

THE TRANSFORMATION PHASE OF THE COOK ISLANDS GOVERNMENT'S COVID-19 RECOVERY PLAN IS UNDERWAY WITH THE ROLLOUT OF THE SMART ECONOMY INITIATIVE

SMART Economy will contribute to the diversification of the nation's economy by spearheading a homegrown revolution in the Information and Communication Technology (ICT) sector.

Tourism has long been the chief economic driver of the country. Nearly two thirds of economic activity is driven by tourism, and the benefits have flowed throughout society, creating jobs and supporting families. With significant upgrades to the nation's technological infrastructure, the time has arrived for technology to play a greater role in generating prosperity and improving livelihoods.

While tourism has served the country well, its economic dominance has made the country vulnerable to global shocks and events. This is clearly illustrated by the global COVID-19 pandemic, which has affected every target market for the nation's tourism sector. While the Cook Islands has been fortunate to avoid recording a single case of the virus, as a result of global border closures our economy has been devastated in its wake.

The Government has long acknowledged this over-reliance on tourism, and has made economic diversification a major component of ongoing policy development - even as the overall economy was posting consistent growth over the past decade.

Government responded to the COVID-19 pandemic with its Economic Response Plan (ERP), which is providing a financial lifeline to households and businesses. Phase II of the plan, which commenced in July, combines further short-term finan-

cial stimulus with longer-term targeted structural initiatives that will work towards the creation of a more dynamic and diverse economy, fostering economic growth.

At the forefront of these efforts is **SMART Economy**. This initiative will provide grants and tax credits to support new private sector business ventures and start-ups that will play a role in the country's emerging ICT sector.

Along with a more competitive telecommunications market, the Manatua Cable is the backbone of the coming ICT transformation. Starting in Apia, Samoa, the cable stretches across the Cooks' exclusive economic zone with landings in Rarotonga and Aitutaki before its final stop in Tahiti, French Polynesia. This critical piece of infrastructure will be capable of operating at up to 10 terabits per second.

SMART Economy will foster new or expanded commercial ventures that will provide innovative ICT applications and services to businesses and consumers, helping drive a more productive, dynamic, and diverse economy resilient to global shocks like COVID-19.

As part of the initiative, eligible businesses can apply for cash grants of up to \$100,000 and **SMART Tax Credits**.

To apply, applicants must present a clear and innovative proposal detailing new or scaled-up ICT applications or services for the business/retail consumer market. A **SMART Panel** will assess the above plus a set of additional criteria from each eligible proposal, and determine the level of **SMART Grant** funding to be awarded.

Eligible businesses will be given support to grow and thrive during this time of heightened economic uncertainty, while realising their commercial potential and ultimately contribute to the nation's economic recovery.

Looking to the future, ICT applications and services will play a critical role in transforming the Cook Islands into a smarter, more complex, and diverse economy. It is through technological innovation that the country will boost productivity, competitiveness, profitability, and drive economic growth for the future.

For full details on the **SMART Economy Initiative (SMART)**, including support and eligibility criteria, please visit:

www.mfem.gov.ck/SMART

