



Economic and Social Impact Assessment

Private Sector Support Facility

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Executive Summary

Business and private sector development is a key way to lift household incomes, alleviate poverty, lift income security and improve wellbeing. However, business growth and development does not necessarily occur spontaneously. In some cases external market assistance and intervention is needed to lift firm performance and growth. This is particularly true for small and isolated economies as is the case with Samoa. Samoa receives a number development assistance programmes, including aid from New Zealand. This research focuses on Private Sector Support Facility (PSSF) who receives funding from NZAid.

The research focuses on the economic and social impacts of this programme. A number of high level recommendations are put forward for the programme. The economic impact assessment was undertaken using an Input-Output (IO) model. Samoa does not have official IO or Supply-Use Tables so an IO model was developed using work from the EORA project¹. The resulting IO table was structured to match the economic sectors used by the Samoan Bureau of Statistics. The economic modelling was informed by stakeholder interviews and client surveys. The economic impacts are described using the key indicators of: Gross Domestic Product (GDP), Employment (jobs supported by the economic activity), and Income effects via formal employment, salaries and wages, through operating surplus and informal employment. The effects are also interpreted from a social perspective focusing on aspects such as job-security, training and skills development and income security. The social impacts are expressed in qualitative terms and are also based on the interviews and surveys.

Private Sector Support Facility

The PSSF was created to support the development of Samoa's private sector and trade opportunities by assisting established firms. This is in-line with the Government of Samoa's wider economic development policies. This includes businesses who can demonstrate that the funding will assist in taking their business to a new level, which could not be achieved through normal operations. The PSSF's primary objective is to **support the development of the private sector and to enhance trade opportunities** through value added initiatives. This is an ambitious and 'open' objective. Over time, the types of activities supported by the PSSF have moved to also include capital items. This has seen a strong uptake by agriculture activities.

Our analysis suggest that the PSSF is having a positive economic impact on the economy by way of two effects: Firstly it prevents marginal firms from going under by providing capital and financial assistance. Secondly, the facility supports firms by allowing them to undertake market development and marketing activities. From both economic and social perspectives, saving some firms will have a positive effect. However, this raises questions about the overall efficiency of how economic resources are then allocated in the market. Nevertheless, the PSSF is delivering a set of economic impacts. The economic impact are estimated at \$19.7m (GDP), supporting 560 jobs in the whole economy. The total income that is returned to households is around \$11.6m.

The economic impact includes a small portion of ongoing effects which are The PSSF is delivering a growth effect (i.e. developing markets that will have a durable effect) and this is estimated at around \$406,100. The economic impact associated with the durable effects is projections to increase to around \$1.3m (GDP) over a three year period.

In light of PSSF's primary objective to '**support the development of the private sector and to enhance trade opportunities** through value added initiatives', we suggest that the facility refocuses and reconsiders how it assesses applications and the type of activity(ies) it supports.

¹ Lenzen M, Kanemoto K; Moran D, and Geschke A (2012) Mapping the structure of the world economy, *Environmental Science & Technology* 46(15) pp 8374-8381. DOI: [10.1021/es300171x](https://doi.org/10.1021/es300171x); and Lenzen, M., Moran, D., Kanemoto, K., Geschke, A. (2013) Building Eora: A Global Multi-regional Input-Output Database at High Country and Sector Resolution, *Economic Systems Research*, 25:1, 20-49, DOI:10.1080/09535314.2013.769938

We are recommending that the PSSF focuses its attention on three key areas in the short term. These are:

- **Aligning with primary objective:** our assessment has found that the facility supports a wide range of activities and that, over time, the type of activities supported by the Facility has shifted. We note that the shift has been a response to market needs as well as a growth (and drive) in applications from a particular segment of the market. As part of the realignment, the PSSF should also consider how different sectors are engaged. The engagement could include the development of sector action frameworks that focus on the opportunities (instead of all the barriers and challenges the sectors face).
- **Selecting Recipients:** This area is complementary to the first one. We recommend that PSSF review is application screening process(es) to identify different types of firms in terms of their growth potential and how they perform relative to their sectoral peers and the overall economy. Essentially, the recommendation is that the PSSF needs to refine its approval process(es) to better align how grant recipients can use and apply the grants with the facility's intended outcomes while also supporting growth. This will also ensure alignment (and reduce overlap) with other development programmes.
- **Monitoring and Feedbacks:** One of the gaps in the current monitoring and tracking approach of the PSSF is the absence of an effective grant accountability system. We are recommending establishing a feedback mechanism through which recipients can share their experiences, lessons learnt and outcomes from using the grant(s). We are also recommending that a monitoring framework be established to better track the performance of the PSSF. The focus will need to be on *'improving' performance* – that is, find ways to optimise resource utilisation, respond to changing priorities while ensuring alignment with the primary objectives.

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Abbreviations

GDP	Gross Domestic Product
GoS	Government of Samoa
HEIS	Household Income and Expenditure Survey
MCIL	Ministry for Commerce, Industry and Labour
MFAT	Ministry of Foreign Affairs and Trade
NZAID	New Zealand Aid Programme
PSSF	Private Sector Support Facility
SBEC	Small Business Enterprise Centre
VA	Value Added
CPI	Consumer Price Index
IO	Input/output
Capex	Capital Expenditure
Opex	Operating Expenditure
SACEP	Samoa Agricultural Competitiveness Enhancement Programme
SBS	Samoa Bureau for Statistics
SDS	Strategy for the Development of Samoa
EDA	Economic Development Agencies

1 Introduction

Business and private sector development is a key way to lift household incomes, alleviate poverty, lift income security and improve wellbeing. However, business growth and development does not necessarily occur spontaneously. In some cases external market assistance and intervention is needed to lift firm performance and growth. This is particularly true for small and isolated economies as is the case with Samoa. There are a number of development programmes being delivered in Samoa. This research focuses on two programmes:

- Private Sector Support Facility (PSSF), and
- Small Business Enterprise Centre (SBEC).

The focus of this report is on the economic and social impacts of the PSSF. We provide recommendations about the PSSF and a way forward.

The Samoan economy is concentrated in small and micro businesses, with most business consisting of less than 5 employees. Firms are mostly set up to trade with local households and other domestic firms. The PSSF is grant funding that aims to assist firms seeking to lift business performance. PSSF's overall objectives is to assist the development of Samoa through:

- Increasing private sector employment and skills development,
- Growing trade and exports,
- Increasing the size and number of private sector businesses, and
- Increasing business investment and innovation.

This research is part of the ongoing drive to improve the efficiency and effectiveness of how these funds are applied. This is done by understanding the economic and social impacts of the PSSF. The PSSF has reasonable coverage and have assisted a number of firms in recent years. Over the past two years, the PSSF has provided assistance to over 275 private sector organisations, generating economic and social effects.

1.1 Aim and Outputs

This research aimed to develop insights into the PSSF's economic and social impacts. These insights were identified as key understandings in terms of explaining the Facility's value proposition. That is the value for money it delivers. It is our understanding that these insights will be used to inform future decisions regarding the funding and support for the facility by the New Zealand Government and the Government of Samoa (including funding options and type of involvement). In addition the baseline information developed during this research may be used to inform and guide the development of new/updated PSSF's strategic and corporate plans.

We note that our proposed project approach and methodology has placed a distinct emphasis on the economic and social impacts. This has meant that a substantial part of the research energy went into understanding these key elements. It is our understanding that it was the first time that an economic impact assessment of the PSSF, using Input-Output modelling, has been undertaken.

1.2 Methodology

This research was delivered using a number of steps, shown in Figure 1-1. This description focuses on the core parts of our research and does not provide a detailed summary of the methodology. A technical description of the economic modelling is presented in the body of the text.

The project started with a series of client meetings to discuss and finalise the projects scope and its final deliverables. These meetings were held in mid-November 2014 in Apia, Samoa. During these meetings, the project team sought to develop an understanding of the role and responsibilities of the involved parties as well as the underlying dynamics affecting the performance and functioning of PSSF. Appendix 1 presents summaries of the meetings including, the main discussion points and any issues raised. During the initial visits, detailed datasets covering PSSF activities were received. These datasets covered the value of assistance offered to clients, the nature of clients' business, timeframes and the types of assistance given. We reviewed this information to identify common themes. The project team developed insights using data review and interviews. These insights were supplemented with official information obtained from the Samoan Bureau of Statistics (SBS). We used these insights to inform the primary research process.

We used a stratified sampling process to select the sample and to undertake the surveys. The surveys were conducted during the last week of February and first week of March 2015, using a mix of interviews, telephone calls and physical interviews. Appendix 2 contains the questionnaires used during the survey process.

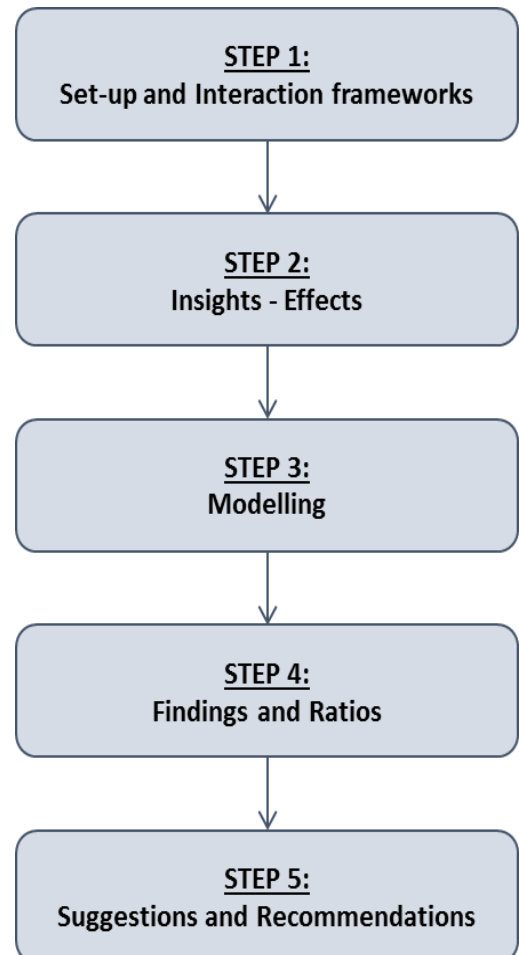
The survey findings were imported into the modelling framework that was developed specifically for this study. The specific emphasis was on understanding the potential effect of PSSF on firms' (recipients and participants) behaviour and if their behaviour changed as a direct result of interacting with PSSF. The economic effects of the change was modelled to assess the direct, indirect and induced effects using the following parameters:

- Gross Domestic Product (GDP),
- Employment (jobs supported by the economic activity), and
- Income effects via formal employment, salaries and wages, through operating surplus and informal employment.

The economic effects are also interpreted from a social perspective. This translates the key economic indicators into social and household effects, which includes aspects such as job-security, training and skills development and income security.

M.E analysed these results and prepared a set of key ratios to assist with understanding the scale and contribution of PSSF to the economy. A 'return ratio' was estimated using different definitions and classifications to explain the effects on different target groups. This allowed us to illustrate the 'relativity' of the impacts. In the final stage, we make suggestions and recommendations on potential focus areas, operational refinements and other areas for improvement.

Figure 1-1: Project Steps



With reference to the social impacts of the two programmes, these impacts are expressed in qualitative terms and are based upon interviews and field visits undertaken in November 2104 and a survey of a random sample of PSSF clients in February and March 2015.

The method of survey sample selection involved numbering of the PSSF grant recipients and then using a random number generator to select firms. Quotas were prepared taking into account industry sector and year of grant receipt. On this basis, 100+ firms were selected. The engagement team (OneLook Communications) then contacted those selected and requested interviews. Around a 50% response rate was received². Interviews were based upon a questionnaire, which explored business and social aspects as well as experiences of PSSF recipients. However, the interviews provided context for the study and the survey process yielded the data and firm-level information used in assessing the economic impacts of the PSSF.

A description of socio-economic context was developed based upon qualitative information and quantitative information. Qualitative information was gathered from interviews and discussion with project team members who had experience of working within the Samoan culture context. We also used quantitative information of various social indicators which was derived from the Government of Samoa's Office of Statistics' statistical summaries. This information formed the basis for developing a description of the existing social environment, which provides a context for identifying social impacts of PSSF.

A number of aspects are considered in identifying social impacts. Specific questions of interest to this review included:

- Is the programme equitable in terms of who can access it and benefit from it? (This includes aspects such as age, gender and location of recipients considerations),
- Does the programme complement and recognise cultural and community factors?
- What outcomes are there for those who participate in the programme as well as their dependents and the broader community?
- Do the outcomes align with the objectives of the programme and the Development Strategy of Samoa and the UNDP Millennium Goals?
- Are there other social outcomes which are worth noting?

1.3 Information, Key Assumptions, Limitations and Caveats

Assessing the economic and social impacts and effects of a development programme normally requires a wide range of information sources and this was also the case for this study. The key sources consulted were:

- The Samoan Census 2011,
- The 2008 Household Income and Expenditure Survey (HEIS),
- Gross Domestic Product information and tables published by the Samoan Bureau for Statistics (SBS),
- Consumer Price Index reports,
- Trade reports (imports and exports),
- Published and unpublished information about the PSSF received from Ministry for Commerce, Industry and Labour,

² As a whole, the survey had a margin of error (+/-10%) and a confidence interval (90%). We note that some of the individual sectors had limited small responses and in these cases we checked these against the total sample to avoid using outliers.

- Published and unpublished information about the functional and operational activity of SBEC including information about clients,
- International research about Samoa and its economy, and
- Primary research and surveys undertaken specifically for this research.

These sources are referenced in the report. We acknowledge that we relied on the available information and that we did not audit the data. This introduces a limitation to our study as we assume that the information is correct and accurate.

Assessing the economic impacts of the two programmes relied on a Samoan Input-Output Model. The SBS does not publish Supply and Use Table or Input-Output (IO) Tables meaning that IO tables we used are not official explanations of Samoa's inter-industry relationships. We used studies undertaken by the University of Sydney³ on the structure and function of countries' economies as base information. This enabled M.E to develop a set of IO tables that match the sectoral definitions used by SBS. Appendix 3 summarises the approach followed to develop the Samoan IO Tables. Crucially, the IO tables are unofficial and have not been approved by any of Samoa's government departments or ministries.

It is important to realise that IO modelling represents one approach to assessing economic effects. Other approaches are available and include Computable General Equilibrium (CGE) or Systems Dynamic models. We used the IO approach because it is the only model that could be (reasonably) developed within the time and cost limitations of this project. IO models are relatively easy to use and are useful for identifying and understanding the nature of relationships within an economy. However, IO modelling has some drawbacks. The main drawback is that IO modelling assumes that the relationships among industries remain stable. In the real world, however, technical relationships change due to new production processes, price shifts, product and input substitutions, and new industries forming. Further, it also assumes that there is sufficient capacity (labour, land and capital) to sustain any growth or change. This assumption maintains that growth in one industry does not constrain growth in others for example, through competition for labour or capital, affecting supply and/or the price. Appendix 4 provides further detail on Input Output models and modelling.

1.4 Report Structure

The rest of this report is structured to give a concise overview of PSSF and its economic and social impacts and is structured as follows:

- The next section discusses the current situation focusing on the activity(ies) being delivered, the value of the funding/assistance and how it is applied.
- The third section deals with the economic effects of PSSF, the associated implications and observations. The section uses employment, income and GDP as indicators for the effects.
- Section 4 deals with the SBEC's social impacts.
- The report concludes with recommendations.

³ Lenzen M, Kanemoto K; Moran D, and Geschke A (2012) Mapping the structure of the world economy, *Environmental Science & Technology* 46(15) pp 8374-8381. DOI: [10.1021/es300171x](https://doi.org/10.1021/es300171x); and Lenzen, M., Moran, D., Kanemoto, K., Geschke, A. (2013) Building Eora: A Global Multi-regional Input-Output Database at High Country and Sector Resolution, *Economic Systems Research*, 25:1, 20-49, DOI:10.1080/09535314.2013.769938

2 PSSF – Basic Background

The Private Sector Support Facility (PSSF) is a donor fund that was established in 2006. The fund was created to support the development of Samoa's private sector and trade opportunities. The PSSF aims to assist firms and organizations by committing grants for particular purposes.

The Government of Samoa (GoS) periodically develops a 4 year plan outlining its development priorities and actions. The most recent plan is the '*Strategy for the Development of Samoa, 2012-2016*,' which outlines the need for **lifting productivity, sustainable development** and **improving quality of life**. These three areas are interrelated and align with global best practice in terms of regional economic development logic (see Appendix 5). PSSF's mandate to assist in the growth of firms with Samoa aligns with numerous parts of the *Strategy for Development*. Clearly, this underlines the PSSF's alignment with the GoS's policy positions. Further, the PSSF does not operate in a vacuum and is part of the wider, Samoan development landscape.

PSSF's primary service is providing firms with access to finances through the grant scheme. This facility has been set up to assist Samoan firms to growth and development through developing markets. As far as we are aware, this is the first economic and social impact assessment of PSSF.

This section provides a short overview of PSSF and the scale of its activities. This information informs the economic and social impact assessment (which are presented in the next two sections).

2.1 Overview of the PSSF

The PSSF programme is a grant application programme where funding assistance will be awarded for meeting certain criteria relating to supporting development of the private sector and to enhance trade opportunities. Trade is recognised as "*one of the most important factors for socio economic performance and development capacity*."⁴PSSF is focussed upon the value chain with the intention of providing funds which will develop the value chain and to eventually contribute to competitive advantage of a product or service⁵ There are three fund levels- up to ST\$20,000, ST\$20,000-ST\$50,000 and ST\$50,001-ST\$100,000.

The applications for PSSF funds are from typically established businesses who can demonstrate that the funding will assist in taking their business to a new level, which could not be achieved through normal operations. The Facility is also available to business interest groups, but this has not been as heavily subscribed as established businesses have been. Funds have typically been provided for non-capital expenses such as marketing, trade exhibits or capital expenses, such as water tanks or irrigation systems for agricultural businesses.

PSSF representatives advised the project team in November 2014 that the fund had been undersubscribed and that The Board decided to broaden the criteria to allow funds to be given for specific capital works such as water tanks and irrigation systems for agricultural businesses and in one instance a tourism operation which had unreliable water supply.

The funds provided are a grant which is not required to be repaid. PSSF is a transactional service based upon receipt of properly made applications. Applications are called on a biennial basis and these are assessed and decided by the Board. The PSSF staff and Board have limited engagement with successful applicants other than to verify expenditure for capital investment. PSSF is not a training provider.

⁴ Project Factsheet- PSSF in Samoa, UNDP

⁵ Ibid.

The UNDP Factsheet identifies the expected key results of the PSSF fund programme are:

- Harmonised donor support to enable government to support the strengthening of local businesses, targeting private sector development, particularly small and medium sized enterprises in the rural areas, where studies have shown the most hardship is experienced and promoting gender equality
- A more focussed, equitable and sustainable dialogue at the national level, on the needs and priority areas for investment in private sector growth in the country through a dedicated Forum of local commercial representatives, government and donors that will be formed for this purpose

A basic introduction to the PSSF is presented in Envelope 1. This introduction has been sourced from the PSSF Factsheet.

Envelope 1: Introduction to the PSSF (Extract from PSSF Factsheet)

In the Strategy for the Development of Samoa, the private sector is identified as the engine of growth for the country's economy. Its role in improving the performance of trade is essential and the Government has initiated positive policy directions for future economic growth through strengthening of the agriculture and tourism sectors, building up of an entrepreneurial community as a focus of growth, and working in partnership with the private sector, including CSOs, and the donor community to support increased international, regional and local trade initiatives.

The Government of Samoa considered that there would be benefits and advantages in consolidating existing resources through a pooled financing arrangement of donor small private sector funds in order to simplify their management and coordination. In keeping with the donors and Government of Samoa's focus on poverty reduction, stakeholders that would be targeted for support from the consolidated PSSF are those that promote equitable sustainable livelihoods through the development of the local economy; have a focus on small to medium businesses employing and/or engaging the vulnerable groups (either as staff, suppliers and/or entrepreneurs); build upon existing public, private and community systems and assets; improve the wellbeing of the disadvantaged and promote gender equality.

The primary objective of the Facility is to **support the development of the private sector and to enhance trade opportunities** through value added initiatives.

An important tool in PSSF is the **Value Chain** which is defined as a sequence of productive stages of a process – whether it be production, manufacturing or the service process. The Value Chain also involves different parties that provide specific inputs into the different stages of the process. Value added initiatives can be defined as those projects that promote the development of the different stages of the value chain that will eventually contribute to competitive advantage of a product or service and benefit and make better off the various parties that work in the process.

PSSF gives grants to Samoan businesses to assist them to explore and develop trade opportunities. The rationale is that by growing trade, the associated supply chains will also experience an increase in the demand for their goods and services. In terms of the sector types, a wide range of sectors are represented, including agriculture, technology, services and tourism to name a few.

These entities all have a similar vision for social and economic development within Samoa. The combined funding that is made available to PSSF is \$1.3m to distribute as grants to qualifying firms and organizations. A small portion of the funding is used to administer the programme.

In 2014, a total of 205 applications were received with 174 of these being accepted (84%). Reasons for not receiving a grant can be either the application was withdrawn by the applicant or because it was, declined

on the basis of the applicant not meeting the eligibility criteria of the scheme. The application may also be rejected if the application lies outside the scope of the development scheme. In 2014 PSSF had a budget of \$1,3m and total committed funds for the year of \$1,2m. At the time of the annual report, around half of grants had been paid out, with the remaining committed funds to be paid after project completion. For the purposes of this analysis, we have assumed that the remaining obligation will/has been paid out. Table 2-1 shows the sectoral breakdown.

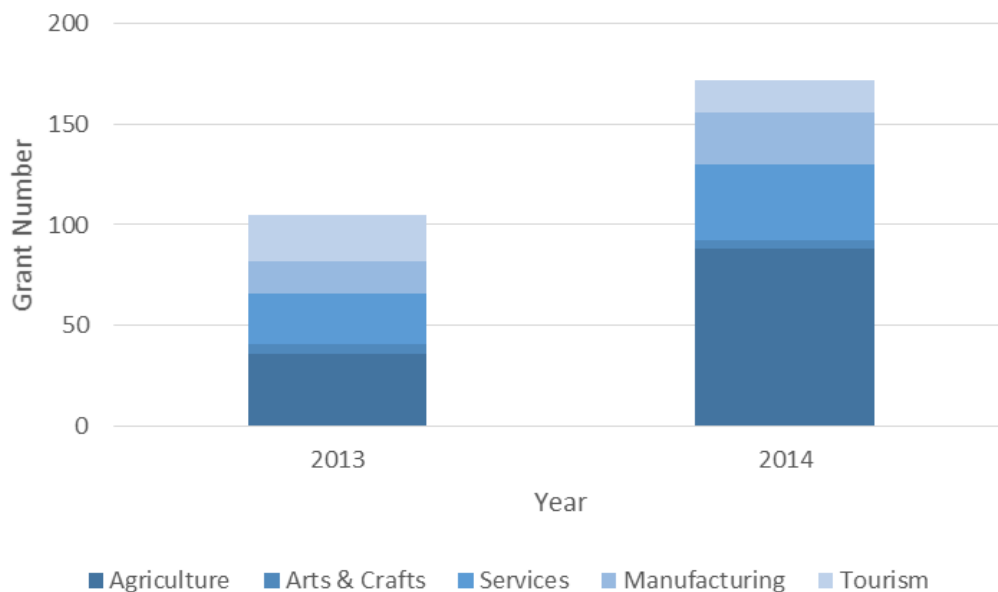
Table 2-1: Summary of PSSF's Grants (2013 and 2014)

Industry	2014		2013	
	Count	Grant total	Count	Grant Total (\$)
Agriculture	90	452,676	37	395,515
Arts & Crafts	4	22,109	5	46,380
Services	38	280,149	25	401,488
Manufacturing	26	239,785	16	165,230
Tourism	16	165,547	23	366,641
Total	174	1,160,266	106	1,375,255

Services, Arts & Crafts and Manufacturing sectors received grants that were primarily for travelling abroad to attend trade shows and conferences and for the marketing and advertising activities associated with travelling abroad. .

Figure 2-1 shows the distribution of the grants for 2013 and 2014 based on the number of grants. In 2014, \$1.2m was distributed to 174 recipients. An average of just over \$6,670 per grant. Agriculture type firms received 39% of the grant value (\$) but this was distributed via 52% of the number of individual grants. This indicates a lower average value of the agricultural grants. By comparison, Services and Manufacturing received 24% and 21% of the grants (\$) respectively and 22% and 15% of the actual grants (count of grants).

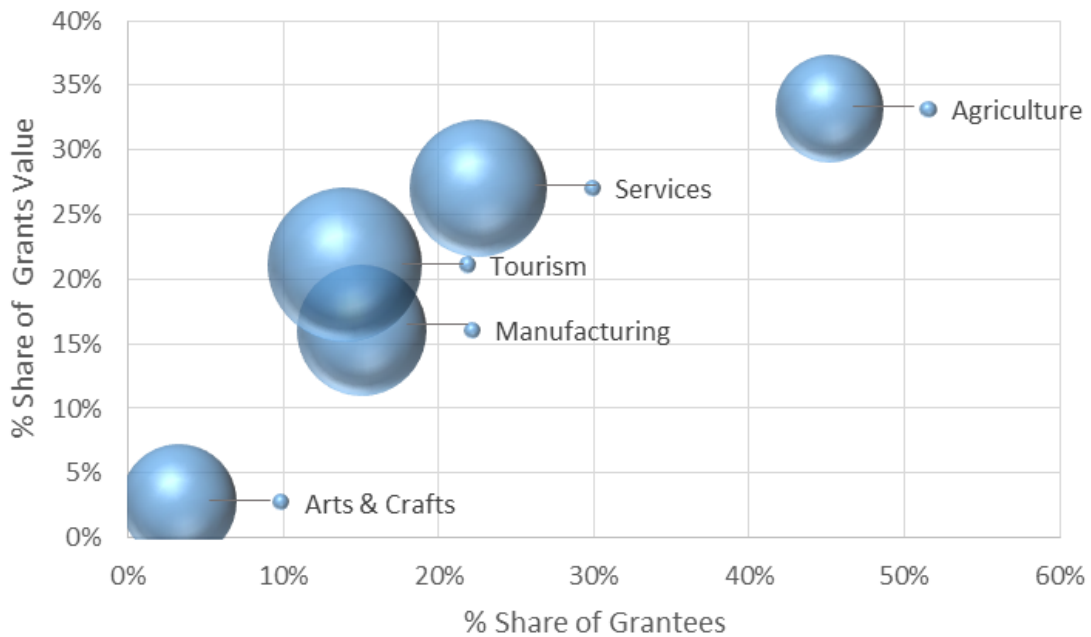
Figure 2-1: PSSF grant count by year



The total grant funding in 2014 was lower than in 2013 – (\$1.2 vs \$1.4m). However, the total number of recipients was up by almost 70 (106 vs 174). As expected the average grant size in 2013 was almost double, at \$12,980. In 2013 Service benefited the most from PSSF grants, receiving over \$400,000 in grants. Agriculture and Tourism received \$395,500 and \$366,600 respectively.

It is important to view this distribution of the grant funding in the context of the economic structure and sectoral mix of the Samoan economy. Figure 2-2 shows the sectoral breakdown of receivers of PSSF grants from 2013 to 2014.

Figure 2-2: Sectoral Focus of the PSSF Grants



Agriculture has the highest share of both grant counts (45%) and grant values (33%). The average grant for agriculture is around \$6,600, which is the lowest of all the sectors. A review of the grant applications showed that the most common application is for water tanks. Water tanks enable irrigation, which assists in both the quality and quantity of crops that farms can produce, especially in the dry season, when water is sparse. This provides security for farmers as they have consistent produce (and therefore income) throughout the year. We suspect that this is to improve security of supply considerations. During our interviews with local stakeholders the issue of security of supply was raised. We see the focus on water tanks as a response to this issue. Improving security of supply will assist farmers when seeking to negotiate contracts with intermediary suppliers, both locally and internationally as they can provide year round supplies. It is important to note that the outcome of this can be seen as a byproduct of the PSSF aims. That is, using value chains to deliver an improvement in economic activity. This aligns with one of PSSF's core purposes; to encourage increased trade.

Services is the largest recipient of PSSF grants by count and value with, 22% and 24% respectively. Additionally, services have the 2nd largest average grant at \$9,220. The majority of the grants given out to service firms are for the purposes of marketing and travelling to tradeshows, conferences, and festivals. These two activities both assist firms to grow their markets and gain exposure to international opportunities. Based on the survey results, a large share of firms that seek to use the grant for international travel, use the grant to travel to New Zealand, where there is an existing established Samoan community and market. While helping to assist with creating networks and exporting contracts, New Zealand is a relatively small market but compared to the Samoan economy, it is sizeable. Clearly trade with the larger and wealthier markets is a positive point that should be encouraged further. In addition, strong Samoan cultural customs and a large Samoan community on NZ means that this is a market with ongoing growth potential.

Tourism is another large recipient of PSSF funding. In 2014, tourism received over \$165,000 and this was distributed across 16 applications (average value per grant of \$13,650). Tourism is one of Samoa's key export sectors and is earmarked as a key growth sector. It is therefore, somewhat surprising to see the relatively low grant numbers in this sector. One possible reason for this could be the availability of alternative funding through the Tourism Cyclone Recovery Fund. The large majority of tourism based firms applied for grants for marketing purposes.

The industry with the 3rd largest percentage share of grant values is manufacturing with 15% of the total grant count and 21% of the grant value. The average value per grant is other industries such as tourism, services or agriculture. The average grant value is just over \$9,300. The grants invested within the manufacturing industry were spent mainly travelling to tradeshow and small expos.

The industry with the smallest relative share of both grant count and values (both at 3%), its Arts and Crafts. This industry's average grant value came in at \$7,370. It is argued, however, that Arts and Crafts are an important part of the tourism sector because it helps to lift the visitor experiences, making it more memorable and increasing visitor spend (generating positive economic impacts).

3 PSSF's Economic Impacts

The PSSF provides grant funding to firms enabling them to undertake activities seeking to develop and build new markets. As the grants are applied by recipient firms, additional demand for goods and services is created, generating economic impacts.

The PSSF supports business growth and development through enabling firms to undertake market development and marketing activities. In this section we present the results of our economic impact assessment focusing on PSSF. In this section, the PSSF's overall economic effects are discussed. The first part summarises the mechanisms through which the effects are generated and in the second part the total economic effects are presented. The economic effects are a sum of the direct, indirect and induced effects.

3.1 PSSF Effects – Mechanisms

The PSSF grants are made available to firms and the firms spend this money in the local and international economies. The surveys conducted for this research provided insight into how firms use the grants, what they spend the funds on, how it affects firms' behaviour and how the availability of PSSF funding delivers economic effects.

The survey suggests that the PSSF has two main effects:

- It prevents marginal firms from going under by providing capital and financial assistance.
- It supports firms by allowing them to undertake market development and marketing activities. this includes international activities and exports⁶.

These two effects have different outcomes and need to be carefully considered. **While it is argued that the availability of PSSF funds delivers some stability in the market place by allowing some firms to continue operating, it raises important questions about the efficiency and effectiveness of the PSSF.** Based on our understanding of PSSF's mandate, saving these marginal firms is not within its scope. It is unclear if saving the firms and keeping them operating for one or two years translates into more sustainable businesses. For our analysis, we have estimated the economic impacts associated with the saved firms. This is however, likely to overstate the true economic impact of PSSF. Under normal market conditions, if the marginal firms fail then the resources are freed and made available to wider market.

With reference to the second bullet point, developing markets and growing business activities accordingly shows good alignment with the PSSF mandate. Measuring the effects of marketing is complex because there is often a delay in experiencing the effects of a marketing drive and when the actual, additional business sales take place. Nonetheless, marketing and market development are two critical aspects of business development – a central focus of PSSF.

Using the survey results, we can distinguish between these two effects. Table 3-1 summarises the scale and distribution of the effects on PSSF grant recipients.

⁶ These effects are due to the PSSF enabling firms to secure export markets and compete in international markets by assisting the firms to secure contracts. In some cases, PSSF assistance was used to acquire International Standard Organisation (ISO) accreditation; an important requirement for exporters.

Table 3-1: Scale of Effects

	Effect 1:	Effect 2:	
	Saving Firm	Market Growth	
	% of firms 'Saved' by PSSF	Baseline Growth	PSSF Growth Effect
Agriculture	42%	3.9%	+0.3%
Arts & Crafts	40%	3.9%	
Services	11%	2.1%	
Manufacturing	-%	6.0%	
Tourism	20%	3.3%	
<i>Average (all respondents)</i>	19%	3.7%	

The main observations from the distribution of the PSSF effects are:

- Agriculture and arts and craft firms appear to be the type of firms that have been 'saved' by PSSF funds. In light of the agriculture activities this aligns closely with how the grant funds are applied in these sectors. Agriculture grants tend to be invested in water tanks.
- On average, one in five of PSSF grant recipients are 'saved' by the facility. This suggests that 19% of recipients are using the facility as 'bail-out' funding.
- When considering that half of the grant applicants are agriculture based (and 39% of the value), then the relative scale of this issue becomes apparent.
- With reference to the second effect, the survey results suggest that the PSSF delivers a growth premium to firms of around 0.3% - that is a lift in the growth rates that these firms experience. It is highlighted that a portion of this growth is derived through increased offshore sales (i.e. exports) and is therefore directly aligned with GoS policies.

It is possible to translate these effects into economic values that reflect the PSSF's 'facilitated effect' – that is how the facility changes behaviour and generates the first round of economic shocks. Table 3-2 presents the effect of the PSSF on the firms and expresses this in \$-terms, distinguishing between 'sales saved' and additional growth.

Table 3-2: PSSF – First Round of Effects (2014)

Sector	Sales 'Saved'	Additional Growth
Agriculture	2,670,000	9,900
Arts & Crafts	1,575,200	4,900
Services	917,100	12,800
Manufacturing	-	347,300
Tourism	3,362,300	31,200
Total	8,524,600	406,100

The main effect of the PSSF, in terms of the \$-value, is felt in the tourism and agriculture sectors. Combined, these two sectors account for 70 per cent of the sales effects. It is not clear how sustainable these effects are over the long term. With reference to the Additional Growth, this indicator shows the 'growth premium' that is delivered by PSSF to participating firms. It is this component that is the 'desirable' development that is more sought after because it represents a lift in long term performance, with sustainable value chain

effects. Manufacturing is the largest sector in terms of the ‘Additional Growth’ effects. Manufacturing is generally associated with strong economic linkages to the rest of the economy.

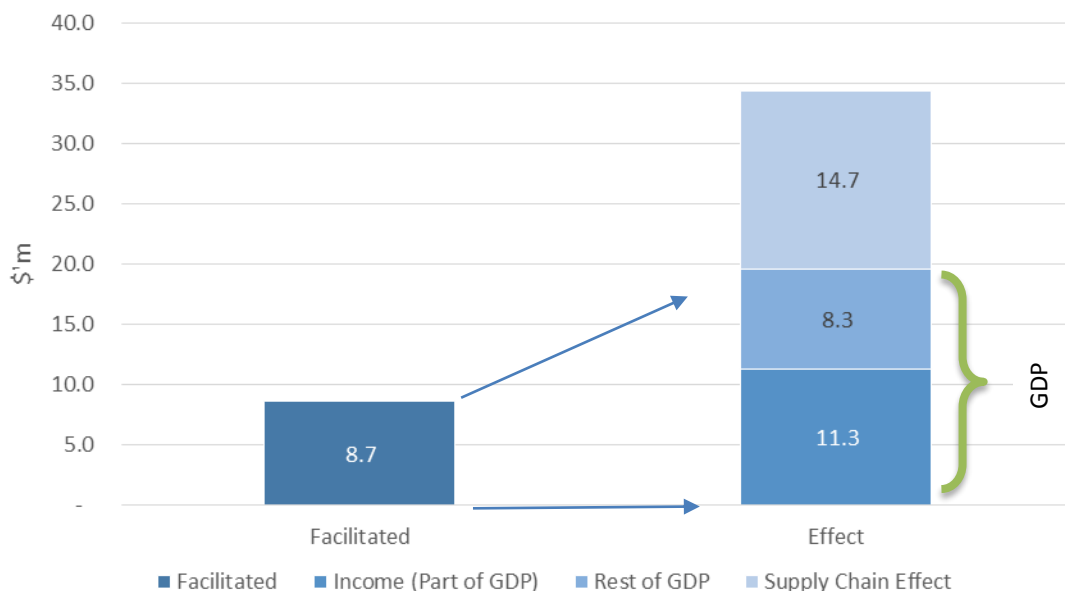
We note that the additional growth reflected here is the growth that is directly attributable to PSSF and is ‘on top of’ the baseline growth. Our analysis focuses on this extract growth only. Therefore, we have generated facilitated spending data, which takes into account the actual grant spend and any additional firm’s expenditure that is attributable to PSSF.

As PSSF distributes grants to firms and organisations throughout the economy, economic effects are generated. These effects are expressed through additional GDP, income and employment. When estimating the economic impact of an intervention, event, programme, project or policy it is vitally important to exclude all effects that would have occurred irrespective of the aspect being assessed. In the case of PSSF, we estimate the total effect associated with Facility and the activity that it facilitates (excluding any activity that would have taken place without the Facility).

3.2 Economic flow on effects

The economic effects of the PSSF as shown here includes the flow on effects or wider economic impacts of the PSSF activity and the activities it unlocks. These flow on effects relate to the total supply chain effects and how the money flows through the economy. The economic impact generated by the PSSF activity is estimated at \$19.7m of GDP, of which 57.7% is in the form of income that is distributed back to employees (see Figure 3-1). The equivalent GDP figure for 2013 is \$20.1m of which 59.1% is in the form of income. The difference is put down to the difference in the type of activity supported. In terms of employment, the economic activity associated with the facility supports around 560 employees throughout Samoa. In 2013, almost 500 people gained employment throughout the whole economy (due to PSSF activities).

Figure 3-1: PSSF Effects (GDP; 2014)



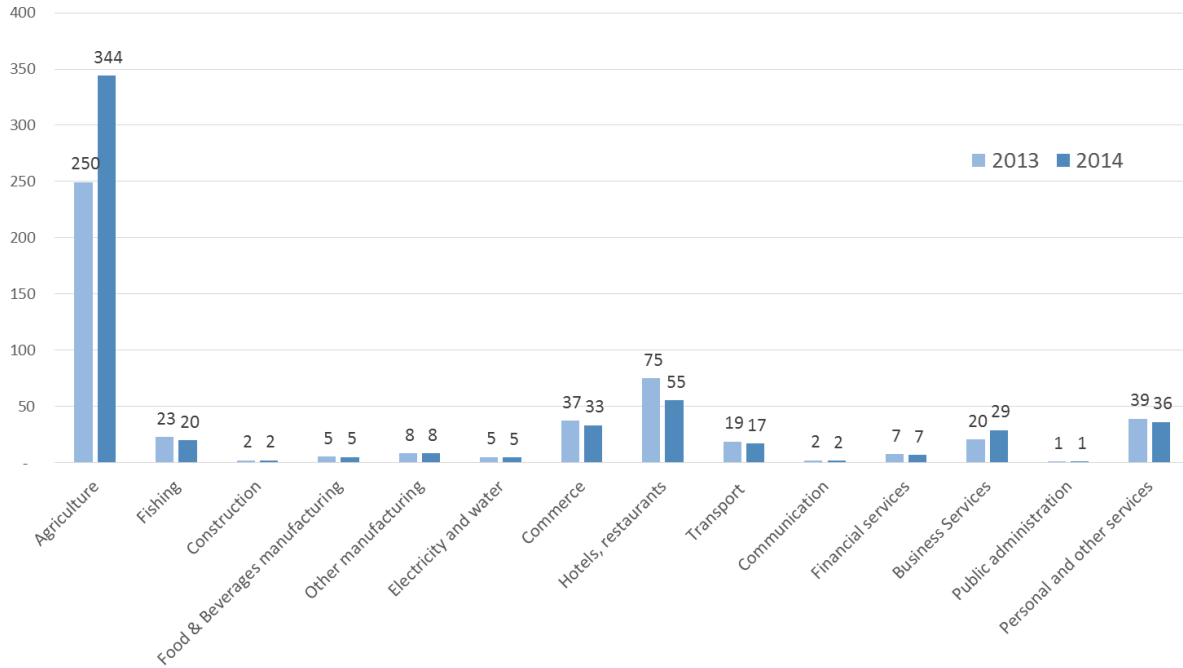
The above information suggests the following:

- PSSF is having a positive economic impact, and
- For every \$1 of spending facilitated by PSSF, \$2.25 in GDP effect is delivered.

In 2013, the economic effects delivered by PSSF were of the same order of magnitude.

Another economic impact that stems from the grants distributed by PSSF is employment. As PSSF facilitates spending, it flows through the economy, generating employment. Figure 3-2 shows the sectoral distribution of employment that is affected by PSSF grant funding.

Figure 3-2: Employment Impacts



The sector with the largest employment effect in both years was Agriculture; due to a large portion of the grants given out for water tanks. Commerce, Hotels and Restaurants, Business Services and Personal and other services also experienced noticeable benefits from PSSF services. It is interesting to note that although total GDP and Income was higher in 2013 that more employment was facilitated in 2014.

The PSSF funding is based on a grant-approach. It is also a stand-alone service with no other service ‘wrapped around it’. These features limit the opportunity to seek out and explore synergies, or ways to increase the Facility’s impact. As a consequence, the effects are not as durable as some other approaches. With reference to the growth effects, the analysis suggests that the annual net gain (to the firms) from using the PSSF grants is around \$406,100 per year. This additional growth generates economic impacts of around \$550,000 GDP effects.

If the PSSF’s effect on firms’ growth diminished over a two year period and the historic level of PSSF effects continues, then cumulative GDP effect is estimated to grow to around \$1.27m (per year, including the effects of 3 preceding years). This excludes any lasting effects associated with the investment in water tanks⁷.

⁷ This is excluded from the analysis in this section because this type of application is outside the scope of PSSF. However, this does not mean that the investment does not have a lasting effect. Further, it is unknown whether the firms that the grants ‘saved’ will continue to operate indefinitely or will shut down the next year.

3.3 Conclusion

The PSSF is delivering positive economic impacts. A large portion of the positive effects are delivered via activities which are not closely aligned with the PSSF mandate and might overlap with other development aid programmes. It is our understanding that one of the reasons for making the PSSF funds available to activities which are not closely aligned to its core mandate was a direct response to a market need. It should be noted that the responsiveness of the PSSF to the market need is, in itself a progressive and insightful move. We do not see this as delivering a negative impact. The issue is the divergence from the original intention and direction of the PSSF. A potential unintended consequence of the move is that firms or recipients that would not qualify for assistance under 'normal' conditions managed to access assistance. This resulted in a movement of resources away from other potential uses. Further, the relative concentration of in the agriculture sector suggests that a specific drive for applications from this sector was lifting the applications.

It is plausible that another entity (private or public sector) could have acted as a 'marketing agent' for the PSSF thereby influencing the process. We note that agricultural development activities tend to have good social outcomes aligning with the GoS focus areas, such as promoting equitable sustainable livelihoods through the development of the local economy, have a focus on small to medium businesses employing and/or engaging the vulnerable groups, build upon existing public, private and community systems and assets; improve the wellbeing of the disadvantaged and promote gender equality. Therefore, it is understandable that the PSSF made the funds available to the agriculture-based applicants.

In light of PSSF's primary objective to '**support the development of the private sector and to enhance trade opportunities** through value added initiatives', we suggest that the facility refocuses and reconsiders how it assesses applications and the type of activity(ies) it supports.

4 PSSF's Social Impact

The PSSF's 'touch' on Samoan communities is through its effect on economic activity as well as the wider social effects.

Social impact assessment is vital as it iterates how individuals and communities are effected by economic activity in context. Such analysis allows for spaces for dialogue, assessment and change. These social impacts are discussed this section in terms of:

- Equity,
- Accessibility,
- Community benefits,
- Cultural alignment, and
- Alignment with broader socio-economic development objectives.

PSSF's social impacts are discussed in this section.

4.1 Equity

Equity, refers to fair access to a range of opportunities irrespective of identifiable difference. Identifiable difference can refer any category of difference such ability, age, sex, gender or location. The UNDP identified a key outcome of PSSF implementation is to provide opportunities for those experiencing disadvantage, irrespective of difference. This aligns with the Millennium Development Goals and its aspirations for poverty alleviation by 2015.

From the survey we found in Apia:

- 50% of the PSSF supported businesses were based in the Apia Urban area, with the majority of the balance being in the Upolu rural districts.
- The high percentage of support to businesses in the Apia urban is probably a consequence of the fund servicing established businesses. Apia is Samoa's main economic centre with head office facilities, banking, commercial services, transport and a labour force all concentrated and available here.
- The unemployment rate in the Apia urban area is higher than Samoa's overall average; youth unemployment in Apia is higher again.

The unemployment rate in Apia urban area is higher than Samoa overall and youth unemployment in Apia is higher again. Support to grow established businesses in the Apia urban area is considered desirable as it can impact upon reduction of urban unemployment. This could not be established clearly as an outcome from the information gathered. However, the resultant weighting of support to Apia based business is regarded as potentially assisting with reducing urban unemployment rates.

In the context of Savai'i we found,

- Three businesses were supported by PSSF.
- Savai'i is a rural area with few employment opportunities and low overall income rates.
- Support for business growth provided employment opportunities for Savai'i residents without leaving their family and community by leaving to work elsewhere,

- The consequent benefits of small businesses included improved income and standard of living for those employed and their families, which filtered through to the wider community.

Changes in the funding criteria allowed requests for capital improvements for agricultural enterprises to be approved. These changes resulted in a substantial boost to rurally disadvantaged communities and individuals. Before this change, very few rural agricultural businesses were eligible to apply. From the survey, approximately 25 % of the businesses funded were agricultural businesses. The rural focus for both Upolu and Savai'i for capital works of water tanks and irrigation systems has contributed towards achieving the broader aims of supporting rural development.

From the discussion of Savai'i we can appreciate how PSSF's grants in rural Samoa provide essential infrastructure to rural Samoa. PSSF facilitating, the development of more equitable opportunities for farmers in terms of livelihood development. This takes small farmers beyond subsistence agriculture and exchange.

For example, during the team's field visits we visited a female farmer who cultivate high end vegetables such as purple cabbage and has contracts for supply to the hospital as well as catering firms and a hotel. This farmer had received PSSF funds for installation of water tanks. Prior to installing the tanks, it could cost \$400 per week to water crops when other water supplies were unreliable. The water tanks together with weather protection for the crops has allowed the farmer to be able to offer reliable commercial supply of produce which previously would have been supplied by imported vegetables. The farm was adjacent to the family house and part of the family's land so she was able to maintain family life whilst farming.

Seventeen percent of those surveyed for the PSSF assessment were women indicating that support is given for women in business. It is unclear as to why the number is low and perhaps may reflect the social bias noted in the 2010 Millennium Goals progress report that women tend to remain in traditional roles in village life despite having a similar standard of education and opportunity to work or establish and operate businesses as males. The PSSF could be used to stimulate businesses who employ females provided the businesses are sound and meet other requirements around commercial viability and sustainability.

With regard to business support for youth, there does not appear to have been specific support given. Given that youth led established businesses are likely to be few, if any, this is not unreasonable outcome. However, the PSSF could be used to stimulate youth employment or youth enterprises and associations which have an economic development focus and which have sound business principles behind them.

The PSSF grants and the wider effects appear to be equitable by not discriminating by gender, allowing women to maintain traditional roles in their families whilst undertaking business opportunities. The fact that the PSSF offers opportunities to women, a commonly disadvantaged group recognises the power and positive outcomes equitable grant services provide, which recognises, respects and facilitates difference. PSSF as such, is an agent of social equity.

4.2 Accessibility

Accessibility, is a term that attempts to measure how easy it is to obtain something. In our research accessibility, refers to the ease of access in securing funding approval and knowledge of the fund.

In terms of ease of access, it is understood that applicants often require the services of an external agent to assist them prepare a good application. It is likely that many established businesses would have the resources to employ an external agent to draft the funding application. However, there may be opportunity to tailor the application requirements so that the process and submission requirements are less onerous and not necessarily require an external agent to prepare. There would also be benefit to provide guidance material which sets out how to complete the application. For instance, the form requires information about potential environmental impacts – in some instances, this may be an overly complex and costly (and potentially unnecessary) requirement. In this instance, a checklist of various possible impacts for self-assessment may be beneficial.

A number of comments had been received that the PSSF grant is not well known. Funding applications are called by public notice in the local newspaper and via the website. The PSSF Board is comprised of representatives from various industry groups and it is presumed that the funding rounds may be notified amongst individual industry networks. Despite these measures, it appears that it would be beneficial to provide a broader communication plan explaining the grants programme, its scope and who may be eligible to achieve greater awareness of the programme more broadly amongst the community.

4.3 Community Benefits

Community benefits are often difficult to measure because they are intangible, spread over long timeframes and hard to monetise. Therefore, we defined community benefits in terms of quality of life benefits, to individuals and to communities. Quality of Life measures are subjective so in this research were limited these to include education, health, transport, family and the ability to participate in various community and cultural activities. By focusing on a select number of indicators we can provide meaningful insights in to the social impacts of PSSF's activities on Samoan communities. From the survey and interview process we found:

- Businesses indicated that the PSSF funds were applied to achieving business growth through marketing, including export marketing, quality improvement. For agricultural businesses (a large component of the businesses that received assistance), the funds were used to achieve reliable water supply for commercial cropping.
- Some of the businesses surveyed applied funds as their business was failing meaning that the PSSF assisted in providing some security of income.
- 60% of the businesses offered their staff skills development through formal training in information technology, office management, customer service, sales, marketing and obtaining licences for machinery operation.
- 50% of those surveyed indicated that they offered employee incentives to keep good employees, including permanent work contracts, cash bonus incentives and additional training.

The provision of funds to boost commercial activities of established businesses, particularly where there is potential for employment growth, directly and indirectly, is a significant community benefit. Established businesses in Samoa are seen as foundational structures of community benefit and potential growth. Communities through the development or maintenance of small businesses have employment opportunities and means (financial, relational) to contribute to their community. Further, families benefit from having a source of regular income in full time or part time employment or supplementary income in the case of seasonal employment. A net community benefit manifests as employees and their families are able to be more self-sufficient and potentially less dependent upon cash remittances, which in the Pacific often are heavily relied upon.

The flow on effects from secure employment and incomes mean households have surplus income to facilitate better educational, health, transport and housing outcomes as well as contribute more so to their cultural and religious obligations. Employers educated through PSSF, recognise the worth of their employees, which enhances workers self-esteem.

Community benefits follow as individuals feel valued and are able to bring different skills from their employment experiences to community life.

4.4 Cultural Alignment

Resilience building is a core part of community development. Cultivating resilience in communities is essential and this can be done ensuring that programmes and activities are delivered in a culturally sensitive and aligned manner. Cultural alignment refers to whether funds complement or work against Samoan culture. PSSF grant funds support local businesses, including those established in rural contexts. This

contributes towards building resilience in the rural areas. Cultural alignment is important to ensure small businesses are supported in ways that enable local people to access employment opportunities that generate income to deliver an improved and sustainable standard of living that is not counter to their cultural identity.

4.5 Alignment with GoS Development Strategy and Millennium Development Goals

The GoS's Development Strategy and the United Nations Millennium Development Goals are national and international policy agendas designed to alleviate poverty and raise people's standards of living. The PSSF shows good alignment with these agendas.

PSSF by providing grants to small businesses in less developed communities assist in developing and maintaining local businesses. This includes several rural areas, such as Savai'i. Through PSSF's grant programme and facilitation service individual businesses at a local level are created and maintained, providing flow on effects through employment and income to the wider community. These flow on effects could result in poverty alleviation and increased community resilience to economic and social shocks as household wealth increases, creating potentials to save through regular employment and income. This will start to contribute to intergenerational wealth creation, increased livelihood capacity and wellbeing, which are all part of the UNDP and GoS goals and aspirational plans.

PSSF also works alongside other development agencies who align with UNDP and GoS strategic plans and goals. A new agricultural programme, the Samoa Agricultural Competitiveness Enhancement Programme (SACEP) initiated by the World Bank and supported by the Government of Samoa is an example of a new programme that will deliver specialist services to the agriculture sector. SACEP is intended to provide a comprehensive approach to development and business improvement in agricultural industries. This new development programme has adopted a sector wide approach and it is likely to provide some services that might be associated with PSSF activities (with specific reference to the agricultural industries). This could create overlap and a duplication of service, resulting in inefficiencies and wasteful use of donor resources. The implications of this could be far reaching as SACEP is not focused on local outcomes but regional outcomes. This implies that PSSF will need to carefully consider how it supports agriculture activities while aligning its activities with its own core objective. That is to **'support the development of the private sector and to enhance trade opportunities through value added initiatives'**.

4.6 Conclusions

From a social impact perspective, PSSF has had positive social impacts in terms of equity, community benefits, cultural alignment and alignment with the Development Strategy of Samoa and the UN Millennium Goals. The change of what is an eligible project to allow applications for capital works to support individual agricultural businesses allowed previously non-qualifying firms access to the facility.

The PSSF is a grant facility meaning that recipients are not required to repay the grant. The one way nature of the fund with no return means that the fund has no way of becoming self-sustaining, particularly if the funds are made available to established private businesses which already have lines of credit established with commercial banks. This also means that in some cases (by no means all), the Facility is used as a bail out. It is not clear if additional financial assistance is needed at a later stage or if the bail outs are one offs. The issue is that by bailing out marginal firms, the economic resources are allocated to unviable options which are tying up resources. These resources could be channelled to other, higher order, opportunities that would deliver more benefits.

The one way nature of the fund would be more appropriate where recognised industry groups are mounting an initiative where the benefits are spread within that industry group. The initiatives could relate to market research, mapping of value chain constraints and opportunities, strengths and weaknesses and

recommendations for improvement or promotion of particular Samoan products or services to external markets.

The current application system (and supporting structures) could also be refocused and sharpened to have a better focus on identifying appropriate candidate firms and to track performance over an appropriate timeframe. Currently, the recipients provide limited reporting that could be used to develop insights into how the PSSF is affecting performance. The benefit of result reporting is feedback as to whether or not the grant has met its objective and the lessons learnt means sharing of information for other businesses which is particularly relevant when talking about trade shows and marketing for export. It is reasonable to require some form of feedback and sharing of information through lessons learnt as a condition of receiving the grant. Also, building export markets and improving market access are not short term activities and require targeted activities over time and consistency in approach to achieve results.

On the basis of the above, it is suggested that it may be timely to consider how to optimise the PSSF programme to better match the needs in the market and original primary objective. It may be a case that the original objective was difficult to interpret (in a narrow sense) and it may be necessary to re-interpret and define the actions needed to achieve the objective. This will also ensure alignment with other (and new) development programmes).

5 PSSF Recommendations

This section outlines recommendations for PSSF.

Our review of PSSF has found that the facility has had some positive economic and social impacts despite difficulties matching its activities and scope with some very high level economic objectives. As a result of our review we have identified several key areas that require attention. The key areas are:

- Re-alignment with primary objective,
- Selecting recipients, and
- Monitoring and feedbacks.

Each area is discussed below.

5.1 Re-alignment with primary objective

In light of PSSF's primary objective to **'support the development of the private sector and to enhance trade opportunities through value added initiatives'**, our assessment has found that the facility supports a wide range of activities and that, over time, the type of activities supported by the Facility has shifted. We note that the shift has been a response to market needs as well as a growth (and drive) in applications from particular market segments. From the analysis it became evident that the PSSF Board had broadened the funding criteria to include consideration of capital items, water tanks and irrigation equipment but not tools or machinery for agricultural enterprises. An exception to the criteria was also made for capital improvements (water tanks for reliable water supply) for a tourism operation. These changes to the original intention of the facility indicate that the PSSF Board may have had difficulty with the scope or terms of reference of its original funding initiative. In addition, some of these changes reflected a response to some underlying (real or perceived) market needs.

Now is an opportune time to realign the PSSF activities with its original objective. We suggest that a clear terms of reference be developed for the application of the funds taking into account the long term objectives of the funding facility, the framework of other government policies and programmes, and funding initiatives in Samoa such as SACEP and SBEC. If the primary objective of supporting growth in trade opportunities is still relevant, then the Terms of Reference need to clearly align with supporting businesses or market sectoral interest groups which have identifiable trade potential. This may also assist in dealing with the issue which many fund applicants have with being unable to complete the forms themselves because of the complex nature of the form. If the Terms of Reference are clear then this would remove any uncertainty and ambiguity in the administrative (and application) processes.

As part of this refocusing, there is an opportunity to reconsider how different sectors are engaged. That is how the sector representatives (sitting on the different steering committees) link the PSSF with their sectors. This linking needs to go beyond advocating for the particular sector and should include an active 'marketing' of the PSSF to relevant sector stakeholders. This engagement could be informed by sectoral action frameworks that outline areas of opportunities, issues as well as barriers which need to be addressed. We are not suggesting a large-scale, time intensive and expensive 'sector analysis exercise'. Rather we are suggesting that the sectoral issues and opportunities be identified.

The focus should be on defining specific actions based on concepts such as competitive advantage and systemic competitiveness. These concepts are directly related to the primary objective of the PSSF. We note that the review needs to focus on finding the opportunities in the market place that can be captured using available resources (business and PSSF resources) in a relatively short space of time. We recommend using

tools such as Porter's Diamond⁸. The focus should not be on developing a list of '*problems, deficiencies and bottlenecks*' but to identify ways to improve the sector's performance.

In addition we recommend designing and putting in place a broad communication plan. This plan would explain the grant programme, its scope and who may be eligible to achieve greater awareness of PSSF. Where necessary the PSSF will need to refer applicants to other programmes (e.g. SACEP), while seeking to develop synergies with other programmes.

Finally, as part of the updating the PSSF and how it is managed, some flexibility will need to be included management process to allow for 'special cases' that do not fall meet the qualifying criteria but that have merit. One possible way to achieve this flexibility is to include provisions (in the PSSF's operational guidelines) for a percentage of the annual budget to be awarded to non-conforming applications.

5.2 Selecting Recipients

The second action area aligns and supports the first one. PSSF is managing scarce financial resources and needs to ensure that it is allocated in an efficient and effective way. The survey results suggested that some of the recipients may not have had a strong trade focus or may have requested and received funding assistance to support a poor performing businesses. This means that in some cases, PSSF assistance may have protected unsustainable firms and operations from failing. Whilst this is not necessarily negative as it assists with delivering job security and consequent social benefits, it is not sustainable and given that the funds are a scarce resource, consideration needs to be given to ensuring that they are allocated in an efficient and as sustainably effective way as practicable. While it may be possible to 'save' and 'turn around' some firms, care should be taken when using PSSF resources for these firms. It is our understanding that PSSF is not a 'bailout' programme. Using PSSF funds to prop up a failing business has two important consequences:

1. There is an opportunity cost to the economy arising from:
 - a. Not using PSSF funds to support other applicants because the funds have been allocated. This second application could have real growth potential.
 - b. The failing firm is tying up (potentially valuable) resources that could be used more productively in other parts of the economy (this is notwithstanding the potential social effects/benefits).
2. By supporting unviable firms, the PSSF is not working towards achieving its objectives.

For these reasons we argue that the PSSF needs to improve its screening process(es) to identify the different type of firms in terms of their growth potential and how they perform relative to their sector and the overall economy. Essentially, the recommendation is that the PSSF needs to refine its approval process(es) to better align how grant recipients use and apply the grants with the facility's intended outcomes.

In addition to the characteristics and potential of recipient firms, there are a number of other actions that the PSSF can implement to improve its wider social impacts. These include:

- **Women:** The PSSF could be used to stimulate businesses who employ females provided the businesses are sound and meet other requirements around commercial viability and sustainability.

⁸ This is only one example of the type of tools that are available and others include value chain analysis, regional innovation analysis and logic mapping.

- Youth: With regard to business support for youth, there does not appear to have been specific support given, a key gap in the PSSF impacts. The fund could be used to stimulate youth employment or youth enterprises and associations which have a development focus as well as have sound business principles behind them.
- Community benefit: As mentioned earlier, provision of funds to failing businesses may provide a short term community benefit however, emphasis should be placed upon those businesses that are commercially sustainable and have a capacity to grow and provide employment opportunities.

The above suggests that the PSSF needs to be more selective about the quality of recipients, and nature of businesses, it supports. This also means it will need to increase the number of applications it receives.

5.3 Monitoring and Feedbacks

The current PSSF operation does not appear to have any mechanism to monitor outcomes resulting from the use of PSSF funds. The current one-way nature of the facility can be adjusted by including mechanisms that requires recipients to share experiences, lessons learnt and other insights developed during activities. This will provide a way to track performance and act as a peer group accountability and learning system.

We are recommending establishing a feedback mechanism through which recipients can share their experiences, lessons learnt and outcomes from using the grant(s). This will provide networking opportunities for recipients to explore opportunities. This will deliver insights to PSSF structures about different sectors (and associated firms) use and efficiency in applying PSSF funds. Examples of the insights could include:

- Understanding the key success factors for trade shows and expos and how to maximise business returns from these,
- The potential to undertake joint marketing activities, and
- Opportunities to collaborate.

In order to develop the insights, it will be necessary to collect appropriate data and measure and track progress. There will need to be a balance between the cost and difficulty of getting the right data and getting perfect data. Measuring PSSF progress and performance (and firm level impacts) on an ongoing basis is intended to provide PSSF's governance structure with up-to-date information about how the PSSF is delivering impacts.

Research suggests⁹ that there has been a tendency to focus on 'proving' performance when designing monitoring frameworks. But in the case of PSSF, the focus will need to be on '*improving*' performance – that is to find ways optimise resource utilisation, respond to changing priorities while ensuring alignment with the primary objectives. A secondary focus could be related to '*proving*' performance, and addressing accountability issues. The exact specifications and structure of the monitoring and tracing framework will need to align with the PSSF's primary objectives so that it can provide useful and meaningful insights into:

- Measure the effectiveness of the assistance to firms,
- Track performance against a set measurable and realistic goals,
- Areas where there are inefficiencies and that may need corrective actions, and
- The external environment and the likely implications for the PSSF and recipients,

⁹ Rob Hitchens. Springfield Centre. Results Measurement in Private Sector Development.

The insights can then be used to inform stakeholders, applicants, other government departments and donor organisation about key pressure points and areas where there are growth potential.

6 Summary

Our research focused on the economic and social impacts of this programme. A number of high level recommendations are put forward for the programme.

Our analysis suggest that the PSSF is having a positive economic impact on the economy by way of two effects: Firstly it prevents marginal firms from going under by providing capital and financial assistance. Secondly, the facility supports firms by allowing them to undertake market development and marketing activities. From both economic and social perspectives, saving some firms will have a positive effect. However, this raises questions about the overall efficiency of how economic resources are then allocated in the market. Nevertheless, the PSSF is delivering a set of economic impacts. The economic impact are estimated at \$19.7m (GDP), supporting 560 jobs in the whole economy. The total income that is returned to households is around \$11.6m.

The economic impact includes a small portion of ongoing effects which are The PSSF is delivering a growth effect (i.e. developing markets that will have a durable effect) and this is estimated at around \$406,100. The economic impact associated with the durable effects is projections to increase to around \$1.3m (GDP) over a three year period.

We found PSSF's primary service is providing firms with access to finances through the grant scheme. In 2014, a total of 205 applications were received with 174 of these being accepted (84%).

The total grant funding in 2014 was lower than in 2013 – (\$1.2 vs \$1.4m). However, the total number of recipients was up by almost 70 (106 vs 174). Agriculture has the highest share of both grant counts (45%) and grant values (33%). The average grant for agriculture is around \$6,600, which is the lowest of all the sectors. A review of the grant applications showed that the most common application is for water tanks. PSSF is therefore, using value chains to deliver an improvement in economic activity. This aligns with one of PSSF's core purposes; to encourage increased trade.

PSSF's economic effects are a sum of the direct, indirect and induced effects. The main observations from the distribution of the PSSF effects are:

- Agriculture and arts and craft firms appear to be the type of firms that have been 'saved' by PSSF funds. In light of the agriculture activities this aligns closely with how the grant funds are applied in these sectors. Agriculture grants tend to be invested in water tanks.
- On average, one in five of PSSF grant recipients are 'saved' by the facility. This suggests that 19% of recipients are using the facility as 'bail-out' funding.
- When considering that half of the grant applicants are agriculture based (and 39% of the value), then the relative scale of this issue becomes apparent.
- With reference to the second effect, the survey results suggest that the PSSF delivers a growth premium to firms of around 0.3% - that is a lift in the growth rates that these firms experience.

The economic impact generated by the PSSF activity is estimated at \$19.7m of GDP, of which 57.7% is in the form of income that is distributed back to employees (see Figure 3-1). The equivalent GDP figure for 2013 is \$20.1m of which 59.1% is in the form of income. In terms of employment, the economic activity associated with the facility supports around 560 employees throughout Samoa. In 2013, almost 500 people gained employment throughout the whole economy (due to PSSF activities).

This suggests:

- PSSF is having a positive economic impact, and
- For every \$1 of spending facilitated by PSSF, \$2.25 in GDP effect is delivered.

The PSSF funding is based on a grant-approach. It is also a stand-alone service with no other service ‘wrapped around it’. These features limit the opportunity to seek out and explore synergies, or ways to increase the Facility’s impact. As a consequence, the effects are not as durable as some other approaches.

Our understanding is that it is an opportune time for PSSF to realign its activities with its original objectives. As part of this refocusing, there may be an opportunity to reconsider how different sectors are engaged. That is how the sector representatives (sitting on the different steering committees) link the PSSF with their sectors. We are not suggesting a large-scale, time intensive and expensive ‘sector analysis exercise’. Rather we are suggesting that the sectoral issues and opportunities be identified.

Part of refocusing PSSF’s primary objective to ‘**support the development of the private sector and to enhance trade opportunities**’ we contend will be through establishing value added initiatives’, which requires PSSF to refocus and reconsider how it assesses applications and the type of activity(ies) it supports.

Our survey also suggests that PSSF has two main effects:

- It prevents marginal firms from going under by providing capital and financial assistance.
- It supports firms by allowing them to undertake market development and marketing activities.

These two effects have different outcomes and need to be carefully considered. **While it is argued that the availability of PSSF funds delivers some stability in the market place by allowing some firms to continue operating, it raises important questions about the efficiency and effectiveness of the PSSF.** Based on our understanding of PSSF’s mandate, saving these marginal firms is not within its scope. While it may be possible to ‘save’ and ‘turnaround’ some firms, care should be taken when using PSSF resources for these firms. It is our understanding that PSSF is not a ‘bailout’ programme. Again an established screening process and better feedback loops will ensure fewer bailouts through preliminary screening and business assessment.

We are recommending establishing a feedback mechanism through which recipients can share their experiences, lessons learnt and outcomes from using the grant(s). This will provide networking opportunities for recipients to explore opportunities. Measuring PSSF progress and performance (and firm level impacts) on an ongoing basis is intended to provide PSSF’s governance structure with up-to-date information about how the PSSF is delivering impacts.

The PSSF’s ‘touch’ on Samoan communities is through its effect on economic activity as well as the wider social effects. Social impact assessment is vital as it iterates how individuals and communities are effected by economic activity in context. Such analysis allows for spaces for dialogue, assessment and change. These social impacts are discussed this section in terms of:

- Equity,
- Accessibility,
- Community benefits,
- Cultural alignment, and
- Alignment with broader socio-economic development objectives.

From a social impact perspective, PSSF has had positive social impacts in terms of equity, community benefits, cultural alignment and alignment with the Development Strategy of Samoa and the UN Millennium Goals. The change of what is an eligible project to allow applications for capital works to support individual agricultural businesses allowed previously non-qualifying firms access to the facility.

Through implementing our recommendations PSSF has significant opportunities to improve its business facilitation programmes in Samoa. This will in turn magnify its positive economic effects and redirect its focus towards its mandate and performance objectives. PSSF is therefore, an essential economic service provider for small businesses and aligns with the GoS development ambit and Millennium Development goals through its economic impacts and flow on social benefits.

7 Appendices

Appendix 1: Interviewees and Summary of Discussions

The following tables present the notes that were taken during the initial field work. The notes cover both PSSF and SBEC programmes. In most cases they are a direct copy of the handwritten notes i.e. they have not been edited.

General notes about the context	
Economic context	<ul style="list-style-type: none"> • 80% of the economy is subsistence based. • The economic data doesn't capture self-farmed production and household consumption. • Rely heavily on imported food and goods. Resorts rely on imported food because growers are unreliable and there is a lack of market infrastructure to service resorts.
Cultural context	<ul style="list-style-type: none"> • Tend to spend what is earned and not save. • Strong sense of customary obligations and family. • Customary land is not individually owned. This creates limited opportunities to secure loans against property 80% use customary lands and less than 10% use government land (ex-German plantations now used for grazing or untended) and 10% use the freehold land around Apia. • Family obligations versus business management practices and human resources. • Education is an issue. • Each village have their own economic development programmes (unconfirmed)
Social Context	<ul style="list-style-type: none"> • Pension is granted at 65 and is \$130 a month. There is also subsidised medical fees and pharmacy access for pensioners. • No other social welfare. • Mix of family/ village and business operations. This can be problematic and it is important to recognise the influence this has on business sustainability and to ensure business plans and implementation provide for this. • SBEC sometimes has to counsel where things have gone wrong.
Banks	<ul style="list-style-type: none"> • The Development Bank of Samoa provides the bulk of loans for SBEC clients. • The Commercial Banks, ANZ and Westpac more risk averse despite a 100% SBEC guarantee.
SBEC Board	<ul style="list-style-type: none"> • Provide whole business advisory support through the business development institution and it is not just a financial institution. • Provide start up and business appraisal advice. • Develop quality business linkages to markets and improve marketing capability. • Coordinate stakeholders to support local business development and remove obstacles.
SBEC staffing	<ul style="list-style-type: none"> • There are 20 staff overall: 2 trainers, 3 business advisory/trainers, • Geographic spread with 2 based in Upolo and 1 in Savai'i
Stories	<ul style="list-style-type: none"> • Taro export from Savai'i to NZ and US. • Virgin Organic Coconut oil, Savai'i for Body Shop. • Businesses successfully trading out of tsunami losses. • GP, ultrasound and podiatrist business establishment.

NZ - MFAT, Apia	
PSSF overview	<ul style="list-style-type: none"> • The Samoa government supports the private sector as engine for economic growth. • Funding mechanisms are used to support the private sector where commercial banks are not. • One off grants are provided for services or catalyst projects e.g. marketing plan development, trade show and expo attendance, rather than capital investment. • 3 funding group categories <ul style="list-style-type: none"> ○ Groupings/clusters/networks- informal, ○ Individual businesses, and ○ Private sector organisations eg. Chamber of Commerce. • In 2010 the PSSF grant scheme was redesigned as there were very few applications and too much red tape to apply. Applications were purely written submission and no presentations or interviews took place. • The bulk of grants went to water tanks and to fund overseas trade expos. With trade missions, no metrics recorded i.e.: how many people met, increase in volume of orders, value of trip + 11% return. • Need to understand mix of applicants and match to market sectors • There is a poorly structured metric system used to monitor success of grant money and how it generates sustainable business growth – it appears to have been reluctance to do this.

Notes from discussion with Ministry of Commerce, Industry and Labour (MCIL)	
PSSF overview	<ul style="list-style-type: none"> • Annual reports have existed since 2007. These have changed from funding round to be applied at any time- approximately 200 applicants • Application forms are on the website. Consultants assist with preparing applications • Applications are required to complete the form, a checklist and signature are also required to be signed. This is then registered in an Excel database and inspection is undertaken to confirm the number of employees and discuss future business projections. • The inspection team is separate from the application team. The inspection is undertaken before and after assessment- and provides a fresh view and understanding of the application. • 1.5 Million Tala – different funding for different categories. 50K: groupings, 20K private, organisations- no specific figure • Funding is not intended for capital items but rather for value additions, such as marketing initiatives. This provides a more complex approach. Large numbers of applications have gone for water tanks to assist promising farmers to develop commercially (water tanks- appear not to be regarded as capital improvements). • Key assessment criteria for PSSF funding is the impact funding will have on creating step change for organisation's commercial viability.

Development Bank of Samoa	
<ul style="list-style-type: none"> Background 	<ul style="list-style-type: none"> SBEC/ Development Bank partnership 20 years. Mutually beneficial relationship: SBEC ensures applicants are well informed before applying for funds so less business failure. SBEC acts as a good filter for Development Bank loan applicant. Applicants have been trained to develop entrepreneurial skills, provide bank with business plans therefore good loan application, and SBEC loan guarantee and finance access assist small beginners. NB of client having bank account and 12 months bank statement or book keeping records. (Access to banking infrastructure can be problematic in rural areas). Development Bank portfolio- SBEC \$3.5 Million or 2% portfolio DBS does its own internal assessment and follows up/monitors client loan direct with client. Development Bank staff undergo in house training with SBEC: assists in understanding SBEC clients issues and management, business background Development Bank: credit lines with Central Bank and European Investment Bank. Development Bank can experience cash flow issues e.g. after natural disasters Client split between 155 Upolu and 165 Savai'i Savai'i – agriculture, printing and shops. SBEC NB for rural economic development. Savai'i portfolio grown over time and less default. Possibly performs better than in Apia in terms of loan default. Good working relationship between SBEC and Development Bank in Savai'i

Ministry of Women, Community and Social development	
Background	<ul style="list-style-type: none"> Strong small business assists with community strength and empowers communities Work with networks of women and village mayors to promote community strength and improve living standards. Small business is seen as important to assisting this and builds skills wealth, empowerment and positive psychological benefits, provides local peer models Partner with SBEC to do training and build entrepreneurial spirit for young people and women National Youth Awards- SBEC is one of the judges and financial literacy is NB Worked jointly with young artists for display of art at SIDS conference. Incubator project. Ongoing work now to form art collective and approach resorts for gallery exhibits/provide market for art work. Emphasis on quality, mentoring and exhibition/ presentation to market.
Examples	<ul style="list-style-type: none"> Student chose farming and staying with family over opportunity for further education- now exporter of Taro and employer. Young woman was able to bring income to family through her small business and raised enough money to build bathroom extension to the family house
Community Issues	<ul style="list-style-type: none"> Strong commitment to village subsistence and family obligations When youth drop out of school, traditional villages provide a clear group to be involved in and a place for you whereas town villages are not so traditional and can create social problems. School and technical/ university education would benefit from having small business thinking so that graduates can initiate business and self-employment initiatives. Keep young skilled people in Samoa
Challenges	<ul style="list-style-type: none"> There is a need for a separate Programme for school drop outs particularly in towns to get them thinking about self-starting initiatives. Drop outs can't access \$150 to start training

Central Bank Samoa	
Background	<ul style="list-style-type: none"> • Have arms' length relationship with SBEC as not part of Central Bank's core functions • Recognise that SBEC plays critical role in Samoan economy as SMEs are NB driver for economic development • Draft- Financial Sector Assessment Programme due for release in May 2015 • Central Bank lends to Development Bank-post GFC, Tsunami, Cyclone (28%GDP- cyclone support) and SIDS conference. • Market is heavily export dependent rather than local production – NB to change this
SME comments	<ul style="list-style-type: none"> • Key challenge is access to finance and always natural disaster issues • SBEC important resource for training, financial literacy and loan guarantees. Samoans have little to secure loans against- makes bank loans difficult for business start-up or expansion. Land/property not available as security

Commercial Banks Roundtable- Westpac, ANZ, Samoa Commercial Bank , National Bank	
	<ul style="list-style-type: none"> • Appreciate SBEC activities in financial management training, assisting with business plan preparation and ongoing mentoring and counselling once business commenced. Has made difference in terms of quality of loan requests and loan default <ul style="list-style-type: none"> ○ SBEC involvement with loan client reduces business exposure. Also regard favourably if client has a working partner because it ensures loan repayment through partner ○ Banks want to earn interested with deposits and not just be a loan facility. Savings practices have to be developed. Income is usually not banked- tendency to spend income on family, cultural, church obligations ○ Still can find cash flows on some projects can be a little optimistic particularly with shops and taxis. Overstate revenue as not much understanding of business costs. ○ Banks have own internal benchmarks of business growth rates to compare business plan to for certain businesses ○ Won't look at mining, forestry, fishing or taxis. Can improve feedback between SBEC and banks re: certain business applications • ANZ has 50% market share. CEO sits on Board on SBEC • Typically SME default rates- <ul style="list-style-type: none"> ○ 20%, SBEC default rate less than 1% ○ National Bank Samoa- clients can expect SBEC will pay off loans. ○ Find under 10K are time consuming and more likely to default while ○ 50K are more reliable • Need to 'join the dots' of supply chains and businesses to further identify business opportunities • Replace export products for resorts with local produce through local market infrastructure (not there yet)

Women in Business Development	
	<ul style="list-style-type: none"> • Work with village women to find economic development opportunities to build wealth, self-reliance and resilience. Important as evidenced by aftermath of taro blight or cyclones. • Organically certified coconut oil to Body Shop- big success. Introducing fine mat weaving a traditional skill and suitable for younger girls with poor education. Fine mats are traditional special occasion gift and are valuable if well made. Also retaining old craft skills • Have programme of taking banking to the unbanked to encourage a saving discipline. Banks not easily accessible for rural communities. • WIBD operate at microfinance level and Clients may graduate to SBEC programme after successful operation has been maintained • -NB for SBEC not to become involved too soon as fairly low level of business skills • SBEC a well-established organisation, well networked and people know to go there. SBEC seems to recognise its limits and not over extend • see issues for SBEC as being loss or reduction of NZAid, need bigger and better office space – privacy for business interviews, training facilities

Agricultural sector coordinator World Bank

- Samoan Agricultural competitiveness Programme through World Bank
- Biggest investment into agriculture since 1970s
 1. increase productivity and marketing of livestock(Cattle, pigs, poultry, sheep and honey bees
 2. increase productivity and marketing of fruit and vegetables (so less imports of green peppers, potatoes, onions, carrots,)
 3. Institutional strengthening of MAF and supporting NGOs
 - Provide financial assistance to eligible farmers for capital investments of fencing, stockyards, rain harvesting as well as land clearing and poly-tunnel housing for crops to increase yield.(following up high value crops)
 - do not fund vehicles, computers or airfares to NZ
 - Develop farming from subsistence to semi commercial/ commercial. NB to have access to land, experience farming and business training (SBEC is key service provider)
- MAF assessors for funding to farmers will trained by SBEC and work with SBEC to develop screening process and client support
- SBEC is important part as give business and financial training, screen farmer applicants and provide guarantee. Margaret is well connected and understands supply chain and market issues. Takes initiative to assist where a training need is perceived or talk to people to try and initiate change.
- Challenges- farmers are quick learners but need to pick up agricultural business practices, need good agricultural practices training, need to understand buyer requirements and quality and consistency supply issues, Technology to assist with consistency of quality and supply throughout the year, biosecurity, lack of agricultural insurance schemes
 - feed a big issue for increasing poultry production

Ministry of Finance

- Difficult to have savings for many people because of community way of life
- 500 school leavers need work. SBEC has key role in assisting small business development to facilitate employment opportunities
- shift of employment from government to private sector NB so less reliance on govt. sector
- Change to PSSF is timely. No indicators / outcomes of how assistance has helped. Tends to be a front end database but no evaluation of post grant money outcomes. Too much emphasis on throughput
- need to understand different growth opportunities across industry sector and industry specific concerns and address these as part of supply chain / market development
- Would be good for PSSF funds to be applied to future growth areas to influence economic activity rather than being passive to ensure good sustainable economic stimulus.
- still basic cultural changes need to happen- common use of banks and savings habit, improved financial literacy
- SBEC has good institutional arrangements – training, follow up support

Chamber of Commerce	
	<ul style="list-style-type: none"> • 312 members, mix of business sizes although very big companies don't join as they will go direct to govt. for dialogue rather than through Chamber of Commerce • PSSF marketing and promotions overseas exhibit assistance. Lacks overall policy direction Chamber of Commerce assists members to complete forms • CC committed to run PSSF more efficiently and to make a difference. Also strongly support SBEC • Move of PSSF to Chamber of Commerce works as spread of members in terms of business size and type(lot of diverse experience), has basic infrastructure with SEO, policy analyst, member officer, marketing and trade, in country training officer • SBEC is great initiative and regard the donor money as well spent. Provides a vital access to finance to allow business start-up. SBEC has good focus now , previously covered too much- there needs to be care with expansion to ensure that focus is still on core objectives. • SBEC, Chamber of Commerce and PSSF have overlaps. It is important to work together to make sure there is no duplication and work out who does which function best. See SBEC focus on informal sector and acts as bridge form informal to formal business whereas CC is represents established business

Social Network Group	
Session attended by National University Rep (ex. Development Bank), Samoan Qualifications Authority, SUNGO (Samoa Umbrella NGOs), Civil Society Samoa Programme, Ministry Health, Ministry Natural Resources and Environment	
<i>SUNGO (Edmund and Rosa)</i>	<ul style="list-style-type: none"> • Represents 159 umbrella organisations: church groups, Village Councils Cancer society. Does not direct interaction with SBEC rather member groups may • SBEC assists disabled by assisting disability groups with training, advertising market opportunities e.g. Printing and paper recycling. AU provides funds for disabled
<i>Ministry Natural Resources and Environment</i>	<ul style="list-style-type: none"> • Direct link between sustainable development, quality of life improvements and economic growth • SBEC is NB as it supports small business development and the business sector is key stakeholder of MNRE
<i>National University Samoa</i>	<ul style="list-style-type: none"> • Faculty Business and Entrepreneurship- vocational and technical training. • Have relationship with small business and tourism, services industries and engineering. Do not offer programme in small business specifically but generally in finance and business • Access to finance is key issue- would like to develop direct links with SBEC
<i>Samoan Qualifications Authority</i>	<ul style="list-style-type: none"> • Review standards and qualifications of formal education(accredited) and non-formal (recognition) and training to ensure recognisable competency standard and to align with international standards for transferability • Business sector is a priority sector but no core competencies as yet
<i>CSSP (Vaitoatoelupe)</i>	<ul style="list-style-type: none"> • Strengthen civil organisation through small grants, capacity building and policy influence • Work with hot spots of vulnerable communities identified through household income surveys to identify hot spots • Assists communities with economic development and works closely with SBEC and communities to move form subsistence economy • Several small projects have graduated in to SBEC- turning vegetable gardens into commercial production, bakery, capacity building through youth groups and women's groups in villages

Appendix 2: Questionnaires

Name of person being interviewed:

Business Name/ Group Name:

Date:

Sector:

Approved Grant Value:

Received Grant Value:

1. How long have you been operating this business (focusing on the business that secured the PSSF grant)?

0-2 Years	2.1-4 Years	4.1-6 Years	6.1-10 Years	+10 Years

Or when was is established?

2. Including yourself, how many people does the firm employ?

Type of employment	Number
Full time employment	
Seasonal or part time employment	
Voluntary employment (unpaid)	

3. When was the first time you approached PSSF for assistance and have you accessed PSSF services on more than one occasion? If yes, in which years (please write the year).

Service	1 st time		2 nd time	3 rd Time
Grant				

4. Why did you first approach PSSF? Please indicate the degree to which you agree with the following statements with 1 being totally agree and 5 totally disagree

Statement	Totally Agree ↔ Totally Disagree				
	1	2	3	4	5
I wanted to grow my business and take it to the next level					
I needed money to invest in the business to grow it					
My business was failing					
The business was facing cash-flow issues					
I needed to invest in my firm to unlock production capacity					
I wanted to undertake marketing for my firm					
Other reason: please specify					

5. Thinking now of the effect of PSSF's interaction with you and the firm had on the business's performance...

Please indicate the degree to which you agree with the following statements with 1 being agree a lot and 5 totally disagree.

Statement	Totally Agree ↔ Totally Disagree				
	1	2	3	4	5
Obtaining PSSF funds/ grant money has...					
Tap into export markets and growth opportunities					
Improved my understanding of how a business works					
Buy business (production) equipment					
Improved the awareness of the company (better branding)					
Helped me to better identify growth opportunities					
Helped me to investigate growth options					
Helped me to secure export opportunities					
Helped me to better identify and manage risks					
Connected me with other like-minded business people in other countries					
Secure export markets (sign contracts)					
Assisted me to grow my company					
I would not have developed export markets					
Secure my production during the dry season, helping me to retain local clients					

6. If you did not receive a grant from PSSF, what do you think would have happened to your business?

Statement	Totally Agree ↔ Totally Disagree				
	1	2	3	4	5
If I did not get assistance from PSSF...					
My business would have closed					
My business's sales levels would have stayed the same					
My business would not have grown as it did					
Loss of key clients (e.g. security of supply and quality issues)					
No change					

7. How did the PSSF's assistance impact on the following areas of your business in the **first year** after PSSF involvement?

	Decrease					0%	Increase						
	-10%	6-10%	2-6%	1-2%	0-1%		0-1%	1-2%	2-4%	2-6%	6-10%	+10%	
Sales													
Business expenditure													
Profits													
Employment													
Productivity													
Exports													
Business re-investment													

8. How did the PSSF assistance impact on the following areas in the **subsequent years?**

	Decrease					0%	Increase					
	-10%	6-10%	2-6%	1-2%	0-1%		0-1%	1-2%	2-4%	2-6%	6-10%	+10%
Sales												
Business expenditure												
Profits												
Employment												
Productivity												
Exports												
Business re-investment												

9. PSSF provides financial services and assists entrepreneurs to grow their businesses. Are you aware of any other service providers offering similar services?

Yes	Go to Error! eference source not found.	No	Go to Error! eference source not found.
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10. Can you please provide their names?

11. Have you used any of their services?

Yes	Go to Error! eference source not found.	No	Go to Error! eference source not found.
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12. Which services have you used?

	Yes	No
Financial training		
Loan guarantee		
Business mentoring		
Networking		
Marketing training		
Market information		

13. How would you compare the 'value to your business' of PSSF's grants against the other suppliers?

Compared to the other providers...				
PSSF does not add a lot of value to my business		They are about the same		PSSF offers substantially more value to my business
1	2	3	4	5

14. Was the grant was approved for an overseas purpose (e.g. Conference or Tradeshow)? If yes how much of the grant was spent domestically and how much internationally

	0-10%	11-20%	21-30%	31-40%	41-50%	51-60%	61-70%	71-80%	81-90%	91-100%
% Domestically										
% Internationally										

15. If you answered yes to question 14, then of the grant spent domestically, what percentage was spent on:

Airfares	
Promotional Material	
Clothing	
Other Retail	
Travel Expenses	
Food	
Electronic Goods	
Hardware	
Stock	
Other	

16. You indicated that you had experienced an increase in sales and employment needs following receipt of the PSSF grant. Have you had to develop the skills of your workers?

Yes		No	
-----	--	----	--

17. If yes, how did you improve the skills?

Formal training	
On-the-job training	

18. Have you had to consider activities or programmes to keep good employees?

Yes		No	
-----	--	----	--

19. If yes, what are they?.....

20. Q.18 As a result of increased sales and increased business, have you found that you have increased demand for local services to support your business eg. Printing, transport, computer services If so, what are they?

Finally, is there any comment or message that you would like to make?

Thank you very much for your time and inputs!

Appendix 3: Approach to Developing Samoan IO Tables and Modelling Framework

At the core of any Input-Output (IO) analysis is a set of data that measures, for a given year, the flows of money or goods among various sectors or industrial groups within an economy. These flows are recorded in a matrix or 'IO table' by arrays that summarise the purchases made by each industry (its inputs) and the sales of each industry (its outputs) from and to all other industries. By using the information contained within such a matrix, we are able to calculate mathematical relationships for the economy. These relationships describe the interactions between industries, specifically, the way in which each industry's production requirements depend on the supply of goods and services from other industries. With this information it is then possible to calculate, given a proposed alteration to a selected industry, all of the necessary changes in production that are likely to occur throughout supporting industries within the wider economy.

The IO model can be used to calculate the total value associated with the interdependencies between sectors and how changing the demand arising from one flows through the overall economy.

In order to analyse the economic impact of SBEC and PSSF we develop a Samoa IO table using the following steps.

We extracted the Samoa base data tables from the EORA World IO Database. We used the 2009 table with 25 economic sectors, as base. This year was selected because it aligns with the datasets for Samoa Bureau of Statistics. These tables were created as part of a global research initiative to calculate trade, environmental footprints and conduct multi-regional input-output studies. However, these tables are only indicative of actual economic transactions. As a starting point for our work, we aggregated that sectors to align with the GDP data from the SBS. The resulting tables were unbalanced (i.e. inputs and outputs by industry were not in balance as required for input-output analysis). Next we use a bi-proportional matrix balancing technique (RAS) to balance the transactions. This approach was used as it makes the least possible change to the base table in producing the balanced table. We completed a number of adjustments to the different datasets throughout the process to ensure consistency and accuracy. For example we had to adjust for currency differences.

Appendix 4: Input output Modelling – Limitations and Assumptions

One of the assets of Input-Output modelling is that the results it provides are easy to identify and digest, and relatively easy to use once Input-Output tables are available for a particular region. However, IO analysis is not without limitations, despite being widely applied in New Zealand and around the world. The most common limitations relate to the historical nature of IO Tables. We use IO tables derived from the 2006/7 Supply and Use Tables. Therefore, they may not accurately reflect the relationships between sectors in the current economy.

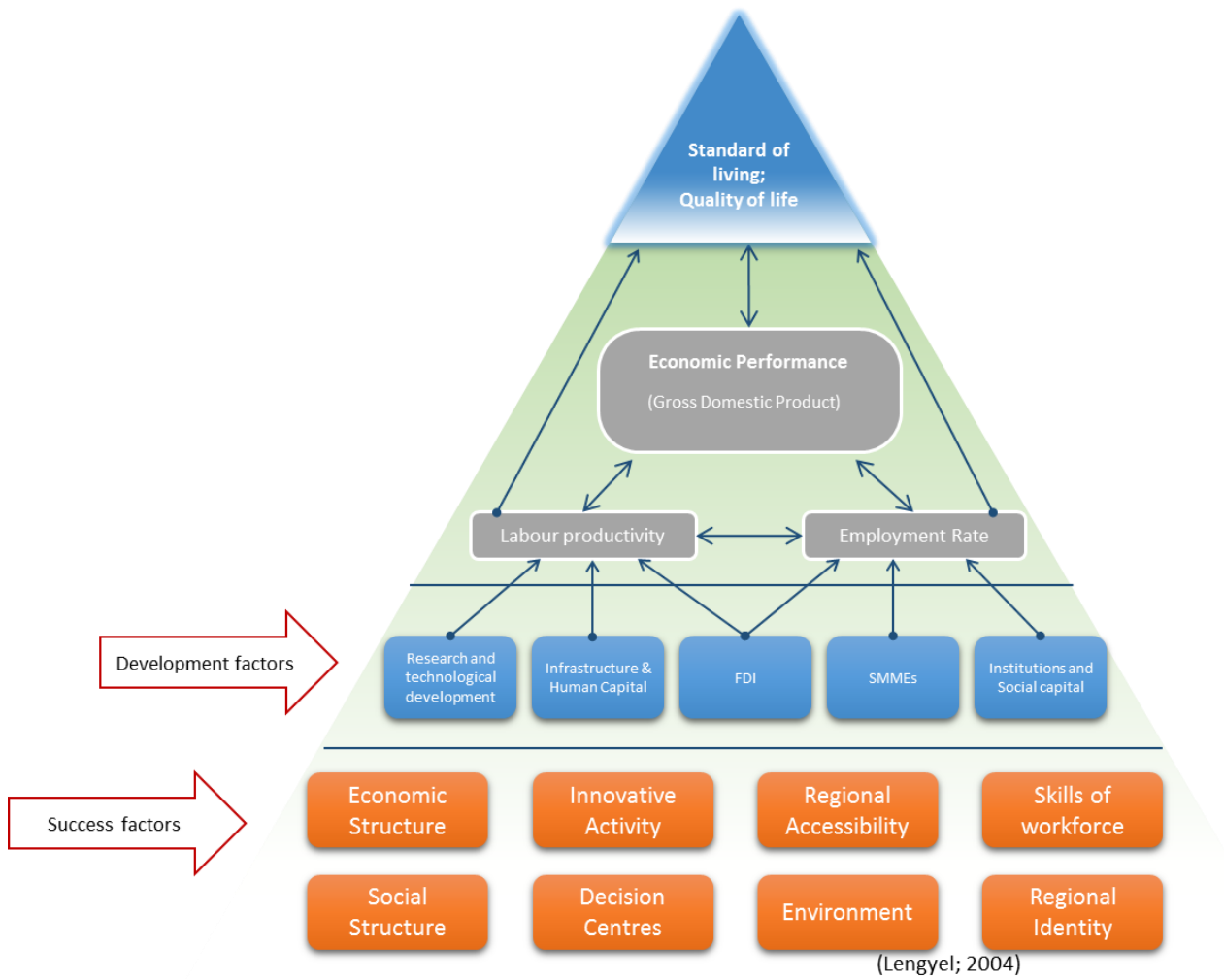
With reference the IO modelling in general, a key assumption is that input structures of all industries (i.e. technical relationships) are fixed. In the real world, however, technical relationships will change over time. These changes are driven by new technologies, relative price shifts, product substitutions and the emergence of new industries. For this reason IO analysis is generally regarded as suitable for short-run analysis, where economic systems are unlikely to change greatly from the initial snapshot of data used to generate the base IO tables. In addition to the 'fixed structure' assumption, other important assumptions (and limitations) of IO models are:

- **Constant return to scale:** This means that the same quantity of inputs is needed per unit of output, regardless of the level of production. In other words, if output increases by 10 per cent, input requirements will also increase by 10 per cent.
- **No supply constraints:** IO assumes there are no restrictions to inputs requirements and assumes there is enough to produce an unlimited product.
- **The model is static:** No price changes are built in meaning that dynamic feedbacks between price and quantity (e.g. substitution between labour and capital) are not captured.

The following indicators are used to measure economic impact:

- **Value added** measures all payments to factors of production (land, labour and capital), and excludes all purchases of intermediate inputs. It broadly equates with gross domestic product (GDP) as a measure of economic activity on the national level, and gross regional product on the regional level. Components of value added include compensation of employees (salary and wages), operating surplus (company profits), consumption of fixed capital (depreciation), and subsidies.
- **Employment** is measured in Modified Employee Count years (MECs). This is the number of full-time and part-time employees as well as working proprietors on an annual basis. This provides a measure of the labour demand associated with the estimate level of economic activity. Note that additional MEC-years do not necessarily require that additional persons be actually employed. It may mean existing employees or proprietors work longer hours to complete the additional work.

Appendix 5: Regional Competitiveness & Economic Development Logic



Appendix 6: Summary of GoS Strategic Development Plan

Priority Area	Key Outcome	Strategic Areas	
Economic Sector	Macroeconomic Stability	<p>Fiscal sustainability and economic resilience:</p> <ul style="list-style-type: none"> - Continue to strengthen public finance management, - Implement and monitor the Debt Management Strategy, and Implement and review the Aid Policy; Accommodative Monetary Policy; Develop and implement an appropriate institutional framework for the finance sector; and Develop transition strategy for graduation out of LDC status 	<p>Fiscal Policy:</p> <ul style="list-style-type: none"> - Budget deficit to be no more than 3.5% of GDP; 1. Maintaining total debt outstanding to less than 50% of GDP; 2. Improve on Public Expenditure and Financial Accountability (PEFA) assessment scores from 2010; 3. Monetary Policy: <ul style="list-style-type: none"> - Underlying inflation at 3.0-4.0% per annum, - Maintain Import cover at 4.0-6.0 months, - Maintain competitive real exchange rate, - Improve enabling environment for access to credit of the private sector; and 4. Macroeconomic Management: <ul style="list-style-type: none"> - Achieve Real GDP growth averages 3.0 - 4.0% per annum.
	Re-invigorate Agriculture	<p>Adopt an inclusive approach to promote and encourage investment in agriculture and fisheries through:</p> <ul style="list-style-type: none"> - Provision of responsive advisory services in crops, livestock and fisheries, - Provision of planting materials and availability of fishing equipment, and - Better access to financing and market information; <ol style="list-style-type: none"> 1. Encourage priority investment in downstream high value added processing of products utilising research results available; 2. Support the development of organic products and „Organic Samoa“ brand; 3. Enhance capacity building at the community and village level, secondary and tertiary level and vocational training; and 4. Strengthen the policy, strategic planning and management capability to support sustainable agriculture development. 	<p>Increased contribution to Real GDP by 2% p.a.;</p> <ol style="list-style-type: none"> 1. Reduced imports of agricultural products in particular fruits vegetables and livestock products; 2. Improved local supply (measured by increased Fugalei market supply); 3. Increased level of subsistence agriculture moving towards semi commercial status; 4. Increased investment in Agriculture; 5. Effective dialogue between Government, private sector and civil society; 6. Contribution of subsistence agriculture to GDP quantified; 7. Effective extension services in place through client feedback; and 8. Increased Number of graduates in agriculture/fisheries related fields.
	Revitalise Exports	<p>Review and implement the National Export Strategy (NES);</p> <ol style="list-style-type: none"> 2. Establish an Export Authority to provide essential export and marketing services; 3. Support and promote niche export and high value added products such as organic products for export; 4. Identification and promotion of potential crops and livestock products for exports; 5. Effective coordination amongst producers' associations to support export demand; and 6. Closer working relationship between the Export Authority and the exporters. 	<p>Increase merchandise exports by 5% p.a.;</p> <ol style="list-style-type: none"> 1. Increase the range of processed export products; 2. Agricultural exports increase by 3% p.a.; 3. Improve access of farmers to timely and up to date information; 4. Export Authority established and resourced; and 5. Effective cooperation amongst all exporting parties established.
	Sustainable Tourism	<p>Improve destination promotion and marketing;</p> <ol style="list-style-type: none"> 1. Ensure quality product and service delivery through implementation of tourism operators' standards; 2. Support and encourage the linkages amongst training providers to strengthen relevant training for the industry; 3. Enhance Market Access (connectivity and links); 4. Improve tourism infrastructure; 5. Formulate a tourism and promotional investment policy; and 	<p>Growth in total tourist numbers of 5 - 7% per annum;</p> <ol style="list-style-type: none"> 1. Growth in tourism earnings of 5% per annum; 2. Increase in formal investment in the sector; 3. Maintain cruise ship port calls at 30 per annum; 4. 100% of operators complying with Samoa Accommodation standards; and 5. Occupancy rate to increase by 15% over four years.

Enabling Environment for Business Development	<p>6. Strengthen linkages between tourism and other sectors of the economy.</p> <p>Improve the enabling environment for business development through the implementation of the trade sector plan;</p> <ol style="list-style-type: none"> 1. Strengthen and support a „One stop shop“ approach; 2. Supporting cost effective infrastructure; 3. Promote small business development; 4. Focused support on rural businesses; and 5. Raise the efficiency and effectiveness of public service to support the private sector and community. 	<p>Increase in the number of new employment in export oriented industries;</p> <ol style="list-style-type: none"> 1. Increase in number of foreign investment certificates issued; 2. Increase in number of small businesses that graduate from informal to formal sector; 3. Reduce cost of doing business-through facilitative credit access and cost effective utilities and infrastructure (incl. telecommunication); 4. Increase public-private partnerships (PPP); 5. Improved Scores in World Bank Governance Indicators; 6. PASP Secretariat annual evaluation reports and Report of Review of Public Service publicly disseminated; and 7. Score for Rule of law in World Bank Governance Indicators increases. 	
A healthy Samoa	<p>Improve quality Health Service Delivery (which includes health promotion and health care);</p> <ol style="list-style-type: none"> 1. Continuous Development of Human Resources for Health; 2. Improve quality and availability of Medical Products and Technology; 3. Strengthen Health Financing; 4. Continuous development of Health Information Systems; and 5. Strengthen Governance and Leadership. 	<ol style="list-style-type: none"> 1. Infant mortality rate falls; 2. Under 5 mortality rates falls; 3. Maternal Mortality Rate decreases; 4. Proportion of 1 year olds immunized against measles increases; 5. Immunization rate of children in Samoa (rural areas) increases; 6. % of births attended by skilled health personnel staff increases; 7. Reverse the rising trends in Non-Communicable Diseases (NCDs) including obesity; 8. Number of attempts and deaths associated with suicide declines; 9. Prevalence and death rates associated with HIV/AIDS are reversed; 10. Prevalence rate of sexually transmitted infectious decreases; 11. TB prevalence and death rates decrease; 12. Increase in the number of qualified doctors and nurses and other allied professionals; and 13. Improve ratio of doctors per capita. 	
Social Policies	Improve Focus on Access to Education, Training and Learning	<p>Progress Quality teaching and learning at all levels;</p> <ol style="list-style-type: none"> 1. Access to relevant educational and training opportunities at all levels; 2. Strengthen linkages between education and training development to national goals; 3. Improve coordination of planning and policy development at all levels; and 4. Upgrade facilities and resources and sustain efficient management across the sector. 	<ol style="list-style-type: none"> 1. Increase in number of quality assured providers, programs and internationally recognized qualifications; 2. 100% of schools meeting the Minimum Service Standards (MSS) for Student Achievement; 3. Increased employability of graduates from Post-Secondary Education Training (PSET) providers; 4. Sustain adequate number of qualified teachers graduating from NUS; 5. Increase in number of students with disabilities being mainstreamed at all levels; 6. Integrated use of Information, Communication and Technology (ICT) in teaching and learning; 7. National Competency Policy developed and implemented; 8. Enhanced capacity for planning, research and policy development across the sector; 9. PSET knowledge management and information system developed and implemented; 10. Sector Coordination Mechanism established and funding integrated in budget; 11. Improved service delivery in all sub sectors; and 12. Improved facilities and resources across the sector.
Social Cohesion	<p>Safe and Stable Samoa</p> <p>Ensure community safety through improved crime management and prevention;</p> <ol style="list-style-type: none"> 1. Improve access to Justice, Law and Legal Services; 2. Recognize customary based justice and harmonize with formal justice system; 3. Promote integrity and good governance in formal and customary processes and services; and 4. Build sector agency capacity and improved service coordination. 	<p>Increased reporting of crime;</p> <ol style="list-style-type: none"> 1. Crime levels (domestic violence, child abuse, murder, theft etc) reduced; 2. Number of child and youth reoffending reduced; 3. Community policing programs enforced; 4. Disaggregated crimes statistics by gender collected as a standard practice; 5. Customary based justice in formal justice system processed promoted; 6. Good practices based on integrity and good governance principles documented; and 7. 8. Digital legal information records system developed. 	

		<p>Community Development: Strengthen village governance;</p> <ol style="list-style-type: none"> Promote community development; Strengthen social safety nets including social protection measures; Mainstream gender and disability in policy development; Enhanced resilience to meet the impacts of climate change and natural disasters; and Enhanced partnerships for financing initiatives. 	<p>Frequency of family and village disputes reduces;</p> <ol style="list-style-type: none"> Increase number of community based business established and operating profitably; Increase number of women and youth engaged in community based program/business; and Increase participation of people with disability in decision making.
	Sustainable Access to Drinking Water and Basic Sanitation	<p>A strengthened, effective and sustainable governance framework for service providers;</p> <ol style="list-style-type: none"> Water resources managed in an integrated and sustainable manner; Improved access to reliable and affordable water supply meeting national quality standards; Increased access to improved sanitation and wastewater systems; and Improved quality of drainage networks. 	<p>Increased annual customer satisfaction ratings;</p> <ol style="list-style-type: none"> Number of watershed management plans approved and under implementation; The cumulative total hectares of watershed areas that have been rehabilitated (fenced, planted and with human activity effectively controlled); Percentage of households that have access to reliable and affordable water supply; Water losses as a defined service area of SWA; Water quality improved in line with water standards; Better management of Independent Water Scheme; Number of households with access to basic sanitation (including septic tanks, disposal etc); and Cost recovery for water waste enforced.
Infrastructure Sector	Efficient, Sage and Sustainable Transport System and Networks	<p>Development of a Transport Sector Plan linking road network plans with port and airport development priorities;</p> <ol style="list-style-type: none"> Enforce construction standards for roads and drainage including pedestrian safety and climate resilience; Upgrade and maintain ports and airport terminal facilities as well as other related services; Improved safety and security systems for all ports and airports; Ensure efficient management and coordinated service delivery in compliance with international safety standards; Integrate best practice climate resilience measures into the design and planning of all transport networks; and Ensure integrated development efforts with all other utility services. 	<p>Publication/implementation of Transport Sector Plan;</p> <ol style="list-style-type: none"> Kilometers of Apia - Faleolo road upgrade completed; Kilometers of the national road network upgraded; Frequency of road maintenance reduced; Adoption of improved construction standards for roads; Improved customer satisfaction with port and airport facilities as well as related services; Improved compliance with international safety standards; and Reduced road damages due to weather and related complaints.
	Universal Access to Reliable and Affordable ICT Services	<p>Develop and implement a communication sector plan;</p> <ol style="list-style-type: none"> Investigate and regulate prices; Strengthen institutional arrangement and support for IT including public private partnerships; Encourage investment into ICT Infrastructure including a clearly identified least cost role for the government in this regard; and Incorporate E-waste into the Waste Management policy. 	<p>Lower broadband prices;</p> <ol style="list-style-type: none"> Improve broadband access and speed; Increase number of certified IT professionals; and Increase the number of in-
	Sustainable Energy Supply	<p>Promote and increase RE investment and generation;</p> <ol style="list-style-type: none"> Efficient, affordable and reliable electricity supply; Effective management of petroleum supply; Promote energy efficiency practices in all sectors particularly the transport sector; and 5. Efficient and effective coordination and management of the sector through the implementation of the energy sector plan. 	<p>Gradual phasing out of fossil fuels;</p> <ol style="list-style-type: none"> To increase the contribution of RE for energy services and supply by 8% over the 4 year planning horizon; Complete and implement energy sector plan; and Energy regulatory functions established.
Environment Sustainability	<p>Sustainable management of natural resources;</p> <ol style="list-style-type: none"> Improve coordination of environmental initiatives through the development of an appropriate framework for the environment sector through the Statement of the Environment (SOE); 	<p>Increase percentage of land area covered by forest;</p> <ol style="list-style-type: none"> Proportion of land area planted under the community forestry programme; Increase number of terrestrial and marine areas and critical ecosystems and species protected; 	

2. Support scientific research and data collection for better management;
3. Promote green growth technologies;
4. Protection of critical eco-systems and species;
5. Promote the use of good land use management practices;
6. Development of an urban agenda and policy;
7. Strengthen community engagement in environmental management;
8. Effective waste management strategies to support sustainable development; and
9. Effective assessment and monitoring of water resources.

Climate and Disaster
Reliance

- Mainstream climate change and disaster risk management;
1. Undertake climate change and hazard risks analysis and vulnerability assessments on sector plans and major investment initiatives to identify potential impacts to determine best options for implementation;
 2. Encourage the use of ecosystem based approach to adapt to potential climate change impacts;
 3. Strengthen awareness and consultation on climate change and disaster risk management;
 4. Strengthen disaster preparedness and response capacity;
 5. Improve provision of accurate and timely information and warnings;
 6. Improve monitoring of climate change through centralized collection of data;
 7. Develop an appropriate national mitigation plan for Samoa to meet carbon trading;
 8. Implement revised coastal infrastructure management plans; and
 9. Develop financing modalities for CCA and DRM.

3. Number of species threatened with extinction decreased;
 4. Proportion of invasive species eradicated;
 5. Expansion of ground water monitoring network;
 6. Percentage of rehabilitated degraded land and improved critical landscapes;
 7. Legislation and tracking system for chemicals and hazardous waste developed and implemented;
 8. Increase community awareness on water catchment areas and risk of unsustainable methods of farming;
 9. Increase land areas declared as water catchment reserve; and
 10. Improve compliance with land use management plans.
- Percentage of GHGs emissions reduced;
1. Number of renewable energy technologies promoted and used;
 2. A monitoring framework and base line data for climate change impacts and adaptation developed;
 3. A monitoring and evaluation framework to monitor the effectiveness of DRM programmes at national agency and village levels;
 4. Level of investment in DRM and climate change adaptation measures;
 5. Number of community disaster and climate risk management programmes completed;
 6. Number of climate risk profiles updated;
 7. Coastal Infrastructure Management Plans implemented;
 8. Number of ecosystems rehabilitated and or effectively managed; and
 9. Appropriate financing modalities for CCA and DRR.

Appendix 7: Context for Social Impact Assessment

This section provides a description of the social environment of Samoa and sets out key aspects of relevant documents for Samoa's development aspirations for its communities. It should be noted that reference is made to reports dated back to 2009. These are the most current reports available at the time of the SBEC and PSSF review. Whilst changes are anticipated to have occurred to that identified in 2009, it is assumed that the fundamental trends observed have not changed significantly.

Relevant Social and Development Strategies

There are two key documents which set out development aspirations for Samoa. These are:

- Millennium Development Goals associated with the United Nations Millennium Declaration signed by Government of Samoa in September 2000;
- Strategy for Development of Samoa 2012-2016 prepared by the Ministry for Finance (July 2012)

Millennium Development Goals

The Millennium Development Goals relate to alleviating poverty and hunger, achieving universal primary education, promotion of gender equality and empowerment of women, improvement in child and maternal health, minimise and halt incidence of major diseases, ensure environmental sustainability and facilitate economic development partnerships. Targets and indicators of progression towards achievement of those goals are periodically reviewed and reported upon.

A 2010 report prepared by the Samoan Government noted that there generally had been good progress towards achievement of the Millennium Development Goals. However, it was also observed that a recent tendency had been developing for more households and individuals to be experiencing growing degrees of hardship and difficulty in meeting basic needs expenditure. The report refer to the findings of a 2009 Participatory Assessment of Hardship which identified that 20.1% of Samoan households struggle to meet essential basic living expenses, particularly those requiring a cash payment. The 2009 assessment concluded families in rural areas were most affected. Increases in prices of goods and services had exacerbated this.

The 2010 report supports this and noted that youth, elderly and those residing in rural areas of Upolu and Savai'i experienced hardship. It noted that *'Many youth are finding it difficult to get the sort of jobs to which they now aspire; a traditional village and subsistence lifestyle often unpaid, no longer has much appeal.*

The role of girls and women in Samoan society remain largely unchanged at the village levels despite the relatively high educational attainment for girls compared to boys. Girls who do not achieve tertiary education and without formal employment remain with their families assume a place and in the village alumna (Social institutions for young women).

Female headed households are more likely to be in hardship when compared to male headed households. Conditions of financial hardship whilst not widespread do nevertheless have the potential of leading to increased social and domestic tensions, rising crime and a deteriorating quality of life for those most affected¹⁰.

¹⁰ Millennium Development Goals Second Progress report 2010 prepared by National Taskforce with support of UN system Government of Samoa.

The Millennium Goals recognise that economic prosperity is key to any uplift of community and social well-being.

Strategy for Development of Samoa 2012-2016

The vision of the Strategy for Development of Samoa- Boosting Productivity for Sustainable Development is 'Improved Quality of Life for All'. The Strategy provides a framework for outlining strategic initiatives with respect to the economy, infrastructure, social policies and the environment all of which combined with implementation activities are intended to lead to realisation of the vision of an improved quality of life for all. SBEC and PSSF are specifically mentioned under the key outcome of *Creating an Enabling Environment for Business Development*.

The Strategy provides initiatives to support invigoration of agricultural industry, export industry and tourism as these industries are recognised as key to enabling economic growth in both rural and urban areas. The mix of industries also provides a diverse therefore more resilient economic base over time.

Samoa Social Context

The Government of Samoa produces a number of statistical reports and census information which provide a sound basis for describing social attributes relevant to the social impact assessment of the SBEC and PSSF programmes. The following information has been gathered from the 2011 Census and also from the 2012 Labour Force Survey. The information is supplemented with information gathered from the field visit and interviews in November 2014.

The total resident population of Samoa as at 2011 was 187,820 of which 36,735 live in urban environment and 151,085 live in rural areas. Approximately 75 % of the population resides on Upolu and 25 % on Savai'i. The population is largely decentralised with high rural population scattered around village settlements which provide the hub of community life for bulk of the population.

Upolu includes the capital, Apia (predominant urban area of Samoa), and the commercial airport. A number of large three plus star resorts are situated on Upolu predominantly on the north west and south western coasts. The balance of the Upolu is rural with villages.

Savai'i is a major island situated to the west of Upolu and is accessed via a ferry service from Upolu and does not include a public airport. Salelonga on Savai'i is considered the second urban centre in Samoa and the district within which Salelonga is found contains a population of around 12,500 people. Other than Salelonga, Savai'i is predominantly a rural area with numerous village settlements.

The 2012 Labour Force Survey identified a working age population of 117,487 people of which nearly 80 % live in rural areas. However, the report states that only around 32% identify as being economically active with many of these living in North West Upolu.

Unemployment rates for Samoa are 8.7% for the whole of Samoa with Apia urban area being higher at 10.5% and Savai'i at 9.9%. Youth unemployment (15-29 years old) is identified as 16.4% for the whole of Samoa and 19.1% in urban areas and 15.5 % in rural areas.

Female unemployment rates are higher at 10.3% for the whole of Samoa with little differentiation between rural and urban area unemployment rates.

Census data indicates that there are around 4,061 people with disabilities with approximately 72% of those living on Upolu. No data is available to indicate that nature of the disability. This SIA does not refer further to people with disabilities as a disadvantaged group principally because the range of disabilities and how a particular disability impacts upon being able to work varies considerably and there is not information that can be sourced to comment on this.

The 2012 Labour Force Survey identifies that 67,190 people are engaged in subsistence production mainly in the rural areas. Many people have vegetable gardens and rely upon these to varying extents for food production. Commercial production of various food stuffs is an emerging agricultural industry and this is for local consumption as well as export. Commercial production has been hampered by harsh weather and the need for suitable crop protection, lack of reliable water supply and suitable commercial market infrastructure. Consequently, it is understood that a lot of fresh and packaged food is imported as it has not been reliably produced and distributed locally.

Most the land in Samoa is communally owned by extended families rather than private freehold. Should land be required for businesses purposes, it is generally not available as a means of security for any business loans as it belongs to an extended family.

The 2012 Labour Force Survey identified that literacy levels are very high (98.5%) and that over 68% population have attended secondary school. An analysis¹¹ was undertaken in 2008 of the poverty incidence in Samoa. It was found that overall 3% households or 15% population live in extreme poverty. In Samoa, poverty is less about access to food but rather relates to lack of financial capacity to cover costs of essential non-food basic needs such as electricity and transport and reduced capacity to meet cultural obligations and participate in village decision making.

Remittances are estimated to provide 25% of the GDP. Anecdotally, many Samoan families rely upon remittances from overseas relatives to provide supplementary income to meet family, church and cultural obligations. A 2008 Household Income and Expenditure Survey published in August 2010 identified that the average household income was \$694 per week whilst expenditure was \$840 per week. Highest average incomes were found in Apia Urban Area and NW Upolu whilst Savai'i had lowest income levels overall followed by the rest of Upolu which is largely rural.

Anecdotally, it is understood that the high percentage of rural dwellers combined with lack of access to banking facilities and typical spending habits means that banking and savings patterns in rural areas tend to be low or non-existent in certain communities.

¹¹ 2008 Household Income and Expenditure Survey