



**MINISTRY OF FINANCE AND ECONOMIC MANAGEMENT**  
**GOVERNMENT OF THE COOK ISLANDS**

**MEDIA RELEASE**

**ASIAN DEVELOPMENT BANK AND GOVERNMENT OF NEW ZEALAND SUPPORT**  
**COOK ISLANDS' ECONOMIC RECOVERY**

The intent of this media release is to provide some understanding to ADB news release titled \$101 Million ADB, New Zealand Program to Support Cook Islands' Economic Recovery.

In July 2021, the New Zealand Government provided a (NZD) \$30 million grant (equivalent to USD \$21 million) for the purposes of supporting the Cook Islands' economic recovery and Government cash Reserves.

The recent (USD) \$80 million from the Asian Development Bank will also support the Cook Islands government's ongoing economic recovery roadmap.

The loan has a staged drawdown approach. In the first instance, an initial drawdown of (USD) \$40 million in 2021 will be processed to meet the Cook Islands' immediate financing needs.

The remaining (USD) \$40 million will be set aside as a precautionary finance option (PFO) to call upon if the borders were to close again. The triggers to draw down from the PFO funds will be largely determined by the degree to which Cook Islands Tourism recovers from the opening of borders and also Cook Islands government cash reserves. The PFO has an availability period of 36 months from loan approval. The government will explore other alternative financing sources before drawing on the PFO. The funds will be managed in accordance with the terms of use.

For the grant, quarterly reporting to inform on how the funds have been utilised towards the Economic Recovery Roadmap and also providing copies of the Government of Cook Islands audited financial statements for the period(s) in which the funding is utilised. The loan is to help government transition from immediate crisis response to COVID-19 by delivering two reform areas which are:

***Reform area 1:*** Fiscal management and sustainability: This program will support approval and implementation of an updated medium-term fiscal strategy for FY2022-FY2025.

***Reform area 2:*** Enabling environment for the private sector- The program will support the implementation of a comprehensive set of measures to establish and continue Quarantine-free travel (QFT) with New Zealand, which is essential for our economic recovery and will look at key areas to address labour shortages, such as labour mobility options and reduce the cost of doing business.

Existing outcomes already achieved to support the key areas are: the online companies' registry which enables the filing of and access to business registry services and registering of security interest over movable assets to support business investment, the telecommunications act 2019 and supporting regulations to promote competition in the sector, improve service delivery and reduce the cost of doing business and in relation to the labour mobility options, the passing of the immigration bill.

The Cook Islands' is very appreciative to all the support it has received from different sources. The cumulative funds are supporting the Cook Islands' response to the impacts of COVID-19 such as strengthening our preparedness to open the border, budget support towards for our Economic recovery and initiating subsidy programmes already appropriated in the Budget.

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13 December 2021