



Asian Development Bank & Cook Islands

FACT SHEET

Table 1. Cook Islands: Development Indicators

Non-MDG	
Population in millions	0.02 (2008)
Annual population growth rate (%)	0.5 (2006–2008)
Adult literacy rate (%)	99 (2001)
Percent of population in urban areas	73.0 (2007)
MDG	
Percent of population living on less than \$1.25 a day	...
Percent of population living below the national poverty line	12.0 (1998)
Under-5 mortality rate per 1,000 live births	18 (2007)
Percent of population using an improved drinking water source	95 (2006)

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

Sources: ADB, 2009. *Basic Statistics 2009*. Manila.
SPC, 2009. Pacific Regional Information System.
UNPD, 2008. *Urban and Rural Areas 2007*.

The Cook Islands is among the best performing Pacific economies; however, fiscal sustainability remains fragile and the small economy relies heavily on tourism, an industry expected to be significantly impacted by the global economic slowdown. Other threats to sustained economic growth include environmental damage; infrastructure constraints; and weak policy, planning, and project preparation capacity, as well as an emerging labor shortage.

The economy is also vulnerable to natural disasters: in just 2 months, from February to March 2005, cyclones Meena, Nancy, Olaf, Percy, and Rae swept the country, causing substantial damage to infrastructure and agriculture.

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

Relationship with ADB

Since the Cook Islands became a member in 1976, the Asian Development Bank (ADB) has approved 14 loan projects amounting to \$45.01 million and 29 technical assistance (TA) projects of almost \$10.0 million.

The strategic focus of the Country Partnership Strategy (CPS) 2008–2012 addresses the binding constraints to private sector-led, environmentally sustainable economic growth, through improved economic and social infrastructure and public sector service delivery. This directly supports implementation of the National Sustainable Development Plan, with a particular 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 to support national development; (iii) sustainable use and management of natural resources and the environment; and (iv) a safe, secure, and resilient community. The CPS outcomes are improved economic and social infrastructure and public sector service delivery. The strategy will be enhanced through regional technical assistance encompassing energy efficiency, climate change adaptation, HIV/AIDS, statistics, and private sector development.

The Country Partnership Strategy (CPS) for 2008–2012 can be found at www.adb.org/Documents/CPSs/COO/2008/CPS-COO-2008-2012.pdf.

Impact of Assistance

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

The sustainability of the tourism industry, meanwhile, is dependent on the maintenance of a pristine environment, and ADB has supported this goal with TA 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. The assistance was used to establish a plan for rapid, effective, and robust response 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 TA for Preparing the Cook Islands Infrastructure Development Project. The TA was cofinanced by the Government of New Zealand and involved close 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.

Future Directions

ADB completed its Country Partnership Strategy (CPS) 2008–2012 in 2008, adopting a harmonized approach to donor assistance with other development partners and following on from the 2004–2006 strategy that focused on building capacity for planning economic development, restructuring state-owned enterprises, and supporting private sector growth through improved public infrastructure. The thematic assessments given in the *Pacific Island Economic Report for the Cook Islands* (published in 2008) were prepared in close consultation with the development partners.

Table 2. Cook Islands: Economic Indicators, 2004–2008

Economic Indicator	2004	2005	2006	2007	2008
Per capita GDP (\$)	8,453	9,113	8,669	10,050	10,293
GDP growth (% change per year)	4.3	0.0	0.7	1.3	1.1
CPI (% change per year)	0.9	2.5	3.4	2.5	7.8
Unemployment rate (%)	...	...	...	...	...
Fiscal balance (% of GDP)	3.3	4.0	2.6	0.1	-0.8
Export growth (% change per year)	7.8	14.8	8.1	35.7	...
Import growth (% change per year)	12.1	7.9	11.7	45.3	...
Current account balance (% of GDP)	7.0	11.5	10.4	6.2	4.5
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. 2009. *Asian Development Outlook 2009*. Manila. ADB staff estimates.

Table 3. Cook Islands: 2008 Loan and TA Approvals (\$ million)

Loans		TA	Total
Sovereign	Nonsovereign		
15.5	–	0.4	15.9

– = nil.

Cumulative Lending (as of 31 Dec 2008) : \$45.0 million
Cumulative Disbursements (as of 31 Dec 2008) : \$27.9 million

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

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. There are now more than three times as many Cook Islanders (who are New Zealand citizens) overseas as in the Cook Islands. A fiscal crisis in the mid-1990s had a heavy impact on this trend as local job opportunities, particularly in the public sector, and the economy contracted. Emerging challenges include the difficulty of recruiting employees for the tourism sector and concerns that a weakening of the Cook Islands culture will harm 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. The number of tourists visiting the country is now approximately 100,000 per year, reflecting considerable growth in recent years.

Table 4. Cook Islands: Cumulative ADB Lending as of 31 December 2008

Sector	Loans (no.)	Amount (\$ million)	% ^a
Agriculture and Natural Resources	1	0.82	1.82
Education	1	2.70	6.00
Finance	3	6.00	13.33
Law, Economic Management, and Public Policy	1	5.00	11.11
Multisector	4	7.38	16.40
Transport and Communications	4	20.91	46.46
Water Supply, Sanitation, and Waste Management	1	2.20	4.89
Total	15	45.01	100.00

^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	33.0	3
Law, Economic Management, and Public Policy	100.0	1
Multisector	50.0	2
Transport and Communications	100.0	1
Water Supply, Sanitation, and Waste Management	100.0	1
Total	60.0	10
By Year of Approval		
1980s	0.0	2
1990s	71.4	7
2000s	100.0	1

^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 2008.

Partnership

ADB is seeking to develop a harmonized strategy for country assistance with other funding agencies, including New Zealand's International Aid and Development Agency (NZ Aid), the Australian Agency for International Development (AusAID), and other major development partners, including the People's Republic of China, that considerably increased its assistance to Cook Islands in 2008. Additionally, ADB will 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 areas of 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 2008, 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 2004 to 31 December 2008 is available at www.adb.org/Documents/Fact_Sheets/CookIslands/cofinancing.asp.

As of 31 December 2008, 10,330 consultant contracts were awarded ADB loan projects worth \$4.17 billion, of which 29 contracts were awarded to consultants from the Cook Islands worth \$0.99 million.

From 1 January 1985 to 31 December 2008, 18,104 consultant contracts were awarded under ADB technical assistance projects worth \$2.33 billion, of which nine contracts were awarded to consultants from the Cook Islands worth \$0.36 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, 2007–2008

Number of Ongoing Loans (as of 31 Dec 2008)	3	
	2007 (\$ million)	2008 (\$ million)
Contract Awards/Commitments	1.7	0.0
Disbursements	0.1	1.3
Loans at Risk (%)	–	–

– = nil.

Table 7. Cumulative Nonsovereign Operations Portfolio Distribution by Top Countries, 1983–2008^{a,b}

Country	No. of Projects	Total ADB Approvals (\$ million)
India	37	2,268
People's Republic of China	21	1,694
Indonesia	15	879
Philippines	28	768
Pakistan	27	721
Kazakhstan	5	550
Thailand	10	319
Viet Nam	8	305
Sri Lanka	13	280
Bangladesh	8	242
Afghanistan	6	208
Lao People's Democratic Republic	1	100
Other DMCs	13	87
Azerbaijan	4	66
Nepal	4	59
Regional	36	930

DMC = developing member country.

^a Includes nonsovereign projects processed by the Private Sector Operations Department and various regional operations departments of ADB. Regional operations departments started nonsovereign operations in 2007.

^b Net of facilities cancelled in full before signing.

Source: Private Sector Operations Department.

Table 8. Cook Islands: Contractors/suppliers involved in ADB loan projects, 1 January 2004–31 December 2008

Contractor/Supplier	Sector	Contract Amount (\$ million)
S&T Contractors	Multisector	1.11

Table 9. Cook Islands: Top consultants (individual consultant and consulting firm) involved in ADB loan projects, 1 January 2004–31 December 2008

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Matau Limited	1	0.13
Individual Consultant from Cook Islands	1	0.01

About the Cook Islands and ADB

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

ADB Membership

Joined	1976
Shares held	94 (0.003%)
Votes	13,326 (0.30%)

Ceppie K. Sumadilaga 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 Cook Islands, 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 2008, lending volume was \$10.49 billion (86 projects), with TA at \$274.5 million (299 projects) and grant-financed projects at \$811.4 million (49 projects). This also generated \$1.65 billion in direct value-added cofinancing from financing partnerships operations. Over the last 5 years (2004–2008), ADB's annual lending volume averaged \$7.70 billion, with TA averaging \$231.5 million and grant-financed projects \$655.1 million. As of 31 December 2008, the cumulative totals were \$143.53 billion in loans for 2,147 projects in 41 countries, \$4.08 billion for 263 grant projects, and \$3.55 billion for 6,599 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/2009/
SMALL-PAC.pdf](http://www.adb.org/Documents/Books/ADO/2009/SMALL-PAC.pdf)

Annual Report

[www.adb.org/Documents/reports/annual_report/
2008/](http://www.adb.org/Documents/reports/annual_report/2008/)