

Report on the Implementation of the Brussels Programme of Action for LDCs

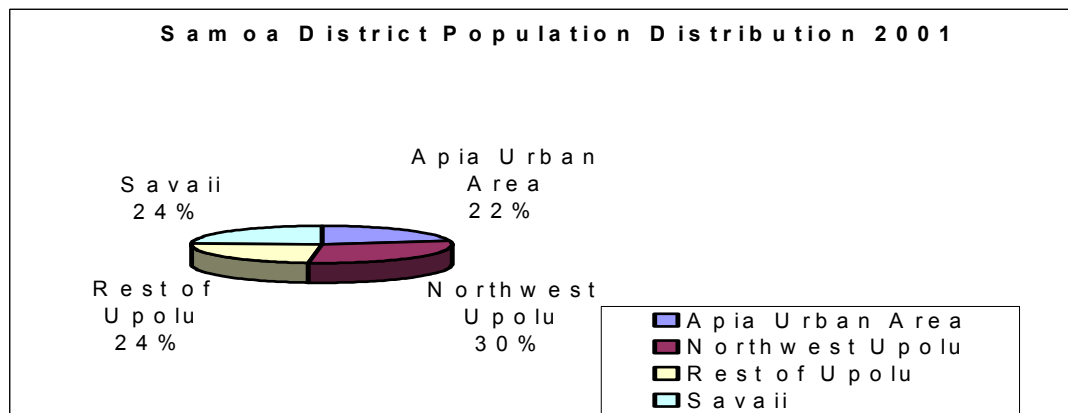
Introduction:

Samoa is a small open economy that is dependent on a narrow resource base. Economic activity is largely dependent on limited sectors including agriculture, tourism, small-scale manufacturing and fisheries. As such, its economic performance depends heavily on external factors in the form of commodity export prices, remittances, tourism, and external aid resources.

Samoa is one of the world's 49 least developed countries (LDC) with a population of 176,710¹. Its per capita income was US\$2,200 in 2004 and the economy is growing at the rate of 4.6% per annum during 2000-2004. Samoa is considered to have achieved medium human development with a HDI ranking of 0.776 at the 74th place in 2005 an impressive record compared to many other island developing countries.

One of the striking realities of the past decade has been the shift in the geographical distribution of the total population. The table below summarises these changes as identified by the 2001 census of population and housing. The absolute population total has increased by 9.64% over the period between the last two censuses, 1991 and 2001, although this figure is in turn influenced by net out-migration.

A significant development factor is the increase in the overall number of people residing in the North-West Upolu area. Together with the Apia Urban Area, North-West Upolu is now home to 51.8% of



Samoa residents. This has major implications for social and economic infrastructure development needs. It also has direct and tangible social impacts as more and more people reside outside a strictly village setting with its related traditional village administration and social governance.

The relatively slow and steady growth in population numbers for the Rest of Upolu, and a comparatively significant decline in the numbers residing in Savaii, also pose some serious developmental implications. The slow or negative population growth in some areas of the country should make available land resources for development however, customary and traditional rights, especially those that affect land tenure and related weaknesses in individual property rights, will persist to make such a potential a continuing challenge.

The geographical distribution of the population also has implications for the costs of development. The Government of Samoa has a laudable goal of providing similar infrastructure and social services for people wherever they reside in the country. This approach has logistically "reduced" the size of the country, and has concurrently made it possible for most people, to access basic and essential services previously available only in the main townships such as Salelologa and Apia. It has also provided a

¹ 2001 Population Census

development platform that unites the nation, and has been the cause of social, cultural and national stability

The government in 1994 introduced and implemented a programme of economic and financial reforms aimed at improving public sector efficiency, and opening up the economy to create an enabling environment in support of private sector development. The reforms have created a platform for sustained economic growth over the past five years. They have also been widely supported by the Samoan public as well as Samoa's development partners and the international community.

The economy was restructured in order to be able to respond to internal and external shocks and was transformed from an inward looking, top-down, protective environment into one that is more participatory, open, transparent and with an investment friendly environment.

In line with the strategic focus, was the establishment of the Cabinet Development Committee (CDC) that provided a transparent process for monitoring development as well as a robust aid coordination mechanism that clearly sets out the relationship between the government and its development partners as well as the modality for consultation and aid delivery.

Economic performance

Economic performance measured in real GDP, has improved consistently since 2000 reaching robust growth rates of 7% and 6.8% in 2000 and 2001 respectively. These positive growth rates were driven mainly by the construction sector, commerce industry, especially tourism and the export sectors. Economic growth slowed down to 1.2% in 2002 and improved by growth rates of 3.3% and 3.7% in subsequent years. The average annual growth rate from 2000-2004 was 4.6%. Economic activity in the last three years has shown signs of improvement. While total GDP has shown a persistently positive growth trend over the last 5 years due mainly to developments in the monetised sectors, the implications are that more wage employment will need to be generated. Becoming employable in an increasingly competitive labour market means higher general education levels and specialised trades and services will become even more essential.

On the external front, export revenues were 4.0% lower while imports increased by 14% in the first ten months of 2005. Remittances also continued to grow strongly, increasing to more than \$198.0 million. Net foreign reserves amounted to \$207.3 million, an increase of 2.0% over the same period in 2004 and equivalent to 5.2 months worth of import cover. The economy has maintained a healthy balance between domestic economic production and aid sources.

The current account deficit deteriorated significantly by \$83.78 million, increasing from \$6.33 million in 2003 to stand at \$90.11 million in 2004. The deterioration in the current account deficit was caused by the significant increases in merchandise imports of \$61.32 million and the decrease of \$25.15 million of net income and services. Domestic credit to the private sector rose to \$358.74 million, representing an increase of \$40.27 million over 2004. On public finance, the 2003/04 budget outturn indicates an overall deficit of \$8.88 million and a current surplus of \$42.03 million. The 2004/05 budget (provisional) indicates a similar overall deficit to 2003/04 and a reduced current surplus of \$26.74 million.

The annual average rate of inflation stood at 7.8 percentage points at end June 2005, which was 1.0 percentage points above end June 2004. The increase was largely attributed to the increasing prices of local goods sold at the Fugalei market, oil prices and the booming construction sector.

Social context

In light of the many changes that have taken place and are continuing to take place in the Samoan economy and society, issues of inequality and hardship are emerging as important considerations and can no longer be ignored.

The results of the Participatory Assessment on Poverty carried out in 2002, suggested that hardship defined as lack of access to basic services is becoming an integral part of daily life at the household

level. The results of the 2002 Household Income Expenditure Survey provides baseline data to calculate the national poverty line and allow analysis to determine the extent of hardship.

The level of basic literacy is both high and equitably distributed throughout the country and between gender. However there is evidence that the quality of education and the consequent attainment level reached by many students has not shown uniform improvement in recent years. There is a real need for more opportunities for technical and vocational training for those who are unable to follow an academic path.

There is concern that a significant proportion of the student population might be failing to achieve their potential and are more likely to experience hardship as a result of the lack of appropriate skills and relevant education and unable to share in the opportunities created by development.

Similarly in health, whilst many key health indicators have improved in recent years there is concern that the quality of services being delivered, especially in some rural areas, is inadequate. The morbidity profile of the population is tending towards non-communicable, lifestyle diseases where strong primary health care, health education and nutrition programmes have an important preventative role to play.

Thus whilst many appear to have become better-off, there are a growing number of others, particularly amongst the youth and the elderly, who do not appear to be sharing equally in this process. Many youth are finding it difficult to get the sort of jobs to which they now aspire; a traditional village and subsistence agriculture lifestyle no longer has much appeal. Conditions of financial hardship whilst not widespread do nevertheless; have the potential of leading to increased social and domestic tensions, rising crime and a deteriorating quality of life for those most affected.

Analysis of the progress on BPoA objectives, goals commitments, constraints, lessons learned and best practices

Objective: Significantly improve the human conditions of the poor people in all LDCs during the decade 2001-2010	
Goals and targets	Policies adopted and measures taken
Commitment 1: Fostering a people centred policy framework	
<ol style="list-style-type: none"> 1. Attain a GDP growth rate of at least 7% per annum 2. Increase the ratio of investment to GDP to 25% per annum 3. Halve proportion of people living in extreme poverty by 2015 4. Halve the proportion of people suffering from hunger by 2015 	<p>In the past 5 years Samoa experienced much fluctuation in growth performance with 7% in 2000, 6.8% in 2001, 1.5% in 2002, 3.5% in 2003 and 3.7% in 2004. The major sources of growth are the services and industrial sectors. Of the services sector, public sector employment is predominant. Though industries registered a positive growth of 4.9% in 2004, agriculture and fishing which still employs about 40% of the workforce showed a negative growth.</p> <p>Using the international poverty benchmark for absolute poverty of US\$1 per day purchasing power parity terms, the income poverty for Samoa in 2002 was SAT3.06 per capita per day. Only about 5% of households were below this level. About 20% of the population lived below the basic needs poverty line i.e they were less expected to enjoy an acceptable standard of living compared to 48% in 1997. 7.6% of the population were under the Food poverty line of SAT24.68 per capita per week compared to . The percentage of Under 5 children suffering from malnutrition was less than 2% in 1999 down from 6% in 1990.</p> <p>Following the ADB participatory poverty assessments in 2002, a number of strategies to alleviate hardship have been implemented. Since 2000, the strategic planning approach has been focusing on the effectiveness and efficiency aspects. Given that ministries and corporations have corporate plans and the national plans (Strategy for the Development of Samoa (SDS)) are in place, the formulation of 14</p>

sector plans is essential for the efficiency of this planning framework. These sector plans will provide the forum for private sector and Non government organisations to work together with the public sector as partners in development. To date 3 sector plans have been completed. Cultural uniqueness provides social benefits as well as hardship given the onerous task of meeting social obligations. The government has actively promoted a programme to reduce commitments towards such obligations. As well training programmes delivered alongside microcredit facilities are used to encourage the population to consider investing remittances funds in micro and small enterprises.

Access to microcredit and enhancement of financial intermediation has been effected through the introduction of the ADB supported Small Business Development programme by the Government in 2000 as well as a counterpart private sector microcredit scheme mainly for women. Capacity building in enterprise development continues to be provided through the NZAID funded Small Business Enterprise centre complemented by the work of a non government organization the Women in Business Development Incorporated.

The Government has actively promoted and implemented one of its key development goals to provide the same infrastructure to all of its population irrespective of where they reside and as such, tarsealed roads as well as electricity cover both main islands. Access roads to inland farming areas for all villages were also provided by the government. While there is a high access to water supply throughout the country, an EU funded project continues to increase the number of households that will have access to safe treated water with the intention of meeting the MDG target in 2015.

The first MDG report for the country was prepared and submitted in 2004. It will be launched once the translation into the Samoan language is completed. Overall Samoa is on target to meeting most if not all of the goals – action is targeted at ensuring that the targets for universal primary education are met complemented by the implementation of the Education for All action plan.

Agriculture and fisheries are the most vulnerable sector to cyclones and natural disaster but absorbs most of the workforce in the informal sector and provides income for the rural population. Yet government spending on the sector has declined form 1.1% of GDP in the late nineties to 0.8% in 2001-2005. Government intervention is through the establishment of the Research and development Institute in connection with the University of the Pacific Agriculture campus to look at possible ways by which there is introduction of modern technology vis a vis systematic conduct of agricultural research that is likely to bring about a boost to the sector. To promote agricultural diversification much effort has gone into the encouragement of the population to grow medicinal plants such as the ‘nonu’ which has got the attention of overseas markets as well as non traditional crops such as vanilla. Such efforts include making available to the public information on how to grow such crops and plants through a revamped extension service as well as providing financial assistance through microcredit.

It has been important to consider sources and sectoral composition of growth that can be identified as accelerators of poverty reduction in Samoa. Exports in services in particular the tourism sector is a priority area receiving focused attention. In 2005, a new major hotel development was opened, the local airline was privatized and there is a concerted attempt to revisit the land tenure system in order to endure the availability of customary owned land for development while not

compromising ownership systems.

The reform program implemented over the past ten years and the strategies outlined in the previous Statement of Economic Strategies (SES) and the current Strategy for the Development of Samoa (SDS) 2005 - 2007, have been designed with the over-riding national goal of improving the quality of life of every Samoan. To guide development to achieve the national goal, six key strategic outcomes have been identified for priority implementation.

As the backdrop of an active and robust economic reform programme, consolidation of these efforts is inevitable. These include the establishment of a facility to navigate the strengthening of human resource skills and expertise across government ministries and the setting up of a parallel institute framework for corporations and boards of directors. Other significant features in this reform were the introduction of the increase in VAGST to 12.5% in 2002, the current revision of tax and tariff rates to avoid unnecessary discrepancies and the general salary and wages increase which have been subdivided into three phases. Public servants were rewarded with increases of 21%, 10.5% and 10.5% for three consecutive financial years starting 1 July 2005. Contractual officers and civil servants will receive 30%, 40% and 30% for the same period. These generous measures will provide challenging times for finance.

With the implementation of economic reforms, there was containment of public spending on general administrative services while at the same time social services relative to total public spending received 30% in 1994 and has increased to 46.2% in 2005.

Commitment 2: Good governance at national and international levels

The introduction of best practices and sound principles of good governance has been the overarching objective of the public sector reforms aimed towards improved and measurable performance of government services. The reforms supported the government’s economic vision of enabling the private sector to be the engine for growth, taking into account the absorptive capacity of the government ministries and the private sector as a partner where possible in government’s privatization program.

The reform of the public service and government corporations involved extensive planning to create a corporate environment of greater transparency and accountability for the operation of government ministries and enterprises; to implement change management processes that will enhance or improve the delivery of services they are responsible for. Government ministries were reduced from 18 to 14 in 2003; privatization of state owned enterprises is ongoing with that of the national airline concluding in October 2005. By 2005, 11 institutional strengthening projects have been completed and three are ongoing for ministries and one government corporation focusing on efficiency and improving transparency and accountability at the management level – this in turn has resulted in a much improved delivery service. All ministries have adopted performance management systems that provides a linkage between employee performance with the ministry’s outputs through Corporate plans, management plans service charters capability plans and the Budget.

A Remuneration tribunal was established in 2003 and its role was to be an independent agency to monitor performance standards, changing market conditions, personnel management practices and policies and comprehensive reviews of remuneration levels commensurate with changing conditions and occupational reclassification.

The 2005-2007 Strategy for the Development of Samoa (SDS) was launched in early 2005 following a review of the previous SDS 2002-2004. This involved a series of wide consultations with key stakeholders throughout the community.

The Government has enacted a number of new and amending legislation to strengthen governance principles in its processes and operations and include the Public Finance Management Act 2001

intended to strengthen economic and financial management as well as the Public Bodies (Transparency & Accountability) Act 2001 to enhance the performance of state owned enterprises through adherence to best practices and governance procedures.

Refinement of the Government's financial system continues with the introduction of a new financial system in mid 2005 which will strengthen audit and reporting functions of the government to enable Parliament to have timely accurate reports on all transactions.

In mid 2004, the government in its efforts to improve communication links with village communities appointed paid women government representatives from all villages whose roles were primarily to provide information and feedback in all matters involving women to and from government through the Ministry of Women Social and Community development. This move by the government made these posts a legitimate component of the government's communication system which initially just had paid village mayors (pulenuu) that were predominantly male. As well it further consolidates the national consultative processes such as those used for the development of the Strategy for the Development of Samoa

The Government presented its consolidated initial and second periodic report to the UN CEDAW Committee in January 2005. Work is ongoing on the approval of the Policy for Women. The first report on the Convention on the Rights of the Child was submitted in September 2005. Work is in progress on the implementation of the convention throughout the country utilizing the networks of women's organizations. The National Policy for Youth was approved in 2000 and its implementation is done through joint programming with the UN agencies represented in Samoa.

Judicial reform included the establishment of a Law reform Commission but has yet to appoint a Commissioner.

Commitment 3: Building human and institutional capacities

<p>5. Making accessible through the primary health system RH to all individuals of appropriate ages</p> <p>6. Making available the widest achievable range of safe effective and affordable family planning and contraceptive methods</p>	<p>A National Strategic Plan on Maternal/Reproductive and Sexual Health from 1995-2000 was instrumental in the development of priority programs for improving Maternal and Reproductive, Sexual Health in Samoa.</p> <p>A series of UNFPA and Government of Samoa funded Maternal/Reproductive/Sexual Health Programs were implemented from 1996 to 2003 focusing on improving obstetrics training of relevant health personnel, building capacity of Faculty of Nursing to provide Midwifery training, and the improvement of linkages between the formal public and the private health sectors including the traditional healers and the traditional birth attendants.</p> <p>A National Adolescent and Reproductive Health Program funded by the UNFPA and the Ministry of Health targeting youth including young women of childbearing age started in 2001.</p> <p>A National Population Policy is being reviewed before adoption as well as discussions as to which government is the most appropriate to deal with its implementation.</p>
<p>7. Ensuring that by 2015 all children have access to free and compulsory primary education of good quality</p>	<p>Education is not free but compulsory at primary level. The period under review saw a concentration on improving teacher training standards and quality of teachers in 2002 and 2003 through the provision of inservice teacher training courses that were curriculum driven. The training of teachers in special needs education began in</p>

<p>8. Achieve a 50% improvement in levels of adult literacy and equitable access to basic and continuing education for all adults</p> <p>9. Eliminate gender disparities at all levels of education by 2005</p>	<p>2002.</p> <p>School curricula at secondary level were significantly revised in 2002 through the implementation of a single stream curriculum for all government secondary schools as well as the implementation of a primary schools education materials project. A national curriculum framework was established in 2005.</p> <p>A policy on pluralistic bilingualism which was developed using a time sharing arrangement to ensure both English and Samoan were used is under revision.</p> <p>Education facilities were greatly improved through an extensive infrastructural development programme with multi donor funding to support the single stream curriculum policy as well as ensure that the same quality educational services are available to all areas of the country. This included the establishment of regional teachers' resource centres. Standards were set such as teacher pupil ratios for both primary and secondary schools regardless of location.</p> <p>At the conclusion of a UNDP funded programme on early childhood education in 2001, the National Council for Early Childhood Education was established whose main role was to set standards for registration of all preschools in the country. The Government also developed a policy that integrated early childhood education as part of the formal education system.</p> <p>In 2003 the Samoa Association of Technical and vocational education and training institutes was set up. Some of the member institutes are second chance centres which offer retraining options, trades training and assistance to find gainful employment.</p> <p>In 2004 the Samoa Qualifications Authority was established to provide policy advice to government on all post school education and training to promote national development goals as well play a coordinating role and exercise regulatory responsibilities with regard to post school education and training.</p>
<p>10. Reduce infant mortality below 35 per 1000 births by 2015</p> <p>11. Reduce Under 5 mortality below 45 per 1000 births by 2015</p> <p>12. Reducing maternal mortality by 75% of current rate by 2015</p> <p>13. Reduce number of malnourished people by half by 2015</p> <p>14. Reduce by half the proportion of people who are unable to reach safe drinking water</p> <p>15. Reduce HIV infection rates by 2005</p> <p>16. Increase the number of women receiving maternal and prenatal care by 60%</p> <p>17. Halving malnutrition of women and preschool children</p>	<p>Maternal health has been a key priority of the Ministry of Health and Government over the past decades. Improving maternal health indicators has been identified in the current and past Statement of Development Strategy, National Health Sector Strategic Plans in 1996 and 1998-2003. The Plans identified maternal health as central not only as an end in itself but in improving child health outcomes and indicators.</p> <p>Maternal health is also a key priority area considered under the National Women's Policy and Plan of Action coordinated and implemented by the Ministry of Women, Community and Social Development. Antenatal and post-natal care for all women in Samoa is free of charge at all public health facilities.</p> <p>A Safe Motherhood Survey in 1999 established that the majority of the TBAs known to the Ministry of Health have received some formal and informal training from the Ministry of Health.</p> <p>The integration of immunization services with the daily nursing activities has ensured that there is contact and familiarity with health care systems.</p> <p>There is in existence successful breast feeding campaigns with the development of a Breastfeeding Policy</p> <p>Implementation of a child health project that looked at child health policies, injury prevention, rheumatic fever programme and the start of a well child course within the Faculty of Nursing since 2000.</p> <p>Development of a sports and health curriculum in schools in connection with the Secondary School Curriculum Development</p>

<p>18. Substantially reduce infection rates from malaria and TB</p> <p>19. Promote child health and survival</p> <p>20. Improve the health and nutritional status of infants and children</p> <p>21. Promote breastfeeding as a child survival strategy</p>	<p>project that was completed in 2004.</p> <p>High participation of community groups in public health initiatives particularly those to do with the health of the child and women as well as in the stakeholder consultations on health legislation that are now before consideration by Parliament</p> <p>Institutional strengthening of the Ministry of health for effective and improved management of health services and includes separation of the management of operational health services from the ministry in its panning and regulatory role.</p> <p>Improved rural outreach programmes with the operation of a mobile clinic in 2003 and upgrading of rural health facilities under a Rural Capital Investment Plan.</p> <p>The Health sector Strategic plan (2004-2009) is currently under review with a view towards implementation using a sector wide approach.</p> <p>A National Nutrition Survey was conducted in 1999 which showed the significant drop in Under 5 malnutrition from 6% in 1990 to 1.9%.</p>
<p>Commitment 4: Building productive capacities to make globalization work</p>	
<p>22. Increase road networks and urban road capacities, including sewerage and other facilities</p> <p>23. Modernise and expand ports and airports and ancillary facilities</p> <p>24. Modernise and expand railway connections</p> <p>25. Increase communications networks (postal and telecommunications)</p> <p>26. Increase computer literacy among students by 50% by 2015</p> <p>27. Increase average telephone density to 5 main lines per 100 inhabitants and internet connections to 10 users per 100 inhabitants by 2010</p>	<p>The development of infrastructure in the past 5 years has seen marked improvements in the provision of these services to support private sector development and the public at large. Under a World Bank financed infrastructure asset management project, road networks covering the whole of the two main islands including bridges have been completed. A national programme to develop access roads to open up inland areas for agricultural development is extended to all villages.</p> <p>The extension of the international port to provide more berthing capacity for improved shipping services was completed in 2003; as well the extension of the international airport and upgrading of equipment and ancillary facilities was completed in 2004. Cargo movement has doubled within the last 6 years and now exceeds a throughput of 20,000 containers annually.</p> <p>Work is ongoing in the provision of safe and treated water to most regions of the country since the commissioning of an extensive EU funded Water project in 2003.</p> <p>Electricity is available to the whole country – discussions on the most cost effective option for a hydro plant for the biggest island is ongoing.</p> <p>ICT services is one of the fastest growing sectors in the last 4 years. A national ICT strategy was approved in 2003 and a new telecommunications Act has been passed which prescribes the new regulatory role of the government. A new regulatory authority will be established to ensure a properly regulated environment is in place to foster competition as well as protect the community from unfair trading practices. The number of telephone lines has increased by 33% since 2002 and the use of computers and the internet by 25%. The use of computers is promoted at all levels of education and three telecentres have been set up around the country.</p> <p>Government passed the Tourism and Hotel development Incentive Act in 2003 which provides for investment tax credits, hotel income tax exemptions and import duty concessions under specified conditions. In the past four years 4 hotels including a 4 star facility and 85 community beach facilities have been constructed.</p> <p>Under the Small Business Development Project funded by ADB set up in 2003, a micro credit facility is operational under the Development Bank. A small loan guarantee scheme is operational under the Small Business Enterprise Centre funded by NZAID. A Venture Capital fund</p>

was launched in early 2005 to assist the expansion of businesses and a credit bureau became fully operational in July 2005 and operated by a local private sector firm.

The Government is strengthening policy and legislation through the reform of debt recovery procedures, revising the Companies' Act, reforming the Personal Property and Securities Act as well as explore options for the economic use of customary land.

Commitment 5: Enhancing the role of trade in development

Samoa is a Party to the **Pacific Island Countries' Trade Agreement (PICTA)** which came into force in April 2003. PICTA is a free trade agreement amongst the Forum Island Countries (FICs), intended to create a common market for FICs and encourage freer trade amongst the Parties. As of January 1, Samoa was obligated under the PICTA to commence implementation of the schedule of concessions that is reducing tariffs on eligible products from other PICTA parties according to the schedule. Samoa however does not have in place a national legal mechanism for tariffs reduction and efforts are under way to put in place appropriate legislation for implementation of its PICTA obligations.

Samoa's trade regime was reviewed in August 2003. This involved the identification of legal inconsistencies with the WTO regulations and outlined several legislative proposals for changes to ensure WTO compliance as Samoa prepares for accession.

Samoa is also Party to the **Pacific Agreement on Closer Economic Relations (PACER)**, which is an economic cooperation agreement involving 16 members of the Pacific Islands Forum and came into force in October 2002. PACER sets out the basis for future development of trade relations among FICs members with the main benefits arising from the provision of trade facilitation and technical assistance. Both New Zealand and Australia have offered to consult with PACER members after triggering Article 6 of the Agreement when the former signed a trade agreement with Singapore as well as Thailand and Australia with the United States of America. Samoa took up New Zealand's offer and held consultations with the appropriate authorities in July 2004 and again in 2005. Australia has yet to respond to Samoa regarding the consultations

Samoa is actively participating in negotiations currently underway for new access to the EU market through reciprocal **Economic Partnership Agreements (EPAs)**, under the Cotonou Agreement. The Pacific ACP/EC EPA negotiations are being guided by a core set of principles that will ensure the EPAs promote the development objectives of the Pacific Island Countries, support for regional integration and trade related rules and preserve current preferential access for both traditional and non-traditional exports.

By December 2007, drafts of legal texts and the conclusion of negotiations should be available. In January 2008 EPA should come into force.

Compared to other PACP countries Samoa has reasonable capacity within the technical ministries, but this capacity is strained through involvement on several fronts (PICTA, WTO, EPA etc). There is strong political support for increased regional integration and EPAs, but as yet no national strategy is available. Samoa appreciates the support provided by the Forum Secretariat, but recognises resource constraints particularly for making technical assessments to support the negotiations.

Samoa has in the past 2 years had four national workshops organised on EPA and several organised locally with good involvement of civil society. Whilst there is generally a positive and optimistic view of potential benefits from EPA trade officials considered that there is still a rather inward looking attitude from the private sector. One concern raised by the private sector was the need for local regulation of export products to safeguard quality and health standards.

Following a tariff liberalization program which saw a maximum tariff of 60% being reduced to 20% government revenues from import duties were reduced but were offset by an increase in revenue from the Value Added Goods & Services Tax that increased from 10% to 12.5% in 2004. Tariff reduction has contributed to improving resources allocation through reducing the cost of investment inputs and increasing competitive pressure in import substituting sectors. The lifting of the tax free threshold in 2000 and the continued exemption of fresh food from the VAGST has had progressive impact on lower income families.

Commitment 6: Reducing vulnerability and protecting the environment

As part of the public sector reform program in 20002-2003, the Ministry of Natural resources and Environment was restructured to take up meteorological services, watershed management, natural disaster management and forestry. It had to relinquish the Planning Urban Management Agency which was shifted

to the Ministry for Works Infrastructure and Transport.

Under the Infrastructure Asset Management program funded by the World Bank in 2000, Coastal Infrastructure Management strategies/plans have been developed for all the electoral districts to improve resilience to the risks of natural hazards. The public and communities are also made aware of the vulnerabilities of areas that they inhabit with the completion and dissemination of a national series of hazard maps estimating the extent of flooding, landslip and coastal erosion threats. A GIS database now contains a significant pool of information on a range of hazards.

The Government has developed fiscal and policy incentives and other measures to encourage environmentally sustainable imports and local products with low waste or degradable waste content. Cabinet passed a directive that calls for the ban of importing non-ozone friendly goods e.g refrigerators etc. Government has also reinforced the ban of pre 1995 made vehicles in 2001. Estimation of Persistent Organic Pollutants and Identification of contaminated sites in Samoa was conducted in the first half of 2003. Codes developed and operationalised to address waste management needs include the National Codes of Environmental Practices 2002, and the National Building Code 2002.

In the last 5 years Samoa has ratified 5 multilateral environment agreements including the Rotterdam, Basel and Stockholm conventions.

In 2002, Cabinet approved the dedication of its entire Exclusive Economic Zone (EEZ) for a National Marine Sanctuary for sharks, dolphins, turtles and whales. Since Samoa's EEZ is the smallest in the region and the resources therein are vulnerable to illegal fishing, it is vital that there is efficient management and control of these marine resources. Work is in progress in the delineation of Samoa's EEZ with the assistance of the Commonwealth Secretariat and the SOPAC.

A National Water Resources Policy was approved in 2001 and a Water services policy in 2004. Implementation of both are through a water sector programme. The introduction of water tariffs and a user pay system will go a long way to control excessive water utilisation and wastage. There are currently 13 bottled water ventures in the country, providing quality water as well as import sources.

The Planning and Urban Management Act 2004 will provide a legal framework for the management of and control of unsustainable types of land use. Appropriate forms of land tenure are encouraged, improved land administration and a greater appreciation of the integrated nature of land development is promoted in order to facilitate sustainable land-use, with the establishment of the National Land Use Policy.

A draft National Energy Policy has been completed and being taken through a consultation process. One of the main components of the policy has been reserved for renewable energy.

Samoa has adopted integrated planning and policies to ensure sustainable tourism development, with particular attention to land-use planning and coastal zone management activities requiring environmental impact assessments for all tourism projects

A National Biodiversity Strategy and Action Plan (NBSAP) was completed in 2001 and now serves as the guiding blueprint for the protection and conservation of our environment. The National Project for the formulation of the National Biosafety Framework was initiated in 2001 and was approved at the end of 2004.

Significant progress has been made with regards reforms in the transport sector with devolved responsibilities to the different authorities such as the Samoa Ports. There is a proposal for a Land Transport Authority that is under Cabinet consideration, but one of the activities with the Transport Control Board is the planned construction of a new vehicle testing complex that will include the testing of vehicle emissions to levels that are acceptable for ambient air control and greenhouse gas emission control.

A number of small grants schemes have been set up including the operationalisation of the GEF SGS in Samoa to assist communities in the development of adaptation and environmental protection measures at village level.

All major development projects are required to have an environmental impact assessment done.

Commitment 7: Mobilizing financial resources

<p>28. Donor countries providing more than 0.2% of their GNP as ODA to LDCs</p>	<p>The Central Bank of Samoa has been mandated the responsibility for supervision and regulation of banking institutions through the Central Bank Act, the Financial Institutions Act and Money Laundering Prevention Act with the aim of promoting public confidence in banks and maintain a healthy and stable financial system.</p>
<p>29. Other donor countries which have met the 0.15% target: undertake</p>	<p>The Bank has in close consultation with the commercial banks prudential standards that serve as triggers for discussions on particular</p>

<p>to reach 0.2% expeditiously</p> <p>30. All other donor countries to reaffirm commitment to achieve target within the next 5 years.</p>	<p>aspects of bank operations while ensuring that such standards are consistent with international recognized practices.</p> <p>Total capital of the banking system remain strong contributing to an annual growth of just under SAT5 million of capital funds.</p> <p>Prior to financial liberalization in the late nineties the primary concern was limited access to credit, this is hardly ever heard of now since the financial institutions are now able to set their own interest rates and charging risk premiums on loans. With such an arrangement the commercial banks are playing a bigger role in proving loans for the high risk agriculture sector.</p> <p>Financial liberalization has encouraged competition. There are now 4 commercial banks 2 of which a re locally owned, before there were two. There has also been a surge in small finance companies, money transfer operators and foreign exchange dealers providing the public with more opportunities for better deals. New financial services have become available such as Automated teller machines and electronic funds transfer at point of sale services. The removal of direct controls since the reform program has provided an even playing field for the commercial banks and non bank financial institutions.</p> <p>The International Banking Act was approved in 2005 and the Samoa International Finance Authority was established as the supervisory agency for the offshore banks. Under the Act offshore banks are required to set up physical presence in the country.</p> <p>The Antic Money Laundering and Combating Financing for Terrorism Bill has been tabled for approval by Parliament.</p> <p>Remittances amounted to about 24% GDP in 2004 and constitute a critical component of the balance of payment flows. While remittances are used mainly to finance consumption, there is encouragement to direct them towards productive investments.</p> <p>Over the last decade, Samoa has achieved a remarkable turnaround in its debt situation. Debt levels have been significantly reduced a debt to GDP ratio of 90% in the mid nineties to the current 47%. The debt ratio is expected to improve further through maintaining fiscal prudence and raising output growth with reduced involvement of the public sector in the economy and further promoting the private sector.</p> <p>To this end deepening of the State Owned Enterprise reform is required following the enactment of the Public Bodies Act 2001. Government sold its minority holdings in 3 companies in 2004 and announced a program of privatization.</p> <p>The promotion of foreign direct investment together with effective management of public enterprises along commercial lines and encouraged private sector development will be the path to take towards raising output growth.</p> <p>The National Investment policy Statement is under review as it does not address policy or facilitation deficiencies but provide a summary of all policies, taxes and regulations that would be of interest to foreign investors.</p> <p>Work is ongoing in reducing the time and transaction costs of doing business including improvements in the regulatory and administrative requirements such as work permits and import/export documentation. The revised Companies Act and regulations are before parliament for approval.</p> <p>In view of declining ODA flows, the Government has instituted measures to ensure the efficient and effective management and utilization of aid. In 2003 the Aid Coordination Unit that was with the Ministry of Foreign Affairs & Trade was shifted to the Ministry of</p>
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	<p>Finance and was given the added responsibility for debt management. A framework for harmonization was agreed to with two of its bilateral partners Australia and NZ and one of the outcomes of the partnership is the development of a Joint country Strategy that is premised on the Strategy for the Development of Samoa.</p> <p>The Government has reviewed aid delivery mechanisms and has adopted a sector wide approach to provide assistance following the completion of sector plans. These have been completed for Education, Water and Health sectors. Recently concluded was a multi donor agreement to cofinance the education sector programme over the next 5 years.</p> <p>In the past 4 years there has been consolidation of the aid coordination mechanism with a formalized procedure for donor consultations and wherever possible there is encouragement of all donor partners to adopt the harmonization framework initiated with 2 of the bilateral partners.</p> <p>Aid coordination operates at the national level with the establishment of the Cabinet development Committee and Aid Coordination Committee and at sector level with coordination units.</p>
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Conclusion and recommendations:

In the past 10 years Samoa has transformed itself into one of the best managed economies in the Pacific region with the economy registering solid growth with low inflation, public finances have improved significantly and official reserves raised to comfortable levels. Human development indicators are among the highest in region reflected in its 74th ranking with respect to the UNDP's Human Development Index

While there has been notable progress there remain challenges to maintain macroeconomic stability and sustaining growth. There is a need to continue with its reform programme in order to consolidate the gains made, in particular, the continuation and deepening of public sector reforms in order to tackle impediments to private sector development.

While Samoa has made important progress in strengthening the reporting of economic statistics, further improvements in their timeliness and quality would allow for more comprehensive economic analysis and surveillance.

Samoa has made considerable progress in the implementation of the MDGs. Its attention needs to focus on the targets that are showing decreasing trends and ensure that the appropriate policy frameworks are in place. The Government should in this connection ensure that it strengthens its partnership frameworks not only with donors but also with other stakeholders in order to harness their capabilities in the implementation of the MDGs.

Poverty in the context of Samoa is defined as 'poverty of opportunities and it is predominantly a rural phenomenon therefore interventions to alleviate 'hardship' should concentrate on rural development, an area already highlighted in the National strategy (SDS) for 2005-2007. The key issues to reducing 'hardship' or poverty is the development of an empowerment strategy that encourages people to effectively participate in decision making processes – this is well demonstrated in the consultation processes for the development of the national strategy.

Since 49% of the economically active work force are still engaged in subsistence farming special attention needs to be paid to finding ways to creating job opportunities in labour intensive manufacturing and agricultural food processing. New agricultural commodities such as the medicinal 'nonu' plant have a lot of export potential and the government's role in such developments should be on providing timely information to farmers on relevant horticultural practices through extension services. The informal sector should also be paid closer attention as they provide livelihoods for many and have the potential to grow into dynamic small and medium enterprises.

Some of the impediments to growth are structural and will not disappear regardless of technological developments. Samoa has demonstrated that it has the potential to grow in a number of niche sectors including information technology and it is important to nurture and develop this potential further through the private sector. Samoa's perceived success has inevitably stemmed from a well-integrated society and a stable government committed to reform.