

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: SPSO/PARD

TA No., Country and Name			Amount Approved: \$600,000	
TA 7287-COO: Infrastructure Services Delivery Improvement			Revised Amount: N/A	
Executing Agency: Ministry of Finance and Economic Management		Source of Funding: Japan Special Fund	Amount Undisbursed: \$123,483.62	Amount Utilized: \$476,516.38
TA Approval Date: 19 May 2009	TA Signing Date: 6 June 2009	Fielding of First Consultant: 4 January 2010	TA Completion Date Original: 30 September 2011    Actual: 31 March 2013 Account Closing Date Original: 31 March 2012        Actual: 30 August 2013	
Description				
<p>In 2009, the Government of the Cook Islands requested the Asian Development Bank (ADB) for technical assistance (TA) to strengthen infrastructure sector governance, build technical capacity, and improve the financial and operational management of assets. ADB subsequently approved TA7287 which aimed to provide capacity development for improved infrastructure services across a number of sectors including transport and communications, water, sanitation and solid waste management, and energy. The TA supported actions to: (i) improve institutional arrangements and develop capacity within a comprehensive infrastructure governance framework for delivering effective, efficient, and sustainable infrastructure services; and (ii) develop and implement policies for (a) cost recovery and tariff setting, including appropriate provision for community services obligations; (b) developing planning and investment criteria and processes for assessing and prioritizing infrastructure investment proposals; (c) asset management, including systems development, asset management planning, performance monitoring, and annual auditing; and (d) developing appropriate relationships and roles for public and private sectors while facilitating private sector participation in infrastructure services delivery. The TA comprised three components: (i) implementation of a framework for integrated sector planning and asset management; (ii) capacity building; and (iii) institutional strengthening, including drafting of legislation.</p>				
Expected Impact, Outcome and Outputs				
<p>The expected impact of the TA is the effective delivery of environmentally sustainable infrastructure and infrastructure services. Expected outcome is an established governance framework supporting infrastructure management and development. There were three major outputs under the TA: (i) rigorous planning and investment criteria for vetting infrastructure proposals, (ii) an asset management regime with adequate resource allocations for asset maintenance and asset management plans that are independently audited annually, and (iii) institutional adjustments and reforms for ensuring sector sustainability through regulatory reviews of tariff regimes and private sector participation. The TA would complement ADB's on-going support for improvements to public infrastructure.</p>				
Delivery of Inputs and Conduct of Activities				
<p>The TA design and the consultant's terms of reference were appropriate. TA inputs provided by a consulting firm included 16.32 person-months of international inputs against envisaged 18.0 person-months and 5.7 person-months of national inputs against envisaged 6.0 person-months, respectively. On mobilization in January 2010, the consultants met all key stakeholders. Individual ministerial briefings as well as a briefing to the assembled Cabinet in February 2010, sought and received government's endorsement of the proposed work plan. The project inception report was submitted in February 2010 and a tri-partite meeting held in March 2010. The government's infrastructure committee held a workshop in July 2010 to discuss institutional arrangements, management, and investment planning in the infrastructure sector. The consultants presented recommendations to a wide range of public and private sector participants, including NGOs and other interested parties and submitted to government a report with detailed findings and recommendations for implementing reforms to improve infrastructure service delivery. The asset management and draft legislation and associated explanatory notes were prepared by the consultants. The legislative drafts, which included significant changes to six Acts of Parliament and draft regulations, were considered by the government as being the catalyst leading to the crystallization of government's fundamental policies and approach towards the total governance framework and reform program of the Cook Islands Investment Corporation (CIIC) and state-owned enterprises (SOE). Government confirmed this in its letter dated 28 February 2013 and is considering support from the New Zealand Parliamentary Counsel Service to pursue legislative drafting for the CIIC-SOE Reform Program.</p>				
<p>The TA was signed in June 2009 and consultant selection process concluded in October 2009. Consultant mobilization was deferred from November 2009 to January 2010 to avoid the December holiday period and to allow the international consultants to provide a longer input during their first field input. An extension of six months for the TA closing date was approved on 29 October 2009. After ten months of TA implementation, the outgoing government decided that with the upcoming elections in November 2010, substantive reforms could not be effectively pursued and all TA activities were suspended, pending guidance from the new government. The result of this and other factors led to a 2 years hiatus in the</p>				

TA implementation, during which the new Government established itself and got to grips with the project recommendations presented in the midterm report. During this period, the consultants made two trips to the Cook Islands to brief Cabinet and key ministers on the TA findings. On 25 May 2012, the EA requested an extension of the TA and proposed to implement the TA recommendations on asset management and updating of selected legislations. The request was granted to enable completion of the TA with a greater focus on the asset management work.

Overall, the consulting firm performed satisfactorily, completing all required tasks and working closely with the EA. The performance of the EA is assessed to be satisfactory. The performance of ADB in providing timely and appropriate supervision and guidance for the TA is assessed to be satisfactory. All agreed TA activities were completed in March 2013. Closing of the TA account and TA activities was delayed for about 18 months due to the hold in TA implementation requested by the new government elected in November 2010. The consultant submitted the TA draft final report on 22 February 2013 and the final report on 4 April 2013. The TA account was closed on 30 August 2013.

### **Evaluation of Outputs and Achievement of Outcome**

The TA outputs generally met their targets. The consultant prepared an asset management system including (i) sourcing data to compile spreadsheet based asset registers for the five asset groups controlled by CIIC and Ministry of Outer Islands and Infrastructure Planning (MOIP) (buildings, roads, water, solid waste, sanitation) including (a) GIS and AutoCAD data for water and roads and converting this data into excel spreadsheets; (b) various reports/specifications for the landfill; (c) various data sources in CIIC for buildings; (d) data for the sewerage network servicing Tereora and Tepuka; (e) aged data for various assets; and (f) asset performance related data including water quality and complaints; (ii) preparation and submission of asset valuations and an asset valuation report; (iii) preparation and submission of draft asset management plans; (iv) field training with CIIC staff on how to survey buildings and collect data suitable for compiling an asset register and carrying out asset management activities; and (v) undertaking two separate asset management workshops with key members of staff from CIIC, MOIP, Ministry of Finance and Economic Management (MFEM), Audit, Office of the Prime Minister (Outer Islands), Airport Authority, Ports Authority and Te Aponga Uira.

The consultants recommended nine actions required to ensure that the progress with asset management continues in a sustainable manner. These actions will assist the Government of the Cook Islands improve the delivery of infrastructure services by improving systems, ensuring the asset management governance structure supports the new underpinning legislation and improves the capabilities of staff. The expected TA outcome has been generally achieved.

### **Overall Assessment and Rating**

The TA is rated successful based on the evaluation of outputs and achievement of outcomes. The key focus to the asset management work towards the end of the TA and the positive results achieved through a very participatory approach from the CIIC staff has led the thinking to continue the work under further assistance for all government assets and units including those in the outer islands.

### **Major Lessons**

The TA was originally designed to be implemented over a period of two years from May 2009 until September 2011. Due to a change of government during implementation, all TA activities had to be halted for more than a year to allow the new government to establish itself in office. Given that the general elections took place just 8 months after commencement of implementation, the TA could have been implemented more effectively based on a revised TA schedule incorporating this external factor therefore, enabling an uninterrupted TA implementation subsequent to the elections.

### **Recommendations and Follow-Up Actions**

The TA paved a solid approach on asset management and related policies, including institutional arrangement, development and implementation of policies, asset model, data collection, capacity building, cost recovery, performance monitoring arrangements. Further support was recommended to ensure that asset management is extended to the rest of the infrastructure sector, both in Rarotonga and in the outer islands and made sustainable through the development of an asset management framework for all of government and SOEs, putting in place an asset management information system to service the infrastructure sector, and knowledge transfer through capacity building and training for relevant agencies. ADB TA8416-COO: Asset Management for Sustainable and Improved Infrastructure Services Delivery for the Cook Islands, approved on 2 August 2013 for \$225,000 will help achieve these recommendations.

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