

Samoa: Request for Disbursement Under the Rapid-Access Component of the Exogenous Shocks Facility—Staff Report; Press Release on the Executive Board Discussion; and Statement by the Executive Director for Samoa.

In the context of the request for disbursement under the rapid-access component of the exogenous shocks facility, the following documents have been released and are included in this package:

- The staff report for the Request for Disbursement Under the Rapid-Access Component of the Exogenous Shocks Facility, prepared by a staff team of the IMF, following discussions that ended on November 9, 2009, with the officials of Samoa on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on November 23, 2009. The views expressed in the staff report are those of the staff team and do not necessarily reflect the views of the Executive Board of the IMF.
- A Press Release summarizing the views of the Executive Board as expressed during its December 7, 2009 discussion of the staff report that completed the request and/or review.
- A statement by the Executive Director for Samoa.

The document listed below has been or will be separately released.

Letter of Intent sent to the IMF by the authorities of Samoa*

*Also included in Staff Report

The policy of publication of staff reports and other documents allows for the deletion of market-sensitive information.

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**International Monetary Fund
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INTERNATIONAL MONETARY FUND

SAMOA

**Request for Disbursement Under the Rapid-Access Component
of the Exogenous Shocks Facility**

Prepared by the Asia and Pacific Department
(In consultation with other departments)

Approved by Ray Brooks and Aasim Husain

November 23, 2009

Context: On September 29, Samoa was hit by a tsunami with the worst human losses and physical damage from any natural disaster since independence in 1962. The disaster severely undercut the economy's resilience and prospects for a quick recovery from the global recession, in particular through its impact on Samoa's fledgling tourism sector. The fiscal cost of infrastructure rehabilitation could well exceed 15 percent of GDP.

Discussions: Apia, November 4–9, 2009. The staff team comprised Mr. Unteroberdoerster (Head), Ms. Tumbarello (working from HQ), and Ms. Pongsaparn (all APD), and was joined by Mr. Chetwin (OED). The team met with Minister of Finance, Nickel Lee Hang; Governor of the Central Bank of Samoa, Papali'I Tommy Scanlan; and other senior government officials. The mission overlapped with AsDB, World Bank, and EU missions.

Focus: The tsunami's economic impact, the government's recovery framework, and fiscal sustainability.

Fund relations: Samoa has not had financial assistance from the Fund since 1985. The last Article IV consultation was concluded on May 18, 2007. The 2009 Article IV consultation has been postponed to early 2010 to afford the authorities more time in managing disaster relief and implementing a recovery framework.

Fund support: The authorities have requested disbursement under the Rapid-Access Component of the Fund's Exogenous Shocks Facility (RAC-ESF) in the amount of SDR 5.8 million (50 percent of quota) to mitigate pressures on official reserves and the impact of the tsunami on the economy. Staff supports the request on the basis of the authorities' low public debt and credible commitment to sound macroeconomic policies.

Transition to New LIC Facilities: If the new architecture of the Fund's concessional lending facilities becomes effective prior to the Board discussion of this request for disbursement under the rapid-access component of the Exogenous Shocks Facility (ESF-RAC), and given that the Rapid Credit Facility (RCF) supersedes the ESF-RAC, the authorities have indicated that they would amend their request to a request under the RCF. The authorities' request is in line with the qualification and policy requirements for a disbursement under the RCF, based on an exogenous shock. If this happens, a supplement containing a revised proposed decision and additional information for Board consideration would accordingly be issued to amend the request prior to the Board meeting.

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