

# Sector Profiles



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**MINISTRY OF  
COMMERCE,  
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**Government of Samoa**

# Sector Profiles 2015

1. Energy Sector
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### About Industry Development & Investment Promotion Division

Industry Development & Investment Promotion Division (IDIP) is a unit within the Ministry of Commerce, Industry and Labor. IDIP is responsible for administering Samoa's investment policy and regulations, and for promoting and facilitating private investment. For comments on this document and additional information please contact:

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# THE SAMOAN ECONOMY

## An Overview;

### 1. At a Glance

#### History

- Originally a German colony
- Administered by NZ from 1919 to 1962
- Independent since 1962

#### Government

- Constitutional monarchy based on the Westminster system permanent (Samoa) head of state
- Elected Legislative Assembly and Prime Minister

#### Legal System

- English common law and customary law

#### Area

- Total land area; 2,785 km<sup>2</sup>
- Arable land; 2.83%
- Coastline; 403 km
- 2 main islands (Savaii, Upolu) and many small islands

#### Population

- 192,067 (World Bank, 2013)
- Expectancy: men (67 years), woman (70 years)
- Age structure: 0-14 years (38%), 15-24 years (18%), 25-54 years (33%), 55-64 years (7%), 65 years + (5%)
- Adult literacy rate: 99%
- 13% of population aged 15 and above held tertiary qualifications (2011)
- Languages: Samoan (official), English

tourism has gained increasing attention over the past years. Tourists are attracted to local produce and many destinations are centering their product development and marketing accordingly".<sup>8</sup> While building Samoa as a food destination will require significant effort and investment, the literature on food tourism does highlight the important role that dining plays as part of tourism. Hence an increase in the number of restaurants can have a positive impact, in terms of increasing spending by tourists and locals.

## [4.2 Targeting Selected Countries or Regions](#)

There are many international markets that have not been specifically targeted by Samoa, such as countries in Asia, Europe and the United States. As an example, in 2012 4% of total visitor arrivals in Fiji were from China while the comparable number for Samoa is almost zero. China is a large and growing market for outbound tourists. Over the last three years, the amount of people traveling outbound from China has nearly doubled to 100 million. That figure is forecast to rise to 200 million by 2020.<sup>4</sup> In 2012, China surpassed the US and Germany to become the largest source of outbound travelers.<sup>5</sup>

Specific ways for targeting untapped markets can be identified. It could include tour operations, airline charters or airline.

## [4.3 Signature Activities](#)

One of the trends in the South Pacific tourism sector is the use of more signature activities such as horseback riding, surfing, diving, archeological tours, having dinner with the locals or participating in a ceremony with the village chiefs

Signature activities were introduced but are still yet to harness its full potential to be promoted.

## [4.4 Ecotourism](#)

The United Nations World Tourism Organization predicts that ecotourism, nature, heritage, cultural and soft adventure tourism will grow rapidly over the next two decades. Global spending on ecotourism is expected to increase at a higher rate than the tourism industry as a whole.<sup>7</sup>

Ecotourism options are currently being offered in Samoa, but there may be potential to offer more options.

## [4.5 Accommodation and Dining](#)

At present, Sheraton is the only global hotel chain present in Samoa. The presence of more international hotel chains can help in marketing since Samoa will become more visible among the international hotel chain's network. The presence of more hotels, even if not part of a hotel chain, can contribute towards industry growth as it will increase accommodation choices and benefit from each individual operators marketing efforts.

In a similar manner, more dining options can contribute towards industry growth. According to the UN World Tourism Organisation, "food

- % population with access to improved drinking water sources: 98%
- % population with access to improved sanitation facilities: 92%

## [Corruption](#)

- Transparency International's Corruption Perception Index (2014): 50/175
- Other Pacific Islands: not ranked except PNG (145/175)

## [World Bank's Doing Business Ranking: 67/189](#)

- Samoa ranks better than most of its regional neighbours, including Tonga, Vanuatu, Fiji and PNG.

## [Capital Controls](#)

Foreign investors have:

- Freedom to repatriate profits and capital (subject to central bank approval)
- Freedom to repay principal and pay interest on foreign loans
- Freedom to pay fees to foreign parties, particularly for intellectual property rights

Main contribution to GDP (at current prices).

Source: Central Bank of Samoa

- Commerce includes wholesale and retail
- Remittances and foreign aid are the largest contribution to GDP

## Tax rates

- Corporate : 27%
- Sole traders: 0—27%, depending on income
- Withholding: 15%
- Capital gains: 27% on profits from assets sold within 3 years of date of acquisition.
- Consumption, or VAGST: 15%. Levied on most goods and services. Exempt supplies include local food, financial services, transportation and electricity and zero-rated supplies such as exports
- VAGST on imports: 15%.
- Customs duties: 0%, 5%, 8% and 20%
- Excise duty imposed on alcohol, soft drinks, tobacco products and certain motor vehicles.

## 2. Legal System

The Samoan legal system is based on the **English** common law and customary law.

The court hierarchy has an inferior court, superior court and court of appeal. In addition, village affairs are dealt with by the village fonofono. The village fonofono's decision can be appealed to the Land and Titles Court. The Land and Titles Court has jurisdiction in all matters relating to Samoan chief titles and in all claims and disputes relating to customary land. Decisions by the Land and Titles Court can be appealed to a court comprising the president (president of ??) and two Samoan judges appointed by the president. There is no further appeal from the Land and Titles Court.

## 3. Property Ownership

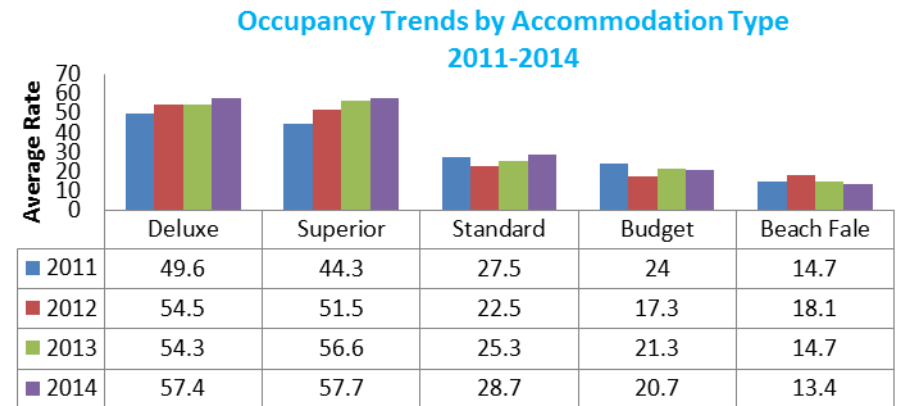
Land has a special status in Samoa, as it does in most Pacific Island countries. Under the country's land classification system, about 80% of all land is customary land, owned by villages with the remainder either freehold or government owned.

The standard way for obtaining customary land, which cannot be bought or sold, is through long term leases that must be negotiated with the local communities. Leasing customary land requires community consensus. A typical lease for business use may be for 30 years, with the option of a further 30 years after that, but longer terms can be negotiated. It should be noted that customary land cannot be mortgaged, and thus cannot be used as collateral to raise capital or credit. Freehold land, mostly based in and around Apia, can be bought, sold and mortgaged. Only Samoan citizens may buy freehold land, unless approval is obtained from Samoa's Head of State. Less than 10% of the land in Samoa is freehold, the rest is customary title.

## 4. Key Economics Sectors

A summary of selected economics sectors is presented next.

Deluxe and superior facilities had the highest occupancy rates in the past 4 years and are the only categories that showed positive growth.



## 3.

### Incentives

The government offers incentives to the tourism developers through a duty concession scheme, an income tax exemption and tax credits.

## 4. Potential Opportunities

Discussed next are examples of some activities that could potentially have the capacity to attract new players. The potential opportunities identified are indicative and for discussions purposes only. It is recommended that persons and/or companies interested in the potential opportunities shall undertake the necessary analysis to assess the potential opportunities.

### 4.1 Retail

Tourists spend nearly a third of their total tourism expenditures on retail purchases.<sup>3</sup> The retail sector in Samoa focusing on tourists could be developed further. As a hypothetical example, a retail outlet that stocks branded Samoan products such as cocoa, coffee, coconut oil, coconut soap, chili sauce and handicraft could potentially appeal to tourists, as well as the local market. Such kinds of retail outlets are present in other Pacific Islands.

The branded Samoan products can be purchased today, but from different locations. There is a handicraft center that houses many small retailers under one roof. However, some customers may prefer the convenience of shopping for everything under one roof in a more 'comfortable' setting, and may be willing to pay a premium for branded items.

When comparing visitor arrivals to Fiji in 2012, 67% of visitors to Fiji came from Australia and New Zealand. So Australia and New Zealand provide the largest number of visitors to Samoa and Fiji.

Notable differences between source country for visitors to Samoa and Fiji are as follows:

	Samoa (2014)	Fiji (2012)
Europe	3%	7%
USA	6%	9%
China	-	4%
American Samoa	14%	-

Percentage of visitors from China visiting Samoa is not shown as a specific number of visitors from China is not recorded in statistics obtained from STA. 'Other countries' accounted for 4.9% of visitor arrivals in 2014 and China is included in this.

## 2. Accommodation

Samoa does not use a star rating system for rating accommodation facilities. Instead, accommodation facilities are ranked according to the following categories: deluxe, superior, standard, budget, holiday homes and various types of fales.

Out of all the available beds, about 20% are classified as deluxe, about 10% superior and 30% standard.

	Rooms	Beds
Deluxe	433	816
Superior Standard	266	526
Standard	696	1360
Budget	475	1059
Holiday Homes	18	25
Beach Fales (overnight stay)	320	723
Beach Fales day visit	84	0
Oceanview overnight stay	14	26
Oceanview day visit only	14	0
Riverfales overnight stay	7	30

Deluxe and superior facilities had the highest occupancy rates in the past 4 years and are the only categories that showed positive growth.

## • Agriculture

Agriculture plays an important role in the economy, employing around two-thirds of the national labour force. In 2012 coconuts, meat (pork), bananas and taro were the biggest contributors to the economy in terms of value of production.

However the agriculture sectors relative importance has been declining, with contribution to GDP dropping from 18% in 1995 to 6% in 2014. The agriculture sectors decline is due to other sectors growing at a faster rate, such as commerce. Sector development policies, such as the Fruit and Vegetable Sector Strategy 2009-2015 and the Samoa Agriculture Competitiveness Enhancement Project, were designed to encourage the growth of the agriculture sector.

While the agriculture sector's contribution to the economy is declining, productivity has improved. For example the crop production per ha of land in use increased from \$754 in 1997 to \$1390 in 2012. Agricultural production per agricultural worker increased from 78 in 1997 to 114 in 2012.

## • Manufacturing

The manufacturing sector's share of GDP in 2014 was 9%. The sector's contribution to GDP has remained unchanged in comparison with the previous year, while it has declined lightly from 10% in 2011 and 2012.

Food and beverages manufacturing accounted for a third of the total manufacturing sector. However, the largest company and contributor to the manufacturing sector is Yazaki, a Japanese owned automotive wire harness company.

## • Tourism

Tourism is one of the most important sectors, contributing about 25% of the Samoan GDP. Visitor arrivals in 2014 totaled 130,955. In the past 10 years, visitor arrivals grew on average by 3% per annum. Please refer to the Samoan Tourism Sector Profile for more information.

## 5. Trade

Since 2010 the economy has had a trade deficit each year. From 2012 to 2014, items that showed a significant decline in export value included fish, coconut oil and copra meal.

Samoa's principal trading partner is New Zealand, supplying 45% and 55% of imports and purchasing 45%-50% of exports. Other important partners include Australia, American Samoa, the United States and Fiji.

## 6. Migration

Samoa has a long history of migration. There are large communities of Samoans in New Zealand, Australia and the United States. It has been estimated that some 120,000 Samoans currently live abroad, as compared to around 190,000 in Samoa. Over the past decade, net emigration amounted to 69,300 persons or about 1.8 per cent per year. The total population of Samoa increased by only 11,000 between 2001 and 2011. If current levels of net out migration continue, the working age population as well as the Samoan population as a whole might soon cease to grow and may even begin to decline.

This presents a potentially shrinking (or constant) pool of labour. This could potentially put upward pressure on wages. If it does, there is a potential to attract Samoans working abroad, as well as other expatriates.

## 7. Foreign investment

According to the Foreign Investment Act 2000, all businesses with foreign ownership require foreign investment approval.

There are some restrictions on activities that can be conducted by foreign owned or part owned businesses. The “Reserved list” of activities reserved for Samoan citizens includes retailing of groceries, transport services (buses, taxis and rental cars), sawmilling and elei designs. Restricted activities which require a local partner include ownership of fishing vessels, manufacturing of nonu and virgin coconut oil and several services.

Under the CBS Act, a foreign investor has the freedom to undertake foreign exchange transactions as follows:

- A) freedom to repatriate profits and capital, although it must be approved by CBS based on submission of necessary documents;
- B) Freedom to repay principal and pay interest on foreign loans raised for the purposes of the investment;
- C) Freedom to pay fees to foreign parties, particularly for the use of intellectual property rights.
- D) Expatriate workers with local contracts of one year or longer are considered residents and therefore need CBS approval if they wish to repatriate funds in excess of 80 percent of their net earnings on a fortnightly basis.

## 8. Incentives and Trade Agreements

A number of incentives are available to investors.

### 8.1 Incentives

#### Duty and Taxes

Pursuant to Code 121 of Customs Tariff Amendment Act 2008, the following duty exemptions can be available to domestic companies that have turnovers of at least ST\$78,000:

- Poultry farming: import of raw materials and packaging for chicken products
- Agriculture manufacturing: import of raw materials for processing
- Handicraft manufacturing: import of raw materials used in production, and import of all tools and equipment
- Elei garment manufacturing: import of raw materials

Samoans living overseas accounted for more than half of all tourist numbers.<sup>2</sup>

### 1.3 Expenditure

In 2013 on average each visitor spent 10.4 nights. Average spending per visitor totaled ST\$2579 in 2014. The average spending per visitor has increased on average by 1% in the past 5 years.

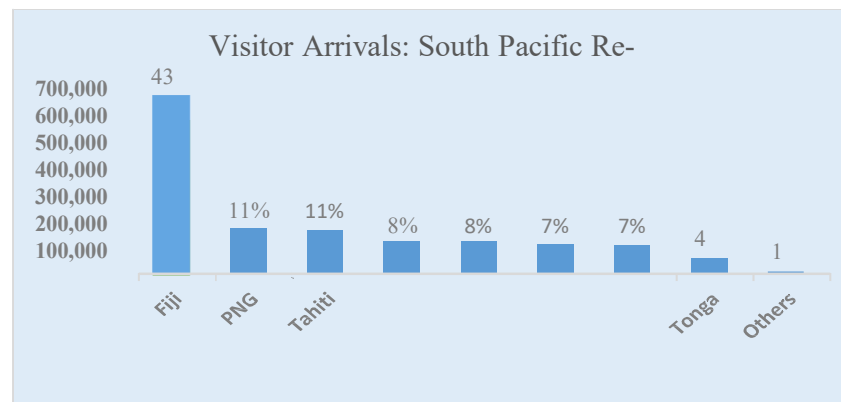
### 1.4 Carriers

In 2014, Virgin had the highest market share, having been responsible for transporting 39% of total visitors, followed by Air New Zealand and Polynesian at 29% and 18% respectively.

Carriers	%
Virgin	39
Air NZ	29
Polynesian	18
Fiji Airways	10
Sea carriers	2
Other Air Carriers	1
Inter Island	1

### Regional Comparison

In 2013, out of the approximately 1.53 million visitors that visited the South Pacific region, 8% visited Samoa. Samoa was ranked fourth in 2013 behind Fiji, PNG and Tahiti.





## 1. Visitors to Samoa

### 1.1 Visitor Arrivals

Tourism is one of the most important sectors, contributing about 25% to the Samoan GDP. In 2014, a total of 130,955 visitors arrived in Samoa. Visitor arrivals have grown on average by 3% per annum over the past 10 years.



In terms of purpose of visit, around 70% of visitors to Samoa came for a holiday, or to visit friends and family.

The visitor arrival statistics do not include cruise ships who generally make a day stopover. In 2014, 14 cruise ships stopped in Samoa, bringing a total of about 20,000 passengers and 10,000 crew members. In the previous year cruise ships brought about 26,000 passengers and 12,000 crew members.

### 1.2 Source Country

Of the total visitor arrivals in 2014, about 65% came from Australia and New Zealand. The percentage of visitors from Australia and New Zealand has remained almost unchanged in the past 3 years.

The Government offers tax incentives to exporters and tourism developers through a concession scheme. Income tax exemptions and tax credits are also available for tourism developments.

## 8.2 Trade Agreements

Samoa is a signatory to a number of agreements aimed at facilitating trade.

### WTO

Samoa became an official member of the WTO in 2012.

### Economic Partnership Agreements/Cotonou Agreement

The Economic Partnership Agreements (EPAs) between the EU and African, Caribbean and Pacific (ACP) regions are aimed at promoting trade through trade development, sustainable growth and poverty reduction. The Economic Partnership Agreements provide for reciprocal trade agreements, where the EI provides dutyfree access to its markets for ACP exports, and ACP countries also provide dutyfree access to their own markets for EU exports.

The Cotonou Agreement is a treaty between the European Union and the African, Caribbean and Pacific Group of States (“ACP countries”).

### PICTA

The Pacific Island Countries Trade Agreement (PICTA) covers trade in goods between Forum Island Countries (FICs). PICTA provides for the progressive phasing out of tariffs on trade of originating goods among the FICs. Tariff for originating goods of developing FICs will be reduced to zero by 2015, and by 2017 for small island states and least developed countries, except in case of ‘excepted imports’ (the ‘negative list’) for which tariffs are to be reduced to zero by 2020 and 2021 respectively.

At May 2015, the PICTA had been signed by the following 11 countries: Cook Islands, Federated States of Micronesia, Kiribati, Republic of the Marshall Islands, Samoa, Solomon Islands, Kingdom of Tonga, Tuvalu and Vanuatu.

### PICTA Trade in Services Protocol

The objectives of the PICTA Trade in Services Protocol (“PICTA TIS Protocol”) include facilitating the progressive liberalization of trade in services amongst the members and strengthening their capacities to regulate services, particularly in sectors of special importance to their development. The PICTA TIS Protocol specifically regulates measures affecting intraregional trade in three sectors of priority to the region, notably tourism, transportation and business services.

The PICTA TIS Protocol was endorsed by FIC Leaders and opened for signatures on Aug 28th, 2012. To date, the following 9 countries have signed the Protocol: the Cook Islands, Federated States of Micronesia, Kiribati, Republic of the Marshall Islands, Samoa, Solomon Islands, Kingdom of Tonga, Tuvalu and Vanuatu.

### PACER and PACER Plus

The Pacific Agreement on Closer Economic Relations (PACER) is an umbrella agreement between members of the Pacific Islands Forum (the Forum Island Countries plus Australia and New Zealand) which provides a framework for the future development of trade cooperation. PACER does not contain substantive trade liberalization provisions, rather it envisages a step-by-step process of trade liberalization.

PACER Plus is the proposed free trade agreement between the Forum Island Countries and Australia and New Zealand.

### PIASA

The Pacific Islands Air Services Agreement (PIASA) came into force in October 2007. It is intended to lead to a single aviation market, to improve intraregional trade so that goods can be moved more quickly through the region and to other markets.

### SPARTECA

The South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) is a nonreciprocal trade agreement in which specified products originating from the developing island member countries of the Pacific Islands Forum have unrestricted access to Australia and New Zealand. Under the SPARTECA arrangements, goods can enter Australia duty free where the Allowable Factory Cost is greater than or equal to 50% of the total ex factory cost of manufacturing the goods. These arrangements continue to stand.

SPARTECA (TCF) provisions concept complements the existing SPARTECA treaty and provides for a change in the way local area content (LAC) is calculated for TCF products (goods) entering Australia.



# Tourism Sector

## Profile : Samoa

 **Ministry of Commerce, Industry and Labour**  
Matagaluega o Pisinisi, Alamanuia ma Leipa



In Fiji, examples of back office processing businesses in the ICT sector include call centers, mail management, data/voucher processing, telehosting/warehousing and software development.<sup>13</sup> Some of these businesses could have potentials in Samoa once internet access becomes faster and cheaper.

# Energy Sector

## Profile : Samoa



Ministry of Commerce, Industry and Labour  
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Consumers can make and receive calls using their computers for example. VOIP service can be offered by a company where consumers call using their mobiles or landlines, but the connection is through VOIP. As an example, Kidanet in Fiji has a KIDAtalk service which is a broadband phone service.

### [3.2 InternetRelatedServices](#)

Faster and cheaper internet access can increase demand for internet related services. For example, increased use of smart phones and other hand held devices as a result of cheaper and faster internet, can open up opportunities for businesses to reach consumers through different channels. To do so, businesses will need expertise in areas such as mobile application development.

Another example is website design and hosting. Businesses that already have websites may consider upgrading their websites by adding more features that need faster internet connection.

### [3.3 E-Commerce](#)

E-commerce allows businesses to sell products and services online anytime and anywhere. Globally, total e-commerce sales in 2014 grew by 21%. Double digit growth is projected over the next three years. Electronic goods, apparel and books were amongst the most popular items purchased online.<sup>12</sup>

While Samoa is a small market, there is potential for businesses to benefit from e-commerce in a number of areas.

E-commerce can allow Samoan retailers to market their products locally and globally (B2C

– business to consumer). Growing internet usage in Samoa will potentially increase the number of Samoans making purchases online. Furthermore, a more vibrant e-commerce sector can result in more products being made available and packaged to suit different types of consumers. For example, products that are unique to Samoa can be branded and marketed to global consumers through e-commerce.

Increase in internet usage can also spur growth of consumer to consumer (C2C) businesses such as online auctions and online sales platforms.

### [3.4 Backofficeprocessing](#)

The high internet prices are due to high wholesale internet bandwidth costs. Samoa is connected to the American Samoa Hawaii cable system via the Samoa-American Samoa cable, which has a remaining useful life of 5 years. The current system capacity of 1 Gbps is above Samoa's current bandwidth demand, but it is significantly below the projected bandwidth demand.

## 2. Industry Growth Plan

A number of projects and plans are in place to boost the ICT industry with the most prominent being the US\$44 million Samoa Connectivity project, a 1,300 km submarine fiber optic cable from Samoa to Fiji. The Samoa Connectivity project will have a capacity of over 3 terabits, with an option to increase to 8 terabits. The project is expected to increase internet access speeds and lower costs. The projected timeframe for completion is expected to be late 2016 or early 2017.

Other projects aimed at developing the ICT sector include:

The US\$46.5 million Samoa National Broadband Highway Project (SNBHP). SNBHP was launched in April 2013.<sup>10</sup> SNBHP aims to link the different government ministries, corporations, authorities, schools and communities for quicker and easier exchange of information.

Revising the telecom legislation and implementing changes by 2020.

## 3. Potential Opportunities

Expensive and slow internet access is stifling the growth of the sector. However this is expected to change, once the Samoa Connectivity project is completed in late 2016 or early 2017. Since the completion date is about 18 months away from the date of this document, it gives time to prospective investors interested in Samoa to assess and prepare for market entry.

Discussed next are examples of some activities that could potentially have the capacity to attract new players. The potential opportunities identified are indicative and for discussions purposes only. It is recommended that persons and/or companies interested in the potential opportunities shall undertake the necessary analysis to assess the potential opportunities.

### 3.1 Communications

Faster and cheaper internet connection can potentially increase market opportunity for offering Voice Over IP (VOIP) solutions. Through VOIP, cost of making local and international phone calls can decrease, increasing demand.

## 1. Overview

The Electric Power Corporation (EPC), a wholly owned government corporation, is responsible for the generation, transmission, distribution, and retail of electricity in Samoa. EPC services about 26,730 residential customers on Upolu and 7,238 residential customers on Savai'i. About 97% of the population has access to electricity.

Electricity is currently generated from four sources. Diesel and hydropower accounts for most of the energy generated, while biomass and solar, which are relatively new, account for a small amount.<sup>2</sup> Total installed capacity is 31MW, comprising of 19.2 MW from diesel generators and 11.8MW from hydro.<sup>3</sup>

Maximum demand on Upolu is about 18 megawatts (MW), with minimum demand of about 8 MW. In Savaii, the minimum and maximum demand is 0.6MW and 2.8MW respectively. Losses (both technical and nontechnical) are estimated at 17.8%.<sup>4</sup>

### 1.1 Renewable Energy Generation

Samoa plans to generate 100% of its electricity through renewable sources by 2020. Hydro energy is projected to provide 44 percent, with the rest coming from solar, wind farms, biomass and biogas.<sup>5</sup> In 2014, 26% of electricity was generated from renewable energy sources.

The following table summarizes renewable energy projects that are currently operating, or under construction (as at November 2015)

Renewable Energy System	MW	Status
Upolu		
JICA/PEC funded solar system in Tanugamanono	0.15	in service
JICA/PEC funded solar system in Vaitele	0.25	in service
Mapu i Fagalele JICA/PEC funded solar	0.08	under construction
GoNZ funded Gym3 roof mounted solar	0.25	in service
GoNZ funded solar in Race Course	2.2	in service
Green Power IPP solar, airport	2.4	in service
Green Power IPP solar, Race Course	2.4	under construction
Sun Pacific Energy solar, airport	2.3	in service
UAE wind generators, Vailoa Aleipata	0.55	in service
Solar for Samoa IPP solar, airport	2	under construction
Solar for Samoa IPP solar, Race Course	2	under construction
Savaii		
JICA funded solar system	0.12	in service
GoNZ funded solar system	0.13	in service

In

addition to the projects summarized in the table:

- ◆ contracts have been awarded, or bids being evaluated, for hydro rehabilitation with total capacity of 5.46MW, most of which are located in Upolu
- ◆ Feasibility study and bid preparation is underway for battery storage with capacity of 10MW.
- ◆ Solar IPP with capacity of 4MW is being negotiated.
- ◆ Other energy projects, including waste to energy, tyre derived fuel and wind farm with close to 20MW capacity was proposed but not yet finalized.

## 2. Potential Projects

Discussed next are examples of some activities that could potentially have the capacity to attract new players. The potential opportunities identified are indicative and for discussion purposes only. It is recommended that persons and/or companies interested in the potential opportunities shall undertake the necessary analysis to assess the potential opportunities.

### 2.1 Second/Third Generation Renewable Energy

Power purchase agreements to provide 100% of energy needs from renewable sources has been signed. It is unlikely that more agreements will be signed, unless;

One or more of the existing signed agreements are cancelled, and/or there is significant increase in demand, which is not covered by the signed power purchase agreements. If either of the above scenario occurs, there could potentially be an opportunity for independent power production.

Furthermore, second and third generation energy technologies, which are technologies recently commercialized, or about to be commercialized, could potentially be appealing for Samoa. This may be the case especially if the technology uses resources that Samoa has in abundance, and which are currently under-utilised, or not utilised.

Second and/or third generation technology is assumed to be more efficient and cost effective. As such utilizing such technologies could potentially contribute to lower energy prices, hence this makes a strong business case for implementation in Samoa.

### 1.2 Costs

The table below summarises the cost of calls and internet access.

	Bluesky		Digicel		Computer Services Ltd	
Fixed						
Landline fee/month	\$24.15					
Calls to landline	\$0.10/min		\$0.29/min			
Calls to mobile	\$0.29/min		\$0.29/min			
Prepaid Mobile						
Peak	\$0.44		\$0.65			
Off-peak	\$0.44		\$0.34			
SMS	\$0.20		\$0.20			
Internet (prepaid)	1 day/44MB	\$2	2 days/100MB	\$3	Home: 5G/month	\$95
	1 week/240MB	\$10	1 week/675MB + 90MB music stream-	\$19	Home: 15G/month	\$249
Internet (postpaid)	1100MB/month	\$45	1000MB/month	\$59		
	3700MB/month	\$150	4000MB/month	\$199		
Hotspot					1 hour	\$15
					5 hours	\$40
					20 hours	\$137

The above table shows a selection of rates, and is current as at November 27, 2015. Please refer to the operator's website for more details on pricing, including terms and conditions.

## 1. Overview

Samoa was one of the first countries in the Pacific region to liberalize its ICT sector, and it has one of the highest rates of mobile phone coverage and access in the Pacific region.<sup>1</sup> Following market liberalization, total customers for fixed and mobile lines increased from 12,500 in 2002 to 152,800 in 2008. By the end of 2014, over 95% of the population was covered by mobile networks, while mobile penetration had reached 89% of network covered population.<sup>2</sup>

Fixed line subscribers (2014) <sup>3</sup>	34,100
Mobile phone subscribers (2014) <sup>4</sup>	196,000
Internet users (Nov 2015) <sup>5</sup>	30,084
Facebook users (Nov 2015) <sup>6</sup>	21,800

Internet access is lagging due to high costs. Fixed and mobile broadband penetration was estimated at about 1% and 27% respectively. If prices are lowered, demand is projected to grow from the current level of about 420 megabits per second to 6 gigabits per second by 2021, and to 30 gigabits per second by 2028.<sup>7</sup>

### 1.1 Companies

Companies providing phone and internet services are as follows:

Fixed	Bluesky Samoa Limited Digicel Samoa Limited
GSM	Bluesky Samoa Limited Digicel Samoa Limited
Wholesale ISP	Bluesky Samoa Limited
Retail ISP	Bluesky Samoa Limited Computer Services Limited Digicel Samoa Limited
International Gateway	Bluesky Samoa Limited Digicel Samoa Limited
Submarine cable	American Samoa Hawaii (ASH)

## 2.2 Energy Advisory

Samoa is transitioning quite rapidly towards generating all its electricity needs through renewable sources. The fast transition could result in the energy sector knowledge base not developing at the same pace. This could potentially create an opportunity for energy sector advisory. For example, connecting energy generated from renewable sources to the grid has complexities since some of the renewable sources may not provide a predictable supply of energy. Supply and demand needs to be projected and balanced and this is challenging in an environment where both supply and demand are unpredictable.

# Environmental Management Sector Profile : Samoa



Ministry of Commerce, Industry and Labour  
Matagaluega o Pisinisi, Alamanuia ma Leipa



# IT Sector Profile : Samoa



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## [Intermediaries](#)

There are no corporate finance advisors. Corporate finance advisors can play an intermediation role between issuers such as private companies needing capital, and investors, by facilitating creation of investment instruments. These can include equity, quasi-equity or debt.

Due to the small size of the market, a more feasible option might be for foreign advisors to target Samoa and a number of other Pacific Islands or to focus on other areas as well, to complement the advisory business.

## [Insurance](#)

There are no insurance products for higher risk assets such as beach fales and fishing boats. Since the risk is higher, insurance premiums are expected to be higher.

## 1. Overview

### [1.1Municipal Waste AmountofWaste](#)

It is estimated that daily per capita municipal solid waste generated by residents in different parts of Upolu varies between 0.38 kg and 0.48 kg, depending on income levels, extent of urbanization, and other factors.<sup>2</sup> Total daily waste produced is estimated at between 51 to 65 tons, assuming a population of 135,000 for Upolu. For the whole country, daily waste production is estimated at 93 tons.

It is estimated that green waste and food scraps account for 43% of total waste generated from households, and 45% of total waste generated from the commercial sector.

More detailed up to date data is not available since regular waste assessments are not undertaken.

### [Waster Collection](#)

Municipal waste is collected by five private companies that operate through government-funded 3-year contracts. The collection system only covers households on each inhabited islands. However, commercial sector is responsible for transporting their respective wastes to the landfill.

Collected waste is taken to the Tafa'igata Landfill. At the landfill the waste is weighed, to calculate the cost of dumping the waste at the landfill. In 2003, the Fukuoka method of semi-aerobic landfill system was adopted at the Tafa'igata landfill. The Fukuoka method is a semi-aerobic landfill structure developed by Fukuoka University and Fukuoka City. It is considered to be more sanitary and presents no environmental problems. The method involves setting up a leachate collecting pipe at the floor of the landfill. This removes leachate from the landfill, so that leachate will not remain where waste is deposited. Natural air is brought in from the open pit of the leachate collecting pipe to the landfill layer, which promotes aerobic decomposition of waste. This enables early stabilization of waste, prevents the generation of methane and greenhouse gases, which make it effective technology in the prevention of global warming.

## 1.2 Sewerage

The table below shows the total amount of sewerage waste generated per month from June to September 2015.

Amount of Sewerage Waste Generated	Tons
June 2015	261
July 2015	211
August 2015	191
September 2015	202

Annualising this volume results in 2.6 million tons.

At present, sewerage is not treated. A foreign company did a trial to produce gas but the project is currently not operating.

## 1.3 Medical waste

Medical waste is collected from the four regional hospitals, 20 clinics, three mortuaries, and other smaller facilities by the National Health Service. All medical wastes are disposed using thermal treatment at the Tafaigata medical waste incinerator.

## 1.4 Other waste

Other waste such as metal, batteries and e-waste is collected by the Pacific Recycles, a private company. In addition, some of the recyclable waste from the Tafa'igata landfill is sorted and sold to Pacific Recycles, which is located next to the landfill.

Pacific Recycles estimates that it collects 20% of all waste while the remaining 80% is not collected. Most of the waste collected by Pacific Recycles is exported to Australia and New Zealand.

## 2. Recycling

Household and commercial waste taken to the landfill is not sorted into different types of waste. At the landfill, selected waste pickers are allowed to enter the landfill to sort and sell the waste to recycling companies. The waste pickers have signed an agreement outlining guidelines on how they will work at the landfill.

## 2.3 Capital Markets

### Stock Exchange and/or OTC Market

There is no stock exchange. Setting up a stock exchange may or may not be commercially feasible, considering the size of the market. However a stock exchange plays an important role in economic development. It can widen funding sources for companies, create liquidity and offer citizens an opportunity to participate in the private sector.

One alternative is to find ways to link with other exchange(s) from the region. Australia, New Zealand, Fiji and Papua New Guinea have stock exchanges. A mutually beneficial form of collaboration could potentially be identified.

Another alternative might be to establish a mechanism that allows securities to be traded, such as through having an over the counter (OTC) market.

A stock exchange and/or OTC market can be used for trading different types of securities, including government securities.

### Investment Funds

The Unit Trust of Samoa focuses on government securities or securities related to government, such as privatized state owned enterprises. There may be opportunities to introduce new types of funds, such as equity, fixed income or mixed. New fund(s) may be established that do not focus entirely on government or government related securities. This can benefit the economy through offering an additional funding source for private companies, as well as offering investors an opportunity to gain exposure to private sector.

A unit trust can also, to some extent, cover the gap that exists due to the non-existence of private equity or venture capital funds. Private equity or venture capital funds play an important role in economic development. It can provide funding that banks and unit trusts may be unable to provide. This can facilitate establishment of businesses which may currently be difficult to establish due to limited funding options. In addition to providing funding, private equity or venture capital fund managers are generally actively involved in the company, to assist with business development for example.

One potential reason that private equity or venture capital funds do not exist in Samoa is because of the (perceived) lack of investment opportunities. Even if this is correct, private equity or venture capital funds can create investment opportunities.

Credit unions represent a small share of the market. There are 13 credit unions licensed by the Ministry of Commerce, Industry and Labour (MCIL). Total assets are estimated at about SAT 20 million.<sup>5</sup>

### 1.3 Capital Markets

Capital markets in Samoa is in an embryonic state. Samoa does not have a stock exchange, nor does it have access to facilities that allows trading in public securities. There is one managed fund provider and that is the government owned Unit Trust of Samoa. Samoa currently does not have any venture capital or private equity funds.

To assist in the development of the financial services sector, investments made in the Unit Trust of Samoa are free from income and capital gains tax.

### 1.4 International Financial Sector

Samoa has seven licensed international banks with total assets of US\$ 54.4 million in mid-2014. Total assets have declined from US\$112 million in 2005.<sup>6</sup>

## 2. Potential Opportunities

The financial sector in Samoa is small and in an embryonic stage. As such some activities are either non-existent or done on a relatively small scale. There could be potential opportunities to fill the gap, provided that the proposed activities are structured to suit the market conditions.

Discussed next are examples of some activities that could potentially have the capacity to attract new players. The potential opportunities identified are indicative and for discussions purposes only. It is recommended that persons and/or companies interested in the potential opportunities shall undertake the necessary analysis to assess the potential opportunities.

### 2.1 Microfinance

SPBD, the only microfinance company, focuses on solidarity group lending. Since its establishment in 2000, loan portfolio and number of clients has grown significantly. SPBD filled a gap that existed in the sector. However there might be opportunities for one or more players to enter the market and offer new microfinance products. Examples of microfinance products not currently offered include payday loans, microleasing and microinsurance. This is not a comprehensive list, and the list does not indicate that the products will be feasible.

### Specialist Lending

The banking and non-banking sector institutions offer a variety of loan products. There might be an opportunity for the establishment of specialist

company estimates that it collects 20% of all waste generated, the rest is not collected by anyone.

Samoa Breweries Limited and Samoa Beverage Company has been implementing the reuse of returnable bottles both for beer and soft drinks glass bottles.

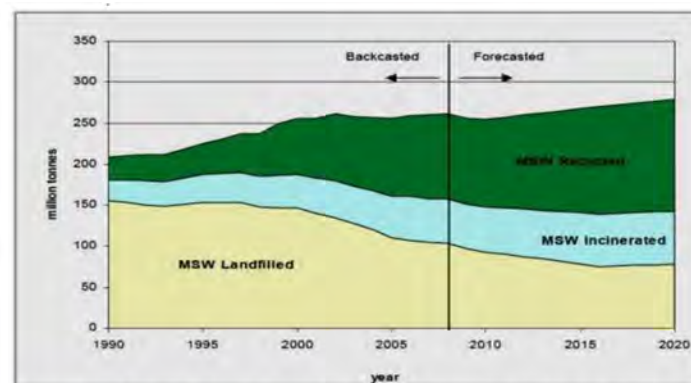
### Waste to Energy

At the moment, unrecycled municipal waste is not incinerated to produce energy.

### Potential Opportunities

Discussed next are examples of some activities that could potentially have the capacity to attract new players. The potential opportunities identified are indicative and for discussions purposes only. It is recommended that persons and/or companies interested in the potential opportunities shall undertake the necessary analysis to assess the potential opportunities.

The chart below shows the actual and projected generation and management of municipal waste in the European Union.



Source: ETC/SCP working paper 4/2011 Projections of Municipal Waste Management and Greenhouse Gases  
<http://scp.eionet.europa.eu/wp/2011wp4>

As the chart

shows, the trend is towards more recycling and incineration, and less landfilled waste. The trend is driven by environmental and/or economic reasons. International trends could give insights into potential opportunities in Samoa.

### 1.5 Incineration

Landfilled waste is currently not incinerated. The possibility of incinerating waste to produce energy could potentially be looked into. It is not known whether any of the Pacific Islands have a waste to energy plant in operation, however a number of islands plan to set it up, such as American Samoa<sup>7</sup> and Fiji.

### 1.6 Recycling

The waste collection and disposal practices in Samoa indicate that a large part of the recyclable waste is not collected and/or recycled. Pacific Recycles focuses on recycling cars, batteries, aluminium, copper and e-waste. They estimate that they collect 20% of all waste generated. The company does not recycle the remaining 80% of the waste since it is not delivered to its factory. Perhaps collecting the waste from sources may not be commercially feasible.

To increase the amount of recycled waste, improved waste collection methods can be looked into. For example, changes can be made in the way that waste is collected. Waste collection points can be centrally located, making it cheaper for waste to be transported to these points. These can then be regularly transported to the recycling factory.

Paper and plastics are currently not recycled and could be explored.

### 1.7 Sewerage Treatment

At present sewerage is not being treated. There could be potential opportunity for sewerage treatment, with the goal of producing energy.

### 1.8 Commercial Feasibility

Some or all of the activities highlighted above may or may not be commercially feasible. In case the activity (s) is not commercially feasible, then options such as subsidies or a private public partnership can be considered. The activities mentioned above are in the public's interest, as it can help harness energy from waste, as well as being better for the environment. Hence there could be justification for considering subsidies for example.

Key sector performance statistics for 2014 is as follows:

Insurance Sector Performance	2014
Net earned premiums	ST\$43.0m
Net claims incurred	ST\$10.3m
Net profit after tax	ST\$13.6m
Net underwriting surplus	ST\$30.6m

The industry has had a positive underwriting profit in every year in the past five years.

### Microfinance

Samoa Pacific Business Development (SPBD) is the only licensed microfinance institution. SPBD is a foreign owned company established in 2000. SPBD focuses on group (solidarity) lending. Key statistics for SPBD as at 2013 is as follows: <sup>3</sup>

SPBD Key Statistics	2013
Total Assets	US\$4.4m
Gross Loan Portfolio	US\$2.6m
Total deposits	US\$0.3m
Number of active borrowers	6,611
Number of depositors	16,140

In addition to SPBD, there are also other registered money lenders.

### Unit Trust of Samoa

The government owned Unit Trust of Samoa is the only managed fund provider. As of June 2015, the fund had around 1,600 unit holders, with a total assets of around ST\$100 million. The fund is leveraged, with liabilities of around ST\$50 million. Liabilities comprise of notes issued to state owned enterprises.

The fund has made two equity investments, with both in the ICT sector. Equities comprise of about 17% of the total investment portfolio while the rest is mainly fixed income securities issued by state owned enterprises.

### Credit Unions

Members and short term loans have a duration of less than one year while investment loans ranges from 5-25 years. Investment loans include loans given to companies.

### [Development Bank of Samoa](#)

Development Bank of Samoa is a state owned enterprise with a mandate to support sustainable development in Samoa. The bank is involved in lending and investment activities. As at March 2015, the total assets of the bank equalled ST\$223m with total loan portfolio of ST\$156m.

### [Samoa Housing Corporation](#)

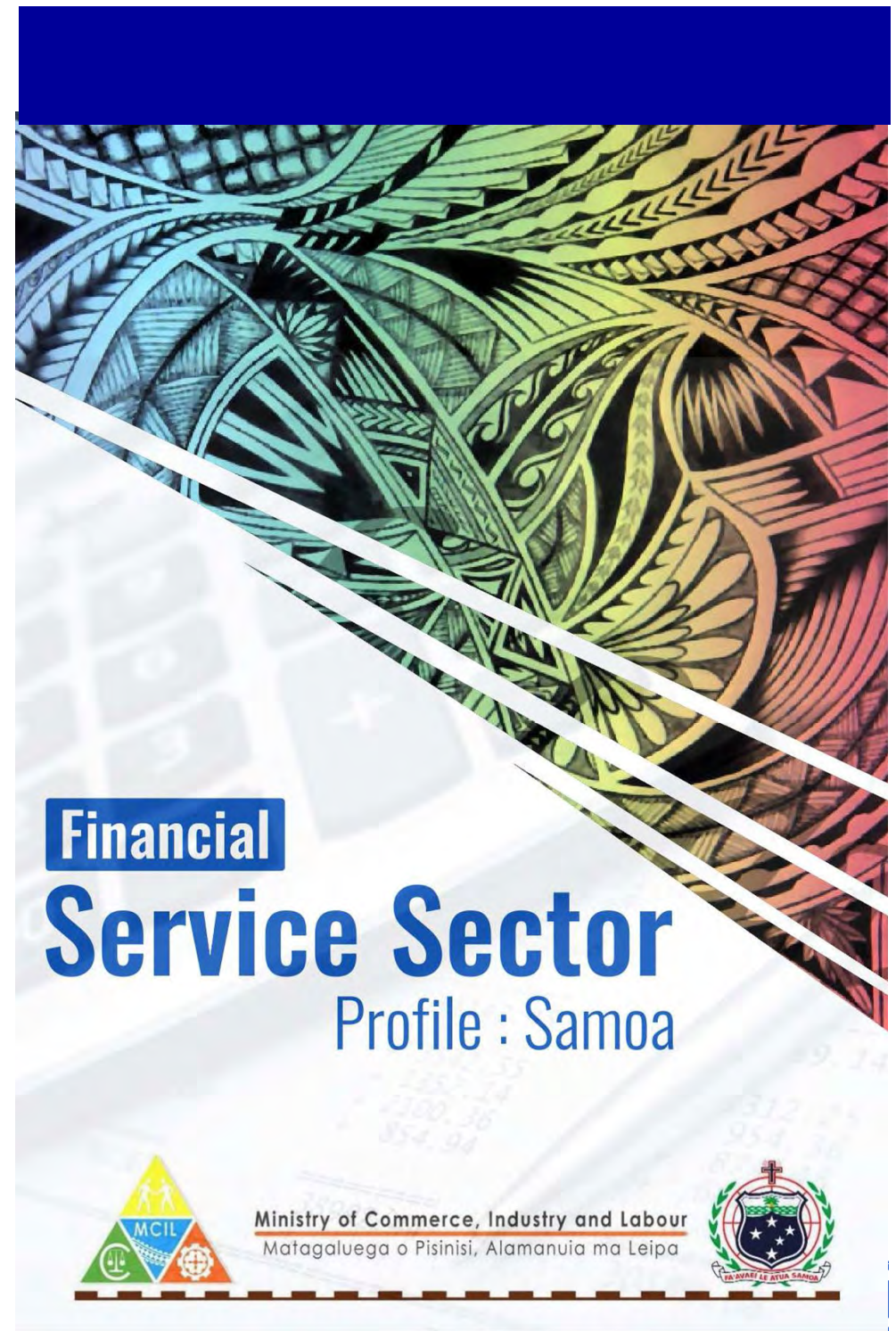
The Samoa Housing Corporation is a state owned enterprise that provides residential housing funding. As at March 2015, the total assets of the corporation equalled ST\$47m with total loan portfolio of ST\$40.

### [Insurance](#)

There are nine insurance companies operating in Samoa.

Licensed Insurance Companies
Deseret Mutual Benefit
Samoa Life Assurance Corporation
Sterling Investors
Colonial BSP Life
National Pacific Insurance
Progressive
Apia Insurance
Federal Pacific
Southern Cross

As at December 2014, total assets and total liabilities of the insurance industry amounted to ST\$44.5m and ST\$24.7m respectively.



# 1. Financial Services Sector Overview

## 1.1 Banking Sector

The financial sector is dominated by the banking sector. As of March 2015 the banking sector held a total of 57% of the total assets of the financial sector.

There are four commercial banks in Samoa.

ST \$m	Total Assets	Domestic Credit
Australia and New Zealand Banking Group Ltd	632	416
Bank of South Pacific Ltd	289	178
Samoa Commercial Bank	206	150
National Bank of Samoa	230	153

The two foreign owned banks, Australia and New Zealand Banking Group Ltd and Bank of South Pacific Ltd, dominate the banking sector.

More than half of the lending is to the construction/property and professional/business services sectors.

Sectors share of loan portfolio	
Building, construction, installation and purchase of land	34%
Professional and business services	26%
Trade	18%
Other activities	13%
Transportation, storage and communication	5%
Manufacturing	3%
Agriculture, forestry and fisheries	1%
Electricity, gas and water	1%

Lending to the agriculture, forestry and fisheries sector has declined every year over the past 7 years. During the same time period, loans to the professional and business services sector has grown each year.

As of March 2015 the interest rate spread was just under 7%.

Interest Rates	March 2015
Average lending rate	9.46%
Average borrowing rate	2.63%

## 1.2 Non-Banking Sector

The non-banking sector is comprised of the following institutions:

Non-Banking Sector
Samoa National Provident Fund
Development Bank of Samoa
Public Trust Office
Samoa Housing Corporation
Insurance companies
Samoa Pacific Business Development
Unit Trust of Samoa
Credit Unions

A discussion on the institutions forming the non-banking sector is presented next.

### Samoa National Provident Fund

Samoa National Provident Fund is a state owned enterprise providing a compulsory retirement savings scheme for persons employed in Samoa. At the end of 2014 the pension fund had a total of about 30,000 members. Total assets held by the fund amounted to ST\$550m as at August 2015. Loans and property investments account for almost 80% of the total investment portfolio.

Investment Portfolio Breakdown	
Members loans	33%
Short term loans and investment loans	26%
Properties	18%
Cash and term deposits	10%
Equities	5%
Offshore investments	8%