)	10
Population Below Poverty Line (%)
Income Ratio of Highest 20% to Lowest 20%
Population with Access to Safe Water (%)	...	99	95
Population with Access to Sanitation (%)	...	96	98
Public Education Expenditure as % of GDP	3.7
Public Health Expenditure as % of GDP	4.6
Human Development Index	...	0.985	0.822
Human Development Global Ranking	62
Human Poverty Index	6.1
ENVIRONMENTAL INDICATORS			
Forestry
Deforestation
Total Area
Annual deforestation
Biodiversity
Nationally protected area
Area
Number
As % of land area
Biosphere reserves
Area
Number
World Heritage sites (number)
Wetlands of international importance
Area
Number
Land Use
Cropland; permanent pasture
Air Pollution (Ambient concentrations)
Particulates
SO ₂
Water Pollution (concentration of pollutants in water bodies)
Biochemical Oxygen Demand (BOD)
Chemical Oxygen Demand (COD)
Global Environmental Problems
CO ₂ emissions (total and per capita)

Source: Pacific Human Development Report 1999

COOK ISLANDS
PORTFOLIO PERFORMANCE

Table 1 : Implementation, Disbursement Performance and Postevaluation Results
Public Sector Projects only
(as of 31 December 1998)

A. Project Portfolio ^b	Net Loan Amount \$ million %		Rating (No.) ^a										
			Total No. %		Implementation Progress				Development Objectives				
					HS	S	PS	U	HS	S	PS	U	
Agriculture and Natural Resources	0.59	9.0	1	25.0	-	1	-	-	-	-	1	-	-
Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Industry	2.78	41.0	1	25.0	-	1	-	-	-	-	1	-	-
Social Infrastructure	2.59	38.0	1	25.0	-	1	-	-	-	-	1	-	-
Transport and Communications	-	-	-	-	-	-	-	-	-	-	1	-	-
Others/Multisector	0.78	11.6	1	25.0	-	1	-	-	-	-	4	-	-
Total	6.75	100.0	4	100.0	0	4	0	0	0	0	8	0	0

B. Disbursements ^c	OCR	ADF	Total
(1) Total funds available for withdrawal (\$ mn, active loans only)	-	6.75	6.75
(2) Disbursed amount (\$ mn, cumulative, active loans only)	-	4.01	4.01
(3) Percentage disbursed [(2)/(1)] (%)	-	59.41	59.41
(4) Disbursements (\$mn, active loans only, latest year)	-	1.99	1.99
(5) Disbursement ratio (%) ^d	-	43.15	43.15

C. Net Transfer of Resources ^e (\$ million)	OCR	ADF	Total
Net transfer in 1995	-	0.2	0.20
Net transfer in 1996	-	3.8	3.80
Net transfer in 1997	-	2.2	2.20
Net transfer in 1998	-	1.7	1.70

D. Post-Evaluated Projects	1968 - 1977		1978 - 1987		1988 - 1998		1968 - 1998			
	No.	%	No.	%	No.	%	No.	%		
1. Postevaluation Rating (as of 31 December 1998)										
Rated Generally Successful (GS)	-	-	-	-	-	-	-	-		
Rated Partly Successful (PS)	-	-	-	-	2	100.0	2	100.0		
Rated Unsuccessful (US)	-	-	-	-	-	-	-	-		
No Rating	-	-	-	-	-	-	-	-		
Total	0	0.0	0	0.0	2	100.0	2	100.0		
2. Postevaluation Rating by Sector 1968-98 (as of 31 December 1998)										
	GS		PS		US		NR		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Finance and Industry	-	-	2	100.0	-	-	-	-	2	100.0
Social Infrastructure	-	-	-	-	-	-	-	-	-	-
Transport and Communications	-	-	-	-	-	-	-	-	-	-
Others/Multisector	-	-	-	-	-	-	-	-	-	-
Total	0	0.0	2	100.0	0	0.0	0	0.0	2	100.0

^a HS: Highly satisfactory; S: Satisfactory; PS: Partially satisfactory; U: Unsatisfactory

^b Excludes loans closed during the year.

^c Excludes loans closed during the year without disbursement.

^d Disbursement Ratio is defined as the ratio of the total disbursement in a given year over the net loan amount available at the beginning of the year plus the loan amounts of newly approved loans which have become effective. "Net loan amount at the beginning of the year" includes all effective loans at the beginning of the year. "Loan amounts of newly approved loans which have become effective" includes loans approved before and after the beginning of the year that have become effective after the beginning of the year.

^e Includes private sector projects for countries with private sector operations.

Source : OPO (A), CTD (B & C), OEO (D)

COOK ISLANDS PORTFOLIO PERFORMANCE

**Table 2: Status of Project Implementation
Public Sector Projects Only
(As of 31 December 1998)**

Sector ^a	Project Title	Net Loan Amount		Approval Date (mm/yy)	Effectivity Date (mm/yy)	Closing Date		Physical Progress (% complete)	Cum Contract Awards (\$ million)	Cummulative Disbursement (\$ million)	Project Performance Rating ^b	
		OCR (\$ million)	ADF			Original (mm/yy)	Revised (mm/yy)				Implementation Progress	Development Objective
AGR	Loan No. 1309-COO (SF) Pearl Industries Development		0.59	Aug-94	Dec-94	Apr-98	Dec-98	98	0.47	0.47	S	S
I&F	Loan No. 1380-COO (SF) CIDB III		2.59	Sep-95	Jan-96	Jan-00	Jan-01	DFI Loan	1.39	1.40	S	S
SOC	Loan No. 1317-COO (SF) Education Development Project		2.78	Sep-94	Feb-95	Jul-00	-	50	1.44	1.43	S	S
OTH	Loan No. 1588-COO (SF) Cyclone Emergency		0.79	Dec-97	Jan-98	Jun-99	-	85	0.33	0.71	S	S
Total		0.00	6.75						3.63	4.01		

^a Sector:

AGR: Agriculture & Natural Resources

ENY: Energy

SOC: Social Infrastructure

I&F: Industry and Finance

T&C: Transport and Communications

OTH: Multisector/Others

^b HS: Highly satisfactory; S: Satisfactory; PS: Partially satisfactory; U: Unsatisfactory

Note: Excludes loan(s) closed during the year

COOK ISLANDS
OVERALL EXTERNAL ASSISTANCE

External Source (\$ million)	Past 3-5 Years (annual average)		1998 Approvals	
	Loan/Credit	TA	Loan/Credit	TA
A. Multilateral Assistance				
Bank	1.50	0.90	...	0.75
UNDP	...	0.47	...	0.20
Others	...	0.24	...	0.20
Subtotal	1.50	1.61	0.00	1.15
B. Bilateral Assistance				
Australia	...	0.84	...	0.84
France	...	0.01	...	0.04
Germany	...	0.01	...	0.03
New Zealand	...	3.42	...	3.20
Others	...	0.30	...	0.10
Subtotal	-	4.58	-	4.21
Total	1.50	6.19	0.00	5.36
Memo Items: External Assistance as % of Current Expenditures External Assistance as % of Capital Expenditures				

Sources: Aid Coordination Unit, Ministry of Finance and Economic Management

COOK ISLANDS
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002
(Amounts in \$ million)

Sector/Project Name	Strategic		Responsible Division	Year of PPTA	PROJECT COST					
	Dev't Objectives ^a				TOTAL	Bank			Gov't	Cofinancing (Others)
	Primary	Secondary				OCR	ADF	Total		
2000 FIRM LOANS										
Social Infrastructure										
1. Waste Management		ENV	SPRM		2.80	0.00	1.96	1.96	0.84	TBD
Subtotal					2.80	0.00	1.96	1.96	0.84	TBD
Total					2.80	0.00	1.96	1.96	0.84	TBD
2001 LOAN PIPELINE										
Social Infrastructure										
1. Water Supply and Sewerage		ENV	SPRM		4.50	0.00	3.40	3.40	1.10	TBD
Subtotal					4.50	0.00	3.40	3.40	1.10	TBD
Total					4.50	0.00	3.40	3.40	1.10	TBD
2002 LOAN PIPELINE										
NONE										

^a ECO = Economic Growth; HD = Human Development; POV = Poverty Reduction; WID = Women in Development; and ENV = Environmental Protection.

COOK ISLANDS
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002

Sector/Project Name	Responsible Division	Type of TA	Amount (\$'000)		
			Bank	Others	Total
2000 TECHNICAL ASSISTANCE PROGRAM					
Agriculture and Natural Resources					
1 . Pearl Industry Regulation and Management (Phase I)	POHQ	AD	100.0		100.0
	Subtotal		<u>100.0</u>		<u>100.0</u>
Social Infrastructure					
1 . Community Education and Participation	SPRM	AD	220.0		220.0
	Subtotal		<u>220.0</u>		<u>220.0</u>
Others					
1 . Public Sector Reform Program I	POHQ	AD	180.0		180.0
	Subtotal		<u>180.0</u>		<u>180.0</u>
Total			<u>500.0</u>		<u>500.0</u>
2001 TECHNICAL ASSISTANCE PROGRAM					
Agriculture and Natural Resources					
1 . Pearl Industry Regulation and Management (Phase II)	POHQ	AD	100.0		100.0
	Subtotal		<u>100.0</u>		<u>100.0</u>
Multisector					
1 . Outer Islands Development	POHQ	PP	300.0		300.0
	Subtotal		<u>300.0</u>		<u>300.0</u>
Others					
1 . Public Sector Reform Program II	POHQ	AD	100.0		100.0
	Subtotal		<u>100.0</u>		<u>100.0</u>
Total			<u>500.0</u>		<u>500.0</u>
2002 TECHNICAL ASSISTANCE PROGRAM					
Others					
1 . Local Government Capacity Building	POHQ	AD	300.0		300.0
2 . Public Sector Reform Program III	POHQ	AD	200.0		200.0
	Subtotal		<u>500.0</u>		<u>500.0</u>
Total			<u>500.0</u>		<u>500.0</u>

COOK ISLANDS
LENDING PROGRAM BY TYPE AND SECTOR, 2000-2002

Classification	2000 (Firm)		2001-2002	
	No.	% ^a	No.	% ^a
By Type				
A. Economic Growth		0.0		0.0
B. Projects Directly Aimed at Social Concerns	1	100.0	1	100.0
C. Projects Directly Aimed at Environmental Concerns		0.0		0.0
D. Economic Growth-oriented Projects with Social and/or Environmental Concerns		0.0		0.0
Total	1	100.0	1	100.0
By Sector				
A. Agriculture and Natural Resources		0.0		0.0
B. Energy		0.0		0.0
C. Finance		0.0		0.0
D. Transport and Communications		0.0		0.0
E. Social Infrastructure	1	100.0	1	100.0
F. Others/Multisector		0.0		0.0
Total	1	100.0	1	100.0

^a rounded off.

COOK ISLANDS

PROJECT PROFILE			
1. Project Name: Waste Management	2. Sector/Subsector: Social Infrastructure/Urban Development		
3. Dev. Objective: Primary: HD Secondary: -			
4. Rationale: <p>Rarotonga's present waste management system is overloaded is damaging the environment, and presents health hazards. Storm water that runs off the existing waste disposal sites is polluting surface streams and groundwater. Septic tank sludge is disposed in trenches on vacant land, but household septic tanks are not serviced until they overflow or become odorous, when environmental damage had already been caused. The capacity of one landfill is almost exhausted and a second, unofficial, landfill has been pressed into service. Aitutaki has no waste management facility at all. Solid wastes are being dumped or burned with no control, and septic tanks are simply abandoned when they become a significant nuisance.</p> <p>The principal thrust of the project is to halt and reverse the environmental degradation that is being caused by inadequate waste management practices in Rarotonga and Aitutaki. The Project will also provide facilities that will significantly enhance public activities, depends on large extent on the conservation of the country's natural environment.</p>	5. Beneficiary Participation in Formulation: Improvement in community participation in land use planning and the provision of urban services.		
6. Objectives and Scope: <p>Project outputs will include (a) the establishment of efficient waste management systems in Rarotonga and Aitutaki, through the construction of new disposal facilities for solid wastes and septic tank sludge in each island; (b) the institutionalization of recycling programs, to reduce the quantity of waste; (c) improved waste collection systems; (d) establishment of an improved institutional and regulatory framework, to enable waste management services to be franchised or contracted out; (e) establishment of cost recovery systems; and (f) the preparation of remediation strategies for existing waste disposal sites.</p> <p>The physical works associated with the Project include (a) the construction of a fully engineered, environmentally sound, landfill site in Rarotonga; (b) the construction of a similar landfill site in Aitutaki; (c) construction of septic tank sludge treatment lagoons adjacent to each landfill; and (d) the supply of operating equipment for each landfill and for recycling waste materials. The services of consultants will be required to assist with Project management, and to carry out detailed design services, construction supervision, training in solid waste management, and in establishing technical standards for the operation and monitoring of solid waste management facilities and services.</p>			
7. Estimated Cost & Financing Plan (\$ million):			Remarks
Loan Project Cost (\$m)			
Financing (Source)	FC	LC	Total
Bank	1.96	0.0	1.96
Cofinancing	0.0	0.0	0.0
Borrower	0.0	0.84	0.84
Total	1.96	0.84	2.8
8. Estimated Benefits and Beneficiary Groups: The Project will help the Government to improve the efficiency of urban services through institutional reform, and will			

introduce systems for recovering the costs of the provision of waste management services. The Project will provide tangible support to the Government's policy of maximizing private sector-led growth, through a thrust towards private sector participation in the provision of waste management services. The Project will also help to underpin the development of tourism. The project will serve the entire island of Rarotonga and the atoll of Aitutaki. The Project will contribute to the achievement of the longer term goals of safeguarding public health and the environment, supporting private sector-led participation in waste management practices, and increasing public awareness of responsible waste management practices.

9. Executing Agency: Ministry of Finance and Economic Management	9. Project Implementation Period: Start: 2000 End: TBD
11. Environment Category: A	12. Processing Year: 2000

ASIAN DEVELOPMENT BANK

**COUNTRY ASSISTANCE PLAN
(2000-2002)
PIPELINE UPDATE**

COOK ISLANDS

June 2000

COOK ISLANDS
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002
(Amounts in \$ million)

Sector/Project Name	Strategic		Responsible Division	Year of PPTA	PROJECT COST					
	Dev't Objectives ^a				TOTAL	Bank			Gov't	Cofinancing (Others)
	Primary	Secondary				OCR	ADF	Total		
2000 FIRM LOANS										
Social Infrastructure										
1. Waste Management		ENV	SPRM		2.80	0.00	2.00	2.00	0.84	TBD
Subtotal					2.80	0.00	2.00	2.00	0.84	TBD
Total					2.80	0.00	2.00	2.00	0.84	TBD
2001 LOAN PIPELINE										
Social Infrastructure										
1. Water Supply and Sewerage		ENV	SPRM		4.50	0.00	3.40	3.40	1.10	TBD
Subtotal					4.50	0.00	3.40	3.40	1.10	TBD
Total					4.50	0.00	3.40	3.40	1.10	TBD
2002 LOAN PIPELINE										
NONE IDENTIFIED										

^a ECO = Economic Growth; HD = Human Development; POV = Poverty Reduction; WID = Women in Development; and ENV = Environmental Protection.

COOK ISLANDS
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2000-2002

Sector/Project Name	Responsible Division	Type of TA	Amount (\$'000)		
			Bank	Others	Total
2000 TECHNICAL ASSISTANCE PROGRAM					
Finance					
1 . Economic Report	POHQ	AD	180.0	0.0	180.0
2 . Review of Pension and Insurance Schemes	SPRM	AD	100.0	0.0	100.0
	Subtotal		<u>280.0</u>	<u>0.0</u>	<u>280.0</u>
Social Infrastructure					
1 . Community Partnerships in Environmental Sanitation	SPRM	AD	220.0	0.0	220.0
	Subtotal		<u>220.0</u>	<u>0.0</u>	<u>220.0</u>
Total			<u>500.0</u>	<u>0.0</u>	<u>500.0</u>
2001 TECHNICAL ASSISTANCE PROGRAM					
Multisector					
1 . Outer Islands Development Infrastructure	POHQ	PP	300.0	0.0	300.0
	Subtotal		<u>300.0</u>	<u>0.0</u>	<u>300.0</u>
Others					
1 . Improving Performance of Frontline Services	POHQ	AD	100.0	0.0	100.0
2 . Utilities Regulation and Management	POHQ	AD	100.0	0.0	100.0
	Subtotal		<u>200.0</u>	<u>0.0</u>	<u>200.0</u>
Total			<u>500.0</u>	<u>0.0</u>	<u>500.0</u>
2002 TECHNICAL ASSISTANCE PROGRAM					
Others					
1 . Local Government Capacity Building	POHQ	AD	300.0	0.0	300.0
2 . Support of Public Sector Reform I	POHQ	AD	200.0	0.0	200.0
	Subtotal		<u>500.0</u>	<u>0.0</u>	<u>500.0</u>
Total			<u>500.0</u>	<u>0.0</u>	<u>500.0</u>