Ministry of Commerce, Industry and Labour
Matagaluega o Pisinisi, Alamanuia ma Leipa
"to support Government's vision to lead and excel in the provision of quality service to foster economic growth for all"

Savaii Business Environment

Scoping Study

20 June 2016

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Su'a Donald Leumaga,
DLC Consultex.

Acronyms

ADB	Asian Development Bank
ANZ Bank	Australian New Zealand Bank
BAS	Business Activity Survey
BoSA	Businesses of Salafai (Savaii) Association
BSP	Bank South Pacific
CEO	Chief Executive Officer
DBS	Development Bank of Samoa
EPC	Electric Power Corporation
HIES	Household Income and Expenditure Survey
KVA	Kolone Vaai and Associates
MAF	Ministry of Agriculture and Fisheries
MCIL	Ministry of Commerce, Industry and Labour
MFAT	Ministry of Foreign Affairs and Trade
MSMEs	Micro Small Medium Enterprises
PPS	Petroleum Products Supplies
PESTEL	Political, Economical, Social, Technology, Environment and Legal
SABS	Samoa Agribusiness Support Project
SACEP	Samoa Agriculture Competitiveness Enhancement Project
SBEC	Small Business Enterprise Centre
SBESS	Savaii Business Environment Scoping Study
SBS	Samoa Bureau of Statistics
SCCI	Samoa Chamber of Commerce Inc.
SSC	Samoa Shipping Corporation
SSTA	Savaii Samoa Tourism Authority
STA	Samoa Tourism Authority
SMEs	Small Medium Enterprises
SPBD	South Pacific Business Development
SYB	Start Your Business
TCMSP	Trade Commerce and Manufacturing Sector Plan
WIBDI	Women In Business Development Inc.

Executive Summary

There is currently limited analysis undertaken at the regional level for Samoa. The Savaii Business Environment Scoping Study (SBESS) thus is timely and provides policy makers with updated information on how best to develop the island of Savaii. The SBESS was conducted through a consultative process as well as a specific survey that was conducted for Businesses in Savaii and Key Personnel's that were either main stakeholders or are part of the Savaii Business environment fabric.

Overall, the study concludes that the business environment in Savaii is very poor, despite a decade of the high infrastructural developments such as the Salelologa Township and Agricultural Produce Market, road and bridges upgrades, access roads and the improvements to the Salelologa Port.

The Savaii economy is predominately subsistence and household income in Savaii continues to lag behind the national average and is remains the lowest when compared to other regions of Samoa - recent HIES.

There are few large businesses in Savaii and the businesses are characterized by the micro sized retail stores, small and medium sized businesses thus limiting value adding and clustering opportunities. There is an urgent need to develop Large Commercial Agricultural ventures to work/cluster with small semi-commercial farmers thus utilizing the abundant land and labour resources in Savaii. The promotion of private sector development assistance schemes to attract investments into Savaii as well as improving accessibility for Savaii entrepreneurs are vital.

Business associations in Savaii, including Savaii STA (SSTA) and Businesses of Salafai Association (BoSA) should be supported both financially and through trainings so they could expand and fully participate in public-private dialogue with the government.

There is overwhelming optimism to develop Savaii as to achieve its potential. To achieve this, series efforts must be planned and implemented with the objective of developing a conducive environment that would attract large commercial ventures into Savaii. Furthermore all stakeholders must work in a durable partnership with a view of transforming the largely subsistence economy in Savaii into a monetized economy thus creating employment opportunities in Savaii. The key sectors identified in this scoping study - agriculture and tourism must be integral to these efforts.

There is a need to conduct a coordinated micro and sectoral survey to monitor the changes in the business environment in Savaii. The said future study is warranted to measure the impacts of business development schemes in order to navigate the growth of commercial and non-commercial activities in Savaii. These findings will assist all parties involved to align and work together to develop a robust business environment in Savaii.

Introduction

The Government of Samoa through the MCIL's Trade Commerce and Manufacture sector Plan (TCMP) 2012-2016, documented adequate institutional framework to carry out appropriate actions to address private sector constraints and challenges. However, there is no specific strategy on Savaii and the Ministry felt it is crucial to understand the environment for doing business in Savaii. The Ministry is mandated to carry out policies and interventions necessary to improve the country's private sector enabling environment. Whilst this scoping study provides input to this process, the Ministry is further emphasizing or boosting the role of the private sector and SMEs as a driving force in economic development.

The global World Bank doing business survey tells much about the business environment in an economy, but it does not tell the whole story. The World Bank ranking on the ease of doing business, and the underlying indicators, do not measure all aspects of the business macro environment that matter to SMEs. This scoping study is more focused on the business environment of Savaii.

The scope of this study is to provide an assessment/update on the Savaii business environment focusing on the following:

1. The types of businesses already in Savaii
2. Analysis of the sectors in Savaii
3. Assessment of business related services available in Savaii
4. The roles of the private sector organizations and agencies catering for the Savaii businesses.
5. Assessment of the agricultural produce market in Savaii

PESTEL analysis is added to give a broader perspective on external factors influencing businesses in Savaii.

The study then looks at constraints and opportunities common or pertaining to the business environment in Savaii. It has also identified popular approaches to help drive businesses in Savaii.

Following this, the report ends with some specific suggestions to strengthen the collective performance of businesses in Savaii.

Methodology

Types of Methods Used - Four methods/Modes used

a. Desktop Literature review.
b. One full day Focus group in Savaii (with MFAT and KVA Consult).
c. One on one Interviews with business owners/managers
d. Face to face Interviews with key informants (notes taking).
e. Questionnaires administration during the interviews with the businesses and key stakeholders.
f. Site visits (observation) of key businesses, public places, farms and access roads in Savaii.

There is a lack of official statistics readily available on the Savaii business environment. This study undertook the above methods in order to solicit concreted pathway (description) to achieve the core (5) objectives of the scoping study.

Sample Selection

MCIL provided the lists of employers and active retailers in Savaii. In addition, a business list used for the 2013 Business Activity Survey of Micro, Small, Medium and Large Businesses in Savaii was made available by SBS for this scoping study.

Consequently, Two important groups of the business community (related to Savaii) were surveyed as part of the Savaii Business Environment Scoping Study.

(i) Business Owners (in Savaii)
(ii) Key Informants are large business investors, Chief Executive Officers and Managers of Businesses and Organizations highly involved with the development of businesses and semi-commercial activities in Savaii.

Appendix 2 includes the list of businesses and key personnel interviewed.

There were 44 respondents from Businesses and 14 from Key Personnel's. A total of 50 Businesses were identified and only 6 questionnaires were not returned by the businesses thus leaving a sample size of 44. All targeted Key Personnel's returned their questionnaires. The results of the Survey are detailed below.

Survey Findings/ Results

The overall findings of the survey showed the business environment in Savaii as being very poor. This means, it needs urgent attention by the Government of Samoa and all the stakeholders.

Savaii is characterized by the micro sized retail stores, small and medium sized businesses operating in a semi commercial nature. Subsistence in Savaii is still prominent with very few opportunities for paid employment.

Specifically:

- The main industries in Savaii are Agriculture and Tourism and are also identified as the key industries for future development.
- The majority of Businesses in Savaii are micro and small businesses.
- Tourism and Financial Services are currently the most important services for businesses in Savaii.
- SBEC was the main organization that was providing assistance for businesses in Savaii.
- The main challenge facing businesses were Limited access to private sector development assistance; High Utility costs including internet, and Lack of Savaii promotion as a tourist destination.
- Salelologa produce market is very important to the development for the agriculture sector. However, the market is not fully utilized by farmers at present.
- There is a need to further promote and improve private sector development assistance schemes for Savaii.
- Business associations in Savaii, including SSTA and BoSA require support and should be encouraged to expand and strengthen their capacity to effectively engage in public-private dialogue with the government.
- Large Commercial Agricultural businesses should be encouraged to work/cluster with small semi-commercial farmers
- Main Opportunities for investment/development in Savaii are Tourism Attraction Sites; Availability of Land Mass; Abundant Resource Base and Working Population.
- The main modality for Government assistance for businesses in Savaii is Through the private sector assistance schemes and Inclusive approach for development. and
- Main approach to developing Savaii were to Strengthening the Value Chain approach; Clustering of operations; Government assistance - private sector development schemes.

Business Respondents and KP Responses.

The Businesses' responses were categorized under three areas:

- Business Details of the respondents;
- Business Environment and
- The Salelologa Agricultural Produce Market.

Objective 1: TYPES OF BUSINESSES IN SAVAII

Types of Ownership

Of the 44 Business respondents, almost 82% were *"Sole Proprietors"* and 18% were *"Incorporated companies"*.

Table 1: Type of Ownership

Type of Ownership	Percentage of Total
Sole Proprietor	***81.8%***
Incorporated company	***18.2%***
Total	***100.0%***

Average Age of Business

The average age of businesses [including semi commercial farms] interviewed was 16 years old. The business age is measured by the number of years they have been in operation. The longevity of the business reflects the owners passion and ability to navigate the business environment successfully.

Income and Expenses.

Businesses were asked to state their weekly and monthly income and expenses. The quality of the responses were poor as such these were edited using external data sources. The weekly sales and expenses are shown in Table 2.

Table 2a: Estimated Average Weekly Sales & Expenses

Industry	Average Weekly Sales	Average Weekly Expenses
Agriculture	2,767	1,673
Commerce (Retailing/Wholesaling)	183,870	150,070

Construction	5,800	4,292
Food & Beverage Manufacturing	6,410	5,008
Hotels, Restaurants	14,838	10,146
Transport & Storage	4,750	3,325
All Businesses Average	***7,986***	***6,055***
All Businesses Median	***4,650***	***3,000***

Table 2b: Estimated Average Weekly Sales & Expenses

Industry	Average Weekly Sales	Average Weekly Expenses
Agriculture	2,767	1,673
Commerce (Retailing/Wholesaling)	613,870	460,070
Construction	5,800	4,292
Food & Beverage Manufacturing	6,410	5,008
Hotels, Restaurants	14,838	10,146
Transport & Storage	4,750	3,325
All Businesses Average	***17,759***	***13,100***
All Businesses Median	***4,920***	***3,500***

Table 2a shows the data collected on average sales and expenses from the surveyed businesses, excluding the two major players in retailing and wholesaling in Savaii. Table 2b shows the data collected from all the businesses surveyed, including the two major players in the commerce sector in the big island of Savaii.

The highest average weekly sales and expenses were in the commerce industry. The inclusion of two of the biggest wholesalers increased the all business average sales and expenses by more than 100%. This is further illustrated with the marked difference between the average weekly sales and the median sales shown above.

An average turnover of only $8,000 a week was determined from the returned business questionnaires when the two large wholesaling businesses sales were excluded (Table 2a) compare to 17,800 (Table 2b) when the two major players are included.

Objective 2: ANALYSIS OF SECTORS IN SAVAII

Business Industry

The majority of business respondents were engaged in Commerce with 56.8 percent. The next highest number of businesses were in the Hotels & Restaurants (18.2%) industry followed by Agriculture and Construction with 6.8% of the total number of business respondents respectively.

Food and Beverage Manufacturing and Transport each had 4.5% of the total number of business respondent. Personal & Other Service accounted for 2.3 percent.

It should be noted that some business were engaged in more than one activity and these were classified according to their main activity. For instance a business may operate a retailing shop, a bus (transport) and a Bakery (Food Manufacturing), however they would be classified under only 1 activity whichever was their main/significant activity. (clustering activity). Whilst the majority of Businesses surveyed were in Commerce, when asked what the main industry was in Savaii the unanimous result was the agriculture sector.

Table 3. Business Type

Business Type	Percentage of Total
Commerce (Retailing/Wholesaling)	**56.8%**
Hotels, Restaurants	**18.2%**
Agriculture	**6.8%**
Construction	**6.8%**
Food & Beverage Manufacturing	**4.5%**
Transport & Storage	**4.5%**
Personal & other services	**2.3%**
Total	**100.0%**

Business Size

The size of a business is determined by the number of people it employs. The Micro Businesses employs 1-4 people, Small Businesses employs 5-9 people, Medium Businesses employs 10-25, Large Businesses employs 26-70 people and Significant Businesses employed over than 70 people. [SBS,2013 BAS].

In terms of employment, Table 4 below shows the majority of businesses with 47.7% of respondents employed between 1 to 4 employees. Most retail stores interviewed had the owner or a family member as a single employee with part time assistance offered by a relative. These businesses were mainly in the Commerce Industry -Small Retailers.

The most dominant business size in Savaii is obviously Micro, followed by Small, Medium and large sized operators.
However, the Commerce Industry also included large sized businesses that were employing 26-70 and more than 70 employees.

Table 4. Business Type

Employment Number	Percentage of Total
Employing between 1-4	**47.7%**
Employing between 5-9	**20.5%**
Employing between 10-25	**15.9%**
Employing between 26-70	**13.6%**
Employing more than 70	**2.3%**
Total	**100.0%**

Around 20.5% of the business respondents employed between 5 to 9 employees. Other employment brackets are shown in Table 4.

Table 5. Main Sector/Industry in Savaii

What is the Main Sector/Industry that exists in Savaii	Percentage of Total
Agriculture	**58.3%**
Tourism	**33.0%**
Other Commerce/Services	**8.7%**
Manufacturing	**0.0%**
Total	**100.0%**

The main sector/industry in Savaii according to Key Personnel's mirrored what was stated by businesses with *"Agriculture"* being the main industry with 58% of the respondents. This was again followed by Tourism with 33% and Commerce fetching 8.7% of the responses.

The large number of business types were dominantly in the Commerce sector, however the study has identified Agriculture as the main sector in Savaii. This is due to two main reasons (i) the predominantly subsistent nature of this sector in Savaii, (ii) the huge potential opportunities available in Agriculture given Savaii's unused land mass.

There are many micro and small businesses in Savaii but their overall economic impact is considered minimal. This finding will be further illustrated later in the study using Tables 17 and 18.

Objective 3: ANALYSIS OF BUSINESS RELATED SERVICES IN SAVAII

Business Environment - Businesses Responses

Given the majority of the respondents were retailers, the most important services reported was undoubtedly wholesale delivery service. Retailers informed that the two large wholesalers based in Salelologa village are the key competitors in the wholesale business in Savaii. The delivery of fuel (Petroleum and Diesel) was reported during the interviews to be extremely important to petrol stations surveyed. PPS is the sole distributor in Savaii of petroleum products such as oil, gasoline and diesel.

The Electric Power Corporation branch in Savaii also relies heavily on the service provided by PPS. PPS is dependent on the SSC Charter Service to transport the petroleum, petroleum products across Savaii 5-7 times a month.

An Interesting concern was also highlighted in the respective comments from Wholesalers regarding the difficulties and reliability of shipping services to Savaii. This impacted on their ability to provide reliable delivery services to small retailers in Savaii especially in the rural areas.

SSC recognized the growing demand for their service to Savaii. At present, each business is permitted to take only two delivery trucks per trip. SSC is operating an online booking on trial with STA to facilitate customer bookings. In addition, SSC is planning to replace MV Fotu-O-Samoa II (318 tonnage capacity), cargo carrier, with a bigger vessel to accommodate the growing demand within two years time. The number of passengers commuted between Mulifanua and Salelologa (monthly) averaged around 54,000 in 2015. The number can reach 68,000 during the peak holiday seasons.

SSC is fundamentally significant in the provision of efficient and reliable sea transportation to provide an enabling business environment for Savaii.

Important Businesses related service in Savaii

Businesses were asked to rank *"Tourism"*, *"Financial Services"*, *"Agriculture Produces"*, *"Marketing"* and *"Manufacturing*" in terms of **importance** to their businesses. The results provided were ranked and scored according to importance and the *expected median score* was calculated at 138.

Table 6: Important Businesses related Services in Savaii - Ranking of Important Business related Services in Savaii.

Ranking of Important Business related Services in Savaii	Score
Tourism	*162*
Financial Services	*156*
Agricultural Produces	*148*
Marketing	*140*
Median	***138***
Manufacturing	*129*

The results from businesses showed *"Tourism"* scoring the highest with 162 in terms of importance followed by *"Financial Services"* with a score of 156, *"Agriculture Produces*" with 148 and *"Marketing"* with a score of 140 all above the expected median score of 138[i].
Financial service(s) was the second important related business service in Savaii and attributed mainly to:

a. SBEC loan guarantee scheme, together with the DBS, has enabled some of the surveyed business to access the start-up capital.
b. SBEC financial and Start Your own Business (SYB) trainings.

The two leading Banks are upgrading their facilities in Savaii to improve their financial services delivery on the Island.

Agriculture service was the third important business related service.
The consistent availability of agricultural produce, [taro, fruits and vegetable], value added products such as coconut oil, creams and soaps, is considered important for the hospitality sector in Savaii.

Other agricultural businesses or semi-commercial farmers and fishermen wanted to see the availability of sufficient agricultural and fishery accessories (products) in Savaii.

The lowest business in terms of importance to their current operations was *"Manufacturing"* with 129. This illustrates that there were very few manufacturers in Savaii which is curbing opportunities for clustering and value adding, especially in the manufacturing sector

Business Environment according to Key Personnel's

The Key Personnel's (KPs) were asked about their view on the current business environment in Savaii. Over 57% stated that the current business environment in Savaii was *"Very Poor"*.

Table 7: Current Business Environment in Savaii

View on current Business Environment.	Percentage of Total
Very Poor	57.1%
Satisfactory	28.6%
Poor	14.3%
Excellent	0.0%
Good	0.0%
Total	**100.0%**

A further 14.3% stated it was "Poor" whilst 28.6% considered it satisfactory. It was well noted that not one respondent viewed the business environment as being "Excellent" or even "Good". This was reaffirmed by KP's whom were directly involved in the development of Savaii or are currently operating/investing in Savaii.

This clearly shows that businesses and Key Personnel's viewed the Savaii business environment as being very poor.

Objective 4: THE ROLES OF THE PRIVATE SECTOR ORGANIZATIONS/AGENCIES CATERING FOR SAVAII

The interviewed businesses were asked to select the private organization(s) that provide readily available service(s) to them in Savaii. The Samoa Business Enterprise Center (SBEC) was the most popular organization accounting for 44.3% of the total number of respondents.

This was followed by Women in Business (WIBDI) with 14.8 percent. Businesses of Salafai Association (BoSA) accounted for 9.8%, the same percentage as with the Samoa Chamber of Commerce. Interestingly, the BoSA is self financed and completely managed by Savaii private sector members.

Other private organizations were SUNGO with 8.2%, Savaii Tourism Association (SSTA) with 6.6%, and SPBD, SAME and DBS in that order of importance all below 5% of the total number of respondents. Detailed results are shown in Table 8.

Table 8: Availability of Services in Savaii

Availability of Services Provided by Private Sector Organization:	Percentage of Total
SBEC	44.3
Women In Business	14.8
(BOSA) Business of Savaii Association	9.8
Chamber of Commerce	9.8
SUNGO	8.2
SSTA	6.6
SPBD	3.3
SAME	1.6
DBS	1.6
Total Tally	**100**

There were some respondents, mainly micro businesses, that professed no affiliation with any private organizations but indicated their willingness to join one. On the other hand, a few number of semi-commercial fishermen, smaller restaurants and retailers voiced their reservations and fears to undertake loans.

SBEC is identified by the study as the leading organization offering financial guarantee to small businesses, business advice, trainings, and moral support for small businesses in Savaii. Businesses serve by SBEC ranges from micro to medium sized businesses. The majority of businesses surveyed had benefitted from SBEC's Small loan guarantee scheme and this has successfully overcome business inability to borrow on their own with limited or no collateral. In other words, SBEC has facilitated the accessibility of many small businesses in Savaii to financial services and resources—a leverage opportunity that is mostly out of the reach of the individual business. The SBEC model also has supporting business services in training and mentoring.

Constraints

Business Challenges in Savaii

Table 9: Scoring of Major Problems faced by Businesses

Major Problems faced by Businesses	Score
High utilities cost (electricity, water, internet)	215
Lack of Savaii promotion as a tourist attraction	206
Limited access to private sector development assistance	206
Lack of international connection (air and sea)	193
Access to credit/finance/investment capital	179
Median Score	***176***
Limited infrastructural capacity	175
High operational (employees, processing, marketing etc.) cost	174

Businesses were asked to prioritize in terms of significance the major problems and challenges they faced.

According to Businesses in Savaii that responded, the main issue was *"High Utility Costs"* which had the highest score of 215.

This was followed equally by *"Lack of Savaii promotion"* as a tourist destination and *"Limited access to private sector development assistance"* with scores of 206 each.

The tourism industry in Savaii felt that Savaii should be promoted separately to focus on eco-tourism coupled with the strong culture that is still visible in Savaii. This was seen as a major catalyst for boosting other sectors in Savaii such as agriculture, manufacturing of niche high value products such as: organic perfumes; coconut oil in addition to other general tourism related service industries. The tourism industry does not believe Samoa should continue to be bulk advertized but be more focused and regionalized.

The limited access to private sector development assistance also includes trainings that were viewed as being concentrated in Apia only. The Savaii private sector felt left out and were not fully benefitting from private sector development assistance programs. The study confirmed Savaii businesses have limited or no knowledge of many private sector assistance programs available.

The *"Lack of international connection*" was also significant with a score of 193 and this impacted on export markets as well as the supply of goods between Upolu and Savaii.

It was conceived during the one-on-one interviews with the businesses that the micro sized businesses face high costs of utilities especially electricity. The large sized businesses felt the utility cost was not a significant constraint to their operation. This reflects the efficiency in the economies of scale in large businesses.

Niche marketing approach to tourism included (a) improving the standards of beach fale to meet overseas travel advertising requirements, (b) "farm to table" approach where locally grown organic produce are sold to the domestic hotels for their menus. Tourists will find this uniquely Samoan and portraying a distinguish feature of the local hospitality sector.

Interviews with the key informants highlighted the need for a better sea and air transportations to facilitate the movement of goods and people to and from Savaii. SSC noted the growing demand from the business sector and they have in the pipeline a new larger cargo vessel to transport especially motor vehicle across Savaii.

The services offered by the Samoa Shipping Corporation were highlighted by Businesses as being unresponsive thus in need of improvement. *"Access to credit"* scored 179 and was slightly above the expected median score of 176. *"Limited infrastructural capacity"* and *"High operational costs"* were just below the expected median score with 175 and 174 scores respectively.

This same question was also asked of Key Personnel's as shown in Appendix 3 Table 19. The responses from the key personnel were penned down by the consultant and further questions were asked during the interviews to clarify certain issues. The key informants ranking of major problems that they perceived are facing businesses in Savaii are shown on Appendix 3 Table 19. The results from the key personnel are not significantly different from the responses of the businesses (see Table 9 above). Thus, it is commonsensical to combine/integrate the results from the businesses and the key informants on the major constraints face by businesses in Savaii into Table 10.

Combined Results of two questionnaires

When the results were combined for businesses and key personnel's, the overwhelming problem facing with businesses in Savaii was *"Limited access to private sector development assistance". As it had* the highest combined score of 281, followed by *"High Utility cost (electricity, water, internet)",* with 277. *"Lack of Savaii promotion as a tourist destination"* had a score of 267. Detailed scores are shown in Table 10 (below).

Table 10: Combined scoring of Major Problems faced by Businesses

What are the Key Issues/Problems for Businesses in Savaii: Combined Scored to Importance.	Score
Limited access to private sector development assistance	281
High utilities cost (electricity, water, internet)	277
Lack of Savaii promotion as a tourist attraction	267
Access to credit/finance/investment capital	247
Limited infrastructural capacity	234
High operational (employees, processing, marketing etc.) cost	233
Expected Median Score	***232***
Lack of international connection (air and sea)	229

Objective 5: Assessment of the Agricultural Produce Market in Savaii

Table 11: Salelologa Produce Market & Businesses/Agriculture Sector Development

How Important is Salelologa Produce Market to Businesses or Agriculture Sector in Savaii	Percentage
Very Important	**54.5**
Somewhat Important	**36.4**
Not Important	**9.1**
Total	**100.0**

Another important objective of the study was to assess from the views of the respondents on the impact of the produce market located in Salelologa on the business community and the agriculture development in Savaii.

The Government of Samoa (GOS) has invested substantially in recent years with the development of the Salelologa Township and the relocation of the Salelologa Agricultural Produce Market. The Agricultural Produce Market was planned as a catalyst for supporting economic growth in Savaii through Agriculture.

Businesses were asked to view the importance of the Salelologa Produce Market to businesses or agricultural development in Savaii.

Over 50% of respondents stated the Salelologa Market was *"Very Important"* to the overall development of agriculture in Savaii.

Around 36.4% considered it *"Somewhat Important",* which could be interpreted as sitting on the fence with less than 10% stating that it was not important. Despite the high percentage that stated the market was very important, the majority further stated the following issues with the market

Many businesses (eg Hotels and Retail outlets) noted that the Salelologa produce market is a very important development for the agriculture sector. However, this opportunity is not fully utilized by farmers at present. Many retailers interviewed, had expressed disappointments with the availability of non-agricultural products, dominating spaces on the ground-floor at the market. The evident short supply of agricultural produce is attributed to the following causes:

- Limited production of most agricultural products,
- Road stalls carrying agricultural produce and handicrafts
- Location of the market away from the majority of retail/general stores, financial Services, hotels/motels, government ministries and the wharf.
- No foot traffic to and from the market
- Vegetable growers are delivering their produces direct to hotels and village mum and pops stores.
- High rental cost but slow sales had discouraged other businesses to operate at the market.

During the study, the vacant offices on the second floor were awaiting new tenants such as the DBS, Birth &Death Cert registered Office and EPC.

The second floor of the market was currently occupied by small restaurants who admitted the very slow daily sales because of the inadequate number of customers using their services.

The fish market close-by is used by an average of only 5 fishermen/women per day, the local market for fish is very limited, due to the free access of locals to the open sea for in shore fishery thus reducing the market demand for fishes. This also reflects the high subsistence economy in Savaii. Semi-commercial fishermen interviewed mentioned the extended times require to increase their catches due to the migration of fishes to deep waters.

Major fishery and agricultural produce consumers such as hotels and restaurants stated that they were purchasing directly from farmers or using road-side market stalls. The disorganized linkage between fishers/farmers and the hospitality sector was obvious and this linkage provides opportunity for improvement.

It was evident that a large proportion of the population in Savaii were still in subsistence (informal farmers.), they were increasingly engaged in semi-commercial activities. HIES 2013/2014 found 55% of households in Savaii major source of income was from their "owned produced goods" not from "salaries and wages".

PESTEL Analysis

There are many (external) factors in the business macro-environment that will affect the decisions of managers of any organisation.

PESTEL analysis is included in this study to help analyse the external factors that have significant impact on the operation of businesses in Savaii.

Political factors - These refer to government policy such as the degree of intervention in the economy. Politics within the village matai or chiefs are also included in this category.

Economic factors - These include employment opportunities, taxation changes, economic growth and inflation.

Social factors - Changes in social trends (society's preferences and behaviours) can impact on the firm's products/services and the availability and willingness of individuals to work. Village ruling (rules and curfews) in maintaining law and order is also a social factor.

Technological factors - include new technologies, create new products and new processes.

Legal factors - these are related to the legal environment/compliance in which businesses operate.

Environmental factors - this involved considering factors which can influence both the local physical environment and wider ecological issues such as, air, water, sea and climate change.

Table 12: External Factors (PESTEL ANALYSIS) that influenced Businesses in Savaii

External Factors that influence Businesses	Percentage of Total factors
Economical	26.1
Technology	23.9
Legal	16.4
Social	13.4
Environment	12.7
Political	7.5
Total	**100.0**

Businesses were asked to rank the main external factors that influenced businesses in Savaii between those that were *Political, Economic* related, *Social, Technology, Environmental* and also *Legal*.

Of the total number of responses, those that were *"Economic related"* was the most influential external factor, with 26.1% of the total factors raised. The main economic issues revolved around the limited employment opportunities in Savaii when compared to the rest of Samoa. The lack of employment in Savaii has a major ripple effect in terms of purchasing power and the amount of money that is in circulation in Savaii which hampers business development.

The 2013/14 Household Income and Expenditure Survey recorded an estimated population of 44,900 for Savaii compared to 43,100 in 2006. This represents a 4% growth in Savaii's population. However, the weekly income (of about 574 households) for the Savaii region declined by 13% from 2008 to 2013/14 period. A parallel trend happened to weekly expenditure in the same period, it felt by about 11%. Hence, Savaii consumers are not spending exactly as much as businesses expected. **[See Appendix 5 for relevant Tables 13.1, 13.2, and 13.3]**

Some suggestions raised during the interviews were:

- *Greater focus on Tourism development for Savaii including regular on the job training for hotel staff,*
- *More rigorous push for large scale agriculture in Savaii,*
- *The mechanization in Agriculture is crucial in clearing rocky soils and steep contour areas,*
- *Establishing a Yazaki-type industry or a tuna cannery factory in Savaii.*
- *Special tax incentives and concessions for new and current businesses in Savaii(special economic zone treatment) ,*
- *Registering the production of traditional cigarette (TIPI) on the reserved list of the Foreign Investment Act managed by MCIL.*

Frequent feedback from businesses revealed that they earn lowered sales compare to businesses in Apia or Upolu, but they are still required to pay the same amount in business taxes.

Savaii main natural resource, land, can be further cultivated if many farmers are accessible to appropriate machineries (technology) to clear idle lands to raise farm and livestock production.

The second important external factor raised was *"Technology"* with 23.9% of the total number of factors. This was seen as an important bridging mechanism for Savaii businesses especially in terms of accessing trainings and educational materials online. The high costs of internet and inconsistency in services however was raised by businesses as a major impediment to the provision of hotel services to visiting business people or tourists.

The *"Legal"* issues raised included the high legal costs and enforcement of regulations such as General Price Order (GPO) and also Liquor Licenses.
Another issue detected during the study, was the high compliance of retail stores with the GPO regulation. It was noted that all the stores surveyed were selling their products at lowered prices than the maximum recommended prices because of competition.

Also raised was the high costs of compliance with Tax issues and penalty fees imposed. Legal related issues accounted for 16.4% of the issues raised.

The *"Social"* issues raised represented 13.4% and were mainly in relation to villages rules and curfews as well as the high costs of cultural and church obligations, which impacted on businesses especially the sole traders. These two types of social obligations are increasing the opportunity costs of doing businesses in Savaii.

Better implemented village rules/curfews were determined as deterrents to burglaries and small business owners felt safe.

"Environment" related issues raised were in relation to the impact of natural disasters and chemicals used in farming/fishery on the environment. Environment issues accounted for 12.7 percent. The adverse impact of climate change was also stated by businesses.

The study also took note of the emerging organic products among businesses and farmers. Pacific Coconut oil is working with an Australian international company to facilitate organic certification for coconuts (copra) collected from Savaii growers. Organic coconuts yield higher prices in overseas markets. In addition, WIBDI has successfully advocated organic farming in Savaii to produce organic products and by-products, such as fruits, vegetables, virgin coconut oil, body lotions and insect repellants for its domestic and export markets.

The fewest issues raised were *"Political"* related with only 7.5 percent. These were in relation to the adverse impact politics has had at the village level in terms of divisibility

between different political factions. The political factor is considered to have an insignificant effect on the business environment in Savaii.

Business Opportunities

Business Opportunities & Required Assistance

The Key Personnel's were asked if they were optimistic about future growth of businesses or any particular industry in Savaii. Surprisingly, despite stating a poor business environment, 100% of KP's responded *"Yes"* with the main industry prospects being Agriculture and Tourism. This was again reaffirmed in Table 15 below. When asked about the main opportunities for businesses in Savaii, the KP's respondents were optimists with the scores being much higher than the expected mean of 42. *"Tourism Attraction Sites"* scored 81 followed by the availability of *"Land Mass"* with 75, *"Government Development Initiatives"* scored 73, abundant *"Resource Base"* had a score of 63 and availability of *"Working Population"* scored 60. The expected median score was only 42 and given the high scores above, shows how optimistic Key Personnel's were regarding Savaii prospects for development.

Table 14: Main Opportunities for Businesses in Savaii

Main Opportunities for Businesses in Savaii: Scored to Importance.	Score
Tourism Attraction Sites.	*81*
Land Mass.	*75*
Government Development Initiatives.	*73*
Resource Base.	*63*
Working Population.	*60*
Expected Median Score	***42***

"Tourism Attraction Sites" scored the highest with 81 followed by the availability of *"Land Mass"* with 75, *"Government Development Initiatives"* scored 73, abundant *"Resource Base"* had a score of 63 and availability of *"Working Population"* scored 60. The expected median score was only 42 and given the high scores above, clearly shows how optimistic Key Personnel's were regarding Savaii prospects for development.

Government Assistance to Business

When asked how Government should assist businesses in Savaii, KP's scored assistance provided *"Through the private sector assistance schemes"* as the highest with a score of 86, followed by *"Inclusive approach for development"* scoring 81 and *"Infrastructural development"* with a score of 78 all above the expected median score of 77.

Table 15: Government Assistance to Business

How should Government assist Businesses in Savaii: Scored to Importance.	Score
Through private sector assistance schemes.	*86*
Inclusive approach for development. (i.e. including the context of Savaii in national planning)	*81*
Infrastructural developments. (roads, utilities etc.)	*78*
Expected Median Score	***77***
Connection to international ports. (air and sea)	*63*

Interestingly, "Connection to international ports" was very low with a score of 63 well below the expected median score. SSC, the government state owned enterprise, responsible for domestic wharves, confirmed that the idea of a new international wharf at Salelologa, Savaii is not financially viable.

Table 15 shows the types of government assistances view (rank) by the Key Personnel's as the appropriate assistance to enable the businesses in Savaii to take advantage of the main opportunities depicted in Table 14.

The Key Personnel's were asked to rank from the most important to the least important options how the government should assist to ensure businesses in Savaii can take advantage of opportunities available.

The businesses were also asked with the same question. The surveyed businesses were asked to select (not ranking) from the given four options how should the government address the business problems they are facing.

Is should be noted that businesses placed more emphasis on further infrastructural development for Savaii compare to key stakeholder responses. The surveyed businesses had the "Private Sector assistance schemes" as the most preferred followed by "infrastructural development". The third preferred choice by businesses was the "inclusive approach for development".

Both businesses and Key Personnel's had "Private Sector assistance schemes" as the most preferred choice of Government assistance, despite using different ways to identify their options on their respective questionnaires. The Key Stakeholders had infrastructural development as the third important government initiative to address business issues in Savaii.

The private assistance schemes that are strongly supported by the businesses and key stakeholders as the forms of development assistance to boost businesses in Savaii are (but not limited to);

- Business Development with the SCCI,
- Matching Grants Programme (SACEP) with the MAF,
- Code 121 (import duty 0-8%) on imported raw materials for Commercial Poultry, Commercial manufacturers of Agricultural businesses with MCIL,
- Duty Concession and Tourism Cyclone Recovery Programme with STA.

Approaches to Pursue Opportunities

Approaches are more like set of activities or actions [Strategies/mechanisms] to drive necessary changes for better development in Savaii.

The mechanism presented to KP's to rank in importance were (as shown in Table 16 below) (i) *"Clustering Operations", (ii) "Strengthening value Chain approach"; (iii)"More Private Sector development Schemes";(iv) Improve and Increase Infrastructural capacity"; (v) "Connect Savaii to the world through Air and Sea Ports"; (vi) "Institute robust private sector organisations" and (vii) "Improve Access to Credit/finance/investment capital".*

Table 16: Government Approach to Addressing Challenges in Savaii

How Should Government/Your Organisation/Others address these issues?	Score
Strengthen Value Chain approach to ensure a link from primary sector to processing sector to market.	*76*
Clustering Operations to minimize utility costs and overheads	*72*
Government to provide more private sector development schemes	*70*
Improved and increase the infrastructural capacity of Savaii	*60*
Access to credit/finance/investment capital	*56*
Expected Median Score	***56***
Institute robust private sector organisations	*43*
Connect Savaii to the world through direct Air and Sea Port connections.	*40*

"Strengthening the Value Chain approach" was the main mechanism preferred by KPs to address the challenges faced by businesses and boost development in Savaii. This had a score of 76.

This was followed by adopting *"Clustering of operations to minimize utility costs and overheads"* with a score of 72.

The third preferred approached with a score of 70 for increasing *"Government assistance to provide more private sector development schemes". Whereas "Improve and Increase the infrastructural capacity of Savaii"* scored 60.*"Access to credit"* had a score of 56 which was also the expected median score.

"Institute robust private sector organisations" and "*Connect Savaii to the world"* both had scores well below the expected median score. Specific scores of these options are shown in Table 16 above. These two approaches are considered insignificant by this study.

All businesses surveyed and key informants interviewed unanimously agreed Savaii has potential in the following;

a. The expansion of the agriculture sector via development of cluster groups to harness scale and product volume. This can lead to private sector development of processing and value adding product, for import replacement.
   e.g The New Zealand based chocolate manufacturer, Whittaker's, is sourcing Trinitario Cocoa beans from the north-western Savaii cocoa farms operated by the Vaai family. Subsistent famers are clustered through this as important value chain suppliers to the commercial exporter.
   The ADB supported SABS is making inroads in facilitating agri-businesses in Savaii with its structured finance facility. SABS is currently in collaboration with two projects and a third project is in the pipeline. These Projects targeted cocoa beans, coconut and organic coconut oil especially for exports. Important areas identified by SABS for the sustainability of these agri-businesses were:

   i. Tree/farm management and
   ii. The provision of incentives for preferred farmers/actors participating in the value chain process.

b. Tourism operators to work with the government (MAF) and other private organizations (WIBDI) to develop niche tourism specifically ecotourism and woofer tourism—where tourists are accommodated in wooden/tree cottages, and encourage to buy foods/drinks from organic farms and to participate in other outdoor activities.

Other Data Sources

During the survey, interviews and general observation it was observed and noted that Savaii is predominately a subsistence economy. This is reflected in the poor business environment stated above with very few opportunities for paid employment thus reducing cash that is in circulation in Savaii.

The recent HIES reaffirms this and was well documented in the ILO/WizConsult [1]SESA Report2015.

["Samoa suffers from key structural weaknesses; separate urban and rural economies, declining agriculture and manufacturing sectors and a small domestic market with a narrow economic base Page 5."] and

["The dual nature of the economy consists of a large low-productivity subsistence based agricultural sector on the one hand, and a more modern, largely urban-based non-agricultural sector on the other hand has exacerbated over the past decade. Despite a decline in agricultural employment, labour productivity in agriculture fell by 12% between 2001 and 2011 from an already very low level. Page 21"]

Savaii has over that past decade the lowest levels of household income in Samoa (see Appendix 5 Tables 13.1 to 13.3).

2013 Business Activity Survey

In 2015, a comprehensive Business Activity Survey (BAS) was conducted for Samoa. This was essentially a census of all Businesses that were formally registered with the Ministry for Revenue. Around 585 Businesses covered in the BAS stated Savaii as their main location. Other businesses operated in Savaii but had their head offices in Apia are not included in the 585 businesses stated above.

[1] SESA - Samoa Employment Situational Analysis 2015.

Table 17: Business Output and Productivity by Enterprise Sizes

Enterprises	Persons Employed	Annual Wages & Salaries (SAT $ Million)	Output (SAT $ Millions)	Value Added (SAT $ Millions)	VA per person employed (SAT $)
Micro (1 - 4)	1,835	9.74	120.44	35.03	19,088
Small (5- 9)	1,243	13.88	131.62	46.21	37,174
Medium (10-25)	2,178	29.65	308.10	79.51	36,508
Large (26 to 70)	2,826	39.12	625.04	195.37	69,131
Significant (>70)	4,177	63.29	735.93	261.43	62,589
All Enterprises	**12,259**	**155.68**	**1,921.13**	**617.55**	50,375
Source: 2013 Business Activity Survey					

Whilst the disaggregated results for Savaii could not be readily extracted, The BAS results by Business Size shows the impact Large and Significant Businesses have in the Samoan economy. These are notably absent in Savaii and is a major contributing factor to the stagnant economy as was also stated by some of the KP's interviewed and also highlighted in the SESA Report.

Table 17 and Table 18 clearly shows that large and significant businesses account for more than half (57.13%) of the total number of people employed in Samoa. Furthermore, they make up for over 65.% of the total wages paid.

Table 18: Percentage of Total Business Output and Productivity by Enterprise Sizes

Enterprises	Persons Employed %'age	Annual Wages & Salaries %'age	Output %'age	Value Added %'age	VA per person employed (SAT $)
Micro (1 - 4)	14.97%	6.26%	6.27%	5.67%	19,088
Small (5- 9)	10.14%	8.92%	6.85%	7.48%	37,174
Medium (10-25)	17.77%	19.05%	16.04%	12.88%	36,508
Large (26 to 70)	23.05%	25.13%	32.53%	31.64%	69,131
Significant (>70)	34.07%	40.65%	38.31%	42.33%	62,589
All Enterprises	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**50,375**
Source: 2013 Business Activity Survey					

In terms of productivity, value added per person employed in large and significant companies were almost double the productivity of those employed in small and medium businesses and more than 3 times those engaged in micro businesses.

The BAS results also showed qualitative responses to key issues and input costs facing businesses in Samoa. The main industries in Savaii were "Commerce" and "Hotels and Restaurants". The BAS noted that the main issues for Commerce was the *"High electricity costs*" whilst the main issue facing Hotels and Restaurants was the *"Lack of Honest Workers".*

Interestingly, this was one of the findings of the Savaii Business Environment scoping study.

Review of National Tariff Structure for Industrial Development

In March 2015, the Ministry of Commerce Industry and Labour (MCIL) produced the above report. Whilst this report focused on tariff structures, a survey was conducted for businesses covering both Upolu and Savaii. The Review of National Tariff Structure for Industrial Development was compiled as a result of a consultative process that included a combination of three trainings and consultative workshops for both Upolu and Savaii stakeholders titled" "Strategic Liberalization for Economic Development; Enhancing Strategic Negotiations for Private-Sector on Current Tariff Structures".

It was noted in the report that the majority of businesses in Savaii that responded to the consultations were in the agriculture sector.

Challenges faced by Savaii Businesses (Agriculture Sector).

The most significant challenges that were identified by businesses in Savaii in order of priority were:

I. Farming Access Roads & transportation;
II. Lack of Water;
III. Impeding Wild Pigs & Cattles;
IV. Need for Farming Equipment such as Kava extraction;
V. Cost of farming Chemical Supplies - weed killer and
VI. Combating pest and diseases affecting agriculture.

Other challenges raised were - *"Lack of farming equipment"*; *"Access to credit"; "Fluctuations in world prices from agriculture produce";*and *"Shortage of man power".*

Assistance requested by Savaii Businesses

The Savaii Businesses also identified areas they would like assistance and these again in order of priority were:

I. Cheaper farming Equipment and Supplies;
II. Improve Access Roads and Transportation;
III. Lower Interest Rates;
IV. Government subsidies on farming equipment and Revive the bonus schemes and
V. Utilities - mainly reduce costs of electricity and improve access to electricity.

Expectation from Savaii Businesses

The overall expectation for businesses in Savaii was for Government to assist by

I. Import Duty reduction on agriculture equipment and machinery;
II. Lowering Interest Rates;
III. Access to water and provision of water tanks;
IV. Access roads and transportation and
V. Assistance with the provision of planting materials, education and trainings for farmers, improving market access and lowering of the costs of farming supplies.

As stated, the Savaii businesses that participated in the "Review of National Tariff Structure for Industrial Development" were mainly in the agriculture sector and this is reflected in the nature of the views that were in the report. By contrast, the Commerce Sector and Hotels and Restaurants accounted for the majority of businesses that responded to the "2016 Savaii Business Environment Survey".

Both surveys conducted for the "Review of National Tariff Structure for Industrial Development" and the "2016 Savaii Business Environment Scoping Study" received just under 50 responses.

The SBESS also canvassed from interviews the crucial requirements for agriculture in Savaii, they were:

i. Better Mechanization (farming machinery and equipment);
ii. Improved Access Roads will reduce the transportation costs to farmers and
iii. Access to information on private assistance and agricultural/farming management trainings.

Conclusion

The business environment in Savaii is very poor, and characterized by the micro sized retail stores, small and medium sized businesses. Business activities in the township gradually recedes after 2pm in the afternoon as people are returning to the villages outside of Salelologa. Business reforms are desperately needed to boost the private sector development in Savaii. The promotion of private sector development assistance schemes, including Business Development Fund, PSSF, Import Duty Concessions, SACEP matching grants, SABS projects and the likes should be prominently enhanced in Savaii. MCIL is the appropriate contact point for private businesses and farmers in Savaii to source specific information on the available private sector development schemes.

Significant outcomes from the interviews pinpointed the following areas for improvements in order to sustain business growth especially Commerce, Agriculture and Tourism in Savaii:

i. Enhance the business mind-set among business owners, subsistence and semi-commercial crop growers/farmers.
ii. Enhance technical advice (farming management) on crop calenderization among farmers to maintain a resilient/consistent supply (goods and services) to the domestic and export markets.

Furthermore, Business associations in Savaii, including SSTA and BoSA should be encouraged to expand its outreach to non-members to participate and strengthen the capacity of businesses and business associations to engage in public-private dialogue with the government. This can be facilitated further by SBEC, SCCI, SAME and MCIL leadership.

Large Commercial Agricultural businesses should be encouraged to work/cluster with small semi-commercial farmers to share expertise and resources (machineries/export markets] that are required to cultivate additional lands for farming purposes.

MCIL in collaboration with SBS, SCCI, MAF, MfR, SBEC, DBS, SSC and STA should carry out regular business surveys to monitor the changes in the business environment in Savaii. The findings will assist all parties involved to align and work together to drive a beneficial and robust business environment in Savaii.

This study has highlighted the overwhelming optimism of businesses and key stakeholders in Savaii to reveal one of Samoa's kept secrets, that Savaii is the place to do business.

To achieve this, series efforts must be planned and implemented with the objective of developing a conducive environment that would attract large commercial ventures into Savaii. Furthermore all stakeholders must work in a durable value-chain partnership with a view of transforming the largely subsistence economy in Savaii into a monetized economy thus creating employment opportunities in Savaii. The key sectors identified in this scoping study - agriculture and tourism must be integral to these efforts.

This scoping study has identified untapped opportunities for business growth in Agriculture and Tourism in the Savaii. It has also generated baseline insights on the microeconomics of the private sector development in the big island.

Going forward, a holistic approach to understand the environment of doing business in Savaii requires a coherent study on the micro and sectoral levels. The future study should employ econometric approach to quantify potential impacts of development assistance schemes and external economic factors. The importance of providing money values of benefits on businesses and informal activities is a key element of generating buy in at all levels—individual business, sectoral and donors (local/foreign).

Appendix 1:

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10. Government of Samoa/ILO, **Samoa Employment Situational Analysis** (Draft) 2015

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Appendix 2:

(A) - List of Businesses Key Personnel's Interviewed.

List of Businesses Covered in the Survey

Business Name	Business Name	Business Name
Black Sand Bricks	Lesa's Green House	Frankie Company Ltd
Lata Plantation	Am Sagato	Just Bricks
Paauli Faafetai	Tariu Enterprises	Savaii Lagoon Resort
Temukisa Tofilau	Tomasi Mariner	Vai Moana Seaside Lodge
Zanzuzzi Tofilau	Amoa Resort	Lusia's Lagoon Chalets
Tauvela Tualaulelei	The Savaiian Hotel	Fofofa T Ulufale Trading Store
Private Fisherman	Tovio Levi	Makereta Shop
EJ Restaurant	Salafai Rentals	Osa Naumati & Sons Co Ltd
SOS Ltd	Kalapu Matiu	Taefu T Matafeo
Fauu Lorenzo Unasa	Island Shoppers	Ah Liki Wholesale
Lami Ahuafi Itake	Ipa Sooalo	Le Rosalote Enterprises
Roma Fili	Gasu Faleao Aipovi	Sakalafai Contractors Ltd
Sanele Taligi Parker	Amataga Trading Co Ltd	Tara Transport
Le Lagoto Co Ltd	Vaivaimuli	Mose Namulauulu
Tauloa's Plantation	Sootaga Maiava	

B) List of KP Interviewed

Name	Organization	Title/Position
Sili Epa Tuioti	Cabinet - Government of Samoa	Honorable Minister of Finance
Lafaele Enoka	Ministry of Agriculture & Fisheries, SACEP	Sector Coordinator
Dulcie; Pativaine; Tevita; Tipo	Samoa Tourism Authority,	Assistant CEO
Ian Buck	SABS - Asian Development Bank	Facility Manager
Susana Laulu	Development bank of Samoa	Chief Executive Officer
Ian Fischer	ANZ Bank	General Manager
Maryann Vaai	BSP Bank	General Manager
Papalii Willie Nansen	Samoa Shipping Corporation	General Manager
Samau Etuale Sefo	PPS/Coconut Oil	General Manager
Alatina Ioelu	Small Business Enterprise Center	Chief Executive Officer
Pa'auli Tevita Tariu	Small Business Enterprise Center	Assistant CEO - Savaii Office
Savavae Sapolu	SCCI	
Taimalie CharlieWesterlund	Ah Liki Investment	Managing Director
Vui Alex Brunt	Ah Liki Investment	Operational Manager
Demetrius F. Taofiga	Ah Liki Investment Taro Export	
Ray Hunt	Frankie Cai Co	Manager Accounts
Faamausili Andrew Ah Liki	Blubird Lumber	Managing Director
Jet Over Hotel	Kereti Ah Liki	Managing Director
Alberta Vitale	WIBDI	Associate Director

Appendix 3: Table 19: Key Personnel's Responses.

There were 14 influential respondents who completed the Key Personnel's Questionnaire forms. The consultant had interviews with 14 key stakeholders after appointments were confirmed with the MCIL. Three important interviews were carried out with the Minister of Finance, STA and MAF.
Whilst this may seem trivial in number, the information gathered had a high representation in terms of knowledge regarding the Savaii business environment. The respondents also covered a wide range of Private Sector and semi-government Organizations. These questionnaires were completed by either the Chief Executive Officer, Managing Director or at the Deputy Level.

The KP's were also asked to rank the main Issues/Problems faced by businesses in Savaii.

Table 19: Key Issues for Businesses in Savaii

What are the Key Issues/Problems for Businesses in Savaii: Scored to Importance.	Score
Limited access to private sector development assistance.	75
Access to credit/finance/investment capital.	68
High utilities cost (electricity, water, internet).	62
Lack of Savaii promotion as a tourist attraction.	61
High operational (employees, processing, marketing etc.) costs.	59
Limited infrastructural capacity.	59
Expected Median Score	***56***
Lack of international connection (air and sea).	36

The main issue identified by KP's for Savaii were *"Limited Access to private sector development assistance"* with the highest score of 75.

This was followed with *"Access to Credit"* with a score of 68, *"High Utility Costs"* scored 62 and *"Lack of Savaii Promotion"* with a 61 score.

The *"High operational Costs "*and *"Limited Infrastructural capacity"* both had scores of 59 which were above the expected mean score of 56. Of interest, the *"Lack of International connection"* was way below the expected mean response with a score of 36.

When compared to Businesses responses to the same question as shown in Table 7, *"Lack of International connection"* was significant and above the expected mean score whilst *"Limited infrastructural capacity"* and *"High operational costs"* were both ranked by businesses as below their expected mean score.

Appendix 4: Survey Questionnaires

4 (A) Business Survey Form

2016 SAVAII BUSINESS ENVIRONMENT QUESTIONNAIRE

This scoping study aims to collate information and data to develop an **overview on businesses in Savaii. This will focus on the current opportunities and problems they are facing.** To successfully achieve this it is extremely important to obtain correct and accurate responses so that the government, through the Ministry of Commerce, Industry and Labour can provide relevant and effective policies to facilitate business growth in Savaii. All information and data collected will be treated as confidential. They will be aggregated and any published information would not identify any individual. However, the list of individuals interviewed could be a part of the final documentation.

SECTION A: Business general information

1. *Business trading name* .....
2. *Interviewee's position* .....
3. *Business Physical location*: ....
4. *Type of ownership (tick one)*:

Sole proprietor	
Incorporated company	
Partnership	
NGO	
Others	

5. *Type of Business (Industry) (tick one)*:

Food & Beverage Manufacturing	
Construction	
Commerce (Retailing/Wholesaling)	
Hotels, Restaurants	
Transport & Storage	
Information & Communication	
Finance & Insurance	

6. *Key business activities*

7. *Number of people employed? (tick one)*

1-4	
5-9	
10-25	
26-70	
>70	

8. *How many years in business?*

9. *Estimated sales*

Per day	
Per week	

10. Estimated Expenses

Per day	
Per week	

SECTION B: Business Environment

11. *What business related services available in Savaii that are important to your business? (Rank from most important [1] to least important [5]*)

Tourism services (including support services)	
Agricultural produces (including fisheries)	
Financial services	
Manufacturing, processing and value-adding	
Marketing and market access (including international air and sea connection)	

12. Are services provided by the following private organisations readily available in Savaii?

	Yes	No
Samoa Chamber of Commerce and Industries (SCCI)		
Samoa Association for Manufacturers and Exporters (SAME)		
Small Business Enterprise Centre (SBEC)		
Samoa Umbrella for NGOs (SUNGO)		
Women In Business (WIBDI)		

Others:_____		

13 *Briefly explain whether or not the services provided by any private organizations (named in question 12 above) play an important role in developing your business*.

14. What is your view on the Salelologa produce market in relation to business or agricultural development in Savaii? (tick one)

	VERY IMPORTANT (Produce market is vital to the development of the Savaii agriculture sector)
	SOMEWHAT IMPORTANT (Produce market somewhat assists the agriculture sector, but is not vital to its development)
	NOT IMPORTANT (Produce market is underutilised and there is no need for it)

Comment:_____
_____
_____

15. From your experience, what are the major problems faced by businesses in Savaii? (Rank from most important [1] to least important [7])

	High operational (employees, processing, marketing etc.) cost
	High utilities cost (electricity, water, internet)
	Lack of international connection (air and sea)
	Lack of Savaii promotion as a tourist attraction
	Limited access to private sector development assistance
	Limited infrastructural capacity
	Access to credit/finance/investment capital

Specify any other major problem:

16. How would you like the government to approach these problems in order to facilitate business growth in Savaii?

	Through private sector assistance schemes
	Infrastructural developments (roads, utilities etc.)
	Inclusive approach for development (i.e. including the context of Savaii in national planning)
	Connection to international ports (air and sea)

Specify any other approach:

PESTEL Analysis

17. Do any of the following factors have any influence on your business? If so, please explain how?

	YES	NO	EXPLANATION
Political			
Economical			
Social			
Technology			
Environment			
Legal			

----------END----------

4 (B) Key Personnel Questionnaire Form

2016 SAVAII BUSINESS ENVIRONMENT KEY PERSONNEL QUESTIONNAIRE

This scoping study aims to collate information and data to develop an **overview on businesses in Savaii. This will focus on the current opportunities and problems they are facing.** To successfully achieve this it is extremely important to obtain correct and accurate responses so that the government, through the Ministry of Commerce, Industry and

Labour can provide relevant and effective policies to facilitate business growth in Savaii. All information and data collected will be treated as confidential. They will be aggregated and any published information would not identify any individual. However, the list of individuals interviewed could be a part of the final documentation.

1. Name:_.....
2. Title:_.....
3. What is your view on the current business environment in Savaii? (tick one)

	EXCELLENT (No need to concern at all)
	GOOD (Doesn't require any attention in future)
	SATISFACTORY (No need to concern at present but will need attention in future)
	POOR (Doesn't require urgent attention but needs attention in near future)
	VERY POOR (Needs urgent attention)

4. In you view, what is the main sector/industry that exists in Savaii? (tick one)

	AGRICULTURE Farming and primary produces only, but not value-added products. Includes fisheries.
	MANUFACTURING All value-added products, including agricultural value-added products and handicrafts
	TOURISM Accommodation providers plus all supporting services.
	OTHER Please specify:_____

5. What do you think are the main opportunities for businesses in Savaii? (Rank from most important [1] to least important [5])

	Land mass
	Resource base – abundant resources
	Tourist attraction sites
	Government development initiatives
	Working population

Specify any other: _____
_____
_____

6. How should government assist to ensure businesses in Savaii can take advantage of these opportunities? (Rank from most important [1] to least important [4])

	Through private sector assistance schemes
	Infrastructural developments (roads, utilities etc.)
	Inclusive approach for development (i.e. including the context of Savaii in national planning)
	Connection to international ports (air and sea)

Specify any other: _____
_____
_____

7. What do you think are the key issues or problems that exist in the Business environment of Savaii? (Rank from most important [1] to least important [7])

	High operational (employees, processing, marketing etc.) cost
	High utilities cost (electricity, water, internet)
	Lack of international connection (air and sea)
	Lack of Savaii promotion as a tourist attraction
	Limited access to private sector development assistance
	Limited infrastructural capacity
	Access to credit/finance/investment capital

Specify any other: _____
_____
_____

8. How should the government/ other/ your private organizations approach/ minimize/ solve these issues or problems? (Rank from most important [1] to least important [7])

	Clustering operations (private sector approach) to minimise utility costs and overhead
	Strengthen a value-chain approach to ensure a link from primary sector to processing sector to market
	Government to provide more private sector development schemes
	Improve and increase the infrastructural capacity of Savaii
	Connect Savaii to the world (direct air and sea ports/connections)
	Institute robust private sector organisations
	Increase avenues for business community to access credit/ finance/ investment capital

Specify any other: _____
_____
_____

9. Are you optimistic about the future growth of businesses/or any particular industry/sector in Savaii?

	EXPLANATION
YES	
NO	

Appendix 5:

Table 13.1: Weekly Income by Region 2008 & 2013/2014

Region	2008	2013/23014	% Change
Samoa	17.4	19.1	9.8
Apia Urban Areas	4.4	5.9	34.1
North West Upolu	5.7	6.3	10.5
Rest of Upolu	3.4	3.6	5.9
Savaii	39.8	3.5	-13

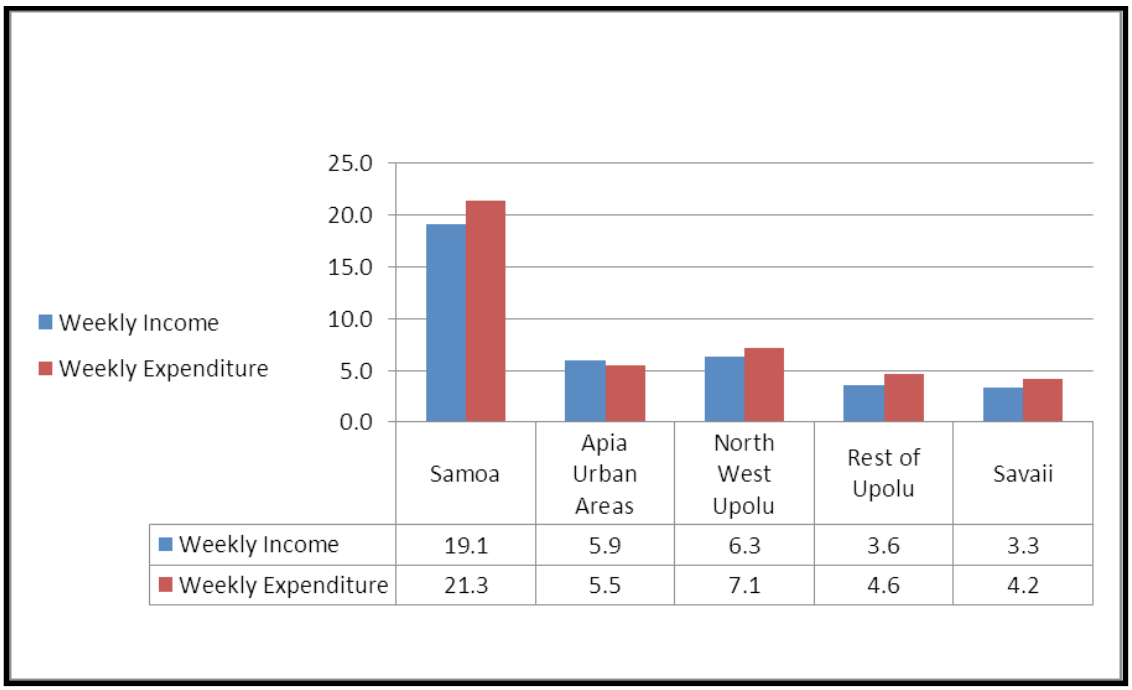
SOURCE: HIES 2013/2014 Tabulation Report

Table 13.2: Weekly Expenditure by Region 2008 & 2013/2014

Region	2008	2013/14	% change
Samoa	21.1	21.3	0.9
Apia Urban Areas	5.4	5.5	1.9
North West Upolu	6.9	7.1	2.9
Rest of Upolu	4.1	4.6	12.2
Savaii	4.7	4.2	-10.6

SOURCE: HIES 2013/2014 Tabulation Report

TABLE 13.3: Weekly Income and Weekly Expenditure by Region 2013/2014



	Samoa	Apia Urban Areas	North West Upolu	Rest of Upolu	Savaii
Weekly Income	19.1	5.9	6.3	3.6	3.3
Weekly Expenditure	21.3	5.5	7.1	4.6	4.2

SOURCE: HIES 2013/2014 Tabulation Report