

**COOK ISLANDS JOINT COUNTRY
STRATEGY
2008 – 2017**

Cook Islands Government

**New Zealand Agency for International
Development**

**Australian Agency for International
Development**

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ACRONYMS

ADB	Asian Development Bank
APPR	Annual Programme Performance Report
AusAID	Australian Agency for International Development
BTIB	Business Trade Investment Board
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
EEZ	Exclusive Economic Zone
EVI	Environmental Vulnerability indicators
CIGov	Government of Cook Islands
CIMRIS	Cook Islands Marine Resources Institutional Strengthening project
CSO	Civil Society Organisations
DAC	The Development Assistance Committee of the OECD
GDP	Gross Domestic Product
GNP	Gross National Product
HLTs	High Level Talks
HIES	Household Income and Expenditure Surveys
ISP	Institutional Strengthening Project
JCS	Joint Country Strategy
M&E	Monitoring and evaluation
MDGs	Millennium Development Goals
MEA	Multilateral Environmental Agencies
MSV	Medical Specialists Visits programme
NGO	Non Government Organisation
NSDP	National Sustainable Development Plan
NZAID	New Zealand Agency for International Development
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
PICs	Pacific Island Countries (PICs)
PIMP	Preventative Infrastructure Master Plan
PPP	Public Private Partnership
SIDS	Small Island Developing States
SWAp	Sector Wide Approach
TKN	Te Kaveinga Nui
UN	United Nations
VAT	Value Added Tax

EXECUTIVE SUMMARY

Context

The Cook Islands Joint Country Strategy (JCS) represents agreement between the Government of the Cook Islands and its two main donor partners, New Zealand and Australia, on a framework for development cooperation for the period 2008-2017. The Strategy is closely aligned to the Cook Islands' national development plan and the development policies of New Zealand and Australia. It reflects the focus of both NZAID and AusAID on sustainable development and poverty reduction. The Strategy also incorporates international best practice in development cooperation, and draws on internationally agreed principles to maximise the effectiveness of development assistance.

The Cook Islands has achieved solid development progress over the past ten years with economic growth, low inflation and human development indicators amongst the highest in the region. In recent years, economic indicators have varied, however, with some reduction in growth and a rise in inflation. Economic growth prospects are favorable relative to other Pacific Island Countries (PICs), assisted by the Cook Islands Government commitment to macroeconomic stability and reform.

Key development challenges for the Cook Islands centre on the twin themes of vulnerability and resilience. The Cook Islands proposes to strengthen resilience by building up the narrow export base (mainly fish, pearls and tourism) and providing wider income generation and employment opportunities, and reducing vulnerability, particularly to external economic shocks and natural disasters. Steady outwards migration is also a critical issue.

The Cook Islands has a special relationship as a self-governing country in free association with New Zealand. This special relationship confers rights and obligations on both New Zealand and the Cook Islands. Cook Islanders have New Zealand citizenship and unrestricted access to residence and work in New Zealand and, by extension, Australia. Under the special relationship, the Cook Islands determines its own economic, social and development aspirations. The Cook Islands is also an important development partner for both New Zealand and Australia as neighbours and fellow Pacific Island Forum members.

Since self-government, the level of self-generated revenue has steadily increased and New Zealand's direct budget support has diminished significantly. New Zealand's development assistance now takes the form of grant funding for aid programmes and technical assistance. Since July 2004, the New Zealand and Australian aid programmes to the Cook Islands have been managed as a single joint programme, in order to achieve greater efficiency and impact.

Over the timeframe of the JCS, the partners to the Strategy expect that the nature of their trilateral relationship will continue to evolve. Trilateral discussions on the evolving nature of the relationship will reflect a whole of government approach on the part of each partner.

The Strategy

The Goal for the Strategy is:

New Zealand and Australian development assistance fosters a less vulnerable and more resilient Cook Islands, particularly in the Outer Islands.

This strategic goal supports the Cook Islands' national development plan, 'Te Kaveinga Nui – Living the Cook Islands Vision, a 2020 Challenge' and the 'National Sustainable Development Plan (NSDP) 2007-2010'. It also reflects New Zealand and Australian development policy and the vulnerability of the Cook Islands as a small island developing state (SIDS).

The Goal of the JCS underpins the strategic objectives and key outcomes.

Strategic Objective One – Investing in People

To improve the delivery of quality education, health and social services

SO1 Key outcomes

- Equitable access to quality education for all
- Targeted human resource development opportunities to meet government and economic needs
- Equitable access to quality health services

Strategic Objective Two – Infrastructure

To provide sound and affordable infrastructure that will support basic services and sustained growth for outer islands

SO2 Key outcomes

- Effective infrastructure governance framework
- Universal access to safe drinking water
- Infrastructure supports broad based growth and access to core public services in all islands

Strategic Objective Three - Sustainable Livelihoods and Economic Growth

To support an enabling environment for sustainable growth, particularly in the Outer Islands

SO3 Key outcomes

- Policy and legislation that supports broad-based economic growth
- Increased income and employment opportunities for outer islands

Strategic Objective Four- Good Governance

To strengthen public service, and civil society governance and service delivery

SO4 Key outcomes

- An effective and efficient public service
- Trusted and effective police force
- Stronger, evidence-based policy planning and reporting, and results-focussed monitoring and evaluation
- Effective and engaged civil society participating in decision-making

The development challenges in the outer islands are a cross-cutting focal area in the JCS. This means that the hardship and vulnerability in those islands will be specifically considered in the design, implementation and evaluation of all agreed activities.

In addition, the Cook Islands Government, NZAID and AusAID have identified human rights, gender, conflict prevention, HIV/AIDS, disability, the environment and anti-corruption as interwoven issues. These will be taken into consideration in the design, implementation and evaluation of agreed activities.

Implementation of the Strategy

Strategies to achieve JCS objectives will include:

- harmonising aid strategies, management and activities with Cook Islands development plans and management systems to enhance aid impact and accountability, and to strengthen Cook Islands ownership and management
- utilising more innovative and responsive aid delivery systems
- strengthening partnerships and policy coherence between partners and other donors
- facilitating linkages with regional approaches and activities.

Monitoring the Strategy

Monitoring and evaluation (M&E) of the previous NZAID Country Strategy was weak. Monitoring and evaluation for the JCS will align to the M&E framework being drawn up for the National Sustainable Development Plan. Arrangements for ongoing monitoring and evaluation activities throughout the 2008-2017 timeframe for the JCS include an Annual Programme Performance Report which will form the basis of talks with a mutual accountability focus. In addition, a review of the JCS will take place in the third year of its implementation, to assess the continued alignment of the strategy with the next NSDP.

COOK ISLANDS JOINT COUNTRY STRATEGY 2008-2017

1. INTRODUCTION

The three partners to the Joint Country Strategy (JCS) agreed at high-level consultations in April 2005 to develop a single programme framework to guide New Zealand's and Australia's development assistance in the Cook Islands over the period 2008-2017. It was also agreed that the new Joint Country Strategy was to be consistent with the Cook Islands national vision statement, Te Kaveinga Nui, and the National Sustainable Development Plan 2007 – 2010 (NSDP). This decision was based on:

- the partners' commitment to increased aid effectiveness through stronger Cook Islands' ownership, coordination and harmonisation
- the partners' commitment to strengthening development impact and accountability
- similarities in the strategic directions of the New Zealand and Australian aid programmes.

2. THE DEVELOPMENT CONTEXT AND CHALLENGES

Key development challenges for the Cook Islands were summarised in its 2005 Millennium Development Goals (MDG) National Report:

“One of the greatest challenges we face, as a people and as a Government, is the navigation of our national priorities between a narrow-based economy fraught with vulnerabilities, and the need for a more equitable sharing of resources and opportunities for those of us who are disadvantaged by isolation and limited capacity.”¹

The Cook Islands has a high level of development by Pacific standards,² but still faces considerable development challenges. Central among these are high rates of external migration and high level of vulnerability to external shocks and natural disasters. The country is vulnerable to rising energy costs, international tourism trends, and the long-term effects of climate change. Global security and trading frameworks are making more complex the already-challenging task of overcoming geographic isolation and managing complex state functions.

Small Island Developing States (SIDS) such as the Cook Islands share complex challenges due to their vulnerability and the critical need to build resilience. The vulnerability of the Cook Islands arises from inherent conditions such as size, location, and access to world markets. The nation is at risk from its small domestic market, dependence on tourism and limited opportunities for economic diversification, distance from markets and trade routes, dependence on fossil fuels, high transport costs, and increasing international expectations required of all states. Vulnerability is present at all economic strata in the Cook Islands, especially in the outer islands. Weather-related vulnerability is also significant for the Cook Islands.³

¹ Cook Islands Government, 2005: Millennium Development Goals National Report. Foreword by the Prime Minister, the Hon Jim Marurai.

² NZAID, 2007. Review of the Cook Islands' Country Strategy 2001-2006: Situation Analysis Report.

³ ADB, 2006. Strengthening Disaster Management and Mitigation: Component 2: Preventative Infrastructure Master Plan. Mid-term Report. TA 4605-COO. September 2006, ADB, Manila.

The geographic isolation of many Pacific islands is particularly extreme for some Cook Islands communities. The nation is widely dispersed over fifteen islands within an Exclusive Economic Zone (EEZ) of nearly two million square kilometres. It is more than 200km from the main island of Rarotonga to its closest neighbour, Mangaia, and over 1,000km to far away Penrhyn.⁴ The remote northern islands are coral atolls and sand cays with limited economic opportunities and costly delivery of social services and infrastructure. Aside from Rarotonga and Aitutaki, income-generating opportunities are also restricted in the islands of the southern group.⁵ On Rarotonga and Aitutaki there are limited options for diversifying the economy to make it less vulnerable to external shocks.

2.1 Population and migration issues

The Cook Islands is experiencing population loss between 20% and 40% since 1996⁶. It has a highly migratory population internally within the islands and externally to New Zealand and Australia. While the national birth rate is low in comparison with other Pacific nations, there are even fewer births in the outer islands because many young people have migrated.⁷ Continuing depopulation is possibly the biggest threat to the long-term sustainable development of the Cook Islands.

2.2 Constitutional & governance issues

Constitutional status

The Cook Islands has a special relationship as a self-governing country in free association with New Zealand. This special relationship confers rights and obligations on both New Zealand and the Cook Islands. Cook Islanders have New Zealand citizenship and unrestricted access to residence and work in New Zealand and, by extension, Australia. Under the special relationship, the Cook Islands determines its own economic, social and development aspirations.

Over the past 10 years the Cook Islands has continued to mature as a state. In 2001, the Governments of the Cook Islands and New Zealand clarified their responsibilities to each other through the adoption of a Joint Centenary Declaration on the principles of their relationship. This declaration provided for the development of Cook Islands' international personality within the framework of the free association status.

Since self-government, the level of self-generated national revenue for the Cook Islands has steadily increased compared with donor flows. Up until the early 1990s, New Zealand provided untagged support to supplement the Cook Islands budget. This was phased out and replaced by grant aid and technical assistance. Multi-year programme strategies were developed to provide the framework for this assistance. Despite the Cook Islands' decreasing reliance on New Zealand's aid, the special relationship has continued to see many New Zealand agencies support their counterparts in the Cook Islands with informal support.

⁴ The Cook Islands comprise a Southern Group (Rarotonga, Aitutaki, Atiu, Mangaia, Manuae, Mauke, Mitiaro, Palmerston and Takutea) and Northern Group (Manihiki, Nassau, Penrhyn, Pukapuka, Rakahanga and Suvarrow).

⁵ Drawn from: Cook Islands Government website (www.cook-islands.gov.ck); and Government of the Cook Islands, 2005. *Millennium Development Goals National Report*. Avarua, Cook Islands Government.

⁶ Cook Islands Census 1996, 2001, Quarterly Statistical Bulletins.

⁷ ADB 2006, op cit, p 51

System of government

The Cook Islands is a parliamentary democracy with two houses: the lower house or Legislative Assembly and the upper house or House of Ariki, made up of traditional leaders who provide advice to the Government. Each of the outer islands has at least one MP, and some have two or three. The outer islands are administered by Government Representatives, in addition to their own mayors and island councils.

A political reform commission issued wide-ranging recommendations for the restructuring of the political system in 1998. The Cook Islands' MDG Report (2005) notes the implementation of the commission's reforms is patchy, with only a few put in place. The Cook Islands Government is looking at a number of governance reforms, including anti-party hopping legislation and strategies to promote integrity and good leadership.

The public sector

The public sector environment has changed significantly since an Economic Reform Programme was introduced in 1996. The economic reform programme included public sector reform and introduced three key Acts of Parliament aimed at strengthening public sector accountability and governance. These were the Ministry of Finance and Economic Management Act requiring fiscal discipline and increased accountability on the Heads of Ministries; the Public Service Commission Act requiring performance assessments between Heads of Ministries and the Public Service Commissioner; and the Public Expenditure Review Committee (PERCA) Act establishing an independent public expenditure review committee to assist with the Audit Office.

Effective governance in the outer islands remains a challenge and limited economic opportunities have restricted the achievement of equitable development. Outer Island Administrations administer most services in parallel with the elected Island Councils or 'Konitara'. This situation has resulted in lack of coordination between the various administrative arms of government. The effects of political influence, policy inconsistency, poor parliamentary oversight, together with isolation, communications challenges and lack of skilled personnel and other related factors have further compounded the challenges faced by the outer islands.

2.3 Economic development

Over the seventeen years to 2005, the national economy grew at an average rate of 3.6% per annum. There were three distinct phases during this period:

- between 1988 and 1994 economic growth averaged 5.5% per annum. Growth resulted from strong increases in visitor arrivals and increased government spending. The spending was ultimately unsustainable
- between 1994 and 1998, the economy contracted by an average 1.7% per annum. The economy went into recession in 1995 necessitating a package of economic reforms commencing in 1996
- from 1998 to 2005 the economy grew by 5.1% per annum. After very strong growth in 2000 reflecting a period of catch-up following the recession, the economy returned to more sustainable growth rates.

Economic growth was 0.8% in 2005-06 (largely due to a series of cyclones in early 2005), before returning to 2.5% in 2006-07.

Aid from donor partners currently comprises approximately 11% of the total resources available to the Cook Islands⁸.

The Cook Islands has over the years built a very successful tourism industry. Local participation in the industry is high in terms of ownership, investment and employment. The tourism industry underpins the economy, generating receipts of about 40 percent of gross domestic product (GDP), or around \$120 million annually. Tourism contributes significantly to a number of other industries including retail trade, agricultural production for the domestic market and construction. The other major export industries are offshore financial services, offshore tuna fisheries and the black pearl industry, with the latter two together generating about five percent of GDP annually.

The major economic sectors are all susceptible to major variations in volume, output and revenue, increasing the Cook Islands' vulnerability. The loss of population and limited number of skilled workers in technical and specialised fields have resulted in the need to import foreign workers, especially in the tourism sector. Tourism has continued to expand, although on Rarotonga there are potential issues of saturation and environmental challenges. In recent years, tourism has expanded to Aitutaki and niche tourism opportunities look possible in the outer southern group islands.

Economic growth and prosperity on Rarotonga and Aitutaki is not shared evenly amongst the remaining islands in the Cook Islands group⁹. The allocation of government spending is disproportionate to the size of the resident population. The continued depopulation of the outer islands to Rarotonga, New Zealand and, increasingly, Australia means the government is providing basic services to fewer and fewer residents, and this is raising major issues of affordability and viability of some islands. It is unclear if the infrastructure development proposed for the outer islands will generate the necessary revenue required to meet debt servicing, ongoing maintenance and operating costs. There is potential to draw on the tourism sector's requirements for agricultural and horticultural produce and handicrafts being produced in the outer islands for the Rarotonga and Aitutaki markets.

The Cook Islands government acknowledges there is a tension between the social and economic costs of sustaining outer islands development. The opportunity costs of government spending to maintain communities in the outer islands with expenditure directed to increasing affordability, competitiveness and efficient delivery of key utility services such as telecommunications, shipping and fuel supply is challenged by lack of economies of scale and limited competition, resulting in costly and unreliable utility services. Dependence on fossil fuels puts pressure on struggling transportation providers and the costs of energy supply are reliant on international oil market prices. In recent years, new infrastructure reforms to support growth have been limited, and resources focused on institutional reform and a policy of not taking on debt. Infrastructure has focussed on social priorities such as population retention rather than infrastructure for growth. A Preventative Infrastructure Master Plan 2007 (PIMP) has identified a large number of infrastructure projects requiring urgent maintenance and development.

Aside from tourism, the current outlook for non-tourism industries is as follows:

- *Pearl farming* - In 2000, pearl farming provided export earnings of \$18.4 million; the estimated return for 2005-06 was \$2.1 million. It is a highly volatile industry but has hit lowest point and expectations are for a slow increase in revenue, although not to the levels reached previously

⁸ From OECD DAC data for 2006, excluding a one-off write-off of debt by the Italian government.

⁹ Refer to various Cook Islands Quarterly Statistic Bulletin 1999, 2001 and 2003

- *Fisheries* - The fishing industry experienced a growth period followed by a fall in returns. There has since been a consolidation and the industry has stabilised. Sustainability of harvest and processes to add value are key issues
- *Agriculture* - The agriculture industry supplies the local market, with some niche market exports e.g. maire leaves to Hawaii. Good prospects to link in with tourism sector requirements. Export potential looks limited
- *Offshore Banking Industry* - The outlook is for consolidation rather than expansion. Recent new legislation to meet international requirements is still bedding in. The Government has provided initiatives for industry growth with limited success.

2.4 Social development and poverty analysis

The Cook Islands' social development indicators are high relative to other Pacific Countries in terms of health and education standards¹⁰. The Cook Islands has achieved the targets of:

- universal primary education for boys and girls
- elimination of gender disparity in primary and secondary education
- low and decreasing child and maternal mortality rates
- access to safe drinking water, although this hides disparities between islands.¹¹

While there are no official figures for literacy, data indicates literacy levels are in the upper 90 percentile for secondary-school age Cook Islanders. The government has increased the education share of the budget every year since 1995, with the sector receiving the largest share of government expenditure (14.4%) in 2007/08. The 2007/08 Budget allocated 12.9% of total expenditure to the health sector. Key health indicators show high rates of immunisation coverage, increasing life expectancy, declining infant mortality and improving maternal health.

National data on development masks considerable sub-national variance and indicators are generally lower for outer islands communities. The delivery of basic social and health services show a level of inequity between the outer islands relative to Rarotonga and Aitutaki. Education outcomes (exam results, completion statistics) and health indicators are poorer for children in the outer islands. Non-communicable diseases are beginning to have an impact on the health of many communities, including on outer islands. The unit costs of basic and specialised health services is very high given smallness of population and required spread of service across islands.

Income levels are considerably lower in the outer islands than on Rarotonga, and economic dependency is higher. While the national unemployment rate is 14%, unemployment in the outer islands is 27% in the southern group and 35% in the northern group.

Vulnerable social groups include the elderly and people with disability. Traditional family support systems are weakening, particularly on outer islands as younger family members move overseas, often returning their children to the care of their grandparents. People with disability have limited access to education and economic opportunities, especially on outer islands.

The challenge is to maintain standards in the social sectors, reduce inequities between Rarotonga and the outer islands, and address vulnerability to poverty and poverty of opportunity for all Cook Islanders.

¹⁰) ADB, 2006. draft Cook Islands Social & Economic Report: Equity in Development. Manila, ADB.

¹¹ www.adb.org/cookislands/mdg.asp

While social and education indicators for women are good, the Cook Islands 2005 Millennium Development Goals (MDG) Report¹² notes uneven employment opportunities between men and women and substantial income disparities. It also notes that women are under-represented in decision-making at all levels of society, with men dominating high-level political and public sector roles.

Poverty and hardship

The Cook Islands culture encourages individuals to provide for both their families and communities. Traditionally, this approach and the systems of communal land tenure, have provided a safety net to ensure the basic needs of all members of society are met and has provided a foundation for formal and informal civil society organisations (CSOs) to flourish. The Cook Islands Government and civil society do not officially acknowledge poverty but recognise there are communities in the Cook Islands that are vulnerable to poverty and experience poverty of opportunity. These *pockets of hardship* are identified by:

- limited delivery of quality health, education, water, transport and communication services
- limited access to specialist health and education services
- dependency on expensive and irregular transport services
- limited opportunities to engage in formal employment
- vulnerability to loss of skilled personnel, leading to loss of education and health services.

There is limited data available on poverty and hardship. The participatory poverty analysis undertaken by the ADB in 2002 indicated that the Cook Islands had significantly fewer people living below a basic needs poverty line than any other PICs – just 12%, compared to 20.3% in Samoa, 23% in Tonga, 37.5% in Papua New Guinea and 40% in Vanuatu. As discussed above, however, national figures mask significance variance between the outer islands and the Cook Islands' main centres, and concern about inequity has been a long-standing issue. Given the central focus of NZAID and AusAID on poverty reduction, it is proposed that further analytical work in this area be undertaken during the course of this strategy.

3. JCS POLICY FRAMEWORK

The policy framework for the JCS includes:

- *Te Kaveinga Nui 2020 and NSDP 2007-10*
- *The Review of the NZAID Country Strategy 2001-07*
- *Cook Islands Budget Policy Statements (1999 – 2007)*
- *ADB-funded Cook Islands Preventive Infrastructure Master Plan 2007 and the Pacific Islands Economic Report (PIER) 2006*
- *The 2007 NZAID Situation Analysis Report of Cook Islands development*
- *Australian Government policy announcements and frameworks including the Pacific Regional Strategy 2004-09*
- *NZAID's policy frameworks including, Towards a Just and Safe World Free of Poverty, the Pacific Strategy and policies completed on human rights, gender, education and health*
- *Recent Small Island Developing State (SIDS) literature*
- *International declarations on aid effectiveness.*

¹² Cook Islands Government 2005, op cit.

3.1 Cook Islands development strategy

The Cook Islands' current development strategy is set out in its medium-term document (2007-2010), the NSDP, with the long-term development vision through to 2020 encapsulated in Te Kaveinga Nui. Te Kaveinga Nui has undergone comprehensive community consultations and incorporates the views of all sections of society. It summarises the Cook Islands' national development vision as:

“To enjoy the highest quality of life consistent with the aspirations of our people, and in harmony with our culture and environment”

The NSDP is a three-year plan with two more documents planned for subsequent five-year periods to 2020. The current NSDP aims to build a sustainable future that meets economic and social needs without compromising prudent economic management, environmental integrity, social stability, or the Cook Islands Maori culture and the needs of future generations.

The NSDP relies on the effective implementation of eight priority goals. These cover:

- education, health and other social services
- law and order, and good governance
- innovative private sector-led economic development
- sustainable management of the environment and natural resources
- basic infrastructure to support national development
- a safe, secure and resilient community
- a foreign policy that meets the needs and aspirations of Cook Islanders
- national development planning, evaluation and monitoring.

Given the short timeframe of the current NSDP, not all strategies will be achievable in the first three years. It is expected that some will roll over into subsequent plans. The process of prioritising the NSDP is ongoing and involves establishing the building blocks of robust planning, performance, monitoring and evaluation.

The following section outlines key elements of the NSDP relevant to the elaboration of this joint development assistance Strategy.

Goal 1 *Equal opportunities for Education, Health and other Social Services for strengthening and maintaining an Inclusive, Vibrant, Productive and Resilient Society in harmony with our culture.*

Government policies concentrate on creating incentives for families to remain in the country or to encourage return migration by targeting improvements in the social sector. These are based on the belief that society as a whole must work together to ensure the population sustainability of the Cook Islands.

Education

Education remains a primary focus of the Cook Islands Government's commitment to economic and social development. The Government aims to produce equal educational opportunities for all Cook Islanders. The NSDP prioritises strengthening community support in education; improving teacher quality and training standards; improving curriculum and assessment; improving quality of teaching materials; improving educational facilities and equipment; and strengthening the Ministry of Education.

The Cook Islands Human Resource Development Strategy aims to increase the basic trade and foundational skills of all people in the Cook Islands through improving the quality and accreditation of non-formal education services targeting the vocational and technical training needs.

Health

NSDP health objectives are to:

- strengthen the health services on all islands and increase accountability and effective utilisation of local and development partner resources
- improve and protect the health of all Cook Islanders
- encourage healthier lifestyles and safer environments
- maintain adequate levels of specialist health advice to all Cook Islands people
- support community health development
- strengthen health infrastructure and systems.

The NSDP also recognises the pivotal role of non-government organisations (NGOs) in the health sector. Achievement of strategic targets in health is designed around cooperation between the Ministry of Health and related Government agencies; and health-related NGOs.

Social Services

The NSDP covers other social services such as labour and consumer programmes, gender equality-related activities and vulnerable communities (disabled, destitute & infirm, migrant workers, children and families at risk, unemployed, elderly, and women). New policy development is required, including to meet international obligations as a signatory to the Convention for the Elimination of Discrimination against Women (CEDAW).

The NSDP also sets out government policy on development of young people (leadership opportunities; healthier lifestyles/sport; youth in decision-making) and the role of civil society in the governance of the Cook Islands and delivery of services to vulnerable groups.

Goal 2 A society built on Law and Order and Good Governance at all levels

The NSDP's governance strategies aim to:

- improve the Parliamentary, whole of government and private sector compliance with the principles of good governance, including accountability, transparency, contestability and predictability in executive decisions
- strengthen the government administration of the Outer Islands
- improve accountability and transparency of public financial management
- strengthen public sector agencies to cost-effectively deliver on core government services in line with the NSDP goals
- strengthen the national justice system to meet the changing needs of law and justice in an environment of increasing globalisation and international crime.

The NSDP notes existing governance structures are inadequate to meet the Cook Islands' changing needs. Further work is required to ensure public sector accountability and performance, to maintain the confidence of the community in the machinery of government. There are plans to strengthen the performance of the central agencies through developing a comprehensive public sector development plan.

The NSDP also provides for strengthening government administration in the outer islands. This includes reviewing outer islands' administration in the context of the devolution process. The goal is to strengthen good governance across all sectors with central government and develop a policy framework that minimises conflict between agencies and streamlines decision-making. Office of the Minister for Island Administration's (OMIA) goal is to establish appropriate institutional mechanisms to support effective delivery of services to the islands by 2010.

Under law and order, the focus will be on the Cook Islands Police Department implementation of the 2006 police review recommendations. This aims to raise police standards to meet community expectations, and national and international policing requirements.

Goal 3 *Innovative and Well-Managed Private Sector Led Economy*

NSDP economic strategies aim to:

- ensure sound macroeconomic management of the Cook Islands economy
- strengthen government support to the Small and Medium-size Enterprises Centre (SMEC) with a national focus on both Outer Islands and Rarotonga
- promote the development of the financial services industry
- review and reform economic structures based on future government and private sector-led economic growth
- promote and enhance tourism development that recognizes the importance of the natural environment and the cultural heritage of the Cook Islands.

The NSDP attaches a high priority to further development of a policy framework for private sector-led economic growth, in order to meet the Government's goal of economic growth averaging at least 3.5% per year over the medium- and long-term, in order to double GDP (to NZD 0.6 Billion) by 2020. Key conditions for promoting growth include providing a favourable macroeconomic environment, critical physical infrastructure, social harmony, institutional stability and political solidity.

To support the economies of the outer islands is also a priority. The Government identifies the Business Trade and Investment Board (BTIB) and restructured Outer Islands Development Grant Fund as key mechanisms in assisting the outer islands.

The enabling environment for the private sector in the Cook Islands is positive, with low costs by Pacific standards, a low level of government intervention and effective legal and commercial infrastructure for business. The Government intends to strengthen the environment with further commerce-oriented legislation. The Chamber of Commerce has been supportive of the development and implementation of a Private Sector Development Strategy. This framework will guide future structural changes in the private sector and Government's role in increasing productivity.

The Cook Islands Tourism Master Plan emphasises strengthening infrastructure support for tourism and the integration of sustainable tourism with other sectors. The Plan focuses on 'eco-tourism' as a way to continue industry development while maintaining cultural diversity. Key issues include maintaining global competitiveness; staying abreast of industry developments; use of foreign workers; the role of foreign ownership; and ensuring industry activity and benefits spread beyond the main islands.

The Cook Islands has signed the Pacific Islands Trade Agreement (PICTA) and Pacific Agreement on Closer Economic Relations (PACER), and is in negotiation with the EU on an Economic Partnership Agreement (EPA).

Goal 4 *Sustainable Use and Management of our Environment and Natural Resources*

The environment is critical to the long-term economic and social well-being of the Cook Islands. Tourism is reliant upon the attractive natural environment and other industries, such as agriculture, pearl farming and fisheries, are also directly dependent on a healthy ecosystem.

The NSDP identifies a substantial list of sustainable development and environmental issues. These include issues around sustainable development and better regulation of the key inshore and offshore fisheries and pearl industries; reduced land availability on Rarotonga; lack of agricultural infrastructure on outer islands; weak land use policies; lack of coordinated inter-sectoral management of natural resources and environmental programmes, with weak agency capacity in this area; and the need to reduce the impact of waste and pollution on the environment.

The Cook Islands Marine Resources Institutional Strengthening (CIMRIS) project is a key strategy to achieve sustainable management of marine resources. The marine resources strategy provides for developing an Offshore Fisheries Development/Management Plan and promoting increased income opportunities in the outer islands, through further development of aquaculture and inshore fisheries.

The potential for agricultural development to expand has been restricted due to limited agricultural land availability on Rarotonga, limited market access, the high costs of fuel for local production, high shipping costs and intense competition from international producers. The future for the sector lies in servicing the domestic market, particularly the tourism sector. Opportunities for local producers will be limited to those on the main tourism centres of Rarotonga and Aitutaki, unless transport infrastructure can enable outer island producers to get their produce into the main centres in a cost effective way.

Traditional land tenure systems differ from island to island, strongly influencing use and management of natural resources. An island-specific management approach will be essential if the desired outcomes of economic development and resource conservation are achievable. The National Environment Strategic Framework (NESAF) provides for management of the Cook Islands natural environment.

Other NSDP strategies look at strengthening national capacity in bio-security as well as improving institutional coordination, support and implementation mechanisms for managing natural resources and the environment.

Goal 5 *A strong basic Infrastructure Base to Support National Development*

The Cook Islands' geography and isolation presents challenges for infrastructure development. Infrastructure management has been ad hoc with responsibility divided across various government agencies. The 2007 Preventive Infrastructure Master Plan (PIMP) provides a 20-year framework for infrastructure investment in the Cook Islands, covering roads, airports and harbours, air and shipping services, energy, ICT and waste disposal.

The investment envisaged in the PIMP requires effective management structures to ensure its sustainability, including budgeting for future maintenance costs and climate-proofing the infrastructure.

Although the government plays a fundamental role in infrastructure development, it also needs to work in partnership with the private sector. The adoption of a Public-Private Partnership (PPP) approach to the development of land, air and sea transportation infrastructure and services is important to the long-term sustainability of key economic sectors and outer islands communities.

A specific strategy for supply and quality of water covers upgrading and management of networks, holding capacities and intakes, and a Water Safety Plan and Water Demand Management plan are envisaged under the NSDP, as part of institutional strengthening programmes.

To ensure sustainability of the Cook Islands natural environment, the issue of waste disposal requires urgent redress. The Cook Islands looks to strengthen its waste strategies to support waste-related programmes nationwide including operations of new landfills and recycling centres on Aitutaki and Rarotonga. To this end the government has adopted the recommendations from *Rarotonga Apopo*¹³ that identifies waste management, road improvements and ducting as short term priorities.

Goal 6 *A Safe, Secure and Resilient Community*

The Cook Islands is highly vulnerable to natural disasters. Recent years have seen an increase in both intensity and frequency of extreme climatic events. In 2005, five cyclones in a span of two months caused over \$10 million worth of damages. Such incidences undermine the country's resilience to natural disasters. In addition, man-made hazards and risks pose considerable threat to the country. The Cook Islands require sound and effective preparedness strategies to mitigate as well as respond to these threats.

The NSDP looks to build resilience by implementing a more coordinated and effective national disaster risk reduction, and management system. Other strategies will look at strengthening national immigration policy and border controls, which includes constant monitoring of the Cook Islands' large EEZ.

Goal 7 *A Foreign Affairs policy that meets the needs and aspirations of the Cook Islands People.*

Over the past 10 years the Cook Islands has continued to grow and mature in terms of statehood. In 2001, the Governments of the Cook Islands and New Zealand clarified their responsibilities to each other through the adoption of a Joint Centenary Declaration on the principles of their relationship. In turn, this declaration provided for the development and expansion of the Cook Islands foreign policy.

The key strategies from the NSDP are to:

- strengthen the relationship between the people of the Cook Islands and the people of New Zealand
- strengthen and manage international relationships in the interests of the people of the Cook Islands

¹³ Manukau City Council, July 2007. *Rarotonga Apopo. A strategic proposal for the development of Rarotonga's infrastructure.*

- ensure optimal benefits from the Pacific Plan and CROP agencies
- effective leadership and ownership over development policies, strategies and coordinated development actions
- alignment of donor agencies' programmes with national prioritised programmes
- increase effectiveness of development partner financial and technical assistance
- ensure that donor actions are more harmonized, transparent and collectively effective.

The joint assistance programme to be provided under the JCS will adhere to and promote the principles and practices of this section of the NSDP.

Goal 8 *Strengthened National Coordination and Institutional Support Systems for development, monitoring and evaluation.*

The Cook Islands is establishing a Central Planning and Policy Division in the Office of the Prime Minister to coordinate national development activities, including costing and prioritisation of the NSDP. National planning currently revolves around the annual budget process, which concentrates on annual work programmes.

There is limited availability of quality information. An effective information system is being developed to underpin robust, evidence-based decision-making. It will also facilitate the provision of information for performance monitoring, evaluation and reporting of government agencies against national goals and against regional and international commitments.

The NSDP will also explore mechanisms for strengthening and institutionalizing financial support to sustain delivery of NGOs and community based agencies supportive programmes

4. DONOR POLICY CONTEXT

4.1 *New Zealand*

NZAID's policy statement, *Towards a Safe and Just World Free from Poverty*, (2002) sets out a **central NZAID focus on poverty elimination**. NZAID recognises that poverty has different forms including extreme poverty, poverty of opportunity, and vulnerability to poverty. NZAID is committed to sound **poverty analysis**, which takes into account human rights, gender, equity and environmental principles in the preparation of development plans. The JCS proposes that a participatory appraisal of poverty and hardship in the Cook Islands is completed early in the life of the Strategy.

In 2007, the New Zealand Government approved a Pacific Strategy on Development Cooperation. The Pacific Strategy guides the way New Zealand engages internationally with Pacific partners, other donors, civil society and non-governmental organisations, where these are assisting Pacific countries to achieve their development goals. New Zealand pursues a whole-of-government response to the development challenges of the Pacific, with NZAID coordinating closely with other agencies engaged in development-related activities.

The Pacific Strategy sets out a framework for NZAID's work in the region, within the context of the Agency's focus on poverty elimination. The goal of the Pacific Strategy is to reduce poverty and hardship in the region. In working towards this goal NZAID will concentrate its development cooperation efforts on the following focus areas:

- strengthening governance
- achieving broader-based growth and improved livelihoods
- improving health and education
- reducing vulnerability.

In addition, New Zealand is focusing on efforts to maximise the effectiveness of its development assistance. To support this objective, New Zealand will:

- strengthen its partnership of engagement
- heighten policy dialogue
- frame assistance within the five internationally agreed principles of aid effectiveness: ownership, alignment, harmonisation, managing for results and mutual accountability
- support partners to develop monitoring and results frameworks
- develop a stronger whole of government approach.

"Our development partners have reduced poverty and need less aid" is the key development outcome under NZAID's 5 year Agency Strategy. Despite its relatively low incidence of absolute poverty, the Cook Islands remains a core bilateral development partner for New Zealand. Assistance to the Cook Islands will reflect New Zealand's constitutional commitments and close social relationships, including an ongoing commitment to support the Cook Islands following a natural disaster. The engagement will have a high degree of mutual accountability for the effective use of New Zealand's assistance, recognised through principles of good governance, human rights, and partnership, consistent with the Cook Islands' status as part of the realm of New Zealand.

It is important to note that New Zealand assistance to the Cook Islands does not only comprise aid funds but also direct support, for example between counterpart government agencies. Through the JCS, the partners will develop and build on linkages between the partner countries in the public, private, academic and non-government sectors that will continue beyond the life of this JCS. This will continue the shift towards more partnership-

based approaches focusing on technical cooperation, eg in policy formulation¹⁴. It will also be important to ensure the coherence of policies and practices of all New Zealand government departments working in the Cook Islands¹⁵. To this end, an annual interdepartmental meeting to share information is proposed.

4.2 Australia

The Cook Islands is an important development partner for Australia, reflecting shared development concerns. Australia is a significant donor to the Cook Islands, contributing approximately NZ\$1.7m of bilateral aid annually. Australian aid to the Cook Islands is managed by NZAID through a delegated management arrangement.

The objective of Australia's aid programme is "to assist developing countries to reduce poverty and achieve sustainable development, in line with Australia's national interest". The Australian aid programme has a renewed focus on poverty reduction. This focus includes:

- extending its reach to the most marginalised, including the disabled.
- the importance of the Millennium Development Goals as a focus for AusAID programs.
- expanded efforts in the delivery of basic health and education services, water and sanitation, and climate change and the environment.

The overarching policy framework for the aid programme includes:

- accelerating economic growth through investments in infrastructure, environment and climate, and rural and enterprise development;
- fostering functioning and effective states through improved leadership and governance, and incentives for better government performance;
- investing in people through health and education initiatives;
- promoting regional stability and cooperation through greater integration and support for regional institutions; and
- strengthening aid effectiveness.

A focus for the aid programme is strengthening the policies and institutions of partner governments. The mechanisms for delivering the aid program have been designed to work with partner government systems and be responsive to local circumstances; these include whole-of-government approaches, and the use of non-government and multilateral channels. A fundamental tenet of the aid programme is that Australia's assistance is jointly agreed and implemented with its development country partners.

Australia's Pacific Regional Strategy 2004 to 2009 also guides Australian aid to Cook Islands. The regional strategy prioritises Australian assistance to the foundations for poverty reduction, stability, growth and peaceful development in the region, through:

- broad based growth
- effective, accountable and democratic government
- improved law and justice and security
- better service delivery

Australia remains committed to a sustained and robust partnership with the Pacific and is elevating policy engagement and practical support to the region. Australia is actively seeking

¹⁴ NZAID draft Pacific Strategy 2006 – 15, p38

¹⁵ NZAID draft Pacific Strategy 2006 – 15, p38-9

opportunities for greater aid coordination and harmonisation with development partners to enhance aid effectiveness. The Cook Islands is an important partner to Australia in this regard.

The value and impact of regional activities may increase as regional approaches take on more relevance for development issues in the context of the Pacific Plan. Australia will also continue to encourage better integration of regional initiatives to complement and enhance aid outcomes at the country level.

5. THE JOINT COUNTRY STRATEGY

5.1 JCS Goal

The policy priorities of the Cook Islands Government, NZAID and AusAID have been brought together in the Goal of the JCS:

New Zealand and Australian development assistance fosters a less vulnerable and more resilient Cook Islands, particularly in the Outer Islands.

The Cook Islands experiences poverty of opportunity¹⁶ and vulnerability to poverty¹⁷. As a small island developing state (SIDS), it is vulnerable due to innate conditions such as its size, location, and limited access to world markets. It also faces proneness to cyclones; a small domestic market; dependence on tourism and limited opportunities for economic diversification; dependence on fossil fuels and associated high transport costs; and other factors common to SIDS.

In order to mitigate these challenges, the partners agreed that the JCS would focus on reducing the vulnerability of the Cook Islands and increasing its resilience. These overarching themes target the local conditions inherent in SIDS and strongly align with the Cook Islands context, especially in the outer islands.

Building resilience is a proactive approach, taking control of policies and programmes to promote an environment where growth is sustainable despite the vulnerabilities. Strategies towards this outcome could include diversification of the economy and trade; capacity building (public and private); developing competitive economic strategies (tourism, pearls, financial sector, agriculture etc); providing enabling infrastructure, affordable transportation and communications; improving governance; maintaining a stable macro economic environment; increasing food and energy security through tapping the potential for indigenous sources.

Since self-government, national revenue generated within the Cook Islands has steadily increased and New Zealand's direct budget support has diminished significantly in proportion. As the Cook Islands economy continues to grow, the proportion of the Cook Islands national budget that is met by nationally-generated resources should increase. This would be a sign of increasing resilience.

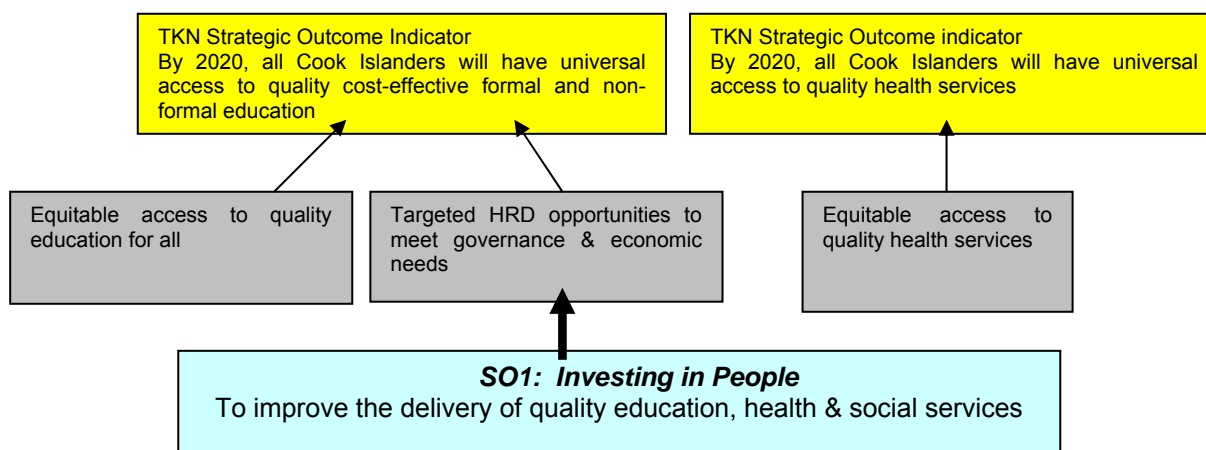
¹⁶ *Poverty of opportunity* – where opportunities to participate in economic, social, civil and political life are seriously limited

¹⁷ *Vulnerability to poverty* – where individuals, communities and countries are particularly vulnerable to circumstances likely to damage their livelihoods, their ability to meet basic needs and their ability to participate actively in economic, social, civil and political life.

5.2 JCS Objectives

Achieving the Cook Islands' national development vision will require sustained levels of good growth, underpinned by greater opportunities for employment and investment. It will also require improved levels of governance, services and essential infrastructure. In support of the JCS goal, Te Kaveinga Nui and the NSDP, the JCS proposes four strategic objectives and twelve outcomes against which New Zealand and Australian development assistance will be programmed.

5.2.1 Strategic Objective One: Investing in People



The Challenges

Te Kaveinga Nui (NSDP Goal 1) identifies several challenges for the Cook Islands, including continuing population decline, especially on most outer islands; the need to improve educational outcomes; labour and work skill shortages; increases in unit costs and risks of lower-quality delivery for basic health and social services; increased incidence of non-communicable diseases, marginalisation of people with disabilities; and low priority to youth, children and families at risk.

JCS Response

New Zealand and Australia have provided long-term support to the Cook Islands education and health sectors resulting in improvements in the Cook Islands capacity to manage and deliver education and health services. Ongoing support is required to build on these achievements.

The JCS will focus on raising the quality and relevance of basic education, including access in the outer islands, through a single activity aligned with the Cook Islands' education sector strategy. As well as basic education (pre-school, primary and secondary), there will be targeted support for human resource development including in-country and off-shore short term training opportunities and scholarships. These will be linked to prioritised national human resource needs and the education sector plan.

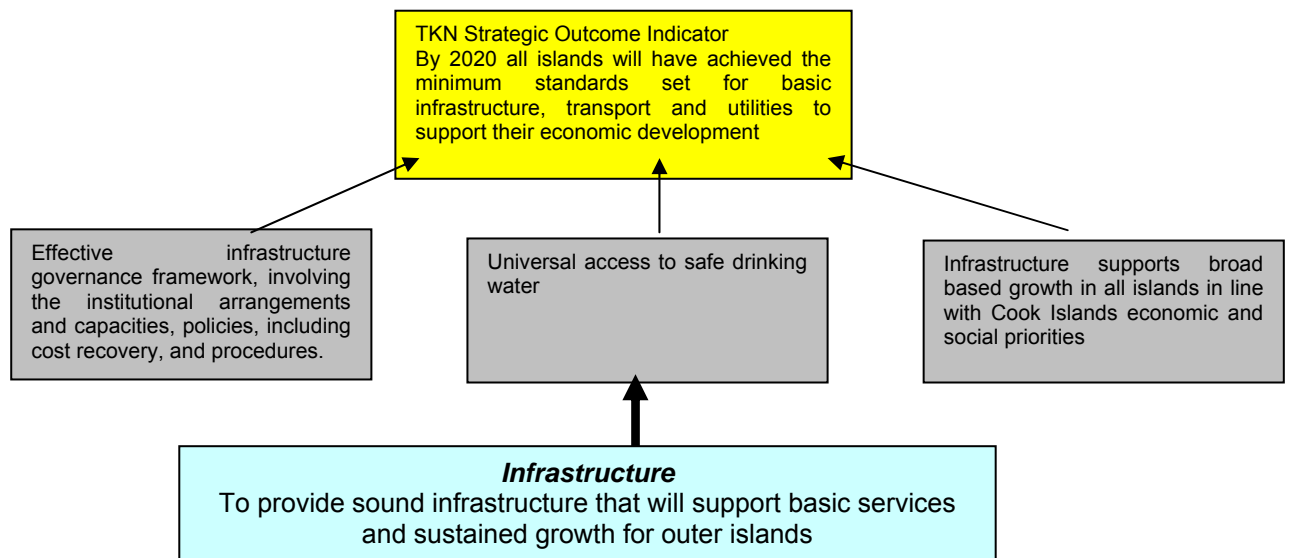
In health, support for medical specialist visits will continue in the short-term. The shape of medium-term support to the health sector will be considered early in the life of the JCS, taking into account national health indicators and the activities of other donors. The findings of the 2007 Ministry of Health management review will also feed into future programming.

New Zealand and Australia will also continue to support regional education and health initiatives in which the Cook Islands may participate. These include the Pacific Regional

Initiative for Development in Education (PRIDE), funding for medical equipment maintenance, immunisation programmes, and programmes addressing HIV/AIDS, reproductive health and family planning issues.

New Zealand and Australia will also consider support for the role of non-governmental organisations and community-based organisations in delivering services in the social sectors. This would be within one framework linked to other objectives of this Strategy.

5.2.2 Strategic Objective Two: Infrastructure



The Challenge

Te Kaveinga Nui (NSDP Goal 5) identifies challenges to infrastructure that include deteriorating public buildings, roads, airports and harbours and weak institutional arrangements for cross-sectoral management of infrastructure programmes.

Infrastructure is a priority for the Cook Islands Government as a foundation for accelerating growth and providing basic services for citizens. The Cook Islands' geography means many outer islands are very distant to the main centres on Rarotonga and Aitutaki, and the nation as a whole is remote from world markets. There has been a significant deterioration in infrastructure over the past ten years as national spending decisions prioritised other sectors. Affordable infrastructure services are critical to the economies of the outer islands. At the same time, the costs of establishing and maintaining such services, given their remoteness and the size of the population using them, are very high. Management of national infrastructure has been ad hoc and dispersed across departments.

JCS Response

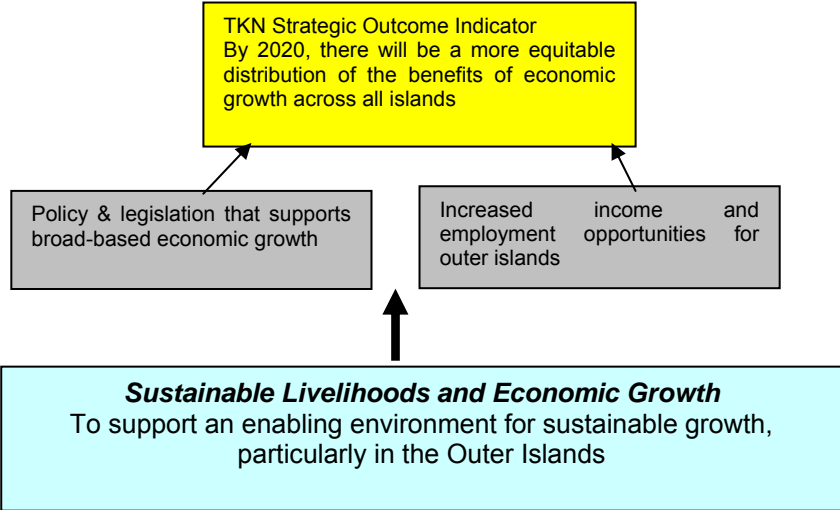
Support for infrastructure will continue under the JCS (and also the Cyclone Recovery and Reconstruction Plan¹⁸). It will take two forms:

- strengthened infrastructure governance and improved capacity within relevant agencies to manage infrastructure; and
- provision of affordable, appropriate infrastructure.

¹⁸ NZAID-only programme: \$10m over 2007/8 to 2009/10 to repair and upgrade cyclone-damaged outer islands infrastructure.

This support will be aligned with the Cook Islands’ 20-year Preventative Infrastructure Master Plan (PIMP), and the outcome of the Project Preparatory Technical Assistance (through ADB) to outline infrastructure development priorities, and financing and asset management plans for the first five years of the PIMP. The sectors within the PIMP that will be given priority under the JCS are access to essential basic services in the outer islands such as drinking water supplies and sanitation, and infrastructure that supports economic development. The former may include supporting CI Gov initiatives to increase water storage capacity, upgrade water supply networks, manage demand, improve sanitation systems and consider introducing user pays systems. Pre-existing agreements to support harbour upgrade projects will continue in the early years of JCS implementation and other infrastructure projects to support economic development will be considered.

5.2.3 Strategic Objective Three: Sustainable Livelihoods and Economic Growth



The Challenges

Te Kaveinga Nui (NSDP Goal 3) identifies challenges to the economy including the limited number of workers skilled in technical and specialised fields and the need to rely on foreign workers; heavy reliance on the tourism sector; limited competition in some areas; costly or unreliable utility services; and limited natural resources for developing competitive export options. It also recognises the expense of and demand on limited infrastructure, transport and communications services.

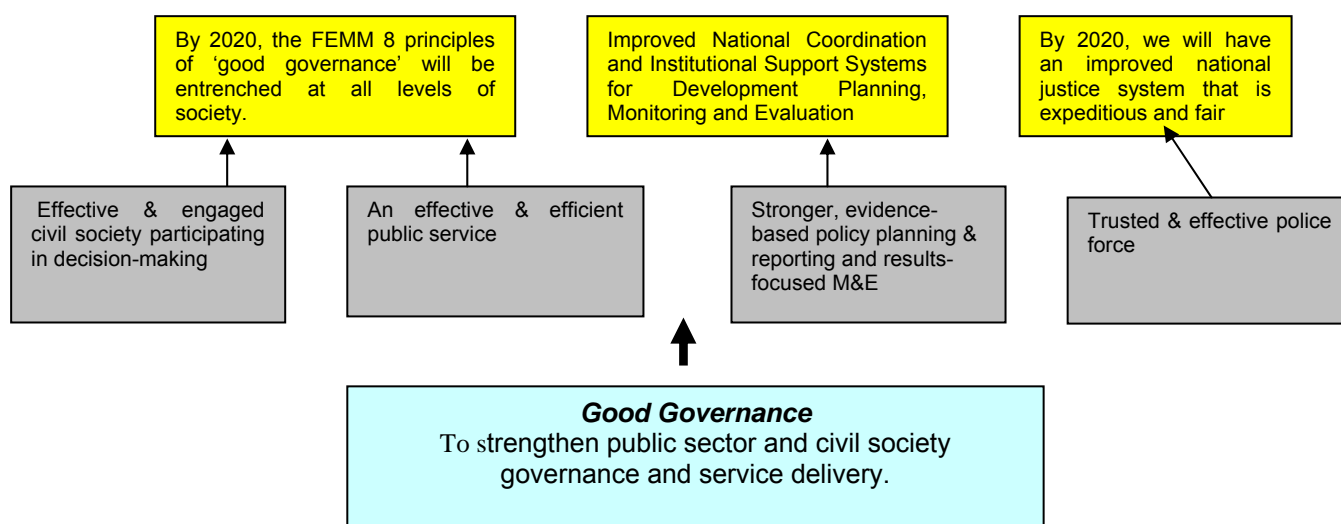
Te Kaveinga Nui (NSDP Goal 4) outlines the challenges to the fisheries and pearl sectors; agriculture; availability and management of resources for living and for economic growth; and weak capacity of agencies managing natural resources. In addition, NSDP Goal 5 identifies deteriorating infrastructure; reliance on imported fossil fuel; limited information and communications technology and transport infrastructure; and weak institutional arrangements for managing these challenges. NSDP Goal 6 emphasises the need to resource and strengthen disaster management agencies and processes.

JCS Response

Under the 2001-2006 CI Country Strategy, the joint programme has been supporting institutional strengthening in the fisheries sector (CIMRIS), the provision of infrastructure in the outer islands, and the small and medium enterprises sector (SME).

Further support to existing activities such as CIMRIS will depend on the outcomes of reviews and evaluations. New initiatives will be based on the National Economic Development Strategy being prepared by Cook Islands Government and by ongoing assessment of social and economic indicators. This may include support for a stronger policy and legislative environment for private sector development and livelihoods particularly in the outer islands.

5.2.4 Strategic Objective Four: Good Governance



The Challenges

Te Kaveinga Nui (NSDP Goal 2) identifies challenges such as poor delivery of certain public services, particularly to the outer islands; lack of coordination in agencies administering the outer islands; need for greater accountability and transparency in public financial management; and the need to strengthen the judicial system and Police Department.

It also recognises (Goal 8) the challenge of weak institutional arrangements and capacities for policy, planning, development and coordination; a lack of quantitative, sectoral and gender-based baseline data; weak information networking systems and data collation and management.

JCS Response

New Zealand and Australia have provided support to the public sector to improve financial management, auditing, policy planning and legislative reforms and policing. This has been undertaken primarily through the provision of technical assistance to address capacity building and supplementation needs of public sector institutions. These have contributed to improved and generally sound national financial management systems as well as better sector planning in Education and Marine Resource management.

Support for good governance can reduce vulnerability and improve resilience by strengthening decision-making at all levels of society, supporting law and order and

promoting good leadership. In line with Cook Islands' national priorities, New Zealand and Australia will continue supporting the Cook Islands Government to improve the efficiency, effectiveness, accountability and service delivery of its public sector. This may be through activities directly supported under the JCS, particularly those that support analytical work, sector planning and monitoring systems for improved decision-making, or through closer links with New Zealand and Australian agencies in agreed areas. In doing so, New Zealand and Australia will seek to ensure that assistance is strategically focussed, consistent with an overarching framework for the improvement of public administration, involve the Cook Islands Government at all stages in planning and management and maintain in-built flexibility to respond to changing circumstances.

Support for civil society involvement in decision-making will be through the same facility that channels other support through non-governmental organisations as outlined under Strategic Objective One.

6. IMPLEMENTATION OF THE JOINT COUNTRY STRATEGY

6.1 Cook Islands development policy planning & management

Policy planning

Te Kaveinga Nui and the NSDP provide the basis for development cooperation in the Cook Islands, and the Cook Islands Government takes the lead role in negotiations with development partners to strengthen aid coordination.

Te Kaveinga Nui acknowledges that the Cook Islands Government is moving from an annual planning and budget-setting process to a national medium-term strategy. By 2010, the Cook Islands will have implemented the first NSDP and the second NSDP, for the period 2011-2015 is likely to be a more focussed document that will better guide partners in prioritising and implementing the ongoing assistance programme. At the same time, NZAID and AusAID will have collected baseline and monitoring data, and undertaken analytical work that will contribute to priority setting for 2010 onwards.

There is further work to be done on identifying more specific and time-bound targets in the current NSDP. This includes clarifying what Cook Islands Government funding is available to support NSDP priorities, likely funding from other donors and regional organisations; and, subsequently, what funding gaps exist for consideration by NZAID/AusAID. Sector planning is underway to provide more specific guidance for government agencies and donors on sectoral priorities. The Cook Islands Government is seeking to shift towards sector wide approaches to enhance ownership and effective and efficient utilisation of both external and internal resources.

Aid coordination and management

The Cook Islands will continue to develop its institutional capacity to manage and coordinate aid and develop priorities and policies. At the highest level of government, six Cabinet ministers must give final approval for development cooperation programmes. Prior to this, all projects must be approved by the Aid and Capital Coordination Committee (ACCC), which considers resource allocation for development activities if required from external sources. The ACCC Secretariat is the Aid Management Division of the Ministry of Finance and Economic Management (MFEM). The ACCC also approves requests from non-government organisations seeking donor funding.

The Aid Management Division is developing an Aid Management Strategy which will be supported and adhered to by the JCS partners. Until this is developed, NZAID will continue

to coordinate with other donors and programmes and encourage alignment to Cook Islands Government priorities where possible and appropriate.

Since the Economic Reform Programme, the Cook Islands government has not had a central planning office. The process for national planning revolves around the annual budget process. A key deficiency of this process is the concentration of budgetary allocations on annual work programmes without serious regard to a national medium-term strategy. Individual Government ministries and agencies were therefore planning on an ad hoc basis with very little effective coordination, sharing of information and long-term stewardship.

The Office of the Prime Minister is establishing a Central Planning and Policy Division to coordinate national development activities. This will include costing and prioritization of the NSDP. It is crucial that this Division receives adequate technical assistance, training and resources to provide policy, planning, assessment, monitoring and evaluation support to all of Government, Non-Government Organisations and the private sector.

Limited availability of quality information further compounds the difficulties faced in identifying appropriate responses needed to address the country's development goals. An effective information system will underpin robust, evidence-based decision-making. It will also facilitate the provision of information for performance monitoring, evaluation and reporting of government agencies against national goals. Other NSDP strategies to address these issues will:

- improve coordination and harmonisation of regional, national, sectoral strategies and policies
- explore mechanisms for strengthening and institutionalizing financial support to sustain delivery of NGOs' and community based agencies' supportive programmes
- strengthen statistical data and information systems to support evidence-based development planning, monitoring and reporting under the National Sustainable Development Plan and against regional and international commitments, including the Millennium Development Goals (MDGs), the Convention on the Elimination of Discrimination Against Women (CEDAW), the Convention on the Rights of the Child (CRC) and multilateral environmental agreements (MEAs).

Management of the joint programme

NZAID will continue to undertake day-to-day management of the joint programme, on behalf of Australia.

Harmonisation of NZAID and AusAID procedures with those of the Cook Islands continues to develop. Some achievements include: joint high level policy discussions, joint programming and review missions, joint management of programmes. Areas to be further developed include monitoring and evaluation. The JCS partners will seek to increase Cook Islands Government management of New Zealand- and Australian-funded initiatives, in order to enhance aid effectiveness and strengthen Cook Islands Government systems and capacity for aid management. The JCS partners will also continue to ensure that building Cook Islands Government technical and management capacity is a focus of all development initiatives supported by New Zealand and Australia.

The early years of the JCS are to some degree committed to pre-existing priorities and programmes. New areas of work are likely to include, in conjunction with regional and/or multilateral agencies, a participatory hardship analysis and migration study to gather baseline data for developing the programme and for the monitoring and evaluation framework for the NSDP and JCS. There may also need to be design missions to develop new components of

the JCS for implementation. Transition to any new priorities and modalities will take into account the personnel and capacity resources of the partners.

6.2 Harmonisation & aid effectiveness

The three partners are committed to international principles for aid effectiveness and intend implementation of the JCS to be guided by these. Specifically, partners will be aiming to achieve:

- increased ownership and leadership of the development process by the Cook Islands Government
- alignment with Cook Islands development strategies and maximising the use of systems and processes
- harmonisation with other donors
- a strong results framework, with regular monitoring and evaluation, to enhance managing for development results
- mutual accountability and clear understanding of each partner's responsibilities.

In order to reduce the administrative burden on all parties, the JCS partners agree to explore and promote funding mechanisms and development approaches that encourage coordination, reduce transaction costs and increase the effectiveness of aid. Critical elements in achieving improved aid effectiveness and impact which JCS partners will seek to incorporate into aid planning and programming include:

- reducing the number of projects, and utilising more innovative and flexible aid modalities including sector-wide approaches and direct budget support where appropriate
- ensuring aid initiatives have in-built flexibility to respond to changing circumstances
- using multi-year programming
- emphasising sustainability, outcomes and impact, rather than inputs
- promoting policy coherence between stakeholders
- supporting initiatives by funding through the Cook Islands Government budget, and
- strengthening partnerships and policy dialogue between partners.

Modalities for providing support through the JCS will be shaped by the desire for the partners to include both macro-policy level and grassroots initiatives. Assistance will be targeted to both government, to increase its ability to fulfil its mandate to the people, and to direct projects to reduce vulnerability and increase resilience, such as through support to civil society.

Programming choices will be informed by lessons learned and rigorous research and analysis as required. Under the JCS, the following key targets relating to aid delivery mechanisms, based on the Paris Declaration on Aid Effectiveness, will be met by 2010:

- at least two thirds of public sector aid initiatives commencing that year will be managed through the Cook Islands' own public financial management systems (budget execution, financial reporting and auditing);
- at least two thirds of public sector aid initiatives commencing that year will use the Cook Islands' own procurement systems; and
- at least two thirds of all aid initiatives commencing that year will be delivered in a "programme context", meaning: leadership by the Government of Cook Islands; a single comprehensive framework for both donors and partner in the relevant sector; formalised processes of harmonisation and alignment; and efforts to further increase the use of local systems.

The first three years of the strategy will see a focus on strengthening Cook Islands systems, especially public financial management, procurement, accountability and monitoring and evaluation, to allow these targets to be met by 2010, if not earlier. By 2010, the Cook Islands and partners will be in a position to assess what can be done to move beyond these targets, including to (if possible) greater use of general budget support and reliance on Cook Islands' own accountability systems.

6.3 Regional activities and other development partners

The Cook Islands participates in many Pacific regional organisations and benefits from several regional development activities covering the environment, policing and health sectors (Appendix 3 sets out New Zealand- and Australian-funded regional organisations and programmes).

The Cook Islands has development partnerships with China, the Asian Development Bank (ADB) and the European Union (EU) (see Appendix 4). China tends to focus on discrete infrastructure projects. The ADB has indicated that it will primarily be supporting the implementation of the Preventative Infrastructure Master Plan 2007-2020 through concessional loans, particularly in Rarotonga where there is most likely to be a return on investment to repay the loans. The EU has indicated that its primary focus for 2007-2010 will be on renewable energy, and water and sanitation. The ADB and EU are currently developing country strategies to guide their involvement in Cook Islands.

Development initiatives under the JCS will coordinate as far as possible with these regional and other development partner activities. The parties to the JCS will also work with regional organisations and other donors to maximise the alignment of all activities with the Cook Islands' national development plan.

6.4 Strengthening partnerships

NZAID and AusAID are committed to supporting effective coordination between the large number of bilateral, regional and multilateral donor and non-state-sector organisations working in the Cook Islands and the Pacific Region. The JCS partners seek to strengthen partnerships and linkages with key stakeholders including:

- working more closely with bilateral and multilateral donors and International Finance Institutions
- harmonising aid efforts where appropriate
- strengthening the engagement of whole-of-government partners
- strengthening the capacity of the aid programme to contribute to whole-of-government issues
- strengthening regional responses and the integration between regional and bilateral initiatives
- strengthening relationships with civil society and disadvantaged communities.

Joint high-level policy talks between the parties to the JCS will offer opportunities for dialogue and coordination with other stakeholders. (Further information on high-level talks is set out in the following section on monitoring and evaluation.)

Given the significance of the Te Kaveinga Nui to the JCS, it is important to discuss and understand Cook Islands sectoral and national planning processes to develop and implement appropriate development assistance. Partners therefore will seek opportunities to participate in policy dialogue relevant to Cook Islands development including: sector policy and planning, Te Kaveinga Nui and NSDP consultation, and development of civil society. Other

dialogue between partners will occur as and when necessary, and where possible, to include other donors to facilitate an environment of mutual understanding and cooperation.

6.5 Role of NGOs and civil society

Civil society organisations and the private sector in the Cook Islands are active, vocal and generally have a good relationship with the Government. They were involved in the drafting of Te Kaveinga Nui and the NSDP and have a role in implementing and monitoring it. Non-government organisations (NGOs) provide a wide range of social services.

Work under the good governance component of the 2001-6 Country Strategy focused on the 'supply side' (such as technical assistance through the Public Sector Technical Assistance Fund) and core funding NGOs in order to strengthen the 'demand side' of good governance, but not on how these areas of support might relate or interact.

Engaging citizens in governance allows governments to access wide sources of information, perspectives and potential solutions, and therefore improves the quality of decision-making about priorities, strategies and utilisation of public resources. Support to civil society will therefore continue as an important feature of the JCS, through a mechanism or mechanisms to be developed following the Civil Society/NGO evaluation in early 2008.

6.6 Interwoven issues

The Strategy gives consideration to issues of human rights, gender, conflict prevention, HIV/AIDS, disability, environment and anti-corruption through a mainstreamed approach towards management, design, implementation, monitoring and evaluation.

Support for women, children, youth and people with disabilities has been provided through the good governance and basic services objectives of the previous strategy. Future support will be based on the outcomes of the civil society review being conducted in 2008.

The Cook Islands is a signatory to the Convention on the Elimination of Discrimination Against Women (CEDAW) and the Convention on the Rights of the Child (CRC). In accordance with the priorities set out in the NSDP, implementation of the JCS will include specific consideration of the protection and promotion of the rights of women and fostering of their participation in programmes at all levels. Consideration will also be given to the need to undertake further analytical work to guide programme implementation, such as a gender analysis.

It is recognised that conflict is inherent in all societies occurring in households, communities and within states where there is poverty, poor governance, inequality, environmental degradation and lack of respect for human rights. The Cook Islands has achieved structural stability, with low risk of conflict and functioning conflict resolution mechanisms and institutions in place. The JCS will consider conflict prevention support if this is requested as a priority by CIGov.

The outer islands have been identified as an area needing special attention in the JCS due to the hardship and vulnerability they face.¹⁹ This will be addressed using several options, none of which would be mutually exclusive:

¹⁹ Cook Islands Government Forward Aid Programme Overview, presented at the High Level Talks in February 2007.

- directly through activities implemented by outer islands administrations and where outer islands residents benefit directly such as access to training and business support opportunities
- indirectly through support to central government agencies that support implementation of services to the outer islands and/or
- indirectly through supporting the islands and sectors that are making the most progress in order to support economic growth and the Cook Islands' own ability to address hardship in the outer islands.

In developing such initiatives, New Zealand and Australia will engage in macro-policy discussion with Cook Islands Government about each partner's policies and resources to ensure that equity is promoted for those facing hardship.

A number of other donors concentrate their support on environmental issues, particularly UNDP, the European Union and SPREP. In keeping with the strategic focus on reducing vulnerability, implementation of the JCS will include specific consideration of environmental issues in the design and implementation of all programmes.

6.7 Disaster risk management

The Cook Islands tourism industry and overall economy remains highly vulnerable to natural disasters and climatic change, given the concentrations of settlements in exposed coastal areas and the low-lying land mass of most islands. New Zealand and Australia will continue to assist the development of the Cook Islands' own capacity to reduce the impact of disasters and prevent disasters from undermining development objectives.

New Zealand's support to disaster risk management includes a support package based on the Cook Islands Cyclone Recovery and Reconstruction Plan, prepared following the 2005 cyclones. This support includes repairs to a number of infrastructure projects, as well as activities aimed at reducing the Cook Islands vulnerability to future disasters.

New Zealand and Australia are also supporting the Cook Islands' disaster preparedness and response capacity through regional initiatives, including by supporting SOPAC in its mandated role to strengthen disaster risk management capacity in the region.

6.8 Resourcing

New Zealand and Australian bilateral and regional funding allocations are subject to annual Parliamentary approval and allocation.

Future resource levels for the NZAID component of the joint programme will be subject to annual appropriations and government policy decisions on New Zealand annual expenditure on official development assistance as a proportion of gross national income (GNI).

The current annual bilateral allocation from Australia to Cook Islands is approximately A\$1.6m²⁰, and NZ\$7 million from New Zealand. In addition, NZAID is allocating \$10m over 3 years to a Cyclone Recovery and Reconstruction Programme (CRRP) in 2007/8 to 2009/10.

Allocations will be agreed in a 3-year indicative Forward Aid Programme, updated annually and subject to amendment by mutual agreement.

²⁰ \$2.6m in 2007/8 due to special funding for monitoring and evaluation.

7. MANAGING FOR RESULTS AND MUTUAL ACCOUNTABILITY

7.1 *Managing for results in the Cook Islands*

All partners recognise the importance of evidence based decision-making and the need to understand and demonstrate impact.

The successful implementation of the JCS cannot be separated from Cook Islands Government policy, decision-making and governance. A number of macroeconomic and social indicators will therefore need to be jointly assessed as a benchmark as to whether the desired goals are being met.

The Cook Islands Government has committed to a strengthened monitoring and evaluation emphasis throughout the implementation of Te Kaveinga Nui. All partners commit to supporting the Cook Islands strengthen its capacity to monitor and evaluation its public sector performance and service delivery. This includes monitoring and evaluation of progress in meeting the goals of its national strategic development plan (NSDP). Monitoring and evaluation will therefore be a specific strategic focus in the JCS, in coordination with regional agencies and other donors such as the Secretariat of the Pacific Community and the ADB, who are working with national statistics offices and strengthening of the public service.

It is expected that as a result of a Monitoring and Evaluation Readiness Assessment in March 2008, the Cook Islands Government will continue to significantly improve its own monitoring and evaluation systems and capacity. Important steps will probably include:

- the tabling of government agencies' performance reports in Parliament
- greater use of performance reports in budget and planning processes
- improved medium term planning for government agencies
- a strengthened performance framework for the NSDP including agreed indicators, baseline data and reporting system.

7.2 *JCS performance framework*

Monitoring and evaluation by NZAID and AusAID was identified in the review of the 2001-2006 country strategy as weak, with little data on the impact of the joint programme. NZAID, AusAID and the Cook Islands government are committed to a strong monitoring and evaluation framework for the JCS, in order to be able to jointly assess and discuss the results of the programme in supporting development outcomes in the Cook Islands.

All partners commit to the development of an Annual Programme Performance Report (APPR) for the JCS. The APPR will report on:

- progress towards the outcomes sought by the JCS
- contribution of Activities under the JCS to those outcomes
- partners' management performance under the JCS, particularly against the five principles of aid effectiveness and the issues interwoven into the JCS such as environment, gender equality and adherence to international agreements such as on human rights
- risk
- any recommended management response from NZAID, Cook Islands Government, or both.

The APPR will be a key document to enable partners to follow the principles of Managing for Results and Mutual Accountability.

A draft template for the APPR is at Appendix 9. APPRs will be prepared jointly, with one partner taking the lead. NZAID will be the lead author for the first APPR, which will be prepared in time to inform in advance the first High Level Talks held in the JCS implementation period. The format of the APPR, the indicators used and the other sources of information and analysis that lie behind its conclusions will be subject to change by mutual agreement of the partners.

The first APPR will use a provisional set of indicators for the development outcomes in the JCS, based on those in the template at Appendix 10 (which are largely drawn from text in the NSDP) but as modified by mutual agreement between partners in the process of drafting the first APPR. It is expected that these indicators will be modified throughout the life of the JCS; in particular, when the Cook Islands government determines the best set of indicators for the NSDP, the JCS development outcome indicators will be changed to align with those for the NSDP.

A key objective will be to utilise Cook Islands reporting, monitoring and evaluation processes to the maximum extent possible and to minimise transaction costs on the Cook Islands Government. For example, the process of preparing the APPR will not, in itself, involve new collection of performance data from Cook Islands ministries on progress towards development outcomes. Instead, the APPR will depend upon ministries' regular performance reporting to central agencies and on other published material.

The APPR will include discussion of whole of government processes and linkages, eg the inputs of NZ and Australian Government departments other than NZAID and AusAID.

Reporting against the management indicators in the APPR may require some extra data collection, for example (based on the draft template at the time the JCS is agreed):

- collection and analysis of feedback from Cook Islands government, CSOs and NGOs on aspects of NZAID's partnership approach and implementation of the JCS
- a rapid audit of the degree to which interwoven issues have been taken into account in Activity design and implementation.

Exercises such as these will be undertaken regularly, but probably not every year, depending on priorities and mutual agreement.

All partners commit to work to ensure timely monitoring, review and evaluation of all Activities under the JCS. Development objectives including outcomes sought, required outputs and inputs will be determined in the design and planning phase. Monitoring and Review/Evaluation requirements will be determined during project design and incorporated in activity agreements or funding arrangements prior to activity implementation. These will vary according to size, duration, risk and type of activity. Cook Islands AMD and the NZAID Unit in the New Zealand High Commission will ensure that milestone reporting is received, assessed and reviewed as per formal requirements under activity agreements and funding arrangements. For activities over \$1million, a formal end of project evaluation/completion report shall be undertaken, jointly reviewed and discussed at the next programme talks.

All available information on activity level performance will be taken into account in the APPR. Such information is crucial to allow plausible links to be drawn between JCS inputs and the development outcomes identified in the JCS, which are influenced by many external factors not under the control of the JCS partners.

It is expected that the information in the APPRs will also inform a more substantive evaluation of the impact of the JCS at the end of its implementation period.

7.3 Mutual accountability process

All partners commit to mutual accountability through discussions on performance and development priorities within the context of this strategy. The key discussions shall be:

- biennial Tripartite High Level Talks – with a focus on policy, assessment of strategy implementation, and monitoring and evaluation results (following finalisation of the Annual Review of Programme Performance)
- periodic update talks – an activity by activity assessment and review of the programme with implementation of agreed activities
- in years where there are no High Level Talks, one of the periodic update talks will consider the Annual Review of Programme Performance, including any recommendations, and agree any necessary actions in response

A three year forward aid programme (FAP) will be agreed annually in writing, listing indicative allocations for activity planning purposes.

7.4 Risk

The risks to the programme identified here and in Appendix 2 will also be monitored, and results included as part of the APPR.

Cook Islands is committed to political stability, improved accountability and transparency. This reduces the external, country and programme level risks associated with the delivery of the JCS. Nonetheless the Cook Islands remains a small island developing state making it inherently vulnerable to external economic shock, natural disasters and other environmental risks. Public and private sectors are increasingly expected to achieve more and more with a declining reserve of human capital and physical resources. This increases the risks associated with a programme that increasingly focuses on harmonisation and government ownership.

A risk management matrix sets out this assessment in more detail (Appendix 2). It analyses three categories of risk: external, country level risk and programme level risk. The impacts of a number of environmental risks are rated as high, with identified mitigation strategies. Any change to this assessment should trigger a strategy review.

The M&E framework of the JCS will provide an appropriate process for the regular monitoring and review of programme-level risks.

9. APPENDICES

Appendix 1: Joint Country Strategy Logic Diagram

**TE KAVEINGA
NUI VISION**
...by 2020...

All Cook Islanders will have universal access to

- quality cost-effective formal and non-formal education;
- quality health services.

There will be a more equitable distribution of the benefits of economic growth across all islands

Our largely private sector-led GDP will reach \$0.6 billion based on sustainable development principles

The 8 principles of good governance will be entrenched at all levels of society
We will have a strengthened national justice system that is expeditious and fair

NSDP Strategic Goals

Strategic Goal 1
Equal opportunities for health, education & other social services towards establishing an inclusive & vibrant society

Strategic Goal 5
Strengthened & affordable infrastructure, transport & utilities to support national development

Strategic Goal 3
Innovative & well-managed private sector-led economy
Strategic Goal 4
Sustainable use & management of our natural resources & environment

Strategic Goal 2
A society built on law & order & good governance at all levels
Strategic Goal 6
A safe, secure & resilient community

JOINT COUNTRY STRATEGY: BUILDING RESILIENCE AND REDUCING VULNERABILITY

Equitable access to education for all

Targeted HRD opportunities to meet government & economic needs

Equitable access to health services

Investing in People
To improve the delivery of quality education, health & social services

Strengthened infrastructure for broad based growth in all islands in line with Cook Islands economic and social priorities

Universal access to safe drinking water

Support for an effective infrastructure governance framework, involving the institutional arrangements and capacities, policies, including cost recovery, and procedures.

Infrastructure
To provide sound infrastructure that will support basic services and sustained growth for outer islands

Policy & legislation that supports broad-based economic growth

Increased income and employment opportunities for outer islands

Sustainable Livelihoods and Economic Growth
To support an enabling environment for sustainable growth, particularly in the outer islands

An efficient & effective public service

Trusted & effective police force

Effective & engaged civil society participating in decision-making

Stronger, evidence-based policy planning & reporting and results-focused M&E

Governance
To strengthen public sector and civil society governance and service delivery.

JCS Outcomes

JCS Objectives

JCS Goal

New Zealand & Australian development assistance fosters a less vulnerable & more resilient Cook Islands, particularly in the outer islands

Appendix 2: Risk Analysis Matrix

Risk management is a planned, systematic and continuous process that identifies and manages risks. The analysis prioritises the risks according to their impact, probability and degree to which they can be controlled.

External Level Risks	Probability	Impact	Risk Mitigation & Management	Monitoring
Downturn in tourism damages economy – unemployment, can't sell products to tourist industry, govt revenue reduced & can't provide services	Medium	High	Diversify economy; Manage issues that could impact on tourism, such as dengue fever and water quality.	news reports, annual national budget, EVI assessments,
Increased fuel prices make tourism & exports less profitable, cost of living higher & OI life harder/less viable	Medium	High	Develop alternative energy sources, fuel efficiency, regional cooperation in purchasing; Diversify economy.	news reports, annual national budget
Country Level Risks				
Limited capacity to implement NSDP effectively	Medium	High	Capacity building of public service; Constantly reviewing Ministry performance - roles, functions, responsibilities regarding NSDP; Constantly reviewing the system – Budget Policy Statements; Sector Plans to be aligned to NSDP; Develop and implement an RBM Framework.	NSDP/JCS review indicators
Depopulation leads to reduced labour force which also hinders the implementation of NSDP;	Medium	High	Develop a repopulation strategy;	Statistics Census,
Political instability makes govt less effective	Medium	Medium	Strong public service can maintain direction of agreed multi-year programmes; Strong civil society keeps government accountable and demands good governance; Population less reliant on government.	News reports,
Human activity damages environment, undermining tourism, economy & viability of communities	Medium	Medium	Environmental impact assessment before activities begin; appropriate design & controls, community education programmes; Programme support to tourism to assist with assessment of risks to the environment and to implement strategies to	Monitor environment as cross-cutting factor in programmes; news reports

			minimise the impact of human activity on the environment.	
High Vehicle population increases carbon emissions, increases traffic accidents,	Medium	High	Improve legislation to monitor safe usage of roads; Increase awareness and road safety campaigns.	Number of Vehicle Registrations at BCI, Traffic Accident Report – Police, EVI.
Govt budget allocations not in support of NSDP priorities.	Low	Low	Policy dialogue between NZ/Aus and Cook Islands govt; NZAID/AusAID assistance continues to support NSDP priorities; Strong civil society pressures govt to increase budget allocations to agreed priorities.	Annual budget process of NSDP, NSDP/JCS review indicators
Pandemics such as Dengue Fever, Algae Bloom and SARS and Avian Flu affects tourism sector, and the community.	High for Dengue Low for the others	High	Mitigation through improved awareness programmes, preparedness and response mechanisms; Improved sewage and waste management system including proper monitoring of fertilizers and pesticides could reduce the Algae Bloom;	Health Statistics, EVI
Natural disaster damages infrastructure & economy	High impact cyclones rare	Variable	Mitigation through strong disaster risk management processes, preparation and planning; provide immediate, appropriate support if asked; integrate ongoing support into programme with increased funds &/or flexibility to adapt to new priorities	News reports from CI and NZ Ministry of Civil Defence and Emergency Management,
Programme Level Risk				
Human & financial constraints reduce effectiveness	Medium	High	Provide short term implementation support while building capacity, with appropriate (time & method) handovers; Match finances to objectives effectively; Build M&E capacity; Build flexibility into the programme to manage if activities are delayed or stopped.	Regular programme reports
Cook Islands Government/local organisations unable to take leadership & management role in programmes	Medium	Medium	Delivery modalities allow for local leadership; Take time over design phase, not push too fast, support until CI can take over; Ensure any advisers focus on CIGov/local organisation and people taking the lead; Build on existing capacity.	Annual talks and biennial high level talks
Inadequate donor coordination	Medium	Medium	Support AMD to lead coordination, conduct multi-donor	Reviews &

			meetings; NZ lead if asked &/or in interim	evaluations
Programmes & benefits not sustainable if donor withdraws	Low	High	Programmes are appropriately designed and managed for the context; Infrastructure recurrent costs taken into account before activity approved; Programme designs build in ongoing costs until govt/local group can take over; Systems put in place with agreement & ownership by local organisation.	Appraisals of designs, monitoring, review and evaluation reports
Inadequate M&E doesn't allow for learning & adaptation to improve outcomes & impact	Low	High	Strong M&E framework, effectively implemented; Build M&E capacity.	Regular programme reports, reviews & evaluations
Cook Islands Government wants frequent changes to aid allocations to meet short term needs	Low	High	Long term commitments (MOU, funding arrangements, contracts) enable steady programme with time to achieve results; engage with Ministers.	Multi-year planning and budgeting process
Cook Islands Government budget allocations don't support agreed priorities	Low	Medium	Policy dialogue; Programme flexible enough to adapt; Government moving from an annual planning and budget setting process to a national medium term strategy.	Annual and medium term budget process of NSDP

Appendix 3: Regional activities funded by NZAID or AusAID which include the Cook Islands

Education:

University of the South Pacific
Pacific Regional Initiative for the Delivery of Basic Education (PRIDE)
Secretariat of the Pacific Community (SPC) vocational training programmes
Re-thinking Pacific Education for Pacific Peoples by Pacific Peoples (RPEIPP)
Research: Sustainable livelihoods and Education Project (SLEP)

Health:

SPC - communicable disease prevention and control activities; nutrition and lifestyle health activities; Pacific Regional HIV/AIDS Strategy
WHO – NCD and diet, physical activity and health
UNICEF – Expanded Programme of Immunisation; Pacific Life skills
UN Fund for Population Activities – Adolescent Reproductive Health;
Tobacco Control
Pacific Disability Foundation
Pacific Islands Aids Foundation; AusAID Pacific Regional HIV/AIDS Small grants
Asia Pacific Leadership Forum
Workforce Capacity Building through Fiji School of Medicine, Pacific Paramedical Training Centre; Pacific Health Research Council

Law and Justice:

Pacific Regional Governance Programme (PGSP)
Pacific Regional Policing Initiative (PRPI)
Pacific Judicial Development Programme (PJDP)
Defence Cooperation Programme
Pacific Programme for the Prevention of Domestic Violence (PPDVP)

Other:

Pacific Initiative for the Environment (PIE)
NZ Government Agencies Fund (formerly ODA Contestable Fund) – Health Research Council and National Institute of Water and Atmospheric Research
NZ Ministry of Civil Defence and Emergency Management
Pacific Islands Forum Secretariat, South Pacific Applied Geoscience Commission, South Pacific Regional Environment Programme, Forum Fisheries Agency,

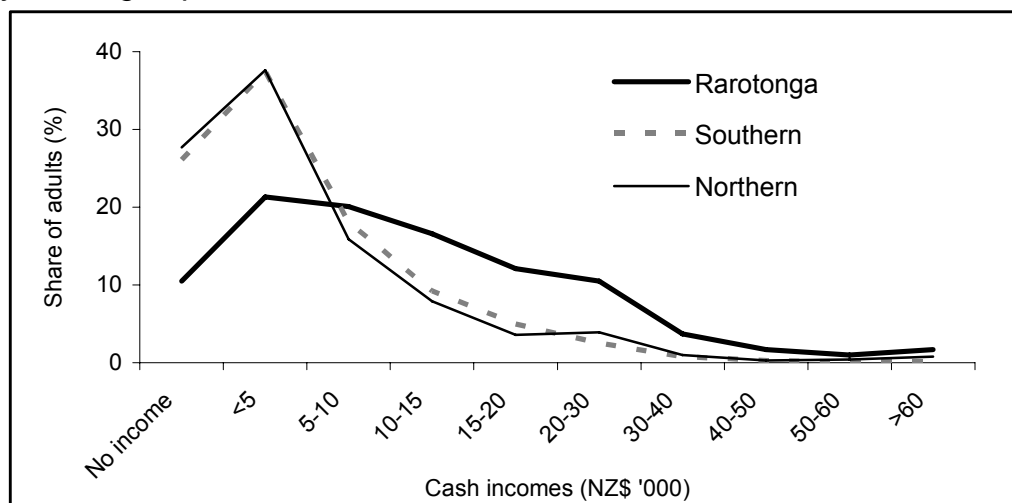
Appendix 4: Indicative Donor Support to Cook Islands 2006/07

Sectors and Cook Islands Government Allocations	Cook Islands Government – 10,498,888	Health Cook Islands Government – 9,409,870	Environment Cook Islands Government – 1,204,368	Governance, Law & order, Security and Public sector reform	Women youth & children Cook Islands Government – 367,000	OID COOK ISLANDS GOVERNMENT – 11,674,000 (4,200,000 Infra)	Policy Development	Civil Society and Non State Actorss Various POBOCs @ 285,000	Infrastructure/Agr Capex @ 4 Mil	Cyclone Rec (none from Government)
Donor Contributions										
New Zealand/Australia (NZ \$11,855,000) Includes overprogrammemng	Educ Supt Prog – 1,500,000 Refurbishment – 750,000 DNHRD Dev – 1,250,000 Scholarships – 600,000	MSV – 140,000		Partnerships P – 240,000 PSTAF – 250,000 Police review – 80,000 CIMRIS Project – 1,000,000	GAD – 50,000	OID Infra – 1,900,000 SME Support – 50,000	Migration Proj – 100,000 PHA – 50,000 Country Strat – 75,000 MSV Review – 25,000	NGOs (PTI,NCW,CIRC,CC) - 335,000 Disabilities - 210,000 CIS - 250,000		CRRP – 3,000,000 (10,000,000)
EU (\$3,098,722)	School facilities MoE – 444,877 DNHRD – 197,000	Health facilities 803,560					MFAI – 80,000	NSAs incl women/yth – 373,285		Cyclone Asst.
NZ Defence Australia Defence (\$580,000)				NZ TA Patrol – 120,000 Aus Patrol Supt – 460,000						
PRC (4,000,000)									Infra - 4,000,000	
Britain (15,000)						15,000				
Canada (50,000)								50,000		
UNDP (\$361,612)			Environment- 213,858				OPM (MDG) – 147,754			
UNESCO (230,496)							MFAI Participation Programme 230,496			
WHO (679,669)		679,669								
SPREP (90,130)			Int Waters – 59,102 Montreal Protocol – 31,028							
SPC (37,000)									Agricult - 37,000	
UNFPA (52,020)		48,020					Internal Affairs – 4,000			
ADB (221,631)										Disaster Management/ - 221,631
TOTALS \$21,271,280										

Appendix 5: Illustrations of Disparities Between Rarotonga and Outer Islands

From ADB PIER report 2006

Cash incomes by island group in 2001



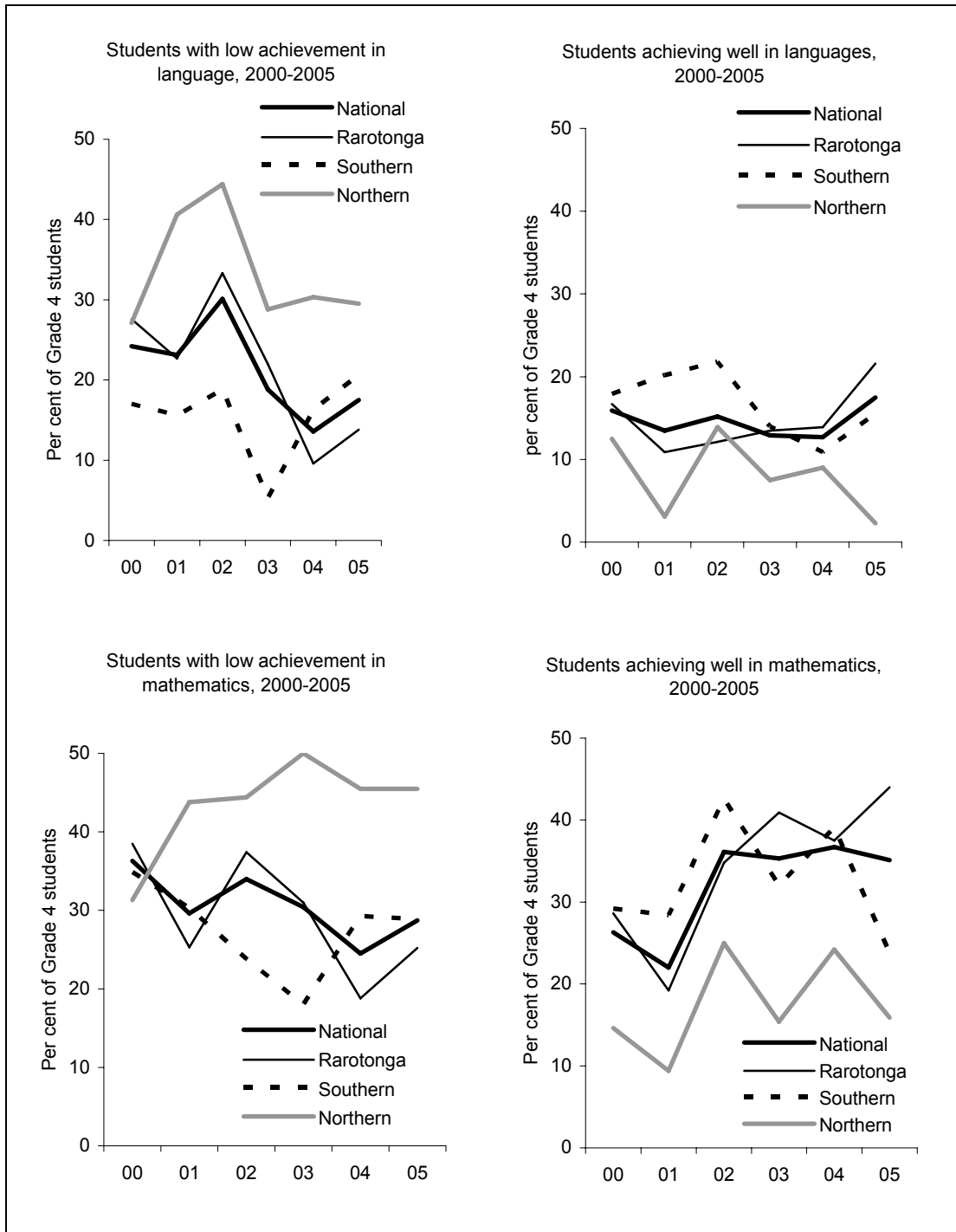
Source: CISO (2001),

Distribution of qualified teachers by island, 2005

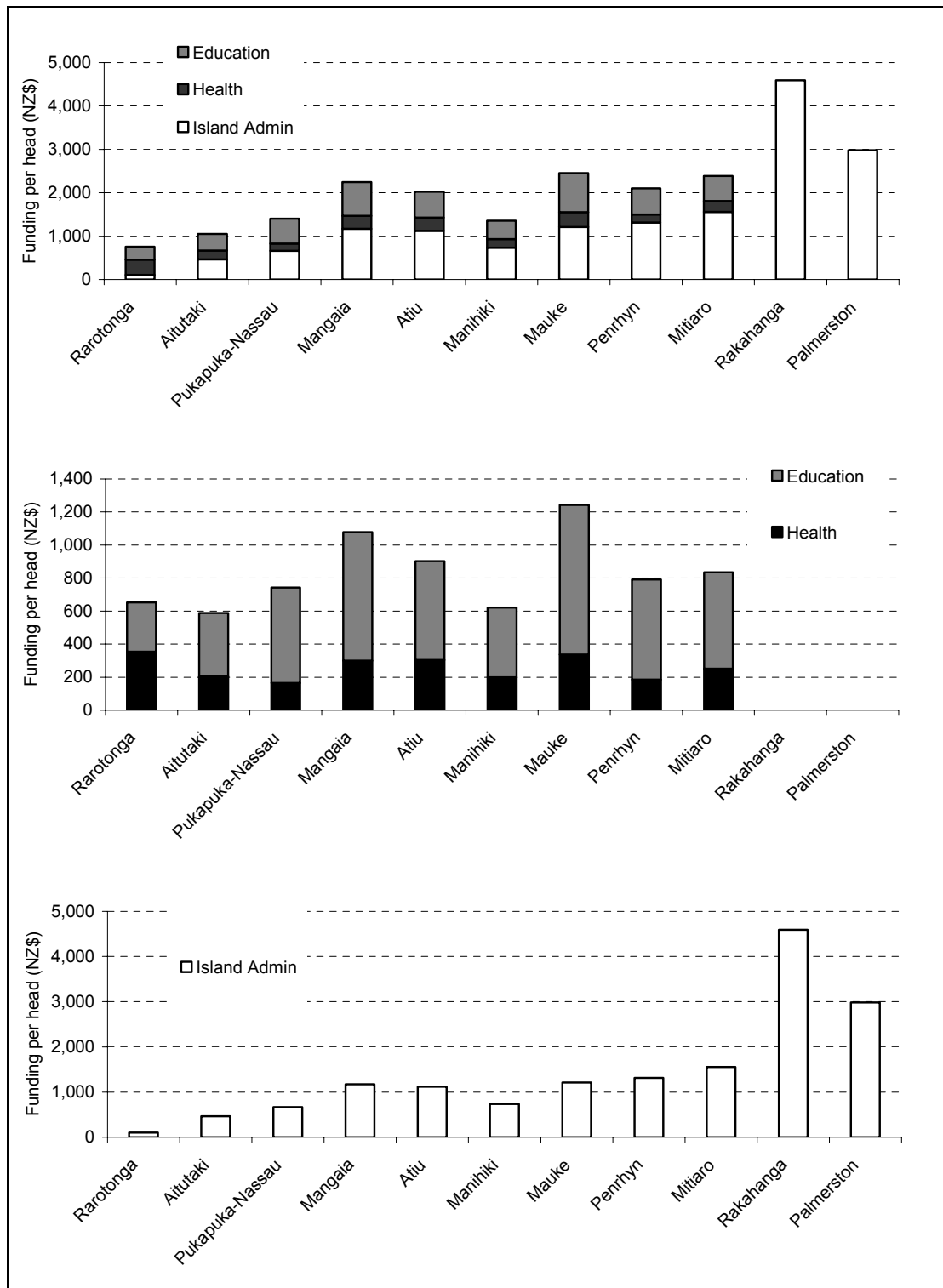
Island	Number of teachers	Share with Teacher's Certificates (%)	Share with Degrees (%)
Palmerston	1	100	100
Mitiaro	6	100	33
Manihiki	8	100	25
Mauke	13	100	23
Penrhyn	6	100	17
Mangaia	17	100	12
Nassau	2	100	0
Aitutaki	35	94	14
Pukapuka	14	93	7
Atiu	12	92	8
Rarotonga	165	91	24
Rakahanga	3	33	0

Source: MoE, 2005

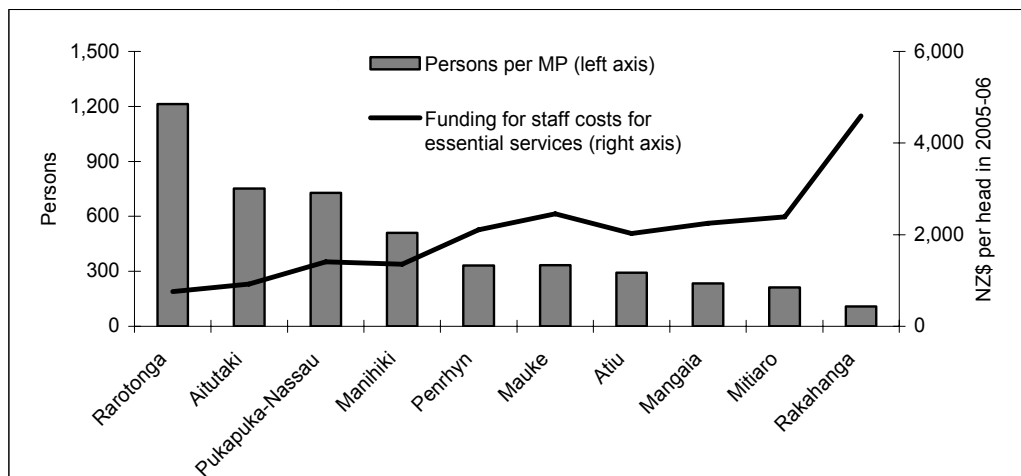
Student achievement by island group



The allocation of funding for staff costs by island in 2005-06



The allocation of funding for staff costs by island in 2005-06



Source: Author's estimate based on data supplied by MFEM and MoH

Population by island

Year	Cook Islands	Rarotonga	Aitutaki	Atiu	Mangaia	Manuae	Mauke	Mitiaro	Pukapuka	Nassau	Manihiki	Palmerston	Penrhyn	Rakahanga	Suvarow
	Persons														
1902	8,213	2,060	1,170	918	1,541	10	370	165	505	0	484	115	445	400	30
1906	8,518	2,441	1,162	918	1,531	0	446	210	435	0	521	82	420	352	0
1911	8,655	2,759	1,237	812	1,471	29	457	199	490	0	444	107	335	315	0
1916	8,805	3,064	1,302	759	1,245	23	490	237	474	0	493	90	326	295	7
1921	9,459	3,503	1,373	837	1,230	0	578	207	530	0	432	83	376	310	0
1926	10,082	3,936	1,431	933	1,249	23	511	238	526	0	416	97	395	327	0
1936	12,246	5,054	1,719	1,086	1,459	8	652	265	651	18	487	90	467	290	0
1945	14,088	5,573	2,356	1,114	1,845	28	804	229	662	0	435	65	654	318	5
1951	15,079	6,048	2,396	1,270	1,830	20	836	305	559	124	816	87	527	261	0
1956	16,680	7,212	2,565	1,307	1,970	32	815	275	638	110	661	77	619	341	58
1961	18,378	8,676	2,582	1,266	1,877	18	785	307	718	109	1,006	86	628	319	1
1966	19,247	9,971	2,579	1,327	2,002	15	671	293	684	167	584	86	545	323	0
1971	21,322	11,478	2,855	1,455	2,081	2	763	331	732	160	452	62	612	339	0
1976	18,126	9,802	2,423	1,312	1,530	0	710	305	785	123	266	56	531	283	0
1981 ^a	17,743	9,530	2,335	1,225	1,364	0	681	256	797	137	405	51	608	269	0
1986 ^a	17,614	9,826	2,390	957	1,229	0	692	273	761	119	508	66	497	282	6
1991 ^a	18,617	10,886	2,357	1,006	1,214	0	639	247	670	102	663	49	503	262	10
1996	19,103	11,225	2,389	956	1,108	0	652	319	779	99	668	49	606	249	4
2001	18,027	12,188	1,946	623	744	0	470	230	664	72	515	48	357	169	1
2006 (est.) ^b	17,951	12,135	2,254	586	704	0	333	213	659	69	510	48	332	108	2

Appendix 6: Statistics (from ADB Country Program Strategy 2008)

Progress Toward the Millennium Development Goals and Targets

Goals and Targets	1990	1995	Latest Year	
Goal 1. Eradicate Extreme Poverty and Hunger				
Target 1: Reduce incidence of extreme poverty by half from 1990 to 2015				
1. Proportion of population below US\$1 per day (PPP-values) (%)	—	—	—	
Population below the National Poverty Line (%)	—	—	12.0	(1998)
2. Poverty gap ratio	—	—	—	
3. Share of poorest quintile in national consumption (%)	—	—	—	
Target 2: Reduce the proportion of people who suffer from hunger by half from 1990 to 2015				
4. Prevalence of child malnutrition (% of children under 5)	—	—	10.0	(1999)
5. Proportion of population below minimum level of dietary energy consumption (%)	—	—	—	
Goal 2. Achieve Universal Primary Education				
Target 3: Attain 100 percent primary school enrolment by 2015				
6. Net enrollment ratio in primary education (%)	—	84.8 (1999)	92.0	(2001)
7. Proportion of pupils starting Grade 1 who reach Grade 5	—	—	51.5	(1998)
Girls	—	—	46.8	(1998)
Boys	—	—	55.7	(1998)
8. Literacy rate of 15-24 year olds (%)	—	—	—	
Goal 3. Promote Gender Equality and Empower Women				
Target 4: Eliminate gender disparities in primary and secondary education by 2005 and to all levels of education no later than 2015				
9. Ratio of girls to boys in: (%)				
Primary education	98.0	95.0 (1999)	98.0	(2003)
Secondary education	112.2	108.0 (1999)	102.0	(2003)
Tertiary education	86.0	—	100.0	(2001)
10. Ratio of young literate females to males (% of age group 15-24)	—	—	—	
11. Share of women in wage employment in the non-agricultural sector	38.4	43.6 (1996)	44.6	(2001)
12. Proportion of seats held by women in national parliament	—	6.0	8.0	(1999)
Goal 4. Reduce Child Mortality				
Target 5: Reduce infant and child mortality by two-thirds from 1990 to 2015				
13. Under-5 mortality rate (per '000 live births)	32.0	29.0	20.0	(2005)

Goals and Targets	1990	1995	Latest Year	
14. Infant mortality rate (per '000 live births)	24.9	23.5 (1996)	17.0	(2005)
15. Proportion of 1 year old children immunized against measles	67.0	96.0	99.0	(2005)
Goal 5. Improve Maternal Health				
Target 6: Reduce maternal mortality rate by three-quarters between 1990 and 2015				
16. Maternal mortality ratio (per 100,000 live births)	—	—	20.0	(1998)
17. Births attended by skilled health staff (% of live births)	70.0 (1988)	100.0 (1998)	98.0	(2001)
Goal 6. Combat HIV/AIDS, Malaria and Other Diseases				
Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS				
18. HIV prevalence rate among: (%)				
15-24 year old pregnant women	—	—	—	
Adult rate (aged 15-49)	—	—	<0.1	(2000)
19. Contraceptive prevalence rate (% of women aged 15-49)	45.8 (1991)	52.3 (1997)	43.8	(2000)
20. Number of children orphaned by HIV/AIDS	—	—	—	
Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases				
21. Malaria:				
Prevalence rate (per 100,000 people)	—	—	—	
Death rate (per 100,000 people)	—	—	6.0	(2000)
22. Proportion of population in malaria risk areas using effective malaria prevention & treatment measures	—	—	—	
23. Tuberculosis:				
Prevalence rate (per 100,000 people)	49.0	—	26.0	(2005)
Death rate (per 100,000 people)	12.0	—	5.0	(2005)
24. Proportion of TB cases:				
DOTS detection rate (%)	—	32.0 (1998)	77.0	(2005)
DOTS treatment success (%)	—	50.0 (1997)	100.0	(2002)
Goal 7. Ensure Environmental Sustainability				
Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources				
25. Forest area (% of total land area)	63.9	—	66.5	(2005)
26. Nationally protected areas (% of total land area)	—	9.0	10.0	(2004)
27. GDP per unit of energy use (PPP \$ per kg oil equivalent)	—	—	—	
28. Carbon dioxide emissions (per capita metric tons)	1.2	1.1	1.5	(2002)
Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water				

Goals and Targets	1990	1995	Latest Year	
29. Access to an improved water source (% of population)				
Total				
Urban	94.0	—	95.0	(2002)
Rural	99.0	—	98.0	(2002)
	87.0	—	88.0	(2002)
Target 11: By 2010, to have achieved a significant improvement in the lives of at least 100 million slum dwellers				
30. Access to improved sanitation (% of population)				
Total	95.0	—	100.0	(2002)
Urban	100.0	—	100.0	(2002)
Rural	88.0	—	100.0	(2002)
31. Access to secure tenure (slum population as % of urban population [secure tenure index])	0.0	—	0.0	(2001)

— = not available; < = less than the specified amount; DOTS = directly observed treatment, short course; GDP = gross domestic product; kg = kilogram; HIV/AIDS = human immunodeficiency virus/acquired immunodeficiency syndrome; PPP = purchasing power parity; USP = University of the South Pacific

Sources: Cook Islands Statistics Office (CISO), *Cook Islands Annual Statistical Bulletin* (2003, 2004); CISO, *Cook Islands Quarterly Statistical Bulletin* (Dec-04); Secretariat of the Pacific Community (SPC), *Pacific Islands Regional Millennium Development Goals Report 2004*, Statistical Annex, available online at (<http://www.spc.int/mdgs>); United Nations Development Programme (UNDP), *Pacific Human Development Report 1999*; United Nations Educational, Scientific and Cultural Organization (UNESCO), *Education for All (EFA) Global Monitoring Report 2003/4*; UNESCO, Institute for Statistics (<http://portal.unesco.org/uis>); UNESCO, *The EFA 2000 Assessment: Cook Islands Country Report*, available online at <http://www2.unesco.org/wef/countryreports>; United Nations Statistics Division (UNSD), Millennium Indicator Database (2003), available online at (<http://millenniumindicators.un.org>); World Health Organization (WHO), Regional Office for the Western Pacific (WPRO), Western Pacific Region Health Databank, various revisions, available online at (<http://www.wpro.who.int>); WHO, *The World Health Report* (2004-2005); Asian Development Bank (ADB), *Key Indicators 2007*, available http://www.adb.org/Documents/Books/Key_Indicators/2007/default.asp; ADB, Statistical Database System, available <http://lxapp1.asiandevbank.org:8030/sdbs/index.jsp>, accessed 27 March 2007.

Selected Country Economic Indicators

Item	Fiscal Year				
	2002	2003	2004	2005	2006
A. Income and Growth					
1 GDP Per Capita (\$, current prices)	5,564	7,782	8,453	9,071	8,265
2 GDP Growth (% , in constant prices)	2.6	8.2	4.3	0.1	0.8
Agriculture	9.5	28.3	(2.6)	(4.5)	—
Industry	(0.3)	16.7	10.6	(9.9)	—
Services	1.7	3.7	4.8	2.2	—
C. Money and Inflation (annual % change)					
1 Consumer Price Index	3.4	2.0	0.9	2.4	3.4
2 Total Liquidity (M2)	3.2	9.9	9.6	(5.2)	22.4
D. Government Finance (% of GDP)					
1 Total Revenue and Grants	36.2	32.2	31.5	35.3	31.9
2 Total Expenditure	36.0	33.0	32.5	33.2	27.7
3 Overall Fiscal Surplus (Deficit)	0.2	(0.8)	(1.0)	2.1	4.2
E. Balance of Payments					
1 Merchandise Trade Balance (% of GDP)	6.2	6.1	4.4	10.3	14.2
2 Current Account Balance (% of GDP)	13.4	10.4	6.6	14.6	21.9
F. External Payments Indicators					
3 General Government Debt (% of GDP)	—	—	—	38.0	21.2
G. Memorandum Items					
1 GDP (current prices, \$ million)	102.4	143.2	171.6	183.2	176.0
2 Population (mid-year, thousands)	18.4	18.4	20.3	20.2	21.3

— = data not available; GDP = gross domestic product; \$ = US dollar; A\$ = Australian dollar;

Sources: Cook Islands Statistics Office (CISO) Quarterly Statistical Bulletin, various issues; CISO Online Statistics, available <http://www.stats.gov.ck/>; Government of the Cook Islands, Budget Estimates 2007/2008, June 2007; Reserve Bank of New Zealand, available <http://www.rbnz.govt.nz/>; Standard & Poor's Credit Rating, December 2006; United Nations Economic and Social Development, *World Population Prospects (WPP): The 2004 Revision Population Database*, available at <http://esa.un.org/unpp/>; Asian Development Bank Statistics Department (ADB), *Key Indicators 2007*, available http://www.adb.org/Documents/Books/Key_Indicators/2007/default.asp; ADB, *Asian Development Outlook 2007 Update*, September 2007.

Selected Country Poverty and Social Indicators

Item	Period		
	1990	1995	Latest Year
A. Population Indicators			
1. Total Population ('000)	17.0	19.4	21.3 (2006)
2. Annual Population Growth Rate (% change)	3.0	-0.5	0.9 (1995-2006)
B. Social Indicators			
1. Total Fertility Rate (births/woman)	4.2	3.7 (1995-96)	3.2 (2003)
2. Maternal Mortality Rate (per 100,000 live births)	—	—	20.0 (1998)
3. Infant Mortality Rate (below 1 year/1,000 live births)	24.9	23.5 (1996)	17.0 (2005)
4. Life Expectancy at Birth (years)	69.9 (1995-97)	—	71.0 (2003)
a. Female	71.5 (1995-97)	73.3 (1999)	74.0 (2003)
b. Male	68.4 (1995-97)	69.2 (1999)	68.0 (2003)
5. Adult Literacy (%)	99.0 (1994)	93.2 (1996)	100.0 (2002)
a. Female	99.0 (1994)	94.0 (1996)	99.0 (2002)
b. Male	99.0 (1994)	93.0 (1996)	100.0 (2002)
6. Primary School Gross Enrollment (%)	—	101.2 (1998/99)	96.0 (2000/01)
7. Secondary School Gross Enrollment (%)	—	61.6 (1998/99)	60.2 (2000/01)
8. Child Malnutrition (% below age 5)	—	—	10.0 (1999)
9. Population with Access to Safe Water (%)	94.0	—	95.0 (2002)
10. Population with Access to Sanitation (%)	95.0	—	100.0 (2002)
11. Public Health Expenditure (% of GDP)	6.2	4.2	3.6 (2003)
12. Public Education Expenditure (% of GDP)	7.2	4.4	4.7 (2003)
13. Human Development Index (Pacific)	—	0.985 (1994)	0.789 (2002)
Pacific Rank / number of PDMCs	—	1/12	1/15
14. Gender-Related Development Index	—	—	1.17 (2002)
			1/15
C. Poverty Indicators			
1. Poverty incidence (%)	—	—	12.0 (1998)
2. Human Poverty Index (Pacific)	—	6.1 (1999)	7.3 (2002)
Pacific Rank / number of PDMCs	—	2/14	4/15

— = not available; GDP = gross domestic product; PDMCs = Pacific developing member countries

Sources: Abbott, D. and S. Pollard, *Hardship and Poverty in the Pacific* (2004); Cook Islands Statistics Office (CISO), *Cook Islands Annual Statistical Bulletin* (2002, 2003, 2004); CISO, *Cook Islands Quarterly Statistical Bulletin* (Dec-04); Secretariat of the Pacific Community (SPC), *Oceania Population 2000 and 2003 posters*, at <http://www.spc.int/demog>; United Nations Development Programme (UNDP), *Pacific Human Development Report* (1994, 1999, 2006 forthcoming); United Nations Educational, Scientific and Cultural Organization (UNESCO), *Education for All (EFA) Global Monitoring Report 2003/4*; UNESCO, Institute for Statistics (<http://portal.unesco.org/uis>); United Nations Statistics Division (UNSD), *Millennium Indicator Database* (2003), available online at (<http://millenniumindicators.un.org>); World Health Organization (WHO), Regional Office for the Western Pacific (WPRO), *Western Pacific Region Health Databank*, various revisions (2001, 2002, 2004), available online at (<http://www.wpro.who.int>); WHO, *The World Health Report*, various years (2000-2005); Asian Development Bank (ADB), *Key Indicators 2007*, available http://www.adb.org/Documents/Books/Key_Indicators/2007/default.asp; ADB, *Asian Development Outlook 2007 Update*, September 2007.

Selected Country Environment Indicators

Indicator	1990	Latest Year	
A. Energy Efficiency of Emissions			
1. Carbon Dioxide Emissions			
a. Metric Tons ('000)	22.0	28.0	(2002)
b. Metric Tons per Capita	1.2	1.5	(2002)
B. Water Pollution: Water and Sanitation			
1. % Urban Population with Access to Safe Water	99.0	98.0	(2002)
2. % Rural Population with Access to Safe Water	87.0	88.0	(2002)
3. % Urban Population with Access to Sanitation	100.0	100.0	(2002)
C. Land Use and Deforestation			
1. Forest Area (km ²)	—	144.0	(1996-2003)
2. Rural Population Density (people/km ² of arable land)	386 (1991)	292	(2001)
3. Arable Land (% of total land)	8.7	17.4	(2002)
4. Permanent Cropland (% of total land)	17.4	8.7	(2002)
E. Urban Areas			
1. Urban Population			
a. '000	10.9 (1991)	13	(2005)
b. % of Total Population	58.5 (1991)	17.3	(2005)
2. Per Capita Water Use (liters/day)	—	—	
3. Wastewater Treated (%)	—	—	
4. Solid Waste Generated per Capita (kg/day)	—	—	

— = no data available; GDP = gross domestic product; kg = kilogram; kgoe = kilogram oil equivalent; km² = square kilometer; PPP = purchasing power parity

Sources: Cook Islands Statistics Office (CISO), *Cook Islands Annual Statistical Bulletin 2004*; Food and Agriculture Organization (FAO) of the United Nations, Statistical Databases (FAOSTAT) at (<http://faostat.fao.org>); International Union for Conservation of Nature and Natural Resources (IUCN), *The IUCN Red List of Threatened Species* (1996, 1997, 2003, 2004) (<http://www.iucnredlist.org>); Secretariat of the Pacific Community (SPC), Pacific Islands Regional Millennium Development Goals Report 2004, Statistical Annex, available online at (<http://www.spc.int/mdgs>); United Nations Statistics Division (UNSD), Millennium Indicator Database (2003) (<http://millenniumindicators.un.org>); Asian Development Bank Statistical Database System, available <http://xapp1.asiandevbank.org:8030/sdbs/index.jsp>, accessed 27 March 2007.

Appendix 7: Development Coordination Matrix (ex ADB)

Sectors and Themes	Current ADB Strategy/Activities	Other Development Partners' Strategies and/or Main Activities ^b			
		Multilateral Institutions and the UN System		Bilateral	
Sector					
Agriculture and Natural Resources Education Health, Nutrition and Social Protection	PPTA for reform of infrastructure institutions			NZ (NZ AID)	Marine resources
		EU	Educational support, School facilities, HRD	NZ (NZ AID)	Educational support, Scholarships, HRD Buildings.
		EU	Health facilities	NZ (NZ AID)	Specialist support
Law, Economic Management and Public Policy	PPTA for reform of infrastructure institutions	UNDP UNESCO	Policy development Capacity development	NZ (NZ AID)	Institutional development, governance
Transport and Communications	PPTA for infrastructure development			NZ (NZ AID)	Outer islands
Water Supply, Sanitation and Waste Management	PPTA for infrastructure development			NZ (NZ AID)	Outer islands
Multi-sector (Cyclone recovery assistance)	Cyclone recovery assistance	EU	Cyclone recovery assistance	NZ (NZ AID)	Cyclone recovery assistance
		PRC	Public buildings		
Theme					
Environmental sustainability Inclusive Social Development	PPTA for infrastructure climate adaptation			India	Sustainable development
				NZ (NZ AID)	NGOs, community initiatives, disabilities.

ADB=Asian Development Bank, EU=European Union, HRD=human resource development, NZ=New Zealand, NZAID=New Zealand's International Aid and Development Agency, PPTA=project preparatory technical assistance, PRC=People's Republic of China, UNDP=United Nations Development Program, UNESCO=United Nations Scientific and Cultural Organization

Source: Aid management Division, Cook Islands Ministry of Finance and Economic Management

Appendix 8: Draft template for Annual Programme Performance Report (APPR)

A report in this format will be prepared each year, to inform either the High Level Talks or (in the years where there are no High Level Talks) more informal programme update meetings. The report will be prepared in partnership and distributed in advance. NZAID offers to take the lead in the authorship of the first report (for the High Level Talks in 2008 or 2009). The first report will have limited information to draw on. Format of the report and the indicators used will be revised by mutual agreement throughout the JCS.

All information will be disaggregated as far as possible to allow for assessment of the impact of activities on women, men, youth, populations of outer islands and other factors as may be agreed through the life of the JCS.

Progress against JCS objectives

JCS Objective	Summary of progress against the high level objective (based on development indicators from Annex Table 1 and any additional qualitative data available)	Summary of JCS contribution (drawing on Annex Table 2, particularly any information from activity reviews, ACRs, evaluations, or any other source, identifying probable contribution of JCS to this outcome)
1. Investing in people: to improve the delivery of quality education, health & social services		
2. Infrastructure: to provide sound infrastructure that will support basic services and sustained growth for outer islands		
3. Sustainable livelihoods and economic growth: to support an enabling environment for sustainable growth, particularly in the outer islands		
4. Governance: to strengthen public sector and civil society governance and service delivery		

A few paragraphs of comment and/or further analysis.

Management commitments

One to two pages of comment and analysis, drawing from Annex Table 3, particularly including comment on areas that are not going so well and may need extra attention. This section can also address the process, format and content of performance reporting should this need to be revised.

Risk

About half a page of comment and analysis, drawing any information of concern from Annex Table 4; and identifying any additional risks which may need to be added to future risk analysis.

The best and the worst

Identification of what was done best in the past year; and what could have done with most improvement. This could come from any aspect of JCS implementation - for example, a notable contribution to development outcomes, a finding from an evaluation, something that needs to be improved in the way the partnership is working, etc.

Conclusions and recommendations

Draft template for APPR Annex Table 1 - Development Outcomes

JCS Objective	JCS Outcome	Indicator (targets in brackets) ²¹	Latest data	Year	Comment on trend
Goal: NZ and Australian development assistance fosters a less vulnerable and more resilient Cook Islands, particularly in the outer islands.	[building up the narrow export base]	Non-tourism export revenues (growth)			
	[encouraging wider income generation and employment opportunities]	Income and jobs in the non-tourism private sector (growth)			
	[building capacity to deal with external economic shocks]	S&P creditworthiness rating (not declining from BB/Stable/B)			
		Debt as a percentage of GDP (<29%)			
		Government's self-generated resources as a percentage of total available to government (increase)			
		GDP annual growth (average 3.5% to reach GDP=\$0.6b by 2020)			
	[building capacity to deal with natural disasters]	Number and magnitude of natural disasters that require no or little assistance			
	[addressing steady outwards migration]	Population (25,000 by 2020)			
[particularly in the outer islands...]	Overall assessment of the vulnerability and resilience of the outer islands, relative to Rarotonga.				
1. Investing in people: to improve the delivery of quality education, health & social services	1.1 Equitable access to quality education for all	Outer island student access to schooling (100%)			
		Percentage of Grade 6 students achieving reading age and numeracy level tests in both outer islands and Rarotonga (90% by 2010)			
		Percentage of students achieving Level 3 NCEA qualifications (Form 7) First time (70% by 2010)	53%	2005-06	
		Data for any education indicator above where the outcome is different for girls and boys (target = none)			
	1.2 Targeted HRD opportunities to meet government & economic needs	Overall contribution to outcomes as shown by reports against the NZAID scholarships and training M&E framework			

²¹ These indicators are provisional. They are based on actual or implied indicators and targets in the NSDP, except where highlighted in grey (which are JCS-specific). The indicators used by the JCS to show progress towards development outcomes will align with any set of performance indicators adopted by the Cook Islands government against the NSDP, a process under way in the first few years of the JCS implementation.

JCS Objective	JCS Outcome	Indicator (targets in brackets) ²¹	Latest data	Year	Comment on trend
	1.3 Equitable access to quality health services	Number of medical referrals from Rarotonga to NZ (143 by 2010)	169	2005-06	
		Number of medical referrals from outer islands to Rarotonga (216 by 2010)	243	2005-06	
		Child mortality and morbidity rates in both Rarotonga and outer islands (reduce)			
		Incidence of NCDs in both Rarotonga and outer islands (reduce)			
		Data for any health indicator above where the outcome is different for women and men (target = none)			
2. Infrastructure: to provide sound and affordable infrastructure that will support basic services and sustained growth for outer islands	2.1 Strengthened infrastructure for broad based growth in all islands in line with Cook Islands economic and social priorities	Progress against the priorities in the Preventive Infrastructure Master Plan, particularly in the outer islands (100%)			
		Proportion of population connected to internet (50% by 2010)	11%	2005-06	
	2.2 Universal access to safe drinking water	Access to sustainable, reliable and quality water service, in both Outer Islands and Rarotonga (increase by 40% by 2010)			
		Annual budget for infrastructure (increase)	\$7m		
	2.3 Support for an effective infrastructure governance framework, involving the institutional arrangements and capacities, policies, including cost recovery, and procedures	Qualitative assessment of infrastructure governance framework (improve)			
3. Sustainable livelihoods and economic growth: to support an enabling environment for sustainable growth, particularly in the outer islands	3.1 Policy & legislation that supports broad-based economic growth	Qualitative assessment of policy and legal environment based on stakeholder (eg businesses, NGOs) reports; including any attempt to apply the "Doing Business" method.			
		GDP per capita (\$14,800 by 2010)	\$13,400	2005-06	
		Total Government Operating Expenditure as a % of GDP (<29%)	28.30%	2005-06	
	3.2 Increased income and employment opportunities for outer islands	Gross value of product from marine sector (increase 30% by 2010)			
		Population in outer islands (rate of decrease slows)			

JCS Objective	JCS Outcome	Indicator (targets in brackets) ²¹	Latest data	Year	Comment on trend
4. Governance: to strengthen public sector and civil society governance and service delivery	4.1 An efficient & effective public service	Analysis of public complaints about level and quality of services			
		Evidence of compliance with minimum standard of conduct, ethics and values for the Public Service			
		Qualitative analysis/collation of service delivery based on public sector entities' annual reports			
	4.2 Trusted & effective police force	Police Strategic Plan 2006-2010 enacted; and evaluation results			
	4.3 Effective & engaged civil society participation in decision-making	Qualitative assessment based on feedback from civil society groups			
4.4 Stronger, evidence-based policy planning & reporting and results-focused M&E	Public sector entities that table annual reports in Parliament (100%)				

Draft template for APPR Annex Table 2 - Activities' Contribution to Outcomes

JCS Objective	JCS Outcome	NZAID Activities	Expenses 2007/08 (\$'000)	Programmed future expenses	Reviews evaluations completed 2007/08	or in	Summary information performance
1. Investing in people: to improve the delivery of quality education, health & social services	1.1 Equitable access to quality education for all	Education sector support and SWAp development					
		Refurbishment of education buildings					
	1.2 Targeted HRD opportunities to meet government & economic needs	In-country training					
		Short Term Training Awards					
	Scholarships						
	1.3 Equitable access to quality health services	Medical Specialists Visits Programme					
2. Infrastructure: to provide sound infrastructure that will support sustained growth and basic services for outer islands	2.1 Strengthened infrastructure for broad based growth in all islands in line with Cook Islands economic and social priorities	Outer Islands Development					
	2.2 Universal access to safe drinking water						
	2.3 Support for an infrastructure governance framework, involving the institutional arrangements and capacities, policies, including cost recovery, and procedures						
3. Sustainable livelihoods and economic growth: to support an enabling environment for sustainable growth, particularly in the outer islands	3.1 Policy & legislation that supports broad-based economic growth						
	3.2 Increased income and employment opportunities for outer islands	Marine Resources			Review		

JCS Objective	JCS Outcome	NZAID Activities	Expenses 2007/08 (\$'000)	Programmed future expenses	Reviews evaluations completed 2007/08	or in	Summary information performance
		Small Business Support					
4. Governance: to strengthen public sector and civil society governance and service delivery	4.1 An efficient & effective public service	Public Sector Technical Assistance Fund					
		Disabilities National Strategy					
		Partnerships programme					
	4.2 Trusted & effective police force	Police Review					
	4.3 Effective & engaged civil society participation in decision-making	Community Initiatives Fund				Review	
		NGO Core Funding					
	4.4 Stronger, evidence-based policy planning & reporting and results-focused M&E	Country Strategy Development					
Reviews							
M&E - JCS and NSDP							
Other/unallocable							

Draft template for APPR Annex Table 3 - Management Performance

Commitment	Lead	Indicator (target in brackets - not all indicators have targets)	Latest data	Year	Comment trend
Ownership	Cook Islands	Review and update of NSDP when required (completed on time)			
	NZAID	Activities approved from 2008 contribute to outcomes in JCS (100%)			
	Both	Number, value and success/failure of contracts through Cook Islands contractors scheme			
	Both	Percentage of programme that is included (for information) in Cook Islands budgets (100%)			
Alignment	Both	Percentage of programme that uses Cook Islands procurement systems (66% by 2010)			
	Both	Percentage of programme that uses Cook Islands financial management systems (66% by 2010)			
	Both	Percentage of activities (number and value) run and managed by government agencies or local NGOs (increasing)			
	Both	Percentage of programme that is untied (increasing)			
	Cook Islands	Milestone reporting received, assessed and reviewed as per formal agreements			
Harmonisation	NZAID	Percentage of programme that is delivered in the context of a "programme approach" using DAC definition (66% by 2010)			
	NZAID	Feedback from partner NZ government agencies on whether NZAID provides well-coordinated & effective support (satisfactory)			
	NZAID	AusAID receives annual program performance reports and can make use of them for Australian accountability (contribution to ARDE) and for contribution to strategic policy and planning			
	NZAID	Qualitative assessment of integration between regional and bilateral initiatives (strengthening)			
	NZAID	Feedback from NGOs and CSOs on relationship with civil society and disadvantaged communities (strengthening)			
Managing Development Results for	NZAID	Indicators in framework agreed in time for 2008 HLTs			
	Cook Islands	Ministry performance reports available to Parliament and relevant central agencies and inform planning and budgeting decisions			
	Cook Islands	Performance indicators for NSDP agreed by 2009, based on Ministry business plans			

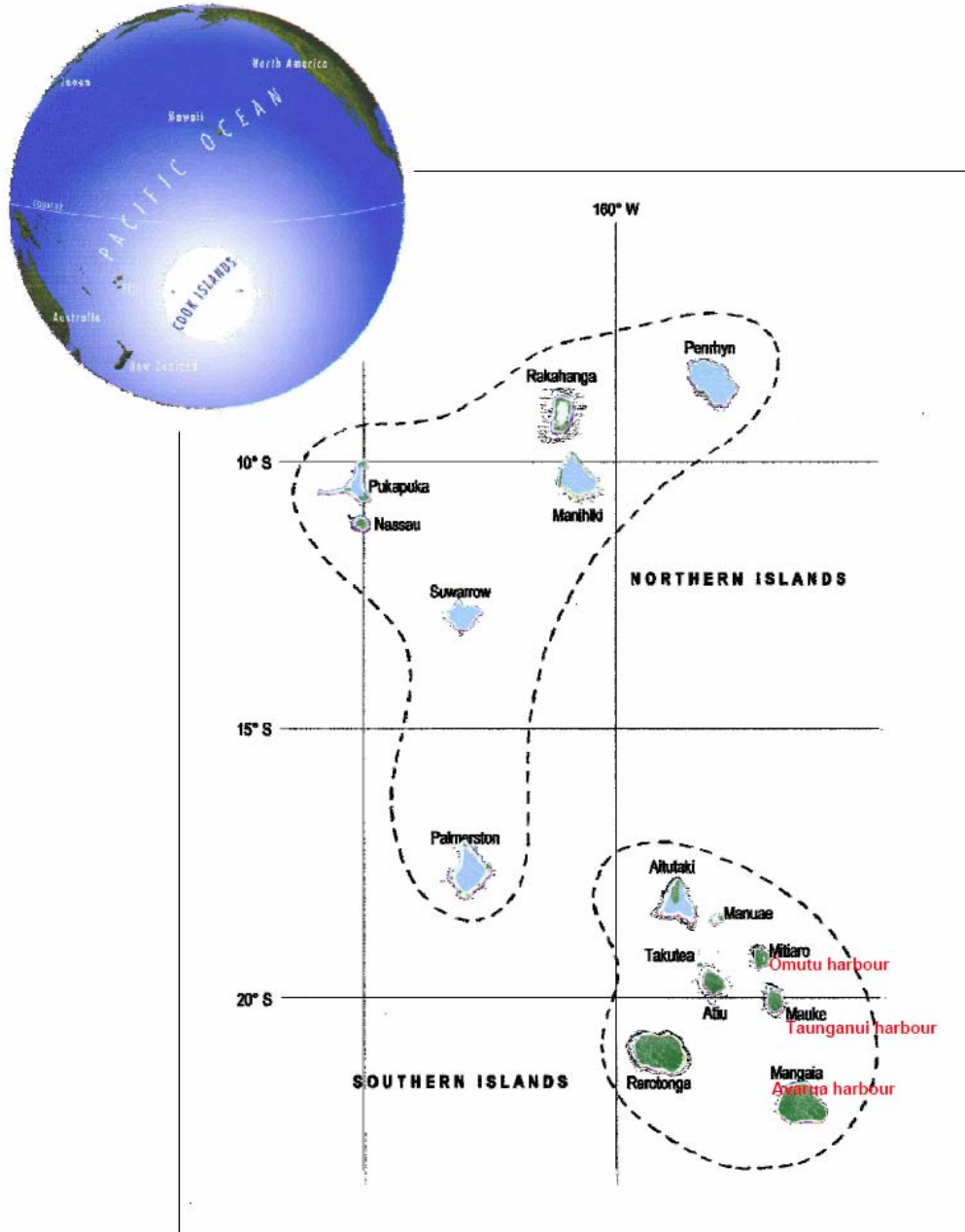
Commitment	Lead	Indicator (target in brackets - not all indicators have targets)	Latest data	Year	Comment trend
	NZAID	FAPs agreed annually			
	Both	Activity Completion Reports - examining relevance, efficiency, effectiveness, impact and sustainability - undertaken for all activities of more than \$1 million completing or rolling over.			
Mutual Accountability	NZAID	Annual programme performance reports prepared in time to inform talks at least once a year, starting with 2008 HLTs			
	NZAID	Cook Islands government feedback on NZAID officials' partnership approach and implementation of the JCS.			
	Both	High level talks take place every two years; and periodic updates every two months			
Interwoven issues	Both	Rapid audit shows interwoven issues - human rights, gender, conflict prevention, HIV/AIDS, disability, environment and anti-corruption - are taken into account in Activities (100%)			
	Both	Rapid audit shows outer islands impact taken into account in Activities (100%)			
Fewer, bigger, activities	longer, deeper	Both	Number of Activities in NZAID's Activity Management System (AMS) (decreasing)		
		Both	Median annual expenses of Activities appropriately in NZAID's AMS (increasing)		
		Both	Duration and size of contracts and grants (increasing)		
		Both	Number of contracts and grants (decreasing)		

Draft template for APPR Annex Table 4 - Risk

External Level Risks	Probability	Impact	Is it emerging?	What mitigation are we doing?	What adaptation are we doing?
Downturn in tourism damages economy – unemployment, can't sell products to tourist industry, govt revenue reduced & can't provide services	Medium	High			
Increased fuel prices make tourism & exports less profitable, cost of living higher & Outer Island life harder/less viable	Medium	High			
Country Level Risks					
Limited capacity to implement NSDP effectively	Medium	High			
Depopulation leads to reduced labour force which also hinders the implementation of NSDP;	Medium	High			
Political instability makes govt less effective	Medium	Medium			
Human activity damages environment, undermining tourism, economy & viability of communities	Medium	Medium			
High vehicle population increases carbon emission – increases traffic accidents,	Medium	High			
Govt budget allocations not in support of NSDP priorities.	Low	Low			
Pandemics such as Dengue Fever, Algae Bloom and SARS and Avian Flu affects tourism sector, and the community.	High for Dengue	High			
Natural disaster damages infrastructure & economy	High impact cyclones rare	Variable			
Programme Level Risk					
Human & financial constraints reduce effectiveness	Medium	High			
Cook Islands Government/local org unable to take leadership & management role in programmes	Medium	Medium			
Inadequate donor coordination	Medium	Medium			
Programmes & benefits not sustainable if donor withdraws	Low	High			
Inadequate M&E doesn't allow for learning &	Low	High			

External Level Risks	Probability	Impact	Is it emerging?	What mitigation are we doing?	What adaptation are w
adaptation to improve outcomes & impact					
Cook Islands Government wants frequent changes to aid allocations to meet short term needs	Low	High			
Cook Islands Government budget allocations don't support agreed priorities	Low	Medium			
New emerging risks...					

Appendix 9: Map



Appendix 10: Glossary

Broad-based Growth

Broad-based growth encompasses a whole country and economy. It focuses on growth in the sectors on which people in hardship depend and regions in which they live. In many countries this is rural areas and activities which depend on the natural resource base (eg agriculture, forestry, fisheries and tourism). However, there are also growing pockets of poverty in informal urban settlements, which require different solutions²².

Good Governance

The goal of good governance programmes is a government responsive and accountable to the people, as well as an engaged and active citizenry whose ultimate oversight complements the accountability institutions of state, such as Parliament. The demand for reform, for high level political goals such as transparency and the desire for inclusiveness need to be internalised and owned by government, the public and private sector, and civil society, if good governance is to take root²³.

Institutional Strengthening

Institutions govern individual and collective behaviour. They may be formal - legal systems, property rights, enforcement mechanisms; or informal – customs, traditions. They may operate at different levels –international (e.g.: WTO rules), national (e.g. laws, constitutions), social (e.g. norms of conduct, status of women), family (e.g. inheritance rules). They may nest within larger institutions – e.g. village-based collective institutions nested within the policy institutions of government. Organisations are ways of structuring society to achieve certain purposes/goals. Institutional Strengthening is therefore the development of formal and informal processes that guide people's behaviour and interaction, both within/between organizations and in the wider society, in order to achieve their purposes/goals²⁴.

Macro policy support

Macro policy support is untagged budget support to a partner government with associated development policy dialogue²⁵, eg to ensure pro-poor growth. Funds support the partner government's development policies and are directly transferred to the partner's budget or a trust fund. This modality uses the partner government's management and financial systems to the maximum extent possible and usually includes support for capacity development in the partner government.

Monitoring and Evaluation

In the context of managing for development results, monitoring includes the collection of information on outcomes and impact as well as tracking resources, activities and outputs. Monitoring is the systematic collection of data to provide indications of how allocated funds are being used and progress towards achievement of expected outcomes.

²² NZAID, 2007. NZAID Growth and Livelihoods Policy (draft).

²³ NZAID, 2007. Governance and the Role of Civil Society – Discussion Paper for NZAID.

²⁴ NZAID, 2007. Strategy, Advisory and Evaluation Group Discussion, July 07.

²⁵ NZAID, 2007. Aid Modalities Tool (draft).

Evaluation (understood to include both review and evaluation) complements monitoring by:

- providing a better understanding of what is being achieved
- Indicating whether an intervention is “on track” or likely to meet the purpose for which it was planned
- identifying how implementation can be improved
- checking that the overall direction is still relevant
- assessing outcomes and/or impacts.
- revealing why results are being achieved or why not.

Sector-Wide Approach (SWAp)

A sector-wide approach represents two inter-linked concepts: 1) planning and implementation of activities incorporates all aspects of a sector, including capacity of personnel, stakeholder consultation, financing, institutional strength, and so on; 2) this way of working emphasises partner country ownership and leadership, use of partner country systems, working together in support of common goals and the achievement of tangible development outcomes. In a SWAp, donors give up their control over specific project interventions while gaining participation in policy dialogue and broader budget framework negotiations.²⁶

Targeted Sector Support with Macro-Policy Engagement

Targeted sector support is channelled directly to partner governments for spending using their own allocation, procurement and accounting systems and is not linked to specific project activities. There is a lump sum transfer of funds following policy dialogue and possibly with conditionality. Additional reporting to donors (beyond normal government accounting) may be required, and additional technical assistance and capacity building may be provided.²⁷ One example of targeted sector support is a sector-wide approach (SWAp).

²⁶ UNICEF, 2007. Planning of the Second Primary Education Programme in Bangladesh.

²⁷ NZAID 2007, Evaluation of General Budget Support – Synthesis Report.

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