

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. Official development assistance inflows to the Cook Islands amounted to almost NZ\$69.5 million (13.9%) of gross domestic product (GDP) in FY2020.<sup>1</sup> The Government of New Zealand is the main development partner and key source of grant assistance, through its bilateral assistance, while the Asian Development Bank (ADB) is the primary multilateral partner providing concessional finance.<sup>2</sup> Other development partners include the governments of Australia, the European Union (EU), Japan, and the People's Republic of China (PRC); along with United Nations agencies and the newest partner the Asian Infrastructure Investment Bank (AIIB).<sup>3</sup> Regional institutions, including the Pacific Islands Forum Secretariat and the Pacific Community, provide technical and advisory support.

2. The Cook Islands has run overall fiscal surpluses equivalent to 5.7% of GDP during FY2016–FY2019, supported by external grants provided by New Zealand during this period. The Cook Islands receives regular budget support grants equivalent to about 1.4% of annual GDP under bilateral assistance primarily to fund education and health services, plus another 3.9% of GDP through development fund programs (e.g., water and sanitation to name a few). Current grants from other bilateral partners combined amount to around NZ\$24.9 million (5.0% of GDP in FY2020). The Cook Islands also receives capital grants, equivalent to NZ\$47.8 million (9.6% of GDP in FY2020)—to finance infrastructure development.

3. New Zealand has committed NZ\$44 million (8.8% of GDP in FY2020) towards various programs for the FY2021–FY2023. This commitment is expected to support priorities such as the Cook Islands Core Sector Support, the Manatua Polynesian Cable Project, water and sanitation, COVID-19 Pacific Support Package, and the Cook Islands Infrastructure Trust Fund. New Zealand ongoing support also led to the establishment of a crown controlled entity—To Tatou Vai—to operate and maintain Rarotonga's reticulated water and wastewater systems as well the drafting of the national sanitation policy to improve sanitation procedures and practices.

4. The EU provided an estimated €2.8 million under its 11<sup>th</sup> European Development Fund cycle focusing on upgrading commercial facility sewage systems on Aitutaki (popular tourist destination) to meet the Public Health (Sewage and Wastewater Treatment and Disposal) Regulation 2015 standards. and Rarotonga (the capital) promotes renewable energy and energy efficiency projects, climate change adaptation, and promoting inclusive and sustainable development, particularly of the Cook Island's marine resources.

5. The United Nations Development Programme (UNDP) mostly focuses on the environment through strengthening community resilience, building capacities to effectively manage protected areas, natural resources management, and disaster preparedness. It also supports strengthening of local governance and health, particularly controlling the spread of tuberculosis and HIV.

6. Japan's development assistance to the Cook Islands focuses on supporting grassroots projects to meet diverse activities of nongovernment organizations and local government

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<sup>1</sup> Cook Islands is not a member of the World Bank and the International Monetary Fund.

<sup>2</sup> Under the New Zealand bilateral program of assistance, the NZ provided annual assistance to Cook Islands totaling about \$44.5 million dollars from 2012 to 2019. As a result of the coronavirus disease (COVID-19) pandemic, NZ allocated an additional \$15 million in 2020, on top of its annual \$7 million annual allocation.

<sup>3</sup> On 1 June 2020, Cook Islands became the 82<sup>nd</sup> member of the AIIB. The AIIB is looking to provide additional financing of around \$20 million drawing on ADB's CPRO documentation.

authorities.<sup>4</sup> Further, the Government of Japan is also providing a grant to purchase machinery and equipment to aid government agencies in the delivery of public goods and services.

7. Australia's support of NZ\$604,395 was made available to the Ministry of Finance and Economic Management in FY2020 for the Cook Islands Government's COVID-19 Economic Response Plan. This contribution is made available under the New Zealand Ministry of Finance and Trade's bilateral aid programme and is from the Agreement on Delegated Cooperation with the Australian Department of Foreign Affairs and Trade.

8. For coronavirus disease (COVID-19) prevention and response, the government of New Zealand provided an additional NZ\$22 million to the Cook Islands to support the government's Economic Response Plan I and II under the COVID-19 Economic Response Act. Additionally, New Zealand provided hygiene packs to vulnerable people and schools, PPE, food packs to elderly and medical equipment to Ministry of Health. PRC also supported COVID-19 preparedness through provision of medical supplies, and financial support. The World Health Organization provides technical support to the Cook Islands through a representative office in Fiji and directly through the Ministry of Health. ADB disbursed \$10.06 million under the Cook Islands *Disaster Resilience Program, Phase 2* to help finance continuing government operations amid revenue shortfalls as well as the provision of social assistance to affected employers and employees. The table below provides an overview of major partner activities in health and public sector management.

### Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
<b>Health (including COVID-19 response)</b>			
ADB	Disaster Resilience Program	2019–2020	10.06
New Zealand	COVID-19 Budget Support, consumables, medical supplies	2019-2021	14.8
Japan	Grant for medical equipment and supplies	2020	0.75
PRC	Donation of medical supplies; financial support	2020	0.63
UNDP	Procurement and distribution of locally sourced food packs and to support socio-economic survey	2020	0.03
UNICEF	Purchase of tents, emergency system – electronic welfare system	2020	0.004
Australia	COVID-19 Budget Support	2020-2021	0.397
European Union	General Budget Support and Fisheries Partnership	2020-2021	1.5

ADB = Asian Development Bank, COVID-19 = coronavirus disease, PPE = Personal Protective Equipment, PRC = Peoples Republic of China, UNDP = United Nations Development Programme, UNICEF = United Nations Children Education Fund.

Source: Asian Development Bank.

## B. Institutional Arrangements and Processes for Development Coordination

9. The Government of Cook Islands Development Coordination Division under the Ministry of Finance and Economic Management leads the coordination of all external assistance activities in Cook Islands. However, in practice, key counterparts for development partners remain fragmented across various agencies, including the Ministry of Foreign Affairs, the Ministry of

<sup>4</sup> Government of Cook Islands. National Budget Document 2020/21. Ministry of Finance and Economic Development.

Finance, along with various sector agencies. The government has made improvements to development partner coordination, where the budget reflects all appropriated official development assistance. ADB will continue to look for opportunities to support these efforts to ensure development assistance are geared towards meeting the government medium term development objectives. ADB coordinates with government, other development partners, and other stakeholders—in preparing country operations and business plans; projects and programs; and technical assistance—primarily through its Pacific Country Office in the Cook Islands as well as regular missions and electronic communication.<sup>5</sup>

### **C. Achievements and Issues**

10. The Cook Islands Pacific Country Office in Rarotonga has existed for many years, but the newly constructed office was completed in late August 2020. The establishment represents a further strengthening of ADB's in-country presence, which started with the recruitment of a national development coordination officer consultant in February 2020 to the opening of a small development coordination office. The Cook Islands Pacific Country Office expands ADB's in-country presence in the Cook Islands, enabling more responsive support through more regular and closer dialogue with the government, civil society, project beneficiaries, and other stakeholders. Also, ADB worked closely with the government, the private sector, and other development partners in facilitating discussions and technical inputs on policy issues and priorities that led to the passing and operationalizing of the COVID-19 Economic Response Act.

### **D. Summary and Recommendations**

11. The Cook Islands stands to benefit significantly from stronger coordination and harmonization of development partner assistance programs. This will help promote more efficient use of resources by avoiding duplication of efforts, maximizing synergies, and ensuring a consistent and coherent development approach across investment projects, policy reform programs and technical assistance. In the near-term, development coordination can be strengthened by better planning and sequencing of technical assistance among development partners, as well as through regular joint consultation meetings involving all major partners chaired by the government. Building on these coordination systems over time will allow development partners to contribute to the Cook Island's sustained socioeconomic development outcomes in line with its National Development Plan *Te Kaveinga 2016–2020*.<sup>6</sup>

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<sup>5</sup> The office is staffed by an ADB Senior Country Officer. An operations assistant is being recruited.

<sup>6</sup> Cook Islands National Development Plan, *Te Kaveinga Nui 2016-2020*

[http://www.mfem.gov.ck/images/documents/CEO\\_docs/Other%20Documents/National-Sustainable-Development-Plan\\_2016-2020.pdf](http://www.mfem.gov.ck/images/documents/CEO_docs/Other%20Documents/National-Sustainable-Development-Plan_2016-2020.pdf)