

ASIAN DEVELOPMENT BANK

**COUNTRY ASSISTANCE PLAN
2001 – 2003**

COOK ISLANDS

December 2000

FOREWORD

The Country Assistance Plan describes the planned program of assistance by the Asian Development Bank (ADB) for the Cook Islands covering the three-year period 2001-2003. 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 2000, in close consultation with the Government of the Cook Islands, and other stakeholders, including non-government organizations. The CAP was discussed with the Board of Directors in October 2000 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 more recent developments.

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CURRENCY EQUIVALENTS

(As of 30 November 2000)

Currency Unit	--	New Zealand dollar
NZ\$ 1.00	=	\$0.40545
\$1.00	=	NZ\$2.466395

ABBREVIATIONS

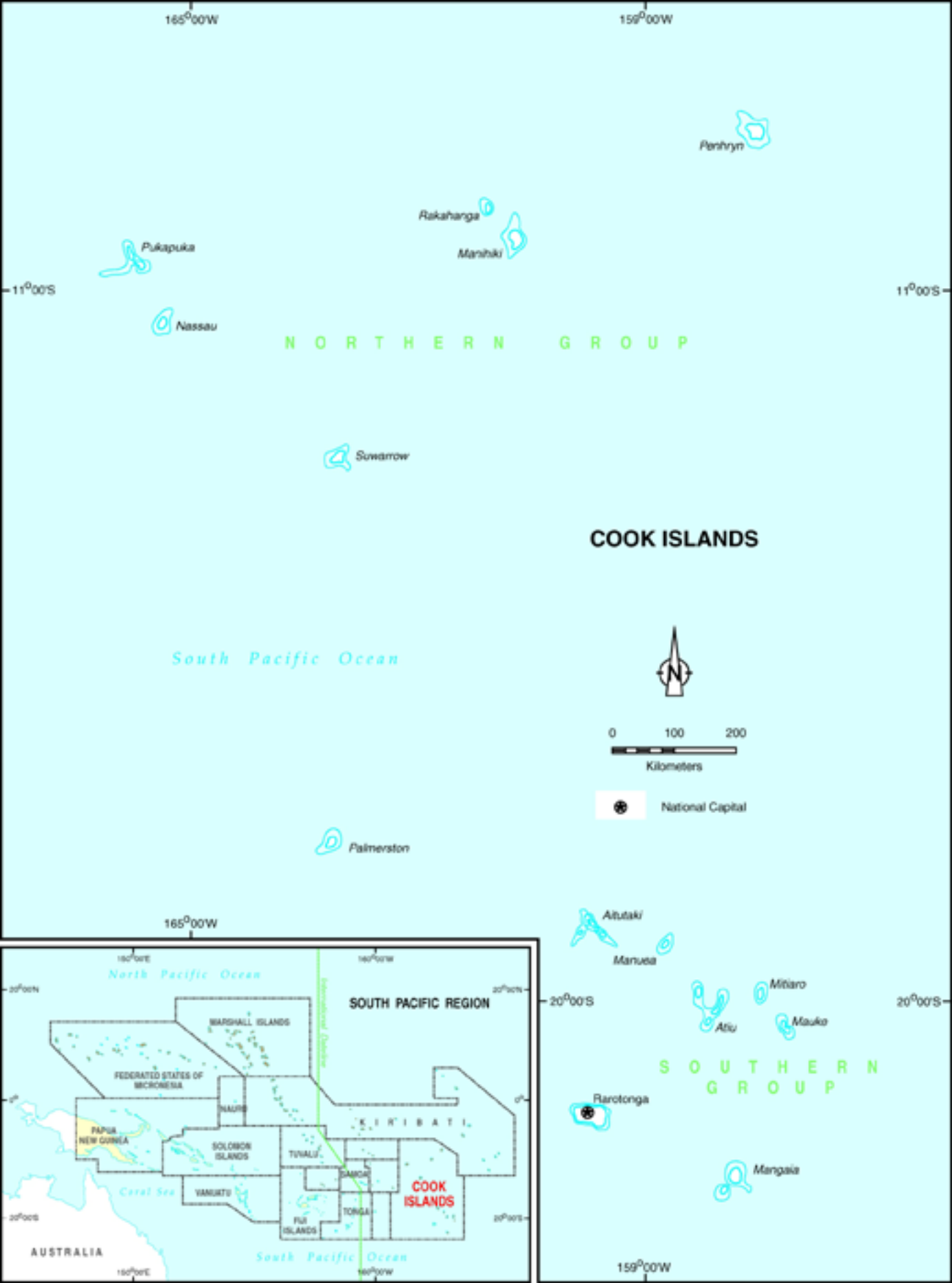
ADB	-	Asian Development Bank
ADTA	-	Advisory Technical Assistance
AusAID	-	Australian Agency for International Development
COO	-	Cook Islands
GDP	-	Gross Domestic Product
NZODA	-	New Zealand Overseas Development Assistance
PPTA	-	Project/Program Preparatory Technical Assistance
SPRM	-	South Pacific Regional Mission
TA	-	Technical Assistance

NOTES

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

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COOK ISLANDS

I. Country Performance Assessment

A. Economic Performance Assessment

1. After three years of recession, the Cook Islands economy rebounded in 1999, despite a population decline from 17,400 in 1998, to around 15,000. Real gross domestic product (GDP) grew by an estimated 2.8 percent (see Appendix 1, page 1). The leading sector was tourism, with visitor arrivals up 6.5 percent on the 1998 level. Approximately one-third of the increase in arrivals was accounted for by Canadians taking advantage of charter flights. The introduction of new services by Air New Zealand underpinned an increase in visitors from Australia and New Zealand, and arrivals from Europe reached a record high. Black pearl production continued to grow; and commercial agricultural production — stimulated by tourism growth — recovered from the effects of drought. Construction activity, however, remained at the relatively low levels of recent years. Business surveys revealed a substantial rise in business confidence, which was reflected in growth in credit to the private sector, and a rise in foreign investment. The inflation rate rose to 1.4 percent, from 0.8 percent in 1998. The economy continued to grow in 2000.
2. The merchandise trade deficit fell to 46.3 percent of GDP in 1998 as imports declined and pearl exports grew by 66 percent. In 1999, growth in pearl exports offset import growth resulting from the economic recovery, and the trade deficit remained around 46 percent of GDP. Tourism receipts, official transfers, and private remittances substantially covered the trade account imbalance, leaving a current account deficit of approximately 7 percent of GDP.
3. Government finances strengthened in the fiscal year ending 30 June 1999. Operating and overall surpluses were recorded as operating expenditure was kept to the budgeted level and the revenue take came in above expectations. Development expenditure continued to hover around the NZ\$10 million level of recent years. The debt servicing burden eased due to the September 1998 restructuring of the external debt: interest payments were a modest 12 percent of tax revenue, and the debt stock was equivalent to 78 percent of GDP. The 1999—2000 budget aimed at a balance on operating account, with revenue rising by 9 percent and operating expenditure by 15 percent (reflecting increased spending on education, health, welfare, cultural development, and environmental protection). Development expenditure was projected to rise to NZ\$16 million as government increased spending on infrastructural assets to support tourism.
4. Implementation of the 1999—2000 budget was disrupted somewhat by a period of political instability in the latter half of 1999. However, a new coalition government took office in November, and quickly made a public commitment to continuation of the economic, public sector, and governance reform process begun in 1996. Six key strategies for improving fiscal governance were announced: to minimize red tape; to reduce government involvement in commercial activities; to improve the corporate governance of statutory authorities; to restructure some government corporations in order to increase their efficiency; to refocus the public administration on service delivery; and to increase reliance on local expertise.
5. Real GDP is forecast to grow by around 3 percent in 2000. Tourism is again predicted to be a driving force, with tourist arrivals forecast to increase by 6 percent; and production in the agriculture and fishing sector is forecast to rise by 6.6 percent.

B. Poverty Assessment

6. In general, poverty has not been regarded as a problem in the Cook Islands. GDP per capita is over \$4,000; and Cook Islanders may move freely to New Zealand and access its job markets and welfare system, remitting funds to family back home. The Cook Islands' Human Poverty Index is the second lowest among PDMCs (6.1 as against 52.2 for Papua New Guinea).¹ This index reflects the relatively low percentage of people not expected to survive to the age of 40 (6.4 percent); a low illiteracy rate (6.8 percent); the low percentage of people without access to safe water (5 percent); a zero percentage of people without access to health services; and a relatively low percentage of children under 5 years of age who are underweight (10 percent). No country-specific poverty line has been calculated.

7. There is a concern over inequality of income between the main island of Rarotonga and the outer islands, where approximately 40 percent of the population lives. The Cook Islands Economic Report of 1995 showed that income levels in the Southern and Northern groups were half to two thirds the national average, and that around 90 percent of government expenditure occurred on Rarotonga. Access to the basic services of health, education, water, and sanitation in the outer islands is poor by comparison with the main island, and tends to perpetuate relative poverty.

8. The Government is keen to work with the ADB to achieve a better understanding of poverty issues in the outer islands. Accordingly, the forthcoming economic report on the Cook Islands (for circulation in 2001) will give special emphasis to outer island issues and concerns. The outcome of this study is expected to lead to preparation of an outer islands development loan for consideration in 2003.

C. Assessment of Socio-environmental Performance

1. Gender Issues

9. The Human Development Index for females in Cook Islands is two percent higher than that for males. This largely reflects a higher life expectancy of 71.5 years, compared with 68.4 years for males. Women's status as measured by the Human Poverty Index is also two percent higher than men's. The primary and secondary enrolment ratios for females are 99 and 98, respectively.

10. Although women represent over half of secondary enrolments, including about two-thirds of form 6-7 classes, women are under-represented in formal employment, including in the higher levels of the public service. Women constitute 39 percent of the workforce, and only 34 percent are in paid employment. Women are also under-represented in Parliament. For these reasons, policy measures are required to ensure equitable access of women to social and economic opportunities. In ADB operations, the following gender and development objectives will be pursued: (a) to promote equal participation of women in the economy, with particular attention to employment opportunities; and (b) to encourage the active involvement of women in decision-making in the public and private sectors. The 2000/2001 update of the economic report on the Cook Islands will also seek to provide indicators of service delivery performance in

¹ United Nations Development Programme, Pacific Human Development Report 1999: Creating Opportunities, Suva, Fiji, 1999.

the health and education sectors on a gender disaggregated basis, to permit gender biases to be identified and policies formulated to address them.

2. Human Development

11. The *Pacific Human Development Report 1999* presents an HDI score for Cook Islands of 0.822, which places the country in first place among PDMCs. The ranking is the result of a high adult literacy rate (93.2 percent), a high gross enrolment rate in primary and secondary school (84.8 percent), high life expectancy (72 years), and relatively high GDP per capita (\$5,000). However, the non-communicable, lifestyle diseases are a key health issue. Diabetes, heart disease, and hypertension associated with obesity are of particular concern. The Government of Cook Islands spends about 12 percent of its total budget on health, which is around the level of other PDMCs. Health service provision is likely to have larger demands placed on it in the future within a tighter overall budget constraint, so that ways of improving efficiency of service delivery will have to be sought.

12. The major human development challenges are the alleviation of Rarotonga/outer island (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 a clinic can take an hour or more. Communications between headquarters and outer island officers is infrequent and expensive. High transportation costs undermine cost-effective 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.

3. Environment

13. In urban areas, waste management and water supply are inadequate. This is a threat to the health of the population on Rarotonga and to the growth and sustainability of the tourism sector, which is the mainstay of the economy. Another growth industry, pearl farming, is also at risk due to overstocking of shells (farms continue to expand in the absence of proper controls and regulation) on Manihiki island.

D. Governance: Sound Development Management

14. The Government has remained committed to the aims of the Economic Restructuring Program. In its 2000/01 budget policy statement, the Government indicated that it would strengthen governance by: (a) maintaining transparency, accountability, and an efficient and effective public service; (b) continuing a process of reform, which calls for high standards of conduct and integrity among leaders of Government, and provides strength to institutions that uphold the public interest; (c) reforming the budget process to strengthen the link between policy and action, and to demonstrate more decisive leadership, commitment to action and accountability; (d) developing a customer-focused work force, which supports a management philosophy, based on communication and responsiveness to needs; and (e) responding to local

businesses to ensure they receive the support and feedback they need in dealing with Government. In line with these aims, the Government has requested specific ADB technical assistance for an updated economic report (which will help to establish the specific reform agenda for the medium term), for a study of reforms in the area of pensions and insurance (as these have important social and fiscal implications), and for the introduction of performance management in selected front line services of Government. These initiatives form part of the pipeline of assistance discussed below.

E. Implementation Assessment

1. The Portfolio

15. As of 31 December 1999, cumulative lending to the Cook Islands consisted of 11 loan projects for a total of \$24.47 million, and 21 technical assistance projects for a total of \$7.3 million. Two loan projects, Loan No. 1317-COO(SF): *Education Development Project* and Loan No. 1380-COO(SF): *Third Cook Islands Development Bank*, and two technical assistance (TA) projects are under implementation (see Appendix 2). One of the TA projects, TA No. 2651-COO: *Development Investment Board*, is almost complete; the other, TA No. 3085-COO: *Urban Infrastructure Project*, was completed in June 2000.

2. Issues in Project Implementation

16. Project completion reports have been prepared for eight projects, and two projects have been post-evaluated. Post evaluation studies of *the Cook Islands Development Bank Project* and the *Second Cook Islands Development Bank Project* concluded that both projects were partially successful. In the case of the former, institutional weaknesses influenced project performance. While these weaknesses were rectified before the Second Cook Islands Development Project commenced, weaknesses in the appraisal and monitoring of subprojects, and in collections, were evident. These issues are currently being addressed.

17. In the case of Loan 1317-COO(SF): *Education Development Project*, the project has progressed satisfactorily and is 90 per cent complete. A major concern, however, is the adequacy of maintenance of the completed facilities. In this regard, a consultant financed under the loan has prepared a five-year maintenance and expenditure plan, and the Government has been urged to incorporate the recommendations in its budget plans. For *Loan 1380-COO(SF): Third Cook Islands Development Bank (CIDB)*, following the Government's request, a change in scope and extension of closing date has been processed to permit the loan to finance a proposed rationalization/merger of CIDB and the Cook Islands Savings Bank, which are both Government-owned financial institutions, as a prelude to their possible privatization.

II. Country Operational Strategy

A. The COS

18. ADB's Operational Strategy 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. ADB assistance will also 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 that may be shifted to private control or management. In the medium term, poverty will be addressed through initiatives to improve services to outer island communities; in parallel, local government capacities will be enhanced through training and advisory technical assistance.

B. Progress in Implementation

19. Major reforms have been undertaken with ADB's assistance, during the implementation of Loan No. 1466-COO: *Economic Restructuring Program*, which was approved in 1996 and completed in 1998. Reforms have included substantial downsizing of the Government, reduction of Government expenditures, strengthening of Government's policy functions, and improvement of financial and economic management. Improvement in banking services will be achieved through the merging of the Cook Islands Development Bank and the Cook Islands Savings Bank.

20. ADB is ready to provide technical assistance in support of 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.

C. Poverty Partnership Agreement

21. Assistance will be provided to support a poverty assessment. This is expected to lead to the formulation of a poverty reduction strategy by the Government. A poverty partnership agreement will be proposed to the Government once a poverty alleviation strategy has been developed.

III. Sectoral Strategies

A. Social Infrastructure

22. In the area of urban infrastructure, the ADB proposes to provide a US\$2.0 million loan for a Solid Waste Management Project in 2001 and a US\$2.5 million loan for a Water Supply and Sanitation Project in 2002. These two projects are essential for the continued growth and sustainability of the tourism industry, which is the largest employer and the mainstay of the economy. Associated with these projects are two proposed TAs: a US\$220,000 ADTA for Community Partnerships in Environmental Sanitation in 2001, and a US\$100,000 ADTA for Utilities Regulation and Management in 2002². Both TA projects will help to build institutional capacities in both the public and private sectors to support the proper regulation and management of the utilities. The Government has requested ADB consideration of assistance for skills development in view of the prevailing labor shortage, particularly in the tourism sector. This request will be revisited by ADB after completion of the education sector review financed by NZODA (see also para. 33 below) and further discussions with Government and other potential donors.

² The latter TA will build upon some of the initial work under the ongoing Urban Infrastructure PPTA to establish appropriate management and regulatory frameworks for water supply and waste management.

B. Outer Islands Development

23. In the area of outer islands development, a loan of US\$3 million is planned for 2003 (along the lines of the outer islands development program loan in Tuvalu). The project will aim to address increasing poverty in resource-poor and isolated outer island communities. It is hoped that this program will build upon the experience of the ongoing joint Government/NZODA pilot outer islands development fund which finances small-scale subprojects in disadvantaged communities. A US\$300,000 PPTA is planned in 2001 to help prepare the proposed outer islands development program. A related effort is a US\$300,000 ADTA in 2002 to help build local government capacities to organize and manage essential services in outer islands.

C. Governance Dimensions of ADB Operations

24. In the area of **policy reform**, the ADB proposes to provide annual technical assistance grants over the next 3-4 years. The TA grants are proposed to be used in a flexible manner, in order to respond to needs and issues as they emerge during the implementation of the reform program. In 2000, the ADB provided a US\$180,000 TA grant for an update of the Economic Report on the Cook Islands which will give special emphasis to the needs and concerns of the outer islands, and a US\$100,000 TA grant for a review of pension (superannuation) and insurance issues. In 2001, the ADB proposes to provide a TA grant of US\$100,000 for Improving Performance of Front Line Services.

D. Gender Dimensions of ADB Operations

25. In the update of the economic report for the Cook Islands, the gender issues identified in para. 10 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 the Government.

E. Private Sector Operations

26. The continuing focus on policy reform and governance issues is the most effective means for building private sector confidence and for promoting an enabling environment for private sector-led growth. The ADB's assistance program also addresses longer term viability issues for the leading industry, tourism. The loan in 2002 for water supply and sanitation will deal with an infrastructure bottleneck that would have affected the sustainability and future private investment in the tourism sector.

IV. Regional Cooperation

27. The following are the priorities for regional economic cooperation: (i) building trading relationships within the region and with blocks outside the region; (ii) cooperative arrangements in aviation and shipping; and (iii) 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 number of initiatives. The ADB provides regional technical assistance to support the Pacific Financial Technical Centre (PFTAC). Other ADB-financed regional projects involve (i) analysis of financial sector issues and strategies, (ii) judicial training, (iii) senior public sector executive training; and (iv) sustainable marine resource management.

V. Donor Activities and Aid Coordination

28. The annual level of external assistance to the Cook Islands is about \$5.5 million per year (see Appendix 3). New Zealand remains the dominant donor to the Cook Islands, providing almost half of the total external assistance. In the past year, New Zealand annual assistance has dropped to about US\$2.82 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.

29. 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. The Cook Islands 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 is financing a small TA project to strengthen island councils and support the devolution of basic services to local governments.

30. The ADB and NZODA continue to closely coordinate their respective aid programs in several areas, notably in the education sector and in the support for the reform program.

VI. Cofinancing and Catalyzing External Resources

31. The ADB will explore with NZODA and AusAID whether there is any scope for cofinancing of the proposed 2002 loan for the *Water Supply and Sanitation Project*.

VII. ADB's Operational Program

32. The proposed loan and technical assistance pipeline for the period 2001-2003 is summarized in Table 1 and in Appendix 4. Lending by poverty classification, crosscutting operational priority, and sector is presented in Appendix 5. The project profile for the firm 2001 loan is in Appendix 6.

Table 1: Lending and Technical Assistance Program, 1999-2003**A. Public Sector Lending Program**

	1999 (Actual)		2000		2001		2002		2003	
	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)	(No.)	(\$ million)
Lending Program ^a	-	-	-	-	1	2.0	-	-	-	-
ADF	-	-	-	-	1	2.0	-	-	-	-
OCR	-	-	-	-	-	-	-	-	-	-
Lending Pipeline ^b	-	-	-	-	-	-	1	2.5	1	3.0
ADF	-	-	-	-	-	-	1	2.5	1	3.0
OCR	-	-	-	-	-	-	-	-	-	-

B. Technical Assistance Program

	1999 (Actual)		2000		2001		2002		2003	
	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)	(No.)	(\$'000)
TA Program ^a	-	-	3	500.0	3	500.0	-	-	-	-
TA Pipeline ^b	-	-	-	-	-	-	2	500.0	1	500.0

^a The Program comprises the firm projects.

^b The Pipeline consists of the Program (firm projects) and standby projects. In 2002 and 2003, there is no distinction between firm and standby.

Note: Blend loans are counted as one.

VIII. Economic and Sector Work Program

33. The major piece of economic and sector work will be the update of the Economic Report on the Cook Islands (which was last prepared in 1994). The preparation of the report will provide an opportunity to assess poverty in the Cook Islands and to identify strategies to address regional disparities and problems of disadvantaged communities. The research, to be financed under an ADB TA grant, is expected to be undertaken in the latter part of 2000, and a draft is expected to be available for review in the first half of 2001. Because NZODA is expected to support a review of the health and education sectors around the same time, it will be important to coordinate closely both efforts.³

IX. Local Cost Financing

34. 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-to-case basis.

³

The Country Programming Mission proposed that the Economic Report could also incorporate the results of the health and economic reviews, making it a more comprehensive document to guide policy makers. If such proposal is acceptable to the Government and to NZODA, the Mission proposed that the Economic Report could then be labeled as a joint Government-ADB-NZODA project.

COOK ISLANDS
COUNTRY PERFORMANCE INDICATORS

Item	1995	1996	1997	1998	1999	2000 ^a
ECONOMIC INDICATORS						
A. Income and Growth						
1. GDP per Capita (dollars, current)	5,246.5	3,524.0	5,225.8	4,299.7	4,862.4	...
2. GDP Growth (% in constant prices)	-4.4	-0.2	-2.8	-3.8	2.8	...
Agriculture (% of GDP)	17.8	18.6	21.5	21.3	21.6	...
Industry (% of GDP)	2.7	2.4	2.7	2.7	2.8	...
Public Administration (% of GDP)	25.8	24.6	16.9	17.5	17.1	...
Other (% of GDP)	79.5	78.8	73.6	70.9	72.5	...
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	0.8	1.4	...
2. Broad Money (M2)	...	-3.2	8.6	21.4	19.9	...
D. Government Finance	95/96	96/97	97/98	98/99	99/00	
1. Total Revenue	36.8	31.5	29.6	23.0	...	...
2. Total Expenditure and Net Lending	39.7	29.6	29.3	26.1	...	...
3. Overall Surplus/Deficit (-)	-2.9	1.9	0.3	-3.1	...	...
E. Balance of Payments						
1. Merchandise Trade Balance (% of GDP)	-43.1	-39.1	-47.2	-46.3	-41.1	...
2. Current Account Balance (% of GDP)	0.0	-1.9	-4.2	2.9	3.1	...
3. Export (\$) growth (annual percent change)	-0.2	-34.1	-6.8	40.8	-0.6	...
4. Import (\$) growth (annual percent change)	-9.9	-14.8	14.9	-2.2	-6.7	...
F. External Payments Indicators						
1. International Reserves (billion dollars, 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, million <i>local currency</i>)	155,056	149,069	144,239	139,733	146,082	
GNP (current prices, million <i>local currency</i>)						
Exchange Rate (NZ \$ per dollar, annual average)	1.5235	1.4543	1.5083	1.8678	1.8896	
Population (million)						

^a Estimate

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

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COUNTRY PERFORMANCE INDICATORS

	1990	Latest Year (1999)	
POPULATION INDICATORS			
Total Population	18,600 (1991)	16,100	
Annual Population Growth Rate (% change)		-7.50	(1990-98)
SOCIAL INDICATORS			
Total Fertility Rate (births per woman)			
Maternal Mortality Rate (per hundred thousand live births)	3.5	3.7	(1996)
Infant Mortality Rate (below 1 year; per '000 live births)	26	20.7	
Life Expectancy at Birth (years)			
Female	...	71.5	(1996)
Male	...	68.4	(1996)
Adult Literacy (%)	...	99	
Primary School Enrollment (% of school age population)	...	99	
Female	...	99	
Secondary School Enrollment (% of school age population)	...	98	
Female	...	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	
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	...	...
SO2	...	...
Water Pollution (concentration of pollutants in water bodies)			
Biochemical Oxygen Demand (BOD)	...	...
Chemical Oxygen Demand (COD)	...	...
Global Environmental Problems			
CO2 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 1999)

A. Project Portfolio	Net Loan Amount \$ million %		Rating (No.) ^a									
			Total		Implementation Progress				Development Objectives			
			No.	%	HS	S	PS	U	HS	S	PS	U
Agriculture and Natural Resources	0.48	7.3	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
Finance and Industry	2.74	41.7	1	33.3	0	1	0	0	0	1	0	0
Social Infrastructure	2.56	39.0	1	33.3	0	1	0	0	0	1	0	0
Transport and Communications	0.00	0.0	0	0.0	0	0	0	0	0	0	0	0
Others/Multisector	0.78	11.9	1	33.3	0	1	0	0	0	1	0	0
Total	6.56	100.0	3	100.0	0	3	0	0	0	3	0	0

B. Disbursements	OCR	ADF	Total
(1) Total funds available for withdrawal (\$ mn, active loans only)	0.0	22.3	22.3
(2) Disbursed amount (\$ mn, cumulative, active loans only)	0.0	4.9	4.9
(3) Percentage disbursed [(2)/(1)] (%)	0%	21.8	21.8
(4) Disbursements (\$mn, active loans only, latest year)	0.000	0.9	0.9
(5) Disbursement ratio (%) ^b		32.7	32.7

C. Net Transfer of Resources ^c (\$ million)	OCR	ADF	Total
Net transfer in 1995		0.2	0.2
Net transfer in 1996	0.0	3.8	3.8
Net transfer in 1997	0.0	2.2	2.2
Net transfer in 1998	0.0	1.7	1.7
Net transfer in 1999	0.0	0.6	0.6

D. Post-Evaluated Projects (By Year of Approval)	1968 - 1977		1978 - 1987		1988 - 1999		1968 - 1999	
	No.	%	No.	%	No.	%	No.	%
1. Postevaluation Rating (as of 31 December 1999)								
Rated Generally Successful (GS)	0	0.0	0	0.0	0	0.0	0	0.0
Rated Partly Successful (PS)	0	0.0	0	0.0	2	100.0	2	100.0
Rated Unsuccessful (US)	0	0.0	0	0.0	0	0.0	0	0.0
No Rating	0	0.0	0	0.0	0	0.0	0	0.0
Total	0	0.0	0	0.0	2	100.0	2	100.0
2. Postevaluation Rating by Sector 1968-99 (as of 31 December 1999)	GS		PS		US		NR	
	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources	0	0.0	0.0		0	0.0	0	0.0
Energy	0	0.0	0.0		0	0.0	0	0.0
Finance and Industry	0	0.0	2	100.0	0	0.0	0	0.0
Social Infrastructure	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
Others/Multisector	0	0.0	0.0		0	0.0	0	0.0
Total	0	0.0	2	100.0	0	0.0	2	100.0

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

^b 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.

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

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

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Appendix 2, page 2

OTH: Others/Multisector

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

COOK ISLANDS
OVERALL EXTERNAL ASSISTANCE
(in \$ million)

External Source	Past 3-5 Years (annual average)		1999 Approvals	
	Loan/Credit	TA	Loan/Credit	TA
A. Multilateral Assistance				
ADB	0.30	0.45	-	-
UNDP		0.47		0.20
Others		0.24		0.20
Subtotal	0.30	1.16	0.00	0.40
B. Bilateral Assistance				
Australia	...	0.84	...	0.84
France	...	0.01	...	0.04
Germany	...	0.01	...	0.03
New Zealand	...	3.30	...	2.82
Others	...	0.30	...	0.10
Subtotal	0.00	4.46	0.00	3.83
Total	0.30	5.62	0.00	4.23
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, 2001-2003

Sector/Project Name	Poverty Classification ^a *	Crosscutting Operational Priority ^b	Responsible Division	Year of PPTA	PROJECT COST (in \$ million)					
					TOTAL	Bank			Gov't	Cofinancing (Others)
						OCR	ADF	Total		
2001 FIRM LOANS										
Social Infrastructure 1. Waste Management 										

^a CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions

^b ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD = Private Sector Development and RC = Regional Cooperation

* This classification was completed prior to the finalization of the improved and redesigned classification system in December 2000, which will be applied from January 2001.

COOK ISLANDS
LENDING PIPELINE AND TECHNICAL ASSISTANCE PROGRAM, 2001-2003

Sector/Project Name	Responsible Division	Type of TA	Amount (\$ '000)		
			ADB	Others	Total
2001 TECHNICAL ASSISTANCE PROGRAM					
Social Infrastructre					
1. Utilities Management and Regulation	POHQ	AD	100.0		100.0
	Subtotal		100.0		100.0
Others					
1. Improving the Performance of Front Line Services	POHQ	AD	100.0		100.0
2. Outer Islands Development	SPRM	PP	300.0		300.0
	Subtotal		400.0		400.0
Total			500.0		500.0
2002 TECHNICAL ASSISTANCE PROGRAM					
Others					
1. Support for Reform Program Phase I	POHQ	AD	200.0		200.0
2. Local Government Capacity Building	POHQ	AD	300.0		300.0
	Subtotal		500.0		500.0
Total			500.0		500.0
2003 TECHNICAL ASSISTANCE PROGRAM					
Others					
1. Support for the Reform Program Phase 2	POHQ	AD	500.0		500.0
	Subtotal		500.0		500.0
Total			500.0		500.0

COOK ISLANDS
LENDING PROGRAM, 2001-2003
BY POVERTY CLASSIFICATION, CROSSCUTTING OPERATIONAL PRIORITY AND SECTOR

Classification	2001 (Firm)		2002-2003	
	No.	%	No.	%
I. By Poverty Classification *				
A. Core Poverty Intervention		0.0		0.0
B. Poverty Intervention (Non-core)		0.0		0.0
C. Other Development Interventions	1	100.0	2	100.0
Total	1	100.0	2	100.0
II. By Crosscutting Operational Priority				
A. Environment		0.0		0.0
B. Gender and Development		0.0		0.0
C. Good Governance		0.0		0.0
D. Human Development	1	100.0	2	200.0
E. Private Sector Development		0.0		0.0
F. Regional Cooperation		0.0		0.0
Total	1	100.0	2	200.0
III. By Sector				
A. Agriculture and Natural Resources		0.0		0.0
B. Energy		0.0		0.0
C. Finance and Industry		0.0		0.0
D. Social Infrastructure	1	100.0	1	50.0
E. Transport and Communications		0.0		0.0
F. Others/Multisector		0.0	1	50.0
Total	1	100.0	2	100.0

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COOK ISLANDS

PROJECT PROFILE				
1. Project Name: Waste Management			2. Sector/Subsector: Social Infrastructure	
3. Poverty Classification: ^a ODI			4. Crosscutting Operational Priority: ^b HD	
5. Rationale & Objectives: The principal objective of the Project is to facilitate sustainable and appropriate waste management practices in Rarotonga and Aitutaki. The Project will contribute to the achievement of the long-term goals of safeguarding public health and the environment, supporting private sector participation in waste management, and increasing public awareness of responsible waste management practices. The Project combines the three principal thrusts of policy improvement, capacity building, and investment in physical facilities.			6. Beneficiary Participation/Consultation Needs:	
7. Scope: The Project include (i) the construction of a fully engineered, environmentally sound, landfill site in Rarotonga; (ii) the construction of a similar landfill site in Aitutaki; (iii) construction of septic tank sludge treatment lagoons adjacent to each landfill; and (iv) the supply of operating equipment for each landfill, and for recycling waste materials in Aitutaki.				
8. Estimated Cost & Financing Plan:				Remarks:
Loan Project Cost (\$m)				
Financing (Source)	FC	LC	Total	
ADB	1.8	0.20	2.00	
Co-financing			0.00	
Borrower	0.0	0.85	0.85	
Sub-borrowers			0.00	
Total	1.8	1.05	2.85	
9. Estimated Benefits and Beneficiary Groups: The beneficiaries of the Project are the households and non-residential establishments in Rarotonga and Aitutaki, which generate solid wastes.				
10. Executing Agency: Ministry of Finance and Economic Management			11. Project Implementation Period: Start: 2001 End: 2003	
12. Environment Category: B			13. Processing Year: 2000/2001	

^a CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions

^b ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD=Private Sector Development and RC = Regional Cooperation

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COOK ISLANDS

PROJECT PROFILE				
1. Project Name: Water Supply and Sewerage			2. Sector/Subsector: Social Infrastructure / Urban Development	
3. Poverty Classification: ^a ODI			4. Crosscutting Operational Priority: ^b HD	
5. Rationale & Objectives: Water supply and sewerage services are deteriorating rapidly as a result of deferred maintenance. Deterioration is likely to increase rapidly, and will cause health hazards and adversely affect the tourism industry, which is the mainstay of the Cook Islands economy.			6. Beneficiary Participation/Consultation Needs: Improvement in community participation in the provision of basic urban services.	
7. Scope: The Project's overall objectives are to improve the provision of water supply and sewerage services, and introduce proper financing for sustaining these services. The scope of the Project includes essential replacement and rehabilitation of water supply and sewerage services, and to improve on-site sewage treatment and disposal.				
8. Estimated Cost & Financing Plan:				Remarks:
Loan Project Cost (\$m)				
Financing (Source)	FC	LC	Total	
ADB	2.5		2.5	
Co-financing			0.0	
Borrower		3.5	3.5	
Sub-borrowers			0.0	
Total	2.5	3.5	6.0	
9. Estimated Benefits and Beneficiary Groups: Ministry of Finance and Economic Management				
10. Executing Agency: Ministry of Works, Energy and Physical Planning			11. Project Implementation Period: Start: TBD End: TBD	
12. Environment Category: B			13. Processing Year: 2001	

^a CPI = Core Poverty Intervention; PI = Poverty Intervention; ODI = Other Development Interventions

^b ENV = Environmental Protection; GAD = Gender and Development; GG = Good Governance; HD = Human Development; PSD=Private Sector Development and RC = Regional Cooperation

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