# COOK ISLANDS
# National Infrastructure Investment Plan 2021-2030

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# Abbreviations

| | |
|---|---|
| **ADB** | Asian Development Bank |
| **AACI** | Airports Authority Cook Island |
| **CAPEX** | Capital Expenditure |
| **CCCI** | Climate Change Cook Islands |
| **CCCP** | Cook Islands Climate Change Country Program |
| **CIG** | Cook Islands Government |
| **CIIC** | Cook Islands Investment Corporation |
| **CIPA** | Cook Islands Ports Authority |
| **COVID-19** | coronavirus disease |
| **EDF** | European Development Fund |
| **EMCI** | Emergency Management Cook Islands |
| **GDP** | gross domestic product |
| **GEF** | Global Environment Facility |
| **ICI** | Infrastructure Cook Islands |
| **ICT** | information and communication technologies |
| **MCA** | multi-criteria analysis |
| **MFEM** | Ministry of Finance and Economic Management |
| **MOH** | Ministry of Health |
| **MOIA** | Ministry of Internal Affairs |
| **NSDP** | National Sustainable Development Plan |
| **ODA** | official development assistance |
| **OECD** | Organization for Economic Co-operation and Development |
| **OPEX** | operation and maintenance |
| **OPM** | Office of the Prime Minister |
| **PCC** | Project Coordination Committee |
| **PRIF** | Pacific Region Infrastructure Facility |
| **SOE** | state-owned enterprise |
| **TA** | technical assistance |
| **TAU** | Te Aponga Uira (power company) |
| **TMV** | Te Mato Vai |
| **UNFCCC** | United Nations Framework Convention on Climate Change |

## Note

In this report, "$" refers to New Zealand dollars, unless otherwise stated. The fiscal year (FY) of the Government of the Cook Islands ends on 30 June. "FY" before a calendar year denotes the year in which the fiscal year ends, e.g., FY2020 ends on 30 June 2020.

# Preface

## This report is published under the auspices of the Cook Islands Government (CIG), with the support of the Pacific Region Infrastructure Facility (PRIF).

The National Infrastructure Investment Plan 2021 is the guide to infrastructure investment over the next 10 to 15 years.

The NIIP was prepared by Glenn Fawcett, Des Eggelton, Petero Okotai, Denzel Hankinson and Bapon Fakhruddin working under the guidance of the PRIF Coordination Office and with administrative support by the Asian Development Bank.

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# Executive Summary

This 2021 release of the Cook Islands National Infrastructure Investment Plan (NIIP) supersedes the first release published in 2015. The plan focuses on strategic investments across 12 sectors over the next 10 years and provides a prioritization framework to ensure these project investments best align with the development priorities of the Cook Islands.

## E.1 Purpose of the NIIP

The Cook Islands National Infrastructure Investment Plan (NIIP) outlines the Cook Islands' priorities and plans for major infrastructure over the next 10 years. The NIIP is an important tool to realize the Cook Islands Government National Vision and the National Sustainability Development Plan.

The NIIP is a living document, and it should be monitored, reviewed, and updated, as necessary. This NIIP (2021) is the second release of a national infrastructure investment plan for the Cook Islands with the first being published in May 2015. Future updates will be issued periodically using in-country staff. This review process should look at progress on the NIIP, highlight any strengths and weaknesses in process, and look to extract lessons learned to integrate in the next NIIP and in supporting policy and process such as the Cook Islands Government (CIG) Activity Management process, the Tarai Vaka Process (TVP).

The NIIP (2021) outlines the priorities and plans for major infrastructure investments over the next 10 years. The Plan was assembled through a consultative process involving a wide range of stakeholders, including government, international agencies, and the private sector. The NIIP should be seen as a framework for priority investments rather than a fixed blueprint, as situations and priorities will change over the next 10 years.

### Infrastructure Investment Post-COVID

The Cook Islands economy is heavily reliant on tourism. Estimates from before COVID-19 show that tourism directly accounted for approximately 67% of Cook Islands' GDP (by comparison, tourism accounted for approximately 5.8% of New Zealand's GDP). In 2019/20, the Cook Islands' economy contracted in real terms by 5.2% due to a sharp reduction in visitor arrivals from February 2020. Nominal GDP in 2019/20 fell to $505 million. Given extended global travel restrictions, the economy is expected to contract further (21.6% to $396 million) as fiscal year (FY) 2020/21 comes to an end.

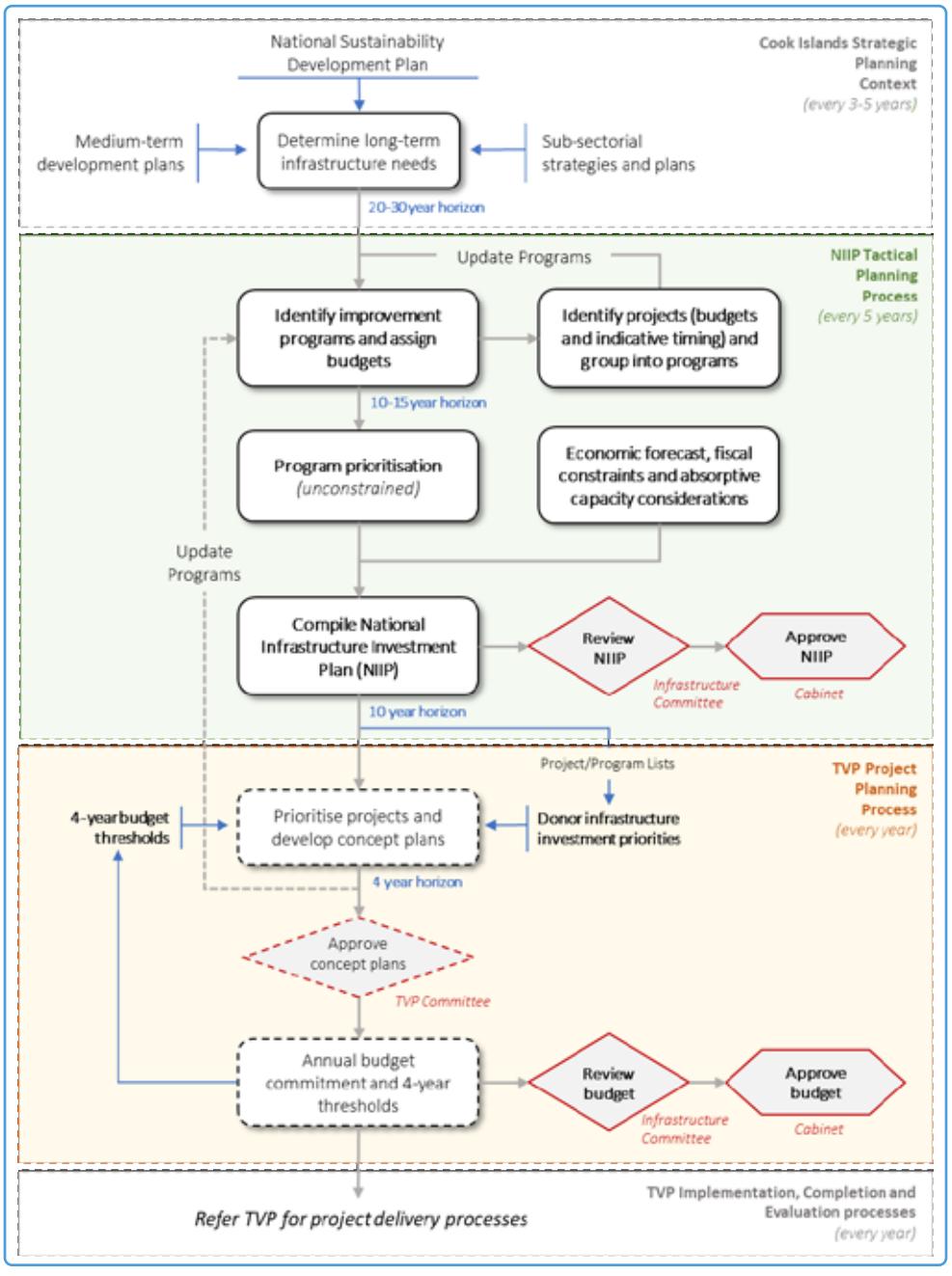
Governments around the world are turning to infrastructure investments to support and stimulate their economic recovery from COVID-19. New Zealand's Budget 2021 sees a 50% increase in the Government's multi-year capital allowance to maintain momentum around job creation and to build the critical infrastructure needed to come out of COVID-19 stronger. "Investing in infrastructure is at the core of the Government's economic recovery plan. On top of addressing the infrastructure deficit, these ongoing investments grow jobs and boost economic growth both nationally and regionally" (Hon Grant Robertson, Finance Minister and Minister of Infrastructure, New Zealand).

CIG is also looking toward investing in infrastructure. It's *COVID-19: Economic Recovery Roadmap (May 2021)* states it will be "pursuing an ambitious infrastructure investment approach" and that investing heavily in infrastructure "will lead to employment opportunities in the Cook Islands, and engagement opportunities for local businesses." The NIIP consolidates all multi-sector infrastructure investment opportunities in a single location.

## E.2 Compiling the NIIP

The project identification and prioritization steps taken during the development of the 2021 release of the NIIP is summarized in green in the adjacent figure along with its touchpoints with the strategic planning (30-year) and budget planning (annual) horizons already in place.

(Refer Figure 4.1)



## E.3 Identifying NIIP Projects (Section 3)

### Identifying the Long-List of Projects

The long-list of infrastructure projects was assembled from:

a) The long-list of candidate projects compiled during the 2015 NIIP
b) The annual budget spreadsheet (and its 4-year funding commitment)
c) The infrastructure project list managed by the Infrastructure Committee, maintained by the Secretariat and the Project Coordinating Committee
d) Corporate plans of lead infrastructure agencies
e) Strategic reports and studies (e.g., Cook Islands Climate Change Country Program 2018)
f) Interviews with lead infrastructure agencies
g) A workshop to validate the final list with sector agencies

In total, **136 infrastructure projects** and studies were identified with a combined budget of approximately **$685 million**. This included ongoing projects, planned projects, and those having the potential to start in the next 10 years. While budget figures are very preliminary for many of these projects, they were estimated and included to allow the team to assess the scale of the overarching program and the prioritization process. Table ES.3 summarizes the distribution of the projects and studies across the sectors and islands they will benefit.

Table E.1: Distribution of Infrastructure Projects across Sectors and Geography (% budget)

| Islands Serviced/ Benefitting | Roads and Bridges | Airports | Marine Facilities | Water Supply | Sanitation | Energy | Solid Waste | Coastal Protection | Public Facilities | Health | Education | Information and Communication | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| National Level | | | 1.50 | | 0.02 | | | 0.17 | 11.25 | 0.75 | 1.85 | 0.25 | **15.8** |
| Rarotonga | 6.22 | 9.76 | 0.87 | 6.72 | 8.01 | 5.25 | 0.93 | 3.27 | 6.44 | 10.33 | 3.64 | | **61.5** |
| Southern Total | 0.73 | 2.40 | 2.63 | 2.71 | 0.75 | 1.02 | 0.03 | | | | | 1.46 | **11.7** |
| Northern Total | | 2.87 | 3.79 | 0.87 | 0.46 | 0.73 | 0.01 | 1.38 | 0.92 | | | | **11.0** |
| **Grand Total** | **6.9** | **15.0** | **9.5** | **9.6** | **9.2** | **7.0** | **1.0** | **4.8** | **18.6** | **11.1** | **5.5** | **1.7** | **100.0** |

Source: NIIP project database (Appendix A)
Note: At the time of writing, budgets were not available for all TAU projects.

The information used to compile the table above is provided in **Appendix A** along with the supporting spreadsheet which accompanies the 2021 NIIP. The spreadsheet holds key attributes against each project such as its primary sector, lead agency, priority (high and medium), scale, budget, climate impact, and economic stimulus.

## E.4 Prioritizing the NIIP Programs (Section 4)

### Group Projects into Programs

During its review of the 2015 NIIP achievements, the project team made a recommendation (Section 1.3.3) to broaden the planning phase beyond one-off projects to consider the importance of a wider program of work, i.e., themed groupings of related projects. Thus, our project team took the long-list of projects and grouped them into **38 infrastructure programs**. These programs have commonalities of:

- Sector (Energy, Ports, Buildings, etc.)
- Geographic location (Rarotonga, Southern Group, Northern Group, Aitutaki, etc.)
- Similarity in design brief and/or dependencies within the program

Moving to 10-year planning by program instead of project assists in discussing these programs of work with government and donor agencies without necessarily having the underlying projects identified.

### Prioritization of Programs

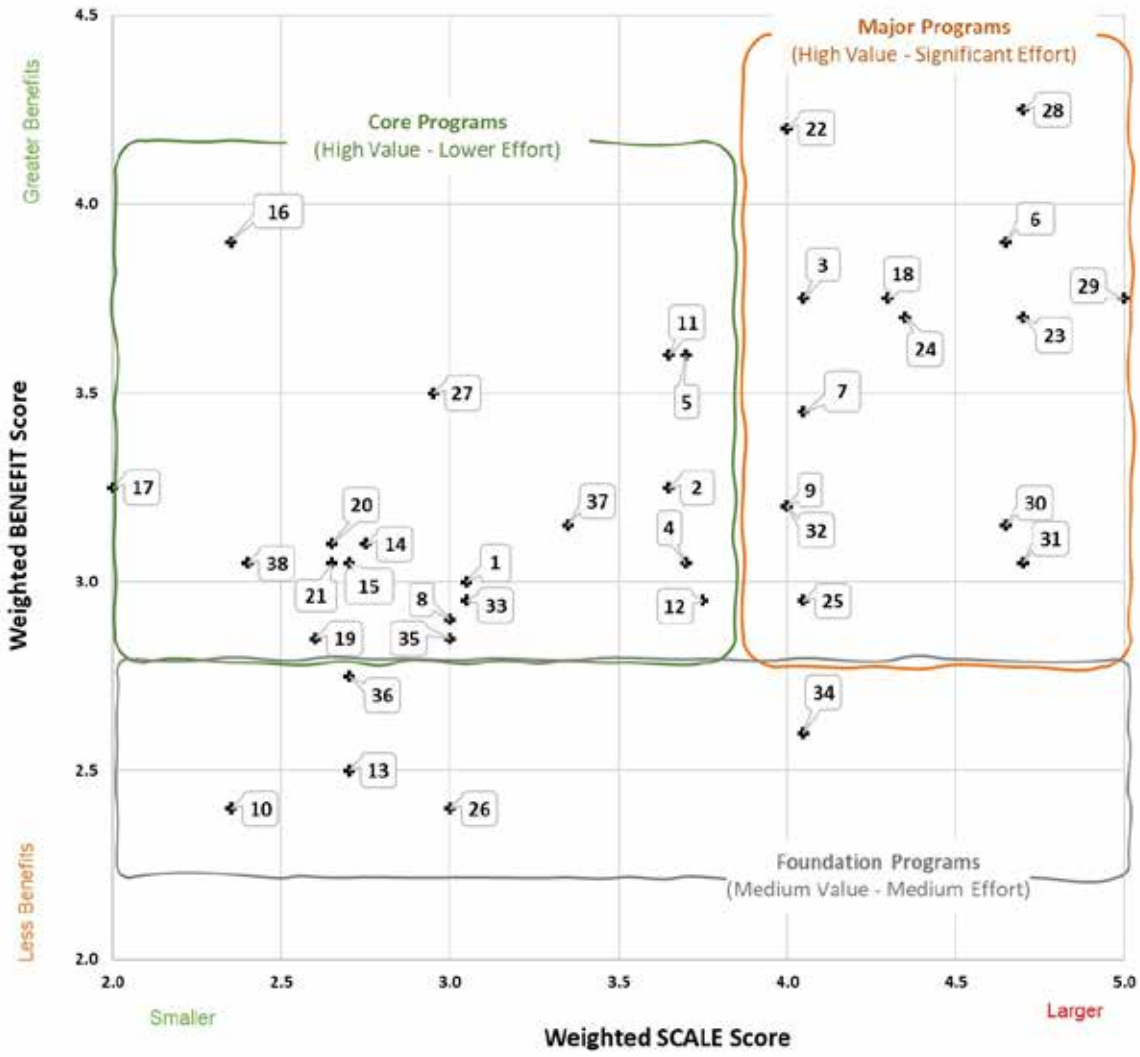
The programs were prioritized utilizing the **multi-criteria analysis** (MCA) from the Cook Islands Te Tarai Vaka Process (TVP). The TVP prioritization process assesses the relative beneficial impact of each project or program against the following four criteria:

1. Scope (how many people would be impacted) (25%)
2. Economic impacts (return on investment) (30%)
3. Environmental (adverse of positive impact on environment) (25%)
4. Social benefits (adverse of positive impact on society) (20%)

The second component of the MCA evaluation is assessing the relative scale (size and complexity) of each project or program against the following three criteria:

1. Program cost (30%)
2. Complexity of the project (35%)
3. Sustainability (capacity to operate and maintain) (35%)

## (Refer Figure 4.6: Program Prioritization – refer table below for Program ID's)




Source: Author

Further details on the prioritization process along with a larger scale plot of the adjacent image is provided in **Section 4.2.1**. The assessment criteria for the prioritization were taken from the Cook Islands' TVP process, which rates economic, social, environment and climate resilience benefits on the vertical axis. The horizontal axis represents the relative size andcomplexity of the program.

The grouping of the programs above becomes important when building the rolling 4-year capital investment plan each year. Ideally, projects listed in the 4-year budget commitment would be selected across programs in each of the three groupings (as tabled below). We do not want to only tackle the major complex infrastructure investments as these require a significant amount of capacity to deliver, similarly, we do not just want to implement the easy "quick-win" projects.

It is important to note that the prioritization process is just one tool to aid making decisions on an annual basis as to which projects should be incorporated into the 4-year budget plan. It is not a silver bullet solution whereby you rank all projects in order of the benefits they deliver and start at the top of the list… if only investment planning were that easy!

(Refer Table 4.7: Final List of National Infrastructure Investment Plan Programs)

| ID | Program Name | Sector | Budget ($ million) | Scale Score | Benefit Score |
|---|---|---|---|---|---|
| Major Programs (High Value – Significant Effort) | | | | | |
| 22 | Rarotonga Education Infrastructure Program | Education | 25.0 | 4.00 | 4.20 |
| 28 | Rarotonga Sanitation Improvements | Sanitation | 55.0 | 4.70 | 4.25 |
| 3 | Aitutaki Renewable Energy Program | Energy | 7.0 | 4.05 | 3.75 |
| 6 | National Health Infrastructure Program | Health | 76.2 | 4.65 | 3.90 |
| 18 | Rarotonga Airport Upgrades | Air | 67.1 | 4.30 | 3.75 |
| 24 | Rarotonga Government Buildings | Buildings | 66.0 | 4.35 | 3.70 |
| 23 | Rarotonga Energy Upgrades | Energy | 36.1 | 4.70 | 3.70 |
| 29 | Rarotonga Solid Waste Management Program | Waste | 6.4 | 5.00 | 3.75 |
| 7 | National Tertiary Campus Improvements | Education | 12.7 | 4.05 | 3.45 |
| 9 | Northern Airport Improvements | Air | 19.7 | 4.00 | 3.20 |
| 32 | Southern Airport Improvements | Air | 13.4 | 4.00 | 3.20 |
| 30 | Rarotonga Township Enhancements | Municipal | 16.3 | 4.65 | 3.15 |
| 25 | Rarotonga Harbor Improvements | Marine | 6.3 | 4.05 | 2.95 |
| 31 | Rarotonga Water Security Program | Water | 46.2 | 4.70 | 3.05 |

| ID | Program Name | Sector | Budget ($ million) | Scale Score | Benefit Score |
|---|---|---|---|---|---|
| **Core Programs (High Value – Medium Effort)** | | | | | |
| 16 | Pa Enua Cyclone Shelter Program | Buildings | 4.9 | 2.35 | 3.90 |
| 27 | Rarotonga Road Reconstruction Program | Road | 18.8 | 2.95 | 3.50 |
| 17 | Pukapuka Harbor Improvements | Marine | 4.4 | 2.00 | 3.25 |
| 11 | Northern Harbor Improvements | Marine | 26.4 | 3.65 | 3.60 |
| 5 | National Coastal Protection Program | Coastal | 31.0 | 3.70 | 3.60 |
| 38 | Southern Water Security Program | Water | 7.9 | 2.40 | 3.05 |
| 20 | Rarotonga Buildings Program | Buildings | 11.0 | 2.65 | 3.10 |
| 14 | Northern Solid Waste Program | Waste | 0.1 | 2.75 | 3.10 |
| 21 | Rarotonga Cyclone Shelter Program | Buildings | 30.3 | 2.65 | 3.05 |
| 15 | Northern Water Security Program | Water | 1.3 | 2.70 | 3.05 |
| 2 | Aitutaki Harbor and Marina Improvements | Marine | 14.8 | 3.65 | 3.25 |
| 37 | Southern Solid Waste Management Program | Waste | 0.2 | 3.35 | 3.15 |
| 1 | Aitutaki Airport Improvements | Air | 3.2 | 3.05 | 3.00 |
| 19 | Rarotonga Bridge Renewals | Road | 18.5 | 2.60 | 2.85 |
| 33 | Southern Harbor Improvements | Marine | 3.3 | 3.05 | 2.95 |
| 8 | National Vessel Program | Marine | 10.0 | 3.00 | 2.90 |
| 4 | Aitutaki Water Security Program | Water | 10.7 | 3.70 | 3.05 |
| 35 | Southern Road Improvement Program | Road | 5.0 | 3.00 | 2.85 |
| 12 | Northern Renewable Energy Program | Energy | 5.0 | 3.75 | 2.95 |
| **Foundation Programs (Medium Value - Medium Effort)** | | | | | |
| 36 | Southern Sanitation Improvements | Sanitation | 5.3 | 2.70 | 2.75 |
| 13 | Northern Sanitation Improvements | Sanitation | 3.2 | 2.70 | 2.50 |
| 10 | Northern Building Improvements | Buildings | 1.5 | 2.35 | 2.40 |
| 26 | Rarotonga Road Improvements | Road | 5.4 | 3.00 | 2.40 |
| 34 | Southern ICT Connectivity | ICT | 11.7 | 4.05 | 2.60 |

## E.5 Assessing Economic Impacts and Funding (Section 5)

### Economic Assessment

The final step in the NIIP process was to assess the economic impact of the proposed investment on Government's fiscal responsibilities. This task is particularly important given the economic impact of the recent COVID-19 pandemic. Potential funding sources for the Cook Islands' capital investment in economic and social infrastructure include:

- financing by Government from domestic revenues (referred to as CAPEX in the Cook Islands);
- concessional borrowing by Government, applied directly or on-lent to state-owned enterprises;
- self-financing by state-owned enterprises, using cash reserves or commercial loans;
- overseas development assistance (ODA), in the form of grants from Development Partners; and
- financing by the private sector, in the form of domestic, foreign private investment or public-private partnerships.

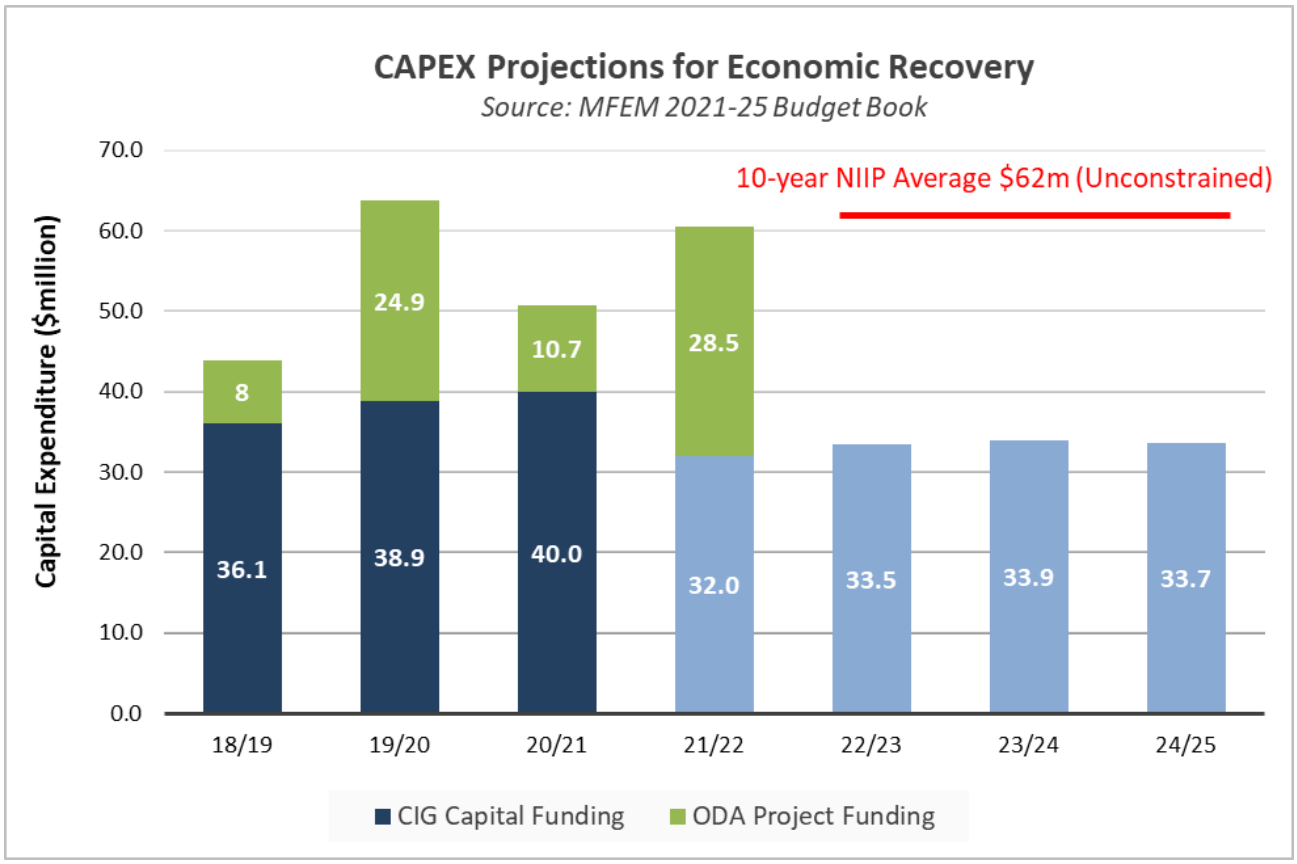
The unprecedented economic fallout from the COVID-19 pandemic has changed the fiscal landscape for infrastructure projects and is expected to have a lasting impact in the medium term. From 2018/19 to 2019/20, revenue fell by 7.8%, largely driven by the onset of the pandemic in the last quarter of FY2019/20. Prior to the onset of the pandemic in 2018/19, the Cook Islands' net debt was 17% of GDP, well under the net debt rule of 35% of GDP. To cope with the pandemic, the CIG took on three loans from ADB and the Asian Infrastructure Investment Bank (AIIB) to finance its Economic Response Plan. Net debt has more than doubled over the past 2 years, increasing from $86.3 million to $175.6 million (2020/21).

Government has fully drawn down on the AIIB loan ($60.4 million), resulting in a temporary departure from its fiscal anchor (net debt to GDP of 35%). Government elected not to pay a contribution into the Loan Repayment fund in 2020/21, with the decision based on the need to finance the budget and the Economic Response Plan. The contribution into the Loan Repayment fund has been resumed in 2021/22, however the reduction in the balance increases net debt and therefore adversely affect the net debt to GDP ratio. Net debt to GDP is expected to reach 42.5% in 2020/21, peak at 49.4% in 2021/22, and slowly decline to 30.6% by 2024/25.

### Capital Investments

The total (unconstrained) capital investment budget for all projects in the NIIP (2021) is forecast at $617 million over 10 years. The final phasing of the NIIP projects over the 10-year plan period will need to work within the CAPEX thresholds set by the Ministry of Finance and Economic Management (MFEM). Figure ES.6 shows the gap between the projected CAPEX thresholds set by MFEM in its 2021–25 Budget Book (Table 4.8, p.44) and the 10-year average expenditure ($61.7 million) NIIP projects in an unconstrained budget scenario.

(Refer Figure 5.4 Capital Expenditure Projections)




## E.6 Acceptance of the Plan

In accepting the 2021–31 National Infrastructure Investment Plan, the Infrastructure Committee and Cabinet of the Cook Islands Government (CIG) acknowledge:

1. There are 136 candidate projects identified with a combined budget of $685 million. This list represents a comprehensive and complete list of infrastructure projects likely to require funding over the next 10 years. While the list of projects and priorities is complete and determined at the time of publication, it is expected that, over the course of the NIIP, new projects will be identified and rankings/priorities modified due to unforeseen circumstances (e.g., a natural disaster).
2. It is unlikely that all 136 projects can be delivered over the next 10 years due to fiscal constraints and the absorptive capacity of government to deliver this volume of work. Furthermore, the COVID-19 pandemic has significantly impacted CIG's Revenue and Net Debt levels and as a result, capital expenditure levels will need to be set in accordance with the fiscal landscape.
3. The Infrastructure Committee and MFEM will need to set fiscally responsible capital investment thresholds each year for the budget period (ensuing 4 years).
4. The NIIP will be shared with ODA entities to garner support and funding for programs that align with their respective investment strategies.
5. As part of the annual budget planning cycle, the Infrastructure Committee will need to present a rolling 4-year prioritized list of projects to Cabinet that fit within these budget thresholds. In doing so it will draw on the program prioritization framework laid out in the NIIP and the policies, guidelines, and tools provided by MFEM's Tarai Vaka Process (TVP).

# Section 1: Introduction

This section provides the reader with an introduction to infrastructure sectors covered by the plan and summarizes key recommendations from the mid-term review of the 2015 release of the National Infrastructure Investment Plan (NIIP). These recommendations led to refinements in the project selection criteria, grouping of projects into programs and the prioritization process for the 2021 release of the NIIP.

## 1.1 About the Cook Islands NIIP

The Cook Islands National Infrastructure Investment Plan (NIIP) outlines the Cook Islands' priorities and plans for major infrastructure over the next 5–10 years. The plan focuses on strategic investments across all infrastructure and provides a prioritization framework to ensure these project investments best align with the development priorities of the Cook Islands, as outlined in the National Vision and the National Sustainability Development Plan.

The NIIP is a living document, and it should be monitored, reviewed, and updated, as necessary. This document (2021) is the second release of an NIIP for the Cook Islands, with the first being published in May 2015. The NIIP outlines the priorities and plans for major infrastructure investments over the next 10 years. The Plan was assembled through a consultative process involving a wide range of stakeholders, including government, international agencies, and the private sector. The Plan covers the 12 infrastructure sectors (Section 1.2.1).

The NIIP should be seen as a framework for priority investments rather than a fixed blueprint, as situations and priorities will change over the next 10 years. For this reason, proposals for the first few years of the NIIP 2021–2031 period are put forward with greater detail and certainty than those in the later years.

## 1.2 Infrastructure Management

### 1.2.1 Infrastructure Sector Summary

Many of the government departments and state-owned enterprises (SOEs) managing the Cook Islands' infrastructure assets would be considered capital-intensive based on the ratio of the capital expenditure to the amount of labor that is required. Capital-intensive organizations typically own a high proportion of long-life, high-value assets such as transmission lines, bridges, wharves, pipelines, buildings, and roads. As these assets age, maintenance costs increase along with a decrease in their reliability and performance. This is an important distinction to make as a small deferral of these capital investments can significantly improve the short-term financial performance of the organization but result in longer-term unfunded liabilities.

The infrastructure assets included under this NIIP can be grouped into 12 sectors:

1. **Roads** (roads, bridges, culverts, street lighting and roadside drainage, etc.)
2. **Airports** (runways, terminals, lighting, etc.)
3. **Ports** (jetties, navigational aids, etc.)
4. **Water** (plants, reservoirs, pipelines, etc.)
5. **Sanitation** (treatment plants, septic tanks, etc.)
6. **Energy** (power generation, distribution, etc.)
7. **Solid Waste** (landfill, dump sites, transfer stations, etc.)
8. **Coastal Protection** (seawalls, armoring, etc.)
9. **Buildings and Facilities** (govt. buildings, land, etc.)
10. **Health** (hospitals, medical equipment, etc.)
11. **Education** (schools, colleges, boarding houses, etc.)
12. **ICT** (undersea cables, data networks, etc.)

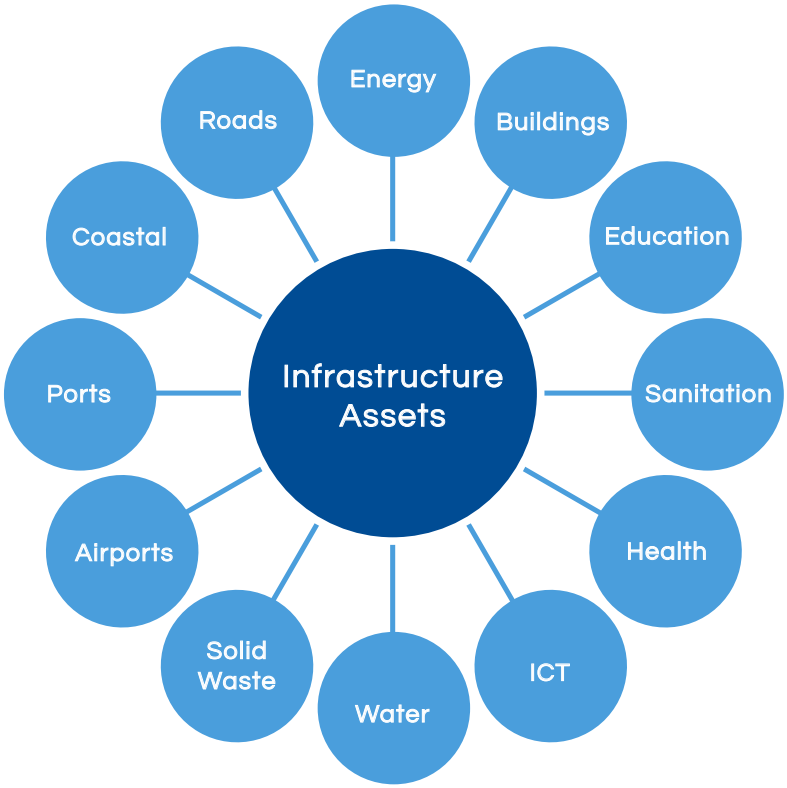


**Table 1.1** provides an overview of the broad set of typical infrastructure assets within each sector, with **Table 1.2** providing a summary of the agencies and organizations responsible for planning, managing, and delivering services within each sector.

Table 1.1: Infrastructure Sector Summary

| Sector Summary | Typical Infrastructure Assets |
|---|---|
| **LAND TRANSPORT** | |
| ▪ Rarotonga<br>  ▪ 201km roads, 10.2km footpaths<br>  ▪ 211 drains, 5.4km culverts, 82 bridges<br>▪ Outer islands – limited road network | earthworks; sealed roads; unsealed roads; agricultural roads; service roads; footpaths; streetlight poles and assemblies; guardrails; curb and channel; roadside drains; bridges; fords; culverts; retaining walls; sea walls; rock revetment. |
| **AIR TRANSPORT** | |
| ▪ One international airport (Rarotonga)<br>▪ Eight domestic airports (Aitutaki, Mangaia, Atiu, Mitiaro, Mauke, Manihiki, Pukapuka, Tongareva) | terminal buildings; carparks; runways; taxiway; aprons; navigation aids; runway lighting; weather stations; control systems; fire trucks; fueling systems at Rarotonga. |
| **MARITIME TRANSPORT** | |
| ▪ One international port (Rarotonga)<br>▪ Container ports at Rarotonga and Aitutaki<br>▪ Wharves, anchorages, and jetties on outer islands<br>▪ Navigation markers, vessels and heavy equipment | container ports; wharf; jetties; forklifts; navigation aids; tugs; barges. |
| **ENERGY** | |
| ▪ Rarotonga (Privatized – Not Included)<br>▪ Outer islands – generators and small distribution on some islands<br>▪ Solar photovoltaics on Outer Islands (eight in the Nth Group, five in the Sth Group) | diesel engines; generators; transformer stations; solar panels; battery storage facilities; fuel stations; SCADA equipment; switching equipment; cranes; power lines; buildings. |
| **WATER SUPPLY** | |
| ▪ Rarotonga<br>  ▪ 12 intakes (metered), eight storage reservoirs<br>  ▪ 251 km water mains, two pumps, seven meters<br>  ▪ 5,400 connections<br>▪ Small distribution on outer islands | reservoirs; intakes; water mains; laterals; valves; hydrants; boreholes; dams; storage tanks; water pumps; dosing pumps/tanks; generators; control panels; telemetry; sensors; flowmeters; aerator; actuators; compressors; cranes; feeders/hoppers; motors; treatment; civil works. |

| Sector Summary | Typical Infrastructure Assets |
|---|---|
| **SANITATION** | |
| ▪ Rarotonga services 59 private properties, college, and indoor arena<br>  ▪ One pump station, One small treatment plant, oxidation ponds<br>  ▪ 2km of sewer pipes<br>  ▪ Installed in 2009 and 2010 | mains; manholes; connections; pumps; control panels; valves; motors; grinders; aerator; dewatering; diffusor; oxidation ponds; screens; mixers; scrubbers; septic tankers; civil works. |
| **SOLID WASTE (LANDFILL AND SANITATION)** | |
| ▪ Rarotonga<br>  ▪ Rarotonga Waste Facility landfill<br>  ▪ One septage treatment pond<br>▪ Aitutaki – One managed landfill<br>▪ Sludge ponds on Rarotonga and Aitutaki<br>▪ Dump sites on Outer Islands | leachate collection/liner; weigh bridges; solid waste recycling center |
| **HEALTH** | |
| ▪ Hospitals and medical centers<br>▪ High value medical equipment | ultrasound equipment; ventilators; endoscopes; ambulance; mammography machine; cystoscope/ hysteroscope; boiler; incinerators; x-ray equipment; oxygen plant. |
| **BUILDINGS AND FACILITIES** | |
| ▪ 184 Government buildings<br>  ▪ 40% over 50 yrs. old<br>  ▪ ($148 million RC 2012)<br>▪ Carparks on public land<br>▪ Government land tenure | schools; hospital and medical facilities; offices; residential housing; sports arenas; prison and courtrooms; commercial property; cyclone shelters (outer islands); in New Zealand high commission and consulate office; carparks; public toilets, government land/leases. |
| **ICT AND TELECOMMUNICATIONS** | |
| ▪ Marine cable under construction<br>▪ 1 x AM Mast<br>▪ Data center and network | cable landing stations (Rarotonga & Aitutaki); terrestrial cable; manholes; ducting; BMH; HHS; ICT servers; host building; masts, cabling, antennas; independent power producers |

Source: Government of the Cook Islands "Asset Management Development Plan" Nov. 2019.

### 1.2.2 Institutions Involved in Infrastructure Provision

As can be seen in **Table 1.2**., responsibility for the provision of infrastructure in the Cook Islands spans many agencies, which could lead to fragmentation of effort and investment, along with additional coordination challenges.

Some sectors also have limited or outdated legislation governing infrastructure services. The energy sector has a regulating commissioner overseeing the performance of the service provider(s): Infrastructure Cook Islands (ICI) regulates all building activities, and a telecommunications regulator was recently provided for under legislation in late 2019 and was appointed in 2020. Equally, the legislative background is patchy and out of date. Historic studies of infrastructure service delivery have recommended various regulatory improvements including the establishment of a "One-Stop Shop" regulatory agency for the infrastructure sector, and a comprehensive review and update of the laws relating to infrastructure and development.

Table 1.2: Responsibilities for Services (including infrastructure delivery)

| Sector | Scope of Services | Service Provision | Regulation and Monitoring | Planning and Policy |
|---|---|---|---|---|
| **National Planning** | Development<br>Economic<br>Land | Policy & Planning OPM<br>MFEM<br>ICI/MOJ<br>CIIC | NSDC<br>MFEM<br>ICI/MOJ<br>CIIC | Policy & Planning OPM<br>MFEM<br>OPM (NB: No zoning plans)<br>CIIC |
| **Land Transport** | Roads Rarotonga<br>Roads outer islands | ICI<br>ICI | ICI/Police<br>Island Govt/OPM | ICI/Police/MOT<br>Island Govt |
| **Air Transport** | Airports (Pa Enua)<br>International Airports (2) | Island Govt<br>CIAA | MOT/Island Govt<br>NZ Civil Aviation Authority and MOT | Island Govt/OPM<br>CIAA/CIIC |
| **Marine Transport** | Inter-Island<br>Rarotonga & Aitutaki Ports<br>Outer islands Ports | Private<br>CIPA<br>Island Govt/ICI | Min of Transport<br>CIPA<br>Not regulated | OPM<br>CIPA/CIIC<br>Island Govt/OPM |
| **Energy** | Rarotonga<br>Aitutaki<br>Outer islands (excl. Aitutaki) | TAU<br>Te Mana Uira o Avaura<br>Island Govt | TAU Board<br>Island Govt<br>Island Govt/ICI | TAU/Energy Commission<br>Energy Commission<br>Energy Commission |

| Sector | Scope of Services | Service Provision | Regulation and Monitoring | Planning and Policy |
|---|---|---|---|---|
| **Water Supply** | Rarotonga<br>Outer islands | To Tatou Vai<br>Island Govt | Environment/ MOH<br>Health | TTV<br>Island Govt/OPM |
| **Sanitation** | National | Private | Public Health | Health/ICI |
| **Solid Waste** | Rarotonga<br>Pa Enua | ICI<br>Island Govt | Environment/ Health<br>Environment | ICI<br>Island Govt/OPM |
| **Health** | Community Health Services<br><br>Hospital Health Services | MOH, private doctors, private dentists NGOs, community health clinics<br>MOH, including referrals to Rarotonga and overseas | MOH<br><br>MOH | MOH<br><br>MOH |
| **Education** | Taku Ipukarea Kia Rangatira<br>Learning, teaching & community<br>Infrastructure & support services | MOE<br>MOE/Private schools/ University of the South Pacific<br>MOE/CIIC/ Private schools & University of the South Pacific | MOE<br>MOE<br>MOE | MOE<br>MOE<br>MOE |
| **ICT** | National | Telecom Cook Islands | Telecom Act<br>Telecom Regulator | OPM |
| **Other Infrastructure** | Asset management / infrastructure services<br>Social policy and services | CIIC/Private contractors<br><br>MOIA (welfare payments)<br>NGOs/families | CIIC<br><br>MOIA | CIIC<br><br>MOIA |

CIAA = Cook Islands Airport Authority
CIIC = Cook Islands Investment Corporation
TAU = Te Aponga Uira (power company)
ICI = Infrastructure Cook Islands
CIPA = Cook Islands Ports Authority
OPM = Office of the Prime Minister
MOJ = Ministry of Justice
MOH = Ministry of Health
MFEM = Ministry of Finance and Economic Management
MOIA = Ministry of Internal Affairs
NGOs = Non-government organizations

Source: Updated extract from Government of the Cook Islands "Asset Management Development Plan" Nov. 2019.

## 1.3 Mid-Term Review of NIIP (2015)

As part of the NIIP (2021) release, a mid-term review was completed on progress against the inaugural 10-year plan published in May 2015.

### 1.3.1 Progress Achieved

The NIIP (2015) identified 43 priority infrastructure projects. A summary of these is provided in **Appendix D**. Of the 23 high-priority projects scheduled for completion by 2020, only four have not yet been committed, eight remain ongoing, and 11 are complete (Table 1.3). Of the 19 second-tier projects (Table 1.4), one has been completed, eight are ongoing, and five have not yet been committed.

Table 1.3: Summary List of High-Priority Projects from 2015 National Infrastructure Investment Plan

| High-Priority Projects (Top 24) | Status* | Location |
|---|---|---|
| 1. Te Mato Vai (TMV) water supply | √ CP | Rarotonga |
| 2. Long-term sanitation upgrades Rarotonga | **X** NC | Rarotonga |
| 3. Te Aponga Uira (TAU) control & generation - Rarotonga | ■ ON | Rarotonga |
| 4. Outer Islands Community Water Tanks | ■ ON | Nth/Sth Group |
| 5. Outer Islands Cyclone shelters | ■ ON | Nth/Sth Group |
| 6. Undersea Fiber-optic Cable | √ CP | Rarotonga |
| 7. Orongo Marina and Town Centre | ■ ON | Aitutaki |
| 8. Avarua Bridges | ■ ON | Rarotonga |
| 9. Aitutaki Solar PV Mini-Grid System | ■ ON | Aitutaki |
| 10. Rebuild national College (Tereora) | ■ ON | Rarotonga |
| 11. Atiu Airport Upgrade | **X** NC | Aitu |
| 12. Apii Nikao School reconstruction | √ CP | Rarotonga |
| 13. Bridges including Avatiu Valley Bridge | √ CP | Rarotonga |
| 14. Penrhyn Port Facilities and Fuel Depot | ■ ON | Penrhyn |
| 15. Fitting schools with water harvesting systems | √ CP | |
| 16. Rarotonga Airport Instrument landing | √ CP | Rarotonga |
| 17. Rarotonga Airport Terminal Improvement | **X** NC | Rarotonga |
| 18. Road sealing project for Aitutaki | √ CP | Aitutaki |
| 19. Atiu Solar PV Mini-Grid System | √ CP | Aitu |
| 20. Mauke Solar PV and powerhouse | √ CP | Mauke |
| 21. Mitiaro Solar PV Mini-Grid System | √ CP | Mitiaro |
| 22. Rutaki Foreshore Rock Revetment | √ CP | Rarotonga |
| 23. Incinerator for Rarotonga | **X** NC | Rarotonga |
| 24. Mangaia Solar PV Mini-Grid System | √ CP | Mangaia |

■ ON = Ongoing; **X** NC = Not Committed; √ CP = Complete; PV = photovoltaic.

Source: Interviews with infrastructure agencies – refer Appendix D for additional data

## Table 1.4: Summary List of Second-Tier Projects from 2015 National Infrastructure Investment Plan

| Second-Tier Priority (Next 19) | Status* | Location |
|---|---|---|
| 1. Northern Group Sanitation Upgrades | X NC | Nth Group |
| 2. Atiu Water Reticulation System | X NC | Aitu |
| 3. Mangaia water upgrade | ■ ON | Mangaia |
| 4. Pukapuka Hospital and doctors' residence | √ CP | Pukapuka |
| 5. Rarotonga hazardous waste handling upgrade, and outer island waste recovery centers | X NC | Rarotonga and Outer Islands |
| 6. Manihiki Airport Upgrade (Part 139) | ■ ON | Manihiki |
| 7. Mitiaro - upgrade water network system | ■ ON | Mitiaro |
| 8. Remodelling classrooms for modern learning | X NC | |
| 9. Muri area upgrade with footpaths | ■ ON | Rarotonga |
| 10. Penrhyn Airport Repairs and Improvements | X NC | Penrhyn |
| 11. Mauke Airport Repairs and Improvements | X NC | Mauke |
| 12. Mitiaro Airport Repairs and Improvements | X NC | Mitiaro |
| 13. Aroko Road Widening Project | X NC | Rarotonga |
| 14. Pukapuka Jetty, Channel and Causeway | X NC | Pukapuka |
| 15. Sanitation upgrades - onsite Southern group | X NC | Sth Group |
| 16. Vaikapuangi Government office complex | ■ ON | Rarotonga |
| 17. Mangaia Road Rehabilitation: town area (3km) | ■ ON | Mangaia |
| 18. Mauke Road Rehabilitation: town & plantation roads | ■ ON | Mauke |
| 19. Atiu & Mitiaro Roads Rehabilitation | ■ ON | Atiu & Mitiaro |

■ ON = Ongoing; **X** NC = Not Committed; √ CP = Complete.

Source: Interviews with infrastructure agencies – refer Appendix D for additional data

### 1.3.2 Challenges Observed

An analysis of the projects **not completed** identified three contributing factors:

- Less-critical nature of the projects (deferral was possible without significant consequence)
- Lack of capacity (resources became stretched with first wave of projects)
- Logistics and isolation (more distant projects were difficult to coordinate)

A deeper case study review of three **completed** infrastructure projects also identified some common challenges experienced across these projects:

- Underestimating the complexity of the project
- Lack of planning and scoping at the front end
- Failure to adequately consider lifecycle economics
- Lack of core expertise to represent the government's interest
- Politicization of project prioritization and scoping
- A lack of evidenced based policy to support the new infrastructure
- Neglect of long term economic and financial variables

### 1.3.3 Recommendations from the Mid-Term Review

From our interviews with key stakeholders and a review of the proposed and completed projects, the following recommendations have been taken into consideration for this latest NIIP release.

#### 1. Improve project feasibility, planning, and prioritization rigor

There is an obvious need to improve the rigor of analysis at the project feasibility stage. The CIG developed a Financial Policies and Procedures Manual in 2019, which requires that cost-benefit or similar types of analysis be conducted for all capital projects above $30,000 before it can be considered for inclusion into annual budgets.

#### 2. Ensure whole-of-life costs are incorporated in economic assessments

New infrastructure will generally have ongoing operating and maintenance costs, along with periodic capital costs (replacing or refurbishing) and disposal/decommissioning costs. As evidenced in the case studies, these can be understated in original business cases (if stated at all). It is recommended that whole-of-life costs are fully accounted for when considering the economics and prioritizing new infrastructure.

#### 3. Move from projects to programs

Looking at a singular project amongst the long list of development needs often does not best reflect the relative importance of the project in the greater context of an island or the country as a whole. Looking at either sector-based or island-based infrastructure programs can better account for smaller projects, take advantage of economies of scale, and assist in the planning and implementation of infrastructure projects across the country.

#### 4. Continue to incorporate and strengthen climate change and disaster risk reduction

Consideration of climate change, adaptation, or disaster risk reduction in project planning is an important step toward protecting the people and infrastructure of the Cook Islands. It is likely that climate, resilience, and sustainability will become an increasingly weighty criteria for donor funding over the short and medium terms.

# Section 2: Infrastructure Provision

This section outlines the context within which infrastructure provision takes place. This includes the geographic and economic conditions, the status of existing infrastructure, and the drivers of demand for new and improved infrastructure.

## 2.1 General Situation

### 2.1.1 Geographic and Island Context

The total area of the Cook Islands territory is over 2 million square kilometers, but land constitutes only about 240 km$^2$ of this or about 0.01% (Figure 2.1). There are 15 islands, 12 of which have permanent populations; these islands are spread over 800 km. The islands other than Rarotonga are often referred to as the "Pa Enua"; meaning literally "Sister Islands," this term has been used in some places in this report. More details are provided in Table 2.1.

The Cook Islands are exposed to a range of natural hazards, including cyclones, storm surges, flooding, and droughts. As with many Pacific Islands, the Cook Islands are particularly exposed to cyclones, which bring strong winds, storm surges, and flooding that can lead to loss of life and severely damage infrastructure. Climate change is expected to compound these hazards, as well as pose new challenges.

The islands are typically low-lying, often with rugged interiors and a high degree of coastal exposure. Fresh water and biodiversity are critically important for the people and economy of the Cook Islands, and geographic isolation both between islands and as a group contributes to the reliance on natural resources. These factors contribute to the overall vulnerability of the Cook Islands to natural hazards and climate change.

Figure 2.1: Map of Cook Islands

Table 2.1: Summary of the Cook Islands Archipelago

| Island | Land Area km² (% total) | Population # (%) | Island Characteristics |
|---|---|---|---|
| Rarotonga | 67.1 (28.3) | 13,007 (74.6) | Rarotonga—the most populated island and seat of government—is a dominant rugged volcanic upthrust, with an outlying reef system and varying width lagoons. The population is generally spread around the lowlands and lower slopes of the island. The main township Avarua is the capital of the Cook Islands and its main commercial center. Tourism is the predominant industry, followed by offshore banking, agriculture, and fishing. |
| **Southern Islands** | | **3,326 (19.1)** | |
| Aitutaki | 18.3 (7.7) | 1,941 (11.1) | Aitutaki is 140 nautical miles from Rarotonga.<br>The island is of atoll makeup, with the population concentrated on the major land mass in its northwestern corner. The land here reaches to 260 meters above sea level. A large lagoon makes up approximately 70% of its area. The island is serviced daily by a regular air service and usually receives two overseas cargo ships a month.<br>The second-most popular tourism island, many years ago Aitutaki was a major exporter of bananas. |
| Mauke | 18.4 (7.8) | 297 (1.7) | Mauke is 150 nautical miles from Rarotonga. A small island mass made up of makatea (coral reef) with the community generally spread along the southwestern coast. It has an airfield and recently (2012) its harbor was upgraded. Maire eis (flower garlands) are its main export (to Hawaii). |
| Mitiaro | 22.3 (9.4) | 155 (0.9) | Mitiaro is 142 nautical miles from Rarotonga. A small island mass made up of makatea with the community located generally in the one village known as Atai.<br>It has an airfield and recently (2012) its harbor was upgraded. |
| Manaue | 6.2 (2.6) | Nil | Manaue is 124 nautical miles from Rarotonga, located between Atiu and Aitutaki (24 nautical miles). This island is made up of two separate land masses and a fringing coral reef with no easy passage to its lagoon. Once a thriving copra industry and a small airstrip operated on Manaue. |

| Island | Land Area km² (% total) | Population # (%) | Island Characteristics |
|---|---|---|---|
| Atiu | 26.9<br>(11.4) | 434<br>(2.5) | Atiu is 116 nautical miles from Rarotonga.<br>A small harbor and airfield are located on the northwestern lowlands while the interior rises to 80 meters above sea level. Most of the population and commercial activity operates on this higher land about the village of Areora in the center of the island.<br>Coffee grown in the valleys is the main crop of Atiu. It is the third-most popular tourism island by visitor numbers. |
| Takutea | | | Bird sanctuary off the coast of Atiu. |
| Mangaia | 51.8<br>(21.9) | 499<br>(2.9) | Mangaia is 110 nautical miles from Rarotonga.<br>This island is the most southern of the Cook Islands group located to the southeast of Rarotonga, and is the oldest island in the Pacific, being an upraised coral mass. Oneroa, the main village, is located on the western side of the island close to the small harbor (presently being upgraded) and airfield. The interior sits up to 70 meters above sea level and offers good agricultural land. |
| **Northern Islands** | | **1,101<br>(6.3)** | |
| Palmerston | 2.1<br>(0.9) | 58<br>(0.3) | Palmerston is 270 nautical miles from Rarotonga.<br>A large coral atoll with fringing land scattered about its outer reef system. Its small population is located on one of the land masses on the southwestern corner. Access is by irregular shipping service from Aitutaki or Rarotonga. Subsistence living and fish exports to Rarotonga. |
| Pukapuka | 1.3<br>(0.6) | 444<br>(2.5) | Pukapuka is 715 nautical miles from Rarotonga.<br>An atoll with several separate land masses and a deep lagoon. Most of the population resides on the northern land mass. A passage from the open sea to the lagoon enables supplies to be landed on the island.<br>At the southern end of the island some 8 nautical miles is a small airstrip. An open boat and barge operate to facilitate passengers to the main northern island. This island is the most western of the group. |

| Island | Land Area km² (% total) | Population # (%) | Island Characteristics |
|---|---|---|---|
| Nassau | 1.3<br>(0.6) | 78<br>(0.4) | Nassau is 673 nautical miles from Rarotonga.<br>A small island mass with the community located generally in one village area on the southwestern corner. The closest island is Pukapuka, 48 nautical miles away. |
| Manihiki | 5.4<br>(2.3) | 212<br>(1.2) | Manihiki is 650 nautical miles from Rarotonga.<br>An atoll with two separate land masses and a very deep lagoon. Each land mass has its own village, with the population being split equally between the two. The Village of Tukao on the north side supports a small airstrip and both villages have their own respective harbors (recent contract for upgrading has been let).<br>This island is the center of black pearl production for the Cook Islands. |
| Rakahanga | 4.1<br>(1.7) | 83<br>(0.5) | Rakahanga is 674 nautical miles from Rarotonga.<br>A small island with the population centralized in one area. This island's access is by way of motor launch from Manihiki–a distance of 24 nautical miles. Some time ago the airport was destroyed by a cyclone and has never been rebuilt due to the need to re-site it to a more secure location. |
| Penrhyn | 9.8<br>(4.1) | 226<br>(1.3) | Penrhyn is 737 nautical miles from Rarotonga.<br>A large coral atoll with fringing land scattered about its outer reef system. The main village of Omoka is situated on the southern side and supports most of the population. The airfield and a deep-water port within the lagoon are in the Omoka village area. The deep-water port is often used by fishing vessels that call to refuel. |
| Suwarrow | 0.4<br>(0.1) | NIL | Suwarrow is 513 nautical miles from Rarotonga.<br>This island is a pure atoll with entry to its lagoon available through a large opening in the reef. The island is registered as a World Heritage Park. Many visiting international yachts stop here on their South Pacific ventures between April and October, at which time two caretakers are positioned on the island. |
| Total | 236.7 | 17,434 | |

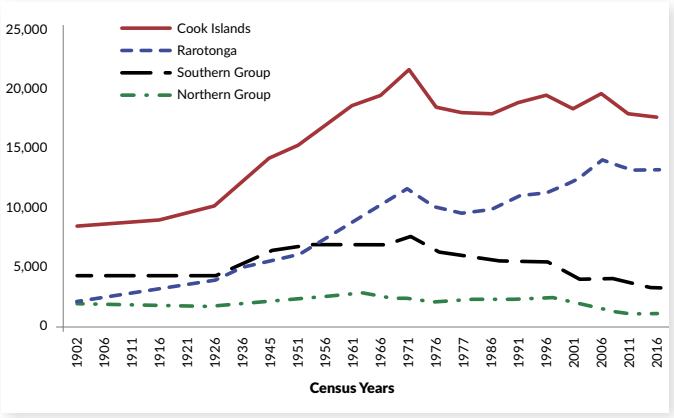
*Source: Populations from the National Census (2016). Land area and island characteristics from the NIIP (2015).*

## 2.1.2 Population

As shown in Figure 2.2, the total population of Cook Islands peaked at 21,322 in 1971, declining by 17% to 17,434 in 2016 (the resident population, excluding visitors in the country at the time of the Census, declined at a faster rate). Over the same period, the total population of Rarotonga grew by 14%, while that of all other islands in both the southern and northern groups declined. At the time of the 2016 Census, 86% of the total population resided on the islands of Rarotonga and Aitutaki with the remaining population on Southern Group islands (1,385, 8%) and Northern Group islands (1,101, 6.3%).

### Figure 2.2: Cook Islands Population

| Island/ Region | Area (km²) | Total Population | | | | Population change (2011-2016) | | Population distribution 2016 | Density 2016 |
|---|---|---|---|---|---|---|---|---|---|
| | | 2001 | 2006 | 2011 | 2016 | Total | % | % | pp per km² |
| **Rarotonga** | **67.1** | **12,188** | **13,890** | **13,095** | **13,007** | **-88.0** | **-0.7** | **74.6** | **194** |
| **Southern Islands** | **145.2** | **4,013** | **4,055** | **3,586** | **3,326** | **-260.0** | **-7.3** | **19.1** | **23** |
| Aitutaki | 18.3 | 1,946 | 2,235 | 2,038 | 1,941 | -97.0 | -4.8 | | |
| Mangaia | 51.8 | 744 | 640 | 572 | 499 | -73.0 | -12.8 | | |
| Atiu | 26.9 | 623 | 570 | 480 | 434 | -46.0 | -9.6 | | |
| Mauke | 18.4 | 470 | 391 | 307 | 297 | -10.0 | -3.3 | | |
| Mitiaro | 22.3 | 230 | 219 | 189 | 155 | -34.0 | -18.0 | | |
| Manuae | 6.2 | - | - | - | - | - | - | | |
| Takutea | 1.3 | - | - | - | - | - | - | | |
| **Northern Islands** | **2.4** | **1,826** | **1,397** | **1,113** | **1,101** | **-12.0** | **-1.1** | | |
| Palmerston | 2.1 | 48 | 63 | 60 | 58 | -2.0 | -3.3 | | |
| Pukapuka | 1.3 | 664 | 507 | 451 | 444 | -7.0 | -1.6 | | |
| Nassau | 1.3 | 72 | 75 | 73 | 78 | 5.0 | 6.8 | | |
| Manihiki | 5.4 | 515 | 356 | 239 | 212 | -27.0 | -11.3 | | |
| Rakahanga | 4.1 | 169 | 141 | 77 | 83 | 6.0 | 7.8 | 0.5 | 20 |
| Penrhyn | 9.8 | 357 | 255 | 213 | 226 | 13.0 | 6.1 | 1.3 | 23 |
| Suwarrow | 0.4 | 1 | - | - | - | - | - | - | - |
| **Cook Islands** | **236.7** | **18,027** | **19,342** | **17,794** | **17,434** | **-360.0** | **-2.0** | **100** | **74** |




Source: Populations from the National Census (2016).

## 2.1.3 Labor Force

The total labor force of the Cook Islands is 7,774 people. This is defined as those in self-employment, (988), paid employees (6,028), unpaid workers and volunteers (305), and unemployed (453). Labor force participation rates are higher for males (77.2) than for females (67.0), as are the employment-population ratio, with 70.0 and 60.2 for males and females, respectively.

The private sector, including sole proprietors and partnerships, was the largest employer, employing 65% of all employees followed by the public sector with 26%. However, there was great variation in the importance of sectors of employment across the region. While the public sector employed only 20% of all employees in Rarotonga, it employed about 46% in the Outer Islands. The proportion of public sector employment was as high as 100% in Nassau to 20% in Aitutaki.

## 2.2 Economic Overview

The Cook Islands is a small high-income economy[1] that has made strong progress in measures of human development in education and health. After a period of weak economic growth in the late 2000s, real gross domestic product (GDP) grew by an average of 3.6% between 2015/16 and 2018/19, increasing from $433.6 million to $531.2 million. As a small and open economy, the Cook Islands' economic performance is vulnerable to changes in international markets and to natural disasters including cyclones and associated storm surges. This has meant the global COVID-19 pandemic has impacted the Cook Islands economy almost as severely as anywhere in the world, with an overall contraction estimated at 28.4% over a 15-month period from March 2020 to June 2021. With the largest (by far) industry being mothballed for this period, the economy has relied on extensive government support in the form of the Economic Response Plan, which provided cash subsidies for employment, businesses, and individuals while the border was closed to visitors.

In FY2019/20, the Cook Islands economy contracted in real terms by 5.9% because of the global COVID-19 pandemic, which sharply reduced visitor arrivals. Economics indicators are summarized in Table 2.2. Real GDP in 2019/20 fell to $503.4 million from $531.2 million in 2018/19. The economy is expected to have contracted even further (-22.9% or to $388.2 million for 2020/21) given extended global travel restrictions.[2]

### Table 2.2: Economic Indicators (2015/16 to 2019/20)

| Indicator | 2015/2016[1] | 2016/2017[2] | 2017/2018[3] | 2018/2019[4] | 2019/2020[5] |
|---|---|---|---|---|---|
| Nominal GDP ($m) | 427.9 | 457.1 | 504.3 | 548.7 | 505.5 |
| Real GDP (2016 prices, $m) | 339.6 | 463.2 | 504.3 | 531.2 | 503.4 |
| Growth in real GDP (%) | 9.0 | 6.8 | 8.9 | 5.3 | -5.2 |
| Inflation (% increase in CPI) | 0.01 | -0.40 | 0.10 | -0.02 | 0.70 |
| Visitor arrivals | 135,136 | 155,230 | 164,800 | 166,818 | 123,786 |
| Visitor expenditures ($m) | 283.2 | 333.7 | 357.4 | 368.2 | 265.8 |
| Merchandise trade balance ($m) | -131.7 | -150.3 | -190.7 | -179.6 | -189.5 |
| Services trade balance ($m) | 283.2 | 235.7 | 357.4 | 368.2 | 265.8 |

MFEM=Ministry of Finance and Economic Management

Source: MFEM Fiscal Updates (http://www.mfem.gov.ck/economic-planning/public-financial-management)

1. MFEM. "2016/17 Half-Year Economic and Fiscal Update," CIG, December 2016, p. 42. For all data points except inflation.
2. MFEM. "2018/19 Half-Year Economic and Fiscal Update," CIG, 4 December 2018, p. 55. For all data points except inflation.
3. MFEM. "2019/20 Half-Year Economic and Fiscal Update," CIG, 16 December 2019, p. 44. For all data points except inflation.
4. MFEM. "2020/21 Half-Year Economic and Fiscal Update (HYEFU)," CIG, 16 December 2020, p. 56. Data points except inflation.
5. 2021/22 Budget Book, p. 46. (http://www.mfem.gov.ck/economic-planning/budget)

1 *The Cook Islands graduated from the Organisation for Economic Co-operation and Development's ODA eligibility list in January 2020. Estimates from before the COVID-19 pandemic indicated that graduation would have a small negative impact on the economic growth, equivalent to 0.4% of GDP; however, the pandemic has likely exacerbated this effect due to the need for a strong economic stimulus response from the government.*

2 *2021/22 Budget Book, p. 46.*

Tourism plays a central role in the economy: the sector is responsible for approximately 65% of economic activity. Before the pandemic, growth in visitor arrivals had buoyed overall economic growth. Visitor arrivals surpassed 165,000 in 2018/19 less than a decade after annual visitor arrivals reached 100,000 (2009/10) for the first time. Visitor expenditures in 2018/19 (the last fiscal year largely unaffected by the pandemic) totaled $368.2 million, equivalent to roughly two-thirds of nominal GDP ($548.7 million). For FY2020/21, however, visitor arrivals have declined to roughly 7,000 and visitor expenditures are only expected to total $15 million for the period, a small fraction (5%) of 2019/20 receipts.

Growth in the construction industry, fueled by a boom in housing and key infrastructure projects, has contributed strongly to economic growth since 2013/14. The industry more than doubled in value to $22.2 million from 2013/14 to 2019/20, contributing 4.9% of nominal GDP by the end of the period. Large increases in commercial buildings and tourist accommodations account for most of this growth, highlighting the importance of tourism to the economy.

The importance of the pearl industry has declined substantially over the past 2 decades. The value of pearl and pearl shell exports reached an all-time high of more than $18 million in 2000 but has declined substantially since then. Export value of pearls totaled just $167,000 in 2019/20. Causes of the decline of this market include unregulated farming practices, poor oyster health conditions and disease, and increased competition in the international market. Major farmers have shifted their focus to visitors and sales on the domestic market, so export values do not reflect total levels of production in the industry. The fishing industry generates fiscal resources for the government through treaty arrangements, license fees, and the sale of catch quotas. Implementation of a new Quota Management System in January 2017, which sets total annual allowable catch of albacore tuna at 9,750 metric tons (t) and bigeye tuna at 3,500t, led to $3.7 million in revenue in 2018/19, exceeding previous licensing agreements that generated around $2.4 million per year.

The agricultural sector, primarily based on noni juice as the main export, plays a minor role in the economy and contributed just 1.4% of real GDP in 2018/19.[3] The increase in tourism, however, has led to substantial increases in production of fruits, vegetables, and root crops in recent years.

The balance on merchandise trade continues to be strongly negative (due to high levels of merchandise imports and limited merchandise exports). However, this is offset by a strongly positive balance on trade in services (driven by tourism receipts), leading to a positive trade balance overall.

The MFEM estimates the economy is expected to begin recovering in 2021/22 with growth of 6.4%, followed by accelerated growth of 11.2% in 2022/23, before stabilizing with 3.0% growth in 2023/24.[4] The pace at which the economy approaches full recovery will ultimately depend on the duration of the COVID-19 pandemic because of its dependence on tourism. Climate change poses significant challenges to the economy of the Cook Islands. Warming seas, ocean acidification and coral bleaching threaten marine biodiversity, which in turn may compromise fisheries and tourism, as well as compromising wider cultural and community wellbeing associated with gathering food. Climate change presents further challenges to agriculture, through increased likelihood of drought, and the introduction or cultivation of invasive species, pests, and diseases.

*3 2020/21 HYEFU, p. 86.*

*4 2020/21 HYEFU, p. 55.*

### 2.2.1 Economic Recovery Roadmap

To guide the recovery of the Cook Islands economy in the aftermath of the pandemic, the government is pursuing the Economic Recovery Roadmap, which contains eight workstreams that will help to bring the economy back to pre-pandemic levels. The most relevant of these streams is an increase in infrastructure investment, which is aimed to supplant an expected lack of private sector investment in the short term. This approach provides an opportunity to potentially increase the level of investment and moving forward some of the infrastructure items in this plan (subject to capacity constraints).

This investment is an important component of the government's focus to grow the economy after the most severe recession in the history of the Cook Islands (refer 2019-2021 figures in Table 2.3) and presents a unique opportunity for infrastructure investment. Without continued public investment, the construction boom of recent years is in danger of ending, while other sectors of the economy are still reeling from the impacts of the pandemic.

Table 2.3: Economic Indicators (2019/20 to 2023/24)

| Indicator | 2019/2020 Actual | 2020/2021 Estimated | 2021/2022 Projected | 2022/2023 Projected | 2023/2024 Projected |
|---|---|---|---|---|---|
| **Nominal GDP ($m)** | 505.5 | 396.5 | 431.3 | 492.0 | 528.0 |
| **Real GDP (2016 prices, $m)** | 503.4 | 388.2 | 414.8 | 463.9 | 487.1 |
| **Growth in real GDP (%)** | -5.2 | -22.9 | 6.9 | 11.8 | 5.0 |
| **Inflation (% increase in CPI)** | 0.7 | 1.0 | 0.7 | 0.7 | 0.7 |
| **Visitor arrivals** | 123,786 | 5,156 | 98,527 | 154,184 | 170,014 |
| **Visitor expenditures ($m)** | 265.8 | 15.0 | 250.5 | 363.4 | 390.2 |
| **Merchandise trade bal. ($m)** | -189.5 | -155.3 | -181.5 | -196.6 | -200.0 |
| **Services trade balance ($m)** | 265.8 | 10.9 | 209.0 | 338.1 | 380.0 |

GDP=Gross Domestic Product, CPI=Consumer Price Index

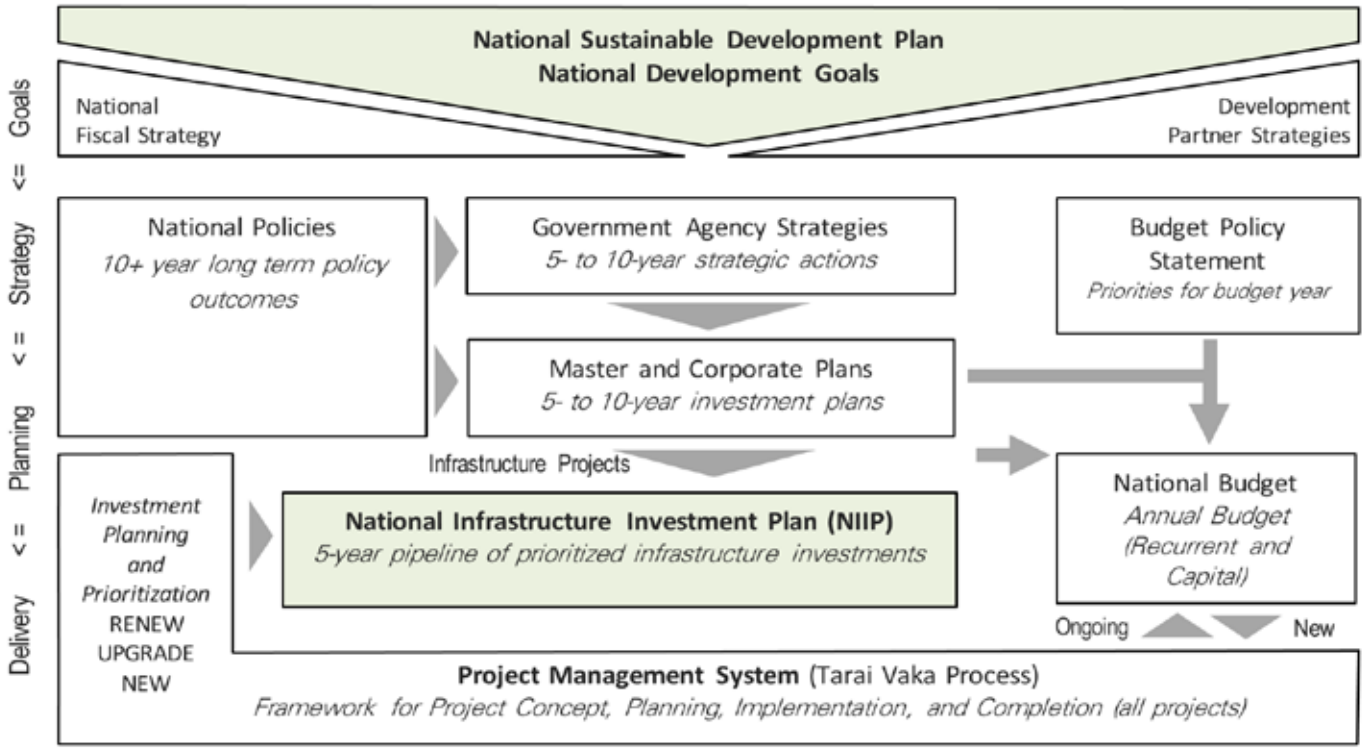
Source: 2021/22 Budget Book, p. 46.

## 2.3 Infrastructure Planning Environment

The Cook Islands investment planning environment is one that continues to evolve. The framework has been built over the last 24 years, with the cornerstone being the legislative reforms from the fiscal crisis the country suffered in the mid-to-late 1990s; thus, these various elements are at different points of their own evolution, with incremental changes occurring over time, as the CIG continues to make sense of its socio-cultural context in the face of globalization and modern economic demands for "development" and growth, and now the fallout of a modern global pandemic.

The Cook Islands has developed a planning and budgeting framework, with all the elements of a strong evidence-based decision framework. A summary representation of how the different documents interact is provided as Figure 2.3. However, this system in and of itself is only five years old and the use of the various tools and procedures has been sporadic. There are also significant gaps in the policy framework, for example, there is no energy policy which has led to issues in the implementation and sustainability of renewable energy across the country.

Figure 2.3: National Planning Framework (2015–2020)




Source: Interpreted from the scope/purpose statements of respective planning documents.

### 2.3.1 National Sustainable Development Plan 2016–2020 (Te Kaveinga Nui)

In 2007, the Cook Islands launched its 2020 visionary framework: Te Kaveinga Nui. The vision was to be realised through a three-phase medium-term (5-year) planning approach. The 2016–2020 National Sustainable Development Plan (NSDP) marked its third iteration and was designed to be an indicator-based "Scorecard for the country's development," underpinned by 67 indicators measuring the achievement of 16 goals:

| | |
|---|---|
| **Goal 1** | Improve welfare, reduce inequity, and economic hardship |
| **Goal 2** | Expand economic opportunities, improve economic resilience and productive employment to ensure work for all |
| **Goal 3** | Promote sustainable practices and effectively manage solid and hazardous waste |
| **Goal 4** | Sustainable management of water and sanitation |
| **Goal 5** | Build resilient infrastructure and ICT to improve our standard of living |
| **Goal 6** | Improve access to affordable, reliable, sustainable, modern energy and transport |
| **Goal 7** | Improve health and promote healthy lifestyles |
| **Goal 8** | Inclusive and equitable quality education and promote life-long learning opportunities |
| **Goal 9** | Accelerate gender equality, empower all women and girls, and advance the rights of youth, the elderly and disabled |
| **Goal 10** | Achieve food security and improved nutrition, and increase sustainable agriculture |
| **Goal 11** | Promote sustainable land use, management of terrestrial ecosystems, and protect biodiversity |
| **Goal 12** | Sustainable management of oceans, lagoons, and marine resources |
| **Goal 13** | Strengthen resilience to combat the impacts of climate change and natural disasters |
| **Goal 14** | Preserve our heritage and history, protect our traditional knowledge, and develop our language, and cultural endeavors |
| **Goal 15** | Ensure a sustainable population, engaged in development for Cook Islanders by Cook Islanders |
| **Goal 16** | Promote a peaceful and just society and practice good governance with transparency and accountability |

The latest iteration of the NSDP is intended to be a collection of key performance indicators for the nation's development drawing attention to the importance of data in the development process. However, there has been limited success with embedding the routine reporting of the 67 key performance indicators in the NSDP and there remains insufficient data to accurately report up to 30%–40% of the indicators. The Cook Islands 2015 Household Income and Expenditure Survey and the 2016 Census were only finalized in 2019, inhibiting the measurement of many NSDP indicators for years, and is illustrative of continued issues around timely and accurate data to inform policy and planning in the Cook Islands.

### 2.3.2 Government and Sector Strategies and Policies

The list below identifies the key policies and strategies relevant to setting priorities for infrastructure asset management.

- National Roads and Road Drainage Policy 2017
- National Solid Waste Management Strategy 2013–2016
- Cook Islands Solid Waste Management Policy 2016–2026
- Agriculture Policy 2016–2025
- Cook Islands National Maritime Transport Policy 2014
- Cook Islands National Water Policy 2016
- Climate Disaster Compatible Development Policy 2013–2016
- Cook Islands Climate Policy 2018–2028

In the Cook Islands context, these public policies are outcome-oriented. They serve the purpose of:

a) establishing the suite of outcomes government are working towards, i.e., what behaviors or norms are government hoping to perpetuate with their actions;

b) guiding medium-term strategic plans of government agencies;

c) informing legislation and providing the rationale for any legislative amendments or developments; and

d) achieving national climate change goals by providing direction to the national response to the impacts of climate change and strengthening the mainstreaming of climate change in development planning.

### 2.3.3 Master Plans and Corporate Plans

The list below schedules the identified master plans and corporate plans which have been reviewed to identify forward planning priorities and pipeline infrastructure projects that are proposed by the various government agencies and enterprises.

- Cook Islands Investment Corporation Statement of Corporate Intent 2020–2023
- Airport Authority Strategy 2019–2029
- Te Aponga Uira Statement of Corporate Intent 2020–2023
- Avaroa Cable Statement of Corporate Intent 2020–2023
- To Tatou Vai Statement of Corporate Intent 2020–2023
- Ports Authority Statement of Corporate Intent 2020–2023
- Cook Islands Agriculture Sector Action Plan 2020–2025
- Infrastructure Cook Islands Strategic Plan 2016–2020
- Second Joint National Action Plan for Disaster Risk Management and Climate Change Adaptation 2016–2020
- Cook Islands Climate Change Country Program 2018

These strategic plans indicate how government will fulfil its stated policy outcomes, with the usual time horizon of 5–10 years.

### 2.3.4 National Infrastructure Investment Plan (2015)

The Cook Islands National Infrastructure Investment Plan (NIIP) outlines priorities and plans for major infrastructure over the next 5–10 years. The plan focuses on strategic investments across all infrastructure sectors and provides a prioritization framework to ensure these project investments best align with the development priorities of the Cook Islands.

The NIIP also recommends actions for consideration by the Cook Islands government regarding the long-term sustainability of infrastructure assets and identifies the implications of climate change and disaster risk for these types of infrastructure. The NIIP is intended to be a living document, with this second release providing a rolling view of achievements since the 2015 release and the priorities for the next 10 years.

### 2.3.5 Activity Management System (Tarai Vaka Process)

In early 2014, the Development Coordination Division commenced work on an activity management system called "Te Tarai Vaka" in order to streamline its approach to how projects (labelled "activities") are identified, planned, implemented, and monitored across government. The policies, guidelines, and tools provided by the **Tarai Vaka Process** (TVP), as shown in Figure 2.4, are intended to support the Cook Islands' commitment to the transparent, efficient, and effective use of taxpayer funds and development partner assistance.

In 2017, the TVP was reviewed and modified to better suit the needs of users and stakeholders. The system aims to ensure that national priorities are reflected in its projects, such as those identified by the national development framework Te Kaveinga Nui (2007–2020), the NSDP 2016–2020, and the Cook Islands national policy suite and accompanying sector strategies, such as the NIIP.

Figure 2.4: Tarai Vaka Process

Source: https://tetaraivaka.wordpress.com/

Also guiding the TVP activity management system are the CIG Financial Policy and Procedures manual, CIG Procurement Policy, the Development Partners Policy, Environmental and Social Safeguards Policy, the CIG Operations Manual, and the annual budgeting process.

The TVP is intended to be applied to all government funded and ODA activities managed by the Cook Islands, including all large-scale, high-impact activities, as well as smaller scale activities that may also have environmental and social impacts. An "activity" refers to projects, programs, technical assistance, equipment, and any personnel required to carry out economic and social development in the Cook Islands.

# Section 3: Identifying the long-list of projects

This section identifies the demand and key challenges facing infrastructure and lists the identified 10- to 15-year long-list of projects required to address those demands. The long-list of projects was identified through a consultative process with lead infrastructure agencies.

## 3.1 Demand for Infrastructure

The demand for infrastructure is driven by a range of factors. In the Cook Islands these include:

1. increasing economic activity (particularly tourism);
2. provision of critical services (water, sanitation, and health);
3. overarching goal to improve quality of life of Cook Island citizens;
4. improved business and social connectivity through transport hubs and expanded technology;
5. preparing for climate change and disaster management; and
6. increased self-sustainability, particularly through renewable energy.

While population growth is a key investment driver in many countries, this is not generally the case across the Pacific and the Cook Islands' resident population has shown a slow decline over the last decade (Table 2.3), with most of this decline being in the Pa Enua (islands outside Rarotonga). Nevertheless, one driver of infrastructure investment is the need to provide an adequate level of services to a population dispersed over a vast area. To generate the revenues needed to support the population, the government is committed to developing the country as a tourist destination, which, in turn, calls for the provision of services and facilities beyond those that would be required just for the resident population, particularly large-scale infrastructure in Rarotonga and Aitutaki.

Of the 16 development goals in the NSDP (Section 2.3.1), eight are closely related to the development and sustainable management of infrastructure and the supporting environment to allow Cook Islanders "to enjoy the highest quality of life":

| | |
|---|---|
| **Goal 3** | Promote sustainable practices and effectively manage solid and hazardous waste |
| **Goal 4** | Sustainable management of water and sanitation |
| **Goal 5** | Build resilient infrastructure and ICT to improve our standard of living |
| **Goal 6** | Improve access to affordable, reliable, sustainable, modern energy and transport |
| **Goal 7** | Improve health and promote healthy lifestyles |
| **Goal 11** | Promote sustainable land use, management of terrestrial ecosystems, and protect biodiversity |
| **Goal 12** | Sustainable management of oceans, lagoons, and marine resources |
| **Goal 13** | Strengthen resilience to combat the impacts of climate change and natural disasters |

The following sections provide an overview of the sector level demand and challenges for infrastructure along with the 10- to 15-year pipeline projects within each sector.

## 3.2 Sector Assessment and Candidate Projects

### 3.2.1 Roads and Bridges

Rarotonga and Aitutaki have historically been the only islands with chip-sealed roads, with other islands utilizing coral roads or dirt roads. In 2012, Rarotonga also started investing in asphalt paving. There is now a dedicated program to upgrade all the main roads on Rarotonga to asphalt surfacing, which will span at least the next 4 years, with a proper maintenance budget to ensure the upkeep of these roads.

There has also been a recent impetus (starting 2018/19) on improving drainage as inadequate drainage has contributed to recent flash flooding events and associated damage to the road and bridge network. The focus of these works in the foreseeable future is Rarotonga.

Bridges on Rarotonga are a longstanding priority that have only recently started to be addressed since the 2019–20 year with major reconstructive works on the Avatiu bridge. This was the beginning of a broader program to rebuild several bridges around Rarotonga. The focus of bridge renewal works in the foreseeable future is Rarotonga and potentially Aitutaki.

Roads in the Southern Group have historically had little perceived need or a strong economic business case to upgrade roads to chip seal. One of the few exceptions is in Mangaia, where a high-usage dirt road is having significant issues with dust and resultant air pollution. However, recently there seems to be a move toward improving the network to a chip seal standard across all of the Southern Group islands and this strategy will need to consider the ongoing costs and contracting logistics in maintaining these roads to a good, sealed standard. Table 3.1 shows the candidate infrastructure projects for roads and drainage.

Table 3.1: Candidate Infrastructure Projects (Roads and Drainage)

| Row | Project | Budget ($,000) | Type | Agency | Island(s) Serviced |
|---|---|---|---|---|---|
| 88 | Aroko Road Widening Project | 750 | Upgrade | ICI | Rarotonga |
| 89 | Arorangi Drainage Improvements | 1,060 | Study | ICI | Rarotonga |
| 90 | Culvert Replacement & Improvement | 1,000 | Upgrade | ICI | Rarotonga |
| 91 | Empire Bridge Replacement | 3,600 | Renew | ICI | Rarotonga |
| 92 | Mangaia Road Upgrades | 3,000 | Upgrade | ICI | Mangaia |
| 93 | Mauke Road Resurfacing and Rehabilitation | 1,200 | Renew | ICI | Mauke |
| 94 | Miscellaneous Bridge Upgrades | 8,300 | Renew | ICI | Rarotonga |
| 95 | Mitiaro Road Resurfacing and Rehabilitation | 800 | Renew | ICI | Mitiaro |
| 96 | Muri Area Upgrade with Footpaths | 1,500 | Upgrade | ICI | Rarotonga |
| 97 | Road Safety Improvements | 1,102 | Upgrade | ICI | Rarotonga |
| 98 | Roads Planned Periodic Maintenance | 18,800 | Renew | ICI | Rarotonga |
| 99 | Sheraton Bridge Replacement | 3,300 | Renew | ICI | Rarotonga |
| 100 | Taipara Bridge Replacement | 3,300 | Renew | ICI | Rarotonga |

Source: Identified from a review of sector and agency planning documents and interviews. Full list in Appendix A.

### 3.2.2 Airports

A recent International Civil Aviation Organization review found Rarotonga Airport was non-compliant in a couple of areas that require immediate redress. This is being facilitated currently, but there are also plans by the Airport Authority to upgrade Rarotonga's terminal in the longer term. However, the devastating effects of the global pandemic on tourism is likely to impact the timing of this work.

In the Pa Enua, airports are generally meeting service level expectations; however, there is a push to surface many of the coral runways to enable larger planes and encourage tourism on these outer islands. Table 3.2 shows the candidate infrastructure projects for airports.

Table 3.2: Candidate Infrastructure Projects (Airports)

| Row | Project | Budget ($,000) | Type | Agency | Island(s) Serviced |
|---|---|---|---|---|---|
| 1 | Airport Arrival Terminal - Phase 2 | 10,900 | Upgrade | AACI | Rarotonga |
| 2 | Airport Baggage Makeup Area | 5,600 | Upgrade | AACI | Rarotonga |
| 3 | Airport Check-in Upgrade | 3,700 | Upgrade | AACI | Rarotonga |
| 4 | Airport Cyclone Protection Works | 1,600 | New | AACI | Rarotonga |
| 5 | Airport Departure Terminal Upgrade | 11,100 | Upgrade | AACI | Rarotonga |
| 6 | Airport Master Plan | 760 | Study | AACI | Rarotonga |
| 7 | Airport Relocation of Control Tower | 12,900 | New | AACI | Rarotonga |
| 8 | Aitutaki Passenger Terminal Improvements | 1,190 | Upgrade | AACI | Aitutaki |
| 9 | Aitutaki Runway Reclamation | 2,000 | Renew | ICI | Aitutaki |
| 10 | Atiu Upgrade to Regional Turbo Prop Runway | 5,460 | Upgrade | ICI | Atiu |
| 11 | Code C Apron Expansion | 8,500 | Upgrade | AACI | Rarotonga |
| 12 | Eastern End Safety Area | 6,000 | Upgrade | AACI | Rarotonga |
| 13 | Mangaia Airport Runway Upgrade | 5,260 | Upgrade | ICI | Mangaia |
| 14 | Manihiki Upgrade to Regional Turbo Prop Runway | 6,660 | New | ICI | Manihiki |
| 15 | Mauke Airport Fencing Improvements | 150 | Upgrade | ICI | Mauke |
| 16 | Mauke Airport Improvements | 1,360 | Upgrade | ICI | Mauke |
| 17 | Mitiaro Airport Runway Upgrade | 1,120 | Upgrade | ICI | Mitiaro |
| 18 | Penrhyn Airport Runway Upgrade | 6,500 | Upgrade | ICI | Penrhyn |
| 19 | Pukapuka Airport Runway Upgrade | 6,500 | Upgrade | ICI | Pukapuka |
| 20 | Runway Repairs | 6,000 | Renew | AACI | Rarotonga |

AACI= Cook Islands Airport Authority, ICI = Infrastructure Cook Islands

Source: Identified from a review of sector and agency planning documents and interviews. Full list in Appendix A.

### 3.2.3 Ports/Maritime

Few countries in the world have the per capita maritime infrastructure needs of the Cook Islands. With 12 of its 14 islands having populations as low as 70 (Table 2.2), there is a need for government to provide safe and reliable services across the country. These services are provided by two private companies, though Government has recently recognized the need to subsidize these companies to provide more regular services. Government is responsible for the development and maintenance of the wharfs and harbor infrastructure.

Of the harbor- and maritime-based projects, the critical needs are in Nassau, Pukapuka, and the dredging of the Aitutaki Harbor passage. The other harbor works are driven by the push to provide added economic opportunities of a port for naval vessels in the region, as well as retrofitting harbors to cater to barge services.

A longstanding project is the development of a purpose-built ship to serve the country. However, there is not a clear idea of how these services would be provided, e.g., how the asset would be managed or effectively outsourced. This is a complex undertaking that would have a long gestation period. Candidate infrastructure projects for marine is shown in Table 3.3.

Table 3.3: Candidate Infrastructure Projects (Marine)

| Row | Project | Budget ($,000) | Type | Agency | Island(s) Serviced |
|---|---|---|---|---|---|
| 64 | Aitutaki (Orongo) Marina Improvements | 13,000 | Upgrade | CIPA | Aitutaki |
| 65 | Aitutaki Harbor Passage Dredging | 1,800 | Renew | CIPA | Aitutaki |
| 66 | Atiu Wharf Upgrade | 1,500 | Upgrade | ICI | Atiu |
| 67 | Avatiu Harbor Entrance Widening | 1,000 | Upgrade | CIPA | Rarotonga |
| 68 | Avatiu Eastern Breakwater | 1,000 | Renew | CIPA | Rarotonga |
| 69 | Avatiu Western Marina Extension | 4,000 | Upgrade | CIPA | Rarotonga |
| 70 | Mangaia Harbor Climate Resilience | 985 | Upgrade | ICI | Mangaia |
| 71 | Manihiki Jetty Construction | 360 | New | ICI | Manihiki |
| 72 | Mauke Harbor Upgrade | 360 | Upgrade | ICI | Mauke |
| 73 | Mitiaro Wharf Upgrade | 500 | Upgrade | ICI | Mitiaro |
| 74 | Nassau Harbor Improvements | 4,650 | Upgrade | ICI | Nassau |
| 75 | National Harbors Road Map | 300 | Study | ICI | Cook Islands |
| 76 | Penrhyn (TeTautua & Omoka) Port Facilities | 1,000 | Upgrade | ICI | Penrhyn |
| 77 | Penrhyn Harbor Assessment | 250 | Study | ICI | Penrhyn |
| 78 | Penrhyn Harbor Upgrade | 20,000 | Upgrade | ICI | Penrhyn |
| 79 | Pukapuka Harbor Upgrade | 4,000 | Upgrade | ICI | Pukapuka |
| 80 | Pukapuka Jetty Development | 360 | Upgrade | ICI | Pukapuka |
| 81 | Rakahanga Harbor Improvement | 120 | Study | ICI | Rakahanga |
| 82 | The National Boat | 10,000 | New | MFEM | Cook Islands |

CIPA= Cook Islands Ports Authority, ICI = Infrastructure Cook Islands, , MFEM=Ministry of Finance and Economic Management.
Source: Identified from a review of sector and agency planning documents and interviews. Full list in Appendix A.

### 3.2.4 Water Supply

Water supply is a key consideration for infrastructure across the Cook Islands. The TMV project which was designed to address key components of Rarotonga's water supply (intakes and ring mains) will be completed soon; however, the task of delivering this potable water to residential homes requires significantly more investment in the next 5 years to upgrade and expand the distribution/reticulation systems and other key components such as reservoir storage tanks and pump stations.

Climate change poses further challenges as storage needs increase, especially in the Northern Group, and problems remain with water supply and infrastructure across several of the Southern Islands. Candidate infrastructure projects for water is shown in Table 3.4.

Table 3.4: Candidate Infrastructure Projects (Water)

| Row | Project | Budget ($,000) | Type | Agency | Island(s) Serviced |
|---|---|---|---|---|---|
| 115 | Aitutaki Domestic Water Tanks | 500 | New | ICI | Aitutaki |
| 116 | Aitutaki Upgrade of Galleries and Reticulation | 5,200 | Upgrade | ICI | Aitutaki |
| 117 | Aitutaki Upgrade Reticulation System | 5,000 | Upgrade | ICI | Aitutaki |
| 118 | Aitutaki Water Ground Water Study | 500 | Study | ICI | Aitutaki |
| 119 | Atiu Community Water Storage | 200 | New | ICI | Atiu |
| 120 | Atiu Water Reticulation System | 3,000 | New | ICI | Atiu |
| 121 | CCTV Mapping of Network and Pipe Cleaning | 581 | New | TTV | Rarotonga |
| 122 | Mangaia Water Distribution Upgrade | 1,500 | Upgrade | ICI | Mangaia |
| 123 | Mitiaro Water Source and Distribution Improvement | 800 | New | ICI | Mitiaro |
| 124 | Mitiaro Water Tanks | 265 | New | ICI | Mitiaro |
| 125 | Northern Community Water Tanks Rehabilitation | 1,200 | Renew | ICI | Northern |
| 126 | Piping to fix deadlegs | 1,500 | New | TTV | Rarotonga |
| 127 | Pukapuka Water Gallery Improvement | 120 | Upgrade | ICI | Pukapuka |
| 128 | Repairs to Mains | 30,000 | New | TTV | Rarotonga |
| 129 | Reservoir & Tank Meters for Turbidity | 200 | New | TTV | Rarotonga |
| 130 | SCADA Installation | 1,850 | New | TTV | Rarotonga |
| 131 | Sludge Disposal | 200 | New | TTV | Rarotonga |
| 132 | Southern Water Ground Water | 1,600 | New | ICI | Southern |
| 133 | Sub Main Replacement Sector 5 - Titikaveka | 3,366 | New | TTV | Rarotonga |
| 134 | UV Station Maintenance Testing & New School UV's | 374 | New | TTV | Rarotonga |
| 135 | Water Meters - Purchase and Install | 8,000 | New | TTV | Rarotonga |
| 136 | Water Network Infrastructure/Laboratory Assets | 100 | New | TTV | Rarotonga |

ICI= Infrastructure Cook Islands, TTV= To Tatou Vai (TTV, water and likely sanitation)

Source: Identified from a review of sector and agency planning documents and interviews. Full list in Appendix A.

### 3.2.5 Sanitation

Sanitation represents one of the most significant environmental challenges for the main island of Rarotonga, and is a growing concern for Aitutaki as development is likely to continue, with tourism expected to return as the world gains control of COVID-19.

Rarotonga is still committed to a piped reticulated solution, which is the only viable long-term option to deal with the concentration of tourist accommodation on the southern side of the island. After the redevelopment of Rarotonga's water system, this represents the next "Category 5" large-scale and complex program of work.

Sanitation needs are less dire outside the economic tourism hubs of Aitutaki and Rarotonga, due to a much lower population density; however, work must be done to develop a plan to meet the modern standards of sanitation across the Pa Enua islands. Candidate infrastructure projects for sanitation is shown in Table 3.5.

Table 3.5: Candidate Infrastructure Projects (Sanitation)

| Row | Project | Budget ($,000) | Type | Agency | Island(s) Serviced |
|---|---|---|---|---|---|
| 101 | Aitutaki Sanitation Upgrades | 3,000 | Upgrade | ICI | Aitutaki |
| 102 | MTVKTV Long-term Sanitation Upgrades | 50,000 | Upgrade | MFEM | Rarotonga |
| 103 | Northern Sanitation Upgrades | 2,200 | Renew | ICI | Northern |
| 104 | Pukapuka Household Sanitation Facilities | 970 | New | MOH | Pukapuka |
| 105 | Sanitation Management Study | 160 | Study | ICI | Cook Islands |
| 106 | Southern Sanitation Upgrades | 2,150 | Renew | ICI | Southern |
| 107 | Tepuka Sanitation Improvement | 5,000 | Upgrade | ICI | Rarotonga |

ICI=Infrastructure Cook Islands, MFEM=Ministry of Finance and Economic Management, MOH=Ministry of Health
Source: Identified from a review of sector and agency planning documents and interviews. Full list in Appendix A.

### 3.2.6 Energy

The Cook Islands has implemented an ambitious renewable energy program, which has led to all but two of its 14 populated islands now having 100% renewable energy. Of the two exceptions, Aitutaki has had a very successful first phase of renewable energy integration, reducing power costs and setting the foundation for a second phase to be implemented, with more storage and generation added to their centralized installation.

Rarotonga, with the limited availability of land and large volume of seasonal tourists, poses the most complex challenge in being able to introduce high levels of renewable energy to the island in an economically viable manner. It represents a novel but not unique problem facing many utilities around the world that requires further research and advancements in renewable energy technology. Research is also required to better understand the future financial and technical needs of the Pa Enua (Northern and Southern Group islands) as the infrastructure ages and as more data are accumulated over time.

A Cook Islands Renewable Energy Investment Plan was recently completed by Entura in 2021. This plan details the recommended steps for investing in renewable energy in the Cook Islands, covering Rarotonga and Aituaki (Output 1), Battery Replacement Plan for Northern Islands group (Output 2), and the Energy Efficiency Plan for the Cook Islands (Output 3). Candidate infrastructure projects for energy is shown in Table 3.6.

Table 3.6: Candidate Infrastructure Projects (Energy)

| Row | Project | Budget ($,000) | Type | Agency | Island(s) Serviced |
|---|---|---|---|---|---|
| 49 | 6MW PV Generation Contract | - | Upgrade | TAU | Rarotonga |
| 50 | Aitutaki Solar Stage 2 | 7,000 | Upgrade | TMU | Aitutaki |
| 51 | Energy Production/Distribution Upgrade | - | Upgrade | TAU | Rarotonga |
| 52 | Network Stage 2 | 10,000 | Upgrade | TAU | Rarotonga |
| 53 | Northern Battery Replacement & Upgrades | 5,000 | Renew | TAU | Northern |
| 54 | Private Sector Generation | - | Study | TAU | Rarotonga |
| 55 | Renewable Energy Project Management | - | New | TAU | Rarotonga |
| 56 | TAU Generation Projects | 21,000 | Upgrade | TAU | Rarotonga |
| 57 | Upgrade Existing Grid and Equipment | 5,067 | Upgrade | TAU | Rarotonga |

TAU=Te Aponga Uira (power company), TMU= Te Mana O Uira

Source: Identified from a review of sector and agency planning documents and interviews. Full list in Appendix A.

### 3.2.7 Solid Waste Management

Solid waste represents a significant challenge across all islands, but again due to population density the most pressing need is on Rarotonga, where the current landfill is full and limited land mass means continued landfill is no longer an option. This presents an extremely complex problem as initial research indicates that commercial incineration for Rarotonga's scale is unprecedented.

Other islands require, as a minimum, an upgrade of their facilities but longer-term options are needed to address the challenges of e-waste and hazardous waste across the country. Candidate infrastructure projects for solid waste is shown in Table 3.7.

Table 3.7: Candidate Infrastructure Projects (Solid Waste)

| Row | Project | Budget ($,000) | Type | Agency | Island(s) Serviced |
|---|---|---|---|---|---|
| 108 | Hazardous Waste Handling Facilities | 100 | Study | ICI | Rarotonga |
| 109 | Nation Waste Management Strategy | 500 | Study | ICI | Rarotonga |
| 110 | Northern Waste Centers Upgrade | 100 | Upgrade | ICI | Northern |
| 111 | Recycling Transfer Facility | 200 | Study | ICI | Rarotonga |
| 112 | Solid Waste Incinerator | 5,060 | New | ICI | Rarotonga |
| 113 | Southern Waste Centers Upgrade | 200 | Upgrade | ICI | Southern |
| 114 | TGA Rarotonga Compost Facilities | 500 | New | ICI | Rarotonga |

Source: Identified from a review of sector and agency planning documents and interviews. Full list in Appendix A.

### 3.2.8 Cyclone Shelters and Coastal Protection

Government's recognition of the need to improve the resilience of our Pa Enua has led to a program of building cyclone shelters in collaboration with the people of Pa Enua and Island Government. These projects will improve security and resilience of the island community by delivering structurally sound, safe, reliable, and durable cyclone shelters that will provide protection from extreme weather events and provide for post-disaster recovery. Candidate infrastructure projects for cyclone shelters and coastal protection is shown in Table 3.8.

Table 3.8: Candidate Infrastructure Projects (Cyclone Shelters and Coastal Protection)

| Row | Project | Budget ($,000) | Type | Agency | Island(s) Serviced |
|---|---|---|---|---|---|
| 21 | Cyclone Shelters Structural Review | 300 | Study | ICI | Cook Islands |
| 22 | Manihiki Major Renovations to Cyclone Centers | 300 | Upgrade | CIIC | Manihiki |
| 25 | Nassau Cyclone Shelter | 2,000 | New | ICI | Nassau |
| 28 | Penrhyn Cyclone Shelter | 500 | New | ICI | Penrhyn |
| 30 | Rakahanga Cyclone Shelter | 2,050 | New | ICI | Rakahanga |
| 34 | Rarotonga Cyclone Shelter Upgrade | 30,000 | New | ICI | Rarotonga |
| 37 | Aroa Stream Embankment | 500 | Upgrade | ICI | Rarotonga |
| 38 | Avana Coastal Protection | 10,000 | Upgrade | ICI | Rarotonga |
| 39 | Coastal Management and Mitigation | 10,000 | Study | ICI | Rarotonga |
| 40 | Coastal Prominade and Town Centre Enhancements | 2,000 | New | CIIC | Rarotonga |
| 41 | Northern Coastal Erosion and Protection | 8,000 | Upgrade | ICI | Northern |
| 42 | Pa Enua Coastal Erosion Protection | 1,200 | Study | ICI | Cook Islands |
| 43 | Pukapuka Causeway Protection | 1,000 | Upgrade | ICI | Pukapuka |
| 44 | Pukapuka Cyclone Shelter Access Road | 500 | Upgrade | ICI | Pukapuka |

ICI=Infrastructure Cook Islands, CIIC=Cook Islands Investment Corporation

Source: Identified from a review of sector and agency planning documents and interviews. Full list in Appendix A.

### 3.2.9 Buildings and Facilities

There are several large-scale projects on Rarotonga across three main non-infrastructure sectors of Health, Education, and Public Service. Building facilities are the main assets within these service delivery-based sectors.

#### 1. Educational Facilities

Tereora College is the nation's national high school, servicing year 12 and 13 school students across Rarotonga and the Pa Enua. At present, Tereora College does not offer formal dormitory facilities for the students from the Pa Enua who are required to complete their high school education there; there is a priority to develop this facility for this purpose. In recent years with the cooperation of the New Zealand government, the college was fortunate to have built some facilities (two new classroom blocks, including a technology block), many of the current classes are dated, are past their economic lives and not delivering effectively for students. There was always the plan to rebuild these classroom blocks in the near future. Also, as the school expands, there is a need to add new facilities and to upgrade the existing buildings to accommodate modern learning. Another potential educational project is the development of a National Tertiary Campus.

#### 2. Vaikapuangi (Centralized Government Facility)

The Vaikapuangi Redevelopment Project will consolidate 22 government agencies and statutory entities, and approximately 500 employees, in a three-storey Government center in central Avarua. The consolidation, centralization, and new government center will result in:

- improved and safer working conditions, healthier and sustainable work environments;
- reduced operational and maintenance costs;
- adaptable workspaces and increased staff productivity;
- improved delivery of public services;
- improved inter-government collaboration and innovation;
- increased public accessibility;
- improved resilience to climate change and natural disasters;
- improved records management;
- increased space utilization; and
- avoiding costs associated with increasing land and commercial rents; reactive rebuilds resulting from structural failure and/or cyclonic conditions; and short-term retrofits to meet current needs and regulatory requirements.

The Vaikapuangi Redevelopment Project is an investment in long-term outcomes. Cost efficiencies and value for money will emerge over time through reduced ongoing operating and asset ownership costs, avoided costs (as mentioned above), and efficient service delivery. The economic impacts will generate GDP effects across the economy and deliver a major boost for the construction industry. This level of activity is associated with over 600 jobs.

#### 3. Health Facilities

COVID-19 has highlighted the need to have a properly resourced and equipped health system. Currently, the dental clinic and outpatient clinic and offices of the Ministry of Health are along a vulnerable high-risk coastal cyclone zone and need to be relocated. The Rarotonga hospital itself is currently located on a hilltop, a legacy of being a sanatorium early in the 20th century. It is problematic as it is only accessible by a single lane road. Key decisions are yet to be made regarding the potential relocation of the hospital and or the extent of renovations, with the lack of available land proving a key challenge. Plans for any infrastructure are only in their embryonic stages. Candidate infrastructure projects for building and facilities is shown in Table 3.9.

Table 3.9: Candidate Infrastructure Projects (Buildings and Facilities)

| Row | Project | Budget ($,000) | Type | Agency | Location(s) |
|---|---|---|---|---|---|
| 23 | Manihiki New Government Building (replace MOJ) | 300 | New | CIIC | Manihiki |
| 24 | Manihiki Tauhunu School Upgrades | 300 | Upgrade | CIIC | Manihiki |
| 26 | National Stadium | 4,000 | Upgrade | CIIC | Cook Islands |
| 27 | New Prison | 6,000 | New | MOH | Cook Islands |
| 29 | QR Residence | 1,000 | New | CIIC | Cook Islands |
| 31 | Rakahanga Island Admin and Government Offices | 300 | New | CIIC | Rakahanga |
| 32 | Rakahanga New Hospital Roof | 300 | Upgrade | CIIC | Rakahanga |
| 33 | Rakahanga School Upgrades | 300 | Upgrade | CIIC | Rakahanga |
| 35 | Te Atukura Parliament and Ministerial Offices | 10,000 | New | CIIC | Cook Islands |
| 36 | Vaikapuangi Government Office Complex | 56,000 | New | CIIC | Cook Islands |

CIIC=Cook Islands Investment Corporation, MOH=Ministry of Health

Source: Identified from a review of sector and agency planning documents and interviews. Full list in Appendix A.

### 3.2.10 Information and Communication Technology

The Cook Islands' investment in the Manatua cable and its completion in 2020 represents a significant leap forward in telecommunications connectivity (refer to Table 3.10). The Manatua submarine fibre-optic cable only connects to the two most populous islands of Rarotonga and Aitutaki. Avaroa Cable Limited is the SOE responsible for the Cook Islands government interest in the Manatua Fiber-Optic cable and has put together a white paper suggesting an inter-island cable be installed in future. However, it is acknowledged that there may be other viable alternatives such as low-earth-orbit satellites.

Government has yet to take full advantage of the new and improved internet connectivity. Thus, there is a real need to invest in the current inadequate hardware and software, as well as upgrade the capacity of government to offer new and improved products and services to the public.

Table 3.10: Candidate Infrastructure Projects (Information and Communications Technology)

| Row | Project | Budget ($,000) | Type | Agency | Island(s) Serviced |
|---|---|---|---|---|---|
| 62 | ICT Server Room, Network Upgrade | 1,700 | New | OPM | Cook Islands |
| 63 | Southern Submarine Fiber Optic Cable | 10,000 | New | ACL | Southern |

Source: Identified from a review of sector and agency planning documents and interviews. Full list in Appendix A.

## 3.3 Climate Change and Resilience Considerations

The effects of climate change and planning for climate mitigation and adaptation are cross-cutting issues that may form components of most types of infrastructure and may stem from any sector. Focus on climate change mitigation and adaptation has increased in recent years, alongside global effort on greenhouse gas emissions and increased understanding of the costs and benefits of mitigation and adaptation measures. While interlinked with all the goals of the NSDP, climate change mitigation and adaptation are also specifically addressed in Goal 6 of the NSDP, to "Improve access to affordable, reliable, sustainable, modern energy and transport," and Goal 13, to "Strengthen resilience to combat the impacts of climate change and natural disasters." Other important guidance for the implementation of climate change and resilience infrastructure stems from Cook Islands Climate Change Policy (2018–2028), the 2nd Joint National Adaptation Plan, and the Cook Islands Climate Change Country Program 2018–2030 (CCCP), all of which paint a clear picture of the importance of climate change and resilience action within the Cook Islands. As such, dedicated effort is required to ensure that these goals are integrated into the national infrastructure plan.

Climate matters and resilience within the Cook Islands is managed through two main agencies, Climate Change Cook Islands (CCCI) and Emergency Management Cook Islands (EMCI). CCCI was established in 2011 as a division of the Office of the Prime Minister (OPM) to coordinate and implement climate change related activities in an integrated manner. All international, regional, and national climate change matters are managed, overseen, and coordinated by CCCI. Disaster risk management matters are coordinated by EMCI as legislated by the 2007 Disaster Management Act. EMCI, also a division of the OPM, is primarily in charge of coordinating operational responses in the case of a disaster occurring. Though coordinating immediate emergency response to areas affected by cyclones remains the focus activity of EMCI, there are efforts to build capacity in disaster prevention. This includes the planning and construction of cyclone shelters in conjunction with other agencies, as well as reviewing and improving current shelter facilities, including school buildings in Rarotonga.

A sectoral collaborative approach to climate and disaster is promoted in the 2nd Joint National Adaptation Plan, which includes the establishment of a steering committee with members from CCCI, EMCI, MFEM, Infrastructure Cook Islands and others. There is an expectation that climate change and resilience will be integrated into national policies, planning, and programs across various sectors, in addition to international or bilateral development aid policies and programs. Any climate change-related initiative by any stakeholder can be potentially financed through international climate financing provided it meets the country's priority areas, as elaborated upon in the CCCP.

The CCCP outlines the priorities for the Cook Islands to attain low emissions and climate resilience development and serves as a roadmap for maximizing financial opportunities and ensuring resources are directed towards national climate and development priorities. CCCI is the lead coordinator for implementing the Country Program and coordinates with EMCI, the Joint National Adaptation Plan Steering Committee, and the Central Planning and Policy Division within OPM, who are mandated to oversee the implementation of development priorities.

Table 3.11: List of Climate Change and Disaster Resilience Projects

| ID | Project Name (sorted by Sector, Project Name) | Budget ($,000) | Sector | Agency | Island(s) |
|---|---|---|---|---|---|
| 43 | Airport Cyclone Protection Works | 1,600 | Air | AACI | Rarotonga |
| 44 | Cyclone Shelters Structural Review | 300 | Buildings | ICI | Cook Islands |
| 50 | Manihiki Major Renovations to Cyclone Centers | 300 | Buildings | CIIC | Manihiki |
| 53 | Nassau Cyclone Shelter | 2,000 | Buildings | ICI | Nassau |
| 55 | Penrhyn Cyclone Shelter | 500 | Buildings | ICI | Penrhyn |
| 69 | Rakahanga Cyclone Shelter | 2,050 | Buildings | ICI | Rakahanga |
| 91 | Rarotonga Cyclone Shelter Upgrade | 30,000 | Buildings | ICI | Rarotonga |
| 94 | Aroa Stream Embankment | 500 | Coastal | ICI | Rarotonga |
| 99 | Avana Coastal Protection | 10,000 | Coastal | ICI | Rarotonga |
| 100 | Coastal Management and Mitigation | 10,000 | Coastal | ICI | Rarotonga |
| 111 | Northern Coastal Erosion and Protection | 8,000 | Coastal | ICI | Northern |
| 112 | Pa Enua Coastal Erosion Protection | 1,200 | Coastal | ICI | Cook Islands |
| 114 | Pukapuka Causeway Protection | 1,000 | Coastal | ICI | Pukapuka |
| 115 | Pukapuka Cyclone Shelter Access Road | 500 | Coastal | ICI | Pukapuka |
| 116 | Aitutaki Solar Stage 2 | 7,000 | Energy | TMU | Aitutaki |
| 117 | Northern Battery Replacement & Upgrades | 5,000 | Energy | TAU | Northern |
| 118 | Renewable Energy Project Management | - | Energy | TAU | Rarotonga |
| 119 | Avatiu Western Marina Extension | 4,000 | Marine | CIPA | Rarotonga |
| 123 | Empire Bridge Replacement | 3,600 | Road | ICI | Rarotonga |
| 124 | Miscellaneous Bridge Upgrades | 8,300 | Road | ICI | Rarotonga |
| 125 | Sheraton Bridge Replacement | 3,300 | Road | ICI | Rarotonga |
| 127 | Taipara Bridge Replacement | 3,300 | Road | ICI | Rarotonga |

| ID | Project Name (sorted by Sector, Project Name) | Budget ($,000) | Sector | Agency | Island(s) |
|---|---|---|---|---|---|
| 132 | Recycling Transfer Facility | 200 | Waste | ICI | Rarotonga |
| 135 | Solid Waste Incinerator | 5,060 | Waste | ICI | Rarotonga |
| 43 | TGA Rarotonga Compost Facilities | 500 | Waste | ICI | Rarotonga |
| 44 | Aitutaki Domestic Water Tanks | 500 | Water | ICI | Aitutaki |
| 50 | Aitutaki Upgrade of Galleries and Reticulation | 5,200 | Water | ICI | Aitutaki |
| 53 | Aitutaki Upgrade Reticulation System | 5,000 | Water | ICI | Aitutaki |
| 55 | Aitutaki Water Ground Water Study | 500 | Water | ICI | Aitutaki |
| 69 | Atiu Community Water Storage | 200 | Water | ICI | Atiu |
| 91 | Mitiaro Water Source and Distribution Improvement | 800 | Water | ICI | Mitiaro |
| 94 | Mitiaro Water Tanks | 265 | Water | ICI | Mitiaro |
| 99 | Northern Community Water Tanks Rehabilitation | 1,200 | Water | ICI | Northern |
| 100 | Pukapuka Water Gallery Improvement | 120 | Water | ICI | Pukapuka |
| 111 | Southern Water Ground Water | 1,600 | Water | ICI | Southern |
| 112 | Water Meters - Purchase and Install | 8,000 | Water | TTV | Rarotonga |

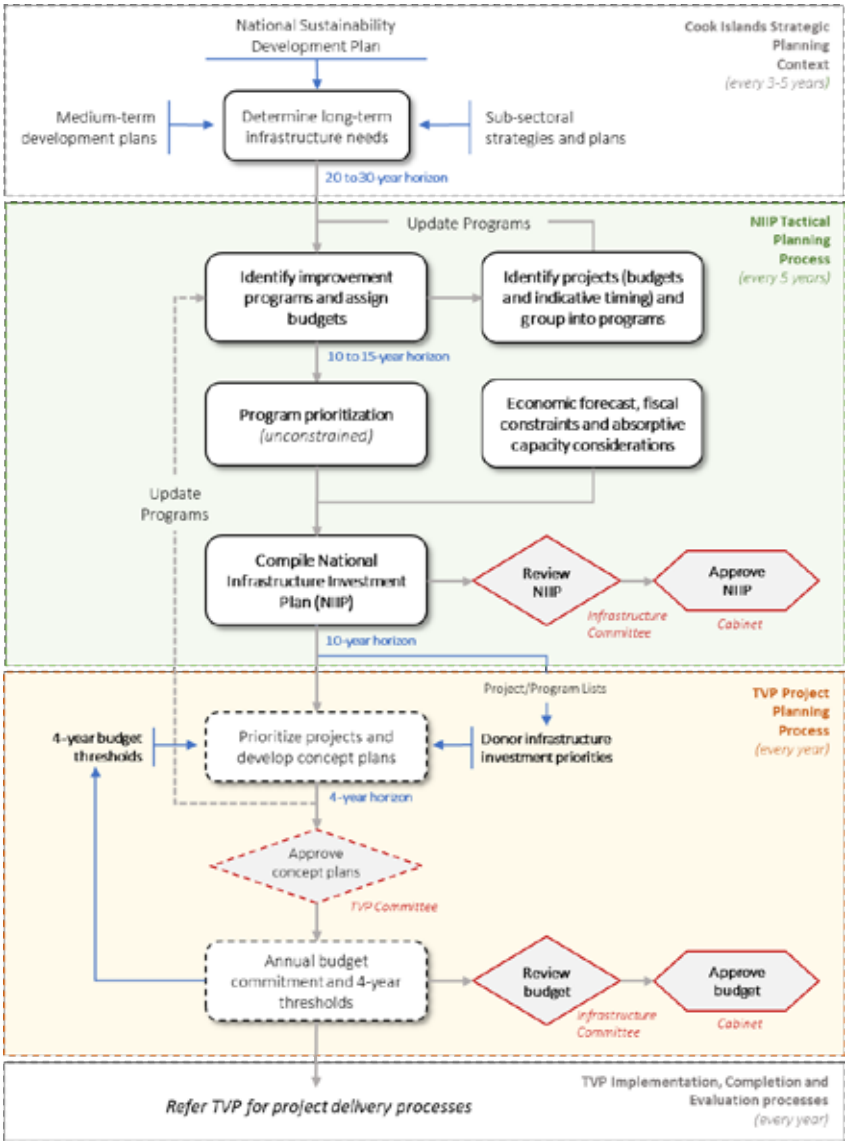
ICI = Infrastructure Cook Islands, TAU= Te Aponga Uira (power company), CIPA= Cook Islands Ports Authority, TMU= Te Mana O Uira
Note: This table highlights those project in Section 3 that are related to climate adaptation and disaster risk resilience.
Source: Identified from a review of sector and agency planning documents and interviews. Full list in Appendix A.

# Section 4: Prioritizing Infrastructure Projects

This section describes the process followed to take the long-list of candidate projects from Section 3 and rank these projects against prioritization criteria from the Cook Islands' existing project management framework (TVP) to end up with a list of prioritized projects and programs for the next 10 years.

The process followed is summarized in Figure 4.1 below:

Figure 4.1: Medium to Near-term Planning Process




Source: Author

## 4.1 Developing the Long-List of Projects

### 4.1.1 Compiling the List

Applying the lessons from the mid-term review of the 2015 NIIP has led to five primary differences to the project selection criteria this time around:

- Infrastructure projects above $300,000 would be included
- Research and other infrastructure feasibility studies would be included
- Greater number of projects in the long list representing all sector priorities
- Projects would be grouped into logical programs for 10-year budget forecasting
- Programs would be prioritized to aid in decision making associated with budget constraints

To assemble the long-list of projects, our project team amalgamated known project lists from:

(i) The long-list of projects from the 2015 NIIP;
(ii) The annual budget (and its 4-year funding commitment);
(iii) The infrastructure project list maintained by CIIC and the PCC;
(iv) Corporate plans of lead infrastructure agencies;
(v) Strategic reports and studies (e.g., Cook Islands CCCP 2018); and
(vi) Interviews with lead infrastructure agencies.

Understandably, the same projects were represented across the lists; however, they were not always given the same name or described in the same way so there was a reconciliation required by the project team and where there were questions the team went back to the agencies and CIIC to reconcile the lists. Many of the projects have grown in scope and size; further, for several of the projects, the feasibility study has been separately scheduled as its findings will likely dictate the subsequent prioritization and planning decisions prior to full commitment of the main capital project.

A workshop was held on 26 March 2021 to review the list and identify any missing projects. The result of the above activities led to the identification of **136** infrastructure projects and studies that could feasibly start within the next 10 to 15 years.

The long-list of projects is presented for each sector in Section 3 with the full schedule in **Appendix A** and the supporting spreadsheet provided with this report. A snapshot of the infrastructure projects are listed in Figure 4.2.

Figure 4.2: Candidate Project Sheet for 10-Year Infrastructure Investments

## Cook Islands National Infrastructure Investment Plan (2021 Release)

| Sector Code | Lead Agency | IMP Agency | Program | Project Name |
|---|---|---|---|---|
| Buildings | ICI | ICI | Pa Enua Cyclone Shelter Program | Penrhyn Cyclone Shelter |
| Buildings | ICI | ICI | Pa Enua Cyclone Shelter Program | Rakahanga Cyclone Shelter |
| Buildings | ICI | ICI | Rarotonga Cyclone Shelter Program | Cyclone Shelters Structural Review |
| Buildings | ICI | ICI | Rarotonga Cyclone Shelter Program | Rarotonga Cyclone Shelter Upgrade |
| Buildings | CIIC | CIIC | Rarotonga Government Buildings | Te Atukura Parliament and Ministerial Offices |
| Buildings | CIIC | CIIC | Rarotonga Government Buildings | Vaikapuangi Government Office Complex |
| Coastal | ICI | ICI | National Coastal Protection Program | Pa Enua Coastal Erosion Protection |
| Coastal | ICI | ICI | National Coastal Protection Program | Northern Coastal Erosion and Protection |
| Coastal | ICI | ICI | National Coastal Protection Program | Pukapuka Causeway Protection |
| Coastal | ICI | ICI | National Coastal Protection Program | Pukapuka Cyclone Shelter Access Road |
| Coastal | ICI | ICI | National Coastal Protection Program | Aroa Stream Embankment |
| Coastal | ICI | ICI | National Coastal Protection Program | Avana Coastal Protection |
| Coastal | ICI | ICI | National Coastal Protection Program | Coastal Management and Mitigation |
| Education | MFEM | MFEM | National Tertiary Campus Improvements | USP Campus Construction |
| Education | MOE | MOE | National Tertiary Campus Improvements | Education Infrastructure Master Plan |
| Education | CIIC | CIIC | Rarotonga Education Infrastructure Progr | Tereora College Redevelopment Stages 2 and 3 |
| Education | CIIC | CIIC | Rarotonga Education Infrastructure Progr | Tereora Pa Enua Hostel |

CIIC=Cook Islands Investment Corporation, ICI=Infrastructure Cook islands, MFEM=Ministry of Finance and Economic Management, MOE=Ministry of Education

Source: Screen capture of the spreadsheet provided with this report (Appendix A).

| Brief Description | Project Type | Status | Island Serviced | Best Estimate | Funding Source | Category | | | | 10-yr Budget | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Criticality | Complexity | Climate | Stimulus | Feasibility | Design | Construct |
| Stand alone cyclone shelter for public | New | ON | Penrhyn | 500 | CIG | P2 | | X | | | X | X |
| Stand alone cyclone shelter for public | New | | Rakahanga | 2,050 | CIG | P1 | | X | | | X | X |
| Pa Enua and Rarotonga - Research and Investigation | Study | | Cook Islands | 300 | CIG | P1 | Cat.5 | X | | X | | |
| Renovating the deficient shelters on Rarotonga | New | | Rarotonga | 30,000 | | P1 | Cat.5 | X | | | X | X |
| New Parliament & Ministerial Offices | New | | Cook Islands | 10,000 | | | Cat.4 | | | X | X | X |
| All encompassing Gvt building proposal downtown | New | | Cook Islands | 56,000 | | | Cat.5 | | | X | X | X |
| Assessment and construction | Study | | Cook Islands | 1,200 | | | | X | | X | X | X |
| Various island requirements | Upgrade | | Northern | 8,000 | GCF | | | X | | | X | X |
| Upgrade of causeway road due to higher sea activity | Upgrade | | Pukapuka | 1,000 | | P1 | | X | | | X | X |
| To provide a suitable vehicle access to shelter | Upgrade | CO | Pukapuka | 500 | | P1 | | X | | | X | X |
| Upgrade of stormwater system part of island wide P | Upgrade | | Rarotonga | 500 | CIG | | | X | | | | X |
| Small CCAF project started - to be extended. | Upgrade | | Rarotonga | 10,000 | | | | X | | | X | X |
| Critcal zones around island to be scoped and designe | Study | | Rarotonga | 10,000 | | | | X | | X | X | |
| Campus, dorm and faculty housing (Scoping study to | New | | Cook Islands | 12,500 | | | | | | X | X | X |
| | Study | | Cook Islands | 200 | | | | | | X | | |
| Stage 2 upgrade of the academic learning centres. St | Upgrade | | Rarotonga | 24,000 | | | Cat.4 | | | | X | X |
| Hostel for the Pa Enua students | New | | Rarotonga | 1,000 | | | | | | | X | X |

### 4.1.2 Key Fields in Database

The process of compiling the consolidated list was time-consuming but worthwhile. The resulting spreadsheet holds several attributes against each project, and these are described below:

**Sector Code** The primary sector the infrastructure is serving, namely: Air; Buildings; Coastal; Education; Energy; Health; ICT; Marine; Municipal; Road; Sanitation; Waste; Water.

**Lead Agency** The agency responsible for delivering the infrastructure. This is not always the same as the agency who will operate the infrastructure once built.

**Program** The name of the program the project sits within. Refer Section 4.

**Project Type** Capital infrastructure investments fall into three categories. The focus and robustness of supporting business cases for investment varies across the **three categories**, namely:

| | **RENEW** Existing | **UPGRADE** Existing | Build **NEW** |
|---|---|---|---|
| Definition | *Works which return an existing asset to its as-new condition. Generally replacing like-with-like.* | *Works required to improve existing infrastructure to meet increasing demand or improve levels of service.* | *Works required to expand the network or deliver a new service.* |
| Drivers | a) Asset has become unreliable or obsolete.<br>b) Asset has reached end of its economic life – cheaper to renew than maintain<br>c) Asset is at risk of failing or poses a serious safety concern. | a) Additional capacity required to meet demand<br>b) Asset no longer meets level of service requirements<br>c) Improvement needed to meet new regulations or standards | a) New assets require to deliver wider services<br>b) New assets required to deliver a new service |
| Investment Examples | ▪ Reconstruct a road to restore its life<br>▪ Replace obsolete pump station<br>▪ Refurbish a generator to reduce outage costs<br>▪ Reconstruct a jetty about to collapse<br>▪ Replace seawall which has eroded | ▪ Expand a refuse station to take increased volume of waste<br>▪ Add secondary filtration to improve effluent quality<br>▪ Extend runway to accommodate bigger planes<br>▪ Widen road to meet new safety standard<br>▪ Upgrade jetty for bigger ships<br>▪ Build bigger seawall to accommodate rising sea levels | ▪ Extend water pipe network to new village<br>▪ New reticulated sewer system to replace septic tanks<br>▪ Convert power grid from diesel to solar<br>▪ Build new container port<br>▪ Build new seawall to accommodate rising sea levels |

**Status** Flag to identify if the project is ongoing (ON), has budget commitment for funding (CO) or is planned (PL) to be started within the next 4 years, i.e., is in the rolling budget.

**Island Serviced** This identifies who the main benefactor of the infrastructure is. A national hospital or university campus, while built on Rarotonga, benefits the entire nation and as such would be flagged as "Cook Islands". A study into the merits of a ferry service to the southern group of islands would be flagged "Southern Group". These data populate the information in **Table E.1**

| | |
|---|---|
| **Criticality** | Flag to identify higher criticality projects, namely those which<br>1. if delayed would pose an immediate risk to health and safety (P1), or<br>2. those deemed critical in addressing key economic risks, or necessary to complete an ongoing commitment (P2).<br>These flags form another input into the annual TVP prioritization process. |
| **Complexity** | Complex projects are typically large scale, with complex multi-year delivery schedules and/or are novel endeavors requiring significant technical assistance to deliver and maintain. An assigned complexity code (Category 4 and Category 5) was assigned to those projects the PCC determined to be of a complex nature and this should be taken into consideration when sequencing projects. |
| **Climate** | Flag to identify if the project has a climate resilience component and hence could obtain funding from the sources in **Appendix E** (refer **Table 3.11**). |

## 4.2 Establishment of Programs

One other lesson from the first NIIP was the need to move from basing the NIIP around one-off projects to programs, i.e., groupings of linked projects. Thus, we took the long-list of projects and group them into **infrastructure programs**. These programs have commonalities of:

- Sector (Energy, Ports, Buildings, etc.)
- Geographic location (Rarotonga, Southern Group, Northern Group, Aitutaki, etc.)
- Similarity in design brief and/or dependencies within the program

Moving to planning and implementing by program versus project assists also in building and retaining competency in by ensuring a consistent stream of work on a specific sector over a sustained period (anywhere between 2 to 7 years for any one program)

The tentative phasing of projects within the programs was based on an assessment of:

- the relative need of the project compared to others in the program;
- preparedness of the project; and
- an efficient sequencing of the projects taking advantage of geographic proximity, competency, etc.

It is anticipated that the phasing/sequencing of projects will be reviewed during the annual budget cycle.

Table 4.1 summarizes the core programs that form the 2021 updated NIIP along with a preliminary budget estimate based on a summation of the budgets for the underlying projects (included for the purpose of providing an indication of program scale).

Table 4.1: Programs in the 2021 National Infrastructure Investment Plan

| Program Name | Program Description | Agency | Budget |
|---|---|---|---|
| **Aitutaki Renewable Energy** | This program is the engineered to increase renewables penetration to reduce costs and improve the sustainability of power supply on Aitutaki. This project is intended to make Aitutaki's power supply the cheapest and most efficient in the country. | TMU | $7.0m |
| **Southern Water Security** | The aim is to make sure all in the Southern Group have access to clean running water. Works are schedule through to 2024 but the total program is likely to be longer and more intensive in efforts to achieve its aims. | ICI | $7.9m |
| **Rarotonga Water Security** | The goal of this program is to provide potable water to all households on Rarotonga. This includes capital works on sub- mains, dead legs as well as further remedial works on the mains. | TTV | $46.2m |
| **Rarotonga Cyclone Shelters** | The aim of this program is to provide shelter for those who require it during severe cyclones on Rarotonga. This is a high priority that will require significant preparatory work in evaluating the different options available and securing any land necessary to develop any new shelters. | CIIC/ICI | $30.3m |
| **Pa Enua Cyclone Shelters** | This program is designed to ensure that all people in the Pa Enua have adequate protection in time of severe cyclonic conditions, with significant works in the first few years of the NIIP to complete this mission. | ICI | $4.9m |
| **Rarotonga Sanitation Improvements** | The goal of this program is to develop have be the first step in a solution for the sustainable management of sewerage on Rarotonga, meeting future needs. This requires the development of a reticulate system with centralized treatment and requires complex negotiations with stakeholders in terms of managing effluent as well as the need to build capacity in a new sector for the country and lead agency. | TTV | $55.0m |
| **Northern Water Security** | The aim is to try and ensure sustainable water supply to the people of the North. This continues to be a challenge with increased weather variability due to climate change with further investment require in storage across the group. | ICI | $1.3m |

| Program Name | Program Description | Agency | Budget |
|---|---|---|---|
| **Northern Renewable Energy** | This program is designed to address remedial needs from the original implementation of Renewable energy and ensure a sustainable technological and financial solution is developed. | ICI | $5.0m |
| **Rarotonga Education Infrastructure** | This program is designed to upgrade education infrastructure across the country to meet current and future needs. The highest immediate priority is the renovation and expansion of the national high school, Tereora College. | MOE | $25m |
| **National Health Infrastructure** | This includes the relocation of the Public health, the Tupapa Outpatient clinic and the Dental Clinic as well as a new a new National Hospital. Plans are at the early stage and it is likely the complex land negotiations are required to secure land for facilities. | MOH | $76.2m |
| **Rarotonga Airport Upgrades** | The aim is to have an airport that is compliant to international standards and meets the country and the industry's future needs. There are two broad workstreams with the compliance works currently in progress and then on essential work around reconfiguring airport facilities likely pushed towards the end of the NIIP period. | MFEM | $67.1m |
| **National University Campus** | The purpose of the campus is to provide the country's first international campus in country as well as to develop and international tertiary educations sector to grow and diversify the economy. While a cost-benefit analysis has proven the potential of a project, and in-depth feasibility assessment is required before the project can proceed and be deemed viable. | MFEM | $12.7m |
| **Rarotonga Energy Upgrades** | The aim of TAU with this program is to provide reliable, sustainable, and affordable power to the people of Rarotonga. Renewable Energy, while providing several opportunities, also presents a few challenges. A significant amount of research and analysis is required in the early stages of NIIP period to ensure the sustainability of future investments in renewables technologies. | TAU | $36m |

| Program Name | Program Description | Agency | Budget |
|---|---|---|---|
| **National Coastal Protection** | This program is designed to protect key sections of coastline and infrastructure across the country. It should be noted that there may be other works identified in future that will be added to this program with greater fidelity on project and costs over the first 5 years. | ICI | $31m |
| **Northern Harbor Improvements** | The aim of this project is to strengthen the safety and utility of the harbor to improve marine connectivity of the Northern Group islands. This includes works across all the Northern Group islands. | ICI | $26.4m |
| **Southern Waste** | The intent is to ensure that there are sustainable and safe water storage facilities on the Southern Group to prevent long-term environmental damage and mitigate threats to the health and safety of those in the Southern Group. | ICI | $1.2m |
| **Northern Solid Waste** | This project is designed to ensure there are safe and sustainable solutions for solid-waste management in the Northern islands. | ICI | $1.0m |
| **Northern Airport Improvements** | The objective of this program is to upgrade airfields to provide greater aerial connectivity to the Northern Islands. | ICI | $19.7m |
| **Southern Airport Improvements** | The intent of works here is to allow larger aircraft to land on these islands in hopes to broaden the base of the tourism industry. | ICI | $13.4m |
| **Rarotonga Government Buildings** | This includes the proposal to build two major government complexes, the Te Atukura parliament/ministerial offices and the Vaikapuangi government office complex which will consolidate staff in more central facilities. | CIIC | $66.0m |
| **Rarotonga Township Enhancements** | This program has several elements from the upgrade of the Punanga Nui markets, walkways, and parking. These projects also include elements of climate resilience improvements. | ICI | $14.3m |
| **Aitutaki Airport Improvements** | This program focuses on upgrading Aitutaki Airport and ensuring compliance with international and regional safety standards. | | $3.2m |
| **Southern Harbor Improvements** | The intent driving this program is to upgrade Southern wharfs and harbors to improve safety and cater to new vessels. | ICI | $3.3m |

| Program Name | Program Description | Agency | Budget |
|---|---|---|---|
| **Southern Sanitation Improvements** | The objective of this program is to ensure sanitation and septic waste are managed safely and sustainable, protecting both people and the environment. The works focus on initial studies in most islands, with capital works likely to deal with growing issues in Aitutaki. | ICI | $5.3m |
| **Rarotonga Bridge Renewals** | This program is designed to ensure there is appropriate drainage to mitigate flooding and inundation that structurally impairs otherwise sound and safe bridges. | ICI | $18.5m |
| **Southern Government Buildings** | This program's objective is to ensure that government buildings in the Southern group are safe and fit for both their current and future purposes. | CIIC | $1.8m |
| **Southern Road Improvements** | The purpose of this program is to ensure roads of the Southern group islands are safe. | ICI | $5.0m |
| **Rarotonga Harbor Improvements** | The intent of this project is to future-proof Rarotonga's harbor, as well as to strengthen the harbor against the effects of severe weather resultant from climate change. | CIPA | $6.3m |
| **Northern Sanitation Improvements** | This program looks to first assess and the status of facilities in the north and then make strategic investments to upgrade the management of liquid waste to safeguard the health of the people and environment of the Northern islands. | ICI | $2.3m |
| **Northern Building Improvements** | As with the Southern buildings, the program's objective is to ensure that government buildings in the southern group are safe and fit for current and future purposes. | CIIC | $1.5m |
| **Rarotonga Road Reconstruction** | The objective with the Rarotonga Roading program is to have safe modern, high-quality roading around the entire island of Rarotonga. | ICI | $18.8m |
| **Aitutaki Harbor and Marina Improvements** | The purpose of this program is to ensure the viability of the functions of the Aitutaki port and enhance the surrounding area as a hub for economic activity. In the first instance this means the dredging of the passage and harbor entrance scheduled early on, with the marina works to follow. | CIPA/CIIC | $14.8m |

CIIC=Cook Islands Investment Corporation, CIPA=Cook Islands Ports Authority , ICI=Infrastructure Cook Islands

Source: List of 'programs' (grouping of similar projects) identified by NIIP team during interviews and project capture (Appendix A).

### 4.2.1 Prioritization of Programs

All programs were then prioritized utilizing the multi-criteria analysis (MCA) from the Cook Islands Te Tarai Vaka Process (TVP), in Tables 4.3 and 4.4. The TVP prioritization process first looks at the relative **BENEFIT** of each program against the following four evaluation criteria (see Table 4.2):

1. Scope (how many people would be impacted) (25%)
2. Economic benefits (30%)
3. Environmental and climate resilience benefits (25%)
4. Social benefits (20%)

Table 4.2: Multi-Criteria Analysis Benefit Evaluation Criteria from Te Tarai Vaka Process

| | |
|---|---|
| **Scope (25%)** | |
| **1** | Target population is less than 500. |
| **2** | The activity impacts between 500–1,500 people. |
| **3** | The activity impacts 1,500–2,500 people. |
| **4** | Impacts 1,500–10,000 or a target population such as women, children, elderly, disabled, or disadvantaged groups. |
| **5** | Nationwide impacts. |
| **Economic Risk/Benefit (30%)** | |
| **-3** | Significant upfront costs as well as sustained ongoing expenses with no recourse for cost recovery. |
| **-2** | Upfront costs and sustained ongoing expenses, with some cost recovery. |
| **-1** | One-off upfront cost, plus repairs and maintenance, little or no cost recovery. |
| **1** | One-off negative cost, minimal cost recovery. |
| **2** | Cost-neutral, most costs can be recovered. |
| **3** | Positive return on investment but less than commercial rate. |
| **4** | The return on investment will result in a commercial rate of return. |
| **5** | Will result in an increase of more than 2% of GDP. |
| **Environmental Risk/Benefit (25%)** | |
| **-5** | Severe widespread negative impact, irreversible. |
| **-4** | Severe negative impact, irreversible. |
| **-3** | Severe negative impact, generational recovery period. |
| **-2** | Severe negative impact, significant time and cost to rehabilitate. |
| **-1** | Severe negative impact. |
| **1** | Moderate negative impact. |

| | |
|---|---|
| **2** | Mild negative impact. |
| **3** | Neutral environmental risks/benefits. |
| **4** | Indirect benefits that improve environment. |
| **5** | Significant improvement of environment or risk mitigation/increased resilience to climate change impacts. |
| **Social Risk/Benefit (20%)** | |
| **-5** | Severe negative national impact, irreversible. |
| **-4** | Severe negative generational impacts. |
| **-3** | Severe negative impact, over the long term (10+ years). |
| **-2** | Severe negative impact, over the midterm (5+ years). |
| **-1** | Severe negative impact, localized or temporary. |
| **1** | Moderate negative impact. |
| **2** | Mild negative impact. |
| **3** | Neutral social risks/benefits. |
| **4** | Indirect benefits that improve or save lives. |
| **5** | Significant improvement of lifestyle or risk mitigation/improvements for disadvantaged groups. |

Source: Extract of prioritization weightings in Cook Islands project management framework (Te Tarai Vaka Process)

The benefit scores (**Table 4.4**) typically ranked highest programs related to public health, environmental sustainability and education as these programs provide the greatest benefit when scored against the criteria above. However, it is important to note that the various programs have different dependencies and gestation periods which can impact the timeliness of their implementation.

The second step in the prioritization process was to assess the relative **SCALE** of the program (size and complexity) against the following three evaluation criteria:

1. Cost of Infrastructure (30%)
2. Complexity of the Projects (35%)
3. Sustainability (capacity to operate and maintain) (35%)

Table 4.3: Multi-Criteria Analysis Program Scale Evaluation Criteria from Te Tarai Vaka Process

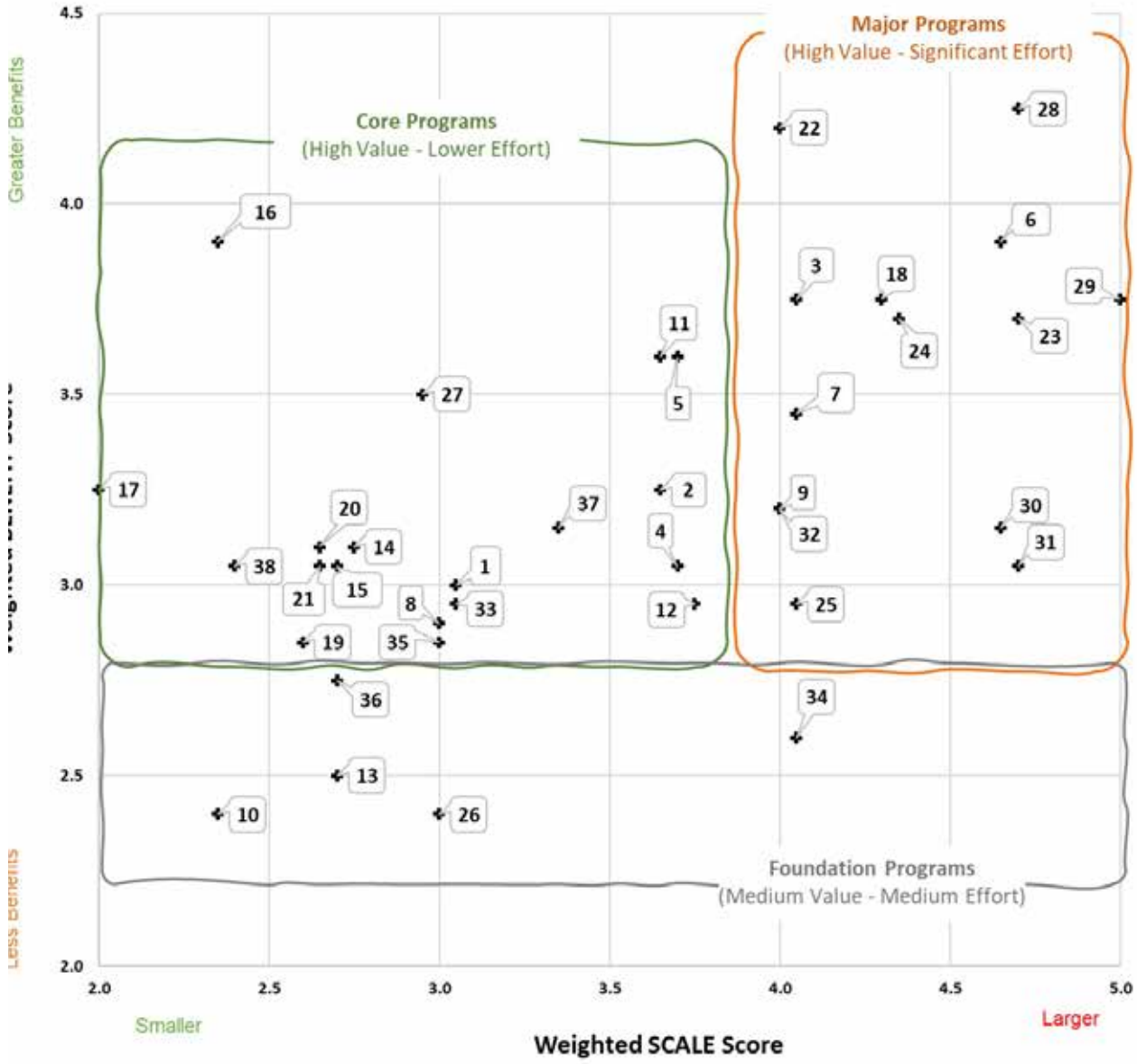
| | |
|---|---|
| **Cost (30%)** | |
| 1 | $400,000 or less |
| 2 | $400,000–$5 million |
| 3 | $5 million–$15 million |
| 4 | $15 million–$40 million |
| 5 | Above $40 million |
| **Complexity (35%)** | |
| 1 | The activity can be easily implemented within the year with little or no additional inputs |
| 2 | Requires short term TA (within the year) but little recurring assistance |
| 3 | The activity will require expertise and TA over a 2-year period. |
| 4 | Multi-year activity with up to two permanent staff added. |
| 5 | Multi-year activity, permanent staff added, and multiple contracts and/or project management unit required. |
| **Sustainability (35%)** | |
| 1 | No recurring impacts beyond the financial year. |
| 2 | There is an additional workload that can be taken by current capacity or a small increase in OPEX (i.e. < 20% up to 2 years). |
| 3 | There is a need to recruit additional resources, between 20%–50% of agency's operating budget for up to 3 years. |
| 4 | Requires foreign TA and has ongoing budgetary implications beyond what is currently allocated. |
| 5 | High TA component, large cost, and will result in significant, long-lasting change. |

Source: Adapted from prioritization weightings in Cook Islands project management framework (Te Tarai Vaka Process)

After the TVP prioritization process was applied, the list was presented to a broad-based stakeholder workshop for review on 26 March 2021 and subsequently to the Infrastructure Committee for endorsement of both the prioritization process followed and the resultant outcome.

Figure 4.3 is a typical quadrant plot used to help prioritize and group MCA ranked initiatives. These benefit-scale (or impact-effort) axis scale plots are common, and it is a concept familiar to the Cook Islands through its TVP process.

Figure 4.3 Quadrant Presentation of Program Priorities (refer Table 4.7 for IDs)




Source: Author

In the top right quadrant, we have what are typically referred to as the "Major Programs", i.e., those which are often costly and complex but return the greatest benefits. These are the programs that require a lot of upfront planning and economic analysis of options. In the quadrant to the left are the "Core Programs", sometimes called quick-win opportunities, which are smaller in scale but have the potential of delivering relatively high benefits. This quadrant display is a useful way to conduct a "sanity check" of the prioritization process.

When it comes to sequencing the underlying projects, it will be necessary to review the above prioritization each year as Project Concept Notes are developed and there is a greater understanding of budgets' thresholds and scope. It is important to note that this is only one tool to help sequence and prioritize projects across programs, as there will also be physical constraints and dependencies to consider; for example, for the high-ranking Health Infrastructure Program (#6), there are currently no concept notes or preliminary plans in existence, and land has yet to be identified for the relocation of the Dental Clinic and Outpatients buildings. These factors will impact the scheduling of construction and need to be considered along with the relative priority of the program.

Table 4.4: Final List of National Infrastructure Investment Plan Programs

| ID* | Program Name | Sector | Budget ($ million) | Scale Score | Benefit Score |
|---|---|---|---|---|---|
| MAJOR PROGRAMS (High Value – Significant Effort) | | | | | |
| 22 | Rarotonga Education Infrastructure Program | Education | 25.0 | 4.00 | 4.20 |
| 28 | Rarotonga Sanitation Improvements | Sanitation | 55.0 | 4.70 | 4.25 |
| 3 | Aitutaki Renewable Energy Program | Energy | 7.0 | 4.05 | 3.75 |
| 6 | National Health Infrastructure Program | Health | 76.2 | 4.65 | 3.90 |
| 18 | Rarotonga Airport Upgrades | Air | 67.1 | 4.30 | 3.75 |
| 24 | Rarotonga Government Buildings | Buildings | 66.0 | 4.35 | 3.70 |
| 23 | Rarotonga Energy Upgrades | Energy | 36.1 | 4.70 | 3.70 |
| 29 | Rarotonga Solid Waste Management Program | Waste | 6.4 | 5.00 | 3.75 |
| 7 | National Tertiary Campus Improvements | Education | 12.7 | 4.05 | 3.45 |
| 9 | Northern Airport Improvements | Air | 19.7 | 4.00 | 3.20 |
| 32 | Southern Airport Improvements | Air | 13.4 | 4.00 | 3.20 |
| 30 | Rarotonga Township Enhancements | Municipal | 16.3 | 4.65 | 3.15 |
| 25 | Rarotonga Harbor Improvements | Marine | 6.3 | 4.05 | 2.95 |
| 31 | Rarotonga Water Security Program | Water | 46.2 | 4.70 | 3.05 |
| CORE PROGRAMS (High Value – Medium Effort) | | | | | |
| 16 | Pa Enua Cyclone Shelter Program | Buildings | 4.9 | 2.35 | 3.90 |
| 27 | Rarotonga Road Reconstruction Program | Road | 18.8 | 2.95 | 3.50 |
| 17 | Pukapuka Harbor Improvements | Marine | 4.4 | 2.00 | 3.25 |
| 11 | Northern Harbor Improvements | Marine | 26.4 | 3.65 | 3.60 |
| 5 | National Coastal Protection Program | Coastal | 31.0 | 3.70 | 3.60 |

| ID* | Program Name | Sector | Budget ($ million) | Scale Score | Benefit Score |
|---|---|---|---|---|---|
| 38 | Southern Water Security Program | Water | 7.9 | 2.40 | 3.05 |
| 20 | Rarotonga Buildings Program | Buildings | 11.0 | 2.65 | 3.10 |
| 14 | Northern Solid Waste Program | Waste | 0.1 | 2.75 | 3.10 |
| 21 | Rarotonga Cyclone Shelter Program | Buildings | 30.3 | 2.65 | 3.05 |
| 15 | Northern Water Security Program | Water | 1.3 | 2.70 | 3.05 |
| 2 | Aitutaki Harbor and Marina Improvements | Marine | 14.8 | 3.65 | 3.25 |
| 37 | Southern Solid Waste Management Program | Waste | 0.2 | 3.35 | 3.15 |
| 1 | Aitutaki Airport Improvements | Air | 3.2 | 3.05 | 3.00 |
| 19 | Rarotonga Bridge Renewals | Road | 18.5 | 2.60 | 2.85 |
| 33 | Southern Harbor Improvements | Marine | 3.3 | 3.05 | 2.95 |
| 8 | National Vessel Program | Marine | 10.0 | 3.00 | 2.90 |
| 4 | Aitutaki Water Security Program | Water | 10.7 | 3.70 | 3.05 |
| 35 | Southern Road Improvement Program | Road | 5.0 | 3.00 | 2.85 |
| 12 | Northern Renewable Energy Program | Energy | 5.0 | 3.75 | 2.95 |
| FOUNDATION PROGRAMS (Medium Value – Medium Effort) | | | | | |
| 36 | Southern Sanitation Improvements | Sanitation | 5.3 | 2.70 | 2.75 |
| 13 | Northern Sanitation Improvements | Sanitation | 3.2 | 2.70 | 2.50 |
| 10 | Northern Building Improvements | Buildings | 1.5 | 2.35 | 2.40 |
| 26 | Rarotonga Road Improvements | Road | 5.4 | 3.00 | 2.40 |
| 34 | Southern ICT Connectivity | ICT | 11.7 | 4.05 | 2.60 |

Note : The ID is used to display the project on the Benefit-Scale quadrant plot (Figure 4.5)

Source: Output from NIIP prioritization workshop and subsequent review by CIIC and Infrastructure Committee

# Section 5: Funding Strategy

This section provides and overview of sources of infrastructure funding available to the Cook Islands government and provides a commentary on the economic implications of the infrastructure investment levels proposed in the NIIP.

## 5.1 Sources of Funding

Potential funding sources for the Cook Islands' capital investment in economic and social infrastructure include:

- financing by Government from domestic revenues (referred to as CAPEX in the Cook Islands);
- concessional borrowing by Government, applied directly or on-lent to SOEs;
- self-financing by SOEs, using cash reserves or commercial loans;
- ODA, in the form of grants from development partners; and
- financing by the private sector, in the form of domestic, foreign private investment or public-private partnerships.

From our assessment of projects in the 2015 release of the NIIP, and the current economic climate (Section 2.2), it is apparent that the bulk of investment for projects in the 2021 NIIP will need to be financed from ODA (grants from development partners) and that CAPEX thresholds will need to be set to ensure government maintains fiscally responsible debt levels. Because ODA levels are difficult to forecast over a period of 10 years, implementation of the NIIP will need to be monitored and adjusted should ODA fall consistently below (or above) projected levels. Capacity in relation to each of these potential funding sources is summarized below.

### Financing by Government

Financing by Government from domestic revenues (CAPEX) funds smaller capital investment projects and agreed Government contributions to larger projects financed through ODA or concessional loans. The Capital Plan (Budget Book 3) presented with the CIG Budget Estimates for 2020/21 shows an average annual provision for CAPEX over the period 2018/19 to 2023/24 of $33.4 million. This provision covers all sectors, with economic and social infrastructure accounting for the majority.

### Concessional borrowing (and fiscal responsibilities)

In the wake of the COVID-19 pandemic, the government has been forced to depart from existing principles of fiscal management until the economy has recovered from the impact of the pandemic. In 2020, the government negotiated two new loans from the ADB COVID-19 Pandemic Response Option loan facility worth $30.41 million and $29.94 million. The two COVID-19 Pandemic Response Option loans were required to fund the Economic Recovery Plan and were to be fully drawn during FY2020/21.

Government borrowing has historically been subject to the fiscal responsibility and transparency processes provided for in the MFEM Act 1995/96. Two important fiscal responsibility ratios are set in relation to Government borrowing:

- Firstly, net debt should be maintained at a level **below 35% of GDP**.[5] Net debt currently stands at just over 40% of GDP in 2020/21, largely because of the reduction in GDP attributable to the impact of COVID-19, requiring the Government of the Cook Islands to draw on its Stabilisation Account to fund its Economic Response Plan.
- The second fiscal responsibility ratio in relation to Government borrowing requires that net debt servicing should **not exceed 5% of Government revenue**. This ratio stands at 8.6% in 2020/21 is projected to continue to exceed the 5% threshold in the medium term. It is then projected to remain above the 5% threshold until beyond 2030/31 (the end of the 10-year time frame of the NIIP).

Government is currently discussing the possibility of an additional $200 million loan with the New Zealand Government, with the proceeds intended to be primarily for infrastructure, and is likely to seek additional financing, despite historic principles of fiscal management, as a way of helping the economy recover from the extraordinary economic impacts of the COVID-19 pandemic.

## Overseas development assistance

ODA is estimated to contribute $136.1 million to Cook Islands development activities over the 5-year period 2019/20 to 2023/24.[6] Of this, just over $48.8 million (or an average of just over $9.8 million per annum over this period) relates to economic infrastructure. In particular, Cook Islands received $25.2 million in ODA support towards COVID-19 relief in 2020. This information refers to ODA allocations, while expenditure performance against allocations has been low in earlier years due to issues with implementation capacity. Support to investment in economic infrastructure from development partners is currently at historically high levels, with the major development partner (New Zealand) contributing special assistance over and above normal bilateral allocations to fast-track important investments in renewable energy and water and sanitation.

It is difficult to predict the level of ODA receipts over the NIIP's 10-year timeframe and the relative share that will be allocated to economic and social infrastructure. Cook Islands does have a narrower range of major development partners than other Pacific Island countries, due in part to its constitutional status and in part to its high level of per capita GDP. It is likely that grants from its major development partner, New Zealand, will return to pre-COVID levels in coming years (with economic and social infrastructure competing for a share of an annual allocation of around $14 million, plus an additional $2 million managed on behalf of Australia), though one-off assistance outside the agreed bilateral allocation may still be available in special cases.

In relation to future ODA, even though Cook Islands has graduated they are still eligible under the 11th European Development Fund (EDF11). Cook Islands received $2 million in FY2020/21 from the EDF11 funding cycle for upgrading commercial facility sewage systems on Aitutaki and Rarotonga to be implemented by MFEM's Major Projects and Procurement support division. Moreover, additional funding on climate adaptation and disaster risk reduction can be expected from other EU budget lines. The Global Climate Change Alliance Plus is an example of how Cook Islands is benefitting and could further benefit from EU funding, specifically in the improvement of the marine research center in Aitutaki. The Sustainable Fisheries Partnership Agreement funded by the European Commission has given roughly EUR1 million to support the Ministry of Marine Resources Budget Appropriations and Business Plan to date.[7] The EU's 12th EDF is expected to run from 2021 to 2027.

*5 The IMF recommended threshold of sustainable debt is 40% of GDP.*

*6 "2021-2025 Budget Book," Ministry of Finance, 16 December 2020, Table 7-1*

*7 "2020/21 Half-Year Economic and Fiscal Update," Ministry of Finance, 16 December 2020, p. 102.*

Experience in other Pacific Island countries suggests that the role of non-traditional donors and newer international financial institutions (China EXIM Bank and AIIB, for example) is growing and new aid modalities are emerging that can change investment prospects dramatically. As an example, the Pacific Aviation Investment Project has allowed the investment needs of several countries in the aviation sector to be addressed.

Included within the ODA estimates set out above is funding for climate change adaptation, managed by the Office of the Prime Minister and including funding from the Global Environment Facility and the United Nations Adaptation Fund. Optimal use of climate change adaptation funding available from development partners has the potential to contribute significantly to NIIP investments.

As a working assumption for planning purposes, it is assumed that over the 10-year timeframe of the NIIP (2021–2031) ODA will contribute an average of $5.3 million per annum for economic and social infrastructure.

## Self-financing by SOEs and the Private Sector

Substantial self-financing from SOEs is not anticipated in the priority projects, as their revenues and budgets have also been impacted by the economic crisis associated with COVID-19 and it is expected that Government will more readily have direct access to concessional lending and grant funding for such priority projects. An exception could be projects implemented by TAU, which can fund a portion of its investments through own-revenues derived from user fees (tariffs).

Projects financed purely from private sources are not included in the NIIP priority investment program, nor are the priority projects expected to lend themselves to possible public-private partnership modalities.

## Climate Financing

Climate financing is available to Pacific Island countries to assist in meeting the significant short-term costs of transitioning to a low-carbon, climate-resilient nation. The provision of climate finance is enshrined in the United Nations Framework Convention on Climate Change (UNFCCC), with Article 4 of the UNFCCC Convention stating that developed countries should assist developing countries with financial resources to meet their climate change obligations.[8] Further, Article 9(1) of the Paris Agreement, states that "developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention." These funds are managed by several multilateral and bilateral institutions.[9]

In the last decade, the Cook Islands has been successful with the application and recruitment of funding from development partners, from ADB to the Global Climate Fund. The Government has dedicated considerable resources over the last few years to improving access to the various funds, in particular the Development Coordination Division at the MFEM, and the CCCI office are working in partnership to access climate finance.

The absorptive capacity of the Cook Islands government (and domestic contractors), while showing evidence of improving over time, does not yet match its funding for capital projects, with the lowest underspend of the capital budget being approximately 25% (at its worst it was at above 65%).

**Table 3.11** lists the priority projects related to climate adaptation and disaster risk resilience which could potentially be funded from the sources outlined in **Appendix E**.

8 *OECD - Financing climate change action*

9 *See Appendix E for a table of the various change funds, and associated modalities*

## 5.2 Programs Identified for Near-Term ODA

The programs shown in Table 5.1 have been identified by the NIIP project team as being of potential interest to ODA entities as they align with common investment priorities (tabled below in no particular order).

Table 5.1: Priority Candidates for Overseas Development Assistance Funding

| Investment Program | Drivers | Agency |
|---|---|---|
| **Southern Water Security Program** | A range of water storage and reticulation programs for the islands of Aitutaki, Atiu, Mangaia, and Mitiaro required to secure on going water storage and availability for the population. | ICI |
| **Pa Enua Cyclone Shelters** | Cyclone shelter structures required in Rakahanga and Nasau. Penrhyn island shelter presently under contract and Manihiki requires major renovations. | ICI |
| **Northern Water Security Program** | Northern Community Water Tank Rehabilitation. This project sits across the five islands of the northern group and is required to secure on going water storage and availability for the population. | ICI |
| **Rarotonga Airport Upgrades** | Includes three high priority projects covering runway repairs, airport cyclone protection works, and the eastern end safety area. Rarotonga International Airport is the gateway to the Cook Islands and the economic multiplier providing access for the vital tourism industry along with travel connections to the world. The runway repair project has been started and is continuing. | AACI |
| **National Coastal Protection** | A wide range of projects across all islands across the Cook Islands that include coastal management and mitigation on the main island Rarotonga, Pa Enua and Northern Group coastal erosion and protection. | ICI |
| **Northern Harbor Improvements** | Basic-to-poor harbors currently restrict straightforward access to some Northern islands resulting in many miscellaneous infrastructure projects being delayed. Works at Nassau, Penrhyn, Puka Puka, Rakahanga, and Manihiki could be coordinated and grouped together. | ICI |
| **Rarotonga Sanitation Improvements** | Related projects to improve the wastewater collection and treatment in Rarotonga with a focus initially on the Miri township area. | MFEM |
| **Rarotonga Government Buildings** | Includes two significant government buildings. The Vaikapuangi Government Complex will consolidate 22 government agencies and statutory entities, and approximately 500 employees in a three-storey government center in central Avarua. | CIIC |

| Investment Program | Drivers | Agency |
|---|---|---|
| **Rarotonga Bridge Renewals** | Includes two high-priority main road bridge replacements. Due to an increase in heavy traffic and the overweight nature of many of the trucks with minimal or no legal controls of enforcement, the older bridge structures pose a public safety risk due to identified structural deficiencies and require replacement. | ICI |
| **Rarotonga Harbor Improvements** | Includes two high-priority projects covering Avatiu harbor entrance widening and eastern breakwater. Offering the only deep-water harbor for the Cook Islands, where 95% of cargo enters the country, the Avatiu harbor is considered an important gateway infrastructure facility. | CIPA |
| **Rarotonga Solid Waste Management** | Includes three studies and two high-priority projects to deliver a solid waste incinerator and recycling transfer station. Rarotonga's landfill has reached capacity and more modern means of the treatment of rubbish is required. The incinerator project however could, in conjunction with a modern recycling transfer station overcome Rarotonga's rubbish disposal needs for many years. | ICI |
| **Aitutaki Airport Improvements** | This program relates to the protection of the airfield on its northeastern corner to meet International Civil Aviation Organization international aviation requirements. | ICI |

CIIC=Cook Islands Investment Corporation, ICI=Infrastructure Cook Islands, CIPA=Cook Islands Ports Authority, MFEM=Ministry of Finance and Economic Management

Source: Based on a review of key programs against climate change fund objectives (Appendix C)

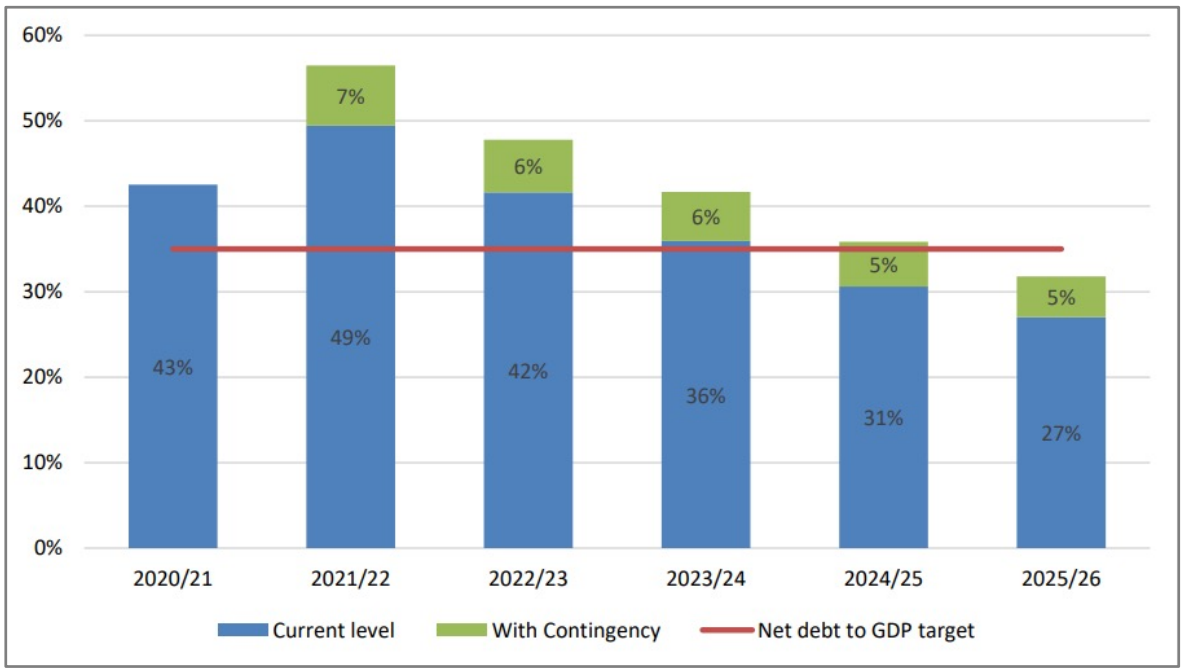
## 5.3 Fiscal Space for Prioritized Infrastructure Projects

The unprecedented economic fallout from the COVID-19 pandemic has reduced fiscal space for infrastructure projects and is expected to have a lasting impact in the medium term. It has had a sharp negative impact on government revenue. From 2018/19 to 2019/20, revenue fell by 7.8%, largely driven by the onset of the pandemic in the last two quarters of FY2019/20. Prior to the onset of the pandemic in 2018/2019, the Cook Islands' net debt was 17% of GDP, well under the net debt rule of 35% of GDP. To cope with the pandemic, the CIG took on three loans from ADB and AIIB to finance its Economic Recovery Plan. Net Crown Debt has more than doubled over the past 2 years, increasing from $86.3 million to $166.2 million (2020/21).

Government has fully drawn down on the AIIB loan ($60.4 million), resulting in a temporary departure from its fiscal anchor (net debt-to-GDP of 35%). Government also expects to borrow an additional $71.2 million between 2021/22 to 2023/24 to cover ongoing fiscal deficits. Net debt-to-GDP is expected to reach 42.5% in 2020/21, peak at 49.4% in 2021/22, and slowly decline to be within the hard cap of 35% by 2024/25[10] as large projects such as TMV are completed, and assuming new large projects are deferred as shown in Figure 5.1.

*10 2021-2025 Budget Book, MFEM (p.196)*

Figure 5.1: Net Debt-to-Gross Domestic Product Projections (without debt financing)




Source: 2021-25 Budget Book, MFEM, (Figure 11-1, p.196)

New projects requiring additional financing under the NIIP will likely prolong Government's departure from its fiscal rules. At the same time, Government recognizes potential positive returns from infrastructure investment and its ability to stimulate the economy post-COVID. Government will assess any proposal to take on new loans within the context of its entire budget, the Crown's ability to service debt payments, donor prudential requirements, and international best practice.[11]

## 5.4 Financing the Prioritized Infrastructure Programs

### 5.4.1 Capital Expenditure and Thresholds

Capital investment requirements for economic infrastructure were derived from projects ongoing or committed at the commencement of the plan period, high-priority proposed projects of strategic importance that can be accommodated within the level of funding availability assumed for the NIIP, an allowance for smaller projects below the capital cost threshold set for the NIIP, and provision for any additional investments for climate-proofing. The total (unconstrained) capital investment budget for all projects in the NIIP (2021) is summarized in Table 5.2:

Table 5.2: National Infrastructure Investment Plan 10-Year Capital Investment Requirements (2021/22 to 2030/31)

| Component | 10-year Capital Budget |
|---|---|
| Major Programs | $391 million |
| Core Programs | $147 million |
| Foundational Programs | $79 million |
| **10-year capital investment** | **$617 million** |

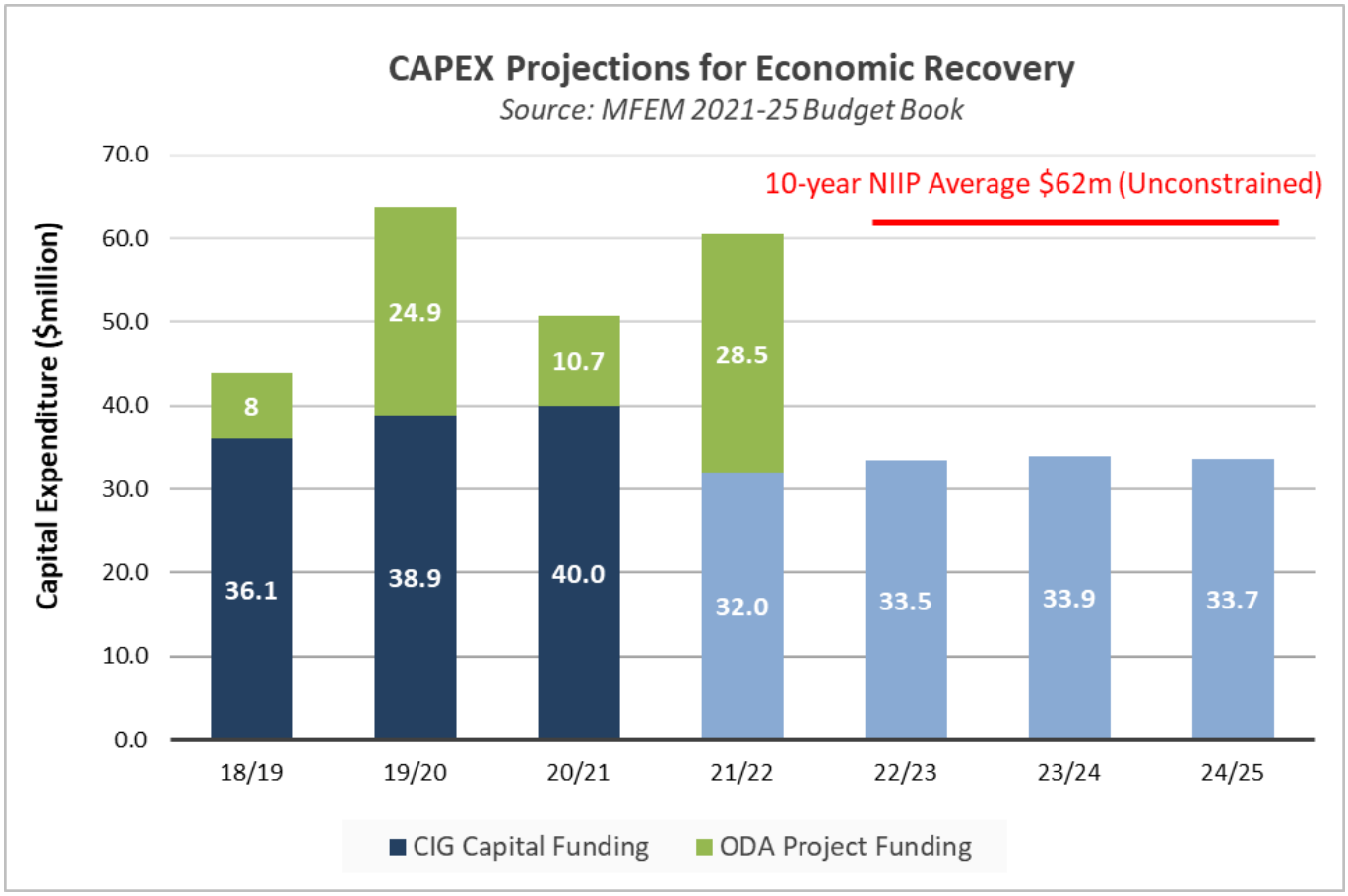
Source: Author

11 *2020/21 Half-Year Economic and Fiscal Update, Ministry of Finance, 16 December 2020, p. 21.*

Most of the proposed projects included in the NIIP are at an early stage of development, and this has implications for the accuracy of costings. As projects are further developed, costings will need to be refined to ensure that they reflect whole of life costs; allowing for concept development and planning, detailed design and documentation, construction or supply, contract supervision, operation and maintenance, and disposal or decommissioning.

The possible phasing of this capital expenditure over the 10-year plan period is set out in the supporting analysis sheet provided as part of the NIIP but ultimately it will be up to the Infrastructure Committee to work within the fiscally responsible CAPEX thresholds set by MFEM. Figure 5.2 shows the gap between the projected CAPEX thresholds set by MFEM in its 2021–25 Budget (Table 9.1, p.175) and the 10-year average expenditure ($61.7m) of all NIIP programs.

Figure 5.2: Capital Expenditure Projections (COVID-19 recovery)




Source: Data from Table 9.1, 2021-25 Budget Book, MFEM, (p. 175)

The adoption of an assumption for planning purposes in relation to the availability of CAPEX funding for the NIIP allows a cut-off point to be established for inclusion of proposed projects in the priority investment program, drawing on the project scores and rankings provided by the multi-criteria analysis. As discussed in Section 4, the prioritization of underlying projects will also be carried out annually by PCC/Infrastructure Committee for a 4-year rolling time horizon to match the budget thresholds set by MFEM.

### 5.4.2 Operation and Maintenance (OPEX)

The development of new infrastructure also results in an associated increase in the governments ongoing operational and maintenance costs. For infrastructure belonging to SOEs (e.g., Airport and Energy sectors), these costs can be covered through increased fees and charges or an expanded customer base. This is more difficult for public infrastructure such as roads and bridges. Responsibilities flow to the entities owning infrastructure assets, as summarized in Table 5.3.

Table 5.3: Infrastructure Maintenance Responsibilities

| Sub-sector | Responsibility for infrastructure maintenance |
|---|---|
| **Air Transport** | CIAA for Rarotonga and Aitutaki<br>Island Governments for outer islands, with technical support from ICI and CIAA |
| **Marine Transport** | CIPA for Rarotonga and Aitutaki<br>Island Governments for outer islands, with technical support from ICI and CIPA |
| **Road Transport** | ICI for Rarotonga<br>Island Governments for other islands |
| **Water** | ICI for Rarotonga<br>Island Governments for other islands |
| **Sanitation** | ICI for Rarotonga<br>Island Governments for other islands |
| **Solid Waste** | ICI (Water and Sanitation Program Unit) for Rarotonga<br>Island Governments for other islands |
| **Energy** | TAU for Rarotonga<br>Island Governments for other islands, with technical support from ICI and TAU |
| **Communications** | Private sector (TCI, part owned by CIG) |
| **Multi-sector** | ICI for Rarotonga<br>Island Governments for other islands |
| **Buildings** | CIIC for Government buildings |
| **Education** | CIIC for Government schools<br>Churches and other organizations for private schools |
| **Health** | CIIC |

CIIC=Cook Islands Investment Corporation, ICI=Infrastructure Cook Islands, CIAA=Cook Islands Airports Authority, TAU=Te Aponga Uira (power company)

Source: Author

As a general rule of thumb, annual maintenance expenditure for infrastructure can range from 5%–10% of the asset replacement cost, with passive infrastructure (e.g., roads) generally at the lower end of this range and active mechanical/electrical assets at the higher end (e.g., water pump stations, treatment plants).

An alternative approach to assess the maintenance burden from new infrastructure is to express it as a percentage of governments' total annual budget or as a percentage of GDP. Table 5.4 summarizes an assessment of these figures from a 2013 study:

Table 5.4: Maintenance Expenditure as Percentage of Annual Budget/Gross Domestic Product

| | GDP | Maintenance Requirement | Government Budget Sector Revenue and Grants, excluding Donor Contribution | Financial Year of Data | Maintenance as % of Total Budget Revenue | % |
|---|---|---|---|---|---|---|
| **Fiji** | FJD | 6,827.0 | 211.6 | 1,529.0 | 2010 | **13.8** |
| **Papua New Guinea** | KIN | 29,841.5 | 925.1 | 8,279.9 | 2011 | **11.2** |
| **Solomon Islands** | SBD | 6,404.4 | 198.5 | 2,233.0 | 2011 | **8.9** |
| **Vanuatu** | VTM | 69,613.3 | 2,158.0 | 12,850.0 | 2011 | **16.8** |
| **Cook Islands** | NZD | 348.2 | 10.8 | 126.44 | 2009 | **8.5** |
| **Niue** | NZD | n/a | n/a | 19.5 | 2005 | **-** |
| **Samoa (Budget)** | WST | 1,545.5 | 47.9 | 489.5 | 2012 | **9.8** |
| **Tonga** | TOP | 783.3 | 24.3 | 151 | 2011 | **16.1** |
| **Tuvalu[3]** | AUD | 35.5 | 1.1 | 18 | 2010 | **6.1** |
| **Federated States of Micronesia (National)** | USD | 318.5 | 9.9 | 37.6 | 2011 | **26.3** |
| **Kiribati** | AUD | 176.7 | 5.5 | 77.9 | 2010 | **7.0** |
| **Marshall Islands** | USD | 189 | 5.9 | 52.2 | 2010 | **11.2** |
| **Nauru[4]** | AUD | 69.5 | 2.2 | 23.8 | 2011 | **9.1** |
| **Palau** | USD | 228.7 | 7.1 | 47.7 | 2010 | **14.9** |

Source: Infrastructure Maintenance in the Pacific: Challenging the Build-Neglect-Rebuild Paradigm (PRIF 2013).

Estimates of the current level of maintenance spending should also be viewed with caution, as maintenance spending is not always itemized clearly in Government and SOE accounts, and some maintenance accounts only capture goods and services applied to maintenance and ignore other costs such as the labor input. The available data reveal that while the current aggregate level of maintenance spending appears reasonable in comparison with the existing asset base, maintenance spending for transport infrastructure (air, marine, and road) appears low.

Noting again the limitations of the data in relation to the existing asset base and the current level of spending on maintenance, it is evident that the NIIP investment program will have a large impact on both the infrastructure asset base and the annual maintenance task over a 10-year period.

## 5.5 Recommendations

### Greater Focus on Economic Returns

Given the fiscal impact of funding the full NIIP program (above), it is unlikely that the Cook Islands government will be able to fund these loans and stay within its fiscal constraints unless it experiences high rates of GDP growth or substantially increases domestic revenue. It may therefore be more prudent to focus on obtaining additional concessional financing for priority projects or to place a greater priority on projects with the highest economic returns. What this could mean in practice is focusing on projects which:

1. look to stimulate economic growth;
2. utilize local contractors (as opposed to importing foreign firms); and
3. focus on Rarotonga (where there is the greatest latent capacity as well as the lowest cost of business as opposed to completing projects in the “Pa Enua”).

For example, projects like Rarotonga Roads (which rated low in in the MCA) would likely move up the list if they were to use local contractors. In terms of economic diversification, projects like Northern and Southern Airports sit alongside the national tertiary campus as opportunities. Also, educational infrastructure (national campus), which on the surface may not be seen to be contribute directly to economic growth, is in fact the pre-requisite for long term economic growth and one of if not the greatest determinant of a country’s long-term prospects.

### Consideration of OPEX Costs

Given the current debt-to-GDP ratio, it will also be useful for Government to have a more granular understanding of OPEX requirements associated with new infrastructure, especially given the predominance of public sector funding. It is our understanding that whereas MFEM has a rule of thumb for estimating OPEX requirements, in practice the rule is not used and OPEX is not always budgeted. As OPEX is often underestimated when planning infrastructure projects, for future iterations of the NIIP may consider sector-specific or even project specific OPEX estimates. Such estimates, if even at a high level, will help to ensure adequate availability of funding for OPEX.

# Section 6: Managing Infrastructure Delivery

This section describes the ongoing processes which support the delivery of the NIIP infrastructure projects. It provides recommendations for the ongoing development of government's capability and capacity to deliver projects and the frameworks which support this objective.

## 6.1 Governance (Roles and Responsibilities)

### 6.1.1 Government Agencies

The Cook Islands has a number of agencies that are involved in infrastructure planning, delivery, and maintenance (**Table 1.2**). The primary entities responsible for capital infrastructure implementation are:

- Cook Islands Investment Corporation (government assets and enterprises including buildings)
- Infrastructure Cook Islands (ICI, civil works)
- MFEM - for Major Project and Procurement Support (MPPS)
- To Tatou Vai (TTV, water and likely sanitation)
- Te Aponga Uira (TAU, energy Infrastructure on Rarotonga)
- Te Mana O Uira (TMU, energy infrastructure on Aitutaki)
- Airport Authority (Rarotonga and Aitutaki Airports)
- Ports Authority (Rarotonga and Aitutaki Ports)
- Avaroa Cable Limited (fiber-optic submarine cable)

Of the above agencies it is primarily CIIC (government buildings), ICI (civil works), and MFEM (MPPS) that implement infrastructure on behalf of other agencies. The other agencies that are key to infrastructure projects (but not implementing) infrastructure in this country include:

- Ministry of Health (Te Marae Ora)
- Ministry of Education
- The Office of the Prime Minister
- Ministry of Transport
- Ministry of Internal Affairs

The NIIP and the programs set out provide the overall framework for the implementation of infrastructure in the next 10 plus years. The TVP and annual budget process, inclusive of its 4-year forecast, will determine the detail of which project, and parts of projects, will be funded in any particular year.

## 6.1.2 Key Infrastructure Delivery Responsibilities

### The Infrastructure Committee

Management of an effective and efficient capital investment program requires adequate vetting and review of project proposals, with continuing oversight of projects through to implementation and handover. The Infrastructure Committee is an integral component of the review process, bringing together both government and private sector expertise to provide review and oversight of capital proposals and projects.

The Infrastructure Committee is established to focus on the alignment of capital investment to the NIIP and the delivery of all infrastructure projects, and to make decisions regarding the management and commissioning of individual projects. The Infrastructure Committee has been constituted in the expectation that, given its membership, it will focus on the planning, prioritization, and the efficient implementation of infrastructure projects, with Secretariat services to be provided by CIIC.

The Infrastructure Committee formally consists of the following members:

- Government representatives including:
  - Financial Secretary
  - Secretary of ICI
  - CEO of the CIIC
  - Chief of Staff - OPM
- Three members from the private/sector and community

The Chairperson is appointed from the members above. Membership of Private Sector / Community Representatives is as appointed by Cabinet. Membership ex officio is automatic through appointment into their role. Recognizing the strong budgetary influences and limitations on capital investment, and links to the annual budget and Te Terai Vaka Processes, the national Budget Manager (MFEM) attends as an informal member.

The roles and responsibilities of the Infrastructure Committee are to:

a) perform technical prioritization and feasibility review of projects supporting national needs aligned to the NIIP;

b) seek technical advice from the relevant stakeholders over matters relating to the project cycle;

c) analyze information on projects and ensure each individual project identified and approved for implementation is progressively channeled through the Activity Management Cycle until project completion and handover phase;

d) monitor the implementation of the NIIP;

e) monitor and guide the progress of the PCC for all capital projects in achieving efficient, effective and coordinated use of resources among the agencies;

f) consult with stakeholders to receive their concerns and views on completion and handover phase;

g) provide reports to the National Sustainable Development Commission on the progress of infrastructure projects, while acting independently without requiring endorsement of decisions made;

h) promote capacity building and participation of local resources without adversely affecting the progress of the project; and

i) minimize or optimize impacts to the environment, economic and social impacts, sustainability, or any other factors that may have detrimental implications to the Cook Islands.

## Project Coordination Committee (PCC)

The PCC is established as a sub-committee of the Infrastructure Committee in order to discuss issues and to advise regarding prioritization of resources to maximize efficiency and minimize conflicts. The PCC reports to the Infrastructure Committee, which has final decision-making capacity over any unresolved conflicts.

The PCC is established to maintain the operational oversight of government infrastructure projects in the pipeline. They are to ensure the delivery of project schedules are being met, while recognizing that public projects will be implemented by a variety of government agencies, including CIIC, ICI, and MFEM. Integrated forward planning ensures efficient allocation of resources to the project pipeline to manage absorptive capacity.

The PCC formally consists of two members from each of the following agencies:

- Infrastructure Cook Islands (ICI)
- Major Project Procurement Services (MPPS)
- Cook Islands Investment Corporation (CIIC)

## Cook Islands Investment Corporation (CIIC)

CIIC is a statutory Corporation of the Cook Islands Government. CIIC was established through the Cook Islands Investment Corporation Act 1998 to manage Crown assets including Government land, buildings and interests on Rarotonga and the Pa Enua, and governance of Crown enterprises (subsidiaries, associates, SOEs and Crown Controlled Entities) on behalf of the Crown.

CIIC plays several roles in the delivery of the NIIP including as the Infrastructure Committee Secretariat through to delivery and implementation of infrastructure across all the islands.

As their role pertains to the Secretariat to the Infrastructure Committee, they are responsible for the following:

a) Preparing and distributing all papers by email 72 hours preceding all formally convened meetings of the Infrastructure Committee.

b) Arrange meetings as determined by the Infrastructure Committee or on an urgent basis if there is a need to address important issues.

c) Delivering draft minutes to the Chairperson within 72 hours, chairperson has 72 hours to approve the minutes before distributing to the members 1 working day after the chairperson's approval.

d) Draft other documents relevant to the work of the Infrastructure Committee and PCC.

## Ministry of Finance Budget Team

MFEM is a central agency responsible for advising the Government on financial and economic issues. The budget team is a unit of the Economic Planning Division. This unit works with the Infrastructure Committee in the development of the draft capital budget, which is then recommended to Cabinet for approval as part of the annual budget to be tabled in parliament.

## Major Projects and Procurement Support (MPPS)

The MPPS is a division within MFEM that was established to enhance infrastructure delivery, with a particular focus on larger "Category 4 and 5" programs. MPPS also serves as the secretariat for the tender committee for any significant procurement for government, i.e., purchases over $60,000.

### Infrastructure Cook Islands (ICI)

Infrastructure Cook Islands (ICI) is responsible for most capital infrastructure projects and also includes some regulatory responsibilities. ICI plays several roles in the delivery of the NIIP from the policy around certain sectors through to delivery and implementation of infrastructure across all the islands. Of the approximately 140 projects in the NIIP, ICI is responsible for 80 of them.

### Cabinet

The Cabinet is the policy and decision-making body of the executive branch. It consists of the Prime Minister and several other Ministers, who are collectively responsible to Parliament. Final approval of large infrastructure projects and the annual capital budget lies with Parliament. It is typically presented in June each year.

## 6.2 Enhancing Project Delivery across the Cook Islands

### 6.2.1 Building Capacity and Systems

To date, the most the Cook Islands has effectively been able to expend on infrastructure in any given year has been $40 million.[12] The total 10-year NIIP program from 2021 through to 2031 totals $329 million dollars, which averages out to over $33 million dollars per year. Beyond the potential financial constraints of the post-COVID-19 economy (though stimulus spending on infrastructure is likely to be the central part of recovery), the biggest constraint will be human capacity, i.e., having the requisite number of qualified people to be able to oversee and implement the planned works.

Additional capacity is required at all phases of infrastructure, from planning, assessment, and policy, through to engineers and other technicians. There needs to be continued investment in new and existing human resources if the Cook Islands hopes to deliver on what is set out in the NIIP.

There is also a need invest in computer systems and a centralized repository where all large infrastructure projects and supporting documentation and as-built plans are available. Currently, information on Cook Islands infrastructure and prior projects is scattered across the internet, as well as various hard drives and servers across the Cook Islands government. Having a centralized repository on Cook Islands infrastructure would significantly increase knowledge and reuse of information.

### 6.2.2 Post-Construction Monitoring

There is an identified need to improve the monitoring and evaluation of infrastructure programs, and this should be an integral part of the TVP going forward. It is important to monitor the utilization and associated benefits from new infrastructure after its completion to ensure its efficacy, e.g., “is the built infrastructure meeting the needs it is intended to fulfil?” This monitoring needs to be a regular practice to become business as usual to inform the economics on future projects and programs. These evaluations, completed anywhere between 2 to 5 years after the project is completed, provide perspective on the effectiveness of the project, and extract any lessons that can be used to improve the way we plan, implement, or manage infrastructure in the future.

*12 Refer mid-term report or 2020 budget.*

### 6.2.3 NIIP Reviews

The first iteration of the NIIP was formally reviewed after 5 years. While this has been useful, it is recommended that this might be done more frequently using in-country staff, perhaps on a rolling 3- or 4-year basis. This review process should look at progress on the NIIP, highlight any strengths and weaknesses in process, and look to extract lessons to integrate in the next NIIP and in supporting policy and process such as the TVP.

While the TVP is still a work in progress, the infrastructure matrix may to be easily updated by the PCC as required, to provide a snapshot of the status of infrastructure across the country. Doing so allows the Infrastructure Committee to ensure that their plans are projects are meeting the critical needs of the country.

This 2021 release of the NIIP has also resulted in the development of a draft 10-year capital budget forecast in order to assess the financial burden/impact the NIIP would have on debt levels and potential delivery capacity. This 10-year expenditure forecast can be used by the PCC and Infrastructure Committee to see the broader context of all projects within their respective programs and the NIIP. It is envisioned that this should help to improve the planning and budgeting over time as there becomes greater fidelity on the certainty of the government and the private sector contractors, over time.

# Appendix A: Infrastructure projects 2021–2031+

https://www.theprif.org/document/cook-islands/national-infrastructure-investment-plans/cook-islands-national-0

# Appendix B: Analysis of Infrastructure Spend 2015–2020

| YEAR | SUMMARY | |
|---|---|---|
| FY2020 | Budget for capital expenditure | NZ$50.124 million |
| | Actual spend on capital projects | NZ$39.073 million |
| | Over/underspend on capital projects | NZ$11.051 million underspent |
| | Percent of appropriated funds for capital projects spent | 77.95% |
| | Reasons for underspend (if applicable) | "Mainly due to scheduling of major projects" (including Te Mato Vai, Land Acquisition, and a renewable energy project) |
| | Other relevant notes on the budget | ▪ Government operated on a deficit of NZ$11.94 million, more balanced than the budgeted deficit of NZ$61.58 million<br>▪ Total operating revenue came in 9% higher than budgeted<br>▪ Total operating expenditure was 87% of budgeted spending<br>▪ Actual spending on Te Mato Vai (water infrastructure upgrade on Rarotonga), the largest capital project of the period, was 78.74% of budgeted spending<br>▪ Total Official Development Assistance (ODA) received was 64% of budgeted ODA (NZ$46 million of an expected NZ$72 million)<br>▪ Savings from underspending on capital projects either rescheduled to FY21 or deferred to a later period |

| YEAR | SUMMARY | |
|---|---|---|
| FY2019 | Budget for capital expenditure | NZ$47.532 million |
| | Actual spend on capital projects | NZ$36.550 million |
| | Over/underspend on capital projects | NZ$10.982 million underspent |
| | Percent of appropriated funds for capital projects spent | 76.90% |
| | Reasons for underspend (if applicable) | Mainly due to timing of spending related to several projects, especially those allocated to Cook Islands Investment Corporations, Ministry of Finance, Infrastructure Cook Islands and the Office of the Prime Minister |
| | Other relevant notes on the budget | ▪ Government operated on a surplus of NZ$55.82 million, 193% higher than expected<br>▪ Total operating revenue came in 13% higher than budgeted<br>▪ Total operating expenditure was 93% of budgeted spending<br>▪ Actual spending on Te Mato Vai (water infrastructure upgrade on Rarotonga), the largest capital project of the period, was 94.53% of budgeted spending<br>▪ Spending of ODA funds was estimated at 52% of appropriated spending (NZ$31.9 million of budgeted NZ$61.1 million)<br>▪ Requests to carry forward unspent capital budget funds for many projects had to be approved and work was to continue into the new financial year to complete projects. |

| YEAR | SUMMARY | |
|---|---|---|
| FY2018 | Budget for capital expenditure | NZ$60.454 million |
| | Actual spend on capital projects | NZ$22.041 million |
| | Over/underspend on capital projects | NZ$38.413 million underspent |
| | Percent of appropriated funds for capital projects spent | 36.46% |
| | Reasons for underspend (if applicable) | ▪ Mainly due to timing of spending and the ability to contract for services by the end of June 2018<br>▪ The Te Mato Vai capital project was hindered by land matters during this period, and the government was said to be working toward obtaining consent from landowners to enable site preparations and construction<br>▪ Some delays also caused by inclement weather |
| | Other relevant notes on the budget | ▪ Government operated on a surplus of NZ$23.89 million, a substantial change from the budgeted deficit of NZ$51.08 million<br>▪ Total operating revenue came in 18% higher than budgeted<br>▪ Total operating expenditure was 94% of budgeted spending<br>▪ Actual spending on Te Mato Vai (water infrastructure upgrade on Rarotonga), the largest capital project of the period, was just 37.3% of budgeted spending (reasons discussed above)<br>▪ Spending of ODA funds was estimated at 74.6% of appropriated spending (NZ$58.0 million of budgeted NZ$77.8 million)<br>▪ The possibility of the Cook Islands graduating to middle income status (as per the Organisation for Economic Co-operation and Development) is discussed, as well as the fiscal repercussions as this graduation would disqualify Cook Islands from some donor funding |

| YEAR | SUMMARY | |
|---|---|---|
| FY2017 | Budget for capital expenditure | NZ$38.136 million |
| | Actual spend on capital projects | NZ$20.783 million |
| | Over/underspend on capital projects | NZ$17.327 million underspent |
| | Percent of appropriated funds for capital projects spent | 54.50% |
| | Reasons for underspend (if applicable) | ▪ Mainly due to timing of spend and the ability to contract for services<br>▪ Delays in Te Mato Vai Stage Two project due to land issues<br>▪ Also notes that expenditure of government budget for the "Renewable Energy-Capital Works" project (with a budget of over NZ$11.5 million) would only be utilized after donor funds were expended<br>▪ Delays in projects in the previous fiscal year meant that spending was expected to increase this year; this largely did not occur |
| | Other relevant notes on the budget | ▪ Government operated on a surplus of NZ$32.79 million, a substantial change from the budgeted deficit of NZ$16.32 million<br>▪ Total operating revenue came in 20% higher than budgeted<br>▪ Total operating expenditure was 98% of budgeted spending<br>▪ Spending of ODA funds was estimated at 52% of appropriated spending (NZ$31 million of budgeted NZ$60 million)<br>▪ The possibility of the Cook Islands graduating to middle income status (as per the OECD) is discussed, as well as the fiscal repercussions as this graduation would disqualify Cook Islands from some donor funding |

| YEAR | SUMMARY | |
|---|---|---|
| FY2016 | Budget for capital expenditure | NZ$23.902 million |
| | Actual spend on capital projects | NZ$11.223 million |
| | Over/underspend on capital projects | NZ$12.679 million underspent |
| | Percent of appropriated funds for capital projects spent | 46.95% |
| | Reasons for underspend (if applicable) | ▪ Mainly due to the deferrals of larger projects, particularly Te Mato Vai stage 2<br>▪ Delays in significant capital projects such as Te Mato Vai, Apii Nikao, Sanitation Programme have also resulted in lower ODA spend in 2015/16 |
| | Other relevant notes on the budget | ▪ Government operated on a surplus of NZ$17.50 million, a substantial change from the budgeted deficit of NZ$17.37 million<br>▪ Total operating revenue came in 5% higher than budgeted<br>▪ Total operating expenditure was 90% of budgeted spending<br>▪ Actual spending on Te Mato Vai, the largest capital project of the period, was just 7.3% of budgeted spending as many of the project activities were deferred<br>▪ Spending of ODA funds was estimated at 56% of appropriated spending (NZ$27.3 million of budgeted NZ$49 million) |

# Appendix C: Climate Change Funds

| DEDICATED CLIMATE CHANGE FUNDS | | |
|---|---|---|
| **Green Climate Fund (GCF)[13]** | Summary | The mandate of the GCF is to promote a paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries` particularly vulnerable to the adverse effects of climate change. |
| | Focus | Mitigation, adaptation, and cross-cutting activities |
| | Activities supported | Energy generation and access; transport; forests and land use; buildings, cities, industries, and appliances; health, food and water security; livelihoods of people and communities; infrastructure and built environment; ecosystems and ecosystem services. |
| **Global Environment Facility (GEF)** | Summary | The GEF aims to help developing countries and economies in transition contribute to the overall objective of the United Nations Framework Convention on Climate Change to mitigate climate change, while enabling sustainable economic development. The GEF is intended to cover the incremental costs of a measure to address environmental issues such as climate change, relative to a business-as-usual baseline. |
| | Focus | Mitigation, adaptation, and cross-cutting activities |
| | Activities supported | Agriculture, ecosystem adaptation, education, energy efficiency, forestry and land-use, industry and infrastructure, renewable energy, rural, transportation, urban, waste management, oceans and coastal resources, disaster risk reduction, health, gender, jobs and livelihoods, poverty, water. |

*13 United Nations Framework Convention on Climate Change – The Paris Agreement. Source: https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement*

| DEDICATED CLIMATE CHANGE FUNDS | | |
|---|---|---|
| **Adaptation Fund (AF)** | Summary | The AF was established to finance concrete adaptation projects and programs in developing countries that are parties to the Kyoto Protocol and are particularly vulnerable to the adverse effects of climate change. The AF investments predominantly support food security, agriculture, water management, and disaster risk reduction projects for the promotion of community resilience. |
| | Focus | Adaptation |
| | Activities supported | Water resource management, land management, agriculture, health, infrastructure development, fragile ecosystems, and integrated coastal zone management, climate forecasting, and early-warning systems, and supporting capacity building, including institutional capacity for preventative measures, planning, preparedness, and management of disasters related to climate change. |
| **Climate Investment Funds (CIF)** | Summary | The CIF is comprised of two multi-donor trust funds: (i) Clean Technology Fund (CTF) and (ii) the Strategic Climate Fund (SCF). The CTF provides emerging economies with scaled-up financing for the demonstration, deployment, and transfer of low-carbon technologies with a significant potential for long-term greenhouse gas emission savings. At present, no Pacific Island countries have accessed finance from the CTF. |
| | Focus | Mitigation, adaptation, and cross-cutting activities |
| | Activities supported | Energy efficiency, renewable energy, gender, agriculture, industry, and infrastructure, rural, urban, oceans and coastal resources, disaster risk reduction, water, transportation, forestry, and land-use. |

| OTHER CLIMATE FUND SOURCES | | |
|---|---|---|
| **Multilateral Development Banks (MDBs) -** | Summary | An MDB (e.g., World Bank, Asian Development Bank, International Finance Corporation, Asian Infrastructure Investment Bank) is an international financial institution for the purpose of encouraging economic development. MDBs provide loans and grants to member nations to fund projects that support social and economic development, such as the building of new roads or providing clean water to communities. |
| | | The MDBs of note for the Pacific are the World Bank Group (including the International Finance Corporation), Asian Development Bank, and the newly established Asian Infrastructure Investment Bank. MDBs usually have a country partnership agreement with recipient countries, which outlines funding priorities. |
| | Focus | Mitigation, adaptation, and cross-cutting activities |
| | Activities supported | The MDBs support a wide range of activities across all sectors. |

| OTHER CLIMATE FUND SOURCES | | |
|---|---|---|
| **United Nations (UN) Agencies** | Summary | UN agencies that have a climate change focus in the Pacific include the United Nations Development Programme, World Meteorological Organisation, International Fund for Agricultural Development, United Nations Environment, Food and Agriculture Organization, and the United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation. UN agencies usually have country partnership agreements with recipient countries that outline priorities. |
| | Focus | Mitigation, adaptation, and cross-cutting activities |
| | Activities supported | UN agencies support an extensive range of activities across all sectors. |
| **Other multilateral providers of climate finance** | Summary | There are several other multilateral providers of climate finance, which are outside of the UN System. These agencies primarily provide technical assistance, and could support countries with strengthening climate readiness and developing projects/programs. In the Pacific, key agencies include the Commonwealth Secretariat, Global Green Growth Institute and the International Renewable Energy Agency. |
| | Focus | Mitigation, adaptation, and cross-cutting activities |
| | Activities supported | Other multilateral agencies support an extensive range of activities across all sectors. |
| **Regional Organizations** | Summary | The Pacific has regional organizations that provide technical assistance, and could support countries with strengthening climate readiness and developing projects/programs. The regional inter-governmental organizations in the Pacific are under the Council of Regional Organizations in the Pacific. |
| | Focus | Mitigation, adaptation, and cross-cutting activities |
| | Activities supported | Regional organizations support an extensive range of activities, but primarily focus on climate change adaptation. |

| OTHER CLIMATE FUND SOURCES | | |
|---|---|---|
| **Bilateral donors** | Summary | A bilateral donor refers to a government organization which aids directly to a recipient country. Many bilateral donors have country partnership agreements with the government, which outline the medium-term priorities in a country and are the basis for project and program design. Development assistance is usually provided based on these agreements in line with national and sectoral priorities, including the NDC, NAP and development plans. Bilateral donors can also provide finance through bilateral climate funds (such as the International Climate Fund) and bilateral financial institutions (such as KFW). |
| | Focus | Mitigation, adaptation, and cross-cutting activities |
| | Activities supported | Bilateral donors support an extensive range of activities across all sectors, including supporting climate change action and humanitarian relief. A bilateral donor often has a country partnership agreement with the recipient government which outlines financing priorities. |
| **Private Sector Entities** | Summary | Domestic private sector entities and international private sector entities provide climate finance to projects (e.g., renewable energy interventions) and other investments (e.g., green bonds) that provide a financial return. Private entities also invest in reducing their greenhouse gas emissions and climate risks. |
| | Focus | Primarily mitigation activities, but also adaptation and cross-cutting activities. |
| | Activities supported | Private sector entities are engaged in an extensive range of activities across all sectors, with a particular focus on mitigation actions. Private sector entities are involved in directly implementing climate actions, provision of co-finance for climate change projects, investing in green bonds, and providing foreign direct investment. Further information is provided in Section 3.4 |

| OTHER CLIMATE FUND SOURCES | | |
|---|---|---|
| **Nongovernment Organizations (NGOs)** | Summary | There are numerous NGOs who work through the Pacific to help deliver development activities typically through providing technical support and small community grants.<br>A significant amount of support provided by NGOs is related to humanitarian activities in a post disaster context. Specific activities carried out by NGOs and methods for engaging with them will vary across organizations and specific information is available online or by engaging with the specific organization.<br>The Pacific Islands Association of Non-Governmental Organisations, the region-wide umbrella agency, may be able to provide information on a suitable local NGO to support the activities needed. In addition, there are also umbrella NGO organizations in country that can provide country specific guidance. |
| | Focus | Primarily adaptation activities, but also mitigation and cross-cutting activities. |
| | Activities supported | NGOs support an extensive range of climate change activities, with a particular focus on community resilience, agriculture, water and sanitation, health and humanitarian relief. NGOs often have a country strategy which outlines financing priorities. |
| **Philanthropic Organizations** | Summary | Pacific Island countries can access funding from philanthropic organizations to help deliver climate change activities. |
| | Focus | Primarily adaptation activities, but also mitigation and cross-cutting activities. |
| | Activities supported | NGOs support an extensive range of climate change activities, with a particular focus on adaptation projects. |

# Appendix D: Mid-term Review of 2015 Projects

| Priority | Sector/ Project | Island | 2015 Est. (NZ$ million) | Source of Funding[1] | Delivery within | Progress at Dec. 2020[2] | 2020 Status Note |
|---|---|---|---|---|---|---|---|
| AIR TRANSPORT | | | | | | | |
| **HP11** | Atiu Upgrade to CAA Part 139 Regional Turbo Prop runway | Atiu | 3.9 | ODA | 5yr | NC | Not committed |
| **SP6** | Manihiki Upgrade to Civil Aviation Authority Part 139 Regional Turbo Prop runway | Manihiki | 4.3 | ODA | 5yr | ON | Scoping For major upgrade in conjunction with Penrhyn |
| **HP17** | Rarotonga Airport Terminal Improvement (phase 2) | Rarotonga | 9.3 | ODA | 5yr | NC | Awaiting Finance (2024) |
| **HP16** | Rarotonga Airport Instrument landing upgrade | Rarotonga | 3.2 | ODA | 5yr | CP | Completed |
| **SP11** | Mauke Airport Repairs and Improvements | Mauke | 1.0 | | 10yr | NC | Not Committed |
| **SP12** | Mitiaro Airport Repairs and Improvements | Mitiaro | 1.0 | | 10yr | NC | Minimal Urgent work undertaken Nov20 |
| **SP10** | Penrhyn Airport Repairs and Improvements | Penrhyn | 1.0 | | 10yr | NC | 100K in 20/21 Bud for detailed design |

| Priority | Sector/ Project | Island | 2015 Est. (NZ$ million) | Source of Funding[1] | Delivery within | Progress at Dec. 2020[2] | 2020 Status Note |
|---|---|---|---|---|---|---|---|
| | | | MARINE TRANSPORT | | | | |
| **HP14** | Penrhyn Coastal Protection - TeTautua & Omoka Port Facilities and Fuel Depot relocation. | Penrhyn | 4.0 | CAPEX | 5yr | ON | Stage 1 complete |
| **SP14** | Pukapuka Jetty, Channel and Causeway | Pukapuka | 0.7 | | 5yr | NC | Not committed |
| **HP7** | Orongo Marina and Town Centre Development | Aitutaki | 15.0 | CAPEX | 5yr | ON | Feasibility complete ($400k) |
| | | | ROAD TRANSPORT | | | | |
| **HP18** | Road sealing for Aitutaki (6km) | Aitutaki | 0.8 | CAPEX | 5yr | CP | Completed |
| **SP17** | Mangaia Road Rehabilitation: town area (3km) | Mangaia | 0.6 | CAPEX | 5yr | ON | Committed but not started |
| **SP18** | Mauke Road Rehabilitation: town area and plantation | Mauke | 0.9 | CAPEX | 5yr | ON | Committed but not started |
| **SP19** | Atiu and Mitiaro Roads Rehabilitation | Atiu | 2.0 | CAPEX | 5yr | ON | Atiu Complete: Mitiaro about to start. |

| Priority | Sector/ Project | Island | 2015 Est. (NZ$ million) | Source of Funding[1] | Delivery within | Progress at Dec. 2020[2] | 2020 Status Note |
|---|---|---|---|---|---|---|---|
| **HP13** | Bridges upgrade including Avatiu valley | Rarotonga | 1.5 | CAPEX | 5yr | CP | Completed |
| **SP13** | Aroko Road Widening Project | Rarotonga | 0.4 | | 5yr | NC | Combined with sewer proj. |
| **SP9** | Muri area upgrade with footpaths | Rarotonga | 1.5 | CAPEX | 5yr | ON | Roading Complete. Footpaths with SW |
| **HP8** | Avarua Bridges | Rarotonga | 5.0 | CAPEX | 5yr | ON | 1 complete, 1 tendered, 1 planned |
| | | | WATER SUPPLY | | | | |
| **SP2** | Atiu Water Reticulation System | Atiu | 1.5 | | 10yr | NC | Unlikely to happen |
| **SP3** | Mangaia water upgrade | Mangaia | 1.0 | CAPEX | 5yr | ON | Ongoing |
| **SP7** | Mitiaro - Upgrade water network system | Mitiaro | 0.2 | ODA | 5yr | ON | Ongoing |
| **HP4** | Outer Islands Community Water Tanks rehabilitation | N&S groups | 1.50 | ODA | 5yr | ON | On going |
| **HP1** | TMV Trunk, Intakes, reservoirs, treatment, meters, etc. | Rarotonga | 36.3 | ODA | 5yr | CP | Ring main and intakes complete |

| Priority | Sector/ Project | Island | 2015 Est. (NZ$ million) | Source of Funding[1] | Delivery within | Progress at Dec. 2020[2] | 2020 Status Note |
|---|---|---|---|---|---|---|---|
| | | | SANITATION | | | | |
| **SP1** | Northern Group - Sanitation upgrades | Nth Group | 4.0 | ODA | 5yr | NC | Studies being undertaken |
| **HP2** | Long term sanitation upgrades Rarotonga | Rarotonga | 37.0 | | 5yr | NC | Overview Body MTVKTV |
| **SP15** | Sanitation upgrades - onsite Southern group except AIT/RAR | Sth Group | 9.6 | ODA | 5yr | NC | Studies being undertaken on Nth/Sth |
| | | | SOLID WASTE | | | | |
| **HP23 SP5** | Incinerator for Rarotonga, and<br>Rarotonga hazardous waste handling upgrade, and outer island waste recovery centers | Rarotonga | 5.0 | | 5yr | NC | Continuing to be discussed |
| | | | ENERGY | | | | |
| **HP9** | Aitutaki Solar PV Mini-Grid System | Aitutaki | 16.0 | ODA | 5yr | ON | Phase 1 complete |
| **HP19** | Atiu Solar PV Mini-Grid System | Atiu | 3.1 | ODA | 5yr | CP | Completed |
| **HP24** | Mangaia Solar PV Mini-Grid System | Mangaia | 3.5 | ODA | 5yr | CP | Completed |
| **HP20** | Mauke Solar PV Mini-Grid System, powerhouse and distribution upgrade | Mauke | 3.2 | ODA | 5yr | CP | Completed |

| Priority | Sector/ Project | Island | 2015 Est. (NZ$ million) | Source of Funding[1] | Delivery within | Progress at Dec. 2020[2] | 2020 Status Note |
|---|---|---|---|---|---|---|---|
| **HP21** | Mitiaro Solar PV Mini-Grid System | Mitiaro | 1.9 | ODA | 5yr | CP | Completed |
| **HP3** | Tau control & Generation - Rarotonga | Rarotonga | 45.2 | | 5yr | ON | Ongoing |
| | | | INFORMATION TECHNOLOGY | | | | |
| **HP6** | Fiber-optic Cable for international Communications | Rarotonga | 35.0 | ODA | 10yr | CP | Completed. Minor land works ongoing |
| | | | EDUCATION | | | | |
| **HP10** | Re-build national College (Tereora) | Rarotonga | 30.0 | ODA | 5yr | ON | Stage 1 complete |
| **SP8** | Remodel Classrooms for modern learning | | | | 5yr | NC | Not Committed |
| **HP15** | Fitting Schools with Water Harvesting Systems (pilot) | | 0.5 | CAPEX | 5yr | CP | Completed under maintenance budget |
| **HP12** | Apii Nikao School reconstruction | Rarotonga | 11.4 | ODA | 5yr | CP | Fire rebuild complete 2018 |

| Priority | Sector/ Project | Island | 2015 Est. (NZ$ million) | Source of Funding[1] | Delivery within | Progress at Dec. 2020[2] | 2020 Status Note |
|---|---|---|---|---|---|---|---|
| MULTI-SECTOR | | | | | | | |
| **HP22** | Rutaki Foreshore Rock Revetment Development | Rarotonga | 2.6 | | 5yr | CP | Completed |
| **SP4** | Pukapuka Hospital and doctors' residence | Pukapuka | | | 5yr | ON | Under Construction |
| **SP16** | Vakapuangi Government Office Project | Rarotonga | 52.0 | ODA/ CAPEX | 5yr | ON | Preliminary design complete |
| **HP5** | Outer Islands Cyclone shelters | Outer Is. | 2.0 | CAPEX | 5yr | ON | Manihiki, Pukapuka, Palmerston completed, Penrhyn (2) under contract |

1 *Official Development Assistance (ODA), CIG's Capital Expenditure Budget (CAPEX)*

2 *On-going (ON), Complete (CP), Not Committed (NC)*

# Appendix E: Budget process of the Cook Islands

The financial year in the Cook Islands begins on July 1 and ends on June 30 of the next year. The annual budget formulation process begins when the Ministry of Finance and Economic Management (MFEM) presents its **Budget Policy Statement** to the public and to Parliament by the March 31 ahead of the following fiscal year. The Budget Policy Statement sets out the Cook Island Government's (CIG) long-term fiscal policy objectives, broad strategic priorities, and fiscal and economic variable targets for the next three fiscal years. The Budget Policy Statement is accompanied by a **Statement of Economic and Financial Policy** prepared by the Executive Government of the Cook Islands and presented to Parliament. The Statement of Economic and Financial Policy specifies the policies that will guide CIG in all its economic and financial dealings and includes all significant economic and financial policies.

The first Appropriation Bill is presented by MFEM to Parliament by July 31, and proposes an appropriation of funds, broken down by Government Department, for the financial year starting on July 1 of that year. At least 2 weeks before the first Appropriation Bill is presented to Parliament, MFEM must supply Cabinet (consisting of the Prime Minister and a number of other ministers, with the estimated Crown revenue, the details of each Department's bid for funds, and the Crown's debt management responsibilities. At least 1 week before the first Appropriation Bill, Cabinet must then return to MFEM a **fiscally responsible budget** in accordance with the principles set out in the MFEM Act: 1995-1996. By the introduction of the first Appropriation Bill, MFEM must also submit to Parliament a **Fiscal Strategy Report**, which assesses the extent to which the economic and fiscal update (discussed below) is consistent with the Budget Policy Statement. The Fiscal Strategy Report also projects trends in fiscal and economic variables and assesses progress toward achieving longer-term fiscal strategy and objectives as put forth in the Budget Policy Statement.

Upon introduction of the first Appropriation Bill, MFEM shall also submit a **current year fiscal update**, which contains fiscal forecasts for the upcoming financial year along with all significant assumptions underlying them and forecast financial statements for the Crown for the upcoming financial year. At this time, MFEM will also submit an **economic and fiscal update** for the financial year to which the Appropriation Bill relates and each of the following two financial years.

Parliament may deliberate appropriations and propose subsequent Appropriation Bills after the first bill. Once Parliament agrees on a budget, it will pass a final **Appropriation Act**, typically in June or July. The Appropriation Act contains the approved appropriation of funds, broken down by Government Department, for the financial year starting on July 1 of that year.

At some point during the month of December, MFEM publishes a **half-year economic and fiscal update** containing revisions of forecasts presented in the economic and fiscal update. The process begins again with a Budget Policy Statement by March 31 of the next year. The table below highlights key milestones in the CIG's annual budget calendar.

| Item | Timeline | Purpose |
|---|---|---|
| **Budget Policy Statement** | By March 31 | ▪ Covers the financial year that commences on July 1 of that year, plus the 2 subsequent financial years.<br>▪ MFEM states Government's long-term fiscal policy objectives<br>▪ Specifies broad strategic priorities.<br>▪ Indicates targets for fiscal and economic variables (GDP, inflation, revenue, etc.)<br>▪ Accompanied by a statement of economic and financial policy |
| **Statement of Economic and Financial Policy** | By the publishing of the Budget Policy Statement | Executive Government specifies the policies that will guide it in all its economic and financial dealings. It includes all significant economic and financial policies. |
| **MFEM Budget Information** | At least 14 days before the first Appropriation Bill | MFEM supplies Cabinet with the following budget information:<br>▪ The estimated revenue of the Crown<br>▪ The details of each Government Department's bid for funds<br>▪ The Crown's debt management responsibilities |
| **Fiscally Responsible Budget** | At least seven days before the first Appropriation Bill | Cabinet provides to MFEM a fiscally responsible budget in accordance with the principles set out in MFEM Act 1995-1996 for MFEM to propose to Parliament. |
| **Fiscal Strategy Report** | By the introduction of the first Appropriation Bill | MFEM assesses the extent to which the economic and fiscal update (below) is consistent with the Budget Policy Statement<br>Projects trends in fiscal and economic variables and assesses progress toward achieving longer-term fiscal strategy and objectives as put forth in the Budget Policy Statement. |
| **First Appropriation Bill** | By July 31 (the end of the first month of the new financial year) | MFEM proposes to Parliament an appropriation of funds, broken down by Government Department, for the financial year starting on July 1<br>. |
| **Current Year Fiscal Update** | Upon introduction of the first Appropriation Bill | MFEM presents to Parliament fiscal forecasts for the upcoming financial year along with all significant assumptions underlying them. It includes forecast financial statements for the Crown for the upcoming financial year. |

# Appendix E: Budget process of the Cook Islands

| Item | Timeline | Purpose |
|---|---|---|
| **Economic and Fiscal Update** | Upon introduction of the first Appropriation Bill | MFEM presents to Parliament an economic and fiscal update for the financial year to which the Appropriation Bill relates and each of the following two financial years. |
| **Final Appropriation Act** | Typically, June-July | Parliament approves a final appropriation of funds, broken down by Government Department, for the financial year starting on July 1. |
| **Half-Year Economic and Fiscal Update** | During December | MFEM presents revisions of forecasts presented in the economic and fiscal update. |

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