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## COOK ISLANDS GOVERNMENT OFFICIAL DEVELOPMENT ASSISTANCE POLICY IMPLEMENTATION PLAN

The purpose of our Official Development Assistance (ODA) Policy, which was developed in 2011, is to “ensure aid effectiveness in achieving national development outcomes”. Our objectives centre on the following three objectives:

1. Strengthening governance and management of aid effectiveness at all levels.
2. Strengthening partnerships in the co-ordination and delivery of aid.
3. Ensuring accountability of aid to achieving sustainable development results.

2013 saw some significant progress in these areas, which will be outlined for you during this session.

We will discuss the Peer Review and PEFA in particular, as well as seek dialogue on updating the ODA Policy and Plan.

### Peer Review

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The Peer Review had a number of key findings (see more [here](#)). Several very relevant findings in relation to ODA and partnerships included:

- The Cook Islands receives sector budget support from New Zealand (and Australia through delegated co-operation) in the education and tourism sectors and will soon also receive budget support from the European Union. However, the fact that only 37% of ODA planned in 2012 was implemented indicates pressing capacity gaps within Government. These capacity gaps may, unfortunately, create concerns among development partners about the wisdom of moving toward budget support.
- Much ODA, particularly for infrastructure, remains in a project modality for these reasons. This is a notable issue in the Cook Islands that must be addressed in open dialogue with development partners so that common understanding and agreement is reached. It will continue to hamper the transition from a relationship based on financial and administrative discussions to that of bigger picture policy dialogue.
- The Cook Islands has strong civil society, private sector, culture and media representation and there is a clear opportunity for greater policy analysis capacity and dialogue across these groups.

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- The Development Coordination Division (DCD) is also working with development partners and urging a move towards greater harmonisation and alignment and a move away from project-based approaches and towards sector-based or budget support type approaches.
- While there has been notable progress on improving the effectiveness of engagement with the main bilateral donors, regional and thematic budget lines as well as various projects continue to represent significant transaction costs for Government. Greater information on regional flows, in particular, is essential. Co-ordination is hampered by a large proportion of development partners not having representation in country. Further analysis could be considered and/or communication with these development partners on how transaction costs could be reduced (such as through clarifying different mandates of ministries and government structures while calling for joint analysis, missions and implementation/pooled funds).

## PEFA Self Review

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The Public Expenditure and Financial Accountability (PEFA) assessment evaluates the current status of the Public Financial Management (PFM) systems in the Cook Islands in terms of the main systemic strengths and weaknesses and in accordance with the PEFA framework. A formal PEFA assessment is scheduled for July 2014. However, to maintain progress towards our PFM Roadmap we partnered with PFTAC to conduct a self-assessment in October/November 2013.

The report noted that overall there have been significant improvements across a number of PEFA indicators between the 2011 and the 2013 assessments. Noteworthy improvements have been made since 2011 in the following areas: credibility of budget estimates and arrears reporting; taxation awareness and registration programmes; adherence to the budget preparation calendar; transparency of inter-governmental relations; guidance on budget submissions; debt sustainability analysis; publication of contract awards; bank reconciliation processes; quality of in-year reporting; and completeness and timeliness of estimates of projects support by donors.

In addition, the team identified a number of areas where relatively little effort would be required for the Government to achieve a higher score. Suggestions for actions to be taken over the next six months and in the medium term are set out in the report (confidential copy available on request).