

**Statement by Mr. Nigel Ray, Executive Director, and Mr. Tui Siliva, Advisor to the
Executive Director, on Samoa
April 24, 2020**

Samoa relies heavily on tourism, remittances and aid to finance its imports. The country experienced a devastating measles outbreak late in 2019, which claimed 83 lives of mostly young children. The Government declared a State of Emergency; economic activity came to standstill. Immediately following this adverse shock, Samoa was hit hard by the global COVID-19 pandemic. Travel restrictions including reduced inbound flights and strict quarantine, and main markets tourism earnings (tourism contributes about 25 percent of GDP) plummeted. Remittance inflows (normally about 25 percent of GDP), mainly from New Zealand and Australia, also slowed significantly. As a result, Samoa faces urgent balance of payments needs, with an estimated balance of payments financing gap of about 4 percent of GDP. This has triggered the authorities' request for a disbursement under the RCF in the amount of SDR 16.2 million (100 percent of quota, and representing 65 percent of the total BOP financing gap), to (i) ease the pressure on the urgent BOP needs, (ii) help catalyze assistance from development partners, and (iii) assist with the implementation of planned economic and fiscal measures.

Policy Response to COVID-19

The authorities are fully committed to protecting Samoan citizens, providing necessary support to vulnerable businesses and households, and maintaining macroeconomic stability. To this end, Samoa was an early mover in restricting inbound travel and mobilized resources to begin health screening at borders. On April 7, Parliament passed the Government's response package and the Second Supplementary appropriation of SAT\$66.3 million (about 3 percent of GDP), to bolster health spending further and to provide temporary financial support to households and small business.

The authorities acknowledged the additional financial support of SAT\$40.8 million from the World Bank, ADB and donors (New Zealand, Australia and Japan). The Samoan authorities are committed to continue to work in close collaboration with their development partners to secure the health and social welfare of Samoans.

Fund Support

The authorities believe that Fund assistance to help fill the urgent BOP financing needs through disbursements under the RCF will help maintain macroeconomic stability, which is the driving objective of the Samoan Government. They are also committed to maintaining debt sustainability. In addition, Samoa has a strong track record of economic policymaking and has been maintaining a very good relationship with the Fund. The country's capacity to repay the Fund remains strong.

In this regard, the authorities have taken major initiatives on public financial management (PFM) reforms to strengthen transparency, good governance and economic resilience, with

technical assistance provided by the Pacific Financial Technical Assistance Centre (PFTAC).

On behalf of our Samoan authorities, we would like to express our appreciation to Mission Chief Mr. Kenichiro Kashiwase and his team for their efforts to bring this program to the Board in a short timeframe. The authorities wish to thank staff for the report and for the very helpful policy dialogue virtually and commend the Management and the Executive Board for their decisive action to double temporarily RCF access for the membership, and its swift implementation.