

# PACIFIC PRIVATE SECTOR DEVELOPMENT INITIATIVE (PSDI)

# SAMOA

COUNTRY OVERVIEW  
APRIL 2020



## IN SAMOA, PSDI HAS WORKED TO:

- increase access to finance;
- simplify business laws and registration processes;
- review competition and consumer protection policy and law needs;
- strengthen state-owned enterprise (SOE) policy, performance, governance and transparency; and
- support reform through advocacy and analysis.

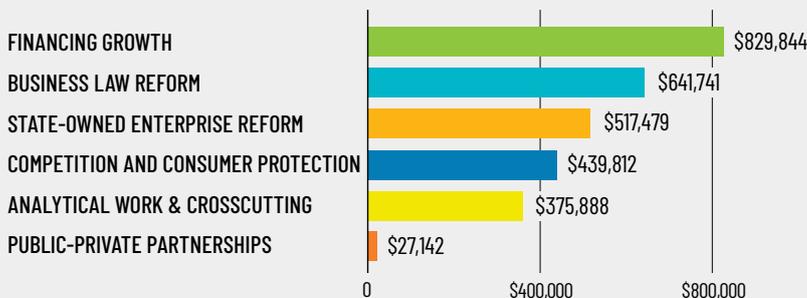
## KEY PSDI ACTIVITIES AND OUTCOMES

- 2008: *Samoa: Consolidating Reform for Faster Economic Growth* published
- 2013: Personal Property Securities Bill passed
- 2013: Online company registry launch
- 2013: National Competition Policy adopted
- 2014: Agricultural Stores Corporation privatized
- 2015: *Reform Renewed: A Private Sector Assessment for Samoa* published
- 2016: Competition and Consumer Act enacted
- 2017: Support for the commercial reorientation of the Development Bank of Samoa (DBS) commenced
- 2017: Secured transactions framework established
- 2017: Privatization strategies for two SOEs endorsed
- 2017: Samoa Competition and Consumer Commission established

## SPENDING OVERVIEW

Each PSDI work area, bar economic empowerment of women, is represented in the allocations of the \$2.83 million spent in Samoa to date, indicative of the wide range of reforms the country has pursued to improve its business environment. Financing growth initiatives have received 29% of this funding, enabling the procurement of a personal property securities registry. Business law reform has received the second most funding, with the \$641,741 allocated going towards creation of an online companies registry and recent evaluations of the company law and registry expansion opportunities.

## SAMOA SPENDING BY FOCUS AREA 2007-2019 (\$2,831,906)



# FINANCING GROWTH

## OUTCOME, RESULTS, AND FUTURE PROJECTS:

### INCREASING THE PROVISION OF LOANS SECURED WITH MOVABLE ASSETS

**PSDI has worked to increase business access to finance through the development and implementation of a secured transactions framework—which allows lenders to accept non-land (movable) assets as security—and by working with lending institutions to encourage its uptake.**

PSDI supported the enactment of the Personal Property Securities Bill in February 2013. Subsequent to an amendment to the act in 2015, PSDI commenced procurement of a registry, which launched in February 2017 with full procurement, design, and implementation support from PSDI. With PSDI assistance, Development Bank of Samoa (DBS) has introduced financing products for the agricultural sector that take advantage of the secured transactions framework.

### SUPPORTING THE COMMERCIAL REORIENTATION OF THE DEVELOPMENT BANK OF SAMOA

**Since 2017, PSDI has been delivering a package of technical assistance to DBS aimed at strengthening the financial position of the bank, improving its operations, and clarifying its strategic role within a competitive, private sector-oriented financial system.**

PSDI helped assess the impact of nonperforming loans on DBS's capital and liquidity position and formulate strategies for the resolution of large non-performing loans, and draft a comprehensive set of internal policies, including for credit assessment and risk management, which were approved by the DBS board.

PSDI provided ongoing training to DBS directors and staff on the internal policies it helped draft last year. In PSDI Phase IV PSDI will build on this earlier support to help stakeholders clarify the strategic direction of DBS and to align strategy with the corporate plan and financial forecasts through workshops and drafting support to refine the existing corporate plan and develop a capital projections model.

### CREDIT BUREAU DEVELOPMENT

**PSDI is working with the Central Bank of Samoa to assess the feasibility of a Samoa-domiciled and controlled credit bureau, which would be regulated directly by the bank itself.**

PSDI provided a diagnostic report on the development of such a bureau to the central bank in late 2018, and will progress this initiative in 2020.



# BUSINESS LAW REFORM

## OUTCOME, RESULTS, AND FUTURE PROJECTS:

### COMPANIES REGISTRY DEVELOPMENT AND LEGAL REFORM

**PSDI has supported an update to Samoa's Companies Act and the development of an associated online registry.**

In 2013, PSDI supported an update of Samoa's Companies Act Regulations and assisted with the procurement and installation of a new electronic registry. Together with the New Zealand Companies Office, PSDI also carried out significant public awareness activities and capacity building for the new registry. Implementation has revealed that various elements of company law would benefit from an amendment. PSDI has been asked to provide drafting and policy support for those legislative changes. This will begin with a review the Companies Act in the first half of 2020. It is anticipated that PSDI will support appropriate changes to the registry.

### SIMPLIFYING BUSINESS LAWS

**Since 2018, PSDI has been working to implement a business law simplification package.**

The package will include a legal diagnostic and policy review of foreign investment processes and regulations, and laws governing other entities managed by the Ministry of Commerce, as well as a scoping study for the potential introduction of a business names regime, which would help sole traders enter the formal sector by providing legal recognition when they register their business name.

A policy paper on the introduction of a business names regime that PSDI helped produce in the 2017/2018 financial year will be shared by PSDI through public consultations in early 2020. After this, PSDI will draft a final policy document for government approval before supporting the drafting and passage of the Business Names Bill and enhancements to Samoa's online companies registry to accommodate business name registrations.

# STATE-OWNED ENTERPRISE REFORM AND PUBLIC-PRIVATE PARTNERSHIPS

## OUTCOME, RESULTS, AND FUTURE PROJECTS:

### STATE-OWNED ENTERPRISE REFORM

**PSDI has provided ongoing support to the Government of Samoa's state-owned enterprise reform program, including policy development and review.**

Samoa appointed an SOE Minister in April 2014. PSDI provided advice to the new minister and the Ministry of Finance on how best to undertake the responsibilities of this new role. PSDI also provided advice on changes required to the SOE Act to support the SOE Minister's role and tighten

transparency and accountability. The amendments were enacted in January 2015.

In June 2014, PSDI prepared an SOE ownership, performance, and divestment policy update, which was endorsed by Cabinet in January 2015. In the first half of 2015, support was also provided to the SOE Monitoring Division to strengthen the selection and appointment of directors and to develop a director performance evaluation tool.

PSDI also undertook a review of proposed amendments to the Public Bodies Act in August 2016, and continues to provide ongoing support to the Ministry of Public Enterprises to strengthen SOE governance and monitoring. In 2019, PSDI developed new classification guidelines to help determine which public bodies should be considered commercial entities, and supported the MPE in reviewing SOE corporate plans.

## PRIVATIZATION AND PUBLIC-PRIVATE PARTNERSHIP (PPP) SUPPORT

**PSDI has provided ongoing support when requested for the Government of Samoa's PPP and privatization plans.**

In 2012, the Government of Samoa requested PSDI support for the privatization of three SOEs: Agriculture Stores Corporation (ASC), Polynesian Airlines (Investment) Limited, and Samoa Shipping Services. Cabinet approved PSDI's recommended sales strategy for ASC but the Privatization Committee, appointed by Cabinet, opted for a more complex sales process. The sale of ASC was completed in April 2016. PSDI's privatization scoping paper for Polynesian Airlines was submitted in October 2012, but the transaction did not proceed.

PSDI provided privatization options for three SOEs (the Public Trust Office, Samoa Post, and Samoa Housing Corporation) in 2017. The government initially decided to pursue these but has since rescinded one privatization decision and is progressing the other two as PPPs with support from ADB's Office of PPPs.

## COMPETITION AND CONSUMER PROTECTION

OUTCOME, RESULTS, AND FUTURE PROJECTS:

### COMPETITION AND CONSUMER PROTECTION POLICY AND LEGAL REFORM

**At the request of the government, PSDI has reviewed of the country's competition and consumer protection policy and law needs and supported the development of a draft policy and bill.**

PSDI then supported the development of a draft National Competition Policy, which was adopted by Cabinet in 2013. PSDI also assisted in the drafting of a Competition and

Consumer Act which was enacted in January 2016. PSDI provided a draft implementation plan, but progress on it to date has been slow. PSDI continues to provide intermittent advice on various technical matters.

## IMPLEMENTATION OF A COMPETITION AND CONSUMER COMMISSION

**PSDI provides ongoing support to the newly established Competition and Consumer Commission.**

With the legislative framework for competition and consumer protection in place, the government appointed a Competition and Consumer Commission, which has responsibility for administering the new law, and the power to take action against violations. A public education program and an awareness-raising campaign for businesses were undertaken so that both consumers and business people would understand their rights and responsibilities under the new law. PSDI may provided some ongoing support as per a detailed implementation plan created in 2018.

## ANALYTICAL WORK

A private sector assessment, *Samoa: Consolidating Reform for Faster Economic Growth*, was published in 2008, and a second assessment, *Reform Renewed: A Private Sector Assessment for Samoa*, was published in 2015.



Samoa has participated in all six of PSDI's *Finding Balance* regional SOE benchmarking studies, and is also featured in PSDI's 2018 regional study on Pacific women's engagement in the private sector, *Women and Business in the Pacific*, PSDI's 2018 brief on tourism trends in the region, *Tourism as a Driver of Growth in the Pacific*, and PSDI's 2016 report, *Digital Financial Services in the Pacific: Experiences and Regulatory Issues*.

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