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Staff Country Reports

Samoa: Selected Issues and Statistical Appendix

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INTERNATIONAL MONETARY FUND

SAMOA

Selected Issues and Statistical Appendix

Prepared by Marcos Chamon, Romuald Semblat (both APD) and Anne Morant (Pacific Financial Technical Assistance Centre)

Approved by the Asia and Pacific Department

May 23, 2005

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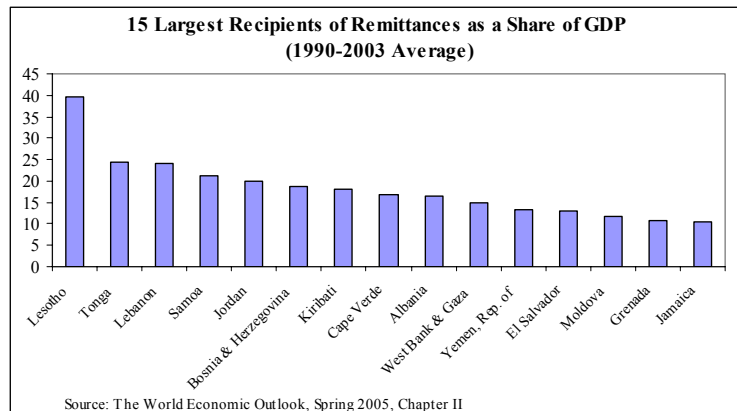
I. THE IMPORTANCE AND DETERMINANTS OF INTERNATIONAL REMITTANCES TO SAMOA¹

A. Introduction

1. **Remittances are extremely important to Samoa.** There are more Samoans residing abroad than in Samoa itself.² Their remittances amount to about 20 percent of GDP, which is among the highest ratios observed in the world. Historically, remittances have been a very stable source of balance of payments flows, and without them Samoa's current account

deficit would likely be unsustainable. This paper focuses on the effects of remittances on the Samoan economy and on the macroeconomic determinants of those flows. It is organized as follows: Section B describes the impact of remittances on Samoa. Section C presents an empirical analysis of the macroeconomic determinants of remittance flows

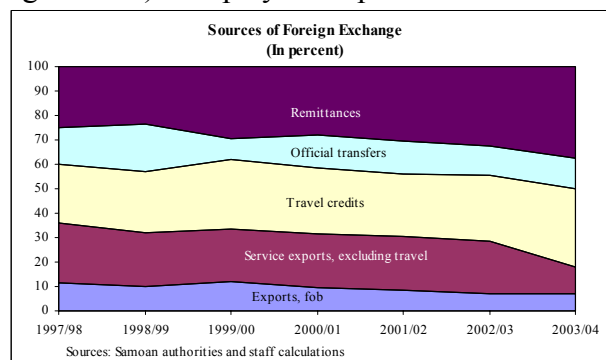
to Samoa. Finally Section D concludes. An overview of the empirical literature on the economic impact of remittances is provided in Box I.1.



B. The Economic Impact of Remittances on Samoa

2. **Remittances are the main source of foreign exchange to the Samoan economy.** In addition to remittances, travel credits (including tourism) also play an important role in the

economy. Official transfers are also significant, and should remain an important source of balance of payments support over the medium term. However, if Samoa's per capita income continues to grow at the current pace, it may well graduate from its LDC status sooner which will reduce the flow of official transfers. Exports of goods are small compared to the other components.³ Thus, in the absence of remittances, Samoa's current account deficit is likely to become unsustainable (Table I.1).



¹ Prepared by Marcos Chamon (APD, ext. 35867).

² Including second-generation migrants. There are over 100,000 Samoan-born migrants residing abroad. In New Zealand alone there about 50,000 Samoan born residents.

³ Export processing is included under services. If they were included under exports of goods, the latter would increase by roughly 50 to 60 percent in recent years.

Table I.1. Current Account Balance with and without Remittances
(In percent of GDP)

	1999/2000	2000/01	2001/02	2002/03	2003/04
Including remittances	1.0	0.1	-0.6	2.9	4.4
Excluding remittances	-17.4	-18.4	-21.1	-17.5	-17

Sources: Samoan authorities and staff calculations

3. **Remittance flows are relatively stable.** Samoans living overseas maintain very strong ties with their families, villages and churches, which remain strong even among second-generation migrants. That, combined with the continuing flows of new migrants, New Zealand alone accepts 1,100 Samoans each year, ensures the reliability of remittances. The ratio of remittances to GDP has been generally stable through 2001, before increasing in the last few years. The volatility of remittances (around their trend) is comparable to that of other balance of payments inflows. In fact, remittances are slightly more stable than exports of goods and services (Table I.2). The data collected on remittances is constructed so as to capture not only transfers through the financial system, but also cash and in-kind gifts brought by visiting Samoans living overseas.⁴

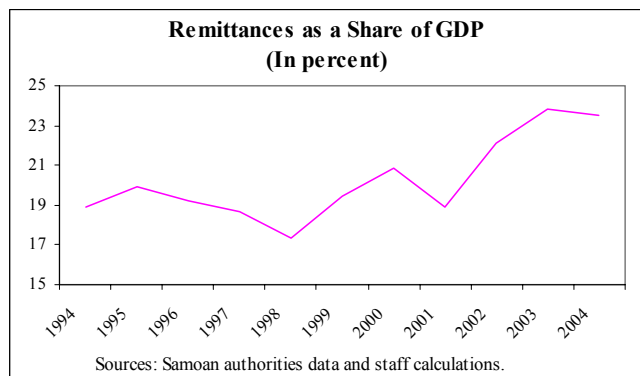


Table I.2: Mean and Standard Deviation of Yearly Growth in Remittances, Exports of Goods and Services, and GDP from 1995 to 2004 (In percent)

	Remittances	Exports of goods and services	Real GDP
Mean (average)	6.35	5.20	4.32
Std. Deviation	9.35	9.92	2.93

Sources: Samoan authorities, World Economic Outlook and staff estimates.

⁴ Cash gifts in foreign currency are eventually converted to Samoan talas, making it possible to estimate those transactions. In-kind gifts are often recorded at the time of entry in Samoa. The data would not capture transfers provided in other countries (for example, New Zealand-based Samoans paying for their relatives to come visit or study in New Zealand). The use of “hawala-type” informal transfers can bias remittance estimates if gross flows are substantially different than net ones (since only the net flows would leave a “trail”). Since the overwhelming majority of private transfers flows in one direction (towards Samoa), the impact of this bias should be limited. Nevertheless, it is possible that informal channels lead to the misclassification of remittances as other items of the balance of payments.

4. **Remittances are relatively more stable when measured in the remitting country's currency compared to talas.** This suggests some degree of “stickiness” in remittances with respect to the remitting country's currency. Table I.3 shows the average and standard deviation of yearly changes in remittances when measured in talas or in the remitting country's currency. However, the difference in volatility is relatively small, suggesting that other factors play an important role in addition to changes in the exchange rate.

Table I.3. Yearly Growth and Volatility of Remittances by Currency of Measurement				
Remitting Country	Remitting Country Currency (In percent)		Talas (Samoa's currency) (In percent)	
	Average	Std. Deviation	Average	Std. Deviation
United States	8.95	16.56	10.46	21.61
New Zealand	7.58	29.11	11.63	34.58
Australia	20.43	30.32	22.86	33.58

Sources: Samoan authorities data and staff calculations

5. **Remittances can affect GDP growth and vice-versa.** Given the size of remittances vis-à-vis the rest of the Samoan economy, they can influence GDP growth through their effect on domestic demand (particularly consumption). The causality can also run from GDP growth to remittances. Remittance growth should be higher during recessions and lower during expansions if the Samoans living overseas are helping receiving households “insure” against those shocks. The economic cycle can also affect remittances through investment channels, causing remittances to increase during economic expansions when there are more investment opportunities.

6. **Remittance receipts account for a similar share of income across different household income groups, except for the richest one.** This implies some proportional relationship between remittance receipts and other household income in Samoa (except for the richest income group). The causality between remittances and household income can go in both directions. Richer households can provide their children with more opportunities (for example, more schooling), which can eventually translate into higher remittances. In turn, remittances can help the receiving household finance investment opportunities which can lead to higher income. Anecdotal evidence suggests that remittances in Samoa tend to finance consumption, so the effect of higher initial income on future remittances is likely to be the strongest. In fact, the main investment financed by remittances in Samoa is education (schooling), which should increase the future income of young members of the household, but is not likely to have an immediate effect on the current household income.

Table I.4 Share of Income from Remittances and Share of Total Remittances by Household Income Range (in 1997 talas and shares in percent)

	1- 4,999	5,000- 9,999	10,000- 19,999	20,000- 29,999	30,000- 49,999	50,000+
Share of household income from overseas remittances	14.0	15.5	13.4	12.8	11.5	7.3
Share of total remittances going to income group	4.7	18.0	31.8	19.7	13.2	12.6

Source: 1997 Household Income and Expenditure Survey and staff calculations.

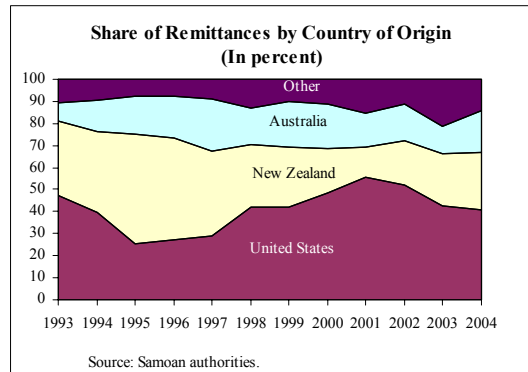
7. **“Exporting” some skilled workers may have a positive net impact on Samoa’s economy, due to the larger remittances they can send.** Given the strong attachment that expatriate Samoans retain to their extended families and the limited domestic private sector job opportunities, it is possible that some high-skill migration is actually beneficial to Samoa. “Exporting” human capital (as opposed to just raw labor) may well provide higher returns than investment in some of the traditional exports which are subject to terms of trade shocks and long-term cycles. Moreover, more skilled expatriates can help build networks that facilitate international trade and investment in Samoa. In fact, some observers have attributed China’s success in integrating itself into the world economy partly due to the networks created by the Chinese diaspora. Tapping the potential network benefits of its expatriate community should be part of Samoa’s development strategy.

8. **The authorities should consider policies to facilitate and encourage remittances.** Efforts should be made to help minimize transaction costs and encourage the use of the formal financial sector for channeling remittances. This would contribute to financial development. However, given that there are no major barriers to entry or excessively burdensome regulations for sending remittances to Samoa, it is not clear whether any policy initiative would lead to significant increases in remittance flows.

C. Empirical Analysis of the Macroeconomic Determinants of Remittances to Samoa

9. **In addition to growth in Samoa, remittance flows could also be influenced by growth in the remitting countries and changes in the exchange rate.** Higher growth in the countries where Samoans overseas work can increase their earning opportunities, allowing them to send more transfers to their relatives in Samoa. Changes in the real exchange rate will also have an impact. A depreciated tala allows Samoan overseas workers to “buy” more consumption for their relatives for each unit of their own consumption that is forsaken. This substitution effect causes them to remit more following a real depreciation of the tala. They may also advance future planned remittances in order to take advantage of a favorable exchange rate. However, if the remitting Samoans target a given level of consumption for their relatives, they can do this with fewer remittances following a depreciation of the tala.

10. **The results of our empirical analysis suggest that the exchange rate, growth in both the remitting country and Samoa help explain the flow of remittances.** We present results for remittances from Australia, New Zealand and the United States, which are the main originating countries for remittance flows. In order to overcome small-sample problems, we also estimated a pooled regression of these three countries. Table I.5 presents regression estimates of real changes in remittance flows (measured in talas) on its various determinants and Table I.6 presents the estimated error-correction model for remittances.^{5 6} Although the results of the individual country-level regressions provide less clear-cut interpretation of the key determinants of remittance flows (probably reflecting small sample problems), the pooled regression estimates are relatively more robust and generally in accord with theoretical priors. Specifically, our empirical results indicate that:



- Changes in the real exchange rate have a statistically significant effect on remittances measured in tala terms, as one would expect. Based on our preferred specification, a 1 percent real depreciation of the tala would increase remittances by 1.2 percent in tala terms. A “mechanical” one-for-one relationship could not be rejected at any reasonable confidence-level (for example, a relationship where remittances are determined in the remitting currency, and their tala value moves one-for-one with the real exchange rate).
- Growth in the remitting country has a strong positive and statistically significant effect on remittances, as expected. Thus, given the importance of remittances to Samoa’s economy, it is possible that the business cycle in these three countries has a significant impact on Samoa through their impact on remittance flows.
- Growth in Samoa has a negative and statistically significant effect on remittances, suggesting a role for the “insurance” effects described in Section B (Samoans living overseas remitting more during downturns in Samoa and vice-versa). Our results suggest that 1 percent higher growth in Samoa would slow the growth in remittances by 1.7 percent.

⁵ Remittance flows are measured in the remitting currency and deflated using the CPI for the remitting country. They are then converted to talas so that they can be pooled into a single regression. The real exchange rate is defined by multiplying the nominal exchange rate by the ratio of the corresponding CPIs. All GDP figures are measured in constant prices. The data is available quarterly and covers 1994Q1 to 2004Q4.

⁶ For the error correction model, we regressed remittances on real GDP growth in Samoa and in the remitting country, on changes in the respective real exchange rate and on an error correction term (ECM) which denotes the long-run determinants of remittances.

D. Conclusions

11. **Remittances play an important role in Samoa's economy and are crucial to its external balance.** The overwhelming majority of Samoan families benefit to some extent from international remittances. The strong attachment of overseas Samoans to their extended families and continuing flow of new migrants should ensure the reliability of remittances over the foreseeable future.

12. **Business cycles in Australia, New Zealand and the United States can also affect Samoa through their impact on remittance flows.** Since remittances account for such a large share of foreign currency receipts and growth in the remitting country tend to affect remittance flows to Samoa, it is possible that remittances constitute one of the main channels for the transmission of these countries business cycles to Samoa.

13. **Remittances seem to help Samoa cope with shocks.** The countercyclicality of remittance flows implied by our results is particularly helpful to Samoa given its vulnerability to large shocks (including natural disasters). Counter-cyclical remittances not only help to smooth consumption, but can also attenuate the decline in output following an adverse shock by contributing to domestic demand.

Box I.1. An Overview of the Empirical Evidence on the Economic Impact of Remittances

- **Microeconomic analysis indicates that remittances can affect receiving households through a number of different channels.** It is possible for remittances to have an adverse effect on the labor supply if recipients use it as a substitute for labor income. On the other hand, remittances may also complement labor if used to finance productive investment opportunities that would otherwise be missed. The main investment financed by remittances is usually education. Household-level evidence from countries where detailed surveys are available suggests that remittances often help households provide schooling to their children. Those studies tend to find that remittances also help finance agricultural investments, self-employment activities and real-estate purchases. There are no such detailed studies available for Samoa and it would be worthwhile for one to be conducted.
- **Cross-country studies find that remittances have limited effects on growth in the receiving economies.** Chami et al (2005) find a statistically significant negative effect of remittances on GDP growth, which is most likely due to an endogeneity problem (whereby remittances are likely to be higher in countries where growth prospects were limited to begin with). The World Economic Outlook, Spring 2005, Chapter II does not find a statistically significant direct link between GDP growth and remittances, but does find that remittances lower output volatility and also reduce poverty (measured as the number of people below the poverty line as well as the average gap between their incomes and the poverty line).
- **Remittances can also play a crucial role in insuring households against adverse shocks.** Since the earnings of expatriate workers are not correlated with shocks to the receiving economy, remittances can provide a good source of “insurance” for the receiving households. Rapoport and Docquier (2005) show that remittances reduce the vulnerability of economies to shocks (including natural disasters).
- **International migration can have competing effects on human capital accumulation.** Migration can lead to “brain drain” if most migrants are relatively skilled and educated. Adams (2003) shows that, in a sample of 24 large labor-exporting countries, the vast majority of legal migrants to the United States and the OECD have a secondary education or higher. On the other hand, international migration may actually help increase the skill level in the population. If the returns to education are higher in foreign economies than in the domestic one, the possibility of migrating in the future would increase the incentives to acquire education. Since only a fraction of the educated people would actually migrate, this would increase the average level of education in the domestic economy. This effect is in addition to the direct impact of remittances on schooling decisions described above.

Table I.5. Regressions for Changes in Remittance Flows ^{1/}

	Pooled regression	Changes in Remittances from:		
		United States	New Zealand	Australia
Changes in real exchange rate (foreign currency per tala) 2/	-1.319 (0.501)**	-1.403 (0.562)**	-1.927 (1.217)	-0.222 (1.134)
Real GDP growth in remitting country (first lag)	6.716 (2.907)**	2.073 (4.491)	9.506 (4.868)*	4.975 (7.016)
Real GDP growth in Samoa (first lag)	-2.354 (1.209)*	-1.989 (1.829)	-3.128 (2.364)	-2.196 (2.158)
Fixed Effect-United States	4.832 (13.472)	18.624 (19.598)		
Fixed Effect-New Zealand	2.176 (13.509)		-3.484 (21.200)	
Fixed Effect-Australia	2.295 (14.614)			7.402 (29.656)**
R ²	0.147	0.181	0.249	0.044
N	117	39	39	39

1/ * and ** denote statistical significance at the 10 and 5 percent level.

2/ An increase in the real exchange rate denotes a real depreciation of the respective foreign currency vis-à-vis the tala.

Table I.6. Error Correction Model (ECM) Regressions for Changes in Remittance Flows 1/

	Pooled regression	Changes in Remittances from:		
		United States	New Zealand	Australia
Changes in real exchange rate (foreign currency per tala)	-1.203 (0.361)**	-1.276 (0.389)**	-2.480 (0.805)**	0.540 (4.500)
Real GDP growth in remitting country (first lag)	5.529 (2.098)**	-2.951 (3.207)	10.541 (3.208)**	3.450 (4.500)
Real GDP growth in Samoa (first lag)	-1.693 (0.874)*	-1.527 (1.267)	-2.297 (1.561)	-1.672 (1.384)
Error Correction Term 2/	-132.543 (13.015)**	-118.770 (18.964)**	-171.513 (25.071)**	-141.189 (19.718)**
Fixed Effect-United States	2.978 (9.711)	30.516 (13.682)**		
Fixed Effect-New Zealand	2.223 (9.736)		11.536 (14.003)**	
Fixed Effect-Australia	2.207 (10.532)			8.575 (19.000)
R ²	0.561	0.575	0.684	0.619
N	117	37	37	37

1/ * and ** denote statistical significance at the 10 and 5 percent level.

2/ Corresponds to the four period lag of the long-run cointegrating relationship between the log of remittances on the logs of GDP in Samoa and in the remitting country, the real exchange rate, a time trend and seasonal dummies.

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II. FISCAL POLICY ISSUES AND MEDIUM-TERM DEBT SUSTAINABILITY ANALYSIS¹

A. Introduction

1. **Samoa's debt profile has improved considerably since the mid-1990s.** After its debt to GDP ratio rose to 90 percent in 1994, Samoa embarked on a program of macroeconomic stabilization and structural reforms. This program has succeeded in bringing Samoa's debt burden back to around 50 percent of GDP. Samoa's debt to GDP ratio still looks relatively high compared with neighboring countries or comparable island economies in other parts of the world. Given its vulnerability to external shocks, Samoa's medium-term fiscal strategy should be focused on further reducing the public debt ratio.
2. **This paper attempts to assess the medium-term debt profile of Samoa under different scenarios.** After describing the main features of the debt in Section B and the recent evolution of the fiscal position in Section C, and recent developments in public sector reforms that have an impact on fiscal performance in Section D, the paper, in Section E, forecasts public debt levels under three main scenarios. As a first step, public debt is projected under a baseline scenario of reasonable growth and stable external conditions. Then, it is tested against a scenario of low growth and some depreciation in the exchange rate against the US dollar, before being finally tested under a more extreme scenario of zero growth combined with a large depreciation and a natural disaster, such as a cyclone. Finally, the paper in Section F summarizes the main conclusions and looks at possible policy options to improve the debt profile and enhance Samoa's resilience to external shocks.

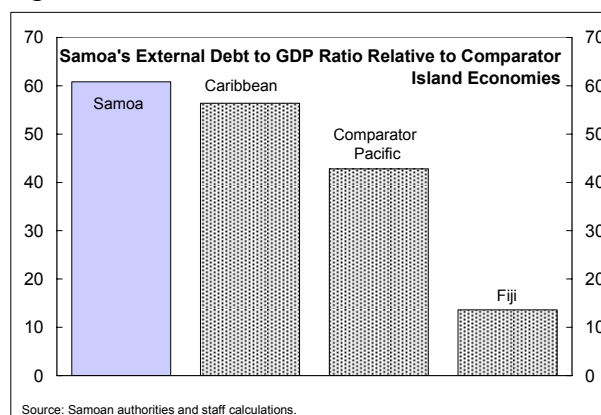
B. Evolution of Samoa's debt situation

3. **Owing to economic mismanagement in the 1970s and 1980s, compounded by several external shocks in the early 1990s, including two cyclones, Samoa's debt to GDP ratio peaked at 90 percent of GDP in 1994.** Faced with such challenges, the Samoan authorities embarked on a program of macroeconomic stabilization and comprehensive economic reforms in 1996. This program included on the fiscal side, tax measures, most notably the introduction of a 10 percent value-added tax on goods and services (VAGST) in 1994, as well as some cuts in expenditures. This program achieved most of its objectives: growth picked up, public finances improved, international reserves were restored to comfortable levels and the public debt ratio was reduced substantially.
4. **Following several years of fiscal prudence, Samoa's public debt to GDP ratio now stands at \$165 million, or roughly 50 percent of GDP.** Almost all the debt is external, and is contracted with official creditors on concessional terms. About 85 percent of the external debt is owed to the Asian Development Bank (AsDB) and the World Bank's International Development Association (IDA) and are denominated in US dollars. The

¹ Prepared by Romuald Semblat, (APD, ext. 37612), with contributions from Anne Morant (PFTAC).

remaining 15 percent of external debt is owed to China and other multilateral entities, such as the European Investment Bank (EIB). Given its concessional nature, interest payments on the debt are about \$1½ million a year, or slightly less than one percent of the total stock of debt. Debt service at \$16 million this year represents only 6 percent of exports of goods and services.

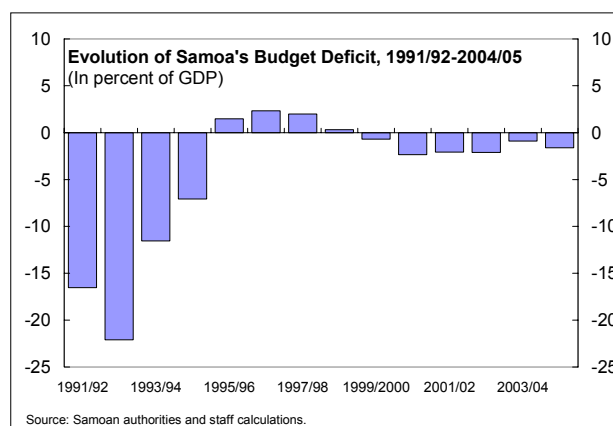
5. **The level of debt looks relatively high by regional standards and relative to comparator countries.** In comparison, the average debt to GDP ratio for other Pacific Island economies (1999-2003) is estimated to be around 40 percent of GDP and that of selected Caribbean Island economies stood at around 55 percent.^{2 3} As a country that is significantly exposed to various shocks (including natural disasters), Samoa's debt position can undergo rapid and large swings. Therefore, further lowering the debt ratio would give some additional cushion to the economy and would strengthen its resilience to external shocks.



C. Recent Developments in the Fiscal Performance

6. **Samoa's fiscal performance has improved significantly since the mid-1990s.** Thanks to the fiscal measures that were taken in the mid-1990s to restore macroeconomic

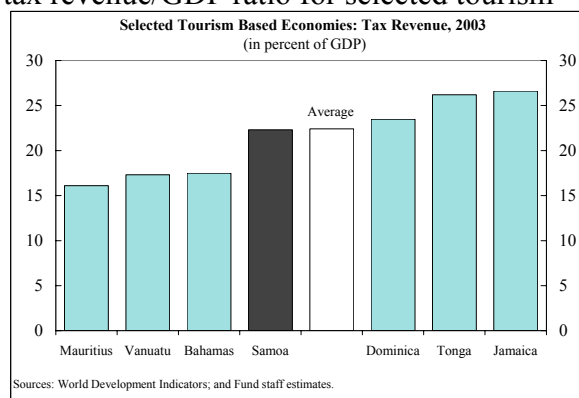
stability and the strong performance in growth through 2000/01, the overall deficit had been contained below two percent of GDP. However, as growth started to slow down from 2001/02, to limit its impact on the budget, several measures were taken, notably on the revenue side. Among other measures, the rate on VAGST was increased from 10 to 12.5 percent, the income tax was extended to the commercial fishing sector, and excise taxes on a range of products including alcoholic beverages, petroleum products and tobacco products were raised by 10 to 15 percent. As a result, the overall deficit has been brought down to less than one percent of GDP since 2002/03.



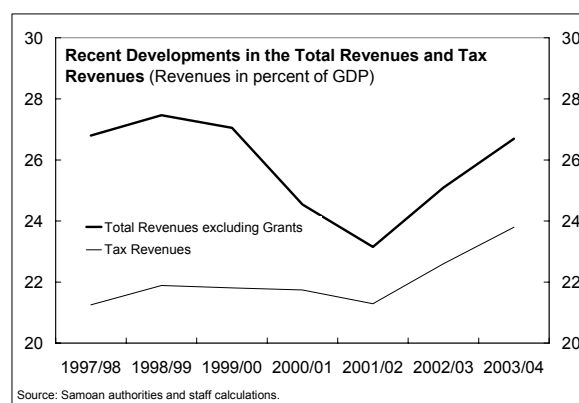
² Comparator Pacific Island countries include Papua New Guinea, Solomon Islands, Vanuatu and Tonga.

³ This includes Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

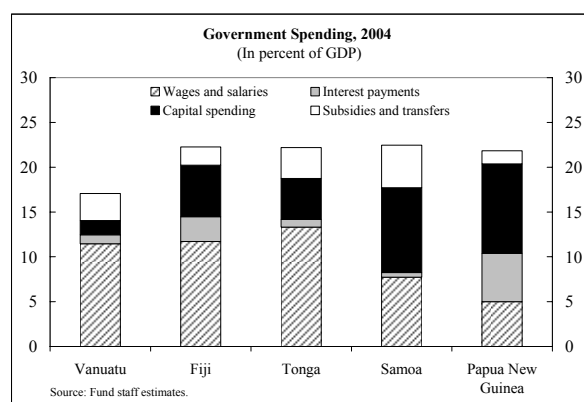
7. **The level of revenue to GDP is relatively high.** Total revenue, excluding grants, at 22½ percent of GDP is very close to the average tax revenue/GDP ratio for selected tourism-based island economies. This is largely explained by the good performance of the tax system, which has benefited considerably from the reform of the late 1990s⁴. While revenues from import duties have declined continuously over the past few years, this has been more than offset by the increasing role of the VAGST and excise taxes which now represent respectively one-third and one-sixth of total tax revenues, respectively.



8. **The performance of tax revenues has improved.** Following the reforms of the late 1990s and the adoption of the VAGST, the share of tax revenues in total receipts has risen significantly to and now stands at about 88 percent of total revenues. In addition, indirect taxation, largely dependent on consumption, represents now the bulk of tax revenues. As a result, the sensitivity of revenues to GDP downturns has diminished. This has contributed to the improvement in Samoa's fiscal position.

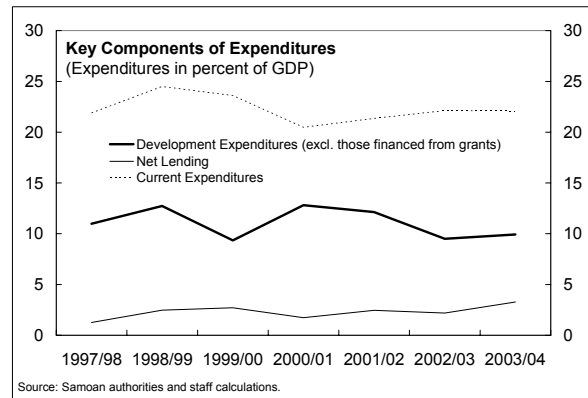


9. **Samoa's spending is tilted toward capital spending and transfers to public enterprises.** While the level of Samoa's fiscal expenditures is broadly in line with those in other Pacific Island countries, its composition differs. Samoa spends a larger share of its budget on capital expenditures and public investment projects, which are largely financed by foreign donors. In addition, subsidies and transfers to state-owned enterprises (SOE) absorb a larger share of public resources relative to other economies in the region. In contrast, spending on salaries and wages for the public sector is below that of comparator countries in the region.



⁴ For a description of the tax system in Samoa and the reforms undertaken in the late 1990s, see "Tax and Tariff Reform", Chapter 2 of the Selected Issues published in June 2003 (Country Report No. 03/196).

10. **While the budget does not have explicit automatic stabilizers, expenditures include some countercyclical spending on subsidies and capital injections for state-owned enterprises.** When the economy falters, the operations of the SOEs suffer and the level of subsidies increase. At the same time, Samoa does not have a developed social safety-net system: there are no unemployment benefits, and the pension scheme is operated outside the budget by the National Provident Fund (NPF). Therefore, while the budget does not include explicit automatic stabilizers, it is sensitive to the economic cycle through subsidies and capital injections to SOEs.



D. Public Sector Reforms and Fiscal Developments

11. **Continuing steady progress has been made in the reform of the civil service.** The restructuring exercise undertaken in late 2003 resulted in the reduction of the number of Ministries from twenty eight to thirteen Ministries and four Constitutional Agencies. Twelve Institutional Strengthening Projects have been initiated which focused on improving the efficiency and effectiveness of operations.⁵ Following the initial large downsizing of the Ministry of Public Works in 2001, reductions in staffing levels have relied primarily on natural attrition combined with a general freeze on funding of vacant established posts unless specifically agreed to by Cabinet.⁶

12. **A review of the functions of Ministries is underway, led by the Public Service Commission (PSC), with a view to refocusing them on their core functions.** The PSC had allowed a two year period for the restructuring, during which time it was expected that CEOs of Ministries would take responsibility for reviewing operations to focus on core functions. However, due to slow progress in this regard, the PSC has now taken the lead. A review for the Ministry of Health was recently completed, with the report awaiting Cabinet consideration.⁷ The PSC expects to finalize the realignment reviews of major Ministries by the end of 2005. The authorities are also in the early stages of amalgamating the Polytechnic and the University, which is expected to yield some administrative efficiency savings.

13. **However, progress has been slow in implementing the legislative framework underpinning financial management reforms.** The Public Financial Management Act (PFMA) of 2001 did not officially come into force until July 2003. The subordinate

⁵ Eleven of which are supported by Australian Aid and one in the Justice Ministry by New Zealand Aid.

⁶ For example, of the 328 vacant posts in 2004/05 budget, funding was only provided for 123.

⁷ The review proposes a clear separation of the hospital service delivery function from the policy function.

regulations and finance instructions underpinning the PFMA which are still being developed, are expected to be promulgated by end-2005. In addition, the Companies Act 2001 which is designed to strengthen the operations of state-owned enterprises and make them more commercially oriented, is yet to be officially enacted and is currently with the Attorney General's Office pending incorporation of bankruptcy and litigation provisions. The authorities plan to enact this act as a matter of priority.

14. **The authorities also plan to address weaknesses in fiscal transparency that were highlighted in the 2003 Fiscal ROSC under the authorities' Financial Management Improvement Project 2003-08 Implementation Plan.**⁸ The 2003 Fiscal ROSC emphasized the need for improved quality of budget documentation through enhanced fiscal balance and expenditure information, medium-term fiscal forecasts and reporting of fiscal risks and tax expenditures; as well as improved quality and timeliness of fiscal reporting. The authorities' plan is to focus on the phased operationalization of the strengthened budget, reporting and accountability requirements of the PFMA. Key elements of the plan include: (i) implementation of a new financial management information system (FMIS) for commencement of 2005/06; (ii) development of a more timely and comprehensive budget formulation process for 2006/07, including presentation of medium-term budget forecasts estimates; and (iii) a phased strengthening of monthly and quarterly financial reporting from July 2006.

15. **Steady progress was made in 2004/05 to strengthen governance and accountability of State Owned Enterprises (SOEs).** This has been underpinned by the establishment of the SOE Monitoring Unit and the Institutional Strengthening projects in Samoa Tel, Electric Power Corporation and the Samoa Water Authority, each of which are supported by World Bank, AsDB and Australia Aid donor technical assistance respectively. The authorities are in the early stages of strengthening governance and transparency requirements in line with the Public Bodies Act which underpins the SOE policy framework. All SOEs were required for the first time to submit Corporate Plans for 2004/05 to the Ministry of Finance. Whilst the timeliness and quality of Corporate Plans varied, it is expected all these SOEs will be in a position to comply with the strengthened financial reporting requirements for 2005/06. The authorities have finalized the divestment of minority shareholdings in Computer Services Limited, National Pacific Insurance and Samoa Breweries, and also announced their plans to privatize the Agricultural Store, Samoa Shipping Services and Samoa Broadcasting Corporation.

16. **The current dividend policy of 50 per cent of after tax profit for SOEs has not been applied for some years.** The key profit making entities are Agricultural Store, Samoa Tel and the Samoa Broadcasting Authority. Samoa Tel's after tax profit in 2004/05 is estimated to be around 8 million tala. However, the entity is in the process of negotiating dividend payments with the government within the context of a number of outstanding

⁸ Developed with technical assistance under the AsDB Project: *Implementation of the Public Financial Management Act 2001*

issues. In addition, the SOE accountability requirements have not been applied to the Betting Totalisator Agency Board.⁹ In past years, revenues to government from this agency reached close to 1 million tala. However, in recent years no revenues have come back to government nor has the agency provided annual reports as required under its enabling legislation. Given the potential significant revenue implications, a reassessment of both of these issues is appropriate.

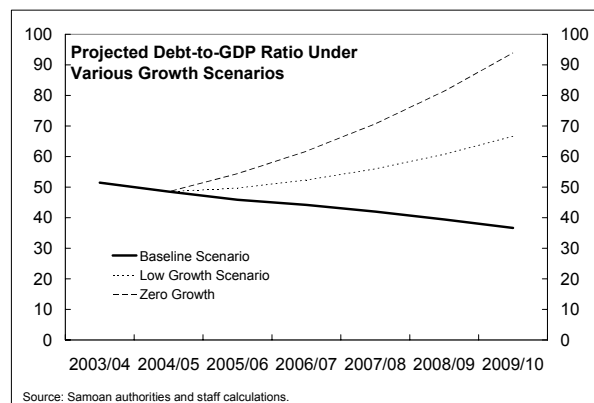
E. Debt Sustainability Analysis

17. **The debt sustainability analysis is based on the staff's medium-term macroeconomic projections and fiscal framework.** Key assumptions include:

- Real GDP growth is projected to average 3½ percent a year;
- Overall budget balance is attained by 2007/08 (with a projected primary surplus of about ½ percent of GDP).

18. **Staff's calculations show that while isolated and temporary shocks to the economy would not materially affect the debt ratios, a combination of large shocks (low growth, a large depreciation and a natural disaster such as a cyclone) would jeopardize debt sustainability.** The

evolution of public debt was assessed against a baseline scenario of reasonable growth and macroeconomic stability and stress-tested against various alternative scenarios.¹⁰ Below we present an analysis of the baseline scenario and two main alternative scenarios, one where the economy continues to grow, albeit at lower levels, and another more extreme scenario where growth is zero and the economy faces a combination of large shocks (including a natural disaster). In all scenarios, the fiscal deficit was assumed to be financed largely by external borrowing from official sources at concessional terms.



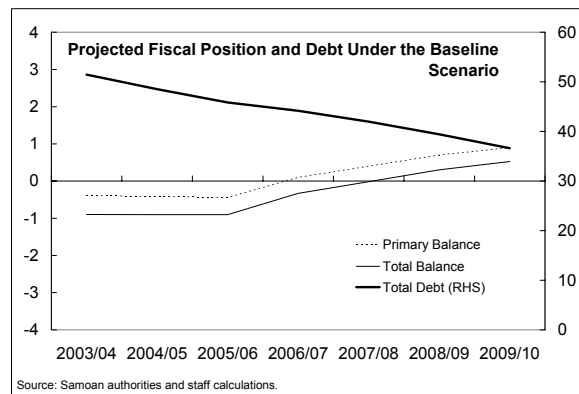
19. **Under the current baseline medium-term scenario, the nominal debt-to-GDP ratio is projected to gradually decline to just under 40 percent by 2009/10 (the regional average for the Pacific Island economies).**

⁹ The Agency has exclusive rights over: the conduct and/or provision of facilities for betting; the carrying-on of bookmaking; the domestic game of sports lotto and to act as an agent for Tats lotto (international).

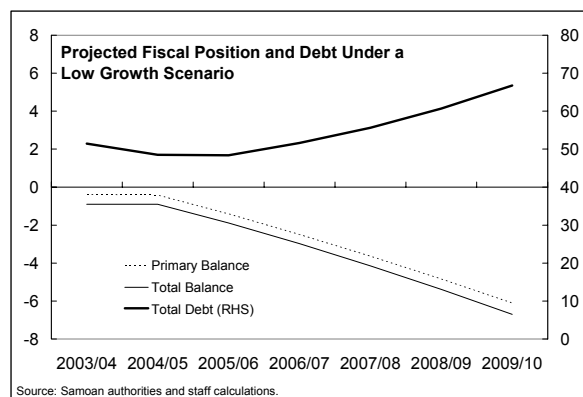
¹⁰ Stress tests conducted include scenarios in which macroeconomic shocks were designed on the basis of historical averages and these show that the debt is sustainable over the medium term (Table II.1)

- Under this scenario, growth is assumed to pick up from current levels to 3½ percent of GDP reflecting the efficiency gains from structural reforms, notably in the area of SOEs and land market reform and inflation remaining low and stable over the medium term. Thanks to this favorable macroeconomic environment, revenue as a percentage of GDP remains largely unchanged. In addition, an improvement in the operations of the SOEs following restructuring would cut the level of public spending on subsidies and capital injections. This would allow the budget to shift into small surpluses over the medium term and enable the debt to GDP ratio to fall to about 37 percent by 2009/10.

- The projected medium-term debt-to-GDP ratio in the baseline is above the threshold of 50 percent of GDP (in net present value terms) that is considered ideal for countries with strong policies. Although Samoa can be considered as a strong performer, being a small island economy with a limited resource base, it is relatively more vulnerable to external shocks (including natural disasters) compared to other low-income countries that are considered as strong performers.¹¹



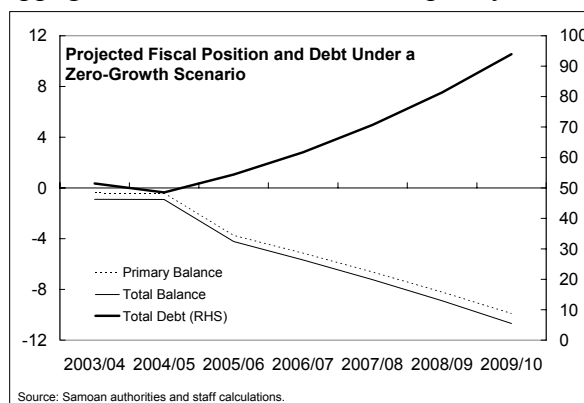
20. **However, the favorable debt trend in the baseline scenario could reverse if growth were two percentage points lower than the medium-term baseline, and the tala depreciated by 10 percent over the medium term.** While this would not endanger debt sustainability, the debt to GDP ratio would rise to close to 70 percent of GDP in 2009/10. This scenario is built on the assumption that structural reforms, notably in the area of SOE reform, stall leaving Samoa in a low growth path. In addition, a 10 percent depreciation in the exchange rate against the US dollar is factored in. Under this scenario, the level of spending on subsidies and capital injections into state-owned enterprises remains high. As a result, the overall fiscal deficit worsens to about six percent of GDP by 2009/10, and the resulting additional external financing further raises the level of external debt.



¹¹ See “Operational Framework for Debt Sustainability Assessments in Low-Income Countries-Further Considerations”, IMF, March 29, 2005 where debt thresholds are linked to the quality of a country’s policies and institutions.

21. **Under a worse-case scenario with no growth, a 30 percent devaluation, and a natural disaster hitting this year which would increase capital spending, the debt profile worsens considerably, with a debt rising to almost 100 percent of GDP.** This scenario is built on the assumption of major slippages in both macroeconomic policy

implementation and the agenda of structural reforms particularly SOE reform which would make Samoa vulnerable to exchange rate pressures. Thus, it assumes a 30 percent devaluation of the tala against the US dollar over the next five years. In addition, this scenario takes into account the impact of a natural disaster, such as a cyclone, on the economy and its effect on capital spending. Under this scenario, the overall fiscal deficit balloons to around



ten percent of GDP by 2009/10 as revenues fall, and spending—both for the continuation of operations of state-owned enterprises, and for cyclone-related reconstruction of the economy—expands. The additional build-up in external debt to finance those deficits, combined with the more depreciated exchange rate, drives the debt to GDP ratio to about 100 percent of GDP.

F. Conclusions and Policy Implications

22. **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 should improve further

23. **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.

24. **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.** Such 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 will require 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.

25. 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. Meeting the medium-term objective of fiscal balance will require a comprehensive restructuring of Polynesian Airlines, and improving the financial position of other loss-making SOEs. This will also allow 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 should aim 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.

Table II.1. Samoa: Public Sector Debt Sustainability Framework, Baseline and Alternative Scenarios, 2002/03-2009/10
(In percent of GDP, unless otherwise indicated)

	Actual			Projections						Average
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2005/06-2009/10	
Public sector debt 1/	58.6	51.5	48.5	45.8	44.2	42.0	39.4	36.6	40.3	
o/w foreign-currency denominated	58.6	51.5	48.5	45.8	44.2	42.0	39.4	36.6	40.3	
Change in public sector debt	-2.1	-7.1	-3.0	-2.7	-1.6	-2.2	-2.6	-2.8	-2.5	
Identified debt-creating flows	1.3	-7.5	-8.4	-4.9	-3.7	-2.3	-2.8	-3.0	-3.3	
Primary deficit	1.5	0.4	0.4	0.4	-0.1	-0.4	-0.7	-0.9	-0.4	
Revenue and grants	32.8	32.5	40.1	37.9	33.9	33.8	33.7	33.6	34.4	
of which : grants	8.0	7.3	14.9	11.2	7.2	7.1	7.0	6.9	7.7	
Primary (noninterest) expenditure	34.3	32.9	40.5	38.3	33.8	33.4	33.0	32.7	34.0	
Automatic debt dynamics 2/	-0.2	-7.9	-8.8	-5.3	-3.6	-1.9	-2.1	-2.1	-2.8	
Contribution from interest rate/growth differential	-1.5	-2.5	-2.7	-2.5	-2.6	-2.5	-2.4	-2.2	-2.4	
of which : contribution from average real interest rate	-0.4	-0.5	-1.1	-1.0	-1.0	-1.0	-0.9	-0.9	-0.9	
of which : contribution from real GDP growth	-1.1	-2.0	-1.6	-1.5	-1.6	-1.5	-1.5	-1.4	-1.5	
Contribution from real exchange rate depreciation	1.2	-5.4	-6.2	-2.8	-1.0	0.6	0.3	0.1	-0.4	
Other identified debt-creating flows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Recognition of implicit or contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other (specify, e.g. bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Residual, including asset changes	-3.4	0.4	5.4	2.2	2.1	0.1	0.2	0.2	0.8	
NPV of public sector debt	...	...	46.0	44.2	43.1	40.8	38.2	35.4	39.0
o/w foreign-currency denominated	...	...	46.0	44.2	43.1	40.8	38.2	35.4	39.0
o/w external	...	...	46.0	44.2	43.1	40.8	38.2	35.4	39.0
NPV of contingent liabilities (not included in public sector debt)	...	...	...	...	...	...	...	...	...
Gross financing need 3/	2.6	2.3	1.6	1.1	0.8	0.5	0.4	0.4	0.6	
NPV of public sector debt-to-revenue ratio (in percent) 4/	...	...	114.7	116.7	127.1	120.7	113.4	105.4	113.4
o/w external	...	...	114.7	116.7	127.1	120.7	113.4	105.4	113.4
Debt service-to-revenue ratio (in percent) 4/ 5/	3.5	3.2	2.1	2.1	1.9	1.7	1.6	1.5	1.7	
Primary deficit that stabilizes the debt-to-GDP ratio	3.6	7.5	3.4	3.1	1.5	1.8	1.9	1.9	2.0	
A. Alternative Scenarios										
A1. Key macroeconomic variables at their historical averages 6/	...	...	...	45.8	45.1	43.3	40.4	38.4	42.6
A2. No policy change (constant primary balance in 2004/05-2009/10)	...	...	...	47.8	47.4	46.9	46.1	45.7	46.8
A3. Low growth combined with a one time 10 percent depreciation 7/	...	...	...	49.7	52.3	56.0	60.7	66.6	57.1
A4. Zero growth combined with a one time 30 percent depreciation and a natural disa	...	...	...	54.4	61.7	70.7	81.4	93.9	72.4
B. Key macroeconomic and fiscal assumptions										
Real GDP growth (in percent)	1.8	3.5	3.0	3.0	3.5	3.5	3.5	3.5	3.4	
Average nominal interest rate on forex debt (in percent) 8/	0.9	0.9	1.0	1.0	1.1	1.1	1.2	1.3	1.0	
Real effective exchange rate depreciation (in percent, + indicates depreciation) 9/	2.1	-9.7	-12.2	...	...	...	...	...	...
Inflation rate (GDP deflator, in percent)	0.4	4.6	4.0	2.5	2.5	2.5	2.5	2.5	2.5	
Growth of real primary spending (deflated by GDP deflator, in percent)	5.1	2.5	2.1	3.3	2.1	2.0	5.3	3.5	2.8	

Sources: Country authorities; and Fund staff estimates and projections.

1/ Debt coverage refers to gross debt of general government. The debt data for the nonfinancial public sector is weak.

2/ Derived as $[(r - p(1+g) - g + ae(1+r))/(1+g+p+gp)]$ times previous period debt ratio, with r = interest rate; p = growth rate of GDP deflator; g = real GDP growth rate; a = share of foreign-currency denominated debt; and e = nominal exchange rate depreciation (measured by increase in local currency value of U.S. dollar).

3/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period.

4/ Revenues including grants.

5/ Debt service is defined as the sum of interest and amortization of medium and long-term debt.

6/ The key variables include real GDP growth, real interest rate and primary balance (in percent of GDP).

7/ Low growth scenario assumes growth is 2 percentage points lower than the baseline.

8/ Derived as nominal interest expenditure divided by previous period debt stock

9/ Real depreciation is defined as nominal depreciation (measured in percentage fall in the dollar value of local currency (tala) minus domestic inflation (based on GDP deflator).

Table 1. Samoa: Gross Domestic Product by Sector at Constant 2002 Prices, 1999–2004

	1999	2000	2001	2002	2003	2004
(In millions of tala)						
Primary sector	143.5	143.6	138.1	129.4	124.9	118.8
Agriculture	77.0	77.7	67.2	61.7	67.7	63.9
Fishing	66.6	65.9	70.9	67.7	57.2	54.8
Secondary sector	182.6	206.3	231.4	231.7	243.9	255.1
Food and beverage manufacturing	22.2	24.9	26.3	29.1	29.4	29.7
Other manufacturing	88.5	95.1	112.3	106.8	117.8	109.3
Construction	43.5	51.8	54.6	53.7	54.7	73.7
Electricity and water	28.4	34.4	38.2	42.1	42.0	42.4
Tertiary sector	385.4	404.7	437.4	452.9	472.6	504.3
Commerce	137.8	149.4	161.2	176.3	179.5	190.4
Hotels and restaurants	19.0	19.5	21.6	20.7	23.8	25.6
Transportation and communication	92.5	98.5	110.0	104.6	112.5	119.0
Finance and business	64.6	66.6	72.8	80.1	85.4	97.7
Less: Enterprise share of FISIM 1/	-9.9	-10.7	-11.4	-12.2	-13.1	-13.9
Housing	31.3	31.9	32.5	33.2	33.9	34.6
Other services	50.1	49.5	50.7	50.2	50.6	50.9
Government	60.7	64.5	67.6	71.0	75.0	78.9
GDP at constant market prices	772.2	819.1	874.4	885.0	916.3	951.0
(Percentage change)						
Primary sector	-3.1	0.1	-3.9	-6.3	-3.5	-4.9
Secondary sector	2.2	13.0	12.2	0.1	5.2	4.6
Tertiary sector	3.7	5.0	8.1	3.5	4.4	6.7
Government	6.8	6.2	4.8	5.1	5.6	5.2
GDP	2.2	6.1	6.8	1.2	3.5	3.8

Sources: Treasury Department of Samoa; and Fund staff estimates.

1/ Financial intermediaries service charge, indirectly measured.

Table 2. Samoa: Gross Domestic Product by Sector at Current Prices, 1999–2004

	1999	2000	2001	2002	2003	2004 /2
(In millions of tala)						
Primary sector	118.5	128.2	124.1	129.4	122.1	144.3
Agriculture	63.9	65.4	55.4	61.7	64.0	82.0
Fishing	54.6	62.8	68.7	67.7	58.1	62.4
Secondary sector	168.1	197.9	226.1	231.7	258.0	285.7
Food and beverage manufacturing	22.6	24.7	26.0	29.1	30.5	30.5
Other manufacturing	78.5	88.0	107.7	106.8	125.5	123.3
Construction	41.6	50.1	53.7	53.7	58.6	86.2
Electricity and water	25.5	35.1	38.8	42.1	43.4	45.7
Tertiary sector	340.4	368.4	414.8	452.9	493.9	537.1
Commerce	121.5	138.6	155.3	176.3	183.8	198.3
Hotels and restaurants	16.7	18.0	20.9	20.7	24.6	26.7
Transportation and communication	79.6	82.8	98.4	104.6	118.0	128.7
Finance and business	58.8	63.0	70.5	80.1	90.6	101.0
Less: Enterprise share of FISIM 1/	-8.8	-9.9	-11.0	-12.2	-14.3	-16.0
Housing	27.8	29.4	31.4	33.2	36.9	40.0
Other services	45.0	46.5	49.4	50.2	54.1	58.5
Government	64.4	67.1	68.9	71.0	73.7	76.5
GDP at current market prices	691.5	761.5	834.0	885.0	947.7	1043.6
Memorandum item:						
Implicit GDP deflator (2002=100)	89.5	93.0	95.4	100.0	103.4	109.7
(Percentage change)						
Primary sector	-6.5	8.1	-3.1	4.2	-5.7	18.2
Secondary sector	5.1	17.7	14.3	2.5	11.4	10.7
Tertiary sector	9.3	8.2	12.6	9.2	9.1	8.8
Government	5.3	4.1	2.8	3.0	3.8	3.8
GDP	4.9	10.1	9.5	6.1	7.1	10.1
GDP deflator	2.6	3.8	2.6	4.8	3.4	6.1

Sources: Treasury Department of Samoa; and Fund staff estimates.

1/ Financial intermediaries service charge, indirectly measured.

2/ Provisional estimates.

Table 3. Samoa: Indices of Industrial Production, 1999–2004 1/

(1997=100)

	Weights	1999	2000	2001	2002	2003	2004
Beer	0.22	115.8	123.0	139.7	144.3	143.2	140.5
Electricity	0.17	100.4	109.6	129.7	151.5	153.4	152.3
Soft drinks	0.13	108.6	118.0	128.2	129.3	117.6	110.0
Coconut oil	0.11	32.4	6.8	...	...	...	...
Cigarettes	0.09	99.1	112.6	114.0	107.3	113.7	118.0
Timber	0.06	132.6	141.2	121.0	140.8	54.9	59.1
Coconut cream	0.04	114.4	81.3	90.3	66.4	59.1	54.8
Miscellaneous products 2/	0.04	116.5	107.8	122.7	94.3	68.1	87.8
Ready-mixed cement	0.04	176.3	201.2	211.6	183.3	245.6	378.9
Concrete blocks	0.04	70.5	69.2	59.0	57.0	60.6	72.7
Paints	0.02	92.9	85.1	80.4	69.9	70.0	88.6
Ice-cream	0.02	95.6	99.1	88.5	97.7	94.1	111.7
Roofing iron 3/	0.01	119.1	184.2	160.0	190.9	221.4	144.3
Corned meat	0.01	85.3	91.7	77.0	146.5	122.8	99.5
Total	1.00	102.2	105.1	112.2	115.3	110.4	114.8
(Percentage change over previous year)	...	6.0	2.8	5.0	2.9	5.1	4.0
Memorandum item:							
Industrial Price Index (1997=100)	...	115.7	114.7	120.5	127.4	140.3	147.8
(Percentage change over previous year)	...	7.9	-0.9	5.0	5.7	10.8	5.3

Source: Central Bank of Samoa.

1/ The industrial index has been revised to include a more comprehensive range of products manufactured in the country.

It replaces the old index which was based in 1982 and included a small range of products.

2/ Comprises copra meal, soap, toilet tissue, tobacco, and salted beef.

3/ Salafai Metal Industries (SMI) has replaced Samoa Iron and Steel in the authorities' Industrial Production Survey, as a producer of roofing iron from September 1998 onward.

Table 4. Samoa: Energy Statistics, 1999–2004

	1999	2000	2001	2002	2003	2004
(In megawatts)						
Electricity generating capacity 1/	100.1	107.1	118.2	139.8	147.1	151.1
Hydroelectricity	44.8	44.8	45.4	47.2	47.2	47.2
Diesel	55.3	62.3	72.8	92.6	99.9	103.9
(In millions of kilowatt hours)						
Electricity production 1/	84.6	90.5	105.4	123.8	124.6	123.3
Hydroelectricity	44.0	44.9	48.9	67.3	67.7	64.3
Diesel	40.6	45.6	56.5	56.5	56.8	59.0
Electricity consumption	84.6	90.5	105.4	123.8	124.6	123.3
Sales	67.8	70.0	78.7	86.1	66.8	47.9
Other 2/	16.8	20.5	26.7	37.7	57.8	75.4
(In tala per unit; end of period)						
Energy prices (domestic)						
Petroleum (gallon)	4.8	6.4	6.5	6.3	6.8	7.9
Kerosene (gallon)	3.1	6.3	6.2	5.7	6.0	7.1
Electricity (kilowatt hour)	0.4	0.6	0.6	0.6	0.6	0.6

Sources: Electric Power Corporation; and Treasury Department of Samoa.

1/ Figures relate only to government-owned electric power schemes. Village lighting schemes and other private plants are not included.

2/ Transmission and distribution losses, and auxiliaries (power used in electricity production).

Figures for 2004 are provisional estimates.

Table 5. Samoa: Building Permits Issued, 1997–2002

	1997	1998	1999	2000	2001	2002
(Number of units)						
Residential	372	324	336	359	348	294
Industrial	0	...	...	...	...	...
Commercial	71	75	82	88	90	66
Education	13	11	9	12	8	8
Health	0	7	27	...	...	1
Churches	28	13	...	42	20	13
Other	2	12	40	23	32	28
Total	486	442	494	524	498	410
(Value in millions of tala)						
Residential	11.0	11.0	11.8	14.5	...	...
Industrial	...	...	...	...	...	...
Commercial	9.0	6.7	35.8	12.6	...	...
Education	1.9	1.4	1.0	1.3	...	...
Health	...	2.9	3.9	...	...	...
Churches	4.3	4.3	...	14.8	...	...
Other	0.1	0.7	0.6	0.5	...	...
Total	26.3	25.6	53.0	43.6	...	...

Source: Treasury Department of Samoa.

1/ The 1999 figure includes the renovation of the Faleolo Airport terminals (SAT 9 million) and the office complex for the Accident Compensation Board (SAT 19 million).

Table 6. Samoa: Consumer Prices, 1999–2004

	1999	2000	2001	2002	2003	2004
(End of period; December 2002=100)						
Food	79.9	81.9	94.0	100.0	95.1	122.4
<i>Of which:</i> Domestic food	68.6	73.3	87.5	100.0	90.9	133.6
Clothing and footwear	101.6	101.7	100.2	100.0	95.9	89.5
Household operations	95.5	96.6	97.4	100.0	99.2	103.0
Transportation and communication	86.7	92.7	94.7	100.0	101.5	107.6
Alcohol and tobacco	85.3	84.7	86.4	100.0	102.5	102.1
Miscellaneous	94.4	95.6	96.3	100.0	100.2	100.8
Total	84.4	86.5	94.3	100.0	97.2	114.9
<i>Of which:</i> Imported goods	94.2	95.6	100.0	100.0	100.2	104.6
Domestic goods	77.2	80.0	90.2	100.0	95.1	121.9
(Percent change)						
Food	-5.3	2.4	14.8	6.4	-4.9	28.7
<i>Of which:</i> Domestic food	-7.9	6.8	19.4	14.3	-9.1	47.0
Clothing and footwear	0.3	0.1	-1.5	-0.2	-4.1	-6.7
Household operations	1.4	1.2	0.8	2.7	-0.8	3.8
Transportation and communication	5.8	6.9	2.1	5.6	1.5	6.0
Alcohol and tobacco	-0.3	-0.7	2.0	15.7	2.5	-0.4
Miscellaneous	0.3	1.3	0.8	3.8	0.2	0.6
Total	-2.3	2.5	9.0	6.0	-2.8	18.2
<i>Of which:</i> Imported goods	-0.2	1.4	4.6	0.0	0.2	4.4
Domestic goods	-4.1	3.5	12.8	10.9	-4.9	-4.9
Memorandum item:						
CPI (excluding domestic food)	...	...	...	...	...	...
Weights						
	Imported	Domestic	Total			
Food	28.8	21.5	50.3			
Clothing and footwear	2.0	...	2.0			
Household operations	4.8	6.4	11.1			
Transportation and communication	3.0	11.4	14.4			
Alcohol and tobacco	1.7	10.5	12.2			
Miscellaneous	3.5	6.5	10.0			
Total	43.8	56.3	100.0			

Source: Statistics Services Division.

Table 7. Samoa: Financial Operations of the Central Government, 1999/00–2004/05 1/

	1999/00	2000/01	2001/02	2002/03	2003/04		2004/05
					Budget	Actual	Budget
(In millions of tala)							
Total revenue and grants	251.0	262.4	290.8	303.5	318.4	317.7	426.3
Total revenue	194.4	197.4	198.7	229.3	251.4	246.5	268.0
Tax	156.7	174.8	182.7	206.5	224.1	219.7	239.5
Nontax	37.7	22.5	16.0	22.8	27.3	26.8	28.5
External grants 2/	56.6	65.1	92.1	74.2	67.0	71.2	158.3
Total expenditure and net lending	256.2	280.7	308.6	309.1	332.4	326.6	434.8
Current expenditure	169.7	164.6	183.3	202.2	208.0	204.5	232.2
Salaries and wages	66.1	64.4	74.7	75.5	71.0	70.9	79.2
Interest payments	4.3	5.4	4.1	4.8	5.1	5.1	4.7
External	4.1	5.3	4.1	4.8	5.1	5.1	4.7
Domestic	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Other	99.3	94.9	104.4	122.0	131.9	128.5	148.3
Development expenditure 3/	67.1	103.1	104.2	86.9	93.5	86.6	176.4
Net lending 4/	19.4	13.9	21.1	20.0	30.9	35.5	26.2
Overall balance	-5.1	-18.3	-17.8	-5.6	-14.1	-8.9	-8.5
Overall balance (excluding grants)	-61.8	-83.3	-109.9	-79.8	-81.0	-80.0	-249.9
Financing	5.2	18.3	17.8	5.6	14.1	8.9	8.5
External financing (net)	1.5	4.3	11.8	4.7	13.1	0.3	5.1
Disbursement	10.4	13.3	23.9	16.6	26.5	12.1	18.1
Amortization	-8.9	8.9	12.1	11.9	13.4	11.9	13.0
Domestic financing (net)	3.7	14.0	6.0	0.9	1.0	8.6	3.5
Banking system 5/	0.1	12.0	-3.5	-6.2	0.0	-17.6	0.0
Nonbanks and others	3.6	2.0	9.5	7.0	1.0	-9.0	3.5
(In percent of GDP)							
Total revenue and grants	34.4	31.9	33.6	32.8	33.8	32.5	43.6
Total revenue	26.6	24.0	23.0	24.8	26.7	25.2	27.4
Tax	21.5	21.3	21.1	22.3	23.8	22.4	24.5
Nontax	5.2	2.7	1.8	2.5	2.9	2.7	2.9
External grants	7.8	7.9	10.7	8.0	7.1	7.3	16.2
Total expenditure and net lending	35.1	34.2	35.7	33.4	35.3	33.4	44.4
Current expenditure	23.2	20.0	21.2	21.9	22.1	20.9	23.7
Salaries and wages	9.1	7.8	8.6	8.2	7.5	7.2	8.1
Interest payments	0.6	0.7	0.5	0.5	0.5	0.5	0.5
External	0.6	0.6	0.5	0.5	0.5	0.5	0.5
Domestic	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Development expenditure 3/	9.2	12.6	12.1	9.4	9.9	8.9	18.0
Net lending 4/	2.7	1.7	2.4	2.2	3.3	3.6	2.7
Overall balance	-0.7	-2.2	-2.1	-0.6	-1.5	-0.9	-0.9
Overall balance (excluding grants)	-8.5	-10.1	-12.7	-8.6	-8.6	-8.2	-25.5
Financing	0.7	2.2	2.1	0.6	1.5	0.9	0.9
External financing (net)	0.2	0.5	1.4	0.5	1.4	0.0	0.5
Domestic financing (net)	0.5	1.7	0.7	0.1	0.1	0.9	0.4
Banking system 5/	0.0	1.5	-0.4	-0.7	0.0	-1.8	0.0
Nonbanks and others	0.5	0.2	1.1	0.8	0.1	-0.9	0.4

Sources: Treasury Department of Samoa; and Fund staff estimates.

1/ Fiscal year begins on July 1.

2/ Includes transactions that did not go through MOF in the 04/05 Budget, e.g. AusAid ISP's etc..

3/ Primarily foreign-financed development expenditure.

4/ Includes loans and advances to public enterprises, capital subscriptions, and land purchases.

5/ Includes revaluation of Treasury's foreign assets.

Table 8. Samoa: Revenue of the Central Government, 1999/00–2004/05

	1999/00	2000/01	2001/02		2002/03		2003/04		2004/05
			Budget	Actual	Budget	Actual	Budget	Actual	Budget
(In millions of tala)									
Tax revenue	156.7	174.8	173.8	182.7	206.6	206.5	225.6	219.7	239.5
Income tax	35.8	38.9	35.8	38.6	41.9	40.6	42.5	42.6	44.9
Excise tax	47.5	51.5	53.6	55.4	61.8	57.8	63.2	59.5	64.5
Domestic excise	26.4	28.4	27.8	31.2	34.2	27.1	34.2	34.5	35.5
Import excise	21.0	23.1	25.9	24.2	27.6	30.8	29.0	25.1	29.0
Taxes on international trade	28.9	30.8	31.0	33.3	30.4	36.0	37.5	34.8	38.0
Import duties	28.9	30.8	31.0	33.3	30.4	36.0	37.5	34.8	38.0
Foreign exchange levy 1/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VAGST	41.3	50.2	49.5	50.9	67.5	67.7	77.0	77.0	85.5
Domestic 2/	7.4	11.0	11.1	9.9	17.3	15.4	21.0	25.6	28.0
Imports	39.2	44.4	43.6	46.1	56.9	59.1	63.0	58.5	64.5
Refunds	5.2	5.2	5.2	5.0	6.7	6.8	7.0	7.0	7.0
Other taxes	3.3	3.5	4.0	4.5	5.0	4.3	5.4	5.7	6.6
Business licenses	0.8	1.0	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Petroleum levy	1.3	1.2	2.0	2.6	3.1	1.9	2.3	2.0	3.1
Stamp duty	1.2	1.4	1.1	1.0	1.0	1.5	0.6	1.2	0.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5	1.5
Nontax revenue	37.7	22.5	21.8	16.0	24.5	22.8	25.8	26.8	28.5
Fees, service charges, etc.	13.3	15.9	19.8	12.5	21.5	18.5	14.6	16.0	16.3
Departmental enterprises	0.0	-0.3	-0.4	-0.6	-0.2	0.0	1.7	1.3	0.9
Rents, royalties, international investments	24.3	6.9	2.4	4.0	3.3	4.3	9.4	9.6	11.3
Sale of government supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total revenue	194.4	197.4	195.6	198.7	231.1	229.4	251.4	246.5	268.0
(In percent of GDP)									
Tax revenue	21.5	21.3	20.2	21.2	21.9	22.3	23.1	22.4	24.5
Income tax	4.9	4.7	4.2	4.5	4.4	4.4	4.3	4.4	4.6
Excise tax	6.5	6.3	6.2	6.4	6.6	6.3	6.5	6.1	6.6
Domestic excise	3.6	3.5	3.2	3.6	3.6	2.9	3.5	3.5	3.6
Import excise	2.9	2.8	3.0	2.8	2.9	3.3	3.0	2.6	3.0
Taxes on international trade	4.0	3.7	3.6	3.9	3.2	3.9	3.8	3.6	3.9
Import duties	4.0	3.7	3.6	3.9	3.2	3.9	3.8	3.6	3.9
Foreign exchange levy 1/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VAGST	5.7	6.1	5.8	5.9	7.2	7.3	7.9	7.9	8.7
Domestic 2/	1.0	1.3	1.3	1.1	1.8	1.7	2.1	2.6	2.9
Imports	5.4	5.4	5.1	5.4	6.0	6.4	6.4	6.0	6.6
Refunds	0.7	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Other taxes	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.7
Business licenses	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Petroleum levy	0.2	0.1	0.2	0.3	0.3	0.2	0.2	0.2	0.3
Stamp duty	0.2	0.2	0.1	0.0	0.1	0.2	0.1	0.1	0.1
Other	0.0	0.0	0.0	0.1	0.0	0.0	0.2	0.2	0.2
Nontax revenue	5.2	2.7	2.5	1.9	2.6	2.5	2.6	2.7	2.9
Fees, service charges, etc.	1.8	1.9	2.3	1.5	2.3	2.0	1.5	1.6	1.7
Departmental enterprises	0.0	0.0	0.0	-0.1	0.0	0.0	0.2	0.1	0.1
Rents, royalties, international investments	3.3	0.8	0.3	0.5	0.3	0.5	1.0	1.0	1.2
Sale of government supplies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total revenue	26.6	24.0	22.7	23.1	24.5	24.8	25.7	25.2	27.4

Source: Treasury Department of Samoa.

1/ Foreign exchange levy was removed in 1999.

2/ Excludes VAGST payable by government departments.

Table 9. Samoa: Current Expenditure Classified by Function, 1999/00–2004/05

	1999/00	2000/01	2001/02	2002/03	2003/04		2004/05
					Budget	Actual	Budget
(In millions of tala)							
General services	73.9	67.8	75.7	85.6	74.4	70.6	78.6
General administration	59.8	52.2	59.9	68.6	57.5	53.4	61.8
Law and order	14.1	15.6	15.7	16.9	16.9	17.2	16.8
Social services	75.4	75.5	86.3	93.2	95.2	100.1	101.1
Education	37.2	37.3	41.5	45.2	48.7	50.9	52.0
Health	30.2	29.2	34.4	36.6	34.7	37.7	37.6
Social security and pensions	8.0	9.0	10.5	11.5	11.9	11.5	11.5
Economic services	35.4	36.7	40.4	45.6	47.1	46.4	47.1
Agriculture	9.9	9.5	10.9	11.3	11.0	10.7	11.0
Works, transport & infrastructure	20.7	22.0	22.9	27.5	28.7	28.8	39.2
Post and telecommunications	0.0	0.0	0.0	0.9	1.4	1.2	1.8
Natural resources	4.8	5.2	6.6	5.9	6.0	5.7	9.8
VAGST payable by government departments	-15.4	-12.6	-14.2	-17.4	-17.3	-18.4	-17.7
Interest payments on 1/ Public Debt	4.3	4.6	4.2	5.4	5.1	5.1	4.7
Other expenditure 2/	5.0	1.1	10.5	-0.7	3.6	0.7	3.8
Total current expenditure	169.7	163.7	183.3	202.2	208.0	204.5	232.2
(In percent of total current expenditure)							
General services	43.6	41.4	41.3	42.3	35.7	34.5	33.9
General administration	35.2	31.9	32.7	33.9	27.6	26.1	26.6
Law and order	8.3	9.5	8.6	8.4	8.1	8.4	7.2
Social services	44.5	46.1	47.1	46.1	45.8	49.0	43.5
Education	21.9	22.8	22.6	22.3	23.4	24.9	22.4
Health	17.8	17.8	18.8	18.1	16.7	18.5	16.2
Social security and pensions	4.7	5.5	5.7	5.7	5.7	5.6	5.0
Economic services	20.9	22.4	22.0	22.6	22.6	22.7	20.3
Agriculture	5.9	5.8	5.9	5.6	5.3	5.2	4.7
Works, transport & infrastructure	12.2	13.4	12.5	13.6	13.8	14.1	16.9
Post and telecommunications	0.0	0.0	0.0	0.5	0.7	0.6	0.8
Natural resources	2.8	3.1	3.6	2.9	2.9	2.8	4.2
VAGST payable by government departments	-9.1	-7.7	-7.7	-8.6	-8.3	-9.0	-7.6
Interest payments on 1/ Public Debt	2.5	2.8	2.3	2.7	2.4	2.5	2.0
Other expenditure 2/	3.0	0.7	5.7	-0.3	1.7	0.3	1.6
Total current expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Treasury Department of Samoa.

1/ Includes domestically financed development expenditure.

2/ Other includes Residual: unexplained.

Table 10. Samoa: External Grants by Donors and Loan Disbursements, 1999/00–2004/05

	1999/00	2000/01	2001/02	2002/03	2002/03	2003/04 Budget	2003/04 Actual	2004/05 Actual
(In millions of tala)								
External Grants	82.4	73.0	71.6	74.2	74.2	67.0	71.2	158.3
New Zealand	11.5	13.1	9.1	12.2	13.6	13.6	13.1	28.4
Australia	26.1	25.7	22.9	20.3	21.6	22.5	25.3	37.6
European Development Fund	35.8	10.0	27.5	4.1	4.1	4.1	4.1	6.1
Japan	...	8.4	5.1	30.7	30.7	10.2	10.2	28.4
United Nations Development Program	2.5	3.4	2.3	2.7	2.5	2.3	2.3	6.8
Other 1/	6.5	12.4	4.7	4.2	1.7	14.3	16.2	51.0
Loan Disbursements	10.4	13.3	23.9	29.6	29.6	26.5	26.5	26.1
Memorandum Item:								
External grant expenditures abroad 2/	80.3	70.7	69.9	77.2	71.2	64.2	64.2	149.1

Source: Treasury Department of Samoa.

1/ Includes grants from China, WHO, Canada, UNESCO, UNICEF, Germany, and France.

2/ Includes expenditure on scholarship awards, ISPs, and consultants for which direct payment is made by donors.

Table 11. Samoa: Public Enterprises and Statutory Authorities, 1999–2004

	Share of Government Ownership						Employment						Capital Injections and Advances					
	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004
	(In percent)						(Number of persons)						(In millions of tala)					
Nonfinancial public enterprises																		
Accident Compensation Board	...	...	...	...	...	...	...	...	42	42	54	62	...	...	...	...	0.0	0.0
Agriculture Store	100	100	100	100	100	100	58	53	46	42	44	39	0.0	0.0	0.0	0.0	0.0	0.0
Compute Services Limited	40	40	40	40	40	40	35	32	33	33	33	35	0.0	0.0	0.0	0.0	0.0	0.0
Electric Power Corporation	100	100	100	100	100	100	390	385	434	439	456	485	6.6	2.4	3.9	1.5	0.0	0.0
Polynesian Ltd. (Holdings)	100	100	100	100	100	100	392	373	383	383	387	389	10.0	10.0	8.8	15.0	8.0	19.5
Post Office and Telecom	100	100	100	100	100	100	205	180	188	213	247	249	5.2	15.8	0.0	0.0	0.0	0.0
Rothmans Tobacco	40	40	0	0	0	0	34	34	...	...	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Coconut Oil Products Ltd.	100	100	100	100	...	...	...	...	...	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Forest Corporation	40	40	40	40	40	40	55	55	52	55	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Land Corporation	100	100	100	100	100	100	37	58	72	72	72	71	0.0	0.0	0.0	0.0	0.0	0.0
Special Projects Development	100	0	0	0	0	0	...	...	...	...	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Televisé Samoa	100	100	100	100	100	100	42	35	41	34	30	30	0.6	0.5	1.2	0.4	2.3	0.6
Samoa Brewery	16	16	16	16	16	16	158	146	163	160	160	160	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Visitors Bureau	100	100	100	100	100	100	29	28	30	31	36	36	2.5	2.5	2.5	2.7	0.0	0.0
Samoa Water Authority	100	100	100	100	100	100	154	150	146	132	157	140	5.5	4.6	6.1	6.1	0.0	0.0
Samoa Shipping Corporation	100	100	100	100	100	100	132	120	136	136	125	125	0.0	0.0	0.0	0.0	0.0	0.0
WS Trust Estates Corporation	100	100	100	100	100	100	142	131	128	130	137	106	0.0	0.0	0.0	0.0	0.0	0.0
Other government equity participants																		
Brugger	20	20	0	0	0	0	142	...	...	...	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Hellaby	9	9	9	9	9	9	27	26	45	47	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Pacific Forum Line	7	7	7	7	7	7	...	...	...	...	30	33	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Iron and Steel	0	0	0	0	0	0	...	...	...	...	0	0	0.0	0.0	0.0	0.0	0.0	0.0
BOC-Gases	17	0	0	0	0	0	142	...	...	...	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Public financial institutions																		
Central Bank of Samoa	100	100	100	100	100	100	85	90	83	82	...	...	0.0	0.0	0.0	0.0	0.0	0.0
Development Bank of Samoa	100	100	100	100	100	100	116	118	117	120	130	113	0.0	0.0	0.0	0.0	0.0	0.0
Housing Corporation	100	100	100	100	100	100	17	17	17	17	17	17	0.5	0.5	0.4	0.4	0.4	0.4
National Pacific Insurance	30	30	30	30	30	30	33	14	13	13	11	11	0.0	0.0	0.0	0.0	0.0	0.0
National Provident Fund	100	100	100	100	100	100	119	132	190	160	160	172	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Life Assurance Corporation	100	100	100	100	100	100	49	49	54	51	52	48	0.0	0.0	0.0	0.0	0.0	0.0
Total	...	...	...	...	...	...	2,593	2,226	2,371	2,350	...	...	30.9	36.3	22.9	26.1	...	...

Source: Treasury Department of Samoa.

Table 12. Samoa: Structure of the Financial System, 1999–2004 1/

	1999	2000	2001	2002	2003	2004	
						Q2	Q4
(Share of total assets; in percent)							
Ministry of Finance	0.3	0.3	0.3	0.3	0.2	0.2	0.2
Central Bank of Samoa	16.8	14.3	13.4	14.5	14.7	14.5	15.8
Commercial banks	44.5	45.0	44.4	43.9	45.0	45.8	46.0
ANZ (Samoa)	28.6	28.5	27.4	26.8	27.1	26.6	25.3
Westpac Bank Samoa Limited 2/	13.0	12.9	12.9	12.6	11.7	11.9	11.9
National Bank of Samoa Limited	2.9	3.6	4.1	4.5	4.4	4.8	5.2
Samoa Commercial Bank Limited 3/	...	...	...	...	1.8	2.5	3.6
Nonmonetary financial institutions	38.4	40.4	41.8	41.4	40.0	39.6	38.0
National Provident Fund	22.1	24.5	25.5	25.7	25.1	25.1	24.2
Development Bank of Samoa	7.5	7.4	7.7	7.3	7.3	7.0	6.7
National Pacific Insurance Ltd.	2.8	2.8	3.3	3.0	2.7	2.6	2.5
Samoa Life Assurance Corporation	2.8	2.7	2.6	2.7	2.5	2.6	2.4
Public Trust Office	1.2	1.1	1.2	1.0	0.8	0.8	0.8
Samoa Housing Corporation	1.9	1.8	1.6	1.6	1.5	1.5	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(Share of total domestic credit; in percent)							
Monetary authorities	-19.4	-16.8	-13.6	-10.4	-9.5	-8.1	-7.5
Central Bank of Samoa	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Commercial banks	62.4	64.5	66.7	61.8	61.6	62.6	60.5
ANZ (Samoa)	42.3	42.8	43.7	38.4	37.3	36.0	32.7
Westpac Bank Samoa Limited 2/	16.1	17.2	17.8	17.3	15.9	16.7	15.7
National Bank of Samoa Limited	4.0	4.4	5.2	6.1	6.2	6.6	7.8
Samoa Commercial Bank Limited 3/	...	...	...	...	2.2	3.3	4.3
Nonmonetary financial institutions	56.5	51.9	46.4	48.1	47.4	45.1	46.6
National Provident Fund	31.3	28.6	26.4	28.2	28.3	27.4	29.7
Development Bank of Samoa	15.3	14.3	14.2	12.4	12.2	11.2	10.7
National Pacific Insurance Ltd.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Samoa Life Assurance Corporation	3.3	3.0	2.7	2.8	2.6	2.5	2.3
Public Trust Office	2.6	2.2	0.0	1.5	1.2	1.2	1.1
Samoa Housing Corporation	4.0	3.7	3.1	3.1	3.1	2.8	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Memorandum items:							
Total assets (millions of tala)	792.1	878.7	944.3	1020.2	1147.7	1176.7	1242.6
Total domestic credit (millions of tala)	345.4	390.0	436.7	502.7	551.0	593.2	610.6

Source: Central Bank of Samoa.

1/ Gross claims of financial institutions on the Government of Samoa, domestic non-financial public enterprises and the private sector. However, the Ministry of Finance's claims on and liabilities to Government are recorded on a net basis.

2/ Westpac assumed full control of the Pacific Commercial Bank in May 2001.

3/ Samoa Commercial Bank Limited commenced operation in April 2003.

Table 13. Samoa: Monetary Survey, 1999/00–2004/05

(In millions of tala, unless indicated otherwise)

	1999/00	2000/01				2001/02				2002/03				2003/04				2004/05	
		Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Net foreign assets	178.6	176.4	186.0	181.9	179.9	170.4	174.8	166.5	182.2	178.4	178.9	164.9	165.5	173.7	204.2	205.1	172.1	193.3	220.1
Monetary authorities 1/	164.3	156.6	159.3	161.3	157.2	149.2	155.2	152.5	175.7	172.8	171.1	152.8	151.9	167.3	191.9	189.6	186.2	202.6	213.6
Ministry of Finance	81.0	67.3	65.7	66.0	59.8	57.2	59.3	53.8	54.4	54.1	52.0	46.9	50.2	53.8	52.2	49.4	48.2	43.4	45.6
Central Bank of Samoa	83.3	89.3	93.6	95.4	97.4	92.0	96.0	98.7	121.4	118.7	119.1	105.9	101.7	113.5	139.7	140.2	138.0	159.3	168.0
Commercial banks	14.3	19.8	26.7	20.6	22.7	21.2	19.6	14.0	6.5	5.6	7.7	12.1	13.6	6.4	12.4	15.5	-14.0	-9.4	6.5
Net domestic assets	78.0	96.7	104.0	118.6	128.3	140.2	132.8	141.3	137.0	149.8	160.2	177.5	175.0	182.6	182.2	181.0	211.5	207.2	362.3
Domestic credit	116.9	142.7	154.1	166.0	178.2	192.1	186.7	195.3	197.0	206.4	219.0	232.9	237.1	248.8	254.1	260.0	290.4	287.2	280.4
Government (net)	-101.5	-89.6	-97.6	-91.6	-89.5	-83.7	-96.7	-91.4	-93.0	-89.3	-94.3	-94.0	-99.2	-83.0	-79.4	-80.3	-81.6	-89.2	-89.0
Monetary authorities 1/	-98.8	-80.4	-80.1	-82.8	-77.1	-74.2	-88.6	-84.4	-84.1	-85.7	-81.9	-72.0	-75.7	-78.1	-76.8	-73.7	-72.2	-74.7	-74.9
Ministry of Finance	-81.0	-67.3	-65.7	-66.0	-59.8	-57.2	-59.3	-53.8	-54.4	-54.1	-52.0	-46.9	-50.2	-53.8	-52.2	-49.4	-48.2	-43.4	-45.6
Central Bank of Samoa	-17.8	-13.2	-14.4	-16.8	-17.3	-17.0	-29.3	-30.6	-29.7	-31.6	-29.9	-25.1	-25.5	-24.4	-24.6	-24.4	-24.0	-31.3	-29.3
Commercial banks	-2.8	-9.1	-17.5	-8.8	-12.5	-9.5	-8.1	-7.0	-9.0	-3.6	-12.4	-22.1	-23.6	-4.9	-2.6	-6.6	-9.4	-14.5	-14.1
Claims on nonfinancial public enterprises	11.9	13.8	18.7	19.3	17.7	17.6	16.7	15.7	15.1	14.6	18.3	19.5	29.3	20.2	14.8	14.4	13.4	12.6	9.8
Claims on nonbank financial institutions	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.3	0.1	0.9	0.7	0.3	0.0	0.0	0.0	0.8
Claims on private sector	206.5	218.3	233.0	238.3	249.9	258.1	266.6	270.9	274.7	281.1	294.7	307.3	306.1	311.0	318.5	325.9	358.5	363.8	358.7
Other items (net)	-38.8	-46.0	-50.2	-47.4	-49.9	-51.9	-53.9	-54.1	-59.9	-56.7	-58.8	-55.3	-62.1	-66.2	-71.9	-79.0	-78.9	-79.9	81.9
Broad money	256.6	273.0	289.9	300.5	308.3	310.7	307.6	307.8	319.2	328.2	339.0	341.8	340.4	356.3	386.4	383.4	383.6	400.5	418.5
Narrow money	80.6	85.4	93.3	99.6	88.7	88.7	86.8	81.8	92.3	88.3	95.6	94.4	93.8	101.6	118.2	115.6	112.6	116.6	124.9
Currency outside banks	22.6	22.5	28.9	23.6	23.3	24.5	30.0	25.7	26.1	23.6	32.6	25.6	26.2	26.8	35.7	25.8	28.4	29.8	38.9
Demand deposits	58.0	62.9	64.4	76.0	65.3	64.1	56.9	56.1	66.2	64.8	63.0	68.9	67.6	74.8	82.5	89.7	84.2	86.8	86.0
Quasi-money	176.0	187.6	196.7	200.9	219.6	222.0	220.8	226.0	226.9	239.9	243.4	247.4	246.6	254.7	268.2	267.9	271.0	284.0	293.6
Savings deposits	36.5	38.6	37.5	38.4	40.4	43.7	40.3	42.4	45.5	47.4	44.9	44.6	45.5	50.3	45.6	48.2	49.4	53.8	51.5
Time deposits	124.0	129.0	132.7	144.7	156.6	151.0	160.5	165.1	171.4	180.2	184.5	183.2	184.8	193.5	207.0	205.1	209.4	220.0	232.4
Foreign currency deposits	15.4	20.1	26.5	17.8	22.7	27.3	20.0	18.5	10.1	12.3	14.1	19.6	16.3	11.0	15.6	14.6	12.2	10.2	9.8
Memorandum items:																			
Annual percent change 2/																			
Broad money	13.4	19.9	22.7	20.4	20.1	13.8	6.1	2.4	3.6	5.6	10.2	11.1	6.6	8.6	14.0	12.2	12.7	12.4	8.3
Narrow money	18.4	16.7	16.1	34.8	10.0	3.8	-6.9	-17.9	4.1	-0.4	10.1	15.5	1.7	15.0	23.6	22.4	20.0	14.8	5.7
Private sector credit	14.3	24.9	28.9	27.3	28.4	18.3	14.4	13.7	9.9	8.9	10.5	13.4	11.4	10.7	8.1	6.1	17.1	17.0	12.6
Contribution to broad money growth (in percent) 2/																			
Net foreign assets	0.6	5.3	3.9	-0.1	-1.2	-2.2	-3.8	-5.1	0.7	2.6	1.3	-0.5	-5.2	-1.5	7.5	11.8	2.0	5.5	4.1
Net domestic assets	12.8	23.8	24.2	25.8	24.9	16.0	9.9	7.5	2.8	3.1	8.9	11.8	11.9	10.0	6.5	1.0	10.7	6.9	46.6
Nonbank financial institutions																			
Deposits	42.3	44.3	45.7	52.1	51.7	53.6	50.5	53.9	60.9	61.8	58.7	65.3	66.0	67.8	67.1	65.1	63.2	64.7	55.8
Credit to the private sector	197.6	200.3	201.0	204.1	208.3	201.8	202.5	208.4	211.0	314.1	222.2	334.1	230.1	233.6	243.0	245.4	249.4	252.1	264.9

Source: Treasury Department of Samoa.

1/ Includes Treasury's monetary accounts.

2/ For quarterly data, the annual change is calculated relative to the respective quarter of the previous year.

Table 14. Samoa: Summary Accounts of the Monetary Authorities, 1999/00–2004/05

(In millions of tala; end of period)

	1999/00	2000/01	2001/02	2002/03				2003/04				2004/05	
				Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Foreign assets (net)	164.3	157.2	175.7	172.8	170.1	152.8	151.9	167.3	191.9	189.6	186.2	202.6	213.6
Foreign assets	167.6	160.8	179.1	176.0	174.8	155.8	155.1	170.5	194.9	193.4	191.7	206.4	216.6
Treasury	83.9	62.8	57.4	57.1	55.0	49.8	53.0	56.7	55.0	52.2	51.0	46.1	48.4
Central Bank of Samoa	83.8	98.0	121.8	118.9	119.8	106.0	102.1	113.8	139.9	141.2	140.7	160.3	168.2
Foreign liabilities	3.4	3.6	3.4	3.2	4.7	3.0	3.3	3.3	3.1	3.8	5.6	3.8	3.1
Treasury 1/	2.9	3.0	3.0	3.0	4.0	2.9	2.8	3.0	2.8	2.8	2.9	2.8	2.8
Central Bank of Samoa	0.5	0.6	0.4	0.2	0.7	0.1	0.4	0.3	0.2	1.0	2.7	1.0	0.2
Net domestic assets	-122.1	-107.9	-121.1	-112.8	-97.2	-97.2	-87.8	-101.5	-110.1	-106.7	-110.2	-120.7	-122.6
Claims on government (net)	-98.8	-77.1	-84.1	-85.7	-81.9	-72.0	-75.7	-78.1	-76.8	-73.7	-72.2	-74.7	-74.9
Claims on government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government deposits	98.8	77.1	84.1	85.7	81.9	72.0	75.7	78.1	76.8	73.7	72.2	74.7	74.9
Treasury	81.0	59.8	54.4	54.1	52.0	46.9	50.2	53.8	52.2	49.4	48.2	43.4	45.6
Central Bank of Samoa	17.8	17.3	29.7	31.6	29.9	25.1	25.5	24.4	24.6	24.4	24.0	31.3	29.3
Claims on commercial banks	0.2	0.9	0.2	0.1	0.4	0.6	0.6	0.4	0.7	0.6	2.0	1.0	0.9
Other items (net)	-23.5	-31.8	-37.2	-27.2	-15.7	-25.8	-12.8	-23.8	-34.0	-33.5	-40.0	-47.0	-48.6
Central bank securities	-28.4	-35.2	-38.7	-29.8	-16.3	-26.4	-12.7	-25.2	-33.7	-31.7	-39.7	-46.3	-46.3
Capital and reserves	-24.5	-24.4	-26.0	-24.7	-26.3	-26.6	-28.1	-26.6	-27.9	-28.5	-26.9	-27.1	-29.1
Other assets	30.9	29.1	27.6	28.0	27.4	28.1	29.0	28.4	28.0	27.5	27.7	27.4	27.0
Other liabilities	-1.4	-1.4	-0.1	-0.7	-0.5	-0.8	-0.9	-0.5	-0.4	-0.8	-1.1	-1.0	-0.2
Reserve money	42.2	49.3	54.7	60.1	73.9	55.6	64.0	65.7	81.8	82.9	76.0	82.0	94.7
Notes in circulation	22.6	23.3	26.1	23.6	32.6	25.6	26.2	26.8	35.7	28.5	28.4	29.8	38.9
Commercial banks reserves	19.7	26.0	28.6	36.5	41.3	30.1	37.8	38.9	46.0	54.4	47.6	52.2	55.8
Cash in vault	4.1	5.0	6.2	8.4	13.1	7.7	7.8	5.7	10.9	5.8	6.8	5.4	10.5
Required deposit	11.0	13.1	13.8	13.9	14.5	15.5	15.5	15.5	16.2	16.8	17.2	17.7	18.3
Other deposit	4.6	7.9	8.6	14.2	13.7	6.9	14.5	17.8	19.0	31.8	23.6	29.2	27.0

Source: Central Bank of Samoa.

1/ IMF accounts.

Table 15. Samoa: Balance Sheet of the Commercial Banks, 1999–2004

(In millions of tala: end of period)

	1999	2000	2001	2002	2003	2004	
						Jun.	Dec.
Net foreign assets	13.9	26.7	19.6	7.7	12.4	-14.0	6.5
Assets	34.5	48.8	43.7	24.0	38.2	16.8	38.9
Liabilities	20.5	22.1	24.1	16.2	25.8	30.9	32.4
Net domestic assets	206.2	234.4	258.0	298.7	338.3	369.2	373.9
Domestic credit	192.1	232.5	273.1	298.6	328.5	360.1	353.6
Government (net)	-14.4	-17.5	-8.1	-12.4	-2.6	-9.4	-14.1
Claims	9.4	1.6	9.7	0.0	8.5	2.1	3.3
Government deposits	23.8	19.1	17.8	12.4	11.1	11.5	17.3
Non-financial public enterprises	13.3	18.7	16.7	18.3	14.8	13.4	11.4
Non-monetary financial institutions	0.3	0.1	0.1	0.3	0.3	0.0	0.0
Private sector	192.9	231.2	264.4	292.4	316.1	356.1	356.2
Claims on Central Bank, (net)	57.6	50.5	38.9	56.9	78.9	85.2	96.1
Central Bank securities	27.4	15.7	7.7	16.0	33.5	39.7	41.2
Balances with Central Bank	23.2	26.6	20.4	28.2	35.1	40.8	45.2
Required	11.0	11.8	13.1	14.5	16.2	17.2	18.3
Other	12.1	14.8	7.3	13.7	19.0	23.6	27.0
Cash on hand	7.1	9.1	11.0	13.1	10.9	6.8	10.5
Central bank deposits	-0.1	-0.8	-0.3	-0.4	-0.7	-2.0	-0.9
Other items, (net)	-43.5	-48.6	-54.0	-56.7	-69.1	-76.2	-75.7
Capital and reserves 1/	-50.6	-46.0	-50.3	-50.7	-45.0	-45.1	-50.3
Other assets	44.8	43.5	45.7	55.6	59.7	62.1	66.5
Other liabilities	-37.7	-46.1	-49.4	-61.6	-83.8	-93.1	-91.9
Deposits	220.2	261.1	277.7	306.5	350.6	355.2	379.6
Demand deposits	51.2	64.4	56.9	63.0	82.5	84.2	86.0
Private sector	39.0	49.7	46.4	47.3	65.8	50.6	64.1
Other 2/	12.3	14.7	10.5	15.7	16.7	33.6	21.9
Savings deposits	31.9	37.5	40.3	44.9	45.6	49.4	51.5
Time deposits	124.1	132.7	160.5	184.5	207.0	209.4	232.4
Private sector	59.9	70.5	94.6	107.3	107.8	116.4	136.0
Other 2/	64.2	62.2	65.9	77.1	99.2	92.9	96.4
Foreign currency deposits	12.9	26.5	20.0	14.1	15.6	12.2	9.8

Source: Central Bank of Samoa.

1/ Excludes provisions for specific purposes.

2/ Nonfinancial public enterprises and nonmonetary financial institutions.

Table 16. Samoa: Credit to the Private Sector, 1999–2004

	1999	2000	2001	2002	2003	2004	
						Q2	Q4
(In millions of tala, end of period)							
Agriculture	30.5	35.7	44.6	38.4	40.0	40.6	41.8
Manufacturing	30.0	35.4	24.9	24.9	27.6	28.1	31.1
Building, construction, and installation	176.0	191.4	235.0	198.4	189.2	197.1	205.5
Electricity, gas, and water	0.3	0.3	1.4	2.0	2.2	2.1	2.5
Trade	56.7	67.5	77.0	76.5	99.7	100.9	107.3
Transportation, storage, and communication	20.7	22.9	22.7	27.6	29.5	33.5	34.8
Professional and business services	28.5	29.3	32.9	48.3	59.1	81.6	73.9
Other	43.3	49.7	28.5	98.7	111.7	121.6	124.5
Commercial banks	192.9	231.3	264.4	292.5	316.1	355.9	356.4
Agriculture	4.2	3.6	8.4	8.0	7.0	7.2	7.3
Manufacturing	23.7	29.2	17.7	18.0	19.5	20.0	23.2
Building, construction, and installation	78.2	89.1	125.1	134.7	127.0	135.2	142.6
Electricity, gas, and water	0.3	0.3	1.3	1.9	2.1	2.0	2.4
Trade	34.4	44.6	51.5	51.1	72.0	73.2	76.6
Transportation, storage, and communication	12.2	14.1	12.6	15.4	16.0	20.7	24.5
Professional and business services	21.4	24.0	27.9	37.3	48.0	70.4	57.5
Other	18.5	26.4	19.9	26.1	24.5	27.2	22.3
Nonmonetary financial institutions	193.0	201.0	202.5	222.2	243.0	249.4	265.0
Agriculture	26.3	32.1	36.2	30.4	33.0	33.4	34.5
Manufacturing	6.3	6.2	7.2	6.9	8.1	8.1	7.9
Building, construction, and installation	97.8	102.3	109.9	63.7	62.2	61.9	62.9
Electricity, gas, and water	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Trade	22.3	22.9	25.5	25.4	27.7	27.7	30.7
Transportation, storage, and communication	8.5	8.8	10.1	12.2	13.5	12.8	10.3
Professional and business services	7.1	5.3	5.0	11.0	11.1	11.2	16.4
Other	24.8	23.3	8.6	72.6	87.2	94.4	102.2
Total	385.9	432.3	466.9	514.7	559.1	605.3	621.4
(Annual percent change) 1/							
Agriculture	16.7	17.3	25.0	-14.0	4.3	-14.6	3.0
Manufacturing	8.1	18.2	-29.8	0.3	10.8	4.4	10.9
Building, construction, and installation	17.8	8.8	22.8	-15.6	-4.6	-17.9	4.3
Electricity, gas, and water	-55.0	0.0	350.0	44.4	10.3	53.8	22.0
Trade	-6.4	19.0	14.0	-0.6	30.3	6.4	6.4
Transportation, storage, and communication	14.1	10.5	-1.2	21.6	7.2	22.4	4.0
Professional and business services	0.3	2.8	12.0	46.9	22.5	54.0	-9.4
Other	10.3	14.8	-42.7	246.5	13.2	161.6	2.4
Total	11.0	12.0	8.0	10.2	8.6	6.0	2.7
Commercial banks	17.3	19.9	14.3	10.6	8.1	8.9	0.1
Nonmonetary financial institutions	5.5	4.1	0.7	9.7	9.4	2.3	6.3

Source: Central Bank of Samoa

(*) Loans of public institutions that were previously classified under 'other assets' were reclassified to their appropriate categories. Historical series will be revised when data become available.

1/ Refers to total credit extended to each sector.

Table 17. Samoa: Interest Rates, 1999–2004

(In percent per annum; end of period)

	1999	2000	2001	2002	2003	2004	
						Q2	Q4
Commercial banks							
Deposit rates (weighted average)	5.1	4.6	4.5	4.5	4.6	4.4	4.4
Savings deposits	3.0	3.0	3.0	2.5-3.0	2.5-3.0	2.5-3.0	2.5-3.0
Time deposits							
3 months	5.5	5.8	5.8	5.1-5.3	5.1-5.3	5.1-5.3	5.1-5.3
6 months	6.5	6.4	6.4	5.5-6.0	5.5-6.0	5.5-6.0	5.5-6.0
12 months	7.5	7.3	7.3	6.3-6.5	6.3-6.5	6.3-6.5	6.3-6.5
24 months	7.5	7.3	7.3	6.0-6.5	6.0-6.5	6.0-6.5	6.0-6.5
Lending rates (weighted average)	12.6	12.3	11.8	11.3	11.4	11.2	11.3
Average spread	7.5	7.7	7.3	6.9	6.8	6.8	7.0
Lending rates:							
National Provident Fund	12.0–14.0	12.0–14.0	12.0–14.0	12.0–14.0	12.0–14.0	12.0–14.0	12.0–14.0
Public Trust Office (for Housing)	12.0–15.0	12.0–15.0	12.0–15.0	12.0–14.0	12.0–14.0	12.0–14.0	12.0–14.0
Samoa Life Assurance Corporation	10.0–14.0	12.0–15.0	12.0–15.0	12.0–14.0	12.0–14.0	12.0–14.0	12.0–14.0
Weighted average yield of Central Bank securities	6.03-7.08	5.75–6.72	4.85-7.39	2.92–5.61	3.30–4.92	2.21-4.90	2.19-4.90

Source: Data provided by the Samoan authorities.

Table 18. Samoa: International Liquidity, 1999/00–2004/05

(In millions of U.S. dollars, end of period)

	1999/00	2000/01	2001/02	2002/03		2003/04				2004/05			
				Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Foreign assets	58.5	53.3	57.2	53.6	54.8	52.0	54.9	59.5	74.4	74.8	64.1	72.0	85.2
Official reserves 1/	47.3	39.7	47.4	45.3	46.6	42.3	43.9	48.9	60.7	60.6	58.2	65.2	70.6
Treasury	21.2	11.9	10.4	9.8	9.4	8.1	9.5	10.4	10.4	9.4	8.8	7.3	7.6
Deposits	17.3	8.1	6.3	5.8	5.2	3.9	5.2	5.8	5.8	4.8	4.2	2.7	2.8
Sinking fund	4.9	6.0	7.1	7.2	7.8	7.9	8.3	8.9	9.4	9.5	9.1	9.4	10.5
SDR holdings	3.9	3.7	4.1	4.0	4.2	4.2	4.3	4.5	4.6	4.6	4.6	4.6	4.9
Central Bank of Samoa	26.1	27.8	37.1	35.5	37.2	34.2	34.4	38.6	50.3	51.2	49.4	57.9	63.0
Commercial banks	11.1	13.6	9.8	8.3	8.1	9.7	11.0	10.6	13.7	14.3	5.9	6.8	14.6
Foreign liabilities	7.7	8.1	8.9	7.6	7.8	6.8	7.5	9.5	10.4	10.0	12.8	11.6	13.3
Treasury	0.1	0.2	0.1	0.0	0.2	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.1
Central Bank of Samoa	0.9	0.8	0.9	0.9	0.9	0.0	0.1	0.1	0.1	0.4	1.0	0.4	0.1
Commercial banks	6.7	7.1	7.8	6.7	6.7	5.8	6.4	8.4	9.3	8.7	10.8	10.2	12.1
Net foreign assets of the monetary system	50.8	45.2	48.4	46.0	47.0	45.3	47.4	50.0	64.1	64.8	51.3	60.4	71.9
Treasury	21.1	11.7	10.3	9.8	9.2	7.2	8.6	9.4	9.4	8.4	7.8	6.3	6.6
Central Bank of Samoa	25.2	27.0	36.1	34.6	36.3	34.2	34.2	38.5	50.2	50.8	48.4	57.5	62.9
Commercial banks	4.5	6.5	2.0	1.7	1.5	3.9	4.6	2.2	4.4	5.6	-4.9	-3.4	2.4
Contingent import liabilities 2/	2.6	3.2	5.1	5.6	5.1	4.2	3.2	3.3	4.6	3.9	4.0	4.3	4.3
Adjusted net foreign assets 3/	48.2	42.0	43.3	40.4	41.9 #	41.0	44.2	46.7	59.5	60.9	47.3	56.1	67.7
Memorandum items:													
Tala per U.S. dollar (end period)	3.2	3.5	3.3	3.4	3.2	3.1	3.0	3.0	2.8	2.8	2.9	2.8	2.7

Source: Central Bank of Samoa.

1/ Excluding Sinking Fund.

2/ Results from the requirement, prescribed from time to time by the Central Bank, to open a letter of credit for imports in excess of consignment values.

3/ Adjusted for contingent import liabilities.

Table 19. Samoa: Balance of Payments, 1999/00–2004/05

(In millions of U.S. dollars, unless indicated otherwise)

	1999/00	2000/01	2001/02	2002/03	2003/04	2003/04 H1	2003/04 H2	2004/05 H1
Current account balance	2.3	0.1	-1.6	8.3	15.2	15.0	0.2	6.1
(In percent of GDP)	1.0	0.1	-0.6	2.9	4.4	...	...	...
Merchandise trade balance 1/	-83.9	-105.9	-119.9	-120.0	-135.4	-63.0	-72.4	-84.5
Exports, fob	17.2	14.5	14.4	12.9	14.1	9.2	5.0	6.7
Fish	10.1	9.2	9.6	6.8	4.5	2.8	1.7	3.2
Other	7.0	5.3	4.8	6.1	9.8	6.4	3.3	3.8
Imports, cif 2/	101.0	120.4	134.3	132.9	149.5	72.2	77.3	91.2
Oil	13.1	17.9	13.7	18.8	22.6	10.0	12.7	15.4
Non-oil	88.0	102.6	120.3	114.0	126.2	62.2	64.7	75.8
Services and income balance	30.7	42.1	45.5	48.7	51.8	30.7	21.1	28.7
Travel	37.6	38.2	39.7	45.3	58.5	28.6	29.9	36.4
Export processing 3/	3.9	4.3	5.5	8.0	9.1	5.4	3.7	3.8
Other services	-9.4	2.2	0.5	-1.2	-15.3	-3.6	-11.7	-7.8
Investment income	-1.5	-2.6	-0.3	-3.5	-0.5	0.3	-0.8	-3.6
Current transfers	55.5	64.0	72.9	79.6	98.8	47.3	51.5	61.9
Official transfers	12.9	20.8	22.3	21.7	24.8	11.4	13.4	27.0
Private transfers	42.6	43.2	50.6	57.9	74.0	35.8	38.2	34.9
Financial and capital account	-3.0	1.4	5.8	-14.0	-13.0	-5.9	-7.3	8.4
Official loans	0.5	1.2	3.6	1.7	-3.9	-3.0	-1.0	1.0
Disbursements	3.2	3.8	7.3	5.8	0.1	0.0	0.0	3.3
Repayments	2.8	2.5	3.7	4.2	4.0	3.0	1.0	-2.3
Government-guaranteed loans	-3.3	-2.9	-2.5	-2.3	-1.2	-0.6	-0.6	-2.2
Commercial banks 4/	2.2	-2.0	4.5	-2.5	9.4	0.4	9.0	5.1
Other (including errors and omissions)	-2.5	5.1	0.3	-10.7	-17.4	-2.7	-14.6	3.6
Overall balance 5/	-0.7	1.5	4.2	-5.7	2.2	16.6	-14.4	14.5
Memorandum items:								
Gross official reserves	52.3	45.7	54.4	51.5	66.8	66.6	66.8	73.5
(In months of next year's merchandise imports)	5.2	4.1	4.9	4.1	4.6	...	...	...
(In months of next year's imports of GNFs)	4.5	3.6	4.2	3.4	3.6	...	...	...
External debt	148.0	143.5	153.4	169.1	177.3	...	...	...
(In percent of GDP)	63.0	61.4	62.0	59.6	51.5	...	...	...
Public external debt service ratio 6/	10.0	8.8	9.1	8.7	7.9	...	...	...
Nominal GDP (in millions of dollars)	234.8	233.8	247.3	283.8	344.6	166.5	178.1	195.8

Sources: Data provided by the Samoan authorities; and Fund staff estimates.

1/ Excludes trade data for Yazaki Samoa Limited and imports by foreign diplomatic missions located in Samoa.

2/ Imports in 2001/02 include exceptional capital imports (eight shipping vessels and machinery for the extension of the port) amounting to \$8.6 million.

3/ Comprises net exports of Yazaki.

4/ Equals change in net foreign assets of commercial banks.

5/ Equals change in net foreign assets of the monetary authorities (including valuation effects).

6/ As a percent of exports of goods and nonfactor services. Includes debt service on government-guaranteed debt.

Table 20. Samoa: Exports by Commodity, 1999/00–2004/05

(In thousands of tala, fob)

	1999/00	2000/01	2001/02	2002/03	2003/04	2003/04 H1	2004/05 H1
Fresh fish							
Volume (metric tons)	4066	4080	4190	3074	1913	1311	1289
Value	31298	31614	33110	21806	12960	8207	8770
Unit value	7697	7749	7902	28361	28530	12601	6804
Garments							
Volume ('000 pieces)	31	70	67	68.5	36	36	14932
Value	1453	4785	5485	4133	11666	11666	1983
Unit value (tala/prices)	47	68	82	186	320	320	55
Copra							
Volume (1000 ltrs)	3659	4247	0	0	0	0	0
Value	2995	1735	0	0	0	0	0
Unit value (tala/long ton)	819	409	...	...	...	...	...
Coconut Oil							
Volume (metric tons)	2293	0	1	1849	600	0	0
Value	3375	0	6	2124	739	0	0
Unit value (tala/ton)	1472	...	6020	1149	1232	...	...
Copra Meal							
Volume (metric tons)	959	0	0	1103	340	320	124
Value	153	0	0	266	85	79	31
Unit value (tala/ton)	160	...	...	241	250	247	250
Coconut Cream							
Volume (metric tons)	1196	1061	1048	911	729	380	273
Value	3694	3360	3276	3158	2915	1481	1127
Unit value (tala/ton)	3089	3167	3126	3467	3999	3897	4128
Other exports (value)							
Beer	2750	2881	3319	3959	4194	2052	2195
Cigarettes	1156	329	200	46	0	0	0
Soft drinks 2/	351	632	316	210	223	118	119
Timber	38	2	0	6	0	0	5
Kava	1380	771	148	18	25	7	22
Other	3042	3404	3600	4738	7425	2920	4802
Total value	51685	49513	49460	40730	40317	26609	19085
Reexports	1680	338	197	612	527	368	175
Total, including reexports	53365	49851	49657	41342	40844	26977	19260

Source: Central Bank of Samoa.

1/ Includes nonu chips, powder, roots and seeds.

2/ Includes soft drink concentrates.

Table 21. Samoa: Destination of Exports, 1999/00–2004/05 1/

(In percent of total)

	1999/00	2000/01	2001/02	2002/03	2003/04	2003/04 H1	2004/05 H1
Pacific	78.4	65.4	62.3	65.9	59.2	57.9	55.3
New Zealand	11.9	6.5	6.8	11.2	7.7	6.8	8.9
Australia	4.5	2.5	2.7	9.1	7.3	4.2	2.5
Fiji	0.2	0.0	0.0	0.1	0.1	0.0	0.1
American Samoa	57.5	55.1	52.3	44.2	43.2	45.5	43.1
Others	4.4	1.1	0.4	1.3	0.9	1.5	0.7
North America	14.6	27.7	32.6	28.5	22.9	15.1	32.5
United States	14.5	27.5	32.2	28.1	22.9	15.0	32.4
Europe	6.7	6.1	3.9	3.2	11.1	21.9	8.5
Germany	6.6	5.0	3.4	2.4	0.4	0.8	0
United Kingdom	0.0	0.1	0.1	0.0	7.2	14.5	3.0
Others	0.1	1.1	0.4	0.8	3.4	6.6	5.6
Asia	0.3	0.8	1.2	2.5	6.9	5.2	3.8
Japan	0.2	0.6	1.0	2.2	6.9	5.2	3.3
Others	0.2	0.2	0.1	0.1	0.0	0.0	0.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Customs Department of Samoa; and Central Bank of Samoa.

1/ Includes reexports.

Table 22. Samoa: Origin of Imports, 1999/00–2004/05 1/

(In percent of total)

	1999/00	2000/01	2001/02	2002/03	2003/04	2003/04 H1	2004/05 H1
Pacific	65.0	74.1	70.2	71.6	61.8	66.9	67.9
New Zealand	31.7	35.4	34.4	34.5	34.9	37.6	33.2
Australia	20.7	28.5	26.6	23.1	18.1	19.5	26.0
Fiji	11.6	9.4	8.7	13.0	8.1	8.6	8.0
American Samoa	0.9	0.7	0.5	0.4	0.3	0.4	0.2
Others	0.1	0.3	0.1	0.6	0.4	0.8	0.6
North America	11.2	13.7	12.0	12.8	13.4	14.3	12.6
United States	11.0	13.4	11.8	12.6	13.0	13.8	12.5
Others	0.1	0.2	0.2	0.2	0.3	0.5	0.1
Europe	3.2	1.4	4.2	2.5	0.7	0.7	0.9
Germany	2.6	0.2	0.3	0.1	0.4	0.2	0.3
United Kingdom	0.1	0.3	0.2	1.8	0.1	0.1	0.2
Others	0.5	1.0	3.8	0.6	0.2	0.4	0.5
Asia	20.2	10.5	12.8	11.9	22.2	16.9	16.5
Japan	14.4	4.5	6.6	4.7	3.9	3.5	4.2
Singapore	0.9	0.8	0.7	1.3	9.1	6.7	1.2
China	1.2	1.6	1.6	2.3	2.6	2.6	3.5
Hong Kong SAR	1.2	1.0	1.1	1.0	0.8	0.9	0.6
Taiwan POC	0.3	0.5	0.5	0.5	0.5	0.6	0.6
Others	2.2	2.2	2.3	2.1	5.4	2.6	6.6
Other	0.4	0.4	0.9	1.3	2.0	1.4	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Customs Department of Samoa; and Central Bank of Samoa.

1/ Includes reexports.

Table 23. Samoa: Services and Income Account, 1999/00–2004/05

(In millions of U.S. dollars) 1/

	1999/00	2000/01	2001/02	2002/03	2003/04	2003/04 H1	2004/05 H1
Services and income receipts	62.4	66.6	66.2	76.1	86.7	44.4	54.0
Travel	40.8	41.4	41.9	48.4	62.4	30.4	39.2
Export Processing	3.9	4.3	5.5	8.0	9.1	5.4	3.8
Other services	13.4	17.1	16.6	16.8	12.4	6.9	9.2
Investment income	4.2	3.8	2.2	2.9	2.9	1.8	1.8
Services and income payments	31.7	24.5	20.7	27.4	34.9	13.4	25.3
Travel	3.2	3.3	2.1	3.1	3.9	2.0	2.9
Other services 2/	22.7	14.9	16.0	18.0	27.6	10.6	17.0
Income payments	5.8	6.3	2.6	6.3	3.4	0.9	5.4
Interest	1.4	1.3	1.2	1.4	1.6	0.9	5.4
Government debt	1.3	1.2	1.1	1.3	1.5	0.8	0.8
Government-guaranteed debt	0.1	0.0	0.0	0.0	0.1	0.0	0.0
IMF charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	4.4	5.0	1.4	4.9	1.8	0.1	4.6
Services and income balance	30.7	42.0	45.5	48.7	51.8	31.0	28.7

Source: Central Bank of Samoa.

1/ Using period average exchange rates.

2/ Excludes freight and insurance.

Table 24: Samoa: External Public Debt Outstanding, 1999/00–2009/10

(In millions of tala; end of period)

	1999/00	2000/01	2001/02	2002/03	2003/04	Estimates					
						2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Total external debt 1/	470.3	503.5	504.7	463.1	476.2	466.5	473.5	468.4	461.2	450.3	435.8
Government debt	467.2	500.6	502.0	463.1	476.2	466.5	473.5	468.4	461.2	450.3	435.8
		3.5	3.3	3.0	2.9	...	...	...	...	...	...
Bilateral	39.3	42.8	40.7	36.2	34.6	33.0	32.3	32.3	32.2	32.1	32.0
New Zealand	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	38.3	41.9	40.0	35.5	34.0	31.9	31.9	31.9	31.9	31.9	31.9
France (GTFR)	0.7	0.7	0.7	0.7	0.6	1.2	0.5	0.4	0.3	0.2	0.1
Multilateral	422.2	452.5	457.4	424.3	440.0	432.7	441.1	436.1	429.0	418.2	403.8
Asian Development Bank	235.6	244.3	247.0	223.5	231.8	229.1	235.6	233.2	228.4	220.5	211.2
Agricultural loan	51.8	53.7	49.3								
Other	183.3	191.3	194.0								
International Development Association	149.4	170.9	172.3	162.3	171.9	169.7	173.4	173.6	174.2	173.5	170.4
OPEC	5.5	6.4	7.1	8.9	7.6	7.1	6.4	5.6	4.6	3.7	3.0
IMF Trust Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU/European Investment Bank	24.2	23.5	23.5	22.8	21.7	20.1	18.7	16.7	14.9	13.9	12.9
IFAD	7.5	7.4	7.6	6.8	6.9	6.8	6.9	7.1	6.8	6.6	6.4
Others	5.8	5.3	3.9	2.6	1.7	0.8	0.0	0.0	0.0	0.0	0.0
Saudi Fund for Development (SFD)	5.8	5.3	3.9	2.6	1.7	0.8	0.0	0.0	0.0	0.0	0.0
Others	...	...	...	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Government-guaranteed debt 1/	3.1	2.9	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IMF credit outstanding	...	...	...	...	...	...	...	...	...	...	...
Other public debt 2/	...	...	...	...	...	...	...	...	...	...	...
Memorandum items:											
Maturity structure of public and publicly guaranteed external debt											
Short-term (less than 1 year)	...	...	...	...	...	...	...	...	...	...	...
Medium-term (1–5 years)	...	...	...	...	...	...	...	...	...	...	...
Long-term (over 5 years)	...	...	...	...	...	...	...	...	...	...	...

Sources: Treasury Department of Samoa; and Central Bank of Samoa.

1/ Data relate to DBS loans guaranteed by the government.

2/ Includes leasing arrangements.

Table 25. Samoa: Exchange Rates, 1997–2004

	U.S. Dollar	New Zealand Dollar	Australian Dollar	Deutsche Mark	Japanese Yen	Fiji Dollar	European Euro	Nominal Effective Exchange Rate Index 1/	Real Effective Exchange Rate Index 1/
	(Tala per foreign currency) 2/ (End period)							(1990=100) (Period average)	
1997	2.77	1.61	1.81	1.54	46.98	1.79	...	107.90	101.50
1998	3.01	1.59	1.85	1.80	38.40	1.52	...	103.30	98.00
1999	3.02	1.57	1.97	...	33.86	1.54	3.03	100.50	94.40
2000	3.34	1.47	1.85	...	34.39	1.53	3.11	99.00	92.00
2001	3.55	1.48	1.81	...	37.11	1.54	3.13	99.22	93.32
2002	3.21	1.69	1.81	...	37.67	1.55	3.30	99.10	99.04
2003	2.78	1.83	2.10	...	38.27	1.63	3.48	...	...
2004	2.67	1.92	2.08	...	38.06	1.65	3.61	...	...
1997									
Qtr 1	2.47	1.72	1.94	1.47	50.19	1.75	...	108.30	100.70
Qtr 2	2.53	1.72	1.89	1.45	45.17	1.78	...	108.40	100.40
Qtr 3	2.61	1.66	1.88	1.48	46.33	1.77	...	107.50	103.50
Qtr 4	2.77	1.61	1.81	1.54	46.98	1.79	...	107.20	101.30
1998									
Qtr 1	2.88	1.60	1.91	1.56	45.78	1.49	...	108.60	101.80
Qtr 2	3.11	1.57	1.91	1.72	45.35	1.52	...	103.50	98.80
Qtr 3	3.07	1.55	1.83	1.83	44.04	1.50	...	102.00	96.40
Qtr 4	3.01	1.59	1.85	1.80	38.40	1.52	...	99.10	95.00
1999									
Qtr 1	2.99	1.59	1.88	...	40.29	1.50	3.21	99.60	101.78
Qtr 2	3.02	1.60	1.99	...	40.11	1.52	3.12	98.12	103.49
Qtr 3	3.04	1.57	1.98	...	35.20	1.55	3.24	97.78	103.33
Qtr 4	3.02	1.57	1.97	...	33.86	1.54	3.03	98.08	98.30
2000									
Qtr 1	3.13	1.57	1.90	...	33.81	1.53	2.99	98.15	98.52
Qtr 2	3.21	1.50	1.92	...	32.87	1.54	3.06	98.52	103.40
Qtr 3	3.44	1.40	1.87	...	31.36	1.55	3.01	99.08	99.78
Qtr 4	3.34	1.47	1.85	...	34.39	1.53	3.11	99.92	96.20
2001									
Qtr 1	3.56	1.45	1.74	...	35.00	1.53	3.14	99.29	100.15
Qtr 2	3.52	1.42	1.79	...	35.26	1.51	2.98	99.68	100.35
Qtr 3	3.53	1.42	1.74	...	33.79	1.51	3.22	99.52	101.58
Qtr 4	3.55	1.48	1.81	...	37.11	1.54	3.13	97.92	104.70
2002									
Qtr 1	3.46	1.51	1.84	...	38.48	1.53	3.02	95.33	104.87
Qtr 2	3.29	1.62	1.86	...	36.36	1.55	3.28	93.91	110.57
Qtr 3	3.35	1.57	1.82	...	36.26	1.55	3.31	95.75	112.64
Qtr 4	3.25	1.69	1.81	...	37.67	1.55	3.30	95.67	109.52
2003									
Qtr 1	3.10	1.73	1.87	...	37.91	1.58	3.39	95.82	102.52
Qtr 2	2.97	1.75	1.99	...	40.15	1.59	3.40	95.99	108.40
Qtr 3	2.95	1.75	2.00	...	37.32	1.60	3.41	96.11	107.99
Qtr 4	2.78	1.83	2.10	...	38.27	1.63	3.48	97.23	103.48
2004									
Qtr 1	2.76	1.84	2.10	...	37.33	1.63	3.39	97.38	121.28
Qtr 2	2.85	1.80	1.98	...	37.59	1.64	3.46	96.98	121.43
Qtr 3	2.77	1.87	2.00	...	39.38	1.61	3.44	97.20	120.13
Qtr 4	2.67	1.92	2.08	...	38.06	1.65	3.61		

Sources: Central Bank of Samoa; IMF Information Notice System, and International Financial Statistics.

1/ Increase in index indicates an appreciation of the tala (source: the IMF Information Notice System).

2/ Except Japanese yen, where data is yen per tala (source: IMF, International Financial Statistics).