

SBF Project Implementation Monitoring Report

Cook Islands: COVID-19 Active Response and Economic Support Program

1. Project Information

Project ID:	000461	Investment Number:	P000461
Member:	Cook Islands	Region:	Polynesia
Sector:	Economic Resilience/PBF	Sub-sector:	N/A
AIIB Financing Type:	Loan: 20 USD million	Co-financier(s):	Asian Development Bank
E&S category:	C	Borrower:	Cook Islands
Red Flags Assigned:	0	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Ministry of Finance and Economic Management		
Project Team Leader:	Bo Zhang		
Project Team Members:	Bo Zhang, Co PTL Marcin Sasin, Co PTL		
Completed Site Visits by AIIB:	None		
Planned Site Visits by AIIB:	None		

2. Project Summary and Objectives

The Program supports the Government of the Cook Island to reduce the adverse impacts of COVID-19 restrictions on the population and businesses.

This Program is proposed under the COVID-19 Crisis Recovery Facility (the Facility) of the Bank and will be supported by a Sovereign-backed Loan to the Cook Islands, co-financed with the Asian Development Bank (ADB) and the New Zealand Agency for International Development (NZAID). The ADB co-financing is provided under ADB's Countercyclical Support Facility COVID-19 Pandemic Response Option (CPRO). The Program is designed to promote social protection and economic resilience to prevent long-term damage to the productive capacity, including human capital, of the Cook Islands' economy.

The Cook Islands are one of the smallest and most remote nations in the Pacific Ocean. The economy remains heavily dependent on imports. Future growth is hampered by high cost structures, small population and high exposure to climate impacts and disasters. The Cook Islands are among the most tourism-driven economies in the world, with tourism revenues exceeding 60 percent of gross domestic product (GDP). The economy enjoyed sustained growth averaging 5 percent between FY2012 and FY2019 as visitor arrivals rose from 113,000 in 2011 to over 170,000 in 2019.

The Cook Islands avoided a COVID-19 outbreak within its borders with the GOCI taking preemptive actions and implementing a quick containment response. In Jan. 2020, the Ministry of Health (the MOH) activated the Health Emergency Response System. From March 2020, all primary healthcare services were relocated away from the main hospitals. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 pandemic and on March 24, 2020, the GOCI closed the country's borders. Widespread testing, mandatory 14-day quarantine, school closures, domestic travel suspensions and social distancing were enforced during the ensuing lockdown period which began mid-March 2020. The GOCI declared the country COVID-19 free on April 16, 2020.

The COVID-19 pandemic is a significant economic threat to the Cook Islands. Due to the shutdown of tourism, the economy is estimated to have contracted by 7 percent in FY20 and projected to further contract by 15.4 percent in FY21, or more if borders remain closed to New Zealand tourists beyond early 2021. The impact on business viability has been severe. The impact on the fiscal position will be significant. In addition to higher expenditures, which will temporarily increase from 36 percent of GDP in FY19 to over 70 percent of GDP in FY21, the collapse in tourism has led to a decline in tax revenues of 7 percent in FY20 and a further expected decline by almost 40 percent in FY21. As a result, the fiscal deficit in FY20 was 2.4 percent of GDP (instead of 1.2 percent planned), and for FY21 it is projected by the ADB to reach 30 percent of GDP or more.

3. Key Dates

Approval:	Dec. 10, 2020	Signing:	Jan. 7, 2021
Effective:	Jan. 18, 2021	Restructured (if any):	
Orig. Closing:	Jan. 31, 2021	Rev. Closing (if any):	

4. Disbursement Summary (million)

Currency:	USD		
-----------	-----	--	--

a) Committed:	20	b) Cancellation (if any):	
c) Disbursed:	20	d) Most recent disbursement: (amount / date)	19.95, Jan. 28, 2021
e) Undisbursed:	0	f) Disbursement Ratio(%) ¹ :	100

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

The Loan was declared effective on January 18, 2021; fully disbursed on January 28, 2021 and closed on January 31, 2021.

AIIB Project Team is coordinating with ADB Project Team to finalize the Project Completion Note within 18 months of loan closing.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Budget Support	Fully disbursed and closed	Not Applicable	Not Applicable

Financial Management:

Not Applicable: Since the project is budget support to the Government through PBL, we do not monitor the Government Treasury Account. Financial Statements are due by June 30, 2021 and will be reviewed as part of the Project Completion Note to be finalized together with ADB Project Team within 18 months of loan closing (July 2022) to allow the completion of some of the monitoring indicators.

6. Status of the Grievance Redress Mechanism (GRM)

The Project has no GRM set-up: The Loan is cofinanced with ADB as lead cofinancier, and the Projects environmental and social (ES) risks and impacts have been assessed in accordance with the provisions of ADB's Safeguard Policy Statement (SPS) applicable to PBL. AIIB's Environmental and Social Policy (ESP) was designed to apply to investment projects and has no provisions for its application to PBL operations. Therefore, as permitted by the decision of AIIB's Board of Directors set forth in the Decisions to Support the COVID-19 Crisis Recovery Facility, the provisions of ADB's SPS applicable to PBL will apply to this operation in lieu of AIIB's ESP. Accordingly, AIIB's Policy on the Project-affected People's Mechanism (PPM), which addresses issues raised under AIIB's ESP as applicable to investment projects, will not apply to this operation. Submissions to the PPM under the Program would, therefore, not be eligible for consideration by the PPM. ADB's independent accountability mechanism addresses issues raised by persons adversely affected by an ADB-assisted operation and allows them to report alleged noncompliance with ADB's operational policies and procedures, including its SPS.

7. Results Monitoring

The Project has been fully disbursed and closed on January 31, 2021; Project Completion Note is due with progress report against the overall ADB's COVID-19 Response Framework

Baseline Year: Jan. 18, 2021 End Target Year: Dec. 31, 2021

Project Objective Indicators #1

Maintaining the Cook Islands' record of zero community transmission.

Year	Target	Actual	Others, if any
Dec. 31, 2021	0	0	Data as per reporting date (2021 Q1) and will evolve by the target date.

Project Objective Indicators #2

At least 4,000 individuals benefiting from government income support programs to mitigate adverse impacts of COVID-19, with data disaggregated by types of program, gender, age, etc.

Year	Target	Actual	Others, if any
Dec. 31, 2021	4000	4000	Data as per reporting date (2021 Q1) and will evolve by the target date.

Project Objective Indicators #3

Avoiding at least 50 percent of total potential job losses in tourism-related sectors.

Year	Target	Actual	Others, if any
Dec. 31, 2021	50%	0%	Data as per reporting date (2021 Q1) and will evolve by the target date.

Intermediate Result Indicators #1

Not Applicable

Year	Target	Actual	Others, if any
Dec. 31, 2021	N/A	N/A	

Remarks: The targets in the result framework will be confirmed within 18 months of loan closing through the Project Completion Note in collaboration with ADB Project Team.