

**PROGRAM INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

8 June 2017
Report No: 116692

Operation Name	Samoa First Growth and Resilience Development Policy Operation
Region	EAST ASIA AND PACIFIC
Country	Samoa
Operation ID	P162104
Lending Instrument	Development Policy Grant
Borrower(s)	Independent State of Samoa
Implementing Agency	Ministry of Finance
Date PID Prepared	8 June 2017
Estimated Date of Appraisal	16 August 2017
Estimated Date of Board Approval	Q2 FY18
Corporate Review Decision	Following the corporate review, the decision was taken to proceed with the preparation of the operation.

I. Key development issues and rationale for Bank involvement

The proposed operation is the first in a programmatic series of two development policy operations (DPOs) designed to enhance Samoa's macroeconomic and financial resilience and mitigate risks associated with natural disasters, climate change, and non-communicable diseases. In this operation the Bank will continue to support key elements of the government's reform program, building on the substantial progress achieved under the previous DPO series in promoting macroeconomic sustainability and in the specific policy areas of revenue mobilization, efficiency in public procurement, state owned enterprise reform, and climate resilience. The proposed DPO series is essential to maintain support for Samoa's substantive efforts to protect incomes and livelihoods, and is central to the Bank's overall engagement with Samoa, as highlighted in the Regional Partnership Framework (RPF) discussed by the Board in 2017. The Bank has worked closely with Australia, New Zealand, and the Asian Development Bank to coordinate the provision of budget support (as well as supporting technical assistance) under a matrix of policy actions developed jointly by the government and its development partners.

II. Proposed Objective(s)

The proposed objectives of the operation are i) to enhance macroeconomic and financial resilience and strengthen Samoa's foundations for growth; and ii) to reduce Samoa's vulnerabilities to climate change, natural disasters, and non-communicable diseases.

III. Preliminary Description

The proposed operation is aimed at boosting the resilience of Samoa to the major risks threatening its sustainable growth and development. The first pillar contains prior actions that will bolster the government's revenue base, reduce risks around remittance flows, increase access to finance, and encourage continued progress on SOE reform, building on reforms supported by the previous programmatic series of DPOs. The second pillar supports government efforts to reduce Samoa's

vulnerability to some of its major long-term threats: climate change, natural disasters and non-communicable diseases. These vulnerabilities already have a large adverse impact on Samoa and, as noted by *Pacific Possible*, are likely to cause even greater social and economic costs over the next 25 years in the absence of strong and sustainable policy interventions. The prior actions in this operation support key elements of the government’s reform agenda, and are in line with the national priorities identified in the Strategy for the Development of Samoa: economic sustainability and business development, improved education and health outcomes, better access to infrastructure, and climate and disaster resilience. The operation is also closely aligned with the World Bank Group’s Regional Partnership Framework (RPF) for nine PICs, including Samoa, and in particular the focus areas of protecting incomes and livelihoods (including through strengthening resilience to natural disasters and climate change, and addressing NCDs); and of strengthening the enablers of growth and opportunities (through improved macro-economic management, infrastructure and addressing knowledge gaps).

IV. Poverty and Social Impacts and Environment Aspects

Over time, the reforms supported by the operation should reduce those risks that have a disproportionate impact on vulnerable groups, including the risk that the government is unable to fund essential public services after an economic shock; the risk of a disruption to remittance flows; and the risk of a lack of access to key services after a natural disaster. The policy actions supported under the operation are not expected to create negative impacts on Samoa’s environment, natural resources or forests compared with the status quo.

V. Tentative financing: US\$5 million, IDA grant terms

VI. Contact point

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