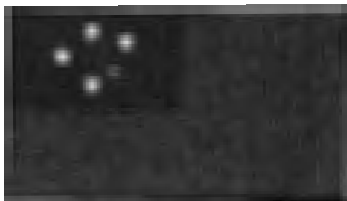


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**Independent State of Samoa –  
European Community  
EDF 10**

**Country Strategy Paper  
and  
National Indicative Programme  
(For the period 2008 – 2013)**

## GENERAL PROVISIONS

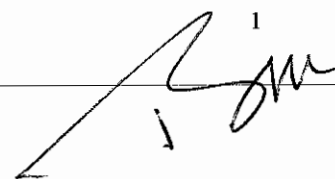
The Government of Samoa and the European Commission hereby agree as follows:

- (1) The Government of Samoa, represented by the Honorable Misa Telefoni Retzlaff, Minister for Commerce, Industry, Labour and National Authorising Officer, and Ms Hinauri Petana, Chief Executive Officer Ministry of Finance and Deputy National Authorising Officer, and the European Commission, represented by Mr Roberto Ridolfi, Head of the Commission Delegation for the Pacific, hereinafter referred to as the Parties, held discussions from March 2006 until August 2007, with a view to determining the general orientations for cooperation for the period 2008–2013.

During these discussions, the Country Strategy Paper and an Indicative Programme of Community Aid in favour of Samoa were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000 as revised in Luxembourg on 25 June 2005. These discussions complete the programming process in Samoa.

The Country Strategy Paper and the Indicative Programme are annexed to this document.

- (2) As regards the indicative programmable financial resources which the Community plans to make available to Samoa for the period 2008 -2013, an amount of €30 million is scheduled for the allocation referred to in Article 3.2(a) of Annex IV to the ACP-EC Partnership Agreement (A-allocation) and of €1.3 million for the allocation referred to in Article 3.2 (b) (B-allocation). These allocations are not entitlements and may be revised by the Community, following the completion of mid-term and end-of-term reviews, in accordance with Article 5.7 of Annex IV to the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects in support of the focal or non-focal areas of Community Assistance. The Indicative Programme under Part 2 concerns the resources of the A-allocation. It also takes into consideration financing from which Samoa benefits or could benefit under other Community resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt-relief initiatives and support to mitigate adverse effects of instability in export earnings. The B-allocation shall be triggered according to specific mechanisms and procedures and therefore does not yet constitute a part of the Indicative Programme.
- (5) Resources can be committed within the framework of this Country Strategy Paper and National Indicative Programme upon the entry into force of the 10<sup>th</sup> EDF multi-annual financial framework for the period 2008-2013 of the revised ACP-EC Partnership but not before 1 January 2008. Financing decisions for projects and programmes can be taken by the Commission at the request of the Government of Samoa within the limits of the A- and B-allocations referred to in this document. Financing decisions can also be taken on

A handwritten signature in black ink, appearing to be 'R. Ridolfi', is written over a horizontal line at the bottom right of the page. There is a small number '1' written above the signature.

Partnership Agreement for support to non-State actors or on the basis of Article 72(6) to the ACP-EC Partnership Agreement for humanitarian and emergency assistance funded from the B-allocations. Financing decisions shall be taken and implemented according to the rules and procedures laid down in the EC Council regulations on the implementation of the 10<sup>th</sup> EDF and on the financial regulation applicable to the 10<sup>th</sup> EDF and in Annex IV to the ACP-EC Partnership Agreement.

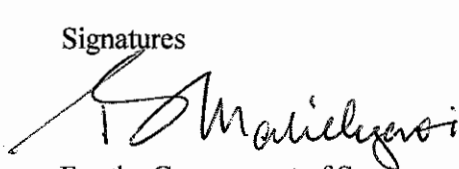
- (6) The European Investment Bank may contribute to the implementation of this Country Strategy Paper by operations financed from the Investment Facility and/or from its own resources, in accordance with Paragraphs 2(c) and 3 of Annex Ib to the ACP-EC Partnership Agreement regarding the 10<sup>th</sup> EDF Multi-annual Financial Framework for the period 2008-2013.
- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Authorising Officer and the Head of Delegation shall annually undertake an operational review of the Indicative Programme and undertake a mid-term review and an end-of-term review of the Country Strategy Paper and the Indicative Programme in the light needs and performance at the time.

The mid-term review shall be undertaken in 2010 and the end-of-term review in 2012. Following the completion of the mid- and end-of-term reviews, the Community may revise the resource allocation in light of needs and performance at the time.

Without prejudice to Article 5.7 of Annex IV concerning reviews, the allocations may be increased according to Article 3(5) of Annex IV in order to take account of special needs or exceptional performance.

- (8) The agreement of the two parties on this Country Strategy Paper and the National Indicative Programme, subject to the ratification and entry into force of the revised ACP-EC Partnership Agreement and the 10<sup>th</sup> EDF Multi-annual Financial Framework of for the period 2008-2013, will be regarded as definitive within eight weeks of the date of signature, unless either party communicates the contrary before the end of this period.

Signatures



For the Government of Samoa



For the Commission



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## SUMMARY

The purpose of this Country Strategy Paper (CSP) is to provide a framework for EC co-operation with Samoa under the Cotonou Agreement. The framework is based on global objectives of EC-ACP co-operation, Samoa's own development policy, an analysis of the political and economic situation in the country, and an assessment of the past co-operation programmes of the EC and other donors. It concludes with the proposed EC response strategy of the 10<sup>th</sup> EDF and an Indicative Programme.

Samoa consists of two large islands and six smaller ones, situated in the Pacific Ocean, with a land area of 2,935 sq km and an EEZ of 120,000 sq km. It is a Polynesian country with an ethnically homogeneous population of around 185,000.

Major challenges facing the Government in the medium term are to maintain a stable macro-economic framework, to continue to implement its financial and economic reform programme and to stimulate private sector development to achieve sustainable growth, while increasing its efforts to further reduce the degree of relative poverty in the country, especially through social sector investments.

The definition of the EC's support to Samoa's development and poverty reduction priorities takes into consideration (i) the development priorities of the government as reflected in the Strategy for the Development of Samoa and European Union development policies and priorities; (ii) the financial requirements and implementation capacities in a particular sector; (iii) the existence of a sector development policy; (iv) the historic development relationship between the EC and Samoa and its strengths and weaknesses; (v) complementarity with other donors and (vi) the comparative advantages of the EU as a donor.

The indicative allocation in terms of programmable resources (A envelope) amounts to **€ 30 million**, while the B envelope, destined for unforeseen needs which may arise, for example due to the islands high vulnerability to natural disasters, is €1.3 million

Consistent with its own longer-term development policy and the experience of past co-operation with the EC, the focal sector under the 10<sup>th</sup> EDF is defined as public health enhancement through a water sector policy support programme. The main objective is to improve public health through a coherent Sector Policy Support Programme (SPSP), via a budget support implementation modality. € 25.5 million (85% A-envelope) is allocated to this purpose. The support will extend access to safe water supply and basic sanitation, and strengthen sustainable water resource management. Other programmes include support to implement commitments towards the OECD as regards transparency and exchange of information for tax purposes and to initiatives of non-state actors in the form of a new microproject programme, as well as a new Technical Cooperation Facility. € 4.5 million (15% of the A-envelope) are allocated for these purposes.

## **PART 1: STRATEGY PAPER**

### **CHAPTER I: THE FRAMEWORK OF RELATIONS BETWEEN THE DONOR AND SAMOA**

#### **I.1 General Objectives of the EC's external policy**

In accordance with Article 177 of the Treaty Establishing the European Community, Community policy in the sphere of development co-operation shall foster:

- The sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them;
- The smooth and gradual integration of the developing countries into the world economy;
- The campaign against poverty in the developing countries.

Environmental protection requirements shall be integrated into the definition and implementation of the community policy in the sphere of development cooperation, in particular with a view to promoting sustainable development.

The EU sustainable development strategy should be built on economic growth, social cohesion and environmental protection. These three pillars should go together hand in hand and mutually reinforce each other.

Europe should project a coherent role as a **global partner**, inspired by its core values in assuming regional responsibilities, promoting sustainable development, and contributing to civilian and strategic security

The Union has developed a broad spectrum of external relations tools in the shape of the common trade policy, cooperation under bilateral and multilateral agreements, development cooperation, humanitarian aid and financial assistance as well as the external aspects of internal policies (energy, environment, transport, justice and home affairs, etc).

EU external action including the Common Foreign and Security policy, common trade policy and cooperation with third countries provides a framework both for integrating all EU instruments and for developing gradually a set of common actions based on common positions in the broader sphere of political relations.

Enlargement has entrusted the EU with even greater responsibilities, as regional leader and as global partner. It should therefore strengthen its capacity to promote human rights, democracy and the rule of law as well as its capacity to focus on the fight against poverty, both in its neighbourhood and through its multilateral and bilateral policies which are mainly aimed at sustainable development and political stability. Thus, the EU will achieve genuine coherence between its domestic and its external agendas, contributing thereby to global security and prosperity.

#### **I.2 Strategic objectives of cooperation with the partner country**

The Treaty objectives are confirmed in Article 1 of the *ACP-EU Partnership Agreement*, signed in Cotonou on 23 June 2000 and revised in Luxembourg on 25 June 2005. The overarching objective of the *Cotonou Agreement* is to promote the development of a common strategic approach to poverty reduction, consistent with the objectives of sustainable development and the gradual integration of ACP countries into the world economy.

Cooperation between the Community and Samoa shall pursue these objectives, taking into account the fundamental principles set out in Article 2, in particular the encouragement of "ownership" of the strategy by the country and populations concerned, and the essential elements and fundamental element as defined in articles 9 and 11b of the Agreement.

While the Treaty and the Cotonou Agreement provide the legal basis for EC cooperation with ACP countries, the recently adopted *European Consensus on Development* sets the general policy framework at EU level. The primary and overarching objective of EU development policy is the eradication of poverty in the context of sustainable development, in line with the international agenda, and with particular attention for the Millennium development Goals (MDGs). Human rights and good governance, notably in the tax, financial and judicial areas, are recognised as other important objectives.

Better aid effectiveness is essential to achieving poverty eradication. Therefore the EU will advance coordination, harmonisation and alignment. It will promote better donor complementarity by working towards joint multi-annual programming based on partner countries strategies and processes, common implementation mechanisms, joint donor-wide missions, and the use of co-financing arrangements. The EU will take a lead role in implementing the Paris Declaration commitments on improving aid delivery and it will capitalise on new Member States' experience to strengthen their role as donors.

Policy coherence for development will advance in a number of areas. The purpose is that all EU non-aid policies make a positive contribution to developing countries' efforts to attain the MDGs.

The principle of concentration will guide the Community country and regional programming. This means selecting a limited number of priority areas of action, through the dialogue with partner countries, rather than spreading efforts in too many sectors. In this context the Community will be primarily active in the following nine areas, **taking** into account its comparative advantages in a number of these: trade and regional integration; the environment and the sustainable management of natural resources; infrastructure, communications and transport; water and energy; rural development, territorial planning, agriculture and food security; governance, democracy, human rights and support for economic and institutional reforms; conflict prevention and fragile states; human development; social cohesion and employment.

The mainstreaming approach will be strengthened for four cross-cutting issues: democracy, good governance, human rights, the rights of children and indigenous peoples; gender equality; environmental sustainability; and the fight against HIV/AIDS.

In May 2006 the European Commission issued a Communication to the Council, the European Parliament and the European Economic and Social Committee on "**EU Relations with the Pacific Islands – A Strategy for a Strengthened Partnership.**" The Strategy was adopted by the Council in July 2006. It lays emphasis on EC support for sustainable management of natural resources and protection of the ocean environment.

### **I. 3 Main bilateral agreements**

Samoa and the European Union have had cooperation agreements since 1975 when the country first signed the Lomé Convention. Under the four successive Lomé Conventions, EDF resources placed at the disposal of the country were used to fund a variety of programmes focusing on economic and social infrastructure, energy provision, micro-programmes in rural areas, and water supply and sanitation. The latter is the focal sector of EC assistance under the Cotonou Agreement. Samoa has not signed any convention on the



avoidance of double taxation or agreements on exchange of information for tax purposes with EU Member States.

## **CHAPTER II: COUNTRY DIAGNOSIS**

### **II. 1 Political, economic, social and environmental situation in Samoa**

#### **II. 1.1 Political and institutional situation**

Since its independence in 1962 Samoa has enjoyed political stability. This is partly due to the homogeneity of its Polynesian population, which has left it free from problems associated with multi-ethnicity, and partly a result of the country's commitment to democratic principles and respect for fundamental individual rights. There are no political prisoners in the country and the death penalty was abolished in 2004.

Samoa's system of government is based on the English Westminster model. The legislature is a unicameral 49-member assembly, of which 47 members are elected – since 1992 via universal suffrage – by all Samoans aged 21 or over.

The low representation of women in parliament was one of the less progressive areas in Samoa's democracy. This was highlighted in its first report to the UN Committee on the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) in January 2005. Generally speaking, gender disparities are not great and, therefore, not an area of major concern. Nevertheless efforts are being made, where disparities exist, to review outdated legislation in order to ensure equitable social and economic benefits for both men and women.

The participation of civil society in political decision-making has increased significantly in recent years. The current 2005-2007 Strategy for the Development of Samoa, for example, was launched after a comprehensive process of stakeholder consultations, reflecting best practice with regard to community participation in the formulation of government policies and strategies.

The Government of Samoa is working towards accession to the "International Covenant on Civil & Political Rights". A recommendation for ratification is expected to be made in August 2007. The Government of Samoa is also considering accession to the "International Covenant on Economic, Cultural and Social Rights", the "Convention against Torture" and the "Convention for the Elimination of Racial Discrimination".

A single political party, Human Rights Protection Party, has been in power since the mid-1980s with opposition provided mainly by Samoa Democratic United Party. Although the general elections in March 2006 were again won by Human Rights Protection Party, they were nevertheless an important milestone in the political life of the country. The elections were hotly contested for the first time following the entry into the arena of three new political parties, the Samoa Party, the Christian Party and the Samoa Progressive Party. There were also unprecedented levels of publicity and campaigning through both public and private media outlets.

While there is little doubt that the conditions are in place for Samoa to continue on a path of political stability and economic prosperity there are concerns that the dominance of one political party for a long period of time could lead to an increase in corruption and abuse of power.

One positive outcome of the elections was the increase in the number of female candidates elected to parliament, which also translated into an increase in the number of female cabinet ministers.

A number of important legislative acts were enacted in 2005 in order to strengthen good governance principles. These include the Public Finance Management Act 2001 aimed at strengthening economic and financial management, as well as the Public Bodies (Transparency and Accountability) Act 2001, intended to enhance the performance of state-owned enterprises. Also in 2005 the Government launched a new financial management information system to strengthen audit and reporting functions of the government and to enable Parliament to have timely and accurate reporting on all government transactions.

Following the restructuring of government ministries that became effective in 2004, all ministries have now adopted performance management systems. These provide a direct link between employee performance and the ministries' outputs through their corporate plans, annual management plans, service charters, capability plans and Budget.

## **II. 1.2 Economic and commercial situation**

### ***Economic situation, structure and performance***

An IMF Report dated June 2005 states that “With continued commitment to sound macroeconomic and reform policies, Samoa became one of the best managed economies in the Pacific Island region.”

The Samoan economy registered solid growth, low inflation, improved public finances and international reserve levels, and outperformed comparator countries both within and outside the region. The GDP per capita is about US \$2042 (€ 1600) in 2004. The level of public debt (in relation to GDP) has steadily declined from over 90% to about 50%. According to the IMF Samoa also made progress towards the achievement of the Millennium Development Goals (MDGs).

According to the national accounts figures the economy grew by 3.7% in 2004 and by 5.1% in 2005. The growth was linked to anticipation of an expansionary fiscal budget heading into the elections as well as a robust upturn in economic activities particularly in the construction sector with facilities development for the 2007 South Pacific Games, the new Development Bank building, NUS/Polytechnic campus, private sector construction and the flow-on impact of the commerce sector. Inflation, which reached double figures in 2004 due to the impact of Cyclone Heta on food prices, fell back to less than 2% in 2005 and to 1.8% in January 2006 as a flourishing agricultural sector contributed to cheaper food products and to offsetting the rising cost of fuel.

The offshore financial services sector of Samoa also plays an important role. The issue of its compliance with recognised international principles on transparency and effective exchange of information for tax purposes has become vital due to the identification as a tax haven in the 2000 progress report by the OECD and its commitment towards the OECD to implement them. The need for transparent corporate information mechanisms as well as international cooperation in the field of effective exchange of information plays a vital role when countering terrorism, its financing, tax evasion, tax avoidance and corruption. It assumes increasing importance in small and open economies that have developed an offshore financial sector.

Fresh fish remains the largest export earner accounting for 35% of total export earnings. This is followed by nonu juice for which international demand has increased over the years.

**Basic economic data are summarised in the following box:**

<b>Population</b>		183.746 (2004)					
<b>GDP - Current Prices</b>		\$ 390.28 million USD (2004)					
<b>GDP - Constant Prices</b>		\$ 354.73 million USD (2004)					
<b>GDP per capita (000's)</b>		\$ 2,253 USD (2005/06)					
<b>GDP Growth Rate</b>		2.2% in 1999, 6.1% in 2000, 6.7% in 2001, 1.2% in 2002, 3.3% in 2003, 3.7% in 2004 5.4% in 2005					
<b>Inflation Rate</b>		0.3 in 1999, 1.0% in 2000, 3.8% in 2001, 8.1% in 2002, 0.1% in 2003, 16.3% in 2004, 1.9% in 2005					
<b>GoS Revenue</b>		\$ 105.8million USD (actuals 2004/05)					
<b>GoS Expenditure</b>		\$ 88.5 million USD (actuals 2004/2005)					
<b>Export (fob)</b>	(million USD)	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Imports (cif)</b>	(million USD)	19.5	16.0	18.7	16.5	15.8	12.9
		124.1	124.2	159.8	161.8	144.9	196.5
		<b>02/03</b>	<b>03/04</b>	<b>04/05</b>	<b>05/06</b>		
<b>Total Disbursed Outstanding Debt (million USD)</b>		171.4	178.8	187.4	157.3		
<b>Gross Reserves</b>	(million USD)\$	52.2	67.4	84.9	63.6	<i>(reserves of Central Bank of Samoa, Commercial Banks, Ministry of Finance)</i>	
<b>Exchange Rate (2003)</b>	USD/TALA	0.3561	.3741				

Source: Ministry of Finance

***Assessment of the reform process***

Significant progress has been made on civil service reforms following the restructuring of ministries and downsizing of some functions. A gradual reduction in staffing levels has been achieved through natural attrition. A major review of the functions of each ministry by the Public Service Commission with a review to refocusing on core functions is almost completed. As a result two divisions from one ministry were shifted to another ministry. While there has been realignment on one hand, there has been an almost parallel rise in the number of autonomous authorities being set up such as the Samoa Qualification Authority and Research Institute which has had an impact on the budget for 2006/07.

The enactment of the Public Bodies Act 2001 laid the groundwork for state-owned enterprise policy framework. Under the programme, the government's priority has been to divest minority shareholdings in various enterprises and privatise those that are of no strategic public interest. For those of strategic public interest, a corporatisation programme has been adopted to strengthen corporate governance and financial reporting. The revised Companies Act and supporting legislations is before parliament for consideration and when passed will complement the Public Bodies Act in ensuring that SOEs will be run on strictly commercial principles. Under the same legislation some SOEs may be required to provide community service obligations in order to ensure universal access to a public good or service. The passage of a new Telecommunications Act in 2005 will help to create a more competitive telecommunications sector underpinned by an appropriate regulatory framework. The appointment of a Regulator is underway.

The tax and tariff reforms have improved the efficiency of the tax system and liberalised the trade regime. Tariff reduction has contributed to improving resources allocation through reducing the cost of investment inputs and increasing competitive pressure on import

substituting sectors. There has been no discernible impact on government revenues following reforms in income taxes. Possible interventions at this stage include the improvement of tax administration including income tax collection and compliance with the tax codes. To this end an institutional strengthening programme for the Inland Revenue section of the Ministry of Revenue is in the pipeline.

Supervision of the financial sector has been enhanced by bringing non-bank financial operators (e.g. loan and money transfer agencies) and insurance companies under the supervisory framework of the Central Bank. In addition, the Samoa International Financial Authority was established in 2005 as the new supervisory agency for offshore banks and the international banking bill was approved in April 2005 which includes the provision to require all offshore banks to establish a physical presence in the country. The Anti Money Laundering and Combating Financing for Terrorism Act were passed in 2005 and its implementation is expected to make Samoa compliant with the AML/CFT requirements and recommendations of the Financial Action Task Force.

Samoa is an active participant in the OECD's Global Forum on Taxation which seeks to ensure the implementation of recognised principles of transparency and exchange of information for tax purposes in a way that is fair and equitable. The Governor of the Central Bank of Samoa is one of Co-Chairs of the Forum. A recent report by the Global Forum on Taxation<sup>1</sup> indicates that Samoa, like a number of other countries, has not yet fully implemented these principles, in particular with respect to exchange of information for tax purposes.

#### *Structure and management of public finances*

The 2005/06 budget faced a number of domestic pressures most notably the large wage increase in the public sector and the restructuring of Polynesian Airlines. Although slightly expansionary the budget is expected to have an overall deficit of no more than 4.2% of GDP. To meet the shortfall in receipts, the Government issued securities tranches in 5, 10 and 15 year issues. The initial response was below expectations and the conditions are therefore being reconsidered in an attempt to increase uptake. A supplementary Budget was tabled in December to allow for critical expenditures that could be absorbed against expected revenues and ensure that the overall deficit level was maintained within the target 4.2%. Budgetary restraint was exercised through the phasing over three years of the wage increase as well as the removal of all vacancies and new positions except where appointments were pending and overtime provisions. In support of the joint venture with Virgin Blue, a privately owned low-cost carrier based in Australia, a one-off payment was provided in the budget to meet the government's contribution to the working capital of the new joint venture company and the associated costs for returning the leased plane. The contractual agreement for the joint venture was signed in October 2005 with the long haul flights being undertaken by the new joint venture "Polynesian Blue".

Samoa is one of the highest recipients of remittances as a share of GDP. Remittances amounted to 24% of GDP in 2004 and constitute a critical component of the balance of payments. The net inflow of remittances in the twelve months to March 2006 increased 27% reflecting positive economic conditions in the main source countries as well as the expansion in the number of money transfers around the country. Remittance flows are relatively stable due to the continuing maintenance of strong ties between expatriates and their families even

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<sup>1</sup> OECD (2006) "Tax Co-operation Towards A Level Playing Field - 2006 Assessment by the Global Forum on Taxation"

in the case of second generation migrants as well as the continuing flow of second-migrants. Anecdotal evidence shows that remittances are mainly used to finance consumption. They also help households to provide education for their children and cope with adverse shocks. Remittances, if used as a substitute for labour income, can have an adverse effect on labour supply; on the other hand they can complement labour if used for productive investments. The migration of skilled workers can have a positive impact on the economy through its effects on remittances and trade networks.

The Government's largely concessional external debt further declined to SAT450.1 million, or 43.7% of GDP, during 2004, but remains relatively high by regional standards.

### ***Trade policy and external environment, in particular regional cooperation agreements and EPAs***

Samoa would like to maximise the opportunities brought about by globalisation and to ensure that its businesses are able to compete globally. The need to integrate into the global economy is reflected in its current efforts geared to joining the multilateral trading system, regional integration through the PICTA and PACER and to negotiating a possible EPA with the EU which should also contain a developmental aspect.

Samoa's WTO accession negotiations progressed steadily in 2005. The Draft Working Party Report on Samoa's WTO Accession is currently being revised. No further questions have been received. The Ministry of Revenue (Customs) is currently working on converting Samoa's current tariff codes (HS96) to the 2002 Nomenclature. This would be in line with the current system used by most member countries of the WTO and would ensure consistency and clarity when negotiating tariffs.

Bilateral discussions on trade matters were held with New Zealand in Apia in October 2005. Samoa has since received revised requests from New Zealand in August 2006. These requests are currently being considered for discussion at the next bilateral talks tentatively scheduled for early November 2006. Furthermore, discussions are ongoing with the People's Republic of China with regard to a possible bilateral trade agreement with Samoa.

Samoa has yet to trade under the Pacific Island Countries Trade Agreement (PICTA). Tariff reductions on eligible products were scheduled to commence in January 2005. Samoa will be ready to trade under PICTA once the appropriate national legislation to implement the agreement, which is currently in draft form, is finalised and approved in early 2006. Fiji has so far been the only PICTA Member to complete all preparation for trading under PICTA.

The possibility of including services in PICTA is now being discussed. Samoa is working on its proposal and is identifying appropriate sectors that it will commit to liberalise. National consultations were carried out with some service sectors under Samoa's WTO accession commitments and a similar approach will be used for this exercise. The Forum Island Leaders will discuss and endorse outcomes of regional proposals on this extension.

Although Samoa's trade with the EU is minimal, the Government supports the EPA process which it sees as essential to regional integration and an avenue to overcoming some of the constraints responsible for the low level of trade between Samoa and the EU such as EU standards, transportation costs and market access. The country's interests lie mainly in services - labour, tourism and investment, areas it is strong in. Samoa has a very large expatriate community whose remittances play a vital role in the economy, and the government sees tourism as offering significant prospects for the country.

With the outcome of the negotiations uncertain. Samoa is aware also of the EU non-reciprocal Everything But Arms (EBA) initiative for LDCs. There is potential in enhancing the tourism

sector through increased European visitors as well as potential European investors in this sector. The Government supports structural reforms in order to make Samoa an investment friendly environment. It is also considering appropriate ways to adapt the land tenure system so that there is opportunity to utilise customary land for development purposes. Extensive consultations have taken place on this issue and a report for cabinet consideration has been finalised. Samoa already has an open and conducive market economy for investments not only in terms of having lower tariff rates in trade in goods but also lesser restrictions in the trade of services.

There is an absence of appropriate domestic regulations and national legislation to govern various sectors of Samoa's economy. These have to be in place for EPA and WTO obligations to be effectively implemented. A Commonwealth Secretariat project is currently underway to review and amend all trade-related legislation with particular focus on WTO compatibility. Samoa is concerned that the increase in competition that is likely to derive from an opening of its market may lead to the bankruptcy of many local companies. Samoa therefore requested assistance in this respect.

Samoa supports the call by WTO Ministers in Doha for members to accelerate the accession of LDCs and ensure their integration into the global economy, although it considers, the Accession Guidelines for LDCs, adopted in Dec 2002, as insufficient to deter excessive demands of WTO Members on acceding LDCs and Small and Vulnerable Economies (SVEs) and do not fully reflect the economic vulnerability and growth of a country like Samoa. The fact that Samoa has now been recommended for graduation from its LDC status in 2010 is one other key factor that is catalytic towards a fast tracked WTO accession. Samoa is requesting transitional periods to implement WTO agreements.

Samoa does not provide subsidies or direct financial support to its agricultural sector. As an LDC and a small and vulnerable economy, the option to support agricultural producers especially to enable them to export and compete regionally and globally is considered necessary, so long as such financial support are kept to the very minimum and does not distort trade. Therefore, Samoa supports the call by Ministers for developed WTO Members to reduce and or eliminate their high agricultural and export subsidies.

The inclusion of Aid for Trade in the WTO agenda is very much supported by Samoa so long as this aid is not conditioned on any commitments in other areas of negotiations. Samoa is therefore interested in clarifying the detailed implementation arrangements.

Samoa is also mindful of the implications of EPA in triggering PACER Article 6. Work is currently underway to possibly extend PACER to include trade in services. This, together with investment, growth and governance follows on from the 4 pillars of the Cotonou Agreement which are similar to that of the **Pacific Plan**.

With the number of trade arrangements that Samoa is involved in increasing, there is a clear need for increased financial and technical resources to be able to deal with each agreement thoroughly and deliver results on a timely basis. Samoa is now part of the Integrated Framework for trade-related technical assistance to LDCs that will provide support in addressing adjustment costs associated with the Doha reform agenda.

### **II. 1.3 Social situation, including decent work and employment**

The main focus of the 2005-2007 Strategy for the Development of Samoa is to improve economic and social welfare at the community level therefore the creation of economic opportunities at the community level is crucial for the overall development of the country. In

view of the growing socioeconomic problems emerging from a lack of opportunities, emphasis is placed on promoting private sector investment which is vital to delivering a better quality of life to all Samoans.

Poverty is recognised as a multidimensional phenomenon which, in addition to lack of income, also manifests itself in terms of lack of opportunities to earn income and lack of access to quality social services such as education and health, as well as vulnerability. Based on the internationally quoted benchmark for absolute poverty of US\$1 per capita per day, the income poverty for Samoa has decreased between 1997 and 2002 to a level lower than the MDG target for the year 2015. Similarly the prevalence of under-weight children has significantly been reduced and targets have already been surpassed.

A national policy for children is under preparation. The concerted efforts of the focal ministry for children's issues and others has brought about enhanced awareness of the importance of children's rights as well as the fundamental responsibilities of parents to ensure that such rights are exercised. The first report by Samoa on the Convention on the rights of the Child was submitted to the United Nations in August 2005. The practice of child adoptions by foreign citizens outside the legal system was halted. The promotion of the prevention of child abuse programs expanded its outreach such that there is a visible change in attitudes and parenting skills.

Following the presentation of Samoa's report to the CEDAW Committee, there has been an upsurge in the delivery of programs highlighting the importance of greater participation of women in public life in particular national politics. A new political party headed by a woman with a predominant female membership was set up in anticipation of the March 2006 elections. A record number of women ran for parliament. Two more women were appointed to head a government ministry and one a corporation. The equal participation of women in executive development programs has prepared many to assume leadership positions.

### **Public Health**

The Ministry of Health provides primary, secondary and, to a limited degree, tertiary care services through a network of facilities, health care centres in rural areas and a few hospitals. Most of tertiary care cases are referred to New Zealand. Overall, the health status of the population can be described as good, with all health indicators showing improvements in recent years. Life expectancy at birth stands at 68 years, and under-5-mortality rate per 100 stands at 30. The general government expenditure on health as percent of general government expenditure is 19.6, and the total expenditure on health as percentage of GDP is 5.4<sup>2</sup> There is a high immunization coverage and most communicable diseases are well controlled. Most deaths are now due to non-communicable diseases and accidents, with the main reported cases of adult mortality reported as being diseases of the circulatory system and cancers. Morbidity due to hypertension and diabetes is also rising. Changing lifestyles bring additional health risks. Although most communicable diseases such as tuberculosis, measles and filariasis are under control, acute respiratory infections and rheumatic fever remain significant causes of morbidity. A surprisingly high prevalence (31%) of sexually transmitted infections was found in a 1999 survey of pregnant women.

The absence of any new cases of HIV/AIDS for some time now and the upsurge of many non government organisations working in prevention programs with the availability of grant financing for such programs have renewed and enhanced awareness of the situation. Sports organisations are instrumental in promoting awareness through sports tournaments targeting youth.

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<sup>2</sup> Source: WHO. All data from 2004



2005 saw the closure and completion of a greater part of the government's investment in institutional strengthening projects (ISPs). There is continued recognition that public administration is a key sector in the Government's overall reform strategy and that if Samoa is to make the most of its own and donor resources, public services need to be efficient and effective. The ISPs directed focus on a more integrated approach to strengthening systems, processes and people within the public service for managing financial, human and physical resources. With the completion of most institutional strengthening projects and the consolidation of the realignment of the public sector as well as a review of capacity building needs across the public service and private sector, there is concerted effort to develop a whole of government framework to ensure that an integrated approach is achieved. .

## **II. 1.4 Environmental situation**

The Samoan islands are composed almost wholly of volcanic rocks with coral reefs forming in some coastal areas. Over 35% of Samoa's natural forests still remain; however, continuing land clearing for agriculture is a major threat to vegetation cover and water catchments. Overfishing, destructive fishing practices, waste, pollution, and coastal development are among the key environmental concerns.

Natural resources depletion and environmental degradation are major causes for the multidimensional phenomenon poverty. Poverty reduction activities shall therefore integrate a sustainable management of natural resources and the environment to achieve sustainable development.

The Government has made substantial gains in environmental management from designating national parks to the preparation of a coastal infrastructure management plan in consultation with the village communities. However, the Government has yet to implement environmental impact assessment legislation to reduce the potential negative impacts of development.

Samoa has faced a challenging decade since the publication of its National Environment and Development Management Strategies (NEMS) in 1994, which is based upon the principles agreed to at the Earth Summit on Environment and Development held in Rio, 1992.

Samoa was one of the first countries to receive funding from the Global Environment Facility (GEF) under the LDC Fund to develop its National Adaptation Programme of Action (NAPA) on climate change. The NAPA aims to communicate urgent and immediate adaptation needs and the activities to address these needs to deal with the adverse impacts of climate change; and to develop the strategies for capacity building amongst stakeholders and village communities.

A Country Environmental Analysis (CEA) for Samoa was completed in May 2006 with the aim of mainstreaming environmental considerations in economic and development planning processes. A summary of the country environmental profile is annexed to this document.

The Samoan people hold their environment in high regard with a strong historical belief that the environment is the foundation of their prosperity, governed by the Samoan concept of *va tapuia* (the sacred relationship between people and all things). Thus in recent years a number of initiatives have been implemented by the government in support of effective environmental management, resulting in changes in the structures and systems introduced for sustainable development, and in promoting a higher degree of people's understanding of environmental issues and support for associated activities.

However, the mainstreaming of environmental considerations could be improved and five priority areas for action were identified in the CEA including environment for development;

accessible, affordable, sustainable and renewable indigenous energy supplies; equitable and sustainable land management; secure and affordable access to nutritious foods; and reduced vulnerability to natural disasters and economic pressures.

The sustainable management of natural resources shall be addressed through the capacity building activities and technical support of the programmes of the response strategy, which includes also the support for renewable energy development.

### **II. 1.5 Samoa in the international context**

In terms of regional integration, Samoa, along with other Forum Island countries, adopted the Pacific Plan at the Pacific Islands Forum leaders meeting in October 2005. As a 'living document', it will form the basis of ongoing strengthening of regional cooperation and integration for the benefit of the people of the Pacific. The EU as well as all other development partners in the region have expressed their support for the Pacific Plan.

Samoa is also working towards compliance for trading under the PICTA. As of March 2006, the Committee of Development Policy of the United Nations adopted the recommendation to graduate Samoa out of its LDC status to be effective in 2010. In the interim, Samoa will be seeking a consultative meeting with its development partners to work out a strategy to ensure a smooth transition out of its LDC status.

Samoa continues to play an active role in regional affairs and programmes and received a special award by the UN for its role in peacekeeping activities through the deployment of its police force to serve in peacekeeping units in the Solomon Islands, Timor Leste, Liberia and Sudan. Since September 11 2001, the Government has worked hard to upgrade the systems for improved border control and management. The institutional strengthening of Immigration Services and other agencies such as Police and Customs as well as the recent establishment of the Transnational Crimes Unit have enhanced considerably the policing of borders to prevent the illegal entrance of prohibited and dangerous goods as well as unlawful entry by other nationals.

Samoa is party to a number of international conventions and multilateral environment agreements and hosts the South Pacific Regional Environment Programme. It is also a member of a large number of United Nations agencies five of which have country offices in Samoa, UNDP, WHO, FAO, WMO and UNESCO. Samoa ratified the CEDAW Convention in 1991 and presented its first report to the CEDAW Committee in 2005; it similarly ratified the Convention on the Rights of the Child in 1992 and its first report is to be presented to the United Nations in September 2006. A matrix of conventions Samoa has ratified is given in annex 7.

## **II. 2 Poverty reduction analysis**

The National Task Force on the MDGs have completed its first report on the situation analysis of Samoa. Progress in the achievement of the MDGs is given in the table below.

Overall, most if not all of the goals are on target to be achieved by the year 2015. In terms of poverty reduction, a general lack of data makes it difficult to assess trends over time given that Household Income expenditure surveys are not done on a regular basis; the last one completed in 2002. Poverty incidence as determined in the Participatory Assessment of Hardship study in 2000 showed that poverty incidence was slightly higher in the urban than the rural areas. These findings led to the identification of vulnerable groups such as those living on leased land in the urban fringes with insufficient land to grow food crops and those

in the rural areas with limited access to basic services. The Government is addressing the issue of limited access by ensuring that there is total coverage with the basic utilities and infrastructure. Educational policies such as the adoption of a single stream curriculum at secondary level and the provision of improved educational infrastructure around the country are all measures to ensure equity. Similarly for health services, significant investment has been made in the upgrading of rural health facilities including the introduction of a scheme by which these are served by doctors.

Type	Indicator	2000	2001	2002	2003	2004	2005	2006	2015
Impact	Proportion of population below \$1 per day	15% <sup>1</sup> (1997)		5.0%					7.5%
	Prevalence of underweight children	6.1% (1992)	1.9% <sup>2</sup> (1999)						3%
	Under 5 mortality	42% (1990)		25% <sup>3</sup>		13%			14%
	Gross enrolment ration	98	93	96	95	97			100
	Net enrolment ratio in primary education	74	69	71	70	69			100
	Primary completion rate	85%				82 <sup>4</sup>			
	Ratio of girls to boys –								
	- primary	.98		.93		.92			1.0
	- secondary	1.06		1.04		1.08			1.0
	- tertiary	1.66		1.43					1.0
	Proportion of births attended by skilled health personnel	76 (1990)		77.6		90			
	Proportion of 1 year old children immunised against measles	89 (1990)		98% <sup>3</sup> 52% <sup>7</sup>		48% <sup>6</sup>			100
	HIV prevalence among 15-24 year old pregnant women	Not known	Not known	Not known	Not known	.002			
	Proportion of population with sustainable access to improved water supply (target figures in brackets) <sup>8</sup>	-	-	27%	37%	41%	47% (50%)	(66%)	(85%)

**Notes:**

1. ADB Household Income Expenditure Survey 2000
2. National Nutrition Survey 1999
3. Ministry of Health Annual Reports
4. Ministry of Education Statistical Digest 2003-2004
5. Population and Housing Census 2001
6. WHO – calculated using a census based denominator
7. Recalculated against census based denominator
8. Figures given are for access to safe potable drinking water, with target figures taken from the *Water for Life: Sector Plan and Framework for Action* (March 2005). Data in previous JAR reports based largely on data from 1990&2001 Population and Housing Census but this was misleading as those figures referred to access to piped water supply without regard for quality of service or level of treatment.

Other sources: ADB Country Strategy and Program Update (2003-2005), Samoa Ministries of Health and Education.

Samoa is in a strong position to achieve the goal of halving the proportion of under-five children who are under-weight before the target date. The proportion of moderately underweight children in the past decade has decreased from 6% in the early nineties to less than 1.9% as recorded in the 1999 National Nutrition Survey. While there are sporadic cases of children with malnutrition, these do not reflect the ‘tip of an iceberg’ of a widespread public health problem as regards overall under nutrition and growth. The situation could change if there was a shift in eating habits or change in food supply as in a situation following a cyclone say. There is on the other hand a prevalence rate of overweight of 7.8% and obesity of 2.8% for children aged 2 years to 4 years as measured by the body mass index (BMI).

Samoa has already surpassed the 2015 target of reducing infant and under-5 mortality rates. Infant mortality rate has declined from 22.4 per 1000 live births in 1990 to 17.8 in 2000. Similarly under-5 mortality dropped from 42 in 1990 to 25 in 2002. The most important preventive measure for under-5 mortality is breastfeeding. In 1999, 93.7% of children initiated breastfeeding and the medium duration of breastfeeding was 22 months. The exclusive breastfeeding rate at 4 months of age was only 58.3%. Only 35.8% of children first received soft foods between the ages of 6 and 9 months. These are key challenges which are being addressed through the adoption of a Breastfeeding Policy.

In terms of the educational targets, generally children throughout Samoa have access to primary and secondary education; gender equity is not a serious issue however not all children participate. The declining trends in net enrolment in primary education as well as a high drop out rate after the first two years of primary education are a concern and pose a real challenge to the achievement of universal primary education by 2015. The causes for not attending school or dropping out are many and varied. The challenge is for the government to consider options that would support and strengthen its compulsory primary education policy and continuing to place emphasis on the provision and delivery of quality education.

The Ministry of Health has developed a system of registration and training of Traditional Birth Attendants (TBAs) with the aim of ensuring that they can manage normal labour safely, recognize complications and risk factors, and transfer complicated cases (or those beyond their scope of experience) rapidly and appropriately. However it is important to balance this by strengthening professional obstetric services and ensuring that women have access to both the services and the information they need to plan wisely for childbirth – recognizing that the strategy of training TBAs to improve obstetric services is worldwide “now increasingly seen as a failure” (Ref: World Health Report 2005 Box 4.4: Traditional birth attendants: another disappointment).

Immunisation coverage has been reported at consistently high levels for all vaccines for many years. However, at the time of the measles outbreak (eventually shown to be rubella) in 2003, blood tests carried out on children and adults presenting with acute rash and fever showed unexpectedly low levels of measles immunity. This prompted an in-depth review of the national immunisation programme, carried out with the assistance of WHO and UNICEF in October 2004. During the review, reported immunisation coverage data for 2001-2003 were re-calculated using information from the 2001 census on the number of children under one year of age. This gave significantly lower coverage figures than the method previously used (in which the “eligible population” for each dose was ascertained during vaccination rounds in each village), but is considered much more accurate. From 2004 the Ministry of Health has adopted the use of census-based denominators for all immunisation coverage reporting.

It is now recognized that Samoa’s immunisation programme is not as strong as previously thought, with significant numbers of children not receiving full courses of vaccination and thus remaining susceptible to vaccine-preventable diseases. The Ministry of Health is implementing a range of measures to strengthen this programme.

By prioritising investment in water and sanitation, the Government is seeking not only to progress improvements in public health but also to have an impact across its entire development agenda. Improved water resources management and access to water supply and sanitation is intrinsically interconnected with achievement of each of the eight MDGs, with those who are most vulnerable often benefiting the most. Under EDF support, access to safe drinking water increased by 6% during 2005 with national figures reaching 47% of the population. Planned works during 2006 area anticipated to increase access increase to 55%, with an overall government target of over 85% by 2010. Progress with improved,

environmentally-sensitive sanitation and wastewater disposal are being partially addressed in the Apia urban area and in selected community facilities in rural community. However, safe sanitation and wastewater disposal remain public health and environmental concerns.

In view of inconsistencies in data collated at sector level and those by the central Statistics Division under the Ministry of Finance, a proposal has been approved for institutional strengthening for the Division including addressing capability planning gaps under a bilaterally jointly funded Public Sector Improvement Facility. There is also discussion of setting up an independent Statistical Bureau.

### **II. 3 Samoa's development strategy**

The vision for the current Strategy for the Development of Samoa 2005-2007 focuses on achieving and Improved Quality of Life for All. The achievement of the vision relies on the effective implementation of priority strategies to achieve a profitable private sector, a strong and diversified agriculture sector, a dynamic and sustainable tourism industry, a coherent stable and entrepreneurial community and efficient and effective education and health services. Achievement of the vision will also result in the attainment of Samoa's MDG targets. In support of the principles of good governance, the preparation of the Development Strategy was widely consultative and the priority strategies were an outcome of these consultations.

Strengthening the private sector entails the continued refinement and strengthening of an enabling environment for development as well as promoting investment in areas where Samoa has strong comparative advantage.

Agriculture plays a critical role in the development of rural areas and in improving the livelihoods of all Samoans. Development will target increased production for local consumption and food security as well as commercial investment. Improved production utilising appropriate technologies will be intensified to accelerate agriculture growth.

Tourism offers great potential as a source of foreign exchange as well as a means for employment creation and income generation particularly for the rural areas. Emphasis will be on refocusing the marketing strategy to promote a niche product that centres on the blending of the unique Samoan culture and pristine environment; developing the infrastructure and human resource development.

Community development aims to increase village production, maintain social cohesion and harmony and law and order in the community. The development of the village economy is a key strategy for alleviating hardship therefore key strategies will focus on improving village agricultural production and the promotion of small to medium scale business opportunities.

Further to the development of the Strategy for Development of Samoa (SDS), sector planning and programming is widely promoted across the whole of government. A number of sectors have completed sector plans namely Water, Education and Health with some in 'work in progress'. Those that have completed sector plans are in the initial stages of implementing sector programs. Other work in progress includes the development of national indicators to gauge the implementation of the SDS as well as sector performance.

### **II. 4 Analysis of the viability of current policies and the medium-term challenges**

It is important to ensure that the stable macroeconomic environment achieved is maintained through prudent fiscal and monetary policies. To safeguard macroeconomic stability, it is important that the current underlying growth in the economy is slowed down. Real economic

growth to date has also been driven by the expansionary Government budget soaking up a substantial portion of liquidity in the financial system. To allow the private sector to be the engine of growth, the Government's fiscal policy should adopt a contractionary stance in 2006/07 and the same or a neutral stance in the years following. The Government is making every effort to ensure a balanced budget.

One other medium term challenge is to ensure that WTO accession is achieved prior to graduation from LDC status. In this regard, considerable progress has been made in further tariff reforms including the need to consider viable alternative revenue sources and efficient revenue collection.

Faced with the prospect of low levels of Foreign Direct Investment even after considerable efforts have been expended in creating an enabling environment, there is urgency in finding other means of employment creation in order to cater for the fast expanding youth population that leave school each year. The focus is on the promotion of small medium enterprises and ready availability of credit through micro-credit schemes.

### **CHAPTER III: OVERVIEW OF PAST AND PRESENT EC COOPERATION, COMPLEMENTARITY AND CONSISTENCY**

#### **III. 1 Overview of past and present EC cooperation (lessons learned)**

##### *Overview of past co-operation*

Under Lomé I-IV Samoa received both programmable and non programmable aid amounting to €84 million of which about 50% came from National Indicative Programme resources, 30% were STABEX funds, 19% was EIB financing and 1% was emergency aid. Under Lomé I, Lomé II and Lomé III Convention the focus of development cooperation was on the energy sector, and the resources were devoted principally to the development of hydro-power generation schemes (Afulilo Hydroelectric Scheme). Micro-projects were also funded under these Conventions, covering rural schools, health centres, water storage, agricultural development and community based projects, as well as a venture capital fund to assist small to medium enterprises in rural communities.

Under Lomé IV the emphasis shifted to social and economic infrastructure in rural areas under which a major rural water supply project was carried out and micro-projects programmes of community based operations were successfully implemented. The operations encompassed fisheries, agriculture, health, education, village tourism development and youth programmes.

##### **III. 1.1 Focal sectors**

The cooperation in the water sector was considered so successful by the Government, other stakeholders and monitoring reports that it was decided to broadly maintain that as the focal sector and to continue microprojects programme as a non focal sector within the framework of the 9<sup>th</sup> EDF Cotonou Agreement under which Samoa was allocated € 20 million for the A-envelope and €7.1 million for the B-envelope. The EC is the main donor in this sector in Samoa.

Under Samoa's 9<sup>th</sup> EDF Country Strategy Paper the focal sector is defined as the *improvement of the quality of public health through the development, management and conservation of water resources and the disposal of waste water, in the framework of sustainable development*

*of Samoa's economic and social environment.* The overall goal is public health improvement and the specific objectives being pursued include the provision of reliable quality water supply to all areas of Samoa, sustainable management of natural resources and due respect to environmental considerations, particularly to water resources, as well as environmentally friendly wastewater disposal and sanitation. Results anticipated are: a coherent water resources management strategy in place; construction and rehabilitation of water supply projects completed; support to the SWA in place and operational; and appropriate sanitation practices in place. Continued public sector reform, the streamlining of the water sector organisations, and development of water policy were identified as accompanying measures, together with important cross-cutting objectives aimed at enhancing stakeholder involvement and environmental protection.

### ***Results achieved at a sector-level***

Due partly to 8<sup>th</sup> EDF intervention access to safe drinking water increased from 41% to 47% of the population in 2005. The 9<sup>th</sup> EDF Water Sector Support Programme (WaSSP) provides support for attaining medium- to long-term goals in the water sector. However, tangible results under this new initiative are not anticipated until 2007, i.e. after the start-up phase. The programme will increase access to safe and reliable potable water supply to a further 53,500 rural villagers (30,600 in Upolu and 22,900 in Savaii), approximately 30% of the total population. Complementary measures will improve the effectiveness of existing water supply systems and ensure unaccounted for water is reduced to economical levels, thereby improving system efficiency and levels of cost recovery. The negative impacts on public health and the environment due to inadequate sanitation and wastewater disposal facilities will be addressed through provision of appropriate and environmentally sensitive sanitation facilities to 200 schools and 15 district hospitals. Supplementary measures will reinforce hygiene education programmes and ensure safe collection and disposal of septage. Institutional support under the Water Sector Support Programme will lead to improvements in water sector governance and the development of a coherent water resources management strategy, with a focus on effective and sustainable allocation, conservation and protection of the water resources. Technical and management capacity building support will also assist Samoa Water Authority, Ministry of Natural Resources, Environment and Meteorology and others in the transition toward a more complete sector-wide approach.

### ***Sector policy & strategy***

The Government has continued to develop and strengthen its water sector policy and strategy and to bring together all aspects of water management and use within a mutually reinforcing plan of action. Means to strengthen sector planning and coordination have centred on the *Water for Life* process and the development of a *Water for Life: Sector Plan and Framework for Action*. This document provides a foundation on which to build and periodic update and revision are anticipated under the Water Sector Support Programme activities, including the strengthening of a medium-term expenditure framework (MTEF) to guide future investment in the sector.

The *Water for Life* initiative should not however be viewed in isolation but rather as a continuing process - with the *process* itself seen as a central element in stimulating the successful development of a successful sector-wide approach. This process has included a review and update of the National Water Resources Policy and development of a complementary National Water Services Policy which has been approved by the Cabinet Development Committee (CDC) but is awaiting final endorsement by Cabinet. The *Water for Life* process has also led to the formalisation of a Water Sector Steering Committee (WSSC)



to guide sector policy and programme implementation. The WSSC has a core representation from key Government ministries (Health, Finance, Women, Community and Social Development, and Works, transport and Infrastructure), the major water users and utilities (SWA and Electric Power Corporation), and the NGO/NSA sector (SUNGO), with invited observers including the EC. Means to strengthen the management and coordination of day-to-day operational activities is also being established via a new Water Sector Programme Management Unit (WS-PMU) within the Ministry of Finance.

### ***Donor co-ordination***

Donor coordination is essential under the sector-wide approach and both formal and informal meetings to discuss progress with projects/programmes, to identify means to improve and strengthen co-ordination, and to explore options for future donor financing have been encouraged over the past year. Key partners in the discussions have included the ADB, AusAid, NZAid, JICA, UN and others. Close coordination with key regional organisations (such as SPREP and SOPAC) has also been maintained. It is anticipated that a more formal process will be established soon..

### ***Institutional reform***

Continuing institutional reform has led to the Meteorological Office (formerly under the Ministry of Agriculture, Forestry and Fisheries) to be placed under the Ministry of Natural Resources and Environment and Meteorology (MNREM). The move has strengthened MNREM's capacity for water resources assessment and should provide a stronger basis for water resource management strategy formulation and implementation.

Devolving powers to line ministries and corporations, empowering community involvement, and providing private sector opportunities are key elements of sector policy implementation which have had an impact on the implementation of EC programmes in the sense that organizational roles and responsibilities are mainstreamed thus strengthening local ownership. The Soma Water Authority takes a lead role in project management and supervision with infrastructure design, works construction and community awareness and consultation tasks outsourced to the local private sector. This approach has successfully served to increase ownership by the SWA, to strengthen local consultant and contractor experience, and to ensure communities are actively engaged and committed to the project deliverables.

### ***Capacity building and institutional development***

Capacity building and institutional development are essential to the success of a sector-wide approach. Skill shortages in some areas and high staff turnover in Government ministries and the SWA remain areas of concerns despite the introduction of new management procedures, more transparent human resource processes, and greater emphasis on training and staff development. A focus toward institutional development that can internalise training and skills development is required. Technical assistance under the WaSSP programme is primarily focussed toward strengthening skills and capacity within the implementing agencies. Innovative approaches to ensure institutional strengthening, rather than simple training of individuals, is being encouraged with potential links to the technical colleges and the new Samoa Qualifications Authority (SQA).

### ***Cross-cutting themes***

Incorporation of cross-cutting themes is implicit in the sector programme. As noted above, institutional strengthening and capacity building are core components of the programme and are used to strengthen effective implementation, within key agencies in the Government and



elsewhere. Gender issues and concerns have been mainstreamed through consultation with key stakeholder groups including representation from Women in Business, Ministry of Women Affairs, Social and Community Development (MWSCD) and Village Women's Committees who are all active and well represented at the village and community level. Inclusion of the MWSCD on the WSSC also ensures gender is represented at this higher-level of decision-making. Environmental concerns are at the centre of water policy objectives and the sector programme builds on these principles in supporting measures to protect the integrity and function of the natural ecosystems as an essential prerequisite to fulfilling broader sustainable development goals. The Programme includes measures to improve land and water management, to make investments in improved sanitation, and to support wastewater disposal and management. The Ministry of Natural Resources, Environment & Meteorology is a key partner in programme implementation and the establishment of a dedicated Water Resources Unit within the Ministry helps to ensure environmental concerns are mainstreamed in all activities. The Programme also supports community-led interventions under a key message that '*water is everybody's responsibility*'. Interventions draw on lessons from on-going regional projects piloting community-based catchment management initiatives under the UNDP/GEF International Waters Programme (IWP) and establish closer links with Regional initiatives, particularly those under SOPAC's Community Lifelines programme.

### **III. 1.2 Projects and programmes outside focal sectors**

A third phase of a successful Micro-projects programme started on 1 May 2003 with a budget of € 4 million and is scheduled to end in April 2007. The programme aims at assisting in the alleviation of poverty by increasing access to social and economic infrastructure facilities in rural areas as well as the capacity to develop and maintain such facilities. Since the programme commenced in 1995 around 400 projects have been implemented. Payments on ongoing individual commitments over the first three years of implementation amount to € 2.944 million. Over the last 12 months around 60 projects have been approved for funding with a good distribution over key sectors of education, water, agriculture, health and tourism. The NGOs in Samoa also have access for capacity support and are actively involved in project reviews, approval and monitoring through the participation of the SUNGO and "Women in Business" (WIB) in the Micro-project Steering Committee.

The "External Monitoring Mission" visited the project in August 2005 and gave a very positive assessment. Furthermore, an external mid-term evaluation was implemented in January/February 2006 and a final report submitted in April 2006. The evaluation was positive with performance ratings given as *highly satisfactory* for relevance and *satisfactory* for efficiency, effectiveness, impact and sustainability. Recommendations in order to take full advantage of the results produced to date, and to further improve the beneficiaries standard of living in the future, are being addressed both in the current programme and will be addressed in a fourth phase of the Micro-projects programme (2007 – 2009) which has a total budget of € 1,238,464.60.

Based on the evaluation of the Micro Project Programme, impact and sustainability of should be continuously increased and ensured through an emphasis on projects that demonstrate a link to a value added chain with an environmental component. The development of indicator will allow an accompanying monitoring to measure the impact of the projects.

### **III. 1.3 Utilisation of Envelope B**

Indicative allocation for the 9<sup>th</sup> EDF under envelope B was € 7.1 million. The Mid-Term Review recommended the transfer of € 5.0 million from the B-allocation to the A-envelope

for the water sector. Subsequently, € 0.94 million FLEX entitlement (2003) was also transferred to the focal sector. Given the importance of the envisaged activities for improving the local population's resilience to natural disasters, additional € 1.16 million support was agreed (€ 1.14 million under FLEX + € 0.02 under Humanitarian assistance) was allocated to the fourth phase of the Microprojects programme. Samoa's 9<sup>th</sup> EDF NIP allocation under envelope-B has thus now fully utilised. It should be noted as regards disaster preparedness and risk reduction that all current and future programmes (bilateral and regional) should include reinforcement of the national capacity to respond to disasters and should encourage countries to propose their own strategies.

### **III. 1.4 Other instruments**

#### ***III. 1.4.1 STABEX***

Samoa has received more than € 26 million in STABEX transfers between 1975 and 2000 to help stabilise export earnings from copra, coconut oil and cocoa beans. Under the 7<sup>th</sup> and 8<sup>th</sup> EDF STABEX transfers, including interest up to December 2004, amounted to € 7,217,493, whilst total commitments under agreed FMOs were € 7,084,405. The difference between available funds and commitments is accrued interest on bank accounts from 2002 and 2005.

In September 2005 a Rider to FMOs 1991 and 1993, which rationalised activities and should result in the timely implementation of the programme, was agreed. The rider reallocates all balances of funds (which includes exchange rate gains) The project under this Rider is designed to complete the Rural Water Supply Consolidation Project (RWS-CP) which had the purpose to improve the quality of public health for rural populations by consolidating the impact and sustainability of benefits from new improved water supply infrastructure. The focus of the project is to introduce or upgrade minor sub-mains and to facilitate household connections in the more remote reaches of the water supply system. Implementation of the work programme activities commenced in February 2006 and the programme should be completed by mid-2007, thus ensuring a timely sunset.

The implementation protocol for utilising the remaining balance of funds under the 1994 Rider 1 is being finalised. The activities envisaged will be a direct continuation of those agreed in Rider 1 (signed 6/02/02) and will not involve commitment of additional new funds. However the protocol will identify activities to fully utilise all balances of funds under this FMO in a timely way.

#### ***III. 1.4.2 Regional Cooperation***

The regional allocation under the 9<sup>th</sup> EDF amounts to € 29m and includes three focal sectors "Economic Integration and Trade" (€ 9m), "Human Resources Development" (€ 8m) and "Fisheries" (€ 5m) and a non-focal sector, for extension of the 8<sup>th</sup> EDF programmes to the 6 new ACP countries (€ 7m). The Regional Strategy Paper was signed in 2002 by Commissioner Nielson, during his first visit to the Pacific.

Samoa has benefited mostly from regional activities that have had project teams visit countries to provide information on the projects and identified the links to national priorities such as PRIDE and Reducing Island Vulnerability. Furthermore, Apia continues to be main office of the South Pacific Regional Environment Programme, SPREP.

Samoa has not accessed any of the facilities available through intra-ACP cooperation except through one regional project under the EU ACP Water Facility (the HYCOS project submitted

by and implemented through SOPAC). The difficulty faced (which stymies the interest to apply for assistance under the Water and Energy Facilities) is the inability to secure co-financing for such projects.

For a complete overview regarding the cooperation under the regional indicative programme please refer to the Annexes.

### **III. 1.4.3 European Investment Bank (EIB)**

In 2005, the EIB approved a global loan of up to € 7 million to the Development Bank of Samoa under the Pacific Islands Finance Facility. This is the sixth operation of EIB with this development bank, which has proven to be an efficient user of EIB resources during the last years, also thanks to a sound economic environment.

The EIB held frequent meetings during the year with the Samoan Manager of the Samoa Venture Capital Fund, a private equity fund for which EIB was one of the founding investors alongside IFC and ADB. The EIB chairs the fund during the years 2005-2006.

### **III. 2 Information on the programmes of the Member States and other donors (complementarity)**

While none of the EU Member States has an important bilateral aid programme with Samoa, donor cooperation, coordination and harmonisation is nevertheless crucial for effective development assistance, due to the significant number operations of the various development partners active in the country.

The basis of all development cooperation programmes is the Strategy for the Development of Samoa (SDS) which clearly articulates the development priorities of the government. Aid coordination is effective in Samoa in that there is no duplication of activities and the purpose of integrating external assistance with the development priorities of the government has been achieved. The use of aid management tools and the setting up of sector coordinating mechanisms have ensured that there is effective and efficient utilisation of resources.

The emphasis on sector planning is providing a framework for the identification of public policy initiatives, programmes and projects that are consistent with the SDS and provide direction for country strategies of the various development partners. Greater emphasis is being placed on alternative modes of financing, such as pooled funding or budget support, and there is growing dialogue and commitment from development partners toward harmonisation.

Over the years, there has been a significant change in the execution of aid delivery by NZAID and AusAID. These agencies work in close collaboration with the Government towards harmonisation of procedures and ensuring that a joint country strategy developed with the Government of Samoa is approved by all parties. Both donors have similar focal sectors which are education, health, justice, law and order as well as community development, and both donors have alternating arrangements with regards which donor takes the lead role in the respective sector. For some initiatives they delegated responsibility for programme implementation that both are involved in. As regards the education sector, coordination of all stakeholders should be strongly encouraged, particularly in the primary education sector, given the rising rate of drop-outs.

Japan provides its response to the SDS through assistance focused on education, human resource development environmental concerns and the development of transportation under the various subcomponents of its ODA. While the Government of Japan has been invited to consider participation in a SWAp in terms of the delivery of its assistance, it has yet to indicate agreement and prefers to provide support on a parallel funding basis.

The UN system are progressing more to joint programming involving all its specialised agencies under the UN Development Assistance Framework. As such, the Government had requested the collaborative assistance of the UN country team in the implementation of an integrated program for youth.

The Government of China maintains its focus on infrastructural development in the area of sports development and public sector infrastructure. A recent development has been the use of a preferential loan scheme to deliver ODA rather than grants and the resultant increasing use of its state owned enterprises.

The multilateral financial institutions continue to provide concessional loan financing of priority needs in the areas of health, infrastructure asset management, renewable energy and sanitation and drainage. A donor matrix is presented in the annex 2.

### **III. 3 Other EC policies**

Coherence between development co-operation policy and other EC policies (trade, fisheries, agriculture and environment) relevant for Samoa will be assessed on a continuing basis. Coherence with cross-cutting issues referring to gender mainstreaming, environmental considerations and principles of good governance will be observed in all future projects.

### **III. 4 Description of the political dialogue with the partner country**

Relations between Samoa and the European Union can be described as problem-free. Dialogue with the Samoan authorities proceeds constructively, focusing most particularly on development cooperation matters.

The Deputy Prime Minister and Minister for Commerce, Industry and Labour is the National Authorising Officer (NAO) under the European Development Fund, whereas day-to-day business is mostly carried out with the Deputy NAO, the Chief Executive Officer in the Ministry of Finance. Samoa also has a diplomatic mission in Brussels and is actively involved in intra ACP and ACP-EU consultations.

### **III. 5 Description of the state of the partnership with the recipient country and progress towards harmonisation**

Samoa has been one of the best performers among the Pacific countries in absorbing EDF funds over the past decade. This led to a constant increase in programmable resources.

In 2004, Samoa adopted a set of harmonisation principles governing its cooperation with NZAID and AusAID and hopefully other development partners as well. As a result there was a Joint Programme strategy which was launched in early 2006. Moreover, the Government adopted a sector-wide approach for aid delivery, a move that is aligned to the whole of government sector planning programme. In the implementation of programmes, under the sector-wide approach, the Government of Samoa and the donors involved have agreed to a financing framework of pooled resources and agreeing to harmonised procedures using as much as possible the Government of Samoa systems. Integral to this is the opportunity for capacity building in order for the Government of Samoa to effectively play its lead role and consolidate ownership.

The Government has also developed joint programming with the United Nations Country Team comprising agencies that are resident in-country, as well as those represented by UNDP Apia. In this instance financial management utilises government systems.

The EU has played a similar role in partnership with the government in the development of the 9<sup>th</sup> EDF water sector support programme (WaSSP). Some of the harmonised procedures already adopted in the focal sector include the use of one Joint Steering Committee and streamlined reporting to monitor and oversee all the projects in the sector that are funded by

the EU, Asian Development Bank and the Government. Please refer to the annex for further information on the harmonisation road map.

## **CHAPTER IV: RESPONSE STRATEGY**

### **IV. 1 Principles and objectives**

Under the Cotonou Agreement, the overarching objective of ACP-EC cooperation is poverty reduction and ultimately its eradication; sustainable development; and progressive integration of the ACP countries into the world economy. The overall objective of the response strategy is to support Samoa's own national policies and strategies in achieving these objectives.

Samoa has a stable political environment in which the Government reform programme has remained largely on track. The economy grew 3.7% in 2004 and a slightly higher growth rate is expected in 2005. The latest Strategy for the Development of Samoa (SDS 2005-2007) was launched in March 2005 with a main focus on improving economic and social welfare at the community level and an emphasis on promoting private sector investment, which is considered vital to delivering a better quality of life to all Samoans.

The Government has demonstrated a strong commitment to social development, utilising effectively EDF resources placed at its disposal over the years in a variety of programmes focusing on economic and social infrastructure, energy provision, micro-programmes in rural areas, and water and sanitation. The general impression from economic and social indicators is of relatively good and improving quality of life. But living conditions for important parts of the population can be enhanced and this is reflected in the priority given to social cohesion, education, health and basic infrastructure.

Taking into account the above analysis referring to the situation of the country, its potential, its constraints and its policy, considering also the past experience with EC co-operation, the results of evaluations<sup>3</sup> and other donors' lessons, and keeping in mind the overall objectives of the partnership, the response strategy to Samoa's requirements should adhere to the following principles:

- the EDF-funded interventions will have a high and positive impact on the constraints which slow down economic and social progress in the country;
- the operations are sustainable, i.e. continue to deliver benefits to the target groups after completion of the EDF-funded interventions;
- the operations are guided by the principle of concentration and capitalise on previous areas of intervention by the EU, in particular where the EU is seen as a lead partner by both the government and other donors;
- the operations promote increased ownership of the development programmes, provide a more efficient aid delivery mechanism, and facilitate coordination with other partners,
- the operations are undertaken in areas where the EU has a comparative advantage, compared to other donor organisations

In order to assist in the definition of future strategy under the 10<sup>th</sup> EDF, use should be made of the recommendations provided in the "Thematic evaluation of the European Commission's

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<sup>3</sup> See in particular "Towards sustainable water resources management", A Strategic Approach and Guidelines for water resources development co-operation, European Commission, September 1998

support to Partner Countries in the Water and Sanitation sector” (ref: EUROPAID – 116546/C/SV/Multi-Jly 2006).<sup>4</sup>

Other studies which could assist will be the technical report (by DG RTD) containing the analysis of 10 years of international water research cooperation and lessons learned.

Good governance issues will also play a prominent role, notably with regard to the Pacific region<sup>5</sup>. The priority in this regard will be to promote good financial, fiscal and judicial governance and to support Samoa’s efforts to implement the OECD Global Forum’s principles of transparency and effective exchange of information for tax purposes.

## **IV. 2 Priorities for co-operation**

### **IV. 2.1 Focal sector**

Based upon the global objectives defined in the Cotonou Agreement between the ACP countries and the European Union, and taking account of the strategic objectives of the Strategy for the Development of Samoa 2005-2007, the cooperation programme will in particular contribute to the alleviation of poverty through the improvement of public health through support to Samoa’s water sector programme, known as the *Water for Life: Sector Plan and Framework for Action*. By prioritising investment in water, the Government aims not only to progress improvements in public health but also bring benefits across its entire development agenda, as improved water resources management and access to water supply and basic sanitation are intrinsically interconnected with achievement of each of the eight MDGs. Promoting renewable energy as an integral part of the water sector programme will also reduce escalating energy prices and help to alleviate associated hardships.

85% (or €25.5 million) of the total NIP resources will be allocated to focal sector activities.

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<sup>4</sup> Main recommendations of the thematic evaluation – Water & Sanitation Sector:

1) Specific Water & Sanitation (W&S) sectoral needs of a partner country and the potential contribution W&S actions reducing poverty and raising living standards, can best be mainstreamed into the CSP and NIP by moving towards more formal partnerships for the W&S sector between the EC and its partners.

2) Before a water supply project or programme is contemplated, the need for a sanitation component must be properly assessed, and if appropriate included.

Although the IWRM principles (like proper understanding of the water resources management process, and stakeholders well equipped) are being considered, they should be applied more rigorously in planning/design/management of water supply schemes.

3) Balancing W&S policies with the inability of some in society to pay for water, and the need for sustainability through higher investments in Operation and Maintenance, and ensuring beneficiary empowerment, must be viewed as W&S sectoral priorities.

4) Continue and expand the use of sector and budget support mechanisms to implement W&S actions. Where “basket” funding is being used through sector programmes, special efforts should be made to ensure that Member States’ development and sectoral priorities and the ones promoted by EC will be aligned.

The EC’s financial and management systems, via which it administers W&S sector and budget support programmes, should be closer harmonised with those used by the recipient government.

5) Efforts to advance gender awareness in the W&S sector, particularly at decision-making level, should be doubled.

6) Performance indicators should be selected and mainstreamed to enable policy-makers and senior managers to assess impacts of service delivery on health and poverty. These indicators should also enable to demonstrate successes to a wider audience with more confidence.

<sup>5</sup> See in particular the Commission Communication “EU Relations with the Pacific Region – A Strategy for a strengthened Partnership” in point 3.2.1.; COM (2006) 248 final

The response strategy for the 10<sup>th</sup> EDF recognizes that the water sector in Samoa is at a critical stage in its evolution and that the EU has a comparative advantage in ensuring sector development translates in to tangible social and economic benefits, assists in alleviating poverty, and supports sustainable development in all its multidimensional aspects. The foundations for change in the sector have largely grown out of EC support stretching back to the 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> EDFs with interventions under the 9<sup>th</sup> EDF facilitating the move away from a *business as usual* approach to a *sector-wide* approach. However, catalysing change and setting development within an integrated framework underpinned by IWRM principles and practice can only be achieved through a gradual process of change which needs to mature over the coming years.

Under 9<sup>th</sup> EDF support, Samoa successfully switched from a project-based to a programme-based approach for focal sector activities with implementation guided by the principles of a Sector Policy Support Programme (SPSP), albeit using Commission-specific procedures. The 10<sup>th</sup> EDF will see a consolidation and strengthening of the Sector Programme approach with implementation modalities shifting, where possible, to a **budget support mechanism**. In preparation for this possibility, the Commission has carried out an independent assessment of Public Finance Management (PFM) which has identified certain weaknesses in public financial management. The report's key concerns "include the late finalization of public accounts and the non disclosure of much development funding done outside the Treasury funds in the public accounts. The report says that the control environment is not complete or very effective and that monitoring of revenue and expenditures and cash management is not given sufficient attention. "Lack of connectivity between information systems is also a problem." The EC will engage in dialogue with the Government with a view to agreeing on steps that need to be taken by the government in response to this report.

The EC has been a key partner in sector policy dialogue throughout this period and the challenge for Government, and indeed all stakeholders, is to consolidate the gains already made and to use these as a basis to move forward. Interventions under the 10<sup>th</sup> EDF aim to consolidate and complete the transition and to address important related natural resource management and environmental issues as an essential part of the development agenda, in line with national and regional priorities identified in the SDS, the Pacific Plan, and the new EU Strategy for the Pacific. Europe remains a global leader in the area of sustainable water resource management and can bring a comparative advantage to these activities.

In providing support to the Samoan Government and its sector-wide approach the EU intervention will also:

- promote increased ownership of the development programme by relevant stakeholders
- ensure further alignment of EC assistance to strategic priorities as reflected in the SDS
- increase coordination with other donors in the sector and ensure joint monitoring and evaluation of both government and donors contributions
- shift the emphasis from donor inputs and procedures to outcomes and performance indicators at the sector-level
- address capacity constraints within implementing agencies
- promote accountability and good governance of the overall resource allocation for development programmes, and



- improve the quality of policy dialogue and of the partnership between Samoan authorities and the donor community

Cross-cutting issues are incorporated in the sector programme and will be mainstreamed throughout the sector. Good governance will be promoted through capacity building and institutional strengthening activities in partnership with Samoa. The gender aspect is addressed through involving various stakeholders particularly NGO's and village women committees in the preparation of the strategy and the implementation of the programme. Strategic Environmental Assessment will be undertaken where necessary to ensure the protection of the environment in order to promote sustainable development.

Climate change is an important cross-cutting issue, in particular for the Pacific region and SIDs as a whole. Major regional initiatives are being considered in the context of the forthcoming 10<sup>th</sup> EDF Regional Indicative Programme. SPREP is also very active in this field, as is UNDP. On the country level, Samoa already has a National Adaptation Programme of Action (NAPA) and has taken important steps in this area. Under the 10<sup>th</sup> EDF, due consideration needs to be given to the likely exacerbation of potential problems such as epidemics and famine due to water contamination, loss of arable land, and population displacement (the latter linked also to disaster response planning). For Samoa, some specific issues should also be borne in mind with regard to improved water resources management, for example the possible need for watershed management, and for alternative production systems in agricultural activities (eg agro-forestry) – and also addressed in the identification process and feasibility studies which will determine the specific interventions and accompanying measures of the focal sector programme.

It is also noted that, given the difficulty of implementing individual disaster prevention programmes for each small island, a synergy should be found between all contributions to such programmes on a country and regional basis (for example the multi-country programme under the 9<sup>th</sup> EDF B-envelope).

#### **IV. 2.2 Non-focal sector / other programmes**

Some **15% (or €4.5 million)** of the total NIP resources will be allocated to non-focal sector activities.

As stressed in the SDS 2005-2007 and in the situation analysis of the country, the development of the village economy and the involvement of non-state actors (NSAs) are crucial for the achievement of the national development objectives. In the past, an EDF micro-project programmes has contributed significantly to the development of the village economy through the construction and operation of education, health, agriculture and other facilities.

Impact and sustainability of the Micro Project Programme should be continuously increased and ensured through an emphasis on projects that demonstrate a link to a value added chain with an environmental component. The development of indicators will allow an accompanying monitoring to measure the impact of the projects. Community-based projects have also been identified as a priority means of intervention in the NAPA.

Under the 10<sup>th</sup> EDF, support to non-state actors (NSA) will be maintained in the National Indicative Programme with an increased emphasis on capacity building operations and institutional support to increase the sustainability and impact of microproject-based interventions. Approximately 10% of the total NIP resources will be allocated to Non State Actor support activities. Samoa has no Local Authorities as such. Therefore village councils play an important role in policy dialogue at the local level, and of course in feed-back to the national level.

A Technical Cooperation Facility (TCF) will be established to support successful implementation of actions linked to commitments as regards good governance, notably in the tax area. One result of these actions should be implementation of the OECD Global Forum's principles of transparency and exchange of information for tax purposes. Provision will be provided for short- and medium-term technical assistance as well as a supply and procurement provision. Approximately 5% of the total NIP resources will be allocated to the TCF.

### **IV.3 Coherence and complementarity**

It is important that coherence with other EU policies (agriculture, fisheries, trade, external relations) is constantly checked during programme implementation. In the light of the proposed focus under the 10<sup>th</sup> EDF the risk of incompatibility between different EU policies is, however, considered minimal.

On the other hand, complementarity between the different co-operation instruments of the Cotonou Agreement and development programmes of other donors (especially EU Member States) has to be the subject of frequent consultations and co-ordination, not only on the spot, but also at headquarters. The existing mechanisms are considered sufficient to avoid overlapping or duplication in this area.

Coherence and complementarity will in particular be ensured in relation to the Pacific Hydrological Cycle Observing System (Pacific HYCOS), which receives the bulk of its funding from the EU-ACP Water Facility. The Pacific HYCOS complements – as a regional water resources management initiative – the activities under the focal sector by improving the management and protection of freshwater resources. It is expected that HYCOS will contribute to a more informed decision-making on integrated catchment management and planning through a more balanced consideration of economic, environmental and public health priorities. Furthermore, the “Integrated Water Resource Management Planning Programme” (co-funded under the European Union Water Facility and the Global Environmental Facility) addresses related efforts in the Water Sector in the region in general and in Samoa in particular. It should contribute to the sustainable development of the sector.

## PART 2: INDICATIVE PROGRAMME

### CHAPTER V: INDICATIVE PROGRAMME

#### V.1 Introduction

On the basis of the cooperation strategy presented in Part One and in accordance with Article 4 of Annex IV to the Cotonou Agreement, the Indicative Programme has been drawn up as a set of tables showing the intervention framework for each sector, the financial programming timetable and a detailed chronogram of activities for all listed programmes over a rolling three-year period. More information on these can be found in the Annexes.

Amounts mentioned in this chapter indicate the overall breakdown of funds between the focal sector(s), macro-economic support and other programmes. The breakdown may be adjusted in the light of the operational, mid-term, final or ad hoc reviews. However, for any adjustment resulting in a substantial change to the structure of the response strategy, a formal decision in the form of an addendum to the strategy document will be required.

#### V.2 Financial instruments

The implementation of the EC's cooperation strategy with Samoa will be financed from several financial instruments. The following is an indication of their mobilisation as currently envisaged:

- (a) **10th EDF, A envelope, € 30 million:** This envelope will cover long-term programmable development operations under the strategy, and in particular focal sector activities (€ 25.5 million / 85%) and other programmes (€ 4.5 million / 15%), including support to initiatives of non-state actors in the form of a new microprojects programme and a Technical Cooperation Facility.
- (b) **10th EDF, B envelope, €1.3 million:** This envelope will cover unforeseen needs such as emergency assistance where such assistance cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings.

In accordance with Article 3(5) of Annex IV to the Cotonou Agreement, this amount may, if necessary, be increased in the light of the operational or ad hoc reviews.

- (c) **Investment Facility:** In addition to the financial instruments mentioned above, of which the A envelope is the main programmable basis for the NIP, the 10th EDF also includes an Investment Facility, which is an instrument managed by the European Investment Bank. The Investment Facility is not part of the NIP.

Some specific activities may be supported by the **Centre for the Development of Enterprise (CDE)** and the **Centre for the Development of Agriculture (CTA)**.

- (d) **10th EDF Regional Indicative Programme (amount to be confirmed):** This allocation will cover long term programmable development operations under the regional strategy for the Pacific. The allocation is not part of the Indicative Programme but may have repercussions at national level depending on the participation of Samoa in the programmes proposed under the regional framework.

- (e) **Other financial instruments:** Specific activities may be supported by external actions funded by the general budget of the European Community carried out under the financial framework for 2007-2013 subject to special procedure and availability of funds, and out of the own resources of the EIB. Actions funded by the general budget include, among others, programmes funded under the Development Cooperation Instrument such as the thematic programmes "investing in people", "non state actors in development", "migration and asylum", "environment and sustainable management of natural resources" and "food security" ,as well as actions funded from other instruments such as the stability instrument, the instrument for the promotion of human rights and democracy or the instrument for humanitarian and emergency assistance.

Regional Initiatives related to the water sector are expected to complement the activities undertaken in the focal sector, particularly in the field of water resource management and protection of freshwater resources.

- (e) **Monitoring and evaluation:** Monitoring of results and evaluations of impact of individual activities (programmes, projects, sectors) under this CSP will be undertaken in line with the Technical and Administrative Provisions that are attached to each individual Financial Agreement prepared to implement this CSP.

The results and impact of the Community's cooperation with Samoa implemented through the NIP and through other external actions funded by the general budget of the European Community, will be assessed by means of an independent external evaluation. This country-level evaluation may be undertaken jointly with EU Member States and possibly also with other donor agencies.

### V. 3 Focal sector

It has been agreed to concentrate the programmable resources under the 10<sup>th</sup> EDF on **one single focal sector:**

Public health enhancement through a water sector policy support programme
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The following specific objective will be pursued: improvement of the quality of public health and living standards through support for the implementation of the Government's national development strategies and in particular the water sector programme as defined in the *Water for Life: Sector Plan and Framework for Action*.

As an indicative amount, approximately **€ 25.5 million** (85% of the A envelope) will be set aside for this field.

The EU will support government policies that strengthen water governance, increase access to safe water supplies, secure basic sanitation and wastewater disposal. in combination with sustainable management of the natural resources. The sustainable management of resources will be ensured through the capacity building activities and the technical support under the Water Sector Support Programme.

The main implementing instrument will be a budget support operating modality, provided that the framework conditions will be in place for such an operation, otherwise the traditional project support approach will continue.

The main sectoral policy measures to be taken by the Government as a contribution to the implementation of the response strategy in this field are:

- to continue to provide leadership of sector policy/strategy development and implementation
- to strengthen linkages between the SDS and sector programmes, including monitoring and reporting of sectors and sector programmes
- to build up budget programming capacity, including monitoring of public expenditure and budget implementation
- to undertake an assessment of public finance management (PFM) and improve systems where necessary
- to strengthen capacity to carry out audits and internal and external controls (audit, budget and financial control etc.)
- to build up capacity to monitor and analyse policy implementation and results including support to information systems or financing of specific surveys
- to formalise co-ordination of donor support in the sector through the consolidation of a medium-term expenditure framework

Performance indicators will be based on sector indicators reflected in the *Water for Life: Sector Plan and Framework for Action* and include government Commitments to:

- mandate the Water Sector Steering Committee (WSSC) to cover the entire water sector;
- jointly agree sector plans with donor agencies and IFIs;
- ratify national Drinking Water Quality Standards, and
- take the necessary steps to ensure effective cost recovery policies and tariffs for water and wastewater services are introduced and enforced

The *Water for Life: Sector plan and Framework for Actions* provides target values and a wide set of performance indicators to monitor the development and the progress of sector governance and orientation, water supply, water resource and waste water management. Typical key indicators are: number of water related disease, percentage of population with access to safe water supply and improved sanitation. These key indicators are supported by more detailed operational, financial and institutional indicators of involved authorities and ministries. The main commitments by the Government to ensure mainstreaming of the crosscutting issues are:

- to ensure the sector programme addresses, where appropriate, issues associated with governance, gender, environmental sustainability and HIV/AIDS
- to carry out the appropriate type of environmental assessment (SEA or EIA) where necessary, particular for the focal sector on water and sanitation

#### **V. 4 Budget support**

The assessment of prospective eligibility indicates that the preferred implementation modality will be budget support to support the focal sector. Compliance with eligibility conditions will be re-assessed during identification and implementation in line with existing guidelines.

## V. 5 Other programmes

In addition to the focal sector activities it is agreed to set aside an indicative amount of € 4.5 million or 15% of the NIP for the following actions:

- Support to non-state actors (NSA) via a new, revised microprojects programme, which will build on valuable experience gained under previous phases, but will put increased emphasis on capacity building operations and institutional support measures. Support for Non State Actors covers Non-State Actors eligible for funding as defined in Article 6 of the Cotonou Agreement and article 4(1) (d) of Annex IV to the revised Agreement. Depending on their mandate, support to Non State Actors may cover activities including, inter alia, capacity building, advocacy, research, awareness raising, monitoring and delivery of services to the population. In supporting Non-State Actors, the EC may make use of article 15(4) which allows it to be the Contracting Authority. Approximately **10%** of the total NIP resources shall be made available for this purpose".
- A Technical Cooperation Facility (TCF), which will provide a funding basis for the provision of technical assistance in the areas of good governance, notably in the tax area, public financial management, but also for other assistance required, such as the identification and formulation of new funding initiatives, to prepare the groundwork for budget support operations, to support project/programme implementation where required, to carry out studies (e.g. environmental impact assessments) and to strengthen institutional capacity by providing technical assistance and training. The TCF may also be used to finance necessary measures in support of good governance issues, regional integration and EPA related activities. Approximately **5%** of the total NIP resources will be allocated to this initiative

The main measures to be taken by the Government as a contribution to the implementation of the response strategy in the non focal areas are the provision of adequate human and financial resources to ensure an efficient and effective operation of the new microprojects programme, and to ensure the effectiveness of institutional support measures financed under the TCF.

As regards good governance and sound public financial management the Government of Samoa agrees to continue its dialogue with the OECD Committee responsible for cooperation on taxation matters and to implement the principles on transparency and exchange of information for tax purposes.

Furthermore, the Government is committed to good governance in the regulatory aspects of public service provision (water, sanitation, electricity) through transparent and fair regulation, with the objective of improving the quality and reliability of the services provided.

## 1.6 Intervention Framework & Performance Indicators

### 1.6.1 Focal Sector: Public health enhancement through a water sector policy support programme

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
<b>Overall Objectives</b>	Improvement of public health and living standards	Number of cases of water-borne diseases reported	Health statistics	Sufficiently good water quality can be ensured
<b>Programme Purpose</b>	Provision of support for the implementation of the Government's national water sector programme	Institutional support measures and infrastructure works set in place	Overall length of pipes put in place	•
<b>Results</b>	•	•	•	•

#### Proposals for performance indicators for water and sanitation activities

Below is a set of indicators that can be useful for designing performance assessment for W&S

Intervention	Indicator
Sustainable national water resource management	<ul style="list-style-type: none"> <li>• Existence of a national water policy, with clearly defined institutional roles and responsibilities</li> <li>▪ Regional exchanges on IWRM good practices.</li> <li>▪ Transparency of decision making processes and participation of stakeholders</li> </ul>
Fair and appropriate allocation of water between all users. - water for food, water for nature, water for basic needs & water for energy & industry,	<ul style="list-style-type: none"> <li>▪ Introduction of a national water resource plan, including a national &amp; local IWRM strategy.</li> </ul>
Improving health and quality of life of the poor through sustainable water resource management	<ul style="list-style-type: none"> <li>• % of Population (urban, peri-urban and rural) with sustainable access to safe drinking water"</li> <li>• % of Population (urban, peri-urban and rural) with access to basic sanitation</li> </ul>

Ensure an healthy access to safe drinking water, sanitation & waste disposal systems for the poor	<ul style="list-style-type: none"> <li>• % of mortality rate due to water-related disease (especially under 5 mortality)</li> <li>• Prevalence of diarrhoea</li> <li>• Health costs of water related disease (% of income)</li> <li>• Hygiene education &amp; sanitation facilities provided in schools</li> </ul>
Gender sensitive WS&S services and infrastructure	<ul style="list-style-type: none"> <li>• Involvement of women in decision-making processes</li> </ul>



## 1.7 Indicative timetable for commitments and disbursements

### 1.7.1 Indicative timetable of global commitments

	Indicative allocation	2008		2009		2010→	
		1	2	1	2	1	2
<b>FOCAL SECTOR: Public health enhancement through a water sector policy support programme</b>	<b>€ 25.5M</b>		25.5				
- Project 1	M €		25.5				
- Project 2	M €						
<b>NON FOCAL SECTORS</b>	<b>M €</b>						
- Non state actors microprojects programme	M €		3				
- Technical cooperation facility	M €	1.5					
- Contribution to regional programmes	M €						
-Other	M €						
<b>Total Commitments:</b>	<b>M €</b>						
<b>Total Cumulative Commitments:</b>	<b>M €</b>	1.5	30.0				

### 1.7.2 Chronogram of activities

Public health enhancement through a water sector policy support programme	Indicative allocation	2008				2009				2010→			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
- Project 1	€ 25.5 M	FS		AF	FD		⌘	⌘	⌘	⌘	⌘	⌘	⌘
- Project 2													
NON FOCAL AREAS		2008				2009				2010→			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
- Institutional support for non state actors.	€ 3 M			AF			⌘	⌘	⌘	⌘	⌘	⌘	⌘
- Technical cooperation facility	€ 1.5 M			FD		⌘	⌘	⌘	⌘	⌘	⌘	⌘	⌘
-Other	n.a.												

FS: Feasibility Study  
 AF: Action Fiches  
 FD: Financing decision  
 ⌘ : Project implementation

### 1.7.3 Indicative timetable of disbursements

	Indicative allocation	2008		2009		2010→	
		1	2	1	2	1	2
<b>FOCAL SECTOR: Public health enhancement through a water sector policy support programme</b>	<b>M€</b>						
- Project 1	M€			1	3	8	8
- Project 2	M€						
<b>NON FOCAL SECTORS</b>	<b>M€</b>						
- Non state actors microprojects programme	M€			0.1	0.4	0.4	0.5
- Technical cooperation facility	M€		0.1	0.1	0.2	0.2	0.2
-Other	M€						
<b>Total Disbursements:</b>	<b>M€</b>						
<b>Total Cumulative Disbursements:</b>	<b>M€</b>		0.1	1.2	3.6	8.6	8.7

## ANNEXES

- Annex 1:** “Country at a glance” table
- Annex 2:** Donor matrix
- Annex 3:** Executive summary of the Country Environmental Profile
- Annex 3B:** List of government commitments
- Annex 4:** Country migration profile
- Annex 5:** CSP drafting process: particular attention to involvement of NSA and local authorities
- Annex 6:** The harmonisation road map (*where there is one*)
- Annex 7:** Table including partner country positions in relation to key international conventions
- Annex 8:** Debt Sustainability Analysis
- Annex 9:** List of Acronyms



**Table of indicators for the MDGs**

Type	Indicator	2000	2001	2002	2003	2004	2005	2006	2015
Impact	Proportion of population below \$1 per day	15% <sup>1</sup> (1997)		5.0%					7.5%
	Prevalence of underweight children	6.1% (1992)	1.9% <sup>2</sup> (1999)						3%
	Under 5 mortality	42% (1990)		25% <sup>3</sup>		13			14%
	Gross enrolment ratio in primary education	98	93	96	95	97			100
	Net enrolment ratio in primary education	74	69	71	70	69			100
	Primary completion rate	85%				82 <sup>4</sup>			
	Ratio of boys to girls – primary	.98		.93		.92			1.0
	- secondary	1.06		1.04		1.08			1.0
	- tertiary	1.66		1.43					1.0
	Proportion of births attended by skilled health personnel	76 (1990)		77.6		90			
	Proportion of 1 year old children immunised against measles	89 (1990)		98% <sup>3</sup> 52% <sup>7</sup>		48% <sup>6</sup>			100
	HIV prevalence among 15-24 year old pregnant women	Not known	Not known	Not known	Not known	.002			
	Proportion of population with sustainable access to improved water supply (target figures in brackets) <sup>8</sup>	-	-	27%	37%	41%	47% (50%)	(66%)	(85%)

## ANNEX 2. Donor matrix

This matrix summarises the known interventions of other donors, including the Member States and multilateral donors. It will transparently reflect at least the results of the local coordination/harmonisation referred to above. It will highlight the division of labour and/or complementarity. The matrix will be both retrospective and prospective, covering both the past and the period 2006-2013.

The matrix must refer to the partner country's development strategy, especially, if the partner country has a Comprehensive Development Framework (CDF) or PRSP.

Donor (approx vol of annual aid)	Education	Health	Water	Transport	Law & order Public sector reform	Women youth & children	Environment & tourism development	Communications	Sports development	Finance and trade
<b>Australia (€ 11m) SDS and Joint Country Strategy</b>	Institutional strengthening. Materials production Training Cofinancing education sector program	Strengthening of management, NCDs Immunisation	Institutional strengthening SWA (completed)	TA for privatisation of Polynesian Airlines	Institutional strengthening Police Public sector improvement facility Capacity building judiciary	Children's rights Small Grants scheme for communities	Regional advisory services on climate change		Provision of technical assistance for skills development programs	Financial advisor New Financial system for whole of government
<b>New Zealand (€6m) SDS &amp; Joint Country Strategy</b>	Secondary curriculum development Training Cofinancing education sector program	Medical treatment scheme Medical Experts Child health Twinning arrangements with regional health boards			Justice & Courts administration ISP Law reform commission Public sector improvement facility Capacity building judiciary	Assistance to NGOs and support for SUNGO	Tourism development Community adaptations to climate change		Provision of technical assistance for skills development programs	Private sector support
<b>EU (€ 6 m) CSP</b>	School facilities through Microprojects	Health facilities Through Microprojects	Consolidated rural water supplies Program design assistance Water sector policy support programme including: IWRM, WS&S infrastructure, institutional			Microprojects	Microprojects		Sports fields in association with youth development	EPAs Trade agreements and related training Credit through EIB for Development bank

			strengthening and public awareness							
<b>Japan (€ 12m) *</b>	Polytechnic campus School facilities Training	Technical assistance Health facilities Immunisation Health waste facility	Community water projects	Technical assistance Ports development (completed) Fisheries port development			Waste management Tafaigata landfill	Technical assistance	Technical assistance	
<b>PRC (€ 16m) * Includes special assistance under Preferential Loan scheme</b>	Training	Medical team			Buildings for Courts administration and legislative assembly			Satellite communications and TV link	Aquatic centre Rehabilitation Apia Park	FDI
<b>WHO/UNFPA (€1m) Biennial country program</b>	Training	Training medical officers Technical assistance Drugs supplies Public health promotion	Water testing			Adolescent reproductive health Safe motherhood	Environmental health			
<b>UNDP (€1m) UN Development Assistance Framework</b>	Samoa Qualifications authority TCDC programme				Good governance and human rights	Integrated youth project Human rights activities	Biodiversity, conservation, climate change implementation of conventions	ICT for development		Structural adjustment facility
<b>World Bank(€6.8m)  Regional Strategy</b>		Health sector policy development and infrastructural development		Roads and bridges construction			Marine protected areas Institutional strengthening MNRE & coastal management Emergency recovery program	TeleCommunications development and postal sector reform		Technical assistance
<b>ADB (€ 10.4m) Country Strategy</b>	Cofinancing education sector program In-service training		Sanitation and drainage project for Apia area			Microcredit for small business development				Training
<b>Canada (€ 0.1m)</b>						Community development projects			Schools sports fields	



### **ANNEX 3. Executive summary of the Country Environmental Profile**

This Executive summary of the Samoa country environment profile provides the background information from a national perspective, and suggests possible areas for intervention with EDF 10 resources.

Samoa is made up of two main islands, Upolu and Savai'i and seven small islands. The country has a total land area of 2,850 km<sup>2</sup> and an Exclusive Economic Zone (EEZ) of 120,000 km<sup>2</sup>.

The Samoan islands are composed almost wholly of volcanic rocks with coral reefs forming in some coastal areas. Over 35% of Samoa's natural forests still remain however continuing land clearing for agriculture is a major threat to vegetation cover and water catchments. Overfishing, destructive fishing practices, waste, pollution, and coastal development are some of the key environmental issues. Government has made substantial gains in environmental management from designating national parks to the preparation of a coastal infrastructure management plan in consultation with the village communities. However the Government has yet to implement environmental impact assessment legislation to reduce the potential negative impacts of development.

Samoa has faced a challenging decade since the publication of its National Environment and Development Management Strategies (NEMS) in 1994, which is based upon the principles agreed to at the Earth Summit on Environment and Development held in Rio, 1992.

The NEMS states that for Samoa, *"It has become increasingly apparent that our natural resources are deteriorating due to the pressures we are placing on them. As the resources deteriorate, other problems arise. For example, our forests are being cleared at a rapid rate for agricultural use and for their timber; among the consequences are loss of water quality and supply, and loss of biodiversity."*

In the NEMS, and in order to emphasise the integrated, complex interactive nature of environmental issues and problems across traditional sectors, twelve environmental components were identified for priority consideration.

- Management of population dynamics and trends.
- Protection of quality and supply of freshwater.
- Protection of the sea and marine resources.
- Management of waste.
- Combating deforestation.
- Development of appropriate land use practices.
- Conservation of biological diversity.
- Protection of the atmosphere.
- Planning for climate change.
- Preservation of traditional arts, culture and history.
- Development of human resources.
- Promoting sustainable economic growth.

Samoa's progress over the last decade has laid the platform for necessary mechanisms to implement all its environmental obligations under international and regional environment conventions since the Barbados Programme of Action in 1994. These include; amendments of existing legislation (Lands and Environment Act 1989), national environment policies, action strategies, regulations and management plans which have all contributed to Samoa's national efforts of sustainable development and natural resource management. Despite progress over the years, new concerns have emerged together with imperative issues of special needs that require immediate assistance from the international community on the sustainable management, protection and conservation of Samoa's natural, ecological, cultural and human resources. These emerging concerns are seen as the next stepping stone for Samoa to consider in the coming decade if it is to fully realise a balance between development and natural resource management.

#### **Climate Change and Sea level Rise**

Samoa was one of the first countries to receive funding from the Global Environment Facility (GEF) under the LDC Fund to develop its National Adaptation Programme of Action on climate change

(NAPA). The NAPA aims to communicate urgent and immediate adaptation needs and the activities to address these needs to deal with the adverse impacts of climate change; and to develop the strategies for capacity building amongst stakeholders and village communities.

The necessary instruments to combat the impacts of climate change are in place, however there are emerging issues that need to be addressed, and for which financial assistance to start the implementation process for these plans is crucial in order to support community development efforts in sustainable management of their natural and cultural assets /resources. These include:

- to ensure full participation by communities in the execution of community coastal adaptation projects based on their management plans, the Government needs to find ways and means for communities to better access funding assistance for micro projects, that can contribute to communities efforts to sustainable management of Samoa's resources;
- there is an urgent need for technical assistance in terms of resources required for the development and digitising of maps to better identify vulnerable areas that are highly impacted by climate change such as; inland floods, watershed areas, and land degradation;
- there should be more collaborative programmes for all relevant government agencies that target the impacts of climate change in their sectors;
- there is a need to review climate change programmes in order to include national adaptation measures as mitigation measures are not enough to combat climate change; and
- developed countries through advance technological resources and skills, should promote more capacity building programmes for Samoa, in terms of CDM projects on appropriate technology transfer.

#### **Natural and Environmental Disasters**

The impacts of natural and environmental disasters are becoming increasingly common in Samoa ranging from long periods of droughts to devastating tropical cyclones. Issues remaining to be addressed include:

- national disaster plans need to be reviewed and more emphasis put on mitigation and readiness, this would ensure the minimisation of the aftermath damages caused by disaster events;
- national disaster management legislation to be the main guide for enforcement of standards that can reduce damages on natural resources, government and community assets from impacts of natural and environmental disasters must be developed; and
- There is limited public awareness of natural and environmental disaster issues, and there is an imperative to start national public awareness and educational campaigns using the media (television, radio and newspaper), community road-shows and educational programmes in schools.

#### **Management of Waste**

Much progress has been achieved in waste management with the implementation of programmes such as national waste management collection covering both the urban and rural areas, as well as the waste separation project within the main waste disposal area of Tafaigata Landfill. Needs outstanding include;

- capacity building within Ministry of Natural Resources and Environment in the preparation and production of public awareness materials in order that there is continuity in making these available for educational purposes;
- small grant funding assistance if available can help achieve community waste management projects in the areas of composting, reuse, recycling and waste separation at source; and
- The progress on waste management, has led to new initiatives that can be implemented through the development of projects on waste recycling, as there is a vast amount of waste that can be recycled.

#### **Coastal and Marine Resources**

In Samoa, people are very much dependent on the coastal and marine resources for their livelihoods. The following remain key:

- population pressures along coastal settlements has led to the increase in reliance on coastal and marine resources for food and subsistence income and a subsequent decrease in marine resources and loss of coastal habitat areas for marine organisms to breed, and there is an urgent need to seek funding through appropriate partnership arrangements to set-up marine protected areas enabling the conservation of coastal and marine resources; and

- more technical assistance for research or studies on coastal and marine resources is required which can assist communities in better decision making on ways to manage projects and improve the protection of coastal and marine resources.

### **Freshwater Resources**

Samoa is endowed with freshwater resources; however, the freshwater resources of the country are at a critical level, as seen in the number of dry springs and rivers around the country during drought periods. This issue should be a priority concern for the government, and all relevant stakeholders to address by actions including:

- legislation for the protection of watershed areas and public access to water resources needs to be in place, with the Ministry of Natural Resources and Environment being responsible for its enforcement and regulation of the utilisation of existing freshwater resources;
- the community to be supported in the implementation of projects to protect and improve watershed areas and water resources projects such as the planting of trees along river banks and springs for forest rehabilitation and to stop soil erosion caused by flooding;
- early implementation of the National Water Resource Policy approved by Cabinet in 2001, and the establishment of a Water Resource Conservation division within the Ministry of Natural Resources and Environment are key factors to addressing the current shortage of freshwater supply;
- development of the technical capacity to assess and monitor water resources is essential;
- there is an urgent need to develop maps of national watershed areas that will enable the identification of areas that are in a critical condition and requiring emergency rehabilitation programmes; and
- There is a need to develop appropriate mechanisms to regulate the allocation of water resources.

### **Land Resources**

The proper utilisation of land resources, bearing in mind the vulnerabilities, holds the key to improved land use management in Samoa. Little progress has eventuated over the years with regard to the sustainable management and proper utilisation of land resources due to conflicting issues to do with land ownership especially as the majority are under customary tenure. Land assessment activities need to be undertaken including;

- develop and update existing land resource use technical maps;
- identification of areas of land degradation in Samoa, through the development of maps of areas that are in deteriorating condition, such as fallow and dry lands;
- develop national land use capability plans to assess the mechanisms required for sustainable land use management in Samoa;
- develop a national policy on customary lands to enhance the Ministry of Natural Resources and Environment programmes on improving access to land use resources;
- conduct an inventory assessment of customary land to find out the percentage of lands that are currently utilised and those left unused and determine the impact of customary ownership on such a distribution pattern, government plays an important role in developing appropriate mechanisms that should be in place to utilise customary lands for the benefit of stakeholders;

- The Ministry of Natural Resources and Environment to develop technical databases on soil types and geology of the islands, based on existing and updated information on land use maps of Samoa to better find means of addressing issues on land use in terms of fertile land, wetlands and swampy areas and land degradation.
- the Land Management Division of the Ministry of Natural Resources and Environment together with relevant stakeholders to establish mechanisms for the sustainable use of sand, aggregate, gravel and rock; and
- the government to develop innovative ways for funding housing for low income people through the use of customary lands as collateral.

### **Energy Resources**

It is important that Samoa develops the means of better utilising existing natural energy resources available in-country such as solar energy, wind, wave and biomass. Issues include:

- the energy sector needs to be all inclusive of a division for sustainable energy, incorporating climate change programmes, in this way the full potential of programmes to implement ways of promoting the use of energy resources in Samoa can be realised and will also avoid duplication of national activities that are similar;
- enabling the collection of data on sustainable energy needs and potential use;
- a need to promote public awareness programmes on renewable energy and cost-effective means of saving non-renewable energy use in the homes and work places;
- support to be given to develop small scale pilots project on renewable energy for selected communities who have an interest in renewable energy and the potential to manage such projects;
- further development of projects on renewable energy is necessary for sustainable energy management;
- develop CDM projects on renewable energy to assist Samoa in technology transfer from developed countries on the best methods used in utilising renewable energy resources; and
- To meet the subsistence needs of a communal lifestyle the development of efficient wood stoves for cooking have the potential for cost effective means to avoid the use of non-renewable energy.

### **Tourism Resources**

The tourism industry in Samoa has experienced gradual growth over the years supporting other major sectors of the economy such as agriculture and remittances from Samoan families overseas. A key issue is that:

- Although tourism contributes significantly to Samoa's economy the real cost of its development on the environment has not been fully established, and there is a need to better understand the impact of tourism at its various levels on the cultural, social, and ecological implications on Samoa's environment.

### **Biodiversity Resources**

Similar to progress in waste management in Samoa, the biodiversity area has received much attention over the past decade with the development of relevant instruments to implement the protection and conservation of biodiversity programmes, such as the National Biodiversity Strategy Action Plan, the draft National Biodiversity Policy, the draft Bio-prospecting regulations, the National Environmental Management Strategies for Sustainable Development in Samoa (NEMS – 1994), and the Lands and Environment Act 1989. Outstanding issues are as follows:

- more support for community conservation project initiatives, which are important indicators of grass root level support for conservation efforts to sustainably use and manage biodiversity resources;

- further assistance is required for the implementation of pilot activities on other aspects of the NBSAP programme; and
- The development of the National Invasive Species Strategy is a crucial outcome for the Ministry of Natural Resources and Environment in its effort to address the pressing concern on the domination of alien species which has become a major problem for land owners, and financial support needs to be given to implement pilot projects identified under the Strategy.

The conclusions and recommendations of the Samoa Country Environment Profile are as follows.

**Conclusion 1:** It should be highlighted that this Samoa environmental profile has been compiled as a desk study. Nonetheless, it has benefited from access to reporting on environmental issues by Samoa produced over the past decade, since 1992 at UNCED in Rio (Agenda 21), and in 1994 at the Barbados International Meeting on Sustainable Development for Small Island Developing States (BPoA). Most recently, Samoa has had the opportunity to produce national assessment reports for the 10-year review of both Agenda 21 (the World Summit on Sustainable Development in 2002), and the BPoA (the International Meeting on SIDS in 2005). Furthermore, the first 5-year national report of progress on achieving the MDGs was due for completion in September 2005.

**Conclusion 2:** The EU has supported Samoa along with all Pacific ACP countries during recent global environmental processes, and in particular in regard to environmental issues such as climate change, water and sanitation, renewable energy, food security, and how to improve livelihoods of island people by addressing the “special case for SIDS” in regard to vulnerability and addressing poverty through establishing poverty reduction strategy papers and national sustainable development strategies, or the like. Samoa needs support for implementation from the EDF 10.

**Conclusion 3:** Notwithstanding the current Country Support Strategy (refer Section 4.1) for EDF 9, together with assistance being provided through the Regional Indicative Programme, it should be noted that along with other Pacific ACP countries, Samoa has agreed to the new Strategy for Strengthened Partnership between the EU and the Pacific Islands which has a *“blue-green” theme within the context of sustainable management of natural resources and environmental challenges*. Within this broad theme specificity is needed to ensure the activities to be supported by the NIP deliver tangible and concrete benefits at national level that demonstrably contribute to strengthening the environmental pillar of national sustainable development and poverty reduction. In this context also, improved and strengthened links need to demonstrate with the activities to be carried out at national level by the regional organisations supported by the Regional Indicative Programme.

**Conclusion 4:** Samoa’s environment is no exception to the reality that it provides the basic goods and services, such as water, energy and food security, upon which people live. Improvements and sustainability in these areas are essential to underpin generation of economic wealth. Samoa acknowledges that environmental considerations are inextricably linked across their national development planning efforts, but there is a need to strengthen these interlinkages to ensure improved decision-making supports efforts to achieve sustainability.

**Conclusion 5:** The state of the Samoa environment over the past decade has deteriorated and remains highly vulnerable. Over the past decade much has changed with internal shocks from increasing population, concentration of that population through urbanisation and urban drift, and external shocks such as globalisation, HIV/AIDS, climate change and most recently increasing fuel prices. All are putting increased stress on the environment. Key examples of improvements needed are; secure safe water supply and sanitation; developing access to affordable renewable energy resources; food security from fishing and agriculture, to support sustainable development, improve lifestyles and reduce poverty. The urban and rural population, urban centres and outer islands must be targeted. Improvements in these “sectoral” areas will also have a positive impact on reducing Samoa’s vulnerability to climate change and natural disasters (many of which are weather-related).

**Conclusion 6:** Over the past decade some progress in many areas has been made in improving environmental sustainability through institutional strengthening.

**ANNEX 3 B – LIST OF GOVERNMENT’S COMMITMENTS**

	<b>Governance area</b>	<b>Prospective commitments</b>
<b>1.</b>	<b>Political democratic governance</b>	
	- Human rights	Continued implementation of CEDAW and CRC and follow up recommendations of the UN Committees upon the submission of the periodic reports in 2005 and 2006 Ratified the statute of the ICC Death penalty abolished in 2004
	- Fundamental freedoms	Ensure fundamental freedoms as guaranteed under the Constitution are not compromised in any way
	- Electoral process	Review of the appropriate legislation following a Commission of Inquiry into complaints that came out of the last general election in March to do with cumbersome registration system
	- Principles of constitutional democracy	Strengthen bipartisan politics and the development of a healthy Opposition
<b>2.</b>	<b>Political governance - rule of law</b>	
	- Judicial and law enforcement system	Concerted efforts on capacity building for judiciary and police to ensure performance of core functions. Development of a sector plan Prioritised assistance for sector A separate parallel programme for the development of police core functions to be in place Continued institutional strengthening for justice and courts administration areas
<b>3.</b>	<b>Control of corruption</b>	
<b>4.</b>	<b>Government effectiveness</b>	
	- Institutional capacity	Continue institutional strengthening projects for realigned ministries so that there is uniform support for public sector reform across the whole of government
	- Public finance management	Samoa will continue to implement the OECD Global Forum Principles of transparency and effective exchange of information for tax purposes subject to the establishment of a global level playing field, including: 1. Bringing into force exchange of information arrangements with at least 4 OECD or EU Member States or with all OECD or EU Member States that seek to negotiate such arrangements... 2. Legislating to ensure that the authorities in Samoa have powers to obtain and provide upon a valid request in civil and criminal matters information held by any person within Samoa who has possession of, or control of, or the ability to obtain such information (including information held by banks or other financial institutions, information regarding the ownership of companies partnerships or trusts, foundations or other persons or accounting information in relation to these persons). 3. Legislating to eliminate or immobilise bearer shares. 4. Legislating to ensure that international companies are required to keep reliable accounting records

<b>5. Economic governance</b>	
- Private sector/market friendly policies	Implementation of new Companies Act and regulations Review of Investment policy Review of costs of doing business
- Management of natural resources	Continued implementation of multilateral environmental agreements Samoa is party to. Mainstream EIA procedures and regulations Support for community efforts in managing their environments
<b>6. - Internal stability / conflict</b>	Monitor possible conflicts between village based systems of governance and those of the courts. Maintain political stability
- External threats global security	Consider a process to address rising oil prices at regional level
<b>7. Social governance</b>	Implementation of Action Plans for CRC and CEDAW Cabinet approval of Policy on Women Implementation of national Strategic Plan to address challenges of HIV/AIDS Extensive review of Labour Laws given recent membership of ILO Continue to pursue policy of 'what is good for urban dwellers is also good for those in the rural areas to ensure equity Mandate the Water Sector Steering Committee (WSSC) to cover the entire water sector;  Jointly agree sector plans with donor agencies and IFIs;  Ratify national Drinking Water Quality Standards, and  Take the necessary steps to ensure effective cost recovery policies and tariffs for water and wastewater services are introduced and enforced
<b>8. International and regional context</b>	
- Regional integration	Support implementation of Pacific Plan Compliance with conditions of trading arrangements through PICTA/PACER/EPA Actively support Pacific Aviation Safety organisation, and regional peace keeping initiatives Support through the Forum Economic Ministers meeting (FEMM) process the development of regional audit services, customs service, statistical services, and regional regulation blueprint Effect WTO accession
- Involvement in regional peer review mechanisms (e.g. APRM)	
- Migration	Participation in EPA negotiations, through FEMM on labour mobility issues Strengthen support for Transnational Crimes Unit and NGOs that are in the forefront of issues such as child trafficking
<b>9 Quality of partnership</b>	
-Political dialogue	Consolidate open and consultative dialogue through parliamentary debates
-Programming dialogue	Consolidate open and consultative dialogue with all stakeholders. Continue to strengthen donor harmonisation towards aid effectiveness
-Non state actors	Consolidate and enhance focused involvement in areas where they demonstrate comparative advantage

## Annex 4: Country migration profile

A migration profile should be drawn up for every country in which migration (South/North of South/South) and/or asylum issues could influence development prospects.

The migration profile contains any information relevant to the design and management of a joint migration and development policy. It includes information on migratory flows (refugees and economic migrants), taking in gender issues and the situation of children. It also provides information on the country's skills needs, skills available in the diaspora and remittances to the country. Where relevant, the profile will analyse the routes taken by illegal migrants and the activities of people-trafficking networks.

### MIGRATION PROFILE: SAMOA

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#### Box 1: Immigrants

Total number of residents (2004)	176,710 (thousand)
Of which:	
Own nationals	99%
Immigrants	1%
<b>Status Immigrants</b>	
Refugees	0%
Labour migrants/permanent	Not Known
Labour migrants/seasonal	1%
p.m. internally displaced persons	Not Known
<b>Immigration Trend</b>	
Number of arriving immigrants in 00/04:	346, 374, 472, 377, 133 (hundred)
<b>Education:</b> Skilled labour	99.7%
<b>Main countries of origin:</b>	<i>New Zealand, Australia, Fiji and China</i>
<b>Rate of return</b>	Not Known
<b>Finance</b>	
Amount of outgoing migrant remittances:	Not Known
Remittances as % of GDP:	Not Known

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#### Box 2: Emigrants

Total number of emigrants	
<b>Status Emigrants</b>	
Refugees	Not Known
Labour migrants/permanent	11.8%
Labour migrants/seasonal	
<b>Legal Situation emigrants</b>	
Documented	Not Known
Undocumented	Not Known
<b>Trend</b>	
Number of leaving migrants in 98/02:	5493, 5733, 5725, 6275, 6295
<b>Education:</b> Skilled labour	Not Known
<b>Main countries of destination:</b>	<i>New Zealand, Australia, United States, American Samoa</i>
<b>Rate of return</b>	Not Known
<b>Finance</b>	
Amount of incoming migrant remittances:	\$201.17 million (2004)



## **Annex 5. CSP drafting process: particular attention to involvement of NSA and local authorities**

Samoa does not have a PRSP per se; instead, it has a Strategy for the Development of Samoa 2005-2007. In support of the principles of good governance, the preparation of the Strategy was widely consultative and involved a number of sector consultation meetings with a wide range of stakeholders including church groups, village mayors, women's committees, farmers and fishermen, NGOs, youth groups, tourism industry, education and health stakeholders, the business community, donor community as well as government ministries and corporations. Summits were held on both islands. Views expressed at the consultation meetings formed the platform for the priority strategic areas highlighted in the document.

In terms of the budgetary process, sector consultations take place prior to budgetary preparation of the lead ministries of the sector. Upon presentation of the budget to Parliament, there are extensive budgetary debates before it is put to the vote after which the budget is then released to the media for public information.

In terms of EU programming, consultations are limited to representative level of non state actors on the CSP Task Force, the Steering Committees of the focal sector programs as well as the Microprojects scheme. As well, there is also NSA involvement in the various capacity building workshops on EU procedures as well as technical committees of the various programs. The focal areas identified by various stakeholders were then recommended to Cabinet who make the final decision on the issue.

For the non focal sector program, NSAs play a pivotal role. They, in their consultations provide recommendations for improvement of the program as well as define an extended role for themselves particularly in the monitoring and evaluation of such programmes. Specific support for capacity building for NSAs is included in the sectoral allocation of the Microprojects. As well, funding was earmarked for workshops run by the umbrella body for non government organisations intended to enhance capacities in designing appropriate activities key to institutional strengthening.

Upon the finalisation of a draft CSP, the document is then presented to a number of stakeholders for review and amendments as appropriate.

## **Annex 6. The harmonisation road map**

The Governments national policy framework and development strategies were set out in annual Statements of Economic Strategy (SES). These were strategic documents on a rolling basis that replaced the longer term development plans prior to 1996. Each of the SES built on its predecessor, reviewing progress and identifying areas requiring more attention. The current Strategy for the Development (SDS) 2005-2007 is more medium term in outlook and is formulated on a three year basis. The current SDS focuses on 6 priority areas namely: strengthening the private sector, agriculture development, tourism, and community health and education development.

Strategic plans have been completed for the Education, Water and Health sectors. Work is in progress for completing those for the public administration and social welfare sectors. The Government of Samoa is committed to aid effectiveness and as such has consulted widely with its partners to assist it in the implementation of a sector wide approach in the delivery of aid across the whole of Government. The decision was made to shift away from the current modality of discrete projectisation of aid as it was difficult to assess impact of the assistance.

### **Ownership:**

- GoS leadership in the development and implementation of its Strategy for the Development of Samoa (SDS) 2005-2007 through a wide consultative process in late 2004.
- Developed and completed sector plans for 3 priority sectors – implementation through operational programs that are cofunded by a number of donors. All are in the process of developing medium term financing and Monitoring and evaluation frameworks. The development of sector plans again has adopted the basis of wide consultations with all stakeholders.
- Donor-sector consultations have taken place for the three sectors coordinated by the Aid coordination/Loans Management Division of the Ministry of Finance.

### **Alignment:**

- All donors have based their development cooperation programs including joint country strategies on the SDS including the review results of the previous SDS. There is increased predictability of donor assistance which augurs well for to progress the budgetary process to forward estimates in the 2007/2008 financial year.
- Funding is linked to a framework of agreed-to development indicators that are related to the priority sectors highlighted in the SDS. Technical assistance was provided by NZAID to support the GoS in the development of appropriate indicators.

### **Strengthened country systems:**

- There is growing acceptance of the need to use GoS systems and procedures. The GoS has had its procurement systems reviewed by the World Bank. There is an ongoing review of its Public Finance Management system by an EU funded consultant. A number of bilateral partners contributed to the Terms of reference for the EU funded review and have expressed an interest to consider the resultant recommendations.
- Co-funded sector programs have been designed with the intention of eventual use of GoS systems and procedures before the end of the duration of such programs. This is supported by institutionalising capacity building activities into the designed programs.
- Such designed programs are using mainstream structures for day to day management rather than discrete implementation units

### **Strengthened public financial management capacity**

- One of the key areas of focus of the SDS is the creation of an enabling environment for public and private investments.
- A new Government financial system was launched in 2005 and focuses on the devolution of financial responsibilities to line ministries and ensure greater accountability. A review of the implementation of the system has been done and government feedback on the recommendations is forthcoming
- A fiduciary review of the public finance management system is under way and recommendations to be acted upon by the end of 2006

#### **Strengthen national procurement systems**

- A review of the procurement system was completed in June 2006 by the World Bank. The Ministry of Finance is to arrange for capacity development of key procurement staff. The Tenders Board is to issue a revised procurement manual and standard procurement standards, revised procurement and consultants guidelines by December 2006. As well the Ministry of Finance is to review and revise delegation thresholds by the end of the year. Revised procurement manuals are to be disseminated to all ministries, departments and development partners by January 2007. Strengthening of the Tenders Board is expected to be completed by July 2007.
- In areas where national systems do not meet mutually agreed to performance levels, donors have worked to adopt harmonised approaches

#### **Harmonisation**

##### **Implementation of common arrangements and streamlined procedures**

- GoS agreed on the principles of harmonisation between it and bilateral partners NZAID and AusAID in 2004. A joint country strategy was developed and finalised in 2006. Other donors have been invited to participate in the exercise
- GoS initiated the compilation of a national program for missions on an annual basis and requested donors to undertake joint missions
- Donors(AusAID and NZAID) also agreed to share analytical work
- Donors(AusAID,NZAID and ADB) also agreed to delegate responsibilities to lead donors for the execution of programs
- Donors (ADB, NZAID,AusAID) also agreed to pool resources in a GoS special purpose account to fund SWAps in Education and Health
- Donors that work in the same areas agreed to harmonise procedures and ensure alignment of GoS systems for eg: harmonised scholarship programmes, in country training programmes and clustering sector related projects under a single coordinating body for monitoring
- Donors (UN system) have also agreed to implement joint country programming
- Most donors have agreed to harmonise procedures for reporting, agreeing to a single format that will meet the information needs of key stakeholders including the donors as evident in the Education sector program arrangements

##### **Managing for results:**

- GoS has developed with the assistance of donors development indicators by which to measure implementation of the SDS and joint country strategies
- GoS introduced performance based budgeting in 1998

## Annex 7. Table including partner country positions in relation to key international conventions

INTERNATIONAL CONVENTIONS AND PROTOCOLS WHICH SAMOA IS A PARTY TO			
Environment	SPREP Agreement 1993	Signed 12/6/93	Ratified 12/9/93 Enforced 31/8/95
	SPREP Convention for the protection of natural resources and environment of the SP 1986	Signed 25/11/86	Ratified 23/7/1990
	Protocol concerning cooperation in combating pollution emergencies Protocol for the prevention of pollution by dumping	Enforced 18/8/90	
	Convention on the Conservation of Nature in the Pacific 1976	Signed 12/6/76 Ratified 20/7/90	Apia Convention
	Un Framework Convention of climate change UNFCC 1992	Signed 12/6/92	Ratified 29/12/94
	Kyoto Protocol to UNFCC 1997	Signed 16/3/98	Ratified December '00
	Convention on Biological diversity 1992	Signed 12/6/92	Ratified 9/2/94
	Cartagena protocol on Biosafety to the Convention on BD 2000	Signed 25 May 01	
	Vienna Convention for the protection of the ozone layer 1995	Acceded 21/12/92	
	Montreal protocol on substances that deplete ozonc layer 1987	Acceded 21/12/92	
	London amendment to Montreal Protocol 1990	Accepted 27/9/01	
	Copenhagen amendment to the Montreal protocol 1992	Accepted 27/9/01	
	Montreal amendment to the MP	Accepted 27/9/01	
	Beijing amendment to the MP 99	Accepted 27/9/01	
	UN Convention to combat desertification 1994	Acceded 20/8/98	Enforced 19/11/98 UN Sec Gen depositary
	World Heritage Convention 1972	Accepted 27/8/01	Paris - UNESCO
	Convention on the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade		Rotterdam convention
	Convention of persistent organic pollutants 2001	Signed 23/5/01	Stockholm convention
LOME TRADE	Agreement amending Lomc IV	Signed 4/11/95	
	International cocoa agreement 1986	Acceded 26/10/87	
	Cotonou Agreement 2000	Signed 23/6/00	Ratified 27/2/01
	World Customs Organisation	Acceded 17/9/01	In force 17/9/01
	PICTA	Signed 18/8/01	Nauru forum
	PACER (w Australia and NZ)	Signed 18/8/01	Nauru forum
FAMILY	Convention on Consent to marriage, minimum age and registration		
Fisheries	UN Convention on the Law of the sea 1982	Signed 28/9/84	Ratified 14/8/95
	Agreement for the implementation of UNCLOS 10 12/82 relating to the Conservation and Management of straddling fish stocks and highly migratory species 1995	Signed 4/12/95	Ratified 25/10/96
	Treaty on cooperation in fish surveillance and law enforcement in the SP 1992	Signed 9/7/92	Ratified 14/5/96
	Convention for the prohibition of long driftnets in the Pacific 1990	Acceded 9/9/96	In force 9/9/96 Wellington Convention
	US Multilateral treaty	Signed 2/4/87	
	Convention on the Conservation and management of fish stocks in the Western and Central pacific 2000	Signed 5/9/00	Ratified 2/1/01 Western and Central Pacific Ocean convention
Human rights			
	CEDAW	Signed 18/12/79	Ratified 25/9/92
	CRC 1989	Signed 30/9/90	Ratified 29/11/94

	Rome Statute of the International Criminal Court 1998	Signed 17/7/98	
Investment	1965 Convention on the settlement of investment disputes between states and nationals of other states	Signed 3/2/78	Ratified 25/4/78 In force 25/5/78
Meteorology	Agreement establishing WMO	Acceded 11/7/95	
Maritime	Convention establishing IMO 1947	Acceded 25/10/99	
	International Convention for the Safety of life at sea 1974/8	Acceded 14/3/97	In force 14/6/97 SOLAS
	Convention on standards of training certification and watch keeping for seafarers 1978		
	Convention on the prevention of maritime pollution 1972		
Narcotics	Convention against the illicit traffic in narcotic drugs and psychotropic substances 1988		
	Convention on psychotropic substances 1971		
Property	WIPO Convention	Acceded 11/10/97	In force 11/1/98
	1974 Convention for the protection of cultural property in the event or armed conflict		
	1961 Hague convention abolishing the requirement of legalisation for foreign public documents	Acceded 18/1/99	In force 13/9/99
	1970 Convention relating to the distribution of program carrying signals by satellite 1974		
Pacific forum	Agreement establishing the PIF	Signed 30/10/00	Ratified 30/7/01
Refugees	UN Convention relating to the status of refugees 1951	Acceded 21/9/88	In force 20/12/88
	Protocol relating to the status of refugees 1967	Ratified 29/11/94	
Telecommunications	1977 Agreement establishing APBD and amendments	Accession and acceptance 26/11/99	
	1976 Constitution of the APT	Acceded 6/11/00	In force 6/12/00
War victims	Red Cross convention on the protection of war victims 1949		
	Geneva Convention for amelioration of the condition of the sick in armed forces in the field 1949.	Notification 23/8/84 Registration 11/10/84	In force effective from 1/1/62
	Geneva Convention for amelioration of the condition of the sick and shipwrecked members of the armed forces at sea 1949	Notification 23/8/94 Registration 11/10/84	In force effective from 1/1/62
	Geneva convention relative to the treatment of POWs 1949	Notification 23/8/84 Registration 11/10/84	In force effective from 1/1/62
	Geneva convention relative to the protection of civilian persons in time of war	Notification 23/8/84 Registration 11/10/84	In force effective from 1/1/62
UN Personnel	UN Convention of safety of UN and associated personnel	Signed 16/1/95	Yet to ratify

## Annex 8: Debt Sustainability Analysis

Over the last decade, Samoa has achieved a remarkable turnaround in its debt situation. Debt levels have been significantly reduced, and under the central medium-term scenario of continued economic macroeconomic stability and fiscal prudence, the debt ratio has further improved

Overall, the sensitivity analysis suggests that debt sustainability may not be a major concern over the medium term, provided structural reforms continue to be implemented and respectable growth is achieved. However, the analysis also shows that under a scenario where reforms stall and Samoa is faced with a combination of large external shocks (including a natural disaster), debt levels could return to where they were in the mid-1990s. This is a less likely scenario taking into account the authorities' continued commitment to macroeconomic stability and reform, but is not an implausible one.

Given those risks, reducing the debt to GDP ratio to around 40 percent of GDP in the medium term should be the primary objective of fiscal policy. **Debt to GDP ratio is 34% (2005).** Such an objective will require raising the growth path of the economy from the current levels and at the same time maintaining fiscal prudence. Raising output growth is being done through gradually reducing the involvement of the public sector in the economy and promoting the development of the private sector. More effective management of the public enterprises along commercial lines, together with some privatization would encourage private sector development in Samoa. This together with the promotion of foreign direct investment should foster productivity growth in the economy, thereby raising output growth.

More importantly, maintaining a fiscal balance in the medium term will require reducing the share of net lending and subsidies to state-owned enterprises (SOEs) in the budget and proceeding with other ongoing public sector reforms (including civil service reform). Currently, a large share of budget spending consists of sizable net lending operations, capital injections and subsidies to loss-making SOEs, including Polynesian Airlines. The 2006/07 budget met the medium-term objective of fiscal balance following a comprehensive restructuring of Polynesian Airlines, and improving the financial position of other loss making SOEs. This has allowed budgetary resources to be reoriented to social sectors (education and health) and infrastructure, which are important for long-term growth. On the revenue side, the medium-term fiscal strategy aims at strengthening tax administration.

Several measures are currently envisaged by the authorities. First, the amalgamation of the Inland Revenue administration and Customs into a new Ministry is expected to improve tax administration. In addition, the planned establishment of a Large Taxpayer Unit and the introduction of a single Tax Identification Number are expected to improve tax compliance.

**Annex 9: List of Acronyms**

ADB	Asian Development Bank
SDSP	Samoa Drainage and Sanitation Project
CSP	Country Strategy Paper
EHO	Environmental Health Officer
EIA	Environmental Impact Assessment
EU	European Union
IVWS	Independent Village Water Scheme
IWP	International Waters Project
IWRM	Integrated Water Resource Management
LDC	Least Developed Country
MAFF	Ministry of Agriculture, Forestry and Fisheries
MDGs	Millennium Development Goals
MNRE	Ministry of Natural Resources and Environment
MOF	Ministry of Finance
MOH	Ministry of Health
MWSCD	Ministry of Women Community and Social Development
MWTI	Ministry of Works, Transport and Infrastructure
NEMS	National Environment Management Strategy
NIP	National Indicative Programme
NUS	National University of Samoa
PEAR	Preparatory Environmental Assessment Report
PPP	Public Private Partnership
RWS-CP	Rural Water Supply Consolidation Project
RWSP	Rural Water Supply Project
RWSS	Rural Water Supply and Sanitation
RWSSS	Rural Water Supply and Sanitation Study
SDS	Strategy for Development of Samoa
SMP	Sustainable Management Plan
SWA	Samoa Water Authority
WaSSP	Water Sector Support Programme
WRMS	Water Resource Management Strategy
WSSC	Water Sector Steering Committee