

FINAL

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S A M O A

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1. EXECUTIVE SUMMARY

This joint annual report for 2004 fulfils operational review requirements stipulated under Article 5, Annex IV of the Cotonou Agreement.

Samoa is a small open economy, which is dependent on a narrow resource base. Economic activity is largely dependent on limited sectors including agriculture, tourism, small-scale manufacturing and fisheries. As such, its economic performance is impacted heavily by external factors in the form of commodity export prices, remittances, tourism, and external aid resources.

Samoa is one of the world's 49 least developed countries (LDC). It has a population of 178,000 (Population census, 2001). Samoa has a per capita income of US\$1908 in 2003 and growing at the rate of 2% per annum during 1991-2002. In terms of the human development index, Samoa has a human development ranking of 0.775.

In the early 90s, Samoa's economy was adversely affected by devastating cyclones and other external factors. In response to these shocks, the government in 1994, introduced and implemented a program of economic and financial reforms aimed at improving public sector efficiency, and opening up the economy to create an enabling environment in support of private sector development. The reforms have created a platform for sustained economic growth over the past five years. They have also been widely supported by the Samoan public as well as Samoa's development partners and the international community generally.

Under Cotonou, the indicative financial allocations set out in the CSP for Samoa are €20.0 million for the "A" Envelope and €7.1 million for the "B" envelope. The focal sector is public health enhancement through water supply and sanitation projects, which is largely a continuation of previous involvement in the water-sector. A non-focal sector has been identified as micro-project type approach to support the village economy.

The Mid-Term Review (MTR) confirmed no change of strategy or focal sector was required but refined the financial allocations. In light of the country's good policy performance and additional focal sector needs, it was recommended that funds available for commitment from the A envelope for the focal sector be supplemented with a transfer of €5.0 million from the B envelope. Subsequently, following an 'Order for Services' from DG Dev, €0.94 million of Samoa's FLEX entitlements were programmed for the water sector programme leaving €1.16 million for unforeseen needs and the ECHO reserve. A 100% NIP commitment is expected in the first half of 2005 following the anticipated approval of a Water Sector Support Programme (WaSSP).

Work is underway to strengthen performance monitoring within the sector and link this to progress in the achievement of the MDGs. To ensure strengthening of donor coordination, a formal Water Sector Meeting is planned for April 2005. A National Water Services Policy is anticipated to be approved by Cabinet in early-2005 thereby strengthening the unified policy environment for both water services and water resource

management. The water sector planning process will also be finalised in early-2005 and be integrated with strategic directions identified in the “Strategy for the Development of Samoa, 2005-2007”.

2. UPDATE ON POLITICAL, ECONOMIC AND SOCIAL SITUATION

2.1 Update on the political situation

A notable political development occurred in December 2003, when the opposition Samoan National Development Party merged with the Independents members to form the Samoa Democratic United Party. Nevertheless, the ruling Human Rights Protection Party, under the leadership of the Prime Minister retains a comfortable majority holding 32 of the 49 seats in parliament

In December 2004, two other developments took place. First the former Opposition Leader and current MP was elected as a member of the Council of Deputies and secondly the Minister for Natural Resources and Environment resigned to take up the post of President of the Land and Titles Courts. This resulted in the two respective seats being vacant. The by-elections for the two seats are expected to take place in the first quarter of 2005. with HRRP strongly tipped to secure both seats and increase their number to 33. The next general elections will take place in early 2006.

In early 2003, a new public administration structure was legislated and became effective in 2004. The new structure has reduced government departments and constitutional offices from 28 to 19. This realignment of offices is seen as part and parcel of the reform program to improve efficiency and efficacy of functions and processes.

In another development, a bill has been tabled in Parliament for the introduction of a savings-based national healthcare insurance system. Supported by the Samoa National Provident Fund, the healthcare system is expected to benefit NPF contributors as well as their dependents.

Samoa continues to play an active role in regional affairs and programmes and currently holds the Chair for the Pacific Forum Group.

2.2 Update on the economic situation

Basic economic data are summarised in the following box:

Population		176,710 (Population and Housing Census 2001)				
GDP - Current Prices		\$ 337.10 million USD (2003)				
GDP - Constant Prices		\$ 326.10 million USD (2003)				
GDP per capita (000's)		\$ 1,907.65 USD (2003)				
GDP Growth Rate		2.2% in 1999, 6.1% in 2000, 6.8% in 2001, 1.2% in 2002, 3.5% in 2003				
Inflation Rate		0.3 in 1999, 1.0% in 2000, 3.8% in 2001, 8.1% in 2002, 0.1% in 2003				
GoS Revenue		\$ 87.8 million USD (actuals 2003/2004)				
GoS Expenditure		\$ 72.8 million USD (actuals 2003/2004)				
Export (fob)	(million USD)	1999	2000	2001	2002	2003
Imports (cif)	(million USD)	19.5	16.0	18.7	16.5	15.8
		124.1	124.2	159.8	161.8	144.9
Total Disbursed Outstanding Deb	(million USD)	2003				
		162.4				
Gross Reserves	(million USD) \$	73.2 (<i>reserves of Central Bank of Samoa, Commercial Banks, Ministry of Finance</i>)				
Exchange Rate (2003)	USD/TALA	0.3561				

Source: Ministry of Finance

National accounts figures produced by the Ministry of Finance showed that the economy grew 1.7 percent in fiscal year 2003/04. The slow growth reflected a 4 percent decline in agricultural output particularly in the second half of the financial year due to the devastating impact of cyclone Heta on plantations around the country. The overall level of supplies of agricultural produce declined 12 percent pushing up their prices to record levels. The fishing industry continued to decline with real output down by 11 percent. The output of the food and beverages manufacturing sector was the same as in the previous year while the output for "Other Manufacturing" dropped 3 percent. The real output of the commerce sector fell 2 percent after growing strongly in the previous financial year.

On the positive side, the construction industry recorded a real growth of 10 percent. Activity in this sector was boosted by major projects such as the new SamoaTel building, Aggie Grey's Faleolo Resort, new schools buildings, roads and bridges and the repair and reconstruction of infrastructure damaged by cyclone Heta.

Construction activity was so strong that the value of imports of construction materials went up \$10 million to \$59.3 million in 2003/04. As a result of the extensive repairs to electricity and water supply lines following cyclone Heta, the real value of electricity and water went up 5 percent. With the sharp increase in tourist arrivals, the output of the "Hotels, and Restaurants" sector grew 11 percent. Likewise, the real output of Transport and Communication" sector increased 8 percent, boosted by construction projects such as the seawall for rural coastal villages and the expansion of telecommunications services

throughout the country. The Finance and Business services industry recorded an increase of 11 percent its real output reflecting the continued growth and expansion of the finance industry.

The inflation trend was favourable in the first half of the 2003/04 before climbing steeply in the latter half as shocks to the supply side of the Samoan economy dictated the movement of overall prices during the year.

Local food prices, which stabilized in the first half after rising strongly in fiscal year 2002/03 skyrocketed in the latter half of the 2003/04 following the devastation of agricultural production by Cyclone Heta. Supplies of taros and taamu diminished while those of taro palagi, banana and breadfruit virtually disappeared a couple of months after the cyclone resulting in their prices surging to record levels. Also impacting strongly on the movement of overall prices was the instability of international oil prices, which in turn passed through to adversely raise local transport costs.

The annual average rate of inflation rose to 16.8% in December 2004. This was attributed largely to the increased prices of local food sold at the market as a result of weather conditions as well as the longer term impact of cyclone Heta. Increased fuel prices also contributed to the high prices. Despite the high prices, it is expected that the inflation will peak at this rate and will start to come down as the agricultural sector recovers from the effects of the cyclone.

At end September 2004, money supply rose by 12 %, as the Central Bank continues to implement expansionary monetary policy in response to the cyclone.

Broad money supply increased by 14.0% in 2003, with domestic credit to the private sector expanding by 8.1%. The Central Bank tightened monetary policy during the second quarter of 2003 but eased it later in the year in the context of declining inflation and increased foreign reserves, which at the end of December 2003 were \$204.2 million, equivalent to 6.0 months of import cover. This rise in reserves was attributable largely to a 10.4% decline in merchandise imports. Gross tourism receipts were up 4% on the 2002 level, while remittances were just 1.3% higher and the capital account surplus was more than halved. Over the course of 2003, the Samoan Tala (SAT) appreciated substantially against the US dollar (15.8%) and depreciated significantly against the Australian dollar (13.8%) and the New Zealand dollar (7.4%). Nominal and real effective exchange rates remained relatively stable.

After recording a budget deficit of 0.6% of GDP in financial year (FY) 2003, Government budgeted for an overall deficit of 1.5% of GDP in FY2004 (SAT14.1 million), which notably involved an injection of SAT19.6 million (2% of GDP) into Polynesian Airlines. The actual outcome in the first half of FY2004 was a cumulative deficit of \$11.6 million (2.5% of GDP), which compared with the overall surplus of \$3.6 million recorded in the first half of FY2003 and largely reflected the full payment of the amount allocated for Polynesian Airlines. In consequence, Government ran down its cash reserves for the third consecutive year. In the first quarter of 2004, Government was

experiencing a cash flow constraint that was severe enough to cause delays in payments to the private sector. Fiscal developments in the second half of FY2004 will need to be monitored closely in order to assess if the budget comes back on track.

However, a new strategic partnership between Virgin Blue and Polynesian Airlines to be concluded hopefully by mid-2005 should have major positive impact on the budget. The transaction will improve air transport links and thus benefit the growing tourism industry. It will also contribute to the regional objective of better coordination of air services among islands and the wider South Pacific Region. The Polynesian Airlines transaction is part of a broader government strategy for reforming state-owned enterprises to promote economic stability and higher growth private sector. Annual subsidy to the airline had amounted to half of the budget deficit in 2004. Participation in the new joint venture airline will preserve vital transport links while making participation attractive to a commercial operator interested in operating the airline.

Government's largely concessional external debt declined during 2003 to SAT456.1 million, or 50.8% of GDP, but remains relatively high by regional standards.

The next International Monetary Fund (IMF) Article IV Consultations are anticipated for March 2005.

Samoa is a Party to the **Pacific Island Countries' Trade Agreement (PICTA)** which came into force in April 2003. PICTA is a free trade agreement amongst the Forum Island Countries (FICs), intended to create a common market for FICs and encourage freer trade amongst the Parties. As of January 1, Samoa was obligated under the PICTA to commence implementation of the schedule of concessions that is reducing tariffs on eligible products from other PICTA parties according to the schedule. Samoa however does not have in place a national legal mechanism for tariffs reduction and efforts are under way to put in place appropriate legislation for implementation of its PICTA obligations.

Samoa is also Party to the **Pacific Agreement on Closer Economic Relations (PACER)**, which is an economic cooperation agreement involving 16 members of the Pacific Islands Forum and came into force in October 2002. PACER sets out the basis for future development of trade relations among FICs members with the main benefits arising from the provision of trade facilitation and technical assistance. Both New Zealand and Australia have offered to consult with PACEER members after triggering Article 6 of the Agreement when the former signed a trade agreement with Singapore as well as Thailand and Australia with the United States of America. Samoa took up New Zealand's offer and held consultations with the appropriate authorities in July 2004. Australia has yet to respond to Samoa regarding the consultations

Samoa is actively participating in negotiations currently underway for new access to the EU market through reciprocal **Economic Partnership Agreements (EPAs)**, under the Cotonou Agreement. The Pacific ACP/EC EPA negotiations are being guided by a core set of principles that will ensure the EPAs promote the development objectives of the

Pacific Island Countries, support for regional integration and trade related rules and preserve current preferential access for both traditional and non-traditional exports.

The opening of EPA negotiations for the Pacific region took place on 10 September 2004 in Fiji. The first technical level meeting took place on 10th and 11th March 2005 in Papua New Guinea. Items on the agenda included investment, fisheries, regional integration and the terms of reference for regional preparatory task force (RPTF). By December 2007, drafts of legal texts and the conclusion of negotiations should be available. In January 2008 EPA should come into force.

Compared to other PACP countries Samoa has reasonable capacity within the technical ministries, but this capacity is strained through involvement on several fronts (PICTA, WTO, EPA etc). There is strong political support for increased regional integration and EPAs, but as yet no national strategy is available. Samoa appreciates the support provided by the Forum Secretariat, but recognises resource constraints particularly for making technical assessments to support the negotiations.

Samoa has had four national workshops organised on EPA and several organised locally with good involvement of civil society. Whilst there is generally a positive and optimistic view of potential benefits from EPA trade officials considered that there is still a rather inward looking attitude from the private sector. One concern raised by the private sector was the need for local regulation of export products to safeguard quality and health standards.

2.3 Update of the social situation

The Government has demonstrated a strong commitment to social development and the general impression from economic and social indicators is of relatively good and improving quality of life. But living conditions for important parts of the population can be enhanced and this is reflected in the priority given to social cohesion, education, health and basic infrastructure.

A comprehensive social and welfare services sector plan is currently under preparation with contributions from all of the stakeholders. The main objective of the plan is to enhance the social welfare and life at the community level.

The role of village councils is being strengthened through the Safer Samoa Police strategy under an institutional strengthening project for the police. The role of the church in drawing communities together is being used to promote the issues of the rights of the child under the Convention on the Rights of the Child. Similarly the role of women has been strengthened through the implementation of the provisions of the CEDAW Convention. The Government has conducted its first reporting session with the United Nations CEDAW Committee and issues that require concerted action for improvement in the future will be the basis of recommendations from the Committee to the Government.

Following the adoption of the National Youth Policy, a national youth integrated programme has been launched to address the priority areas identified therewith.

There are two overarching objectives of gender mainstreaming; equity of opportunity for all women and men in law and in practice and the achievement of an optimal environment for development for the benefit of all people.

A National coordination committee for gender mainstreaming to provide advocacy, coordination and monitoring was established in the early nineties and continues operations today. Gender focal points were established in key ministries and towards the end of 2004, women representatives at village level were appointed on a remunerated basis just as they do with their male counterparts. They provide the liaison and linkage between the village and central government. A situation analysis was carried out which involved data gathering, assessment of laws and legislation and review structure and content of programmes.

A prerequisite to gender mainstreaming was the ratification of CEDAW in 1992 after the establishment of the Ministry for Women Affairs which is now realigned to cover other community groups under the umbrella of the Ministry of Women Social and Community development. The implementation framework for CEDAW has defined the gaps mainly in the area of legislation in order to best address the specific needs of women and ensure the elimination of discriminatory practices. Legislation reviews are carried out by the Office of the Attorney General which has identified key areas that need to be addressed such as the absence of family law and laws to govern violence against women. There is also a need for endorsement of the National Policy for Women for implementation.

Currently in Samoa, several key positions of authority are held by women and they play an important role in managing the country. The head of the Finance Ministry, the Public Service Commissioner, the Attorney General, the Minister for Education and the head of the Aid Coordinating Committee are all women. Women also run leading businesses.

The National Task Force on the MDGs have completed its first report on the situation analysis of Samoa. Progress in the achievement of the MDGs is given in the table below:

Type	Indicator	2000	2001	2002	2003	2004	2005	2006	2015
Impact	Proportion of population below \$1 per day	15% ¹ (1997)		5.5%					
	Prevalence of underweight children	6.1% (1992)	1.9% ² (1999)						
	Under 5 mortality	42% (1990)		25% ³					
	Net enrolment ratio in primary education		94.7			85 ⁴			
	Primary completion rate	86% (1995)				84 ⁴			
	Ratio of boys to girls – primary	.98		.93					1.0
	- secondary	1.06		1.04					1.0

	- tertiary	1.66		1.43					1.0
	Proportion of births attended by skilled health personnel	80% ³ (1998)		100					
	Proportion of 1 year old children immunised against measles	89 (1990)		98% ³					
	HIV prevalence among 15-24 year old pregnant women	Not known	Not known	Not known	Not known	Not known			
	Proportion of population with sustainable access to improved water supply Only 38% have sustainable access to safe treated water	90% (1995)		98% ⁵					100%

Notes:

1. ADB Household Income Expenditure Survey 2000
2. National Nutrition Survey 1999
3. Ministry of Health Annual Reports
4. Ministry of Education Statistical Digest 2003-2004
5. Population and Housing Census 2001

^b The data presented on access to safe water (2001 Population and housing Census) may be misleading. Figures refer to access to piped water supply without regard for quality or level of treatment. Samoa Water Authority estimate that currently 67,000 (38% of population) have sustainable access to a potable water supply and on full completion of EU supported RWS Consolidation Project (end-2005) this will rise to around 91,000 people (52% of population).

Other sources: ADB Country Strategy and Program Update (2003-2005), Samoa Ministries of Health and Education.

Overall, most if not all of the goals are on target to be achieved by the year 2015. Some have already been surpassed such as the health goals. Some of the difficult targets include the removal of gender disparities through increased participation of women in parliament. The same issues are being addressed through the CEDAW convention. Another goal likely to be difficult to achieve would be that of achieving universal primary education by 2015. Even though there is legislation for compulsory education, it is not free. The Ministry is looking at a mechanism for enforcement utilising the local governing bodies such as the village council and village mayors. The main issues for health include strengthening primary health care on a sustainable basis and ensuring sufficient resources are directed to disease prevention and health education programs that attack the multifaceted causes of lifestyle diseases.

Work in the focal sector focuses on the improvement of primary health care through improved water supplies. A key indicator would be a reduction in the number of children affected by water borne diseases since the introduction of treated water supplies. While a greater percentage of the population have access to an improved water source, only 68% have potential access to treated water supplies. It is the Government's intention that this will increase to over 85% of the population by 2010.

3. DEVELOPMENT AGENDA OF THE PARTNER COUNTRY

Cabinet has endorsed the publication of the Strategy for the Development of Samoa (SDS) for the period 2005–2007. The document articulates the priority strategic areas to guide Samoa's development for the 2005-07 period. The document reflects a continuation of the reform program implemented over the past SDS periods. Of greater importance, it presents clearly the key issues and concerns faced by the wider Samoan community - the

issues that matter to the community and critical for achieving a better quality of life for everyone.

In support of the principles of good governance, the preparation of this document was widely consultative. It involved a number of sector consultation meetings with a wide range of stakeholders which included Church Leaders, Pulenuu, women's committees, farmers and fishermen, non-government organisations, youth groups, tourism industry, education and health stakeholders, the business community as well as government ministries and corporations. Consultations were carried out in Savaii to facilitate participation and contribution of Savaii residents, with the final National Stakeholder Summit held in October in Upolu.

The views expressed at these consultation meetings formed the platform for the priority strategic areas highlighted in the document. As a result of these consultations, six broad focal areas were clearly identified as priority areas for Samoa's development in the next three years. These include private sector development, agricultural development, tourism, community, education, and health development. It should be emphasised however that the absence of other broad development areas does not mean that they are not important. On the contrary, they are equally important but they are seen as providing a supportive role to the identified strategic areas.

The implementation of these priority strategic areas and associated activities, is expected to realise the National Vision which is: **“For every Samoan to achieve a better quality of life”**. Achieving the national vision will result in the attainment of Samoa's Millenium Development Goal (MDG) targets.

In support of that vision, the theme for the 2005-07 SDS is **“enhancing people's choices”**. The theme underscores the national commitment to the need for every Samoan to have access to every opportunity he or she desires. Enhancing access to those opportunities is the underlying focus of the implementation strategies.

As noted the development strategy adequately reflects economic and social issues and developments, recognizes the case for community participation in development, and encapsulates the significance of private-sector led economic growth and the need to improve the access to and quality of basic social services.

Government recognizes, and is committed to address, the lack of opportunities and access to basic social services of certain vulnerable groups in the community. The relationship between the traditional value system, Fa'a Samoa, and effective development policies that reflect the country's aspirations to position itself in competitive, global markets, creates both opportunities and, to some extent, tensions. The Government, therefore, is facing the challenge to achieve harmony between the traditional and modern worlds. Participation of the community in the development of the country will be indispensable.

Towards this end, efforts will be directed at enhancing public participation in urban management and planning; fostering good corporate governance, especially in the SOE

sector; and continuing the dialogue in relation to appropriate poverty alleviation strategies. In the longer term, support for education also supports effective participation and demand for good governance.

The State-owned enterprises (SOEs) present a potential risk to sound economic and financial management. Therefore, efforts will be directed at supporting SOE reforms, encouraging private sector participation in the economy, and promoting a competitive economic environment.

Given the number and scale of operations of various development partners active in Samoa, donor cooperation, coordination, and harmonization will be crucial for effective development assistance, especially in the high-priority sectors.

The principles of the Cotonou agreement remain valid and aligned to the strategic objectives of Samoa's development agenda.

Aid Coordination

The strengthening of aid programming involves the introduction of an organised approach in the government's negotiations with its development partners and the main aim of this approach is for the government to take the lead role in its relationship with all its development partners. The main elements include (i) policy directions on the approach to aid as well as aid strategies; (ii) the establishment of an institutional aid management/coordination structure within the government that has a clear orientation towards the achievement of the Government's development objectives (iii) undertakes appraisals and evaluations of aid programmes and (iv) the preparation of a system to strengthen donor coordination.

The mechanism for aid coordination/management involves two structures. The Cabinet Development Committee comprising 72 members appraises, approves and monitors the progress of development cooperation programmes. Its secretariat is the Economic Planning and Policy Division of the Ministry of Finance. All projects are required to be approved by the CDC. The Aid Coordination Committee (ACC) consists of 7 members and considers resources allocation for development activities if required from external sources. The Secretariat is the Aid Coordination Division of the Ministry of Finance. The ACC also approves requests from the non-government organisations intended for donor funding.

The basis of all development cooperation programmes is the Strategy for the Development of Samoa (SDS) which clearly articulates the development priorities of the government. Work is in progress in the area of sector planning which would provide the framework for the identification of public policy initiatives and projects including the role of government agencies and all other stakeholders and that they are in consistency with the SDS. Sector plans will also provide direction for country strategies, developed singly or jointly, of the various development partners.

Aid coordination is effective in Samoa in that there is no duplication of activities and the purpose of integrating external assistance with the development priorities of the

government has been achieved. The use of aid management tools such as databases on development cooperation activities in all sectors as well as technical cooperation activities, the establishment of project coordinating committees for all development activities and the setting up of sector coordinating mechanisms have ensured that there is effective and efficient utilisation of resources. As well there is institutional capacity to manage and coordinate aid as well as ownership of development priorities and policies. The development partners on the other hand have agreed to adopt a development orientation, achieve coherence with the government's development priorities and have provided effective assistance in capacity building. Successful aid coordination in Samoa has resulted in effective resource mobilisation and increased levels of aid assistance in recent years.

4. OVERVIEW OF PAST AND ON-GOING CO-OPERATION

Overview of past co-operation

Under the terms and conditions of the four Lomé Conventions Samoa received EC assistance through National Indicative Programmes, non-programmable aid (STABEX), the European Investment Bank (EIB), the Centre for Development of Enterprise (CDE) and through regional programmes. Total commitments made so far under the different Lomé Conventions amount to € 84 million, of which about 50% from NIP resources, 30% STABEX funds, 19% EIB financing and 1% emergency aid. An increase of € 2.7 million from 8th EDF reserves which was allocated to Samoa for its satisfactory performance under the last Lomé Convention.

On-going co-operation

Under the Cotonou Agreement (9th EDF), Samoa has National Indicative Programme allocations of € 20.0 million for the "A" Envelope and € 7.1 million for the "B" envelope. The focal sector is public health enhancement through water supply and sanitation projects, which is largely a continuation of previous involvement in the water-sector. A non-focal sector has been identified as micro-project type approach to support the village economy.

Results of the MTR

During 2004, the Mid-Term Review (MTR) noted the political and macro-economic stability of the country and the good performance attained in relation to EDF financing. The results of the MTR reaffirmed support for a Water Sector Support Programme (WaSSP) under a Sector Policy Support Programme (SPSP) approach and acknowledged the positive progress made in water policy and the well-advanced sector-wide strategy. Because identified needs in the focal sector exceeded the remaining available A-allocation (€13.15 million), the MTR recommended a transfer of €5.0 million from the B-allocation be programmed to the water sector. Subsequently, €0.94 million FLEX entitlement was also programmed to the focal sector leading to a total of €19.09 million for sector programme support. Support to non-focal sector activities remains at €4.0 million as envisaged in the NIP. This leaves some €1.16 million in the B-allocation for

unforeseen events. The agreed conclusions were endorsed by the EDF Committee on 1st October 2004 and were subject of a Commission Decision on 29 November 2004.

4.1 Focal Sectors

4.1.1 Focal Sector - 9th EDF National Indicative Programme

a) Results

Under the 9th EDF, the focal sector of the NIP is defined in the CSP as “Improvement of the quality of public health through the development, management and conservation of water resources and the disposal of waste water, in the framework of sustainable development of Samoa's economic and social environment”. Results foreseen were: construction and rehabilitation of water supply infrastructure; completion of a water resources management strategy; and co-financing for the construction of a public sewerage system. The latter envisaged co-financing with ADB but in 2003 the Government decided to proceed with ADB financing alone and refocused EDF support toward environmental sanitation and wastewater disposal needs in rural, rather than urban, areas. An updated intervention framework taking account of the latest analysis and progress in the sector and related sector indicators are presented in the Annexes.

Financing requests and commitments

Global Commitments in 2004 under the focal sector NIP resources included financing for:

- Rural Water supply Consolidation Project (RWS-CP/€1.70 million) and
- Rural Water Supply and Sanitation Study (RWSS Study/€0.20 million).
- Technical Cooperation Facility (TCF/€0.60 million)

Further requests for financing in 2004 amounted to a total of €19.09 million for the water sector support programme with the financing decision anticipated in 2005/1. This will represent a 100% commitment of the 9th EDF A envelope (including the €5.94 million transfer from the B envelope) and leaving €1.16 million for unforeseen needs and the ECHO reserve in the B envelope.

Results achieved at a sector-level

The first stages of programme implementation began in 2004 with the onset of the RWS-CP. Planning and design aspects for this project are substantially complete and works implementation and associated improvements in access to safe and reliable water supply are planned during 2005. Similarly, preparations for the main WaSSP are complete but significant progress in results can only be expected once this is under full implementation, anticipated in 2005/2. However, significant progress has been achieved with water policy development and the definition of a sector-wide approach and strategy. Sector reform continues to promote ownership and to rationalise roles and responsibilities in-line with overall government reform processes. Donor coordination is being formalised and strengthened where necessary and improvement in performance

monitoring is foreseen as an essential component of sector support. Further details are given below.

Rural Water Supply Consolidation Project (RWS-CP)

The Rural Water Supply Consolidation Project – RWS-CP was approved in March 2004 and began on 1 April 2004. The project will consolidate the impact and sustainability of benefits from newly improved water supply infrastructure in NW Upolu and SE Savaii. In 2003, it was estimated that some 22,400 people in the target area benefit from sustainable access to improved potable supplies and completion the RWS-CP will see this increase to almost 50,000 persons. Leak detection measures will increase income and improve financial viability for SWA and education and awareness programmes will lead to the development of water-wise communities. Strategies for future enhancement of sanitation and wastewater practices in the target area will be included.

Water Sector Support Programme (WaSSP)

The main support to the sector is to be provided through a Water Sector Support Programme (WaSSP) and it is anticipated this will be approved in 2005/1. The programme will increased access to safe and reliable potable water supply to a further 53,500 rural villagers (30,600 in Upolu and 22,900 in Savaii), approximately 30% of the total population. Complementary measures will improve the effectiveness of existing water supply systems and ensure unaccounted for water is reduced to economical levels, thereby improving system efficiency and levels cost recovery. The negative impacts on public health and the environment due to inadequate sanitation and wastewater disposal facilities will be addressed through provision of appropriate and environmentally sensitive sanitation facilities to 200 schools and (~42,000 pupils) and 15 district hospitals. Supplementary measures will reinforce hygiene education programmes and ensure safe collection and disposal of the septage.

The WaSSP programme is designed to improve water sector governance and provide technical and management capacity support to assist SWA in it's transition toward an independent and financially viable service provider. Support to the MNRE will help develop a water resources management strategy and improve conservation and protection of the water resources.

Sector-wide approach

Government moves to reinvigorate sector planning are reflected in recent water sector developments. A sector-wide approach embracing both water services and water resources management is relatively new as these two areas were formerly considered separately under infrastructure and environmental sectors. However, Government-led co-ordination in the sector is strong and there is a clear demarcation of external donor financing across sub-sectoral activities, thereby avoiding any overlap or duplication of effort. A water sector plan and roadmap has been drafted to guide developments in the sector and has been prepared in consultation with key national stakeholder and donors. The plan aims guide future water sector investment needs and to serve as a tool to help co-ordinate both domestic and external financing.

Promoting ownership

Implementation modalities for the RWS-CP and WaSSP programme are designed to ensure organizational roles and responsibilities are mainstreamed in existing structures and that implementation strengthens local ownership whilst also supporting Government's policy reforms. Devolving powers to line ministries and corporations, empowering community involvement, and providing private sector opportunities are key elements of the implementation.

Self-sustainable SWA

Implicit in the sector approach is the need to build the capacity of the SWA in the preparation, design, and implementation of projects and for SWA to play an appropriate role in the management and supervision of works. The SWA's strategy over recent years has continued to take a greater role in project management and to increasingly outsource works and other tasks to the private sector. Consultation with communities during the design and implementation process is essential. This approach not only increases ownership by the SWA and the communities but also ensures implementation is fully integrated with other core activities such as asset condition assessments, leak detection, and billing systems.

Appropriate roles and responsibilities

Evaluations of past interventions have demonstrated that large infrastructure projects tendered internationally have tended to negate against local ownership as well as preclude involvement by the local/regional private sector, whereas stimulating private sector involvement and providing opportunities for the local sector to compete remains a cornerstone of the Governments successful reform programme. A balanced and appropriate role of the SWA working in partnership with a skilled and resourced private sector is therefore a desirable outcome of the development programme and one which can lead to lasting and sustainable benefits to water users.

Sector financing

The main sources of financing toward medium-term water sector goals and objectives will be from Government budget allocations, grants from the EU and ADB loans. The EU is the most prominent donor in the sector with the only other major external finance coming from the ADB, who are supporting wastewater and sanitation interests in the Apia urban area.

Table: Summary of Sector Financing (2005-2010)

	Euro (M€)	Tala (M\$)
Govt.		
CSO contributions to SWA (est. \$2.3million/yr ¹)	3.382	11.500
Rural Water Supply Consolidation Project	0.210	0.700
Water Sector Support Programme ²	0.828	2.850
Apia Sanitation and Drainage Project	1.794	6.100
EC		

Rural Water Supply Consolidation Project (RWS-CP)	1.700	5.780
Project Design Assistance to SWA	0.400	1.360
Water Sector Support Programme (WaSSP)	19.090	64.910
ADB		
Apia Sanitation and Drainage Project (Phase I)	7.176	24.400
Total	34.580	117.600

¹Based on 2004/05 budget allocation

²Estimate for land acquisition/compensation only - does not include contributions related to staff inputs, etc.

Sector indicators and performance monitoring

Sector indicators and targets have been updated based on latest information. In particular, the updates incorporate findings from the recent review of the SDS and the emerging priorities and targets identified for the period 2005-2007. Measures to improve performance monitoring, reporting and client consultation systems will be an essential activity under EDF support to the sector.

b) Progress in activities

Implementation of the RWS-CP

The Rural Water Supply Consolidation Project (RWS-CP) started in April 2004. The project is an Externalised Direct Labour Operation with implementation and management devolved to the SWA via Service Contract. Activities under the first operational work programme included the engagement of technical assistance for a Project Co-ordinator (individual) and specialist Project Implementation Assistance (consultants team). A slight delay in the recruitment of the technical assistance led to a request for a short extension (3-month) to the programme estimate period to ensure planned activities could be progressed. The provision of sub-mains and household connections is a key component of the project and the design and preparation stages for these works was substantially completed during 2004. Detailed field investigation by the consultant, working in close association with SWA staff, has enabled sub-main and household connection works to be identified, costed and prioritised by SWA. A second 12-month programme estimate for 2005 was approved by the Steering Committee and endorsed by the EC in December 2004 and includes finalisation of the detailed design, preparation of tender dossiers, and works construction.

Preparation of the Water Sector Support Programme (WaSSP)

Preparatory activities for the main sector support programme were completed during 2004. Programme definition has been advanced through dialogue with all key stakeholders – Government, NGOs, private sector and civil society – and evaluations from past projects, including the Rural Water Supply Project (EC) and the SWA Institutional Strengthening Project (AusAid). Planning and consultation workshops identified key problems and needs. Lack of institutional capacity, poor infrastructure and non-commercial viability of operations were all identified as high level problems to be

addressed. Workshop participants emphasized that access to good quality water supply was only one factor in achieving improved public health, and that wastewater disposal, sanitation and hygiene were also critical factors. The need to address water service issues within a broader water resources framework also came out strongly with participants advocating a sector-wide approach to addressing the problems. The definition of the programme has also benefited from lessons learned from evaluations of earlier water sector interventions, including an evaluation of the earlier Rural Water Supply Project.

A concise country-level study to appraise options for the delivery of sustainable drinking water and basic sanitation (Rural Water supply and Sanitation Study) began in April 2004 with initial findings and recommendations made available in September 2004. The study considered a range of options for water supply from small-scale village managed schemes to large-scale bulk supply systems. The study included detailed economic, financial, environmental, and social analysis of the preferred solutions. During the appraisal study it became evident that overall investment needs for the water sector (services and resource management) were in excess of the available A-allocation resources and that a total of €19.09 million was required to meet identified needs. The results of MTR process recommended that these additional costs be covered by a transfer of €5.94 million from the B-envelop. The recommendation went for endorsement by the EDF Committee in September/October 2004 and should be in process of its final approval.

Final design of the proposed WaSSP infrastructure measures has been advanced following notice to procure Project Design Assistance services under restricted international tender procedures. A short-list was approved in August 2004 and proposal submission received in December 2004. Recommendations for award of contract are planned for February 2005 and mobilization of the successful consultant is anticipated in March 2005. Financing of the design assistance will be via TCF funds as an individual commitment.

WaSSP Financing Proposal

An early draft of a Financing Proposal for the WaSSP programme was prepared in mid-2004 and refined throughout the following months based on emerging findings of the appraisal study and comments from key stakeholder groups. Formal submission and request for financing by the NAO to the EC Delegation in Fiji followed in September 2004. The proposal received preliminary comment from Brussels (EC/Aidco) primarily related to implementation modalities, donor coordination, and the economic analysis.

The draft Financing Proposal recommended dual financing modalities incorporating a mix of Commission Specific procedures and Budget Support mechanisms. EC/Aidco notified that dual financing modalities could not be incorporated within a single financing proposal. An option to split the WaSSP into two separate submissions was not favoured by the NAO and potentially introduced risks in terms of programme continuity. Implementation under Commission Specific procedures was therefore the option chosen. Donor coordination was also flagged as a key issue and clarification of the Government's intention to strengthen and formalise processes has been emphasised. Responses to comments on the economic rationale and justification have emphasised the importance of

water supply and sanitation in contributing to achievement of all the MDGs – and not just the health goals. Additional analyses by the economist responsible for the original analyses have been used to assist in strengthening the economic case.

A revised WaSSP proposal was subsequently prepared in-line with the above and re-submitted to the EC. It is anticipated that a Financing Agreement can be reached in 2005/1.

Policy dialogue and accompanying measures

Accompanying measures have been progressed in parallel with the programme preparation activities. Policy dialogue has been on-going through stakeholder workshops and consultations with attention focused on the development of water services policy, led by SWA, to complement the existing water resources policy. Emerging policy directions reinforce EC's own water policy guidance and serve as the basis for a sector policy letter in support of the WaSSP submission. SWA will formally submit the policy for Cabinet approval in early-2005 and this will complete the immediate policy development process. Development of a water sector plan, also led by SWA, has also been on-going and will also be completed in early-2005 following final consultation with key stakeholder groups at a major Water Sector Meeting to held from 19 to 21 April 2005. The strategic directions formulated under the SDS 2005-2007 will be integrated with those in the plan. Extensive consultation with all relevant stakeholders and non-State actors (NSAs) has been an integral part of the SDS review and reformulation process.

Donor coordination

Donor coordination is central to support under a sector-wide approach and meetings to discuss progress with projects/programmes, means to improve and strengthen co-ordination, and options for future donor financing have been encouraged over the past year, both formal and informal. Meetings with ADB Project Manager for the Samoa Drainage and Sanitation Project a Senior Project Implementation Officer, from the newly established Fiji office, have enabled the WaSSP programme to be discussed and disseminated within ADB. Discussions have centred on co-ordination issues and the need for close co-operation during implementation. For the Sili Hydro Project, the potential for conjunctive use for both water supply and hydropower was also discussed, with suggests by the ADB representative that the bank may be able to finance additional TA assistance to their on-going feasibility study to support such investigations. Meetings related to the emerging Health Sector Strategy under joint NZ/AusAid support have reaffirmed that there is no duplication with proposed actions under the WaSSP programme.

Strengthening the capacity building for NAO Office and Line Ministries

Technical Assistance to the NAO has continued to support the preparation, management and implementation of sector activities. In light of the growing intensity of EDF programme activities over the coming year or so continued TA support, to 31 March 2006, has been requested by the NAO and approval is anticipated in 2005/1. The TA will support management of the EDF programme by assisting in programme preparation,

overseeing the transition to implementation, monitoring project and programme activities, and strengthening of the NAO office and technical ministries.

c) Cross-cutting themes

Incorporation of cross-cutting themes is implicit in the WaSSP programme and definition of programme planning and implementation has followed good practice guidance. Institutional strengthening and capacity building are core components of the programme and will be used to strengthen effective implementation, not only within SWA but also other key agencies within government and elsewhere. Gender issues and concerns have been mainstreamed through consultation with key stakeholder groups including representation from Women in Business, Ministry of Women Affairs, Social and Community Development and Village Women's Committees who are all active and well represented at the village and community level. Improvement to performance monitoring will promote gender-disaggregated statistics and task analysis to ensure gender differences are explicitly highlighted and effective measures to address existing inequalities formulated.

The provision of improved infrastructure and systems is only part of the process that is recognized as necessary by Government and the SWA to ensure an efficient, sustainable water services. Environmental concerns are at the centre of water policy objectives and the WaSSP will build on these principles in supporting measures to protect the integrity and function of the natural ecosystems as an essential prerequisite to fulfilling broader sustainable development goals. The WaSSP will include measures to improve land and water management, make investments in sanitation, and support wastewater management. Programme definition is drawing on lessons from on-going regional projects such as the UNDP/GEF-financed International Waters Programme (IWP) which is specifically piloting community-based catchment management initiatives in Samoa.

As lead agency responsible for implementing water resources policy, the Ministry of Natural Resources and Environment (MNRE) is an important partner in the programme definition and will be a key agency for support during implementation. Enforcement of recent legislation requiring environmental screening and EIAs for all major infrastructure will reinforce the environmental integrity of proposed interventions.

4.1.2 Focal Sector - Lomé IV National Indicative Programmes

a) Results

Under Lomé IV the emphasis was placed on social and economic infrastructure in rural areas. One major rural water supply project (RWSP) dominated the programme with EDF funding of € 18.7 million. The main infrastructure works were completed in December 2002 and the PMU contract in December 2003.

The RWSP provides for a quality water supply to an estimated 46,000 people, over one quarter of Samoa's population. Implementation of the works contract proceeded on

schedule although an extra government payment of €1.4 million was required to cover unforeseen expenditure. The final evaluation of this project received in February 2003 was positive. The evaluation has given a good overall picture of the strengths and weaknesses of this project and the challenges that must be addressed. The RWSP evaluation report is a useful tool that has improved the way the 9th EDF programme intends to support access to drinking water and basic sanitation in Samoa.

Whilst the Programme has delivered a wide range of well planned and appropriately designed water supply assets, the main challenge now is to extract the maximum possible use from them and to equip the Samoa Water Authority with the means to maintain and operate them effectively.

A RWS consolidation project to enhance the benefits of this project has already commenced implementation under the 9th EDF. This project will address some of the most immediate needs whilst further support for attaining medium- to long-term goals in the water sector will be addressed under the main sector support programme.

4.2 Projects and programmes outside the focal sector

In addition with the focal sector activities under Lome IV, a €2 million microprojects programme (covering fisheries, agriculture, health, education, village tourism development and youth programmes) was successfully implemented. This multi-sector approach increased opportunities in numerous small villages. Between 1995 and 2003 more than 250 projects were completed, benefiting directly around a quarter of the Samoan population.

Building on the success of earlier phases, a non-focal sector under the 9th EDF has again been identified as a micro-project type approach to continue support to the village economy and actively involve non-State actors in the development process. This new phase, with financing of €4 million, was committed in April 2003 thereby avoiding a financing gap and enabling a seamless continuation of activities.

Activities under the first annual work programme commenced in May 2003 and ended in May 2004. During the period a total of 54 projects were approved for funding to a value of SAT\$ 2.9 million (approx € 0.85 m). The projects include 16 in the Education sector, 14 in the Water sector, 12 in Agriculture, four for Youth and Culture, three in Fisheries, two for Tourism, one in Health and 2 for NGO capacity building.

The second work programme commenced in June 2004 with a commitment for projects of SAT\$ 3.05 million. During the period to 31 November 2004, 43 projects had been approved and SAT\$ 497,000 already disbursed. To help manage the increased project portfolio a project officer experienced in civil engineering and an additional accounts officer have been recruited. This should further improve implementation and enhance project quality. However, it still remains a challenge to organise supply tenders under the

EC procurement rules in a market as small as Samoa for the many “small” projects under implementation.

In accordance with the agreed new structure for the programme steering committee, two civil society representatives were elected – the President of Samoa Umbrella for Non Government Organisations (SUNGO) and the Executive Director of Women in Business Development Organisation. The steering committee is meeting on average every month as the pace of implementation is advanced.

4.3 Utilisation of resources for non-State actors (NSAs)

All funding available to NSA comes under the € 4 m Microprojects programme (20% of NIP). An annual stakeholder meeting, coordinated by the SUNGO, is carried out to monitor the programme implementation. The first meeting was held in March 2004 and the recommendations from this provided a useful input for preparation of the year-two work programme.

Furthermore, the NGO “Women in Business” will provide additional monitoring and capacity building to support to projects in agriculture, youth and culture and tourism sectors .

4.4 Utilisation of envelop B

The islands of Samoa are prone to cyclones and other unforeseen events and an amount of €7.1 m was allocated under the B envelope. Tropical cyclone Heta swept past Samoa between 3 to 5 January 2004 with winds of up to 170 km/h (105 mph). The strong winds and storm surges caused significant damage although no serious injuries or fatalities were reported. Power, communications and water supplies were cut, roads blocked, and buildings damaged. Trees were uprooted and plantations stripped of crops. A supplementary budget of around \$6 million tala was approved soon after the cyclone with over 90% allocated to meet essential rehabilitation works, although this was not enough to accommodate all damages caused by the cyclone. The impact of the cyclone was a determining factor in the endorsement of a €5.0 million transfer from the B envelopes to meet identified water sector needs. Taking into account Samoa’s FLEX eligibility (year 2002-3) for the amount of €0.94 million, a total transfer of €5.94 million was recommended during the MTR, leaving €1.16 million for unforeseen needs and the ECHO reserve.

4.5 Other instruments

4.5.1 STABEX

Samoa has received more than €26 million in STABEX transfers between 1975 and 2000 to help stabilise export earnings from copra, coconut oil and cocoa beans. Under the 7th and 8th EDF STABEX transfers, including interest up to December 2003, amounted to €7,185,066 whilst total commitments under agreed FMOs was €7,084,405. The small

difference between available funds and commitments is accrued interest on bank accounts from 2002 and 2003.

The most significant on-going activity is the implementation of a High Temperature Forced Air (HTFA) treatment project which is facilitating the export of fresh produce (papaya and breadfruit) to the New Zealand market.

At this time (as part of the annual STABEX reporting process) an assessment is being made of unutilised funds on completed projects plus interest generated on bank balances in order that these funds can be reassigned to agreed project activities thus allowing any amendments to FMOs to be completed by 30 June 2005 at the latest.

4.5.2 Regional Cooperation

Samoa is an active participant in the regional cooperation programme described below.

9th EDF

The regional allocation amounts to €29 million and includes three focal sectors “Economic Integration and Trade” (€9 million), “Human Resources Development” (€8 million) and “Fisheries” (€5 million) and a non-focal sector, for extension of the 8th EDF programmes to the 6 new ACP countries (€7 million). The RSP was signed in 2002 by Commissioner Nielson, during his first visit to the Pacific.

- “Regional Economic Integration Programme” (REIP) - €9.2 million

The programme aims to assist the region in strengthening its capacity to implement PICTA (free trade area among the Pacific island countries), negotiate trade agreements with developed partners (eg. EPA), participate in multilateral trade negotiations (WTO) and assist the private sector in addressing supply-side constraints.

The Financing Agreement was signed in February 2004 immediately followed by the recruitment of TA. A mini-work programme was approved for the period July to December 2004 to cover the recruitment phase and to commence implementation of project activities. Contribution Agreements were also signed with SPTO, SPC and the Trade Division of the Forum Secretariat who will be implementing components of the programme. Work is progressing on schedule. Assistance to the region on issues of globalization especially in preparing the region for the upcoming trade negotiations with the EU is on-going.

- “Human Resources Development” (HRD) – PRIDE programme - €8 million

The objective of the programme is two-pronged: to assist Pacific island countries (PICs) in develop a sector-wide strategy for Education and subsequently to finance the implementation of some parts of that strategy. Most PICs have identified Education as a focal sector in their NIP and a number of other donors are very active in the sector.. The

programme is implemented by the Institute of Education of the University of the South Pacific.

The project commenced implementation in 2003 co-funded with NZaid (NZD5 million). The establishment phase has been completed and the PRIDE team are making good progress providing assistance to the countries develop or review their national strategic plans for education. Work on this will continue throughout 2005 together with capacity building through national focal points. The project will also undertake preparatory work to ensure that components of the strategic plan are implemented in 2005 through national sub-projects. The project will also coordinate with the national authorities and other donors to fund components of the plans. The on-line resource centre has been established and performs an important role sharing information.

- “Fisheries” - €5 million

This section i comprises two projects:

- a) Extension of PROCFISH to the 6 new ACPs - €1.997 million

The Financing Agreement was signed in February 2004 followed by the recruitment of TA and implementation of some activities. The objective of the project is to assist Pacific ACP countries better manage their in-shore fishery by providing basic information on in-shore fish stocks. The project undertakes a comparative analyses of reef fisheries in the Pacific ACP countries. This provides scientific information to governments including local communities ensuring effective management of the resource. The 2005 work plan includes in-country field work in all the new Pacific ACP countries.

- b) DEV FISH, a project to be managed by the Forum Fisheries Agency (FFA) in collaboration with the Secretariat of the Pacific Community (SPC) - €3 million. A financing decision was made in December 2004 with the Financing Agreement to be signed in March 2005. Implementation should commence immediately thereafter.

The objective of the project is to increase benefits received by PICs from the sustainable use of marine resources by increasing the capacity to directly participate in the tuna fishing and processing industry, and through the reinforcement of national and regional policies and strategies in the sector.

- Non-focal sector - €7 million

The non-focal sector is mainly composed of the extension of 8th EDF Natural Resource projects to the 6 new Pacific ACP countries.

All such extensions have been approved and implementation has commenced as per the table below.

PROJECT	EURO Millions	EDF SOURCE	STATUS
SPC/DSAP ext.	1.981	9th NF	Approved. FA signed in Feb 2004

SPC/PPP ext.	1.512	9th NF	Approved. FA signed in Feb 2004
SOPAC ext.	2.55	9th NF	Approved. FA signed in Feb 2004
SPREP/PIEN ext.	0.56	9th NF	Approved. FA to be signed in March 2005.

The **Palau Festival of Arts** is co-financed with the Pacific OCT: € 200.000 from the 9th EDF RIP (including balances of previous EDFs, transferred into the 9th) and € 250.000 from the OCTs. The ACP portion financed the purchase and rental of sound and light equipment, its installation and training of Festival staff for its operation. The OCT part financed lodging, local transport and catering for the participants from the French Pacific territories. The Festival was held in Palau in July 2004. All expenditures have been incurred and the implementing agency (SPC) will soon be submit a final report and audited accounts.

8th EDF and balances of previous EDFs

The 8th EDF is fully committed. Implementation of projects is on schedule with most projects having reached the half way stage of implementation. This is reflected in the disbursement rates of the 8th EDF which was Euro19 million at the end of 2004. Mid-term reviews have been undertaken on several projects commencing in 2004 and will continue throughout 2005. Small balances continue to become available under the 6th and 7th EDF as old projects are closed.

The Mid-Term Review of the 9th EDF is currently underway. There is the possibility that the Pacific Regional Indicative Programme will be awarded additional funds for good performance.

4.5.3 European Investment Bank (EIB)

The European Investment Bank has extended loans totalling € 18.0 million from risk capital resources. The sectors were transport (Pacific Forum Line), and energy (hydro-power schemes). In addition, risk capital has been provided as global loans to the Development Bank of Samoa for onward lending. Under the Second Financial Protocol of Lomé IV a loan of € 3.0 million was agreed in July 2000 for financing of productive investments from small to medium scale enterprises in the industrial, agro-industrial, fisheries and transport sectors, in tourism and other services sectors. This loan was utilised faster than expected towards 28 sub-projects. The number of jobs created through the financing of these projects amounts to 200.

In December 2002 a fifth global loan of € 4 million was agreed with DBS. The DBS has efficiently used the loan which is almost fully disbursed DBS V was used for 36 different investments of which 25 have already been fully disbursed, of an average size of €87,000. DBS operates within the general framework of the Government's economic policies, plans and priorities, assisting primarily the private sector to promote the

expansion of the economy . It is the countries only development finance institution providing long-term finance to SMMI enterprises. DBS loan approvals for 2004 are projected at SAT 15.1 M (€4.3 M) and are expected to increase by an average of 6% in 2005 and 5% in 2006 giving a total of SAT 48 M (€13.8 M). EIB funding will provide for around 30% of this total. The bulk of lending will be in agriculture, whilst new loans to the fishing sector will be reduced significantly. There is further potential in tourism and micro-enterprises. DBS's challenge is to clear its hard-core arrears accounts quickly and reduce its arrears level and related provisions. These aspects will be monitored carefully by the government and the EIB. Nevertheless, EIB considers DBS a sound development bank, which has made progress in previous years. DBS is a candidate bank to participate in the proposed Pacific Islands Financing Facility. The funding provided under the loan will give development banks access to a source of stable long-term finance either in EURO, USD or regional currencies. The preliminary breakdown of this facility foresees a range of €5-7M for DBS. Also a loan of €0.35M for a Samoa Venture Capital Fund was signed in 2004.

5. PROGRAMMING PERSPECTIVES FOR THE FOLLOWING YEARS

This chapter updates the future programming perspectives (until 2007) for all activities financed by the Community. Updated chronogram and indicative timetable for commitments and disbursements until the end of 2007 are given in the Annex *EDF Forecasts 2005-2006: Samoa*.

Submission of a financing proposal for the Water Sector Support Programme (WaSSP) brought to a conclusion preparatory activities for projects and programmes in the focal sector. Anticipated approval of the programme in 2005/1 will see 100% of the A-envelop NIP resources committed as well as an additional €5.0 million transfer and a FLEX application. of €0.94 m from the B envelope Any small additional funds from decommitments could be used to top-up the TCF facility.

A major Water Sector Meeting planned for April 2005 will review and endorse a Water Sector Plan including aspects related to sector policy and strategy, sector targets and indicators, sector integration, institutional roles and responsibilities, donor coordination, performance monitoring, and financing instruments. The meeting will draw stakeholders from Government, non-state actors, regional organizations, and the donor community.

The “sunset clause” fixing the date beyond which 9th EDF resources will no longer be committed (ie end of 2007) will not be an issue provided approval of the WaSSP programme and associated transfer of B-envelop resources proceeds as planned.

NSA involvement in the focal sector will be reinforced under the WaSSP programme through focussing training and awareness components on NSAs involved with health and community development such as the Village Women's Committees. Strengthening these NSAs would also assist in assuring sustainable outcomes as they have the capacity to provide monitoring of water supply at the village level.

There is a need for developing appropriate indicators and establishing a monitoring and evaluation framework for Microprojects that consider impacts of each project rather than delivery of inputs.

Application of results-oriented indicators will continue to be improved through improved data collection and reporting where appropriate. Lead Ministries in key sectors have been encouraged to develop measurable indicators for reviewing progress in the new SDS. Some of these include those used to gauge progress in the implementation of the MDGs and the National Human Development Report.

At this point in time, it is too early for the government to signal the focal sectors for support under the 10 EDF but these will be identified from priority sectors highlighted in the new SDS.

6. DIALOGUE IN COUNTRY WITH THE NAO, NSA'S, AND DONOR CO-ORDINATION

6.1 Dialogue in country with the NAO and non-State actors

With the lead up to the ACP-EU Cotonou Agreement during 2000, the Prime Minister invited NGOs through the Samoa Umbrella of NGOs (SUNGO) to attend an awareness presentation on the review of the Lome Convention. Following on from this Government has progressively included NGOs/CSOs in consultative processes and in stakeholder consultation on policy decisions of its various Ministries and Corporations. The success of this level of involvement has then further contributed to reinforcing Government policy to work in partnership with NGOs/CSOs.

NGOs and Civil Society have been actively involved in the definition phases for the focal sector support as well as water policy dialogue and formulation. The Samoa Umbrella for Non-governmental Organisations (SUNGO) and Women in Business Development Inc., now sit on the European Union Microprojects steering Committee and also other donor funding related Committees.

A Stakeholders workshop conducted by SUNGO in March 2004, provided a broader range of stakeholders from village based organisations and NGOs to feed into the ongoing development of the Microprojects.

The NGO sector views these developments and trends as extremely positive in relations with Governments and also as evolving into effective mechanism whereby NGOs can be involved not only in implementation but also in the direction of larger projects and plans.

With regard to the Microprojects, NSA involvement could be enhanced by NGOs with greater capacity working in collaboration with village level organisations to develop stronger proposals. This relationship was understood to be in place however

correspondence from the Microprojects Program Office in mid 2004 requesting that all applications originate from the Program Office only has resulted in some lack of clarity over whether such partnerships are allowed under the program.

Currently a formal mechanism is being developed with Women In Business Development Inc. to provide training, mentoring and support to recipients of Microprojects funding. In particular those involved in income generation activities thus contributing to the impact and sustainability of projects at community level and assisting in more comprehensive proposals being presented to the Steering Committee.

However in what manner other less formal assistance can be provided by NGOs with greater experience in project design and implementation to village based partners needs to be clarified.

The NGO representatives from SUNGO and WIBDI have been actively involved in the drafting and reviewing of the JAR. They will be invited for further participation in the country meetings for the end of term review (ETR) in 2007 and in the preparation of the country support strategy (CSP) for the 10 EDF which will be started in 2006.

6.2 Donor coordination

Effective aid delivery is dependent on greater donor coordination. In the early eighties Samoa participated in Round Table meetings with development partners and organised by UNDP at venues outside Samoa. This format for aid coordination did not result in added benefit to the country and was dropped for more focused donor-sector meetings driven by the government. The practice is maintained as of current. Other than donor sector meetings, bilateral and more recently harmonised high level talks with 2 or more development partners have been tested and are found to be workable and are likely to lead to joint country strategies with the bilateral partners in particular.

Harmonisation of donor procedures has progressed well with Samoa's development partners in particular NZAID and AusAID. Harmonisation is country led in order to lessen the administrative burden of the government with the diverse operational arrangements. As well the Government has in place credible systems for reporting and monitoring that would adequately satisfy the requirements of its development partners. Some of the examples include:

- Joint high level discussions (NZ Australia and Samoa)
- Joint management of programmes such as the regional scholarships scheme (NZ Australia and Samoa)
- Joint programming through operational coordination for an integrated youth programme with the UN system
- Harmonised procurement procedures (multilateral financial institutions)

7. CONCLUSIONS

- *Political Situation*

Samoa has a stable political environment with ruling Human Rights Protection Party (HRPP) holding a comfortable majority and having retained power for over 20 years. The next general elections are scheduled for early in 2006 and it is anticipated that the ruling HRPP will be returned as government.

The comprehensive government reform programme has remained on track and in 2004 government departments and constitutional offices were reduced in number from 28 to 19. Despite the reform programme which has targeted an enabling environment for the private sector, sustained private sector growth has been less than hoped for to date.

- *Economic Situation*

Samoa is a small open economy, which is dependent on a narrow resource base. Economic activity is largely dependent on limited sectors including agriculture, tourism, small-scale manufacturing and fisheries. As such, its economic performance is impacted heavily by external factors in the form of commodity export prices, remittances, tourism, and external aid resources.

During the fiscal year 2003/04 the economy grew 1.7% and was negatively impacted by damage to the agriculture sector from cyclone Heta which struck in January 2004. The inflation trend was favourable in the first half of the FY2003/04 before climbing steeply in the second half due to limited agricultural supplies following the cyclone and increasing world oil prices. The budget deficit peaked at SAT 11.6 million (2.5% of GDP) in the first half of 2004 and largely reflected a full payment for support to Polynesian Airlines of SAT\$ 19.6 million. Fiscal developments in the second half of FY2004 will need to be monitored closely in order to assess if the budget comes back on track.

Government's largely concessional external debt declined during 2003 to SAT\$456.1 million, or 50.8% of GDP, but remains relatively high by regional standards.

- *Social situation*

The Government has demonstrated a strong commitment to social development and the general impression from economic and social indicators is of relatively good and improving quality of life. But living conditions for important parts of the population can be enhanced and this is reflected in the priority given to social cohesion, education, health and basic infrastructure.

The National Task Force on MDGs have completed its first report on the situation analysis in Samoa. Progress on achievement of the MDGs is satisfactory and Samoa seems on track to meet the relevant targets by 2015. However reaching the target for universal primary education may prove difficult because even though there is legislation for compulsory education, it is not free.

Work in the CSP focal sector focuses on the improvement of primary health care through improved water supplies and sanitation. A key indicator would be a reduction in the number of children affected by water borne diseases since the introduction of treated water supplies. While a greater percentage of the population have access to an improved water source, only 68% have potential access to treated water supplies. It is the governments intention that this will increase to over 85% of the population by 2010

- *Development agenda*

The development agenda of Samoa is clearly set out in the Strategy for Development of Samoa (SDS) for the period 2005-2007 which has recently been endorsed by Cabinet. The document articulates the priority strategic areas for development and reflects a continuation of the reform programme implemented over the past SDS periods. In support of the principles of good governance, the preparation of this document was widely consultative. The development strategy adequately reflects economic and social issues and developments, recognizes the case for community participation in development, and encapsulates the significance of private-sector led economic growth and the need to improve the access to and quality of basic social services.

- *Aid coordination*

Given the number and scale of operations of the various development partners active in Samoa, donor cooperation, coordination and harmonisation is crucial for effective development assistance, especially in the high priority sectors. Aid coordination is effective in Samoa. The use of aid management tools such as databases on development cooperation activities in all sectors as well as technical cooperation activities, the establishment of project coordinating committees for all development activities and the setting up of sector coordinating mechanisms have ensured that there is effective and efficient utilisation of resources. As well there is institutional capacity manage and coordinate aid as well as maintain ownership of development priorities and policies. Successful aid coordination in Samoa has resulted in effective resource mobilisation and increased levels of aid assistance in recent years.

- *Mid-Term Review outcome*

The 2004 Mid-Term Review noted the political and macro-economic stability of the country and the good performance attained in relation to EDF financing. The results of the MTR reaffirmed support to the Water Sector Support Programme (WaSSP) under a Sector Policy Support Programme approach and acknowledged the positive progress made in water policy and the well-advanced sector-wide strategy. Because identified needs in the focal sector exceeded the remaining available A-allocation (€13.15 million), the MTR recommended a transfer of € 5.0 million from the B allocation to be programmed to the water sector. An additional €0.94 million FLEX entitlement for year 2003 will also be programmed in the focal sector, leading to a total of €19.09 million for the sector support programme. Support to the non-focal sector activities remains at €4.0 million as envisaged in the NIP. This leaves some €1.16 million in the B-allocation for unforeseen events.

- *Implementation of EC cooperation programmes*

Project implementation is well on track, despite some delays in finalising the main 9th EDF WaSSP for which the Commission decision for this FA is expected in May 2005 following its presentation to the EDF Committee in April. Old RAL is not considered an issue for Samoa. Agreement on the WaSSP will see almost 100% commitment of 9th EDF resources with only €173,613 of un-programmed reserves which it is anticipated will be used to top up Samoa's Technical Cooperation Facility. Preparation of first contracts under the WaSSP are for TA and cost estimates are advanced and it can be expected that implementation will start upon signing without delay.

- *Utilisation of resources for NSA*

All funding available for NSA comes under the €4 million Micro-projects programme. An annual stakeholder meeting, coordinated by Samoa Umbrella for Non Government Organisations (SUNGO), is carried out to monitor the programme implementation. NGO groups such as "Women in Business" provide additional monitoring and capacity building support to projects in agriculture, youth and culture and tourism sectors. Samoa has a strong civil society that actively participates in the development process and as such is categorized as a type 1 country in this respect.

- *Activities under other development instruments*

Under the 7th and 8th EDF STABEX transfers, including interest up to December 2003, amounted to €7,185,066 whilst total commitments agreed under FMOs was €7,084,405. The most significant on going activity is the implementation of a High Temperature Forced Air (HTFA) treatment project which is facilitating the export of fresh produce (papaya and breadfruit) to the New Zealand market.

Through the Lome and Cotonou Agreements the EIB has extended loans totalling €18.0 million from risk capital resources. Most recent loans have been channelled through the Development Bank of Samoa for on lending to SMMI enterprises. Samoa will participate in the EIB Pacific Islands Financing Facility to an expected level of €5-7 million for the DBS.

- *Key perspectives for the future*

The agreed approach for EDF aid delivery in Samoa is to proceed on the basis of specifically designed *Sector Policy Support Programme* (SPSP). This will lay the foundations for sector budget support delivery in the future.

A major Water Sector Meeting planned for April 2005 will review and endorse a Water Sector plan including aspects relating to sector policy and strategy, sector targets and indicators, sector integration, institutional roles and responsibilities, donorcoordination, performance monitoring and financing instruments. The meeting will draw stakeholders from Government, non-state actors, regional organisations, and the donor community.

The “sunset clause” fixing the date beyond which 9th EDF resources will no longer be committed (i.e. end of 2007) will not be an issue for Samoa provided the WaSSP financing agreement proceeds as planned.

NSA involvement in the focal sector will be reinforced under the WaSSP programme through focussing training and awareness components on NSAs involved with health and community development such as Village Women’s Committees.

Application of results-oriented indicators will continue to be improved through improved data collection and reporting where appropriate. Lead Ministries in key sectors have been encouraged to develop measurable indicators for reviewing progress in the new SDS. Some of these include those used to gauge progress in the implementation of MDGs and the National Human Development Report.

ANNEXES

- Annex - Intervention framework for the water sector (9 EDF)**
- Annex - Water sector indicators and targets**
- Annex - EDF forecasts 2005-2006 : Samoa**
- Annex - EDF forecasts 2005-2006 : Pacific Region**
- Annex - Donor matrix**
- Annex - Country environmental profile (CEP)**
- Annex - Environment indicators**
- Annex - Migration profile : Samoa**

INTERVENTION FRAMEWORK FOR THE WATER SECTOR (9 EDF)

	Performance indicators	Sources of verification	Assumptions
Long-term national sector targets Public health improvement via water supply and sewerage operations	Number of water-borne diseases reduced by 70% in next five years	Reports and statistics of Ministry of Health and hospitals	Health improvement remains a priority for Government policy
Intervention objectives 1. Access to clean water in town and rural areas 2. Appropriate sanitation practices in place in rural areas ¹ 3. Self-sustainable Samoa Water Authority (SWA)	1. Population served by potable water supply increased from 67,000 ² in 2003 to 155,000 in 2010 ³ 2. Sanitation needs in rural areas improved and appropriate practices designed and supported. 3. GoS subsidies to SWA decreased annually	1. SWA statistics 2. Project completion reports, SWA reports 3. Budget accounts, SWA annual reports	- Metering system successful and appropriate tariffs set - Customers willingness to pay
Results	1. Coherent water resources management strategy 2. Water supply projects completed 3. Support to SWA in place and operational 4. Appropriate sanitation practices in place.	1. Strategy adopted by Cabinet and published 2. Project completion report 3. TA reports, SWA accounts, evaluations	
Accompanying measures of Government of Samoa	1. Continue public sector reform 2. Streamline water sector organisation 3. Adopt National Water Policy Paper 4. Involve all relevant stakeholders & NSA 5. Assess impact on environment		Other donors continue to support Government of Samoa in its reform process

¹ Sanitation component anticipated in the previous JAR and CSP was for an EU/ABD co-funded of Apia sewerage system (no longer an option) and emphasis has now moved toward a rural sanitation focus.

² Previous figure of 91,000 revised to take account of actual/estimated situation at end-2003, including those currently served by the RWS project.

³ Target date shifted from 2008 to 2010 to reflect current programming perspectives and population coverage increased from 120,000 to 130,000 due to greater geographical spread of interventions.

WATER SECTOR INDICATORS AND TARGETS

1. BROADENING THE WATER SECTOR INDICATOR BASE

The Government has continued to develop and strengthen its water sector policy and strategy and to bring together all aspects of water services and water resource management within a mutually reinforcing framework for action. Support to the sector is moving away from a traditional project-based approach toward sector policy support programmes, for example under the Commission supported Water Sector Support Programme (WaSSP).

A fundamental objective of this sector-wide approach is to enable all contributing partners (government, donors, and non-state actors alike) to focus attention toward common policy goals and objectives and to be able to monitor progress toward the achievement of these goals. Sector-wide approaches demand that indicators move beyond a focus simply on inputs and outputs and reflect higher-level outcomes and impacts that coordinated action in the sector can achieve. This has necessitated a review and update of sector indicators to more reflect more completely government priorities in the sector.

The main thrust of the changes to the indicators and targets include:

- indicators reflect not only inputs, outputs and outcomes for EDF support but also include those from other key donor activities in the sector, such as ADB
- the range of indicators has been expanded to include not only water supply but also sanitation, wastewater and water management aspects (ie sector-wide)
- targets have been amended based on the latest programming perspectives for water sector activities

The choice of indicators has considered issues regarding the reliability and quality of data, on the setting of targets, and on the interpretation of the evolution of indicators. Comments on sector results to-date are given in the Section 2 and further discussion on strengthening sector performance assessment is given in Section 3.

2. WATER SECTOR RESULTS

Development of the water sector indicators and reporting on progress are presented in the table below. Where available, actual figures are reported for 2001-2004 and comment on achievement of the indicator targets is discussed below. Figures for 2005-2010 represent updated forecasts based on latest information. The choice of indicators has considered issues regarding the reliability and quality of data, on the setting of targets, and on the interpretation of the evolution of indicators.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
A - input indicators:										
GoS budget allocation for SWA (\$ million tala) [1]	6.1 (6.1)	4.9 (4.9)	7.5 (7.5)	2.3 (4.0)	2.3 (1.9)	2.3 (1.9)	2.3 (1.9)	2.3 (1.9)	2.3 (1.9)	2.3 (1.9)
Donors annual financial contribution for SWA (\$ million tala) [2]	20.0 (20.0)	20.0 (20.0)	15.0	1.0	15.1	31.7	21.2	12.6	9.0	4.0
SWA revenue expected from water supply user charges (\$ million tala) [2]	3.4 (3.4)	4.2 (4.2)	4.6	4.8	5.0	5.1	5.4	5.7	6.5	7.0
B - output indicators										
New water supply infrastructure in place (km of supply pipe) [4]	100 (100)	150 (150)	300 (300)	340 (340)	380 (380)	420 (420)	430 (430)	450 (450)	460	470
Number of metered connections	4200	5300 (5000)	7700 (6600)	9600 (9500)	12000 (12000)	15700 (13500)	18900 (14500)	20500 (15000)	20800	21000
Increased revenue collected as % of revenue expected	-	-	71	75	80	82	85	87	89	90
Reduced unaccounted for water (%)	-	-	60%	60%	55%	45%	35%	30%	25%	25%
Reduced per capita water demand (l/c/d)	800 (800)	400 (400)	380 (380)	350 (350)	300 (300)	280 (280)	260 (280)	240 (280)	230	220
Urban collection and treatment of wastewater (m ³ /day) [5]	-	-	-	-	-	-	1400	1400	1400	1900
No. rural schools and hospitals meeting sanitation and hygiene standards	-	-	-	-	-	65	140	215	215	215
Percentage of schools benefiting from new education and awareness activities [6]	-	-	-	-	-	25	75	100	100	100
No. catchments with effective, monitoring, management and assessment	-	-	2	2	2	8	16	16	16	16
C - outcome indicators										
Percentage of population with access to reliable supply of potable water	27% (27%)	27% (27%)	37% (38%)	41% (52%)	50% (57%)	66% (61%)	79% (66%)	86% (68%)	88%	88%
% collection and treatment of municipal wastewater [7]	-	-	< 45%	45%	45%	45%	60%	60%	60%	80%
Percentage ratio of SWA income to operating costs [8]	-	-	58%	60%	63%	67%	73%	81%	90%	100%
Percentage of total water supplies (ie SWA and other) meeting quality standards	-	-	-	35%	43%	60%	71%	78%	79%	84%
D - impact indicators										
Decreased number of (selected) water borne diseases reported (% of 2000 numbers) [9]	100 (100)	-	-	-	80	65	50 (30)	40 (30)	35	30

Source(s): SWA Statistics; SWA Budget/accounts/audit report; SWA Annual Reports; Health Department Statistics (notifiable disease reports).

CSO: Community Service Obligations – cost of these are uncommercial activities which SWA is required by government to undertake in the interests of the Samoan community, and a commercial oriented business would not normally undertake these activities.

(...) figures in brackets taken from JAR 2003

- data not available or uncertain

1 figures from 2005 onwards based on 2004/05 CSO allocation

2 includes EC (RWSP, RWS-CP and WaSSP) and ADB (Apia Drainage and Sanitation Phase I only)

3 income received from water sales

4 mains supply pipe only (ie not including small tertiary and household connection pipes)

5 central reticulated collection (assumes Phase II of Apia Drainage and Sanitation implemented)

6 integrated as part of the school curricula at primary and secondary level

7 centralised systems (non-private) only

8 excludes Govt. CSO and depreciation

9 gastroenteritis; unclassified diarrhoea; infantile diarrhoea; typhoid/paratyphoid

It may appear initially from some of these results that Samoa is falling behind in achieving its goals, if not sliding backwards in a negative trend in some instances. This is however not the case and is explained through a combination of previously misused/misquoted statistics and paucity of reliable data and information.

Samoa has suffered from a lack of reliable data and many figures from international sources and elsewhere can be misleading. Recent studies such as the Rural Water Supply and Sanitation (RWSS) Study have made significant contributions toward collating data sources and ground-truthing data in some instances. This has enabled improved estimates to be quoted – but in most cases these cannot be seen as direct measures of progress. The work to-date and current reporting of targets and indicators does however provide a significantly improved basis for monitoring in the future.

Input indicators

- *Budget allocations* – 2004 saw the first full introduction of Community Service Obligations (CSO) contributions with SWA received \$2.3 million tala, although their claim was substantially higher. Future figures remain somewhat uncertain but it is unlikely that CSO's will rise much beyond this figure.
- *Donor contributions* – previous figures reflected only EDF resources and the latest figures include loan contributions from the ADB.
- *SWA revenue* – water sales revenue and bad debt recovery continues to increase due to a combination of improved services in some areas (ie RWS-CP area), increased willingness to pay, and firm policies on disconnection for non-payment. Recoveries are predicted to continue to rise as the WaSSP programme contributes further to the rehabilitation and improvement of services, particularly in the rural areas.

Output indicators

- *New water supply infrastructure* – new mains/sub-mains are being implemented through the RWS-CP and upgraded infrastructure will continue to expand under the WaSSP
- *Metered customers* – the German-supported Apia Water Supply Project introduced metering to urban communities, the EC-supported Rural Water Supply Project continued this in the rural areas of NW Upolu and SE Savaii, and the RWS-CP will complete this work in these areas. SWA's has established a new policy of universal metering and this will be supported under the WaSSP programme, which will see metering introduced in most rural areas. Additional resources made available through transfers from the B-envelop and programmed to the water sector will see a larger percentage of SWA customers benefiting from metering than originally anticipated.
- *Revenue collection* – as mentioned earlier, willingness to pay is steadily increasing and SWA view improved revenue collection as a key factor in moving

toward greater financial viability. Revenue collection rates are predicted to continue to rise as the WaSSP programme brings further improvements to not only improved infrastructure and services but also to enabling the public to benefit from easier and more flexible payment options. The SWA wish collection rates to rise to 90% by 2010.

- *Unaccounted for water* - percentage unaccounted water has been introduced as a proxy measure for system efficiency with SWA setting intermediate targets of 35% by 2007 and 25% by 2010, although this will reassessed as further information becomes available on the economic viability for different levels of UFW.
- *Per capita water demand* – in the past Samoa has had one of the highest per capita consumption rates in the world. Greater awareness and the introduction of water meters is beginning to have an impact on consumption and expansion of the metering programme should see these benefits reflected nation-wide.
- *Wastewater and sanitation* – three new indicators have been introduced and measures to achieve these will be supported by the ADB in the Apia urban area and by the EC in rural areas
- *Catchment management* – new indicators to reflect catchment initiatives and their potential impact on the protection and conservation of water resources. Currently two pilot community-based catchment management projects are being financed by the UNDP/GEF and it is planned to expand these to other important and sensitive water source catchments.

Outcome indicators

- *Access to water supply* – completion of the RWSP main works saw many communities benefiting from improved access to potable water but the full benefits of this scheme will only be realised upon completion of the consolidation phase in 2006, later than originally intended. Support under the WaSSP programme will continue to improve access and the greater than anticipated geographical coverage under the WaSSP should ultimately see over 85% of the population benefiting from access to potable water supply.
- *Municipal wastewater treatment* – municipal wastewater treatment and is limited at present with no central collection and treatment facilities but proposed central treatment facilities for the Central Business Area of Apia and improved collection and disposal of septage from tanks in the Apia urban area will bring major improvements over the next 5 years or so.
- *Cost recovery* – ratio of SWA income to operating costs is anticipated to grow to 100% by 2010 but will be reliant on SWA introducing appropriate pricing policies and tariffs. It has been estimated that this can be achieved through relatively modest tariff increases and with water costs remaining within in the normally accepted 5% of income, even for the poorer sections of the community.
- *Water supply quality* - Only one third of SWA customers currently receive treated water (and non of the independent village managed scheme customers) and some 15% of samples from these treated supplies fail quality tests either through ineffective treatment or intermediate contamination. The potential for delivering treated metered water was significantly increased by the RWSP and the RWS-CP

and WaSSP will continue this trend. However, infrastructure alone will not guarantee acceptable levels of water quality and it is essential that SWA management also promote water treatment as a high priority in their operations.

Impact indicators

- *Water borne diseases* – impact indicators have been restricted to impacts on public health to reflect the key MDG water-related goal. However, it must be emphasised that water supply and sanitation improvements are in fact interconnected with all eight MDGs and that the social and economic benefits extend well beyond direct public health benefits alone.

3. STRENGTHENING SECTOR PERFORMANCE ASSESSMENT

The quality and usefulness of indicators is necessarily constrained by the available data and by the existing mechanisms for statistical collection and performance measurement. The continuous improvement of these systems is critical and is to be key component of sector support under the EDF programme.

Strengthening performance assessment systems shall consider not only what can be done in the short-term but also how the quality of indicators can be improved over time to reflect more completely impacts on water sector efficiency, impact and sustainability. Complementary measures to support improvements in statistical and measurement systems will also be important. Involvement of beneficiaries and other key sector stakeholders is key to a successful outcome. The improvements should focus at a range of levels from operational aspects through to higher-order goals as set out in national development targets and the Millennium Development Goals (MDGs).

Performance monitoring at the highest-level is based on internationally agreed indicators for reductions in poverty and hardship. The national MDG Task Force is equipped to report on these and will draw on various economic statistics, social surveys, and hardship assessments. The link between public health improvement and water service provision will draw on information from hospital admission databases and Environmental Health Office (EHO) records on water selected borne diseases. Present records on the number and location of incidences will be improved through EHO investigations to determine those linked directly to drinking water quality or poor sanitation. Financial and operational performance improvements by SWA will be assessed through indicators measuring ratio of government operating subsidies to income, ratio of revenue collected to total expenditure, ratio of operating costs to income, number of customers receiving reliable potable water supply, and levels of unaccounted for water. These will be underpinned by support to improve SWA's annual and quarterly reporting of corporate, financial and operational indicators and to make better use of the existing management system capabilities. Impacts on water resource protection and conservation shall be based on indicators to monitor reduced per capita water demand and percentage of water samples meeting water quality and environmental standards, and water quality sampling and monitoring will be strengthened to support these aspects.

Under the programme, the management unit within the MoF provide a focal point for financial and technical monitoring. Performance in terms of physical execution and financial expenditure will be reviewed annually with quarterly reports used to monitor interim progress. The management unit will be supported by the main implementing agencies (SWA & MNRE) and technical assistance used to strengthen these functions. Routine programme implementation reports will provide regular information on activities and outputs. Annual reporting and progress will be augmented with audit reports and annual expenditure tracking in order to contribute to operational transparency.

EDF FORECASTS 2005-2006 : SAMOA (see associated Excel sheets)

EDF FORECASTS 2005-2006 : PACIFIC REGION (see associated Excel sheets)

DONOR MATRIX

Donor (approx vol of annual aid)	Education	Health	Water	Transport	Law & order Public sector reform	Women youth & children	Environment & tourism development	Communications	Sports development	Finance and trade
Australia (€ 11m)	Institutional strengthening. Materials production Training (completed)	Strengthening of management, NCDs Immunisation	Institutional strengthening SWA (completed)	TA for negotiation of new partner for Polynesian Airlines	Institutional strengthening Police Public sector improvement facility	Children's rights Small Grants scheme for communities				Financial advisor New Financial system for whole of government
New Zealand (€4m)	Secondary curriculum development Training (completed)	Medical treatment scheme Medical Experts Child health Twinning arrangements with regional health boards			Courts administration Law reform commission Public sector improvement facility	Assistance to NGOs and support for SUNGO	Tourism development			
EU (€ 6 m)	School facilities	Health facilities	Infrastructure and public awareness Cyclone Heta rehabilitation			Microprojects	Microprojects			EPAs Trade agreements and related training
Japan (€ 9m) *	Polytechnic campus School facilities Training	Technical assistance Health facilities Immunisation Health waste facility		Technical assistance Ports development (completed)			Waste management Tafaigata landfill	Technical assistance	Technical assistance	
PRC (€ 6m) *	Training	Medical team						Satellite communications and TV link	Aquatic centre Rehabilitation Apia Park	FDI
WHO/UNFPA (€1m)	Training	Training medical officers Technical assistance Drugs supplies Public education	Water testing			Adolescent reproductive health	Environmental health			
UNDP (€2.4m)	National training authority TCDC programme				Good governance and human rights	Integrated youth project	Biodiversity, conservation, climate change implementation of conventions	ICT for development		Structural adjustment facility
World Bank(€6.8m)		Health sector policy development and infrastructural development		Roads and bridges construction			Marine protected areas Institutional strengthening MNRE & coastal management	Communications development		Technical assistance
ADB (€ 10.4m)	Education infrastructure Phase 2 In-service training		Sanitation project for Apia area			Microcredit for small business development				Training
Canada (€ 0.1m)						Community development projects			Schools sports fields	

* Figures are for specific projects approved in period of review. For China the total allocation is for the construction of the aquatic centre while for Japan, the amount is for the construction of the Polytechnic campus.

COUNTRY ENVIRONMENTAL PROFILE (CEP)

The total population from the 2001 Census of Population and Housing is 176,848 with natural increase in the order of 1% per annum; however with significant out migration, net population growth is estimated at 0.5%. The most significant feature of the population structure is the high proportion of those under 15 years which stands at 41 %. The main issues of concern if the national population is allowed to grow at the current rates are limited land resources, depleting natural resources and strain on the existing economic and social infrastructure.

About two thirds of the population has access to water drawn from surface resources with the other third relying on bore water or rainwater. About 88% of the population has access to some form of sanitation. This access to sanitation data however misrepresents the public health implications and environmental standards of the sanitation systems. In the Apia urban area, about 75% of households have septic tank systems, many of which are undersized, rarely cleaned and sometimes linked to the nearest drainage channel, resulting in pollution to groundwater, surface streams and the harbour. Of the central business area and those with special needs, less than 10% of waste water is treated adequately.

There is over exploitation and inefficient use of existing water supplies. Except for a few major rivers that run all year round, all surface water dry up for 3-6 months of the year. The continuing clearing of land for agriculture and livestock development is now the major threat to the ability of catchment areas to hold water and has led to deteriorating water quality through pollution from agricultural chemicals and animal waste. Watershed management measures are being promoted in catchment areas on both Upolu and Savaii to minimise impacts. Government's efforts towards more efficient provision of water supplies on a commercial basis were initiated with the creation of the Samoa Water Authority. There is commitment to the principle of full cost recovery even though there is recognition that the application of user charges may not be feasible due to broader environmental, economic and social objectives.

The coastal and marine resources are important for the well-being of the Samoan people, as they provide food, shelter and protection as well as other basic needs for their socio-economic development. It is evident from the reports of those who fish, available catch data and declines in market landings that the maximum sustainable yield for Samoa's fish stocks may have been exceeded in most parts of Upolu. Inshore fisheries resources are on the decline and this is due to overfishing as a result of increased demand, use of effective and modern but non selective techniques, use of destructive techniques and loss of fish habitat due to reclamation, coral sand mining and drainage. Sediment and nutrient pollution of lagoons is damaging Samoa's reef system contributing to the collapse of inshore fishing.

The total land area is 698,941 acres and of this 37% is covered by remaining forestry. The current rate of forest depletion is about 7,500 acres per year with 40 % of clearing on Savaii due to logging while there is less logging on Upolu.. With plantation access roads

opening up many inland areas over 42% of indigenous forests have been cleared for agriculture. Sustainable forest management is seen as one of the most pressing issues in environmental protection

The majority of land is under customary tenure which guarantees access to land for subsistence purposes and is an integral part of the Samoan way of life. Customary ownership is viewed by some as an impediment to development. Apart from indigenous forests, the other most important land use is cropping with the most important crops being coconuts, cocoa, revitalised taro and bananas. At present most cropping and livestock development take place in areas suitable for agriculture but it is estimated that 30% of total agriculture and forest activities take place in areas with severe limitations. There is work in progress on the land capability/zoning systems for Samoa and the need to establish mechanisms for the sustainable allocation of land-based resources such as sand, aggregates, rocks etc.

Samoa's biodiversity is described as one of the richest in the world with a recorded 5697 genera and 1244 species, of which 142 were new. It had 16 kinds of and birds found nowhere else in the world, 92 fish species new to science and 40 species of fauna found only in Samoa. Increased demand for local resources is aggravating pressure on natural ecosystems and threatening the survival of existing biodiversity.

There is little information to accurately describe air quality. Samoa does not have environmental standards for most of technology and pollution sources emitting contaminants into the environment. However, international standards of the World Health Organisation (WHO), relevant standards and procedures of New Zealand and Australia National Environment Agencies, and the USEPA have been selectively applied where appropriate. Localised air pollution has been associated with land clearance and cooking fires but there is increasing concern over the last 10 years of local air pollution from vehicle exhausts and industrial emissions.

In the preparatory stages for natural disaster and emergency management, a number of integrated actions have been developed and promoted to improve resilience to risk of natural hazards. The Coastal Infrastructure Management Strategy (CIMS) established under the Infrastructure Asset Management Project (2000) expanded to 15 electoral districts with completed Coastal Infrastructure Management Plans. The public and communities are also made aware of the vulnerabilities of areas that they inhabit with the completion and dissemination of a national series of hazard maps estimating the extent of flooding, landslip and coastal erosion threats. A GIS database now contains a significant pool of information on a range of hazards.

A growing urban population, increased imports of non biodegradable materials and chemicals related to agricultural development and manufacturing, has brought environmental health problems and a rapid confrontation with the realities of waste and management of toxic substances. The Government has developed fiscal and policy incentives and other measures to encourage environmentally sustainable imports and local products with low waste or degradable waste content. For example, Cabinet passed

a directive that calls for the ban of importing non-ozone friendly goods e.g refrigerators, the ban of pre 1995 made vehicles is re-enforced; a portion of the import duty on all drinks in cans, plastic and glass containers, is reimbursed if the importer re-exports the containers and a disposal fee at the Tafaigata Landfill site for commercial and industrial solid wastes has been introduced as means to recover operation and maintenance costs.

There is limited awareness of energy efficiency and conservation measures as well as misconceptions of the capability of renewable energy due to previous trials which did not meet customer expectations. Challenges faced with regards to energy include the pressure of urbanization on current energy infrastructure, high cost of and dependence on fossil fuels for electricity and transportation, widely distributed and isolated population centres, and lack of affordable renewable energy technologies. More than 75% of Samoa is now covered by electricity. While access has been improved dramatically, the quality of electricity has been haphazard with breakages or outages becoming common in remote as well as heavily populated areas in the urban area due to a demand that is higher than the capacity of the supply.

Samoa has adopted integrated planning and policies to ensure sustainable tourism development, with particular attention to land-use planning and coastal zone management activities requiring environmental impact assessments for all tourism projects. There is continuous monitoring of the environmental impact of all tourism activities and the development of guidelines and standards for design and construction taking into account energy and water consumption, the generation and disposal of wastes and land degradation, the proper management and protection of eco-tourism attractions, and the carrying capacity of areas for tourism.

Samoa has continued its efforts to strengthen transport services and facilities at both the national and local levels, paying particular attention to environmental protection, safety, and innovative energy-efficient and low-cost transport solutions. The Coastal Infrastructure Management Strategy has great bearing on the planning and development of transportation systems and network that are responsive to public and community needs. The Road network covers almost 90% of the whole country with sealed roads. From 1994, after the Road safety programmes had been conducted to minimize road accidents more progress was registered with rural roads and urban residential area side street sealing works.

The proposed National EIA Regulation is still under consideration by Cabinet, awaiting the codification of the Planning and Urban Management Bill (2003). The draft EIA Regulations (1998) sets out the basic process for impact assessment in Samoa for both private and public development proposals and only allows the Ministry of Natural Resources & Environment, to issue guidelines indicating which development proposals, or types of environmental impact, are permitted without further consideration under the regulations. It should be noted however that despite the absence of legislation for EIAs, its practice is already widespread by way of national policy and guidelines.

ENVIRONMENT INDICATORS*

* Source: Environmental Indicators from ADB/Samoa Country Strategy and Program Update (2004-2006)

Item	1990	Latest Year
1. Energy Efficiency of Emissions		
Traditional Fuel Use (% of total energy use)	50.0 (1980)	33.3 (1996)
2. Water Pollution		
Water Bodies Exceeding Contact Recreation Standards		
Biological Oxygen Demand (BOD)
Chemical Oxygen Demand (COD)
3. Air Pollution		
Carbon Dioxide (CO ₂) Emissions		
Total (millions of metric tons) ...		0.1 (1996)
Per unit of GDP (kg/PPP\$ GDP) ...		0.2 (1999)
Sulphur Dioxide (SO ₂) Emissions		
Per capita (kilograms)		
4. Land Use and Deforestation		
Total Land Area (km ²) 2,820.0		2,935 (2001)
Average Annual Deforestation	3000ha (1993)	
Area (remaining sq. km) ...		1,050.0 (2000)
% change	1.1(1990-95)	2.1 (1990-2000)
Arable Land (% of total land)	19.0(1993)	
Cropland, Permanent (% of total land)	24.0(1993)	34.7 (1999)
Pastures, Permanent (% of total land)		5 (1999)
Population Density, Rural (people per km ²) ...		244 (2001)
5. Biodiversity and Protected Areas		
Nationally Protected Area(s)		
Area (sq. km) ...		114.8 (1998)
Number ...		11 (2001)
World Heritage Sites (number)		0
Mammals (number of threatened species) ...		3 (2002)
Birds (number of threatened species)	14 (1980)	7 (2002)
6. Urban Areas		
Urban Population		
% of total population	21.0(1991)	22.3 (2001)
Per Capita Water Use (litres/day)		600 (Apia, 1993)
...		
Wastewater Treated (%)		<10% (2003)
Solid Waste Generated per Capita (kg/day)	0.5 (1993)	0.99 (Apia,1999)

Note: (...) means no data available.

Sources: CIA. 2001, 2002. *The World Factbook* (<http://cia.gov>); SPC. 1997. *Pacific Island Populations Data Sheet*; SPC. 2002. *Oceania Population*; SPREP. 1999-2002. *Action Strategy for Nature Conservation in the Pacific Islands Region*; SPREP. 1993. *Western Samoa State of the Environment Report*; UNDP. 2000, 2001, 2002. *Human Development Report*; World Bank. 2002, 2003. *The Little Green Data Book*; World Bank. 2003. *World Development Indicators database*.

MIGRATION PROFILE : SAMOA

Box 1: Immigrants

Total number of residents		176,710 (thousand)
Of which:		
	Own nationals	99%
	Immigrants	1%
Status Immigrants		
	Refugees	0%
	Labour migrants/permanent	Not Known
	Labour migrants/seasonal	1%
	p.m. internally displaced persons	Not Known
Immigration Trend		
	Number of arriving immigrants in 00/04:	346, 374, 472, 377, 133 (hundred)
	Education: Skilled labour	99.7%
Main countries of origin: New Zealand, Australia, Fiji and China		
	Rate of return	Not Known
Finance		
	Amount of outgoing migrant remittances:	Not Known
	Remittances as % of GDP:	Not Known

Box 2: Emigrants

Total number of emigrants		
Status Emigrants		
	Refugees	Not Known
	Labour migrants/permanent	11.8%
	Labour migrants/seasonal	
Legal Situation emigrants		
	Documented	Not Known
	Undocumented	Not Known
Trend		
	Number of leaving migrants in 98/02:	5493, 5733, 5725, 6275, 6295
	Education: Skilled labour	Not Known
Main countries of destination: New Zealand, Australia, United States, American		
Samoa		
	Rate of return	Not Known
Finance		
	Amount of incoming migrant remittances:	\$190.48 million (2003)
	Remittances as % of GDP:	20.2% (2003)