ADB helps the Cook Islands strengthen resilience against climate and economic shocks and supports recovery from the COVID-19 pandemic.

The Cook Islands is one of the smallest and most remote nations, facing constraints from a small population, narrow economic base, high exposure to disaster and climate risks and economic shocks, limited private sector activity, and high public administration and infrastructure costs. Cook Islanders are citizens of New Zealand with rights to live and work in New Zealand and Australia. The coronavirus disease (COVID-19) pandemic resulted in the most severe economic shock in the Cook Islands’ history with 2 consecutive years of negative economic growth that effectively wiped out over 40% of the economy. As economic recovery from the pandemic continues, resources remain limited.

As of 31 December 2023, the Asian Development Bank (ADB) has committed 59 public sector loans, grants, and technical assistance totaling $225 million to the Cook Islands. ADB’s current sovereign portfolio in the Cook Islands includes 1 loan worth $8.9 million.1

Cumulative sovereign loan and grant disbursements to the Cook Islands amount to $158 million. These were financed by regular and concessional ordinary capital resources and other special funds.

In January 2023, the Cook Islands was reclassified by ADB from a group C to a group B country, giving it access to the bank’s concessional financing. In October 2023, ADB introduced more favorable concessional lending terms for small island developing states, including the Cook Islands, to scale up climate action and disaster risk reduction and assist in minimizing future debt servicing obligations.

1 Sovereign portfolio consists of ADB-financed loans, grants, equity investment, and sovereign guarantee committed and not financially closed. Regional projects with loans/grants to multiple countries are reported separately.
During the challenging COVID-19 pandemic period, ADB scaled up its support for the Cook Islands by committing an $80-million policy-based loan in 2021, of which $40 million was disbursed in December 2022. The remaining $40 million was provided as a precautionary financing option; however, this was not disbursed due to the positive recovery in tourism and improved cash balances.

An ongoing travel and tourism project funded by a $2-million grant from the Japan Fund for Prosperous and Resilient Asia and the Pacific is helping the country prepare for the safe reopening of its borders and resumption of tourism. Work has also commenced on a $2-million Asian Development Fund 13 thematic pool allocation proposed under the regional cooperation and health security window. This proposed funding will provide additional financing to the ongoing travel and tourism project, supporting, in particular, the extension of the Rarotonga Airport.

The Cook Islands is included in the proposed phase 5 of the regional Pacific Disaster Resilience Program. A concessional loan of $20 million will be available for the Cook Islands. Under phase 5 of the program, ADB will provide financial support to the Cook Islands for post-disaster recovery and reconstruction following cyclones, including the procurement of materials and equipment, transportation of supplies and personnel to disaster areas, civil works, and restoration of major productive activities. The proposed phase 5 of the program also marks the Cook Islands’ eligibility for the concessional ordinary capital resources lending modality.

Operational challenges. The continuing depopulation of the outer islands, with Cook Islanders moving to the main island of Rarotonga or overseas, has cultural, social, and economic impacts. Improving accessibility and quality of resources and services is vital for the country’s national development and growth.

Gains from the ongoing pandemic recovery efforts, underpinned by a recovery in the volume of tourism, will be directed toward supporting economic recovery, addressing inflationary pressures, handling recruitment and retention challenges across government, enhancing key government services, and fulfilling debt servicing obligations.

ADB acknowledges the government’s commitment to maintaining capital investment as an important lever to improve infrastructure (roads, power, water, and sewerage) and support the Cook Islands’ recovery from the pandemic. Currently, this is constrained by the availability of financing, as well as the government’s labor capacity to undertake and deliver projects. The increased prices of materials available in the Cook Islands and rising prices of labor offset this, thereby increasing expenditures but likely reducing the actual delivery of completed works and, accordingly, compromising economic recovery.

**KNOWLEDGE WORK**

ADB brings added value to its members beyond its role in project financing. The bank acts as a knowledge broker by helping its members engage in regional issues including climate change and ocean health. ADB’s key flagship publications, such as the Asian Development Outlook and Pacific Economic Monitor, help with macroeconomic forecasting and assess economic and key topical issues to guide national policy development and decision-making.
With knowledge support and activities being demand-driven, ADB works closely with the Cook Islands in identifying and responding to both country and regional knowledge needs. Knowledge support through technical assistance is available for private sector development including micro, small, and medium-sized enterprises; economic and public sector management reforms; and social protection. The Cook Islands will also continue to benefit from technical support from the Pacific Region Infrastructure Facility.

The presence of an ADB office in Rarotonga enables the bank to engage closely with the government, civil society, the private sector, and other development partners; and help foster regional cooperation and integration.

FINANCING PARTNERSHIPS

Financing partnerships enable ADB’s financing partner governments or their agencies, multilateral financing institutions, and private organizations to participate in financing ADB projects. The additional funds provided may be in the form of loans and grants, technical assistance, and nonsovereign cofinancing.

Cumulative cofinancing commitments in the Cook Islands:

• Sovereign cofinancing: $86.62 million for 5 investment projects and $1 million for 3 technical assistance projects since 2007

A summary of projects with cofinancing from 1 January 2019 to 31 December 2023 is available at www.adb.org/countries/cook-islands/cofinancing.

FUTURE DIRECTIONS

ADB’s Pacific Approach, 2021–2025, serves as the country partnership strategy for the Cook Islands and focuses on building resilience against economic shocks, delivering sustainable services, and promoting inclusive and sustainable growth. Supported by ADB’s sustainable economic recovery program, policy actions for key reforms to safeguard fiscal sustainability and support pandemic recovery guide efforts to strengthen management of public revenue, expenditure, debt, and fiscal buffers. The governance arrangements provide an opportunity to collaborate with other key development partners such as Japan and New Zealand.

Technical assistance aimed at building capacity and strengthening governance and public sector management will remain an integral part of ADB’s support to the Cook Islands. ADB’s sustained regional and country-level support in the areas of public sector management, climate change, water and sanitation infrastructure, renewable energy, and information and communication technology is critical given the Cook Islands’ development challenges and absorptive capacity constraints.

### Cook Islands: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2022–2023

<table>
<thead>
<tr>
<th>No. of Ongoing Loans* (as of 31 Dec 2023)</th>
<th>2022 ($ million)</th>
<th>2023 ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Awards(^{d, e})</td>
<td>2.58</td>
<td>-</td>
</tr>
<tr>
<td>Disbursements(^{d} )</td>
<td>2.70</td>
<td>0.05</td>
</tr>
<tr>
<td>No. of Ongoing Grants* (as of 31 Dec 2023)</td>
<td>2022 ($ million)</td>
<td>2023 ($ million)</td>
</tr>
<tr>
<td>Contract Awards(^{d, e})</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disbursements(^{d} )</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>At Risk Projects (%)(^{e}) (as of 31 Dec 2023)</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

\(^a\) = nil.
Note: Totals may not add up because of rounding.
\(^d\) Based on commitments.
\(^e\) Includes closed loans/grants that had contract awards or disbursements during the year.


<table>
<thead>
<tr>
<th>Total Number of Validated and Evaluated Projects and Programs</th>
<th>Evaluation Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sovereign Operations</td>
<td>Highly successful</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Nonsovereign Operations</td>
<td>-</td>
</tr>
</tbody>
</table>

\(^a\) = nil, IED = Independent Evaluation Department.
Note: The numbers indicate sovereign operations in the country that have been validated or evaluated by the IED and their overall performance ratings. The coverage consists of all validated or evaluated project completion reports circulated by ADB within the 10-year period from 1 July 2013 to 30 June 2023. The rating of one COVID-19 Pandemic Response Option (CPRD) project completed (validated) in 2023 is not included in the total. See evaluations related to the Cook Islands.

Source: IED success rate database.

### Cook Islands: Projects Cofinanced, 1 January 2019–31 December 2023

<table>
<thead>
<tr>
<th>Cofinancing</th>
<th>No. of Projects</th>
<th>Amount ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sovereign*</td>
<td>3</td>
<td>53.10</td>
</tr>
<tr>
<td>Loan</td>
<td>1</td>
<td>20.00</td>
</tr>
<tr>
<td>Grants</td>
<td>3</td>
<td>33.10</td>
</tr>
</tbody>
</table>

\(^*\) A project with more than one source of cofinancing is counted once.

Note: Totals may not add up because of rounding.
ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it has 68 members—49 from the region and 19 outside. ADB headquarters is in Manila, Philippines and has 43 offices around the world, with 3,894 staff as of 31 December 2023.

ADB maximizes the development impact of its assistance to its developing member countries by providing financing and tailored knowledge solutions through policy dialogue and advisory services, among others.

As Asia and the Pacific’s climate bank, ADB reached its highest-ever annual financing for climate action in 2023: $9.8 billion, including $1 billion in nonsovereign financing.

ADB’s evolution is ongoing. Strategy 2030 is being updated; and a new operating model was launched midyear to increase capacity as the region’s climate bank, spur private sector development, provide a wider range of integrated development solutions, and modernize how ADB works. Major capital management reforms have also unlocked up to $100 billion in new funding capacity over the next decade. These initiatives strengthen ADB’s ability to help DMCs address urgent and accelerating development challenges and achieve the Sustainable Development Goals.

**ADB operations.** In 2023, ADB committed $23.6 billion in loans, grants, equity investments, guarantees, private sector programs, and technical assistance to both the public and private sectors of its borrowing members. ADB bolstered its total support with cofinancing of $16.4 billion.

As of 31 December 2023, ADB’s cumulative commitments in 45 countries stood at $378.8 billion covering 4,324 loans, $13.4 billion in 602 grants, and $5.8 billion in technical assistance grants, including regional technical assistance grants.

In addition to loans, grants, and technical assistance, ADB uses equity investments, guarantees, and private sector programs to help its developing member countries.

Total commitments in nonsovereign loans, equity investments, and guarantees from ADB’s own funds in 2023 amounted to $1.7 billion for 40 transactions in economic and social infrastructure, finance sector, and agribusiness.

In 2023, ADB mobilized $3.3 billion of long-term project cofinancing and $3.1 billion of cofinancing through its Trade and Supply Chain Finance Program and Microfinance Program. Total outstanding balances and undisbursed commitments of nonsovereign transactions funded by ADB’s own resources stood at $11.8 billion as of 31 December 2023.

**FINANCING PARTNERSHIPS**

Total sovereign and nonsovereign cofinancing commitments, 2023

- $16.39 billion for 172 projects, of which:
  - $15.85 billion, 90 investment projects,
  - $103.66 million, 80 technical assistance projects,
  - $442.91 million transaction advisory services for 2 projects.*

Cumulative sovereign and nonsovereign cofinancing commitments, 1970–2023

- $168.27 billion for 3,421 projects, of which:
  - $163.66 billion, 1,238 investment projects,
  - $3.03 billion, 2,172 technical assistance projects,
  - $1.58 billion transaction advisory services for 11 projects.**

* Adjusted to exclude $36.71 million A Loans mobilized under transaction advisory services reported under nonsovereign operations financing, and $150.1 million cofinancing reported in nonsovereign projects cofinancing.

** Adjusted to exclude $41.44 million A Loans mobilized under transaction advisory services reported under nonsovereign operations financing, and $150.1 million cofinancing reported in nonsovereign projects cofinancing.

**PROCUREMENT**

ADB’s procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations:

- $16.33 billion in 2022
- $13.98 billion in 2023
- $261.05 billion covering 231,117 contracts, cumulative procurement since 1966

ADB’s procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations:

- $553.94 million in 2022
- $530.31 million in 2023
- $16.04 billion covering 78,888 contracts, cumulative procurement since 1966