

# ASIAN DEVELOPMENT BANK & SAMOA

[www.adb.org/samoa](http://www.adb.org/samoa)

## A F A C T S H E E T

Many Samoan communities live in hardship, with little access to services and opportunity. A lack of formal employment and livelihoods to generate income, worsened by poor health and education services, are among the most critical issues for the Pacific nation.

As external influences affect attitudes and aspirations, even the traditional Samoan social structure and associated safety nets are coming under strain. About 20% of households have incomes that cannot support basic needs, and while extreme poverty is not widespread, it is leading to increased social tensions and rising crime.

Samoa will be hosting the South Pacific Games 2007 and this has already had positive impact on the construction sector and, possibly, tourism. The cost of doing business has been reduced through changes in the telecommunications and air transport sectors. Likewise, Samoa's imminent accession to the World Trade Organization and the opening up of trade under the Pacific Islands Countries Trade Agreement will improve business.

The Government's Strategy for the Development of Samoa (SDS) 2005–2007 intends to address poverty reduction through community development, and better standards for health care and education. Increased economic activity, social cohesion, and law and order are at the heart of community-level development, while education strategies put specific emphasis on raising basic skills and health programs aim to raise the number of medical personnel, improve facilities, and support better financing and management of the sector.

### Relationship with ADB

Samoa has received \$129.98 million in loans since joining the Asian Development Bank (ADB) at the bank's founding in 1966, ranking it the 26<sup>th</sup> largest borrower.

ADB's three-pronged strategy for Samoa from 2004 to the end of 2006 is aligned with the Government's SDS for 2005–2007. Firstly, in business and finance, ADB's efforts support accelerated private sector growth and employment, sound macroeconomic and financial policies and management,

**Table 1. Samoa: Development Indicators**

• Population	0.185 million (2005) 0.987% growth per annum (1990–2005)
• National poverty rate	20.3% (2002)
• Population living on less than \$1 a day	5.5% (2002)
• Under-5 mortality rate per 1,000 live births	50 (1990) 30 (2004)
• Adult literacy rate	98% (1995) 98.7% (2000–2004)*
• Population in urban areas	Data not available
• Population with access to improved drinking water sources	91% (1990) 88% (2002)

\* No single-year data is available. Data taken from UNESCO Institute for Statistics website.

Sources: ADB. 2006. *Basic Statistics 2006*. Manila. ADB Statistical Database System.

**Table 2. Samoa: Economic Indicators, 2001–2005**

Economic Indicator	2001	2002	2003	2004	2005
Per capita GNI (\$)	1,410	1,390	1,540	1,860	...
GDP growth (% change per year)	6.1	1.3	3.3	3.7	5.5
CPI (% change per year)	3.8	8.1	0.1	16.3	8.0
Unemployment rate (%)	...	...	...	...	...
Fiscal balance (% of GDP)	11.8	12.1	10.7	10.6	...
Export growth (% change per year)	10.8	19.1	5.7	6.9	...
Import growth (% change per year)	8.8	0.9	14.8	10.5	...
Current account (% of GDP)	3.3	9.4	3.7	-0.7	...
External debt (% of GNI)	86.9	97.3	137.9	...	...

... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income. Sources: ADB. 2006. *Asian Development Outlook 2006*. Manila. ADB Statistical Database System.

Figure 1. Samoa: Loans and Disbursements, 1995–2005

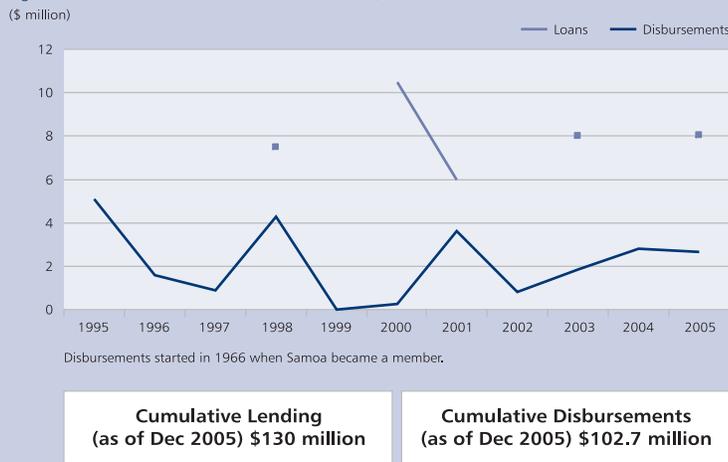


Table 3. Samoa: Cumulative ADB Lending as of 31 December 2005

Sector	Loans (no.)	Amount (\$ million)	%
Agriculture and Natural Resources	8	32.9	25.3
Finance	6	23.5	18.1
Energy	7	21.1	16.2
Multisector	3	21.0	16.2
Education	2	15.1	11.6
Transport and Communications	4	13.0	10.0
Industry and Trade	1	3.5	2.7
<b>TOTAL<sup>a</sup></b>	<b>31</b>	<b>130.0</b>	<b>100.0</b>

<sup>a</sup> Total may not add due to rounding.

Figure 2. Samoa: Equity and Guarantees, Grants, Technical Assistance, and Loans 1966–2005 (\$ million)

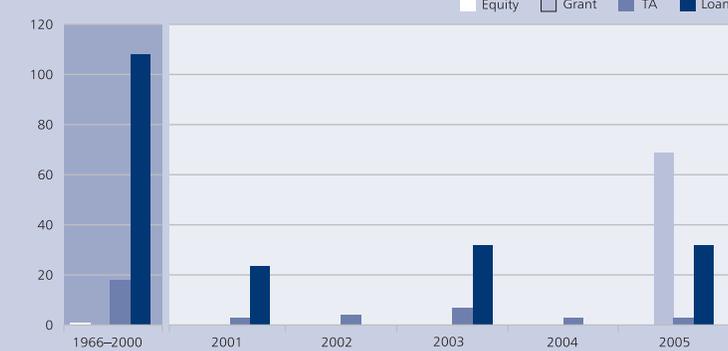
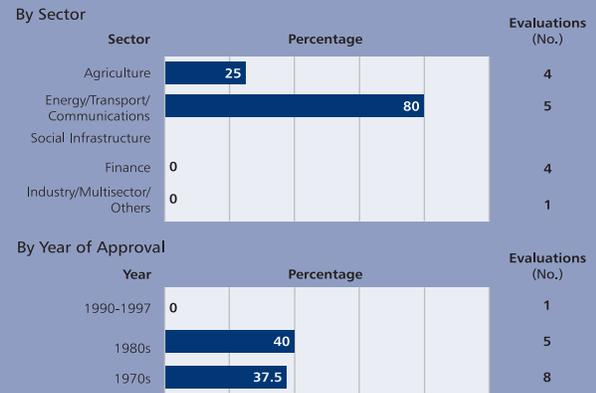


Figure 3. Samoa: Project Success Rates<sup>a</sup>



<sup>a</sup> Includes highly successful and successful projects.

## Cumulative Assistance: \$170.25 million\*

\* Includes loans, technical assistance, grants, and equity (as of 31 December 2005).

and a more efficient and accountable state-owned sector. The freeing up of customary lands for economic uses joined public-private partnerships in this part of the overall strategy. Secondly, the strategy aims at enhancing access to, and delivery of, basic social services through improving infrastructure and the management of the public sector institutions responsible for providing it. Third in the push, ADB will continue to assist the Government's goal of improving education for all Samoans. The strategy reflects the aspirations of the poor as collected in surveys carried out by ADB in 2002.

The new Country Strategy and Program Update (CSPU) 2007–2009 is intended to sharpen the focus of ADB's operations and harmonize with the efforts of stakeholders in Samoa and development partners.

The CSPU for 2005–2006 can be found at [www.adb.org/Documents/CSPs/SAM/2004/](http://www.adb.org/Documents/CSPs/SAM/2004/).

### Impact of Assistance

ADB has provided much-needed support for government efforts to provide policies conducive to private sector development and has continued assistance for government commitments to widen access and improve the delivery of basic social services, and to provide quality education for all Samoans that ultimately can raise living standards and reduce income disparities.

An education sector project focused extensively on the rehabilitation of old schools and an expansion of the network throughout the country has introduced better materials and equipment. Teaching standards and assessment practices have been raised amid efforts to create a more supportive environment for education management. Not only has education been improved as a result, but particular enhancements to delivery have been achieved in rural areas.

The Small Business Development Project has created opportunities for income-generating activities in the small- and medium-sized enterprises sector by opening up access to credit, which has had direct impact on poverty alleviation. Basic business management has been upgraded, along with technical skills, through the provision of training and advisory services.

Notable improvements to the policy and legislative environment have also been achieved through various reforms as well as exploration of options for economic use of customary land.

In 2005, heads of government at the Pacific Islands Forum invigorated regionalism by approving the Pacific Plan for Strengthening Regional Cooperation. ADB supports programs under the Plan, which emphasizes regional public goods and services. Collective management of increased aviation safety and security requirements is a good example

of this potential. Under an ADB loan and technical assistance grant package totaling \$1.95 million approved in 2005, ADB is helping Samoa, Cook Islands, Fiji Islands, Kiribati, Papua New Guinea, Solomon Islands, and Vanuatu establish the Pacific Aviation Safety Office to help the region meet international safety and security requirements.

An \$8 million grant to help improve HIV/AIDS programs in Samoa and nine other Pacific nations was also approved in 2005.

## Future Directions

ADB's strategy for Samoa supports the Government's own development priorities for stimulating private sector growth and improving basic social services and living standards. The recently approved second education sector project will continue to focus on improving access, quality, and efficiency of education while the proposed technical assistance for the power sector will develop road maps and investment program to support improved services.

The new CSPU to guide ADB activities in Samoa during 2007–2009 will be based on a coordinated strategy with development partners, and will build upon lessons from the past. It will focus on such sectors as infrastructure, private sector development, and economic/financial assistance, where ADB has a strong advantage. Longer-term commitments to specific sectors, instead of a project-by-project approach, will anchor reforms developed in agreement with country stakeholders and development partners. The technical assistance program is also intended to be more focused.

## Operational Challenges

The absorptive capacity of both the Government of Samoa and the overall economy is gradually expanding. Although the implementation of projects is regarded as satisfactory overall, some delays have been experienced due to slow starts to projects, mostly resulting from lack of readiness of stakeholders involved. With regard to projects to help the private sector grow, risks have included high transaction costs due to

Table 4. Samoa: Improvement in Portfolio Quality Indicators, 2004 and 2005

Portfolio Quality Indicator	2004	2005
Disbursement ratio (%)		
All loans	26.6	12.3
Project loans	26.6	12.3
Implied average implementation period for project loans (years) <sup>a</sup>	5.1	5.9
Undisbursed loan balance (\$ million)	21.6	25.5
Active loans (no.)	4	5
Projects at risk—(no.) <sup>b</sup>	1	1
% of loans in portfolio	25.0	20.0

<sup>a</sup> Based on approval to revised closing date. Excludes program loans only.

<sup>b</sup> Refers to the number of loans.

remoteness and dispersion, inefficiencies in the state-owned enterprises, a relatively underdeveloped financial sector, and poor access to secure land titles.

Factors that could hamper the improved delivery of basic social services include high-input costs, a lack of labor and expertise, the absence of an effective legislative and regulatory framework, and legal impediments to the private generation of energy.

## Partnership

As a reform-oriented and strong performer, Samoa has attracted significant donor attention in the past decade. The challenge for donors is to ensure that the country's absorptive capacity is not exceeded. Major donors are Australia and Japan. Other important development partners include New Zealand, the European Union, United Nations agencies, the World Bank, and ADB.

Close coordination with donors and the Government has been vital in implementing ADB's activities and developing the country strategy. ADB recently approved the Second Education Sector Project delivered under a harmonized approach with the Governments of New Zealand and Australia.

ADB cooperates with civil society organizations in Samoa to strengthen the effectiveness, quality, and sustainability of the services it provides. For example, the YMCA Samoa Umbrella NGO participated in a regional consultation on the development of ADB's medium-term action plan for cooperation with governments and NGOs, 2002–2005.

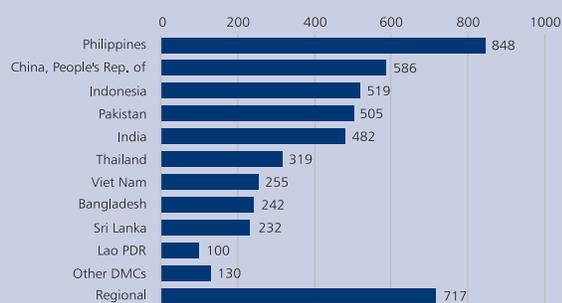
## Cofinancing and Procurement

For every US dollar lent by ADB in Asia and the Pacific during 2005, cofinancing operations brought in an additional \$1.27.

ADB's cofinancing operations enable its development partners—governments or their agencies, multilateral financing institutions, commercial organizations, and export credit agencies—to join ADB in financing lending to developing members. Such additional funds are provided in varying forms of grants, guarantees, or loans.

Figure 4. Private Sector Operations Portfolio Distribution by Top Countries, 1983–2005

(\$ million)



Total: \$4.9 billion

A summary of loan projects with cofinancing is available at [www.adb.org/Documents/Fact\\_Sheets/Samoa/cofinancing.asp](http://www.adb.org/Documents/Fact_Sheets/Samoa/cofinancing.asp).

A summary of procurement contracts awarded to companies and consultants for goods and related services, civil works, and consulting services can be found at [www.adb.org/Documents/Fact\\_Sheets/Samoa/procurement.asp](http://www.adb.org/Documents/Fact_Sheets/Samoa/procurement.asp).

## About Samoa and ADB

Samoa is the 37<sup>th</sup> largest shareholder among regional members and the 45<sup>th</sup> largest shareholder overall.

### ADB Membership

Joined	1966
Shares held	116 (0.003%)
Votes	13,503 (0.306%)

**Agus Haryanto** is the Executive Director and **Richard Stanley** is the Alternate Executive Director representing Samoa on the ADB Board of Directors.

The South Pacific Subregional Office (SPSO) was opened in 2004 and provides the primary operational link between ADB and the government, private-sector, and civil-society stakeholders in its activities. SPSO engages in policy dialogue and acts as a knowledge base on development issues in Cook Islands, Fiji Islands, Kiribati, Samoa, Tonga, and Tuvalu.

**Sirpa H. Jarvenpaa** is the Regional Director of SPSO.

The Samoa government agency handling ADB affairs is the Ministry of Finance.

## About the Asian Development Bank

ADB is dedicated to reducing poverty in the Asia and Pacific region through pro-poor sustainable economic growth, social development, and good governance. Established in 1966, it is owned by 66 members—47 from the region. In 2005, ADB operations totaled \$7.4 billion in loans, equities, guarantees, grants, and technical assistance. With headquarters in Manila, ADB has 26 offices around the world and more than 2,000 staff from over 50 countries.

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### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Country website  
[www.adb.org/samoa](http://www.adb.org/samoa)

Asian Development Outlook  
[www.adb.org/Documents/Books/ADO/2006/documents/spc.pdf](http://www.adb.org/Documents/Books/ADO/2006/documents/spc.pdf)

Annual Report  
[www.adb.org/Documents/reports/annual\\_report/2005/](http://www.adb.org/Documents/reports/annual_report/2005/)