

<?xml encoding="UTF-8">



Cook Islands: Supporting Sustainable Economic Recovery Program

Project Name

Supporting Sustainable Economic Recovery Program

Project Number

55014-001

Country / Economy

- Cook Islands

Project Status

Closed

Project Type / Modality of Assistance

- Grant
- Loan

Source of Funding / Amount

Grant: Supporting Sustainable Economic Recovery Program

| Source | Amount |
|---------------|---------------|
|---------------|---------------|

| | |
|-------------------|--------------------|
| New Zealand Grant | US\$ 21.20 million |
|-------------------|--------------------|

Loan 4161-COO: Supporting Sustainable Economic Recovery Program

| Source | Amount |
|---------------|---------------|
|---------------|---------------|

| | |
|----------------------------|--------------------|
| Ordinary capital resources | US\$ 40.00 million |
|----------------------------|--------------------|

Loan 4162-COO: Supporting Sustainable Economic Recovery Program

| Source | Amount |
|---------------|---------------|
|---------------|---------------|

| | |
|----------------------------|--------------------|
| Ordinary capital resources | US\$ 40.00 million |
|----------------------------|--------------------|

Operational Priorities

- OP1: Addressing remaining poverty and reducing inequalities
- OP2: Accelerating progress in gender equality
- OP6: Strengthening governance and institutional capacity
- OP7: Fostering regional cooperation and integration

Sector / Subsector

- **Public sector management** / Economic affairs management - Public administration - Public expenditure and fiscal management

Gender

Effective gender mainstreaming

Description

1. The Supporting Sustainable Economic Recovery Program will help the Cook Islands

restore fiscally sustainable growth led by the private sector, which has been adversely affected by the coronavirus disease (COVID-19) pandemic. The program aims to (i) improve fiscal management and sustainability and (ii) strengthen the enabling environment for the private sector. It aligns with Asian Development Bank (ADB) Strategy 2030 operational priorities of strengthening governance and institutional capacity, accelerating progress in gender equality, and fostering regional cooperation and integration. It is consistent with the country operations business plan for Eleven small Pacific island countries, 2021-2023 and Pacific Approach, 2021-2025.

2. A policy-based loan of \$80 million is proposed to support the government's ongoing reform program to restore longer-term economic growth and fiscal sustainability while meeting urgent development financing needs. A single tranche stand-alone policy-based loan is considered appropriate since the economic recovery is uncertain, and the Cook Islands does not routinely use loans to meet development finance needs because of debt sustainability considerations. An initial drawdown of \$40 million in 2021 will meet the Cook Islands' immediate financing needs. Since financing needs will be largely determined by the degree to which a tourism recovery can be sustained, the remaining \$40 million will be made available for potential future drawdowns based on pre-defined conditions, through a precautionary financing option (PFO).

Project Rationale and Linkage to Country/Regional Strategy

The Cook Islands' population of about 17,580 (in 2020) is spread across 15 remote South Pacific islands and two million square kilometers of ocean. It is one of the region's

most tourism-dependent countries, with receipts of 61.4% of gross domestic product (GDP) in fiscal year (FY) 2019. The shift towards tourism has led to rapid development, with basic needs poverty falling from 28.4% in 2006 to 8.4% by 2016. Growth is hampered by factors including a small population, narrow economic base, high exposure to disaster and climate risks, weak business climate, capacity constraints, and high public administration and infrastructure costs. The Cook Islands has no access to international or local credit markets, is not a member of the International Monetary Fund (IMF) or World Bank and does not have a central bank to provide emergency liquidity leaving very limited options for support should the nascent recovery unwind.

Impact

Working together to build a dynamic, prosperous and inclusive economic future for Cook Islanders, that is in harmony with our culture and environment (Cook Islands Economic Development Strategy 2030).

Project Outcome

Description of Outcome

Fiscally sustainable private sector-led economic growth in the Cook Islands restored.

Progress Toward Outcome

Implementation Progress

Description of Project Outputs

Fiscally sustainable private sector-led economic growth in the Cook Islands restored.

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

Nation-wide

Safeguard Categories

Environment

C

Involuntary Resettlement

C

Indigenous Peoples

C

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Actual disbursement as of 21-Dec-2021: 37,767,000.000

Contact

Responsible ADB Officer

Webb, James M.

Responsible ADB Department

Sectors Group

Responsible ADB Division

Public Sector Management and Governance Sector Office (SG-PSMG)

Executing Agencies

Ministry of Finance & Economic Management

Timetable

Concept Clearance

11 Sep 2021

Fact Finding
02 Sep 2021 to 14 Sep 2021
MRM
20 Oct 2021
Approval
10 Dec 2021
Last Review Mission
-
Last PDS Update
24 Oct 2022

Funding

Loan 4161-COO

Milestones

| Approval | Signing Date | Effectivity Date | Closing | | |
|-------------|--------------|------------------|-------------|---------|-------------|
| | | | Original | Revised | Actual |
| 10 Dec 2021 | 14 Dec 2021 | 16 Dec 2021 | 31 Dec 2024 | - | 06 Jul 2022 |

Financing Plan

| Total (Amount in US\$ million) | |
|--------------------------------|-------|
| Project Cost | 40.00 |
| ADB | 40.00 |
| Counterpart | 0.00 |
| Cofinancing | 0.00 |

Loan Utilization

| | Date | ADB | Others | Net Percentage |
|----------------------------|-------------|-------|--------|----------------|
| Cumulative Contract Awards | 29 Jan 2024 | 37.77 | 0.00 | 100% |
| Cumulative Disbursements | 29 Jan 2024 | 37.77 | 0.00 | 100% |

Loan 4162-COO

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Project Page <https://www.adb.org/projects/55014-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=55014-001>

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