



MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT

MEDIA RELEASE

Cook Islands - ODA graduation – October 2019

On 10 July 2019, the Organisation for Economic Cooperation and Development (OECD) graduated the Cook Islands to the category of High Income Country, ending eligibility for Overseas Development Assistance (ODA) from 1 January 2020. This is a significant achievement as the Cook Islands becomes the first Pacific Island to achieve this status.

“Graduation is an important milestone in our country’s development, and serves as evidence of effective Government strategies, fiscal discipline and good governance”, Financial Secretary Garth Henderson, said.

Following notification of potential graduation in 2016, the Cook Islands Government requested an extension on the decision in order to develop the appropriate statistical data and eliminate the possibility of the country’s premature graduation. The National Statistics Office, with assistance of partners, refined the existing data and developed previously unavailable data on Gross National Income (GNI), the OECD’s standard measure for determining economic development.

The revised data indicates that the Cook Islands GNI per capita is well above the threshold set by the OECD in each of the years from 2015-2017, serving as a signal to OECD countries that the economy is strong enough to allow for financial independence and self-sustainability.

The Cook Islands’ aid expenditure was estimated at 5 per cent of Gross Domestic Product (GDP) in 2018/19. This is a significant fall from nearly 50 per cent in the 1970s. New Zealand contributed approximately 67 per cent of ODA in 2018/19, with the Green Climate Fund contributing a further 7 per cent. These partners are not expected to cease providing support to the Cook Islands following graduation. In addition, the OECD has recently amended their rules to allow a country to re-enter the list of ODA-eligible nations in the case of GNI falling below the eligibility threshold.

To further prepare for ODA graduation, the Cook Islands Government developed and released the Medium-term Fiscal Strategy (MTFS) for the period 2019/20 - 2022/23. The MTFS outlines the Government’s fiscal responsibilities, and introduces the Stabilisation Account allowing for smooth expenditure over the course of the economic cycle, thus bolstering fiscal sustainability. The Government has also shifted its focus to ensure that it can be self-reliant by rationalising expenditure, while having access to the necessary skills to deliver public services effectively.

As it stands, the Cook Islands is well equipped to take on the status of ‘high income country’ and will continue to overcome new and unique challenges on the path to further economic growth and prosperity.

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