

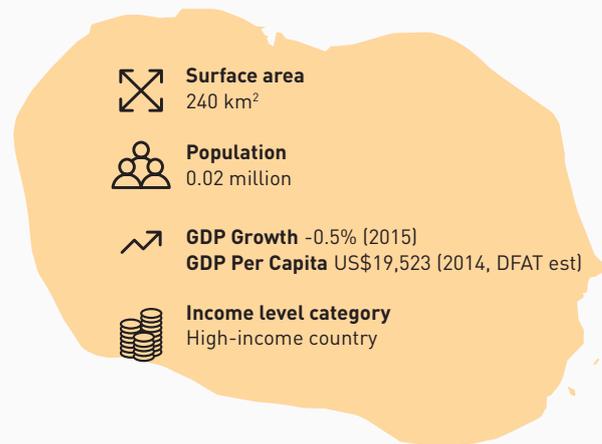
COOK ISLANDS

1. Country Context

Comprising 15 islands dispersed over 1.8 million km² of ocean, the Cook Islands is a self-governing island country in free association with New Zealand and a non-member of the United Nations, with a population of 14,974 (2011). Largely driven by tourism that contributes 60% to 70% of GDP, the Cook Islands has achieved high-income status. Due to contraction in the construction sector, growth across various sectors has been unstable, but buoyed by continued growth in tourism. In 2014, 28.4% of the population was estimated to be living under the national poverty line; social progress remains a vital challenge, particularly in the outer islands.

For this year's monitoring round, the Cook Islands report development co-operation in 2015 amounting to US\$22.6 million, mainly contributed by New Zealand (50%), Japan (20%) and China (14%). A total of six partners participated in this survey. Among key sectors, development finance is primarily directed to education, energy as well as water and sanitation. Responding to strong government leadership, a number of development partners channel their contributions through general and sector budget support modalities.

Quick Facts



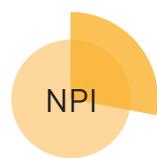
Domains Where Country Systems Have Been Strengthened

	2009	2014
Budget Support		
PEFA Assessment		
PFM Roadmap		
Aid/Dev. Co-op. Policy		
Dialogue with Donors		
Peer Reviews		
Medium Term Plans		

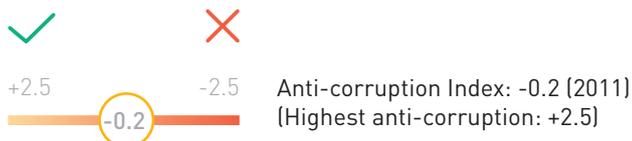
Key Development Challenges

The Cook Islands has successfully advanced in promoting job and investment-intensive tourism as a primary sector and generated a steady flow of income through a large exclusive economic zone and its offshore banking system. In the future, sustainable development will require the careful management of a small and highly exposed economy, whilst trying to improve transfer benefits from the tourism industry to the rest of the economy and deepening social development especially in the more remote islands. High-cost investments in physical infrastructure, energy, water, sanitation and communications pose a significant challenge to the public sector's human and financial capacity.

Key Development Indices:



National Poverty Index
28.4% of pop.
(2014)



2. Efforts to Implement the Effectiveness Principles

A. Policies and Tools for Partners' Alignment

Development efforts in the Cook Islands are framed by the long-term plan Te Kaveinga Nui (covering 2007-2020), operationalized through the National Sustainable Development Plan (NSDP, currently 2016-2020) and led by the

National Sustainable Development Commission (NSDC). Sector strategies are in place for education, health and transport. The government is currently finalizing the preparation of the next NSDP 2016-2020 ensuring wider participation

across the archipelago. The new NSDP will also localize the Sustainable Development Goals (SDGs) and fully reflect other international commitments such as the Pacific Regional Framework.

Major Development Partners of this Round (by Reported Disbursements)



Participation in 2014 Monitoring

No



Existence of a National Co-operation Policy

Yes

B. Governance and Management of Development Finance and Co-operation

Backing the NSDP, the 2015 Development Partners Coordination Policy provides clarity on modalities and tools for effective development co-operation in line with the Global Partnership principles. Learning from the previous ODA policy (2011), this new framework also regulates the role of civil society and the private sector in development co-operation. The government convenes Development Partners Meetings annually to discuss progress made and agree on next steps. This is the first time the Cook Islands has participated in Global Partnership monitoring, which it did to provide vital inputs to the NSDP drafting process. The country is also a proactive partner in the effectiveness agenda under the umbrella

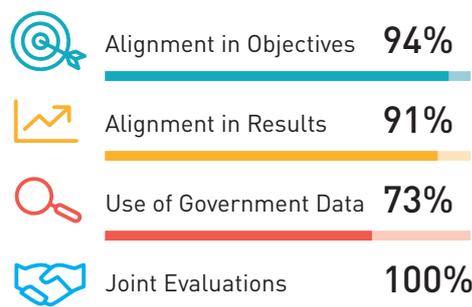
of the Pacific Islands Forum Secretariat. Institutionally, development co-operation is hosted at the Development Co-operation Division (DCD) of the Ministry of Finance and Economic Management (MFEM), which covers loans and grants. The Aid Management Accounting Section at the DCD captures all development co-operation – including from South-South co-operation partners such as China – and publishes most of the project details online at the MFEM website. Reflections on how to assess and use non-traditional, particularly private development finance are still in an early stage, but might bear fruits in the future as the government is giving priority to a closer interaction with national business and civil society actors.

3. Country Ownership

Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

In 2015, relatively large amounts of development co-operation directly supported country-led objectives (94%) and results (91%), while 73% of development assistance was embedded in the national budgeting systems. The government participates in all planned

evaluations, mostly defining their scope. All development partners perform positively on this indicator, showcasing the strength of country ownership, on the one hand, and the alignment of partners to functioning national results frameworks, on the other.

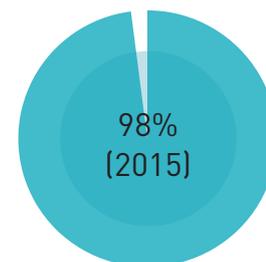


Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

Almost all development co-operation is adequately recorded in the government budget. Apart from a relatively minor WHO project, all development partners achieve a full inclusion of their funds in the national budget for the government sector. Over the past years, the Cook Islands has given priority to this

effectiveness principle, allowing a consistent parliamentary oversight of development co-operation. For additional transparency, development finance is available for the general public through the Ombudsman's Office and the Public Accounts Committee, created in 2013/2014.

Percentage on Budget



Indicators 9 and 10. Use of Country Systems

All development co-operation uses national procedures for budget execution and financial reporting and 99% of development finance relies on the national procurement system that captures all tenders above US\$30,000. However, development partners make only residual use of national auditing

(1%) as the Cook Islands Audit office is struggling to deal with a backlog of audits due to capacity constraints. The Cook Islands is not reviewed by the Country Policy and Institutional Assessment (CPIA), but conducted a Public Expenditure and Financial Accountability (PEFA) assessment in 2015

that highlighted numerous improvements in budget preparation, execution and reporting. Untied official development finance remained stable at 97% between 2013 and 2014, reflecting consistent country leadership and high quality of co-operation provided in support of the Cook Islands' development.

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	100%	100%	100%	99%		
INDICATORS 9A & 10.					N/A	97%

* Country Policy and Institutional Assessment

4. Inclusive Partnerships for Development

Indicators 2 and 3. Fostering Inclusive Partnerships for Development

Inclusive partnerships with civil society organizations (CSOs) and the private sector are a cornerstone of NSDP and non-state actors play a proactive role particularly in local contexts and in support of marginalized groups. CSOs are gathered in the Cook Islands Civil Society Organisations Inc. (CISCO), which is usually invited to consultations with the government, and business leaders have a high interest in public-private dialogue and partnerships, while engaging in social development through rotary clubs and women's associations, among others. Despite high potential in a vibrant and diverse society, inclusive partnerships

still face numerous challenges. Among these, formal dialogue spaces are rare and non-state actors still feel that their views are not sufficiently reflected in government decision-making. Capacity gaps to participate in policy dialogue and to implement projects hinder an effective role in sustainable development. Addressing some of the caveats, CISCO is currently undergoing a capacity development process supported by the Asian Development Bank and the government is looking into more effective and efficient mechanisms to coordinate with non-state actors during the update of the NSDP. The Cook Islands benefits

from committed non-state actors who are often working at the frontline of local development, supporting the most vulnerable populations, including elderly and disabled people. The government has prioritized inclusive partnerships within the NSDP, recognizing the value added by CSOs and the private sector. For the future, more consistent coordination is needed, especially through dialogue forums and joint decision-making, while capacity development should be fully supported, where development partners could provide programmatic support.

Indicator 8. Gender Empowerment

The Cook Islands still lacks a budgeting system to track allocations for gender equality and women's empowerment despite consistent policy progress in

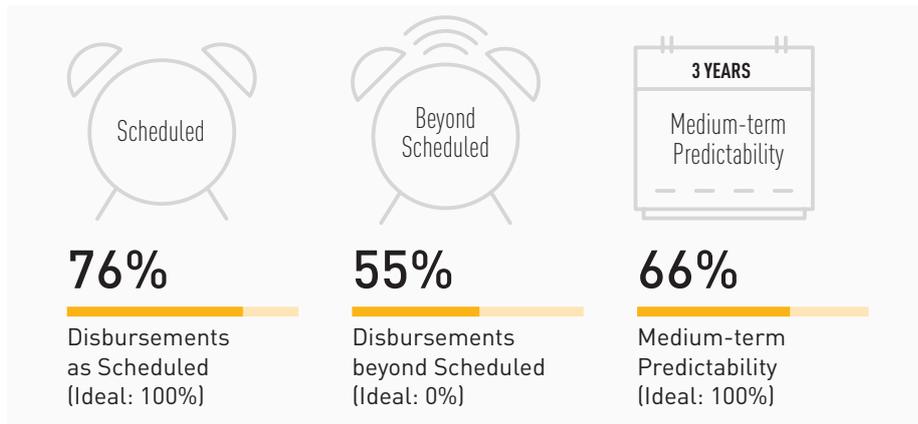
this area, with the 2012 Gender Equality Policy as a cornerstone. Benefiting from high political buy-in and support from the public opinion, future government efforts

might address gender-sensitive budgeting going forward.

5. Transparency and Accountability

Indicator 5. Development Co-operation is More Predictable

In 2015, 76% of reported development co-operation was disbursed as scheduled on an in-year basis. Funds from China and EU institutions suffer from 0% annual predictability, while, in other cases, disbursements are made against results or shortly after milestone meeting. The Adaptation Fund and Japan over-disbursed significantly, contributing to a total 55% of disbursements beyond planned schedules. Medium-term predictability stands at 66%, as larger partners such as EU institutions and Japan do not report their forward spending plans for the next three years to the government.



Indicator 7. Mutual Accountability

Mutual accountability among the government and development partners is framed by the 2015 Development Partners Coordination Policy establishing modalities, tools and targets. At this stage, the main forum for assessing progress made in specific effectiveness commitments is the annual Development Partners Meeting. With the new policy

unfolding over the next years and in line with the valuable experiences of other Pacific countries, all partners might consider formalizing a more continuous mechanism for joint assessment of aid quality in light of Global Partnership principles, for instance through technical arrangements that might, in turn, inform the annual high-level meetings. The

dynamic nature and richness reflected in this first monitoring survey for the Cook Islands provides a solid and inspiring basis for building even stronger ties with and among development partners engaged in supporting sustainable development of the islands.

National Priorities Going Forward

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The Cook Islands has embarked on an ambitious infrastructure programme spanning a decade with investments including: a new reticulated water system for Rarotonga (the largest island); a commitment to renewable energy with 50% of the islands already converted; a submarine fibre optic cable for high speed internet; and upgraded sanitation systems, including (potentially) reticulation. The Government of the Cook Islands recognizes that meeting the challenges of effectively completing these projects and administering them in the long term requires a better plan, budget and upgrade in the capacity of government. At the forefront of the new way forward is the 2016 National Development Plan, which represents a move towards more rigorous and consultative-sector-based planning and medium-term budgeting. This is also supported by the Cook Islands Public Service strategy, which is committed to creating a more effective and sustainable public service investing in people, systems and structures. These efforts are key in the Cook Islands' efforts to claim agency over its own development by clearly articulating its own agenda and path.

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For ease of reference, the term 'country' is used to refer to participating countries and territories that reported to the Second Monitoring Round. Participation in this process and mention of any participant in this document is without prejudice to the status or international recognition of a given country or territory.