SAMOA: PROGRESS ON MILLENNIUM DEVELOPMENT GOALS

	1990	1995	Latest Data 2001-03	Target 2015
Goal 1: Eradicate Extreme Poverty and Hunger				
Prevalence of child malnutrition (percent of children under 5)	6	17	4.2	1/
Goal 2: Achieve Universal Primary Education				
Net primary enrollment ratio (percent of relevant age group)	112.3	97.0	94.9	100.0
Goal 3: Promote Gender Equality				
Ratio of girls to boys in primary and secondary education (percent)	112.5	106.9	103.6	100.0
Proportion of seats held by women in national parliament (percent)	0.0	4.1	6.1	...
Goal 4: Reduce Child Mortality				
Under 5 mortality rate (per 1,000)	42.0	29.0	24.0	14.0
Infant mortality rate (per 1,000 live births)	33.0	24.0	19.0	11.0
Goal 5: Improve Maternal Health				
Maternal mortality ratio (per 100,000 live births)	35.0	15.0	30.0	2/
Births attended by skilled health staff (percent of life births)	76.0	95.0	100	...
Goal 6: Combat HIV/AIDS, Malaria and Other Diseases				
HIV prevalence rate among 15-24 old pregnant women	…	…	0.0	3/
Incidence of tuberculosis (per 100,000 people)	…	42	30.4	3/
Goal 7: Ensure Environmental Sustainability				
Forest area (percent of total land area)	46.1	3.5	37.1	4/
Nationally protected areas (percent of total land area)	...	4.0	4.1	4/
CO2 emissions (metric tons per capita)	0.8	0.8	0.8	4/
Access to an improved water source (percent of population)	...	90.0	99.0	4/
Access to improved sanitation (percent of population)	...	97.0	99.0	4/
Goal 8: Develop a Global Partnership for Development				
Fixed line and mobile telephones (per 1,000 people)	25.6	46.4	130.5	...
Personal computers (per 1,000 people)	...	0.6	6.7	...

Source: World Bank; World Development Indicators Database, April 2004.
1/ Goal is to halve 1990 rate.
2/ Goal is to reduce 1990 ratio by three-quarters.
3/ Goal is to have it halted by 2015 and begun to reverse.
4/ Goal is to reverse the loss of environmental resources.

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Statement by the IMF Staff Representative
June 17, 2005

1. **This statement describes the 2005/06 budget which was presented to Parliament on May 31, 2005 after the staff report was circulated to the Executive Board on May 16, 2005.** The proposed deficit target (4 percent of GDP) for 2005/06 turned out to be much larger than the staff's recommendation (0.9 percent of GDP), which reinforces the concerns expressed in the staff appraisal.

2. **The higher deficit target reflects the large costs of restructuring the loss-making Polynesian Airlines and the public sector wage increase approved by the government, and to a lesser extent the increase in pension benefits.**

- Of the 2½ percent of GDP that has beenallocated for the restructuring costs of Polynesian Airlines, about ½ percent of GDP is for the capital costs of the new joint venture with Virgin Blue to be paid upfront, and 2 percent of GDP is for the penalties to be imposed for the early return of the airline's jet to the leasing company. The budget assumes that the authorities will make the full bullet payment for these penalties in 2005 instead of spreading out the costs over time. The inaugural flight of the airline for the new joint venture is expected to take place around September 2005.

- The government has approved an average wage increase of about 35 percent for public servants to be phased in over a period of three years (this compares to the increase of about 40 percent recommended by the Remuneration Tribunal for 2005/06). The wage increase will cost the 2005/06 budget about 1¼ percent of GDP and about 1 percent of GDP each for the 2006/07 and 2007/08 budgets.
- The government has also approved an increase of monthly pensions for senior citizens from 100 tala to 125 tala to take effect July 1, 2005 which is expected to cost the 2005/06 budget about ¼ percent of GDP.

3. **The budget contained some offsetting measures:**

- The government will enforce the 50 percent dividend policy for all state-owned enterprises in 2005/06 which is expected to yield revenues of about ¼ percent of GDP. There were no other new revenue measures announced in the budget.

- A number of cost-cutting measures were announced in the budget mainly targeted at reducing operational costs of government departments, including the removal of all vacancies and new positions except where appointments are pending, reduction of travel costs for public servants, enforcement of the policy on the use of government vehicles, and standardization of allowances for board members in public bodies. These measures could yield savings of about ¼ percent of GDP.

4. **Although the impact of the 2005/06 budget on reserves and interest rates is likely to be manageable, the expanded deficit should have a non-negligible macroeconomic impact on the economy, especially on the balance of payments.**

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