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COUNTRY PARTNERSHIP STRATEGY

FOR THE

INDEPENDENT STATE OF SAMOA

2012 - 2016

March 5, 2012

**Timor-Leste, Papua New Guinea, and Pacific Islands Country Management Unit
East Asia and Pacific Region**

**The International Finance Corporation
East Asia and Pacific**

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INDEPENDENT STATE OF SOMOA

CURRENCY EQUIVALENT

1 Tala (WST) = 0.44 US Dollar (USD)
(Exchange rate effective as of February 2012)

ABBREVIATIONS AND ACRONYMS

AAA	Analytic and Advisory Activities	NISP	Samoa National Infrastructure Strategic Plan
ADB	Asian Development Bank	NZ	New Zealand
AusAID	Australian Agency for International Development	OPEC	Organization of Petroleum Exporting Countries
CBS	Central Bank of Samoa	PALM	Japan – Pacific Alliance Leaders’ Meeting
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women	PCRAFI	Pacific Catastrophe Risk Assessment and Financing Initiative
CHOGM	Commonwealth Heads of Government Meeting	PEFA	Public Expenditure and Financial Accountability
CPS	Country Partnership Strategy	PEC	Pacific Environment Community Fund
DPO	Development Policy Operation	PFM	Public Financial Management
ECD	Early Childhood Development Initiative	PFTAC	IMF Pacific Technical Assistance Facility
EDF	European Development Fund	PIAC	Pacific Infrastructure Advisory Center
EGRA	Early Grade Reading Assessment	PIFS	Pacific Island Forum Secretariat
EIB	European Investment Bank	PPCR	Pilot Program for Climate Resilience
EU	European Union	PRIF	Pacific Regional Infrastructure Facility
FAO	Food and Agriculture Organization	PRTI	IFC Pacific Regional Tourism Initiative
FSM	Federated States of Micronesia	RMI	Republic of the Marshall Islands
GDP	Gross Domestic Product	RSE	NZ Recognised Seasonal Employment Scheme
GEF	Global Environment Facility	SACEP	Samoa Agricultural Competitiveness Enhancement Project
GFDRR	Global Facility for Disaster Reduction and Recovery	SDS	Strategy for the Development of Samoa 2012-16
GFRP	Global Food Crisis Response Program	SMEs	Small and Medium Enterprises
GIIF	IFC Global Index Insurance Facility	SOE	State Owned Enterprise
GNI	Gross National Income	SPC	Secretariat to the Pacific Community
HIES	Household Income and Expenditure Survey	SPREP	South Pacific Regional Environment Programme
HDI	Human Development Index	SRoS	Scientific Research Organisation of Samoa
IBRD	International Bank for Reconstruction and Development	SWP	Australian Seasonal Worker Programme
ICAO	International Civil Aviation Organization	UNDP	United Nations Development Programme
IDA	International Development Association	UNEP	United Nations Environment Programme
IEG	Independent Evaluation Group	UNESCO	United Nations Educational, Scientific and Cultural Organization
IRM	IDA Immediate Response Mechanism	UNFPA	United Nations Population Fund
LDC	Least Developed Country	UNICEF	United Nations Children's Fund
LMIC	Lower Middle Income Country	VAGST	Value Added Goods and Services Tax
IFC	International Finance Corporation	WFP	World Food Programme
IMF	International Monetary Fund	WHO	World Health Organization
JICA	Japan International Cooperation Agency	WMO	World Meteorological Organization
MDGs	Millennium Development Goals		
NGO	Non-Governmental Organizations		

	IDA	IFC
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INDEPENDENT STATE OF SAMOA

WORLD BANK GROUP COUNTRY PARTNERSHIP STRATEGY

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INDEPENDENT STATE OF SAMOA COUNTRY PARTNERSHIP STRATEGY FY12 - 16

EXECUTIVE SUMMARY

- i. ***This Country Partnership Strategy represents the first individual country strategy prepared for Samoa.*** The World Bank has been scaling up its assistance in the Pacific and is moving from a regional approach to individual country strategies, to better acknowledge country-specific challenges and priorities.
- ii. ***Samoa highlights the particular challenges facing small and remote islands states, with its development trajectory heavily influenced by its economic geography.*** Strong policy performance since the mid-1990s has supported generally successful efforts to meet most MDGs while macro-economic stability has enabled relatively strong growth compared to other remote small island economies. Nevertheless, Samoa's small size, limited natural resources, narrowly based economy, and distance to major markets have imposed speed limits to growth when compared to economies of with similar income levels and policy performance that do not face the same constraints. Recent exogenous shocks, including a devastating tsunami in 2009 and global economic volatility, highlighted the continuing vulnerability of even well performing small islands such as Samoa.
- iii. ***The overarching theme running through the Government's new Samoa Development Strategy and the proposed Bank Group program is the importance of building resilience against shocks.*** Within this World Bank Group engagement with Samoa will focus on supporting Government efforts to: (i) rebuild macro-economic resilience and encouraging inclusive growth; (ii) generate opportunities from global and regional integration; and (iii) strengthen resilience against natural disasters and climate change.
- iv. ***Efforts to rebuild macro-economic resilience and encourage inclusive growth will be anchored in a stronger and collaborative policy dialogue between the Bank, Government, and partners to accelerate reform.*** A central element of this discussion will be to build on current efforts to enhance service deliver and public expenditure management. At the same time, this strategy and the Government's own priorities reflect an increasing focus on structural reform to improve competitiveness and encourage broad based growth. In addition, given Samoa's comparative advantages in tourism, IFC will focus on encouraging significant new investments to support 4,000 new arrivals per year across the Pacific. In order to support broad based growth, targeted Bank and IFC investments are also designed to improve agricultural productivity and provide greater opportunities for micro and small enterprises.
- v. ***Greater economic integration with neighbors offers the best way for Samoa to overcome disadvantages of smallness and distance.*** The Bank is committed to helping Samoa capitalize on growing opportunities for temporary labor migration to New Zealand, and more recently Australia. As highlighted by the telecoms revolution in the region, better transport and communications links can mitigate the cost of distance and encourage integration; and a key focus will be to build on the success of telecoms reforms and encourage new private investment to improve broadband connectivity.
- vi. ***As with many small economies remote from major markets, continuing external financing flows are likely to be critical for Samoa to build longer-term resilience and maintain service delivery.*** Given Samoa's strong performance, the Bank is committed to working closely with the Government and partners to ensure that assistance can be provided flexibly in support of Samoa's own efforts to rebuild macro-economic stability and improve service delivery. This will be supplemented by targeted and innovative efforts to help Samoa improve food security and mitigate and respond to climate change and natural disasters.
- vii. ***New ways of doing business will be required if the Bank Group is to be as effective as possible in supporting Samoa.*** Assistance will need to be provided flexibly, reflecting Samoa's strong policy performance. Even closer collaboration with partners will be critical. And given Samoa's need to rebuild macro-economic resilience, all options will need to be explored to encourage new private investment for infrastructure and to mobilize grant financing from other partners. In this, the Bank will need to be both imaginative and disciplined.

INDEPENDENT STATE OF SAMOA

WORLD BANK GROUP COUNTRY PARTNERSHIP STRATEGY 2012 - 2016

I. RATIONALE FOR A COUNTRY STRATEGY FOR SAMOA

- This is the first individual Country Partnership Strategy prepared for Samoa.* Reflecting rapidly increasing World Bank Group engagement across the Pacific islands, individual country strategies are now being prepared for each client country. Given similar issues facing many of the small Pacific islands, such strategies will be shaped by a common regional approach. Individual strategies will, however, allow a more nuanced discussion of how broader themes in the Bank Group's engagement across the Pacific can be tailored to reflect the different histories and challenges of each country.
- This strategy has been prepared in close coordination with the Government of Samoa and key development partners.* As well as consultations with key bilateral and multilateral partners, the Government of Australia and the Asian Development Bank participated with the Bank Group in joint programming discussions with the Government of Samoa in preparing this strategy.

II. COUNTRY CONTEXT: SMALL ISLAND DEVELOPMENT CHALLENGES

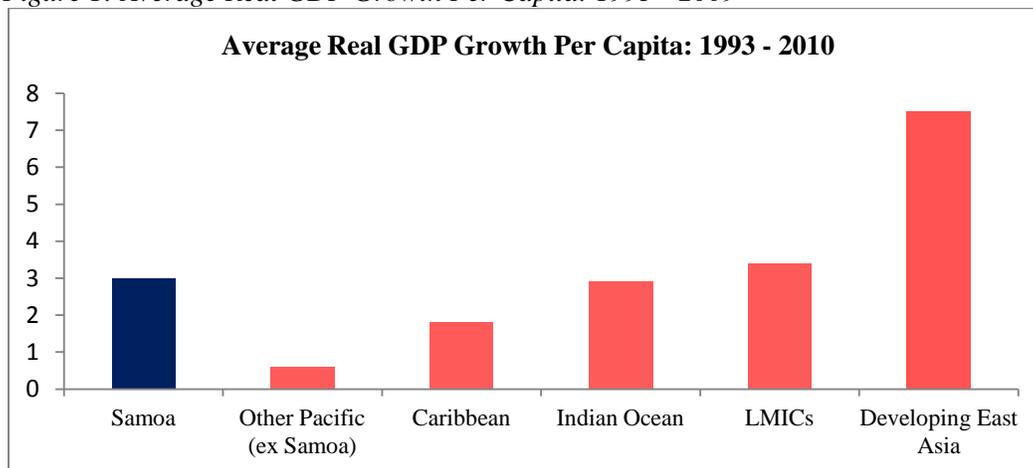
Economic Geography: The Constraints of Distance, Density, and Dispersion

- Samoa is a small and remote Pacific island country, with less than 200,000 people residing on two main islands, approximately 3,000 km from New Zealand, and 4 000 km from Australia.* The country was settled by Polynesian voyagers who arrived approximately 3,000 years ago. Samoa is a very cohesive and structured society, with a strong traditional culture. Each of Samoa's several thousand extended families nominates at least one traditional high chief ("matai") who represents them in village councils. Since independence from New Zealand in 1962, Samoa has been a stable democracy. Under the Constitution, executive power rests with the Prime Minister, who is elected by the legislature. The right to stand for election is limited to matai, although election is by universal suffrage. The Human Rights Protection Party has been in power for most of the past 30 years, most recently winning office in March 2011 with a five year mandate until 2016.
- Samoa illustrates many of the constraints facing even well performing small island states.* Samoa's country policy and institutional assessment is the highest among the Bank's Pacific Island member states and among the top five of all IDA borrowing countries. Strong policy settings for almost two decades have resulted in MDG outcomes and economic performance well above the average for comparable island countries. Yet Samoa's small size, limited natural resources, narrowly based economy, distance to major markets, and vulnerability to exogenous shocks, impose speed limits on growth and have led to a high degree of volatility in recent economic performance.
- Reflecting strong policy performance and service delivery capacity, Samoa is on track to meet key MDGs.* Full details on Samoa's MDG performance can be found in Annex 3 (Country at a Glance) and Annex 4 (Selected Social and Economic Indicators):
 - Hunger* is almost non-existent, with the 2008 Household Income and Expenditure Survey suggesting that the level of food poverty in Samoa is about 3% of households. Nevertheless, using the national poverty line, the level of basic needs poverty remains persistent at about one in five households.

- *Education* access in Samoa is good. The adult literacy rate is 99%. Net primary school enrolment is 93%, although quality of education remains a concern, with the Pacific Islands Forum Secretariat *2010 MDG Tracking Report* suggesting that about half of year six children assessed as at risk of poor outcomes in English literacy and numeracy.
- *Health* indicators have improved, although with emerging issues. Samoans are now living, on average, a decade longer than thirty years ago, with life expectancy at birth rising from 62 in 1980 to 72 in 2008. Samoa has met MDGs targets for improved infant, child and maternal mortality rates, and almost all births are attended by skilled health professionals. Health facilities are well distributed throughout the country, although there are staff shortages, reflected in a recent decline in immunization rates. Non-communicable and lifestyle diseases are an increasing problem, with particularly high levels of obesity.
- *Gender* outcomes are mixed. Samoa has ratified the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). Equal numbers of girls and boys attend primary school, and girls are slightly over-represented in secondary education. Nevertheless, women make up only slightly less than 40% of the paid workforce. Women’s representation in Parliament is low, although about 40% of departmental CEOs are women. The *Samoa Family Health and Safety Study* found almost half of all women had experienced some form of domestic violence.

6. *Since the start of reforms in the mid-1990s, Samoa’s economy has until recently shown reasonable growth, underpinned by a stable macro-economic environment and a business friendly investment climate.* Samoa’s current GDP per capita is about \$2,900. Since the early 1990s, growth has averaged 3% per annum, well above both Pacific and Caribbean comparators (see figure 1). Growth has been accompanied by prudent fiscal policy, which has seen government debt reduced dramatically since peaking at over 100% of GDP in the mid-1990s. This has been driven by tax reforms, including the introduction of a VAGST (value added goods & services tax) in 1994 to improve revenue and move away from tariffs, as well as restructuring to contain expenditures while modernizing the public service and improving service delivery. An exchange rate peg to a basket of currencies has proven credible, anchoring inflation expectations. Macro-economic stability has been matched by structural reform to encourage investment.

Figure 1: Average Real GDP Growth Per Capita: 1993 - 2009

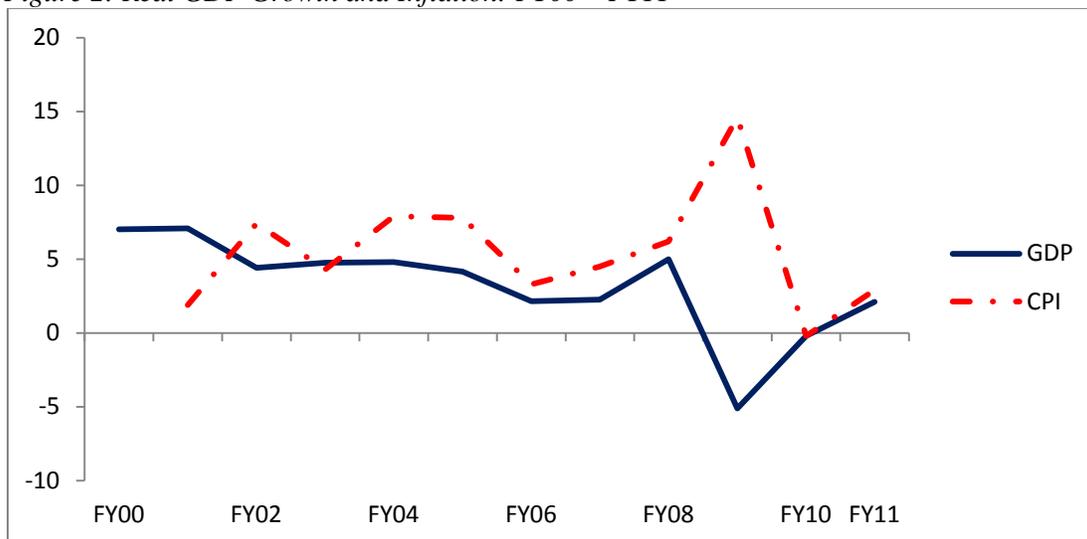


Source: World Bank, *World Development Indicators*

7. *Recent shocks have highlighted the particular disadvantages facing even well performing small and remote island states such as Samoa.* The Samoan economy contracted by over 5% in 2009 as a result of the cumulative effects of the 2008 food and fuel price spikes, the global slowdown, and a devastating tsunami in September 2009. While the coincidence of economic and natural shocks was

particularly unfortunate for Samoa, this illustrates many of the structural vulnerabilities confronting small island states – especially the particularly remote island countries of the Pacific.

Figure 2: Real GDP Growth and Inflation: FY00 – FY11



Sources: World Bank Data, IMF Staff Report July 2011

8. ***The Global Economic Crisis has severely impacted small island economies such as Samoa, highlighting their continuing vulnerability.*** Ultimately, small and remote island economies are likely to find it very difficult to follow the traditional path of growth moving from agricultural production to the export of manufactured goods and services. The economic costs of smallness and distance undermine export competitiveness in the production of commonly traded manufactured goods and services. Samoa’s strong growth compared to small island counterparts, for instance, remains low compared to lower middle income countries as a whole – despite Samoa’s better than average policy performance – and well below the fast growing East Asian developing countries. The economy remains narrowly based and vulnerable to shocks. Tourism receipts make up about 20% of the economy and almost half of all external earnings, but have been affected by the slowing global economy. Agriculture provides employment and a safety net for much of the population, but has been subject to recent poor harvests. Remittances from the large diaspora, have averaged around 24% of GDP over the last 10 years. A strong policy environment has allowed Samoa to make the most of regional concessionary trade arrangements, particularly in car parts, but slowing global demand and increasing transport costs from increasing fuel prices led to downsizing at the plant and the loss of over 1,000 jobs. Samoa’s heavy reliance of fuel imports, which have averaged slightly less than 10% of GDP, led to inflation increasing to 14% in 2009 as a result of fuel price spikes, despite the adoption of a bulk-purchasing program for fuel administered by the Government that mitigated transference of the price rise. In addition to the direct impact on the economy, the increase in transport costs associated with fuel price spikes affected the cost of imports, which make up about 50% of GDP, and reduced Samoa’s already limited export competitiveness.

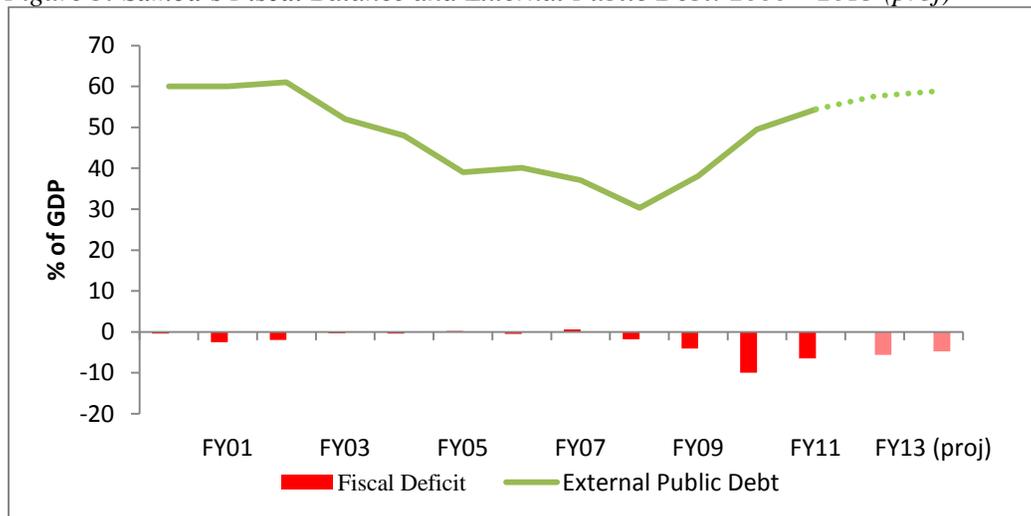
9. ***A devastating tsunami in September 2009 caused tremendous human suffering and was a stark reminder of the vulnerability of small island states to natural disasters.*** While Samoa is subject to regular cyclones, this was the worst disaster since Independence with 143 people killed. Physical damage alone is estimated at \$60 million, or over 10 % of GDP. In addition, the tsunami significantly affected the key agriculture and tourism industries. World Bank led work on Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) suggests that the average annual cost to small islands from natural disasters is equivalent to approximately 3% of GDP. And risks from natural disasters are potentially

increasing further, with climate change posing a major long-term threat. Although Samoa does not face the same existential threat as atolls states such as Kiribati or Tuvalu, vulnerabilities are compounded by the fact that 70 % of Samoa’s population and infrastructure are located in low lying coastal areas.

10. ***Samoa’s swift and effective response to the shocks has provided a foundation for the economy to rebound.*** The authorities responded to the global recession and tsunami with expansionary monetary policy and a significant fiscal stimulus (equivalent to \$100 million or about 15% of GDP over 4 years). Spending has been effectively allocated to address the immediate needs of resettlement and infrastructure rehabilitation as well improving safety nets, and is designed to boost economic activity and generate employment opportunities, while laying a foundation for expanding the productive capacity of the economy in the medium term. The economy is responding to these measures, and growth of just below 3% is estimated in FY11, although this could slow slightly in over the next few years.

11. ***It will be vital for the Government to tighten fiscal policy as planned in order to maintain hard won macro-economic stability and ensure debt remains at sustainable levels.*** While expansionary fiscal policies were an appropriate response to exogenous shocks, Samoa’s previously modest fiscal deficit widened to 10% of GDP in FY10 – a level that is not sustainable in the medium term. External public debt is also anticipated to climb back to over 55% of GDP, and a decline in reserves has reduced long-term resilience (see figure 3, and detailed economic indicators and projections in Annex 4). In order to maintain macro-economic stability and ensure debt sustainability, the Government is committed to reducing the fiscal deficit to below 3.5% of GDP by FY14, by reprioritizing expenditures to give priority to infrastructure to resuscitate growth and eliminate non-essential spending. Tough policy choices will be required if macro-economic stability is to be maintained, but this will be critical for Samoa’s long-term future. Current assumptions also assume that remittances will remain at about 20% of GDP and the Government will continue to be able to secure grants and highly concessional financing of over \$100m per annum. The Government intends that new borrowing will be on concessional terms only, and any non-concessional borrowing, or even concessional borrowing on terms more expensive than offered by the multilateral development banks, would add further pressure to the overall debt situation. Baseline scenarios also assume that the Samoan economy will grow at 1.5 – 2.0% per annum. Should fiscal consolidation not occur as anticipated, or should there be further exogenous shocks (possible at a difficult time for the global economy), there would be significant risks to Samoa’s long-term resilience at a time when economic buffers are limited. IMF Article IV discussions provide a forum for partners to discuss these issues with the Government, with the mission scheduled for April 2012.

Figure 3: Samoa’s Fiscal Balance and External Public Debt: 2000 – 2013 (proj)



Source: Government Budget, IMF Staff Report, July 2011

12. ***As well as fiscal consolidation, continuing structural economic reform will also be important to improve competitiveness and encourage longer-term growth, despite the inevitable speed limits and volatility facing small island economies.*** Samoa's rank of 60th in the World Bank's *Doing Business* survey 2012 places it among the highest among Pacific countries. Samoa has been among the forefront of Pacific island countries in introducing reforms to the telecoms and airlines sectors in the mid-2000s. Still, after the transformation of the Samoan economy in the 1990s and early 2000s, the *Doing Business* ratings of several other island countries have over the past decade climbed relative to Samoa. If Samoa is to maintain its hard won competitive advantage in terms of the quality of its regulatory and business environment compared to competitors, there is scope to further accelerate momentum on the remaining structural agenda and encourage greater economic efficiency. This will be important given broader risks to global growth, which could impact remittances and tourism, on which Samoa relies heavily.

13. ***More broadly, size and remoteness are likely to restrict Samoa's global competitiveness; prospects for longer-term economic development in Samoa are likely to depend significantly on greater economic integration with neighbors, maximizing the gains from natural resources (especially tourism), and continued external remittance and aid flows.*** Reflecting the particular constraints of small island economies, the Bank, with other donors and the active engagement of Pacific Islands academics and opinion leaders, is working at conceptualizing an adaptable framework of donors engagement in small and vulnerable economies, altering the traditional development paradigm linking good performance and sound policy to sustainable, self sustaining economic growth and human development leading to eventual self reliance and the phasing out of international development assistance. A key element of this analysis is that perhaps the best way of overcoming disadvantages of smallness and distance is through integration with larger economies, providing market access, skills, ideas, cheaper import prices, and investment. Samoa already has a significant expatriate population in NZ, the US, and Australia, although increased labor market integration, including short term employment opportunities, offers potential benefits for both labor sending and receiving countries. Better transport and communications links can also mitigate the cost of distance and encourage integration, as can aligning and harmonizing regulatory rules and standards. Similarly, pooled service delivery by the Pacific islands can help to address problems of cost and capacity simultaneously. Maximizing gains from natural resources – in Samoa tourism and, although to a lesser extent than many other islands, fisheries – will be particularly important given constraints to the establishment of large scale manufacturing industry. And, as with many rural and remote areas even within developed countries such as Australia or the US, continuing financial and technical assistance are likely to continue to be required.

Government Development Strategy

14. ***The key focus of the Government of Samoa's 2012-2016 Strategy for the Development of Samoa (SDS) is on strengthening economic resilience and encouraging inclusive growth through increasing investment in the productive sectors of the economy.*** The SDS will consolidate the progress achieved over the previous SDS period from 2008 – 12, which had a relatively strong emphasis on strengthening service delivery. The new SDS draws on a review of the previous SDS led by the Ministry of Finance and reflects views expressed during extensive stakeholder consultations. The Government is committed to encouraging private sector investment to encourage inclusive growth. Given Samoa's comparative advantages in tourism, investment in tourism infrastructure will be scaled up to promote Samoa as an attractive tourist destination that is supported by good infrastructure and service delivery. Dedicated interventions will be directed toward the agricultural sector to encourage broad-based participation in growth, raise domestic production to meet food security needs, and boost export capacity. Opportunities to transform viable agricultural products to higher value added processing for the export market will be given attention. Investment will also continue in support of the social sectors in order to achieve a healthy Samoa and improved access to quality education and training. Infrastructure in terms of

water, energy, transport, and telecommunications will continue to be supported to provide the enabling environment for businesses and improved service to the public.

Donor Engagement

15. *Samoa, like many small island states, is heavily reliant on international development cooperation flows.* International assistance is growing substantially; following the 2009 tsunami, gross commitments in FY11 reached WST 270 million (\$120m) and it is anticipated that international flows are likely to be maintained at approximately this level over the next few years. Development cooperation flows are equivalent to about \$600 per capita or 20% of GDP. In addition, the role of church and community groups remains very strong, and churches tend to be a significant provider particularly of primary education services in Samoa, as in many other Pacific island states.

16. *Growing aid flows reflect not only a scaling up by traditional partners, but the emergence of new donors in the Pacific, including Samoa.* Key traditional bilateral partners include Australia, New Zealand and Japan, while multilateral partners including the IMF, ADB, the EU, the UN System, and the World Bank, have also had a long engagement with Samoa. In addition, China is now playing a significantly greater role in the Pacific, and has emerged as one of Samoa's largest partners. Across the region, the OPEC Fund for International Development and the Gulf states are increasing investments in renewable energy. Details of individual donor programs are provided in Annex 1.

III. WORLD BANK GROUP ENGAGEMENT

World Bank Group Engagement across the Pacific Island Countries

17. *The Bank Group's engagement with the Pacific Island countries reflects the fact that their development trajectories will be shaped – more than perhaps any other nations in the world – by their economic geography.* The Bank's Pacific island member countries¹ have a population of about 2 million people spread across hundreds of islands, and scattered across an area equivalent to 15 % of the globe's surface. The island states themselves have a key role in establishing a policy environment that encourages investment and long-term development outcomes, and Samoa is an example of the benefits of domestic policy reform. At the same time, given constraints to growth, greater economic integration and more open labor markets in metropolitan neighbors, as well as more equitable natural resource agreements, will also be vital for the longer-term future of the Pacific Islands. And given their fragility and geographic isolation, sustained development progress will require long-term cooperation by international partners. Even where policy environments are strong, external assistance is likely to remain needed to support service delivery.

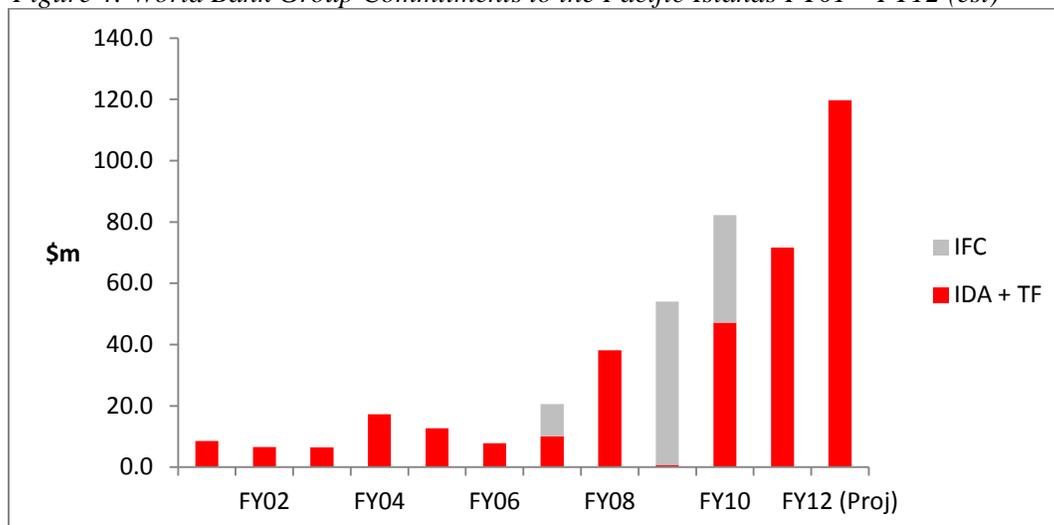
18. *The World Bank Group is in the process of scaling up its engagement with the Pacific Island countries as part of a renewed longer-term commitment.* Both IDA and IFC are significantly increasing engagement. As well as scaling up in traditional clients like Samoa, the Bank is placing particular emphasis on reaching out to “non-traditional” clients. World Bank IDA and trust fund commitments to the Pacific of almost \$250m in the past four years have been more than in prior history, as have IFC commitments of almost \$90m (figure 4).

19. *A key priority for the Bank Group across the Pacific will be to translate the credibility and trust generated by a growing program into a more substantive and coordinated policy dialogue with countries to strengthen their own reform efforts.* The value of our engagement is not principally defined in terms

¹ Fiji, Kiribati, Palau, Marshall Islands, Micronesia, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

of the volume of lending, but rather by the extent to which the Bank can “bundle” its expertise and financing, collaborate with other development partners to transfer global knowledge, build capacity, and encourage changes that will improve the lives of Pacific Island citizens.

Figure 4: World Bank Group Commitments to the Pacific Islands FY01 – FY12 (est)



Translating Common Regional Themes into a Samoan Context: Strengthening Resilience

20 *The key theme running through the Bank Group’s engagement with Samoa will be to strengthen resilience.* This reflects both the priorities set out in the new Samoa Development Strategy, as well as the Bank’s broader approach across the small and remote Pacific island countries. Within this framework, key priorities for the Bank Group’s engagement with Samoa will include supporting Government efforts to:

- (i) Rebuild macro-economic resilience and encouraging inclusive growth;
- (ii) Generate opportunities from global and regional integration; and
- (iii) Strengthen resilience against natural disasters and climate change.

21. *Samoa’s access to considerable grant financing provides a useful discipline on the Bank, and will require the program to be highly selective.* Although the Bank has been able to make IDA grant financing available to the smaller Pacific islands reflecting their limited capacity for longer term debt sustainability, Samoa’s relatively strong performance and size means that IDA financing will be on concessional terms. Particularly at a time when the Government is committed to reducing public debt, this will require the Bank to be highly selective in its engagement; to ensure that all activities are able to strengthen Samoa’s longer-term development prospects; are of very high priority for the Government; are areas in which the Bank can bring particular comparative advantages compared to other partners, and that all options are explored to mobilize private sector investment or grant financing for investments. The Government has, for instance, indicated that it gives priority to mobilizing grant financing for social sector investments. As a result, Bank financing for health is unlikely to continue to be required, although service delivery and issues such as health financing are likely to be an element in a broader policy dialogue among the Government and partners. Similarly, the strategy reflects the lead role of partners such as the ADB and EU in the energy and water sectors respectively.

Rebuilding Economic Resilience and Encouraging Investment for Inclusive Growth

22. ***Reflecting demand from both the Government and partners, this strategy will be anchored by the Bank Group playing an increasing role to support reform efforts in Samoa, with analytical work backed up by a multi-year series of development policy operations.*** Samoa's strong policy performance and needs following exogenous economic shocks and natural disasters led donors to increasingly provide budget support for Government operations, supplementing sectoral investments. In 2009, donors including Australia, the EU, New Zealand, ADB, IMF and World Bank agreed on a coordinated policy matrix with the Government of Samoa as a foundation for budget support. Planned budget support from the Bank will be grounded in Samoa's policy and reform program. The Government expects that possible budget support from the international community will help consolidate Samoa's fiscal position and longer-term resilience. While a detailed policy matrix will be developed during 2012 in coordination with the Government and partners, it is envisaged that policy actions will focus around themes such as: (i) fiscal consolidation and strengthened public expenditure and public financial management; (ii) improving service delivery; and increasingly, (iii) structural reform to strengthen competitiveness and encourage medium-term investment and growth.

23. ***Continuing support to strengthening the Government's public expenditure management will be vital for Samoa to enhance long-term resilience.*** Especially at a time of fiscal consolidation, strengthened planning systems and public expenditure management will be critical to ensure efficiencies and maintain service delivery standards, and will remain a feature of a coordinated policy dialogue. In general, the overall governance environment in Samoa is relatively strong, as evident in Samoa's CPIA rating and a Transparency International corruption perceptions rating of 69 out of 183 countries – among the top 6 of all IDA borrowers. Strengthening PFM systems was a particular focus of the policy matrix agreed in 2009, and the Government has established a central procurement unit and developed a strategic plan to further strengthen internal audit. Nevertheless, there is scope for further improvement, and the Government is committed to implementing recommendations of a 2010 Public Expenditure and Fiduciary Assessment (PEFA) as well as undertaking a review of procurement processes, with the support of the Bank.

24. ***The focus of Samoa's previous development strategy, together with the exogenous shocks suffered by Samoa in 2009, has meant broader policy discussions between the Government and partners appropriately focused in the past few years on immediate economic recovery needs, and protecting the most vulnerable.*** A continuing focus on strengthening service delivery will be important, especially given emerging issues with education quality, as well as declining immunization rates and growing prevalence of lifestyle diseases. The Bank will continue to support Samoa's successful efforts to improve social outcomes, although at the request of Government, engagement will be through analytical support and policy dialogue in conjunction with partners, with the Government mobilizing grant financing after the current health sector support program. The Bank is working closely with NZ, as lead donor, and Australia to support health financing reform and to encourage behavioral change given high levels of lifestyle diseases in Samoa. With support from Australia, the Bank is also scaling up analytical work across the Pacific on early grade reading assessments (EGRA), and Samoa will be a priority country for a first phase EGRA scheduled for FY13 given Samoa's strong tradition of student assessments and in-service teacher training. There is scope to supplement EGRA work in Samoa with an Early Childhood Development (ECD) analysis. This work will inform discussion on a future joint policy matrix. Australia and New Zealand are also exploring options to increasingly encourage better health and education outcomes through the provision of sector budget support linked to agreements on policy actions.

25. ***As the recovery proceeds, however, the Government is now giving greater priority to renewing momentum on the structural reform agenda to promote inclusive growth, and this will be a key feature of future policy discussions.*** Samoa shows that, despite the constraints faced by small island economies

as a result of their economic geography, strong domestic policy settings can help to raise the speed limits on growth – but an outstanding reform effort remains if Samoa is to further improve economic competitiveness. The government divested 21 SOEs in the early 1990s, and has improved independent oversight of remaining businesses. The restructuring in 2005 of government-owned Polynesian Airlines into a majority privately owned joint venture with a foreign airline has helped reduce airfares to Samoa by around half, resulting in a significant increase in tourist arrivals, as well as removing a financial burden to the budget. Nevertheless, there is a significant remaining agenda; while remaining SOEs only account for 10% of formal employment, more could be done to further improve efficiency. Similarly, further structural reform could encourage new investment. Recent changes to the *Companies Act* have reduced the time, cost, and complexity of registering a business, and Samoa has also significantly reduced the time and cost of land registration (being the top reformer in this area in the World Bank’s *Doing Business* report for 2011). Still, getting credit remains difficult, with limited publicly available credit information, and insolvency resolution can be time consuming and costly. And while land issues are sensitive and integral to Samoa’s traditional culture, lack of legal title to customary land, which accounts for about 80% of all land in Samoa, and an inability to transfer ownership, inhibits some forms of economic use, particularly through impeding access to finance. The passage of legislation to allow banks to use capital improvements on leased customary land as collateral is a step in the right direction, although uncertainties with contract enforcement mean that banks remain reluctant to lend to households and business on this basis. The Government anticipates articulating a policy framework during 2012 that could provide the basis for a coordinated policy matrix to provide a foundation for support from development partners. The Bank Group, in turn, anticipates scaling up analytical support for Government efforts, in close coordination with key multilateral and bilateral partners. Linked to this, IFC is assisting the Unit Trust of Samoa, established by the Government to encourage local investment in newly privatized entities, to expand its local investor base.

26. ***As well as supporting policy reform, a key focus of this strategy is to combine the public and private sector instruments that the Bank can deploy to assist the country improve competitiveness and attract new investment.*** IFC intends to significantly scale up efforts to encourage new investment in Samoa, with a focus on tourism. Tourism is a particular comparative advantage for many of the Pacific island states, and – even despite the tsunami – remains Samoa’s fastest growing industry and major source of foreign exchange beside remittances. Samoa is one of 3 focus countries – with Tonga and Vanuatu – for the Pacific Regional Tourism Initiative (PRTI) to be launched in 2012. The initiative aims to mobilize US\$15 million in new private sector funding for tourism infrastructure as well as US\$30 million in new tourism investments to support up to 4,000 new tourist arrivals across three pilot countries over the next three years.

27. ***Encouraging broad participation in the formal economy will be important to ensure growth is inclusive and the benefits shared widely to reduce income poverty.*** IFC is undertaking analytical work in Samoa, Tonga, and Vanuatu to explore options for a holistic approach to assist micro-enterprises and SMEs overcome key constraints growth. Micro and SMEs themselves identify access to finance and access to markets as key constraints, while financial institutions have identified lack of collateral and information asymmetry as key limitations they face in expanding lending to SMEs. One potential option could be for IFC, the Bank, and partners to work together to replicate a risk share facility that could encourage commercial banks to increase lending for micro and SMEs, including but not only in tourism, as was established in 2011 in PNG. In order to ensure benefits of tourism investments are widely shared among local populations, IFC’s tourism initiative also anticipates supporting SMEs to improve supply chain links with larger operators, with the aim of helping 150 SMEs across the 3 target countries to increase revenues by a combined US\$0.5 million per year.

28. ***Reflecting the particular difficulties food price spikes caused small islands such as Samoa and the importance of agricultural reform to encourage broad based growth, the Government places high***

priority on assistance from the Bank to strengthen food security and agricultural productivity. While there are some examples of niche agricultural export industries in Samoa (particularly the export of nonu juice to China and virgin coconut oil), the agriculture sector in Samoa is dominated by small scale subsistence and semi-commercial farms, which provide a key safety net for many Samoans. The Samoa Agricultural Competitiveness Enhancement Project (SACEP), financed by a combination of IDA credits and grant resources from the Global Food Crisis Response Program (GFRP) will help to improve food security by supporting greater livestock and fruit and vegetable production by subsistence and semi-commercial farmers. The investment will also assist small farmers to take greater advantage of market opportunities, particularly by accessing supply chains for tourism operators in Samoa, and provide opportunities for import substitution. In building resilience and encouraging inclusive growth, the Government places priority on investment in downstream processing of agricultural products utilising the research results undertaken by the Scientific Research Organisation of Samoa (SROS).

29. ***To build resilience against fuel price shocks, IFC in conjunction with ADB could explore opportunities to encourage new private sector investment in the generation market.*** Samoa was hard hit by fuel price shocks, although was insulated more than some other islands by the fact that about 40% of energy needs are met from hydropower as well as by a well functioning by bulk fuel purchasing and storage systems. Over 98% of households are connected to the grid. ADB has historically led on energy sector issues, and is helping the Government to develop an integrated energy roadmap to prioritize least cost investments, as the World Bank is in Tonga and Vanuatu. The Australian Government also has significant grant financing available to support public investment in energy. Recent legislative changes to open the generation market to new independent power producers potentially offer a significant opportunity to encourage new private investment in infrastructure, replicating the successful experience in the telecoms sector. IFC would be able to work with the Government and ADB to explore options to encourage new private generation investment, such as for proposed hydropower investments in Sava'ai, which would help to meet the ambitious investment targets set out in the Government's *National Infrastructure Strategic Plan*, prepared with assistance from the Pacific Infrastructure Advisory Centre (PIAC). Samoa has also been a leader in the Pacific, with support from the Bank over more than a decade, in encouraging local private sector engagement to undertake road maintenance, rather than relying on Government implementation.

Generating Opportunities from Greater Global and Regional Integration

30. ***Making the most of international employment opportunities will be especially important for Samoa, and a continuing priority for Bank Group support.*** Labor is one of the few viable exports for many small and remote island countries, and Samoa has traditionally benefitted from significant remittances. Although labor mobility remains subject to significant policy barriers, New Zealand and, increasingly, Australia are expanding scope for temporary labor migration. New Zealand's Recognised Seasonal Employment (RSE) scheme, introduced in 2007, now provides opportunities for up to 8,000 participants per year to work in the horticultural industry. Approximately three quarters of participants tend to come from the Pacific, including an average of almost 1,000 Samoans per year. This scheme has provided significant benefits for participating Pacific island countries, with studies suggesting workers will bring home an average of \$4,400 each year (after deductions and living expenses), as well as experience with modern agriculture and computer literacy and English language skills. In a "win-win", it also provides considerable benefits for New Zealand, where the industry estimates RSE has helped increase production by as much as \$150 million since its inception. While a similar Australian Seasonal Worker Program (SWP) has had a slow start, it is now expanding and offers significant potential. The Bank was involved in providing advice to both Australia and NZ on international best practice on temporary labor migration. And the Bank remains closely engaged, with financial support from Australia, in providing technical and analytical advice for Pacific island countries including Samoa to manage their participation in such schemes.

31. ***The Bank Group will support efforts by Samoan workers to send back funds more cheaply and to establish businesses on their return.*** The Bank and IFC have been working with Governments and private sector financial institutions to help bring down very high costs of remittances on Pacific routes. Although the situation is improving, with average to rates to transfer an amount of USD 200 now down from almost 20% to below 15% - with some significantly cheaper systems increasingly well used – further improvements are required to meet the 2014 CHOGM targets of 5%. IFC is actively working with organizations in the Pacific to develop products and services that will help meet these targets. At the same time the Bank and IFC are engaged with central banks across the Pacific, including Samoa, to strengthen payment systems legislation. This work will enable safer and more secure payment systems to protect consumers, particularly where services are provided by non banks, and will encourage initiatives such as new technologies and mobile money transfers. Regional investments will be key to strengthen the national payments system and retail payments infrastructure, including in Samoa. Sources of financing for such investments are being explored. Once workers have returned, IFC’s Pacific micro-finance initiative also offers a mechanism to support a wide range of emerging entrepreneurs to open businesses. IFC is also working with the major Banks in Samoa to establish a new credit bureau that will facilitate reasonable lending to the lower two thirds of the population. In time, the credit bureau should reduce the cost of credit overall by lowering risks.

32. ***The telecommunications revolution throughout the Pacific has provided enormous opportunities for people.*** Samoa, in 2006, was one of the first Pacific countries to open its telecoms market in order to encourage competition and allow new private sector operators. The result has been to dramatically lower telecoms costs and improve coverage – with mobile phone usage increasing from about 20% of the Samoan population to over 90% in only a few years. Improved telecommunications has literally opened up the world to those previously disconnected. Connectivity allows fishermen to access timely price information; enables mobile financial services; better connects people to schools and health services, and provides entrepreneurs with better information in a timely manner. The Bank Group has played a key role in securing reforms by providing extensive support through IDA to develop policy and strengthen regulatory agencies to oversee a liberalized market, as well as transaction advisory services for the sale of SamoaTel to a private investor in 2011. Highlighting synergies across the Bank Group, IFC investments have played a key role in encouraging new private operators, with an IFC investment of \$10.5m in Samoa encouraging total new investments of over \$40m.

33. ***The next key challenge in the ICT sector will be to improve broadband connectivity, to provide opportunities for Samoans to participate in and benefit from the global economy.*** Samoa, unlike many of the smaller islands, has a cable connection via American Samoa to Hawaii and is not forced to rely on relatively expensive satellite links. Nevertheless, the lifespan of the current reconditioned cable is limited, and a new cable option needs to be identified to meet the projected growth in demand for Internet bandwidth. In addition, further regulatory reform is likely to be required to reduce the currently high retail costs of internet access. The Bank Group is working closely with Samoa to identify least cost options for a new international fibre-optic cable: possible routes include: (a) a connection to a possible new NZ-US cable currently being proposed to investors; (b) a new cable to the Southern Cross Cable Network in Fiji. The Bank would be prepared to work with the Government as well as partners such as IFC, ADB, and EIB to encourage new private investment, while ensuring that there is open and fairly-priced access to bandwidth for all domestic service providers. Nevertheless, an element of concessional financing through the Government is likely to be required to reduce the cost of capital, and strengthen the overall business case. Bilateral partners such as Australia have indicated interest in providing grant financing to support public participation in a PPP. The Bank could also make IDA credits available for such an investment should a financing gap remain. Given that activities with regional spillovers can be included, such investment can potentially draw on additional resources from the IDA Regional Program over and above the normal IDA financing envelope for Samoa.

34. ***Supporting investment and reform of economic infrastructure to support regional integration will be critical and is an area in which the Bank could offer assistance if needed.*** Elsewhere in the Pacific, the Bank is supporting countries in their efforts to harmonize aviation safety standards and regulations with those of NZ, and to upgrade infrastructure. The Government is currently considering needs for safety upgrades at Faleolo international airport, and the Bank could, if needed, offer concessional financing to support public investments. As with IDA financing for regional broadband connectivity, the participation in the regional aviation program also has the potential to obtain some financing from the IDA Regional Program, in addition to Samoa's normal allocation. Commercialization of airport operations also offers potential to attract private sector finance, particularly for terminal upgrades. Similarly, across the region, there are significant investment and reform needs required to modernize ports – a crucial element in encouraging export competitiveness – and this is also an area where the Bank could offer expertise and potentially regional financing on top of regular country IDA allocations, again in conjunction with possible grant financing from partners such as Australia.

Building Resilience to Natural Disasters and Climate Change

35. ***Given vulnerabilities, targeted investments to improve Samoa's long-term resilience to natural disasters and climate change will be a key focus for new Bank engagement.*** The Bank has been able to mobilize \$25 million in grant financing for Samoa through the Pilot Program for Climate Resilience (PPCR). Initially, grant resources will be focused on “climate proofing” the main West Coast road from the airport to the capital of Apia. A second phase, anticipated in FY13, will help Samoa develop a national climate adaptation plan, and support 16 districts to implement high priority coastal protection works, in conjunction with UNDP support for Samoa's other 25 districts. These investments build on the Bank's highly successful engagement with Samoa over more than a decade supporting transport and disaster mitigation and rehabilitation. The Bank was able to move quickly, for instance, to use the flexibility provided by emergency response procedures, to support investments in new access roads to communities that had decided to relocate inland after the tsunami. Similarly, the Bank effectively supported reconstruction efforts in Samoa following Cyclone Heta in 2004. In addition, Bank assistance for transport sector reform in Samoa since the late 1990s has ensured an integrated asset management strategy and continued recurrent cost to finance necessary maintenance. Samoa's success in building local private sector capacity to undertake road maintenance was evident in the rapid and effective response by local contractors to clear roads and ensure access following the 2009 tsunami. Should the Government wish, further IDA resources could also be made available on top of PPCR financing to assist with priority new transport sector investments identified as priorities in the *National Infrastructure Strategic Plan*. The Australian Government has indicated interest in working the bank in transport.

36. ***Innovative mechanisms to strengthen long-term resilience and to provide a quick response capacity following future disasters will be explored.*** The Bank's Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) program has undertaken a major risk analysis across the region, and is able to provide Governments with highly detailed geospatial information in order to mitigate and manage disaster risks. The Bank is now working closely with the Government of Japan to introduce risk pooling and insurance mechanisms that would reinforce broader mitigation efforts while at the same time providing a fast response facility in the event of future disasters. Samoa is one of five Pacific island countries that will be part of a pilot insurance program, expected to be established in late 2012, prior to the next cyclone season. IFC is also planning to explore the feasibility of developing a weather index insurance program for the Pacific under its Global Index Insurance Facility (GIIF). In addition, the Bank will explore scope to use the flexibility now available under the new IDA Immediate Response Mechanism (IRM) to build contingent disaster response components into current and new investments.

Mainstreaming Gender

37. *Gender issues will be mainstreamed throughout the program.* As noted, gender outcomes in Samoa are mixed. The current health sector support program gives priority to ensuring that high levels of maternal health services, particularly skilled medical practitioners at birth, are maintained. Education analytical work will similarly give attention to ensuring that high levels of girls' representation at primary and secondary school are maintained, and with a focus on improving education quality for both boys and girls. Especially given the relatively limited participation by women in formal economic activity, particular attention will be paid to this issue. In supporting subsistence households, the Samoa Agricultural Competitiveness Enhance Project (SACEP) will give particular attention to assisting women and youth; data will be collected on a gender disaggregated basis; and the investment has been designed with input from Women in Business Development Incorporated, which has had particular success in developing niche agricultural exports in Samoa. IFC analytical work to explore options for a more holistic approach to assist micro-enterprises and SMEs overcome key constraints to growth will similarly explore the differential constraints to growth (including access to finance) faced by male and female led enterprises. And technical assistance provided by the Bank to help Samoa manage participation in temporary labor migration schemes will explore options for greater participation by women, with most current participants being men undertaking work in the agricultural and horticultural industries. The UN system has traditionally led on gender specific interventions in Samoa, and is significantly expanding gender focused interventions to strengthen the position of women. In this context, the Bank's legal department will explore the scope to possibly mobilize trust funds to help address domestic violence.

New Approaches

38. *In Samoa, and across the Pacific, the World Bank Group is committed to working in very close collaboration with partners.* This reflects the priority Pacific island leaders placed in the 2009 Cairns Compact to make better use of all resources available for development. This strategy has been developed not just in very close coordination with partners but through joint programming discussions with the Government in which key bilateral and multilateral partners were integrally involved. This commitment to collaboration is also highlighted in the intention of key partners to work together with the Government of Samoa to develop an agreed policy matrix as a foundation for potential budget support from all partners. At the operational level, the Bank and ADB are now jointly co-financing investments in both Tonga and Kiribati, and options to do so in Samoa, particularly to support broadband connectivity, will be given priority. The establishment of joint ADB – World Bank liaison offices across the Pacific, including Samoa, has also helped significantly to improve understanding between the two organizations as well as to provide a capacity for more regular engagement with the Government and implementation support for the program. And flexible Australian and NZ support for the Bank's operations in the Pacific have been instrumental in allowing the scale up that has occurred and potentially provide a model for collaboration.

39. *Although Bank Group engagement with Samoa will be highly selective, Samoa's strong performance and relatively familiarity with the Bank compared to other island countries provides an opportunity to trial new approaches that can potentially be replicated elsewhere in the region.* Samoa's strong policy performance offers opportunities to use budget support instruments to underpin reform efforts. The Bank is working with the Government and partners to support a procurement assessment, and it is anticipated that this could help to strengthen systems that will, in turn, allow an increase in thresholds for national competitive bidding and prior review of contracts. At the sectoral level, the availability of bilateral grants and Samoa's macro-economic situation will impose a useful degree of discipline on the Bank to be both selective and innovative.

40. *The telecoms revolution in the Pacific has highlighted opportunities to encourage new private investment for critical economic infrastructure, and potentially provides a model for other sectors.*

More detailed consideration of options to encourage private, rather than just public, investment is likely to be required if the ambitious National Infrastructure Strategic Plan is to be implemented. The Bank Group is committed to working with the Government and partners to explore options for PPPs. In addition, the Bank could work with the authorities to explore the use of IDA guarantee to reduce the risk to the private sector and leverage more resources to Samoa for financing infrastructure.²

Financing Envelope and Sources

41. ***The Bank has had a longer and more substantive engagement with Samoa than any of our other Pacific clients, and this is expected to continue over the next five years.*** In total, the Bank could potentially make US\$80 – 100 million available to Samoa through IDA and trust fund resources over the CPS period, compared to US\$140 million in commitments since Samoa joined the Bank in 1975. This includes an indicative 3-year IDA16 allocation of approximately US\$25-30 million and a potentially similar amount in IDA17, subject mainly to performance and financing of the overall replenishment.³ There is also scope for Samoa to access additional resources from the IDA Regional Program over and above the country allocation, to finance qualified regional investments with cross-country spillovers, such as regional broadband connectivity or regional aviation safety. While the Bank has been able to make IDA grant financing available to many of the smaller Pacific island countries given their current debt distress or high risks to debt distress, Samoa is currently eligible to receive IDA on highly concessional credit terms⁴. IDA availability will continue even with Samoa's anticipated graduation from least developing country status. In addition, the Bank has already secured US\$30 million in new trust fund grant resources, including \$25 million from PPCR and \$5 million from GFRP, with the potential for further trust fund resources to be mobilized during the course of the CPS.

42. ***The program will need to be implemented flexibly; actual resource use will depend very much on decisions by the Government of Samoa during the CPS period and are likely to be influenced by the availability of grant funds from partners and private financing for investments.*** The Government has indicated strong interest in using approximately half of its base IDA allocation – or about \$5 million per year – as budget support. The Bank and the Government has also agreed on combined IDA and GFRP financing for the Samoa Agricultural Competitiveness Enhancement investment, and broad agreements have been reached on the use of PPCR financing. Decisions the use and volume of IDA resources for new transport, broadband connectivity, and aviation safety investments will be determined during implementation of the strategy. Samoa and the Bank may modify the strategy and program in the outer years depending on evolving country and external developments and domestic priorities.

² IDA guarantee only counts 25% against a country's IDA allocation; and guarantee can also help catalyze additional investment from the private sector.

³ IDA resource allocations are based on 3-year replenishment cycles. For IDA16 (FY12-14) allocations, only the FY12 allocation is firm while estimates for FY13-14 are indicative only and can change depending on: (i) total IDA resources available in the respective fiscal year in IDA16; (ii) the country's performance rating; (iii) the terms of IDA's assistance to the country (grants or credits) in the respective fiscal year based on its debt sustainability position; (iv) MDRI debt relief and the redistribution of the MDRI compensatory resources as applicable; (v) the performance and assistance terms of other IDA borrowers; and (vi) the number of IDA-eligible countries. The indicative allocations and IDA's terms of assistances are updated annually. For IDA17 (FY15-17), in addition to these factors, available IDA resource would also depend on the size of the replenishment.

⁴ IDA's terms of assistance (grant or credit) is based on a recipient country's debt sustainability position, and thus these terms are updated annually based on the latest Debt Sustainability Analysis (DSA). Among IDA-only countries, those in debt distress or with a high risk of debt distress are eligible for IDA grants while those with low risk of debt distress are eligible only for credits; and those with a moderate risk of debt distress are eligible for a 50/50 credit/grant mix. The latest DSA in 2010 indicates that Samoa has a low risk of debt distress, and thus in FY12, it is eligible only for IDA credits, which has zero interest rate, a 5-year grace period, a 40-year maturity, and thus a grant element of about 61%.

Samoa: Indicative IDA and Trust Fund Operations (FY12 – FY16)

	Year	IDA	Cofinanced/ Trust Fund
IDA-16 Period			
Development Policy Series	FY13-14	✓	
Agricultural Competitiveness	FY12	✓	GFRP
West Coast Road Climate Resilience	FY13		PPCR
Community Coastal Resilience	FY13		PPCR
Infrastructure Asset Maintenance	FY14	TBD	
IDA-17 Period			
Development Policy Series	FY15-16	✓	
Pacific Aviation Safety	FY15	TBD	
Broadband Connectivity	FY15	TBD	

43. *In addition to IDA, IFC will actively explore opportunities to encourage new private investment in tourism and tourism infrastructure, as well as potential private engagement in PPPs to support broadband connectivity, new energy generation, aviation, and solid waste collection.*

RISKS AND MITIGATION MEASURES

44. *The key risk is that further exogenous shocks will put Samoa’s hard won macro-economic stability at risk.* Recent history in Samoa has demonstrated that even well performing small island states are likely to experience significant economic volatility, with natural disasters also posing a continuing risk. Samoa’s macro-economic buffers have been depleted by exogenous economic shocks and a devastating tsunami. Further shocks, particularly the risk of a slowdown in Australia and New Zealand on which Samoa’s economy relies, could hit the economy hard at a time when resilience has already been weakened. The timing and sequencing of flexible budget support arrangements will need to be calibrated to reflect economic circumstances.

45. *A reacceleration of reform momentum will be required, with fiscal consolidation critical to maintain debt sustainability and structural reform needed to increase the speed limits on growth.* Even without shocks, Samoa will need to rebuild reserves, undertake significant fiscal consolidation, and carefully manage debt, being particularly cautious to mobilize external financing on grant or highly concessional terms. While Samoa has been a strong performer, an acceleration of reform momentum will be needed. Managing the potential social implications of implementing the reforms and maintaining social support for the reform agenda will be key. Mitigating and supportive factors include: (i) the strong degree of political continuity in Samoa, with many of the current leaders also having played a key role in significant reform efforts in the late 1990s and early 2000s that saw a transformation of Samoa’s economy; and (ii) the Government’s clear mandate following elections in 2011 which gave it a new 5 year term.

46. *Strong coordination among partners will be required to ensure coordinated policy engagement with the Government.* As outlined above, there is a strong commitment among Samoa’s traditional partners to more collaborative approaches. With changing global economic balances, greater integration with fast growing East Asian economies offers significant opportunities for Samoa, and greater collaboration on the ground with such non-traditional partners will be a key priority.

47. *The program will need to reflect the inevitable capacity constraints facing small island states, even well performing ones such as Samoa.* Historically, investments in Samoa have performed well,

with the current portfolio performing reasonably and IEG confirming ratings of satisfactory or moderately satisfactory on all activities exiting the portfolio in the past decade. There is consequently greater scope in Samoa to selectively engage in sectors where the Bank has less of a track record, although this will need to be balanced with continued support in more tried and tested sectors in order that risks in the overall portfolio are manageable. In contrast in even smaller countries elsewhere in the region investments are likely to focus very much on replicating successes that have been achieved in other Pacific island countries. Nevertheless, capacity constraints are evident in sectors such as agriculture and health, and very close portfolio oversight will be required to maintain this record. The establishment of a joint World Bank Group – ADB liaison office provides a greater level of day to day engagement with counterparts and implementation support, although considerable engagement of international staff will be required given that “on the ground” support in Samoa still remains relatively limited. Investments will need to be very focused and targeted. New approaches will also be required to address capacity issues. This includes efforts to “crowd in” greater private sector involvement in service delivery, as has occurred in the telecoms sector and road maintenance rather than solely working through government agencies and exploring of opportunities for regional approaches to generate efficiencies and allow for regulatory harmonization.

Annex 1: Donor Coordination

Australia is Samoa's largest partner, and assistance has significantly and steadily increased to approximately A\$48 million (US\$51 million) in FY11. The framework for Australian cooperation with Samoa is set out in the *Samoa-Australia Partnership for Development* signed by respective leaders in August 2008 – revised in 2011. Australia provides assistance in four priority areas: (i) governance and economic stability; (ii) better quality and more equitable education; (iii) improved health services; and (iv) improved law and justice.

China provides approximately 40 million Yuan (US\$6m) in grants to Samoa per year. Priorities are set by the Government of Samoa, with a focus particularly on infrastructure, including government buildings, sport and hospital facilities. China also provided significant in-kind assistance to rehabilitate education facilities following the tsunami. A 210 million Yuan (US\$31m) loan on concessional terms was provided for the Samoa National Medical Centre and the Headquarters of the Samoa Ministry of Health, and concessional lending has also been made available to support Government communications.

Japanese bilateral assistance has averaged almost \$10m per annum, and concessional financing has been provided for energy sector priorities in conjunction with ADB. Samoa is also eligible for support from the 6.8 billion yen (US\$77.5m) Pacific Environment Community Fund (PEC Fund) that will focus on solar power generation and sea water desalination projects in the Pacific region.

New Zealand's joint commitment for development with Samoa, signed in July 2011, guides development cooperation programs which reached NZ\$16 million (US\$11.5m) in FY11. Priorities under this shared vision to enhance long-term development outcomes include: (i) strengthening tourism; (ii) private sector development, (iii) renewable energy, (iv) agriculture; (v) basic education; (vi) scholarships; and improving health outcomes.

The Asian Development Bank has had a long-term engagement in Samoa, based around an integrated program of analytical work and investments. Under a broad *Pacific Approach 2010-14*, ADB's engagement with Samoa is outlined in a Business Plan for the period 2012-14. Concessional finance of \$18m per year is available from the Asian Development Fund (ADF), with additional grant based technical assistance facilities totaling almost \$2 million during this period. ADB has been integrally engaged in macro-economic and structural policy dialogue, including SOE reform and the economic use of customary land, supported by an Economic Recovery Support Program. Investments have been focused on expanding the power sector (with Japan) and sanitation and drainage in order to remove these constraints on growth. ADB, with Australia and NZ has also been engaged on strengthening education outcomes.

The European Union's country strategy (2008 – 2013) sets out a framework for engagement with Samoa under the 10th European Development Fund (EDF). The EC anticipates making approximately €31m (US\$41m) available during this period, focused primarily on extending access and improving system quality in the water sector.

The IMF has provided support to Samoa to spur recovery and reconstruction following the 2009 tsunami. In 2009 Samoa borrowed \$9m from the IMF. Prior to this loan, Samoa made purchases from the IMF's General Resources Account in 1984 and 1985.

The United Nations system is active, with UNDP, UNICEF, WHO, UNFPA, UNEP, UNESCO, FAO and WMO implementing programs and projects. UNDP was especially active in coordinating an immediate needs assessment following the tsunami. The combined average development expenditure of these organizations between 2000 and 2008 was \$2m per annum, although this is increasing with significant climate change adaptation funding.

Current assistance by individual donors is set out below, using the Government of Samoa's budget framework for reporting on donor engagement by sector.

Donor Engagement Matrix by Sector

	Australia	China	Japan	NZ	ADB	EU	IMF	UN	World Bank Group
Education	X	X	X		X			X	
Agriculture/ Food Security	X			X				X	X
Energy	X		X		X				
Environment/ Climate Change Adaptation	X			X				X	X
Tourism				X					IFC
Health	X	X		X				X	AAA
Law and Justice	X								
Public Administration	X							X	
Transport and Infrastructure	X	X							X
Communications and ICT		X						X	X
Water and Sanitation					X	X			
Community Development	X							X	
Private Sector				X	X				IFC
Financial Sector				X					IFC
Macroeconomic Framework	X			X	X	X	X	X	X

Annex 2: Samoa Results Matrix

Medium-term Country Goals	Key Issues	CAS Outcomes Expected (FY12 – FY16)	Milestones	WBG Instruments and International Partners
Priority 1: Rebuilding Economic Resilience and Encouraging Inclusive Growth				
Rebuild Macro-Economic Resilience	<ul style="list-style-type: none"> • 2009 tsunami and exogenous economic shocks led to fiscal deficit increasing to 10% of GDP in FY10 and external public debt increasing from 30% of GDP to 58% in 2011 • The Government anticipates a reduction in the fiscal deficit to below 3.5% of GDP by FY14 (subject to no further exogenous shocks) will reduce pressures for external debt even on concessional terms. • Samoa's <i>Doing Business</i> rating of 60 places it among the better performers in the Pacific, but with room to improve. 	<ul style="list-style-type: none"> • Fiscal consolidation and rebuilding of reserves • Improved competitiveness, including improvements on Doing Business indicators • Strengthened public financial management • Improved efficiency and effectiveness of service delivery to strengthen health financing and address education quality 	<ul style="list-style-type: none"> • Detailed outcome indicators around the broad themes listed as well as specific milestones will be developed as part of a coordinated policy matrix underpinning a DPO series starting in FY13, and will be included in the CPS Progress Report 	<p>AAA: Analytical work in support of coordinated DPO policy matrix. Procurement review. Early Grade Reading Assessment, Early Childhood Development analysis, Non-communicable diseases assessment.</p> <p>Operations: DPO series (starting FY13), Health Sector Support Program.</p> <p>Donor Partners: ADB, IMF, Australia, New Zealand, European Commission.</p>
Encourage Greater Private Investment in Tourism and in infrastructure service delivery	<ul style="list-style-type: none"> • Tourism is a key comparative advantage, and the Government is committed to encouraging an increase in visitor arrivals from baseline of 120,000 per year and increase in tourism receipts from baseline of WST 300m per year. • Tourism arrivals were hurt by the 2009 tsunami but are returning despite the global slowdown • Despite a significant program of reform, inefficient SOEs still lead to high cost of infrastructure service provision 	<ul style="list-style-type: none"> • IFC tourism investments to support 4,000 new arrivals across 3 pilot countries by 2016 [Samoa specific indicators will be developed as this initiative progresses and will be included in the CPS Progress Report] • Concessions tendered for new private investment in energy generation following liberalization and framework for independent power producers. 	<ul style="list-style-type: none"> • Samoa to gain share of IFC's Pacific Tourism Initiative which aims to encourage \$30m in new private sector tourism investments and \$15m in new tourism infrastructure investments across 3 pilot countries. 	<p>AAA: Analytical work in support of coordinated DPO policy matrix; IFC TTA for Unit Trust of Samoa.</p> <p>Operations: DPO series (starting FY13), IFC Pacific Tourism Initiative.</p> <p>Donor Partners: ADB, IMF, Australia, New Zealand, European Commission.</p>

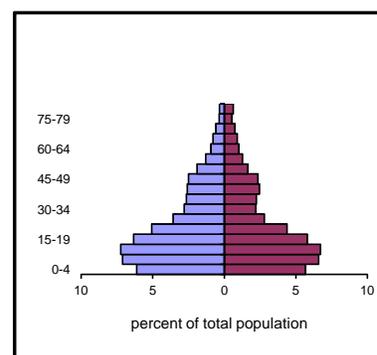
Medium-term Country Goals	Key Issues	CAS Outcomes Expected (FY12 – FY16)	Milestones	WBG Instruments and International Partners
Priority 1: Rebuilding Economic Resilience and Encouraging Inclusive Growth				
Improve Agriculture Productivity and Strengthen Opportunities for Small and Medium Scale Farmers	<ul style="list-style-type: none"> About 60% of the population employed in the agriculture sector, which provides a key safety net Agricultural productivity growth has been limited Opportunities for farmers to enter local tourism supply chains and niche exports Government aims to improve agricultural productivity by subsistence and semi-commercial farmers increasingly able to enter local supply chain. Provide opportunities for women farmers 	<ul style="list-style-type: none"> Doubling of average yields by 2017 for carrots (baseline 1,250 kg/acre), tomatoes (baseline 2,000 kg/acre), bok choy (baseline 3,850 kg/acre), eggplant (baseline 5,850 kg/acre), bell peppers (baseline 1,250 kg/acre) Share of locally produced fruit and vegetables sold by domestic channels increased from 5% to 25% Increase in share of locally produced beef sold by domestic channels from 40% to 55% Measure the participation of women in the SACEP, in both the matching grants program and activities targeting subsistence farmers 	<ul style="list-style-type: none"> Matching grant scheme to support up to 1,000 farmers by 2016 to upgrade livestock and fruit and vegetable production New breeding stock imported by end 2014 to strengthen nucleus breeding program Field slaughter service established by 2015 Identification and introduction of new fruit and vegetable varieties by end 2014 <p>Strengthened agricultural extension services</p>	<p>Operations: Samoa Agricultural Competitiveness Enhancement Project (FY12)</p>
Priority 2: Generating Opportunities from Greater Global and Regional Integration				
Improved connectivity to provide opportunities for growth	<ul style="list-style-type: none"> Telecoms reform expanded mobile phone use from 20% to 90% of population since 2006 SamoaTel successfully privatized Current cable has limited bandwidth and a 5 year lifespan Regulatory issues increasing costs for consumers Government aims to increase internet use from 5% of the population to over 20% by 2016 through cheaper prices and increased availability. 	<ul style="list-style-type: none"> Infrastructure to enable anticipated increase in demand from 30 megabits per second per month in to projected 400 Mbps/month in 2015, with wholesale bandwidth costs to be reduced from over \$1,000 Mbps/month to \$500 Mbps/month or lower, flowing through to reduced retail internet and telecoms costs 	<ul style="list-style-type: none"> Fibre optic cable linking Samoa with trans-Pacific cables Regulatory environment allows competition with equal access by all retail market players to buy international bandwidth on a fair and transparent basis. 	<p>AAA/ TA: Samoa international connectivity least cost options study (2012)</p> <p>Operations: Pacific regional connectivity program Horizontal APL. Potential IFC financing.</p> <p>Donor Partners: ADB, Australia, EIB, IFC, PRIF</p>

	<ul style="list-style-type: none"> International studies suggest that for 10% increase in broadband penetration, growth increases by 1.3% 			
Medium-term Country Goals	<ul style="list-style-type: none"> Key Issues 	CAS Outcomes <ul style="list-style-type: none"> Expected (FY12 – FY16) 	<ul style="list-style-type: none"> Milestones 	WBG Instruments and International Partners
Priority 2: Generating Opportunities from Greater Global and Regional Integration (Continued)				
Greater opportunities for Samoa temporary labor migration, with improving returns	<ul style="list-style-type: none"> An average of almost 1,000 Samoa workers currently participate per year in NZ RSE scheme Each worker on average returns with \$4,400 Remittance costs for Pacific channels reducing, but still high Opportunities for returned workers to open businesses on return limited, in part by access to finance 	<ul style="list-style-type: none"> Increase in Samoan workers participating in temporary labor migration schemes in Australia and NZ, with higher returns per worker as efficiency increases Reduction in remittance costs from current unweighted average of 16% for all schemes, with a policy and payments system in place to support greater use of mobile money 	<ul style="list-style-type: none"> WB to support Government oversight and management of Samoan workers in RSE scheme and new Australian SWP Legislative revisions to strengthen National Payments System and investments to increase efficiency of retail payment systems infrastructure Establishment of a credit bureau 	AAA/ TA: Pacific temporary labor migration TA. World Bank and IFC payments systems reform TA. Operations: IFC Pacific Microfinance initiative. Donor Partners: Australia, New Zealand
Priority 3: Overcoming Isolation and Generating Opportunities from Greater Global and Regional Integration				
Strengthen Resilience against natural disasters and climate change	<ul style="list-style-type: none"> 2009 tsunami highlights vulnerability of coastal communities to natural disasters Bank analysis suggests that average annual costs of natural disasters to Pacific Islands is 3% of GDP, with climate change an increasing threat Transport reforms have built local private sector capacity for maintenance and provided sustainable recurrent financing but key roads remain vulnerable to disasters 	<ul style="list-style-type: none"> 16 districts completed high priority coastal protection initiatives (such as mangrove planting) by 2016 Completion of 5 km inland coastal road to provide access to villagers in tsunami areas that decided to relocate Climate proofing and improved drainage for 30 km West Coast road by end 2016 	<ul style="list-style-type: none"> Integrated National Climate Change Adaptation Strategy developed by end 2014 Samoa able to access regional risk pooling and catastrophe insurance schemes, to be introduce by end 2014 	AAA: Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI); “Acting Today for Tomorrow” (FY13) Operations: SIAM2 (continuing); Samoa Post-Tsunami Reconstruction Project (continuing); PPCR West Coast Road Climate Resilience (FY12); PPCR Coastal Communities Resilience (FY13) Donor Partners: UNDP, Japan, PRIF.

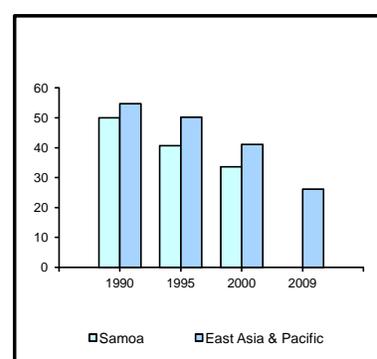
Samoa at a glance

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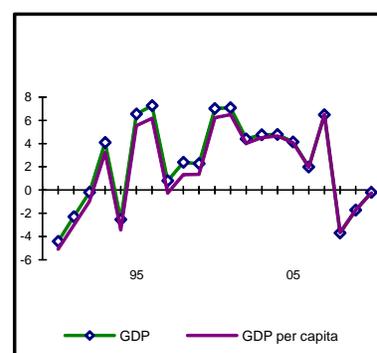
Key Development Indicators	Samoa	East Asia & Pacific	Lower middle income
(2010)			
Population, mid-year (millions)	0.18	1,944	3,811
Surface area (thousand sq. km)	2.8	16,302	31,898
Population growth (%)	0.1	0.7	1.2
Urban population (% of total population)	23	45	41
GNI (Atlas method, US\$ billions)	0.5	6,149	8,846
GNI per capita (Atlas method, US\$)	2,940	3,163	2,321
GNI per capita (PPP, international \$)	4,270	6,026	4,784
GDP growth (%)	-0.2	7.4	7.1
GDP per capita growth (%)	-0.3	6.6	5.9



(most recent estimate, 2004–2010)			
Poverty headcount ratio at \$1.25 a day (PPP, %)	..	17	..
Poverty headcount ratio at \$2.00 a day (PPP, %)	..	39	..
Life expectancy at birth (years)	72	72	68
Infant mortality (per 1,000 live births)	22	21	43
Child malnutrition (% of children under 5)	..	9	24
Adult literacy, male (% of ages 15 and older)	99	96	87
Adult literacy, female (% of ages 15 and older)	99	91	74
Gross primary enrollment, male (% of age group)	100	111	109
Gross primary enrollment, female (% of age group)	99	112	105
Access to an improved water source (% of population)	88	88	86
Access to improved sanitation facilities (% of population)	100	59	50



Net Aid Flows	1980	1990	2000	2010 ^a
<i>(US\$ millions)</i>				
Net ODA and official aid	25	48	27	77
<i>Top 3 donors (in 2008):</i>				
Australia	4	9	7	18
Japan	2	9	5	16
New Zealand	4	6	4	10
Aid (% of GNI)	18.5	28.9	11.0	15.3
Aid per capita (US\$)	159	295	154	433



Long-Term Economic Trends	1980	1990	2000	2010
Consumer prices (annual % change)	32.8	15.3	1.0	-0.2
GDP implicit deflator (annual % change)	17.9	9.0	2.8	2.9
Exchange rate (annual average, local per US\$)	0.9	2.3	3.1	2.8
Terms of trade index (2000 = 100)	..	..	..	..

1980–90 1990–2000 2000–10
(average annual growth %)

Population, mid-year (millions)	0.2	0.2	0.2	0.2	0.4	0.9	0.1
GDP (US\$ millions)	108	112	246	526	1.6	2.7	2.9
<i>(% of GDP)</i>							
Agriculture	..	..	16.8	9.8	..	-0.4	-2.0
Industry	..	..	26.0	28.2	..	0.5	3.1
Manufacturing	..	..	14.8	10.0	..	-1.9	-2.0
Services	..	..	57.2	62.0	..	10.6	4.0
Household final consumption expenditure	..	..	..	..	..	..	..
General gov't final consumption expenditure	..	..	..	..	..	..	..
Gross capital formation	..	..	..	..	..	..	..
Exports of goods and services	..	..	33.8	35.5	..	10.7	..
Imports of goods and services	..	..	57.2	60.0	..	4.3	..
Gross savings	..	..	..	..	..	..	..

Note: Figures in italics are for years other than those specified. 2010 data are preliminary. Group data are for 2009. .. indicates data are not available.
a. Aid data are for 2009.

Balance of Payments and Trade*(US\$ millions)*

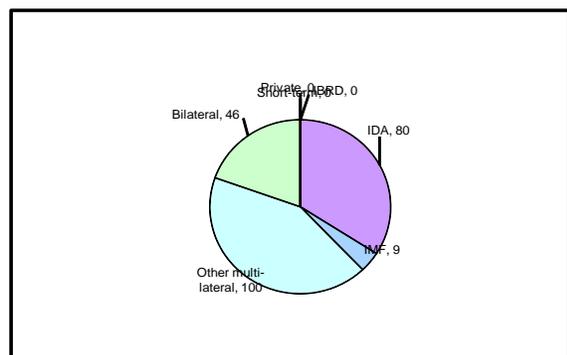
	2000	2010
Total merchandise exports (fob)	17	16
Total merchandise imports (cif)	106	236
Net trade in goods and services	-48	-129
Current account balance	-4	-46
as a % of GDP	-1.8	-8.7
Workers' remittances and compensation of employees (receipts)	45	124
Reserves, including gold	64	166

Central Government Finance*(% of GDP)*

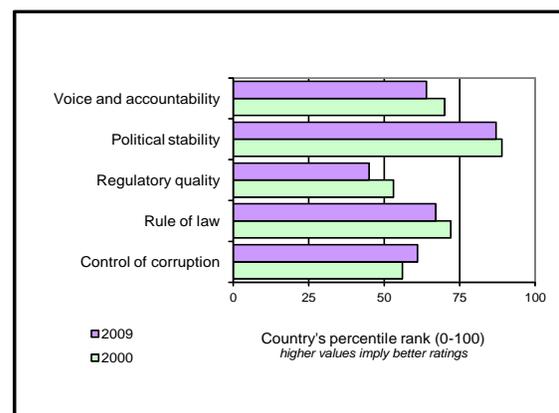
	2000	2010
Current revenue (including grants)	33.0	36.0
Tax revenue	..	..
Current expenditure	22.3	23.8
Overall surplus/deficit	-0.7	-11.3
Highest marginal tax rate (%)		
Individual	..	..
Corporate	..	..

External Debt and Resource Flows*(US\$ millions)*

	2000	2010
Total debt outstanding and disbursed	138	280
Total debt service	5	10
Debt relief (HIPC, MDRI)	-	-
Total debt (% of GDP)	56.1	53.3
Total debt service (% of exports)	6.9	4.9
Foreign direct investment (net inflows)	-2	8
Portfolio equity (net inflows)	..	..

**Private Sector Development**

	2000	2010
Time required to start a business (days)	-	9
Cost to start a business (% of GNI per capita)	-	9.8
Time required to register property (days)	-	27
Ranked as a major constraint to business (% of managers surveyed who agreed)	2000	2010
n.a.	..	..
n.a.	..	..
Stock market capitalization (% of GDP)	..	..
Bank capital to asset ratio (%)	..	..

**Technology and Infrastructure**

	2000	2009
Paved roads (% of total)	14.2	..
Fixed line and mobile phone subscribers (per 100 people)	6	102
High technology exports (% of manufactured exports)	0.5	0.3

Environment

	2000	2009
Agricultural land (% of land area)	22	23
Forest area (% of land area)	1,710.0	1,710.0
Terrestrial protected areas (% of land area)	..	..
Freshwater resources per capita (cu. meters)	..	..
Freshwater withdrawal (billion cubic meters)	..	..
CO2 emissions per capita (mt)	0.79	0.90
GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	..	..
Energy use per capita (kg of oil equivalent)	..	..

World Bank Group portfolio*(US\$ millions)*

	2000	2009
IBRD		
Total debt outstanding and disbursed	-	-
Disbursements	-	-
Principal repayments	-	-
Interest payments	-	-
IDA		
Total debt outstanding and disbursed	47	80
Disbursements	6	2
Total debt service	1	2
IFC (fiscal year)		
Total disbursed and outstanding portfolio	1	10
of which IFC own account	1	10
Disbursements for IFC own account	0	10
Portfolio sales, prepayments and repayments for IFC own account	0	8
MIGA		
Gross exposure	-	-
New guarantees	-	-

Note: Figures in italics are for years other than those specified. 2010 data are preliminary.
 .. indicates data are not available. - indicates observation is not applicable.

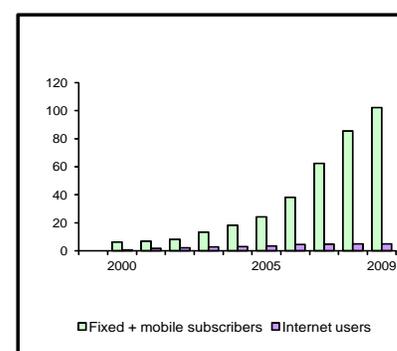
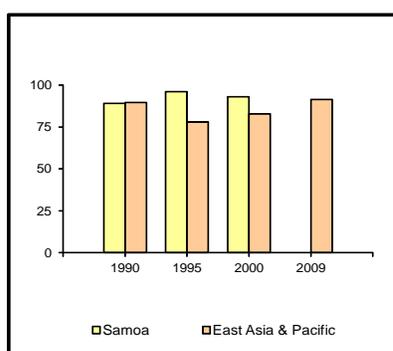
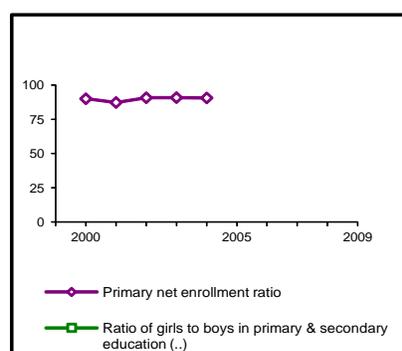
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Millennium Development Goals

Samoa

With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)

	Samoa			
	1990	1995	2000	2009
Goal 1: halve the rates for extreme poverty and malnutrition				
Poverty headcount ratio at \$1.25 a day (PPP, % of population)	..	..	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
Share of income or consumption to the poorest quintile (%)	..	..	..	..
Prevalence of malnutrition (% of children under 5)	..	..	..	..
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	..	..	90	..
Primary completion rate (% of relevant age group)	..	101	94	93
Secondary school enrollment (gross, %)	..	83	78	76
Youth literacy rate (% of people ages 15-24)	..	..	99	..
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	..	..	..	..
Women employed in the nonagricultural sector (% of nonagricultural employment)	30	32	34	..
Proportion of seats held by women in national parliament (%)	..	..	..	..
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	50	41	34	26
Infant mortality rate (per 1,000 live births)	40	33	28	22
Measles immunization (proportion of one-year olds immunized, %)	89	96	93	45
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	..
Births attended by skilled health staff (% of total)	76	..	100	..
Contraceptive prevalence (% of women ages 15-49)	..	..	..	4
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	99	96	92	90
Tuberculosis case detection rate (% , all forms)	86	98	100	51
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	91	90	89	88
Access to improved sanitation facilities (% of population)	98	99	100	100
Forest area (% of land area)	1,300.0	..	1,710.0	1,710.0
Terrestrial protected areas (% of land area)	..	..	..	..
CO2 emissions (metric tons per capita)	0.8	0.8	0.8	0.9
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	..	..	..	..
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	2.5	4.6	4.8	17.8
Mobile phone subscribers (per 100 people)	0.0	0.0	1.4	84.4
Internet users (per 100 people)	0.0	0.2	0.6	5.0
Personal computers (per 100 people)	..	0.1	0.6	2.3



Note: Figures in italics are for years other than those specified. .. indicates data are not available.

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Samoa Social Indicators

	Latest single year			Same region/income group	
	1980-85	1990-95	2004-10	East Asia & Pacific	Lower-middle-income
POPULATION					
Total population, mid-year (<i>millions</i>)	0.2	0.2	0.2	1,943.8	3,810.8
Growth rate (<i>% annual average for period</i>)	0.2	0.8	0.0	0.8	1.2
Urban population (<i>% of population</i>)	21.2	21.5	23.0	45.0	40.9
Total fertility rate (<i>births per woman</i>)	4.8	4.6	4.0	1.9	2.5
POVERTY					
<i>(% of population)</i>					
National headcount index	..	..	..	..	..
Urban headcount index	..	..	..	..	..
Rural headcount index	..	..	..	..	..
INCOME					
GNI per capita (<i>US\$</i>)	670	1,010	3,070	3,163	2,321
Consumer price index (<i>2005=100</i>)	49	86	174	126	130
INCOME/CONSUMPTION DISTRIBUTION					
Gini index	..	..	..	..	..
Lowest quintile (<i>% of income or consumption</i>)	..	..	..	..	..
Highest quintile (<i>% of income or consumption</i>)	..	..	..	..	..
SOCIAL INDICATORS					
Public expenditure					
Health (<i>% of GDP</i>)	..	..	4.2	2.2	2.1
Education (<i>% of GNI</i>)	..	3.9	..	3.3	4.1
Net primary school enrollment rate					
<i>(% of age group)</i>					
Total	..	..	91	..	87
Male	..	..	91	..	88
Female	..	..	91	..	86
Access to an improved water source					
<i>(% of population)</i>					
Total	..	90	88	88	87
Urban	..	96	90	96	95
Rural	..	88	87	81	81
Immunization rate					
<i>(% of children ages 12-23 months)</i>					
Measles	81	96	45	91	79
DPT	89	94	46	93	79
Child malnutrition (<i>% under 5 years</i>)	..	..	..	9	24
Life expectancy at birth					
<i>(years)</i>					
Total	62	68	72	72	68
Male	59	64	69	71	66
Female	66	71	75	74	70
Mortality					
Infant (<i>per 1,000 live births</i>)	48	33	22	21	43
Under 5 (<i>per 1,000</i>)	60	41	26	26	58
Adult (15-59)					
Male (<i>per 1,000 population</i>)	..	262	193	158	201
Female (<i>per 1,000 population</i>)	..	202	108	99	136
Maternal (<i>per 100,000 live births</i>)	..	..	..	89	230
Births attended by skilled health staff (%)	..	76	100	89	67

Samoa: Selected Economic and Financial Indicators, FY2007 - FY2013 ¹

	FY 2007	FY 2008	FY 2009	FY 2010	Est.		Proj.
					FY 2011	FY 2012	FY 2013
Output and inflation							
	(12-month percent change)						
Real GDP growth	1.8	4.3	-5.4	0.2	2.1	1.4	1.9
Nominal GDP	9.1	9.6	-2.5	1.8	3.9	9.0	5.9
Change in CPI (end period)	8.0	8.9	10.0	-0.3	2.9	5.5	4.0
Change in CPI (period average)	4.7	6.3	14.6	-0.2	2.9	7.5	4.0
Central government budget							
	(In percent of GDP)						
Revenue and grants	36.6	31.2	34.6	36.8	37.7	35.6	34.4
Of which: grants	7.4	5.3	7.8	10.6	9.5	8.2	7.0
Expenditure and net lending	35.9	33.0	38.8	46.8	44.2	41.0	39.3
Of which: Development	9.3	6.6	12.8	18.9	18.1	13.0	12.3
Overall balance	0.6	-1.8	-4.1	-10.0	-6.5	-5.4	-4.8
External financing	-1.1	0.9	3.1	10.0	5.5	6.6	5.0
Domestic financing	0.4	1.0	1.0	0.0	1.0	-1.2	-0.2
Money and credit							
	(12-month percent change)						
Broad money (M2)	8.7	14.5	7.7	10.9	-0.8	...	...
Net foreign assets	9.0	14.4	9.2	32.7	-11.6	...	...
Net domestic assets	10.5	13.5	6.3	1.5	5.3	...	...
Private sector credit	12.7	6.7	6.5	4.0	6.4	...	...
Balance of payments							
	(In millions of U.S. Dollars)						
Current account balance	-83.2	-32.6	-18.0	-50.4	-95.5	-97.7	-101.0
(In percent of GDP)	-16.0	-6.5	-3.1	-8.1	-15.1	-14.2	-13.9
Merchandise exports, f.o.b.	12.2	11.2	11.3	13.0	12.8	13.5	14.4
Merchandise imports, c.i.f.	-241.1	-204.3	-251.1	-278.2	-305.2	-318.1	-335.5
Services (net)	79.3	85.8	101.6	100.4	71.0	75.4	81.6
Income (net)	-37.5	-38.0	-19.0	-25.4	-20.2	-21.2	-22.6
Current transfers	103.9	112.8	139.3	139.8	146.1	152.7	161.1
External reserves and debt							
Gross official reserves	80.9	87.6	104.4	175.8	157.6	167.2	157.1
(In months of next year's imports of GNFS)	3.6	3.2	3.4	5.1	4.4	4.4	3.9
External debt (in percent of GDP)	37.1	30.3	38.1	49.5	54.4	57.6	58.8
Public external debt-service ratio (in percent)	5.2	3.9	5.0	5.6	5.1	4.8	5.1
Exchange rates							
Market rate (tala/U.S. dollar, period average)	2.6	2.6	2.7	2.3	2.3	...	...
Market rate (tala/U.S. dollar, end period)	2.6	2.9	2.5	2.4	2.4	...	...
Nominal effective exchange rate (2000 = 100)	97.3	94.9	97.6	97.9	98.0	...	...
Real effective exchange rate (2000 = 100) 2/	101.0	105.6	116.1	111.6	112.5	...	...
Memorandum items:							
Nominal GDP (in millions of tala)	1,331	1,459	1,422	1,448	1,505	1,640	1,738
Nominal GDP (in millions of U.S. dollars)	520	502	570	616	629	687	728

Samoa - Key Exposure Indicators

Indicator	Actual			Estimated			Projected		
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total debt outstanding and disbursed (TDO) (US\$m) ^a	167	164	186	206	235	308	352	374	384
Net disbursements (US\$m) ^a	6	..	..	0	0	0	0	0	0
Total debt service (TDS) (US\$m) ^a	6	..	..	2	2	3	4	4	4
Debt and debt service indicators (%)									
TDO/XGS ^b	..	..	..	..	..	..	..	..	..
TDO/GDP	40.6	36.1	35.1	36.2	44.8	53.7	..	..	..
TDS/XGS	..	..	..	..	..	..	..	..	..
Concessional/TDO	99.3	99.4	99.6	99.8	96.0	97.0	97.4	97.6	97.7
IBRD exposure indicators (%)									
IBRD DS/public DS	..	..	..	..	..	..	..	..	..
Preferred creditor DS/public DS (%) ^c	..	..	..	..	..	..	..	..	..
IBRD DS/XGS	..	..	..	..	..	..	..	..	..
IBRD TDO (US\$m) ^d	..	..	..	..	..	..	..	..	..
Of which present value of guarantees (US\$m)									
Share of IBRD portfolio (%)	..	..	..	..	..	..	..	..	..
IDA TDO (US\$m) ^d	64	69	78	79	80	99	100	103	105
IFC (US\$m)									
Loans									
Equity and quasi-equity /c									
MIGA									
MIGA guarantees (US\$m)									

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

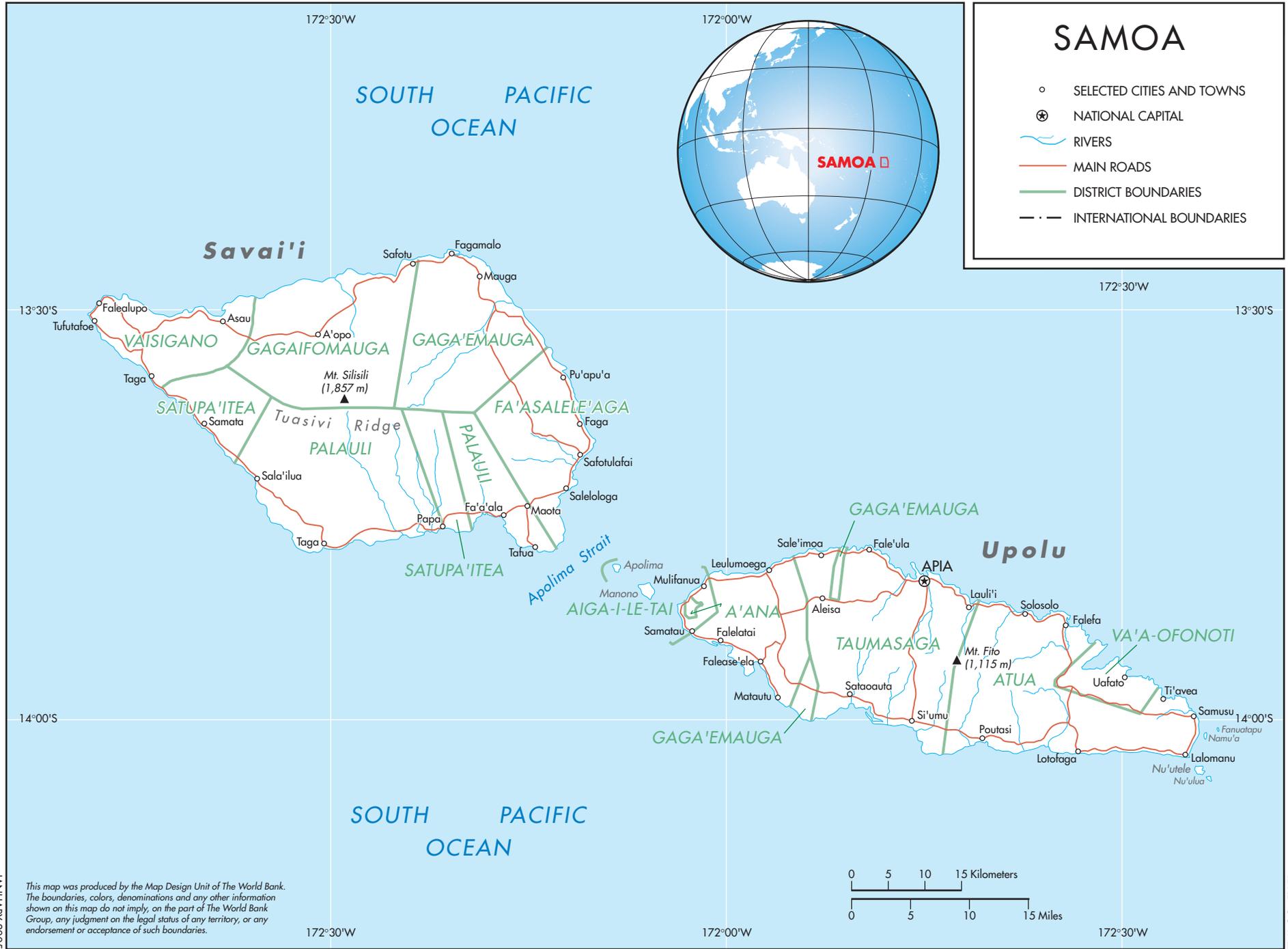
e. Includes equity and quasi-equity types of both loan and equity instruments.

CPS Annex 5 - Samoa				
Selected Indicators* of Bank Portfolio Performance and Management				
As Of Date 2/5/2012				
Indicator	2009	2010	2011	2012
Portfolio Assessment				
Number of Projects Under Implementation ^a	3	3	3	3
Average Implementation Period (years) ^b	4.4	5.4	3.7	4.3
Percent of Problem Projects by Number ^{a, c}	0.0	0.0	0.0	0.0
Percent of Problem Projects by Amount ^{a, c}	0.0	0.0	0.0	0.0
Percent of Projects at Risk by Number ^{a, d}	0.0	0.0	0.0	0.0
Percent of Projects at Risk by Amount ^{a, d}	0.0	0.0	0.0	0.0
Disbursement Ratio (%) ^e	18.2	32.4	26.3	11.4
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				
Memorandum Item				
	Since FY 80 Last Five FYs			
Proj Eval by OED by Number	11	2		
Proj Eval by OED by Amt (US\$ millions)	66.0	4.6		
% of OED Projects Rated U or HU by Number	18.2	0.0		
% of OED Projects Rated U or HU by Amt	11.3	0.0		
a. As shown in the Annual Report on Portfolio Performance (except for current FY).				
b. Average age of projects in the Bank's country portfolio.				
c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).				
d. As defined under the Portfolio Improvement Program.				
e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.				
* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.				

Samoa CPS Annex 5						
Operations Portfolio (IBRD/IDA and Grants)						
		As Of Date 2/5/2012				
Closed Projects	13					
IBRD/IDA *						
Total Disbursed (Active)	22.72					
of w hich has been repaid	0.00					
Total Disbursed (Closed)	38.01					
of w hich has been repaid	12.74					
Total Disbursed (Active + Closed)	60.73					
of w hich has been repaid	12.74					
Total Undisbursed (Active)	15.47					
Total Undisbursed (Closed)	0.00					
Total Undisbursed (Active + Closed)	15.47					
Active Projects						
		Last PSR				
		Supervision Rating			Original Amount in US\$ Millions	
P120594	Samoa Post Tsunami Reconstruction	S	MS	2011	10	
P086313	Samoa Health Sector Management	S	MS	2008	6	
P075523	Samoa Infrastructure Asset Management 2	S	S	2004	21.07	
Overall Result					37.07	

Annex 6 Samoa
 IFC's Committed and Disbursed Outstanding Investment Portfolio
 (In USD Millions)

<u>FY</u> <u>Approval</u>	<u>Company</u>	<u>Committed</u>				<u>Disbursed Outstanding</u>			
		<u>Loan</u>	<u>Equity</u>	<u>**Quasi</u> <u>Equity</u>	<u>Partici</u> <u>*GT/RM pant</u>	<u>Loan</u>	<u>Equity</u>	<u>**Quasi</u> <u>Equity</u>	<u>Partici</u> <u>*GT/RM pant</u>
2007	Digicel	10,462,000.00							



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