

## SAMOA: PROGRESS ON MILLENNIUM DEVELOPMENT GOALS

	1990	1995	Latest Data 2001-05	Target 2015
<b>Goal 1: Eradicate Extreme Poverty and Hunger</b>				
Prevalence of child malnutrition (percent of children under 5)	6	17	4.2	1/
<b>Goal 2: Achieve Universal Primary Education</b>				
Net primary enrollment ratio (percent of relevant age group)	112.3	97.0	90.4	100.0
<b>Goal 3: Promote Gender Equality</b>				
Ratio of girls to boys in primary and secondary education (percent)	112.5	106.9	105.0	100.0
Proportion of seats held by women in national parliament (percent)	0.0	4.1	6.1	...
<b>Goal 4: Reduce Child Mortality</b>				
Under 5 mortality rate (per 1,000)	62.0	41.0	30.0	14.0
Infant mortality rate (per 1,000 live births)	40.0	33.0	24.8	11.0
<b>Goal 5: Improve Maternal Health</b>				
Maternal mortality ratio (per 100,000 live births)	35.0	15.0	30.0	2/
Births attended by skilled health staff (percent of live births)	76.0	95.0	100.0	...
<b>Goal 6: Combat HIV/AIDs, Malaria, and Other Diseases</b>				
HIV prevalence rate among 15–24 old pregnant women	...	...	0.0	3/
Incidence of tuberculosis (per 100,000 people)	...	52.0	28.4	3/
<b>Goal 7: Ensure Environmental Sustainability</b>				
Forest area (percent of total land area)	45.9	...	60.4	4/
Nationally protected areas (percent of total land area)	...	4.0	4.1	4/
CO2 emissions (metric tons per capita)	0.8	0.8	0.8	4/
Access to an improved water source (percent of population)	...	91.0	88.0	4/
Access to improved sanitation (percent of population)	...	98.0	100.0	4/
<b>Goal 8: Develop a Global Partnership for Development</b>				
Fixed line and mobile telephones (per 1,000 people)	25.4	46.4	130.4	...
Personal computers (per 1,000 people)	...	0.6	6.6	...

Source: World Bank; World Development Indicators Database, April 2006.

1/ Goal is to have 1990 rate.

2/ Goal is to reduce 1990 ratio by three-quarters.

3/ Goal is to have it halted by 2015 and begun to reverse.

4/ Goal is to reverse the loss of environmental resources.



INTERNATIONAL MONETARY FUND

*Public Information Notice*

EXTERNAL  
RELATIONS  
DEPARTMENT

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## **IMF Executive Board Concludes 2007 Article IV Consultation with Samoa**

On May 18, 2007, the Executive Board of the International Monetary Fund (IMF) concluded the 2007 Article IV consultation with Samoa.<sup>1</sup>

### **Background**

Samoa has achieved a major economic transformation over the last decade and a half. Real per capita GDP has increased by over 3 percent per year on average, and external public debt has fallen below 40 percent of GDP. The external position benefited from the rapid growth of remittances and tourism receipts. This performance owes to a broad-based reform program initiated in the early 1990s. These achievements have entitled Samoa to graduate from Less Developed Country (LDC) status.

Macroeconomic conditions continue to be good. After a strong performance in 2004/05, real GDP growth decelerated to 1¾ percent in 2005/06 on account of a slowdown in the manufacturing sector. The rest of the economy, especially tourism and commerce activities, have however remained vibrant. For 2006/07, real GDP growth is expected to accelerate to 3 percent. Inflationary pressures, despite a recent pick up in headline inflation reflecting increases in tax rates, remain muted.

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<sup>1</sup> Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board. At the conclusion of the discussion, the Managing Director, as Chairman of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities.

The external position remains strong. In 2005/06, Samoa's balance of payments came under pressure as the fiscal situation deteriorated following a raise in civil servants wages and spending related to the restructuring of the national airline, and private sector credit growth accelerated. However, given the subsequent tightening of fiscal and monetary policies, the external position has recovered, with reserves rising to about 3½ months of imports.

Since 2005, there has been important achievements in the program of structural reforms. The international operations of government-owned Polynesian Airlines have been restructured into a joint venture with a foreign airline. This has helped reduce airfares to Samoa by around half, resulting in a significant increase in tourist arrivals, and removed a financial burden to the budget. Similarly, the deregulation of the mobile telecommunications sector has triggered a sizable fall in calling costs.

At the same time, progress has been made in other areas. Governance of public enterprises has been strengthened, thanks in part to the introduction of business plans. The operations of the national pension fund have also improved following a strengthening of the lending guidelines. Finally, consultations with the public in order to promote the economic use of customary land have begun.

### **Executive Board Assessment**

Executive Directors congratulated the authorities on Samoa's impressive growth performance and economic transformation over the past decade, with Samoa now set to graduate from least developed country status. Nonetheless, they cautioned that Samoa remains a small, remote, and vulnerable economy, and welcomed the authorities' intentions to address these vulnerabilities by maintaining macroeconomic stability and promoting further structural reforms in the years ahead.

Directors urged the authorities to maintain their prudent fiscal policy stance. With revenue collection already relatively high, they suggested that expenditure restraint would be most effective in dealing with potential fiscal pressures, including from natural disasters, the aging population, or possible reductions in aid flows as Samoa graduates from LDC status. Directors emphasized that spending restraint will place a sharper focus on the need to prioritize expenditure for education, health, and infrastructure.

Directors supported efforts toward a stronger monetary policy framework. While recognizing the constraints of the small size of the financial sector, they observed that the medium-term development of interbank markets would help the central bank in its conduct of monetary policy, as well as advance financial sector development.

Directors supported Samoa's current basket peg exchange rate regime. They noted that the regime has provided a credible nominal anchor and contributed to low inflation. Directors agreed with the recommendation that increased reserve holdings would help cushion the economy against external shocks.

Directors welcomed the recent reforms of the public enterprise sector. The restructuring of Polynesian Airline's international services has resulted in a large fall in air fares and boosted visitor arrivals. Similarly, the introduction of competition into the mobile telecommunication sector has brought about a significant fall in calling costs. Directors noted that additional benefits are likely to follow also reforms in other utility and infrastructure areas, such as electricity provision.

Directors noted that continuing the wide-ranging reform effort is important for maintaining high and sustainable medium-term growth. They were encouraged by the government's plans to make the leasing of customary land easier, accelerate their privatization program, improve further the business climate, and strengthen the management and accountability of public enterprises.

Directors welcomed significant improvements in the supervision of both domestic and offshore banking sectors. All offshore banks have now established a physical presence, and on-site examinations of credit risk management and assessments of anti-money laundering and combating the financing of terrorism (AML/CFT) have been conducted at domestic banks. They looked forward to the further strengthening of the AML/CFT framework under the new legislation.

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