

COOK ISLANDS**Indranee Rajah, Governor Ad Interim**

President Asakawa and Honourable Governors.

It is my pleasure to be here in person for the 55th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB).

The fact that many of you are present here in person at the 55th Annual Meeting of the Board of Governors indicates that we are resilient and ready to tackle the challenges ahead.

The devastating socioeconomic impacts of COVID-19 on the global economy in the past two and a half years have caused deep economic downturns for many countries, more so for Small Island Developing States (SIDS) and especially those who rely on tourism receipts.

As we begin the recovery process, the reliance on mutual trust and the strengthening of partnerships will become all the more important.

The support provided by ADB to the Cook Islands through the provision of COVID-19 Emergency Supplies, Contingent Disaster Financing (CDF), Asia Pacific Disaster Response Fund (APDRF), COVID-19 Pandemic Response Option (CPRO) and the Japan Fund for Poverty Reduction (JFPR) grant in dealing with urgent economic, financial and public health pressures is both welcomed and much appreciated.

The Cook Islands' status as a SIDS and Nano State places us in an extreme level of economic exposure to disasters triggered by natural hazards, which are increasing in intensity and frequency. The erosion of macroeconomic and fiscal buffers due to the COVID-19 pandemic has limited the Cook Islands' ability to respond to future adverse events without further undermining debt sustainability. The Cook Islands faces prospects for a slow economic recovery due to Cook Islands' small size, lack of economic diversification and shortages of skilled workers.

With the shutdown of international travel due to the COVID-19 pandemic over a period of one and a quarter years, our economy contracted by over one fifth – even while we injected over 26 per cent of GDP in support and stimulus. Tourism receipts dropped from 61.4 per cent of GDP in FY2019 to a little over 4 per cent in FY21. These declines are the largest in the Cook Islands' history, and among the largest among ADB Pacific developing member countries, negatively impacting employment, business viability, government finances, and social wellbeing.

Despite strong macroeconomic performance prior to the pandemic, achieving economic recovery while restoring fiscal sustainability will be challenging. Latest forecasts and the returning visitor levels suggest that a rebound could occur in 2022 and 2023, however this is contingent on a

major resumption in tourism, which may be affected by further outbreaks or adverse global events. Even if a tourism rebound materializes in the next two years, given the depth of Cook Islands' depression coupled with a lack of economic diversification, a declining population and shortages of skilled workers linked to emigration patterns, it will likely take many years to return to pre-pandemic income levels and rebuild economic buffers to withstand future shocks. Long-term economic scars will also need to be overcome with a backlog of investment needs and much of the Cook Islands' skilled labor force remaining offshore.

The Cook Islands continues to face challenges in accessing grants and concessional financing as a result of our graduation from Official Development Assistance (ODA). Not only are we a SIDS, we are also a Nano State with a population of less than 20,000. As a Small Island Nano State our challenges are exacerbated by the fact that we are not able to mount strong fiscal responses on our own.

We are encouraged by the United Nations effort to develop a sound and robust Multidimensional Vulnerability Index (MVI) framework for tracking SIDS' structural vulnerabilities by distinguishing across different SIDS categories and recognizing that SIDS face a unique set of vulnerabilities which impede our ability to achieve sustainable development. Structural factors, including size, remoteness, limited resource base, market size, exposure to climate risks and natural disasters impact socioeconomic outcomes and our ability to achieve the SDGs. The Working Paper provides an initial basis for further discussions on measuring multidimensional vulnerabilities and on the relationship between vulnerabilities and SDG achievement and financing mechanisms. We would like to encourage ADB to explore how dedicated financing mechanisms can be used to address SIDS vulnerabilities.

ADB speaks of a differentiated approach for fragile, highly vulnerable SIDS. For that reason, we would like to understand ADB's position on the proposed United Nations Sustainable Development Goals (SDGs) Stimulus Package which aims to inject over \$500 billion per year by 2025 through multilateral development banks to achieve SDGs.

The Cook Islands sits within a long and unique regional relationship with our Pacific Island neighbours. However, since we are not members of either the World Bank or International Monetary Fund (IMF) our key economic data are not captured in regional data spreadsheets which hinders the framing of regional programs, reviews and assessments. The Cook Islands is not a recipient of regular surveillance through the likes of the Article 4 macroeconomic assessments and Technical Assistance (TA) support from IMF, other than that provided by the Pacific Financial Technical Assistance Centre (PFTAC), which strengthens data quality. Past efforts for membership have failed, we will be renewing the membership application in view of crisis as the benefits provided from membership will support our own efforts to recover. We ask our Pacific Island colleagues and ADB to support our membership bid.

Nevertheless, we are appreciative of the notable TA support provided to the Cook Islands by ADB through the various TA activities including economic modelling and capacity supplementation to support public sector management strengthening.

The Cook Islands Government also acknowledges and appreciates the work by ADB towards the reclassification of Cook Islands from group C to group B under ADB's Graduation Policy.

Mr. President, it has been a challenging two and a half years for the Cook Islands and our Pacific neighbours and we appreciate the extraordinary support from ADB. We trust that the ADB will continue to support its DMCs through the current crisis and continue to offer innovative solutions to address the challenges we face. We look forward to our continued partnership with ADB as we build back better.

Thank You.