

GOVERNMENT WELCOMES IMF REPORT HIGHLIGHTING COOK ISLANDS COMMITMENT TO SOUND FISCAL MANAGEMENT

The International Monetary Fund (IMF) published its Cook Islands Technical Assistance Report: *Macroeconomic, Financial and Structural Policies* on 28 August 2020.

The report, which followed a country visit by an IMF team in April 2019, was facilitated by the New Zealand Government at the request of the Cook Islands Ministry of Finance and Economic Management (MFEM).

'I welcome the publication of this report by the IMF, acknowledging that it was prepared before the impacts of the COVID-19 pandemic. It highlights a number of things the Government is doing well on the fiscal and macroeconomic front and also mentions some structural challenges moving forward that we are already in the process of addressing,' said the Financial Secretary Garth Henderson.

The report highlights the Government's prudent financial management, in particular the development of a comprehensive Medium-Term Fiscal Framework that underpins fiscal and debt sustainability for the Cook Islands. 'It is this sound fiscal approach and low debt levels that has provided room for Government to finance both Phase I and Phase II of our Economic

Response Plan', said Garth Henderson.

The report also comments on structural issues facing the Cook Islands in its transition to high income status earlier this year, noting that a focus on services and productivity improvements is vital for sustainable growth. The Government is in the process of addressing the key critical structural issues identified, such as the infrastructure deficit in roads, drainage, telecommunications, water and sanitation. The Government has also established a new Major Project and Procurement Division in the Ministry of Finance and Economic Management that will further improve our management of public infrastructure investment and procurement.

'This report provided no surprises, Government is making progress towards many of the shortcomings outlined in the report, so we welcome the feedback as it indicates that we are moving in the right direction.'

In addition, the Economic Response Plan has provided an opportunity for the Government

to directly support and encourage forward-looking businesses to invest in smart ICT technology (the SMART Economy Initiative) and environmentally sustainable assets (the Green Economy Initiative) to support a stronger and greener economic recovery following the Coronavirus pandemic.

'The Economic Development Strategy, which is under development, will chart a sensible, integrated, course towards a more sustainable, diverse and productive Cook Islands economy over the next 10 years', said Garth Henderson.

Queries regarding the IMF report, the Government's Economic Response Plan or the Economic Development Strategy, should be directed to the Economic Planning Division at **MFEM.economics@cookislands.gov.ck**.

The IMF technical report is available at: **www.bit.ly/CIIMF2020**

More detail on the Economic Development Strategy is available at: **www.mfem.gov.ck/EDS**

