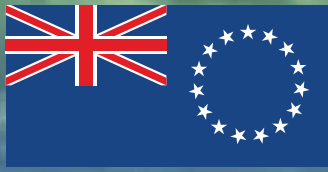


The Cook Islands

Forum Compact Peer Review Report



PACIFIC ISLANDS FORUM SECRETARIAT
Excelling together for the people of the Pacific

31 JANUARY 2014





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Cover photo: Aerial view of Aitutaki.



Traditional Cook Island dancers, Rarotonga.

ACKNOWLEDGEMENTS

At the invitation of the Government of the Cook Islands, a Peer Review of the Cook Islands national development planning, budgeting, public financial and aid management systems and processes was undertaken in the Cook Islands from 21 October to 01 November 2013. The Government of Cook Islands invited representatives from Niue (Mr Richard Hipa), Samoa (Mr Henry Ah Ching), Vanuatu (Mr Collin Tavi), and Ms Solstice Middleby from the Australian DFAT to serve on their peer review team. The Government of the Cook Islands also invited the Republic of the Marshall Islands (Ms Dahlia Kaneko) and Mr Zhang Jiale from the People's Republic of China to observe on their Peer Review Team. The Cook Islands Peer Review Team was supported by personnel from the Pacific Islands Forum Secretariat led by Ms Charmina Saili, Regional Planning Adviser.

The peer review would not have been possible without the efforts of a number of people and organisations to whom the peer review team would like to express their sincere gratitude:

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- Mr Peter Tierney, Manager, Development Coordination Division, Ministry of Finance and Economic Management and his staff for their logistical support and enthusiastic helpfulness in providing documents and information before and during the visit
- The Governments of Samoa, Vanuatu, Niue, RMI, Australia and the People's Republic of China, for agreeing to release us to serve on this Peer Review Team.

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Front view of the Office of the Prime Minister for Cook Islands, Rarotonga.

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ACRONYMS

ADB	Asian Development Bank	OECD	Organization for Economic Co-operation and Development
ADR	Annual Development Report	OPM	Office of the Prime Minister
CAC	Central Agencies Committee	PAC	Public Accounts Committee
CIG	Cook Islands Government	PEFA	Public Expenditure and Financial Accountability Assesment
CPPO	Central Planning and Policy Office	PERC	Public Expenditure Review Committee
CSSP	Civil Society Support Programme	PFM	Public Performance Management
DCD	Development Coordination Division	PFTAC	Pacific Financial Technical Assistance Centre
EMIS	Education Management Information System	PIFS	Pacific Island Forum Secretariat
EU	European Union	PMU	Programme Management Unit
FICs	Forum Island Countries	PROC	People's Republic of China
FMIS	Financial Management Information System	PRT	Peer Review Team
GDP	Gross Domestic Product	PSC	Public Service Commission
M&E	Monitoring & Evaluation	RMI	Republic of the Marshall Islands
MDGs	Millennium Development Goals	SPC	Secretariat of the Pacific Community
MFEM	Ministry of Finance & Economic Management	SPREP	Secretariat of the Pacific Regional Environment Programme
MPs	Members of Parliament	UN	United Nations system
NGOs	Non - Government Organizations	UNDP	United Nations Development Programme
NSDC	National Sustainable Development Commission		
NSDP	National Sustainable Development Plan		
ODA	Overseas Development Assistance		

MESSAGE FROM THE PRIME MINISTER OF COOK ISLANDS

Leading our own development efforts, transparency and accountability are concepts the Cook Islands Government is deeply committed to. These commitments drive our support for the Cairns Compact on Strengthening Development Coordination and guide our whole-hearted participation in one of the key features of the Compact; peer reviews.

Forum island countries know how crucial it is that we improve the delivery of development programmes and services to our citizens to enhance development outcomes.

Peer reviews make sense for Forum island countries that share common development challenges. Through peer review, we gain mutual learning from each other, as well as, from our development partners, about how best to address these challenges. Through peer reviews, we can share our development successes with each other and seek ideas on where improvements can be made.

Although the Cook Islands is well on track with the Millennium Development Goals and have some of the best development statistics in the region, we know we can do better. We want to do better. This is why we welcomed with open arms, the Peer Review team (PRT) made up of representatives from Vanuatu, Samoa, Niue and Australia. We were also pleased that the Republic of the Marshall Islands and the People's Republic of China accepted our invitation to be observers for this process.

I was very encouraged to read about the good practices identified by the PRT across the particular areas of focus: the public policy making system (especially stakeholder's information needs, evidence production and usefulness), analysis capability and use in decision-making.

The Cook Islands Government is keenly considering all the recommendations made by the PRT because these will strengthen Policy and Planning in the Public Service, improve evidence based decision making and reinforce program and project management.

I offer my sincere thanks to the Peer Review team for their thoroughness and diligence and to the Pacific Island Forum Secretariat for their support throughout this process. I am also grateful for the full cooperation of my Cabinet, Members of Parliament, senior government officials, members of civil society, NGOs, private sector, media and development partners in Rarotonga, as well as the islands those participants on the islands of Mangaia and Aitutaki.

Our citizens deserve the better quality of life that will result from our combined efforts to improve development outcomes.

Kia orana e kia manuia



Hon. Henry Puna
Prime Minister

MESSAGE FROM THE SECRETARY GENERAL OF THE PACIFIC ISLANDS FORUM SECRETARIAT

At the 2009 Pacific Forum Leaders Meeting, Leaders made a commitment to strengthen the coordination and use of both domestic and external development resources in an effort to accelerate progress towards the achievement of the Millennium Development Goals, under the Forum Compact. Peer Reviews are an important element of the Compact and these have strengthened the connection between Forum island countries by encouraging the traditional Pacific way of mutual assistance and strengthening leadership of our respective development agendas. The Cook Islands is the twelfth Forum Island country to have volunteered to undertake a Peer Review.

The Cook Islands is well on track to achieve the MDGs through the maximisation of their own sources of economic growth combined with access to New Zealand's markets through their 'free association agreement' with New Zealand. The Cook Islands, however, remain vulnerable to external shocks and continue to face serious challenges of continued outward migration. This Peer Review process offered the Cook Islands the opportunity to learn and share its experience of development effectiveness with senior officials from Samoa, Vanuatu, Niue, Australia, and the Republic of the Marshall Islands and the People's Republic of China. At the invitation of the Government of Cook Islands and the Forum Secretariat, this is the first peer review that the People's Republic of China has engaged in. We value this first step and look forward to increasing engagement of the People's Republic of China in country and regional discussions on development effectiveness.

As highlighted in this Peer Review report, the Cook Islands is aware of its development challenges and is investing in its national capacity to raise, manage and monitor its public and external resources. The 17 recommendations put forward by the Peer Review team is intended to assist the Cook Islands to further strengthen their government systems and suggests how they could continue to work effectively with their national stakeholders and development partners. There are also lessons that the Cook Islands can share with the region, particularly with regards to the good progress of the past decades in respect of "private sector led growth".

I commend the Government of Cook Islands for their commitment to the Forum Compact, not just by allowing its national agreements to be peer reviewed, but also by allowing Senior Government officials of the Cook Islands to participate in the process as peer reviewers for the Peer Reviews of the Republic of the Marshall Islands and the Republic of Nauru. The Forum Secretariat stands ready to support the Cook Islands to take forward and implement the recommendations of their peer review.



Tuiloma Neroni Slade
Secretary General
Pacific Islands Forum Secretariat



Aerial view of Rarotonga

INTRODUCTION

1. The Government of the Cook Islands invited a team consisting of representatives from the Governments of Vanuatu, Samoa and Niue and Australia as a development partner to undertake a peer review of its national planning, budgeting, public financial and aid management systems under the Forum Compact. The Government also invited observers from the Republic of the Marshall Islands and the People's Republic of China. Supported by the Pacific Islands Forum Secretariat (PIFS), the team undertook the peer review between 21 October to 1 November 2013 meeting with the Acting Prime Minister and Minister of Finance, Cabinet Ministers, Members of Parliament (MPs), senior government officials, members of civil society, Non-Government Organisations (NGOs), private sector, media and development partners in Rarotonga. The team also travelled and met with local governments in two outer islands of Mangaia and Aitutaki. The Cook Islands is the 12th Forum Island Country to undertake the peer review under the Cairns Compact on Strengthening Development Coordination in the Pacific (Forum Compact).
2. By participating in the peer review process, the Cook Islands Government makes a significant commitment to transparent and good governance. Peer reviews of this nature represent a political commitment both to recognising potential lessons to learn from other governments and also a commitment to sharing experiences and fostering good governance in the Pacific region. Peer reviews focus on how governments use their own and donor resources for their citizens and in working towards achieving national priorities including the Millennium Development Goals (MDGs).
3. The Forum Compact was endorsed by Forum Leaders and key development partners at the Pacific Islands Forum Leaders' annual meeting in Cairns, August 2009. The development compact sets out collective actions by Forum Island Countries (FICs) and development partners to strengthen coordination and use of development resources at both national and regional levels. The actions taken are informed by international commitments to good practices including the Paris Declaration



From left to right: Charmina Saili, Regional Planning Adviser, PIFS; Feleti P Teo, OBE, Former DSG SPCP, PIFS; Richard Hipa, Secretary of Government, Niue; Hon. Minister Mark Brown, Minister for Finance and Economic Management, Cook Islands; Collin Tavi, Former Head of Monitoring and Evaluation Unit, Prime Minister's Office, Vanuatu; Henry Ah Ching, Assistant CEO, Economic Planning and Policy Division, Ministry of Finance, Samoa.

on Aid Effectiveness, Accra Action Agenda, Busan Partnership for Development Cooperation, and the Pacific Principles on Aid Effectiveness.

4. Refer to the Peer Review Team's Terms of Reference is in Annex 1. The team reviewed how national development priorities are formulated and budgeted, implemented, reported on and monitored for results. Just as importantly, the team investigated how development partners act collectively and individually to support the Cook Islands' national development priorities and processes. The team reviewed a number of Government documents including: 1.) The Cook Islands National Sustainable Development Plan (NSDP), 2.) 2010 Cook Islands MDG Report, 3.) June 2013 Cook Islands Statistical Bulletin, 4.) 2011 Cook Islands Public Financial Management Performance Report, 5.) 2013 Cook Islands National Strategy for Development of Statistics Road Map, 6.) Cook Islands Public Financial Management Road Map, 7.) Cook Islands Official Development Assistance Policy, 8.) Cook Islands 2011-2012 Budget Policy Statement, 9.) Cook Islands Ministry of Finance and Economic Management 2011/2012 Annual Report to the Public Service Commissioner, 10.) OECD Aid Statistics and 11.) 2013/2014 Cook Islands Budget Books amongst others.
5. The team held substantial discussions with the Government of the Cook Islands, the legislature, local authorities, the private sector, civil society and development partners. The Cook Islands Peer Review team acknowledges with sincere appreciation the support of the Chief of Staff, the Secretary of Finance, the Secretary of Foreign Affairs and the Manager of the Development Coordination Division and his team in particular for organising and assisting the team with the consultations and sharing the necessary documentations with the team. The list of those consulted is in Annex 2.
6. This report begins with a Background (of the Cook Islands) followed by Summary Findings and then the body of the report itself structured into Planning, Budgeting and Performance Management and Aid Management. Recommendations are summarised at the end of each substantive section. The report concludes with Next Steps.



Cook Islands Peer Review team with members of the Aitutaki Island Council after consultations, Aitutaki.

BACKGROUND

7. The Cook Islands is well on track with the MDGs and has some of the best development statistics in the region. Access to New Zealand's markets through the 'free association agreement', combined with maximisation of Cook Islands own sources of economic growth has produced highly favourable outcomes. With the third highest per capita GDP in the region (after Australia and New Zealand), the Cook Islands is a middle income country and expects to graduate in the near future from a primarily aid relationship with development partners. Because of its high GDP and good services, the primary developmental challenges in the Cook Islands are increasingly informed by the norms of developed rather than developing countries. For example, Government has gone beyond the MDGs to set ambitious targets for 25% of the population to have tertiary education and will invest heavily to transition to a 100% renewable energy economy by 2020.
8. Despite this, the Cook Islands remains vulnerable to external shocks such as 5 consecutive cyclonic episodes in 2005 and many more since and contraction of tourist numbers and overall economy due to the Global Economic Crisis. The Cook Islands also faces serious challenges in alleviating inequality and creating an inclusive economy that ensures participation and beneficitation to Cook Islanders. In particular, the continued outward migration, described by the Aitutaki Ariki as "emptying out", presents a serious public policy issue.
9. Overseas Development Assistance (ODA) continues to drive a significant portion of the economy. Aid is a third of public expenditure and is an important complement to government revenue. Major development partners include New Zealand, Australia (though delegated cooperation through New Zealand), the People's Republic of China, the European Union and Asian Development Bank,



Cook Islands girls on a scooter in Rarotonga Town, Cook Islands.

with limited engagement from Japan. Multilateral agencies include the various UN agencies although the Cook Islands is not a member of the UN. With a small resident population (less than 15,000), the Cook Islands actively participates and benefits from regional partnerships with the Pacific's Regional Organisations and other regional initiatives such as PFTAC, particularly with respect to access to training and technical assistance.

10. The Cook Islands is investing in its national capacity to raise, manage and monitor public and external resources. A long-term fifteen year development plan provides an over-arching vision. Implementation is supported through medium term plans (of which the 2011-2015 National Sustainable Development Plan (NSDP) is the second medium term plan), sector plans/strategies and business plans.
11. Central government is strengthening controls on public expenditure and implementing a public

finance management road map. The road map is informed by a 2011 Public Expenditure and Financial Accountability (PEFA) assessment. Macro-economic management is sound, and evident in previous budget surpluses and compliance with 'fiscal responsibility ratios'. Inflation is largely under control and there is no challenge in managing foreign exchange as the currency is in the New Zealand dollar. The Cook Islands has enjoyed comparatively strong economic growth recovering quickly after the financial crisis with an again growing (largely New Zealand and Australia sourced) tourism economy. The economy remains heavily reliant on the tourism sector although there is substantial activity in the black pearls, agriculture and financial services sectors. Government revenue is reinforced with licencing fees from fishing, however, the bulk of the job, such as processing and value tends to accrue to other economies.



Cook Islands Peer Review team with members of the Mangaia Island Council after consultations, Mangaia, Cook Islands.



Primary school boys, Rarotonga.

KEY FINDINGS

Planning and Monitoring

12. The Cook Islands has a good national development planning system in place. There is a long term national vision plan implemented by successive 4 year Medium Term National Sustainable Development Plans and some sector plans. The Cook Islands' 2011-2015 National Sustainable Development Plan (NSDP) is its second medium term development plan. Implementation of the NSDP is coordinated from the Office of the Prime Minister through the National Sustainable Development Commission (NSDC). The plan is monitored by the Central Planning and Policy Office (CPPO) although the effectiveness and utility of monitoring could be improved. The intention of government to invite non-state actors and line ministries to the NSDC is commendable for its potential to increase ownership and harmonisation. Closer coordination between the NSDC and other structures such as the Central Agencies Committee (CAC) will further strengthen Government planning and oversight. It might be opportune to incorporate these considerations into a revised terms of reference for the NSDC.



Hon. Mark Brown, Minister for Finance and Economic Management, Cook Islands.

Good Practices: Long term development vision and medium term development plans (NSDP) monitored and implemented through an established national coordination mechanism (NSDC) in the Office of the Prime Minister.

Regular reporting requirements to parliament and central agencies as well as demonstrable will to improve systems (e.g. in conducting a PEFA self-assessment).

Plethora of dynamic good implementation practices such as the Ministry of Education that is committed to improving systems (e.g. with EMIS and having a sector strategy) as well as delivery (e.g. in deploying new technology in reaching outer islands and expanding vocational training).

13. The NSDP provides a high level visionary guideline for the Cook Islands. However, it is not clear the extent to which the NSDP is revised to incorporate new

political priorities as they arise or if it continues to express a single Cook Islands vision. This being said the NSDP is broad enough to accommodate many political priorities such as the current government's focus on better water infrastructure and renewable energy. NSDP could go further to address or at least clearly identify 'big picture' priorities and structural impediments to growth and inclusion that relate both to the Cook Island's middle-income status and move towards a post ODA future. Key issues raised throughout consultations include:

- High outward migration (depopulation) combined with importation of labour increases the risk of tension between the private sector that depends on imported labour and the rest of the population. This could result in growing unease about local culture and management of natural resources, amplified in the outer islands and with lower income families;
- The vast resources being devoted to renewable energies and water infrastructure means a substantive increase in public debt (included in the Cook Islands' debt sustainability forecasts);

- The new tax regime and how it will impact the whole population in terms of disposable income;
- The impact on the economy as a whole from the recently increased subsidy to air transport



Secondary school boy doing wood craft in school, Rarotonga.



Secondary school girl doing art and craft project in school, Rarotonga.

costs (now the largest item in the national budget¹);

- Telecommunication Costs: whilst respondents noted progress made in expanding access to telephone and internet service throughout the Cook Islands, the high cost of telecommunications (telephone and internet services) was perceived as an obstacle to accessing new markets, economic opportunities and even health and education services. The cost of telecommunication services is seen as closely related to Government's guaranteeing a monopoly to the service provider; and
 - Unresolved land tenure issues and the need for a plan that has public and stakeholder buy-in to address the systemic land tenure problems that continue to undermine the investment environment and particularly the agriculture sector.
14. The viability of planning in the Cook Islands will increasingly depend on Government's will and capacity to consult on and find meaningful solutions to either address the above-mentioned fundamental challenges or to redress the negative impacts. In this regard, major new investments and structural problems need to be better incorporated into national planning and budgeting processes and better consulted with and communicated to the public.
15. The current NSDP has been monitored once to date. The indicators in the NSDP and NSDC could be used more to communicate, lobby for and monitor implementation. High level monitoring by OPM-CPPO and the PSC should be done in closer collaboration with the Ministry of Finance and Economic Management (MFEM) with inputs from the NSO, DCD and other ministries. The need for baseline data is vital for measuring progress and there is a need for greater monitoring and evaluation capacity. Coordination with the National Statistics Office (NSO) through implementing the National Statistics Development Strategy (NSDS) should also be strengthened. In other comparable contexts, national development plan indicators reflect a bias towards data already available, collected and analysed by national statistics offices. Establishing a national policy and evaluation strategy to set standards for all ministries as well as standardise systems would improve monitoring and reporting. At some stage it might also be useful to review past use of performance indicators to inform better practices in the next iteration of the NSDP.

¹Government appropriated \$3 million in its 2009 and 2010 budgets but the 2013 budget is now \$13million representing a \$2,000 dollars per tourist subsidy on the flight to Sydney and \$800 dollars per tourist to the USA. While investing in such an important industry may be necessary, it is problematic that the subsidy is paid from general tax revenue and the direct benefits largely go to the private sector. At the same time, there is insufficient evidence to suggest that this expenditure is cost effective or will provide a meaningful return on investment in the medium term or indeed ever.

Vanuatu Experience on Annual Monitoring and Reporting

The Annual Development Report (ADR) is a mechanism for Monitoring and Evaluation (M&E) and to check progress in implementation sector and strategic priorities against indicators in the National Development Strategy (and accordant policy). All indicators are quantitative in nature, measuring the outcome and impact of government policies although some indicators are at the output level.

Monitoring of progress is the responsibility of all government departments, ministries and agencies. The M&E unit is tasked with monitoring overall policy implementation meaning that information needs to be identified and collected in a collaborative manner with line ministries, department and agencies. The M&E unit consolidates information in monitoring reports.

M&E also features with other key monitoring entities such as the Ministry of Finance and National Statistics Office (NSO). High level decision makers are involved in reviewing monitoring reports and deciding how best to improve implementation performance. Preparing information for monitoring reports is an added burden to ministries and departments. However, it is an essential function of government to improve overall performance in achieving development outcomes.



Speaker of the Cook Islands Parliament, Hon. Niki Rattle, Rarotonga.

Government has taken important steps to incorporate an evidence base in planning and budgeting and its insistence on verifiable data is recognised as a good practice. The NSO's work in implementing a road map for improving national statistics is commended. This can put in place standard methodologies because in some cases, statistics are being analysed by different bodies with differing methodologies, leading to inconsistency in budget and planning documentation. Currently, tourism statistics are reported monthly but other data is only reported annually or when special studies are done (e.g. the household income and expenditure study due to be launched in 2014). This has led to some divisions attempting to estimate data that is not currently available which has created multiple sources of data even though there is only one government. It would make sense to release revised statistics on other key indicators on a quarterly basis. While raw data is not always available, a greater focus on analysis and revision could go a long way to presenting consolidated data on key indicators². The next version of the NSDP would benefit from incorporating more quantified statistical targets and baselines.

16. Twice yearly reporting to parliament and cabinet would be strengthened through simplified formats that are easy to review. Members of Parliament (MPs) have also expressed a desire for greater time to review in order to fully understand the implications of reports and plans. Government could consider investing more in its analytic capacities to quantify the success of existing policies and to stimulate a wider debate on the Cook Islands' long-term developmental vision. In particular there is an evident need for better analysis of the drivers of migration, distribution of wealth and opportunities, and the long-term economic prospects for the Cook Islands.
17. Data quality was raised as an issue both by stakeholders and the 2010/2011 PEFA report.

18. It might be valuable for Government to use well-performing ministries such as the Ministry of Education³ as a benchmark. The Ministry of Education,

²It would be advisable to invest more in analysis reinforced by smaller periodic studies to provide estimates on a quarterly basis. For example, a sub-sample of households could be surveyed to provide an informed estimate on household income and expenditure data. It would also be valuable to better document financial performance against past projections and in relation to policy priorities (and expected outputs).

³While a good practice, it is worth noting that at 3.4% of GDP and 11% of budget, education expenditure is disproportionately low compared to both developing and developed countries.

for example, has senior managers well versed with the sector because most of them have worked from the bottom up. This allows for succession planning and creates a culture that is acutely attuned to the negative impact of delivery interruptions should key staff move on. The ministry has an ambitious sector plan to use new technologies and strengthen tertiary and vocational education as well as important systems and incentives to develop the capacity of their own staff. Implementation is monitored through an Education Management Information System (EMIS) providing a good evidence base for decision making. The Ministry of Education is also the recipient of a sector budget support programme demonstrating confidence from external partners. Some of these good practices might be valuable as a comparator in improving effectiveness and delivery in other ministries.

Recommendations

i. Government to ensure enough capacity in CPPO to undertake its national planning, monitoring and also its secretariat functions to the NSDC.

- ii. Government to improve the coordination between CPPO, MFEM including NSO, PSC and NSDC for more integrated planning, monitoring, budgeting, PFM and performance management.
- iii. Government to consider revising the NSDC Terms of Reference to include other line ministries and non-state representatives as well as to ensure closer coordination with the CAC.
- iv. Create space for and incorporate in planning structural 'big picture' development opportunities.
- v. CPPO to better institutionalise increased systematic monitoring and reporting of the NSDP across government through better incorporation and coordination with national statistics services (use quantifiable data and better elaborate a baseline) and existing PSC and Parliament mandated annual ministry reporting.



Standing Back row – Left to right: Peter Tierney, Manager, Development Coordination Division, Ministry of Finance and Economic Management, Cook Islands; Henry Ah Ching, Assistant CEO, Economic Planning and Policy Division, Ministry of Finance, Samoa; Alexander O’Riordan, PIFS Forum Compact Consultant; Petero Okai, Director of Central Policy and Planning Office, Office of the Prime Minister, Cook Islands; Standing Middle row – Left to right: Richard Neves, Financial Secretary, Cook Islands Ministry of Finance and Economic Management; Gail Townsend, Executive Director, Ministry of Education, Cook Islands; Collin Tavi, Former Head of Monitoring and Evaluation Unit, Prime Minister’s Office, Vanuatu; Maria Tuoro, Policy Communication Officer, Central Policy and Planning Office, Office of the Prime Minister, Cook Islands; Charmina Saili, Regional Planning Adviser, PIFS; Harriette Kimiora, PIFS SIS Desk Officer, Ministry of Foreign Affairs and Immigration, Cook Islands; Mereseini Tuivuniwai, Communications Officer, PIFS; Portia Domonatani, Forum Compact, Research Assistant, PIFS; Sitting – Left to right: Elizabeth Wright-Koteka, Chief of Staff, Prime Minister’s Office, Cook Islands; Hon. Minister Kiriau Turepu, Member of Parliament, Cook Islands; Richard Hipa, Secretary of Government, Niue.



Traditional Cook Islands fabric prints

Communication and Coordination

19. The Cook Islands has strong civil society, private sector, culture and media representatives and there is a clear opportunity for greater policy analysis capacity and dialogue across these groups. All respondents recalled the government's good efforts to consult on the NSDP including innovative approaches such as soliciting feedback of families through scholars. Private sector representatives are regularly consulted and features throughout the government's coordination and decision making bodies, e.g. the professionals from the private sector have been included in the budgeting process as members of the budget support group. MPs often solicit expert views from non-state actors and media and civil society are also sometimes invited to consultations. Government's efforts in this area would be improved by clearer lines of accountability to more umbrella organisations that ensures representation of individuals is in the context of their accountability to sector stakeholders. A number of respondents had the unfortunate perception that the Chamber of Commerce has a greater voice in decision making and resource allocation than elected officials or civil servants. Calling for or investing in 'umbrella organisations' or NGO and private sector coordinating mechanisms can go a long way to alleviating accusations of undue bias and could be a particularly opportune investment as the Cook Islands makes 'game changing' investments in tourism, renewable energy and water infrastructure.



Hand crafted Cook Islands ukulele

A Government-Civil Society Alliance: The Samoa experience

The Samoan Government continues to support its alliance with civil society and non-government organisations (NGOs), demonstrating Government's appreciation of the role that civil society groups play in contributing to the well-being and progress of Samoa. Its Civil Society Support Programme (CSSP) brings together the Government, community organisations, NGOs and development partners for a collective drive to improve development in Samoa. The way the CSSP has been established and organized has created a sense of ownership of the programme by civil society. It is managed by an independent Programme Management Unit (PMU), responsible to a steering committee with predominantly civil society membership. Fiduciary oversight is provided by the Ministry of Finance. One of the principal goals of the alliance is to create a coherent framework for the Government and development partners to work closely with the NGOs and community groups.

A US\$5 million technical co-operation programme is contributing to strengthened management and capacity building of NGOs and civil society groups that seek assistance from CSSP. The CSSP responds to requests for funding in support of a range of projects and services. Grants are provided for initiatives such as construction of health centres, adapting to climate change and livelihood projects as well as enhancing management capacities of civil society and NGOs to provide basic services.

The government's annual budget also provides funding to support initiatives driven by both the private sector and non-government actors not covered under the CSSP program.

For more information please visit: www.mof.gov.ws

20. Government's capacity to communicate its business with the general public (and in particular the outer islands), non-state representatives and with line ministries as a whole is essential to effective governance and service delivery. Greater investment in communication would reap strong benefits. A communication strategy and resourced communication office could publicise implementation, planning and reforms and encourage a strategic approach to internal and external consultations. With a small but vibrant media sector, such a plan could take advantage of a potential public-private partnership or even just be informed by closer consultation with and inputs from media experts. Such a function could also contribute to a better harmonised approach to national development amongst line ministries. In this context, attention could also be paid to reinforcing the authority of the statistics office to ensure that statistical data is always presented in a common format and analysis using common methodologies. As above, there is good opportunity to improve parliamentary oversight by compiling reports and plans in a more digestible format for members' consideration (e.g. in using score cards or press releases).
21. Greater communication and consultation with incoming parliamentarians on existing plans is needed and the NSDP would get more attention from the legislature if it was revised to reflect changing political priorities. Furthermore, a framework for dialogue and consultation on the structural challenges (above) facing the country would greatly assist monitoring and evaluation and even formulating the next NSDP. Experience elsewhere suggests that on-going and sustained dialogue between public accounts committee, cabinet and senior government officials on policy and budget priorities results in more effective implementation and monitoring of national priorities. The widely appreciated 2013 devolution process could be a good opportunity to exchange lessons learned and provide technical support to planning and strategy making in the outer islands.

Recommendations

- vi. Government to consider establishing a communication office responsible for consultations with the public and improving communication to parliament (particularly in generating buy-in from MPs to existing strategies and policies) and between organs of government.
- vii. Government to consider providing support to and call for 'umbrella' type mechanisms or organisations to represent the private sector, civil society, the media and culture.

Good Practice: Strong relationships between government, civil society and private sector to the extent that representatives of the private sector assist with the budgeting process.



Back Row – Left to right: Henry Ah Ching, Assistant CEO, Economic Planning and Policy Division, Ministry of Finance, Samoa; Jaewynn McKay, Member of the Cook Islands Chamber of Commerce; Owen Trott, Member of the Cook Islands Chamber of Commerce; John Webb, Member of the Cook Islands Chamber of Commerce; Peter Tierney, Manager, Development Coordination Division, Ministry of Finance and Economic Management, Cook Islands; Front row – Left to right: Portia Domonatani, Forum Compact, Research Assistant, PIFS; Richard Hipa, Secretary of Government, Niue; Steve Anderson, Member of the Cook Islands Chamber of Commerce; Charmina Saili, Regional Planning Adviser, PIFS; Teresa Manarangi-Trott, Member of the Cook Islands Chamber of Commerce; Lynne Samuel, Member of the Cook Islands Chamber of Commerce; Jolene Bosanquet-Heays, Member of the Cook Islands Chamber of Commerce; Collin Tavi, Former Head of Monitoring and Evaluation Unit, Prime Minister's Office, Vanuatu; Mereseini Tuivuniwai, Communications Officer, PIFS; Alexander O'Riordan, PIFS Forum Compact Consultant;

Budgeting, Performance Management and Public Financial Management

22. Government appears to have a well-considered approach to public sector human resource management and is attracting and contracting skilled and committed public servants at the senior level. However succession planning, retaining that capacity and continued capacity development are on-going challenges. While government remuneration is often competitive, specialised skills (e.g. in policy making and planning, financial management and auditing) are expensive to source and in short supply. This problem may need Government to revisit its policy of providing scholarships to increase the supply of skills on the local market. The recruitment of high level staff in short term contracts can mean a new focus and a dramatic change in direction but occasionally results in a disincentive to long-term implementation and lessons learned. Line ministries need to focus more on continuity and retaining Cook Islanders in key positions especially in light of regular staff turnover⁴. This means recognising that to retain highly skilled and mobile staff, Government needs to effectively compete with employers in New Zealand. Government might also look to the region for replicable practices that promise to increase staff retention.

23. The Government of Niue with similar socio-economic and international political context as Cook Islands knows well the challenges of retaining skilled labour and attracting its qualified scholars and workers to return home. Below are some of the innovative ways the government has tried to attract its overseas population and retain skilled labour in Niue.



Primary school examination papers, Rarotonga

Attracting and retaining skilled staff: The Niue Experience

The Government of Niue has established a number of policies and incentives that seek to increase the number of Niue skilled labour returning and retaining them in Niue. These include:

- Financial incentives for private students and those on scholarships to encourage them to return home to work;
- Special salary scales for teachers and the development of one for technical and professional workers in order to retain these important skills in Niue;
- A successful working partnership with the Private Sector through the Niue Chamber of Commerce that supports school leavers with work/learning attachments, providing opportunity for employment as well as training towards their chosen careers;
- The trial of a four day working week for public servants in recognition that there are limited skills in the country and allows public servants to fulfil some of their community responsibilities as well as pursue economic opportunities;
- Financial incentives for public servants wishing to start their own private business in Niue; and
- Preference to engage retired public servants to manage projects and undertake consultancy work.

Close monitoring of these policies and incentives on the ability to attract and retain specialised skills in Niue will offer much to other small islands states

⁴One respondent quipped that good staff change jobs every six months and another pointed to ongoing poaching of key staff between ministries and even between departments.



Traditional Cook Islands Female and Male dancers during a performance at Te Vara Nui Village, Rarotonga



24. The Government of Cook Islands is commended for maintaining tight fiscal controls and accruing surpluses in recent years despite recent natural disasters, rising overall expenditure and the global financial crisis. The budget support committee also has representatives from the business sector that provide an important alternative perspective to elected representatives and public servants. Government has also taken notable steps to improve transparency and management systems by recently updating the Financial Management Information System (FMIS) and is in the process of conducting a PEFA self-assessment in preparation for a second PEFA in 2014. The team also noted Government's establishing a Public Accounts Committee (PAC) to guide and monitor the implementation of the budget at the highest level. The PAC in its mandate will also have the opportunity to discuss Ministries' financial management performance annually with Heads of Ministries, which will assist in strengthening management of fiscal policies. The PAC and MPs noted the need for greater capacity support particularly in terms of vetting and critiquing budgets, financial reports and specialised documents such as with complex statistics, planning and budgeting information.

25. There are some concerns across ministries that the budgeting cycle is too long at eight months between submitting budget proposal and beginning implementation which is a problem for ministries that tweak expenditure as needs arise (e.g. the Ministry of Education that changes its plans based on the number of students that enrol/graduate/repeat,

etc.). The budgeting process would also benefit from closer integration into planning so that business plans, community sustainable development plans and sector strategies reflect a greater likelihood of activities that will be financed.

26. Procurement is an understandable challenge in a country of 15,000 citizens that is isolated from other source markets. It is also understandable that conflicts of interest are hard to avoid. However, there are worrying signs that the electorate is not confident it has the power to follow up and check against leakages and/or undue influence. The notion of centralising procurement was criticised by a number of respondents as there is a need for sector specific knowledge and expertise to ensure effective procurement. That being said it does make sense to develop a central procurement service (and clearer procurement guidelines) although all procurements over \$30,000 already involve the Ministry of Finance.

Good Practice: National audit office appears to subscribe to international benchmarks and uses its relationship with private audit service providers to improve systems.

Government has a policy and strategy to recruit and develop scarce skills needed in the public sector.

Financial management has been sound with regular surpluses.



Peer Review team in consultation with Cook Islands Secretary of Finance and Economic Management. Left to right: Richard Neves, Secretary of Finance and Economic Management, Cook Islands Ministry of Finance and Economic Management; Alexander O'Riordan, PIFS Forum Compact Consultant; Solstice Middleby, Regional Counsellor, Development Cooperation, Department of Foreign Affairs and Trade, Australian High Commission, Fiji; Henry Ah Ching, Assistant CEO, Economic Policy and Planning Division, Ministry of Finance, Samoa; Collin Tavi, Former Head of Monitoring and Evaluation Unit, Prime Minister's Office, Vanuatu; Richard Hipa, Secretary of Government, Niue.

- 27. As mentioned earlier, communication is a recurring challenge and Government evidently needs to do more to communicate how procurement works and how local providers can participate. It is unfortunate that some notable public procurements, for example, were incorrectly understood to have been 'single sourced' even though a competitive process was used. Finally, the practice of granting exemptions from procurement processes needs to be stopped particularly when such exemptions are sought because of avoidable administrative delays or inadequate planning.
- 28. Government is committed to and focussed on constantly improving its effectiveness and efficiencies in delivery, planning and policy making. However, at times this focus comes at the opportunity cost of addressing the more difficult longstanding structural issues (such as in telecommunications and land tenure). This seems to also filter down to the administration level where, for example, following up on audit recommendations is secondary to clearing the backlog of audits. The risk is that a public service culture develops that is focused on new problems rather than addressing

systemic challenges. Performance targets and implementation plans need to be revisited with an eye to addressing recurring and historical problems.

- 29. The Cook Islands has a strong national audit office with a clear focus on international good practices that is reinforced through benchmarking and using private service providers. KPMG, an international audit firm, is contracted as external auditors to the Cook Islands Audit Office while Ernst & Young (also an international audit firm) is the Audit Commissioner. The audit office reports at an administrative level directly to the speaker of parliament. Operationally, the audit office reports to the Public Expenditure Review Committee (PERC) that has four private sector representatives (two accountants and two lawyers) appointed to it. This is a good confidence building measure that combined with regular publishing of audit reports contributes to considerable public trust in the audit office. Furthermore, a large number of public audits are implemented by KPMG who also works on quality control of Cook Islands government audits. Unfortunately, many audit reports are not regularly debated in parliament although this may be due to



Left to right: Richard Hipa, Secretary of Government, Niue; Collin Tavi, Former Head of Monitoring and Evaluation Unit, Prime Minister's Office, Vanuatu; Hon. Wilkie Rasmussen, Leader of the Opposition of Parliament, Cook Islands.

inaccessible data and lack of secretariat support to parliamentarians rather than from a lack of interest because performance (i.e. non-financial) audits are more regularly reviewed by MPs. Recognising the capacity challenges facing the Cook Islands, there is still a need to invest more in developing internal audit functions. Getting up-to-date on the backlog of required audits is being treated as a pressing priority and resources should be provided to contract this out if necessary through the national budget and/or in partnership with regional institutions that help provide auditing services. Audit reports should also be routinely incorporated in PSC in performance appraisals.

30. Government has also made important efforts to improve accountability by establishing and resourcing the Ombudsman's Office. The Ombudsman is an officer of parliament and has received 140 complaints to date. While the Ombudsman is making good progress processing complaints it has not completed or circulated its annual report which in itself undermines public confidence in the office. Again, there is a need for sustained communication on the role and functions of the ombudsman if it is to garner the public's confidence. Unfortunately complying with annual government reporting and procurement processes are an area in which a number of other ministries also underperform; evidently there is room to simplify reporting and demand higher levels of compliance.
31. The Cook Islands is in the process of vast public investment⁵ in water and renewable energy as well as undergoing the most significant change to tax

policy in years. There are divergent understandings across private sector and the public about these changes with often unwarranted suspicions of Government motivations. Government could go a long way to addressing these suspicions through improving communication and consultation with citizens, MPs and stakeholders. This is essential if the Cook Islands Government is to accrue a reputational benefit from these important initiatives.

Recommendations

- viii. Government to work with PICPA⁶ and PIFS to learn from experience in the region on good practice in attracting and retaining staff with scarce skills.
- ix. Government to consider either shortening the budgeting process or improving communication on where it allows for flexibility as situations change.
- x. Government to consider centralising procurement as well as other core functions that promise improved efficiencies.
- xi. Government to consider increasing funding to the audit office, get up to date on outstanding audits and follow up on audit findings while providing more support to MPs to review and critique financial audits.
- xii. Government to consider launching public consultations/communication campaign on upcoming large scale investments in renewable energy and water infrastructure.



Participants of the 7's in heaven event participating in a fun-run dashing to the finish line in downtown Rarotonga.

⁵\$230 million is intended for renewable energy on top of a purported \$236 million in infrastructure investment. The combined \$466 million in investments represents almost four times national budget and thus has systemic and potentially vast knock on effects for the local economy.

⁶Pacific Islands Centre for Public Administration (PICPA)



Cook Islands girl showing the exquisite Cook Islands Black Pearl.

Aid Coordination and Management

32. Aid management functions and systems are well established in the Cook Islands. The Development Coordination Division (DCD) within the Ministry of Finance and Economic Development coordinates and manages all donor resources in the Cook Islands. The Cook Islands Official Development Assistance Policy was approved in 2012 and implementation is coordinated by the DCD who also manage a basic aid management database. DCD also manages the annual donor roundtables to discuss development and development effectiveness issues with development partners. The DCD has focused on promoting greater transparency in publishing existing aid data and reports. Additionally, development partner funded projects are submitted to and reviewed by the NSDC prior to approval. Data is provided to the public that would be of even greater use if simplified to make it more accessible.
33. DCD enjoys considerable support and buy in from development partners, stakeholders (less so in outer islands) and implementation partners. It has adopted a sound approach to aid effectiveness emphasising broad government effectiveness initiatives rather than using a narrower development partner

focused approach. It is also promoting a move towards greater harmonisation and alignment and a move away from project based approaches towards sector based or budget support type approaches. As with other branches of government, however, DCD operates in a challenging environment with high rates of staff turnover.

Good Practice: Aid effectiveness principles have been focused on the context of strengthening government as a whole (and not just aid); transparency and the potential for accountability is dramatically improved by DCD making project reports and studies available to the public.

Government has agreed an ODA strategy and development partners are called on to support its implementation.

34. 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 as the government struggles to get a clear picture from regional organisations on exact levels of support to the Cook Islands. There have also been concerns raised about the lack of coordination among regional organisations with unannounced or short noticed visits or visits that could be more effective and efficient if combined. It appears that regional organisations and programs were more likely to bypass national systems and reporting than bilateral aid. While capturing bigger bilateral programs within national disbursement and reporting systems may be the greater priority CIG should also further encourage regional partners to act in a coordinated way with development partners and bring their aid on budget. Coordination is hampered by a large proportion of development partners not having representation in country. Further analysis should be undertaken and dialogue launched with donors and development partners on how associated 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). In this space it would also be valuable to demonstrate and communicate to development



(Left) Peter Tierney, Manager, Development Coordination Division, Ministry of Finance and Economic Management, Cook Islands, chats with Zhang Jiale Second Secretary, Economic and Commercial Counsellor's Office of Chinese Embassy, Wellington, New Zealand (right).

partners the relative inefficiencies experienced and costs increased when implementation is outside of (and without donor confidence in) Government systems.

35. The Cook Islands receives sector budget support from New Zealand (and Australia through delegated cooperation) 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 amongst development partners about moving towards budget support. Line ministries and outer island administrations often do not express a good understanding of DCD's review and quality control practices and there may be a need to conduct a process review to measure the extent to which development partner systems and practices enable effective and efficient implementation. Much ODA, particularly for infrastructure, remains in a project modality for these reasons. Infrastructure projects in outer islands in particular appear to take up to five

years to plan and/or implement primarily due to capacity constraints but also due to development partner requirements. This is a notable issue in 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. It would be opportune for DCD to launch internal consultations on how best to improve implementation and seek specific support from development partners for these reforms in order to achieve its goals of moving to greater levels of budget support over time. Positively, Government officials' and development partners both express a desire to move the dialogue away from project management wherever possible.

36. If requested by Cook Islands Government, development partners could assist in creating space for an inclusive dialogue around catalytic opportunities for development and growth and support analysis and dialogue on the structural challenges raised above (paragraph 8). Ideally this



Peer Review Team during consultations with the Traditional Leaders of Cook Islands, Cook Islands Museum, Rarotonga

would provide a stronger basis for future policy dialogue over the medium term future. In this space there are also evident opportunities to initiate dialogue on other challenges such as climate change, emergency preparedness and resilience. Dialogue could also focus on better programming to orphaned sectors such as culture and agriculture as well as to the outer islands.

37. Given the expected continued reliance on 'aid' from development partners in the near future, Government should consider developing a medium term strategy to graduate existing project based programming to budget support mechanisms while still maintaining access to specialised services and technical assistance from regional and multilateral partners. Donors and development partners should also promote sourcing a greater proportion of technical assistance regionally or sub-regionally.

Recommendations

- xiii. Government to create space for meaningful policy dialogue on a 3 to 5 year strategy to

move away from project based aid to long term development financing through one budget support mechanism.

- xiv. Government to consider a full review of its ODA programmes to determine the bottlenecks in delivery including to outer islands.
- xv. Development partners including regional organisations to provide necessary timely and complete information to government on the level of funding and technical support and account for the results.
- xvi. Development partners to set targets with government on greater use of joint missions, analysis, and moving towards budget support as the main form of support.
- xvii. Development partners where requested by government should devote more attention to supporting Government's move towards addressing structural opportunities.



Women at the Punanga Nui Market sitting next to their hand woven quilts.

NEXT STEPS

38. The recommendations provided by this team represent an informed opinion only. As such, recommendations should be considered by Government within the context of the Cook Islands' own understanding of the challenges at hand. To the extent that Government finds recommendations useful, there could be a follow-up visit by PIFS in which support could be provided to elaborating a work plan or road map to implement recommendations Government finds useful. In this context, a follow up mission could be considered within six or 12 months of completing the Peer Review to capitalise on the momentum created.
39. Key development partners in the Cook Islands are called on to support Government in implementing any recommendations accepted. Development partners should also consider the human resource implications of committing to more substantive
- policy dialogue particularly if there is an agreement by Government to focus more attention on structural opportunities. At the same time, it is important to recognise that because of potential sensitivities in advancing on the structural opportunities identified, any commitment made will need to be reinforced with balanced analysis and research capacities even if this is just based on existing available data.
40. Ideally the work plan or road map should include a results framework that should be monitored on a regular basis. A designated government unit should be tasked with monitoring, managing and implementing the road map. This unit should be closely associated with the NSDC and will necessarily need sufficient capacity to coordinate different stakeholders as well as the authority to call high level meetings as needed.



The Maru Maru Atua, a traditional Canoe anchored in the Rarotonga harbor, Rarotonga.



Cook Island woman demonstrating how to make a traditional Cook Islands quilt at the 12th Triennial Conference of Pacific Women & the 5th Pacific Ministerial meeting on Women, Rarotonga

Annex 1: Cook Islands Peer Review Terms of Reference

1.0 Purpose

This note sets out Terms of Reference for a peer review of Cook Island's national development planning, budgeting, public financial and aid management institutions, systems and processes under the Cairns Compact on Strengthening Development Coordination in the Pacific (Forum Compact).

2.0 Background

Through the Cairns Compact, Forum Leaders agreed in August 2009 that the Pacific Islands Forum Secretariat (PIFS) should establish and report annually to the Forum Leaders on a process of regular peer review of Forum Island Countries' (FICs) national development planning, budgeting, public financial and aid management systems and processes to:

- a. promote international best practice and development effectiveness;
- b. improve effective budget allocation processes; and
- c. guide support from development partners.

The peer review process is also to guide improvements in development effectiveness, and inform discussions at the Pacific Islands Forum and Post Forum Dialogue.

Peer reviews are an opportunity for mutual learning between FICs, their peers in other FICs and development partners (traditional and emerging donors) and about how best to address development coordination challenges. The peer review process is intended to contribute to reinforcing country leadership over the establishment of national priorities, and enhance the capacity of countries to guide the use of development resources – both government and development partner funded resources.

The Cook Islands Peer review is planned in conjunction with the Cook Islands Public Expenditure and Financial Accountability (PEFA) being organised by the Pacific Financial Technical Assistance Centre. The previous PEFA resulted in the Cook Islands Public Financial Management road map which supports a suite of initiatives including the midterm budgeting framework, the Parliamentary oversight committee and procurement capability.

Given this context the Cook Islands requests the review team to particularly focus on the public policy making system and in particular stakeholders information needs, evidence production and usefulness (content, form), analysis capability and use in decision making. The peer review will inform three key work streams being the Prime Minister's office Strengthening Policy and Planning in the Public Service and the Ministry of Finances' Statistics Divisions national strategy for the development of statistics and the Development Coordination Divisions activity management cycle and national implementing entity projects.

Finally, in the spirit of boarder partnerships for development, the review team will include observers from the People's Republic of China, NZ Embassy, Niue and the Republic of the Marshall Islands.

3.0 Issues for review

The Peer Review process will consider the following issues in line with globally (Busan, Paris, Accra) and regionally (Pacific Principles of Aid Effectiveness) accepted principles for development effectiveness:

Ownership: Pacific Aid Effectiveness Principles 1, 3

- Processes for preparing and reviewing well developed and costed national and sectoral/thematic development plans/strategies. Integration of the national Climate Adaptation and Mitigation Program providing focus for the review team.
- Links between the national and sector development plan/strategies and budgets

Alignment: Pacific Aid Effectiveness Principles, 2,5,6

- Alignment of development partners plans/programmes and funding to the national/sector budgets and financial management systems. Extent to which sector development plans/strategies have been successful in targeting ODA.

Harmonisation: Pacific Aid Effectiveness Principle 4

- Harmonisation of and amongst development partners' development assistance, programming, monitoring processes to reduce transaction costs on government systems and resources

Managing for Results: Pacific Aid Effectiveness

Principle 7

- Innovating in practice, ensuring openness to emerging tools, given aid effectiveness literature relies more on traditional accountability institutions like auditing and Parliamentary oversight,
- Mechanisms, processes and frameworks for monitoring the implementation of the national development plans/strategies focused on results and outcomes.
- Gaps in the policy framework such the deficit of personnel across the public service with a sound understanding of the principles of policy development.
- Policies that lack ownership by implementing agencies resulting in outdated legislation, no policy foundation on which to base updates; and absence of rigor and evidence used to evaluate policy implementation and performance of the public service in general.

Mutual Accountability: Pacific Aid Effectiveness

Principle 7

- Mechanisms, processes and systems for collective (government and international, national and local development partners) assessment, monitoring and review of development programmes/resourcing to improve the effectiveness of development assistance.
- Sustaining improvement of monitoring and evaluation institutions and development of innovative tools especially adapted to small island context that better engage and inform a broader cross section of stakeholders (at local, national, international levels) in National Sustainable Development.

Following are the detailed considerations for the Peer Review:

Ownership:

- Processes for preparing and reviewing national and sector and thematic development plans, including:
 - a. Effective policy development – to what extent are domestic stakeholders (parliamentarians, government, councillors and development partner officials, civil society leaders and private sector groups) engaged in the preparation, monitoring, reporting and review of national development plans.

- b. Transparency and effective communication - the extent to which the Government has communicated national and sector plans within Government and to other domestic stakeholders;
- c. Relevancy and efficacy - whether the national and sector or thematic plans such as climate change, adaptation, renewable energy, water, sanitation define a clear set of development results and set realistic timeframes.
- d. Learning processes - the extent to which the Government has systematised the learning process in policy making (e.g. priority setting, scheduled evaluations, recognised the importance of feedback loops).
 - Links between plans and budget allocations, including:
 - a. The extent to which existing plans (e.g. adaptation, gender, water, education, gender, youth) are supported by realistic and appropriately costed annual budgets; and
 - b. The usefulness of further sector plans given the risk of developing unfunded highly technical solutions, cost in time and money, importance of interconnecting sectors and issues (PIFS, 2013) in plans like the Cook Islands Infrastructure Investment plan under development.

Alignment and Harmonisation

Relationship of development partners to national and sector development plans, including

- Compare and contrast the extent to which development partners align their assistance to national, capital, sector and thematic plans in a coordinated manner. Review climate change, water, energy and education;
- Assess the impact of Cook Islands efforts undertaken as part of the PFM road map, if any, on the above;
- The extent to which recommendations of the donor round table and country profile are practiced. Number joint missions/assessments, Number of projects, ODA % funding at least national programmes; % in budget support, and
- The extent of use/duplication of/with national (government and other domestic stakeholder) systems. Modalities development partners are trending to deploy.

Managing for Results and Mutual Accountability

Monitoring the implementation of national and sector/thematic development plans, including

- Review of existing processes and frameworks for tracking and reporting progress against outcomes in national and thematic/sector plans; and
- The extent to which innovative social accountability mechanisms such as community scorecards, citizens charters, social auditing, social expenditure-tracking, etc could be appropriate to the Cook Islands (small population and community family structure) context.

Evidence based policy - how systematically evidence (both quantitative and qualitative) is generated and used to develop and improve plans and allocate resources. In particular consider:

- The extent to which evidence is used to inform policy conclusions;
- To what extent progress reporting is based on rigor and evidence obtained by statistics or other metrics to evaluate progress on policy implementation and performance of the public service in general;
- How to coordinate key work streams to improve the system including the Prime Minister's office Strengthening Policy and Planning in the Public Service (includes PSC performance framework) and the Ministry of Finances' Statistics Divisions national strategy for the development of statistics and the Development Coordination Divisions activity management cycle and national implementing entity projects; and
- Assess the capacity for policy development across personnel in the public service and key partners.

4.0 Outputs

The key output from the peer review process will be an Aide Memoire and Report prepared by the review team and agreed by the Government that will summarise the available evidence, based on existing documents and in-country consultations, to draw conclusions on the above issues as the basis for:

- Recommendations to the Government on how it can strengthen the public policy making process including:
 - a. Potential tools and system changes that would increase the quality of participation of domestic

stakeholders, and, promote international research for relevant findings;

- b. Systematic linkages between learning generated and adaptation of annual plans and budget decision making;
- c. Systems that inform the prioritisation of initiatives needed to sustain and extend positive development trends;
- d. The Cook Islands Aid Effectiveness Implementation Plan, ODA policy and development partners meetings; and
- e. Other significant findings.

Recommendations for development partners on how they can improve:

- Coordination with and between regional development partners;
- The practice of higher order modalities which are coordinated using national systems with both national resources (lending/and other development partners); and
- Support for improved capability in the Cook Islands public policy process.

Broader lessons on the above issues for other FICs and development partners to consider through the Post Forum Dialogue and other regional meetings.

5.0 Peer Review Team

The review team will consist of up to two or three representatives from Samoa, Henry Ah-Ching, Collin Tavi of Vanuatu and representatives from development partners Ms Solstice Middleby of the Australian Agency for International Development (AusAID). Observers include Mr. Fan Zhang, Economic & Commercial Counsellor, NZ Embassy of the People's Republic of China and officials from Niue and Republic of the Marshall Islands. The Peer Review Team will be supported by the Regional Planning Adviser, consultant, administrative and communications support team from the PIFS.

6.0 Stages of review process

6.1 Pre-Analytical review

With support of the Regional Planning Adviser, the consultant engaged by PIFS will consider the Government's key planning, MDGs, budgeting, PFM and aid management policy and reporting documents including self assessments (2010 Cairns Compact report, Paris Monitoring Survey Report, country profile, PEFA updates, country profile. An Information Brief will

be prepared for the review team and shared with the Government.

6.2 In-country review

The in-country peer review process will take no more than 10 working days.

Prior to the consultations, basic peer overview information will be published in the Cook Islands media to increase public awareness. The Peer Review Team will hold an Initial Briefing with the Political leadership (Prime Minister, Minister of Finance, NSDC) and Peer Review Focal Point/ Agency Development Coordination Division? to confirm the objectives and focus of the Peer Review and the stakeholders to be consulted.

The peer review team would then meet with relevant stakeholders agreed between the Government and the review team. It is anticipated that consultations will include:

- Political leaders including Traditional leadership (Te Koutu Nui/House of Ariki, Prime Ministers, Ministers, Parliamentarians, Island Councillors, Mayor, Speaker or Vice Speaker of the House, Chair of Parliamentary Oversight Committees, Ombudsmen, President of the Mayor's Association).
- Representatives of non-state actors such as;
 - a. Organisations representing women, workers, youth, environment, media, people with disabilities;
 - b. Representatives of the private sector President of the Chamber of Commerce, Professional Business Women's Association, Tourism Industry Council, growers, fishers, business leaders.
- Senior officials in central planning, public service and financial management agencies (via NSDC, CAC) and key service delivery agencies (e.g. education, health, internal affairs, agriculture, fisheries, transport/infrastructure, commerce, tourism etc).
- Representatives of key development partners in country (NZ) and by telephone (e.g. ADB, EU, UNDP, SPC, SPREP).

A Peer Review Debrief will be held on the last day of the Peer Review in country where the Peer Review team will provide an Aide Memoire noting preliminary findings. Stakeholders from both government & non-government sectors and development partners will be invited to attend.

6.3 Post Peer Review Process

1. Preliminary Report by Peer Review Team:

Within three to six weeks of the completion of the in country peer review visit, the Peer Review Team with support of the PIFS and consultant will produce and submit a preliminary Peer Review Report to the government for review and comment.

2. Government approval of the Peer Review Report:

The host country will be asked to respond to the draft report within two to four weeks of receiving the draft and asked to approve a final Peer Review Report within twelve weeks of completion of the peer review visit.

3. Dissemination of the Peer Review Report:

Within four weeks of host country's approval of final peer review reports, Peer Review Reports will be published and disseminated widely by the PIFS to all Forum members and development partners via PIFS Circular and on the PIFS and Cook Islands government websites.

4. Host Country and PIFS Report on Peer Reviews to PIC-Partners and PPAC meetings:

The host country and the PIFS will present the peer review report and a consolidated report summarising the peer reviews undertaken in 2013 at the Pacific Island Countries – Development partners meeting and the Pacific Plan Action Committee (PPAC) meeting. The conclusions of the peer reviews will be reported to the Forum Leaders meeting as part of the PPAC Chair's Letter to the Chair of the Forum.

5. Host Country and PIFS Report on Peer Reviews to Leaders and Post Forum Dialogue – September 2014:

PIFS will present [a summary of] the peer review report and a consolidated report summarising the peer reviews undertaken in 2013 to Forum Leaders and the Post-Forum Dialogue to inform discussions on development coordination.

The Host country can also consider a high level report potentially through their leader's address to the Forum Leaders on their peer review process and follow up.

6. Development Coordination Action Planning, Resourcing and Implementation:

PIFS will attend the development partner roundtable 2014 (February 2014) to discuss concrete work plan/ actions and resource framework/division of labor for implementing the recommendations of the Peer Review Report.

The Cook Islands will integrate the Peer Review Recommendations into their ongoing national development planning, budgeting and aid coordination/management development strategy/plan and processes.

A simple Monitoring and Evaluation Framework/indicators should be agreed between the Government, development partners and PIFS will be developed and used to track the implementation of the Peer Review Recommendations.

7.0 Administrative and funding arrangements

In addition to the consultant, PIFS will provide logistical and administrative support to the peer review process coordinated by the Regional Planning Adviser.

The major costs of the peer review process will be met by PIFS. These costs include the consultant and administrative support provided by PIFS, travel by the peer review team and incidental costs incurred by the Government such as hiring meeting facilities and catering. The only significant costs to the Government will be the time of officials consulted. It is proposed that the development partner participating in the review team will cover their own costs.

The Cook Islands Government designated focal point is Peter Tierney, Development Coordination Division (DCD) of the Ministry of Finance and Economic Management. DCD will set up and manage the consultation process in close coordination with PIFS.



Alter girls during a Catholic mass, Rarotonga

ANNEX 2: List of People Consulted

Name	Title	Organisation
National Sustainable Development Committee		
Elizabeth Wright-Koteka	Chief of Staff (Chair)	Office of the Prime Minister
Richard Neves	Secretary	Ministry of Finance and Economic Management
Sharyn Paio	Secretary	Ministry of Education
Peter Tierney	Director	Development Coordination Division
Myra Patai	Secretary	Ministry of Foreign Affairs and Immigration
Russell Thomas	Commissioner	Office of the Public Service Commissioner
Daphne Ringi	Chief Executive Officer	Office of the Public Service Commissioner
CPPO Office	SECRETARIAT	
Central Policy & Planning Office (CPPO)		
Petero Okotai	Director	Office of the Prime Minister
Maria Tuoro	Policy Communications officer	Office of the Prime Minister
Nga Puna	Senior Strategic planner	Office of the Prime Minister
Pa Enua (Outer Islands) Office		
Otheniel Tangianau	Director of Pa Enua Division	Office of the Prime Minister
Development Coordination Division and Management		
Peter Tierney	Manager Development Coordination Division	Ministry of Finance and Economic Management
Vanessa Jenner	Asian Development Bank, Liaison Officer Development Coordination Division	Ministry of Finance and Economic Management
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Traditional Cook Islands fire dancer during a performance for tourists in Aitutaki, Cook Islands.





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