



Cook Islands: Supporting Sustainable Economic Recovery Program

Project Name	Supporting Sustainable Economic Recovery Program	
Project Number	55014-001	
Country	Cook Islands	
Project Status	Approved	
Project Type / Modality of Assistance	Grant Loan	
Source of Funding / Amount	Grant: Supporting Sustainable Economic Recovery Program	
	New Zealand Grant	US\$ 21.20 million
	Loan 4161-COO: Supporting Sustainable Economic Recovery Program	
	Ordinary capital resources	US\$ 40.00 million
	Loan 4162-COO: Supporting Sustainable Economic Recovery Program	
	Ordinary capital resources	US\$ 40.00 million
Strategic Agendas	Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development Partnerships Private sector development	
Sector / Subsector	Public sector management - Economic affairs management - Public administration - Public expenditure and fiscal management	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>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.</p> <p>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).</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>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.</p>	
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	
Responsible ADB Officer	Webb, James M.
Responsible ADB Department	Pacific Department
Responsible ADB Division	PASP
Executing Agencies	Ministry of Finance & Economic Management PO box 120 Cook Islands
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	10 Dec 2021

Loan 4161-COO

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	40.00	Cumulative Contract Awards			
ADB	40.00	-	0.00	0.00	%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

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

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