



Government of Samoa

**EVALUATION OF THE PARIS DECLARATION
ON AID EFFECTIVENESS AND THE ACCRA
AGENDA FOR ACTION**

SAMOA COUNTRY REPORT

28 December 2010

Preface

Approximately 99 percent of Samoa's Official Development Assistance is funded by bi lateral and multi lateral donors who are signatories to the Paris Declaration on Aid Effectiveness. This report provides an insight into the possible influence the Paris Declaration has had on the application of those funds.

This study is part of a worldwide evaluation organised through an international reference group established by the Development Assistance Committee of the Organisation of Economic Cooperation Development for the purposes of the evaluation. The findings of this study show that there has been significant changes in the way aid has been delivered in Samoa over the last decade, and that these changes have been further strengthened by the Paris Declaration. The Paris Declaration supported the reforms Samoa had already undertaken and provided a common language and legitimacy when discussing changes in the way aid was being delivered with donors. In 2010, there is a much greater focus on alignment with Samoa's own priorities and stronger coordination and harmonisation of donor resources. As well, progress is being made in developing effective processes and mechanisms for managing results and mutual accountabilities. The study findings, however, also show there is still some way to go before Samoa can confidently claim that development funds are being utilised effectively for the benefit of all Samoans. The level of effectiveness can vary significantly from donor to donor based on how individual donors are engaged with government. The continuing challenges provided by the cumbersome requirements of some donors, and the delay in aligning their procurement and financing systems with those of the Government of Samoa, continue to impede the efficiency and effectiveness in the delivery of aid. Capacity constraints in some of the implementing agencies and the inability to recognise the interrelatedness of the principles of aid effectiveness have also affected the effectiveness of aid delivery

The Government of Samoa welcomes the opportunity to reflect on its progress to date and to identify areas where improvements are needed to enhance the effectiveness of future aid delivery and utilisation.

Acknowledgements

Preparation of the report has required considerable input from many people. The Aid Coordination and Debt Management Division of the Ministry of Finance played a key role in gathering information for the evaluation. The National Reference Group provided direction and support. Donors, civil society representatives and stakeholders from the case study sectors (health, water and power) also contributed a significant amount of their time through interviews and surveys to assist with data collection and the distillation of findings.

Acronyms

AAA	Accra Agenda for Action
ACC	Aid Coordinating Committee
ACDMD	Aid Coordination and Debt Management Division (of the Ministry of Finance)
ACP	Aid Coordination Policy
ADB	Asian Development Bank
AUSAID	Australia Agency for International Development
CBO	Community Based Organisations
CDC	Cabinet Development Committee
CEDAW	Convention on the Elimination of Discrimination Against Women
CET	Core Evaluation Team
COC	Chamber of Commerce
CRC	Convention on the Rights of the Child
CROP	Council of Regional Organisations in the Pacific
DAC	Development Assistance Committee (of the OECD)
DeMPA	Debt Management Performance Assessment
DMP	Debt Management Policy
DBS	Development Bank of Samoa
EIB	European Investment Bank
EIF	Enhanced Integrated Framework
EPA	Economic Partnership Agreement (of the EU)
EPC	Electric Power Corporation
EPPD	Economic Planning and Policy Division (of the Ministry of Finance)
EU	European Union
FAO	Food and Agricultural Organisation
FEMM	Forum Economic Ministers' Meeting
GDP	Gross Domestic Product
GEF	Global Environment Fund
GoS	Government of Samoa
HIPC	Heavily Indebted Poor Countries
HIV/AIDS	Human immunodeficiency virus/acquired immune deficiency syndrome

IDA	International Development Assistance
IMF	International Monetary Fund
JICA	Japanese International Cooperation Agency
LDC	Least Developed Country
M&E	Monitoring and evaluation
MDBs	Multilateral Development Banks
MDGs	Millennium Development Goals
MTEF	Medium Term Expenditure Framework
MoF	Ministry of Finance
MFAT	Ministry of Foreign Affairs and Trade
MOH	Ministry of Health
MCPD	Multi Country Program Document
NAPA	National Adaptation Program of Action
NEC	National Evaluation Coordinator
NGO	Non-Governmental Organisations
NRG	National Reference Group
NZAP	New Zealand Aid Program
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OPEC	Organisation of Petroleum Exporting Countries
PACER	Pacific Agreement on Closer Economic Relations
PD	Paris Declaration on Aid Effectiveness
PDMCs	Pacific Developing Members Countries (of the multi lateral agencies)
PEFA	Public Expenditure Framework Assessment
PFM	Public Finance Management
PFMR	Public Finance Management Reform
PICTA	Pacific Island Countries Trade Agreement
PRS	Poverty Reduction Strategies
PSIF	Public Sector Improvement Facility
PSIP	Public Sector Investment Program
SAME	Samoa Association of Manufacturers and Exporters
SAT	Samoaan Tala

SDS	Strategy for the Development of Samoa
SPC	Secretariat of the Pacific Community
SPREP	South Pacific Regional Environment Program
SUNGO	Samoa Umbrella Organisation of Non Government Organisations
SWA	Samoa Water Authority
SWAps	Sector Wide Approaches
TA	Technical assistance
TB	Tuberculosis
TCDC	Technical Cooperation among Developing Countries
TTL	Task Team Leader
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Program
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
US	United States Dollar
VAGST	Value Added Goods and Services Tax
WB	World Bank
WIBDI	Women in Business Development Incorporated

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Executive Summary

Purpose and background

The 2005 Paris Declaration on Aid Effectiveness aims to strengthen partnerships between donors and countries receiving aid in order to make aid more effective with the aim of maximising development results. It provides guidance for improvements in the delivery of aid through five principles:

- Ownership – through supporting the partner government’s own development strategy and expenditure frameworks.
- Alignment – by using the partner government’s planning, finance and procurement systems, by reducing the number of separate Project Implementation Units (PIUs); through the provision of untied aid and by making aid flows more predictable.
- Harmonisation – through common donor arrangements including shared analysis, pooled funding and shared reporting.
- Managing for results – through a results oriented framework.
- Mutual accountability – the PD emphasizes mutual accountability for both the use of development resources (meeting commitments on aid effectiveness) and the development results that these resources result in.

The requirement for an independent evaluation was built into the original Paris Declaration evaluation framework. The first phase of the evaluation focused on inputs and early outputs. Its findings contributed to discussion at the 3rd High Level Forum on Aid Effectiveness held in Accra, Ghana in September 2008. The first phase evaluation found that while some progress had been made there was still much to be done to improve the effectiveness of aid. The Forum affirmed the Declaration and produced the Accra Agenda for Action priorities, designed to enhance and support the PD principles:

- Country ownership is key – broaden country level policy dialogue (by including other stakeholders including parliamentarians, sub national governments and non government organisations), strengthen the partner government’s own capacity to lead and manage development, and strengthen and use the country’s own systems.
- Build more effective and inclusive partnerships – reduce the fragmentation of aid, increase aid’s value for money, work with all development actors (including south-south cooperation), deepen engagement with civil society organisations and adopt appropriate policies for fragile states.
- Achieving development results - focus on delivery, accountability and transparency on the use of aid, reduce conditionality and increase medium term predictability of aid flows.

The second phase of the Evaluation focuses on outcomes and results. Its findings will feed into discussion at the 4th High Level Forum in Korea in 2011. Samoa has volunteered to be one of the approximately twenty two countries who are conducting country specific evaluations. The country studies will feed into the global evaluation along with a series of donor and other studies. This report details the findings of the study carried out in Samoa during the period May to December 2010.

Overall conclusions

Samoa developed its first national strategy in 1995, tabled as the Statement of Economic Strategy of Samoa for 1996-1997. This was later renamed the Strategy for Development of Samoa, with the current national strategy covering the period 2008-2012. While Samoa did not formally endorse the Paris Declaration until 2008, it is very relevant to the Government of Samoa as it helped legitimise, and provide an impetus for, the Government's own reform agenda that had commenced in the early 1990s. The Paris Declaration provides strong support to Samoa's efforts to improve aid coordination to assist with the sectoral focus of its Strategy for Development of Samoa, adding strength to ownership, and improved alignment with its plans.

The implementation of the Paris Declaration in Samoa has been relatively low key it has been an integrative process as Samoa achieves maturity in handling its development cooperation relationships in the implementation of the Strategy for Development of Samoa. There is no formalised Government of Samoa action plan designed to implement the Paris Declaration principles. A few donors (primarily Australia, New Zealand, the European Union and the United Nations Development Program) began to use the language of the Paris Declaration in discussions with the government and encouraged the implementation of the Paris Declaration principles in 2005/2006. Each of these agencies had introduced the Paris Declaration to their staff, encouraging its application in the field. The degree of capacity building within agencies around the Paris Declaration and the Accra Agenda for Action appears to vary with some showing a strong commitment to the changes needed in skills, culture, structure, systems and processes to implement the principles. For other agencies, including the multilateral development banks, the responsiveness to change appears to have been slower with varying degrees of commitment seen in changes to processes and systems and the flexibility allowed of their field staff.

Outside of Government of Samoa agencies and institutions directly involved with management of development assistance in the government (the Cabinet Development Committee, Aid Coordination Committee and the aid coordination Ministries) awareness of the Paris Declaration and Accra Agenda for Action remains low. However, there is an expected flow on of knowledge of the Paris Declaration principles with the shift to a programmatic approach in the delivery of development cooperation. The full implementation of the Public Finance Management Reform Plan, together with the improvements currently being implemented with the development of Medium Term Expenditure Framework's and the focus on outcomes rather than outputs, will further consolidate the approach to programming and effective management for results. Parliamentarians are only now becoming aware of the Paris Declaration and its impact on aid coordination and how the principles could lead to improved aid effectiveness. Further work is required to improve awareness in the public sector about the Paris Declaration, particularly with Ministers and senior officials whose portfolios and ministries are directly involved in the implementation of donor funded development projects.

Similarly, the awareness of the Paris Declaration is still developing within civil society and the private sector. The Samoa Umbrella Organisation of Non Government Organisations is now using the principles in discussions with government and beginning to raise awareness at the community level but it will be some time before the principles are well understood. This is not unexpected given that

the major focus so far on the application of Paris Declaration principles has been primarily on the relationship between donors and the government.

The Paris Declaration has provided a useful tool to the government and its donor partners to shape aid effectiveness discussions particularly around managing for results and mutual accountability. In the past years discussions have tended to focus primarily on process issues such as country ownership, alignment and harmonization with inadequate attention paid to effective aid delivery to support the achievement of clearly articulated development outcomes or impacts.

Some donors, who are signatories to the Paris Declaration, have neither advocated its implementation nor sought to change their aid delivery modalities. The Government of Samoa has responded pragmatically, dealing with each donor based on each donor's preferred way of operating but without compromising on key issues of national ownership and alignment with government development strategies.

Another significant contribution the Paris Declaration and Accra Agenda for Action have provided is a common vision and common language for change. While there remains a variety of interpretations of meaning around some of the terms (for example, aid effectiveness, ownership and mutual accountability) in the main, donors and the Government of Samoa share a clear picture of the future direction of aid. There is, however, the potential for conflict with donors who have not 'bought into' the Paris Declaration agenda if not managed well. The government seems to have managed this aspect effectively to date.

This common language is also important to the regional aid agenda. The Paris Declaration has been used as a tool to develop regional responses to aid effectiveness (e.g. Pacific Principles and the Cairns Compact). This meant that the regional discussions started from a common and consistent basis. It is most likely that this resulted in far better outcomes than would have been the case if the regional discussions had started from a zero base.

The extent to which (i) the five principles of the Paris Declaration have been observed and implemented, (ii) the Accra Agenda priorities reflected, and (iii) conflicts and tradeoffs.

Ownership

Ownership of its own development strategies and outcomes is a paramount principle for the Government of Samoa. Samoa has always aimed to lead and manage the use of development assistance to achieve its own national plans. The Paris Declaration provided Samoa with a tool to enhance and strengthen its ownership agenda; it also provided the more innovative donors with the opportunity to encourage (and push further) progress on ownership in Samoa with the government and with other development partners. Consequently, the degree of acceptance by donors of Samoa's ownership of its development agenda has improved considerably under the influence of the Paris Declaration.

There is a national development strategy. There is a medium term expenditure framework (MTEF) and there are sectoral plans and associated programs in nine of the fifteen sectors. Government of Samoa has a Aid Coordination Policy that clearly articulates the Government's role in aid

coordination and also provides the basis for mutual accountability and management for results. In the main, that role is accepted by donors. However, government ownership is not always fully embraced by some global and regional agencies that choose to implement their programs outside of the Government's coordination mechanisms. There is a growing awareness of the Paris Declaration amongst the private sector and civil society. Government processes for the design, implementation and monitoring of development programs are increasingly targeting participation and consultations with these groups.

Alignment

Some progress has been made against the principle of alignment. Aid is, in the main, aligned with Samoa's Strategy for the Development of Samoa which is supported by a MTEF and annual budgeting process that links the strategy to sector programs. While Samoa's stated long term aim is that all development funds are provided as budget support, there have been some tradeoffs in relation to the use of government systems. A 2006 Public Expenditure Framework Assessment resulted in a program of capacity building and improvements to the finance system and the 2010 follow up assessment found good progress had been made. However there is still a need to make improvements to address the problem of payment arrears to suppliers which has implications for the credibility of the budget; to improve access by the public to key financial information; to strengthen revenue administration and the overall internal control framework including payroll and procurement controls; and to promote understanding and improvements in the use of the financial management system (Finance One). It is noted that these issues are currently being addressed under Phase 2 of the Public Finance Management Reform plan.

The Government's procurement processes were redeveloped in 2005 with support from the World Bank but the degree of confidence of some donors, particularly the multi lateral banks, in the government process is still low. To progress the alignment principle, the government has invited the banks to conduct a joint review of the government's systems with the aim of determining what else is needed to progress to the development of systems that are premised on international standards and eventually full government system use. Other donors will be invited to participate once dates have been established with the key stakeholders, the Asian Development Bank and the World Bank. The invitation has been outstanding for some time.

Donors are also making tradeoffs. While they, in the main, acknowledge the principle of alignment, they have varying expectations about the degree of rigour required of the Samoan systems and the level of risk they are prepared to carry. This is determined by their country or managing board policies and expectations. It is also determined by the judgments and values of individuals within donor agencies working with Samoa.

The Government of Samoa takes a pragmatic approach to the issue of use of its systems. It acknowledges that there is still work to be done to ensure that all donors (particularly the multi lateral development banks) are prepared to place their trust in government systems, particularly procurement. It also acknowledges that donors do have the right and the responsibility to ensure that the funds they provide are used properly. The government sees the Paris Declaration's commitment to alignment as an opportunity to focus on its own development, acknowledging that

its systems, while adequate, will continue to improve with ongoing scrutiny and capacity building support.

Capacity building to ensure that systems and processes are sound is being undertaken across government and within sectors with donor support. Integrated programs are also in place to support the private sector and civil society.

Harmonisation

Samoa does not accept the term “lead donor”. Its view is that the government is the leader of all development in Samoa. Consequently it has adopted the term “coordinating development partner”. Each sector wide approach program has a coordinating development partner. However at this stage not all donors fall under sector programs. Consequently, the coordination role for the total sector falls to the government and several strategies are used to ensure that donor support is harmonised. For example, in health, a Partnership Agreement has been used to draw in partners who are not yet a formal (pool) partner within the sector wide program. There are still six sector plans to be developed – within those sectors harmonisation is achieved through government coordination. In those cases where government procurement systems are not yet acceptable to the donors, and where there is a pooled financing arrangement involving several donors including a multilateral financing institution, one donor system, usually that of the multi lateral agency, is used for all procurement (in health this is the World Bank system; in power it is the Asian Development Bank system). These processes need to be reviewed carefully as in both examples (health and education) there have been considerable problems with the use of the multi lateral agency’s procurement systems.

The Government of Samoa aims to ensure joint missions through a mission calendar. Donors are asked to provide their annual mission plans. Where overlaps and duplication are evident the government asks donors to conduct joint missions. Donors also discuss possibilities with each other, particularly in sectors. It is noted, however, that some donors, even those involved in pooled financing arrangements of sector programs still persist in conducting their own missions.

Within donors there is also some evidence of lack of internal harmonisation. Australia, for example, often fields missions from government agencies who play a role in Samoa through its ‘whole of government’ approach to development. These missions in the past are often conducted without the knowledge of the Australian Agency for International Development; however, moves are underway to better coordinate. Similarly, the United Nations agencies do not always coordinate even when synergies are evident. Work is underway to create a more cohesive framework for engagement with the government.

Regional programs, rarely link with bi lateral or multi lateral agencies when carrying out analytical work, missions or monitoring and evaluation. This is an area that requires far greater attention than at present to enhance aid delivery and aid effectiveness from regional programs to national programs, to ensure they link up with the government’s development outcomes as articulated in its national development strategy.

Managing for results

While initial attention was primarily paid to the first three principles, donors and the Government of Samoa have turned their attention to managing for results (and mutual accountability). These principles are of particular interest to donors who want to see greater efforts directed to development achievements and the measuring of those achievements.

Government is confident that it has a solid national development plan and MTEFs that are linked to annual budgets, but acknowledges that further work is needed to refine reporting against the annual budget. While the government is working towards a national results framework with clearly defined and achievable performance indicators there is still work to be done to ensure the framework is in place and implemented. Barriers include the need to establish baselines and data collection methods that can be carried out with the limited resources of the government. While there was a decision to initiate outcomes based budgeting only for agencies that play lead roles in sector programs, all Ministries are now involved.

At the sectoral level the European Union is leading the way with its budget support to the water sector. The support is contingent on a strong and demonstrated commitment to managing for results. This approach has been facilitated by the fact that this is the only focal sector for the European Union who, as the major donor, has been a strong advocate for budget support provided countries qualify. Other sectors are at varying stages in the development of performance frameworks. The government acknowledges that management for results is a key principle for effective development aid and is an area requiring focused attention.

Mutual accountability

While some work has been underway to build mechanisms for mutual accountability into partnership agreements and program plans, this is a principle that requires further attention. The level of oversight provided by parliament is reasonable although its understanding of the Paris Declaration is still developing. This understanding has been enhanced through a recent workshop on the Paris Declaration as well as the Aid Policy which sets out government's views on the way that development aid funding should preferably be managed and proposes institutional mechanisms for a dialogue on strengthening aid effectiveness. In addition, the common policy matrix and implementation schedule are also being used by donors to trigger release of funds through budget support.

Government is encouraging the participation of a broader range of stakeholders, including the private sector and civil society, in national and sectoral planning and monitoring processes but there is still some way to go before these groups have an impact on development decisions. Capacity building, improved communications and management processes are therefore key focus areas to support the various non-governmental stakeholders in their dialogue with donors and the government on specific programs to meet their needs.

Conflicts and trade-offs

While there are no overt conflicts in the implementation of the Paris Declaration principles (there is possibly some passive resistance), the rate and degree of change is being impacted by the pace at

which the public financial management reforms are taking place and the degree of commitment of donors to the implementation of the principles. This applies not only to their understanding of the Paris Declaration and how it can be implemented through their own organisations but also in the way aid programs are designed and delivered.

There does appear to be tradeoffs in the way some donors are approaching the principles, with a few opting to use government systems particularly procurement systems where these do not require major changes to their own processes. The Government of Samoa also compromises, taking a pragmatic approach to each donor's requirements, while seeking to move donors towards the full implementation of the Paris Declaration and Accra Agenda for Action. The progress of Samoa against the Paris Declaration indicators and Accra Agenda for Action commitments are reflected in Annex 1.

Key lessons

Key lessons that emerge from this evaluation are as follows:

1. Common principles and a common language support change. For Samoa the Paris Declaration and Accra Agenda for Action provided the support and the impetus to continue changing the way its development was being managed and delivered. While donors were the first to use the language of the Paris Declaration and in some cases used the Paris Declaration to push for a fast pace of change as in the health and water sectors, the government has continued to respond to the process and taken the initiative to introduce the changes within its systems. The Paris Declaration has given all of the development stakeholders a common understanding of the direction of the change - it effectively provided the common vision needed for success.
2. Not everyone will adopt change even when it is being undertaken on a global basis. Some donors and agencies who are signatories to the Paris Declaration have not yet implemented the changes needed to genuinely support its implementation. Time and continuing encouragement is needed to drive the major policy and organisational changes that are needed.
3. If there is commitment, change can occur, driven by innovative and flexible individual personnel even when the policies and procedures of a donor agency are seemingly inflexible. Conversely, inflexible individuals can create unnecessary barriers. For the Paris Declaration to be effective donor agencies must ensure their own staff are well educated in the changes required and empower their staff to implement the change. Similarly. Governments need to ensure that all stakeholders (Parliament, the public and private sector and civil society) are well informed and empowered to participate in the change agenda.
4. It is not only country partners that need to change their systems and processes to respond to the changing aid delivery environment. Donors also need to review their administration systems, particularly their financial management systems, as several of these are now beginning to impede the progress of funding arrangements.
5. There is a need to further embed the application of the principles at sector level. This will facilitate the linking up of country processes to those at sector and corporate levels as well as supporting the connection between policies and financing to processes.

1 Introduction

1.1 Samoa's engagement with the Paris Declaration

While the Government of Samoa (GoS) only endorsed the Paris Declaration (PD) in 2008, it had been actively advocating change along the lines proposed in the PD for many years. The principles of ownership, alignment and harmonisation had been discussed and supported at Cabinet and Parliament level and within Government agencies, particularly the Ministry of Foreign Affairs and Trade (MFAT) as well as the Ministry of Finance (MoF), since the 1990s. As the country became more familiar with the PD, a process at times facilitated by donors, the principles helped strengthen and shape the language of public reform that had been underway for over a decade and gave legitimacy to the changes Samoa was asking from its donors.

Regionally, Samoa played a role in supporting the implementation of the PD in the Pacific through advocacy at regional forums. Along with other Pacific nations, Samoa ensured that the PD principles were enshrined in key regional documents including the first Action Plan in 1998 for economic reform to support private sector development and growth, the 2005 Pacific Plan, the 2007 Palau Pacific Principles and the 2009 Cairns Compact.

Recent policy documents such as the GoS's Aid Coordination Policy and Debt Management Policy have brought the PD to the forefront of policy debate. This evaluation has also contributed to raising awareness and greater interest in the PD and the Accra Agenda for Action (AAA).

1.2 Purpose and scope of the Phase Two evaluation

The requirement for independent evaluation was built into the original PD. The findings of the first evaluation phase, which focused on inputs and early outputs, contributed to the deliberations held at the 3rd High Level Forum on Aid Effectiveness held in Accra, Ghana in September 2008 which led to the AAA. Samoa did not participate in the first phase evaluation although it was present at the Accra Forum.

The focus of the second phase of the evaluation is on outcomes and results and its findings will contribute to the deliberations of the 4th High Level Forum in Korea in 2011. Samoa is one of approximately twenty two countries participating in Phase Two of the evaluation. Each country is producing a detailed country study that will feed into a synthesis report being prepared by the Core Evaluation Team. Approximately seven donors¹ are also participating in similar studies in this second phase for contribution to the synthesis report - of these donor studies only Japan is currently engaged with Samoa.

Samoa volunteered to undertake a country study for several reasons. Firstly, it provided a timely opportunity for the country to take stock of progress of the changes that had been underway in relation to aid delivery for several years. Secondly, Samoa wanted to establish the lessons to be learned from the changes so that they could be shared within the country, throughout the region and

¹ Seven donors' studies include African Development Bank, Austria, Japan, Ireland, Spain, Sweden and US.

globally. Finally, Samoa saw the evaluation as an opportunity to demonstrate its own commitment to monitoring and performance management.

The aim of this country study is to document, analyse and assess the relevance and effectiveness of the PD in Samoa and its contribution to aid effectiveness and ultimately to development results, including poverty reduction. Specific objectives include²:

- to document the results achieved in Samoa through implementing the PD.
- to enable the GoS and donors/agencies active in the country to clarify, improve and strengthen policies and practices consistent with the PD in pursuit of aid effectiveness and development effectiveness.
- to highlight barriers and difficulties that may have limited the effectiveness of the PD and its effects and impacts – and ways that these barriers and difficulties may be overcome.
- to enable sharing and exchange of experience among stakeholders, countries and partnerships so as to facilitate reflection, lesson-learning and policy improvement.

1.3 Approach, methodology and limitations

Samoa's Evaluation Team (the team) comprised a national team leader, a national consultant, an international consultant and a national research assistant³. The team's work was overseen by the National Evaluation Coordinator (NEC), who holds the position of Assistant Chief Executive Officer, Aid Coordination and Debt Management Division (ACDMD), within the MoF. The team was supported by a National Reference Group (NRG) whose membership was drawn from the GoS, donors and civil society⁴.

While the overall approach and methodology for this study was determined by the Core Evaluation Team (CET) the processes were shaped to meet local conditions. In summary the methodology involved:

- collation of all relevant documents by the MoF and the team.
- preparation of a literature review drawing from those documents.
- conduct of initial discussions/interviews with key stakeholders to discuss the evaluation and the proposed process and to invite participation through further discussion and completion of the surveys.
- preparation and distribution of two surveys – the first, a general survey, was designed to gather data against the three core evaluation questions; the second, a sector survey, to gather data for the three sector case studies.
- collation and analysis of the surveys.

² From Generic TORs. Page 1.

³ Kolone Vaai, Hinauri Petana, Robyn Renneberg and Nadia Meredith-Hunt.

⁴ Noumea Simi, Palanatina Toelupe, Nick Roberts, Ian Bignall, Litara Taulealo, Sina Lima, Henry Ah Ching, Roina Vavatau

- preparation of draft responses against each of the three core questions (including the three case studies) in the required Operational Matrix⁵ format.
- preparation of the evaluation report, drawing on the findings documented in the Operational Matrix in draft format for review by the NEC and NRG.
- finalisation of the draft report for submission to the NEC for remit to the International Reference Group.

Limitations/challenges faced during the evaluation process included:

- lack of some of the quantitative data needed, particularly where comparative data was required over time (i.e. 2000, 2005 and today).
- delays in the return of some surveys and the provision of key documents.
- the need to retain objectivity – the NEC, team leader, national consultant and research assistant have all personally been involved with the GoS's development programs over many years. While this provided considerable benefit in terms of knowledge it did create the risk of bias. The international consultant played a key role in managing this risk.

2 The Samoan Context

2.1 Basic data

Samoa, a small island economy, occupies an almost central position within Polynesia. It is geographically located south of the equator with the closest metropolitan countries being New Zealand (3,275 km), Hawaii (4,157 km) and Australia (5,783 km). The two relatively large islands of Savaii and Upolu account for approximately 96 percent of the country's total land area of 2,820 sq kilometers. The country is very vulnerable to natural disasters, particularly cyclones, as well as earthquakes. In September 2009, a tsunami killed 143 people and caused extensive damage to property on the south eastern side of the island of Upolu.

Culturally, Samoa is a traditional Polynesian society governed by *Fa'a Samoa* – the Samoan way. *Fa'a Samoa* has three key elements to it – the matai (chiefs), aiga (the extended family) and the church. Matai are the heads of the extended family unit and their role is very complex covering family, civic and political duties in the village. There are 362 nu'u or villages found throughout the islands with a total of 18,000 matai. The aiga or extended family consists of immediate family members as well as those who are tied by matai (titular) rights. It is one's duty as a Samoan to be of service to their aiga for life.

Christianity has been one of the few western influences that have been accepted into the *Fa'a Samoa*. John Williams of the London Missionary Society arrived in Savaii in 1830 with eight Tahitian and Rarotongan teachers to spread the word. Today the motto on Samoa's crest reads, *Fa'avae I Le Atua Samoa – Samoa is founded on God*, and found in every village are churches of various

⁵ The Operational Matrix is a detailed document required by the Core Evaluation Team. It requires very detailed information relating to each of the core questions

denominations. Samoans are devoted Christians and Sunday is a day of worship and spending time with family and no physical work is done⁶.

Samoa's total population is 180,741 (male: 93,677; female: 87,064)⁷. The country is on track to achieve the Millennium Development Goals⁸. Average life expectancy at birth for the total population is 73.2 years - female life expectancy is 74.2 years and male life expectancy is 71.5 years. Literacy rates for the 15-24 years of age in English are 81 percent for females and 71 percent for males; in Samoan it is 92 percent for females and 89 percent for males. School attendance for 5-9 year olds is 89 percent (90 percent for females and 88 percent for males) and for 10-14 year olds the total is 96 percent (97 percent females and 90 percent males). In 2009, the infant mortality rate per 1000 was 9 and 1 percent of the population was assessed as having special needs.

3 Findings

3.1 What are the factors that have shaped and limited PD implementation and its potential effects on aid effectiveness and development results?

3.1.1 What are the key characteristics of the country that have been most relevant to the implementation of the Paris Declaration?

Governance context

Samoa has a stable national government that is supported by traditional governance structures at village level, a well established public sector, a small but functional private sector and a developing civil society and non government sector. The current government has been in power for twenty seven years and, in terms of governance, Samoa sits well above the fiftieth percentile in the World Wide Governance Indicators, showing improvements in voice and accountability, rule of law and control of corruption since 2005. It is placed at four on the International Development Association's Resource Allocation Index of 1 to 6 and its World Wide Governance 2009 indicators show improvement from 2005 in terms of voice and accountability, political stability (where it is ranked in the 87th percentile) and control of corruption. However ratings for government effectiveness, regulatory quality and rule of law declined. The commencement of a justice and law sector plan as well as ongoing reviews of departmental performances is seeking to address these areas.

In the development context, Samoa sits mid range on most of the global indices. Its Human Development Index rating (which has marginally improved over the last decade rising from .0742 in 2000 to 0.64 in 2005 and 0.0771 in 2009) placed it 94 out of 192 in 2009. While the proportion of the population living below the basic needs poverty line is 26.9 percent, food poverty is much lower at 5 percent. From a gender perspective, Samoa also sits within the middle of the relevant indices (its

⁶ From the Samoan Tourist Authority website.

⁷ 2006 Population Census.

⁸ MDG Progress in Asia and the Pacific Report 2007.

2009 Gender Empowerment Measure ranking was 89 out of 109 countries and its 2007 Gender-related Development Index was 80 out of 155).

Economic context

The Samoan economy had registered modest growth rates in the last decade until 2009 when it was impacted by the global economic crisis. Gross Domestic Product (GDP) per capita (current prices) in 2010 is US 2,966 or US 5,640.79 (PPP per capita). GDP in 2005 was US 2,276 or US 5,128 (PPP per capita) and in 2000 was US 1,226 or US 3, 525 (PPP per capita). On the World Bank's 2010 Ease of Doing Business indicators, Samoa was rated 57 out of 183 countries and its Starting a Business rank was 20, a considerable improvement on its 2006 ranking of 39 out of 155 countries.

As in earlier strategies, the 2008-2012 Strategy for the Development of Samoa (SDS) stresses the need to maintain macroeconomic stability as a major foundation for the country's development and the reduction of poverty. Specific targets are set for fiscal and monetary policy, including maintenance of the budget balance within the range of -3.5 to +3.5 percent of GDP; underlying inflation at between 3.0 percent to 4.0 percent per annum, import cover of between four to six months and a competitive real effective exchange rate. There is a commitment by government to returning to the public deficit target of less than 3 percent once tsunami related reconstruction is completed in 2013.

The 2009/10 budget presented in May 2009 recognised the need to stimulate demand as the economy became more strongly affected by the global financial crisis of 2008. Depressed revenues and a desire not to raise taxes meant that this could only be done through an increased deficit funded through borrowing. Based on a concessional loan from the Asian Development Bank (ADB) and continued grant funding from other donors, the government presented an expansionary budget for 2009/10 with an increased deficit equivalent to 11 percent of GDP for 2009/10, gradually declining to 9 percent in 2010/11 and to 8 percent in 2011/12.

The table below shows the overall balance of the budget during this period under review as a percent of GDP, reflecting the government's commitment to holding the overall balance within -3.5 to +3.5 percent of GDP as well as the contribution of aid to GDP. Details are provided in Annex 2.

Table 1: National Budgets: 2003-2009

	2004/5	2005/6	2006/7	2007/8	2008/9
	Actual	Actual	Actual	Actual	Budget
	(percent of GDP)				
Total Revenue and Grants	37.1	32.5	36.9	30.4	36.1
- External Grants	11	6	7	5	8
Expenditure and Net Lending	36.9	32.2	35.7	33.6	42.1
-Development Expenditure	13.4	7.1	9.3	6.6	15.3
Overall Balance	0.3	0.3	1.2	-3.2	-5.9

Source: IMF Article IV Consultations 2010

Due to the 29 September 2009 earthquake and tsunami's potentially severe impact on tourism, real GDP is likely to contract this financial year while faltering export earnings and reconstruction-related imports could result in a significant widening of the current account deficit. The unprecedented scale of the disaster, a still fragile global recovery and weaknesses in Samoa's national accounts data mean that the timing and strength of the eventual recovery are difficult to predict.

Moreover, Samoa remains exposed to severe natural disaster risks. Challenges from emergency relief and rehabilitation are daunting. The government has adopted an economic recovery framework for four years through 2012/13 with a fiscal cost of about US\$100 million (18 percent of GDP). This not only includes resettlement to safer areas and repair of infrastructure to allow access to basic social services, but also provides for social safety nets, and investments in disaster risk reduction.

Financial context

Samoa has a very narrow resource base. It is not well endowed in natural resources, and is reliant on three main economic sectors - agriculture, fisheries and tourism. The capacity for domestic resource mobilisation to fund recurrent public expenditures and to support essential developmental programs in all sectors is therefore limited and has resulted in a very high dependency on aid to finance its development expenditures over the years. This is reflected in Table 1 above. The increasing percentage of external financing to GDP during this period and also the massive injection of funds following the tsunami in 2009 from development partners have enabled the government to develop its economy as well as meet the rehabilitation costs of the tsunami.

Samoa is in the process of negotiating World Trade Organisation membership. There is concern, however, that such membership will impact on its revenues from the reduction and/or removal of duties and taxes on imported goods and services as trade becomes more liberalised under World Trade Organisation arrangements. Other arrangements that are likely to have a negative impact on public revenues are the Economic Partnership Agreement with the European Union (EU), as well as the regional arrangements such as the Pacific Island Countries Trade Agreement and the Pacific Agreement on Closer Economic Relations. In terms of the ongoing Economic Partnership Agreement and Pacific Agreement on Closer Economic Relations negotiations, greater resources, both financial and human, are needed for Samoa to effectively participate and translate these negotiations into trade agreements that will benefit Samoa. These capacity and resource constraints are currently being addressed under the Enhanced Integrated Framework funded Diagnostic Trade Integration Study⁹ and the Pacific Aid for Trade Strategy¹⁰.

In anticipation of these global and regional changes in trade and their overall implications on its revenue base, the government introduced a 10 percent value added goods and services tax in 1994. This has since increased to the current rate of 15 percent, although there are exemptions covering

⁹ The Samoa DTIS is financed under the EIF and is due to be finalised by December 2010. The resulting Action Matrix from the study will be used as a basis for developing project proposals to be funded under EIF for trade related technical assistance. In addition, the proposed National Trade Strategy will be used as framework of action for guiding targeted assistance – both TA and Capital – for future trade developments in Samoa

¹⁰ Samoa has already submitted project proposals under the Pacific Aid for Trade Strategy in May 2009.

basic goods and some selected services. While over the years this has made a significant contribution to public revenue, there is still limited scope for increased resource mobilisation from domestic sources other than the value added goods and services tax. Consequently, the dependency on aid resources to support development programs is likely to continue.

3.1.2 What are the most important national and international events that have affected the implementation of the Paris Declaration and the Accra Agenda for Action priorities, and how?

Public sector restructuring reforms

The PD and AAA provided a logical progression and confirmation of Samoa's own ongoing reform agendas. Significant change commenced with the realignment of government structures and functions in the early to mid-90s. By 1995, the planning function had been shifted to the MoF from the MFAT and the first two-year Statement of Economic Strategy of Samoa was launched to cover the period 1996-1997. Over time the Statement of Economic Strategy evolved into the four year *Strategy for the Development of Samoa (SDS) 2008-2012*. The SDS clearly articulates the key sector priorities and strategies the government intends to pursue over the medium term.

In 1996, at about the same time the new national plan format was launched, the government introduced output based/performance budgeting. This created the basis for the evolving financial infrastructure to support direct links between the budget and the SDS, as well as providing a basis for donors to discuss and collaborate on sectoral priorities targeted by the Government in its strategic plans.

Other important aspects of this early reform program involved the devolution of management to ministries targeting performance as a basis to improve service delivery and productivity. This led to the institutional strengthening of departments, which involved the development of corporate plans, annual work plans, service charters, capability plans and the re-modeling of work processes to increase efficiency and effectiveness in their performance. Simultaneously this public sector reform program was also extended to public enterprises and corporations to improve corporate governance, financial sustainability and service delivery.

Following a thorough review of the core functions of the government in 2003, a major realignment of the public service led to the downsizing of ministries from twenty six to fourteen, and the shifting of the aid management functions to the MoF. The shift also meant a separation of development policies from political interests. There was a substantial increase in public service salaries of 42 percent staggered over 2005/6 to 2007/8, introduced as part of the public sector reform program.

The wholesale change in government operations, infrastructure and processes was supported by development partners, who provided assistance to implement and sustain the changes.

Public finance management reforms

The Public Finance Management (PFM) Reform Plan was developed in the first half of 2008 to strengthen Government's PFM systems and to pave the way for budget support. The plan evolved out of areas of weaknesses identified in the 2006 Public Expenditure Framework Assessment (PEFA) and 2010 Debt Management Performance Assessment (DeMPA). The first stage of the plan for the

period 2008 to 2010 was designed to ensure that fiscal discipline was achieved. Funding of SAT2.2 million was obtained from the donor funded Public Sector Improvement Facility for capacity building.

Procurement reforms

Samoa has significantly decentralised its procurement functions over the last five years after a redesign of its procurement guidelines in 2006 with assistance from the World Bank (WB). Procurement processing responsibilities have been devolved to line ministries and departments, with set thresholds of approval authorities. The central Tenders Board, chaired by the Minister of Finance, is responsible for establishing rules and procedures related to procurement. This Board also has the responsibility for inviting bids and their public opening to ensure transparency. All actions and decisions in the procurement process that come through the Tenders Board are recorded as Minutes of the Tenders Board and are accessible to the Controller and Chief Auditor, although no procurement audits have taken place except for WB and ADB funded programs. A database has been developed and partially completed to record all procurement related actions of the Tenders Board. The WB and ADB have been invited to conduct an audit of these processes to encourage the use of government systems to expend donor funds.

State-owned enterprises reform

As far back as 1989, Samoa embarked on a program of privatisation, which first concentrated on a few commercially operated interests. In 1998, further divestment followed of its shares in a public company and the corporatisation of telecommunication services. The intention is to privatise this new telecommunications corporate entity at some stage after the establishment of a regulatory environment to promote competition for improved services in support of private sector and overall national development. At the time of this evaluation, the process has already started and privatisation is likely to be completed by early next year.

A new privatisation strategy was adopted in 2003 as part of the government's commitment to establishing the private sector as the key driver of economic development. The new strategy called for the Government to concentrate on its core functions and strategic business activities and to divest itself from non-strategic activities that could be provided by the private sector. Privatisation of a few state owned enterprises was dealt with on a case-by-case basis, and in this new approach, wholly-owned enterprises are usually restructured to ensure greater efficiency, before being privatised. A roadmap for privatisation has now been approved by Cabinet.

Disaster management reforms

Following the major cyclones of Ofa and Valelia in 1990 and 1991 respectively, and subsequent threats from cyclones, earthquakes, bush fires in drought affected areas as well as potential risks from tsunamis, the government has established disaster management and response structures and has continued to instigate a series of national drills as part of the new reforms for effective disaster management. This has included strengthening auxiliary services, regional and international links to agencies able to provide early warning advice of pending disasters, as well as introducing modern technology to enhance communication throughout the country.

Natural disaster: 2009 tsunami

In September 29, 2009, Samoa was struck by a tsunami which resulted in the deaths of 143 people and the destruction of a significant number of homes, villages and tourist related businesses on the southern coast of the island of Upolu. The support from the community, especially Samoa's development partners, led to the adoption of accelerated processes and new delivery modalities for aid to provide urgent relief to the affected areas through the government. Other relief supplies and contributions came directly to affected villages through churches, charitable organisations and other civic groups. This natural disaster has had an impact on how aid is delivered in Samoa and in some cases hastened the use of more flexible aid modalities. This is discussed later in this report.

Pacific regional strategies and agreements

The 1997 South Pacific Forum Economic Ministers' Meeting (FEMM) adopted an action plan which required member countries to provide a policy environment to encourage private sector development. This has been a major commitment underpinning donor assistance by way of technical assistance and other related development programs, especially capacity building and systems engineering to assist countries with the necessary reforms to achieve this major objective. Countries were encouraged to have strong ownership of their respective plans, and donors played a key role in harmonising assistance in the region with other institutes and agencies to assist with this reform process.

The approval of the ADB Pacific Strategy in 2005 saw most Pacific Developing Member Countries and donor agencies operating in the Pacific region endorsing the Paris Declaration on Aid Effectiveness. Endorsement rested on the commitment of donors to (i) harmonise development assistance at the country level; (ii) align assistance with national priorities, strategies, institutions, and procedures; and (iii) make maximum use of regional systems. These commitments were tailored to the region's needs through the Pacific Aid Effectiveness Principles agreed to by the FEMM in July 2007 in Palau. Derived from the PD and through workshops and consultation across the region, these principles provide both a set of guiding principles and measurable indicators of progress in their implementation. In July 2007 the FEMM also agreed that a separate Pacific Island Countries/Partners Meeting would be held annually to discuss issues around harmonisation, coordination, and aid effectiveness.

The Cairns Compact was adopted at the 2009 Pacific Forum Leaders meeting. The Compact seeks to drive more effective coordination of available development resources centered on achieving the Millennium Development Goals. It too draws on the principles of the PD and is considered to be an action plan for delivering on the AAA commitments.

New resources

National resources

New internal resource sources include the set up of a Unit Trust as an investment vehicle for the public in the privatisation process, which was launched in July 2010. It is anticipated that this initiative may take a while for the public to adjust to, with institutional investors and the private sector more likely to be the first to be involved.

Regional resources

Samoa can also access additional resources under regional programs administered by the Council of Regional Organisations in the Pacific agencies such as the Secretariat of the Pacific Community, the EU Regional Program under the Forum Secretariat, South Pacific Regional Environment Program ¹¹ and some global funds such as the Global Environment Fund and those for tuberculosis and HIV/AIDS.

External resources

New external resources have been mobilised through new partnership arrangements with bilateral donors and additionality from new borrowings with the multi lateral development banks. These include full financing for the first two years of the tsunami recovery plan and additional resources provided under development cooperation for good performance (i.e. incentives). These new sources are triggered through compliance with an agreed policy matrix with donors.

Global funds

There has been some change in focus to regional programs of support rather than through bilateral programs e.g. accessing, through the Secretariat of the Pacific Community, Global Funds for HIV/AIDS and tuberculosis related programs. Samoa has also accessed funding under the Global Environment Fund, which is also emerging as an important facility to plan for ways to address impacts of environmental and climate change, energy and disaster management concerns.

Drivers for change

National drivers

The initial national driver for change, starting in 1996 was the government's overall public sector reform program that focused on the effective use of resources to attain specific goals and to raise the efficiency in service delivery. This led to the development of the Statement of Economic Strategy for the period 1996-1997 and subsequent ones with the term revised to a medium term of four years (reflected in the current SDS 2008-2012 and the Public Sector improvement Program 2008-2012) and a policy shift to sector wide approaches and new financing modalities, such as common pooled funds. The influence of the global focus on good governance principles and best practice has also shaped changes to the processes and systems of the government. Importantly, change has also been driven by Samoa's potential graduation from Least Developed Country status which is now officially set to occur in 2014.

¹¹ SPREP is a regional organisation established by the governments and administrations of the Pacific region to look after its environment. It has grown from a small program attached to the South Pacific Commission in the 1980s into the Pacific region's major intergovernmental organisation charged with protecting and managing the environment and natural resources. It is based in Apia, Samoa, with over 70 staff.

Regional drivers

Regional drivers for change have been the FEMM Action Plan approved and implemented in 1997, the subsequent Pacific Principles on Aid Effectiveness adopted in 2007 and the Cairns Compact in 2009. The decision to have back-to-back meetings of Pacific Island Countries and development partners at the same time as the FEMM in 2003 allowed for much discussion on aid effectiveness and aid delivery.

International drivers

International drivers for change have been the Millennium Development Goals (MDGs), the PD, the AAA, the 2002 Monterrey Consensus, the Heavily Indebted Poor Countries Framework, the 2008 Doha Declaration on Financing for Development and the associated upcoming High Level Forum on Aid Effectiveness in Seoul 2011.

3.1.3 What is the place of aid subject to PD principles among all sources of development finance and resources? What have been the trends from early years to 2005 and since?

Donor landscape

Samoa maintains a constructive and positive relationship with its donors and compared to many countries, the donor landscape within Samoa is relatively uncrowded. Historically Australia, New Zealand and Japan have been Samoa's major bi lateral donors with China and the EU becoming major donors in the last decade. The country has also had a long standing relationship with several United Nations (UN) agencies. Over the last five years there has been a significant increase in grant and concessional loans from China as well as opportunities for debt cancellation. Samoa is also receiving debt relief under the Multilateral Debt Relief Initiative of the United Kingdom. There has been re-engagement with Arab funding under Organization of the Petroleum Exporting Countries, as well as more South-South commitments from India and Cuba.

In the main, there are six key multi lateral donors – the WB, ADB, the United Nations Development Program (UNDP), World Health Organisation (WHO), the European Commission (EC) and Organization of the Petroleum Exporting Countries. The International Monetary Fund has been involved since the early 1980s with balance of payments support as well as technical assistance in the rationalisation of the country's revenue base with the introduction of the value added goods and services tax and with a recent standby facility for balance of payments support as a response mechanism for the global financial crisis and the tsunami disaster.

The EC, UNDP and WHO have offices in Apia. The WB program is administered from its Australian office, while ADB has offices in Sydney and Suva, Fiji. A joint WB and ADB field office was established in Apia in November 2009. It is staffed by nationals, and aims to improve project administration and communication on all implementation matters in the field. The Task Team Leaders of specific programs may be located anywhere (for example, the health program Task Team Leader is based in Sri Lanka, while the WHO office is located in Manila, Philippines).

There are four main bi lateral donors - Australia, New Zealand, Japan, and China. All four have offices in Samoa located within their Embassy, High Commission or residential office in the case of Japan run

by the Japanese International Cooperation Agency (JICA). The level of authority varies considerably. This is discussed later in this report.

Samoa also has access to a wide range of regional programs many of which are implemented through key Council of Regional Organisations in the Pacific agencies. Regional programs add a relatively uncontrollable dimension to the development arena in Samoa. Donors in the region, and some countries, have enthusiastically adopted regional approaches as a means of supporting a large number of small island states. Success is variable. While Samoa is a member of the Secretariat of the Pacific Community, and usually involved in the design of regional programs, the correlation between Samoa's needs and priorities with regional programs vary across sectors. In the better cases, Samoa is able to access resources and expertise to support its development agenda; in the worst cases, regional programs duplicate Samoa's own agenda. International non government organisations such as the Red Cross also provide support to Samoa through support to local chapters and specific programs (often regionally based).

External and domestic resource mobilisation patterns

Table 2: Development Funding

Type of Development	Domestic Source (SAT)		External Source (SAT)		Key Sectors	
	2005	2010	2005	2010	2005	2010
Capital	41.41m	60.55m	605.68m	855.05m	Construction ¹²	Electricity ¹³
TA	15.93m	22.48m	171.04	614.07m	Public Administration ¹⁴	Education ¹⁵
Recurrent Costs	2.47m ¹⁶	7.19m ¹⁷	34.57m	116.22m		
Totals	59.81m	90.22m	811.29m	1585.34m		

Source: Economic Policy and Planning Division, MOF

In 2008, Samoa received US26.37m in Official Development Assistance (ODA) from OECD members and a total of US88, 163,265¹⁸ from all development partners through grants and loans. Almost all of these donors are signatories to the PD with the exception of the Arab States and the global programs. The type of support is summarised in Table 2 which shows the importance of ODA to the country. The figures also show the significant increase in ODA from a total of SAT811.29m in 2005 to

¹² Samoa Infrastructure Asset Management Project Phase I, SAT\$115.68m;

¹³ Samoa Power Expansion Project, SAT\$263m (not counting the Tsunami Recovery Plan totalling SAT\$271m which is further divided into different sectors)

¹⁴ Public Sector Improvement Facility, SAT\$31.51m;

¹⁵ Education Sector Project Phase II, SAT\$78.9m;

¹⁶ Recurrent costs for the PSIP 2005 – 2007 were calculated as 5percent for Capital Investments and 2.5percent for Technical Assistance;

¹⁷ Recurrent costs for the PSIP 2009 – 2013 were calculated as 10percent for Capital Investments and 5percent for Technical Assistance to align with the percentages used by Budget;

¹⁸ GoS statistics

SAT1585.34m in 2010. This increase reflects Samoa's increased capacity to effectively utilise ODA, increased confidence by donors in Samoa's political, economic and social stability, as well as donor responses to disasters such as the 2009 tsunami.

Pre and post PD trends in Official Development Assistance

Table 3 below shows the level of ODA from PD signatories from 2000 to date. Note that while there has been a steady increase in ODA from bilateral donors, the ODA from the multi laterals has been variable. Some of the increase in 2010 can be attributed to the funding resources generated in response to the recovery efforts related to the global economic crises and the 2009 tsunami disaster.

Table 3: ODA from PD Signatories

PD Signatories active in Samoa	Level of ODA		
	2000	2005	2010
World Bank	US5.41 m	US4.47 m	IDA 15: US141 m
ADB	US12.3 m	US8.06 m	ADF 10: US26.00 m
NZ	NZ7.7 m	NZ10 m	NZ20.3 m
Australia	AUD12.8 m	AUD18.4 m	AUD27.5 m
EU	€20 m	€27.23 m	€35.4 m
Japan	Yen925 m	Yen1,002 m	Yen1,045 m
UNDP	US1.2 m	US0.5 m	US0.4 m
WHO UNFPA UNICEF FAO UNESCO	US1.2 m	US1.78 m	US1.4 m
China			US127.2m ¹⁹

Source: Aid & Debt Management Division, MOF

The People's Republic of China has emerged as one of Samoa's main donors. Information requested from the relevant GoS ministries and the Chinese authorities in Samoa for this evaluation was not available at the time of writing this report. Consequently, given China's prominence in terms of present and prospective future aid resources for Samoa, the evaluation team has had to rely on a literature review and information gathered through other means to make this brief assessment. According to the GoS, Chinese support is aligned with GoS priorities as it contributes to the implementation of GoS plans.

Modalities for ODA Delivery

There has been a shift in terms of aid delivery modality from discrete project funding prior to 2005 to more use of country systems through sector and/or general budget support involving over 60 percent²⁰ of the donors as well as aid flows. At present, medium-term sector planning has covered nine sectors out of fifteen. The slow progress evident in some is due to the limited absorptive capacities of sectors and the Economic Planning and Policy Division of the Ministry of Finance. Sector budget support was initiated by the EU for the water sector for the period 2010-2015 conditional on

¹⁹ Based on 2008 figures from Lowy Institute Policy Brief "China Stumbling Through the Pacific" July 2009 and author's estimates

²⁰ Source: MOF estimates

Government undertaking a program of public finance management reform in response to the first PEFA in 2006 and the second in early 2010 as well as on agreement to meeting three key indicators for the sector. General budget support has been trialed in the delivery of the emergency responses and recovery by the WB, ADB, New Zealand and Australia in the aftermath of the 2009 tsunami.

Pooled funding mechanisms, introduced at the request of government, have been utilized by the WB, ADB, Australia, Japan, New Zealand, UNDP and EU in the health, education, power, private sector, public administration, law and justice and community development sectors. Where possible, country systems are used including one common reporting format for all donors. The following table shows the donor commitments on a sectoral basis.

Table 4: Donor Commitments by Sector 2000, 2005 and 2010

Sector	Donors	2000	2005	2010
		(in millions, SAT)		
Water	EU, ADB	-	2,497,000	8,905,779
Energy	ADB, UN	-	2,100,000	14,764,941
Justice	NZ, Aus, China	3,266,466	5,828,082	8,193,724
Public admin	NZ, Aus	1,692,843	2,125,617	2,997,543
Environment	UN GEF SPREP IUCN	5,356,678	12,470,314	25,141,373
Health	WHO Aus NZ UNFPA	27,893,691	35,081,618	64,889,154
Infrastructure/transportation	WB Japan China	21,176,261	26,915,990	52,869,706
Trade	NZ Aus	4,764,065	3,865,029	5,773,525
Community development	Aus NZ EU	2,114,588	7,900,833	10,651,044
Agriculture	WB Aus China	9,847,316	11,667,462	12,327,563
Communications	WB Japan	-	1,853,984	4,159,907
Education	Aus NZ ADB UN	37,750,995	54,126,114	83,574,538
Private sector - Tourism	NZ UN ADB	-	3,000,000	10,221,359
Finance	Aus UN ADB WB NZ	60,111,089	81,847,804	72,674,112
Sports development	Aus NZ	-	5,800,000	1,850,000
Multisector	ADB WB Aus NZ	39,444,110	43,799,082	58,900,399
Total Commitments		213,420,102	300,880,934	437,896,677

Source: Aid & Debt Management Division, MOF

Financial Flows outside of the PD/ODA

The UNDP Multi Country Program Document 2008-2012 (for Cooks, Samoa, Niue and Tokelau) makes reference to a South-South cooperation database being developed for all program areas. Under the UNDP program funding, Samoa allocated 13 percent of its UNDP country program for the Technical Cooperation among Developing Countries program up to 2007. A new UNDP South-South cooperation facility has provided additional funding which Samoa can access mainly for technical assistance. Samoa has also accessed South-South funds through the United Nations Economic and Social Commission for Asia and the Pacific and the Food and Agriculture Organisation also provides some of its assistance through South-South cooperation. These funds are for technical cooperation in developing countries and have been an important source for capacity building as well for essential technical assistance.

3.1.4 Which are the key actors, in the country and among its development partners, who take major decisions on aid? What influence do the Paris Declaration and AAA commitments have on them, in relation to their other priorities and incentives?

Evolution of the development landscape in Samoa

In the mid 1980s there was no mechanism for aid coordination in Samoa even though there was an Economic Aid Division within the Ministry of Foreign Affairs. Donors at the time set their programs according to their own mandates but not necessarily according to the needs as articulated in Samoa's development plans. The Aid Coordination Committee (ACC) was revitalised in 1988 and from that time donors were asked to provide their aid programs for the review of the government before approval. Ministries were directed to submit all proposals for the review of the ACC before they were submitted to the donors through Foreign Affairs. Prior to this development, Round Table meetings were organized by the UNDP in Geneva. The meetings did not always result in additional resources or the securing of new funding sources.

The MoF continued to liaise with the multilateral financial institutions including the EU. New Zealand and Australia were the major traditional donors with others emerging later as they started setting up diplomatic relations with Samoa. The institutionalisation of strategic planning in the mid 1990s triggered initiatives to enhance aid coordination, consider ways by which aid effectiveness could be measured and the review of the impacts of aid. At this time, a centralized system for aid coordination was set up and program designs were improved through consultation. Aid levels increased noticeably and new donors emerged with new delivery mechanisms. With the expansion of the EU membership, individual European governments disappeared but were replaced by multilateral assistance, while United States Agency for International Development disappeared from the region entirely except for the continuing operation of its Peace Corps volunteer scheme.

The restructuring of the public service saw the Economic Aid Division shift to the MoF in 2003, effectively integrating the allocative function of the MoF with the planning function, strengthening the focus on strategic planning and direction for the use of domestic and external resources to achieve the government's development goals. This also supported the move away from implementing discrete projects towards sector wide approaches. The relationship with donors also changed with encouragement from the government for collaboration and improved coordination.

The merging of loans management with grants under the Aid Coordination Division resulted in one entity having a full overview of the total development resources available to the government. The PD and the regional initiatives enhanced aid coordination and helped fine tune the relationship with the donors. It also helped the Government to achieve maturity in its relations with its development partners. While the number of donors engaged in Samoa's development framework has remained relatively stable, the nature of the relationships has changed from donor/recipient to one of partnership with mutual interests.

Key country actors in the development process

The Cabinet Development Committee (CDC) was established in the mid-90s with the transfer of the planning function to the MoF. The CDC is a high level committee chaired by the Prime Minister with all Ministers and Associate Ministers of Cabinet, Chief Executive Officers of government ministries

and corporations as well as non-governmental organisations. It is serviced by the Economic Planning and Policy Division (EPPD) of the MoF. The rationale for its establishment was to have oversight of development programs from their approval to monitoring of progress on implementation. The CDC sets the conceptual framework and public sector investment program as well as prioritises activities in the public sector investment program in the medium term.

Arrangements in place for aid management are reflected in the Public Finance Management Act 2001 and in various policies including the Aid and Development Cooperation Policy (2010) and the Medium Term Debt Management Strategy (2010). The official channel of all ODA is via the Aid and Debt Management Division of the MoF but the decisions on where aid is to be allocated are made by the ACC. Development assistance is directed to implementing line agencies through specific projects and sector programs that receive prior endorsement from the CDC

The Samoa Umbrella of Non Government Organisations is the official national body for non government organisations (NGOs) and some community based organisations. It acts as the conduit between the communities, development partners and government. The Chamber of Commerce is the representative national private sector organisation. Its main role is to interact with the government on key policies affecting the private sector and provide feedback on key strategic areas that need development interventions.

The decision making process

The figure in Annex 3 shows the decision making processes and timing involved for the three main components of the integrated management cycle – planning, resource allocation (through the budget and development aid coordination) and accountability. The pledging or commitment of donor funds is done on an annual basis during high level policy dialogue with the government (for example, through the Samoa-Australia partnership) and through a joint midterm review of the relevant development cooperation framework, for example, with United Nations Development Assistance Framework at the midpoint of the five year cycle or sector framework.

In-country aid consultations with all donors are undertaken on a sectoral basis and conducted at least twice a year. General aid consultations are scheduled to coincide with the mid-term review of the SDS (after two years) and prior to the end of the SDS. Joint performance reviews are encouraged by GoS especially for all sector programs in health, water, education and power where more than one donor is engaged in the sector.

Influence of the PD and AAA on Government of Samoa

Ninety percent of respondents to the general survey conducted for this evaluation judged that the PD and AAA had some (30 percent) or substantial (60 percent) influence on Samoa's major decision makers. The evidence provided for these ratings included the strong GoS ownership of the development process, the move to SWAs, strong GoS development partner coordination mechanisms, support to civil society through joint donor programs, insistence on the use of government systems where possible, the strengthening of public finance management and procurement systems, the growing preference for budget support mechanisms and the new aid policy. Several respondents commented that the GoS often refers to the PD and AAA during

discussions. It was also suggested that the GoS’s commitment to the principles is evident in the manner in which it has approached regionalism, supporting greater opportunities for all across the Pacific.

Influence of the PD and AAA on key donors

Since 2005 there has been a significant growth in aid assistance as sector plans and investment plans for priority sectors in the SDS were implemented, especially from 2007. Of notable significance by way of increases in funding were for the sector wide programs (SWAPs) in the education, health, water, and later, the power sectors. China has been a major investor in large infrastructural projects, having committed around US100 million since 2007.

Samoa’s top five donors are Australia, New Zealand, Japan, China and the EU given their level of funding and presence in-country. Australia’s programs are delivered through government systems and common/pooled funds. It has a well resourced field office in Apia. New Zealand has historical ties via the Treaty of Friendship which allows for flexible arrangements in terms of assistance. It has a field office within its High Commission but has limited authority with regards to decision making in relation to aid management in-country. The Japanese International Cooperation Agency’s office provides operational support and guidance on Japanese funded programs and allows for direct local engagement with the Government. Japan’s main assistance is provided via technical assistance programs, grant aid for environment related activities as well as infrastructure loans for capital investments.

The EU’s local office is the conduit between Samoa and the official Delegation based in Fiji. This allows for operational oversight and guidance on key programs between the EU and Samoa.

China’s local Embassy provides operational assistance as well as the formal links with mainland China. Respondents to the general survey identified the following order of influence of donors. Reasons for that assessment are provided in the following table. Note that influence is as much a product of the historical relationship and social ties of the donor with Samoa as it is to do with the level of funding.

Table 5: Influential Donors

Perceived order of influence	Donor	Reasons why they are considered influential
1	Australia	<ul style="list-style-type: none"> • Level of funding, politics and historic relations. • The relationship has been highly facilitative and without too much conditionality. • Their support is aligned to the SDS. • Australia, like New Zealand, was the initial aid delivery donors. • AusAID has a more devolved model with decision making capacity at the Post. • The partnership for development process has shifted ground on government and donor relationships. •

Perceived order of influence	Donor	Reasons why they are considered influential
2	New Zealand	<ul style="list-style-type: none"> • Historical relationship, strong social ties and level of funding. • Because they listen to the issues and then respond to the ones they wish to be associated with. • They provide support to non government organisations and core funding. • More decisions are made at field office as representatives are involved in existing steering groups. • New Zealand has been a very strong advocate for sector level programming, coordination and focus on results. • Treaty of Friendship • It is noted that recent systems and policy shifts have not added value to the aid relationship
3	EU	<ul style="list-style-type: none"> • Level of funding, politics and commitment to budget support. • They set the agendas and directions in line with guidelines set down for the larger African, Caribbean and Pacific and then allow Samoa to decide in which area they want assistance. • Assistance is delivered through sector budget support – the EU recognises government’s capacity to handle public finance management. • Capacity building. • It is a known factor through ongoing negotiations/experience that once the EU approves funding the responsibility is placed on recipient country for utilisation.
4	China	<ul style="list-style-type: none"> • Politics, level of funding and historical people links. • Large loan donor. • Because Samoa sets the agenda (i.e. Samoa understands what China will, and will not, support). • Timely delivery to country needs but assistance is still very much tied aid although there have been recent changes on an informal basis to use local labour and goods where convenient or expedient.
5	ADB	<ul style="list-style-type: none"> • Level of funding, politics and historic relations. • This donor brings with them supposedly good practices but in the end they want a return on their investment. • Provides highly concessional financing and technical assistance. • Bring strong conditionality interests and heavy back office systems requirements which impact on other development partners and the government. • Level of funding and ADB's historical role in macro-economic policy leadership in the Pacific.
6	World Bank	<ul style="list-style-type: none"> • Level of funding, politics and historic relations. • This donor brings with them supposedly good practices but in the end they want a return on their investment. • Provides highly concessional financing and technical assistance.

Perceived order of influence	Donor	Reasons why they are considered influential
		<ul style="list-style-type: none"> • WB's reputation for global macroeconomic policy leadership.
7	Japan	<ul style="list-style-type: none"> • Provide for major infrastructural works in certain sectors - difficult to find out the rationale of their decision making as they are not too keen on explanations - have to be selective on what Government proposes to them. • Level of funding. • Important donor in the community and grassroots sector.

Interests and objectives of key actors

National actors

The interests and objectives of the GoS are articulated in the SDS and other policy frameworks. Its focus is on ensuring that donor funds are effectively used to support the achievement of those plans and policies.. The Samoa Umbrella Organisation of Non Government organisations, church based organisations and the private sector seek a greater voice in the country's development and the building of a more effective partnership with the government. This is supported by government, reflected in the greater representation of these groups at committees with strategic importance such as the CDC, and the project steering committees of SWApS in the health, education and power, as well as representation on boards of government corporations and state owned enterprises.

Development partners actors

Donors are committed to supporting the Government to achieve the SDS however the nature of that support varies. Some show a strong commitment to the PD principles; others less so. All bi lateral donors (apart from China and Japan), the EU and the UN agencies use Samoa's own country systems to varying degrees. However, while there have been concessions in a few areas, multi lateral institutions continue to prior review all procurement. For example, while the ADB has agreed to the use of national procurement rules for the value of goods up to US1.0 m, anything above this threshold is subject to the ADB's approval and International Competitive Bidding (ICB) rules. Both the ADB and WB have yet to respond to a request to conduct a joint assessment of Samoa's procurement systems to ascertain its integrity and adequacy for purposes of using the national system for all procurement by both banks.

The GoS seeks to ensure that SWApS (rather than a project modality) is applied across all sectors. While SWApS are effective in supporting comprehensive sector plan implementation, the involvement of multiple stakeholders, raises issues pertaining to harmonisation, alignment and mutual accountability. In the water sector, the involvement of the EU and the ADB already pose a challenge for the ADB in providing direct budgetary support. Government, however, has no issue with the ADB continuing its support through program loans because it is prepared to manage the multi donor engagement to capture the benefits of the SWAp. While the EU has moved ahead to adopt sector budget support the charters of both multi lateral banks do not allow for investment of its resources in this way; the adoption of program loans involves conditionality and the development of a reform agenda.

Location and consistency of decision-making

The location and consistency of decision making is variable. The type of financing modality used reflects the degree of decentralisation of decision making. Greater devolution is occurring where there is trust in Samoa and its systems. Of all the donors, the EU and Australia have shown the most willingness to trust Samoa's systems.

For Australia, decentralisation is supported by the growth in, and quality of, local staff engaged working with Australia's aid agency (AusAID) as well as the short time span taken to respond to government requests. The EU has decentralised decision making to do with the development framework given its shift to budget support. New Zealand tends to defer to headquarters for all decisions that have financial implications and tends to use a contracts based approach regardless of the level of support. For China and Japan, policy decisions are all made at headquarters. In both these cases the decision making is not transparent and it is difficult to obtain a qualification or rationale for decisions made.

PD Implementation within the GoS

The responsibility for the implementation of the PD in Samoa sits with the ACC via its technical secretariat, the Aid Coordination and Debt Management Division, and with the Economic Planning and Policy Division within the MoF. While awareness of the PD and AAA has been relatively high within these Divisions and with donors it has not had a high profile within most government ministries and agencies, Parliament, the media, business community or non government sector.

A key tool for implementing the PD is the Aid Development Cooperation Policy which was circulated for comment in June 2010. Key objectives relate to:

- alignment with the priorities articulated in the SDS.
- recognition and respect of Government ownership of development cooperation programs.
- all development partners to shift the programming modalities of their cooperation activities from discrete projects to sector programs.
- government's preference for budget support to allow full national ownership of the decision making process relating to the allocation of resources.
- requirements for harmonisation and coordination including common reporting and participation at annual joint sector review meetings.
- utilisation of Government systems and procedures as far as possible including government standards and rates for payment of allowances.
- priority for the completion of policy frameworks and strategies where sector plans have yet to be developed.
- the provision for capacity development in all programs and coordination of capacity building plans amongst all partners involved in the sector; and the requirement that development partners ensure predictability and regular flow of information.

In the aid policy, the government commits to continuing to improve institutional systems and procedures and to ensuring the mechanisms for resource mobilisation and aid coordination enhance and promote transparency and mutual accountability by all partners, stakeholders and itself.

3.1.5 To what extent and where have the PD principles been implemented?

Implementation of the PD principles in Samoa

Most stakeholders commented that the donors were the first to push the PD and AAA agenda however there is widespread recognition that the GoS had been driving change aligned with the PD for many years. This has been discussed in earlier sections of this report.

The principles of the PD have not yet been fully implemented. The extent of incorporation varies from donor to donor with a few yet to adhere to, or buy in fully, to the principles. Table 6 following assess the application, or lack of, of key PD principles in relation to public financial management.

Table 6: Donor Assessment for Application of PD Principles in FY 2008/09

Donor use of Government Procedures								
Procedures	Aus	NZ	EU	WB	Japan	China	ADB	UNDP
Financial Year 2008/2009	AUD	NZD	EUR	USD	JPY	CNY	USD	USD
Latest Budget (Own currency)	21,769,497	11,359,430	5,548,234	1,537,894	21,210,000	179,036,939	5,136,933	852,683
Exchange Rate (08/2009)	2.234	1.79	3.792	2.56	0.0297	0.375	2.56	2.56
Latest Budget (Tala million)	48,633,057	21,072,613	21,038,904	3,936,895	62,995,787	67,138,514	13,150,549	2,182,867
Budget	99%	97%	100%	100%	17%	84%	94%	84%
Banking	33%	13%	0%	0%	0%	0%	0%	96%
Accounting	33%	31%	0%	100%	0%	0%	73%	88%
Procurement	31%	16%	0%	0%	0%	0%	0%	80%
Reporting	0%	0%	0%	0%	0%	0%	0%	0%
Audit	47%	42%	0%	100%	3%	0%	100%	88%

Source: PEFA Report 2010

The following assumptions were made in the PEFA Report:

- Budget: This means that the funding is indicated somewhere in the approved Budget Estimates for 2008-2009.
- Banking: This refers to the use of one of the Government's main bank accounts managed by Treasury. Special Purpose Accounts are not considered to be using Government systems even though Government consider Special Purpose Accounts as part of their systems.
- Accounting: This refers to the use of Government's Finance One accounting software systems.

- Procurement: This refers to use of Government guidelines and standards with approvals by the Tenders Board. Additional approvals by a donor are not considered as using Government procedures.
- Reporting: This refers to the presentation of donor expenditure in the Government's official financial statements. It is recognised that GoS does not report development expenditure in the financial statements (PI-25) and therefore this is not within the control of the donors.
- Audit: This refers to the use of the Controller and Chief Auditor to undertake the audit of donor financed programs.

Further explanation as to the breakdown of the various percentages is provided in the following paragraphs.

- European Union: In 2010/2011 EU will provide 85 percent of its funding through sector budget support utilising government procedures in all areas. Currently 85 percent of EU funds support Government's water sector wide approach using a project approach following EU procedures but operating under a Government led institutional arrangement. The balance is used for technical assistance and Microprojects with its own Project Management Unit.
- Australia: The figures for Australia reflect the following situation - 47 percent of Australian funds are channeled through accounts managed by the Government. However, these programs utilise special purpose accounts and not the main bank accounts under Treasury. These programs are also not reported in Government Financial statements/reports. The 33 percent score for procurement reflects the fact that financing for the Health and Education SWAps, which are pooled with ADB/WB, are affected by ADB/WB's requirements for prior approval of procurements over certain limits.
- New Zealand: The figures reflect the fact that although a larger proportion is channeled through bank accounts managed by government, only 29 percent of NZAP funds are entered into the Finance One system. The 15 percent score for procurement reflects the fact that financing for the Health and Education SWAps, which are pooled with ADB, are affected by ADB's requirements for prior approval of procurements over certain limits.

3.1.6 Conclusions

The aid effectiveness agenda in Samoa remains strong. The GoS's commitment is reflected in its recent aid policy, its ongoing efforts to improve its own systems and processes and its strong leadership with donors in relation to ownership and alignment. Donors, in the main, continue to make progress toward the implementation of the PD. This is reflected in the increasing use of government systems and the emergence of funding through budget support. A small number of donors have yet to make significant changes to align their modes of operation with the PD principles. While some of the new modalities are still developing and changes continue to be needed to ensure they are working effectively, there is evidence of goodwill on all sides to ensure that development assistance in Samoa is as effective as possible.

While Samoa had commenced its own change and reform agenda in the early 1990s, the PD and AAA provided the country and its development partners with a common language and further impetus to

continue and sustain the reforms and change. Other factors that have influenced the way aid works in Samoa are the continued confidence of Samoa to take control of the aid agenda, the emergence of China as a major donor, the 2009 tsunami that resulted in new modalities to respond to the emergency, and the changing expectations of donors which are, in most cases, being shaped by the global debate on aid effectiveness.

Samoa and most of its development partners have welcomed the PD and are actively seeking to implement the principles into aid delivery. Australia and the EU have been the most responsive in terms of change. Some donor agencies are constrained by the continued centralisation of decision making. The area causing greatest concern is procurement with some agencies (particularly the multi lateral banks) continuing to place constraints on the use of government systems. The government continues to pursue avenues with by which there would be greater acceptance of the use of country systems.

3.2 To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?

3.2.1 Improvements in the efficiency of aid delivery

Change in delivery modalities for aid

Over the last five years or so there has been a considerable shift from the project modality with approximately 74 percent of donor commitments now channeled via program or sector based support in key sectors including water, health and power. Prior to 2005, GoS was implementing close to 300 discrete projects. In 2010 there are eight sector programs and less than a 100 discrete projects.²¹ Some budget support has been provided and more is anticipated as Samoa demonstrates its capacity to effectively manage donor funds.

Prior to 2007, most assistance to Samoa was project based. There were large infrastructure projects, often involving more than one donor. Some were financed under parallel arrangements (being the government's preference at the time), because under co-financing arrangements there was a considerable administrative burden to adhere to the respective donor's reporting and financing arrangements. In particular, the apportionment of costs was quite taxing under fairly complex financing arrangements. These processes were very inefficient.

Financing modalities have changed with the implementation of the SWAs. This new modality introduced the use of joint partnership agreements, common funding arrangements, joint review mission agreements and coordinating development partner agreements. It also provided greater flexibility in the programming of funds. Under the current process, it is the government that allocates resources to sectors so the shift to SWAs has led to the government working to complete all sector plans by December 2010, to provide a framework for resource allocation. In addition, there is no reprogramming of aid resources as agreements are in place before the design of programs on what

²¹ Source: MOF estimates

the financial obligation of each donor will be, with actual implementation carried out by the respective sector stakeholders responsible. For example, under the power sector expansion project, the government and joint financing partners have agreed to use, for the first time, a partial loans buy down initiative which is accessed by way of triggers agreed to on performance measures being achieved. In the health sector a government led redevelopment mission has provided the opportunity to recast the sector program to be aligned with institutional capacities, financing allocations and expected results. It has also defined the level of engagement of the development partners precluding micromanagement of the program.

With the levels of debt is a major issue for many countries, the appropriateness of the financing instruments to use becomes an issue for multilateral banks especially where eligibility and access of a country under different facilities become a problem. This is likely to become a challenge for the GoS with its graduation from Least Developed Country status where access to highly concessional financing from the banks, as is the case at present, is likely to be affected. This will raise the cost of borrowing and debt considerably.

Donor lead arrangements

The government favours the use of a 'coordinating development partner' role in sectors where a number of donors are engaged in a pooled resource arrangement. However, the government has accepted the use of delegated responsibility where two bilateral partners are involved and agreement is made as to which partner will act on their behalf based on a joint country strategy. For example, Australia and New Zealand have agreed that Australia will coordinate the use of both Australian and New Zealand funds in the education sector and New Zealand will coordinate in the health sector.

Sector engagement of development partners

The SDS has identified fifteen sectors²²; nine sectoral plans are operational and six are to be completed. There has been considerable benefit in the move to sector planning and programming particularly the reduction in the number of individual projects. Examples include: a community small grant schemes under one community support program, all public sector reform programs under one public service improvement facility and all private sector assistance under one private sector support facility. The GoS has seen improvements in efficiency with the use of standard contracts and the simplification of reporting to donors through the use of one reporting format for consolidated funds and facilities.

Funding arrangements

Under the preferred sector wide approach, there has been a significant increase in the volume of aid pooled by donors. It is anticipated that there will be significant savings from reduced transaction costs as a result of the new framework for delivering aid, especially through budget support (as used by the EU for the water sector) and the use of country systems.

²² As listed in Table 8 – Co-operative/Joint Work Between Agencies

This year has seen the introduction, on a pilot basis, of direct budget support to the water sector under EU financing. The continuing improvements to the budget system and overall financial management information system under the public finance management reform plan will have a significant impact.

Development partner cooperation

With the increase in capacity and improved government processes from the changes engendered by the reforms and shift in aid modalities, there is a major change in the way aid assistance and delivery is now undertaken. This is reflected in the substantial increase in assistance to key sectors identified in the current SDS for the period 2008-2012, and the programs of assistance from donors participating in SWAp as the most important modality for delivery of aid to targeted sectors. Notably prior to 2005, 100 percent of donor funding was delivered through project based modalities. However, in 2005 approximately 30 percent shifted to sector or program based support and in 2010 approximately 74 percent of donor funding is now channelled via sector or program based support. There is a more collaborative effort between development partners and GoS as reflected in cooperative/joint work between donor agencies and implementing agencies within sectors in which they are engaged. Examples of this collaborative effort are summarised in Table 7 below:

Table 7: Co-operative/Joint Work Between Agencies

Sectors	Coordinating donor	Other donors	Division of labour
1. Water	EU	ADB	EU provides funding through budget support. GoS allocates resources according to Sector Plan components as well as the agreed sector investment plan and capacity development plan. ADB provided TA to set up the Master Plans for the water and sanitation sector.
2. Energy	ADB	Australia, Japan, OPEC, GEF	ADB and AusAID provide TA for the design of projects under the investment program. Financing of individual projects identified for the investment program is provided by other donors. Proportional contributions of the 3 donors to each of the components of materials, civil works and consultants have been worked out. Procurement for the power sector uses ADB systems. The SWAp operates under a joint partnership agreement.
3. Justice	Australia	China, New Zealand	Australia provided start up funding for sector plan administrative arrangements, China is providing the infrastructure and NZ adds to capacity building.
4. Public administration	Australia and New Zealand	EU, ADB, WB	Australia and New Zealand both fund the Public Sector Improvement Facility for implementation of the whole of government reform program. It operates under a tripartite agreement. There is delegated responsibility between Australia and NZ.

Sectors	Coordinating donor	Other donors	Division of labour
5. Environment	GEF	UNDP, IUCN, UNEP, Australia, Japan	Under the auspices of the National Adaptation Plan of Action, interested donors are able to identify which of the 7 programs under National Adaptation Program of Action they wish to fund. Japan is providing weather observation equipment as well as forest preservation.
6. Health	NZ	WHO, Australia, WB, UN	Three donors contribute to pooled resource for sector program. UN contributes to specific areas of the sector program relevant to their respective mandates. For donors in pooled arrangement, ADB, manages finances in collaboration with GoS and applies use of Bank systems for contracts. Operates under Joint Partnership agreement. Delegated responsibility between Australia and New Zealand.
7. Infrastructure/ transportation	WB	Pacific Regional Infrastructure Facility, China, Japan	WB has been funding transportation (roads/bridges) China, administration buildings with Japan focusing on ports development. At the request of GoS PRIF is to be engaged in the development of the sector plan as well as enhanced coordination role in the sector.
8. Trade	None	EIF, Australia, NZ	EIF has funded diagnostics trade study while bilateral have supported processes for WTO accession. Financing framework will be developed following finalisation of recommendations of trade study.
9. Community development	Australia	EU, NZ	Again a pooled arrangement to set up a Community Support Facility. Australia is supporting the administrative set up with New Zealand looking at capacity development and the EU to provide financing for community initiatives.
10. Agriculture	WB	Australia, China	Australia is funding the development of the sector plan, China is providing TA specifically for horticultural developments and the WB is financing a program supporting enhanced competitiveness of identified crops and value chains involved as well as infrastructure for promotion of exports.
11. Communications	WB		Enhancing reform program for sector including implementing roadmap for privatisation in sector.
12. Education	Australia	NZ, ADB, UN	Again a pooled financing arrangement with ADB tasked with overall financial management in collaboration with GoS. Use of Bank systems for procurement as well as those of GoS. Operates under Joint partnership agreement. Delegated responsibility between Australia and New Zealand.
13. Private sector – Tourism	NZ	UN, ADB	Donors provide support to common fund under the private sector support facility which includes support for

Sectors	Coordinating donor	Other donors	Division of labour
			tourism.
14. Finance	Australia	NZ, ADB	Public finance management reforms have been implemented with financial support from PSIF and recently from AusAID using incentives based approach.
15. Sports development	None	Australia, NZ	Both donors provide TA for sports development programs and financing for selected individual sports by Australia.

Source: Aid Coordination & Debt Management Division, MOF

Approximately 80 percent of aid is provided by 9²³ key donors/agencies supporting Samoa. The following table details the amounts invested and the sectors where development partners are engaged.

Table 8: Broad Sector Allocation as Percent Total of ODA 2010-2013

Sectors	2010-2013	% ODA
Social 6 out of 9 donors		
Water	218,925,241	
Health	154,523,645	
Education	238,858,025	
Community development	36,181,065	
Justice	67,515,712	
Public administration	34,760,175	
Sub-total	750,763,863	46%
Economic – 5 out of 9 donors		
Agriculture	24,971,132	
Private sector – Tourism	20,227,000	
Finance	23,098,698	
Energy	299,514,266	
Trade Commerce	307,151	
Sub-total	368,118,247	22%
Infrastructure – 2 out of 9 donors		
Infrastructure/transportation	108,113,500	
Communications	11,468,800	
Sub-total	119,582,300	7%
Cross sectoral – 4 out of 9 donors		
Multisectoral	332,036,934	
Sub-total	332,036,934	20%
Environment	78,643,308	
Sub-total	78,643,308	5%
Grand Total	1,649,144,652	100%

Source: Aid Coordination & Debt Management Division, MOF

²³ Australia, New Zealand, EU, ADB, WB, China, Japan, UN, GEF

It is to be noted that water, health, education, energy, law and justice, public administration, community development, private sector/tourism have pooled donor arrangements hence the concentration of donors in those sectors.

Reformed donor policies

In Samoa's case 80 percent²⁴ of donors involved in SWAps including AusAID, NZ, WHO, WB, ADB, JICA and EU have agreed and implemented a common reporting format based on the monitoring and evaluation frameworks developed under each of the key sectors. Similar agreement has been reached in the development of monitoring and evaluation indicators to measure performance. Most donors have also adopted the Government's policy matrix over the medium term to trigger the release of funds. China has not been a party to this policy matrix and there is no reform agenda attached to the Chinese program of assistance.

The involvement of donors in sector development on a collaborative basis has promoted the use of joint missions. The government has encouraged joint missions and shared analytical studies, and facilitates these missions by setting mission schedules with inputs from donors at the start of each calendar year. However, there are still individual donor missions that disregard the GoS's attempts at coordination, most likely because of their own internal priorities. In these cases the Government provides no guarantee that parties they might wish to see and meet would be available to do so.

Harmonisation arrangements

Much progress has been made in harmonisation of donor arrangements through the use of joint assistance strategies and plans at both national and sector level. This had been the case with Australia and New Zealand well before the PD. i.e. 29 percent (or two) of the seven main donors²⁵ have established joint assistance strategies with the government. The major factors supporting this shift to joint assistance strategies by New Zealand and Australia have been their historical involvement with aid programming in Samoa, the synergies in the areas they selected to be involved in, the similarity in their systems and processes, and their familiarity with the constraints in the government's systems and processes. Their strong support of the government's public sector reform program in the earlier years (1990's) also provided them with an overview of parallel developments as progress in achieving some of the goals of these earlier reforms were achieved. These joint country strategies are used as a basis for development cooperation by some partners, while partnership agreements are used at sector level for all donors involved in any one sector. Joint thematic strategies are also developed on cross cutting issues such as gender, climate change, environment and exclusion to name a few. These are all applied in program designs for all of the donors involved.

The general survey highlighted that multilateral development partners such as ADB and WB have some degree of difficulty in terms of harmonising their procedures with bilateral partners as the Banks have stringent (seemingly inflexible) procedures that must be followed.

²⁴ Source: MOF estimates

²⁵ Seven key donors include AusAID, NZAP, WB, ADB, EU, Japan and China

There has been recent agreement on the use of common procedures for pledged funds instead of donor procedures as applied to the Public Sector Improvement Facility²⁶, Private Sector Support Fund²⁷, and Community Support Fund²⁸. By adopting the government's policy matrix over the medium term, donors have also agreed to shared conditions for tranche funding. The use of joint monitoring, evaluation and reporting processes is a very positive outcome for the government.

Partnership arrangements

Partnership arrangements under the SWAp modality have been a challenge. This is especially true where bilateral and multilateral agencies are both involved. The use of common pooled financing arrangements is a way to ensure that there is harmonisation of the financing resources that will eventually be aligned to country systems. In the case of the sector programs where the multilateral financial institutions are involved (namely education and health) the donors have deferred to using the procurement systems of the banks rather than the GoS. Challenges remain in terms of harmonisation, alignment; results based management and mutual accountability in varying degrees with alignment the most challenging for the partners, especially in moving to using government systems and processes fully. Results based management and mutual accountability is work in progress.

Incentives for harmonisation, alignment and results orientation

About 74 percent of total ODA is delivered through a program based approach. This is largely a result of jointly developed action plans by the government and development partners. As well, the government's commitment to its Public Finance Management Reform Plan, a key to budget support, remains on track. The development of joint accountability frameworks such as joint program performance reviews and the issuance of quarterly progress reports to report against monitoring and evaluation frameworks followed by joint annual program reviews for all sector programs should provide both donors and the government adequate information to track progress on implementation and achievements. This should provide a sound basis for continuing donor participation including direct budget support. These frameworks are operating for all existing sector programs and will be the modus operandi for the remaining sector plans and programs. Notable examples of these joint reviews processes include the extensive annual sector review process undertaken by the water sector since 2007 which includes local stakeholders and donors as well as joint review missions within the health and education sectors.

Samoa's commitment to reform, its stable economy attaining modest growth rates in the last 10 years, improved indices in the social sectors, progress towards attaining the MDGs by 2015 and improved governance in the public sector has raised its profile in the international community. This provides an incentive for both donors and the government - to collaborate as partners in successful development.

²⁶ PSIF – current donors include AusAID and NZAP

²⁷ PSSF – current donors include NZAP and UNDP

²⁸ CSSF – is yet to be operational and current donors include EU, AusAID and NZAP. Proposed procedures are based on EU guidelines as they are the dominant donor in this area.

3.2.2 Improvements in the management and use of aid; extent of change, contributing factors (why?) and validity.

Increased use by donors/agencies of country systems and procedures

Over the last few years, there has been increasing harmonisation and coordination of donor activity. This is particularly true in terms of inclusion in the budget documents, although Government as yet has not attached development cooperation contributions to specific sub-outputs or outputs even with the data in place. The completeness and timeliness of information on projected and actual disbursements from the major donors is reasonable, although the data is not always presented using government classification. The degree of usage of the government's finance systems has been discussed in Section 3.1 of this report.

In late 2009, most of the development partners, including the multi lateral banks, agreed to the common policy matrix provided in Annex 4 of this report. It provides an overall performance measures framework of the government in the medium term – the indicators applied at sector level are linked to the policy matrix but provide more detail.

Linking of donor programs and resources to development results

Donor programming and resources are increasingly linked to national level/sector level development results. Except for one donor all other key donors have plans which specifically link expenditure to results. This is supported by the introduction of outcomes performance based budgeting currently trialled for all lead ministries in existing sector programs (eight) as well as two who have sector plans in draft form. The change from output/performance based budgeting to outcomes is a major step towards strengthening the links between the SDS and the budget, as well as providing a framework for donor participation. This initiative will provide the basis for direct budget support and allow the government and partners to track the achievement of development outcomes prioritised in its SDS.

Proportion of donor results frameworks which reflect national results areas (including cross-cutting issues e.g. gender, exclusion, climate change, environment)

Eight out of nine sector frameworks reflect national results areas inclusive of cross cutting issues agreed to between donors and Government (including appropriate indicators). Government has engaged in a number of projects to mainstream gender issues. A situation analysis of social exclusion is being done at sector level before a decision is made regarding mainstreaming – albeit this has been done for some sectors. Government signed on to a WB/ADB program which will strengthen capacities to mainstream climate change renewable energy and energy efficiency into the national and sectoral planning processes.

The feedback through the general survey indicates some concerns that cross cutting issues such as gender and disability have not received as much attention as they have in the past as the GoS takes more control over programs, and donors have less power to push certain agendas. However, it is noted that the government has strengthened its focus on disability through enhanced links with development goals under the education sector and on gender through work on the MDGs and the implementation of the Convention on the Elimination of Discrimination against Women.

Global and Regional programs

There is little integration of global programs into the GoS's development agenda. While the country strategies of global programs may be based on the SDS they may not necessarily reflect GoS priorities, rather they reflect their own governing mandates. National planning and monitoring frameworks do seek to incorporate global programs. Similarly, regional programs are not always appropriately aligned with GoS priorities. Some of the underlying reasons for this include the lack of coordination and communication between the focal point of contact within each country and key agencies involved with national plans, their implementation and/or resourcing. It is not unusual for civil servants to be invited to participate in training or other capacity building activities directly through Ministries rather than through the GoS coordination points. This undermines the coordinated approach to assessing capacity needs gaps supported by national capacity building plans and sectoral initiatives and contributes to the duplication of programs and the wasteful use of resources.

Government national development strategy (SDS)

The SDS clearly articulates the key priorities and strategies that are to be pursued by the Government and key stakeholders over the medium term (3-4 years). However, there is still a need to further develop a single framework or manageable set of robust performance indicators for the SDS. The SDS does not have a single framework for conditions; however, the Economic Planning and Policy Division developed a draft performance monitoring framework in consultation with an ADB advisor in 2008. These draft indicators were developed in consultation with key stakeholders in government, NGOs and private sector. There is still a need to conduct more consultations inclusive of the donors through the Public Finance Management Reforms implementation program before the indicators are finalised. Disaggregation of the data will also need to be factored in with other donors / governments.

Linkages between the SDS and annual and multi-annual budget processes

The national development strategies are operationalised and implemented through sector plans and individual corporate plans of the responsible agencies which in turn are financed through annual budget appropriations.

For current expenditure, the annual budget process is orderly with Cabinet now approving the baseline estimates prior to the issue of the budget circular, although overall ceilings for both current and development expenditure have yet to be determined. Preparation of the Public Sector Improvement Program is a separate multi-year process. Although all projects should be appraised by MoF and approved by the CDC, in practice this is not always done, particularly where donors decide to introduce projects from their end. When projects are submitted directly to donors these are returned to MoF for regularisation through the usual channels and processes.

Parliamentary processes for monitoring of the SDS

There is increased monitoring and scrutiny through parliamentary processes of progress with the National Development Strategy through the budget. Legislative scrutiny of the budget is done by the Public Accounts Committee and is restricted to the detailed estimates. Legally the legislature is

unable to amend (other than reduce) the proposed estimates, and in practice the committee spends a limited time (14 days under the Constitution) in their review.

Scrutiny of the Controller and Chief Auditor's annual report is now done by the Business Committee albeit delayed, while scrutiny of the public accounts is done by the Public Accounts Committee. Deliberations on the latest set of audited public accounts (for years ending June 2004, 2005 and 2006) which were tabled in January 2009 have now been concluded. Audit reports for individual ministries are not submitted in a timely manner, so the ability of any of the committees to conduct in-depth hearings is constrained, and although the committees submit a report for debate by the Assembly, this is not published. However, all of the parliamentary debates are broadcast publicly so there is public dissemination through this medium including press coverage. The MoF under the Public Financial Management Reform Plan is focusing on the development of a communications strategy to ensure engagement of NGOs, the public and parliamentarians in the development process – it was also an identified area of weakness under the first PEFA.

There is also the opportunity for scrutiny of the budget through the annual reports of the ministries but many are not up to date.

Frameworks for consultation

There is a clear framework in place for consultations on the development of the SDS. The national planning process is led by the Economic Planning and Policy Division.. The SDS is then prepared in consultation with other government agencies, churches, and the private sector, non-government organisations, and the public. The SDS is approved by Cabinet, and its implementation is reviewed by the MoF.

All development cooperation programs have components for non state actors, some with government endorsement provide funds directly to NGOs Recent consultations with all development partners and NGOs has resulted in a common framework to deliver this assistance through the Civil Society Support Program to be managed by an independent program unit and for which oversight is provided by a Steering Committee that is chaired by the MoF and has a majority membership of elected NGOs.

Responsiveness of the SDS and sector strategies to international commitments to gender, equality, human rights, disability and environment sustainability

The SDS has a clear analytical basis which addresses gender, rights, disability and environmental sustainability, and through improved information systems, including disaggregated data around gender and disability, it is able to respond to these commitments. As well there is a linking to the SDS of the reporting obligations of the Government on related international instruments such as the human rights treaties of Convention on the Elimination of Discrimination Against Women and Convention on the Rights of the Child as well as a number of multilateral environment agreements.

Efficiency in aid management

Management of resources is always a challenge when there are issues of capacity and outdated systems and processes. In Samoa's case, there is still a great deal of work to be done to raise the

efficiency²⁹ in management of aid. At the sector level, there is limited capacity in efficient aid management although this has improved under the SWAps with technical assistance and capacity building. The delegation of greater decision-making from headquarters to field offices by donors is also having a positive impact on raising efficiency in both aid delivery and management.

While aid delivery is becoming more efficient there is an issue relating to the time it takes to receive proceeds from some donors. The process is quite protracted and costly because of the different systems and/or cumbersome requirements. This is also true for procurement where efficiency is hindered by prior approval requirements. This affect all funds including those under pooling arrangements which are subjected to the processes of the financial institutions involved, for example, the sector programs where the multilateral financial institutions are involved such as health, power and education.

Capacity-building of country systems

Strengthening of country systems through capacity development is one of the key principles for aid effectiveness applied at national level and included in country strategy development with most donors. Capacity building is an integral part of regional level strategies as well. Capacity building is also heavily emphasized in the Aid /Development Cooperation Policy. Acceptance by the donors has been manifested in the following ways:

- increased financing through budget support for the implementation of the Public Finance Management reform plan and program which is focused on strengthening systems.
- the redesign of the Public Sector improvement Facility to emphasize reform oriented activities as exemplified by the PFM reform program.
- the initiative by the EU to use budget support was because it was satisfied that the GoS had robust systems following the PEFAs and follow up implementation reform program.

Strengthened financial management capacity

PEFAs were carried out in 2006 and in 2010. Subsequent PEFAs are to be done every 2 years. Similarly, a Debt Management Performance Assessment was carried out in February 2010. As a consequence of these reviews, the Public Finance Reform Plan will be on a two phased basis.

The two PEFAs were financed by the EU and the DeMPA by the WB. The development partners agreed to accept findings of the assessments as well as the reform plan that the GoS developed to address issues from these assessments. Funding of the reform plan has been through the Public Sector Improvement Facility³⁰ as well as through the Samoa-Australia partnership and the ADB. There have been a number of other analyses such as the use of sex-disaggregated data and analysis in public financial management systems (for example, gender audits and gender budget analysis) and while they have yet to be applied, staff have been trained in the use of these tools.

²⁹ Efficiency is defined as ensuring value for money from the inputs of funds, staff and other resources.

³⁰ Jointly funded by Australia and New Zealand

A thematic group on procurement and fiduciary standards has been set up. A number of working groups have also been established as part of the PFM reform plan. A PFM Steering Committee comprising Chief Executive Officers of the Ministry of Finance, Revenue and Audit provides oversight. A Task Force chaired by the Deputy Chief Executive Officer, Finance looks at overall implementation of the PFM reform program. Focus groups have also been established to look at issues such as cash flow management, fiduciary standards, and domestic debt markets. A number of audits of major development programs have been accepted (without qualification) by the Auditor General.

Strengthened national procurement systems

A number of harmonised diagnostic reviews and performance assessment frameworks for procurement have been carried out by the ADB and WB respectively, with the WB assisting in the development of the current procurement manual. The proposed joint review mission by the WB and ADB will look at the reforms that have been implemented to date. There are a number of procurement processes where local and regional firms have been allowed to compete. The approach of donors varies. The following table summarises Samoa’s donor response to competition.

Table 9: Procurement Modality – Tied/Untied Procurement

Donor	Tied/Untied Procurement
Australia (where applicable)	Untied
New Zealand (where applicable)	United
EU	Untied
WB	Untied
ADB	Untied
Japan	Tied
China	Tied
UN (where applicable)	Untied

Source: PDE General Survey Findings, 2010

The value of procurement as a percentage of total ODA under International Competitive Bidding compared to the value of direct procurement is provided in Annex 5. All procurement is done through the government Tenders Board, with the exception of Chinese and Japanese aid which continues to follow their own systems and practice.

Use of mutually agreed fiduciary standards

There are a number of processes using internationally agreed standards or accepted best practices such as OECD and WB diagnostic tools and others, including International Accounting Standards. There have also been instances of the International Community agreeing on a common standard as has been the case with use of international audit standards by the Office of the Auditor General which carries out audits of all programs. As well, the task team set up in association with independent consultants that have come to carry out the PEFAs and the Debt Management Performance Assessment have been asked to consider standards that set parameters for these assessments.

Progress towards transparency and accountability for development results

To address concerns with corruption, both the GoS and donors have developed strategies and institutional mechanisms to tackle corruption. This involves incorporating specific anti corruption strategies/references in country strategies and funding agreements. The government is usually advised by donors of blacklisted contractors, and there is strict monitoring of tender processes and compliance conditions. There has been only one investigation undertaken and resolved. Efforts have been made to improve investigation systems, legal redress and promote greater accountability and transparency in the use of public funds.

The Public Finance Management Act 2001 and the Public Bodies Act 2001 provide adequate punitive measures to address concerns with corruption. The new Public Finance Reform Plan also addresses this issue by ensuring internal audit units are adequately strengthened. Donors have taken concerted steps to combat corruption by individuals and /or corporations and companies to track, freeze and recover illegally acquired assets from donor/agency funded programs/projects. It is to be noted that so far the situation has not resulted in any fraudulent or corruption charges.

The government remains focused on implementing the principles of good governance and best practice in all of its processes and systems. This has been an integral part of its reform program.

Country capacity to plan, manage and implement results-driven strategies

As previously described, the GoS has a number of government plans/programs/ policies which set out clear linkages between expenditure and results over the medium term. These are works in progress and require all sector plans to have monitoring and evaluation (M&E) frameworks that link expenditure to outputs and outcomes – with agreed base indicators. In Samoa's case, it is intended that M&E frameworks will have clearly identified links to the SDS through the use of the same indicators. The national budget MTEF is to be linked to sector MTEFs and these frameworks should include a manageable number of disaggregated indicators. The GoS has placed a lot of emphasis on strong linkages to its SDS and some of the developments to reinforce these linkages to achieve the desired outcomes are as follows:

- all ongoing sector programs have policy frameworks Medium Term Expenditure Frameworks and Monitoring and Evaluation Frameworks – some have disaggregated indicators by gender e.g. education and health.
- availability within Government of regularised socio-economic data sets which are available on an annual basis.
- use of disaggregated data (gender, excluded group) within results and assessment frameworks.
- some sectors have undertaken specific studies on the identification of vulnerable groups for planning purposes.
- given the ongoing issue of availability of quality data, a number of sectors have invested in surveys to establish baseline data.

While these remain as works in progress in most cases, the issues of well developed systems and processes as well as capacity for sustainability is an ongoing concern to both government and donors.

3.2.3 Better more inclusive and effective partnerships

The role of Parliament

The GoS has strengthened the role of Parliament in the implementation of its national planning strategy through regular reviews of the budget, development policies and strategies reflected in the budget, and the performance indicators that have been incorporated for monitoring of developments through the budget.

The move from output/performance based to outcomes based budgeting is a major step. This is being trialed in this current financial year (2010/2011). The introduction of a medium term framework for the budget in the 2008/09 financial year was another important milestone in the progress towards effective use of resources and providing greater predictability of resources against which government could implement the SDS. These developments will provide Parliament with the opportunity to track and comment on national plans and their implementation, especially the achievement of development results.

At the presentation of the budget in Parliament, there is a rigorous process for screening of the budget details by a parliamentary committee (Public Accounts Committee) over a period of fourteen days before it is debated by members prior to approval. This forum also discusses policy frameworks, strategies and performance of ministries and corporations through audit reports and annual reports submitted by ministries and corporations to Parliament. Audit reports also comment extensively on the use of aid, and provide a lot of information to Parliament on aid utilisation. As these debates and discussions are open to the public, this information becomes available simultaneously over public broadcasting services and the media.

The implementation of a communications strategy as promoted by the government under its Public Financial Management Reform Plan will be crucial to ensure parliamentarians are fully engaged in the new initiatives and reform measures so that they can also monitor effectively the achievement of government's development results.

Advocacy for all assessment reports will be made through the parliamentary advocacy group aside from the usual NGO/CSO channels involving the public.

Reporting requirements and assessment methodologies

There are comprehensive aid flow reports available from the donors. As well, all donors except for one provide annual reports on aid flows, although not all provide them on a timely basis. Government reports biennially on aid flows.

Other assessments conducted include sector budget support with the EU and assessment with the WB and the ADB towards general budget support for emergency and global crisis response using the common policy matrix. The outcome of this assessment was used by Australia to release its emergency response to the GoS over the 2009 tsunami (an important point – the tsunami effectively

became a catalyst for new ways of working as an emergency demands fast action and fast responses). In August 2008, a Partnership Agreement was formalised between the GOS and the Australian Government. The progress of the work under this agreement was assessed using the scorecard methodology.

There has also been a series of mutual assessments of government (donor supported) programs - seven with an estimated value of SAT114 million in volume of ODA, and four mutual assessments which address gender and exclusion issues. In support of the strengthening of existing international accountability mechanisms, a number of joint reviews using the peer review methodology have been conducted and published.

Public dissemination of information

The government has made public a number of mutually agreed conditions which are jointly assessed on its website. Also included are all Memoranda of Understanding, joint partnership arrangements, report cards and assessments. Common performance indicators are made public on the web. Also on the web are tracking reports on MDG achievements and attainment of loan covenants in all sector programs. Other assessments that have been made public include two PEFA assessments and a DeMPA; the Samoa-Australia Partnership annual assessment; the joint EU annual reports; and scholarship program reviews. However, as not all of the country has access to modern technology by which they can access such information, this is an area of weakness that must be addressed as a priority. In this regard, the communications strategy under the PFM Reform Plan remains a pivotal one to improve and extend dissemination of information to the public. The latest reports available to the public are the 2010 MDG tracking report and the 2010 tsunami report of all assistance received and disbursed.

Aid predictability

Because of the clear sectoral objectives in the SDS, improved budgetary, financial system and processes, there has been an increase in aid being committed through a multiyear framework by a number of donors. All of the nine donors engaged in sector programs have provided indicative commitments within multiyear frameworks premised on sector MTEFs. . This is reflected in the level of ODA for the 2010-2015 period where 72 percent are indicative aid commitments over a five year period, 12 percent are on a two year basis and the rest on an annual basis. Together with aid disbursement schedules from the donors, this has provided the government some degree of predictability over aid flows.

Delegation of authority by donors to field offices

As discussed earlier in this report, there is mixed results on delegation of authority to field offices by donors. Some of the key underlying reasons could be attributed to the limited capacity for aid administration on the ground around the time the PD came into effect. While donors themselves have been slow to develop an environment within their respective bureaucracies for active pursuit or implementation of the PD, likewise, locally based staff needed to undergo similar training requirements to manage effectively. The size of the SWAPs and their complexities may have also contributed to the degree of delegation by donors to their field offices.

In some cases, there have been increased levels in decision making authority for financial approvals and reallocation of resources of donor country offices. Australia in particular has enhanced levels of delegation compared to five years ago which has allowed for speedy response and feedback, as well as timely transfer of funds to the government. It has the highest complement of local staff compared to other donors. The number of technical staff within country offices is proportionate to the level of financial commitment of donor/agency. This is demonstrated as follows:

Table 10: Donor 2010 ODA Commitments and Staffing

Donor	Amount	Staff Complement
AusAID	AUD\$27 m	8
NZAP	NZ\$15 m	4
EU	ST\$18 m	2
China	US90 m	3
JICA	Yen 750 m	1
World Bank	US40 m	1
ADB	US26 m	1
UN	US3.5 m	24
GEF		No in country staff
Global funds		No in country staff
Total		44

Source: Aid Coordination & Debt Management Division, MOF and PDE General Survey 2010

Note that the number of technical staff with gender expertise working within country field offices is three of the total of forty four.

There is increased capacity of staff in country to manage increased levels of delegation. This is done by frequent staff rotation, and for international staff to remain in post for three years. In most offices, local staffs are permanent staff but one particular mission continues to experience high turnover in local personnel. In some of these missions there are donor performance frameworks (institutional and staff) for development effectiveness including references to aid effectiveness principles.

The degree of collaboration of donors with the government is reflected in the government's invitation to participate in the annual program performance review of Australia's aid program. The government has also participated in the Development Assistance Committee review of NZAP 2010 and institutional review of UNDP.

3.2.4 Is there evidence of AAA triggering an acceleration of the aid effectiveness agenda in respect to progress on (a) Country Ownership over Development; (b) Building more inclusive and effective partnerships for development and (c) Delivering and Accounting for Development Results?

Based on the feedback from key stakeholders there is little evidence that the AAA has triggered an acceleration of the aid effectiveness agenda following the endorsement of PD by the government in 2008, rather, both PD principles and AAA commitments have been complementary rather than initiating government reforms which were instigated prior to 2005. While PD principles and AAA

commitments did not trigger the aid effectiveness agenda in terms of country ownership over development and the building of more effective partnerships, they have complemented and enhanced these aspects and strengthened the focus on delivering and accounting for development results.

3.3 Has the implementation of the PD strengthened the contribution of aid to sustainable development results? How?

3.3.1 Were results in specific sectors enhanced through the application of the PD principles?

To establish if results in specific sectors have been enhanced through the application of PD principles, this study has examined three sectors – health, water and power. The following provides a brief outline of the experience in each sector. The role and likely impacts of the PD are highlighted.

Health sector

Until 2007, donor support to the health sector was provided primarily through projects. Major projects were the AusAID funded Samoa Health Project in 2000-2007 and the World Bank and GoS funded Health Sector Management Program in 2001-2007. Both projects were delivered through Project Implementation Units, located within the MoH, and parallel donor specified systems and processes were used. As these projects were drawing to a close, the major sector donors (WB, Australia and New Zealand) and the relevant ministries (Health and Finance) agreed that a SWAp should be implemented to provide ongoing support.

The health sector SWAp commenced in 2008. Oversight is provided by the Health Program Steering Committee which is chaired by the MoF. An estimate of the share of Pool Partners contributions to the SWAp are (i) GoS contributions 6 percent, (ii) Australia grant 45 percent, (iii) New Zealand grant 24 percent, and (iv) International development Assistance credit 25 percent. The annual shares of contributions by each partner is reviewed and mutually agreed at annual Health Summits. The Health Sector Plan 2008 - 2018 and the corresponding 3-year Corporate Plans for the Ministry of health (MoH) and the National Health Service (NHS) provide the sector, and the SWAp, with direction and strategy. These plans are underpinned by a health sector MTEF with prioritised activities aligned with the Health Sector Plan over the financial year periods from 2009 to 2013. It covers both government and development partner funds.

Under the SWAp's Partnership Agreement there is a commitment from the donors to the increased use of GoS systems and procedures. As an interim measure it was agreed that the WB finance and procurement systems would be used with progression to GoS systems as capacity was developed and donors became confident that the GoS systems met required standards. Progress in this transition has been relatively slow and feedback suggests that this has as much to do with the lack of flexibility of some donors as it have to do with the capacity of the MoH and GoS systems. For example, the sector program uses the WB procurement systems and the bank insists on prior review of all procurement and sometimes fails to consider issues in context. In addition, MoH does not yet have

the requisite capacity to fully comply with the detailed requirements in a timely manner³¹. The insistence by the WB for prior approval of both large and relatively small items has resulted in considerable tension within the partnership. Fortunately, recent discussions have resulted in some progress towards the resolution of this issue that should lead to greater use of GoS systems.

Membership of the SWAp is limited to three donors however several other agencies (United Nations Population Fund, United Nations Children's Fund and WHO) have signed a Partnership Agreement with the GoS that commits them to support the SWAp and the Health Sector Plan. There are also a number of donors who continue to provide funding outside the SWAp. Their contributions towards the achievement of the Samoa Health Sector Plan are managed by the GoS through the Aid Coordination and Debt Management Division and the MoH (Sector Coordination Unit). A missing element has been the delayed recognition by the sector that the sector program is inclusive of all donors involved in the sector. Rather, the 'health SWAp' is perceived as an alternative financing modality and this interpretation has led to a delineation of donor involvement. These perceptions are now changing with increased advocacy on what a SWAp is and how it should work and the redeveloped framework for program implementation.

Support for capacity building within the MoH had commenced in 1998 under the GoS's institutional strengthening program and was followed by the earlier programs, both of which had a strong capacity building focus. Under the SWAp considerable support has also been provided to build local capacity. A Procurement Advisor has been working with the SWAp Coordination Unit to build its capacity to meet the standards required of the pool donors and an Implementation Advisor is to be recruited to provide further support. Health is also benefiting from capacity building activities carried out at the national level such as those to do with financial management and procurement.

Due to the lack of data it is not yet possible to determine if the health SWAp has contributed to improved health outcomes. The Health Sector Plan specifies outputs and indicators for each of the plan's six objectives and a Demographic Health Survey was conducted in 2009, funded through the SWAp, to provide the baseline for M&E.. The M&E process specified under the SWAp includes: clearly defined and measurable program objectives and components objectives; a structured set of program impact and results indicators (including a set of SWAp process indicators); and baseline data (established through the conduct of the Demographic Health Survey and through data gathered from various surveys). Feedback suggests that this is still very much in the development phase and more work is still required to put an effective M&E process in place. This is also an expected outcome of the redeveloped program framework.

The health sector survey results suggest that there has been limited improvement in the management and use of aid in the sector since 2005. This is attributed to a range of factors including the problems associated with the lack of understanding of what a SWAp is and how it should operate, the considerable amount of effort involved in implementing the SWAp, the focus on the first

³¹ By comparison, the ADB, under the education SWAp, has provided some flexibility in setting a level for procurement at SAT\$1.0 million subject to the GoS's tender process, so that any procurement beyond this level would then go to the Bank for approval.

three principles of the PD and the subsequent lack of quality dialogue around results and accountability. The survey identifies governance reforms as the main driver for change in the sector.

Power sector

The Power Sector Expansion Project provides support to the Electric Power Corporation for the period 2008 - 2015. The project/program has three investment components, a project management component and a technical assistance cluster. Its goal is to support the implementation of Samoa's national energy policy. The ADB has been Samoa's major donor to the power sector since 1971. Other donors that have also been involved include AusAID, the European Investment Bank, Global Environment Fund, Japan, UNDP and the WB. The current program involves ADB, Japan and Australia with the ADB as the coordination lead agency.

The sector loan was approved in December 2007 and became effective on June 12 2008. Because of the familiarity of the current donors involved with the Electric Power Corporation, especially their institutional knowledge of the corporation, the design of the program focused on the company's investment plan, necessary reforms to enhance their operations for financial sustainability, changing of the operating or external environment to promote competition with the opening up of power generation to the private sector and the introduction of a regulatory authority to ensure fair practice and compliance with regulations and policy requirements. Part of the approach to strengthening overall policy stance is the introduction of grant assistance (Australia) to buy down a portion of the loan (ADB) under specific performance requirements which also include the above components. This innovative aspect of the program is being closely monitored by the GoS and other donors who see it as a possible model for future support in other sectors.

There has been mixed progress on policy goals. While there has been wide dissemination of information on the project, legislation amendments to support key policy changes such as the inclusion of the private sector in power generation in a regulated environment have yet to be concluded. It is anticipated that these will be completed in the current term of parliament prior to elections in March 2011.

There has been strong ownership by GoS and its agencies from the start with design and implementation; however, there are capacity issues especially in key managerial, technical analytical skills and engineering skills at all levels of the main implementing agency, namely the Electric Power Corporation. There are no known issues with or between donors.

A Project Management Unit was established to manage the program of US100 million. The Project Management Unit is responsible to the Project Steering Committee, which is chaired by the Chief Executive Officer of the MoF, and includes key ministries and agencies to help guide the strategic direction of the project. ADB procurement guidelines are used for all procurement above SAT1m. Local systems are used for smaller procurement. A recent review suggested that the Project Steering Committee needs to be more proactive in monitoring progress.

There was limited discussion about the PD principles in the development of the project, nor was there any open consideration of the implications of these principles on the government or the partnerships emerging in the overall financing and implementation of the project. There is no doubt there is room for improvement especially in ensuring donor assistance harmonises and that the

program aligns with Samoan country systems and processes. The principle of mutual accountability also needs to be highlighted especially where there are joint evaluations and reviews to ensure their findings and recommendations for improvements are taken into consideration at all stages of implementation to safeguard against inefficiencies and to uphold the integrity of the project.

The power sector survey results suggest the SWAp is contributing to some improvements in capacity of the Electric Power Corporation. The survey identifies changing political priorities, need for governance reforms in the sector, economic conditions and natural disasters as the main drivers for change in the sector. The approval by Parliament of the necessary legislation in support of the new initiatives for a greater role of the private sector in power generation and a regulated environment to support competition will no doubt become a key driver for more commercial orientation in its operations and greater efficiencies and improved service delivery. They will also support the corporation in achieving the outcomes of the program. The use of incentives in this sector program is also seen as contributing to improved efficiencies in service delivery.

In terms of progress towards achieving development outcomes, the implementation of prepaid power metering, improved collection and automatic adjustment of the surcharge on the cost of imported fuel based on market prices have seen some improvement to the financial situation of the corporation, however, as these measures are yet to be fully complied with, in addition to the completion and commission of the capital works for expansion to meet the demands of the stakeholders, these will continue to be monitored to ensure achievement of the development outcomes at the completion of the program.

Water sector

The Water Sector SWAp has been a very challenging project since its inception. While the existence of an integrated sector plan has helped to form the basis of the SWAp, institutional issues such as the lack of capacity within the Ministry of Natural Resources and Environment in the initial phase (2006-2010), resulted in the sector management unit being established within the MoF. This has become problematic. In addition, the MoH, one of the key implementing agencies at the time of inception was being reformed to separate its health policy and regulatory roles from service delivery roles. The MoH consequently retained health policy and regulatory functions while the service delivery functions were transferred to a new National Health Services organisation, the National Kidney Foundation and to NGO's such as the Samoa Umbrella Organisation of NGOs and the Red Cross. This meant that while the responsibilities for the delivery of various functions were devolved to several implementing agencies the Government, through the MOF, retained strong ownership of the water SWAp.

From the outset, there has been strong collaboration between the donors involved and the government. These donors are Australia, ADB and the EU. They have adopted the sector plan and committed funds over five years. These resources, except those from the EU, are disbursed through donor's respective systems and not through the government. This has been a major issue in the constant seeking of approvals for capital, especially from the ADB.

While considerable resources have been committed to the sector, the proposal for direct budgetary support as a way forward has not been easy because of different financial systems and requirements.

At this stage, the only known committed resources on a rolling year basis in line with the framework of the water SWAp are from the EU. While other donors involved have indicated their willingness to support this modality, there may be limitations on their ability to do so (for example, the ADB) because of legal precepts in their Charter. The reforms initiated under the PFM Reform Plan will go a long way to providing the assurance to donors for budget support.

The very large Water Sector Steering Committee, involving all key stakeholders, ensures there is broad based dialogue on all issues facing the sector. However an analysis of constraints following a second Joint Review in October 2009 highlighted gaps and challenges most of which focused on a water sector harmonisation plan. 2007 was the year to secure national consensus on the action plan for the sector, while 2008 was to secure international discussion, consensus and commitment from the donor community on closing the gaps between the government and the community on outstanding issues such as harmonisation of systems and processes, joint reviews and sharing of analytical information and so forth. It seems there is a need to accelerate this process as there are clearly obstacles that have added to additional transaction costs such as the delays in approving disbursements because of the requirement for prior approval from head quarters for some transactions above the threshold of US \$1.0 million.

In summary, the Water Sector SWAp has been a challenging program because of the late development of an integrated sector policy to provide a focal point for subsector programs to be brought into the sector. The involvement of so many stakeholders and actors has meant a prolonged period was needed to work out structural issues and processes to manage the wide coverage of the sector. Other challenges have been the absence of essential key legislation to strengthen management of the sector, the lack of institutional skills and capacities and the limited application of PD principles to strengthen implementation.

The water sector survey suggests there has been substantial improvement in the capacity of the lead ministry resulting from the SWAp and that governance reforms have been the most significant factor that has influenced aid effectiveness in the sector. In the last few years, the concentration on capacity building has also added a very important dimension to strengthening the sector and the SWAp, and will remain a vital component for sustainability and for the attainment of the development outcomes of the SWAp.

In summary

These case studies teach us about the implementation of the PD principles in Samoa. In the context of the PD principles and AAA priorities:

Ownership

The sector surveys assessed the degree of ownership by the GoS as being very strong for all three sectors, especially in the direction setting for the sectors and the change agenda required. The SDS and MTEF provide all three with a solid foundation for progressing sectoral goals and strategies. In the case of health and power there were also well developed sectoral plans and underpinning expenditure frameworks that provided a solid basis for a joint donor funded program of support at the commencement of the SWAp. This was not the case with water where it took time to produce

the water sector plan through its diverse range of stakeholders, each with different degrees of interest and capacity. All three plans were developed with key stakeholders across Samoa including those from communities, NGOs and the private sector. There is also a developing appreciation in all three sectors that they have a responsibility to build the capacity of their own agencies to properly manage all resources, internal and external.

Alignment

While the programs of support to all three sectors are clearly aligned with national and sectoral priorities, the systems and processes used to implement the programs are only partly aligned with the PD principle of alignment. Under the health SWAp WB procurement processes were adopted as an interim solution until donors were confident that GoS systems were adequate. While capacity building strategies were put in place, this issue has become a point of dissent within the SWAp and its resolution will be critical to the ongoing success of the program. Conversely, there is little dissent within the power sector where a similar approach has seen ADB processes used for procurement. Stakeholders suggest that the differing responses between the two sectors has as much to do with donor and partner government personalities as it does with the actual implementation of the programs. The water sector experience is similar to that of the power sector where, after an initial period of adjustment to the requirements of developing partners especially the ADB, there is more familiarity and comfort with the use of these processes. In each case a program management unit has been established within the lead agency to carry the workload associated with the coordination of program implementation. Aid flows are increasingly becoming more predictable and, in the main, untied in all three sectors.

Harmonisation

The degree of harmonisation in each of the three sectors varies. Health has three partners who are providing funding into the SWAp and three more are signatories to a partnership agreement. However, others are still providing funding external to the SWAp but only as an interim measure. Eventually they will all be integrated into the SWAp and will be required to use Samoa government systems. The power sector also has three partners. There is considerable harmony within the arrangement which can be attributed to the small number of donors, the long history of association with the implementing agency and the more collaborative approach taken by the donors. The water sector struggles because of the diverse number of stakeholders. The other contributing factor has been the delayed development of a water sector policy since the institution of the SWAp.

While all three sectors have committed to shared analysis and shared monitoring some donors persist in conducting their own review missions - this is particularly true of the ADB and WB.

Managing for results

All three sectors have M&E frameworks in place although the degree of their effectiveness varies greatly. It is likely that in those sectors where the focus and energy has been directed primarily at strengthening SWAp processes including M&E frameworks (as in health and water) have enabled close monitoring of program delivery and reporting of results. In the case of the health SWAp, the limited success in management for results could be attributed to the slow implementation of the

SWAp because of capacity issues, the lack of understanding of what a SWAp is, and the amount of effort required in its implementation. It is also quite possible that while it is important there is a wide a representation of stakeholder views in sectoral undertakings, management at a higher level could become unmanageable when the quality of dialogue on results is affected including adequate attention to the principles of transparency and accountability.

In the power sector, while community participation was fairly limited at the design and early implementation stages of the project, there is now a great deal more interaction with the implementation of new initiatives such as prepaid power metering, and the introduction of a new regulatory environment to support the opening up of power generation to private sector participation. As the power SWAp is more technical in nature, management for results is less difficult than it has been for the other sectors so far, however, it does not mean it is any less complex to manage or to ensure it is on track in all components, as some will likely involve the use of customary land at its later stages and will no doubt involve negotiations with village land owners. Barriers include the slowness of the GoS in delivering the legislation required to implement the programs (as in water) and the lack of capacity of the managing agencies.

Mutual accountability

In all three sectors there is an emerging appreciation of the practical application of the principle of mutual accountability. In health, recent discussions have been around outputs and outcomes against the entire Health Sector Plan, not just those aspects funded by the donors through the SWAp. Similarly for the power and water sectors, policy dialogue with donors and the development of MTEFs will provide strong motivation and encourage them towards internalisation of this principle.

Overall, the sector surveys found that stakeholders hold very mixed views about the level of influence of the PD on aid effectiveness in the sectors - water rated it as having a substantial influence, health rated it as having some influence and the power results were neutral. The most prominent principles in the sector were also inconsistent – health rated ownership most highly, water rated managing for results and alignment equally most prominent and power rated mutual accountability as the most prominent PD principle in the sector. These findings suggest that the implementation and the influence of the PD are variable across sectors. The reasons are unclear but most likely relate to the role of individuals in the debate and their perception of the commitment of individual donors.

3.3.2 Did the implementation of the PD help countries to improve the prioritisation of the needs of the poorest people, including women and girls, and reduce social exclusion?

While the general survey results suggest the implementation of the PD principles has helped improve the prioritisation of the needs of the poorest people, the sectoral level responses and individual feedback suggests that this may not always be the case. As one stakeholder expressed 'I see some loss of focus on gender issues having accompanied the move towards PD aid³². This is not

³² Aid conforming to PD principles

intentional, but it gets lost in the melee, there are reduced gender specific interventions, and sometimes less clear government commitment to the issues'. This view, that the focus has been on the planning, systems and processes of aid delivery at the expense of policy dialogue and attention to outcomes particularly in relation to marginalized groups, was shared by many of those interviewed particularly in the health sector and to some extent in the power and water sectors.

3.3.3 Has PD implementation led to sustainable increases in institutional capacities and social capital at all levels to respond to development challenges? Why, how and where, and what are the effects?

Anecdotal evidence suggests Samoa's capacity to deliver on its own national strategy to respond to development challenges is strengthening. What is difficult to quantify is to what degree those improvements have been driven by the PD agenda and to what degree they are simply a continuum of a change agenda that was already underway long before the PD and AAA. The health case study provides a good example of this continuum of change – health was subject to changes commencing in the 1980s, institutional strengthening programs in the 1990s and capacity building projects from 2001 to 2007. The advent of a SWAp in 2008 continues to build on the capacity of the MoH and the National Health Service. It is possible that Samoa could not have progressed to a SWAp without the work of the earlier programs which contributed to the MoH's capacity including its ability to develop the Health Sector Plan.

In the years following initial major investments in the power sector, much of the management and technical skills of the sector have been localised. This has is the result of capacity building at all levels, although these achievements have at times been undermined by issues such as the impact of migration, high staff turnover and the inability to retain trained personnel. The advent of the PD and its impact on the power sector cannot be quantified. The lack of reference or conscious inclusion of the PD in the initial documents of the program does not in any way minimise the importance of the PD however, as the principles of ownership, harmonisation, mutual accountability and results based management permeate the design and scope as well as implementation of the program. The principle of alignment may not be as transparent in the execution of the program however the complex financing arrangements of the program and the related suite of activities are perhaps better suited to the current arrangements with ADB taking the lead role for all of the donors involved. It also fits in with the emphasis on governance and regulatory aspects of the sector which requires development of institutional capacities to implement and manage the changes these aspects will have on the sector and the country as a whole.

With the water sector, the SWAp provides clear evidence of the donors and the government working in partnership to implement the principles of the PD. The most recent joint review of the sector in October 2009 comprehensively covered recent sector achievements, focusing on the issues of harmonisation and joint annual reviews. While the water sector SWAp faced many challenges in the beginning, especially in the absence of an integrated sector policy and compounded by the large number of stakeholders and subsectors involved, the speed with which the sector is moving under its SWAp is highly commendable. The commitment of all the partners involved, especially in addressing the incorporation of the PD principles, is most notable, and participation is truly representative with strong ownership by the government. The concentration on capacity building has also been a major

feature of the program to ensure sustainability, as all parties focus on achievement of the development outcomes under the SWAp. Perhaps the strongest influence has come from the advocacy role played by the EU to channel its assistance towards budget support in the water sector as its main focal sector, with Australia and New Zealand providing support to bring about the necessary changes to the government's financial management system and processes. This has coincided with the government's own parallel reforms to link the SDS and the budget, as well as strengthening overall allocation of all resources to sectoral priorities within a results based management framework.

3.3.4 How and why has the mix of aid modalities (including general or sector-specific budget support) evolved and what have been the development results?

The evolution of aid modalities utilised in Samoa has been discussed in earlier parts of this report. At the sectoral level the case studies show that the shift to a programmatic approach provides a wider focus on a sectoral basis that otherwise might not have been taken on a project based approach. It is also a comprehensive approach to address issues and gaps in a sector. This shift is also compatible with the change in focus of the national development plans of the GoS which had moved to a sectoral one.

Other modalities that have emerged with significant implications following the move towards sector support include: common pool funding arrangements; coordination leading role of one donor in multi-donor funded programs such as SWAPs on a rotational basis; and joint review missions.

The advocacy role of the EU in pushing for sector budget support has been the impetus driving the PFM Reform Plan with assistance from Australia, ADB and New Zealand, and has strengthened other parallel developments and work in progress to link up the budget and the SDS. The Government has also advocated for budget support with the EU when the EU Pacific Strategy was being developed.

As these SWAPs started in 2008, it is too early as yet to provide tangible development results.

4 Conclusions

4.1 What has been the relevance of the Paris Declaration and the ways it has been implemented to the challenges of aid effectiveness?

The PD is very relevant to the GoS as it has helped legitimise, and provide an impetus for, the Government's own reform agenda that had commenced in the 1990s. Those reforms had been shaped and supported by earlier global efforts to improve aid effectiveness. For example, the 2003 Rome Declaration started the debate and thinking around greater country ownership and better alignment with country plans. The PD and AAA provided continuity to that debate. The PD gave Samoa confidence that it was on the right track and strengthened its resolve to drive aid coordination with donors. Samoa did not, however, endorse the PD until 2008 and there has been relatively little discussion and education around the PD and AAA outside of GoS implementing agencies. A few donors (primarily Australia, New Zealand, the EU and UNDP) began to use the language of the PD in discussions with the GoS and to encourage the implementation of the PD principles in 2005/2006. Each of these agencies had introduced the PD to their staff, encouraging its

application in the field. The degree of capacity building within donor agencies around the PD and AAA appears to vary with some showing a strong commitment to the changes needed in skills, culture, structure, systems and processes to implement the principles. For other donor agencies, including the multilateral development banks, the responsiveness to change appears to have been slower with varying degrees of commitment seen in changes to processes and systems and the flexibility allowed of their field staff.

Outside of those directly involved with development assistance in the government (the CDC, ACC and the aid coordination ministries) awareness of the PD and AAA remains low. Parliamentarians are only now becoming aware of the PD and the impact it is having on aid coordination and it is unlikely that there is yet much understanding about how the principles should lead to improved aid effectiveness. Increased exposure and awareness by Ministers of PD and AAA instruments within their portfolios would be useful.

Similarly, the awareness of the PD is still developing within civil society and the private sector. SUNGO is now using the principles in discussions with government and beginning to raise awareness at the community level but it will be quite some time before the concepts are well known or well understood. This is not unexpected given that the focus has been the relationship between donors and the government.

The PD has been highly relevant and useful to donors providing them with a tool to shape aid effectiveness discussions particularly around managing for results and mutual accountability. In the past discussion had tended to focus on process issues such as country ownership, alignment and harmonisation at the expense of the more outcome focused issues of delivering on donor funded programs and being able to show how those programs have achieved development outcomes.

Some donors, who are signatories to the PD, have neither advocated its implementation nor sought to change their way of aid delivery. The GoS has responded pragmatically, dealing with each donor based on their preferred way of operating, although it has not been prepared to forgo country ownership and alignment with GoS development plans.

Another significant contribution the PD and AAA have provided is a common vision and common language for change. While there remains a variety of interpretations of meaning around some of the terms (for example, aid effectiveness, ownership and mutual accountability) in the main, donors and the GoS share a clearer picture of the future direction of aid. There is, however, the potential for conflict with donors who have not committed to full implementation of the PD agenda. The GoS seems to have managed this aspect effectively to date.

This common language is also important to the regional aid agenda. The PD has been used as a tool to develop regional responses to aid effectiveness (e.g. Pacific Principles and the Cairns Compact). This meant that the regional discussions started from a common and consistent basis. It is most likely that this resulted in far better outcomes than would have been the case if the regional discussions had started from a zero base.

4.2 To what extent has each of the five principles of the Paris Declaration been observed and implemented, and the Accra Agenda priorities reflected? Why? Have there been conflicts or trade-offs between them?

Ownership

Ownership of its own development is paramount for the GoS and there have been no tradeoffs on this principle. Long before the PD, Samoa had committed to driving and managing the use of development assistance to achieve its own national plans but the level of acceptance of donors had varied considerably resulting in many battles. The PD provided Samoa with a tool to drive the ownership agenda; it also provided the more innovative donors with the opportunity to encourage (and push further) progress on ownership in Samoa with the government and with fellow donors. Consequently, the overall degree of acceptance of donors of Samoa's ownership of its development agenda has improved considerably under the influence of the PD.

There is a national development strategy, there is a medium term expenditure framework and there are sectoral plans and associated programs in nine of the fifteen sectors. GoS has an Aid Policy that clearly articulates the Government's role in aid coordination and, in the main, that role is accepted by donors.

Less positively, Government ownership is not always respected by some global and regional programs that choose to implement their own programs outside of the Government's coordination. There is a growing awareness of the PD amongst the private sector and civil society, and government processes for the design and monitoring of development programs is increasingly involving these groups although there is still some way to go before all citizens of Samoa participate actively in development.

Alignment

Some progress has been made against this principle. Aid is, in the main, aligned with Samoa's SDS which is supported by a MTEF and an annual budgeting process that links the strategy to sector programs. While Samoa's stated long term goal is that all development funds are provided as budget support, there have been some tradeoffs in relation to the use of government systems. A PEFA review in 2006 resulted in a program of capacity building and improvements to the finance system and the 2010 review found good progress had been made. However there is still a need to make improvements to address the problem of payment arrears to suppliers, which does have implications for credibility of the budget; improve on access by the public to key financial information; strengthen revenue administration and overall internal control framework including payroll and procurement controls; and promote understanding and improvement in the use of the financial management system (Finance One). The Government's procurement processes were redeveloped in 2005 with support from the World Bank but the degree of confidence of some donors is still low, particularly of the multi lateral banks. To progress the alignment principle, the government has invited the banks to conduct a joint review of the government's systems with the aim of determining what else is needed to progress to full government system use. Other donors will be invited to participate once dates have been established with the key stakeholders (the ADB and the WB). The invitation has been outstanding for some time.

Donors are also making tradeoffs. While they, in the main, acknowledge the principle of alignment, they have varying expectations about the degree of rigor required of the Samoan systems and the level of risk they are prepared to carry. This is determined by their country or managing board policies and expectations. It is also determined by the judgments and values of individuals within donor agencies working with Samoa.

The GoS takes a pragmatic approach to the issue of use of its systems. It acknowledges that there is still work to be done to ensure that all donors (particularly the multi lateral development banks) are prepared to place their trust in government systems, particularly where procurement is concerned. It also acknowledges that donors do have the right and the responsibility to ensure that the funds they provide are used properly. The government sees the PD's commitment to alignment as an opportunity to focus on its own development, acknowledging that its systems, while adequate, will continue to improve with ongoing scrutiny and capacity building support.

While there are no longer any traditional Project Implementation Units in operation in Samoa there are separate Program Management Units (PMUs) in place for each sector program. Most PMU's sit under the direction of the lead agency and report to the GoS through a joint steering committee. Country systems are not always used, as discussed above, particularly where the multi lateral banks are involved.

Capacity building to ensure that the GoS systems and processes are sound is being undertaken across government and within sectors with donor support. Integrated programs are also in place to support the private sector and civil society.

Harmonisation

Samoa does not accept the term "lead donor". Its view is that the government is the leader of all development in Samoa. Consequently it has adopted the term "coordinating development partner". Each SWAp has a coordinating development partner. However at this stage not all donors fall under SWAps or other sector programs. Consequently, the coordination role for the total sector falls to the government and several strategies are used to ensure that donor support is harmonised. For example, in health, a Partnership Agreement has been used to draw in partners who are not a formal (pool) partner within the SWAp. There are still six sector plans to be developed – within those sectors harmonisation is achieved through government coordination although some donors (such as some global programs) persist in working around the government role.

In those cases where government procurement systems are not yet acceptable to the donors, one donor system is selected for all procurement. These processes need to be reviewed carefully as in both examples (health and education) there have been considerable problems with the use of ADB and WB systems.

The GoS aims to ensure joint missions through a mission calendar. Donors are asked to provide their annual mission plans. Where overlaps and duplication are evident the GoS asks donors to conduct joint missions. Donors also discuss possibilities with each other, particularly in sectors. It is noted, however, that some donors, even those involved in SWAps, still persist in conducting their own missions.

Within donors there is also some evidence of lack of internal harmonisation. Australia, for example, often fields missions from government agencies who play a role in Samoa through its 'whole of government' approach to development. These missions are often conducted without the knowledge of the Australian aid agency, AusAID. Similarly, the UN agencies do not always coordinate even when synergies are evident although work is underway to create a more cohesive agency.

Regional programs, many of which are delivered through the Secretariat of the Pacific Community or similar regional agencies, rarely link with bi lateral or multi lateral agencies when looking at analytical work, missions or M&E. This is an area that requires far greater attention than at present to enhance aid delivery and aid effectiveness from regional programs to national programs, to ensure they link up with the government's development outcomes as articulated in the SDS.

Managing for results

While initial attention was primarily paid to the first three principles, donors and the GoS have turned their attention to managing for results (and mutual accountability). These principles are of particular interest to donors who want to see greater efforts directed to development achievements and the measuring of those achievements.

Government is confident that it has a solid national development plan and MTEFs that are linked to annual budgets, but acknowledges that further work is needed to refine reporting against the annual budget. While the government is working towards a national results framework with clearly defined and achievable performance indicators there is still work to be done to ensure the framework is in place and implemented. Barriers include the need to establish baselines and data collection methods that can be carried out with the limited resources of the government. Donors, encouraged by the GoS, ensure their country strategies are aligned with Samoa's own plans and results.

At the sectoral level the EU is leading the way with its budget support to the water sector. The support is contingent on a strong and demonstrated commitment to managing for results. This approach has been facilitated by the fact that this is the only focal sector for the EU as the major donor, who has been a strong advocate for budget support. Other sectors are at varying stages in the development of performance frameworks.

The government acknowledges that this is a key principle for effective development assistance and an area that requires greater attention.

Mutual accountability

While some work has been underway to build mechanisms for mutual accountability into partnership agreements and program plans, this is a principle that requires further attention. The level of oversight provided by Parliament is reasonable although its understanding of the PD is still developing. This understanding has been enhanced through a recent workshop on the PD but a great deal more needs to be done.

Government is encouraging the participation of a broader range of stakeholders, including the private sector and civil society, in national and sectoral planning and monitoring processes but there is still some way to go before these groups have much impact on development decisions. Capacity building, improved communications and management processes are therefore key focus areas to

support the various non-governmental stakeholders in their dialogue with donors and the government on specific programs to meet their needs.

Conflicts and trade-offs

While there are no known conflicts in the implementation of the PD principles, the pace and degree of change will vary depending on the pace at which the PFM reforms take place and the commitment of donors to the implementation of the principles not only within their own respective countries and/or organisations but also in the way their aid programs are designed and delivered.

There appears to be tradeoffs though in the way some donors are approaching the principles of the PD, with a few opting to use government systems where these do not require major changes to their own processes. Harmonisation seems to be the most prevalent focus whereas the others are work in progress.

4.3 What has the Paris Declaration achieved for aid effectiveness and development results? How significant are these contributions? How sustainable? Is there evidence of better ways to make aid more effective and contribute more to development results?

At this stage it is difficult to quantify the direct impact the PD has had on development results. At both national and sector level M&E processes are still developing and not yet able to provide data that would give weight to any judgments on what PD has achieved for development results and whether these results would be sustainable. However, all of the discussions in annual country reviews and internal periodic reviews in association with budget reviews now focus on results as much as inputs and processes. Attribution continues to be an issue. Even with SWAPs that have been in place for some time development outcomes are difficult to measure in the short term. While the MDG achievements to date could be used by GoS as a measure of aid effectiveness, it is important to note that progress towards achievement of MDGs is mostly the result of past investments made by government in the key sectors before the formal introduction of the PD and AAA in Samoa in 2008.

Government and donor stakeholders in Samoa have indicated that the changes underpinned by the PD will result in more effective development. They point to improved inputs, processes and outputs that are being achieved through ownership, alignment and harmonisation. There is a belief that improved M&E processes and more strategic policy dialogue will lead to improved aid effectiveness.

The PD has placed considerable pressure on donors to change as they have committed to reporting to the Development Assistance Committee, which pushes them to meet their international commitments. It has also placed considerable pressure on Samoa to put its own house in order.

4.4 What effects has the implementation of the Declaration had on the respective burdens of aid management falling on partner countries and donors, relative to the changing volumes and quality of aid and of the aid partnership itself? Are these effects likely to be transitional or long term?

Both donors and the GoS advise that the transaction costs associated with the implementation of the PD have been very high.

For the GoS, the work involved, although welcome, to review and improve its own systems and processes has required considerable time and effort from all concerned from Ministerial level down to the workplace. Government continues to place resources into improving its planning, budgeting and procurement processes, which, while resource intensive, is expected to result in greater efficiency and effectiveness of those processes. The work involved in coordinating donors at the national level, including the development of the Aid Coordination Policy has also been very intensive. At the sectoral level the work involved in developing sector plans and establishing SWAps has been very difficult and time consuming, particularly in some sectors, as all parties struggle with the concept of the SWAp and how it will actually work given the often different requirements of the GoS and of donors.

While work continues at the national level to put the necessary building blocks in place at the sectoral level, (where plans and SWAps are now in place), the government's workload is changing from driving the operational changes required to establish the programs to a more appropriate, higher level policy setting and coordination role. This is particularly the case in those sectors where the sectoral programs are functioning well, such as the water sector.

Therefore, it is judged likely that the implementation of the PD will improve the effectiveness of aid resources and achievement of sustainable development outcomes.

4.5 What has been the added value of Paris Declaration-style development cooperation compared with the pre-Paris Declaration situation, and seen alongside other drivers of development in the country, other sources of development finance and development cooperation partners beyond those so far endorsing the Declaration?

The added value of PD style development cooperation has been identified throughout this report. In summary it has supported Samoa's own change agenda, provided a common vision and language and provided mechanisms that demand accountability for aid effectiveness from both donors and countries.

Funding from other sources is very limited (a small amount from the Arab states and some from global funds such as the Global Environment Fund). From Samoa's perspective, these sources, while not subject to the PD are still required to acknowledge government ownership and accept government direction in terms of where funds are to be allocated against the SDS, seek alignment with government systems and be accountable to government for results. Currently some global programs make no attempt to align with Samoa's own strategies (e.g. Global Funds for HIV and environment). They seek to dictate the agenda, and on occasion, undermine Samoa's own government agenda and role. The funds also have been responsible for creating rifts within and between agencies by setting up competition for funding.

4.6 What are the key messages for a) national stakeholders, and b) donor countries and agencies?

Key messages for national stakeholders

- the development effectiveness agenda in Samoa is progressing well but more attention needs to be paid to managing for results and mutual accountability. This includes strengthening the

capacity of implementing agencies and building the awareness of PD principles of Parliamentarians, civil society and the private sector to participate in the development debate. The bottom line is the application of PD and AAA principles will assist in delivering the best possible development outcomes from the effective use of resources available to the GoS including those provided by Samoa's development partners and agencies.

- the development of sector plans and programs across all sectors are a priority. Those sectors being supported by SWAps must continue to implement and monitor programs in line with the PD principles, focusing on achieving sustainable development results.
- there is still a lot of work to be done but it should be carried out at a pace commensurate with Samoa's national capacity in achieving better awareness and understanding among all national stakeholders of the changing aid architecture and the underlying principles of aid effectiveness.

Key messages for donor countries

- Samoa will continue to own, lead and coordinate its aid effectiveness agenda and donors must be committed to using GoS systems wherever possible.
- Samoa is committed to improving the robustness of its planning, systems and M&E frameworks to ensure that it meets donor standards. Donors need to inform Samoa where its systems do not meet their standards.
- donors need to review their own systems and processes to ensure demands and expectations are reasonable.
- donor personnel based in Samoa or responsible for overseeing donor programs in Samoa need to be empowered to make decisions and respond flexibly within the Samoan context.

4.7 What are the key implications for aid effectiveness in the future taking account of new challenges and opportunities (e.g. climate change) and new actors and relationships?

The PD provides a constructive and useful way forward that aligns with Samoa's own expectations about how aid will be delivered. Given its experience with PD and non PD agencies, Samoa advocates that all development partners are subject to the PD or commit to similar principles through agency to government agreements.

The PD, the AAA and whatever emerges from the Seoul Forum in 2011 must be seen as part of a continuum of change with each country taking what they need from the global change process to progress their own agenda. Each country must also determine its own pace of change and the global development community must respect that pace.

For some it will take decades and global, regional and national support is likely to be needed for many years before the changes to aid management are institutionalised within countries and within donor agencies.

There needs to be a recognition that change will not always move forward. It may be affected by political change within a country, by economic disasters such as the global financial crisis or by man-

made or natural disasters such as the 2009 tsunami. Each time some event occurs support and encouragement will be needed to get back on track.

The implementation of the MDGs as a process for change in aid effectiveness offers some lessons – the MDG agenda offers clear goals, continuous encouragement, is closely monitored and covers the whole globe. The MDGs are very tangible and easy to understand.

4.8 Key lessons

While there are many lessons to be learned from this evaluation, several stand out:

- common principles and a common language support change. For Samoa the PD and AAA provided the support and the impetus to continue changing the way its development was being managed and delivered. While donors were the first to use the language of the PD and in some cases used the PD to push for an even faster pace of change than that proposed by Samoa, the PD gave all of the development stakeholders a common understanding of the direction of the change - it effectively provided the common vision needed for success.
- not everyone will adopt change even when it is being undertaken on a global basis. Some donors and agencies who are signatories to the PD have not yet implemented the changes needed to genuinely support its implementation. Time and continuing encouragement is needed to drive the major policy and organisational changes that are needed.
- if there is commitment, change can occur, driven by innovative and flexible individual personnel even when the policies and procedures of an agency are seemingly inflexible. Conversely, inflexible individuals can create unnecessary barriers. For the PD to be effective agencies must ensure their own staff are well educated in the changes required and empower their staff to implement the change.
- donors need to review their own administration systems, particularly their financial management systems, as several of these are now beginning to impede the progress of funding arrangements.

4.9 Possible key implications beyond the planned term of the Paris Declaration

- The 2005 PD set goals for the year 2010. Five years is a very short time frame in which to effect such significant change. For many countries ten years would be more realistic. Twenty years is too long given the imperatives to improve development outcomes for people.
- Because of the significant contribution regional programs (as in the Pacific region) make to national development, and in view of the substantial resourcing made by donors to these programs, it is imperative that they be subjected to the PD to ensure aid effectiveness in achieving development outcomes for the region, but more specifically, where they do influence or impact on national development outcomes.

Annexes

Annex 1: Summary of Assessment of Samoa’s Progress Against the PD and AAA Performance Indicators

No.	PD Performance Indicators	Samoa’s progress
1	<p><i>Partners have operational development strategies</i> – Number of countries with national development strategies (including PRSs) that have clear strategic priorities linked to a medium-term expenditure framework and reflected in annual budgets.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><i>2010 Target:</i> At least 75percent of partner countries have operational development</p> </div>	<p>Samoa developed its first national strategy for economic development in 1995. It was followed by a series of plans that led to the current Strategy for Development of Samoa 2008 -2012 (SDS). The SDS has seven national development goals, subdivided into three priority areas – economic; social and public sector management; and environmental sustainability. These strategic priorities are linked to a medium-term expenditure framework (the current MTEF is for the period 2008 - 2013) and are reflected in the annual budgets.</p>
2	<p><i>Reliable country systems</i> – Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform program in place to achieve these.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><i>2010 Target:</i></p> <ul style="list-style-type: none"> a) Public Financial Management – Half of partner countries move up at least one measure (i.e., 0.5 points) on the PFM/CPIA (Country Policy and Institutional Assessment) scale of performance. b) Procurement – One-third of partner countries move up at least one measure (i.e., from D to C, C to B, or B to A) on the four-point scale used to assess performance for this indicator. </div>	<p>Samoa has recently updated its public financial management system based on Public Expenditure Framework Assessments (PEFAs) carried out in 2006 and 2010. The 2010 PEFA found that Samoa’s financial management system is, in the main, sound. However, work is continuing to improve the financial system in line with international standards.</p> <p>Samoa’s procurement system was redeveloped in 2006 with assistance from the World Bank. The system reflects international good practice at that time. It is being utilised by several donors, excluding China, Japan and the multi lateral banks who continue to closely monitor expenditure. Samoa is currently waiting for the</p>

		banks to accept an invitation to conduct a joint review of its procurement system with the aim of ensuring any concerns about using the government's system can be resolved. Other donors will be invited to join the review process once the timing is established.
3	<p><i>Aid flows are aligned on national priorities</i> – Percent of aid flows to the government sector that is reported on partners' national budgets.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><i>2010 Target:</i> Halve the gap – halve the proportion of aid flows to government sector not reported on government's budget(s) (with at least 85percent reported on budget).</p> </div>	<p>The GoS aims to ensure that all aid flows are aligned with national priorities which are articulated in the SDS. All aid funds, including China are reported in Samoa's annual budget, with the exception of non-DAC funds such as those from south-south cooperation which are normally handled through UN Agencies concerned. At present, the formatting of that reporting is being redeveloped for clarity on sectoral priorities and allocation. All donor funding is also reported in the <i>Partnership for Development</i> report produced by the Aid Coordination and Debt Management Division of the Ministry of Finance.</p>
4	<p><i>Strengthen capacity by co-ordinated support</i> – Percent of donor capacity-development support provided through co-ordinated programs consistent with partners' national development strategies.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p><i>2010 Target:</i> 50 percent of technical co-operation flows are implemented through co-ordinated programs consistent with national development strategies.</p> </div>	<p>Almost all donor capacity development (CD) support to Samoa is provided through coordinated programs consistent with Samoa's national development strategies. Programs include the Public Sector Improvement Facility (PSIF) which provides access to CD for all government agencies and sector wide programs that all include CD elements in their design.</p> <p>Some CD support is provided through regional and commonwealth programs. Approval to access/participate is, in the main, made by government based on an assessment of the alignment of the capacity to be built to meet and sustain government priorities.</p>

5a	<p><i>Use of country public financial management systems</i> – Percent of donors and of aid flows that use public financial management systems in partner countries, which either (a) adhere to broadly accepted good practices or (b) have a reform program in place to achieve these.</p> <table border="1" data-bbox="259 336 1196 887"> <tr> <td colspan="2" data-bbox="259 336 1196 379"><i>2010 Target:</i></td> </tr> <tr> <td colspan="2" data-bbox="259 379 1196 422">PERCENT OF DONORS</td> </tr> <tr> <td data-bbox="259 422 394 459">SCORE</td> <td data-bbox="394 422 1196 459">TARGET</td> </tr> <tr> <td data-bbox="259 459 394 528">5+</td> <td data-bbox="394 459 1196 528">All donors use partner countries' PFM systems.</td> </tr> <tr> <td data-bbox="259 528 394 603">3.5 to 4.5</td> <td data-bbox="394 528 1196 603">90percent of donors use partner countries' PFM systems.</td> </tr> <tr> <td colspan="2" data-bbox="259 603 1196 646">PERCENT OF AID FLOWS</td> </tr> <tr> <td data-bbox="259 646 394 683">SCORE</td> <td data-bbox="394 646 1196 683">TARGET</td> </tr> <tr> <td data-bbox="259 683 394 786">5+</td> <td data-bbox="394 683 1196 786">A two-thirds reduction in the <i>percent of aid to the public sector not using partner countries' PFM systems.</i></td> </tr> <tr> <td data-bbox="259 786 394 887">3.5 to 4.5</td> <td data-bbox="394 786 1196 887">A one-third reduction in the <i>percent of aid to the public sector not using partner countries' PFM systems.</i></td> </tr> </table>	<i>2010 Target:</i>		PERCENT OF DONORS		SCORE	TARGET	5+	All donors use partner countries' PFM systems.	3.5 to 4.5	90percent of donors use partner countries' PFM systems.	PERCENT OF AID FLOWS		SCORE	TARGET	5+	A two-thirds reduction in the <i>percent of aid to the public sector not using partner countries' PFM systems.</i>	3.5 to 4.5	A one-third reduction in the <i>percent of aid to the public sector not using partner countries' PFM systems.</i>	<p>As indicated in Table 6 of the main report, use of PFM systems by key donors vary between 0 – 100 percent. A notable example of 100 percent utilisation of government PFM systems is the EU sector budget support that has commenced in FY 2010/11. There is therefore much work to be done to raise the efficiency in management of aid by both government and donors.</p>
<i>2010 Target:</i>																				
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5b	<p><i>Use of country procurement systems</i> – Percent of donors and of aid flows that use partner country procurement systems which either (a) adhere to broadly accepted good practices or (b) have a reform program in place to achieve these.</p>	<p>Utilisation of country procurement systems vary from donor to donor and it ranges from 0 percent to 80 percent as noted in Table 6 of the main report. Samoa's procurement system adheres to broadly accepted good practices and will be reviewed again soon to ensure that any remaining donor objections are addressed.</p>																		

<i>2010 Target:</i>	
PERCENT OF DONORS	
SCORE	TARGET
A	All donors use partner countries' procurement systems.
B	90percent of donors use partner countries' procurement systems.
PERCENT OF AID FLOWS	
SCORE	TARGET
A	A two-thirds reduction in the <i>percent of aid to the public sector not using partner countries' procurement systems.</i>
B	A one-third reduction in the <i>percent of aid to the public sector not using partner countries' procurement systems.</i>

AAA Commitments	Samoa's progress
Developing plans on using country systems (para. 15 d).	Progress has been slow with fully integrating donor assistance to use the country systems. The 'conversion' of donors to using country systems comes about when there is acceptance of robustness of systems and credibility – save for the Banks.
Making public all conditions linked to disbursements (para. 25 b)	While most information is available, there is a need to disseminate widely and timely such information to all stakeholders as even in the public sector; it is still

	<p>confined to within the government sector itself. The development of a communication strategy under the PFM Reform Plan will address these gaps.</p>
<p>Providing full and timely information on annual commitments and actual disbursements (para 26 b)</p>	<p>The work under the PFM Reform Plan will drive the necessary changes to complete much of the work that has already started using the medium term expenditure framework for the budget,</p>
<p>Providing regular and timely information on donor's rolling three to five year expenditure and/or implementation plans (para 26 c)</p>	<p>This is work in progress. There has been much progress with some of the donors as they align their programs where possible, with the government's integrated cycle on the SDS and the budget.</p>

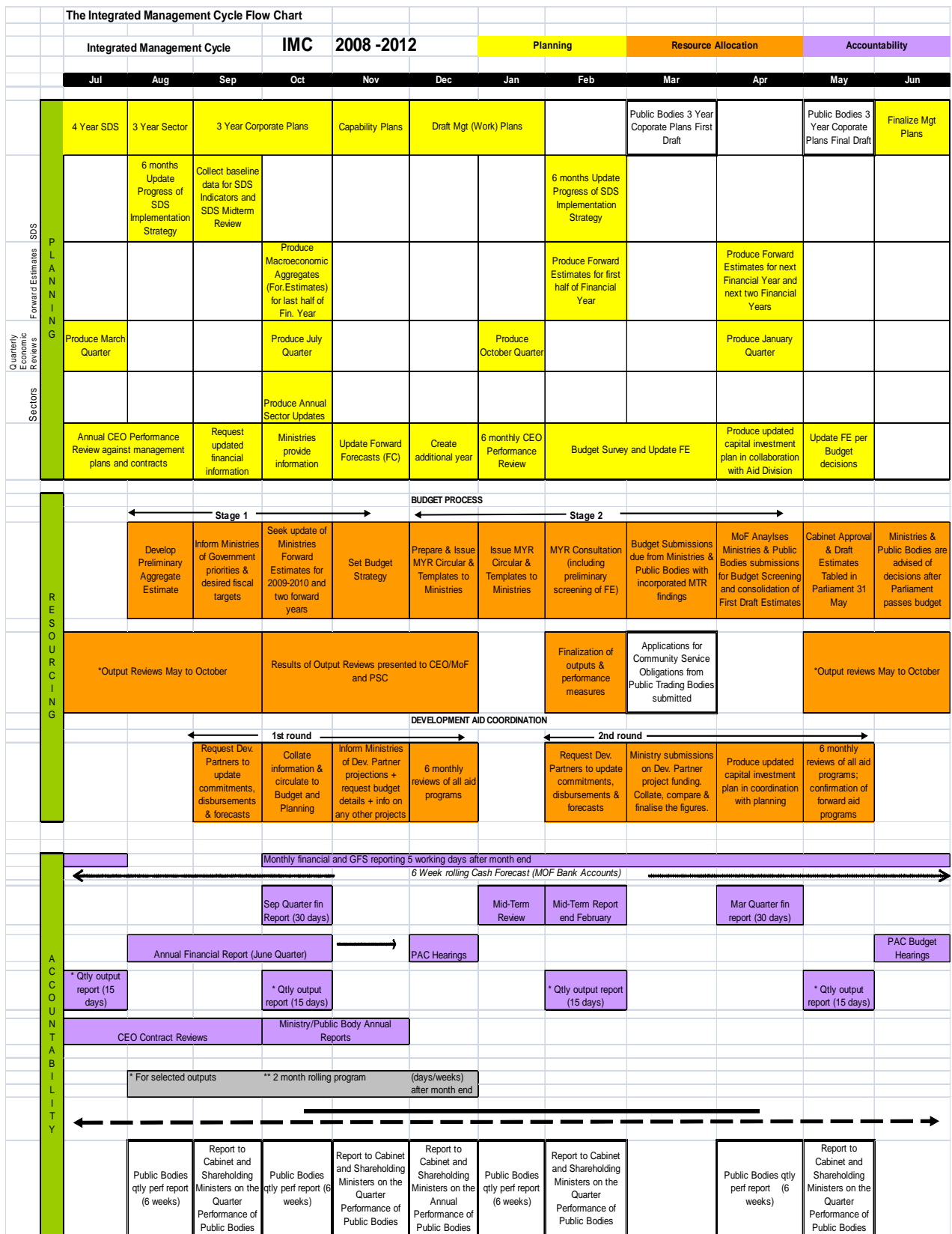
Annex 2: National Budgets: 2003-2009

	2003/4	2004/5	2005/6	2006/7	2007/8	2008/9
	(in SAT millions)					
	Actual	Actual	Actual	Actual	Actual	Budget
Total Revenue and Grants	317.7	408.4	395.1	487.6	441.1	510.8
- Total Revenue	246.5	283	323.2	389.2	364.2	400.1
- Tax	219.7	242.2	281	331.1	325.5	340.6
- Non-Tax	26.8	40.9	42.2	58.1	38.7	59.6
- External Grants	71.2	125.4	71.8	98.5	76.9	110.7
Total Expenditure	326.6	405.4	391.7	472.3	487.7	594.8
- Current Expenditure	224	236.6	281.9	327.6	383.6	378.4
- Development Expenditure	86.6	147.8	86.1	123.7	96.2	216.1
- Net lending	16	21	23.7	21.1	7.8	0.4
Current Surplus/Deficit	22.5	46.5	41.4	61.6	-19.4	21.8
- percent of GDP	2.4	4.4	3.4	4.7	-1.3	1.5
Overall Surplus/Deficit	-8.9	3.1	3.3	15.4	-46.6	-84
- percent of GDP	-0.9	0.3	0.3	1.2	-3.2	-5.9
Financing	8.9	-3.1	-3.3	-15.4	46.6	84
- External Financing	0.3	15.8	6.2	7.6	11.8	91.5
- Disbursements	12.1	27.6	19.2	21.5	28.5	105.4
- Amortization	11.9	11.8	13	13.9	16.7	13.9
- Domestic Financing	8.6	-18.9	-9.5	-22.9	34.8	-7.5
- Monetary System	-17.6	-18.7	-11	-11.2	11.9	0

- Other	-9	-0.2	-20.5	-11.7	22.9	-7.5
GDP		1099.5	1215.1	1322.7	1452.7	1413.5
(percent of GDP)						
Total Revenue and Grants		37.1	32.5	36.9	30.4	36.1
- tax and non-tax revenue		25.7	26.6	29.4	25.1	28.3
Expenditure and Net Lending		36.9	32.2	35.7	33.6	42.1
- current expenditure		21.5	23.2	24.8	26.4	26.8
- development expenditure		13.4	7.1	9.3	6.6	15.3
Current Balance		4.2	3.4	4.7	-1.3	1.5
Overall Balance		0.3	0.3	1.2	-3.2	-5.9
External Financing (net)		1.4	0.5	0.6	0.8	6.5
Domestic Financing (net)		-1.7	-0.8	-1.7	2.4	-0.5

Source: IMF Article IV Consultations 2010

Annex 3: Government of Samoa Development Planning Processes



Annex 4: Government Policy Matrix

Theme	Near term actions	Short term actions	Medium term actions
Addressing post-tsunami reconstruction	Elevated level of capital expenditure (exceeding the FY2009 level) implementing an interim PSIP that incorporates a costed, post-tsunami reconstruction plan	Elevated level of capital expenditure (exceeding the FY2009 level) implementing an interim PSIP that incorporates a costed, post-tsunami reconstruction plan	Elevated level of capital expenditure (exceeding the FY2009 level) implementing an updated PSIP that is nearing completion of post-tsunami reconstruction
Enhanced economic contribution of SOEs	Action Plan prepared for moving the SOEs to full compliance with the Public Bodies (Performance and Accountability) Act on appointment of board members. Liberalization of telecommunications sector	SOEs fully compliant with the Public Bodies (Performance and Accountability) Act on the appointment of board members SamoaTel privatized	SOEs compliant with the provisions of the 2001 Public Bodies (Performance and Accountability) Act on community service obligations and corporate planning Compliance with privatization schedule
Reduced cost of doing business		Refinement of Foreign Investment Act Establishment of Personal Property Securities Act	Continued modernization of legislation affecting the establishment and operation of businesses planned
Targeted support for the most vulnerable members of the community	Immediate housing and other living needs of tsunami affected communities met and interim needs being addressed	Findings of the HIES publicized Concept paper on the needs of the vulnerable prepared and key interventions to address the issues incorporated in the sector planning/programming process	Integrate into the next SDS actions that will provide better protection for the most vulnerable members of the community
Maintenance of overall fiscal discipline	Interim update of the medium term expenditure framework to account for	Medium term expenditure framework remains consistent with maintaining	Medium term expenditure framework sets out a trim back of expenditure that

Theme	Near term actions	Short term actions	Medium term actions
	the impact of the tsunami	a low risk of debt distress	will ensure a low risk of debt distress
Enhanced PFM	Stage one of the PFM Reform Plan underway with an emphasis on accounting, audit, procurement and debt and cashflow management	Stage one of the PFM Reform Plan nearing completion and stage two endorsed for implementation Gradual adoption by development partners of the use of country systems	Stage two of the PFM Reform Plan underway with an emphasis on improving the alignment of expenditure with the SDS Increased shift by development partners to Budget support
Consultation and engagement of stakeholders	Public release of a communications and engagement strategy that explains and provides for effective feedback from the private sector and civil society on key policy actions	Communications and engagement strategy being implemented to explain and provide for effective feedback from the private sector and civil society on key policy actions	Refined communications and engagement strategy feeds into preparation of the next SDS in a consultative and participatory manner

Notes: FY2009=2008/09, PFM=Public Financial Management, PSIP=Public Sector Investment Program, SDS=Strategy for the Development of Samoa, SOE=State-owned enterprise

Annex 5: Procurement Matrix

International Competitive Bidding Procurement as % of Total ODA				
Sector	Total Project Value		Total Value of Procurement by ICB	
	SDR	USD	Actual Procurement ICB Procurement	Planned Procurement ICB Procurement
Projects				
Samoa Sanitation & Drainage Project				
Loan 2026	5,600,000	8,000,000	6,333,212	
GoS		2,000,000	1,505,087	
		10,000,000	7,838,299	
Loan 2440	1,710,000	2,618,689	2,340,511	
Grant 1140		2,222,000		12,260,000
TOTAL		14,840,689	10,178,810	12,260,000
ICB procurement as % total ODA 68.5				
ESP2				
Loan2220	5,655,000	8,060,000	2,659,380	1,920,620
AusAID		8,600,000	2,966,232	2,142,230
NZAID		8,600,000	1,021,198	2,142,230
GoS		4,740,000	563,420	1,181,920
TOTAL		30,000,000	7,210,230	7,387,000
ICB procurement as % total ODA 24				
Samoa Power Sector Expansion Program				
ADB Loan 2368	17,151,000	26,610,000	4,013,264	24,474,500
JICA Loan SAM P1		38,000,000	6,084,626	37,106,500
ADB Grant		15,390,120	906,221	5,526,500
AusAID Grant		8,000,000	1,941,902	11,842,500
GoS		12,000,000	-	
TOTAL		100,000,120	12,946,013	78,950,000
ICB procurement as % total ODA 79				
Health SWAP				
IDA4432 & IDA4721	1,900,000	6,000,000	64,432	361,335
AusAID		4,500,000	115,978	650,403
NZAID		4,000,000	61,855	346,882
GoS		1,500,000	15,464	86,720
TOTAL		16,000,000	257,730	1,445,340
ICB procurement as % total ODA 9.4				
SIAM 2				
IDA3848-0	9,000,000	12,800,000		5,910,000
GoS		9,810,000		3,920,000
		22,610,000		9,830,000
IDA3848-1 Additional Financing Credit	2,712,000	4,135,000		
H3110-Additional Financing Grant		4,135,000	16,871,998	
TOTAL		30,880,000	16,871,998	19,660,000
ICB procurement as % total ODA 65.2				
Telecommunication Sector Reform Project				
IDA3724	3,400,000	4,480,000		1,780,000
GoS		1,850,000	753,094	2,770,000
TOTAL		6,330,000	753,094	4,550,000
ICB procurement as % total ODA 73				