



Asian Development Bank & Cook Islands

FACT SHEET

Table 1. Cook Islands: Development Indicators

Non-MDG	
Population in millions	0.02 (2009)
Annual population growth rate (%)	3.5 (2007–2009)
Adult literacy rate (%)	99 (2001)
Percent of population in urban areas	74.5 (2009)
MDG	
Percent of population living on less than \$1.25 a day	...
Percent of population living below the national poverty line	28.4 (2008)
Under-5 mortality rate per 1,000 live births	15 (2008)
Percent of population using an improved drinking water source	95 (2006)

... = data not available, MDG = Millennium Development Goal.

Sources: ADB. 2010. *Basic Statistics 2010*. Manila.
SPC. 2010. Pacific Regional Information System.
UNPD. 2009. Urban and Rural Areas 2009.

The Cook Islands is among the best performing Pacific economies, though it relies heavily on tourism—an industry significantly impacted by the global economic crisis—and fiscal sustainability remains fragile. Other threats to sustained economic growth include environmental vulnerability, infrastructure constraints and an emerging labor shortage while capacity constraints, weakening policy, planning, and project preparation, also impede development.

The economy is particularly vulnerable to natural disasters. In just 2 months (in February and March 2005), cyclones Meena, Nancy, Olaf, Percy, and Rae swept the country, causing massive damage to infrastructure and agriculture.

The Cook Islands' key policy goals are responsible management of the budget and economy, improving long-term performance to support social, cultural, and environmental objectives, and the equitable distribution of growth.

Relationship with ADB

Since the Cook Islands became a member in 1976, the Asian Development Bank (ADB) has approved 15 loan projects amounting to \$55.0 million and 30 technical assistance (TA) projects of almost \$10.6 million.

The Country Partnership Strategy (CPS) 2008–2012 addresses constraints to private sector-led, environmentally sustainable economic growth through improved economic and social infrastructure and delivery of public sector services. This directly supports implementation of the National Sustainable Development Plan, with an emphasis on the achievement of four of its eight strategic goals, specifically (i) an innovative and well-managed private sector-led economy; (ii) strengthened and affordable basic infrastructure, transport, and utilities; (iii) sustainable use and management of natural resources and the environment; and (iv) a safe, secure, and resilient community. The CPS should result in improved economic and social infrastructure and public sector service delivery. The strategy will be enhanced through regional technical assistance encompassing economic management, governance, environment, energy efficiency, climate change adaptation, health, statistics, and private sector development.

The Country Operations Business Plan (COBP) for 2010–2012 can be found at www.adb.org/Documents/CPSs/COO/2009/COBP-COO-2010-2012.pdf.

Impact of Assistance

ADB's strategy complements assistance from other development partners, who have focused mainly on outer island development and maintaining progress on the Millennium Development Goals, the internationally agreed targets for reducing poverty. The Cook Islands has already reached these goals on health and education.

Sustainability of the tourism industry is dependent on the maintenance of a pristine environment. ADB has supported this goal with a technical assistance (TA) project directed at developing an integrated system of regulation and laws that provide the institutional mechanisms for the effective and coordinated implementation of the Environment Act 2003.

After the 2005 cyclones, ADB financed storm reconstruction efforts with \$2.83 million through the Cyclone Emergency Assistance Loan, supporting the efforts of the government, the private sector, and other development partners. A further \$600,000 in TA was approved in 2005 to strengthen disaster management. This helped establish a plan for rapid, effective, and robust responses to disasters and for the development of a 20-year integrated and environmentally sustainable infrastructure master plan that mainstreams design for climate proofing and climate change adaptation. In 2008, ADB implemented a TA for Preparing the Cook Islands Infrastructure Development Project, cofinanced by the Government of New Zealand and involving collaboration with development partners in the infrastructure sector. An infrastructure governance framework was prepared in support of sustainable management of infrastructure, along with feasibility studies for critical infrastructure needs. As a result, ADB approved a loan of \$15.5 million for upgrading the Avatiu Port in late 2008 that will bring efficient port infrastructure to Rarotonga and underpin continued economic growth. Phase I of an advisory TA for \$600,000 was approved in 2009 to help implement appropriate institutional structures recommended under the infrastructure governance framework for effective management of assets and efficient service delivery.

ADB also approved the Economic Recovery Support Program (cluster) loan in 2009 to help the Cook Islands mitigate the impact of the global economic crisis. The first subprogram of the cluster for \$10 million provides the government with the financial resources to help lessen the impact of projected revenue shortfalls, thereby protecting

Table 2. Cook Islands: Economic Indicators, 2005–2009

Economic Indicator	2005	2006	2007	2008	2009
Per capita GDP (\$)	8,562	7,609	9,624	9,155	9,308
GDP growth (% change per year)	0.0	0.7	9.5	-1.2	-0.1
CPI (% change per year)	2.5	3.4	2.5	7.8	6.6
Unemployment rate (%)	...	...	...	...	...
Fiscal balance (% of GDP)	2.6	2.6	0.1	-0.8	-11.7
Export growth (% change per year)	14.8	8.1	35.7	-3.7	...
Import growth (% change per year)	7.9	11.7	45.3	-2.0	...
Current account balance (% of GDP)	11.5	10.4	6.5	4.7	4.7
External debt (% of GNI)	...	...	...	...	...

... = data not available, 0.0 = value is less than half of unit employed, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2010. *Asian Development Outlook 2010*. Manila. ADB staff estimates.

Table 3. Cook Islands: 2009 Loan, TA, and Grant Approvals (\$ million)

Loans		TA	Grants	Total
Sovereign	Nonsovereign			
10.0	–	0.6	–	10.6

– = nil.

Cumulative Lending (as of 31 Dec 2009) : \$55.0 million
Cumulative Disbursements (as of 31 Dec 2009) : \$27.6 million

high-value social expenditure and helping to provide fiscal stimulus. The second subprogram for \$6 million will support economic recovery, consolidation of much-needed infrastructure governance reforms and continue the development of infrastructure.

Future Directions

ADB completed its Country Operations Business Plan (COBP) 2010–2012 in 2009, adopting a harmonized approach to donor assistance with other development partners and maintaining the focus of the CPS 2008–2012 on improved economic and social infrastructure and public sector service delivery.

Future assistance will focus on building sustainable capacity for sound economic and public sector management, promoting economic growth through supporting environmentally sustainable infrastructure, and further private sector development. ADB's assistance will support infrastructure sector development that targets the rehabilitation and upgrading of basic public infrastructure, commencing with the upgrading of the Avatiu Port. Additionally, it will support the review and improvement of public sector performance, including financial management and capacity development.

Table 4. Cook Islands: Cumulative ADB Lending as of 31 December 2009

Sector	Loans (no.)	Amount (\$ million)	% ^a
Agriculture and Natural Resources	1	0.82	1.49
Education	1	2.70	4.91
Energy			–
Finance	3	6.00	10.91
Health and Social Protection			–
Industry and Trade			–
Public Sector Management	1	5.00	9.09
Transport and ICT	4	20.91	38.02
Water Supply and Other Municipal Infrastructure and Services	1	2.20	4.00
Multisector	5	17.38	31.59
Total	16	55.01	100.00

– = nil, ICT = information and communication technology.

^a Total may not add up because of rounding.

Table 5. Cook Islands: Project Success Rates

By Sector	Percentage ^a	No. of Rated Projects/ Programs
Agriculture and Natural Resources	0.0	1
Education	100.0	1
Finance	33.3	3
Multisector	50.0	2
Public Sector Management	100.0	1
Transport and ICT	100.0	1
Water Supply and Other Municipal Infrastructure and Services	100.0	1
Total	60.0	10
By Year of Approval		
1980s	0.0	2
1990s	71.4	7
2000s	100.0	1

ICT = information and communication technology.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2009.

Operational Challenges

The Cook Islands economy is small, narrowly based, and subject to the risks of extreme weather events. Emigration is also a major issue and has seen the resident population decline to 12,200 by September 2008, from about 19,000 in the early 1990s. Cook Islanders who are now New Zealand citizens outnumber the population in the Cook Islands by a ratio of three to one. A fiscal crisis in the mid-1990s had a heavy impact on this trend as the number of local jobs, particularly in the public sector, shrank. Emerging challenges include the difficulty of recruiting employees for the tourism sector and concerns that a weakening of the Cook Islands culture will dilute the uniqueness of the tourism experience, reducing the flow of tourist dollars into the country. As a result, the number of foreign workers is rising rapidly. About 100,000 tourists visit the islands annually, reflecting considerable growth in recent years.

Partnership

ADB is seeking a harmonized strategy with other funding agencies, including New Zealand's overseas aid program, the Australian Agency for International Development (AusAID), and other major development partners, including the People's Republic of China. ADB will also continue to liaise closely with the International Monetary Fund-operated Pacific Financial Technical Assistance Centre—particularly on macroeconomic management and fiscal conditions—and with regional organizations, such as the Pacific Islands Forum Secretariat and The Secretariat of the Pacific Community, whose regional support in areas, such as gender, health, and education, can complement ADB activity.

ADB cooperates with civil society organizations in the Cook Islands to strengthen the effectiveness, quality, and sustainability of the services it provides. For example, the Cook Islands Business and Professional Women's Association participated in a regional consultation on the development of ADB's medium-term action plan for cooperation with governments and nongovernment organizations (NGOs), 2002–2005.

ADB has also provided support to establish the NGO Information Centre for the Cook Islands to collect and disseminate information on NGO activities, provide capacity-building services, and increase NGO participation in national development strategies.

Cofinancing and Procurement

Cofinancing operations enable ADB's financing partners—government or their agencies, multilateral financing institutions, and commercial organizations—to participate in financing of ADB projects. The additional funds are provided in the form of grants, official loans, or credit enhancement products.

As of year-end 2009, cumulative direct value-added cofinancing for the Cook Islands amounted to \$200,000 for one TA project.

A summary of projects with cofinancing from 1 January 2005 to 31 December 2009 is available at www.adb.org/Documents/Fact_Sheets/CookIslands/cofinancing.asp.

From 1 January 1968 to 31 December 2009, contractors and suppliers were involved in 186,281 contracts for ADB loan projects worth \$96.29 billion. During the same period, contractors and suppliers from Cook Islands were involved in 131 contracts for ADB loan projects worth \$9.95 million.

From 1 January 1968 to 31 December 2009, consultants were involved in 10,945 contracts for ADB loan projects worth \$4.38 billion. During the same period, consultants from Cook Islands were involved in 29 contracts for ADB loan projects worth \$1.00 million.

From 1 January 1968 to 31 December 2009, consultants were involved in 20,087 contracts for ADB TA projects worth \$2.52 billion. During the same period, consultants from Cook Islands were involved in 10 contracts for ADB TA projects worth \$0.41 million.

A summary of procurement contracts awarded to companies and consultants from Cook Islands for goods and works, and consulting services can be found at www.adb.org/Documents/Fact_Sheets/CookIslands/procurement.asp.

Table 6. Cook Islands: Portfolio Performance Quality Indicators for Sovereign Lending, 2008–2009

	2008 (\$ million)	2009 (\$ million)
Number of Ongoing Loans (as of 31 Dec 2009)		4
Contract Awards/Commitments	–	1.6
Disbursements	1.3	(0.3)
Loans at Risk (%)	–	25.0

– = nil.

Note: Totals may not add up because of rounding.

Table 7. Cook Islands: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2005–31 December 2009

Contractor/Supplier	Sector	Contract Amount (\$ million)
S&T Contractors	Multisector	1.25

Table 8. Cook Islands: Top Consulting Firm Involved in ADB Loan Project, 1 January 2005–31 December 2009

Contractor/Supplier	Number of Times Contracted	Contract Amount (\$ million)
Matau Limited	1	0.14

Table 9. Cook Islands: Top Consultants (Individual Consultants and Consulting Firm) Involved in ADB Technical Assistance Projects, 1 January 2005–31 December 2009

Contractor/Supplier	Number of Times Contracted	Contract Amount (\$ million)
World wide Fund for Nature	1	0.10
Individual Consultants	4	0.11

About the Cook Islands and ADB

ADB Membership

Joined 1976

Shareholding and Voting Power

The Cook Islands is the 40th largest shareholder among regional members and the 48th largest shareholder overall. It shares both rankings with the Marshall Islands.

Figures are as of 31 December 2008, before the fifth general capital increase process began. The process is ongoing, and the final figures are expected to be available by 31 December 2010. Current subscription levels are available from the Office of the Secretary.

Shares held	94 (0.003%)
Votes	13,326 (0.30%)

Marwanto Harjowiryo is the Executive Director and **CJ (Stan) Vandersyp** is the Alternate Executive Director representing the Cook Islands on the ADB Board of Directors.

The Pacific Subregional Office (SPSO) was opened in 2004 and provides the primary operational link between ADB and the government, private-sector, and civil-society stakeholders in its activities. SPSO engages in policy dialogue and acts as a knowledge base on development issues in the Cook Islands, the Fiji Islands, Kiribati, Samoa, Tonga, and Tuvalu.

R. Keith Leonard is the Regional Director of SPSO.

The Cook Islands government agency handling ADB affairs is the Ministry of Finance and Economic Management.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2009, lending volume was \$13.23 billion (93 projects), with TA at \$267.2 million (313 projects) and grant-financed projects at \$1.11 billion (64 projects). In addition, \$3.16 billion in direct value-added loan cofinancing was generated. Over the last 5 years (2005–2009), ADB's annual lending volume averaged \$9.18 billion, with TA averaging \$245.7 million and grant-financed projects \$855.4 million. As of 31 December 2009, the cumulative totals were \$155.94 billion in loans for 2,206 projects in 41 countries, \$5.19 billion for 315 grant projects, and \$3.81 billion for 6,863 TA projects.

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Useful ADB websites

Asian Development Bank
www.adb.org

Country website
www.adb.org/cookislands

Asian Development Outlook
www.adb.org/Documents/Books/ADO/2010/SMALL-PAC.pdf

Annual Report
www.adb.org/Documents/reports/annual_report/2009/