

INTERNATIONAL MONETARY FUND

SAMOA

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

Prepared by the Asia and Pacific Department

November 23, 2009

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**ANNEX I: SAMOA—FUND RELATIONS**

(As of October 31, 2009)

**I. Membership Status:** Joined: 12/28/1971; Article VIII

<b>II. General Resources Account:</b>	<u>SDR Million</u>	<u>%Quota</u>
Quota	11.60	100.0
Fund holdings of currency	10.92	94.12
Reserve position in Fund	0.69	5.98

<b>III. SDR Department:</b>	<u>SDR Million</u>	<u>%Allocation</u>
Net cumulative allocation	11.09	100.00
Holdings	12.60	113.59

**IV. Outstanding Purchases and Loans:** None**V. Latest Financial Arrangements:**

	<u>Approval</u>	<u>Expiration</u>	<u>Amount Approved</u>	<u>Amount Drawn</u>
<u>Type</u>	<u>Date</u>	<u>Date</u>	<u>(SDR million)</u>	<u>(SDR million)</u>
Stand-by	07/09/1984	07/08/1985	3.38	3.38
Stand-by	06/27/1983	06/26/1984	3.38	3.38

**VI. Projected Obligations to Fund:** None**VII. Exchange Rate Arrangement:**

The exchange rate of the tala is pegged to a trade and payments weighted basket of currencies formally within a  $\pm 2$  percent band. The basket is a composite of the currencies of Samoa's most important trading partners and countries that are major sources of private transfers from abroad—New Zealand, Australia, the United States, Fiji, the United Kingdom, and Euro countries.

**VIII. Article IV Consultation:**

The 2007 Article IV consultation discussions were held in Apia during March 8–20, 2007. The Executive Board discussed the staff report (IMF Country Report No. 07/185) and concluded the consultation on May 18, 2007.

**IX. Technical Assistance:**

The Pacific Financial Technical Assistance Centre has provided assistance on budgetary management, tax administration, financial sector supervision, and balance of payments

statistics. MCM has provided assistance on monetary policy operations, foreign reserves management, banking, and insurance supervision and other central banking issues. STA has provided help with national accounts and government finance statistics, and FAD with tax administration.

**X. Safeguards Assessment**

Under the Fund's safeguards policy, the Central Bank of Samoa is subject to an assessment with respect to the expected request for an ESF-RAC arrangement. The authorities have committed to undergo a safeguards assessment. Should the request be recast as an RCF, disbursements involving emergency assistance will be subject to the safeguards policy. In addition to the commitment to undergo a safeguards assessment, the Central Bank of Samoa has already authorized its external auditor to hold discussions with Fund staff and give access to the most recent external audit reports.

**XI. Resident Representative: None**

**ANNEX II: SAMOA—RELATIONS WITH THE WORLD BANK GROUP<sup>1</sup>**  
**(As of November 2009)**

Since Samoa became a Bank member in June 1974, 15 IDA credits totaling over \$91 million have been committed. The Bank has also executed a range of trust fund financed activities.

Samoa has an IDA-15 (FY09–FY11) allocation of \$40 million. Samoa’s IDA-15 allocation was more than doubled to respond to the devastating tsunami that occurred on September 29, 2009.

Bank finance for Samoa has focused on supporting the successful reform efforts since the mid-1990s. Investments have helped support critical infrastructure, the finance sector, agricultural production, cyclone reconstruction, and health sector reform.

The Bank’s assistance to Samoa has been guided by the government’s own development priorities, and the Bank’s broader *Pacific Regional Strategy FY2006–09* which has a focus on (1) strengthening government capabilities, and (2) improving incentives for the private sector. The Bank’s current activities in Samoa are in the following areas:

- **Infrastructure Asset Management Phase 2.** The objective of this second-phase program (approved December 2003, US\$12.8 million plus additional finance of US\$8 million and significant trust fund support) to be carried out over a period of eight years is to enhance the economic, environmental and social sustainability of transport and coastal infrastructure assets, and to manage these assets, natural resources, and disaster risks through an effective partnership with private sector stakeholders. The success of efforts to build private sector contracting capacity—a central element of the program—was evident in the rapid and effective response by the Samoan Government and private sector to tsunami recovery and reconstruction efforts.
- **Telecommunications and Postal Sector Reform.** This project (approved December 2002, US\$4.5 million) is assisting Samoa to improve the performance of its telecommunications and postal sectors by increasing competition and private sector participation; strengthening institutional and regulatory capacities; and enhancing the provision of telecommunications and postal services, particularly in rural areas. Effective competition in GSM mobile services, achieved through the project, produced spectacular results. The number of overall customers (GSM and fixed line) exceeds 110,000, which is a ten-fold increase from the beginning of the project.
- **Health Sector.** Through the Health Sector Management project (approved June 2008, IDA US\$5 million), the Bank is supporting government’s reform program aimed at promoting preventative healthcare, and ensuring equitable access to a modern, effective, efficient health service, delivered in close collaboration with the private sector. Implementation is within a sector coordination framework, with Australia especially closely involved. Samoa is broadly on track to meet health sector MDGs.

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<sup>1</sup> Prepared by the World Bank staff.

IFC has also been active in Samoa, particularly in the telecoms sector. IFC has invested US\$18.5 million in Digicel, encouraging this new private operator to enter the liberalized Samoan telecoms market. This has been a crucial element in the successes achieved in improving connectivity in Samoa. IFC investments have encouraged over US\$80 million in total private investment in the telecoms sector, making this the largest single private investment in Samoa.

### Samoa: IDA Lending Operations (as of November, 2009)

	Year of Approval	Original Amount	Undisbursed Balance
(In millions of U.S. dollar equivalent)			
<b>Completed projects (IDA)</b>			
First highway	1975	4.4	0
Agricultural development	1979	8.0	0
Second agricultural development	1980	2.0	0
Development Bank	1985	2.0	0
Multiproject	1986	2.5	0
Afulilo hydroelectric dam (AsDB)	1987	3.0	0
Telecommunications (AsDB)	1989	4.6	0
Emergency road rehabilitation	1990	14.0	0
Afulilo hydroelectric dam supplement (AsDB)	1993	1.0	0
Emergency road rehabilitation supplement	1993	5.1	0
Infrastructure asset management	1999	14.4	0
Health sector management	2000	5.0	0
Cyclone emergency reconstruction	2004	4.5	0
<b>Current projects (IDA)</b>			
Telecommunications and Postal Reform	2002	4.5	2.1
Second Infrastructure Asset Mgmt (+2007 Supplement)	2003	21.1	7.6
Health Sector Management	2008	3.0	2.8
Total		99.1	12.5

New activities are likely to center around a joint donor budget support operation to assist the government in its generally effective tsunami response program and to help encourage medium-term fiscal sustainability and continued structural reforms. This is likely to take up approximately half of the increased IDA-15 allocation made available to Samoa. Additional emergency investments to assist recovery and reconstruction in the transport and health sectors, where the Bank is already active, are also likely. In addition, the Samoan Government has requested support from the Bank to undertake reforms to strengthen the competitiveness of the agricultural sector and to increase opportunities for the private sector to access agricultural supply chains for export and for the tourist market.

In support of a significantly scaled up program, the Bank in November 2009 opened a joint liaison office in Samoa, in conjunction with the Asian Development Bank.