Country context

The Cook Islands is a nation of 15 islands, scattered over an exclusive economic zone in the South Pacific Ocean of 1.8 million square kilometers. The country is vulnerable to climate change and natural disasters, and its economy is largely driven by tourism. The Muri Lagoon on the eastern coast of Rarotonga (the largest island in the Southern group) attracts the most tourist revenue in the Cook Islands. However, the lagoon is significantly affected by wastewater and other pollution. This pollution is exacerbated by tourism, and at the same time threatens it. The Asian Development Bank (ADB) is supporting the government with developing a centralized sewer and sanitation system and improving the lagoon’s water quality. There is now an opportunity to seek creative co-financing opportunities and ensure the values nature provides to both the local community and the private sector are factored into decisions.

What will this pilot project do?

Natural capital assessments and accounting (NCAA), which includes economic valuation, can help development efforts strategically preserve the ecosystem services important to a region or community. This project will co-develop a roadmap for using NCAA and economic valuation of nature’s benefits in the Cook Islands that reflects the values of Cook Islanders, and a process for integrating NCAA into ADB's loan process for infrastructure development. The team will co-develop a training, specific to the local context, to expand capacity for continued use of these approaches. They will also conduct a baseline ecosystem services assessment and economic valuation for the Muri Lagoon wastewater project as a pilot for incorporating nature's value into the design of such infrastructure, and as a use case for the training.

Note that this is an iterative process and the specifics of the project may evolve.

Key steps

- **Working with different groups within ADB** (Economic Research and Development Impact Department; Water and Urban Development; and Environment), identify entry points for incorporating NCAA and economic valuation of ecosystem services into ADB's loan process for infrastructure projects.

- **Co-design training material to increase literacy** around established methods to assess, account for, and value natural capital in the Cook Islands; equip consultants to train people through courses at the University of the South Pacific.

- **Pilot key elements of these approaches** using the Muri lagoon wastewater infrastructure project as a test-case.
Project-at-a-glance

Incorporating NCAA in ADB & Cook Islands infrastructure processes

| Type of policy or finance mechanism this will inform: | Infrastructure loans |
| Planned methods for natural capital approach: | Mapping natural capital; economic valuation; process guidance; capacity development |
| Key issues to be addressed: | Coastal |
| Geographic scale: | Watershed-scale and downstream coastal and marine ecosystems |
| Ecosystem services to be assessed: | Tourism, water quality, coastal vulnerability |

Pathway to impact

Vision
Large infrastructure projects in the Cook Islands routinely incorporate community goals for preservation of local ecosystems and benefits, including long-term viability of tourism and development.

Outcomes ’24
Cook Islands and ADB have a roadmap and increased capacity for using NCAA in planning Muri Lagoon wastewater sanitation project and future projects.

Activities
Develop guide for using NCAA & economic valuation of ecosystem services in Cook Islands context and in ADB loan process; baseline assessment & valuation for Muri Lagoon; train local experts in using these approaches.

Partners
Cook Islands National Environment Service; Ministry of Finance/Economic Management; ADB; NatCap-Stanford

Policy & Investment Windows
ADB loan for Muri Lagoon wastewater sanitation project

For more information, please visit the project page: bit.ly/peopleplanetprosperity.
Please contact naturalcapitalproject@stanford.edu with questions about this project!