



COVID-19 Economic Response Plan

SMART Economy Initiative

Performance, as at 18 March 2021

Background

The SMART Economy Initiative (**SMART**) is a key measure under Phase II of the Government's COVID-19 Economic Response Plan. The aim of this \$2 million initiative is to provide a mix of grants and tax credits to support commercially-viable business ventures that will provide new or scaled-up innovative ICT applications and services to businesses and consumers. This will help drive a more productive, complex, and diverse economy that is more dynamic and resilient to changing circumstances and shocks.

Unlike most other Economic Response Plan measures, SMART employs a competitive 2-stage application process. Applications are assessed at each stage by a SMART Panel, with MFEM providing secretariat services. The Panel members comprise:

- Ranulf Scarbrough, Chief Executive, Avaroa Cable Ltd;
- Mii Nimerota – Director, Centre of Excellence in Information Technology, University of the South Pacific; and
- Repeta Puna – Chief Executive Officer, Business Trade and Investment Board.

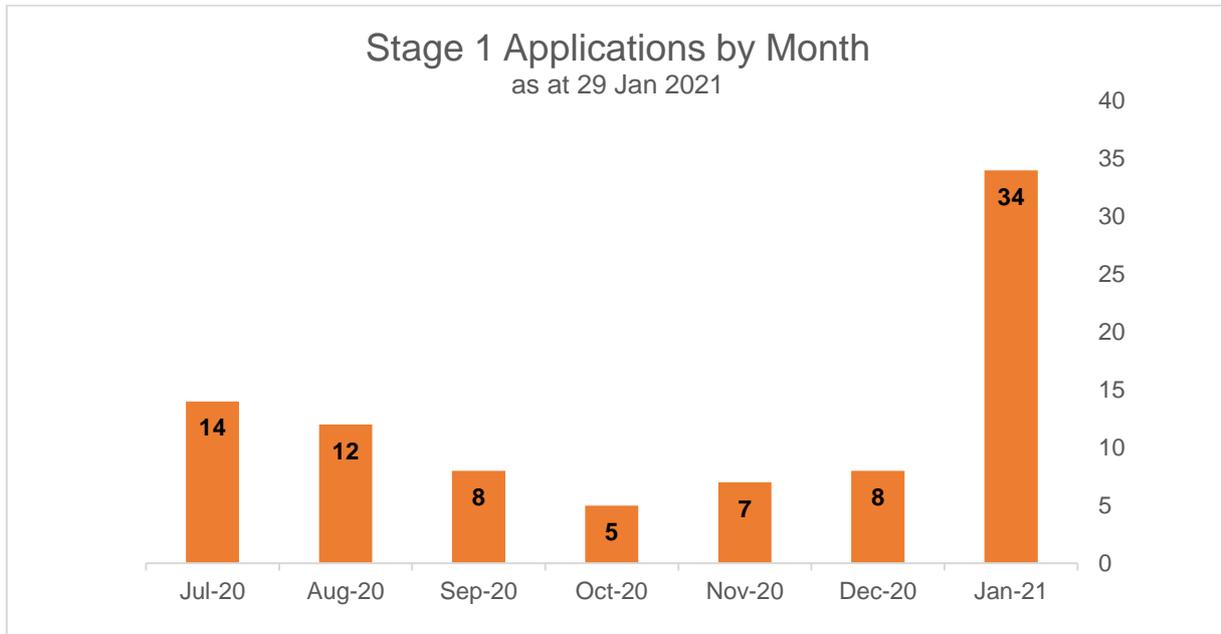
Applicants have to demonstrate, to the satisfaction of the Panel, innovation, business viability, broader economic benefits for the Cook Islands, as well as providing matching funding. They also have to compete with other applicants for a contested pool of scarce funds.

SMART commenced in July 2020, and **Stage 1 applications closed on 29 January 2021** (see media release on the [MFEM Facebook](#)) as the initiative approached full subscription.

Stage 1 applications

Over the period from July 2020 to 29 January 2021, a total of 88 Stage 1 applications were received, with a total grant value request of \$6.8 million. As of 18 March 2021, all Stage 1 applications have been assessed, with 30 (34 per cent) approved to proceed to the Stage 2 process, with a total grant value request of \$2.1 million.

Stage 1 applications	#	Grant request (\$m)
Received	88	\$6.8
Approved to Stage 2	30	\$2.1
Stage 1 approval rate	34%	31%



Stage 1 applications showed a U-shaped distribution, with an initial peak in the first month of the initiative opening, with 16 per cent of total applications received in July 2020, followed by a large spike in the final month, with 39 per cent received.

SMART ECONOMY GRANT

Supporting innovative ICT commercial ventures

SMART grant helps Next Shipment expand into other Pacific Islands

The Ministry of Finance and Economic Management (MFEM) is pleased to announce it has awarded a SMART Economy Initiative grant to Futureproof Enterprises Limited, trading as Next Shipment, to expand its business into other Pacific Islands markets. Next Shipment will use the grant to develop a new online 'mega-mall', with the capability to handle currency payments, shipping costs, customs clearance, tax, and delivery options for multiple countries. Next Shipment started as a consultancy business but when COVID-19 hit, Next Shipment owner Jason Pierre knew the business had to change tactics. He decided to launch a business where customers buy online, and the goods are put on the Next Shipment for a single price that includes shipping, VAT, and customs clearances and charges. "We used technology and access to the Manatua cable to build the website www.nextshipment.deals," says Jason.

"We are so grateful for the SMART grant as our business model has a significant reliance on technology and we needed to move quickly to keep our competitive advantage. We've put a lot of time and effort into upskilling our staff, who are all locals, in websites and technology. They are the most important part of our expansion plans," Jason says. Next Shipment's business model is innovative as it avoids the high overheads and capital outlay associated with offering hundreds of products within a large store. They only bring in what customers purchase on the website, putting it on the next available ship. This enables Next Shipment to pass their business overhead savings on to customers. The Next Shipment website currently has around 10,000 products on it, and more products are being added. "We'll be continuing to sell the same quality products we are currently selling, and adding more products daily depending on what Cook Islanders ask for," says Jason.

"It's an exciting time for us, with the growth that has happened so quickly." The SMART grant will enable Next Shipment to use the same business model and technology to expand its operations into Fiji, Samoa and Tonga initially. Next Shipment is aiming to generate more than enough additional VAT through expansion sales to cover the SMART grant the business has received.

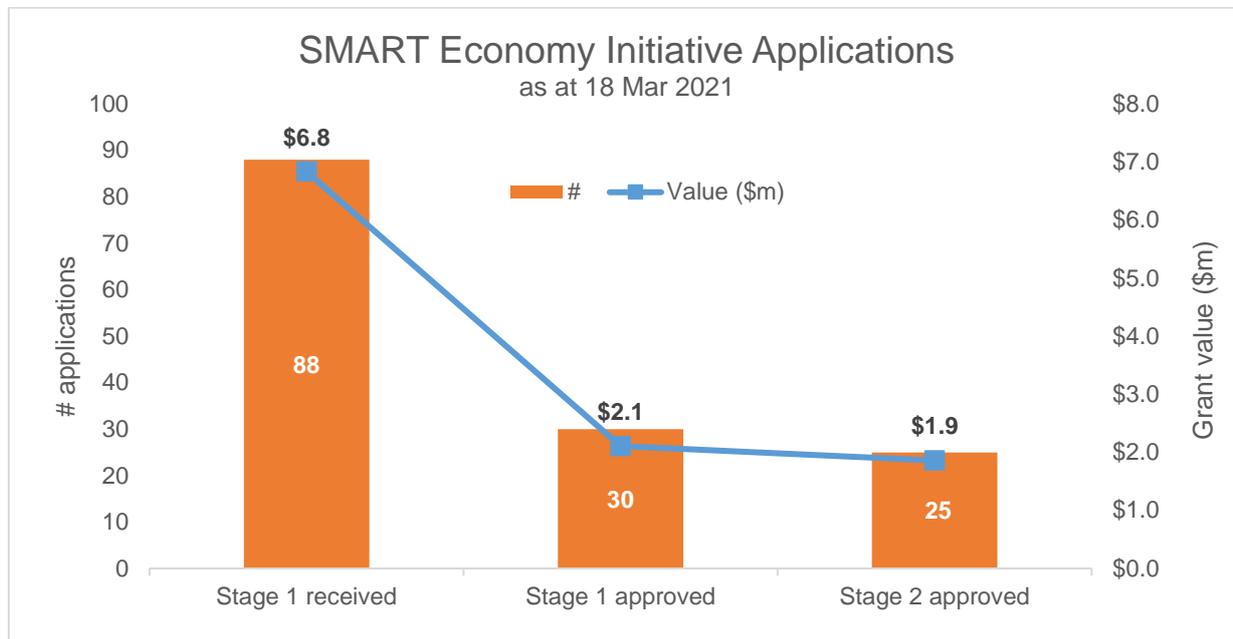
Futureproof Enterprises Limited, trading as Next Shipment, has been awarded a SMART Economy Initiative Grant to expand its business into other Pacific Island's markets.



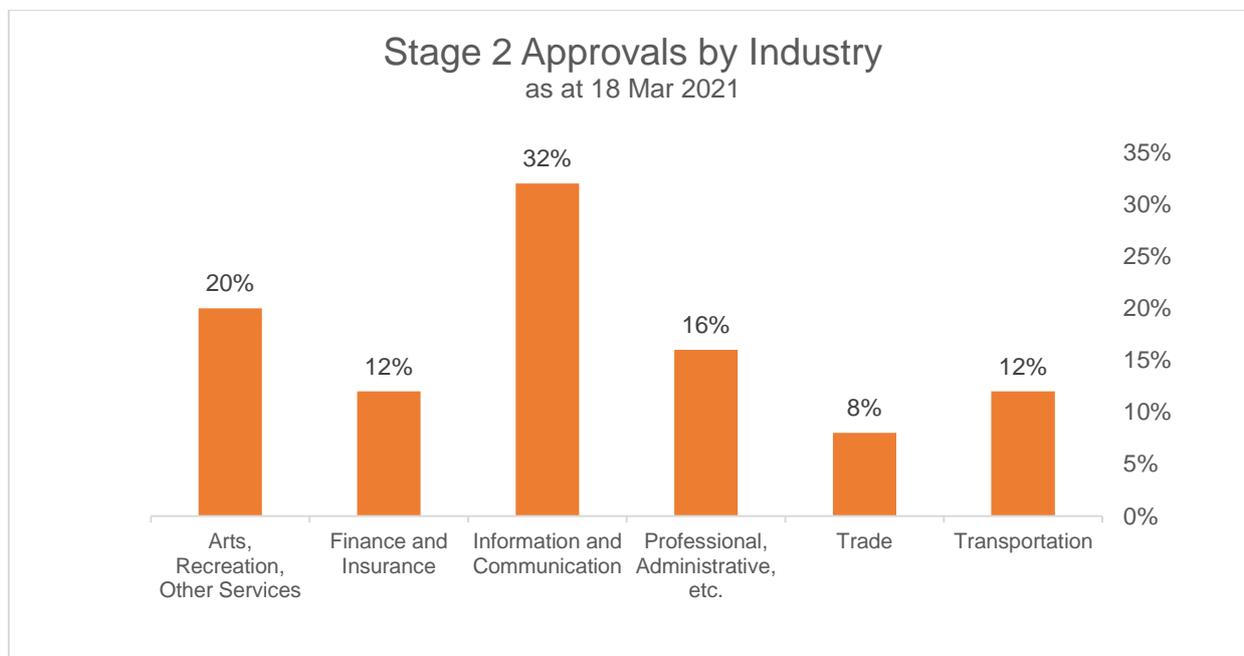
For more information please contact MFEM at mfem.economics@cookislands.gov.ck

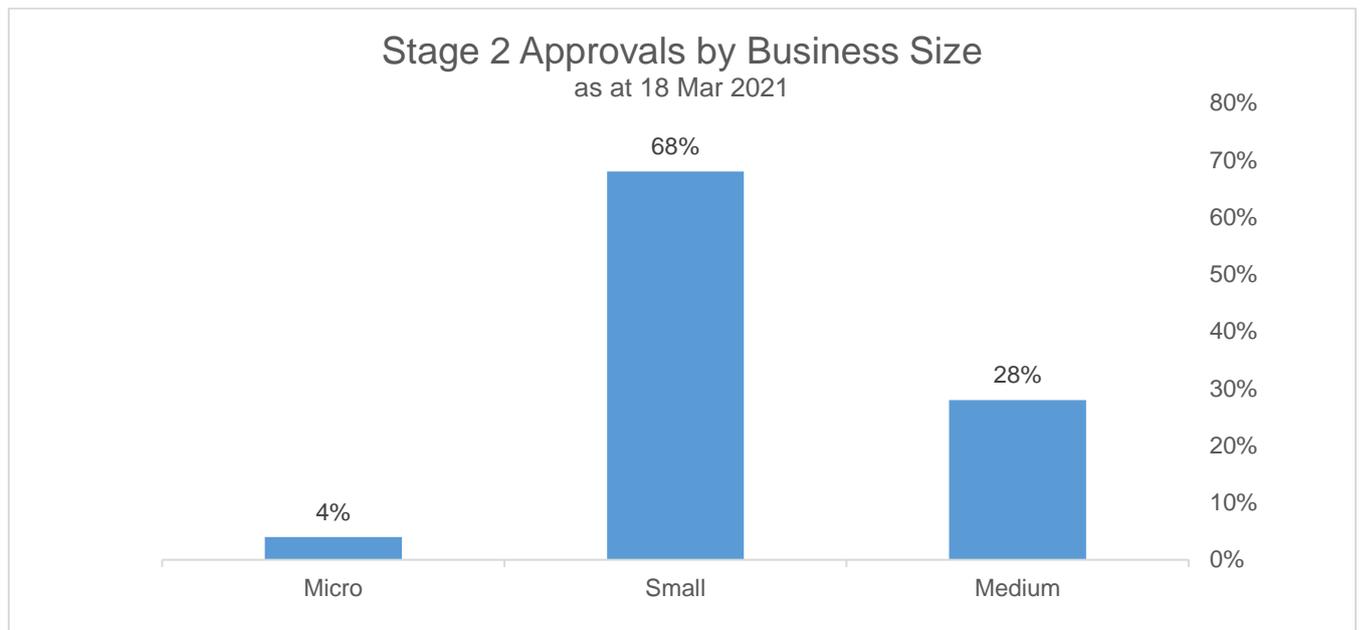
Stage 2 applications

As at 18 March 2021, 31 Stage 2 applications have been received, with 25 approved for SMART grant funding, with a total grant value of \$1.9 million. Individual grants range from \$25,000 to the maximum \$100,000, with an average grant of \$74,355. Own contributions (direct & in-kind) range from \$25,000 to \$443,800, with an average own contribution of about \$114,000.



The highest proportion of the approved Stage 2 applicant businesses are in the Information and Communication industry (32 per cent), followed by Arts, Recreation, Other Services (20 per cent) and Professional, Administrative (16 per cent). About 72 per cent are small businesses (<\$300,000 per annum).





Stage 2 Media Releases

Media releases are progressively published as the successful Stage 2 applicants commence the implementation phase of their SMART ventures. The following releases have been published as at 18 March 2021:

- [Bergman Gallery](#)
- [SCO Rarotonga](#)
- [Akau Film](#)
- [Flowx](#)
- [You Can Do It!](#)
- [Project 5](#)
- [Nesia 88fm](#)
- [Araura TV](#)
- [ICT Nexus](#)
- [Sky Lounge](#)
- [Dive Raro](#)
- [Trustees & Fiduciaries](#)
- [Manini Wear](#)
- [Sabati CI](#)
- [FutureProof Enterprises](#)

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