

**Monitoring of Graduated Countries from  
the Least Developed Country Category:**

**Samoa**

**Committee for Development Policy  
UN Headquarters, New York  
23 – 27 March 2015**

## ***I. Background***

General Assembly resolution 67/221 of 21 December 2012 requests the Committee for Development Policy (CDP) to monitor the development progress of countries that graduated from least developed country (LDC) category. The monitoring is to be conducted, in consultation with the Governments of those countries, on a yearly basis for a period of three years after graduation becomes effective, and triennially thereafter, as a complement to two triennial reviews of the category of least developed countries. CDP has also been requested to include its findings in its annual report to the Economic and Social Council (ECOSOC). Resolution 67/221 strengthens a similar provision contained in resolution 59/209 of 20 December 2004 which, among other things, requested CDP to monitor graduated country's development progress as a complement of the triennial review and with the assistance and support of relevant organizations. General Assembly also requested, in its outcome document of third International SIDS Conference in 2014, requested the CDP to continue to give due consideration to the unique and particular vulnerabilities of SIDS and to continue to monitor regularly, together with their Governments, the progress of SIDS that have graduated from LDC status.<sup>1</sup>

Guidelines on how such progress is to be monitored were first outlined in the *2008 CDP Report* to the Council.<sup>2</sup> The procedures relating to the reporting requirements of graduated (together with graduating) countries were further clarified in the 2013 CDP Report to the ECOSOC,<sup>3</sup> which was endorsed by Council resolution E/RES/2013/20 (25 October 2013). The main objective of the monitoring provision is to identify any signs of reversal in the development progress of the graduated country and bring them to the attention of the ECOSOC.

Annex table 1 shows scores of GNI-per capita, HAI and EVI of graduated and graduating countries from the LDC category at the times of the 2012 and 2015 triennial reviews.

### *Monitoring time lines for Maldives and Samoa*

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<sup>1</sup> A/CONF.223/3.

<sup>2</sup> See paragraphs 34 and 35 in Committee for Development Policy, Report on the tenth session (17-20 March 2008), Economic and Social Council, Official Records, 2008, Supplement No. 13.

<sup>3</sup> Committee for Development Policy, Report on the fifteenth session (18-22 March 2013), Economic and Social Council, Official Records, 2013, Supplement No. 13, chapter V.

**Maldives** graduated from the LDC category on 1 January 2011, on the basis of its high GNI per capita and human asset index (see the table 1).<sup>4</sup> The first CDP monitoring report was prepared as a complement of the triennial review of the list of LDCs in 2012 and submitted to the ECOSOC in that year, in accordance to resolution 59/209. No monitoring report was submitted in 2013, as resolution 67/221 was adopted after the CDP plenary meeting in that year. The second monitoring report (corresponding to the last of the three “annual” reports under the resolution 67/221) was submitted to the Committee in 2014. The present report is the third in the monitoring exercise and the first to have been prepared as a complement to triennial review. The last report will be submitted to the CDP as a complement to the triennial review in 2018.

In 2006, the CDP recommended to ECOSOC that **Samoa** be graduated from the LDC category, on the basis of its high GNI per capita and human asset index.<sup>5</sup> ECOSOC endorsed the recommendation in July 2007 and, subsequently, the GA adopted the resolution on the graduation of Samoa, which was scheduled to take place in December 2010. But, in September 2009, Samoa was hit by a devastating tsunami. As a result, the GA adopted a resolution on 7 September 2010 (A/RES/64/295), which extended the transition preparatory period by three years. Accordingly, Samoa graduated from the LDC category in January 2014. The present report is the first in the monitoring exercises for Samoa as a graduated country.

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<sup>4</sup> For history of the country’s graduation, see CDP (2012), “Monitoring of graduated countries from the category of least developed countries: Maldives”, a report presented at the CDP Expert Group Meeting on Review of the List of LDCs, 16-17 January.

<sup>5</sup> Committee for Development Policy, Report on the eighth session, 2006 (E/2006/33).

**Table 1. Maldives and Samoa: Time lines for monitoring reports**

Date	Maldives	Samoa	Relevant resolution
January 2011	Graduated		A/60/30
March 2012	Report submitted as a complement to triennial review		A/59/209 and A/65/286
December 2012	Current reporting system introduced	Current reporting system introduced	A/67/221 adopted
December 2013	Monitoring report to CDP	Monitoring report to CDP (graduating country)	A/ 67/221
January 2014		Graduated	A/ 64/295
March 2014	CDP annual monitoring report to ECOSOC	CDP annual monitoring report to ECOSOC	E/ 2013/20
January 2015	Monitoring report submitted to CDP as a complement to triennial review (#1)	Monitoring report submitted to CDP as a complement to triennial (graduated country, #1)	A/ 67/221
March 2015	CDP annual monitoring report to ECOSOC	CDP annual monitoring report to ECOSOC	A/ 67/221
December 2015		Monitoring report to CDP (graduated country, #2)	A/ 67/221
March 2016		CDP annual monitoring report to ECOSOC	A/ 67/221
December 2016		Monitoring report to CDP (graduated country, #3)	A /67/221
March 2017		CDP annual monitoring report to ECOSOC	A /67/221
December 2017	Monitoring report submitted to CDP as a complement to triennial review (#2)	Monitoring report submitted to CDP as a complement to triennial review (#1)	A /67/221
March 2018	CDP annual monitoring report to ECOSOC	CDP annual monitoring report to ECOSOC	A /67/221
December 2020		Monitoring report as a complement to triennial review (#2)	A /67/221
March 2021		CDP annual monitoring report to ECOSOC	A /67/221

Source: Secretariat of the Committee for Development Policy.

## **II. Monitoring development progress of Samoa**

### *Recent macroeconomic developments*

The Samoan economy is recovering from the effects of Cyclone Evan, which hit the country in December 2012. After a slight decline in 2013, real GDP growth is estimated at around 2 per cent in 2014, led by a strong recovery in agriculture, reconstruction activity and

preparations for the United Nations Third International Conference on Small Island Developing States (SIDS), which was held in September 2014 (see table 5). Over the medium-term, real GDP growth is projected to stagnate between zero and 2 per cent<sup>6</sup> (see figure 1) due to the slow growth in the global economy, uncertainty over the revival of agriculture, and diminished prospects for the manufacturing export sector might undermine the economic prospects.<sup>7</sup>

The Government increased expenditure for recovery and reconstruction in the face of recent external shocks, including the global financial crisis, the tsunami and cyclone. The Government has developed a number of initiatives to facilitate credit supply, including the establishment of the Unit Trust of Samoa and subsidized lending through the Development Bank of Samoa and the Samoa Housing Corporation.<sup>8</sup> Accordingly, public debt has risen rapidly in recent years, raising risks to sustainability and leaving little fiscal space to address future disasters. A process of gradual fiscal consolidation seems under way, as the government deficit is estimated to have decline from -7 per cent of GDP in 2012 to -2.6 per cent in 2014 (see table 5).

**Table 5. Samoa: selected socio-economic indicators, 2009-2014**

	2009	2010	2011	2012	2013	2014
GDP growth rate (per cent, constant price in local currency)	-6.4	-1.7	5.2	1.5	-1.1	2.0
Inflation rate (per cent)	14.6	-0.2	2.9	6.2	-0.2	-1.2
<b>Government revenue and expenditure</b>						
Government revenue (in local currency, millions)	492	552	543	533	608	714
Government expenditure (in local currency, millions)	553	646	636	665	681	762
Government balance (in local currency, millions)	-61	-94	-93	-132	-73	-48
Government balance as per cent of GDP	-3.6	-5.8	-5.3	-7.2	-4.0	-2.6
<b>ODA received</b>						
Gross ODA received (Millions of dollars)	46.5	89.4	61.4	86.0	67.3	..
<b>Balance of Payments</b>						
Balance of Payments (Millions of dollars)						
Current Account	-12.7	-43.4	-65.9	-30.8	-46.1	..
Goods, Credit (Exports)	11.6	23.1	24.7	31.2	23.9	..
Goods, Debit (Imports)	207.9	280.0	318.7	308.4	325.4	..
Balance on Goods	-196.3	-256.9	-294.0	-277.3	-301.4	..

<sup>6</sup> IMF, World Economic Outlook Database, October 2014. According to Asian Development Bank's estimates, real GDP growth might reach 2.5 per cent in 2015 (Asian Development Outlook 2014).

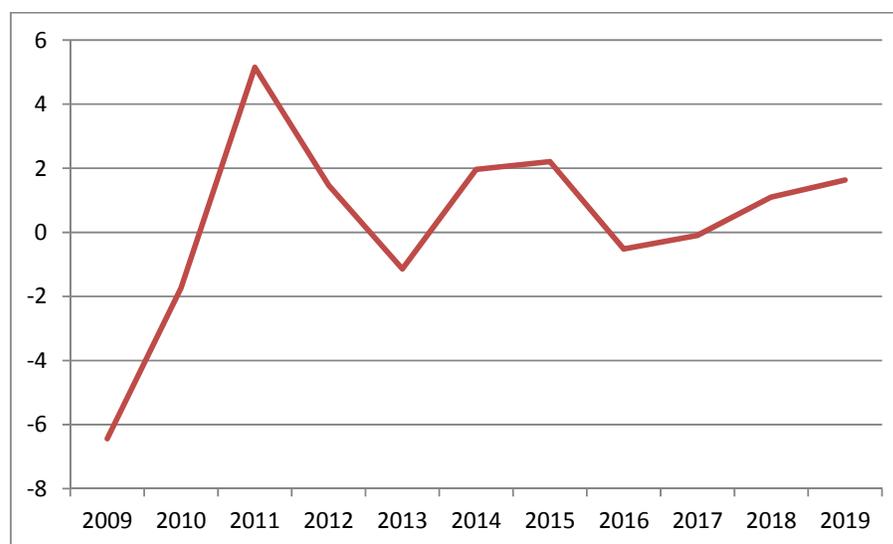
<sup>7</sup> IMF, Statement at the Conclusion of the IMF Mission to Samoa in advance of the 2014 Article IV Consultation mission, which will be held during September 29 – October 10, 2014. Available from <http://www.imf.org/external/np/sec/pr/2014/pr14161.htm>

<sup>8</sup> IMF, Statement at the Conclusion of the IMF Mission to Samoa in advance of the 2014 Article IV Consultation mission. Available from <http://www.imf.org/external/np/sec/pr/2014/pr14161.htm>

Services, Credit (Exports)	162.1	180.5	187.1	211.0	201.2	..
Services, Debit (Imports)	79.6	81.7	78.1	100.9	89.3	..
Balance on services	82.5	98.8	109.0	110.1	111.9	..
Balance on Goods and Services	-113.8	-158.1	-185.0	-167.2	-189.5	..
Balance on income	-24.6	-17.9	-31.6	-36.1	-30.4	..
Balance on current transfers	125.7	132.6	150.8	172.5	173.9	..
Capital Account	48.3	82.4	72.7	58.4	37.4	..
Financial Account	35.9	24.5	-20.3	33.6	8.5	..
Direct investment (net)	-8.9	-1.0	-14.6	-12.2	-24.1	..
Portfolio investment (net)	1.6	1.7	0.4	9.9	1.7	..
Other investment (net)	..	..	..	..	..	..
Memorandum item:						
Reserves (Millions of dollar)	165.8	209.4	166.8	168.7	170.9	..
Reserves (months of imports)	6.2	6.5	4.6	4.4	..	..

Source: World Bank, World Development Indicators; IMF, World Economic Outlook 2015; OECD, OECDStat, accessed 2 February 2015

Figure 1. Samoa: annual growth rate of real GDP, 2009-2019 (per cent)



Source: IMF, World Economic Outlook Database, October 2014, accessed 2 February 2015. Data from 2013 are estimates.

As presented in table 5, Samoa's balance of payment is characterized by a large deficit in the balance of goods and a significant surplus in the balance of services, as well as a substantial transfer inflow. Current account deficit is projected to widen to 16.2 per cent of GDP in 2014, before falling to 15.6 per cent in 2015.<sup>9</sup> Expanding remittances and tourism earnings have been key to the economy. Remittances increased significantly by 13 per cent or more annually in 2011 and 2012 to support recipients to recover from the damages inflicted by the

<sup>9</sup> Asian Development Bank, Asian Development Outlook 2014.

cyclone (see table 6). Visitor arrivals reached a pre-cyclone level in 2014, helped by reconstruction of some tourism facilities after the cyclone, rising incomes in Australia and New Zealand (two major countries of origin of tourists), and the weak currency.<sup>10</sup>

**Table 6. Samoa: selected indicators on tourism, 2009-2013.**

	2009	2010	2011	2012	2013	2014
Remittances (annual rate of growth)	9.6	2.2	14.0	13.4	0.2	..
Tourism earnings (annual rate of growth)	2.7	7.8	8.9	9.6	..	..
Visitor arrivals (thousands)	129	130	128	135	125	131

Source: World Bank, World Development Indicators, accessed 2 February 2015; Samoa Bureau of Statistics, International Arrival Statistics, December 2014

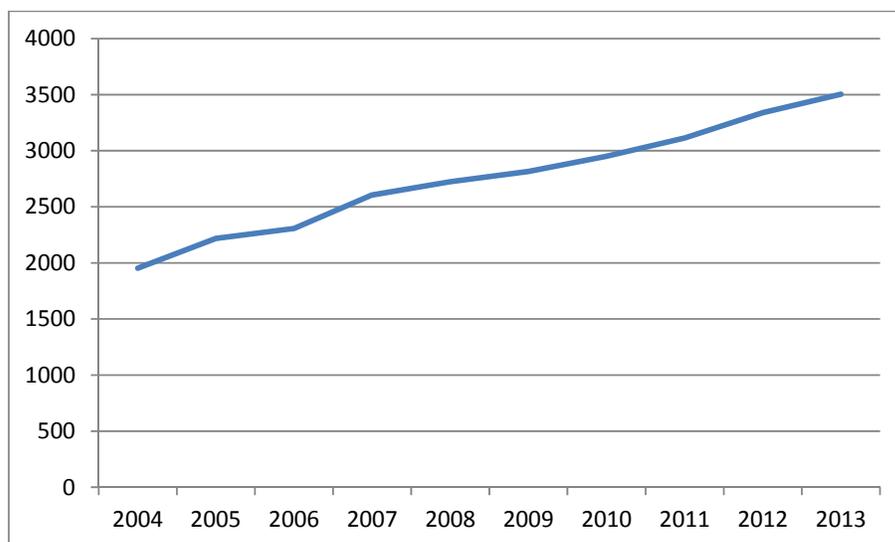
#### *Developments related to indicators in the LDC criteria*

Samoa achieved substantial income growth over the period of last three triennial reviews (see table 7). Preliminary estimates suggest that GNI per capita of Samoa in the 2015 review is \$3,319, almost three times higher than the graduation threshold established at the 2015 triennial review (\$1,242).<sup>11</sup> The income data in table 7 are not comparable because the data source changed from World Bank to United Nations in the 2015 review. Using only the United Nations data, the GNI per capita increased steadily from \$1,953 in 2004 to \$3,503 in 2013, by 6.8 per cent annually, on average (see figure 2). As mentioned above, over the medium-term, real GDP growth is forecast to be slow but positive, suggesting that the income is likely to be sustained at the current level.

<sup>10</sup> Economic Intelligence Unit, Samoa: Country report, February 2015

<sup>11</sup> Committee for Development Policy Secretariat. The graduation threshold in 2015 triennial review was established based on 2011-2013 data.

Figure 2. Samoa: GNI per capita, Atlas Method (Current US\$), 2004-2013



Source: United Nations Statistics Division.

Additionally, preliminary estimates by UN/DESA for the 2015 triennial review suggest that Samoa continued to maintain high levels of human capital as measured by the HAI. In principle, HAI indicators in table 7 are not comparable across years, because there are some changes in data sources and treatment of raw data used for the 2015 review. When the data sources and methodology are kept consistent, using the same approaches adopted for the 2015 review, the HAI scores of Samoa continued to remain high at 93.7, 94.8 and 94.4 in the triennial reviews in 2009, 2012 and 2015, respectively.

Samoa continued to remain vulnerable: the EVI score calculated in the 2015 review is 44.0, 15<sup>th</sup> highest among 97 non-LDCs analyzed in the review. As in the case of the other two LDC criteria, EVI and its indicators presented in table 4 should not be compared across time. For example, the change in low elevation coastal zone is driven by the change in the threshold of elevation (from 10 meter in the 2012 review to 5 meter in the 2015 review). When the same data source and methodology used for the 2015 review are applied to previous reviews, the EVI score decreased over time, slowly but steadily, from 54.6 in the 2009 review, 48.3 in the 2012 review, to 44.0 in the 2015 review.

**Table 7. Samoa: LDC criteria indicators, 2009, 2012, and 2015 triennial reviews.**

Index/Criteria	2009	2012	2015
<b>GNI per capita in USD</b>	<b>2,240</b>	<b>2,880</b>	<b>3,319</b>
<b>EVI</b>	<b>64.3</b>	<b>51.1</b>	<b>44.0</b>
Population	188,752	183,874	190,372
Remoteness	76.8	82.2	81.5
Low elevation coastal zone (%)	n.a.	23.57	17.78
Export concentration	0.72	0.73	0.30
Shares of agriculture, forestry and fisheries	12.5	10.9	9.7
Victims of natural disasters (%)	16.013	2.865	0.492
Agricultural instability	5.92	5.93	4.42
Export instability	14.13	10.17	8.04
<b>HAI</b>	<b>92.2</b>	<b>92.8</b>	<b>94.4</b>
Undernourishment (%)	2.5	<5.0	<5.0
U5MR (per 1,000)	31	27	18
Adult literacy rate (%)	99	99	99
Gross secondary school enrolment (%)	80.6	84.7	85.7

Source: Committee for Development Secretariat.

### ***III. Implementation of the smooth transition strategy***

In its report to the CDP on the implementation of the smooth transition strategy<sup>12</sup>, the Government of Samoa states that it continues to develop a participatory consultative and negotiation process with its development partners to discuss the issue of graduation. As 2014 was the first year for the country to be a non-LDC, the present paper reports on the progress made or challenges found in the country's smooth transition process since the previous monitoring report on the country (as a graduating country) in March 2014.

#### **(i) Smooth transition and the National Development Strategy**

Samoa's smooth transition strategy has been an integral part of its national development strategy, the Strategy for the Development of Samoa (SDS) which provides an overarching framework in planning and implementing policies to sustain economic growth and human capital development. A mid-term review for the SDS has been started to be implemented in 2014 in 14 different sectors. Investments have been focused on infrastructural development, in particular transportation, and securing cost effective renewable energy options by 2017. With focus on the tourism and agriculture/fisheries sectors, extensive programs to revitalize

<sup>12</sup> Government of Samoa, Samoa's Smooth Transition Strategy Report, 8 January 2015.

agricultural and fisheries exports were launched in 2014. Market opportunities for primary produce are explored, by making improvement in compliance to product requirements in importing countries. An agribusiness facility was also launched in 2014 to provide support for commercial agriculture as well as subsistence farmers.

In November 2014, Samoa became a signatory of the Tokelau Arrangement, along with Australia, New Zealand, Niue, the Cook Islands, Tokelau, Tonga, Tuvalu, and Vanuatu, which aims to set catch limits and develop sustainable commercial fisheries for tuna species in the exclusive economic zones of Pacific nations.<sup>13</sup> Most of Samoa's tuna catch is exported and a large proportion of households rely on fisheries income to some degree. Under the Tuna Management and Development Plan 2011-15, the Government is attempting to boost exports by encouraging private-sector development and joint ventures with foreign firms in the fishing sector, looking to add value by promoting local processing. The Government also plans to improve the local regulatory regime to encourage sustainable tuna exports to the EU.<sup>14</sup> In the long run, however, promoting fisheries sector heavily depends on the sustainability of fish stocks.

(ii) Trade related measures

The Government continues to engage in consultation with the private sector on the compliance obligations following WTO accession in 2012. The Diagnostic Trade Integration Study conducted in 2010 pointed out that there might be significant adjustment costs in agriculture, food-processing, and manufacturing sectors, related to issue of intellectual property rights, sanitary and phytosanitary systems, subsidies and countervailing measures, and technical barriers to trade.<sup>15</sup> It is still not feasible to measure those impacts in the present report due to the lack of necessary data.

The Government has successfully negotiated with some of its export trading partners on the continuation of DFQF schemes beyond graduation. China has agreed to extend zero tariff treatment on noni juice and other agro-processing products until 2017. Discussions are still

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<sup>13</sup> The Pacific Islands Forum Fisheries Agency, Explanatory note on the Tokelau Arrangement, 2014. Available from [https://www.ffa.int/system/files/WCPFC11-2014-DP05b%20Tokelau%20Arrangement%20Explanatory\\_Note.pdf](https://www.ffa.int/system/files/WCPFC11-2014-DP05b%20Tokelau%20Arrangement%20Explanatory_Note.pdf)

<sup>14</sup> Economic Intelligence Unit, Samoa: Country report, February 2015

<sup>15</sup> Government of Samoa, Diagnostic Trade Integration Study, 2010.

ongoing with the Government of Japan on a similar arrangement for noni juice, fish exports and organic products such as honey, vanilla and cocoa.

Samoa continues to receive preferential market access to Australia under the Australian system of Tariff Preferences as well as the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA). For New Zealand, Samoa retains preferential market access under SPARTECA and WTO arrangements. Negotiation is ongoing on the free trade agreements in the region such as The Pacific Island Countries Trade Agreement (PICTA), Pacific Agreement on Closer Economic Relations (PACER), and PACER plus. Most recent meeting on PACER plus was held in May 2014, and negotiations on PACER plus may be concluded in 2015, while further delays are possible.<sup>16</sup>

As the country graduated in January 2014, it is too early to measure the exact extent of the impacts of graduation on trade, because necessary data are not yet available. Just to highlight the most recent trend in export (see table 8), preliminary estimates of values and share of main exports, reported by the Samoa authority, are presented in table 5. Since the data is available only up to July 2014, we compare the export value of the first half of 2013 (from January to July), and the first half of 2014.

The value of exports (and the share to the total exports) decreased significantly for fresh fish, while noni juice and taro exports expanded between those two periods. While it is difficult to determine which factors are driving these changes in the export, the changes are not likely to have been caused by a loss of preferential market access in some countries, such as Japan, after graduation, because more than 95 per cent of fish export was destined to Australia and New Zealand in 2013. Both countries, as discussed above, provide the country with preferential market access under SPARTECA after the country's graduation.

**Table 8. Samoa: Export by product, value and share, Jan-July 2013, and Jan-July 2014**

Products	Export value (thousand USD)		Share (per cent of the total export)	
	Jan-July 2013	Jan-July 2014	Jan-July 2013	Jan-July 2014
Fresh Fish	9022	5154	47.9	30.5

<sup>16</sup> Government of Australia, Department of Foreign Affairs and Trade, Pacific Agreement on Closer Economic Relations (PACER) Plus, : 2014 Forum Trade Ministers' meeting outcomes. Available from <http://dfat.gov.au/trade/agreements/pacer/Pages/pacific-agreement-on-closer-economic-relations-pacer-plus.aspx>

Noni Juice	2307	3919	12.2	23.2
Beer	3233	2993	17.2	17.7
Coconut oil	2325	2369	12.3	14.0
Taro	950	1461	5.0	8.6
Coconut	211	402	1.1	2.4
Spring water	407	351	2.2	2.1
Copra meal	382	269	2.0	1.6
Total	18837	16918	100	100

Source: Central Bank of Samoa, Foreign Trade Report, July 2014.

### (iii) Financing for Development including ODA

In 2011, the majority of Samoa's development partners agreed to working with the Government on a Joint Policy matrix (JPM) which would be the basis for delivery of performance linked aid. Year 2014 was the third year of the JPM and the assistance provided has helped meet Samoa's budgetary deficits. The Government of Samoa reported that most of the financial support by multilateral financial institutions has been delivered in the form of grants in 2014. It is likely, though, further assistance in the future will be composed of grant and loan, due to the improved economic performance of the country.

There seems no significant impact of Samoa's graduation on aid programmes of major donors in 2014. Australia is Samoa's leading aid donor, accounting for 30 per cent of net ODA disbursement to Samoa in 2013, followed by New Zealand (19 per cent), Japan (6 per cent), and the EU (3 per cent).<sup>17</sup>

Australia's total official development assistance to Samoa was \$38.3 million in 2013-2014, including \$23.1 million in bilateral aid and \$15.2 million delivered through regional programs.<sup>18</sup> Australia's 2014/15 aid budget for Samoa is estimated to remain at a similar level, \$37.6 million.

<sup>17</sup> OECD, Aid at a glance: Samoa. Available from <http://www.oecd.org/dac/stats/documentupload/WSM.JPG>

<sup>18</sup> Government of Australia, Department of Foreign Affairs and Trade, Overview of Australia's aid program to Samoa. Available from <http://www.dfat.gov.au/geo/samoa/development-assistance/Pages/development-assistance-in-samoa.aspx>

New Zealand's aid allocation to Samoa has not changed much: the total allocation was \$12 million in 2014, slight down from \$13 million in 2013, and in 2012.<sup>19</sup>

EU continues to support Samoa after its graduation, with an indicative amount of €20 million provided under the 11th European Development Fund, with focus on the water and sanitation sector, within the framework of the National Indicative Programme signed on 2 September 2014 in Samoa.<sup>20</sup>

Japan's aid strategy for Samoa has not been updated, but its multi-year rolling plan does not seem to be affected by Samoa's graduation.<sup>21</sup>

Countries in the Pacific region, including Samoa, receive assistance and attention increasingly from the emerging donors. India and China both held Pacific summits in November 2014 in Fiji and commitments were made for additional grants injections and increased concessional financing as well as strategic technical assistance. In fact, the Exim Bank of China holds 36 per cent of Samoa's external debt portfolio, and the debt to China increased further with loans for the national medical center and national broadband projects. Chinese assistance to the region has increasingly moved from grants and interest-free loans toward loans with concessional interest rates.<sup>22</sup>

Large loans borrowed from multilateral and bilateral donors have led to a substantial rise in public debt in recent years.<sup>23</sup> For example, World Bank approved in 2014 a contribution of \$25 million to a project to upgrade airport infrastructure and improve aviation safety.<sup>24</sup> Such loans, together with increasing budget deficits, the reduction in grant aid and the slow

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<sup>19</sup> Government of New Zealand, Ministry of Foreign Affairs and Trade, Indicative programme allocations 2012/13 - 2014/15. Available from <http://www.aid.govt.nz/about-aid-programme/aid-statistics/aid-allocations-201213-201415>

<sup>20</sup> Samoa-EU, National Indicative Programme for the period 2014-2020. Available from [http://eeas.europa.eu/development-cooperation/docs/national-indicative-programme\\_2014-2020/2014-2020\\_national-indicative-programme\\_samoa\\_en.pdf](http://eeas.europa.eu/development-cooperation/docs/national-indicative-programme_2014-2020/2014-2020_national-indicative-programme_samoa_en.pdf)

<sup>21</sup> Government of Japan, Ministry of Foreign Affairs, Japan's ODA: Rolling Plan for the Independent State of Samoa, April 2013. Available from <http://www.nz.emb-japan.go.jp/samoa/resources/Samoa.RollingPlan.April2013.pdf>

<sup>22</sup> Economic Intelligence Unit, Samoa: Country report, February 2015

<sup>23</sup> IMF, Statement at the Conclusion of the IMF Mission to Samoa in advance of the 2014 Article IV Consultation mission. Available from <http://www.imf.org/external/np/sec/pr/2014/pr14161.htm>

<sup>24</sup> World Bank, Samoa - Samoa Aviation Investment Project, May 2014. Detailed information is available from <http://www.worldbank.org/projects/P143408/samoa-aviation-investment-project?lang=en>

economic growth, are likely to raise external debt further from about 54 % of GDP in 2014 according to Samoa Bureau of Statistics.<sup>25</sup>

Because of Samoa's classification as a country being at high risk of debt distress by the IMF<sup>26</sup>, the Government has continued with ongoing reforms including the implementation of Medium Term debt strategy and a Debt reform plan over the next 8 years. The IMF informed the Government of Samoa that the country may progress to a medium debt distress status following a change in the methodology adopted for debt sustainability analysis.<sup>27</sup>

#### *IV. Conclusions (Samoa)*

During the monitoring period, no signs of an additional significant deterioration in Samoa's development progress have been observed. Recovery from the adverse impacts caused by Cyclone Evan is near completion. While the Government is having difficulties in balancing between increasing public investments for income growth and reducing fiscal deficit, Samoa has managed to maintain high levels of human capital and national income.

However, Samoa will continue to be highly vulnerable to external shocks due to the export structure of the country, a high portion of low lying areas, and its small population size. While the Government of Samoa has been implementing policies to promote the agriculture and fisheries sectors to diversify its economic structure, the sustainable development of these sectors is threatened by natural disasters and declining fish stocks.

Implementation of smooth transition strategy seems well under way. Samoa has been able to negotiate continued support from China on extending DFQF scheme, while discussion is still ongoing with Japan. It is too early to identify causes of recent export fluctuations in 2014, but such changes are unlikely to have been caused by the loss of preferential market access following the country's graduation from LDC category.

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<sup>25</sup> External debt amounted to \$984.8 million at the end of September 2014. Samoa Bureau of Statistics, Government Finance Statistics, September 2014. Available from [http://www.sbs.gov.ws/index.php?option=com\\_advlisting&view=download&fileId=1427&Itemid=164](http://www.sbs.gov.ws/index.php?option=com_advlisting&view=download&fileId=1427&Itemid=164)

<sup>26</sup> IMF, Samoa: Request For Disbursement under the Rapid Credit Facility—Debt Sustainability Analysis, May 2013. Available from <https://www.imf.org/external/pubs/ft/dsa/pdf/2013/dsacr13162.pdf>

<sup>27</sup> Government of Samoa, Samoa's Smooth Transition Strategy Report, 8 January 2015.

Samoa managed to secure most of the aid flows in grant form in 2014, but the increasing loans from multilateral financial institutions and emerging bilateral donors raised concerns on the level of country's external debt. In this regard, international community should pay particular attention to the possible debt problems of Samoa, in order to support the country's smooth transition, as emphasized in the outcome document of third international SIDS Conference.<sup>28</sup>

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<sup>28</sup> Member States of General Assembly reaffirm the need for the smooth transition of SIDS that have recently graduated, and emphasize that a successful transition needs to be based on the national smooth transition strategy elaborated as a priority by each graduating country, which can, inter alia, mitigate the possible loss of concessionary financing and reduce the risks of falling heavily into debt. A/CONF.223/3.

## ANNEX

Annex table 1. Selected data for graduated and graduating countries

Country	Status	Year of graduation	LDC criteria			
			Indicator	2012 review <sup>a/b</sup>	2012 review consistent <sup>c</sup>	2015 review <sup>a</sup>
Botswana	Graduated	1994	GNI per capita	<b>6,513</b> (>1,190)	5,597	<b>7,410</b> (>1,242)
			EVI	43.0 (<32.0)	41.6	43.4 (<32.0)
			HAI	<b>73.5</b> (>66.0)	73.5	<b>75.9</b> (>66.0)
Cabo Verde	Graduated	2007	GNI per capita	<b>3,110</b> (>1,190)	3,421	<b>3,595</b> (>1,242)
			EVI	35.2 (<32.0)	37.0	38.8 (<32.0)
			HAI	<b>86.8</b> (>66.0)	87.4	<b>88.6</b> (>66.0)
Maldives	Graduated	2011	GNI per capita	<b>5,473</b> (>1,190)	5,675	<b>6,645</b> (>1,242)
			EVI	55.2 (<32.0)	50.4	49.9 (<32.0)
			HAI	<b>91.7</b> (>66.0)	89.3	<b>91.3</b> (>66.0)
Samoa	Graduated	2014	GNI per capita	<b>2,880</b> (>1,190)	2,830	<b>3,319</b> (>1,242)
			EVI	51.1 (<32.0)	48.3	44.0 (<32.0)
			HAI	<b>92.8</b> (>66.0)	94.8	<b>94.4</b> (>66.0)
Equatorial Guinea	Graduating	2017	GNI per capita	<b>15,090</b> (>1,190)	11,627	<b>16,089</b> (>1,242)
			EVI	43.7 (<32.0)	43.1	39.3 (<32.0)
			HAI	43.0 (>66.0)	51.3	54.8 (>66.0)
Vanuatu	Graduating	2017	GNI per capita	<b>2,540</b> (>1,190)	2,600	<b>2,997</b> (>1,242)
			EVI	46.8 (<32.0)	45.1	47.7 (<32.0)
			HAI	<b>77.7</b> (>66.0)	81.5	<b>81.3</b> (>66.0)
Tuvalu	Recommended	2012 <sup>d</sup>	GNI per capita	<b>4,993</b> (>1,190)	4,911	<b>5,788</b> (>1,242)
			EVI	63.9 (<32.0)	58.3	54.0 (<32.0)
			HAI	<b>88.1</b> (>66.0)	87.2	<b>88.8</b> (>66.0)

Note: <sup>a</sup> Graduation thresholds are in the parentheses. Bold indicate that the graduation criterion is met; <sup>b</sup> 2012 data based on the 2012 data sources and methodology; <sup>c</sup> 2012 data based on the 2015 data sources and methodology;

<sup>d</sup> Year of graduation recommendation by CDP.