

SAMOA

NATIONAL INDUSTRY DEVELOPMENT POLICY AND STRATEGY

FY2024/2025 – FY2033/2034





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**NATIONAL INDUSTRY
DEVELOPMENT POLICY
AND STRATEGY
FY2024/2025 –
FY2033/2034**



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
MANATŪ AORERE

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MESSAGE FROM THE MINISTER



Talofa lava,

It gives me great pleasure to present the first National Industry Development Policy and Strategy (NIDPS) FY2024/2025 – FY2033/2034 for Samoa.

Samoa has achieved steady but slow economic growth since 2001. There has been significant evolution in the structure of the economy towards a modern service-based economy, with a steady decline in value added and employment in the secondary sectors, but a relatively stable primary sector which remains an important informal employer and contributor to food and livelihood security. These trends give an indication of where Samoa's inherent economic strengths lie and the direction for an effective Industry Development Policy and Strategy.

Industry policies play a central role in inducing industry transformation, diversification and upgrading towards more resilient and competitive, environmentally friendly and socially inclusive, industries. The NIDPS leans towards a 'maximalist approach' where the aim is to actively shift resources to selected sectors and activities in order to achieve specific objectives, such as improved productivity, competitiveness and technological capabilities, and to accelerate economic restructuring.

The vision of the NIDPS is “**accelerated transformation of priority industries where Samoa has potential competitive advantage that contributes to sustainable and inclusive economic growth.**” The Policy adopts a broad definition of what comprises “industry” – namely any private sector/business activity other than subsistence agriculture/fishing and other non-commercial household-level activities. The Policy interlinks with all five Key Strategic Outcomes of the Pathway for the Development of Samoa 2021/22 – 2025/26.

The formulation of the NIDPS was initiated and guided by the Ministry of Commerce, Industry and Labour (MCIL), in collaboration with a number of stakeholders, drawing on source materials from Samoa and other Small Island Developing States (SIDS).

I take this opportunity to express our sincere gratitude and appreciation to the Government of New Zealand for providing technical assistance to develop the NIDPS and for their continuous support and commitment in developing the Private Sector in Samoa.

I also acknowledge and extend my sincere appreciation to all Stakeholders who were involved in the development of this Policy. Your contribution ensures that this document remains relevant and practical in contextualising and developing industries in Samoa.



Honorable Leota Laki Lamositele Sio

MINISTER FOR COMMERCE, INDUSTRY AND LABOUR



FOREWORD FROM THE CHIEF EXECUTIVE OFFICER



Samoa has a comprehensive suite of national, sectoral, and thematic policies and strategies, all of which lie under the overarching framework of the Sustainable Development Goals (SDGs), the Samoa 2040 Roadmap and the Pathway for the Development of Samoa 2021/22 – 2025/26. However, Samoa has never had an industry development policy that identifies priority industries with the best prospects for growth, and the policy framework needed to support them.

The need to develop a National Industry Development Policy and Strategy (NIDPS) was first identified in the Diagnostic Trade Integration Study Update 2016 (DTISU). This became a prioritised Policy intervention in the Trade, Commerce and Manufacturing Sector Plan 2017-18 - 2020-21 (TCMSP). It proposed to *“Develop and implement a National Industry Strategy/Industrial Policy to focus on enhancing value addition to products in areas which have comparative advantage and ensure that the necessary investment climate in terms of infrastructure and legislation is strengthened”*.

The formulation of the NIDPS employed an Industry Assessment Framework that compares industry sectors according to a set of equally weighted criteria, in order to identify priority sectors. The NIDPS contains five thematic goals to support industry development: (1) Innovation and Entrepreneurship; (2) Diversification and Productivity; (3) Infrastructure and Services; (4) Partnerships for Industry Development; and (5) Develop Skilled Labour Force.

The long-term objectives of the NIDPS are to: (1) Increase sustainable economic growth that supports improved prosperity for all Samoans; (2) Support and encourage the transition from low to high productivity industries, whilst improving productivity across all sectors; (3) Encourage investment in emerging/sunrise industries where Samoa has a potential competitive edge; (4) Accelerate formalisation and generate high quality jobs in the formal sector; and (5) Improve Samoa’s trade balance.

The NIDPS horizon of ten years is seen as the first phase of a multi-decade process to transform Samoa’s economy towards more productive and profitable industries. The immediate/short-term objective of the NIDPS is to support the post-COVID-19 recovery agenda in ways that enhance the long-term productivity and competitiveness of Samoan industry. Short-term emergency response measures and social protection initiatives are not included in the Policy.

I would like to express our sincere gratitude and appreciation to the Consultants, David Young and Benjamin Harding, and the New Zealand’s Ministry of Foreign Affairs and Trade for the technical assistance and crucial support in developing this Policy. I also wish to acknowledge all our Stakeholders for their valuable insights and support in developing this first National Industry Development Policy and Strategy for Samoa.

Pulotu Lyndon Chu Ling

CHIEF EXECUTIVE OFFICER – MINISTRY OF COMMERCE, INDUSTRY AND LABOUR



COMPLETELY COCONUT



VANILLA-KOKO SAMOA



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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AG	Office of the Attorney General
AIFFP	Australian Infrastructure Financing Facility for the Pacific
BASs	Business Advisory Services
BEE	Business Enabling Environment
BLP	Business Link Pacific
BPO	Business Process Outsourcing
BPP	Business Partnerships Platform
CBS	Central Bank of Samoa
DBS	Development Bank of Samoa
DFAT	Department of Foreign Affairs and Trade (Australia)
DTIS	Diagnostic Trade Integration Study
EPC	Electric Power Corporation
GCF	Green Climate Fund
GDP	Gross Domestic Product
GESI	Gender Equality and Social Inclusion
GOS	Government of Samoa
HIES	Household Income and Expenditure Survey
IAs	Implementing Agencies
ICT	Information and Communications Technology
IMF	International Monetary Fund
IPPs	Independent Power Producers
ISIC	International Standard Industrial Classification
M&E	Monitoring and Evaluation
MAF	Ministry of Agriculture and Fisheries
MCIL	Ministry of Commerce, Industry and Labour
MCIT	Ministry of Communications and Information Technology
MCR	Ministry of Customs and Revenue
MEC	Ministry of Education and Culture
MESC	Ministry of Education, Sports, and Culture (now called the Ministry of Education and Culture)
MFAT	Ministry of Foreign Affairs and Trade
MOF	Ministry of Finance
MPE	Ministry of Public Enterprises
MSMEs	Micro, Small and Medium Enterprises
MTR	Mid-Term Review
MWCSD	Ministry of Women, Community and Social Development
MWTI	Ministry of Works, Transport, and Infrastructure
NIDPS	National Industry Development Policy and Strategy
NUS	National University of Samoa
NZ	New Zealand Ministry of Foreign Affairs and Trade

PACER	Pacific Closer Economic Relations
PFIP	Pacific Financial Inclusion Programme
PHAMA	Pacific Horticultural and Agricultural Market Access programme
PIC	Programme Implementation Contractor
PICs	Pacific Island Countries
PPP	Public-Private Partnership
PSDI	Private Sector Development Initiative
PSDP	Private Sector Development Programme
PTI	Pacific Trade and Invest
PWD	People with disabilities
SAA	Samoa Airport Authority
SABS	Samoa Agribusiness Support Project
SAME	Samoa Association of Manufacturers and Exporters
SBEC	Samoa Business Enterprise Centre (now called the Samoa Business Hub)
SBH	Samoa Business Hub
SBS	Samoa Bureau of Statistics
SCCI	Samoa Chamber of Commerce and Industry
SDGs	Sustainable Development Goals
PDS	Pathway for the Development of Samoa
SIDS	Small Island Developing States
SLC	Samoa Land Corporation
SMEs	Small and Medium Enterprises
SNPF	Samoa National Provident Fund
SOEs	State-Owned Enterprises
SPA	Samoa Ports Authority
SQA	Samoa Qualifications Authority
SROS	Scientific Research Organisation of Samoa
STA	Samoa Tourism Authority
STEC	Samoa Trust Estates Corporation
TCIB	Trade, Commerce and Industry Board
TCMSP	Trade, Commerce and Manufacturing Sector Plan
TVET	Technical and Vocational Education and Training
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
USD	United States Dollar
UTOS	Unit Trust of Samoa
WTO	World Trade Organisation



EXECUTIVE SUMMARY

Introduction

Formulation of this first National Industry Development Policy and Strategy (NIDPS) for Samoa was initiated and guided by the Ministry of Commerce, Industry and Labour (MCIL) and funded under the New Zealand's Ministry of Foreign Affairs and Trade (MFAT) Private Sector Development Programme (PSDP). The Policy adopts a broad definition of what comprises "industry" – namely any private sector/business activity other than subsistence agriculture/fishing and other non-commercial household-level activities.

Social and Economic Context

Since 2001, Samoa has achieved steady but slow **economic growth**. A series of shocks have dented economic growth in recent years including the Global Financial Crisis, the Measles epidemic, and COVID-19.

There has, however, been a significant evolution in the **structure of the economy** towards a modern service-based economy, with a steady decline in value added and employment in the secondary sectors, particularly manufacturing, construction, and utilities. Primary production (agriculture, forestry, and fishing) has been relatively stable, and remains important as an informal employer and contributor to food and livelihood security.

These trends give an indication of where Samoa's inherent **economic strengths** lie and the direction of an effective Industry Development Policy. Samoa's potential lies in relatively high-tech services (e.g., innovative internet-based services) and niche manufacturing/ processing where Samoa can leverage its well-educated workforce, and strong links to Australia and New Zealand. Opportunities to sell the Samoan/Pacific story (clean, green, ethical etc.) also offer a competitive edge rather than the export of un-differentiated agricultural commodities.

Guiding Principles

Development of the NIDPS was based on several guiding principles that include: (i) the need for a tailor-made approach based on Samoa's unique circumstances; (ii) a diversified portfolio approach; (iii) a broad definition of industry; (iv) a focus on traded goods (exports or import substitution); and (v) the conditions for sustainability – profitability, social and environmental.

Industry Assessment Framework

Formulation of the NIDPS employed an Industry Assessment Framework that compares industry sectors according to a set of equally weighted criteria, in order to identify **priority sectors**. The Framework indicates that the export-oriented sectors offering the best prospects for industry development are mostly in the tertiary sector, but also include some elements of agriculture¹ and manufacturing. This suggests a two-pronged industry development policy directed towards:

- the expansion of emerging/sunrise industries which are mostly service-based and export-oriented sectors; and
- efforts to improve productivity in the more mature sectors which currently account for the great majority of business registrations and employment, namely wholesale, retail, and transport activities.

¹ Agriculture is broadly defined here to include all crops, livestock, forestry, fishing and aquaculture as well as related activities.



NIDPS Vision

The **vision** of the NIDPS is “*accelerated transformation of priority industries where Samoa has potential competitive advantage that contributes to sustainable and inclusive economic growth.*”

NIDPS Objectives

The **long-term** objectives of the NIDPS are to:

- Increase sustainable economic growth that supports improved prosperity for all Samoans.
- Support and encourage the transition from low to high productivity industries, whilst improving productivity across all sectors.
- Encourage investment in emerging/sunrise industries where Samoa has a potential competitive edge.
- Accelerate formalisation and generate high quality jobs in the formal sector.
- Improve Samoa’s trade balance.

The **immediate/short-term** objective of the NIDPS is to support the post-COVID-19 recovery agenda in ways that enhance the long-term productivity and competitiveness of Samoan industry. Short-term emergency response measures and social protection initiatives are not included in the Policy.

NIDPS Strategies

The goals and strategies summarised below define how the NIDPS’s vision will be translated into reality and the policy instruments which will support the process. The table below summarises the strategies that are proposed to achieve the NIDPS goals:

GOALS	STRATEGIES	PRIORITY
Goal 1: Innovation and Entrepreneurship Support innovation and entrepreneurship in the creation and expansion of priority industries.	1.1 Identify opportunities for the development of high value-addition industries in Samoa.	1
	1.2 Raise awareness about opportunities for investment in sunrise industries.	1
	1.3 Create an incentive framework to encourage investment in priority industries.	1
Goal 2: Diversification and Productivity Facilitate diversification, productivity, and profitability of existing/mature sectors.	2.1 Continue efforts to enhance the business enabling environment (BEE) under various programmes and projects.	2
	2.2 Identify sector-specific productivity-enhancement opportunities in mature sectors.	2
	2.3 Develop policy initiatives to reduce the cost of exporting with a focus on shipping issues.	1
	2.4 Ongoing reform of SOEs and their strategic engagement in industry development.	2
Goal 3: Infrastructure and Services Develop the infrastructure and services needed to attract investment in priority industries and improve productivity and profitability in existing/mature sectors	3.1 Develop appropriate transport infrastructure in accordance with the Transport and Infrastructure Sector Plan.	2
	3.2 Improve Samoa’s ICT infrastructure, services, and policies to facilitate and attract investment in knowledge-based industries and ICT-based services.	1
	3.3 Improve the provision of Business Advisory Services (BASs) to start-ups and expanding businesses in emerging and sunrise sectors.	2



GOALS	STRATEGIES	PRIORITY
	3.4 Increase investment in renewable energy production to provide an affordable, reliable, and sustainable supply of green energy.	2
	3.5 Address barriers to accessing financial services by businesses aiming to expand in priority sectors/industries.	3
Goal 4: Partnerships for Industry Development Enable the creation of partnerships to drive industry development initiatives.	4.1 Enable the creation of PPPs to kick-start development in priority industries where it is currently difficult to attract equity or loan finance	2
	4.2 Promote the establishment of partnerships between formal and informal businesses to strengthen supply chains in the priority sectors.	1
	4.3 Engage the Samoan diaspora in partnerships for industry development in priority sectors.	3
Goal 5: Develop Skilled Labour Force Develop and strengthen Samoa's skilled labour force in ways that complement successful industry development.	5.1 Progress ongoing efforts to develop and strengthen a skilled labour force to address the priorities of the NIDPS.	1
	5.2 Address technical and vocational skill shortages through targeted TVET programmes for workers in-country and measures to encourage the return of skilled Samoans working abroad.	2
	5.3 Direct ICT training and capacity-building efforts to the needs of priority industries.	1

Action Plan

Progressing the above strategies requires the establishment of a strong **implementation framework**. A number of the most critical building blocks for this framework have therefore been identified for inclusion in the Action Plan.

The NIDPS horizon of ten years is seen as the **first phase of a multi-decade process** to transform Samoa's economy towards more productive and profitable industries. The ten-year NIDPS should be reviewed every 2-3 years, more frequently if necessary, and be the subject of an independent and participatory mid-term review (MTR) around FY2028/2029. It is expected that a Preparedness and Recovery Framework will be developed following the MTR. This will take into account the inevitable external shocks such as natural disasters, pandemics, economic downturns and other shocks that have the potential to severely impact the economy sectors and industry sustainability.

Whilst the NIDPS has a long-term horizon, there is a **need for immediate action** in several areas in the context of the COVID-19 crisis and the recovery process that will follow. Samoa needs to re-build productive capacity and market access in a region that has been amongst the worst-affected in economic terms. Opportunities will arise from leaner and more resilient businesses that are better equipped to handle competitive challenges in the future. In addition, there are a number of COVID adaptation and recovery programmes that can enable surviving businesses to access a range of financial and other recovery support measures, and to improve their preparedness and resilience against future shocks.



PART 1| THE INDUSTRY POLICY FRAMEWORK

1.1 | Industry Assessment Framework

The Industry Assessment Framework (presented in Annex 7) which compares each of the ISIC sectors according to a set of equally weighted criteria, in order to identify high, medium and low priority sectors for the NIDPS. The framework also shows the number of business registrations in each sector, and their categorisation as exports, import substitution, or non-traded items. The criteria include:

➤ **Economic Criteria**

- Current status, Growth potential, Competitiveness, Access to resources, Private sector interest, Risk profile and Barriers to entry.

➤ **Social Criteria**

- Inclusiveness and Employment.

➤ **Marketing Criteria**

- Market access and PACER Plus opportunities.

➤ **Sustainability Criteria**

- Economic, Environmental and Climate resilience.

➤ **Alignment Criteria**

- Policy alignment.

Based on these criteria, the framework suggests that the export-oriented sectors offering the best prospects for industry development are mainly in the tertiary sector. The definition of the seven top-ranking export sectors is given in Box 1. These sectors currently account for around 28% of business registrations and about the same percentage of formal employment. Many of these sectors are emerging or sunrise sectors where the prospects for growth are seen to be significant.

The sector which includes both the largest number of business registrations, and the largest number of employees (wholesale, retail, and motor repairs) ranks in the middle range of the assessment framework scores, mainly because of limited potential for growth.

None of the sectors at the lower end of the assessment scores are currently important in terms of business registrations or employment, although it does not necessarily follow that this will remain so.

Box 1: Seven Top Ranking Export-Oriented Industries in the Industry Assessment Framework

- **Administrative and Support Services:** Includes a variety of activities that support general business operations such as rental and leasing activities, employment agencies, travel agencies, security services, landscaping, office administration, and business support services.
- **Professional, Scientific and Technical Activities:** Includes specialised professional, scientific, and technical activities. These activities require a high degree of training and make specialised knowledge and skills available to users. Examples include legal and accounting services, management consultancy, architecture and engineering services, research, advertising, veterinary services etc.
- **Information and Communication:** Includes the production and distribution of information and cultural products, the provision of the means to transmit or distribute these products, as well as data or communications, information technology activities and the processing of data and other information service activities.
- **Other Services:** A residual category that includes the activities of membership organisations, repair of computers and personal and household goods and a variety of personal service activities not covered elsewhere.
- **Financial and Insurance Activities:** Includes financial service activities including insurance, reinsurance and pension funding activities and activities to support financial services. Also includes the activities of holding assets, such as activities of holding companies and the activities of trusts, funds, and similar financial entities.
- **Agriculture, Forestry and Fishing:** Includes the exploitation of vegetal and animal natural resources, comprising the activities of growing of crops, raising, and breeding of animals, harvesting of timber and other plants, animals or animal products from a farm or their natural habitats.
- **Manufacturing:** A very broad and diverse sector that includes the physical or chemical transformation of materials, substances, or components into new products. The materials, substances, or components transformed are raw materials that are products of agriculture, forestry, fishing, mining, or quarrying as well as products of other manufacturing activities. Substantial alteration, renovation or reconstruction of goods is generally considered to be manufacturing.



The Industry Assessment Framework suggests a two-pronged industry development policy directed towards: (i) the expansion of emerging/sunrise industries (see Box 2 below) which are mostly service-based and export-oriented sectors; and (ii) efforts to improve productivity in the more mature sectors which currently account for the great majority of business registrations and employment, namely wholesale, retail, and transport activities.

Box 2: Sunrise Industries – Various Definitions

- A new business or sector showing potential for substantial and rapid growth.
- Sunrise industries are typically characterised by high growth rates, numerous start-ups, and an abundance of venture capital funding.
- As a sunrise industry develops, it may transition to the maturity stage and then to the sunset stage.
- To remain relevant and on an upward trajectory, sunrise industries must prove their viability and sustainability.
- Characterised by a high degree of innovation, and its rapid emergence may threaten to push into obsolescence competing sectors that are already in decline (sunset industries).

Source: [Sunrise Industry Definition \(investopedia.com\)](http://investopedia.com)

Box 3: Indicative List of Potential Sunrise Industries

- Filmmaking and other industries linked to Arts, Entertainment, Recreation
- Business Process Outsourcing (BPO) including “nearshoring” (Nearshoring arrangements are where a country outsources services [such as ICT] to a nearby country where costs are lower, but communications are streamlined through shared language and cultural and characteristics and business-compatible time zones.).
- Call centres
- Retirement living, health tourism and aged care services,
- Food and beverage processing
- High-tech specialised manufacturing for niche markets
- High value/luxury tourism
- Clean, green, and healthy industries including high value agricultural commodities,
- Renewable energy (solar, hydro, geothermal, wave, biomass etc.)



1.2 | NIDPS Vision



The **vision of the NIDPS** is “*accelerated transformation of priority industries where Samoa has potential competitive advantage that contributes to sustainable and inclusive economic growth.*”

The vision of the NIDPS is aligned with the vision of Samoa 2040, “*to transform the Samoan economy to a higher growth path, to ensure the needs of present and future generations are met and that no one is left behind*”. It is also aligned to the Pathway for the Development of Samoa (PDS) FY2021/22-FY2025/26 Key Strategic Outcome 2 – Diversified and sustainable economy. The vision also reflects the objective of the NIDPS formulation assignment Terms of Reference (TOR), “to develop a NIDPS that will enhance and improve private sector inputs and boost exports of goods and services where Samoa has comparative and sustainable advantages”.

1.3 | NIDPS Objectives and Goals

The **long-term objectives** of the NIDPS are to:

- Increase sustainable economic growth that supports improved prosperity for all Samoans.
- Support and encourage the transition from low to high productivity industries, whilst improving productivity across all sectors.
- Encourage investment in emerging/sunrise industries (see indicative list in Box 3) where Samoa has a potential competitive edge.
- Accelerate formalisation and generate high quality jobs in the formal sector².
- Improve Samoa’s trade balance.

The **immediate/short-term objective** of the NIDPS is to support the post-COVID-19 recovery agenda in ways that enhance the long-term productivity and competitiveness of Samoan industry, rather than short-term emergency response and social protection initiatives that are beyond the scope of the Policy.

To achieve these objectives, the Policy outlines a set of **thematic goals** which have been identified during the extensive consultations and desk studies of relevant strategies, plans and policies. Underpinning each of these goals is a series of targeted strategies and policy responses aimed at providing certainty and clarity about the policy framework and facilitating the transition to a higher level of economic growth and prosperity.

² Recognising that job creation is especially challenging in the current COVID-19 recession, and that this may not be a realistic objective for some time to come.



PART 2| STRATEGIES FOR ACHIEVING INDUSTRY POLICY GOALS

2.1 | Summary of Strategies

The NIDPS is founded on a well-defined strategic vision and strategy for industry development in Samoa that defines what the country is aiming to achieve and why. The goals and strategies define how the NIDPS's vision will be translated into reality and the policy instruments which will support the process.

The NIDPS goals will be realised through progressing a series of strategies that are endorsed by both Government and the private sector. Sections 2.2 to 2.6 details strategies that have been determined as most relevant and important to achieving the goals. It includes an overview of the policy issue that each one addresses, and the specific policy responses that are proposed. It also indicates which agencies will be assigned responsibility to lead or co-lead the proposed activities.

Table 1: Summary of Strategies to Achieve NIDPS Goals below presents a summary of the strategies. While all of these have been qualified as relevant and important, the following priority scale is applied to help focus efforts according to the potential to achieve immediate, short- and medium-term results.

1 = Very high priority. Progressing this strategy immediately is essential to strengthen the foundations for industry development in Samoa.

2 = High priority. Efforts should commence now to secure the resources and support to be able to progress these strategies in the short to medium term.

3 = Medium priority. Efforts should commence now to secure the resources and support to be able to progress these strategies in the medium term.

Table 1: Summary of Strategies to Achieve NIDPS Goals

GOALS	STRATEGIES	PRIORITY
Goal 1: Innovation and Entrepreneurship Support innovation and entrepreneurship in the creation and expansion of priority industries.	1.1 Identify opportunities for the development of high value-addition industries in Samoa.	1
	1.2 Raise awareness about opportunities for investment in sunrise industries.	1
	1.3 Create an incentive framework to encourage investment in priority industries.	1
Goal 2: Diversification and Productivity Facilitate diversification, productivity, and profitability of existing/mature sectors.	2.1 Continue efforts to enhance the business enabling environment (BEE) under various programmes and projects.	2
	2.2 Identify sector-specific productivity-enhancement opportunities in mature sectors.	2
	2.3 Develop policy initiatives to reduce the cost of exporting, with a focus on shipping issues.	1
	2.4 Ongoing reform of SOEs and their strategic engagement in industry development.	2
Goal 3: Infrastructure and Services Develop the infrastructure and services needed to attract investment in priority industries and improve productivity and	3.1 Develop appropriate transport infrastructure in accordance with the Transport and Infrastructure Sector Plan.	2
	3.2 Improve Samoa's ICT infrastructure, services, and policies to facilitate and attract investment in knowledge-based industries and ICT-based services.	1
	3.3 Improve the provision of Business Advisory Services (BASs) to start-ups and expanding businesses in emerging and sunrise sectors.	2



GOALS	STRATEGIES	PRIORITY
profitability in existing/mature sectors	3.4 Increase investment in renewable energy production to provide an affordable, reliable, and sustainable supply of green energy.	2
	3.5 Address barriers to accessing financial services by businesses aiming to expand in priority sectors/industries.	3
Goal 4: Partnerships for Industry Development Enable the creation of partnerships to drive industry development initiatives.	4.1 Enable the creation of PPPs to kick-start development in priority industries where it is currently difficult to attract equity or loan finance.	2
	4.2 Promote the establishment of partnerships between formal and informal businesses to strengthen supply chains in the priority sectors.	1
	4.3 Engage the Samoan diaspora in partnerships for industry development in priority sectors	3
Goal 5: Develop Skilled Labour Force Develop and strengthen Samoa's skilled labour force in ways that complement successful industry development.	5.1 Progress ongoing efforts to develop and strengthen a skilled labour force to address the priorities of the NIDPS within the framework of the Samoa National Employment Policy (SNEP).	1
	5.2 Address technical and vocational skill shortages through targeted TVET programmes for workers in-country and measures to encourage the return of skilled Samoans working abroad.	2
	5.3 Direct ICT training and capacity-building efforts to the needs of priority industries.	1

2.2 | Goal 1: Innovation and Entrepreneurship

[Support innovation and entrepreneurship in the creation and expansion of priority industries.]

Strategy 1.1: Identify opportunities for the development of high value-addition industries in Samoa.

The Issue: Opportunities for establishing and developing high value-addition industries in Samoa are probably fewer, but certainly different to those in the larger Pacific Rim countries. They therefore need to be systematically screened and evaluated to identify those with realistic prospects of success. This process should be regarded not as “picking winners”: rather as “picking starters” in the race to success, or prioritising opportunities or industries, but without being over-prescriptive. The assessment process will consider opportunities that are intrinsically innovative as well as things that are new to Samoa but have been successful in other countries or regions. Moreover, the list of starters should be open-ended to encourage entrepreneurship through the development of new business ideas.

Policy Response: The Government of Samoa will:

1.1.1. Establish a Priority Industries Working Group under the direction of the Trade, Commerce and Industry Board (TCIB) to identify a list of priority industries, building on the list of top-ranking export-oriented industries/sectors in the Industry Assessment Framework in Box 1, and the indicative list of sunrise industries in Box 3; also including established sectors with further growth/recovery potential in the post-COVID context. The Group should also refer to Annex 9 which elaborates on the potential for the creation and expansion of sunrise industries/sectors.



The Group will be convened by MCIL and include representatives of other relevant agencies and the private sector. [TCIB, MCIL]

- 1.1.2. Perform initial screening of the list of industries/sectors, using the Industry Assessment Framework in Annex 7, to prepare a shortlist of prioritised industries or sectors for post-COVID recovery as well as longer-term development when business conditions normalise, including disaster response and mitigation planning. [TCIB, MCIL]
- 1.1.3. Undertake or commission expert research (drawing on relevant sector expertise domestically and internationally, as well as post-COVID support/stimulus measures) into the list of prioritised industries to build a good understanding of: Market potential and dynamics; Key market players (countries and companies) and their success factors; Opportunities to benefit from trade facilitation support under PACER Plus; Post-COVID recovery needs and opportunities; and Key issues that need to be addressed to develop these sectors. [MCIL, MOF]
- 1.1.4. Develop sectoral/industry profiles or strategies for the prioritised industries/sectors to address both immediate post-COVID recovery as well as longer-term disaster risk management issues as a guide for potential investors. [MCIL]

Annex 9 outlines some of the key steps required to realise the potential of emerging or sunrise industries. It also provides further information on market opportunities, the source of comparative advantage, and the level of private sector interest.

Strategy 1.2: Raise awareness about opportunities for investment in sunrise industries.

The Issue: The industry consultations reported in Annex 8 revealed that there is limited awareness among stakeholders about opportunities for investment in sunrise industries, and attention is mainly focussed on expanding and/or enhancing existing businesses to improve productivity and profitability. Furthermore, in the extremely difficult COVID-affected business conditions, short-term thinking and a risk-averse mind-set currently prevail in the business community. Samoa needs to evolve a stronger culture of innovation and entrepreneurship which includes, but is not limited to, greater awareness of and interest in, diversification of economic activity through investment in sunrise industries.

Policy Response: The Government of Samoa will:

- 1.2.1. Disseminate information on investment opportunities in local sunrise industries; and engage with potential foreign investors who are involved in these sunrise industries overseas to learn from their expertise and potentially attract their investment to Samoa. [MCIL, MFAT]
- 1.2.2. Publicise success stories and raise awareness through a system of business innovation awards. [MCIL, MOF]



Strategy 1.3: *Create an incentive framework to encourage investment in priority and sunrise industries.*

The Issue: Whilst the rewards are potentially great, investment in sunrise industries also carries significant risks, especially in the COVID-affected business environment. Like most SIDS, Samoa does not have well-established financial markets with venture capital businesses that are willing to finance start-ups and innovative business with relatively high-risk profiles. Therefore, there is justification for Government interventions to de-risk sunrise industry investments, in conjunction with development partners that are supportive of private sector development. Many development partners are also offering additional support for post-COVID recovery and disaster risk management that provide opportunities for investment in priority industries. Tax and duty concessions for sunrise industries are another possible instrument, but any steps in this direction would need to be considered in collaboration with the Ministry of Customs and Revenue (MCR) and the Ministry of Finance (MOF).

Policy Response: The Government of Samoa will:

- 1.3.1. Assist Samoan businesses in accessing various donor-funded programmes, including post-COVID recovery packages and the PACER Plus implementation support package, to support investment in priority and sunrise industries. [MCIL, MOF, MFAT]
- 1.3.2. In collaboration with development partners, consider the creation of a credit guarantee schemes and co-financing initiatives to catalyse investment in priority and sunrise industries. [MCIL, MOF, MFAT]
- 1.3.3. In collaboration with MCR and MOF, explore options for tax and duty concessions to encourage domestic and foreign investment in priority and sunrise industries. [MCIL, MCR, MOF, IC (Investment Committee), NRB (National Revenue Board)]
- 1.3.4. Investigate the possibility of mobilising domestic resources for investment in priority and sunrise industries, such as the Samoa National Provident Fund (SNPF) and the Unit Trust of Samoa (UTOS). This would need to be considered by the governing bodies of SNPF and UTOS in accordance with their mandates and criteria. [MCIL, MOF, SNPF, UTOS]
- 1.3.5. Mobilise funding (domestic and international sources) for research and pilot programmes, e.g., through the Scientific Research Organisation of Samoa (SROS). [MCIL, MOF, SROS]

2.3 | Goal 2: Diversification and Productivity

[Facilitate diversification, productivity, and profitability of existing/mature sectors.]

The Industry Assessment Framework in Annex 7 shows that the sectors which currently have the largest number of business registrations and jobs rank in the mid-range of the Assessment Framework scores, mainly because of limited potential for growth. However, because of their current economic importance, opportunities to diversify within these existing/mature sectors, and to improve their productivity and profitability, need to be pursued.



The NIDPS approach to diversification and productivity enhancement in the existing/mature sectors incorporates two parts. The first part, elaborated under Strategy 2.1, focuses on enhancements to the overall Business Enabling Environment (BEE) and is addressed under several initiatives including the approved MSME Policy and Strategy 2020 as well as existing policies and strategies covering investment, financial inclusion, employment, trade, and commerce. The second part, under Strategy 2.2, will focus on what the Government can do to improve productivity and value addition in specific mature sectors.

Strategy 2.1: Continue efforts to enhance the BEE under various programmes and projects.

The Issue: Industry development is not only about sunrise industries. There are always reforms that can be undertaken to improve the BEE, which will benefit existing/mature industries as well as new and emerging ones, by facilitating diversification efforts and improving productivity and profitability. According to the World Bank's Ease of Doing Business Index³ Samoa ranks 98th of 190 countries, slightly better than Fiji, Tonga, and Vanuatu considerably better than PNG, Solomon Islands and Kiribati, but well below New Zealand (ranked first in the world) and Australia (ranked 14th). Samoa scores well in some criteria; but poorly in relation to others including resolving insolvency (140th) and trading across borders (154th).

Policy Response: The Government of Samoa will:

- 2.1.1. Continue supporting the present suite of initiatives to implement BEE reforms. [MCIL, MOF, Sector Coordinators]
- 2.1.2. Respond to specific BEE concerns raised during stakeholder consultations including freight and utility costs, levelling the tax collection playing field and fine tuning the duty concessions scheme to be more accessible to other businesses/industries, e.g., ICT industry. The unreliability of shipping during the COVID-19 pandemic and recent changes to shipping schedules to Australia have seriously disrupted exports, especially of perishable produce, calling for high priority attention. [MCIL, MCR, MOF, TCIB]
- 2.1.3. Review and refine the approach to enhancing the BEE from time to time as part of the relevant Government entities' normal planning cycle. [MCIL, Sector Coordinators]

Strategy 2.2: Identify sector-specific productivity-enhancement opportunities in mature sectors.

The Issue: Strategy 2.2 will build on the existing sectoral plans and strategies listed in Annex 2. For some sectors/industries, perhaps very little can be done, and growth prospects are limited, or market demand is in decline. Consequently, the focus will be on mature sectors/industries where there are still opportunities for improved sales and profits during the post-COVID recovery period through

³ [Ease of doing business index \(1=most business-friendly regulations\) | Data \(worldbank.org\)](#) Lowest ranking is best.



improved productivity, quality, marketing etc. For example, improving quality and consistency of supply in agricultural marketing pathways, adding value in agriculture/forestry/ fishing, food safety certification, introduction of technology and innovation to improve yields, productivity, quality, and processing. Productivity enhancement initiatives should also consider longer-term disaster prevention and mitigation measures, in addition to post-COVID recovery.

Policy Response: The Government of Samoa will:

- 2.2.1. Prepare a list of priority mature sectors or industries with sound productivity and profitability enhancement prospects, and with potential to expand during the roll-out of post-COVID recovery programmes. [TCIB, MCIL].
- 2.2.2. Task existing sector working groups and steering committees to prepare proposals for how to improve productivity, value addition and profitability in each priority sector, taking advantage of post-COVID recovery support initiatives on offer. [MCIL, MOF, Sector Coordinators]
- 2.2.3. Where analysis indicates that the benefits outweigh accreditation and compliance costs, develop quality standards and quality assurance schemes for priority sectors and support their adoption by businesses in these sectors. Utilise opportunities for obtaining support for these activities under PACER Plus. [MCIL]
- 2.2.4. Implement initiatives for the advancement of new climate-smart technologies and farming techniques as envisaged in Samoa 2040, and access suitable climate finance windows to support implementation. [MCIL, MAF, MNRE, MOF]

***Strategy 2.3:** Develop policy initiatives to reduce the cost of exporting with a focus on shipping issues.*

The Issue: Because of the small domestic market, Samoan businesses look to exports as a source of growth when they are still relatively small and inexperienced. In larger countries, these businesses would not need to consider exporting because of the much larger domestic market. Therefore, specific measures to facilitate export trade for smaller and emerging exporters need to be considered, along with measures to reduce the cost of exporting generally. Support is available under PACER Plus to assist in identifying and implementing trade facilitation initiatives including cost reductions, and harmonisation of standards and procedures with trading partners.

There are large differences between PICs in the cost of exporting. According to the World Bank's Ease of Doing Business Index, Samoa is easily the most expensive, with the documentation and border compliance costs for a 15-tonne shipping container from Samoa amounting to almost USD 1,600 (excluding land and sea freight). In Tonga the same costs USD 270. Australia and New Zealand also have high export costs (USD 639 and 447 per container respectively) compared to Singapore (USD 260). Actual container freight costs are also said to be higher for Samoa than other PICs (see Consultation Report in Annex 8) although there are no systematic/comparable data to verify this. Questions have been raised as to the validity of these export cost estimates, although there is agreement that they are unacceptably high. It is unclear as to what is included in the World Bank's



Ease of Doing Business Index documentation and border compliance costs and why these are so much higher in Samoa.

Samoa exporters have also raised concerns about the very high cost of sea-freight as well as recent reductions in direct shipping services to Australia and New Zealand placing them at a further disadvantage to Fiji and Tonga which enjoy weekly services to both destinations.

Stakeholder consultations for the formulation of the NIDPS highlighted a strong need for Samoa to develop shipping services (such as ship repairs, dry docking facilities etc.), with a view towards becoming a possible shipping hub for the Pacific Region. This will have significant benefits for a broad cross section of Samoan industries. More ships servicing routes to and from Samoa may help to alleviate the high freight costs being charged to exporters by the few shipping companies that currently service these routes.

The ESCAP-World Bank Trade Cost Database⁴ includes all costs involved in trading goods internationally compared to the cost of trading the same goods domestically. It shows that the costs of intra-pacific trade are generally much higher than trade between PICs and Pacific Rim Countries (Australia, China, Japan, New Zealand, and USA). Samoa's trade costs with the Pacific Rim Countries are lower than for Tonga and Vanuatu but considerably higher than PNG and Fiji.

Policy Response: The Government of Samoa will:

- 2.3.1. Undertake a comprehensive comparative study on the cost of exporting goods from Samoa (building on the World Bank and ESCAP data) to identify the reasons for the apparently very high cost of exports. [MCR, MAF (SQS), MCIL, MOF]
- 2.3.2. Formulate an Action Plan for addressing the outcomes and/or problems identified in the comparative study under 2.3 (i) – including opportunities for implementation support from PACER Plus. [MCR, MAF (SQS), MCIL, MOF]

***Strategy 2.4:** Ongoing reform of SOEs and their strategic engagement in industry development.*

The Issue: Box 4 shows that there are 27 publicly owned entities in Samoa of which 15 are classified as Public Trading Bodies, 10 as not-for-profit Public Beneficial Bodies and 2 as Public Mutual Bodies. The ADB private sector assessment of 2015⁵ identified poor performance in the SOEs as a systemic problem in the Samoan economy resulting in low return on investment and Government transfers diverting funds from social services, UTOS and SNPF. SOE reform is expected to generally improve productivity in the economy and creates opportunities for private sector investment. There should also be competitive neutrality for SOEs relative to private sector enterprises under the National Competition Policy, 2013.

⁴ <https://www.unescap.org/resources/escap-world-bank-trade-cost-database>

⁵ Asian Development Bank (2015). *Reform Reviewed: A Private Sector Assessment for Samoa*.



MPE's perspective on SOE reforms addresses two main outcomes: (i) improved governance and performance of Public Bodies; and (ii) enhanced private sector participation through public-private partnerships (PPPs) and privatisation; both of which are linked to Strategy 4.1 below.

Box 4: State-owned Enterprises in Samoa

The Ministry for Public Enterprises (MPE) oversees 27 entities of which 15 are characterised as **Public Trading Bodies**:

- DBS: Development Bank of Samoa
- EPC: Electric Power Corporation
- PAL: Polynesian Airlines Limited
- PTO: Public Trust Office
- SAA: Samoa Airport Authority
- SHC: Samoa Housing Corporation
- SIFA: Samoa International Finance Authority
- SLC: Samoa Land Corporation
- SPA: Samoa Ports Authority
- SPL: Samoa Post Limited
- SSC: Samoa Shipping Corporation
- SSS: Samoa Shipping Services
- STEC: Samoa Trust Estates Corporation
- SWA: Samoa Water Authority
- UTOS: Unit Trust of Samoa

MPE also oversees two **Public Mutual Bodies** which are expected to pay dividends to their contributors and policy holders:

- SLAC: Samoa Life Assurance Corporation
- SNPF: Samoa National Provident Fund

In addition, there are ten **Public Beneficial Bodies** that are providers of not-for-profit public services:

- ACC: Accident Compensation Corporation
- GCA: Gambling Control Authority
- LTA: Land Transport Authority
- NKF: National Kidney Foundation
- NUS: National University of Samoa
- SFESA: Samoa Fire and Emergency Services Authority
- SQA: Samoa Qualifications Authority
- SROS: Scientific Research Organisation of Samoa
- SSFA: Samoa Sports Facilities Authority
- STA: Samoa Tourism Authority

Source: MPE Website June 2021, <https://www.mpe.gov.ws>

The Annual Article IV consultations between IMF and the Government have agreed on measures to strengthen performance of the SOE sector, particularly concerning debt management, and performance monitoring and reporting, recognising that some of them play key roles in the provision of essential services. This is expected to result in improved financial performance for the Public Bodies listed in Box 4.

There have been a number of SOE reforms over the years and in 2015 MPE undertook a review of its ownership, performance and divestment policy, considering potential areas for divestment and privatisation. These SOE reforms are for the purpose of enhancing private sector participation through PPPs and privatisation. There is potentially an important role for some of the key SOEs in the NIDPS which needs to be pursued in parallel with the ongoing SOE reform agenda as proposed by the ADB and the IMF. This aligns with the Government's commitment to improving public sector efficiency and productivity as stipulated in Key Priority Area 13 – Improved Accountability – of the PDS.

Public enterprises from all three categories can play a role in industry development. Examples include: DBS in providing finance for sunrise industry development; EPC in reducing the cost of electricity; SAA, SPA and SSC in reducing relevant costs associated with exporting; SLC and STEC in providing land for new and existing industries and/or raw material for agro-industries; UTOS and SNPF as



sources of venture capital; NUS in training and capacity building; SROS in providing research and technical support; STA in development of the tourism sector; and all of the above as potential participants in PPPs. These examples are mandated functions of the respective Public Bodies and are incorporated into their corporate plans.

Policy Response: The Government of Samoa will:

- 2.4.1. Ensure that each relevant SOE/Public Body's current and future Corporate Plan include objectives and strategies that align their mandated functions with the PDS and in support of relevant national industry development initiatives that are linked to the NIDPS. [MCIL, MPE, DBS, EPC, SAA, SPA, SSC, SLC, STEC, UTOS, SNPF, SROS]
- 2.4.2. In collaboration with MPE, ensure that any SOE reforms and strategies identified in 2.4.1 above that are relevant to industry development, are incorporated into the overall NIDPS. [MCIL, MPE]

2.4 | Goal 3: Infrastructure and Services

[Develop the infrastructure and services needed to attract investment in priority industries and improve productivity and profitability in existing/mature sectors.]

***Strategy 3.1:** Develop appropriate transport infrastructure in accordance with the Transport and Infrastructure Sector Plan.*

The Issue: Whilst Samoa's transport infrastructure is generally good, it is vulnerable to disruption from natural disasters, which can affect the movement of goods and people and damage the competitive position of a range of industrial sectors. The Transport and Infrastructure Sector Plan 2023-2028 presents Government's vision to strengthen connectivity, accessibility and resilience of infrastructural and transport service. Improved transport and energy infrastructure also has potential to progress Samoa towards a zero net emissions future with possible support from various sources of climate funding⁶.

Policy Response: The Government of Samoa will:

- 3.1.1. Implement and provide further support for the transport sector strategy in accordance with existing and future sector plans and emission reduction strategies, supported by climate funding where appropriate. [MWTI, MOF]
- 3.1.2. Undertake a review of these strategies and plans to identify ways to reduce the cost of exporting (with a focus on shipping and port services) in accordance with Strategy 2.3. [MWTI, MCIL, MOF]

⁶ Including, but not limited to the Green Climate Fund (GCF), the Global Environment Facility (GEF), Special Climate Change Fund (SCCF), Clean Development Mechanism (CDM), Adaptation Fund (AF), Climate Investment Fund (CIF), Community Development Carbon Fund (CDCF), as well as various climate financing windows offered by WB/IFC, ADB, EU and bilateral agencies.



Strategy 3.2: Improve Samoa's ICT infrastructure, services, and policies to facilitate and attract investment in knowledge-based industries and ICT-based services.

The Issue: Samoa's international connectivity has improved substantially with the completion of the Tui Samoa fibre-optic cable now in its third year of operation, and the backup Manatua cable fully online. Samoa has the ICT infrastructure in place and is well positioned to be an ICT leader in the Pacific. Value for money in terms of data and communications services has risen dramatically in the last several years. The skill level of local ICT professionals is relatively high and local entrepreneurs have also demonstrated the capability of producing international quality ICT products. However, the potential of the ICT sector as a sunrise industry is still largely unrealised.

There are two different ways in which ICT is important to the NIDPS. First as a sunrise industry with potential for the creation of new businesses providing services at competitive prices under offshoring or nearshoring arrangements. Secondly, as an enabler that facilitates productivity improvement across all sectors of business and government.

The NIDPS incorporates several policy initiatives in the ICT space that are aligned with the Information and Communications Technology Sector Plan 2022/2023 - 2026/2027 (see Annex 2). The Communications Sector Plan has the vision to promote and provide "affordable and appropriate ICT services" and incorporates four goals: (1) Sustainable ICT workforce and an ICT literate population, (2) Improved domestic connectivity and access to ICT, (3) Improved e-services in priority sectors, (4) Strengthened ICT policy, planning capacity, and legislative and regulatory frameworks. The stakeholder consultations reported in Annex 8 identified a few priorities to accelerate development of ICT both as an industry and as an enabler of broadly-based productivity gains. An indication of the possibilities for expanding ICT-based services is given by the recent decisions by several logistics and accounting firms to expand operations locally to service clients around the Asia-Pacific region.

Policy Response: The Government of Samoa will:

- 3.2.1. Consider the inclusion of the ICT Industry under the Duty Concessions Scheme and reclassify ICT business equipment to incur lower duties and taxes; subject to approval by MCR and MOF. [*Investment Committee, MCR, MOF, MCIL, MCIT*]
- 3.2.2. Consider becoming a signatory to and/or aligning with the WTO Information Technology Agreement (ITA) that allows for duty-free imports of IT equipment⁷. [*MCIL, MCIT, MCR, MFAT*]
- 3.2.3. Improve communication about planning in the ICT sector (e.g., spectrum management plans), so that businesses can better coordinate with suppliers and customers and make plans. [*MCIT, Office of the Regulator (OOTR)*]
- 3.2.4. Consider incentives to enable next-level penetration connectivity and to enable a higher level of service delivery. [*MCIL, MCR, MCIT, MOF, NRB*].

⁷ Samoa is not currently a member of the 81-country ITA. However, acceding to and/or aligning with the agreement on a voluntary basis would overcome some of the disadvantages that Samoan IT businesses face relative to IT businesses in ITA member countries.



- 3.2.5. Consider peering arrangements⁸ with neighbouring countries to enable Samoa to become a technology hub of the Pacific. [MCIT, OOTR]
- 3.2.6. Invest in skills and education to improve ICT skills amongst youth, strengthen the ICT education policy, in collaboration with the Ministry of Education, and continue/expand youth entrepreneurship programmes. [MEC, MCIT, MWCSO]
- 3.2.7. Strengthen the legislative and regulatory framework to keep up with the fast pace of ICT, in accordance with the Information and Communications Sector Plan. This includes establishing a system of postal and street addresses to facilitate electronic payment gateways. Include the private sector in this process to ensure policy and legislation remains current. [MCIT, AG, MCIL]

***Strategy 3.3:** Improve the provision of Business Advisory Services (BASs) to start-ups and expanding businesses in emerging and sunrise sectors.*

The Issue: The importance of BASs for both emerging and mature businesses has long been recognised with SCCI, SBH (formerly SBEC) and several other programmes active in this space. Under Component 2 of the PSDP, SBH is providing accredited BAS support for preparation of business and financing plans; accessing specialist BAS services where needed; and providing mentoring, training technical and marketing support to client businesses. The NZ MFAT-supported Business Link Pacific (BLP)⁹ is currently active in Samoa (and other PICs) providing BASs delivered by accredited service providers on a subsidised basis; with special provisions to reflect current threats to these businesses from the COVID-19 crisis.

Policy Response: The Government of Samoa will:

- 3.3.1. In collaboration with SBH and other Private Sector entities (e.g., SCCI, BLP) increase the number and capability of BAS providers with specialised skills in the sunrise sectors. Where necessary, seek support from SBH and BLP for overseas training of BAS providers or bring BAS trainers/ mentors to Samoa. [SBH, MCIL, MOF]
- 3.3.2. Provide BASs and incubators on a cost-sharing basis to new and expanding firms operating in the sunrise sectors, in conjunction with improved access to financial services (under Strategy 3.5). [CBS, DBS, MOF, MCIL]

***Strategy 3.4:** Increase investment in renewable energy production to provide an affordable, reliable, and sustainable supply of green energy.*

The Issue: The stakeholder consultations reported in Annex 8 identified the high cost of electricity for commercial and industrial operations as a major constraint to industry development which is pricing

⁸ <https://arstechnica.com/features/2008/09/peering-and-transit/>

⁹ Business Link Pacific www.businesslinkpacific.com



Samoa's products out of many markets. This is partly due to Samoa's reliance on diesel generation for around half of electricity requirements.

Samoa is seeking to transition to 70% renewables by 2031 investing in renewable generation and new projects that have minimal impacts on the environment. Key Priority Area 18 of the PDS (2021/22 – 2025/26) also calls for sustainable energy supply and a move towards safe, accessible, and affordable energy efficient products. The National Environmental Sector Plan, 2017-2021 and a few other sectoral and thematic plans also call for regulatory reforms in the energy sector and accelerated transition to renewables. The vision of the Samoa Energy Sector Plan 2023/2024 - 2027/2028 is "affordable, reliable, safe and cleaner energy supply for all."

Currently the ratio is about 55:45 between diesel or fossil fuel and renewables, mainly hydropower and solar. EPC expects significant investments in solar power through Independent Power Producers (IPPs)¹⁰ and distributed/decentralised solar generators to reach the 2025 goal. Government needs to play a significant role in providing guarantees (e.g., guarantee to purchase power at agreed rates) and negotiating with IPPs to consider privately generated (residential and resort solar) power sold to the grid. As well as reducing the very high energy costs, these measures will contribute to Samoa's clean/green marketing image across a range of industries and sectors to generally improve international competitiveness. Any incentives should be carefully structured to ensure a level-playing field.

Policy Response: The Government of Samoa will:

- 3.4.1. Accelerate the transition to renewables by providing access to affordable finance for investment in electricity generation and storage and offering secure arrangements for IPPs. [EPC, MOF, MNRE]
- 3.4.2. Explore the potential for sourcing grant finance from the Green Climate Fund (GCF)¹¹ and/or other sources of climate funding for investment in renewable energy production, storage, and distribution. [MOF, MNRE, EPC]
- 3.4.3. Provide support and encouragement to Samoan businesses that are seeking to develop expertise and invest in renewable energy under various donor funded renewable energy projects in the region. [EPC, MOF, MNRE, MCIL]

Strategy 3.5: Address barriers to accessing financial services by businesses aiming to expand in priority sectors/industries.

The Issue: There are four commercial banks operating in Samoa with the two foreign-owned banks, ANZ and BSP, being much larger than the two local ones. However, the local banks have more extensive branch networks outside Apia. DBS is also important because it lends to sectors and clients that are less favoured by the commercial banks, at lower interest rates and with less demanding

¹⁰ IPPs are mainly international energy companies looking to establish solar farms to sell power to EPC. Distributed solar generators are residential buildings or resorts producing electricity mainly for their own use, selling surpluses to the grid.

¹¹ www.greenclimate.fund



collateral requirements. However, DBS has previously been troubled by a high percentage of non-performing loans, although the quality of its portfolio has improved in recent years.

An assessment of the financial services sector¹² in 2016 identified a variety of financial services providers, but offering a limited range of services that are concentrated in the Apia urban area. There are several private finance companies, but only one of them is registered as a micro-finance company. The assessment found that Samoa has a liberalised financial sector with the Central Bank as the regulator. Digital financial services are evolving through mobile money and agency banking, creating a need for the regulatory regime to be updated accordingly. Efforts by CBS to establish a credit bureau have so far been unsuccessful but are ongoing.

Many smaller businesses remain under-capitalised, and the stakeholder consultations reported in Annex 8 found that access to finance at affordable interest rates continues to be a challenge for the private sector, especially during the COVID-19 crisis. There have been suggestions that the ability of potential borrowers and their advisors to prepare bankable business plans is part of the problem. Stakeholders would like to see the commercial banks working with the various industry associations to create a wider range of products, better tailored to the needs of new and emerging industries in the challenging post-COVID recovery period.

Policy Response: The Government of Samoa will:

- 3.5.1. Explore the use of supplemental equity or seed capital injections in the form of performance-based co-financing initiatives to catalyse private sector investment in priority sectors or industries, in conjunction with some of the post-COVID business support programmes offered by development partners. [CBS, DBS, MOF, MCIL]
- 3.5.2. Work with DBS to develop a business strategy and financial products tailored to the investment and working capital needs of businesses in the priority sectors during the post-COVID recovery era and beyond, and also take into consideration gender balance. [CBS, DBS, MOF, MCIL]
- 3.5.3. Support and accelerate the work in progress for the establishment of a Credit Bureau in Samoa. [CBS, MOF, MCIL]

2.5 | Goal 4: Partnerships for Industry Development

[Enable the creation of partnerships to drive industry development initiatives.]

Strategy 4.1: Enable the creation of PPPs to kick-start development in priority industries where it is currently difficult to attract equity or loan finance.

The Issue: Success of the NIDPS recognises that MCIL and the Government in general cannot make industry development happen. An effective industry policy relies on building a diverse range of partnerships, for example between Government and the private sector (PPPs); between formal and informal businesses; and with key development partners with an orientation towards economic and private sector development. SIDS that have achieved rapid economic growth and industry

¹² Kumar A. and Moustafa A. (2016) *Financial services sector assessment for Samoa: Pacific Financial Inclusion Programme*



development have also made good use of partnerships with nearby friendly countries (often home to large diaspora communities), donor organisations and preferential trade agreements.

A key dilemma for industry development policy is how to nurture the development of so-called infant industries where there is a lack of critical mass, but good prospects for a sustainable competitive position in the long run. One solution is PPPs between Government agencies (including SOEs) and private partners to create new businesses that would not otherwise get off the ground. Government and donor contributions to PPPs should be more than just financial and should be facilitative in nature by providing technical know-how and assistance in navigating regulatory and permitting arrangements. Government's participation should be finite and time bound, with progressive disinvestment to take place once the venture is up and running.

The identification of PPP projects comes under the mandate of the MPE (who also acts as the Secretariat for the PPP Steering Committee) with the objective of improving the performance of SOEs and reducing public debt. PPP proposals undergo an initial screening process conducted by the MPE, to establish their financial viability and identify the benefits to Government, the SOE(s) and the private sector. Samoa's PPP Framework requires that all PPP proposals must be submitted to the PPP Steering Committee before all projects are referred to the Cabinet Development Committee (CDC) for final approval. MPE has confirmed that it plans to draft legislation to enforce the PPP policy and to strengthen the whole PPP Framework and process.

Policy Response: The Government of Samoa will:

- 4.1.1. Conduct awareness programs on existing PPP Framework and consider further enhancing the process for identifying PPP opportunities in emerging/sunrise industries where relevant, to enable greater private sector participation. It is noted that MOF endorsement is required for PPPs between the private sector and SOEs/Public Bodies. [MPE, MOF, MCIL, PPP Steering Committee]
- 4.1.2. In collaboration with the relevant SOEs/Public Bodies, review proposed PPP projects to identify those that align with the NIDPS and develop approaches to fast-track their implementation. [MPE, MOF, MCIL, PPP Steering Committee]

***Strategy 4.2:** Promote the establishment of partnerships between formal and informal businesses to strengthen supply chains in the priority sectors.*

The Issue: A large part of Samoa's private sector remains in the hands of informal and un-registered small businesses, which account for around half of total employment. This is particularly prevalent in the agricultural sector, which is the basis of livelihood for some 80% of households, but whose contribution to GDP and employment is thought to be under-recorded and under-recognised. Such informal businesses will have difficulty accessing finance and other forms of assistance available under the NIDPS, including access to post-COVID recovery support programmes and financing facilities.

There are a few disincentives for informal businesses registering themselves. These include the costs of registration and business license fees, as well as on-going compliance, costs, notably tax.



However, the MSME Policy and Strategy addresses the facilitation of business formalisation, so this does not form part of the NIDPS.

Progressive integration of informal sector businesses into the formal economy under the MSME Policy and Strategy will be complemented by the development of partnerships with larger formalised businesses. This generally works well in the agribusiness sector where a processor/exporter develops partnerships with suppliers (often known as outgrowers) to supply raw materials under agreed specifications, volumes, and pricing arrangements. Such arrangements are currently in place in the taro export industry and in processing virgin coconut oil, but there is scope for further development in the agribusiness sector and beyond, e.g., industrial component manufacture or back-office services where individuals and SMEs can partner with a lead company.

Policy Response: The Government of Samoa will:

- 4.2.1. Support and encourage ICT and e-commerce initiatives that seek to link informal producers with the formal sector, buyers/consumers and export markets by addressing information and logistics challenges in supply chains. [MCIL, MCIT, MOF]
- 4.2.2. Facilitate donor and/or business partner-led research on case studies from other PICs showing how partnerships between formal and informal businesses can work and that can be applied to Samoa's business environment. [MCIL, MOF]
- 4.2.3. Work with BAS and incentivise via direct assistance, training on taxation obligations and easing/ simplifying reporting requirements for informal enterprises to encourage them to become formal businesses. (Links to SNEP 2.5) [MCIL, MCR, MOF]

Strategy 4.3: Engage the Samoan diaspora in partnerships for industry development in priority sectors.

The Issue: A significant number of Samoans are living abroad and make an important contribution to the economy through remittances, amounting to around 17% of GDP. Anecdotal evidence suggests that remittances have increased during the COVID crisis, playing a key role in keeping local businesses afloat¹³. It is crucially important to utilise the extensive support base of Samoans living and working overseas to attract investment from the Samoan diaspora into the local economy. There are opportunities to leverage this situation as part of the NIDPS by: (i) providing incentives for successful Samoans to return home and establish or work in new business enterprises; (ii) developing joint ventures between home-based and diaspora businesses located in New Zealand, Australia, USA, Asia, Europe etc.; (iii) targeting diaspora communities as markets for Samoan exports; and (iv) supporting the tourism sector through diaspora Samoans returning to visit friends and relatives.

There are examples of all of these business models currently in place and promising signs of developing more, for example under the Australia Government-funded Business Partnerships

¹³ One Sydney-based money transfer business servicing the Samoan diaspora reported that remittances to Samoa had doubled during the COVID-19 pandemic, contrary to prior expectations that remittances might have declined due to lower earnings in Samoan diaspora communities.



Program (BPP) which has attracted several good partnership proposals from Samoan diaspora, and marketing taro in Samoan communities in New Zealand and Australia. But there are also opportunities for more systematic engagement with the diaspora under the NIDPS. However, care is needed under existing international agreements to ensure that Samoa does not discriminate by offering more favourable treatment to the diaspora than that afforded to investors from other countries.

Policy Response: The Government of Samoa will:

- 4.3.1. Develop an outreach strategy with diaspora communities in New Zealand, Australia and the US to engage them in a dialogue around investment and industry development opportunities in Samoa. [MCIL, MFAT]
- 4.3.2. Consider providing special incentive packages (subject to fiscal constraints) to attract successful diaspora to return to Samoa and invest in NIDPS priority sectors or industries. [MCIL, MOF]
- 4.3.3. Support the development of partnerships between domestic and diaspora businesses using BPP and similar mechanisms. [MCIL, MOF, MFAT]
- 4.3.4. Publicise emerging business investment and partnership opportunities among diaspora communities. [MCIL, MFAT]

2.6 | Goal 5: Develop Skilled Labour Force

[Develop and strengthen Samoa's skilled labour force in ways that complement successful industry development.]

***Strategy 5.1:** Progress ongoing efforts to develop and strengthen a skilled labour force to address the priorities of the NIDPS within the framework of the Samoa National Employment Policy (SNEP).*

The Issue: The SNEP provides the policy framework for the human resource dimensions of the NIDPS. The SNEP incorporates a number of key strategies that contribute to the goal of strengthening the workforce in ways that complement successful and inclusive industry development. Specific policies address GESI issues including: (i) mainstreaming gender issues into employment to promote gender equity and equality in the workforce; (ii) enhancing employment opportunities for youth by eliminating obstacles that constrain them from participating in productive employment; and (iii) improving access to employment opportunities for people with disabilities (PWD).

SNEP includes labour demand strategies to increase decent employment opportunities, as well as labour supply strategies to ensure that the skills needed by employers are available. Amongst the labour supply strategies, the following are considered directly relevant to Goal 5: (i) skills training to enhance employability; (ii) accreditation of post-school education and training providers; (iii) a labour market information system; (iv) entrepreneurship training; (v) an apprenticeship programme; (vi) and employment skills development for youth.

The Education Sector Plan (2019-2024) spans the three key institutions: the Ministry of Education, Sports and Culture (MESC); the National University of Samoa (NUS); and the Samoa Qualifications Authority (SQA). The Education Sector Plan provides a general policy framework for human resources



development in Samoa and identifies technical and vocational education and training (TVET) and ICT training as two of its five priorities. There is a need to closely align these priorities with the specific training requirements associated with the NIDPS. This need was reflected in the stakeholder consultations which highlighted significant human resource constraints in a number of areas, but particularly in technical/trade skills and ICT. Addressing these skill shortages is seen as an important enabler of industry development in Samoa.

The stakeholder consultations confirmed that there are a number of concerns about labour force issues including: Seasonal employment schemes are taking labour away from key industries; TVET is aimed at meeting labour demand but needs more resources; Difficulties in finding suitable training candidates; Samoans no longer want to do difficult manual labour; Difficulties in finding qualified applicants for skilled labour positions – office work, technical positions, management (partly due to more attractive salaries for similar work in the public sector); Readiness for future agro-based workforce; and Expectations about capacity building under PACER Plus.

Policy Response: The Government of Samoa will:

- 5.1.1. Implement processes to ensure that first priority for the seasonal employment schemes is accorded to those who are not in formal, paid employment. This is intended to avoid the situation where valued staff are lost from the national workforce. [MCIL, MWCSO, SNPF, MOF].
- 5.1.2. Undertake a training needs assessment to identify key skill gaps/constraints relative to the NIDPS objectives and strategy and Samoa's post-COVID recovery trajectory. [MCIL, SQA, MEC].
- 5.1.3. In collaboration with Education institutions, provide post-school training, upskilling, and reskilling opportunities targeting the youth, women and PWD (links to SNEP 2.3) [MEC, MWCSO, SQA, MCIL].
- 5.1.4. Review the Labour Market Survey questionnaire to include better coverage of green jobs and private sector training needs and skills shortage. (links to SNEP 2.4, 3.2 and Strategy 3.4 above) [MCIL]

***Strategy 5.2:** Address technical and vocational skill shortages through targeted TVET programmes for workers in-country and measures to encourage the return of skilled Samoans working abroad.*

The Issue: Employers consulted during formulation of the NIDPS frequently mentioned difficulties in recruiting and retaining skilled artisans and tradespeople such as electricians, plumbers, carpenters, mechanics, welders, builders, fitters, computer technicians etc. Factors contributing to this situation include: The lack of technical training opportunities in secondary schools; Limited TVET capacity in post-secondary institutions; Low participation rates of women and PWD in TVET programmes; Difficulties in transitioning from training programmes to paid employment; and Temporary or permanent emigration of skilled operatives.



These problems need to be addressed within the framework of the SNEP, through measures to increase the supply of suitably trained technicians and tradespeople, accompanied by efforts to make technical training a more attractive career choice for youth including women and PWD.

Policy Response: The Government of Samoa will:

- 5.2.1. Work with SCCI and other private sector organisations to develop work experience programmes for school leavers in NIDPS priority sectors/industries. [MEC, MWCSO, MCIL, SQA, SCCI]
- 5.2.2. Offer scholarships and apprenticeships for technical and vocational training to address key skill gaps to be identified under Strategy 5.1. [MCIL, MEC, NUS].
- 5.2.3. Create awareness of and increase participation of women and PWD in TVET programmes. [MCIL, MWCSO, MEC]
- 5.2.4. Align TVET training and accreditation processes with New Zealand and Australia to enable the participation of Samoan artisans and tradespeople in overseas work schemes and vice versa. [MCIL, MEC, SQA]

Strategy 5.3: Direct ICT training and capacity-building efforts to the needs of priority industries.

The Issue: ICT is identified as a priority in many key strategic and policy areas, including as one of the key priority areas of the PDS. There is a strong consensus around the idea of developing national ICT capacity including both ICT infrastructure (as proposed in Strategy 3.2) and building the ICT skills base. This reflects the fact that many of the priority/sunrise sectors that the NIDPS will support are heavily ICT-oriented, as well as the opportunities for ICT to enable productivity gains across existing/mature sectors of the Samoan economy. It also responds to the major shift in working arrangements during the COVID-19 pandemic where many activities are now undertaken remotely using ICT tools – with many of these changes likely to become permanent.

The Information and Communications Sector Plan (202/23 – 2026/27) details several initiatives to develop ICT skills in Government, civil society, and the private sector. These are consistent with the SNEP. However, there is a need to tailor these initiatives to the NIDPS priorities to keep pace with rapid technological advances that are key to sustaining a competitive edge, as well as the emerging needs of the post-COVID recovery era.

Policy Response: The Government of Samoa will:

- 5.3.1. Strengthen ICT training programmes across all sectors of Government and business to address the needs of emerging or sunrise industries, as well as the shift towards digital communications associated with the COVID-19 crisis. [MCIT, MCIL, MEC, NUS].
- 5.3.2. Engage with IT specialists working abroad and the potential for their participation in virtual networks with Samoan businesses. [MCIT, MCIL, NUS]



PART 3| MOBILISING THE INDUSTRY DEVELOPMENT POLICY AND STRATEGY

3.1 | Overall Action Plan

The NIDPS incorporates an overall vision, five objectives, five goals and 18 strategies. Progressing these strategies requires the establishment of a strong implementation framework. A number of the most critical building blocks for this framework have therefore been identified for inclusion in the Action Plan.

The NIDPS horizon of ten years is seen as the first phase of a multi-decade process to transform Samoa's economy towards more productive and profitable industries. The ten-year NIDPS should also be reviewed every 2-3 years, more frequently if necessary, and be the subject of an independent and participatory mid-term review (MTR) around 2028-2029.

The key elements of the Action Plan include:

1. Launch the NIDPS as a whole of Government policy with assigned Ministry accountabilities.
2. Establish coordination mechanisms to progress implementation of the Policy.
3. Identify and secure the budget needed for the 18 strategies for the immediate term, and long-term where possible.
4. Identify key performance indicators and establish a NIDPS monitoring and evaluation framework.
5. Fast-track a number of high priority actions that address the most urgent and important elements of the NIDPS in the context of Samoa's post-COVID recovery efforts (see Section 2 below).

Whilst MCIL is leading the NIDPS process and will spearhead its implementation, it is evident that a cross-sectoral/multi-ministerial approach is needed. The Action Plan (Table 2: Action Plan for Mobilisation of NIDPS) therefore defines the institutional responsibilities for each element of the Policy.

The Action Plan presented in Table 2: Action Plan for Mobilisation of NIDPS below includes a column for recording the progress of activities as a monitoring tool in which status can be checked as "Completed", "In Progress" or "Yet to commence". The Timeline column will be based on Samoan fiscal years (1 July to 30 June).

Table 2: Action Plan for Mobilisation of NIDPS

ACTIONS	TIMELINE	RESPONSIBILITY	STATUS
Action 1: Launch the NIDPS as a whole of Government policy with assigned Ministry accountabilities.			
1.1. TCIB approval of Policy including proposed accountabilities across Ministries and agencies.	Q4 FY23/24 (April 2024)	MCIL	Completed
1.2. Cabinet approval of Policy including responsibilities of Ministries and agencies.	Q4 FY23/24 (June 2024)	MCIL and Cabinet	Completed
1.3. Formal notification of Ministries and agencies of respective responsibilities.	Q4 FY23/24 (May 2024)	MCIL	In Progress



ACTIONS	TIMELINE	RESPONSIBILITY	STATUS
1.4. Official launch and publication of NIDPS.	Q1 FY24/25 (July 2024)	MCIL	In Progress
Action 2: Establish coordination mechanisms to progress implementation of the Policy.			
2.1. TCIB adoption of Policy oversight and monitoring role.	Q4 FY23/24 (April 2024)	MCIL	Completed
2.2. Establish model for coordinating implementation of the Policy (e.g., issue-specific sub-committees or a broader working group) with MCIL as Secretariat. Finalise terms of reference and public/private sector membership for coordinating bodies.	Q1 FY24/25 (July 2024)	MCIL and sub-committee/ working group members	Yet to commence
2.3. Table prioritised strategic initiatives for monitoring, and for sub-committees and/or working groups for implementation with MCIL coordination role.	Q1 FY24/25 (July 2024)	MCIL	Yet to commence
2.4. Secure MCIL and private sector representation in the development of new sector strategies (e.g., Trade, Commerce & Manufacturing Sector Plan, Agricultural Sector Plan, Tourism Sector Plan, Energy Sector plan, ICT sector plan, Transport sector plan, Export strategy, etc.)	Q4 FY28/29 (June 2029)	MCIL and other relevant Ministries	In progress
Action 3: Identify and secure the budget needed for the 18 strategies for the immediate term, and long-term where possible.			
3.1. Determine the budget needed to support implementation of the 18 strategies.	Q4 FY23/24 (May 2024)	MCIL and MOF	Completed
3.2. Secure government funding for implementation of the NIDPS.	Q1 FY25/26 (July 2025)	MCIL and MOF	Yet to commence
3.3. Ensure that NIDPS policy priorities are tabled at the Government/Donor Joint Policy Action Matrix (JPAM) Group to sensitise donors about the Policy and its funding requirements.	Q3 FY23/24 (Jan 2024)	MCIL, MOF and JPAM Group	Completed
Action 4: Identify key performance indicators and establish a NIDPS monitoring and evaluation framework.			
4.1. Identify KPIs for each of the 18 strategies.	Q4 FY23/24 (Jun 2024)	MCIL and other relevant agencies	Completed
4.2. Design M&E framework and prepare cost estimates.	Q4 FY23/24 (Jun 2024)	MCIL	Completed
4.3. Secure funding for monitoring and evaluation of the NIDPS over five years.	Q1 FY25/26 (July 2025)	MCIL, MOF and Development Partners	Yet to commence



3.2 | Monitoring and Evaluation Framework

The NIDPS will be implemented through a series of measures related to the five Goals. The table below details the timeline, tentative costing, and roles and responsibilities for the implementation of this Policy.

Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
Goal 1: Innovation and Entrepreneurship					
1.1 Identify opportunities for the development of high value-addition industries in Samoa					
1.1.1 Establish a Priority Industries Working Group under the direction of the Trade, Commerce and Industry Board (TCIB) to identify a list of priority industries, building on the list of top-ranking export-oriented industries/sectors in the Industry Assessment Framework in Box 1, and the indicative list of sunrise industries in Box 3; also including established sectors with further growth/recovery potential in the post-COVID context. The Group should also refer to Annex 9 which elaborates on the potential for the creation and expansion of sunrise industries/sectors. The Group will be convened by MCIL and include representatives of other relevant agencies and the private sector. [TCIB, MCIL]	Establishment of at least one Working Group under the direction of the TCIB. List of priority industries developed and continually updated by the working group(s) and approved by the TCIB.	N/A	Established by FY24/25. List approved by TCIB by FY24/25.	131,340	TCIB, MCIL
1.1.2 Perform initial screening of the list of industries/sectors, using the Industry Assessment Framework in Annex 7, to prepare a shortlist of prioritised industries or sectors for post-COVID recovery as well as longer-term development when business conditions normalise, including disaster response and mitigation planning. [TCIB, MCIL]	Number of Working Group(s) meetings conducted quarterly. Initial screening and shortlisting conducted by the Working Group, and approved by TCIB.	N/A	One (1) per quarter. Shortlisting approved by TCIB.	131,340	TCIB, MCIL
1.1.3 Undertake or commission expert research (drawing on relevant sector expertise domestically and internationally, as well as post-COVID support/stimulus measures) into the list of prioritised industries to build a good understanding of: Market potential and dynamics; Key market players (countries and companies) and their success factors; Opportunities to benefit from trade facilitation support under PACER Plus; Post-COVID recovery needs and opportunities; and Key issues that need to be addressed to develop these sectors. [MCIL, MOF]	Research into the list of priority industries conducted.	N/A	One (1) completed by FY24/25.	40,000	MCIL, MOF
1.1.4 Develop sectoral/industry profiles or strategies for the prioritised industries/sectors to address both immediate post-COVID recovery as well as longer-term disaster risk management issues as a guide for potential investors. [MCIL]	Number of sector profiles for priority industries developed and existing sector profiles reviewed.	5 (2015)	At least ten (10) developed/reviewed.	30,400	MCIL



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
1.2 Raise awareness about opportunities for investment in sunrise industries					
1.2.1 Disseminate information on investment opportunities in local sunrise industries; and engage with potential foreign investors who are involved in these sunrise industries overseas to learn from their expertise and potentially attract their investment to Samoa. [MCIL, MFAT]	<p>Number of awareness campaigns conducted on investment opportunities in priority /sunrise industries.</p> <p>The inclusion of the list of investment opportunities in sunrise industries in the annual review of the Samoa Investment Guide.</p> <p>Number of face to face and online knowledge-sharing meetings/workshops with potential foreign investors involved in these sunrise industries overseas.</p>	N/A	<p>At least two (2) conducted annually.</p> <p>Yes - all priority/sunrise industries included in the Samoa Investment Guide.</p> <p>Ten (10) annually.</p>	42,000	MCIL, MFAT
1.2.2 Publicise success stories and raise awareness through a system of business innovation awards. [MCIL, MOF]	<p>Establishment of a business innovation awards program conducted annually.</p> <p>Number of success stories from these sunrise industries publicised through the business innovation awards program.</p>	N/A	<p>Establishment of innovation awards program.</p> <p>At least twenty (20) success stories publicised.</p>	20,000	MCIL, MOF
1.3 Create an incentive framework to encourage investment in priority and sunrise industries					
1.3.1 Assist Samoan businesses in accessing various donor-funded programmes, including post-COVID recovery packages and the PACER Plus implementation support package, to support investment in priority and sunrise industries. [MCIL, MOF, MFAT]	<p>Inclusion of all current and existing donor-funded programmes in the Guide to Private Sector Development programs.</p> <p>Number of businesses in the priority industries accessing these donor-funded programmes.</p>	<p>12 (2023)</p> <p>N/A</p>	<p>Yes - inclusion of all donor-funded programmes by FY24/25.</p> <p>At least fifty (50) businesses.</p>	10,000,000	MCIL, MOF, MFAT
1.3.2 In collaboration with development partners, consider the creation of a matching grant facility to share risks and catalyse investment in priority and sunrise industries. [MCIL, MOF, MFAT]	Matching Grant Facility developed.	N/A	Facility developed by FY 24/25.	10,000,000	MCIL, MOF, MFAT



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
	Percentage of businesses in the priority/sunrise industries under the Matching Grant Facility.		At least 50%.		
1.3.3 In collaboration with MCR and MOF, explore options for tax and duty concessions to encourage domestic and foreign investment in priority and sunrise industries. [MCIL, MCR, MOF, IC (Investment Committee), NRB (National Revenue Board)]	<p>Review of the current tax and duty concessions such as DCS, Code 121 and other existing incentives.</p> <p>Percentage of priority/sunrise industries from the list of priority/sunrise industries identified that are included in the reviewed schemes.</p>	N/A	<p>Review of incentives conducted by FY25/26.</p> <p>100% of sunrise/priority industries included.</p>	600,000	MCIL, MCR, MOF, IC, NRB
1.3.4 Investigate the possibility of mobilising domestic resources for investment in priority and sunrise industries, such as the Samoa National Provident Fund (SNPF) and the Unit Trust of Samoa (UTOS). This would need to be considered by the governing bodies of SNPF and UTOS in accordance with their mandates and criteria. [MCIL, MOF, SNPF, UTOS]	Percentage of priority/sunrise Industries from the list of priority/sunrise industries identified that are supported by the SNPF & UTOS.	N/A	At least 50% supported.	8,000,000	MCIL, MOF, SNPF, UTOS
1.3.5 Mobilise funding (domestic and international sources) for research and pilot programmes, e.g., through the Scientific Research Organisation of Samoa (SROS). [MCIL, MOF, SROS]	<p>Total funding mobilised for research through SROS targeting priority/sunrise industries.</p> <p>Pilot programmes for these industries developed.</p>	N/A	<p>\$10 million worth of funding acquired for research.</p> <p>At least one (1) pilot programme per industry by FY25/26.</p>	26,000,000	MCIL, MOF, SROS
Goal 1 Total Budget				54,995,080	
Goal 2: Diversification and Productivity					
2.1 Continue efforts to enhance the business enabling environment (BEE) under various programmes and projects					
2.1.1. Continue supporting the present suite of initiatives to implement BEE reforms. [MCIL, MOF, Sector Coordinators]	Number of initiatives currently being implemented to support BEE reforms.	N/A	At least ten (10) initiatives	10,000,000	MCIL, MOF, Sector Coordinators
2.1.2. Respond to specific BEE concerns raised during stakeholder consultations including freight and utility costs, levelling the tax collection playing field and fine tuning the duty concessions scheme to be more accessible to other businesses/industries, e.g., ICT industry. The unreliability of shipping during the COVID-19 pandemic and recent changes to shipping schedules to Australia have seriously disrupted exports, especially of perishable produce, calling for high priority attention. [MCIL, MCR, MOF, TCIB]	<p>Review of the DCS conducted to include more industries such as ICT, etc.</p> <p>Research conducted for reported high freight and shipping costs.</p> <p>At least 50% of recommendations from the research implemented</p>	<p>4 industries (2023)</p> <p>N/A</p>	<p>Reviewed and include at least ten (10) new industries by FY25/26.</p> <p>Research conducted.</p> <p>At least 50% of recommendations implemented.</p>	3,070,000	MCIL, MCR, MOF, TCIB



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
	within 3 years of research completion to address the issues with shipping and freight affecting exports.				
2.1.3. Review and refine the approach to enhancing the BEE from time to time as part of the relevant Government entities' normal planning cycle. [MCIL, Sector Coordinators]	<p>Inclusion of BEE reviews and reforms in the planning cycle for the Government of Samoa.</p> <p>Number of BEE reviews and reforms included in the planning cycle for GoS.</p> <p>Number of new initiatives developed to support BEE.</p>	N/A	<p>Yes - inclusion of BEE</p> <p>At least thirty (30) included.</p> <p>At least 50% developed.</p>	15,040,000	MCIL, Sector Coordinators
2.2 Identify sector-specific productivity-enhancement opportunities in mature sectors					
2.2.1. Prepare a list of priority mature sectors or industries with sound productivity and profitability enhancement prospects, and with potential to expand during the roll-out of post-COVID recovery programmes. [TCIB, MCIL].	<p>List of priority mature sectors or industries developed by working group and continually updated by the TCIB.</p> <p>Percentage of priority mature sectors/industries identified on the list uptaking/utilising recovery programs (or other programs) for support.</p>	N/A	<p>List developed by FY24/25.</p> <p>At least 100% by FY27/28.</p>	13,000	TCIB, MCIL
2.2.2. Task existing sector working groups and steering committees to prepare proposals for how to improve productivity, value addition and profitability in each priority sector, taking advantage of post-COVID recovery support initiatives on offer. [MCIL, MOF, Sector Coordinators]	<p>Number of proposals prepared by the working groups/steering committees on how to improve productivity, value addition and profitability in priority mature sectors.</p> <p>Number of working group/steering committee meetings conducted to discuss proposals on improving productivity, value addition and profitability in priority mature sectors.</p>	N/A	<p>At least five (5) proposals annually.</p> <p>At least four (4) meetings annually.</p> <p>At least 100%.</p>	6,400	MCIL, MOF, Sector Coordinators



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
	Percentage of proposals successfully implemented and/or taking advantage of recovery support initiatives on offer.				
2.2.3. Where analysis indicates that the benefits outweigh accreditation and compliance costs, develop quality standards and quality assurance schemes for priority sectors and support their adoption by businesses in these sectors. Utilise opportunities for obtaining support for these activities under PACER Plus. [MCIL]	<p>Number of standards and quality assurance schemes for priority sectors developed.</p> <p>Percentage of priority industries utilising support under PACER Plus for these activities.</p>	N/A	<p>At least thirty (30) standards and schemes developed.</p> <p>At least 80% utilising PACER Plus support.</p>	2,200,000	MCIL
2.2.4. Implement initiatives for the advancement of new climate-smart technologies and farming techniques as envisaged in Samoa 2040, and access suitable climate finance windows to support implementation. [MCIL, MAF, MNRE, MOF]	Number of initiatives developed for the advancement of new climate-smart technologies and farming techniques, with climate finance.	N/A	At least twenty (20) initiatives.	6,000,000	MCIL, MAF, MNRE, MOF
2.3 Develop policy initiatives to reduce the cost of exporting, with a focus on shipping issues					
2.3.1. Undertake a comprehensive comparative study on the cost of exporting goods from Samoa (building on the World Bank and ESCAP data) to identify the reasons for the apparently very high cost of exports. [MCR, MAF (SQS), MCIL, MOF]	Comprehensive comparative study on the cost of exporting from Samoa completed.	N/A	Study conducted by FY24/25.	40,000	MCR, MAF, MCIL, MOF
2.3.2. Formulate an Action Plan for addressing the outcomes and/or problems identified in the comparative study under 2.3 (i) – including opportunities for implementation support from PACER Plus. [MCR, MAF (SQS), MCIL, MOF]	<p>Action Plan developed to address outcomes/problems identified in the comparative study, with opportunities for support under PACER Plus.</p> <p>At least 80% of recommendations from the study implemented or adopted by GoS.</p>	N/A	<p>Action plan developed.</p> <p>At least 80% recommendations implemented.</p>	3,000,000	MCR, MAF, MCIL, MOF
2.4 Ongoing reform of SOEs and their strategic engagement in industry development					
2.4.1. Ensure that each relevant SOE/Public Body's current and future Corporate Plan include objectives and strategies that align their mandated functions with the PDS and in support of relevant national industry development initiatives that are linked to the NIDPS. [MCIL, MPE, DBS, EPC, SAA, SPA, SSC, SLC, STEC, UTOS, SNPF, SROS]	Percentage of Public Enterprises (SOEs) corporate plans with objectives and strategies in support of relevant initiatives linked to the NIDP.	N/A	At least 80% of SOE corporate plans	28,000,000	MCIL, MPE, DBS, EPC, SAA, SPA, SSC, SLC, STEC, UTOS, SNPF, SROS



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
2.4.2. In collaboration with MPE, ensure that any SOE reforms and strategies identified in 2.4.1 above that are relevant to industry development, are incorporated into the overall NIDPS. [MCIL, MPE]	<p>Number of reforms or strategies relevant to industry development by SOEs incorporated into the NIDP.</p> <p>Number of correspondence between MCIL and MPE regarding reforms and strategies by SOEs that are relevant to industry development.</p>	N/A	At least twenty (20) strategies incorporated.	2,000,000	MCIL, MPE
Goal 2 Total Budget				69,369,400	
Goal 3: Infrastructure and Services					
3.1 Develop appropriate transport infrastructure in accordance with the Transport and Infrastructure Sector Plan					
3.1.1 Implement and provide further support for the transport sector strategy in accordance with existing and future sector plans and emission reduction strategies, supported by climate funding where appropriate. [MWTI, MOF]	Percentage of activities in the Transport and Infrastructure Sector Plan implemented.	N/A	At least 80% implemented.	6,000,000	MWTI, MOF
3.1.2 Undertake a review of these strategies and plans to identify ways to reduce the cost of exporting (with a focus on shipping and port services) in accordance with Strategy 2.3. [MWTI, MCIL, MOF]	<p>Comprehensive comparative study on the cost of exporting from Samoa (as per Strategy 2.3).</p> <p>Inclusion of the study into the review(s) of the Transport and Infrastructure Sector Plan and other emission reduction strategies.</p> <p>Percentage reduction in the cost of exporting.</p>	N/A	<p>Study completed.</p> <p>Yes - inclusion of study in the Transport and Infrastructure Sector Plan.</p> <p>At least 30% reduction in cost.</p>	100,000	MWTI, MCIL, MOF
3.2 Improve Samoa's ICT infrastructure, services, and policies to facilitate and attract investment in knowledge-based industries and ICT-based services					
3.2.1 Consider the inclusion of the ICT Industry under the Duty Concessions Scheme and reclassify ICT business equipment to incur lower duties and taxes; subject to approval by MCR and MOF. [Investment Committee, MCR, MOF, MCIL, MCIT]	<p>Review of Duty Concession Scheme (DCS) to include ICT Industry.</p> <p>Number of businesses in the ICT</p>	N/A	<p>Reviewed and included ICT.</p> <p>At least twenty (20) ICT businesses.</p>	80,080,000	IC, MCR, MOF, MCIL, MCIT



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
	Industries eligible under the reviewed DCS.				
3.2.2 Consider becoming a signatory to and/or aligning with the WTO Information Technology Agreement (ITA) that allows for duty-free imports of IT equipment. [MCIL, MCIT, MCR, MFAT]	<p>Establishment of a signatory agreement with the WTO Information Technology Agreement.</p> <p>Number of businesses that have imported ICT equipment duty-free under the WTO-ITA Agreement.</p>	N/A	<p>Yes - signed with WTO ITA.</p> <p>At least twenty (20) ICT businesses.</p>	20,000,000	MCIL, MCIT, MCR, MFAT
3.2.3 Improve communication about planning in the ICT sector (e.g. spectrum management plans), so that businesses can better coordinate with suppliers and customers and make plans. [MCIT, Office of the Regulator (OOTR)]	Review of the Spectrum Management Plan conducted to be in line with current legislations, and to include businesses in the consultation process.	Spectrum Management Plan (2011)	Review conducted.	80,000	MCIT, OOTR
3.2.4 Consider incentives to enable next-level penetration connectivity and to enable a higher level of service delivery. [MCIL, MCR, MCIT, MOF, NRB].	<p>Number of incentives to support ICT-based services to enable connectivity and higher level of service delivery.</p> <p>Review of the Duty Concession Scheme (DCS) conducted to include more industries such as ICT (and other).</p>	N/A	<p>At least five (5) incentives.</p> <p>Yes - Review of DCS to include ICT.</p>	5,040,000	MCIL, MCR, MCIT, MOF, NRB
3.2.5 Consider peering arrangements with neighbouring countries to enable Samoa to become a technology hub of the Pacific. [MCIT, OOTR]	Number of peering arrangements established between Samoa and neighbouring countries.	N/A	At least five (5) established.	5,000,000	MCIT, OOTR
3.2.6 Invest in skills and education to improve ICT skills amongst youth, strengthen the ICT education policy, in collaboration with the Ministry of Education, and continue/expand youth entrepreneurship programmes. [MEC, MCIT, MWCSO]	<p>New "National ICT in Education Policy" (NICTEP) developed, building on the NICTEP 2018-2023.</p> <p>Percentage of strategies in the NICTEP implemented.</p> <p>Number of youth entrepreneurship programs developed and conducted.</p>	<p>NICTEP (2018)</p> <p>N/A</p>	<p>Policy developed.</p> <p>At least 80% of strategies implemented.</p> <p>At least four (4) programs conducted annually.</p> <p>At least two hundred (200) youths participating annually.</p>	330,000	MEC, MCIT, MWCSO



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
	Number of youth participating in these programs.				
3.2.7 Strengthen the legislative and regulatory framework to keep up with the fast pace of ICT, in accordance with the Information and Communications Sector Plan. This includes establishing a system of postal and street addresses to facilitate electronic payment gateways. Include the private sector in this process to ensure policy and legislation remains current. [MCIT, AG, MCIL]	Establishment of a system of postal and online street addresses (using Street Naming and Location Addressing) to facilitate electronic payment gateways.	N/A	System established.	3,000,000	MCIT, AG, MCIL
3.3 Improve the provision of Business Advisory Services (BASs) to start-ups and expanding businesses in emerging and sunrise sectors					
3.3.1 In collaboration with SBH and other Private Sector entities (e.g., SCCI, BLP) increase the number and capability of BAS providers with specialised skills in the sunrise sectors. Where necessary, seek support from SBH and BLP for overseas training of BAS providers or bring BAS trainers/ mentors to Samoa. [SBH, MCIL, MOF]	<p>Number of BAS providers with specialised skills in the sunrise sectors.</p> <p>Number of trainings conducted for Samoa BAS providers.</p> <p>Number of BAS providers with specialised skills in the sunrise sectors attending the trainings.</p>	N/A	<p>At least ten (10) BAS providers.</p> <p>At least two (2) trainings annually.</p> <p>At least four (4) BAS providers attending.</p>	514,000	SBH, MCIL, MOF
3.3.2 Provide BASs and incubators on a cost-sharing basis to new and expanding firms operating in the sunrise sectors, in conjunction with improved access to financial services (under Strategy 3.5). [CBS, DBS, MOF, MCIL]	<p>Number of BAS providers supporting new and expanding firms in the sunrise sectors, with improved access to financial services.</p> <p>Number of incubators on a cost-sharing basis developed.</p> <p>Number of new and expanding firms in the sunrise sectors utilising the BAS services.</p> <p>Number of new and expanding firms in the sunrise sectors who have completed the incubator programs.</p>	N/A	<p>At least ten (10) BAS providers.</p> <p>At least two (2) incubators.</p> <p>At least thirty (30) new firms utilising BAS.</p> <p>At least thirty (30) new firms completing the incubator programs.</p>	8,500,000	CBS, DBS, MOF, MCIL



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
3.4 Increase investment in renewable energy production to provide an affordable, reliable, and sustainable supply of green energy					
3.4.1 Accelerate the transition to renewables by providing access to affordable finance for investment in electricity generation and storage and offering secure arrangements for IPPs. [EPC, MOF, MNRE]	<p>Percentage of renewable energy sources or generation.</p> <p>Number of financing initiatives available for renewable energy generation.</p> <p>Number of Independent Power Producers (IPPs) contracted by EPC.</p>	<p>46% (2020/2021)</p> <p>1 (2020/2021)</p> <p>4 (2023)</p>	<p>At least 50% by FY2027/28.</p> <p>At least five (5) financing initiatives.</p> <p>More than four (4) IPPs.</p>	30,000,000	EPC, MOF, MNRE
3.4.2 Explore the potential for sourcing grant finance from the Green Climate Fund (GCF) and/or other sources of climate funding for investment in renewable energy production, storage, and distribution. [MOF, MNRE, EPC]	Number of renewable energy projects financed by the GCF and other climate funding such as GEF, SCCF, CDM, AF CIF, CDCF, etc.	1 (2020/2021)	At least five (5) projects.	30,000,000	MOF, MNRE, EPC
3.4.3 Provide support and encouragement to Samoan businesses that are seeking to develop expertise and invest in renewable energy under various donor funded renewable energy projects in the region. [EPC, MOF, MNRE, MCIL]	<p>Number of awareness workshops conducted for donor-funded RE projects inviting businesses (and BAS providers who can assist in preparing proposals/applications).</p> <p>Number of Samoan businesses in renewable energy supported under these donor-funded projects.</p>	N/A	<p>At least one (1) conducted annually.</p> <p>At least thirty (30) businesses.</p>	6,007,000	EPC, MOF, MNRE, MCIL
3.5 Address barriers to accessing financial services by businesses aiming to expand in priority sectors/industries					
3.5.1 Explore the use of supplemental equity or seed capital injections in the form of performance- based co-financing initiatives to catalyse private sector investment in priority sectors or industries, in conjunction with some of the post-COVID business support programmes offered by development partners. [CBS, DBS, MOF, MCIL]	Percentage of priority industries from the Priority Industries List using equity or seed capital in the form of co-financing initiatives, in conjunction with donor-funded programs.	N/A	At least 50%	8,000,000	CBS, DBS, MOF, MCIL
3.5.2 Work with DBS to develop a business strategy and financial products tailored to the investment and working capital needs of businesses in the priority sectors during the post-COVID recovery era and beyond, and also take into consideration gender balance. [CBS, DBS, MOF, MCIL]	<p>Development a business strategy and financials products tailored to the needs of the priority sectors.</p> <p>Number of women-led businesses</p>	N/A	<p>Business strategy and products developed.</p> <p>At least fifty (50) businesses.</p>	5,000,000	CBS, DBS, MOF, MCIL



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
	in the priority sectors utilising these financial products.				
3.5.3 Support and accelerate the work in progress for the establishment of a Credit Bureau in Samoa. [CBS, MOF, MCIL]	Credit Bureau (now renamed 'Credit Registry') established. Credit Registry Bill passed.	N/A	Credit Bureau established. Yes - Bill passed.	5,000,000	CBS, MOF, MCIL
Goal 3 Total Budget				212,651,000	
Goal 4: Partnerships for Industry Development					
4.1: Enable the creation of PPPs to kick-start development in priority industries where it is currently difficult to attract equity or loan finance					
4.1.1. Conduct awareness programs on existing PPP Framework and consider further enhancing the process for identifying PPP opportunities in emerging/sunrise industries where relevant, to enable greater private sector participation. It is noted that MOF endorsement is required for PPPs between the private sector and SOEs/Public Bodies. [MPE, MOF, MCIL, PPP Steering Committee]	Number of awareness programs conducted on existing PPP Framework. Establishment of awareness campaign identifying PPP opportunities in emerging/sunrise industries. Number of PPP projects in emerging/sunrise industries. PPP handbook to include opportunities in emerging/sunrise industries.	N/A	At least two (2) conducted per year. Awareness conducted. At least ten (10) projects. Yes - inclusion in PPP handbook.	20,000,000	MPE, MOF, MCIL, PPPSC
4.1.2. In collaboration with the relevant SOEs/Public Bodies, review proposed PPP projects to identify those that align with the NIDP and develop approaches to fast-track their implementation. [MPE, MOF, MCIL, PPP Steering Committee]	Inclusion of MCIL in the PPP Steering Committee to align the PPP projects with the NDIP.	N/A	Yes - inclusion in PPPSC	5,000	MPE, MOF, MCIL, PPPSC
4.2: Promote the establishment of partnerships between formal and informal businesses to strengthen supply chains in the priority sectors					
4.2.1. Support and encourage ICT and e-commerce initiatives that seek to link informal producers with the formal sector, buyers/consumers and export markets by addressing information and logistics challenges in supply chains. [MCIL, MCIT, MOF]	Number of ICT and e-commerce initiatives that support partnerships/linkages between formal and informal businesses. Number of businesses (formal & informal) participating in ICT and E-commerce initiatives.	N/A	At least five (5) initiatives. At least fifty (50) businesses.	4,500,000	MCIL, MCIT, MOF



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
4.2.2. Facilitate donor and/or business partner-led research on case studies from other PICs showing how partnerships between formal and informal businesses can work and that can be applied to Samoa's business environment. [MCIL, MOF]	Research conducted on case studies from other PICs about partnerships between formal and informal businesses. Percentage of recommendations from these research being implementing in Samoa.	N/A	Research conducted. At least 50% recommendations implemented.	900,000	MCIL, MOF
4.2.3. Work with BAS and incentivise via direct assistance, training on taxation obligations and easing/ simplifying reporting requirements for informal enterprises to encourage them to become formal businesses. (Links to SNEP 2.5) [MCIL, MCR, MOF]	Number of direct assistance, training, etc. provided by BAS for informal businesses. Number of BAS providing direct assistance to informal businesses. Number of informal businesses that have been formalised with the support of BAS and these direct assistances.	N/A	At least ten (10) direct assistances. At least ten (10) BAS. At least fifty (50) informal businesses.	3,000,000	MCIL, MCR, MOF
4.3: Engage the Samoan diaspora in partnerships for industry development in priority sectors					
4.3.1. Develop an outreach strategy with diaspora communities in New Zealand, Australia and the US to engage them in a dialogue around investment and industry development opportunities in Samoa. [MCIL, MFAT]	Development of an outreach Strategy to engage diaspora communities in a dialogue around investment and industry development opportunities in Samoa. Number of diaspora communities involved in the dialogue discussing investment opportunities in Samoa.	N/A	Strategy developed. At least five (5) communities.	5,000,000	MCIL, MFAT
4.3.2. Consider providing special incentive packages (subject to fiscal constraints) to attract successful diaspora to return to Samoa and invest in NIDP priority sectors or industries. [MCIL, MOF]	Establishment of incentive packages for the diaspora communities to invest in priority industries in Samoa. Number of awareness conducted on these incentive packages.	N/A	Incentive packages established/developed. At least two (2) awareness annually.	2,000,000	MCIL, MOF



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
	Number of diaspora returning to Samoa using the incentive packages and investing in priority sectors/industries.		At least one hundred (100) diasporas.		
4.3.3. Support the development of partnerships between domestic and diaspora businesses using BPP and similar mechanisms. [MCIL, MOF, MFAT]	Number of diaspora businesses using the Business Partnerships Platform (BPP) and similar mechanisms.	N/A	At least fifty (50) businesses	350,000	MCIL, MOF, MFAT
4.3.4. Publicise emerging business investment and partnership opportunities among diaspora communities. [MCIL, MFAT]	Number of publications on partnership opportunities among diaspora communities.	N/A	At least thirty (30) publications.	60,000	MCIL, MFAT
Goal 4 Total Budget				35,815,000	
Goal 5: Develop Skilled Labour Force					
5.1 Progress ongoing efforts to develop and strengthen a skilled labour force to address the priorities of the NIDP within the framework of the Samoa National Employment Policy (SNEP)					
5.1.1. Implement processes to ensure that first priority for the seasonal employment schemes is accorded to those who are not in formal, paid employment. This is intended to avoid the situation where valued staff are lost from the national workforce. [MCIL, MWCSO, SNPF, MOF].	LEEP Policy developed and enforced to ensure priority is given to those who are not in formal, paid employment.	Policy developed (2023)	Policy developed	60,000	MCIL, MWCSO, SNPF, MOF
5.1.2. Undertake a training needs assessment to identify key skill gaps/constraints relative to the NIDP objectives and strategy and Samoa's post-COVID recovery trajectory. [MCIL, SQA, MEC].	Development of a training needs assessment to identify key skill gaps by FY25/26. Number of trainings conducted relative to the NIDP objectives.	N/A	Training needs assessment developed. At least fifty (50) trainings.	2,350,000	MCIL, SQA, MEC
5.1.3. In collaboration with Education institutions, provide post-school training, upskilling, and reskilling opportunities targeting the youth, women and PWD (links to SNEP 2.3) [MEC, MWCSO, SQA, MCIL].	Number of post-school training, upskilling and reskilling opportunities conducted. Number of youth, women and PWD who participate in these trainings.	N/A	At least fifty (50) trainings. At least one hundred (100) youth, women and PWD.	1,350,000	MEC, MWCSO, SQA, MCIL
5.1.4. Review the Labour Market Survey questionnaire to include better coverage of green jobs and private sector training needs and skills shortage. (links to SNEP 2.4, 3.2 and Strategy 3.4 above) [MCIL]	Inclusion of questions in the LMS to collect data on green jobs, training needs and skills shortage.	Inclusion of questions to collect data (2023)	Yes - questions included.	24,000	MCIL



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
5.2 Address technical and vocational skill shortages through targeted TVET programmes for workers in-country and measures to encourage the return of skilled Samoans working abroad					
5.2.1. Work with SCCI and other private sector organisations to develop work experience programmes for school leavers in NIDP priority sectors/industries. [MEC, MWCSD, MCIL, SQA, SCCI]	Development of work experience programmes for school leavers. Number of school leavers (female and male) attending the work experience programmes.	N/A	Program developed. At least fifty (50) school leavers.	900,000	MEC, MWCSD, MCIL, SQA, SCCI
5.2.2. Offer scholarships and apprenticeships for technical and vocational training to address key skill gaps to be identified under Strategy 5.1. [MCIL, MEC, NUS].	Number of scholarships and apprenticeships offered for technical and vocational training.	N/A	At least one hundred (100) scholarships.	300,000	MCIL, MEC, NUS
5.2.3. Create awareness of and increase participation of women and PWD in TVET programmes. [MCIL, MWCSD, MEC]	Number of awareness programs. Percentage of women and PWD in TVET programmes.	N/A	At least two (2) awareness programs. At least 10% of women and PWD in TVET programmes.	500,000	MCIL, MWCSD, MEC
5.2.4. Align TVET training and accreditation processes with New Zealand and Australia to enable the participation of Samoan artisans and tradespeople in overseas work schemes and vice versa. [MCIL, MEC, SQA]	Review of seasonal employment schemes to include artisans and tradespeople. Number of TVET training aligned and accredited under New Zealand and Australia processes. Number of participants (Samoan artisans & tradespeople) attending the trainings. Number of trained participants contracted under the seasonal employment schemes.	N/A	Scheme Reviewed. At least ten (10) trainings accredited. At least one hundred (100) participants. At least thirty (30) contracted.	3,000,000	MCIL, MEC, SQA
5.3 Direct ICT training and capacity-building efforts to the needs of priority industries					
5.3.1. Strengthen ICT training programmes across all sectors of Government and business to address the needs of emerging or sunrise industries, as well as the shift towards digital communications associated with the COVID-19 crisis. [MCIT, MCIL, MEC, NUS].	Number of ICT training programmes conducted to address the needs of sunrise industries.	N/A	At least ten (10) trainings. At least one hundred (100) participants.	100,000	MCIT, MCIL, MEC, NUS



Goal / Strategy / Policy Response	Indicator	Baseline	Target	Budget (SAT\$)	Main IAs
	Number of participants attending the training programmes.				
5.3.2. Engage with IT specialists working abroad and the potential for their participation in virtual networks with Samoan businesses. [MCIT, MCIL, NUS]	Number of IT specialists working abroad we have engaged with. Number of Samoan businesses participating in virtual networks. Number of virtual meetings/workshops/consultations conducted.	N/A	At least five (5) specialists. At least one hundred (100) businesses. At least ten (10) workshops.	10,000	MCIT, MCIL, NUS
Goal 5 Total Budget				8,594,000	
GRAND TOTAL				381,424,480	



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ANNEXES

Annex 1 | Context for Industry Policy Development

1.1| Background

Samoa has a comprehensive suite of national, sectoral, and thematic policies and strategies (see Annex 2), all of which lie under the overarching framework of the Sustainable Development Goals (SDGs), the Samoa 2040 roadmap and the Pathway for the Development of Samoa. However, Samoa has never had an industry development policy that identifies priority sectors and industries with the best prospects for growth, and the policy framework needed to support them.

The need to develop a National Industry Development Policy (NIDP) was mentioned in the Diagnostic Trade Integration Study Update 2016 (DTISU) which became a prioritised Policy intervention in the Trade, Commerce and Manufacturing Sector Plan 2017-18 - 2020-21 (TCMSP) where it proposed to “Develop and implement a National Industry Strategy/Industrial Policy to focus on enhancing value addition to products in areas which have comparative advantage and ensure that the necessary investment climate in terms of infrastructure and legislation is strengthened”.

Formulation of the NIDP was initiated and guided by Samoa’s Ministry of Commerce, Industry and Labour (MCIL) and funded under the Private Sector Development Programme (PSDP). PSDP is supported by New Zealand’s Ministry of Foreign Affairs and Trade (MFAT) through the Palladium Group and Ākina Foundation (NZ) acting as the Programme Implementation Contractor. The **objective** of the Project¹⁴ was to develop a NIDP that will enhance and improve private sector inputs and boost exports of goods and services where Samoa has sustainable comparative and competitive advantages. It also aims to build confidence in the business community by providing a clear vision of industry policy and provide certainty and clarity about the strategies, policies, and implementation plans. Preparation of the policy was a collaborative process with contributions from a large number of stakeholders, as detailed in the acknowledgements in Annex 3. It also draws on a large volume of source materials from Samoa and other Small Island Developing States (SIDS) as shown in Annex 4.

1.2| Industry Development Strategies and Policies

Preparation of the NIDP has been informed by global perspectives on industry strategies and policies in developing countries generally (see Annex 5), and in the SIDS in particular (see Annex 6).

1.2.1| Global Perspectives

Definition of Industry Policy

There are several definitions of industry policy embracing the concepts of strategic effort to encourage the development of specific economic sectors; efforts to promote or encourage the development of specific industries or sectors; and selective interventions to alter the structure of the economy to offer better prospects for economic growth. These concepts are seen as different but complementary to business environment reform which seeks to improve the enabling environment for business generally, rather than support for specific industries or sectors.

General Approach

Industry policies play a central role in inducing industry transformation, diversification and upgrading towards more resilient and competitive, as well as environmentally friendly and socially inclusive, industries. The main objective of industry policy is to anticipate structural change, facilitate it by removing obstacles and correcting market failures. There are two different general approaches to the role of Government in industry policy:

¹⁴ Objective as defined in the Terms of Reference.

- A **minimalist** state role where industry policy is aimed at creating a favourable environment for business, and for adapting production to changing domestic or international demand. This usually involves general support to business with neutrality towards individual sectors.
- **Maximalist** approaches, where the aim is to actively shift resources to selected sectors and activities in order to achieve specific objectives, such as improved productivity, competitiveness and technological capabilities and to accelerate economic restructuring.

This NIDP indicates that the Government of Samoa leans towards the maximalist approach.

Rationale for Industry Policy

The rationale is usually based on the need to correct market failures that perpetuate the allocation of resources to low-productivity or low value-added industries or sectors, while avoiding or minimising market distortions. This calls for a culture of innovation and learning, supported by measures to mitigate the risk of change for individual businesses, sectors or industries. Diversification is also a key element of the rationale with the potential to improve resilience and reduce vulnerability to shocks.

Key Lessons

Industry policies have contributed in a major way to the rapid transformation of East and South-East Asian countries over the last half-century and offer lessons for countries like Samoa that are at earlier stages of industry development. Some of the key lessons include:

- Targeting of industries or sectors should favour those with “**latent comparative advantage**” that have reasonable prospects of becoming internationally competitive in the medium-term, even though they may not currently be competitive. Targeting should build on current strengths by supporting activities that are aligned with the national resource-base (natural, physical, human, and other), and are not too far from being independently self-sustaining.
- The **starting point** needs to be carefully considered. Industry policies based on low-cost labour that were successfully employed by many Asian countries during the early stages of their development are not necessarily appropriate in the Samoan context. Samoa is already classified by the World Bank as an upper middle-income country with a post-industrial/service-based economic structure. Table 3 below shows that Samoa also has relatively high labour costs compared to many low-income Asian countries (in part due to the remittance economy), precluding the development of low-cost, large-scale manufacturing. The starting point is therefore very different from those of the industrialised Asian economies.
- Industry policy should **target industries or sectors** rather than particular businesses, and support measures should be allocated in a fair and transparent manner, and if possible be performance-based. Support programmes should be time-bound and incorporate sunset clauses to avoid prolonged support for non-viable industries.
- Industry development is **not always pro-poor**, especially where it focuses on low-wage manufacturing industries or sectors where there are barriers to participation of disadvantaged groups. Industry policies must be aligned with social policies, designed to be inclusive, and where appropriate include safeguards for vulnerable groups.
- Industry policy should have a **long-term perspective**, recognising that significant changes in the structure of the economy may take a decade or more; and subject to disruptions from events such as natural disasters and economic shocks such as the current COVID-19 pandemic. Monitoring and Evaluation (M&E) is an important element of this long-term approach to enable periodic reviews and tactical adjustments to policy settings.

Table 3: Average Monthly Earnings of Employees (USD)

Country	Year	USD/month (a)
China	2019	939
Tonga	2018	688
Fiji	2016	564
Samoa	2017	499
Thailand	2019	490
Vanuatu	2010	447
Vietnam	2020	295
Philippines	2019	283
Sri Lanka	2018	195
Indonesia	2020	176
Bangladesh	2017	150
(a) Average monthly earnings of employees		
Source: ILO (wage rates), IMF (exchange rates)		

- Industry policy also needs to be linked to policies regarding trade, investment, competition, business licencing, food security, environment, employment etc. Effective policies also require strong **collaboration** between government agencies as well as between the government and the private sector. Engagement with industry or business associations is particularly important in this regard.
- Selection of policy instruments must be aligned with the **capacity** of the Government to finance and manage them.
- Industry policy must be **responsive** to higher level national priorities and objectives around gender and social inclusion as well as environmental sustainability and adaptation/mitigation of climate change.

1.2.2| Industry Development in SIDS

The experience and lessons learned from industry development in other SIDS was reviewed to inform the design of the NIDP. The SIDS were ranked in terms of average annual GDP growth rate since 2001. Samoa ranks 21st out of the 47 SIDS assessed. Annex 6 reviews industry development policy in eight selected countries that ranked above Samoa, as well as Fiji which is ranked 26th. The countries selected were among the smaller of the SIDS, and excluded countries where comparisons are unlikely to be informative, as well as those that have benefited from petrochemical development, or are in post-conflict recovery mode. The nine countries reviewed are listed in Table 4 below along with their GDP per capita, GDP growth rates, and population with Samoa included for comparison.

The country studies reported in Annex 6 did not identify any close analogues which could be considered as exact models for Industry policy in Samoa. The nine countries, although all classified as SIDS, vary greatly in terms of their starting conditions, resource endowments and policy frameworks. However, there are some consistent features among those that have successfully applied industry policies to support economic transformation from low-income agriculture-based economies to diversified, high-income and inclusive societies. These include: (i) clearly defined and targeted industry policies; (ii) good governance; (iii) social inclusion; (iv) progressive economic diversification; and (v) strong investment in human resources.

Tourism development is the most common driver of development in most (but not all) of the SIDS reviewed. However, countries where tourism has played a major role are worst affected by the COVID-19 pandemic and may well be the slowest to recover. The pandemic has revealed the risk of over-reliance on tourism and the need for a more diversified economic base.

Table 4: Countries Included in the Review of Industry Development in SIDS

Country	GDP per Capita a/	GDP % Growth b/	Pop'n '000	Geographic Region
Seychelles	17,448	3.4	100	East Africa/Indian Ocean
Trinidad and Tobago	17,398	3.0	1,390	Caribbean
Mauritius	11,099	3.9	1,270	East Africa/Indian Ocean
Maldives	10,626	5.8	530	Indian Ocean
Dominican Republic	8,282	5.0	10,740	Caribbean
Fiji	6,175	2.4	890	Pacific Islands
Samoa	4,324	2.7	200	Pacific Islands
Cabo Verde	3,604	4.5	550	West Africa/Atlantic Ocean
Sao Tome and Principe	1,946	4.7	215	West Africa/Atlantic Ocean
Comoros	1,370	2.8	850	East Africa/Indian Ocean

a/ Current USD, 2019 b/ Annual average growth rate 2001-2019
Source: World Bank: World Development Indicators

Manufacturing has played a significant role in several cases, as well as natural resource revenue from fisheries and petroleum. Diversification is a key element of the industry policies of the most successful countries. These countries have also undertaken progressive modification of their industry policies over long periods (up to 50 years), as their comparative advantages have evolved, and institutional capacity has developed.

The countries with greatest relevance to the development of Samoa's NIDP are Mauritius and the Dominican Republic. They have:

- Made good use of economic and trade linkages with EU/Asia and USA respectively.
- Benefited from the development of high-value tourism.
- Pursued differentiated trade policies for imports and export sectors, with the use of duty-free concessions for inputs used in exported products.
- Provided fiscal incentives for innovation and investment.
- Invested in education, management, and vocational skills development.

At the same time the relative importance of their agricultural sectors declined due to lack of scale, land scarcity, low productivity, declining preferential access to key markets, and poor competitiveness. Samoa faces many of the same challenges in its agricultural sector.

Fiji's 2017 Five-Year and 20-Year Development Plan with its coverage of "transformational strategic thrusts" also provides some good pointers for Samoa's NIDP – see Annex 6.

1.3| Policy and Planning Context

1.3.1| Overview

The NIDP forms part of an integrated policy framework that reflects Samoa's high-level goals and aspirations as expressed in national development plans and strategies, as well as several thematic and sectoral plans. It also harmonises with ongoing and planned programmes and projects at national level, as well as regional and multi-country activities in which Samoa participates. Refer to Annex 2 for further details of the relevant plans, strategies, programmes, and projects, together with an assessment of their implications for the NIDP.

1.3.2| National Development Plans and Strategies

Samoa's high-level national development plans and strategies are aligned with the **Sustainable Development Goals** (SDGs). National Voluntary Reviews conducted in 2016 and 2020 have re-affirmed Samoa's commitment to implementing

the SDGs and confirmed that the **Pathway for the Development of Samoa (PDS)** is generally aligned with the SDG goals and targets.

The PDS (2021/22 - 2025/26) provides the overarching national development strategy framework. The NIDP interlinks with all five Key Strategic Outcomes of the PDS: (1) Improved Human Development; (2) Diversified and Sustainable Economy; (3) Security and Trusted Governance; (4) Secured Environment and Climate Change; (5) Structured Public Works and Infrastructure. Whereas it specifically proposes interventions that actions the intentions of Key Strategic Outcome 2 – Diversified and Sustainable Economy – of the PDS.

Samoa 2040 takes a longer-term perspective compared to the five-year PDS planning horizon and is also relevant to the NIDP. It envisages stronger economic growth and identifies sectors and strategies that can drive transformational growth over the next 20 years. Several of the thematic areas of Samoa 2040 are of particular significance for the NIDP including: (i) enhanced digital connectivity; (ii) tourism development; (iii) labour mobility; (iv) boosting agriculture; and (v) investment in human capital.

The Sectoral Plans and Strategies detailed in Annex 2 incorporate several concepts and principles which are relevant to the NIDP as follows:

- Sustainability (financial, social, and environmental)
- Prosperity and job creation
- Partnerships between stakeholders
- Gender equality and social inclusion
- Financial inclusion
- Inter and intra-sectoral coordination,
- Food and nutrition security
- Increased productivity and value addition
- Export of goods and services and import replacement,
- Improved business enabling environment and policy/regulatory framework,
- Human resource development
- Product development and economic diversification
- Comparative and competitive advantage
- Infrastructure development
- Affordable and accessible ICT
- Resilience to external shocks and climate change
- Access to affordable/renewable energy
- Safeguarding Samoan culture and values
- The importance of MSMEs in the economy, employment, and exports
- Access to financial services and business advisory support
- Entrepreneurship and innovation

1.3.3 National and Regional Programmes and Projects

Annex 2 also outlines several programmes and projects that are relevant to the NIDP. These programmes and projects incorporate several initiatives that will complement or support the NIDP, and have generated the following lessons that have informed the design of the NIDP:

- Initiatives to facilitate access to financial services are best undertaken in parallel with capacity building and Business Advisory Services (BASs).
- The capacity of national BAS providers needs to be developed.
- BAS packages need to be tailored to the needs and capabilities of the client businesses.
- Industry organisations/associations are key actors in industry policy development and implementation.
- Access to financial services is a key constraint at all levels, although more limiting for Micro, Small, and Medium Enterprises (MSMEs) and start-ups. There are several ongoing programmes and projects addressing this constraint.
- Samoan businesses need support to access export markets relatively early in their development trajectory because of the small size of the domestic market.
- Partnerships are a valuable tool in industry development and can include Government, the private sector, civil society organisations, donors, and international companies.

- There are many regional programmes and projects supported by development partners that can assist industry development in Samoa, although some of these are difficult for some individual firms to access.

1.3.4| PACER Plus

Samoa is one of the ten countries that have ratified PACER Plus (Pacific Agreement on Closer Economic Relations)¹⁵, along with Australia, New Zealand, Kiribati, Tonga, Solomon Islands, Niue, Tuvalu, Vanuatu and Cook Islands. The Agreement entered into force in December 2020 and covers trade in goods and services, movement of people, investment, and development and economic cooperation. It incorporates a readiness package which helps in: (i) legislative drafting; (ii) customs modernisation, harmonisation, implementation of up-to-date tariff codes and transposition of schedules; (iii) training on notification requirements under the Agreement; (iv) public outreach and stakeholder engagement; and (v) revenue planning and mitigation.

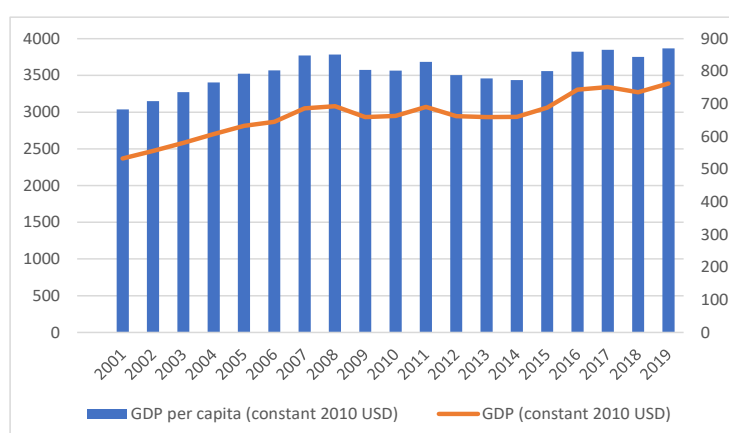
An implementation package is also available to help PIC signatories to benefit from the agreement. This package (to be shared among the parties) includes funding of AUD 19 million and NZD 7 million over five years (2021-2025) and will support activities to implement participating country's obligations concerning: (i) rules of origin; (ii) customs; (iii) sanitary and phytosanitary (SPS) measures; (iv) technical regulations, standards, and conformity assessment; (iv) trade in services; and (vi) investment. The PACER Plus support programme will be implemented through the PACER Plus Implementation Unit (www.pacerplus.org), located in Samoa. There is therefore an opportunity for the Government of Samoa to work with Australia and New Zealand under the PACER Plus framework to ensure that some of the trade related NIDP strategies are funded through that programme.

1.4| Social and Economic Context for Industry Development

1.4.1| Macroeconomic Performance

Figure 1 below shows that since 2001, Samoa has achieved steady but slow growth averaging 2.0 percent per annum in real terms or just 1.4 percent in real GDP per capita. There was a period of relatively strong economic performance between 2001 and 2008 when the economy grew at an average of 3.8 percent per annum, but performance has been erratic since then. The global financial crisis brought the period of strong economic growth to an end, and natural disasters and the 2019 measles epidemic provided further disruptions, with four of the 11 years since 2008 registering negative growth. The COVID-19 pandemic caused a severe economic contraction in 2020 which is yet to show up in the GDP figures. In per capita terms real GDP in early 2021 is probably no higher than a decade ago.

Figure 1: GDP and GDP per Capita 2001-2019 (Constant 2010 USD)



¹⁵ [Pacific Agreement on Closer Economic Relations \(PACER\) Plus | Australian Government Department of Foreign Affairs and Trade \(dfat.gov.au\)](https://dfat.gov.au)

1.4.2] Changing Structure of the Economy

Annex 7 reviews the trends in the size and structure of the Samoan economy and gives an indication of which economic sectors have been relatively successful in terms of generating economic growth. These are summarised below.

1.4.2.1] National Accounts

Table 5 below shows that there have been significant changes in the structure of Samoa's economy over the last decade with expansion of the tertiary sectors from 65.0 percent of GDP to 74.0 percent. Over the same period the secondary sectors have declined from 25.9 percent of GDP to 15.9 percent with much of this decline associated with closure of the Yazaki vehicle components business. The primary sectors have been relatively stable between 9-10 percent of GDP. The biggest decline has been in manufacturing which fell from 7.5 percent to 2.3 percent of GDP. Accommodation and restaurants and financial services have noted the most growth, with the latter increasing from 3.9 to 9.0 percent of GDP.

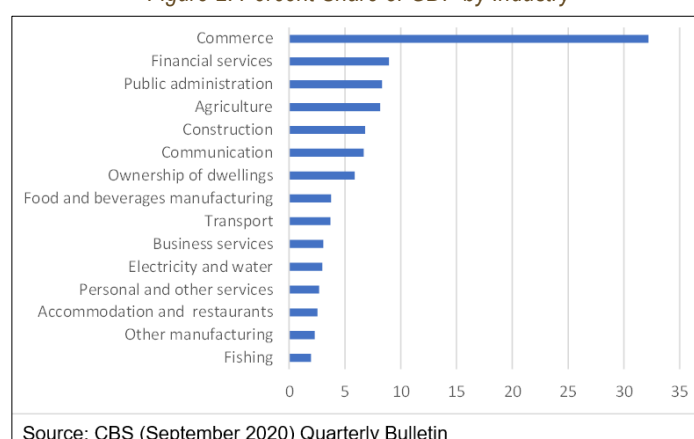
Table 5: Percent Share of GDP by Sector from 2010 to 2019

Sector	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	% Change
Primary											
Agriculture	7.3	6.9	6.9	7.5	6.7	6.2	7.1	7.6	7.2	8.1	12.2
Fishing	1.8	2.8	2.4	2.1	1.9	2.7	3.0	2.7	2.2	2.0	8.1
Sub-total Primary	9.1	9.7	9.4	9.6	8.6	8.9	10.0	10.3	9.4	10.1	11.4
Secondary											
Food and beverages manufacturing	4.1	3.7	3.7	3.8	4.3	4.0	4.0	3.8	3.6	3.8	-8.7
Other manufacturing	7.7	7.0	7.1	6.9	4.5	4.1	4.1	3.5	2.2	2.3	-70.0
Construction	10.5	11.2	10.9	11.0	6.4	7.3	6.3	5.7	6.2	6.8	-35.1
Electricity and water	3.6	4.1	4.3	4.1	3.0	2.7	2.7	2.9	2.7	3.0	-18.3
Sub-total Secondary	25.9	26.0	26.0	25.7	18.1	18.1	17.1	15.9	14.6	15.9	-38.9
Tertiary											
Commerce	28.8	30.1	30.3	31.9	30.5	29.3	29.9	30.6	32.9	32.2	11.8
Accommodation and restaurants	1.5	2.0	1.9	1.6	1.6	2.0	2.0	2.2	2.1	2.5	65.0
Transport	5.1	4.1	3.8	3.2	4.9	4.8	4.5	4.0	3.6	3.7	-27.3
Communication	5.6	4.2	3.6	3.9	6.2	7.3	7.4	7.3	7.1	6.7	19.0
Public administration	6.9	7.0	7.6	7.4	8.5	8.4	8.4	8.4	8.2	8.3	20.7
Financial services	3.9	3.4	3.5	4.0	7.4	7.4	7.6	8.0	8.9	9.0	130.0
Business services	3.1	3.3	3.5	2.9	3.8	4.0	3.7	4.0	4.1	3.1	-1.6
Ownership of dwellings	5.5	5.4	5.5	5.5	6.6	6.2	6.0	6.1	6.0	5.9	7.6
Personal and other services	4.6	5.1	5.0	4.2	3.7	3.6	3.4	3.2	2.9	2.7	-41.5
Sub-total Tertiary	65.0	64.3	64.7	64.7	73.3	73.0	72.9	73.8	75.9	74.0	13.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	

Source: SBS (2011, 2014, 2017, 2018) Statistical Abstracts and CBS (September 2020) Quarterly Bulletin

Figure 2 below shows that commerce was by far the largest economic sector accounting for almost a third of GDP followed by financial services at 9.0 percent.

Figure 2: Percent Share of GDP by Industry



Source: CBS (September 2020) Quarterly Bulletin

1.4.2.2] Business Registrations

Since the national accounts are divided into only 15 sectors (2 primary, 4 secondary and 9 tertiary) the national accounts can only provide a general assessment of sectoral trends. A more detailed assessment can be obtained from assessing sectors according to the **International Standard Industrial Classification** (ISIC) system. ISIC classifies businesses into 21 sectors (A-U) and 86 divisions (2-digit codes). There are also much larger groups (3-digit codes) and classes (4-digit codes). The Samoan Business Licence Register classifies registered businesses at class level. The number of registered businesses by sector and division provides a general indication of the pattern of business activity in Samoa.

The data provided by the Ministry of Customs and Revenue (MCR) indicated the total number of registrations being 7,158¹⁶, up from 4,182 in 2015. This is disaggregated by ISIC Sector in Table 6 below, where over 50% of the registrations are in two sectors: Sector G: wholesale and retail, repair of motor vehicles (31%); and Sector H: transportation and storage (20%). Most of these businesses are retailers and transport operators such as taxis, buses, and trucking businesses.

Table 6: Number of Registered Businesses by ISIC Sector, 2020

Sector	Number	Percent	Cumulative %
G Wholesale & retail trade; repair of motor vehicles	2240	31	31
H Transport & storage	1437	20	51
N Administrative & support services	505	7	58
M Professional, scientific, & technical	499	7	65
I Accommodation & food services	450	6	72
F Construction	433	6	78
C Manufacturing	405	6	83
K Financial & insurance	201	3	86
S Other service activities	175	2	89
L Real estate	170	2	91
T Activities of households as employers; undifferentiated goods and services	137	2	93
A Agriculture, forestry, & fishing	113	2	95
Q Human health & social work	109	2	96
J Information & communication	100	1	97
R Arts, entertainment, recreation	52	0.7	98
P Education	51	0.7	99
E Water supply, sewerage, waste management, & remediation	36	0.5	99
O Public administration and defence, compulsory social security	25	0.3	100
D Electricity, gas, steam, & airconditioning	14	0.2	100
B Mining & quarrying	5	0.07	100
U Activities of extraterritorial organisations	1	0.01	100
	7158	100	

Source: Ministry for Customs & Revenue (2020) Business License Register

1.4.2.3] Employment

Employment data provide another perspective on the importance of various industry sectors Table 7 below shows the pattern of employment in terms of the number of employees (male/female) per ISIC sector and the number of employers per sector.

¹⁶ This is larger than the number of registered businesses, because business licenses are issued by activity and location.

Table 7: Employment by ISIC Sector, 2019

ISIC Sector	No of Employees					No of Employers			Staff per Employer
	Male	Female	Total	Percent	Cum %	Employers	Percent	Cum %	
G Wholesale and retail trade; repair of motor vehicles	2,820	2,248	5,068	28	28	316	34	34	16
I Accommodation and food service	1,263	1,201	2,464	13	41	155	17	51	16
C Manufacturing	1,163	503	1,666	9	50	72	8	58	23
F Construction	1,364	95	1,459	8	58	33	4	62	44
H Transportation and storage	1,037	329	1,366	7	66	30	3	65	46
S Other service activities	561	558	1,119	6	72	83	9	74	13
K Financial and insurance	439	654	1,093	6	78	39	4	78	28
P Education	284	501	785	4	82	32	3	82	25
N Administrative and support services	410	139	549	3	85	48	5	87	11
J Information and communication	306	163	469	3	88	17	2	89	28
O Public administration and defence, compulsory social security	331	129	460	3	90	7	1	89	66
E Water supply, sewerage, waste management and remediation	314	83	397	2	92	8	1	90	50
D Electricity, gas, steam and aircond	257	68	325	2	94	5	1	91	65
M Professional, scientific and technical	171	149	320	2	96	44	5	95	7
Q Human health and social work	128	124	252	1	97	16	2	97	16
R Arts, entertainment, recreation	159	81	240	1	99	18	2	99	13
L Real estate	153	53	206	1	100	6	1	100	34
A Agriculture, forestry and fishing	27	4	31	0	100	2	0	100	16
B Mining and quarrying	4	2	6	0	100	1	0	100	6
Total	11,191	7,084	18,275	100		932			20

Source: MCIL (2019), Labour Market Survey

The pattern is similar to that revealed by business registrations, but with accommodation and food services, manufacturing and construction more important in terms of employment. Formal/registered employment in agriculture, forestry and fishing appears to be very low, because most work in this sector is performed by family members or informally employed persons hired by un-registered family businesses, (noting the previous comments on informal employment in the primary industry).

1.4.3] The Informal Sector

ILO estimated¹⁷ that in 2017 the informal economy employs around 60 percent of the total workforce, where there is limited protection of worker's rights such as leave entitlements, pensions, and occupational health and safety.

The Household Income and Expenditure Survey (HIES, 2018) provides further insights into the structure of the Samoan economy, and in particular the importance of the informal sector in terms of occupation and income generation. The 2018 HIES shows that:

- Around 57% of persons over 15 described their "main activity" as either home duties, unpaid family worker or self-employed - all of which could be classified as informal, whereas only 27% were categorised as employees working for wages or salaries. The corresponding figures for the previous HIES (2013-14) were 55% and 25% suggesting that informal employment is declining, and formal employment is increasing, although only gradually.
- 50% of respondents stated their occupation to be either agriculture, forestry, and fisheries (37%), or craft and related trades (13%); with the great majority of the former being male.
- When asked about their "main source of income", around 52% of respondents mentioned paid employment, and around 28% listed informal activities, principally "value of own produced goods" which includes subsistence agriculture and fishing.

The HIES data highlight the importance of the informal sector for "employment" and economic activity, particularly for males, and as a source of household income. Women however predominate in the formalised services and professional sectors. However, comparison with the previous HIES points to gradual formalisation of economic activity.

¹⁷ ILO (2017). Samoa Decent Work Country Programme 2017-2020

1.4.4 Importance of Micro, Small and Medium Enterprises (MSMEs)

The MSME Development Policy and Strategy (2020) further emphasises the importance of the MSME sector in the Samoan economy¹⁸. It is estimated that there are more than 4,000 SMEs, but there is no documented estimate for micro-enterprises, most of which are believed to be informal/un-registered businesses. Using the MCR definition of “enterprises with turnover less than 1 million tala” – SMEs are estimated to represent more than 90 percent of all formal businesses in Samoa and employ almost half of the commercial workforce. The majority (83%) of these are sole-traders and 15% are registered companies; and are predominantly engaged in the services sectors – retail, transport, tourism, and other services. Among the secondary sectors, construction and the food industry are the most important. The MSME Development Policy and Strategy 2020 reports that informal micro-enterprises are predominantly in the agriculture and fisheries sectors where there are very few registered businesses.

1.4.5 Budgetary Context and COVID-19

Industry development policy must be tailored to the fiscal capacity of the Government (and its development partners) to apply various policy instruments. The annual Article IV consultations undertaken by the International Monetary Fund (IMF) have repeatedly called for fiscal constraint. The May 2019 Article IV report noted a “marginally positive” fiscal balance for 2017-18 but with the fiscal position expected to worsen over coming years, and with the country at “high risk of debt distress”. The IMF recommended a tightening of fiscal policy, by strengthening both tax administration and public financial management, and paying down debt.

The IMF Article IV assessment in January 2021 noted the devastating effects of COVID-19 on Samoa’s economy, coming in the wake of the measles outbreak in late 2019. The expectation is for GDP to contract by around 3.2 percent in 2020, followed by 8.5 percent in 2021. Economic recovery is not expected to begin until 2022. The IMF recommended expansionary fiscal policies including short-term stimulus measures targeting vulnerable households and businesses; along with an accommodative monetary policy; followed by gradual withdrawal and medium-term fiscal consolidation to bring public debt back towards the target of 50% of GDP.

The current economic crisis accentuates the need for a strong industry development policy to restore economic growth in the post-COVID-19 recovery period, as well as to improve preparedness for future shocks of this nature. It also suggests a measure of fiscal responsibility in offering incentives or concessions to steer development in the preferred direction. Short-term policies to support post-COVID-19 recovery should incorporate sunset clauses to ensure that they do not get permanently locked in.

1.4.6 Conclusions

There has been a significant evolution in the structure of the Samoan economy over the last decade towards a modern service-based economy, with a steady decline in value added and employment in the secondary sectors, particularly manufacturing, construction, and utilities. Primary production (agriculture, forestry and fishing) has been relatively stable, but remains important as an informal employer and contributor to food and livelihood security.

These trends give some indication of where Samoa’s inherent economic strengths lie and the direction of industry development policy. The decline of the secondary sector suggests that attracting large-scale manufacturing will be difficult because of the relatively high costs of labour, energy, and transport. Samoa’s potential lies in relatively high-tech services (i.e., innovative internet-based services) and niche manufacturing whereby Samoa can leverage its well-educated workforce, and strong links to Australia and New Zealand. Opportunities to sell the Samoan/Pacific story (clean, green, ethical, etc.) could also offer a competitive edge rather than low-cost manufacturing and export of un-differentiated agricultural commodities.

¹⁸ The MSME Policy classifies enterprise according to the number of employees: micro enterprises <5; small 5-9; medium 10-25; and large >25.

1.5| Approach to Developing the NIDP

1.5.1| Guiding Principles

i) Tailor-Made Approach: Samoa can learn a lot from industry development in other SIDS (see Annex 6) but the country's many unique features mean that there are no "off-the-shelf" models suitable for replication in their entirety. In addition, the structure of Samoa's economy with its dependence on the tertiary/services sectors (e.g., tourism industry) is very different to the starting point of most SIDS that have undergone successful industrial transformations. This calls for a highly selective approach to industry policy which chooses policy instruments from the extensive menu of options deployed in other SIDS (and non-SIDS) according to the national economic context and the unique features of *fa'a Samoa* (Samoan way).

ii) Portfolio Approach: Economic diversification is an essential ingredient of industry development policy which aims to facilitate the movement of resources into priority sectors of the economy, both established and emerging. But there are significant risks in focusing efforts on a small number of sectors where prospects are thought to be best – often known as "picking winners". Moreover, it is generally less risky to build on success stories than embark on new/un-tested ventures or start-ups where experience shows that failure rates are high. The NIDP embraces a diversified portfolio of policy measures including support for emerging or "sunrise" industries with high growth prospects (but also high risks); and safer bets such as productivity improvement in established sectors with sound, if not stellar, growth potential; whilst avoiding trying to prop-up sectors in decline. The NIDP also embraces the concept of "latent strengths" – nurturing things that have a good chance of success but may not yet be proven. In parallel with these, the NIDP will also support initiatives to improve the enabling environment for industry development across all sectors and businesses.

iii) Consultative Approach: The NIDP team comprising the consultants and the MCIL Working Group undertook an intensive round of consultations with a wide cross section of stakeholders representing Government, financial institutions, industry associations, NGOs, Development Partners and the private sector. Details are provided in Annex 8. These consultations took the form of open-ended discussions around the sectors with the most potential for industry development and the strategies and policies which could be deployed to nurture their growth. A consultation workshop was held on 15th October 2021 to present a draft of the NIDP and consider stakeholder responses. The consultative approach aimed to engender ownership of the NIDP amongst the principal stakeholders, but this also needs to be backed by commitment across the political spectrum, to ensure the durability of the Policy through electoral cycles, given the long-term nature of industry policy. Political commitment is also essential for accessing the budgetary resources needed to implement some of the policies.

iv) Broad Definition of Industry: It was agreed to adopt a broad definition of what comprises "industry" - namely any private sector/business activity other than subsistence agriculture/ forestry/fishing and other non-commercial household-level activities. It spans the primary, secondary and tertiary sectors of the Samoan economy and includes both registered/formal and informal businesses, and the state-owned enterprises (SOEs).

v) Exports vs. Import Substitution: The NIDP will focus on traded goods and services, either exports or import substitution, rather than non-traded items (things that are neither imported nor exported)¹⁹. Nontraded goods and services are unlikely to expand faster than the economy generally and therefore offer few industry development opportunities. Import replacement is generally less challenging than opening new export pathways, but the size of the domestic market is limiting. Moreover, while many people say they prefer to buy Samoan-made products, they are also price conscious, tending to buy imported products if they are cheaper. Transformative opportunities are most likely found in export markets, seeking out consumers that are less price sensitive and more interested in product image such as, ethical, and sustainable value chains, building on the positive image of Samoa as a clean/green source. The focus on exports also acknowledges the need to re-balance Samoa's large and persistent balance of trade deficits.

¹⁹ Tourism and service industries such as education are normally considered to be exports.

vi) Long-Term Perspective: The country studies in Annex 6 show that countries that have been successful in industry development have maintained supportive policy settings over long periods, spanning multiple decades in most cases. The NIDP horizon of ten years is therefore seen as the first phase of a multi-decade process to transform Samoa's economy towards more productive and profitable industries. However, the process must also recognise the ongoing COVID-19 pandemic and the need for post-crisis recovery measures over the next 2-3 years, particularly in the hard-hit tourism sector, as well as improving preparedness against future shocks. The ten-year NIDP should also be reviewed every 2-3 years, more frequently if necessary, and be the subject of an independent and participatory mid-term review (MTR) around 2028-29. It is expected that a Preparedness and Recovery Framework will be developed following the MTR. This will take into account the inevitable external shocks such as natural disasters, pandemics, economic downturns and other shocks that have the potential to severely impact the economy sectors and industry sustainability.

vii) Inclusiveness: Inclusive growth is a key element of Samoa's development aspirations as expressed in the PDS theme of "empowering communities, building resilience, and inspiring growth", and the Samoa 2040 commitment to "the needs of present and future generations" and "that no one is left behind". This suggests that the NIDP should incorporate policy measures to spread the benefits of industry development among all segments of Samoan society including job-creation for marginalised and disadvantaged groups: women, youth, and people with disabilities (PWD); whilst not excluding or undervaluing the contributions of those who are better off. It is also recognised that in seeking to be inclusive, industry development policy should not be used as an instrument of social welfare.

viii) Sustainability: Profitability is a necessary element of sustainability but is not sufficient on its own. The NIDP also gives due consideration to other dimensions of sustainability including compliance with national laws/customs and international treaty obligations; social inclusion; environmental responsibility; and resilience to natural disasters and climate change.

ix) Practicality and Affordability: It is vital that the policy initiatives included in the NIDP can be implemented within the capacity of Samoan institutions and business enterprises; that necessary investments can be financed (with support from Development Partners where appropriate); and that recurrent costs can be financed from revenue streams. Where capacity limitations constrain the deployment of worthwhile policy measures, appropriate capacity-building initiatives should be prescribed. Preference is given to policies that can be implemented within the existing legislative, regulatory and institutional framework.

x) Fairness and Transparency: The NIDP targets priority sectors/industries rather than particular businesses or enterprises. Where the policy framework incorporates incentives such as concessions, subsidies, and cost-sharing arrangements these must be subject to rigorous and impartial eligibility and assessment criteria to ensure fairness, transparency, and accountability for the use of public resources.

1.5.2) Methodology

Development of the NIDP was undertaken between December 2020 and June 2024 and involved the following seven steps:

- i. A literature review (see Annexes 2, 5 and 6) considering relevant documentation from Samoa as well as the literature on industry development from other developing countries, particularly those with similarities to Samoa, and have been successful in developing their industries.
- ii. Preparation of an Industry Assessment Framework (see Annex 7) for identifying the industry sectors to be prioritised in the NIDP.
- iii. A review of lessons learned from industry policy in other SIDS (see Annex 6).
- iv. Consultations with a broad cross section of stakeholders to identify priority sectors and policy initiatives (see Annex 8)
- v. Preparation of the Draft NIDP incorporating the findings from the above.
- vi. A Consultation Workshop in which the Draft NIDP is presented to stakeholders for review and discussion.
- vii. Finalisation of the NIDP.

The process was led by national and international consultants in conjunction with a working group within MCIL and the PSDP Programme Implementation Contractor.

Annex 2 | National Strategic Planning Framework

BACKGROUND

The TOR for the NIDP called for preparation of a review of the national strategic planning framework, considering relevant documentation and credible sources. MCIL provided a list of relevant national documents. The review was initially produced as part of the Working Paper 1 and was reviewed by MCIL before finalising in this Annex.

STRATEGIC CONTEXT

Overview

The NIDP will form part of an integrated policy framework that reflects Samoa's high-level goals and aspirations as expressed in national development plans and strategies, as well as a number of thematic and sectoral plans. It also recognises and harmonises with ongoing and planned programmes and projects at national level, as well as regional and multi-country activities in which Samoa is a participant. The literature review therefore presents an inventory of the relevant plans, strategies, programmes and projects, together with an assessment of their implications for the NIDP.

National Development Plans and Strategies

Samoa's high-level national development plans and strategies are aligned with the **Sustainable Development Goals** (SDGs). Samoa's commitment to implementing the SDGs is evident in its **Pathway for the Development of Samoa** (PDS) being generally aligned with the SDG goals and targets.

PDS (2021-22 to 2025-26) is the overarching national development strategy, and the thematic and sectoral plans outlined below all fall under the PDS umbrella. The NIDP is aligned with all five Key Strategic Outcomes: (1) Improved Human Development; (2) Diversified and Sustainable Economy; (3) Security and Trusted Governance; (4) Secured Environment and Climate Change; (5) Structured Public Works and Infrastructure; as well as twelve (12) of the 21 key priority areas as follows:

- Key Priority Area 4: People Empowerment
- Key Priority Area 5: Skilled Workforce
- Key Priority Area 7: Agriculture, Fisheries and Aquaculture Productivity
- Key Priority Area 8: Tourism Revitalisation
- Key Priority Area 9: Business Innovation and Growth
- Key Priority Area 10: Increased Labour Mobility
- Key Priority Area 11: Macroeconomic Stability
- Key Priority Area 13: Improved Accountability
- Key Priority Area 14: Dynamic Global Relations and Partnerships
- Key Priority Area 18: Sustainable Energy Development Enhanced
- Key Priority Area 20: Innovative Information, Communication and Technology Use
- Key Priority Area 21: Consolidated Infrastructure Management

The **Samoa 2040 Roadmap** takes a longer-term perspective compared to the five-year PDS planning horizon and is also relevant to the NIDP. It envisages stronger economic growth and identifies sectors and strategies that can drive transformational growth over the next 20 years. Several of the thematic areas of Samoa 2040 are of particular significance for the NIDP including: (i) enhanced digital connectivity; (ii) tourism development; (iii) labour mobility; (iv) boosting agriculture; and (v) investment in human capital.

Thematic Plans and Strategies

The key thematic plans and strategies that are relevant to the NIDP include:

The **Trade, Commerce and Manufacturing Sector Plan** (TCMSP) (2017-18 to 2020-21) is a key MCIL document. The Plan includes four pillars: (i) improved industrial supply and productivity; (ii) increased processing and value-addition; (iii) enhanced market access and visibility for goods and services; and (iv) strengthened coordination and planning support.

The updated **Trade, Commerce and Manufacturing Sector Plan** (TCMSP) (2024-25 to 2028-29) is another key MCIL document. The Plan has six key strategies: (i) improve productivity, manufacturing and trade activities; (ii) enhance exports and market access; (iii) increase sustainable business development and employment generation; (iv) advance the efficacy of the sector infrastructure; (v) foster resilience and recovery in response to shocks and stressors; and (vi) strengthen an enabling environment for sector development.

The **Diagnostic Trade Integration Study** (DTISU) (2017-2021) identifies priority items and markets for export of goods and services, import substitution and investment: (i) tourism; (ii) telecommunications; (iii) financial services; and (iv) agriculture and fisheries. It also proposes several policy reforms to enhance the capacity of Samoan enterprises to compete in regional and global markets.

The **Samoa National Employment Policy** (SNEP) (2016-2020) envisages a society engaged in productive employment opportunities, generating decent incomes to realise national vision of improved quality of life for all. The Policy has three pillars: (i) strengthened demand for labour; (ii) human capital development to strengthen labour market supply; and (iii) strengthened employment policies, institutions and regulations.

The **National Financial Inclusion Strategy** (2017-2020) details five strategic objectives for financial inclusion: (i) improve and deepen access to financial services; (ii) promote economic empowerment and participation of under-served segments, especially women and youth, for inclusive growth; (iii) promote digital financial services and institutional innovations; (iv) improve resilience and reduce financial vulnerability to economic shocks, especially of low-income households; and (v) improve financial competencies and ensure consumer protection.

The **National Investment Policy Statement** (2019) expresses GOS commitment to strengthening the enabling environment for private sector performance and to encourage the promotion of their investments. Foreign investors are invited to invest in business activities without limitations, except for a few activities reserved for Samoans. The Statement sets out policies for promoting and facilitating foreign and private sector investments.

Sectoral Plans and Strategies

There are ten key sectoral plans and strategies that are relevant to the NIDP. These include:

- Agriculture and Fisheries Sector Plan (2022/23-2026/27)
- Information and Communications Sector Plan (2022/23-2026/27)
- Education Sector Plan (2019-2024)
- Finance Sector Plan (2022/23- 2026-27)
- National Cultural Industries Policy (2018-2028)
- National Environment Sector Plan (2017-2021)
- Samoa Energy Sector Plan (2017-2022)
- Samoa MSME Policy and Strategy, 2020
- Samoa Tourism Sector Plan (2022-2027)
- Transport and Infrastructure Sector Plan (2023-2028)

These plans and strategies incorporate a number of concepts and principles which are also reflected in the NIDP as follows:

- Sustainability (financial, social and environmental)
- Prosperity and job creation
- Partnerships between stakeholders
- Gender equity and social inclusion
- Financial inclusion
- Inter and intra-sectoral coordination
- Food and nutrition security
- Increased productivity and value addition
- Export of goods and services and import replacement
- Improved business enabling environment (BEE) and policy/regulatory framework
- Human resource development
- Product development and economic diversification
- Comparative and competitive advantage
- Infrastructure development
- Affordable and accessible ICT
- Resilience to external shocks and climate change
- Access to affordable/renewable energy
- Safeguarding Samoan culture and values
- The importance of MSMEs in the economy, employment and exports
- Access to financial services and business development support
- Entrepreneurship and innovation

National and Regional Programmes and Projects

A number of programmes and projects were taken into consideration in formulating the NIDP. The most significant of these is the **Private Sector Development Programme** (PSDP) which seeks improved performance of Samoa's private sector in order to generate improvements in profitability and employment. PSDP is a flagship programme of MCIL, supported by New Zealand MFAT. Component 1 of PSDP is addressing limitations in the enabling environment for private sector development through targeted initiatives to enhance the policy, legal, regulatory and institutional framework. Preparation of the NIDP is one of the activities under this component. Component 2 provides support for individual businesses, including both financial

and non-financial instruments to catalyse increased private investment. Component 2 is implemented by the **Samoa Business Hub (SBH)**²⁰.

Other relevant programmes and projects include the: Business Link Pacific (BLP); Pacific Horticultural and Agricultural Market Access (PHAMA) Plus Programme; Samoa Agribusiness Support Project (SABS); and Business Partnerships Platform (BPP).

These programmes and projects incorporate a number of initiatives that complement or support the NIDP, and have generated lessons that can be considered, as follows:

- Initiatives to facilitate access to financial services are best undertaken in parallel with capacity building and business advisory services (BASs).
- The capacity of national BAS providers needs to be developed.
- BAS packages need to be tailored to the needs and capabilities of the client businesses.
- Industry organisations/associations are key actors in industry development policy development and implementation.
- Access to financial services is a key constraint at all levels, although more limiting for SMEs and especially start-ups. There are a number of ongoing programmes and projects addressing this constraint.
- Samoan businesses need support to access export markets relatively early in their development trajectory because of the small size of the domestic market.
- Partnerships are a valuable tool in industry development and can include Government, the private sector, civil society organisations, donors and international companies.
- There are many regional programmes and projects supported by development partners that can assist industry development in Samoa, although some of these are difficult for individual firms to access.

²⁰ Formerly the Small Business Enterprise Centre (SBEC).

Annex 3 | Acknowledgements

The development of the NIDP involved contributions from a diverse range of stakeholders, supported by specialist consultants engaged under the PSDP.

The process was initiated by a round of **stakeholder consultations** in order to prepare the Terms of Reference for the Policy formulation Project and to define the scope of the Policy framework. The following contributed to this part of the work: British American Tobacco Samoa; Business of Salafai Association; Central Bank of Samoa (CBS); Kuki Co. Ltd; Mailelani; Ministry of Agriculture and Fisheries (MAF); Ministry of Commerce, Industry and Labour (MCIL); Ministry of Communication, Information and Technology (MCIT); Ministry of Foreign Affairs and Trade (MFAT); Ministry of Women, Community and Social Development (MWCSO); Nuanua o le Alofa Inc.; Samoa Association of Manufacturers and Exporters (SAME); Samoa Breweries Ltd; Samoa Bureau of Statistics (SBS); Samoa Business Hub (SBH); Samoa Federated Farmers Inc. (SFFI); Samoa Umbrella of Non-Government Organisations (SUNGO); SkyEye Limited; Tanoa Samoa Holdings; and Tautai Samoa Association.

The policy formulation process was led by a working group from MCIL including the following: Fiu Jacinta Matulino, Muliufi Nickel, Lisi Iosefa, Tauatia Tuimauga, Retina Leavai-Tuiletufuga, Alex Meafou, Lydia Hazelman, Felanuai Taliafi, Faauuga Neemia, Hope Latu, Gloria Roberts, Tone Williams, Hermine Raeli-McCarthy, Serrah Mulipola-Lima, Runi Lauina-Henseli, and Jadore Nicole Neemia.

An extensive round of stakeholder consultations was undertaken including meetings with the following: Ah Liki Investments Ltd.; ANZ Bank; Apia Deep Sea Fishing Ltd.; Asian Development Bank (ADB); Australian High Commission; Bank of the South Pacific; Business of Salafai Association; CBS; Development Bank of Samoa (DBS); Digicel Samoa Ltd.; Electric Power Corporation (EPC); Fero Samoa Ltd.; I.H. Carruthers Co Ltd. (Eveni Carruthers); Kuki Samoa; Mailelani; MAF; MCIL; MCIT; Ministry of Customs and Revenue (MCR); Ministry of Finance (MOF); MFAT; Ministry of Public Enterprises (MPE); MWCSO; National Bank of Samoa; National University of Samoa (NUS) - Faculty of Business and Entrepreneurship; Natural Foods International Ltd.; New Zealand High Commission; Nuanua o le Alofa Inc.; Return to Paradise Resort; Saletoga Sands Resort & Spa; SAME; Samoa Breweries Ltd/Vailima; SBS; SBH; Samoa Chamber of Commerce and Industry (SCCI); Samoa Commercial Bank; Samoa Farmers Association Inc.; SFFI; Samoa Hotels Association Inc. (SHA); Samoa Information Technology Association (SITA); Samoa Submarine Cable Company; Samoa Tourism Authority (STA); Samoa Women Association of Growers (SWAG); Samoa Workers Congress (SWG); Scientific Research Organisation of Samoa (SROS); Serendi Coco Samoa Ltd.; SkyEye Limited; Tanoa Samoa Holdings; Taumeasina Island Resort; Tautai Samoa Association Inc.; United Nations Development Programme (UNDP); Vodafone Samoa Ltd.; Women in Business Development Inc. (WIBDI); and World Bank.

MCIL convened a **Stakeholder Consultation Workshop** to consider a draft of the NIDP on 15th October 2021. The workshop presented to overall approach to formulating the policy and the proposed vision, objectives, goals and components. These were reviewed by five working groups which each presented comments and recommendations for refining the draft policy. The organisations/individuals participating in the Workshop included: Ah Liki Investments Ltd.; Apia Deep Sea Fishing Ltd.; ADB; Australian High Commission; Bankers Association; CBS; DBS; Digicel Samoa Ltd.; EPC; Fero Samoa Ltd.; I.H. Carruthers Co Ltd.; MAF; MCIL; MCIT; MCR; Ministry of Education, Sports & Culture; MOF; MFAT; MPE; MWCSO; Ministry of Works, Transport and Infrastructure; NUS - Faculty of Business and Entrepreneurship; Natural Foods International Ltd.; New Zealand High Commission; Nuanua o le Alofa Inc.; SAME; Samoa Breweries Ltd/Vailima; SBS; SBH; SCCI; SFFI; SHA; SITA; Samoa Qualifications Authority; Samoa Submarine Cable Company; STA; SWAG; SROS; Serendi Coco Samoa Ltd.; SkyEye Limited; Taumeasina Island Resort; Tautai Samoa Association Inc.; UNDP; Vodafone Samoa Ltd.; WIBDI; and World Bank.

The **Consultant Team** included: David Young (Lead Consultant, Palladium Group); Benjamin Harding (Stakeholder Consultations Specialist, Innovative Business Consultants); and Guy Redding and John Hardin (PSDP-Implementation Contractors).

Annex 4 | Source Materials

NATIONAL DEVELOPMENT PLANS AND STRATEGIES

- Sustainable Development Goals (SDGs). National Voluntary Reviews conducted in 2016 and 2020,
- Pathway for the Development of Samoa (PDS) 2021-22 to 2025-26
- Samoa 2040

THEMATIC PLANS AND STRATEGIES

- Trade, Commerce and Manufacturing Sector Plan (2017/18-2020/21)
- Trade, Commerce and Manufacturing Sector Plan (2024/25-2028/29)
- Diagnostic Trade Integration Study (2017-2021)
- National Employment Policy (2021/22-2025/26)
- National Financial Inclusion Strategy (2017-2020)
- National Investment Policy Statement (2023)

SECTORAL PLANS AND STRATEGIES

- Agricultural Sector Plan (2022/23-2026/27)
- Samoa Tourism Plan (2022-2027)
- Finance Sector Plan (2022/23- 2026/27)
- Information and Communications Sector Plan (2022/23-2026/27)
- National Environment Sector Plan (2017-2021)
- Samoa Energy Sector Plan (2017-2022)
- Education Sector Plan (2019-2024)
- National Cultural Industries Policy (2018-2028)
- Transport and Infrastructure Sector Plan (2023-2028)
- Samoa Ocean Strategy (2020-2030)
- Samoa MSME Policy and Strategy, 2020

INDUSTRY DEVELOPMENT STRATEGIES AND POLICIES: INTERNATIONAL PERSPECTIVES

- Donor Committee for Enterprise Development (DCED): Synthesis Note on Industrial Policy
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- Enhancing the Quality of Industrial Policies (EQUIP)
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INDUSTRY ASSESSMENT FRAMEWORK

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Annex 5 | Industry Development Policies and Strategies

BACKGROUND

There is an extensive body of literature on industry strategies and policies in developing countries. The key lessons that can be derived from the literature are contained in three main sources: (i) the Donor Committee for Enterprise Development (DCED); (ii) Enhancing the Quality of Industrial Policies (EQUP); and (iii) the United Nations Industrial Development Organisation (UNIDO).

DONOR COMMITTEE FOR ENTERPRISE DEVELOPMENT (DCED)

DCED has prepared a comprehensive analysis of the literature on industry policy. DCED offers several alternative **definitions** of industry policy embracing the concepts of strategic effort to encourage the development of specific economic sectors; efforts to promote or encourage the development of specific industries or sectors; and selective interventions to alter the structure of the economy to offer better prospects for economic growth. These concepts are seen as different but complementary to **business environment reform** which seeks to improve the enabling environment for business generally, rather than support for specific industries or sectors.

According to DCED, the **rationale** for industry policy is based on the need to correct market failures that perpetuate the allocation of resources to low-productivity/low value-added industries or sectors. This calls for a culture of innovation and learning, supported by measures to mitigate the risk of change for individual businesses, sectors or industries. Diversification is also a key element of the rationale with the potential to improve resilience and reduce vulnerability to shocks.

DCED considers that industry policies have contributed in a significant way to the rapid transformation of East and South-East Asian countries over the last half-century and offer lessons for countries like Samoa that are at earlier stages of industrial development. Some of the key lessons include:

- Targeting of industries or sectors should favour those with “**latent comparative advantage**” that have reasonable prospects of becoming internationally competitive in the medium-term, even though they may not currently be competitive. Targeting should build on current strengths by supporting activities that are aligned with the national resource-base (human and other) and are not too far from being independently self-sustaining.
- The **starting point** needs to be carefully considered. Industry policies based on low-cost labour that were successfully employed by some of the low-income Asian countries during the early stages of their development are not necessarily appropriate in the Samoan context. Samoa is already a middle-income country with a post-industrial/service-based economic structure. The starting point is therefore very different from those of the industrialised Asian economies. In addition, some of the policies employed by these economies are no longer allowable under WTO and other trade agreements.
- Industry policy should **target industries or sectors** rather than particular businesses, and support measures should be allocated in a fair and transparent manner, and where possible be performance-based. Support programmes should be time-bound and incorporate sunset clauses to avoid prolonged support for non-viable industries.
- Industry development is **not always pro-poor**, especially where it focuses on low-wage manufacturing industries, or sectors where there are significant barriers to participation of disadvantaged groups. Industry policies must be aligned with social policies and designed to be inclusive, and where appropriate include safeguards for vulnerable groups.
- Industry policy should have a **long-term perspective**, recognising that significant changes in the structure of the economy in a particular direction may take a decade or more; and subject to disruptions from events such as natural disasters, economic shocks or the current COVID-19 pandemic. Monitoring and evaluation is an important element of this long-term approach to enable periodic reviews and tactical adjustments to strategies and policies.
- Industry policy also needs to be **linked to policies** regarding trade, investment, competition, business licencing, food security, environment, employment etc. Effective policies also require strong collaboration between government and the private sector. Engagement with industry or business associations is particularly important in this regard.
- Selection of policy instruments must be matched to the **capacity of the public sector** to manage them. Policy instruments may fall into one or more of the following categories:
 - Infrastructure development (including ICT infrastructure) to support structural change.

- Support for preparing sector reviews, feasibility studies and business plans.
- Fiscal incentives, such as tax concessions.
- Mobilisation of venture capital, challenge funds etc.
- Regular monitoring and review of results.

ENHANCING THE QUALITY OF INDUSTRIAL POLICIES (EQuIP)

EQuIP is an initiative of UNIDO supported by German funding. It aims to: (i) support policymakers to assess and design context-appropriate industrial policy packages that are in line with their development objectives; and (ii) strengthen government ability to manage the structural transformation of their economies and to have a larger say in strategy setting, policy formulation and engaging with development partners.

EQuIP includes a toolbox module on institutional arrangements for developing and implementing industrial policies and guidelines on the design of a “**transformative industrial policy package**”. It recommends country-specific approaches to the selection of policy instruments so that they are aligned with national priorities and reflect the shared values of policy-makers and society. This requires a long-term perspective, and dedication to experimentation and learning, as well as willingness to adapt to changing circumstances, challenges and opportunities.

EQuIP outlines a number of different **policy instruments** that can be considered:

- **Regulations:** Rules and directives that mandate economic participants to act in accordance with rules or directives.
- **Incentives/Disincentives:** Handing out or withdrawal of resources to encourage certain behaviour by economic participants.
- **Information:** Collection, dissemination and publication of information in an effort to promote particular economic activities.
- **Public goods and services:** Government’s establishment of enterprises and/or direct supply or demand of particular goods and services.

EQuIP also offers a number of tools to support the development and implementation of industrial policy. These include:

- Tool 1: Industrial Capacity and Growth – Domestic and Export Dimensions
- Tool 2: Sub-Sector Competitive Performance
- Tool 3: Industrial and Export Upgrading
- Tool 4: Diversification – Domestic and Export Dimensions
- Tool 5: Industrial Employment and Poverty Alleviation
- Tool 6: Greening Industry – Energy Efficiency
- Tool 7: Greening Industry – Global Value Chains
- Tool 8: Industrial Organisation and Firm Profiling at Sub-Sector Level
- Tool 9: Industrial Capabilities Indicators
- Tool 10: Gender Equality in Manufacturing
- Tool 11: Climate Change

UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANISATION (UNIDO)

In a 2011 review of industrial policy UNIDO found that countries experiencing high rates of growth over long periods have achieved these by increasing their productive capacities, primarily by expanding higher value-added activities. Industrial policies play a central role in inducing industrial transformation, diversification and upgrading towards more resilient and competitive, as well as environmentally friendly and socially inclusive, industries. The main objective of industrial policy is to anticipate structural change, facilitating it by removing obstacles and correcting market failures. UNIDO recognises two approaches to the role of the state in industrial policy:

- A “**minimalist**” state role where industrial policy is aimed at creating a favourable environment for business and for adapting production to changing domestic or international demand. This usually involves general support to business with neutrality towards individual sectors.

- “**Maximalist**” approaches, where the aim is to actively shift resources to selected sectors and activities in order to achieve specific objectives, such as improved productivity, competitiveness and technological capabilities and to accelerate economic restructuring.

UNIDO views industrial policy as a discovery process where entrepreneurs, governments and other stakeholders learn from each other about costs and opportunities to select best options for industrial diversification. Close and sustained consultation takes place among private and public sectors in order to make strategic decisions.

UNIDO recognises three complementary and interlinked industrial strategies and relates them to the different types of structural change:

- Industrial **diversification** strategies aim at shifting into new industries (inter-industry structural change), including the nurturing of hitherto non-existent activities.
- Industrial **expansion** and upgrading strategies focus on existing activities and comprise capacity expansion, product upgrading, process upgrading and functional upgrading (intra-industry structural change).
- Industrial **deepening** strategies aim at creating more backward and forward linkages and complementarities within one industry (intra-industry structural change).

Annex 6 | Country Studies

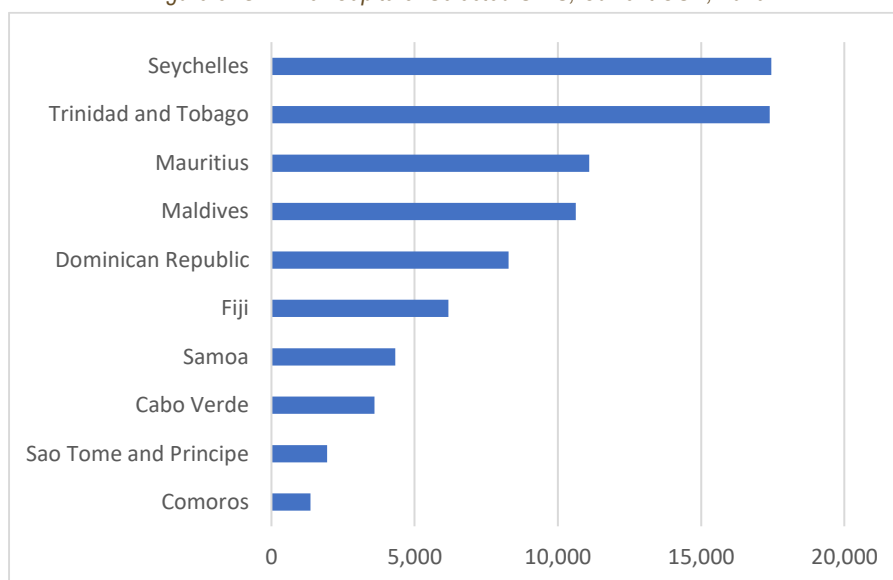
BACKGROUND

The experience and lessons learned from industry development in other Small Island Developing States (SIDS) was reviewed to inform the design of the NIDP. The review was originally produced as Working Paper 3.

World Bank data were used to rank 47 SIDS in terms of average annual GDP growth rate since 2001. Samoa ranks 21st out of the 47 countries assessed. The Working Paper reviews industry development policy in eight selected countries that ranked above Samoa, as well as Fiji which is ranked 26th. The countries selected were among the smaller of the SIDS, and excluded countries such as PNG, Singapore, and Guyana where comparisons are unlikely to be informative, as well as countries that have benefited from oil and gas development in a major way or are in post-conflict recovery mode. The nine countries reviewed are Cabo Verde, Comoros, Dominican Republic, Fiji, Maldives, Mauritius, Sao Tome and Principe, Seychelles, and Trinidad and Tobago.

Figure 3 shows that in terms of GDP per capita Samoa lies above Cabo Verde, Sao Tome and Principe and Comoros but below the other six countries. Two of the countries (Sao Tome and Principe and Comoros) are classified by the World Bank as lower-middle income countries and three (Mauritius, Seychelles and Trinidad and Tobago) are high-high income countries. The other five, including Samoa are classified as upper-middle income.

Figure 3: GDP Per Capita of Selected SIDS, Current USD, 2019



CABO VERDE

- Located 500 km off the West coast of Africa
- Became independent from Portugal in 1975
- Archipelago of 10 islands
- Population 520,000
- 10% of land classified as arable
- Limited mineral resources
- Classified as a lower middle-income country

The African Development Bank regards Cabo Verde as a “**success story**” which managed to defy the odds and transform itself from an extremely poor country into one of the better performing economies in Africa in just over two decades. These achievements were made possible by prudent macroeconomic management, including fiscal soundness and maintenance of a competitive exchange rate. Cape Verde has gained international credibility for its macroeconomic policies: a stable currency, good governance, low corruption rates, a simplified tax system, and a reformed banking sector.

Rapid economic growth since 1990 has been driven by the tourism sector, with most visitors coming from Europe. However, growth stalled from 2009 to 2015 in the wake of the GFC, and a fiscal stimulus programme during this period failed to revitalise the economy and accumulated a large burden of debt. Recovery started in 2016 and GDP growth reached 5.5% in 2019 with construction, retail, transport, and tourism all contributing. Fiscal consolidation and reform of SOEs have also contributed to an improved fiscal position. However there has been a severe economic downturn in 2020 associated with collapse of tourism during the COVID-19 pandemic.

Government launched an ambitious **development strategy** for 2017-2021 (Plano Estratégico de Desenvolvimento Sustentável), the Strategic Plan for Sustainable Development (PEDS) which aims to position Cape Verde as a hub for services and transport between Europe and West Africa.

PEDS predicts that faster and more sustainable growth will be generated if Cape Verde becomes a hub economy in the Middle Atlantic, based on the movement of people, goods, and information and in the provision of logistical and ICT services.

The four **objectives of PEDS** are:

- transforming the country into an air and maritime transportation hub,
- guaranteeing economic sustainability,
- ensuring social inclusion and reducing poverty and asymmetries, and
- strengthening sovereignty, valuing democracy, and focusing diplomacy on the country's development challenges.

PEDS identifies five **priority sectors** to promote diversification and generate employment:

- Economic hub. Take advantage of the country's strategic geographical location to develop a commercial (logistics) and a financial hub. Increase efficiency and capacity of the airports and ports.
- Tourism. Consolidate the gains of recent years and increase the supply and quality of services by attracting new operators.
- Agriculture. Through investment in infrastructure, training and finance, shift agriculture from a subsistence activity to a productive activity. Currently, 80 percent of food is imported.
- Light industry. Reactivate and develop the sector aiming to promote export diversification.
- Infrastructure. Reduce the high dependence on fuel imports for energy generation (currently accounts for 75 percent) by promoting investment in renewable energies.

COMOROS

- Located in the Indian Ocean northwest of Madagascar
- Population 800,000
- Gained independence from France in 1975.
- Four islands, densely populated, with 465 inhabitants per km², and more than half of the population (53%) is under the age of 20.
- Highly vulnerable to climate risk with 54% of the population living in at-risk areas.
- Nearly 25% of population is extremely poor, with a further 25% living just below the poverty line.
- Classified as a lower middle-income country.
- Heavy dependence on remittances.

Since independence development performance has been shaped by three factors: (i) challenging economic geography – smallness, remoteness, and inaccessibility; (ii) political instability; and (iii) heavy dependence on remittances - those who cannot rely on diaspora networks have often been left behind. These characteristics have resulted in a **low growth-moderate poverty** situation with low savings and investment rates, inability to attract private investment, poor health and education outcomes, high unemployment, and large trade deficits.

- Comoros is highly vulnerable to exogenous shocks, including to international price fluctuations such as the price of oil.
- In the last two decades, a surge in services contributed the most to economic growth, while the agricultural and secondary sectors' contributions remained low.
- Services have become by far the most important sector in the economy, with commerce and public-sector services accounting for half of value added.
- Commerce is dominated by simple, mostly informal retail commerce. The agricultural and secondary sectors' contribution to growth has remained low and at times negative.

- Fishing rights granted to foreign vessels have historically generated significant government revenues, but governance failures brought this to a halt in 2017.

The World Bank's **Systematic Country Diagnostic Study** proposes three pathways to lift Comoros out of its low growth equilibrium and achieve sustained poverty reduction with greater shared prosperity: (i) overcoming the investment gap; (ii) raising human capital; and (iii) protecting and leveraging natural resources.

IMF reports that Comoros as suffering from **pronounced fragility** arising from two interlocking vicious circles. Institutional fragility manifests in tensions between the islands and weak governance resulting in a weak civil service and a weak judicial system. Economic fragility manifests in severe constraints on domestic resources and pronounced vulnerability to shocks.

DOMINICAN REPUBLIC

- Caribbean SIDS, population 10.8 million
- As of 2019 on track to achieve high-income status by 2030
- Close economic and trade linkages with USA
- Robust economic growth over the last 25 years: poverty rates substantially reduced with expanding middle class
- Rapid growth driven by tourism, remittances, FDI, mining, free trade zones and telecommunications. Tourism arrivals doubled from 2000 to 2018
- But large remaining disparities in incomes and access to economic opportunities
- GDP expected to contract by 4.3% in 2020 and remain below trend in 2021 and 2022 accompanied by expanding fiscal deficit
- Most employment remains informal.
- Vulnerable to natural disasters and climate change

For most of its history was primarily an exporter of sugar, coffee, and tobacco, but over the last two decades, has been one of the fastest growing economies in Latin America. However, there is a risk of becoming a two-speed economy where a highly productive and export-oriented sector co-exists with informal and low productive activities.

Policies favour “**nearshoring**” and **agro-food industry** development. Nearshoring means outsource goods and services that are cheaper than an in-house team and quite close. This is different to offshoring which outsources from locations that are very cheap but more distant. Nearshoring also reflects concerns about intellectual property protection. Closer physical proximity to customers leads to higher customer responsiveness and quicker turnaround time. Nearshoring also allows companies to bypass language barriers and cultural learning curves and reduce travel expenses.

Highly exposed to the consequences of the current pandemic and global recession due to heavily reliance on tourism and remittances, both mainly sourced in USA.

Free Trade Zones have not yet become a driver of local development and local sourcing has declined.

National Development Strategy (NDS) 2030 includes for strategic pillars: (i) a state with efficient and transparent institutions; (ii) a cohesive society; (iii) a complex, innovative and sustainable economy; and (iv) sustainable management of the environment. Policies include:

- Enhanced productivity through sustainable management of public finances, reliable provision of energy at competitive prices, and a quality education system.
- Promote the development and innovation of the national ICT industry, seeking progressive increase in added value.
- Incentivise the creation of agribusinesses to add value to primary production.
- Support the integration of production complexes that generate agglomeration and chaining in manufacturing production (clusters and industrial parks, among others).
- Boost tourism education through campaigns to raise awareness of industry needs and a commitment to its development.

Industrial policy defined in **National Plan for Systemic Competitiveness (2007)**

- Shift from manufacture to “mindfactory”.
- Fiscal incentives for innovation and investments (e.g., accelerated depreciation).

- Legal framework adjustments to international best practices and to give priority to some sectors (e.g., the textile and shoe industries).
- Technical and scientific training programme.
- Programme to enhance management skills and competitiveness of SMEs.
- Promotion of PPPs.
- Involves both horizontal policies (across all sectors) and vertical policies (cluster-related):
 - Horizontal policies include expansion and enhancement of the logistic system, export promotion and FDI attraction.
 - Vertical policies include training, innovation, a collaborating culture to create more clusters, and investments in new sectors, as well as the promotion of networks and practices to reduce illegal competition.
- Creation of a National Industrial Supplier Programme to foster linkages between free trade zones and the national industry.
- Creation of an Economic Competition National Commission, along with promulgation of a new Law on Economic Competition.
- Creation of cyberparks, implementing express models and fast-delivery companies.

FIJI

- Archipelago with 322 islands and EEZ of 1.26 million square km
- Population 885,000
- Economic growth has averaged at two per cent (real) since independence.
- One of seven upper-middle income countries in the Pacific
- Relatively diverse and sophisticated economy, but worse affected by COVID-19 than other PICs due to the importance of tourism.
- Hub of economic and transport activities for the PICs
- Most industrialised of the PICs with focus on garments industry and food processing

Fiji achieved strong economic growth in the five years to 2019 but is currently experiencing a deep recession due to the suspension of tourism. During this period there has been declining poverty and inequality and significant investment in infrastructure. However, IMF has raised warnings about the need to strengthen the fiscal situation, reduce debt and undertake reforms to improve the business environment.

Fiji is the only PIC with a clearly defined industrial policy. This is articulated in the 2017 Five-Year and 20-Year Development Plan. The Plan includes two main pillars: (i) Inclusive Socio-economic Development; and (ii) Transformational Strategic Thrusts, with the second of these detailing the key elements of industrial policy as follows:

Nurturing New and Emerging Growth Sectors:

- Combination of large-scale commercialisation and SME development.
- Niche products and services for export.
- Priority growth sectors include:
 - organic agricultural produce
 - agro-processing
 - premium-quality garments
 - diversified tourism products: sports tourism, cruise tourism, wedding tourism, retirement villages, medical tourism, ecotourism, and conference tourism
 - filmmaking
 - regional communications and transport services
- Value addition for forestry, fisheries, and agriculture.
- Traditional handicrafts.
- Developing ICT and improving prospects for the audio-visual industry and filmmaking.
- Financial services, insurance, and new manufacturing sectors.

Transport and Digital Connectivity

- Modernisation of air, sea, and land transport networks.
- Major focus on digital connectivity and high-speed broadband access
- Telecentres

- Improved digital literacy and employment in IT services.

Skill Development and Demographic Dividend

- Prepare a workforce of highly skilled Fijians in line with future industry demand for the new growth sectors.
- Skills development in trades and craftsmanship, engineering and ITC, health care, hospitality, aged care, foreign languages, resource-based expertise, and education.
- Development of professional sports.

New Technology for Productivity Improvement

- In manufacturing, greater value-addition and investment in energy-efficient machinery and equipment.
- For agriculture, mechanisation, plant breeding, and hydroponic and greenhouse farming.
- For tourism, marketing automation, social media, smart-phone applications for customer bookings and enquiries.

MALDIVES

- Population of 516,000 dispersed across 185 populated islands with 30% on the capital island of Male.
- Achieved independence from UK in 1965. Transitioned to democratic government in 2008 after 30 years of autocratic rule.
- Land less than 300 km², mostly less than 1 m above sea level. EEZ of 850,000 km².
- Considered a “development success” enjoying robust growth largely driven by tourism and associated infrastructure development.
- Has provided high quality public services resulting in impressive health and education indicators with literacy approaching 100%, and life expectancy of over 78 years.
- Ranks 101 out of 189 countries in the HDI, the second highest in South Asia.
- More than 90 percent of poor Maldivians live in the atolls, away from Malé.
- High levels of youth unemployment and low rates of female workforce participation.
- The COVID-19 outbreak has had a debilitating effect on tourism, which directly and indirectly accounts for over two-thirds of GDP

The development success of Maldives over the last three decades has been largely driven by tourism and fisheries. This has been successful in lifting the country into upper-middle income status with substantial reductions in the prevalence of poverty. Agriculture and manufacturing play a lesser role in the economy, constrained by the limited availability of arable land and the shortage of domestic labour. Most staple foods are imported. Developing human capital is of vital importance to promote prosperity and enhance the participation of Maldivians, notably youth. Focusing on higher value-added financial and business services could create good jobs, but the growth of these sectors is currently constrained by a shortage of skills.

The national economic policy agenda is based on diversification of the economy to achieve sustainable growth and reduced vulnerability from external shocks. The policies are supportive of tourism, fisheries, and agriculture development. The tourism strategy aims to address human resource constraints (heavy reliance on foreign labour) and re-brand Maldives as an emerging Asian destination.

The Government is in the process of developing a long-term Industrial strategy, to alter the structure and diversify the economy by building on existing strengths, while embracing new opportunities, developing new export sectors, and building new capabilities to address the challenges arising out of a rapidly globalising economy.

The collapse of tourism during the COVID-19 pandemic has emphasised the need for urgent economic diversification.

MAURITIUS

- Located in South-West Indian Ocean. Main island and one populated outer island.
- Total land area 1,040 km², EEZ 2.3 million km²
- Population 1.3 million of mixed ethnicity – no indigenous population.
- Became independent in 1968. Multilingual: French, English, Creole
- Reputation for good governance
- Well established social welfare systems.
- Ranked first for Sub-Saharan Africa in the World Bank’s Doing Business 2020 Report.
- In 2020, classified as a high-income country by the World Bank.

Since independence in 1968, the Mauritius economy has undergone a remarkable economic transformation from a low-income, agriculturally based economy to a diversified, upper middle-income economy. Mauritius has continued a pattern of structural transformation, with more knowledge intensive services sectors expanding while some of the sectors that have traditionally provided low-skilled employment stagnating or contracting. However, the COVID-19 pandemic is severely affecting the economy through a standstill in tourist arrivals.

Industrial policy has a long history, beginning soon after independence. The clothing industry expanded rapidly from 1970 to 2000, contributing to strong economic growth. It reached 33% of GDP in 1995 and accounted for 53% of exports. Clothing exports targeted the lower and middle market segments of the EU and US markets.

In 1970, an Export Processing Zone (EPZ) programme was launched. This produced excellent results in the start-up of a range of industries. The EPZ initiative included: (i) duty free access for imported manufacturing inputs; (ii) tax holidays and free repatriation of profits; (iii) preferential interest rates; and (iv) labour market flexibility. Trade has also benefited greatly from international agreements and treaties: WTO, Lome Convention (EU market access), COMESA, and SADC.

Around 1990 it was recognised that continued growth could not rely on further expansion of the clothing sector and attention turned to the services sector including hospitality, financial services, ICT and high-end luxury tourism.

In 1997, “Vision 2020: The National Long-Term Perspective Study” was adopted as the core development strategy. This described a scenario based on gains in agricultural efficiency, tourism, industrial production and development of financial and value-added services. The sugar and textile sectors were restructured; an offshore financial sector was established; the telecommunications system was strengthened and liberalised; new incentive schemes were offered to IT and pioneer firms; a Cyber Park was established, state secondary school capacity was doubled; port facilities were modernised, and a freeport was established.

Industrial transformation has been driven by a series of industrial policy initiatives, the latest being “**Industrial Policy and Strategic Plan** for Mauritius 2020-2025: Revitalising Mauritius’ Economic Growth”. The vision is a globally competitive and sustainable industrial sector that contributes to higher economic growth through continuous innovation, technology upgrading, productivity gains and high skilled employment. The objectives to 2030 include: (i) increase manufacturing value-added from USD 1.6 billion in 2018 to USD 3.6 billion; (ii) manufacturing to grow 6.8% (from 2018 to 2030) to ensure it contributes 25% of GDP; (iii) improve sector productivity by an annual 3.9% to sustain structural transformation in the high-income status; and (iv) to increase manufacturing employment from 103,000 to 146,000. The focal areas and recommendations of the plan include:

FOCUS AREA	RECOMMENDATIONS
Industry Foundations	<ul style="list-style-type: none"> • Establish a manufacturing sector skills development roadmap • Develop an expatriate permit expediting process allowing firms to respond to rapid market demand shifts • Develop a labour market flexibility framework that enhances the ability of manufacturers to adjust their capacity to market shifts • Develop domestic accreditation capabilities for domestic and international market supply and ensure associated enforcement • Develop a digital roadmap for priority manufacturing sub-sectors and ensure digital infrastructure is in place for evolving business models • Review the standard of industrial estates; and advance standards to those of leading industrial estates globally • Review port operations and align costs and performance standards with leading merchandise ports internationally
Upgrading of Value Chains	<ul style="list-style-type: none"> • Establish a Manufacturing Upgrading Fund (MUF) • Establish a Modernisation Investment Support Fund (MISF) • Establish a Technology Innovation Incentive (TII)

Increased Domestic Market Supply	<ul style="list-style-type: none"> • Initiate a domestic market certification process for food processing and FMCG products that encourages sustainable local production. • Mauritian Competition Authority to monitor supermarket chain purchases; and respond to monopsonic trade practices. • Government to engage with supermarkets on supporting local production, and the private sector's Made in Mauritius label. • Government to investigate local procurement designation of selected locally manufactured products. • Review Mauritius' M&E of PTAs and establish remediation processes that protect local manufacturers during investigations. • Explore potential domestic manufacturing servicification models and develop market regulations that advantage these models.
Regional and Global Export Growth	<ul style="list-style-type: none"> • Explore the establishment of cost-effective warehousing and direct freight linkages to targeted African markets • Government to explore the provision of discounted export credit guarantees to support risky market search activities in SSA markets • Target the development of regional value chains for selected manufacturing sub-sectors, including clothing and textiles, food processing, medical instruments, and jewellery. • Negotiate continued market access advantages into the EU, US, and extend to Australasia. • Explore the establishment of cost-effective warehousing in key developed economy markets to aid SME supply into these markets
Advanced Technology Absorption	<ul style="list-style-type: none"> • Establish a formal institutional process to explore Mauritian and regional cyber-physical platform development opportunities; and link these opportunities to established upgrading incentives.

An analysis of the first thirty years of Mauritian economic transformation, completed in 2001, concluded that conventional determinants of growth (initial conditions, geography, openness, demography, institutional capacity, democratic processes, commodity dependence etc.) did not fully explain the country's strong performance. Other contributing factors were found to include:

- Ethno-linguistic diversity and the range of international business connections that this enabled.
- The approach to EPZs which incentivised export-led growth whilst protecting the domestic market.
- Good use of preferential access by trading partners relating to sugar, textiles, and clothing.

The analysis noted that, despite its obvious success, attempting to replicate the Mauritius model might not be successful in countries with lower levels of institutional capacity and with less orderly political processes. Moreover, many of the instruments applied by Mauritius during the late 20th century are no longer permissible under WTO rules, and the preferential market access agreements that were so beneficial for Mauritius and other ACP countries have mostly expired.

SAO TOME AND PRINCIPE

- Volcanic islands located 289 km from the African mainland in the Gulf of Guinea.
- Two main islands (São Tomé and Príncipe) and eight smaller islets, of which six are uninhabited.
- Gained independence from Portugal in 1975 and remains the smallest Portuguese-speaking country.
- Population of 209,000.
- Regarded as a poor, fragile country, which has suffered from frequent changes of government.
- About one-third of the population lives on less than the poverty line of USD 1.90 per day, and more than two-thirds of the population is poor.
- However new economic hope has arisen with the discovery of large oil reserves.
- Remains highly vulnerable to exogenous shocks.

São Tomé and Príncipe's economic structure has undergone a significant transformation since independence, from a largely agrarian to a service-based economy. The industrial sector plays a small role in the economy, with a GDP share of only 14.2% in 2016. The manufacturing sector is underdeveloped, with a contribution to GDP of only about 7%. However, the sector has untapped potential, notably agricultural and Blue Economy processing and value chain development.

The private sector is small, mainly comprising informal micro-enterprises. The financial sector is small and underdeveloped, and SMEs are facing significant challenges to access finance.

Economic growth is driven by agriculture, tourism, oil fuelled FDI, but mostly by government expenditure propelled by external aid and government borrowing. Petroleum development and the tourism industry have been key drivers of private sector growth in recent years and is responsible for a large share of formal employment. However there has been a near-total cessation of foreign tourist arrivals since the onset of the COVID-19 pandemic.

Robust GDP growth has not significantly reduced poverty. There are differences by region, gender, and the educational attainments of household heads. Limited opportunities in urban areas and gains in agricultural productivity are possible reasons for a relatively higher urban poverty rate and underscores the importance of job creation, particularly for youth, and addressing skills shortages.

Vision 2030 seeks to transform the country into a maritime hub, financial service centre, and tourism destination for the Gulf of Guinea, through infrastructure development. Priorities also include a more productive agriculture sector and blue economy, as well as improved food security, access to high quality education and health and, an efficient judicial system.

SEYCHELLES

- Consists of 115 islands, mostly uninhabited.
- Population 95,000 of mixed heritage with three quarters on the capital island of Mahé.
- Landmass of 459 km² and EEZ of 1.4 million km².
- Achieved independence from UK in 1976. Post-independence the economy grew consistently, and all social and economic indicators demonstrated regular advances.
- High income economy which has eliminated extreme poverty.
- Significant individual, institutional, financial, and technical capacity.
- High levels of borrowing led to a sovereign debt default in 2008 during the GFC but has since achieved a strong turnaround.
- Small, tourism and import-dependent economy is exposed to external shocks, notably through disruption in international tourism, and food and fuel prices.
- Severe economic contraction experienced in 2020 due to the impact of the COVID-19 pandemic on tourist arrivals.

The National Development Strategy (NDS) (2019-2023) recognises that whilst growth has been strong over the long term, and in recent years, the economy remains vulnerable due to limited diversification. Reliance on the plantation-based activities of the colonial period (copra, cinnamon, and other spices) has long since faded into relative unimportance, and now only generates about two percent of GDP. This sector has been overtaken by expansion of the key economic sectors of tourism and fisheries. Attempts have also been made to develop offshore financial services but have been constrained by allegations of improper practices.

The period of rapid economic growth since the 1990s was associated with the accumulation of an un-sustainable debt burden leading to a sovereign debt default in 2008.

With limited scope for diversification, there is a need to transform the economy by increasing the value-added contributions of each sector. The value chains in the artisanal fisheries sector are mostly underdeveloped and involve minimal handling, processing, and marketing. The industrial fisheries sector is dominated by canned tuna (approximately 90 percent by volume), a low-value product processed in a free-trade zone. The tourism sector has been moving down-market with declining revenue per tourist arrival.

The NDS includes six pillars: (i) good governance; (ii) people at the centre of development; (iii) social cohesion; (iv) innovative economy; (v) economic transformation; and (vi) environmental sustainability and resilience. Economic transformation is seen as paramount in securing jobs, financial inclusion, poverty reduction and in boosting shared prosperity in accordance with the SDGs. Science, technology, and innovation (STI) are expected to play a critical role in furthering the transition to a “knowledge-based and innovation driven economy”.

The creation of an innovative economy is expected to create, distribute, and exploit knowledge as a major source of competitive advantage and wealth creation. This will involve application of ICT along with scientific advances in new products and processes. Science, technology, and innovation are key to improving economic performance and social well-being. Seychelles is no exception to this global reality. STI will have to be further harnessed and adopted to meet national development needs, as Seychelles endeavours to become more engaged with the wider world.

TRINIDAD AND TOBAGO

- One of the highest per capita incomes in Latin America and the Caribbean.
- Population of 1.4 million with land area of 5,130 square km.
- Energy rich country with relatively strong institutions and political stability.
- Strong but un-balanced economic growth with energy (oil and gas) accounting for 45% of GDP and 80% of exports, but only 5% of employment.
- Diversification outside the energy sector is a major medium-term goal.
- However, the non-energy sector's share of GDP has been shrinking, indicating increasing rather than reducing dependence on energy.
- Economic conditions are unstable due to dependence on external factors, principally global oil, and gas prices.
- Lack of success in diversifying the economy is considered symptomatic of "Dutch disease" or the "resources curse".

Trinidad and Tobago is one of a few SIDS that have achieved rapid economic growth on the basis of its natural resource endowment. However, growth has not been inclusive since the oil and gas sector offer few employment opportunities for citizens and local businesses lack capacity to compete in providing support services to the oil and gas sector. The current national development plan (Vision 2030) seeks to boost inclusive development outside the energy sector. It incorporates the principles of the SDGs and includes five pillars:

- Putting people first: nurturing our greatest asset.
- Delivering good governance and service excellence.
- Improving productivity through quality infrastructure and transportation.
- Building globally competitive businesses.
- Placing the environment at the centre of social and economic development.

CONCLUSIONS

Table below summarises the findings of the country studies. The studies have not identified any close analogues which could be considered as models for industry policy in Samoa. The nine countries, although all classified as SIDS, vary greatly in terms of their starting conditions, resource endowments and policy frameworks. However, there are some consistent features among those that have successfully applied industry policies to support economic transformation from low-income agriculture-based economies to diversified, high-income and inclusive societies. These include clearly defined and targeted industry policies; good governance; social inclusion; progressive economic diversification; and strong investment in human resources.

Tourism development is the most common driver of development in most (but not all) of the SIDS reviewed. However, countries where tourism has played a major role are worst affected by the COVID-19 pandemic and may well be the slowest to recover. Manufacturing has played a significant role in several cases, as has natural resource-revenue from fisheries and petroleum. Diversification is a key element of the industry policies of the most successful countries. These countries have also undertaken progressive modification of their industry policies over long periods (up to 50 years), as their comparative advantages have evolved, and institutional capacity has developed.

The countries with greatest relevance to the development of Samoa's NIDP, from which lessons can be learned, are Mauritius and the Dominican Republic. At the other end of the scale, little or nothing can be learned from Comoros and Sao Tome and Principe. Mauritius and Dominican Republic made good use of economic and trade linkages with the EU/Asia and USA respectively and have benefited from the development of high-value tourism. Both countries pursued differentiated trade policies for imports and export sectors, with the use of duty-free concessions for inputs used in exported products. They also provided fiscal incentives for innovation and investment, and invested in education, management, and vocational skills development. At the same time the relative importance of their agricultural sectors declined due to lack of scale, land scarcity, low productivity, declining preferential access to key markets, and poor competitiveness.

Fiji's 2017 Five-Year and 20-Year Development Plan with its coverage of "transformational strategic thrusts" also provides some good pointers for Samoa's NIDP.

Table 8: Summary of Findings and Relevance to Samoa's NIDP

Country	GDP/Capita	Population ('000)	Key Growth Sectors	Comments	Relevance to Samoa NIDP
Seychelles	17,450	100	Tourism Fisheries	<ul style="list-style-type: none"> High income country which has eliminated extreme poverty. Heavy dependence on tourism, now attempting to diversify into services and ICT. Accumulated heavy debt burden and defaulted on sovereign loans during the GFC (2008). 	Moderate
Trinidad and Tobago	17,400	1,390	Oil and gas	<ul style="list-style-type: none"> Dependence on oil and gas has grown GDP but created few jobs. Lack of success in economic diversification considered a symptom of "Dutch Disease" or "the resources curse". Highly vulnerable to fluctuations in energy prices. 	Low
Mauritius	11,100	1,270	Agro-industry Manufacturing Tourism Services ICT	<ul style="list-style-type: none"> Successful and inclusive economic transformation from low-income sugar-dependent to high income service-based economy. Progression of industry policy over 50 years from low-wage manufacturing to high-end tourism, ICT and financial services. Multi-cultural/multi-lingual country with good governance and high investment in human resources. Made good use of preferential trade agreements and treaties. 	High
Maldives	10,630	530	Tourism Fisheries	<ul style="list-style-type: none"> Robust growth driven mainly by tourism and fisheries but benefits not widely shared. Strong economic policy direction and improving governance and democratisation standards. Developing industry strategy that aims to diversify the economy and improve employment opportunities. 	Moderate
Dominican Republic	8,280	10,740	Tourism Services Remittances	<ul style="list-style-type: none"> Larger SIDS with strong economic and trade linkages to USA. Policies favour closer integration with USA and Caribbean countries. Industry policy targeting "nearshoring", "mindfactory", agro-food industry, ICT/cyberparks etc. 	High
Fiji	6,170	890	Tourism Manufacturing Regional hub	<ul style="list-style-type: none"> Most industrialised of the PICs but has not achieved high or inclusive growth. Has pursued explicit industry development policies favouring manufacturing (clothing, food processing), tourism and services. Current development plan targets new/emerging growth sectors including ICT and financial services. 	Moderate
Cabo Verde	3,600	550	Tourism	<ul style="list-style-type: none"> Success based mainly on tourism but has not benefited large segments of the population. Reputation for good governance. 	Moderate

Country	GDP/Capita	Population ('000)	Key Growth Sectors	Comments	Relevance to Samoa NIDP
				<ul style="list-style-type: none"> Development plans based around the idea of becoming a regional services and transportation hub. 	
Sao Tome and Principe	1,950	215	Agriculture Tourism Petroleum	<ul style="list-style-type: none"> Has remained a poor and fragile country with frequent changes of government and high levels of corruption. Weak and largely informal private sector. Discovery of large petroleum reserves has attracted significant FDI and improved economic prospects. 	None
Comoros	1,370	850	Fisheries Remittances	<ul style="list-style-type: none"> Low growth economy with persistent high levels of poverty. Fragile, poorly governed with frequent changes of government. Heavily dependent on fisheries licencing and remittances. 	None

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Annex 7 | Industry Assessment Framework

BACKGROUND

The Terms of Reference (TOR) for the NIDP call for the development of an Industry Assessment Framework for identifying priority goods and services to be included in the Policy. This was initially produced as Working Paper 2 and was reviewed by MCIL before finalising in this Annex.

The TOR state that the framework could include criteria such as: local availability of resources and capacity, global market growth for the good or service, availability and accessibility of required investment, level of overseas competition, barriers to entry, safeguard measures (realising the impact of epidemics, pandemics, natural disasters, etc. on Samoa's ability to connect to the global value chain), representation of population groups (women, men, youth, persons with disabilities and vulnerable groups) and the potential for employment creation (direct and indirect); ability of Samoan businesses to differentiate themselves in ways other than volume or price.

The first draft of the Framework was presented in the form of a Working Paper in December 2020 and was further refined on the basis of consultations with stakeholders undertaken in January-February 2021 (see Annex 8) as well as further discussions with the MCIL team.

APPROACH

The approach first reviews the trends in the size and structure of the Samoan economy to provide an indication of which economic sectors have been relatively successful and where industry policy is likely to be most effective in terms of generating economic growth. However, since the national accounts are divided into only 15 sectors (2 primary, 4 secondary and 9 tertiary) this approach can only provide a very general assessment of sectoral trends.

A more detailed assessment can be obtained from assessing sectors according to the **International Standard Industrial Classification** (ISIC) system. ISIC classifies businesses into 21 sectors (A-U) and 86 divisions (2-digit codes). There are also much larger groups (3-digit codes) and classes (4-digit codes). The Samoan Business Licence Register classifies registered businesses at class level. The approach adopted here is to record the number of registered businesses by sector and division to provide a general picture of the pattern of business activity in Samoa. The analysis then considers a range of assessment criteria including the following:

- Economic Criteria (Current Status; Growth Potential; Competitiveness; Access to Resources; Private Sector Interest; Risk Profile; and Barriers to Entry)
- Social Criteria (Inclusiveness; and Employment potential)
- Marketing Criteria (Market Access; and Opportunities under PACER Plus)
- Sustainability Criteria (Economic Sustainability; Environmental Sustainability; and Climate Resilience)
- Alignment Criteria (Policy Alignment)

RESULTS

Economic Growth

[Figure 1](#) shows that since 2001 Samoa's has achieved steady but slow growth averaging 2.0 percent per annum in real terms or just 1.4 percent in real GDP per capita. There was a period of relatively strong economic growth between 2001 and 2008 when the economy grew at an average of 3.8 percent per annum, but performance has been erratic since then with four of the 11 years registering negative growth. The COVID-19 pandemic caused a severe economic contraction in 2020 which is yet to show up in the GDP figures. In per capita terms real GDP in early 2021 is probably little higher than a decade ago.

Structure of the Economy

[Table 5](#) above shows that there have been significant changes in the structure of Samoa's economy over the last decade with significant expansion of the tertiary sectors from 65.0 percent of GDP to 74.0 percent. Over the same period the secondary sectors have declined from 25.9 percent of GDP to 15.9 percent with much of this decline associated with closure of the Yazaki vehicle components business. The primary sectors have been relatively stable between 9-10 percent of GDP. The biggest decline has been in manufacturing which has fallen from 7.5 percent to 2.3 percent of GDP. Transport and financial services have been the most successful sectors, with the latter increasing from 3.9 to 9.0 percent of GDP. [Figure](#)

[2](#) above shows that in 2019 commerce was by far the largest economic sector accounting for almost a third of GDP followed by financial services at 9.0 percent.

Registered Businesses

[Table 6](#) above shows the number of businesses registered in 2020 in each ISIC sector, with the total number of registrations being 7,158, up from 4,182 in 2015. Over 50% of the registrations are in two sectors:

- Sector G: wholesale and retail, repair of motor vehicles 31%
- Sector H: transportation and storage 20%

Most of these businesses are retailers and transport operators such as taxis and trucking businesses. A further seven sectors take the cumulative number of business registrations up to 90 percent. These include:

- Sector N: Administrative and support services 7%
- Sector M: professional, scientific, and technical 7%
- Sector I: accommodation and food service 6%
- Sector F: construction 6%
- Sector C: manufacturing 6%
- Sector K: Financial and insurance 3%
- Sector S: Other service activities 2%

[Table 9](#) below disaggregates the sectoral classifications into divisions, with 46 divisions included in the sectors that make up 90% of registrations. Here it is also seen that tertiary sector activities account for the bulk of business registrations as follows:

- Division 47: retail trade excluding motor vehicles 27%
- Division 49: land transport 19%
- Division 56: food and beverage services 4%
- Division 77: rental and leasing 3%
- Division 55: accommodation 3%
- Division 45: wholesale and retail, repair of motor vehicles 3%

The importance of the retail sector cannot be underestimated (see [Figure 4](#) below), particularly in terms of the number of small businesses and people employed. However, its potential for growth is highly constrained by Samoa's population and the growth rate of local incomes.

Employment

Employment data provide another perspective on the importance of various industrial sectors in the Samoan economy, with the number of people employed in a sector linked closely to its contribution to GDP. Table 7 above shows the pattern of employment in terms of the number of employees (male/female) per ISIC sector and the number of employers per sector. The pattern is similar to that revealed by business registrations, but with accommodation and food services, manufacturing and construction more important in terms of employment. Employment in agriculture forestry and fishing appears to be very low, because most work in this sector is performed by family members or informally employed persons hired by un-registered family businesses. However, the Household Income and Expenditure Survey (HIES) of 2018 revealed that agriculture, fisheries, and forestry account for 37% of total employment (46% of males but only 16% of females). A major challenge for industry development is to encourage informal businesses and their employees to grow commercially, notably for export of higher margin items or ones that can be processed into value added products.

Overall, around 40% of employed persons are female, with women comprising 50% or more of the workforce in finance, insurance, and education, and a little under 50% in accommodation and food service, human health and professional, scientific and technical activities. Women have the lowest participation rates in construction and agriculture, forestry and fisheries.

Household Income and Expenditure

The 2018 HIES provides further insights into the structure of the Samoan economy, and in particular the importance of the informal sector in terms of occupation and income generation. Tables 5, 6 and 7 summarise some of the relevant findings of the HIES and show that:

- Around 57% of persons over 15 described their “main activity” as either home duties, unpaid family worker or self-employed - all of which could be classified as informal, whereas only 27% were categorised as employees working for wages or salaries.
- 50% of respondents stated their occupation to be either agriculture, forestry and fisheries (37%), or craft and related trades (13%); with the great majority of the former being male.
- When asked about their “main source of income”, around 52% of respondents mentioned paid employment, whereas only around 28% listed informal activities, principally “value of own produced goods” which includes subsistence agriculture and fishing.

The HIES data highlight the importance of the informal sector as an occupation, particularly for males, and as a source of household income. Women however predominate in the services and professional sectors.

Industry Assessment Framework

The matrix shown in [Table 8](#) presents the assessment of ISIC Sectors according to the criteria detailed above; as well as the number of business registrations in each sector, and their categorisation as exports, import substitution, or non-traded items²¹.

The matrix presents the ISIC sectors on the vertical axis and the assessment criteria on the horizontal axis, with scores for each criterion ranging from 1 (red) = worst, to 3 (green) = best. The right-hand column shows the average scores across all 20 assessment criteria, which range from 48 to 87. Table 9 provides additional detail on the assessment criteria.

The framework suggests that the ISIC **sectors offering the best prospects for industry development**, according to the 21 assessment criteria, **are all in the tertiary sector, and mostly export oriented**. These sectors currently account for around 27% of business registrations and about the same percentage of formal employment. The sector which includes both the largest number of business registrations, and the largest number of employees (wholesale, retail and motor repairs) ranks in the middle range of the assessment framework scores. None of the sectors at the lower end of the assessment scores are currently important in terms of business registrations or employment.

This suggests that the ISIC sectors with best growth potential are those that are already significant in terms of business registrations and employment. However, the potential should not be overlooked for creating and expanding into new sectors/industries that may be non-existent or embryonic at present – so called emerging or sunrise industries.

CONCLUSIONS

There has been a significant evolution in the structure of the Samoan economy over the last decade towards a modern service-based economy, with a steady decline in value addition and employment in the secondary sectors, particularly manufacturing, construction, and utilities. Primary production (agriculture and fishing) has been relatively stable but remains important as an informal employer and contributor to food and livelihood security. The Industry Assessment Framework suggests a two-pronged industry policy directed towards: (i) the expansion of service-based and export-oriented sectors especially in emerging or sunrise industries; and (ii) efforts to improve productivity in the sectors which currently account for the great majority of business registrations and employment.

Both business registration and employment data reveal a high level of concentration of formal economic activity in wholesale and retail trade and transportation. However, the potential for these sectors to expand faster than the economy in general is rather limited. The importance of informal businesses and informal employment in rural-based industries (agriculture, forestry and fisheries) cannot be underestimated. Policies to accelerate the formalisation and modernisation of these sector are an important element of industry development policy.

There are opportunities for Samoa to align its industry development policy with key development partner priorities where these also accord with national and sectoral goals, for example in renewable energy, infrastructure, trade and post-COVID-19 recovery of the tourism sector.

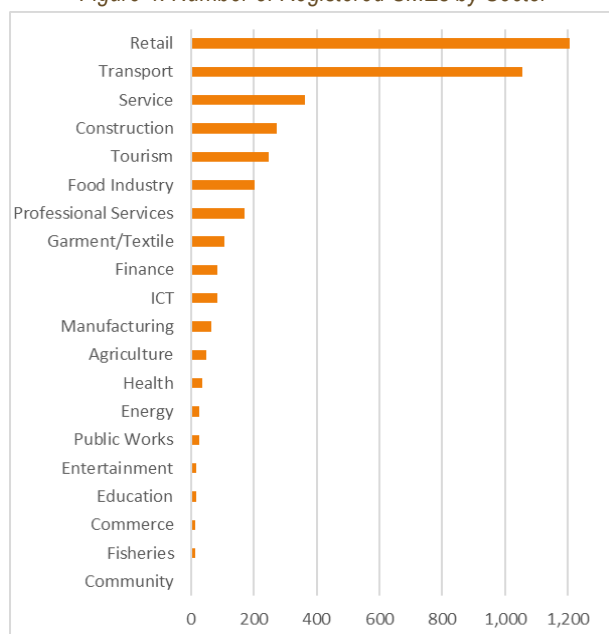
²¹ Non-traded (or non-tradeable) items are goods and services that are not normally traded across international boundaries. These include items that are expensive or difficult to transport such as perishable products or personal services such as hairdressing. Due to advances in communication technology, some items such as education and administrative services which were previously classified as non-traded are now considered to be tradeable.

Table 9: Number of Registered Businesses by ISIC Division, 2020

Sector and Division		No	Percent
G 47	Retail trade ex. motor vehicles	1,960	27
H 49	Land transport and pipelines	1,352	19
I 56	Food and beverage services	305	4
N 77	Rental and leasing	217	3
I 55	Accommodation	195	3
G 45	Wholesale and retail trade; repair of motor vehicles	191	3
N 81	Services to buildings and landscaping	189	3
F 43	Specialised construction	181	3
H 52	Warehousing and support activities	175	2
G 46	Wholesale trade ex. motor vehicles	170	2
F 41	Construction of buildings	157	2
F 42	Civil engineering	154	2
C 10	Food products	145	2
M 70	Head offices, management consultancy	104	1
N 82	Office admin and business support	96	1
C 33	Machinery installation and repair	90	1
C 13	Textiles	89	1
M 69	Legal and accounting	85	1
C 23	Non-metallic mineral products	79	1
N 79	Travel and tourism	66	1
M 71	Architecture and engineering	64	1
M 74	Other professional and scientific	64	1
C 20	Chemicals	63	1
C 18	Printing and reproduction	59	1
N 80	Security and investigation	57	1
C 16	Wood products (ex. Furniture)	55	1
C 22	Rubber and plastics	53	1
		6,415	90

Source: MRC (2020) Business Licence Register

Figure 4: Number of Registered SMEs by Sector



Source: MRC (2020) Business Licence Register

Table 10: Persons 15 Years and Over by Main Activity

Main Activity	Percent
Employee working for wage or salary	27
Home duties	31
Self employed	18
Student	12
Unpaid family worker	8
Retired/no activity	3
Employer	1
Volunteer	0
Total	100

Source: HIES 2018

Table 11: Households by Main Source of Income

	No of HHs	Percent of HHs
Paid employment (wages and salary)	15,161	52
Value of own produced goods	6,893	24
Rental value of own house	2,631	9
Remittances	1,805	6
Non-subsistence businesses	521	2
Received as gifts	590	2
Agricultural/horticultural activities	703	2
Transfer income	308	1
Making handicrafts	271	0.9
Home processed food/non food	134	0.5
Property income	47	0.2
Fishing and gathering sea products	128	0.4
Cash received	35	0.1
Total	29,227	100

Source: HIES 2018

Table 12: Persons Over 15 Years by Occupation and Sex

Occupational Category	Number			Percent		
	Male	Female	Total	Male	Female	Total
Skilled agricultural, forestry and fishery workers	21,028	3,644	24,672	46	16	37
Service and sales workers	4,907	4,950	9,857	11	22	15
Craft and related trades workers	4,844	3,891	8,735	11	18	13
Managers	2,823	1,695	4,518	6	8	7
Professionals	2,654	3,494	6,148	6	16	9
Elementary occupations	2,920	1,213	4,133	6	5	6
Technicians and associate professionals	1,908	1,255	3,163	4	6	5
Plant and machine operators and assemblers	3,155	134	3,289	7	1	5
Clerical support workers	1,201	1,845	3,046	3	8	5
Total	45,440	22,121	67,561	100	100	100

Source: HIES 2018

Table 13 Industry Assessment Framework by ISIC Sector

ISIC Sector																							
		Export	Import Replace	Non-Traded Good		No of Firms Registered	Current Status	Growth Potential	Competitiveness	Access to Resources	PS Interest	Risk Profile	Barriers to Entry	Inclusiveness	Employment	Market Access	Payer Plus	Economic Sustainability	Environmental	Climate Resilience	Policy Alignment		
		Category				Economic Criteria										Social	Mktg.	Sustainability			Align	Average	
R	Arts, entertainment, recreation			✓	52	2	3	3	2	1	3	3	3	3	3	1	3	3	3	3	87		
N	Administrative and support services	✓		✓	505	3	3	2	3	2	2	2	2	3	2	2	3	3	3	2	82		
M	Professional, scientific and technical	✓		✓	499	2	3	2	2	3	2	2	2	3	2	2	3	3	3	3	82		
J	Information and communication	✓		✓	100	2	3	2	3	3	2	2	2	2	2	2	3	3	3	3	82		
S	Other service activities	✓		✓	175	2	3	2	2	2	2	2	2	3	2	2	3	3	3	3	80		
I	Accommodation and food service			✓	450	3	3	2	2	3	2	2	2	3	2	2	2	2	3	3	80		
H	Transportation and storage			✓	1,437	3	1	2	2	3	3	3	2	3	3	1	3	2	2	2	78		
G	Wholesale, retail, motor repairs			✓	2,240	3	1	2	2	3	3	3	2	3	3	1	2	2	2	3	78		
F	Construction			✓	433	3	2	2	2	3	3	2	2	3	3	1	3	2	2	2	78		
K	Finance and insurance	✓		✓	201	2	3	2	3	2	2	2	2	2	2	2	3	3	3	2	78		
O	Public administration			✓	25	1	2	2	3	2	2	2	2	2	2	2	3	3	3	2	73		
A	Agriculture, forestry and fishing	✓	✓	✓	113	2	2	1	2	2	2	3	3	3	2	2	2	2	2	3	73		
C	Manufacturing	✓	✓	✓	405	2	2	1	1	2	2	2	2	3	3	3	2	2	3	2	71		
Q	Human health and social work			✓	109	2	2	2	2	2	2	1	1	2	2	2	3	3	3	2	69		
L	Real estate			✓	170	2	1	2	2	2	3	3	2	2	3	1	2	2	3	1	69		
T	Activities of households			✓	137	1	1	2	3	1	2	3	3	3	2	2	2	3	2	1	69		
D	Electricity, gas, steam and aircon			✓	14	1	3	2	1	2	3	3	1	1	3	1	2	2	3	2	67		
E	Water supply, sewerage, waste			✓	36	1	1	3	2	1	3	2	1	1	3	1	3	2	2	2	62		
P	Education	✓		✓	51	2	2	2	2	1	2	1	1	1	1	2	3	3	3	2	62		
U	Extraterritorial organisations	✓	✓	✓	1	1	1	2	2	1	2	2	2	2	2	2	2	2	2	2	60		
B	Mining and quarrying	✓	✓		5	1	1	1	1	1	2	1	1	1	3	2	2	1	1	1	44		

Table 14: Industry Assessment Criteria

CURRENT STATUS		
3	Well established/ existing industry sector	Well established or existing industry sectors are favoured over emerging/ growing sectors, more so over absent or embryonic sectors. This ranking is based on the lower risks, smaller investments and shorter gestation times normally required for the expansion of well-established sectors compared to those that are less well-established or non-existent.
2	Emerging/ growing industry sector	
1	Absent or embryonic sector	
GROWTH POTENTIAL		
3	Strong growth prospects (>GDP growth)	Sectors which have the potential to grow more rapidly than GDP are ranked above those with potential to expand at or below the underlying rate of economic growth. Traded goods (exports or import substitution) are less constrained by underlying economic growth than non-traded goods.
2	Mature/ stable industry sector (=GDP growth)	
1	Weak/ declining sector (<GDP growth)	
COMPETITIVENESS:		
3	Highly competitive as export or import substitute	The NIDP favours industries or sectors where Samoa is competitive as an export or import substitute, also considering the concept of “latent comparative advantage” – where competitiveness is not yet established but could become so.
2	Moderately competitive as export or import substitute	
1	Weakly competitive as export or import substitute	

ACCESS TO RESOURCES		
3	Inputs (materials & human resources) available	This criterion considers the availability of resources including both human resources and other factors of production. Industries or sectors which face difficulties in accessing resources in one of more of these areas receive a lower ranking than those with limited or no resources constraints.
2	Moderate scarcity of raw materials and HR	
1	Severe shortage of materials and HR	
PRIVATE SECTOR INTEREST		
3	Private sector keen to invest	The stakeholder consultations undertaken as part of the NIDP process identified some sectors that are of particular interest to private sector investors, as well as some of less interest. The assessment framework favours the former. The number of registered businesses in each ISIC sector also provides an indication of private sector interest.
2	Private sector moderately willing to invest	
1	Private sector reluctant to invest	
RISK PROFILE		
3	Low risks associated with the industry/venture	All industries or sectors are subject to risk. The NIDP favours those with lower risk profiles, and also envisages diversification to spread risk across a portfolio of investments. Multiple dimensions of risk are considered including competitive or market risk (lower for non-traded goods and import substitutes), technological risks (lower for established/ proven technologies), and the potential impact of natural disasters.
2	Medium risks associated with the industry/venture	
1	High risks associated with the industry/venture	
BARRIERS TO ENTRY		
3	Low or negligible barriers to entry	Here again there are multiple factors which may constrain or facilitate new entrants to industries or sectors. Those where it is relatively easy to establish new businesses are favoured, and include sectors with few legal or regulatory hurdles, and can be relatively easily financed within the confines of Samoa's financial services sector.
2	Moderate barriers to entry exist	
1	Several barriers to entry exist	
INCLUSIVENESS		
3	Strong potential for inclusive growth	This criterion reflects Samoa's national aspirations for inclusive economic growth as expressed in PDS and Samoa 2040. Sectors with high potential for inclusive growth offer opportunities for broad participation across socio-economic categories including women, youth, and people with disability. Sectors with poor potential for inclusive growth provide benefits only to small numbers of people in elite socio-economic groups.
2	Moderate potential for inclusive growth	
1	Poor potential for inclusive growth	
EMPLOYMENT		
3	Strong potential for creation of quality jobs	This criterion considers both the number of jobs likely to be created and the quality of such jobs. It also considers both direct and indirect job creation, or employment multipliers. Indirect job creation is generally several times greater than the number of people directly employed, and sectors sourcing the bulk of inputs from domestic suppliers, and with potential for downstream value addition usually having high employment multipliers.
2	Moderate potential for creation of quality jobs	
1	Poor potential for creation of quality jobs	
MARKET ACCESS:		
3	Markets are readily accessible	As an isolated SIDS, market access presents challenges for most industries or sectors. Market access issues are least significant for non-traded goods and services and import substitutes, although growth potential is generally limited by the size of the domestic market. Market access challenges are greatest for bulky/perishable products where transport and logistic problems prevail, and where biosecurity and other regulatory trade barriers exist.
2	Markets are moderately accessible	
1	Significant market access constraints	
OPPORTUNITIES UNDER PACER PLUS:		
3	PACER Plus will enhance trade opportunities	With this trade agreement entering into force in December 2020 it is useful to consider marketing opportunities that may emerge. Sectors which offer opportunities for trade with the eight PACER Plus member countries (Australia,
2	PACER Plus will have no impact	

1	PACER Plus will increase competition	Cook Islands, Kiribati, New Zealand, Niue, Samoa, Solomon Islands and Tonga) are favoured over those which do not.
ECONOMIC SUSTAINABILITY		
3	High economic sustainability	Economic sustainability is largely about sustainable comparative advantage, favouring sectors or industries where there are sound prospects for long-term profitability, rather than those that may offer fewer durable opportunities dependent, for example on commodity price cycles or ongoing support from Government or development partners.
2	Moderate economic sustainability	
1	Serious economic sustainability risks exist	
ENVIRONMENTAL SUSTAINABILITY		
3	High environmental sustainability	Highly sustainable sectors or industries have limited (or positive) impacts on Samoa's natural environment in accordance with the National Environmental Sector Plan (2017-2021). Lower ranking sectors include those that are heavily dependent on non-renewable energy, extraction of marine and terrestrial resources, or are otherwise un-friendly to the environment.
2	Moderate environmental sustainability	
1	Serious environmental sustainability risks exist	
CLIMATE RESILIENCE		
3	High resilience to climate change	This criterion reflects Samoa's extreme vulnerability to climate change and considers both adaptation and mitigation options. Sectors or industries that are resilient to the effects of climate change are favoured over those that are highly vulnerable to climate change and climate-related natural disasters.
2	Moderately resilient to climate change	
1	Highly exposed to climate risks	
POLICY ALIGNMENT		
3	Strongly aligned with strategy/policy framework	The NIDP is part of a suite of national policies and strategies which fall under the umbrella of PDS and Samoa 2040. Sectors which offer a high degree of policy alignment are therefore preferred.
2	Moderately aligned with strategy/policy framework	
1	Not aligned with existing strategies/policies	

Annex 8 | Stakeholder Consultations

BACKGROUND

The Terms of Reference call for stakeholder consultations to be undertaken with the following entities:

- Private Sector Organisations (e.g., SAME, SCCI and SBH)
- Private sector companies, particularly good and service exporters, and including women-led businesses,
- Other relevant community development groups
- Commercial banks
- Key development partners
- Relevant Ministries/Agencies

OVERVIEW AND METHODOLOGY

From January 27 – February 16, 2021, local consultant, Benjamin Harding, and MCIL staff held face to face discussions with key stakeholders to solicit their views on:

1. Which sectors of the economy were performing well and/or had the most potential for growth?
2. How could government support that growth and/or create a more enabling business environment?
3. How industry in Samoa could grow more inclusively in terms of Gender Equality and Social Inclusion (GESI)?

Discussions varied based on the type of entity engaged, for example, private sector entities mainly focused on the needs of their particular business or sector.

SUMMARY OF FINDINGS BY SECTOR

Overall feedback from stakeholders was voluminous and varied, albeit at times beyond the scope of the NIDP. Perhaps the greatest challenge was to focus discussions on long-term policy issues, rather than a COVID-19 recovery plan. The following subsections document the feedback by key sectors.

This report on stakeholder consultations is a consolidation of, and based entirely on, the feedback of stakeholders. The author has endeavoured to verify the veracity of various feedback, including reconciling contradictory points of view between different stakeholders and adjustments have been made accordingly. However, this report is not meant to be an authoritative document on all topics discussed. This document is better seen as a starting point where issues and potential solutions have been identified by stakeholders, for consideration in the NIDP process.

Tourism and Hospitality

Tourism has been the sector of the economy hardest hit by COVID-19, not only through direct impact of drastically fewer bookings, but also the reduced demand for tourism support services and the broader hospitality activities due to the absence of visitor dollars circulating in country. Two thirds of the sector's workforce have either been laid off or are on reduced hours in the sector that boasted nearly 25% of Samoa's GDP and a 7% annual growth rate in the five years before COVID-19. The 2019-2020 fiscal year saw a 30% drop in visitor numbers and FY20-21 is already written off as having no visitors. Officials are optimistic for a resumption in overseas tourists in the second half of 2021, and hopefully reaching 45% of pre-COVID numbers by the end of FY21-22.

Much of this initial activity, however, will be in the form of visiting friends and relatives and prepaid guests, thus not a significant boon to the resort properties sorely in need of capital injection. Financially, most of the hotels have been struggling. Banks have been lenient, but for some operators, forbearance arrangements will end around March-April 2021. If borders do not open until 2022, up to 70% of properties will close permanently. Some operators have had moderate success with the domestic market, while others have been closed or at extremely low occupancy since early 2020. To say that the sector is on "life support" is an accurate statement.

Despite such a grim outlook, many stakeholders are confident that tourism will rebound and continue to be a significant portion of Samoa's GDP. Stakeholders suggested numerous policy measures that could be applied to help tourism recover and thrive into the future. The following suggestions are based on frequency of response and relevancy to the NIDP.

- Re-focus priorities to existing resorts and tourism-related services, not new properties.

- Reduce the limit under the duty concessions scheme from SAT 1.0 million to SAT 50,000 for tourism assets and streamline the system to reduce paperwork and prevent logistical traps such as assets en route or already landed that need duty waived.
- Need a GST and income tax break for the foreseeable future for tourism properties.
- Further assistance or grace periods for insurance, NPF, wage subsidies, etc. would be welcome.
- Meaningful and lasting reductions in utility costs, as power rates alone nearly price Samoa out of the tourism market for the region.
- Defer or abandon the new TIMS tax system, it is inordinately costly to implement and will yield no further revenue from operators already fully compliant.
- Establish a private sector grant facility similar to the Private Sector Support Fund.
- Help source outside investors to expand the equity base of tourism properties.
- Add/keep beach fale as a protected operation on the “reserved list” for Samoan-run businesses only.
- Continue/expand branding and marketing efforts to overseas markets.
- Keep Samoa Airways afloat, as it’s a significant boost for tourism in Samoa.
- Need improvements in waste disposal and collection, both at resorts and island-wide.
- Clearly define and enforce eligibility under the RSE scheme, as good staff are getting poached by the scheme.

There were, of course, some detractors of tourism, often from other sectors competing for limited resources and assistance, but with valid points noting the unpredictability of future pandemics or other global shocks that may halt tourism again in the region. The need to diversify to some extent away from tourism should also be considered.

Agriculture

Agriculture was perhaps the most commonly cited sector as having potential for future growth. This is both due to Samoa’s agricultural roots and the current reality of the tourism and hospitality sector having ground to a halt. Samoa boasts plenty of arable land for a Pacific Island Country, and many are optimistic about overseas demand for Samoan produce and value-add products, primarily driven by the diaspora communities in Australia, New Zealand and the USA. Commercial farming is also one of the most equitable forms of economic growth on the island, providing direct income to many families around the country.

One challenge with the agriculture sector is the predominantly informal nature of its economy. Samoa’s informal sector accounts for about 55% of employment, the majority of that is in agriculture, therefore leaving the sector underrepresented in terms of GDP. Better capture of this informal activity is needed.

There is further debate over whether Samoa should focus on expanding export opportunities or focusing more on import substitution. Advocates of the latter want to focus on expanding local livestock and vegetable production, whereas detractors note Samoa’s very small domestic market, thus limited growth potential and vulnerability for market saturation. Perhaps the right combination of both export focus and import substitution can be achieved.

Within exports, there are further considerations as to whether Samoa should focus on exporting primary produce (taro, coconuts, cacao beans) or value-add products (coconut products, Koko Samoa, chocolate, fetau oil, locally made health and beauty products, etc.). Some feel that Samoa is not able to consistently supply larger markets with primary produce and the focus should be on value-add niche markets, citing growing market demand for healthy, organic, unique products.

There was also vocalisation of the urgent need to convert to organic farming or at least drastically reduce and regulate the use of chemical pesticide spray in plantations. There is growing concern of the damaging health effects chemical herbicides have on not only through human consumption of sprayed food, but of runoff into waterways and the detriment to soils over time, thus jeopardising the sustainability of agriculture operations. Combined with mass land clearing for commercial agriculture, some are fearful of a repeat of history, creating the same conditions which caused the 1993 Taro Leaf Blight outbreak that wiped out Samoa’s taro industry.

Stakeholders noted recent programs (SACEP and SAFPRO) and increased attention paid to agriculture over the last decade, but overall, respondents felt that the sector has been largely neglected by government, and what assistance that has been provided has been piecemeal and ineffective. “Politicians expect agriculture will just spring up without any meaningful investment, and that’s simply not the case. It’s underfunded,” noted one stakeholder. The following suggestions are based on frequency of response and relevancy to the NIDP.

- Significantly increase expenditure in the agriculture sector
- Prioritise domestic food security, as that's a key trigger for inflation,
- Need better linkages between Agriculture Sector Plan and Trade, Commerce, and Manufacturing Sector Plan
- Capital investment incentives:
 - More inclusive Duty Concessions Scheme for agriculture equipment and machinery
 - Promote responsible mechanisation,
 - Reduce bureaucratic hurdles in Code 121
- Need extensive replanting schemes for long term tree crops (coconut, cacao, coffee, fetau/tamanu)
 - Including research and development of improved genetic variety
- Address the high costs of freight and border compliance from Samoa – It's pricing our agriculture products out of many markets. Huge disparities between same shipment from Fiji or Tonga to destination countries.
- Institute/enforce policies that ensure sustainable growth in agriculture, not rampant deforestation and un-regulated chemical application.
 - Incentivise organic agriculture.
 - Source/trial/subsidise viable alternatives to chemical pesticides.
 - Restrict/tax usage of chemical pesticides.
 - Incentivise higher value crops beyond staple exports such as taro.
- Infrastructure improvements:
 - Work roads to plantations.
 - Inland water supply.
 - Mechanisation of processing facilities to go with increased production.
- Re-creation of a Market/Export Authority to fill critical gaps in Samoa's export operations:
 - Greater coordination between private sector and government
 - Facilitate the transition of farmers from producers to exporters (going from MAF to MCIL)
 - Packaging/label requirements, barcoding, etc.
 - Simplify export regulations and reduce bureaucracy,
 - Source of critical information on export requirements and regulations.
 - Facilitate ISO/HACCP trainings and certification.
 - Consider cluster approach to coordinate small holder producers.
 - Conduct market research and facilitate market access, including markets/uses for by-products and nonconforming produce.
 - Better branding and marketing strategies.
 - Distribution channels.
 - Leverage Samoan diaspora for export opportunities.
 - Tap into American Samoa market with products like beef.
 - Possible creation of produce purchasing boards as well.
- Need access to financing at affordable interest rates:
 - Loan packages need to reflect the reality of farming and the time gaps between investment, yield, and cash flow stability.
 - Can be done through DBS or a new facility.
 - Current Samoa Agribusiness Support Project (SABS) is not fulfilling this need.
- More educational opportunities in farming:
 - Youth farming programs.
 - Revive university level diploma programs.
- Improved technical assistance and extension services from the Ministry of Agriculture:
 - Emphasis on affordable, sustainable solutions to farming challenges such as pest and disease,
 - Address supply side constraints
 - MAF also needs to work better together with MWCS and the Puleuu system.

For fisheries, if the goal is to attract more vessels to base out of Apia, the government may look into expanding fishery support services (vessel repair, supplies, fishing gear/bait), and there needs to be expanded port facilities (more reefer plug-in space). There's also only one bunker supplier which enjoys no competition.

Information and Communications Technology (ICT)

ICT was another frequently mentioned sector with a promising outlook. With the Tui Samoa fibreoptic cable now in its third year of operation and the backup Manatua cable fully online, Samoa has the key infrastructure in place and is well positioned to be an ICT leader in the Pacific. The value for money in terms of data and communications services has risen dramatically in the last several years. The skill level of local ICT professionals is relatively high and local entrepreneurs have also demonstrated the capability of producing international quality ICT products from right here in Samoa, yet the potential growth of this sector is still largely unrealised.

The Samoa National Broadband Highway is in its 7th year of operation, hasn't lived up to its promise of linking all schools, hospitals, and government outposts around the country, and is now in desperate need of maintenance and upgrades. The Government still has the goal of establishing a technology and innovation hub – a physical space with a data centre, call centres, office space, etc. – in Apia, but hurdles remain. Also of note, the Digital Transformation Authority, announced by the government in May 2019 is yet to be established. The following recommendations could help stimulate growth and keep Samoa at the forefront of ICT in the region:

- Include ICT equipment under the Duty Concessions Scheme.
- Reclassify most electronics (laptop, tablets, smartphones) to incur lower duty and taxes:
 - The public cannot take part in the digital economy without the right tools – handsets in particular need to be more affordable. Technology is a GDP enabler.
 - Government is actually missing out on revenue, as people buy most electronics overseas and bring in as personal effects – completely invisible to the collection system. More attractive prices would result in more local sales.
- Consider aligning with the WTO Information Technology Agreement (duty free IT imports) and special economic zones for ICT:
 - Samoa risks losing operators to other countries with more attractive tax/tariff packages.
 - Locally based international companies, in addition to new investors, could take advantage of IT free zones (e.g., business process outsourcing).
- Better communication from Government in terms of advanced planning (e.g., spectrum management plans), so that businesses can better coordinate with suppliers and plan for the future.
- Need government assistance to reach higher levels of service delivery such as unlimited data plans and service to customers in remote areas.
 - For example, fibre to the home is government funded in other countries, but here private companies are bearing full cost.
- Transform Samoa Submarine Cable Company from a transit company to a peering company:
 - Need official Internet Exchange Point (IXP).
 - This enables Samoan government's dream of becoming a technology hub.
 - Expand from subregional to regional Content Delivery Networks.
- Need stronger ICT for Education policy:
 - Need to expand IT resources and personnel within the Ministry of Education to enable IT growth in schools.
 - Provide advanced IT certificates and degree programmes.
- Strengthen legislation and regulatory framework as needed to keep up with the fast pace of IT.
 - More inclusion and consultation with private sector on policy and legislation changes.
 - Missed opportunity under the Telecommunications Amendment Act 2020 to provide valuable input for a more effective law.
- Continue/expand youth entrepreneurship programs such as Youth CoLab and Seed Stars.
- Need a better structured business ecosystem - lots of disjointed effort, duplication, silos etc.:
 - MCIL could help structure this.
 - Need better shared visions for future growth and buy-in.
 - Identify the players who can coordinate this at the various levels – donors, government, chamber, private sector.
 - Consider cost-sharing IT resources, especially amongst Ministries with similar IT needs.

Retail and Manufacturing

Samoa's retail and manufacturing sectors have also been extremely hard hit by COVID-19. Higher levels of remittances have kept retail flowing smoothly for basic consumer goods, but the disruptions to sea and air freight and lack of tourist

shoppers has hampered much of the garment and agriculture-based value add operations as essential outlets for many of these goods are gift shops, airports, and markets overseas. Larger manufacturers have realised similar impacts due to limited and unreliable shipping since COVID-19. Despite these current challenges, many stakeholders confirmed that expanding exports is a significant part of their business plan.

Another obstacle that prevents many local entrepreneurs from fully participating in exports via e-commerce warrants attention. Currently there are no payment gateways for local businesses to accept overseas credit cards online for payment into local bank accounts. This is related to the need for a formal system of postal and street addresses, as orders need to be tied to billing addresses. It results in increased cost and inconvenience for locals to set up overseas bank accounts, and/or forgone revenue from the lack of ability to transact. This issue is holding up significant export expansion plans of some local businesses. Locally based banks are all but indifferent to this predicament. Local ICT company SkyEye Pacific is working on a solution, the Maua Pay button, which will hopefully be available to e-commerce users in a matter of months, but this is a hurdle that needs to be overcome with a more holistic and comprehensive solution.

Samoa's largest manufacturing plant, and formerly largest employer, Yazaki, closed in 2017. The gap has been partially filled by two NZ-based manufacturers, but Government is still intent on attracting large manufacturing firms capable of mass employment. To do this, industry policy needs to seriously consider how Samoa can become more attractive to foreign investors. Local beer brewer Taula Beverage Company is setting up a second brewery in Fiji to focus on export to Australia and New Zealand instead of expanding operations locally, mainly due to Fiji's much more attractive incentive package for manufacturers.

Cost of freight was an issue commonly cited by stakeholders as an immense challenge, as many respondents claim freight is much higher for a container from Samoa to Australia or New Zealand than the same container from Fiji or Tonga to the same destination. This is partly due to the main shipping line, sold by the Samoan government in 2014, having a near monopoly on the market and multi-stop shipping routes for goods of Samoan origin. Documentation and border compliance is also a compounding factor, as costs in Samoa are the highest in the Pacific, four times more than neighbouring Fiji or Tonga.

There was also considerable feedback that there was not a level playing field in Samoa's retail environment due to issues such as tax avoidance. An honest business could struggle while a dishonest business may flourish because it's not paying taxes. The new TIMS tax system was also noted as astronomically costly to implement and will not be generating any additional revenue from those businesses already compliant. A more targeted approach, focusing on the entities known to be noncompliant would be a far better use of resources and spare the majority of the private sector this major burden. Feedback from this sector is as follows:

- Model Fiji's success in attracting major manufacturing firms.
 - More favourable investment incentives and for longer duration, including for facility expansion and upgrades of pre-existing operators.
 - Current tax credit procedures are confusing to foreign investors.
 - Flexible time frame for duty concessions on equipment, as some manufacturers customised per needs of the customer, therefore, bring in various equipment at different times.
 - Reduce tariffs on raw materials imports.
 - Export tax concessions (Note: There is a 50% export tax credit effective for 2020 filings. This may not be well known by industry yet.)
- Address the exorbitant cost of freight from Samoa – the cost of bringing in raw materials and exporting products (including border compliance costs) makes Samoa uncompetitive.
- Reduce cost of utilities (namely electricity) for industrial and commercial users.
- Resolve Payment Gateway issues.
- Need to balance wage competitiveness between public and private sector. In Samoa pay and benefits are better in the public sector. It's very hard to attract talent and grow the private sector with that dynamic.
- Defer or abandon the new TIMS tax system and focus efforts on noncompliant businesses.
- Need push to formalise businesses in Samoa.
 - Enforce the use of business bank accounts and consider e-payment/billing solutions to minimise "theft as a servant" and tax avoidance.
 - ISO/HACCP certification raises standards – need to make it affordable/attainable.

- Need better training to meet the demand for skilled labour (technical positions, office management, etc.) – devote more resources to TVET program.
- Government needs to set standards for certain sectors/products (e.g., need nonu standards for nonu products) – cannot leave this up to the individual businesses.
- Enhance the testing and certification capabilities of the Scientific Research Organisation of Samoa (SROS) and ensure SROS's commercial arm is not in competition with the private sector.
- Consider Intellectual Property concerns of local designers over transition to e-commerce.
- Local beer manufacturers are concerned about competing with Australia/NZ beers locally once PACER Plus tariff reductions come into effect. They're also concerned about competing with new local spirit manufactures who are clearly skirting excise tax and other regulations.
- Value Add obstacles:
 - Cost of upscaling - people have great ideas, but no access to equipment.
 - Access to finance.
 - Labelling, packaging.
 - Technical expertise.

Other Sectors

Labour Mobility: The RSE scheme has been a lifesaver, bringing much needed cash flow into the country, keeping the local economy going. Maintaining and expanding opportunities under this scheme are a priority of Government. The scheme, however, does come with unintended consequences such as the poaching of staff from employers in the tourism and manufacturing sectors, as well as teachers. In some cases, employers have invested heavily in staff that ultimately leave under the scheme. This is also noted by some stakeholders as causing a lack of available manpower for agriculture development.

Health: Health was scarcely raised by stakeholders, but it warrants significant attention for two reasons.

- Samoa is well known for its high NCD rates, which have a measurable effect on worker productivity. The health of the people needs to be front and centre in order to realise Samoa's full economic potential.
- Healthcare is an industry in itself. The government is currently undertaking a feasibility study on forming a public-private partnership for the establishment of a world-class tertiary referral centre (hospital). Perhaps Samoa could tap into other aspects of the health tourism industry. In-home aged care is also in growing demand in Australia/NZ, and work opportunities exist for trained Samoans.

Construction/Trades: New home construction has remained a productive sector throughout the pandemic, and although large development-driven projects have slowed, they will eventually return to pre-COVID levels. Going forward, there is a need to upskill local engineering firms to enable them to be more competitive in the tender process for large infrastructure projects. There is also a significant need for quality-trained tradesmen and the raising of industry standards amongst trades. Overseas work opportunities are likely to grow in the future for skilled tradesmen.

Energy: Government has an ambitious goal of being 100% renewable for electricity by 2025. Currently Samoa is about 50/50 between diesel and a mixture of renewables, namely hydropower. The Electric Power Corporation (EPC) expects significant investments in solar power through Independent Power Producers (IPPs) to reach this goal. Government plays a significant role in providing guarantees and negotiating with IPPs. In order to achieve this goal, EPC may also need to consider distributed power generation (residential and resort solar) sold back to the grid.

It is anticipated that increased use of renewables will bring down costs to the consumer as currently the largest cost incurred are the diesel supply fees. Currently there is a sole source supplier of diesel to Samoa, which enjoys monopoly pricing.

GENDER EQUALITY AND SOCIAL INCLUSION (GESI)

Feedback on GESI considerations was quite mixed, with some respondents suggesting that particularly with regards to gender, we are trying to "fix something that's not broken" or that we "need to get more men back in management." Perhaps the intent behind such statements is that in many ways, Samoa is a success story in terms of gender equality. All recruitment is guided by the Labour and Employment Relations Act and is non-discriminatory. Women are well represented in the workforce and perhaps the majority in the public sector, civil society, and certain parts of the private sector. However, while representation may be a minimal issue, significant gaps remain in terms of workplace treatment and human resource standards in the private sector.

- Consider/adopt UN Convention C190, which addresses violence and harassment in the workplace.
- Improve HR policy in the private sector with respect to workplace etiquette and harassment.
- Consider where does gender feature in the supply chain.

Approximately one in twenty persons with disabilities (PWD) are engaged in paid work compared to one in four persons without disabilities. There are a number of suggestions to get increased participation of PWD. Perhaps the most important is recognising the importance of education, regardless of physical or mental capabilities. *Nuanua o le Alofa*, the umbrella NGO for PWD, is making tremendous strides in adult education programs, job placement, and increasing awareness that inclusion for PWD is far more than just ramps and handrails. The following are suggestions that could be considered to improve workforce participation of PWD. A starting point is properly defining what PWD means and different levels of ability before any workplace policy is made, particularly any form of incentivised hiring or quotas. Below are suggestions from stakeholders on how to be more PWD-inclusive in the workplace:

- Need a local policy and legislation supporting PWD:
 - Currently mandate is governed by UN Convention on Rights of People with Disabilities.
 - Need to properly define PWD and different types/tiers.
- Need greater focus on employment pathways, reasonable accommodation and antidiscrimination.
- Quotas are double-edged, lots of support, but also concern it may cause more harm than good in the long run.
- Careful not to relegate PWD to menial tasks to tick the box.
- Tax breaks to employers with inclusive programs or quotas.
- Funding assistance for businesses to procure “reasonable accommodation” resources.

Perhaps lessons could be learned from one of the prominent agriculture-based groups in civil society, “Gender is very different in the Samoan context. When we started off, we were very focused on women, youth and PWD. But when we started working with families, we realised that every family member has roles, so it’s not practical to work only with women. We shifted to a family focus and within the natural roles of the family members.”

OTHER ISSUES RAISED BY STAKEHOLDERS

Below is a list of additional questions and comments from stakeholders that should be taken into consideration when formulating an industry development policy:

- How this policy will be funded?
- How does this policy fit with other existing policies, especially the MSME Policy and TCM Sector Plan?
- How will recommendations involving other Ministries be implemented?
- This policy needs to address how development partners will be coordinated. Need a coordination mechanism between different development partners in the private sector space.
- The three new Land and Titles Court (LTC) Bills need to be reviewed to ensure the integrity of freehold land. These bills may jeopardise the ability to use freehold land as collateral for loans.
- Need to consider a quota or cap on certain business activities to prevent market oversaturation (e.g. bottled water companies, taxis).
- Need to audit accounts of those given duty concessions to date and analyse impact/benefit. Need better monitoring, evaluation and lessons learned from the scheme.
- Government policies, including health emergencies, must be grounded in science and with respect to people’s rights to earn a living. COVID-restricted business hours and Sunday closures were most detrimental to farmers and their vendors, and tourism operators trying to stay alive. Halting public transport affects the lower income earners disproportionately.
- Need to strengthen government policies on the tender process. Sometimes contracts are minimally advertised or unfairly awarded.
- Traveling between PICs can be costly and administratively burdensome for Samoans with business interests in those other countries. For example, travel to Tonga and Vanuatu require business visas. Perhaps if MFAT could address that with neighbouring countries.

CONCLUSIONS

While all of the suggestions above warrant some degree of consideration, it is possible to tie together a few themes and notable challenges that can be considered in order to grow industry in Samoa.

- Spearheading Entity: It became quite evident through consultations that stakeholders feel there is a need for some agency to play a much larger role in facilitating manufacturing and exporting. Some suggested the creation of a

Market or Export Authority, or perhaps MCIL, SROS or SBH could be strengthened to fill this role. SAME has aspirations to be this very entity, but it is not resourced to do so. Other policy measures without a clear definition of the spearheading entity are unlikely to be effective.

- Duty/Tax Concessions: Nearly all sectors of industry want preferential treatment in terms of tax and duty. While it is not practical to grant all requests, government may consider the following:
 - Lowering the duty concessions threshold to a more realistic dollar amount to enable more businesses to benefit from the scheme and be more inclusive of the ICT and agriculture sectors.
 - Reduce taxes/tariffs on raw materials for manufacturing and electronics essential for communication and business.
- Reduce Utilities Costs: The cost of electricity for commercial and industrial operations is crippling, and pricing Samoa's products out of many markets.
- Reduce Freight and/or Border Compliance Costs: This is making Samoa uncompetitive overseas. This may require diplomatic or industry-level negotiations, or even a serious look at restoring a national shipping company.
- Payment Gateway Solution: This is prohibiting many entrepreneurs in Samoa from taking part in e-commerce and expanding exports and operations overseas. A formal system of postal and street addresses needs to be in place so that transactions can be linked to billing addresses.
- Role of SROS: SROS was originally set up for the purpose of assisting the private sector in developing and trialling products, testing and certification. While it does provide these services, feedback from stakeholders was that testing was expensive and SROS was not accredited for certain tests. Others also felt SROS's activities were not driven by industry, and with the creation of SROS's commercial arm, several in the private sector now see SROS as competition and they do not have confidence in taking their products or proprietary information to SROS for testing and improvement. These issues warrant further attention.
- Access to Finance: Access to finance at affordable interest rates has always been a challenge for the private sector in Samoa. It's doubtful that commercial banks will be able to address this issue for years to come. Perhaps there is opportunity for DBS to work with the various industry associations to create a wider range of products, better tailored to the needs of industry.
- Tax Collection: As outlined in the Retail and Manufacturing section, the playing field needs to be level for all businesses in Samoa to compete fairly. It also bears repeating that the feedback on the new TIMS system was overwhelmingly negative, with a disproportionate effect on the vast majority of businesses already compliant.
- Sustainable Expansion of Agriculture: Expansion into commercial agriculture must proceed with an abundance of consideration for soil health and a functioning farm ecosystem. Indiscriminate land clearing, monocropping and chemical spray has a very limited window of productivity and negative externalities are borne by whole communities. Improved technical assistance and viable alternatives to destructive farming practices are essential to progress forward.

LIST OF STAKEHOLDERS CONSULTED

Ah Liki Investments Ltd.; ANZ Bank; Apia Deep Sea Fishing Company Ltd.; Asian Development Bank; Australian High Commission; Bank of the South Pacific; Central Bank of Samoa; Development Bank of Samoa; Digicel Samoa Ltd.; Electric Power Corporation; Fero Samoa Ltd.; I.H. Carruthers Co Ltd.; Kuki Samoa; Ministry of Agriculture and Fisheries; Ministry of Commerce Industry and Labour; Ministry of Communications and Information Technology; Ministry of Customs and Revenue; Ministry of Finance; Ministry of Foreign Affairs and Trade; Ministry of Women, Community and Social Development; National Bank of Samoa; National University of Samoa – Faculty of Business & Entrepreneurship; Natural Foods International Ltd.; New Zealand High Commission; Nuanua o le Alofa Inc.; Return to Paradise Resort; Saletoga Sands Resorts and Spa; Samoa Association of Manufacturers & Exporters; Samoa Breweries Ltd./Vailima; Samoa Bureau of Statistics; Samoa Business Hub; Samoa Chamber of Commerce & Industry; Samoa Commercial Bank; Samoa Federated Farmers Association Inc.; Samoa Hotels Association Inc.; Samoa Information Technology Association; Samoa Submarine Cable Company; Samoa Tourism Authority; Samoa Women's Association of Growers; Samoa Workers Congress; Samoa's Farmers Association Inc.; Scientific Research Organisation of Samoa; Serendi Cocoa/Pacific Oil; SkyEye Pacific; Taumeasina Island Resort; Tautai Samoa Association Inc.; United Nations Development Programme; Vodafone Samoa Ltd.; Women in Business Development Inc.; World Bank.

Annex 9 | Emerging/Sunrise Industries

BUSINESS PROCESS OUTSOURCING (BPO) INCLUDING “NEARSHORING”

Opportunity/Market Potential

- Global growth industry whereby businesses outsource functions to suppliers in other countries that can deliver high quality services at competitive prices. Countries like India and Philippines have been the main beneficiaries over the last decade or more.
- Nearshoring is a variant of outsourcing in which the service providers are located in a nearby country which has cultural and language affinities and is in a similar time zone.
- New Zealand and Australia have high wage rates for workers performing many “back office” functions and experience recruitment difficulties in some cases.

Source of Comparative Advantage

- High standard of written and spoken English and lower salary costs enable Samoa to offer competitively priced BPO services.
- Improving IT connectivity in Samoa due to new submarine cabling.

Level of Private Sector Interest

- Private sector awareness and interest in Samoa in providing BPO services is limited at present, although a small number of Samoan diaspora are planning the establishment of BPO services in Samoa.

Key Steps to Realise Potential

- Encourage and support potential BPO service providers to explore business opportunities with potential clients in New Zealand and Australia.
- Identify potential BPO clients in New Zealand and Australia and assess their service requirements and Samoa’s capacity to supply. Make contact with potential BPO investors to determine their interest in establishing operations in Samoa.
- Provide strategic advice, marketing support, training and mentoring to potential BPO service providers to build their capacity to deliver quality services.
- Resolve payment gateway issues linked to billing addresses to enable Samoan businesses to engage in e-commerce more readily.
- Examine steps taken by other countries (e.g., Fiji) to establish a BPO industry.

Other Comments

- Offers employment prospects for young people with good secondary education achievement. Also offers an avenue for employment for people laid off from the tourism sector due to Covid-19.
- Has been a successful initiative in several other SIDS.
- Good growth potential and limited competition from other PICs.
- Few barriers to entry (apart from good telecommunications infrastructure) and potential for phased implementation means relatively low risk.

CALL CENTRES

Opportunity/Market Potential

- Many telephone-based services in New Zealand and Australia are outsourced to offshore providers, mainly in Asia.
- Customers in New Zealand and Australia are frequently unhappy with the services provided by Asian call centres.

Source of Comparative Advantage

- High standard of spoken English and IT skills among younger generations of Samoans.
- Time zone only one hour different to New Zealand
- New Zealand and Australian consumers find communication with Samoans relatively easy compared to many Asian call centre operators.

Level of Private Sector Interest

- One telephone company has expressed interest in supporting the development of this industry.

Key Steps to Realise Potential

- Negotiate competitive pricing arrangements for voice services with New Zealand and Australia.
- Train call centre staff.
- Establish a pilot-scale call centre and seek customers in New Zealand and Australia.

Other Comments

- Offers employment prospects for young people with good secondary education achievement.

- Has been a successful initiative in several other SIDS.
- Good growth potential and limited competition from other PICs.
- Few barriers to entry (apart from good telecommunications infrastructure) and potential for phased implementation means relatively low risk.

RETIREMENT LIVING, HEALTH TOURISM, AND AGED CARE SERVICES

Opportunity/Market Potential

- Aging demographic profile in Pacific rim countries and rapidly growing demand for wellness, retirement living and aged care services.
- High cost of providing such services in Pacific rim countries.
- Potential to provide employment for suitably trained Samoans working in the wellness and aged care sectors in Pacific rim countries, or for providing retirement living and aged care services in Samoa.
- Samoa-based services could be offered to foreigners, Samoan residents or returning diaspora.

Source of Comparative Advantage

- Attractive retirement lifestyle.
- Potential to train Samoan workforce in retirement living, wellness, health tourism and aged care skills.
- Scarcity and very high cost of retirement and aged care services in New Zealand and Australia.

Level of Private Sector Interest

- Feasibility study underway for a PPP to establish an international standard tertiary care centre in Samoa.

Key Steps to Realise Potential

- Create a legal and regulatory framework for retirement living, wellness and aged care services that provides a high level of consumer protection and confidence.
- Develop partnerships with health and aged care service providers in Pacific rim countries to relocate or outsource some services to Samoa. Need to attract at least one significant private health care provider with the capacity to provide the required level of services.
- Establish training courses for health and aged care staff to access employment opportunities in New Zealand, Australia or Samoan-based service providers.
- Engage with retirement home operators in Australia and New Zealand to explore their interest in investing in Samoa and what their pre-requisites would be (e.g., type and quality of health services) before investing.
- Actively engage with Samoan diaspora working in retirement living and health care sectors in Australia and New Zealand to understand their interest in returning to Samoa.

Other Comments

- Rapidly growing sector that provides many employment opportunities.
- Pacific island lifestyle, warm climate and Samoan hospitality offer unique selling points.
- Has been successful in other SIDS that have established high quality health care services.
- Would probably require significant investment in improving the quality of health services in Samoa, most likely through attracting one or more foreign investors.

FOOD AND BEVERAGE PROCESSING

Opportunity/Market Potential

- Opportunity to process locally produced raw materials to add value and reduce perishability.
- Less stringent biosecurity and market access barriers for processed versus un-processed food and beverage products.
- Diaspora communities are keen to purchase processed food and beverage products sourced from Samoa.
- Growing interest in ethically produced, high quality, nutritious and tasty products, and growing concern over climate change and the adverse impact of importing food from distant sources.

Source of Comparative Advantage

- Availability of raw materials for producing a range of food and drink products.
- Clean/green (in some cases organic) status of food and beverage products due to much lower use of agro-chemicals provides marketing advantages to consumers in developed countries.
- High cost of imported processed food and beverage products provides some opportunities for import substitution.
- Samoan companies have had some exposure to food safety (HACCP) training and a number are now certified.

Level of Private Sector Interest

- Private sector has shown that it is willing to invest in food and beverage processing for both domestic and export markets: e.g., beer, vegetable oils, noni juice, organic soap, chocolate/cocoa nibs/koko Samoa etc.

Key Steps to Realise Potential

- Develop partnerships with farmer groups to produce reliable supplies of quality raw materials for processing.
- Upgrade processors' quality assurance, and food safety and compliance systems for market access.
- Source food processing expertise to provide advice and support to businesses on processing equipment and technology, packaging, marketing including market research and branding.
- Consider incentives to encourage business investment in processing and packaging technology/equipment.
- Address the high cost of shipping and barriers to entry in Asian markets.

Other Comments

- An established sector with potential to diversify by developing innovative product and packaging formats and undertaking export marketing trials in Pacific rim countries.

HIGH-TECH SPECIALISED MANUFACTURING FOR NICHE MARKETS

Opportunity/Market Potential

- Potential to engage in low-volume specialised manufacturing activities that are not interesting to large-scale mass production enterprises in Pacific rim and Asian countries.
- Focus on lower volume custom order parts for assembly in other low-cost countries.

Source of Comparative Advantage

- Samoa cannot compete with high volume manufacturing undertaken in Asian economies or even Fiji but can potentially undertake customised manufacturing and smaller specialised orders.
- Well-educated workforce with potential to engage in sophisticated small-volume manufacturing activities.

Level of Private Sector Interest

- Interest among members of the Samoa Association of Manufacturers and Exporters (SAME).

Key Steps to Realise Potential

- Improve Samoa's competitive position by addressing high energy and transport costs.
- Reduce/eliminate taxes on imported manufacturing inputs.
- Support and encourage investment in specialised product design and manufacturing for niche markets.

Other Comments

- Products and markets need to be carefully selected to avoid competition with low cost, bulk manufacturing enterprises based in the larger Asian countries.

HIGH VALUE/LUXURY TOURISM

Opportunity/Market Potential

- Expected re-bounce of the tourism sector in the post COVID-19 environment.
- Likely high levels of pent-up demand for international tourism in New Zealand and Australia following the suspension of tourism for most of 2020 and 2021 (so far).
- Many potential clients in Pacific rim countries are seeking new holiday experiences different to the usual mass-tourism destinations like Bali, Fiji, Vietnam etc.

Source of Comparative Advantage

- Samoa has high value tourism assets in terms of climate (winter sun), natural beauty (beaches, reefs, mountains, rivers) and unique cultural experiences.
- Small land area and population makes Samoa suitable for low volume/high value rather than mass market tourism.
- High end tourism is less price sensitive than mass tourism. The relatively high cost of doing business in Samoa is less of a disadvantage than in low-priced mass tourism sector.
- Short travel time from Australia and New Zealand. English widely spoken.
- Samoa Covid-19 free so a low-risk destination and likely to be one of the early countries to become part of the travel bubble with Australia and New Zealand.

Level of Private Sector Interest

- Low level of interest currently due to the COVID-19 pandemic, but this is expected to recover quickly once travel resumes.

Key Steps to Realise Potential

- Refine tourism sector strategy towards up-market tourism targeting wealthy individuals from Pacific rim countries and Europe.
- Encourage investment in low volume/high value post-COVID tourism sector development.
- Market Samoan tourism as a unique high value/luxury experience with specialised options such as eco-tourism, agro-tourism, adventure tourism, and health/wellness holidays.

Other Comments

- A number of SIDS (e.g., Mauritius) have been successful in developing high value/luxury tourism based on their unique environmental and cultural heritages and have avoided the negative impacts of low-cost package tours.
- High-end tourism is less intrusive than mass tourism in a small and culturally unique environment like Samoa.
- Strong competition from Fiji, which is also looking to diversify beyond the mass market, family resort style holidays. Fiji also has a much higher number of luxury/high end/boutique hotels located in secluded islands.

CLEAN, GREEN AND HEALTHY INDUSTRIES INCLUDING HIGH VALUE AGRICULTURAL COMMODITIES

Opportunity/Market Potential

- Opportunity to promote and capitalise on Samoa's image and a source of clean, green and healthy tropical products including high value agricultural commodities.

Source of Comparative Advantage

- Clean natural environment with low levels of pollution, as well as sustainable and socially inclusive production systems.
- Positive image of Samoa in the minds of Pacific rim and European consumers.
- Organic (sometimes certified but often "approaching organic standards") farming systems employed for most agricultural production.

Level of Private Sector Interest

- High value agricultural commodities were identified as a priority by many businesses during the stakeholder consultations.

Key Steps to Realise Potential

- Image-based marketing of Samoan products to avoid competing on price.
- Also focus marketing on freshness, quality, taste, varieties, Pacific story, to differentiate from mass produced fruit and vegetables from major agricultural nations in Asia and Latin America.
- Use of certification and labelling protocols such as fair trade, ethically produced, sustainable, organic, preservative free etc.
- Develop and demonstrate cost-effective organic farming systems and organic certification protocols.
- Need for strong compliance with biosecurity requirements of importing countries. Focus on crops which already have market access or on a limited number of items where obtaining market access is relatively simple.

Other Comments

- Decisions about certification need to recognise that some certification systems entail high costs of compliance and auditing. It may be enough to brand as "approach organic" or "pesticide free".
- Certification systems such as the Pacific Organic Standard and use of the Organic Pasifika logo should also be considered – as advocated by the Pacific Organic and Ethical Trade Community (POETCom).

RENEWABLE ENERGY (SOLAR, HYDRO, GEOTHERMAL, WAVE, BIOMASS ETC.)

Opportunity/Market Potential

- Aligned with the national target of 70% renewable energy by 2025.
- Potential to reduce high electricity costs associated with imported fossil fuel (mainly diesel) generated electricity.
- Rapidly escalating global demand for goods and services produced using green/carbon-neutral electricity.
- Significant investment in renewable energy in the Pacific from multilateral and bilateral development partners so as to mitigate climate change and reduce the cost of electricity.
- Opportunities for Samoan companies to win a greater share of major development partner funded projects for renewable energy e.g., engineering and design, project management, installation, support services, maintenance etc.

Source of Comparative Advantage

- Good natural resources for hydro-electric, solar, biomass and other methods of sustainable power generation.
- Experience of renewable energy, particularly hydro, built up over many years, though main expertise may have been internationally sourced.
- Most parts of Samoa are connected to the electricity grid allowing for distribution of renewable energy throughout the country.

Level of Private Sector Interest

- Interest in solar power generation by independent power producers (IPPs) for sale to the Electric Power Corporation (EPC).

- Individual households and tourism resorts are interested in solar generation for their own use and for sale of surplus electricity to EPC.
- Exporters of goods and services would prefer to market their products as carbon neutral.

Key Steps to Realise Potential

- Attract investment in production of renewable energy to achieve the 70% renewable target by 2025.
- Promote Samoa as a carbon-neutral business and manufacturing centre.
- Negotiate with development partners to design renewable energy projects so that they include: (i) activities to build capacity in engineering, design, project management, installation etc.; and (ii) more ambitious local procurement requirements to ensure that local businesses have a better chance of securing contracts.
- Make the necessary regulatory and policy changes to enable distributed solar to integrate with the grid, thus making rooftop solar generation financially attractive.

Other Comments

- The benefits of rapid transition to renewables are two-fold: reduction in the cost of electricity for consumers and businesses; and enabling Samoan-produced goods and services to be labelled as carbon neutral.



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Please contact the Industry Development and Investment Promotion Division of the MCIL for more information regarding the implementation of this Policy.

