



Climate PFM At-a-Glance: SAMOA

US\$ 275.7 Million 2018/19 Recurrent Expenditure
 US\$92.7 Million 2018 Development Budget
 US\$ 336.0 Million 2018/19 Recurrent Revenue

US\$2,235 Million Gross Domestic Production (GDP)

195,843 (2016): Population
 Fish, Taro, Noni Juice: Main Export

Samoa has:

- Its economy performing well and has shown fiscal resilience;
- Made good progress on fiscal consolidation and strengthened the fiscal framework supporting important structural reforms, including key Public Finance Management (PFM) functions; and
- Some challenges still remain.

PFM is key to:

- Effective economic management;
- Achieving development outcomes; and
- Increasing access to climate change and disaster risk management (CCDRM) finances.

A summary of PFM performance and key areas for reforming are identified in the consolidated PFM issues matrix¹.

Country's Strategic Direction

Samoa Government has adopted a 4-year Strategy for Development of Samoa (SDS) for the period 2016/17-2019/2020 providing identified priorities with clear implementation programs and actions.

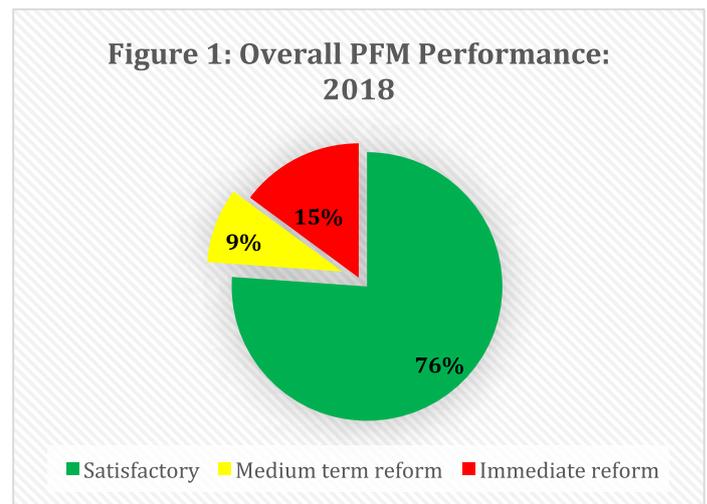
The vision of the SDS is “An improved quality of life for All” underpinning by sound economic management which will provide the foundation for inclusive growth.

The SDS is linked to sector plans developed by ministries as catalyst to progress the SDS outcomes. The SDS recognized PFM as one of the strategic instrument to facilitate the implementation of the macroeconomic resilience agenda by building fiscal buffer for the country to effectively respond to external shocks.

Public Finance Management System Performance

In the figure 1 below, Samoa has continued to show satisfactory performance of the PFM system with a rating of 76%. This has attributed to the great effort by the Government in undertaking fiscal consolidation and broadening financial inclusion. It is of essence to ensure continuous monitoring and timely application of corrective measures if cost-overrun is projected and to also avoid slippage of performance on implemented reforms. The introduction of the “Finance One” management system accompanying by well developed strategies and frameworks contributed significantly to the satisfactory PFM performance.

Figure 1: Overall PFM Performance: 2018



Further look into the PFM machinery, the analysis finds that among the five PFM common challenges faced by FICs, capacity limitation is the major challenge for Samoa.

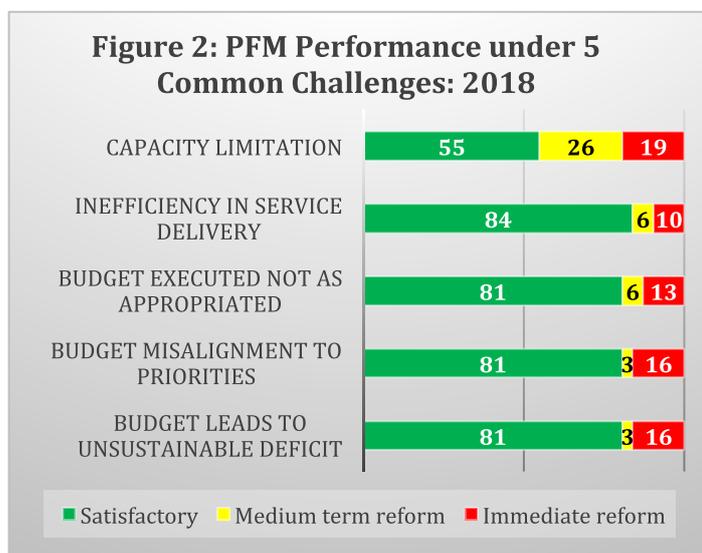
These are the five PFM common challenges namely;

1.	Unrealistic budget leads to unsustainable deficits
2.	Budget misalignment with priorities
3.	Budgets executed not as appropriated
4.	Inefficiency in service delivery
5.	Capacity limitation

¹ A traffic-light codes single matrix consolidated PFMS issues guided by PEFA and PCCFAF identified PFMS weaknesses and strengthens. The RED for immediate reform actions; GREEN – indicates satisfactory performance and need for ongoing monitoring to avoid slippage and Yellow: implies medium policy reform actions.

PFMS performance by common challenges²

The figure 2 below shows the satisfactory performance of the PFM in almost all of the identified common PFM challenges. However, there are challenges remain identified in key areas under capacity limitation (19%) that needs to be addressed immediately, thereby supporting the country's effort to appoint a National Implementing Entity (NIE). The NIE process requirements aligned with the fiduciary criteria required by climate finance sources for direct access, as identified in the analysis presented in the bar-graph below. Capacity is referred to human resources availability, skills and soft & hard infrastructure capabilities³.



Addressing capacity limitations

Capacity limitations are frequently cited as key constraint to obtaining “best practice” performance standards for PFM. The following are suggested actions to address capacity constraint in Samoa.

1. Prioritise capacity to areas that matter most in achieving development outcomes and meeting CCDD funds fiduciary criteria;
2. Improve access to capacity building, supplementation and substitution opportunities;
3. Improve infrastructure capabilities;
4. Secure political support of stakeholders involved in the PFM reform (leadership/commitment); and
5. Alignment of donors' aid modalities to country's strategies - coordination and harmonization.

Suggested key PFMS reform areas

A grant of US\$58 million from GCF was approved for

Samoa via UNDP with government co-financing of about US\$8 million towards strengthening the country adaptive capacity and infrastructure building. On the satisfactory performance of PFM, Samoa needs to continue strengthening its fiscal management to reduce external risks and consider creating a contingent fund to meet immediate post-disaster related needs or fiscal cost from contingent liabilities.

Improving fiscal management requires consideration and implementation of the following reform actions within 1 – 2 years timeframe. This increases the country's fiscal resilience:

- a. Integrating priorities into the budgeting, revamping the coding system to improve reporting and policy-based analytical works;
- b. Strengthening internal control and risk auditing;
- c. Strengthening the monitoring and evaluation (M&E) framework to measure reform performance against the desired results;
- d. Strengthening procurement reporting and transparency by establishing an independent appeals body to review grievances; and
- e. Improving engagement with private sector given the on-going PFM reforms, employment and investment opportunities from climate change and disaster risk finance space.

Highlights of available Support Programs

- DFAT/GIZ CFRP Project supported the PFM reforms program such as private sector mapping and capacity building for internal audit;
- The 2018 PEFA assessment reconfirmed the findings presented in the PFM consolidated issues matrix;
- Potential technical assistance from relevant partners to support addressing those identified weaknesses from PEFA assessments; and
- World Bank/ADB can provide technical support according to their program focus.

Key documents

- 2016/2017- 2019/2020 Strategy for the Development of Samoa and Budget Paper and Sectors Plan
- PEFA Reports
- Climate Public Expenditure and Institutional Review Report
- IMF Article IV reports
- Pacific Country Peer Review

² PFM identified common challenges facing FICs.

³ Refers to financial management information technology & key PFM documentations and institutions.