

**APPENDIXES**

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## ECONOMIC INDICATORS

Item	1995	1996	1997	1998	1999	2000	2001 <sup>a</sup>
<b>A. Income and Growth</b>							
1. GDP per Capita (dollars, current)	5,246	5,449	5,493	4,582	5,060	4,983	5,242
2. GDP Growth (%, in constant prices)	-4.4	-0.2	-2.8	-2.3	2.7	4	4
Agriculture (% of GDP)	18	20	21	23	23	22	—
Industry (% of GDP)	7	7	7	7	7	7	—
Services (% of GDP)	75	73	71	70	70	71	—
<b>B. Saving and Investment (current market prices)</b>							
	(Percent of GDP)						
1. Gross Domestic Investment	—	—	—	—	—	—	—
2. Gross Domestic Saving	—	—	—	—	—	—	—
<b>C. Money and Inflation</b>							
	(Annual percent change)						
1. Consumer Prices (annual average)	0.9	-0.6	-0.4	0.7	1.4	3	4
2. Broad Money (M2) by end-June Quarter	-30	-3	31	12	17	-2	8
<b>D. Government Finance</b>							
	(Percent of GDP)						
1. Total Revenue and Grants	41.7	37.7	31.7	31.4	30.5	33.7	34.5
2. Total Expenditure and Net Lending	44.3	44.8	31.1	39.0	31.4	32.3	34.2
3. Overall Surplus/Deficit (-)	-2.6	-7.2	0.6	-7.6	-0.9	1.5	0.3
<b>E. Balance of Payments</b>							
1. Merchandise Trade Balance (% of GDP)	-43.2	-39.2	-47.2	-45.6	-48.5	-58	—
2. Current Account Balance (% of GDP)	-4	0	-4	-3	-3	-3	—
3. Export (\$) Growth (annual percent change)	10.4	-31.0	-10.1	13.8	10.7	156.4	—
4. Import (\$) Growth (annual percent change)	-0.4	-10.8	10.8	-20.9	9.8	22.9	—
<b>F. External Payments Indicators</b>							
1. International Reserves (billion dollars, end of period)							
- months of imports	—	—	—	—	—	—	—
2. External Debt Service (% of exports of goods & services)	15	17	11	4	5	4	4
3. External Debt (% of GDP)	34	34	33	83	77	74	76
<b>G. Memorandum Items</b>							
GDP (current prices, million <i>local currency</i> )	155.1	149.1	144.2	142.0	148.2	158.8	165.2
Exchange Rate (NZ\$ per US\$, annual average)	1.52	1.46	1.51	1.87	1.89	2	2
Population (midyear, million)	0.01940	0.01880	0.01740	0.01660	0.01550	0	0

— = not available, GDP = gross domestic product, GNP = gross national product.

<sup>a</sup> Estimates.

Sources: Ministry of Finance and Economic Management, Cook Islands, OPO staff estimates.

## SOCIAL INDICATORS

Item	1990	Latest Year (1999)	
<b>Population Indicators</b>			
Total Population	18,600 (1991)	16,100	
Annual Population Growth Rate (% change)		-7.50	(1990-98)
<b>Social Indicators</b>			
Total Fertility Rate (births per woman)			
Maternal Mortality Rate (per 100,000 live births)	3.5	3.7	(1996)
Infant Mortality Rate (below 1 year; per 1,000 live births)	26	20.7	
Life Expectancy at Birth (years)		71.5	(1996)
		68.4	(1996)
Adult Literacy (%)	—	99	
Primary School Enrollment (% of school age population)	—	99	
	—	99	
Secondary School Enrollment (% of school age population)	—	98	
	—	98	
Child Malnutrition (% of under age 5)	—	—	
Population Below Poverty Line (%)	—	—	
Income Ratio of Highest 20% to Lowest 20%	—	—	
Population with Access to Safe Water (%)	—	99	
Population with Access to Sanitation (%)	—	96	
Public Education Expenditure as % of GNP	—		
Public Health Expenditure as % of GDP	—		
Human Development Index	—	0.985	
Human Development Ranking	—	62	(1998)
Human Poverty Index	—	6.1	

— = not available, GDP = gross domestic product, GNP = gross national product.

Source: Pacific Human Development Report 1999.

**PORTFOLIO PERFORMANCE INDICATORS**  
**Table A3.1 : Implementation, Disbursement Performance and Postevaluation Results of**  
**Public Sector Projects**  
 (as of 31 December 2000)

A. Project Portfolio	Net Loan Amount		Rating (No.) <sup>a</sup>										
			Total		Implementation Progress				Development Objectives				
	\$ million	%	No.	%	HS	S	PS	U	HS	S	PS	U	
Agriculture and Natural Resources	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0
Energy	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0
Finance	2.68	51.3	1	50.0	0	1	0	0	0	1	0	0	0
Social Infrastructure	2.55	48.7	1	50.0	0	1	0	0	0	1	0	0	0
Transport and Communications	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0
Others	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5.23</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>

  

B. Disbursements	OCR	ADF	Total
(1) Total funds available for withdrawal (\$ mn, active loans only)	0.00	5.87	5.87
(2) Disbursed amount (\$ mn, cumulative, active loans only)	0.00	4.78	4.78
(3) Percentage disbursed [(2)/(1)] (%)	0.00	81.44	81.44
(4) Disbursements (\$mn, active loans only, latest year)	0.00	0.39	0.39
(5) Disbursement ratio (%) <sup>b</sup>	0.00	28.37	28.37

  

C. Net Transfer of Resources <sup>c</sup> (\$ million)	OCR	ADF	Total
Net transfer in 1996	0.00	3.80	3.80
Net transfer in 1997	0.00	2.20	2.20
Net transfer in 1998	0.00	1.70	1.70
Net transfer in 1999	0.00	0.60	0.60
Net transfer in 2000	0.00	0.10	0.10

  

D. Post-Evaluated Projects (By Year of PPAR Circ.) 1. Postevaluation Rating (as of 31 December 2000)	1996 - 2000	
	No.	%
Highly Successful (HS)	0	0.0
Successful (S)	0	0.0
Partly Successful (PS)	1	100.0
Unsuccessful (U)	0	0.0
No Rating (NR)	0	0.0
<b>Total</b>	<b>1</b>	<b>100.0</b>

  

2. Postevaluation Rating by Sector 1996-2000 (as of 31 December 2000)	HS		S		PS		U		NR		Total	
	No.	%	No.	%	No.	%	%	No.	%	No.	%	
Agriculture and Natural Resources	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Energy	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Finance	0	0.0	0	0.0	1	100.0	0	0.0	0	0.0	1	100.0
Social Infrastructure	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Transport and Communications	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Others	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>1</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>1</b>	<b>100.0</b>

<sup>a</sup> HS: Highly satisfactory; S: Satisfactory; PS: Partly satisfactory; U: Unsatisfactory; NR: No Rating

<sup>c</sup> Ratio of disbursement during the year over the undisbursed net loan balance less cancellations at the beginning of the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

<sup>e</sup> Source: Postevaluation Information System

**Table A3.2: Status of Project Implementation**  
**Public Sector Projects**  
(as of 31 December 2000)

Sector <sup>a</sup>	Project Title	Net Loan Amount		Approval Date	Effectivity Date	Closing Date		Project Progress (% complete)	Cum Contract Awards (\$ million)	Cummulative Disbursement (\$ million)	Project Performance Rating <sup>b</sup>	
		OCR	ADF			Original	Revised				Implementation Progress	Development Objective
SOC	Education Development Project	2.549		22 Sep 94	28 Feb 95	31 Jul 00	31 Oct 00	100%	2.48	2.53	S	S
F	Third Cook Islands Development Bank Project	2.681		26 Sep 95	22 Jan 96	22 Jan 00	30 Jun 01	98.5%	1.83	1.61	S	S
<b>Total</b>		<b>5.230</b>							<b>4.31</b>	<b>4.14</b>		

<sup>a</sup> Sector:  
AGR: Agriculture & Natural Resources  
ENE: Energy  
F: Finance  
SOC: Social Infrastructure  
T&C: Transport and Communications  
OTH: Others

## **LENDING TRIGGERS**

Compliance with the following will give the Cook Islands access to the Asian Development Bank's (ADB's) Asian Development Fund (ADF) resources:

- (i) A budget operating surplus will be maintained.
- (ii) Future debts will be affordable.
- (iii) A policy of empowerment of outer islands councils will be maintained.
- (iv) A countrywide policy of improving environmental management and monitoring will be maintained.

Failure to comply with the above indicators may result in the deferral of ADB's lending from its ADF resources.

**LENDING AND TECHNICAL ASSISTANCE PROGRAMS**  
**Table A5.1: Lending Program, 2002-2004**

Sector/Project Name	Poverty Classification	Thematic Priority	Responsible Division	Year of PPTA	Project Cost (\$ million)				Gov't Cofinancing (Others)
					Total	ADB		Total	
						OCR	ADF		
<b>2002 Firm Loans</b>									
None									
<b>2003 Loan Pipeline</b>									
<b>Others</b>									
1. Outer Islands Development	PI	ECO	POHQ	2001	3.0	0.0	3.0	3.0	0.0
<b>Subtotal</b>					<b>3.0</b>	<b>0.0</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>
<b>Total</b>					<b>3.0</b>	<b>0.0</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>
<b>2004 Loan Pipeline</b>									
None									

ADF = Asian Development Fund, ECO = economic growth, OCR = Ordinary Capital Resources, PI = poverty intervention,

Table A5.2: Technical Assistance Program, 2002-2004

Sector/Project Name	Responsible Division	Type of TA	Amount (\$ '000)		
			ADB	Others	Total
<b>2002 Technical Assistance Program</b>					
<b>Others</b>					
1. Capacity Building in Environmental Monitoring, Regulation, and Community Participation	POHQ	AD	250.0		250.0
2. Improving the Performance of Frontline Services	POHQ	AD	250.0		250.0
<b>Subtotal</b>			<b>500.0</b>		<b>500.0</b>
<b>Total</b>			<b>500.0</b>		<b>500.0</b>
<b>2003 Technical Assistance Program</b>					
<b>Others</b>					
1. Capacity Building in Island Councils	POHQ	AD	300.0		300.0
2. Support for the Reform Program Phase 3	POHQ	AD	200.0		200.0
<b>Subtotal</b>			<b>500.0</b>		<b>500.0</b>
<b>Total</b>			<b>500.0</b>		<b>500.0</b>
<b>2004 Technical Assistance Program</b>					
<b>Others</b>					
1. Utilities Regulation and Management	SPRM	AD	100.0		100.0
2. Support for the Reform Program Phase 4		AD	400.0		400.0
<b>Subtotal</b>			<b>500.0</b>		<b>500.0</b>
<b>Total</b>			<b>500.0</b>		<b>500.0</b>

## PROJECT SELECTION BRIEF

### Table A6.1: Outer Islands Development

<b>A. Data</b>	
Project Number:	29645-01
Country:	Cook Islands
Sector:	Others
Subsector:	
Project Division:	POHQ
Contact Person in Project Division:	Michel D. Latendresse
Programs Division:	SPRM
Tentative Loan Amount According to CSP:	\$3.0 million
Proposed Lending Modality:	Program Loan
PPTA:	Outer Islands Development
Proposed PPTA Amount:	\$300,000.00
Attached ADTA:	Capacity Building in Island Councils
Proposed ADTA Amount:	\$300,000.00
Start Predesign Phase:	
Start Design Phase:	
Approval Year According to CSP:	2003
Proposed Executing Agency:	Ministry of Finance and Economic Management
Contact Person in Proposed Executing Agency:	Mr. Kevin C. Carr Financial Secretary
<b>B. Description</b>	
Brief Rationale of Project:	Disparities in level of development between the principal island of Rarotonga and many of the outer islands of the Cook Islands group are significant. The outer islands suffer from underdeveloped services and lack of resources to sustain adequate levels of infrastructure maintenance. The disparity of service and infrastructure is one of the reasons for a population drift from the outer islands to Rarotonga and overseas. The loan will support the Government's policy to empower the outer island councils.
Summary of Preparatory Work by DMC and/or ESW by ADB or Others:	The Government has adopted a policy to empower outer island councils. UNDP and NZODA are assisting the Government in policy development.
Comparative Advantage of ADB in Proposed Project:	Experience in establishing outer islands trust funds in other Pacific island nations, and the ability to provide the Cook Islands Government with linkages to other trust funds.
Rationale and Scope of attached ADTA:	Capacity building for islands councils will focus on the maintenance of assets.

Development Objective (thematic priority):	Economic Growth
Environmental Classification:	
Social Issues:	The loan will address the disparity of services between Rarotonga and the outer islands, in a sustainable manner through the establishment of a trust fund.

ADB = Asian Development Bank, ADTA = advisory technical assistance, CSP = country assistance and program, DMC = developing member country, ESW = Economic and Sector Work, PPTA = project/program preparatory technical assistance.

**Table A7.1: Capacity Building in Environmental Monitoring, Regulation, and Community Participation**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	OPO, SPRM, E. Gordon Fox
Type of TA (ADTA, PPTA, RETA):	ADTA
Name of Loan Project to Follow (if PPTA):	
Country/Region (as applicable):	Cook Islands
Sector/Subsector	Others
Poverty Classification and Thematic Priorities: <sup>a</sup>	Environmental Protection
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	November 2002
Estimated Completion Date:	June 2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	The environment of the Cook Islands is fragile and is being severely tested by coastal erosion, the impact of development growth, and susceptibility to climate change. Yet conservation of the natural environment is essential for the sustained development of tourism, and is important for the protection of marine resources. Efforts are being made to provide an appropriate legislative framework for environment management. Public consultation and support are essential. However, experience in environmental management is limited, and capacity building is required.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>▪ poverty reduction/thematic priorities</li> <li>▪ country strategy (where applicable)</li> <li>▪ regional cooperation</li> </ul>	Environmental Protection. Two objectives of ADB's strategy in the Cook Islands are the development of urban infrastructure, and development of the outer islands. Given the existing threats to the environment, it is essential to improved environmental regulation and monitoring to ensure sustainability of such development. Improved environmental monitoring and regulation will, improve the quality of life in the outer islands and make them more attractive for development. The TA will thus ensure synergism with ADB's support of economic development.
3. Scope (specific major components, e.g. capacity building)	Under the TA, consultants will review the capacities and roles of the Environment Service and other agencies involved in environmental protection, and will review recommendations that have already been made during the preparation of other projects. The consultants will assist the

<sup>a</sup> Economic growth, human development, gender and support for ADB operations.

<sup>b</sup> Year of inclusion in CSP for transition period

	Government to formulate an appropriate and robust system of environmental management, and appropriate environmental monitoring practices. The consultants will also assist in public consultations to ensure that local concerns are fully taken into account, and will give training in appropriate environmental monitoring procedures.
4. Expected Outcome and Monitorable Indicators	The monitorable indicators at the conclusion of the TA will include <ul style="list-style-type: none"> <li>• appropriate environmental regulations in place in support of new environmental legislation, covering Rarotonga and outer islands;</li> <li>• environmental Service and other personnel trained in appropriate environmental monitoring procedures;</li> <li>• community participation institutionalized in the environmental management process.</li> </ul>
5. Previous TAs on the Same Theme, in the sector, country, or region (last five years) <ul style="list-style-type: none"> <li>▪ name, amount, status</li> <li>▪ assessment of outcome</li> </ul>	There have been no previous TAs for environmental protection in the Cook Islands. However, an environmental protection component was included in TA 3085-COO: Urban Infrastructure Project, which highlighted the need for improved regulation and monitoring.
6. Executing agency/implementing agency/ counterpart agency (for RETAs as applicable)	The Executing Agency will be the Ministry of Finance and Economic Management (MFEM). The Environment Service will implement the TA. The TA will be steered by a small group of executives from MFEM, the office of the Prime Minister, the Environment Service, the Ministry of Health, and the Ministry of Marine Resources.
7. Cost and Financing Plan <ul style="list-style-type: none"> <li>(i) ADB Financing (JSF, TASF)</li> <li>(ii) Sources other than JSF/TASF</li> </ul>	The total cost of the TA is \$290,000, equivalent of which \$240,000 is the foreign exchange cost and \$50,000 equivalent is the local currency cost. ADB will finance the foreign exchange cost and \$5,000 equivalent of the local currency cost. The government will finance the remaining \$45,000 equivalent of the local currency cost in kind.
8. Country, RETA IPF for relevant year	\$500,000

ADB = Asian Development Bank, ADTA – advisory technical assistance, CSP = country strategy program, JSF = Japan Special Fund, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

**Table A7.2: Improving the Performance of Front Line Services**

<b>A. Profile</b>	
Department, Division, RM, Officer Concerned:	OPO, SPRM, E. Gordon Fox
Type of TA (ADTA, PPTA, RETA):	ADTA
Name of Loan Project to Follow (if PPTA):	
Country / Region (as applicable):	Cook Islands
Sector /Subsector:	Others
Poverty Classification and Thematic Priorities: <sup>a</sup>	Good governance
Program Year: <sup>b</sup>	2002
Expected Approval Date (mo/yr):	November 2002
Estimated Completion Date:	June 2003
<b>B. Concept and Design</b>	
1. Rationale (specific problem/issues to be addressed in TA)	Government services were significantly downsized in the reform program initiated in 1996. Restructuring continues as the reforms are consolidated. Several Government departments and agencies provide a direct service to the public. Notable examples are the Ministries of Health and Education, and Police Service, but there are many others that deal directly with the public. There is a need to better identify the needs of the public and respond to those needs in a timely and cost-effective manner.
2. Relation to Strategic Objectives (How the TA addresses the following.) <ul style="list-style-type: none"> <li>▪ poverty reduction/thematic priorities</li> <li>▪ country strategy (where applicable)</li> <li>▪ regional cooperation</li> </ul>	Good Governance. The TA will assist Government services to better recognize the public needs and demands, and to respond to them in a fully accountable, timely, and efficient manner.
3. Scope (specific major components, e.g. capacity building)	Under the TA, management consultants will examine the needs and performance of frontline services, and will develop programs for improving services that relate directly to the public. Capacity building will be provided through workshops, seminars, and demonstrations appropriate Government services.
4. Expected Outcome and Monitorable Indicators	The TA will improve the performance of frontline services in interacting with the public. Monitorable indicators will include <ul style="list-style-type: none"> <li>▪ greater public satisfaction, expressed in user surveys;</li> </ul>

<sup>a</sup> Economic growth, human development, gender and support for ADB operations.<sup>b</sup> Year of inclusion in CSP for transition period

	<ul style="list-style-type: none"> <li>• improved response times, as indicated in recording systems; and</li> <li>• cost savings, as indicated in management information reports and annual accounts.</li> </ul>
<p>5. Previous TA(s) on the Same Theme in the sector, country, or region (last five years)</p> <ul style="list-style-type: none"> <li>▪ name, amount, status</li> <li>▪ assessment of outcome</li> </ul>	<p>TA 2424-COO: <i>Strengthening of Institutional Capacity for Financial and Economic Management</i>, for \$892,000. Completed March 1997.</p> <p>TA 2750-COO: <i>Strengthening of Institutional Capacity for Financial and Economic Management (Phase 2)</i>, for \$600,000. Completed April 2000.</p> <p>The two TAs were highly effective in assisting the government to deal with the country's serious financial crisis in the mid-1990s. The TAs helped in streamlining the budget preparation process and in improving the availability of key economic and social statistics. However, the demands on senior staff and consultants in implementing major reforms prevented the TAs from establishing a sustained focus on staff development and capacity building. With the current consolidation of the reform process, the proposed TA will build on the foundations laid by these earlier TAs, and provide sustainable management systems in government services.</p> <p>This TA will follow on and complement the proposed TA for Improvement in Corporate Management in Government Services that is programmed for approval in 2001.</p>
<p>6. Executing agency, implementing agency, counterpart agency (for RETAs as applicable)</p>	<p>The Executing Agency will be the Ministry of Finance and Economic Management (MFEM). The Public Service Commission will implement the TA. The TA will be steered by a small group of executives from MFEM, the Office of the Prime Minister, and the Public Service Commission. All government departments and services will participate in the TA.</p>
<p>7. Cost and Financing Plan</p> <ul style="list-style-type: none"> <li>(i) ADB Financing (JSF, TASF)</li> <li>(ii) Sources other than JSF/TASF</li> </ul>	<p>The total cost of the TA is \$290,000, of which \$240,000 is the foreign exchange cost and \$50,000 equivalent is the local currency cost. ADB will finance the foreign exchange cost and \$5,000 equivalent of the local currency cost. The government will finance the remaining \$45,000 equivalent of the local currency cost in kind.</p>
<p>8. Country, RETA IPF for relevant year</p>	<p>\$500,000</p>

ADB = Asian Development Bank, ADBA – advisory technical assistance, CSP = country strategy program, JSF = Japan Special Fund, PPTA = project/program preparatory technical assistance, RETA = regional technical assistance, RM = resident mission, TA = technical assistance, TASF = Technical Assistance Special Fund.

### ECONOMIC AND SECTOR WORK (ESW) PROGRAM

Type of ESW	Strategic or Operational Objective	Modality
<b>1. Economic Work</b>		
Consultative Group Meeting	To determine development objectives and opportunities, consequent to the preparation of a Cook Islands Economic Report (a Pacific Islands Economic Report series), and foster coordination between development partners	Staff consultants (June 2001)
Assessment of Debt Position	To determine the Cook Islands capacity for external borrowing, and eligibility for OCR borrowing	Staff consultants (2001 or early 2002)
<b>2. Thematic Work</b>		
Improvement of Corporate Management of Government Services	To apply business planning mechanisms and management information and reporting systems within Government services	ADTA (2001)
Improving the Performance of Frontline Services	To enable frontline Government services to better identify the needs of the public, and to respond to those needs in a timely and cost-effective manner	ADTA (2002)
Capacity Building in Island Councils	To enable island councils to manage their assets more effectively	ADTA (2003)
Utilities Regulation and Management	To establish an effective regulatory framework for private sector management of public utilities	ADTA (2004)
<b>3. Sector Work</b>		
Capacity Building in Environmental Monitoring, Regulation, and Community Participation	To assist the Government to expand its environmental management, monitoring, and participatory capabilities	ADTA (2002)