



Cook Islands: Renewable Energy Sector Project

Project Name	Renewable Energy Sector Project												
Project Number	46453-002												
Country	Cook Islands												
Project Status	Active												
Project Type / Modality of Assistance	Grant Loan												
Source of Funding / Amount	<table> <tr> <td colspan="2">Grant 0415-COO: Renewable Energy Project</td></tr> <tr> <td>European Union</td><td>US\$ 7.26 million</td></tr> <tr> <td colspan="2">Loan 3193-COO: Renewable Energy Project</td></tr> <tr> <td>Ordinary capital resources</td><td>US\$ 11.19 million</td></tr> <tr> <td colspan="2">Grant 0493-COO: Renewable Energy Sector Project - Additional Financing</td></tr> <tr> <td>Global Environment Facility</td><td>US\$ 4.26 million</td></tr> </table>	Grant 0415-COO: Renewable Energy Project		European Union	US\$ 7.26 million	Loan 3193-COO: Renewable Energy Project		Ordinary capital resources	US\$ 11.19 million	Grant 0493-COO: Renewable Energy Sector Project - Additional Financing		Global Environment Facility	US\$ 4.26 million
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Global Environment Facility	US\$ 4.26 million												
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth												
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development												
Sector / Subsector	Energy - Renewable energy generation - solar												
Gender Equity and Mainstreaming	No gender elements												
Description	The impact of the project will be increased energy security in an environmentally sustainable manner. The outcome will be an increased access to a higher share of electricity generated by renewable energy sources.												
Project Rationale and Linkage to Country/Regional Strategy	<p>The Cook Islands is a Pacific island country divided into two island groups with an estimated total population of 18,600 people. The Northern group consists of seven low-lying and sparsely populated coral atolls, while the Southern group consists of eight fertile volcanic islands. About 92% of the population lives in the Southern group islands including Rarotonga, a main island. Economic development is hindered by the country's limited size, isolation and distance from markets, lack of natural resources, periodic devastation from natural disasters, and inadequate infrastructure. The Cook Islands is heavily dependent on imported fuels. The total fuel import bill of the Cook Islands in 2012 was NZ\$34.6 million or 25% of total imports and 9% of gross domestic product. Diesel-powered generators constitute about 99% of the total electricity generating capacity. The total installed power generation capacity in the Cook Islands is 11.75 megawatt (MW) with a distribution network comprising 80 kilometers (km) of 11 kilovolt (kV) underground cables and 200 km of 0.415 kV low voltage distribution lines. On the major islands of Rarotonga and Aitutaki, nearly 99% of all households are grid connected, 8% have additional solar photovoltaic home systems (SHS), and 3% use small diesel generators. On the outer islands, about 60% of households are grid connected, and 43% have a SHS. Current electricity demand in the Cook Islands is around 30.0 gigawatt-hour (GWh), which is forecast to modestly grow to 38.5 GWh by 2020. The Southern group is the dominant load center that accounts for 98% of current and future load demands.</p> <p>Delivery of energy services is undertaken by state-owned utilities on Rarotonga and Aitutaki islands, and by island administration committees on the other outer islands, which are vertically-integrated electricity authority operating generation, transmission, distribution and retail of electricity. Assets for energy services are owned and overseen by the Cook Islands Investment Corporation (CIIC), the government's holding company grouping the state-owned enterprises.</p>												
Impact	Increased energy security in an environmentally sustainable manner												

Project Outcome

Description of Outcome	Increased access to a higher share of electricity generated from renewable energy sources
Progress Toward Outcome	--

Implementation Progress

Description of Project Outputs	1. Solar photovoltaic power system development 2. Institutional strengthening and project management support
Status of Implementation Progress (Outputs, Activities, and Issues)	Not yet due. Not yet due. Ongoing Ongoing Ongoing. Turnkey contract for core subprojects (or Phase 1) also included Atiu and was awarded on 17 August 2016. Atiu was included in the turnkey contract for core subprojects already awarded; the Aitutaki subproject tendering is on hold as of December 2016; and the Rarotonga subproject was requested by the government to be omitted from noncore (or Phase 2) subprojects.
Geographical Location	

Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The project has been classified as category B for environment following ADB's SPS. An EARF has been prepared for noncore subprojects, and an IEE has been prepared for core subprojects. The main environmental impacts will be during site preparation, which will include the cutting of about 141 trees and clearing of vegetative cover from the proposed sites and surrounding areas to prevent shading. There will be impacts from noise and dust due to transportation of plant and materials as well as operation of construction machinery. These impacts will be short-term (approximately one week for the smaller plant and up to a month for the larger plant). Operational impact includes maintenance of the plant and management of used batteries. It is proposed, as a special condition in the technical specifications, that handling and disposal of used batteries will be taken care of by suppliers. The solar photovoltaic power system will not have any significant long-term adverse environmental impacts. During implementation, MFEM, TAU, and REDD, with support from the environmental expert under the institutional strengthening and project management support component, will prepare IEE for noncore subprojects, and develop and update the IEE and the EMP based on the detailed designs for core and noncore subprojects. ADB will clear the updated documents. The EMPs from the updated assessments will be integrated into the bid and contract documents. During project implementation, the environment expert will enhance the capacity of MFEM, TAU, and REDD in safeguards implementation and monitoring.
Involuntary Resettlement	The project has been classified as Category B for involuntary resettlement following SPS. The project is not expected to involve physical displacement, but will require a total of 7.4 ha of land. A resettlement plan has been prepared for the three core subprojects. A resettlement framework has been prepared for the project providing guidelines to prepare the resettlement plan for noncore subprojects. The resettlement plan will be updated after the detailed design and compensation will be provided to affected persons before the start of civil works in respective sites.
Indigenous Peoples	The project has been classified as Category C for Indigenous Peoples following SPS. The population in the project area comprises the mainstream population of Cook Islands. The project is not expected to impact any distinct and vulnerable group of indigenous peoples as defined under SPS.

Stakeholder Communication, Participation, and Consultation

During Project Design	
During Project Implementation	

Business Opportunities

Consulting Services	The executing agency has requested advance contracting. This will include procurement of consulting services.
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Procurement	The loan will be used for the procurement of equipment and materials, civil works, services, related transportation, insurance, installation costs, and interest and commitment charges on the loan during construction for non-core subprojects on Atiu, Aitutaki, and Rarotonga. The loan will also be used to finance consulting services and contingencies. The grant will be used for the procurement of equipment and materials, civil works, related transportation, insurance, and installation costs for core subprojects on Mauke, Mitiaro, and Mangaia. The government of Cook Islands will finance land acquisition, environmental and social monitoring, taxes and duties not funded by the loan and grant, and contingencies. To support the project's procurement, EU has agreed to follow ADB's Procurement Guidelines (2013, as amended from time to time) for the civil works contracts. However, EU cannot exclude any of its member countries from the contracts it funds. Therefore, an exception to Article 14(ix) of the Agreement Establishing the Asian Development Bank (the Charter 7) is required to allow non-member countries of ADB to tender for the procurement of equipment and materials; civil works; and services. The government of Cook Islands will finance land acquisition, environmental and social monitoring, taxes and duties not funded by ADB loan and the EU grant, and contingencies.
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Responsible Staff

Responsible ADB Officer	Lee, Woo Yul
Responsible ADB Department	Pacific Department
Responsible ADB Division	Transport, Energy and Natural Resources Division, PARD
Executing Agencies	<i>Ministry of Finance & Economic Management</i> <i>PO box 120</i> <i>Cook Islands</i>

Timetable

Concept Clearance	04 Sep 2013
Fact Finding	10 Mar 2014 to 21 Mar 2014
MRM	22 Apr 2014
Approval	21 Nov 2014
Last Review Mission	-
Last PDS Update	30 Mar 2017

Grant 0415-COO

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
21 Nov 2014	13 Jan 2015	09 Feb 2015	31 Dec 2017	31 Dec 2019	-

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	13.09	Cumulative Contract Awards			
ADB	0.00	21 Nov 2014	0.00	6.67	92%
Counterpart	5.83	Cumulative Disbursements			
Cofinancing	7.26	21 Nov 2014	0.00	4.20	58%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	-	-	-	-	Satisfactory

Grant 0493-COO

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
29 Aug 2016	14 Sep 2016	18 Oct 2016	31 Dec 2019	-	-

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	5.57	Cumulative Contract Awards			
ADB	0.00	29 Aug 2016	0.00	3.12	73%
Counterpart	1.31	Cumulative Disbursements			
Cofinancing	4.26	29 Aug 2016	0.00	0.00	0%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	-	-	-	-	Satisfactory

Loan 3193-COO

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
21 Nov 2014	13 Jan 2015	09 Feb 2015	31 Dec 2017	31 Dec 2019	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	11.19	Cumulative Contract Awards			
ADB	11.19	21 Nov 2014	7.06	0.00	75%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	21 Nov 2014	0.84	0.00	9%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	-	-	-	-	Satisfactory

Project Page	https://www.adb.org/projects/46453-002/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=46453-002
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