United Nations Development Programme
Country: Cook Islands

PROJECT DOCUMENT

Project Title: Strengthening the Implementation of the Nagoya Protocol on Access to Genetic Resources and Benefit Sharing in the Cook Islands

UNDAF Outcome(s): By 2017 the most vulnerable communities across the PICTs are more resilient and select government agencies, civil society organizations and communities have enhanced capacity to apply integrated approaches to environmental management, climate change adaptation/mitigation, and disaster risk management.

UNDP Strategic Plan Outcome 1: Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded.

UNDP Strategic Outputs Output 1.3: Solutions developed at national and sub-national levels for sustainable management of natural resources, ecosystem services, chemicals and waste.

Cook Islands NSDP Goal 6- Environment for Living “A Cook Islands where we sustain our ecosystems and use our natural resources efficiently.”

Executing Entity/Implementing Partner: The Cook Islands National Environment Service
Implementing Entity/Responsible Parties: CIMTECH, Matheson

Brief Description
The primary objective of the project is to develop and implement a national Access and Benefit Sharing (ABS) legal framework, build national capacities and support an ABS Agreement based on Traditional Knowledge and a Public-Private Partnership. The project will focus on three components: 1) strengthened national regulatory and institutional framework for ABS; 2) capacity building and awareness raising for the implementation of the National ABS Framework; and 3) bio-discovery and benefit-sharing agreement based on Traditional Knowledge on Bone and Cartilage Regeneration. The project takes advantage of the traditional medical knowledge to use a common Cook Islands biological resource (Hibiscus tiliaceus) to accelerate bone healing and cartilage repair. The project will aim to commercialize its genetic properties.

1 For UNDP supported GEF funded projects as this includes GEF-specific requirements.
and benefit the Cook Islands, local communities and contribute to the implementation of customary biodiversity and sustainable use practices, known as ra‘ui.²

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<th>Program Period: 2015-2018</th>
<th>Total Resources Required: 2,429,137 USD</th>
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<td>In-cash contributions</td>
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<td>o Matheson Enterprises 50,000</td>
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<td></td>
<td>o CIMTECH (Australia) 579,000</td>
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Agreed by (Government):

[Signature]
Hon. Kiriau Turepu
Minister of National Environment Services
Government of Cook Islands

Date/Month/Year

Agreed by (UNDP):

[Signature]
Lizbeth Cullity
UN Resident Coordinator/UNDP Resident Representative
For Multi-Country Office in Cook Islands, Niue, Samoa and Tokelau

Date/Month/Year

² A traditional conservation practice where access to a particular resource or area is forbidden for a given period that is still being practiced in the Cook Islands. The ra‘ui are promoted and supported by the Ko tua Nui (sub-chiefs) and the Ko tua Nui is responsible for the establishment of ra‘ui. Ra‘ui are locally managed by community members.
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<table>
<thead>
<tr>
<th>Acronym</th>
<th>Meaning</th>
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<tbody>
<tr>
<td>ABS</td>
<td>Access and Benefit-Sharing</td>
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<tr>
<td>Au</td>
<td><em>Hibiscus tiliaceus</em></td>
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<tr>
<td>BU</td>
<td>Biodiversity Unit</td>
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<td>CBD</td>
<td>Convention on Biological Diversity</td>
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<td>CHM</td>
<td>Clearing House Mechanism</td>
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<tr>
<td>CINHT</td>
<td>Cook Islands Natural Heritage Trust</td>
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<td>CIMTECH</td>
<td>Cook Islands Medical Technology</td>
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<td>DCD</td>
<td>Development Co-ordination Division</td>
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<td>EEZ</td>
<td>Exclusive Economic Zone</td>
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<td>GCM</td>
<td>Global Catalogue of Microorganisms</td>
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<td>GEF</td>
<td>Global Environment Facility</td>
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<td>HAS</td>
<td>House of <em>Ariki</em></td>
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<td>IAS</td>
<td>Alien Invasive Species</td>
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<tr>
<td>ICBG</td>
<td>National Institutes for Health International Cooperative Biodiversity Group</td>
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<td>IFD</td>
<td>Island Futures Division</td>
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<td>IRCC</td>
<td>Internationally Recognised Certificates of Compliance</td>
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<td>MAT</td>
<td>Mutually Agreed Terms</td>
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<td>MEA</td>
<td>Multilateral Environment Agreements</td>
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<td>MoCD</td>
<td>Ministry of Cultural Development</td>
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<td>MFED</td>
<td>Ministry of Finance and Economic Management</td>
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<td>NBSAP</td>
<td>National Biodiversity Strategy and Action Plan</td>
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<td>NCA</td>
<td>National Competent Authority</td>
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<td>NES</td>
<td>National Environment Service</td>
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<td>NFP</td>
<td>National Focal Point for the Nagoya Protocol</td>
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<td>Nagoya Protocol Implementation Fund</td>
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<td>NP</td>
<td>Nagoya Protocol</td>
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<td>OPM</td>
<td>Office of the Prime Minister</td>
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<td>PIC</td>
<td>Prior Informed Consent</td>
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<td>SBMA</td>
<td>Sea Bed Minerals Authority</td>
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<tr>
<td>SPREP</td>
<td>Secretariat of the Pacific Regional Environment Programme</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>TIS</td>
<td>Taporoporoanga Ipukarea Society</td>
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<tr>
<td>TK</td>
<td>Traditional Knowledge</td>
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<td>TKP</td>
<td>Traditional Knowledge and Practices</td>
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<td>TMMIH</td>
<td>Te Marae Moana Information Hub</td>
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<td>UEBT</td>
<td>Union for Ethical Biotrade</td>
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<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>United Nations Development Programme</td>
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<td>WWF</td>
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1. **SITUATION ANALYSIS**

1. The objective of Nagoya Protocol is the "...fair and equitable sharing of the benefits arising from the utilization of genetic resources, including by appropriate access to genetic resources and by appropriate transfer of relevant technologies, taking into account all rights over those resources and to technologies, and by appropriate funding, thereby contributing to the conservation of biological diversity and the sustainable use of its components".

2. This project will develop and implement the legal framework for implementation of the Nagoya Protocol and build national capacities in the Cook Islands for access and benefit-sharing (ABS), as well as support development of an ABS Agreement based on traditional knowledge and a Public-Private Partnership. This project takes advantage of the potential use of the ‘Au’ tree, *Hibiscus ilicaceus*, abundant in the Cook Islands, to apply Nagoya Protocol provisions. The tree contains bioactive compounds used in traditional medical practices for accelerated bone healing and cartilage repair.

3. The project will aim to have a derivative of this genetic resource be commercialized and benefit the Cook Islands, local communities and contribute to the implementation of customary biodiversity and sustainable use practices, known as ra’ui.3

### 1.1 Background

4. The Pacific nation of the Cook Islands is made up of 15 islands located within a 2 million km² of EEZ in the Southern Pacific Ocean. The Cook Islands has extremely limited land resources, with 99.99% of the area within its EEZ consisting of marine areas. Of its approximate 240 km² of land, 26.2% is *makatea* land (limestone and rock), and only 4.3% is used for agricultural purposes. Approximately 70% of the land consists of steep sloping lands, wetlands, fernlands and escarpments. The Cook Islands’ biodiversity has been considered globally important. The World Wildlife Fund has listed the forests of the Cook Islands (particularly on Rarotonga) as one of its key *Global 2000 Ecoregions* and considers them to be in a critical/endangered state. The Islands also fall under Conservation International’s Polynesia-Micronesia hotspot. Birdlife International has listed at least 11 endemic birds on the Islands, and recognises two endemic bird areas. Of the 538 known angiosperm species recorded in the southern Cook Islands, approximately 4% are endemic. About 13 endemic species of endodontid snails and 11 species of charopid snails have been recorded, with several already extinct, and others facing severe threats, especially on Rarotonga. Eight species of range-restricted birds have been recorded, six of which are endemic. Of the three single island endemics, the Atiu swiftlet, Rarotonga starling, and Mangaian Kingfisher are globally vulnerable.

5. The Cook Island people are mostly of Maori descent. Preliminary results from the 2011 census suggest that the total population of the country is 17,791, of which 13,097 live on the island of Rarotonga. The level of subsistence living in the Cook Islands (particularly in the outer islands) is also high, with an estimated 64% of all households engaged in subsistence farming and fishing activities. Most land in the Cook Islands is held under customary tenure. Cook Islanders have for centuries been using natural plant-based remedies to ‘doctor’ common ailments. The modern day health care system in the Cook Islands is a combination of neo-traditional ways and Western medicine. The use of traditional

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3 A traditional conservation practice where access to a particular resource or area is forbidden for a given period that is still being practiced in the Cook Islands. The ra’ui are promoted and supported by the Koutu Nui (sub-chiefs) and the Koutu Nui is responsible for the establishment of ra’ui. Ra’ui are locally managed by community members.
medicine is still widely used, with traditional healers using a variety of herbal medicines and traditional practices to treat people.

6. The Prime Minister of the Cook Islands, The Hon. Henry Puna, announced in August 2012 the establishment of the Cook Islands Marine Park encompassing approximately 1.1 million square kilometers of the country's southern Exclusive Economic Zone (or more than 50% of the country's EEZ). This commitment, including the financial aspects of such a commitment, underlies the need to gauge the increasing pressures on the environment vis-à-vis the goal to conserve the biodiversity in perpetuity and identify critical measures that need to be put in place to enable a win-win situation. In this regard, the Cook Islands sees great potential in sustainably utilising its vast wealth of genetic resources by enabling the fair and equitable sharing of benefits through access to genetic resources, part of which in turn is ploughed back into its conservation to sustain conservation initiatives in the country.

7. The objective of Nagoya Protocol is the fair and equitable sharing of the benefits arising from the utilization of genetic resources, including by appropriate access to genetic resources and by appropriate transfer of relevant technologies, taking into account all rights over those resources and to technologies, and by appropriate funding, thereby contributing to the conservation of biological diversity and the sustainable use of its components. This project takes advantage of the potential utilization of the Hibiscus tiliaceus and compositions comprising the same, for the promotion of bone and cartilage repair by inducing new bone formation and new cartilage growth. It also seeks to continue the development of the use of these and other genetic resources found in the Cook Islands for a line of skin care products. Both the bone regeneration drug and the skin care products represent a bio-chemical analysis of a traditional knowledge-based remedy for bone fractures, which has been widely held in the Cook Islands according to traditional healers.

8. The project will aim to support the development of an access and benefit-sharing (ABS) framework in the Cook Islands, and to have derivatives of the Hibiscus tiliaceus genetic resource commercialized and contributing to benefits for the State and local communities in the Cook Islands.

1.2 Evolutionary Significant Biodiversity

9. This project addresses the importance of biodiversity conservation and fulfilling the objectives of the Convention on Biological Diversity through its facilitation of the implementation of the Nagoya Protocol. As a cross-cutting issue it also supports the conservation of globally significant biodiversity and sustainable use of the components of globally significant biodiversity in small island nations.

1.2.1 Key ecosystems and notable species diversity

10. Key marine ecosystems of the Cook Islands include shallow lagoons with fringing reefs around high islands in the south, and atolls in the northern group with their large, deep lagoons encircled by coral reef. Other notable marine ecosystems include seamounts, seabed, and the open ocean water columns. The diversity of marine species includes at least 7 species of mammals, 570 species of bony fish species, 390 shellfish species, over 100 species of crustaceans, over 116 species of hard corals, and 62 species of seaweed and algae. The marine ecosystems are home to several globally endangered species such as the Giant Wrasse and the Green Turtle. They also host several globally vulnerable species including the Bigeye Tuna, Black-blotched Stingray, Giant Grouper, Oceanic Whitetip Shark, Blue Marlin, the Blacksaddled Coral Grouper and several coral species. Several endemic marine species have also been recorded such as Cook Island Brittlestar (Asterostegus maini), Cook Islands Flashlight Fish (Photoplepharon rosenblatti), and Orange Spotted Soapfish (Belonoperca pylei).
1.2.2 Conservation and sustainable use of globally significant biodiversity

11. The project will provide environmental benefits through its contribution towards conservation and sustainable management of the Cook Islands’ genetic and biological diversity that has evolved due to its remoteness in the mid-Pacific Ocean, as well as promoting and leading to the conservation of the traditional knowledge of the uses of these resources. The conservation of traditional knowledge and its promotion into modern medicinal practices will be directly linked to the conservation of its associated biological resources through the project. By developing the national ABS legal framework and capacity and piloting Nagoya Protocol compliant ABS agreements, the project will facilitate sustainable and most cost-effective use of biological resources and ensure that the derived benefits accrue to the nation and its people. Thus, the project will play a significant role in safeguarding the country’s biological resources and their genetic diversity.

12. The habitat of Hibiscus tiliaceus will be conserved through traditional conservation and sustainable extraction practices. The awareness of the traditional conservation practice of ra’ui (currently mostly marine/coastal areas) will be increased due to the monetary and non-monetary support from the implementation of the project to the Te Koutu Nui. This will result in more general public support and adherence to the closed area and period and the conservation of fish, sea cucumber and other species that were diminishing in the closed areas.

13. The possible establishment of a Ra’ui Network Trust Fund to be capitalised by revenues from ABS benefit sharing will result in increased long-term sustainable financing to the ra’ui system of sustainable biodiversity ecosystem services protection in the Cook Islands.

1.2.3 Fair and equitable sharing of the benefits arising from the utilization of genetic resources

14. This project takes advantage of the potential utilization of the natural biologically active plant compounds derived from "Au" (Hibiscus tiliaceus), which has been shown to have bone and cartilage regeneration properties. Both the bone regeneration drug and the skin care products represent a bio-chemical analysis of a traditional knowledge-based remedy for bone fractures (cosmetic applications from this and other Cook Island plants were identified following the initial research on bone and wound healing).

15. The current preclinical data available demonstrates a regenerative effect on bone injury from the chemical extracts from Au; its actual utilization would be unprecedented and extremely innovative. The potential of this project to alleviate disability resulting from bone injuries in both the developed and developing world is significant. Preliminary research that was conducted to develop the base technology to this point was so unique, novel and innovative that it resulted in the award of a PhD and 3 international patents. The existing facilities in the Cook Islands for the production of materials to the requisite standard for this project are not adequate. All of the necessary improved extraction methods, equipment and processes would have to be custom designed and modified locally. Doing so creates considerable transfer of technology and innovation. It should be noted that the technology transfers involved in this project represent the first high-tech manufacturing project in the Cook Islands.

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4 Habitat refers not only to the geographical occurrence of the species, but also to the areas that provide vital ecosystem services e.g. water provision from upstream catchments (as the species grows on river banks). Hibiscus tiliaceus’s biogeographic distribution covers the regions of Eastern and Northern Australia, Oceania, Maldives and Southeast Asia, including the Cook Islands. Since the Cook Islands is one of the countries of origin of H. tiliaceus, this project is eligible under the mandate of the Nagoya Protocol. In the Cook Islands, the coverage of H. tiliaceus is most of the coastal regions of the large islands, and the banks of almost all the rivers. The plant is one of the most prevalent in the Cook Islands. Its conservation status will be secured through sustainable use.
1.3 Policy and Institutional Context

1.3.1 Government and Traditional Rule

16. The Cook Islands is a self-governing representative, democratic state with a parliamentary system in free association with New Zealand. The Cook Islands Parliament consists of 24 members, 10 from the main island of Rarotonga and 14 from the outer islands. The Cabinet is the executive arm of Government and a Prime Minister heads the Cabinet. Ten outer islands have a representative Island Government (Island Government Act 2012-2013) except Nassau, which is governed by the Pukapuka Island Government (Palmerston Island Local Government Act 1993). A mayor heads each island council. The functions of the Island Government are “to provide good, efficient and effective governance for the island in relation to those responsibilities conferred upon it by or pursuant to this Act, and any other law”.

17. The House of Ariki is a legally recognized parliamentary body of the Cook Islands and is composed of Cook Islands high chiefs (Ariki). Its function is to: “consider such matters relative to the welfare of the people of the Cook Islands as may be submitted to it by Parliament for its consideration and it shall express its opinion and make recommendations thereon to Parliament” (House of Ariki Act 1966). Each outer island has a representative chief on the assembly of traditional leaders (Ariki). The Ariki of each island work in partnership with the Island government on projects that have an impact on the welfare of Cook Islands people. Under the Cook Islands customary law, each clan has an Ariki (paramount chief) and each Ariki has a number of sub-chiefs responsible for the cultural heritage of the Cook Islands. The Te Koutu Nui, a formal assemblage of these sub-chiefs is charged with overseeing the cultural impacts of modern lawmaking. While the CBD and Nagoya Protocol recognize sovereign rights of States over biological resources, the Protocol also encourages the recognition of customary laws where communities have established rights over genetic resources. The House of Ariki and Te Koutu Nui operate according to customary laws that may make claims to these genetic resources and associated traditional knowledge.

18. The Cook Island’s national environmental authority is the National Environment Services (NES). The NES has a total of 26 staff, of which only one focuses exclusively on biodiversity in the Biodiversity Unit (BU) under the Island Futures Division. The Island Futures Division (IFD) major functions include providing advice on multi-lateral environmental agreements (MEAs) to Government, NGOs, private sector and the general public as well as meeting obligations to MEAs; negotiating, coordinating and managing all projects relevant to MEAs; and participating in negotiation meetings at regional and international level on behalf of Cook Islanders. The IFD contributes to the overall outputs of the National Environment Service through four main responsibilities: effective policy and planning for sustainability; enhanced biodiversity conservation practices; multilateral environmental agreements; information dissemination, education and communications; education and awareness programmes and assistance to the NES Advisory and Compliance Division. The Ministry of Marine Resources (staff number of around 44, with 50% stationed in Rarotonga) is responsible for marine resource management.

19. A National Research Committee has been established within the Prime Minister’s office. This committee comprises of Government and non-Government agencies. Its role is to approve any research that is carried out in the Cook Islands, including biodiversity. A National Heritage Trust was established in 1999 by an Act of Parliament. The Trust has developed and maintained a biodiversity database. This is the Cook Islands multimedia Biodiversity database and has been online since 2003, and presently has information on 4,500 existing species, native and introduced, including 2,500 with photographs to aid recognition. Recording of well-known groups, such as birds, lizards, fishes, flowering plants and ferns are essentially complete. The development of the database has three goals: (i) to record in a single database all local plants and animals with images and key identification features; (ii) To record relevant traditional and scientific knowledge; and (iii) To make this information available to the public to facilitate
awareness and communication. The Ministry of Cultural Development also keeps a register of traditional holders and rights.

20. The Cook Islands Government has taken an inclusive approach to development of its nation with local control. It welcomes foreign investment in many areas and has opened its economy. As of late, the Cook Islands has refined its foreign investment policy to ensure such activity is encouraged for the national benefit of Cook Islands people. In the Cook Islands National Sustainable Development Plan 2010 – 2015 under Priority Area 7, Objective 8, the Cook Islands proposes to “establish and strengthen external relations that will benefit the Cook Islands” Under Priority Area 1 (economic development) Strategic Objective 4, the Cook Islands Government stated that it would achieve better economic development by “identifying and exploiting trade opportunities”. By this statement, the Cook Islands indicated that it would further encourage international trade and other economic relations. Attention will be focused on identifying and exploiting regional and international trade opportunities, including through the negotiation of agreements to promote its sustainable development objectives. Furthermore, in taking this approach, the Government will continue to have the private sector, traditional authorities and community organizations as stakeholders in business.

21. The Cook Islands Government is also passionate about having a clean, green economy. As such, Priority Area 6 of the Cook Islands National Sustainable Development Plan focuses on “Ecological sustainability”. The government’s goal for such a priority area is “A Cook Islands where we sustain our ecosystems and use our natural resources efficiently”. Operationally this means the management of the Cook Islands’ ecosystems is paramount to conserve and preserve these functional systems in order for the systems to be able to support and sustain the people of the islands. The Cook Islands marine ecosystems are critical systems in sustaining the standard of living required by its people and as such the government’s strategy is to utilize its marine resources sustainably for economic development and provide for the protection of our biodiversity and ecosystems. This builds on its cultural heritage of systems of sustainable use conducted under Ra ‘ui, which is enforced by the Te Koutu Nui through education and signage.

22. The government intends to develop and implement integrated management plans for the use of its marine resources in consultation and collaboration with its communities. Research and monitoring of its marine resources will be strengthened. One of the most important government objectives is the “Protection of our biodiversity and ecosystems”. This means that protection measures will be carefully developed and crafted to effectively protect Cook Islands’ biodiversity from external and internal exploitation. The Cook Islands Government will ensure that equitable sharing of benefits arising from the use of genetic resources will be incorporated into appropriate policy and regulatory frameworks for access to genetic resources and its associated traditional knowledge to provide for the equitable sharing of benefits arising from the use of genetic resources.

1.3.2 Traditional Conservation of Biodiversity

23. The protection of areas and species of special significance is not a new concept to the Cook Islands. The concept of reserves has existed in the Cook Islands for hundreds of years in one form or another. The imposition of the ra ‘ui: a traditional system whereby access to a particular resource or area is forbidden for a given period is still being practiced in the Cook Islands. The ra ‘ui is promoted and supported by the Te Koutu Nui and the Te Koutu Nui is responsible for the establishment and management of ra ‘ui. The advantage of using the traditional system in the modern context is that it is community based and managed. Ra ‘ui is locally managed by community members. Management measures include traditional practices – most commonly, seasonal closures of an area (mostly marine areas) to ensure replenishment of a stock of an important economic species (fish for example) – but now also includes longer-term closures from harvesting of areas to conserve particularly threatened species (see figure 1).
1.3.3 **ABS Legislation and other relevant policies and laws:**

24. The Cook Islands had an ABS Bill called the “Biological Research and Benefits Bill” drafted in 2006. This Bill was based on implementing the CBD Bonn guidelines, prior to the adoption of the Nagoya Protocol in 2010. As a result this Bill needs to be significantly re-designed to incorporate Nagoya Protocol compliance elements. It also needs to be realigned to complement the Traditional Knowledge Act (2013) that established a register of traditional knowledge administered by the Ministry of Cultural Development. Under this recently passed Act, local communities are likely to start registering traditional knowledge relating to biological resources (as well as handicrafts and other expressions). As a result, it is likely that future R&D on genetic resources in the Cook Islands that utilizes traditional knowledge will need to be checked against this register to avoid unauthorized use.

25. Further, the Cook Islands’ National Research Policy clearly outlines the National Research Committee and the Research permit process, which currently requires foreigners entering the country to obtain a research permit prior to conducting any R&D activities, including those on biological resources. The national administrative processes for issuing ABS license, negotiating and enforcing agreements have not been fully clarified and key stakeholders remain unaware of their roles in promoting ABS. Since 2012 the ABS Capacity Development Initiative has been working with the NES for the development and clarification of policies, processes and roles necessary for the design of an effective ABS system.

1.3.4 **Existing ABS-Relevant Activities:**

26. Although there is not yet a specific ABS law in the Cook Islands there is one known agreement established under contract law that resembles an ABS agreement. This is an agreement with Cook Islands Medical Technologies (CIMTECH). This is a natural products research and development company established by Cook Islanders that draws on the traditional medicines of the Cook Islands to bring new natural beauty skincare, cosmeceuticals, dermatological and pharmaceutical products to the market. CIMTECH has established an ABS-type agreement with the *Te Koutu Nui* regarding the research and development of traditional medicines that was developed under mutually agreed terms with prior informed consent (PIC). CIMTECH is established as a private company with the *Te Koutu Nui*, and the University of
New South Wales (UNSW, Australia) as major shareholders. The company has developed technology derived from the traditional knowledge and genetic heritage of the Cook Islands under arrangements compliant with the Nagoya Protocol’s stated objectives.

1.3.5 Private Sector Benefit-Sharing

27. As the existing commercial applications of CIMTECH’s technology is developed and implemented direct immediate benefits accrue to the Cook Islands. These include technology transfer (i.e. intellectual property), creation of extraction machinery and processes, establishment of plantation seedlings, quality control equipment, novel production processes, training and enhanced employee and regulatory expertise and skills. CIMTECH has acquired three patents filed internationally covering the utilization of particular plant extracts for therapeutic uses. As a result, CIMTECH owns and has exclusive commercial rights to the use of plant extracts of *Terminalia catappa*, *Vigna marina* and *Cocos nucifera* alone or in combination for the promotion of skin health and improvement of skin injury. The resulting cosmeceutical TeTika products range is developed and being further refined from the traditional knowledge of the use of the mentioned three plant species.

28. All CIMTECH activities relating to the access of the plant material are conducted in the Cook Islands, using Cook Islands people and Cook Islands owned companies. The plantations are owned and maintained by local landowners who are paid a premium price for the plant materials provided. CIMTECH has spent over $2 Million developing the intellectual property and commercial outcomes relating to the genetic materials. The Cook Islands extraction facility is leased by CIMTECH in an improvements-for-lease arrangement, whereby CIMTECH constructed a dedicated facility to be owned by the Cook Islands landowner in return for a 10-year commercial lease on the premises. CIMTECH has acquired and transferred to the Cook Islands the initial dedicated technology and machinery required for the extraction and standardization of the material. CIMTECH is an Australian based company and all the Cook Islands operations are conducted for CIMTECH by a locally based Cook Islands company: Matheson Enterprises. The first commercial product arising from the access and benefit sharing arrangement - TeTika Skincare, was launched in the Cook Islands in 2012. The direct monetary benefits from that program have reputedly resulted in over $400,000 for the Cook Islands economy since the program commenced in 2011. TeTika product sales by CIMTECH rely on Bioactive Cook Islands oils produced in the Cook Islands, depending on the concentration, account for up to 16% of the value of CIMTECH sales returning to the Cook Islands.

29. The *Te Koutu Nui* holds 10% of the shares of CIMTECH. Thus 10% of CIMTECH profit distributed to CIMTECH shareholders goes directly to the Cook Islands. The *Te Koutu Nui* in turn have agreed that the sums received by them from CIMTECH will be directed to support customary biodiversity conservation and sustainable use through the traditional practice of Ra’ui and managed by local communities, amongst other charitable activities. A minimum of 25% of the funds received by the *Te Koutu Nui* will be spent on Ra’ui.

30. To ensure that this expenditure is undertaken in an accountable and transparent manner the NES and *Te Koutu Nui* will examine the feasibility of establishing a Ra’ui Network Trust Fund via a Deed of Trust. Mechanisms, consistent with Cook Islands governance best practice will also be developed to ensure all income and monies expended for the purpose of supporting Ra’ui under such a trust fund (or a related mechanism) is undertaken transparently and audited. The traditional practice of Ra’ui involves the management of lands and waters to allow it to recover its biodiversity and productivity before it can be used again. Accordingly this income flow to local communities will support a strengthening of biodiversity conservation through the application of traditional biodiversity knowledge, greater community involvement, increased inter-generational transmission of cultural knowledge and practice along with external validation of the importance of Cook Islands’ culture. This will result in conserved biodiversity and more resilient communities.