Final Report

Review and Development of Social Protection Systems in Samoa

Prepared for

Under the programme

Strengthening Resilience of Pacific Islands States through Universal Social Protection

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Contents

Tables, Figures, Charts and Boxes

Acronym

ADB	:	Asian Development Bank
ALMP	:	Active Labour Market Programme
AusAID	:	Australian Agency for International Development
ACC	:	Accident Compensation Corporation
BNPL	:	Basic Needs Poverty Line
CBR	:	Cost-Benefit Ratio
CGE	:	Computable General Equilibrium
CSO	:	Civil Society Organization
GDP	:	Gross Domestic Product
GOS	:	Government of Samoa
HIES	:	Household Income and Expenditure Survey
ILO	:	International Labor Organization
IMF	:	International Monetary Fund
LCA	:	Life Cycle Approach
LDC	:	Least Developed Countries
LFS	:	Labor Force Survey
MDG	:	Millennium Development Goal
MWCSD	:	Ministry of Women Community and Social Development
MESC	:	Ministry of Education, Sport and Culture
MNRE	:	Ministry of Natural Resource and Energy
MCIL	:	Ministry Commerce, Industry and Labour
NEET	:	Not in Education, Employment or Training
PICS	:	Pacific Island Countries
SA	:	Social Assistance
SAM	:	Social Accounting Matrix
SI	:	Social Insurance
SDD	:	Statistics for Development Division
SDG	:	Sustainable Development Goal
SNPF	:	Samoa National Provident Fund
SCBS	:	Senior Citizen Benefit Scheme
SSFGS	:	Samoa School Fee Grant Scheme

SP	:	**Social Protection**
SISPS	:	**Samoa Inclusive Social Protection Strategy**
SIDS	:	**Small Island Developing States**
U5MR	:	**Under Five Mortality Rate**
UNDP	:	**United Nations Development Programme**
UN	:	**United Nations**
UNESCAP	:	**UN Economic and Social Commission for Asia and Pacific**
UNICEF	:	**United Nations Children's Fund**
VNR	:	**Voluntary National Review**
WB	:	**World Bank**

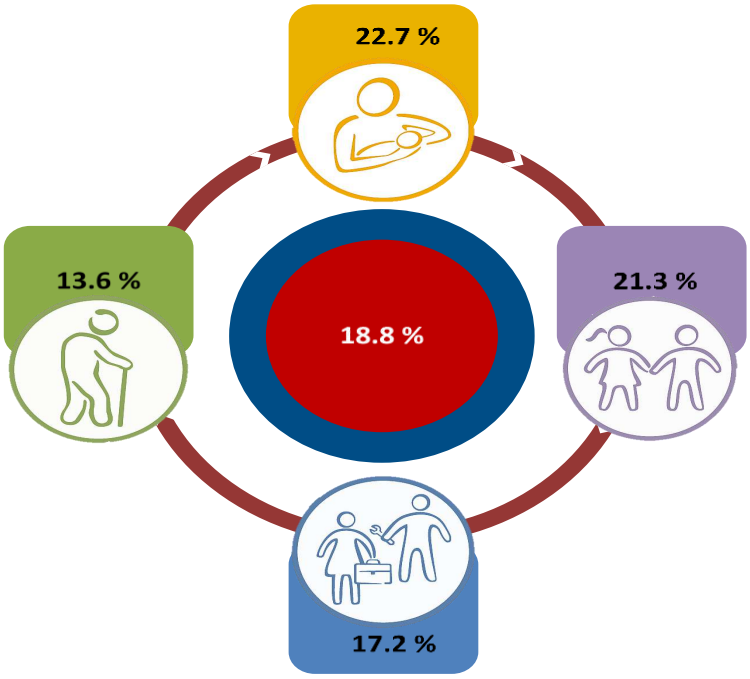
Executive Summary

The main observations and key findings of the review, assessment and the development of the social protection system in Samoa are summarised under five broad sections.

A. Vulnerability and Life Cycle Risks in Samoa

Monetary Measurement

Poverty statistics (i.e. both basic need poverty rate and extreme poverty rate) measured by the national poverty lines (PL) suggest significant fluctuations between 2002 and 2018. Poverty rate increased by 4 percentage points from 21.9 per cent in 2002 to 26.9 per cent in 2008; dropped by 8.1 over 2008 to 2013/14 period; and then increase again by about 4 percentage points between 2013/14 and 2018. Several factors such as loss of income due to natural disasters, closure of large employment providing enterprise, informality in employment, and high and rising inequality may have contributed to the fluctuations in consumption level and poverty rate.



Lifecycle Poverty Rate (2013/14)

National poverty rates generally mask the large and substantial divergences across various age groups or by lifecycle stages. Thus, an appropriate framework is the use of the lifecycle stages for discussing poverty and vulnerabilities, focusing on the challenges faced by individuals and families in Samoa at different stages of their lives.

Large variations in poverty rates have been found across life cycle groups compared to the national poverty rate (i.e. 18.8 % in 2013/14). Poverty rates among households with children (i.e. 22.7 % and 21.3 %) are significantly higher than the poverty rates found for the working age (i.e. 17.2 %) and elderly (i.e. 13.6%).

Since the national poverty line uses lower values to measure individual or household well-being, it is now customary to use the international poverty lines to measure poverty and vulnerability. Poverty rates in Samoa jumps to 35 per cent and 88 per cent respectively under $ 3.20 PPP PL (lower middle-income country poverty line) and $ 5.50 PPP PL (upper middle-income country poverty line). Use of international poverty lines thus suggests only around 12 per cent of Samoan may be resilient or non-vulnerable to shocks. Similarly, when basic needs poverty line of 2013/14 was doubled (i.e. 2013/14 BNPL x 2), more than 60 per cent of Samoan could be considered as vulnerable to shocks. The vulnerability reduces to 40 per cent when 50 per cent in basic needs poverty line of 2013/14 is used (i.e. 2013/14 BNPL x 1.5).

Inequality measured by Gini coefficient has remained high at around 0.45 during the last two decades. High inequality in income or consumption has also been inflicting deleterious effects on economic growth and the pace of poverty reduction.

Non-Monetary Measurement

In addition to the monetary vulnerability, there exist non-monetary vulnerability across life cycle groups. The main forms of non-monetary risks found in ***children*** include low enrollment in early childhood education, unstable mortality rate among children aged under five, child labour, physical and emotional abuses, and obesity. Incidence of high poverty among households with children may have also precipitated the non-monetary risks.

Unemployment rate among ***youth*** in Samoa has been reported to be more than double of the national unemployment rate. In 2012 youth unemployment rate was 16.5 per cent – more than double of the national unemployment rate of 8.7 per cent. In 2017, the corresponding rates were 31.9 per cent for Youth and 14.5 per cent for all working age population. The high and rising youth unemployment rate is a major challenge in Samoa. Moreover, more than 37 per cent of the Youth are nowhere – they are not in employment, not in education and not in training.

Major concerns facing the ***working age*** group include high and increasing unemployment rate (i.e. increased from 8.7 % in 2012 to 14.5 % in 2017) and slow pace of growth of decent jobs – only 0.9 per cent annualized growth between 2007 and 2014; high informality in employment at 37.3 per cent. Gender divide is marked in Samoa. Female workforce faces disadvantages due to gender discrimination. Female labour force participation is low – at 31.5 per cent – compared to 55 per cent for men (LFS 2017). Yet, female unemployment rate (i.e. 21.3 %) is more than double of their male counterpart (i.e. 10.3 %).

B. COVID 19 Impacts

Growth and Poverty Impacts in Samoa

Similar to many countries in the World, COVID 19 imposes high to cost to Samoa. Estimations by the Asian Development Bank (ADB) and UNESCAP (2020b) found that economic growth in Samoa in 2020 would be in the negative zone at -5.0 per cent.

ADB estimated that before COVID 19, poverty rate is Samoa was 20 per cent. ADB used two scenarios for estimating the impact on poverty rate – (i) 10 per cent fall in the consumption level, and (ii) 20 per cent consumption fall. Using the $ 5.5 poverty line, ADB estimated that poverty rate increase may range from 6 percentage points (i.e. when the consumption fall is 10 %) to 15 percentage points (i.e. for 20% consumption fall). UNESCAP estimated a 4.4 percentage increase in the head count poverty rate at $ 5.5 PPP poverty line due to COVID 19. The poverty rate increase is in line with the World Bank's projection of the global poverty rate increase due to COVID 19. World Bank projected that out of the 177 million new extreme poor at $ 5.50 PPP poverty line, the East Asia and the Pacific region would account for 27 percent of them or about 63 million.

Global Social Protection Response and Relevance for Samoa

Enhanced social protection emerged as a major policy response at global level to fend off perils of COVID 19. A survey by Gentilini et al. (2020), found that social assistance – especially cash and in-kind transfer (together accounted for about 73 % of the global SP responses) emerged as the most important stimulus during COVID 19. The social protection system also witnessed unprecedent expansion – both vertical and horizontal during the second and the third quarters of 2020. IMF and WB joined the UN system for adopting universal coverage – even for a short time period of 3 to 6 month. The World Bank poverty specialist Ravillion (2020) came up with an injection rule of minimum 2 per cent of GDP for SP schemes at individual country level for addressing COVID 19 crisis. However, SP responses in PICs according to ADB (2020) – including Samoa – have been muted. This may be due to the underdeveloped SP systems in PICs unable to quickly transform to meet the requirement.

C. Samoa Social Protection System

Samoa social protection system consists of informal and formal social protections. The key elements of the informal social protection include supports from extended family, community, and churches. Notwithstanding its virtues in terms stable source of income transfer, promoting social cohesion, social capita and providing a safety net cushion in Samoa, the main concerns with the informal SP are its irregularity, and unpredictability.

The formal social protection system in Samoa can be categorised as comprising of three major social protection components[1]: **social insurance (SI), social assistance (SA)**, and **active labor market programmes (ALMP)**. The formal social protection system is heavily biased towards the senior citizens with zero or small coverage of the other citizen's groups such as children, youth, working age population as well as the persons with disability. The main merits of a formal social protection system are regularity and predictability.

Salient Features of the Informal SP System

Existing literature and discourse envisaged that Samoa has a resilient informal (or traditional) social protection system, interconnected across social and religious institutions in and beyond communities. The existing nature of the informal social protection has been found to be social capital intensive and include financial support through remittances, land rights and communal labour, all of which are invoked in times of crises. The functioning of the informal social protection system has been argued to strengthen the capacity of the Samoan to fend off crisis. The extended family system and church are key traditional institutions defining the informal social protection in Samoa.

Quantitative impacts assessment of all the informal SP (traditional safety nets) on households/societal welfare in Samoa could not be conducted due to limitation of the existing methods. For instance, it is difficult to quantify the values of social cohesion and social capital. However, the impact of remittance –

[1] This categorization is a widely accepted one both in developed and developing countries. Such a categorisation has been used by ADB (2019) in their SP study on PICs. Similar classification was also adopted by AusAID (2012) for Samoa SP study.

a manifestation of family bondage – is large on household welfare, poverty, and economic growth in Samoa.

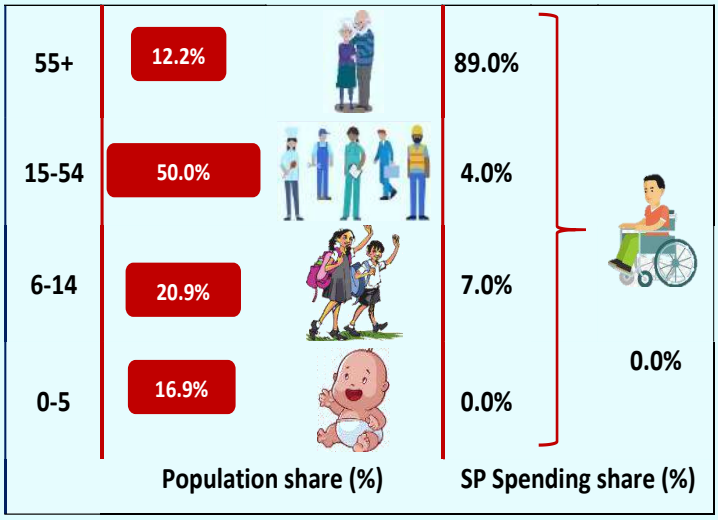
A report by AusAID raised concerns with regards to effectiveness of the informal SP under rapid urbanization which imposes restrictions on the intersections between the traditional and modern societies leading to ineffectiveness of the traditional safety nets. The report also argued that formal SP can strengthen traditional safety nets by providing services and support to complement them.

Key Features of the Formal SP System

According to available social protection data, low beneficiary coverage 31.2 per cent (i.e. less than that of the vulnerable population of 42 per cent), low spending of 2.32 per cent of GDP (i.e. compared to PICs average spending of 6 %) and huge gaps in the social protection beneficiary coverage across life cycle risks are the hall mark of the Samoa formal social protection system.

Coverage
32.1 % of population (2018)

Allocation
2.32 % of GDP (2018)



Identified Gaps

- Dissection of the social protection data reveals huge mismatch between population structure and spending. Old age population representing only 12 per cent of the population but has been receiving 89 per cent of total social protection spending in Samoa in 2019. Only 4 per cent of total spending has been allocated for the working age group – representing 50 per cent of the population. Similar mismatch is also found for the school age children. Moreover, there are no programmes for the early childhood and persons with disability.
- The obvious gaps in the current SP include: *no schemes for the early childhood and pregnant mothers who constitute at least 17 per cent of the population; no schemes for the persons with disability who constitute at least 7 per cent of the population; insignificant schemes for the working age population including youth and female workforce where unemployment rates are exorbitantly high; and school aged children are covered only with fee waivers scheme suggest inadequacy of the instrument compared to their needs.*

Goodness of fit

The salient features of the Samoa formal social protection system has been assessed against the seven indicators that constitute a '*good social protection system*' according Grosh et al (2008). Assessment outcomes of the Samoa formal social protection by the seven indicators are summarised below.

1. Due to paucity of schemes and lack of internal balances between them in terms of coverage and resource allocation envisaged that the current social protection system is *inappropriate*.
2. The current Samoa social protection system is *inadequate* due to low beneficiary coverage and transfer amounts.
3. The SP system *inequitable* because of the heavy biased in SP system favouring non-poor citizens; disproportionate male beneficiary coverage over female and as well in the transfer amounts.
4. Huge mismatch between population structure, beneficiary coverage and spending suggests the Samoa social protection system is *incentive incompatible.*
5. The SP system lacks *dynamism* as it failed to transform to the changing life cycle needs and risks.
6. *Cost effectiveness and sustainability* – two remaining indicators – could not be assessed due to lack of data.

The Samoa formal social protection system has failed to secure enough scores to be recognised as good social protection system.

Comparative Assessment

The salient features of the SP system was compared against the PICs and in particular with the SP systems of the Cook Islands and Fiji. These are summarised below.

- Low coverage and allocation in Samoa: Social protection systems in both the Cook Islands and Fiji are developed than that in Samoa. In both of these countries SP systems are extensive with respect to numbers of schemes, coverage of population and vulnerable persons and investment amounts. The Cook Islands has 10 schemes with near universal coverage of population and vulnerable persons. SP allocation is around 4.2 per cent of GDP. SP system of Fiji composed of six schemes with a reasonable coverage of 59 per cent of the population. However, in Fiji vulnerable coverage is low with only 28.2 per cent. Similarly SP allocation is on the lower side at 2.5 per cent of GDP. In comparison, the *SP system in Samoa is underdeveloped with only two main schemes (mainly for the elderly citizen). Both coverage and allocation are low implying large scopes for improvements even with regard to her the Pacific peers.*

- Samoa should adopt life cycle approach: It appears that in both of these two countries (i.e. the Cook Islands and Fiji) the SP systems are developed in line with the life cycle approach of the social protection system. The evaluation studies conducted in these countries suggest that substantial parts of their SP system fit well with the life cycle approach. However, there are gaps in their system in terms of lower coverage of youth, and unemployed population etc. The gaps are even larger in Samoa. There are no schemes for Children, Youth, persons with disability, and unemployed in Samoa. *Samoa should adopt the life cycle approach to cover these gaps.*

- Samoa SP system may be based cash transfers System: In both of these two countries the SP systems are predominantly based on cash transfer. In spite of use of food vouchers (in Fiji), a substantial part of the system rely on cash transfer due to its apparent superiority over in kind transfer (mainly food

assisted schemes). Global evidence suggest that overhead cost of 'cash transfer' schemes is around 9 per cent of the scheme total budget whereas in the case of 'food assisted' schemes they are around 22 to 25 per cent. In additional, leakages and wastages are large in the 'food assisted' schemes. *Such findings may also be relevant for Samoa.*

- Wide ranging benefits are also expected in Samoa under a comprehensive SP System: In addition to impacts of reducing poverty and inequality, the primary surveys conducted in the Cook Islands and Fiji points to other tangible and intangible benefits of the SP system. For instance, in the Cook Islands the cash transfers achieved a wide range of positive impacts such as reducing access barriers, financial stress, enhanced the food security and dignity of life. In the case of Fiji, SP schemes have helped improve food consumption and educational attainment. Similarly, the Samoa school fees grant scheme resulted in improved educational attainment. *If Samoa were to establish an extensive SP system, similar levels of benefits would also emerge out of the Samoa SP system.*

D. Samoa Inclusive Social Protection Strategy (SISPS)

Given the underdeveloped social protection system, Samoa should aim to adopt an inclusive social protection system addressing the life cycle risks of all citizen. The main tenet the proposed social protection may include the following features:

(i) adoption of the lifecycle approach to cover lifecycle risks as well as addressing poverty/vulnerability
(ii) horizontal and vertical expansion of social assistance schemes to cover vulnerable citizen
(iii) introduction or expansion of social insurance to cover the affordable middle class and
(iv) determining institutional arrangements to ensure efficiency and better value for money

Social Protection Schemes Addressing Life Cycle Risks

Description of the Schemes

All schemes proposed under the Samoa Inclusive Social Protection System (SISPS) are classified as core schemes and core plus schemes considering their priority and relevance. It thus suggests that all core schemes should first be considered for implementation. If fiscal space permits, the core plus schemes should then be considered for implementation. Descriptions of the schemes proposed under the SISPS core and SISPS plus system are provided below.

Scheme	Description	SP Category	Fiscal Impact
SISPS Core			
A. Children and Mother			
Child grant	Universal to all children age 0 to 4	SA	√
Maternity protection	Estimated 5,000 pregnant women	ALMP/SA	√
B. Youth and Working Age			
Apprentice Scheme*	Continuation and extension of the Apprentice scheme with better outreach	ALMP	NA
Job Support Scheme**	Continuation and extension of the Job support schemes with better outreach	ALMP	NA
Workfare Scheme	Targeted to vulnerable 40 % of working age population (15 to 54 years) for 3 months to provide employment in lean period	ALMP	√
Scheme for Vulnerable Working Women	Capacity development and enterprise support for a period of 6 months to 4,000 women and adolescent girls per year	ALMP	√
Revamping of the accident compensation in line with injury protection	ACC/MCIL to assess the accident compensation schemes for expanded coverage and compensation to the injured workers	ALMP	NA
Maternity Insurance	MWCSD to assess the feasibility to introduce/expand MI covering both formal and informal sector employees	SI	NA
Unemployment Insurance	SNPF to assess the feasibility to introduce/expand UI covering both formal and informal sector employees	SI	NA
C. Disability Grant			
Disability Grant	Universal to all persons with disability (PWD)	SA	√
Severe Disability Grant	Universal to all persons with severe disability with double transfer payment than disability grant	SA	√
D. Old Age			
Extended SCBS (55 to 64)	Universal to all elderly aged 60 to 64 to cover existing gap in citizen pension	SA	√
SNPF to 60 Age	Extended to age 60 to align with the proposed extended citizen pension	SI	NA
SISPS Plus			
Child Grant for School Children	Targeted to vulnerable 40 % of school children for 8 months	SA	√
Disaster Respond Fund	0.2 % of GDP	SA	√

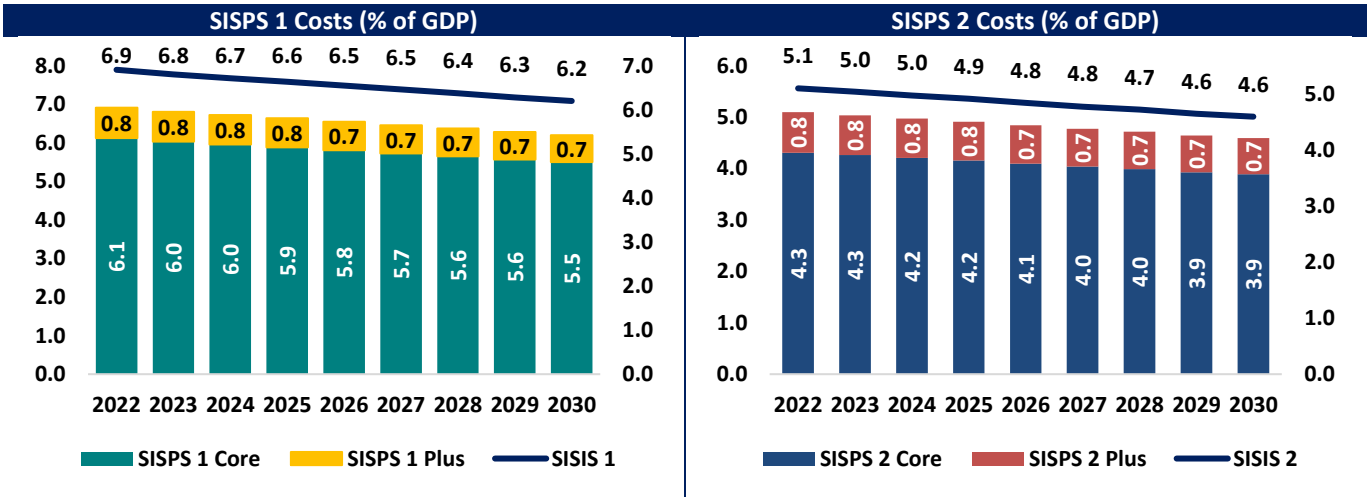
Note: SA = social assistance; SI = social insurance and ALMP = active labour market programmes. * and ** are already covered by MCIL budget.

SISPS Costs

Cost of a social protection scheme depend on two factors: the number of beneficiaries and the value of the transfer amount per beneficiary. A long-term costing module for Samoa covering period from 2020 to 2030 has been developed to estimate costs. Population projection data by age cohort 0 to 65+ was provided by SBS. Values for GDP and inflation rate for the entire period have been the projected using a nominal GDP growth rates of 5.3 per cent (i.e. real GDP growth rate of 2.5 per cent and inflation rate of 2.8 per cent). Costs of two SISPS packages are considered – *SISPS 1 and SISPS 2*. The beneficiary coverage in the two packages is same but transfer payments for the universal schemes are lowered in SISPS 2 compared to SISPS 1. The values of transfer payments and other parameters are provided below.

	SISPS 1	SISPS 2
SISPS Core		
Universal Schemes	Universal child grant with SAT 160 transfer payment; universal disability grant with SAT 160 transfer payment for persons with disability and SAT 300 transfer payment for persons with severe disability and extended universal SCBS (60 to 64 age group) grant with SAT 160 transfer payment.	Universal child grant with SAT 100 transfer payment; universal disability grant with SAT 100 transfer payment for persons with disability and SAT 200 transfer payment for persons with severe disability and extended universal SCBS (60 to 64 age group) grant with SAT 160 transfer payment. These changes will lower cost of SP implementation with reduced impact on poverty rate than SISPS 1.
Targeted Schemes	Women assistance to 23 per cent of all working women with SAT 100 transfer payment for 6 months duration, and workfare scheme for 40 per cent of working age persons SAT 100 transfer payment for 3 months duration.	Same as SISPS 1
SISPS Plus	Extended child grant to 40 per cent all children in age group 5 to 14 with SAT 80 transfer payment for 8 months duration (school months), and block allocation of 0.2 per cent of GDP for disaster response.	Same as SISPS 1

Note: All schemes are inflation indexed.

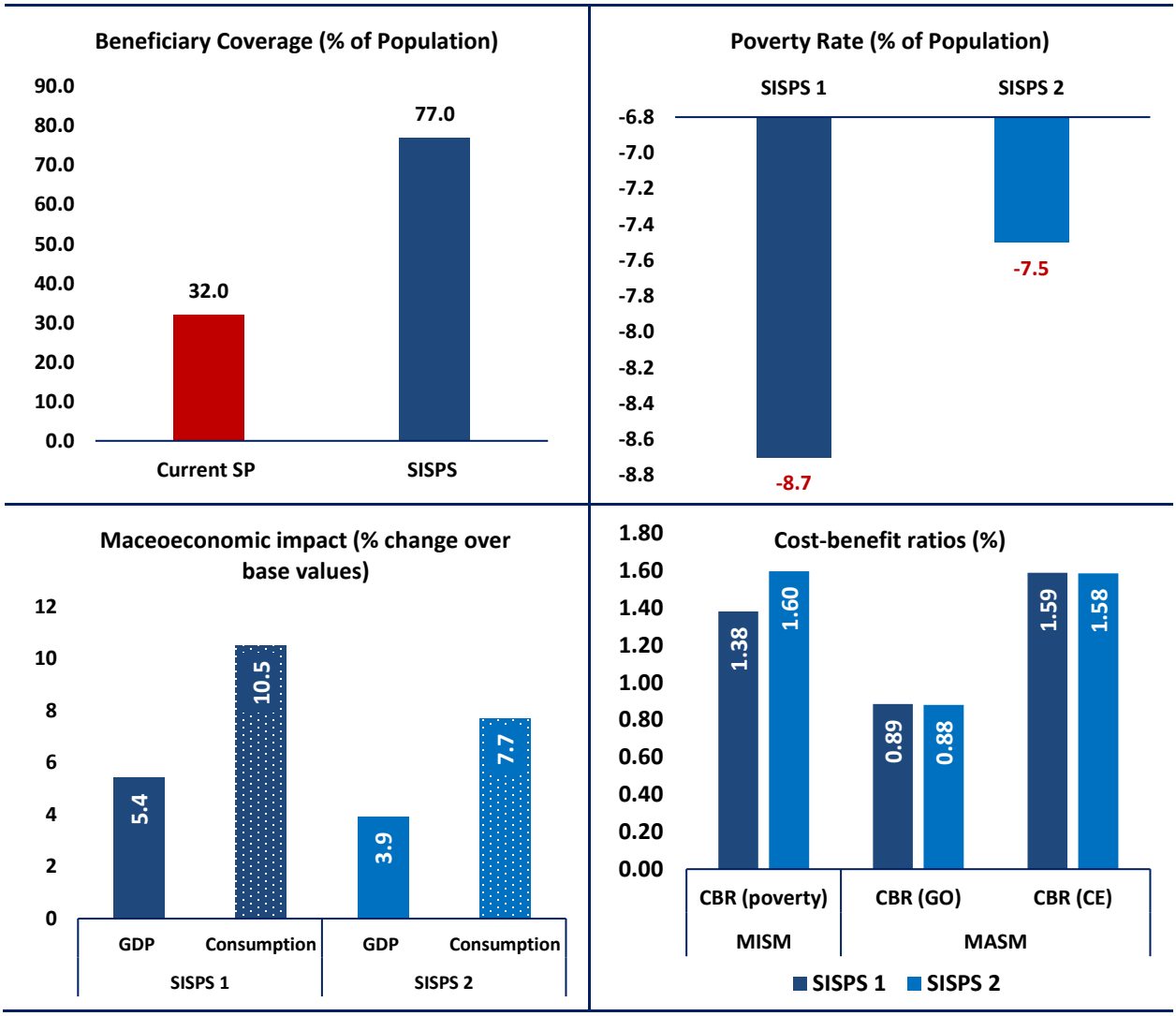


Source: Costing Model

SISPS Benefit

Quantifiable benefits of SISPS includes – large expansion of beneficiary cover over the current system; significant impacts on poverty reduction over the base case (i.e. 2013/14); noteworthy gains in macroeconomic indicators such as gross output (GO); national income or GDP; and overall household consumption.

SISPS Benefit Quadrant



Note: MISM refers to microsimulation model and MASM refers to macrosimulation model.

On the basis of the estimated benefits and cost effectiveness (CBRs), it may safely be urged to implement the proposed SISPS in Samoa.

E. Institutional Arrangements and Implementation Time Frame

Samoa will follow the SP administrative arrangements of the Cook Island and Fiji. In the Cook Island and Fiji, the SP system is administered by their respective Department of Social Welfare. Thus, GOS will strengthen the social development division under the Ministry of Women Community and Social Development to implement the SISPS. The division will have responsibility for the delivery of the life cycle following schemes:

1. The Child Benefit (including Child Benefit for School Children)
2. Maternity protection
3. The Disability Benefit
4. The Citizens Pension (SCBS)
5. The Women Support Schemes

Disaster response schemes, workfare scheme, youth development scheme, and other schemes falling outside life cycle-based schemes may continue to be implemented by each respective ministry as required. The scope of SNPF authority will also need to be expanded to design and delivery other insurance schemes such as unemployment insurance and maternity insurance.

The proposed SISPS will be implemented in four phases in Samoa. Phase one will be the preparatory phase covering just 12 months. SISPS will be implemented over three phases starting from 2022. All schemes chosen for piloting will need to be completed during phase 1 and phase 2.

Preparation Phase (2021)	Implementation Phase 1 (2022-23) IR @50%	Implementation Phase 2 (2024-25) IR @75%	Implementation Phase 3 (2026) IR @100%
• Staff needs assessment/ strengthening/training	• Child grant	• Child grant	• Child grant
• Schemes design and manual preparation	• Disability grant	• Disability grant	• Disability grant
• Developing tools for beneficiary selection	• Women schemes	• Women schemes	• Women schemes
• Developing data collection protocols and sharing	• Workfare scheme	• Workfare scheme	• Workfare scheme
• Development of MIS system	• SCBS	• SCBS	• SCBS
• Finalization of monitoring indicators by schemes	• DRSP	• DRSP	• DRSP
• Designing the Pilot schemes	PILOT SCHEMES		• Extended Child grant
• Mobilization of resources for the SISPS			
Cost: 0.3% of GDP	**2.2% of GDP**	**3.1% of GDP**	**4.1% of GDP**

Note: IR refers to the implementation rate. Pilot schemes include: the graduation/livelihood model, and unemployment insurance etc. Resource needed for the pilot schemes will be determined during the preparation phase and subsequently mobilised. Costs of implementation are based on SISPS 2.

1. Introduction and Background

Samoa, a Small Island Developing States (SIDS) in the Polynesian region of the Pacific Ocean, has a land area of 2,842 km2 (1,097 sq mi), consisting of the two large islands of Upolu and Savai'i and eight small islets. With a per capita income of USD 4,578 (IMF, 2018), Samoa is classified as an upper middle income country according to world Bank's Atlas2 method. The economy of Samoa has traditionally been dependent on development aid, family remittances from overseas, tourism, agriculture, and fishing. The service sector accounts for nearly two-thirds of GDP and employs approximately 50 per cent of the labor force. It is an open economy with a trade (composed on exports and imports of goods and services) share of 76.6 per cent of GDP. The welfare of the Samoan households/families are thus intrinsically dependent on the development of the World economy.

Like other SIDS, Samoa is considered a fragile nation due to her remoteness (isolated geography), small economies and susceptibility to climate change and external shocks. Because of these fragilities, the economic growth has not been stable – directly resulting in wide fluctuations in poverty and related economic deprivation. High inequality has been a deterrent factor in her pursuit to attain higher economic growth and lower rate of poverty. Moreover, economic hardship has been argued to increase due to the rise in frequency as well as in the intensification of climate induced shocks. Furthermore, urbanisation and monetisation are changing lifestyles and social dynamics creating new forms of hardships, such as high costs of living and lack of access to basic services and decent employment opportunities. Increased non-communicable diseases, alcohol abuse and domestic violence are key concerns.

An effective and efficient social protection system help reduces the hardship faced by the citizens. Assessment of the current social protection envisaged that the system is underdeveloped with low beneficiary coverage, low spending, and large gaps. UN (2019a) and the government of Samoa have jointly embarked on an initiative to strengthen the resilience of Samoa through adopting 'Universal Social Protection System'. The current study is an endeavour to undertake a comprehensive assessment of the social protection system in Samoa and to develop an inclusive social protection system. The prime objectives of the study are to:

- *Undertake a comprehensive stock take and review of SP Systems in Samoa; and*
- *Develop a SP System for Samoa.*

In line with the above objectives, the current study conducted a comprehensive review of the social protection system in Samoa using available statistics, reports, and discussions with key stakeholders (including individuals and agencies). Both monetary vulnerability (poverty and inequality) as well as non-monetary risks (facing across life cycle groups) have also been assessed based on unit record data, reports, and interviews. Above analyses provide the state of the social protection in Samoa and also point out the gaps in the system. An inclusive social protection system adopting the 'life cycle' approach to social protection system has been developed and proposed for consideration in Samoa. Micro simulation model

[2]For the current 2021 fiscal year, low-income economies are defined as those with a GNI per capita, calculated using the World Bank Atlas method, of $1,035 or less in 2019; lower middle-income economies are those with a GNI per capita between $1,036 and $4,045; upper middle-income economies are those with a GNI per capita between $4,046 and $12,535; high-income economies are those with a GNI per capita of $12,536 or more. Source: *https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups.*

using HIES 2013/14 dataset has been developed to determine poverty and inequality impacts of the proposed SP system. Similarly, a macro simulation model has also been developed using the Samoa social accounting matrix (SAM) for 2018 to examine the impacts on major macro-economic indicators such as gross output, GDP, and household consumption expenditure.

The report consists of 9 more sections in addition to the introduction. Section two briefly discusses the methodology and data. Poverty and vulnerability assessments have been conducted in section three. Fourth section discusses the socio-economic impacts of COVID 19 in Samoa. Section five focuses on the assessment of the Samoa social protection system. The merits of universal coverage and the problems with the targeted approach in beneficiary selection are discussed in the sixth section. The proposed social protection system has been elaborated in section seven. The benefits of the proposed social protection system are assessed in section eight. Concluding observations are reported in section nine. The last section is a technical annex.

2. Methodology and Data

Various types of methods utilizing diverse data sets have been used in this study. A thorough *desk review* of data, statistics, and reports were conducted to assess the poverty and vulnerability situation, socio-economic impacts of COVID 19 and key features of the Samoa protection system. A *costing module* based on the demographic dynamic (i.e. between 2020 and 2030) and key macro-economic indicators is employed to project costs of the proposed social protection system in Samoa. Benefits of a social protection are generally examined by assessing their impact on poverty. Thus, a *micro-simulation model* based on the HIES 2013/14 has been used to compare poverty impacts of the proposed SP schemes. Social protection is an investment and thus likely to have salutary effects on economic growth and expansion. Accordingly, a macro-economic data set – the social accounting matrix (SAM) for Samoa for 2018 has been developed to specify a general equilibrium type SAM model to assess the macro and sectoral impacts of proposed the social protection schemes. An *analytical framework* invoking the costs and benefits of the proposed schemes has been used to assess their cost effectiveness or benefit-cost ratio.

2.1. Assessment based on Secondary Source and Primary source

The study is based predominantly on the secondary sources. A thorough desk review of the existing documents has been carried out to understand coverage, allocation, and the effectiveness of the social protection system to address risks. Socio-economic impacts of COVID 19 have also been analysed using available information and reports. The desk review has been supplemented by in-depth analysis of the unit record data of HIES 2013/14 and HIES 2018 – especially for poverty and vulnerability assessment. The secondary sources have been complemented by stakeholders' consultations, interviews with key social protection agencies and data producers. Information gather from primary source have been used to supplement the key findings and obvious gaps of the desk review based on secondary sources.

Author also used to ILO global social protection database to gather further insights into the social protection systems in the PICs. The ILO database provides an overview of the situation of social security systems worldwide as well as a detailed description of the mechanisms on the basis of how various programmes operate. The database covers 124 countries from all regions and sub-regions of the world.

'Data collection has been processed using a questionnaire which has been structured around the above 8 social security branches. For each of them there are both quantitative (coverage, contribution rates, etc.) and qualitative questions. The former are responded by entering the numerical values and the latter through a range of predefined coded answers. There are 172 questions for each country. Some questions are common to all branches (e.g. number of programmes, types of programmes, etc.). Others are specific to a branch (e.g. in Family Allowances: equal benefit amount for each child).'[3]

For assessing the gaps in the social protection system, the exercise adopted the life cycle approach of the social protection. The gaps in the Samoan social protection system have thus been examined against the life cycle stages such as children and pregnant mothers, school aged children, youth, working age population and old age population. The features of the Samoa social protection system have been contrasted against the 'seven' indicators defining a 'good social protection' system proposed in by Grosh et al (2008) in a study for the World Bank. The seven indicators are: *(i) Appropriateness; (ii) Adequacy; (iii) Equity; (iv) Cost effectiveness; (v) Incentive compatibility; (vi) Sustainability; and (vii) Dynamism.*

The secondary and primary sources include:

- **Secondary Source**
  - *Desk review of the published reports, papers, and studies*
  - *Analysis of available unit record data (HIES 2013/14 and 2018)*
  - *Population structure and projections*
  - *National accounts data on macro-economic indicators (GDP, Consumption, and Investment etc.)*
  - *Labour market and employment (Labour Force Survey, 2017)*
  - *ILO global social protection database*
- **Primary Source**
  - *Stakeholder consultations*
  - *Interviews with (Ministries/Agencies/Development partners and CSOs)*[4]

2.2. Exercises based on Data Analysis and Modeling

Costing Model

A costing model has been used to calculate the cost of the proposed social protection schemes under alternative beneficiary coverage as well as for different transfer amounts. The costing model is described in the box below.

Box 1: Costing Model

Cost essentially depends on beneficiary coverage and transfer amounts (value of benefit) as well as whether we like to index them to inflation rate or other price indices. The specification of the costing model is provided in equation below.

$$C_i = BC_i \times VB_i \times CPI; \text{ where } i = 1 \ldots n \text{ (number of age-based schemes)}$$

Where, C refers to cost; BC denotes beneficiary coverage; VB suggests monthly value of benefit; and CPI is the consumer price index.

[3] https://www.ilo.org/sesame/SESHELP.socialsec_desc

[4] A detailed list is provided in the Annex.

Benefit Model

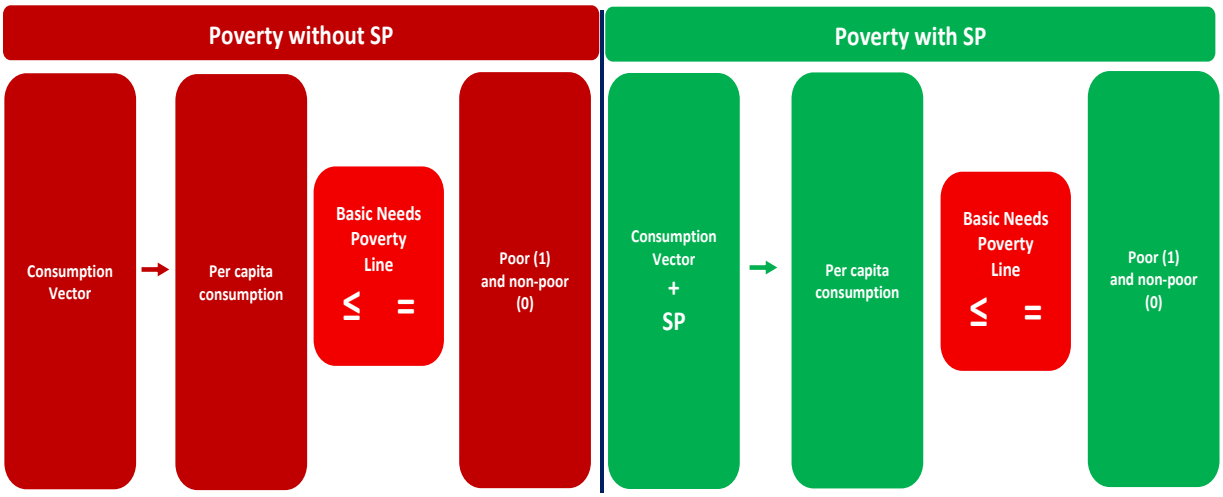
Two approaches have been adopted to assess benefits. In the first approach, poverty impacts of the proposed schemes (with and without the SP transfers) have been determined using a micro-simulation model. In the second approach, 2018 SAM model has been used to derive the macroeconomic impacts of the proposed schemes.

Micro-simulation model (MISM)

Poverty impacts with and without social protection schemes have been determined for each of the selected schemes. The micro-simulation model (MSM) is based on HIES 2013/14 data. It is developed to capture the poverty and inequality impacts of two situations – with the proposed schemes and without the proposed schemes for the following targeted groups:

- *Children (age 0 to 5)*
- *School age children (age 6 to 14)*
- *Youth (age 15 to 24)*
- *Working age (age 25-54)*
- *Working age women (age 25-54); and*
- *old age (age 55 and over).*

Figure 1: Analytical framework for the micro-simulation model



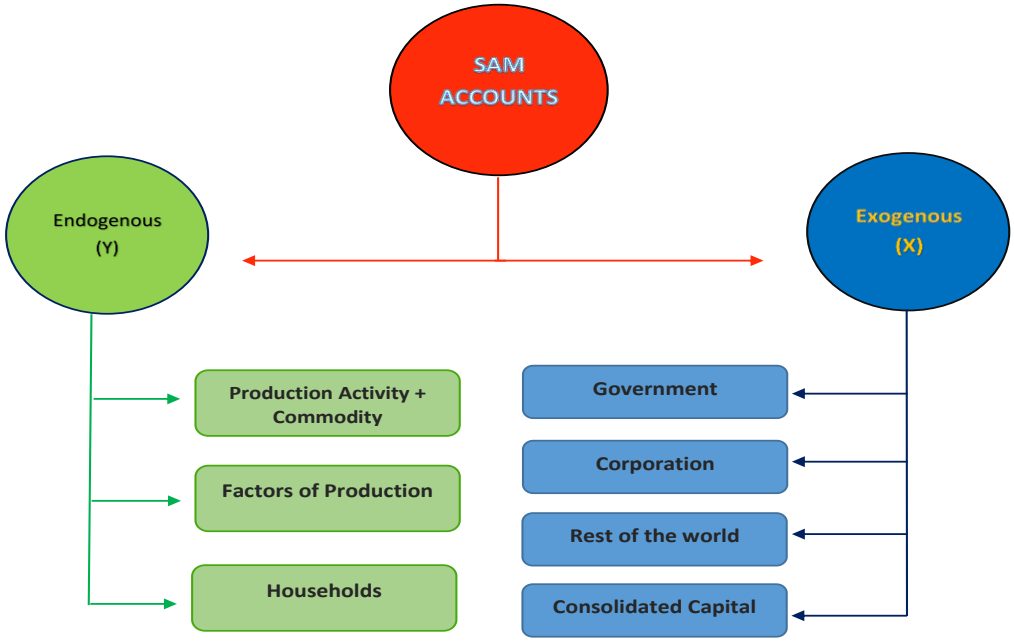
Source: Author's representation

Macro-simulation model (MASM Model)

SAM based multiplier model has been employed to assess the economy wide macroeconomic impacts of the cash and food transfers. A SAM is a systematic data and classification system. As a data framework, SAM is a snapshot of a country at a point in time. A particular innovation of the SAM approach is to bring together macroeconomic data (such as national accounts) and microeconomic data (such as household surveys) within a consistent framework. This aims to provide as comprehensive a picture of the structure

of the economy as possible. A SAM is a generalization of the production relations, and extends this information beyond the structure of production to include: i) the distribution of value-added to institutions generated by production activities; ii) formation of household and institutional income; iii) the pattern of consumption, savings and investment; iv) government revenue collection and associated expenditures and transactions; and v) the role of the foreign sector in the formation of additional incomes for household and institutions. SAMs usually serve two basic purposes: a) as a comprehensive and consistent data system for descriptive analysis of the structure of the economy and b) as a basis for macroeconomic modeling. The move from a 'data' SAM structure to a SAM multiplier module requires the introduction of assumptions and the separation of the SAM accounts into 'exogenous' and 'endogenous' components[5].

Figure 2: Endogenous and Exogenous accounts of a SAM (MASM) model



Source: Author's own specification

Cost-benefit ratio (CBR)

Estimated costs (derived from the costing model) and benefits estimated from the micro-simulation and the macro simulation model are combined in a cost-benefit framework to assess the cost-benefit ratios of the proposed schemes. Two approaches have been adopted to assess benefits. In the first approach

[5]This methodology follows Pyatt, G and JI Round (1977), 'Social Accounting Matrices for Development Planning', *Review of Income and Wealth*, Series 23 No.4; Pyatt, G and JI Round (1979), 'Accounting and Fixed Price Multipliers in a SAM Framework', *Economic Journal*, No. 89; and Pyatt, G and A Roe (1987), (eds.). The layout follows Alarcon, JV et al. (1984), *La Matriz de Insumo-ProductoAdaptadapara la Planificación de lasnecesidadesbásicas,* Ecuador 1975 y 1980, ISSPREALC, Quito; and Alarcon, JV et al. (1991), *The Social Accounting Framework for Development*, Gower House, Avebury.

(please refer to Khondker, B and Freeland, N (2014) and Philip et al (2015)[6], poverty impacts of them schemes (with and without the schemes) have been determined using the unit record data of HIES 2013/14. In the second approach, the Social Accounting Matrix (SAM) of Samoa for 2018 has been used to derive the economywide impacts of these transfers. CBR specifications are:

- *Micro-simulation CBR = Poverty rate (%) / Cost as per cent of GDP (%)*
- *Macro-simulation CBR = Gross Output (SAT) / Cost (SAT) and Consumption (SAT) / Cost (SAT)*

[6] Bazlul Khondker and Nicholas Freeland (2014) "Poverty impacts of core life-course programmes proposed under Lesotho National Social Protection Strategy: A micro simulation exercise", May 2104, Maseru, Lesotho; and Philip White, Anthony Hodges and Matthew Greenslade (2015), "Measuring and maximising value for money in social protection systems", UK Aid and DFID.

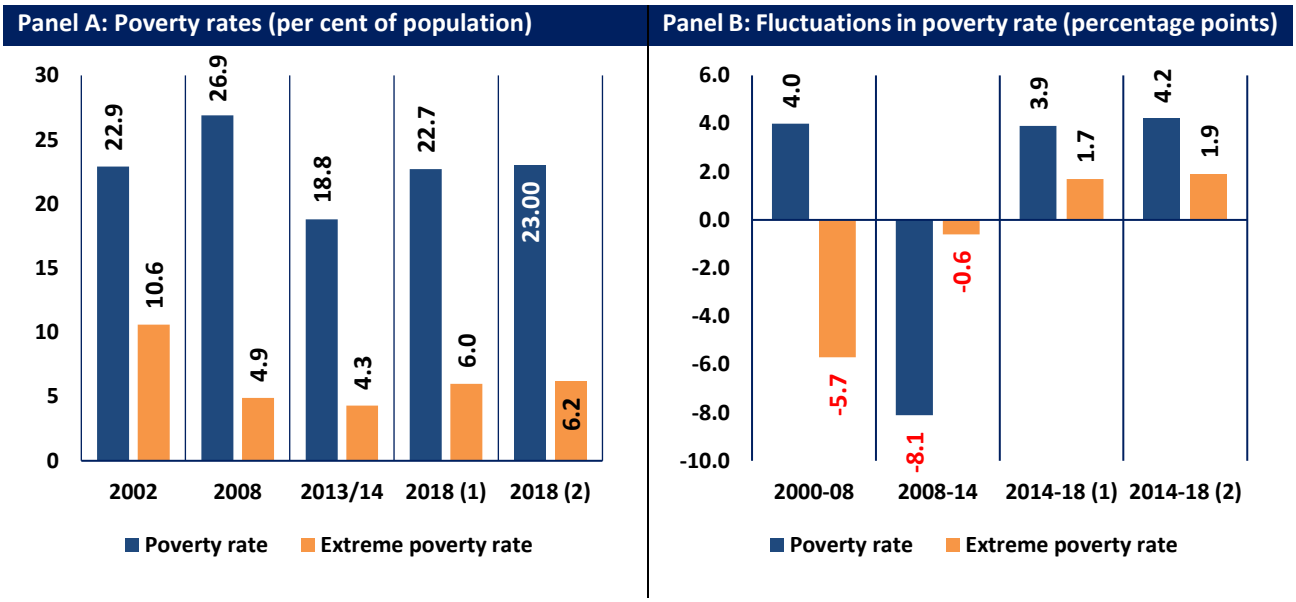
3. Poverty, Inequality and Vulnerability in Samoa

Income poverty and vulnerability are the most pressing risk facing an individual. Among other objectives, the key goal of the social protection system is to reduce, if not eliminate, poverty and vulnerability. Thus, any review and design of the social protection system usually start with the assessment of the poverty and vulnerability situation.

3.1. Trends in Poverty, Inequality and Vulnerability in Samoa

Poverty statistics for the last two decades (i.e. 2002 to 2018) do not provide any clear trends. Head count poverty rates according to the basic needs poverty line have remained over 22 per cent, except for 2013/14. Poverty rate increased by 4 percentage points between 2002 and 2008; dropped by 8.1 over 2008 to 2013/14 period; and then increase again by about 4 percentage points between 2013/14 and 2018. Such fluctuations[7] in poverty rates may point to lack of consumption smoothing due to various factors such as loss of income due to natural disasters, closure of large employment providing enterprise, informality in employment, and high and rising inequality. The poverty trend also suggests that shock absorption capacity of the ordinary Samoan is low and regular assistance from government may be needed.

Figure 3: Poverty and extreme poverty rates in Samoa



Source: UNDP (2016) and values for 2018 are based on UNDP (2020) and values for 2018 (2)[8] are author's estimation based on the unit record HIES data provided by SBS.

[7] Statistical agencies entrusted with poverty assessment generally adhere to the same methodology (i.e. derivation of the income or consumption vectors and poverty lines) over different time period (i.e. years when household surveys are conducted) for comparability. The variations in poverty rates thus reflects changed income or consumption conditions.

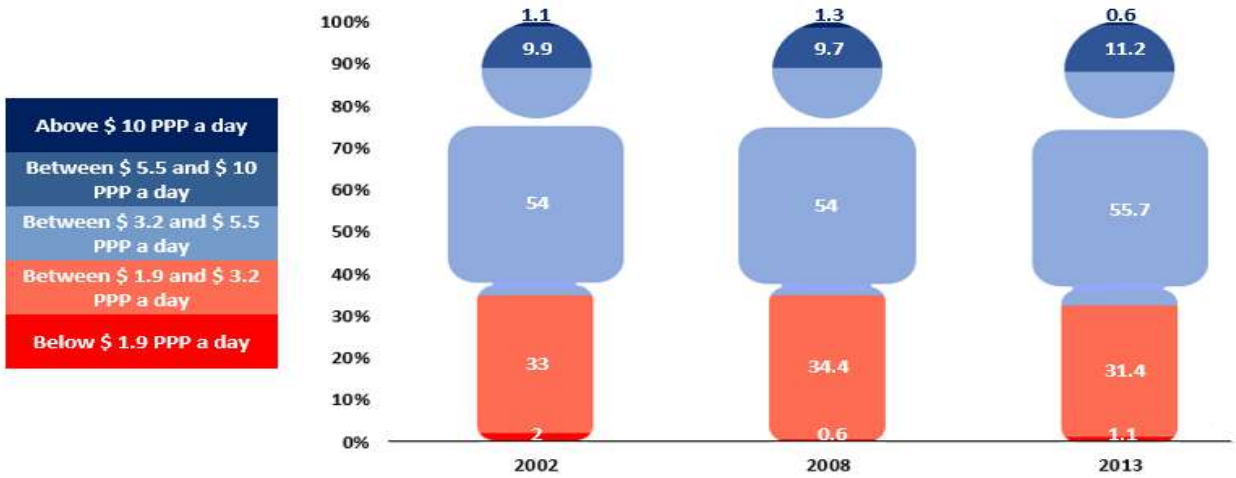
[8] SBS did not yet published the poverty estimates for 2018. An expert committee has been formed to assess the poverty estimates of 2018. The preliminary estimates by author, although lower than the UNDP (2020) estimates for 2018, but it is higher than the poverty rates reported in 2013/14. The author followed the 2013/14 poverty assessment methods but uses CPI inflation adjusted poverty lines. Despite, slight difference in estimates poverty

In Samoa, extreme poverty is measured by the food poverty line. Significant drop in extreme poverty was recorded by SBS for the period between 2002 and 2008. The decline in extreme poverty was 5.7 percentage points. The rate of drop in extreme poverty between 2008 and 2013/14 slowed substantially to -0.6 percentage points –implying that benefits of growth and transfers (including remittance) are not reaching them. A disturbing development between 2014 and 2018 is the reversal of drop in extreme poverty found for the two comparison periods (i.e. 2002-2008 and 2008-2014). Between 2014 and 2018, extreme poverty increased by 1.7 percentage according to UNDP estimates and by 1.9 in author's estimates.

3.2. Poverty by International Poverty Lines

Since national poverty line uses lower values for individual or household well-being, poverty rates measured by the national poverty lines are generally underestimate poverty incidence. Furthermore, international comparison is not also possible.[9] For comparison and to get better understanding of poverty dynamics/situation in Samoa poverty estimations by international poverty lines have also been conducted.

Chart 1: Poverty by International Poverty Lines in Samoa (percent of population)



Source: Author's estimates using PovcalNet[10]

As many as 35 per cent of Samoan fall under the poverty lines used for the lower middle-income countries (i.e. $ 3.20 PPP per day). When the international poverty line for the upper middle-income countries (i.e. $ 5.50 PPP per day) is used, poverty rate jumps to around 88 per cent between 2002 and 2013/14. Use of international poverty lines suggests that large number of Samoan are either poor or vulnerable. Thus, only around 12 per cent of Samoan may be resilient or non-vulnerable to shocks.

values, the UNDP estimate, and author's estimates for 2018 suggest that both poverty and extreme poverty increased again in 2018 compared to the large drop in poverty in 2013/14.

[9] The national poverty lines are usually based on a basic need basket defined by the national authorities and hence items included in the baskets may differ - making the comparison difficult.

[10] PovcalNet is an interactive computational tool that allows one to replicate the calculations made by the World Bank's researchers in estimating the extent of absolute poverty in the world. For details please refer to http://iresearch.worldbank.org/PovcalNet/introduction.aspx.

To assess the resilience of the Samoan in the income shock situations, SPC-SDD (2020) used three different vulnerable lines[11] (which are upward adjusted values of the 2013/14 basic needs poverty line). These are defined as:

- Vulnerable line 1 = BNPL (2013/14) x 1.20%
- Vulnerable line 2 = BNPL (2013/14) x 1.50%
- Vulnerable line 3 = BNPL (2013/14) x 2.00%

The analyses with the above three vulnerable lines found that for 2013/14, 29 per cent of the Samoan are vulnerable at vulnerable line 1. The share of vulnerable population increased to 41.9 per cent under vulnerable line 2. Around 61.4 per cent of the population are deemed vulnerable with the third vulnerable line. Thus, according to the vulnerable definition adopted by SPC-SDD (2020), the share of Samoan who may be considered resilient and non-vulnerable is around 38 per cent.

3.3. Understanding Poverty Profile from Life Cycle Perspective

Social protection aims to tackle both poverty and build resilience among individuals and families so that they are less vulnerable to falling into poverty. An appropriate framework is the use of the lifecycle stages for discussing these vulnerabilities, focusing on the challenges faced by people and families in Samoa at different stages of their lives. However, because people live in families, households and social networks, it should be borne in mind that a shock hitting one person at some point in their lifecycle also has implications for others with whom they have social and kinship relations, particularly for those within the same household. In addition, there are shocks that can hit people at any time of their lives such as natural disasters and illness. The age groups aligned to life course include:

1. Children (age 0 to 5)
1. Primary School age children (age 6 to 9)
2. Secondary School age children (age 10 to 14)
3. Working age (age 15-64); and
4. Old age (age 65 and over)

Overall national poverty rates generally mask the large and substantial divergences across various age groups or by lifecycle stages. Thus, poverty and vulnerability rates by five life cycle stages or categories have been calculated to assess the extent as well as concentration of poverty in Samoa.

Table 1: Age Specific poverty and vulnerability rates in Samoa, 2013/14

Indicators	Life cycle categories with age cohorts						
	Children 0-5	Primary School 6-9	Secondary School 10-14	Working Age 15-64	Old Age 65+	All	*Total (000)*
Population share	17.4	9.2	11.7	56.8	5.0	100.0	192.1
Poverty rate	22.7	22.2	20.4	17.2	13.6	18.8	
Vulnerability rate 1	36.3	35.4	33.1	29.2	22.9	31.1	

[11] Although, the use of three rates of 20%, 50% and 100% to upward adjust to the BNPL is arbitrary, similar approach was used in Bangladesh to examine the resilience of citizen in the wake of income shocks.

Indicators	Life cycle categories with age cohorts						
	Children 0-5	Primary School 6-9	Secondary School 10-14	Working Age 15-64	Old Age 65+	All	*Total (000)*
Vulnerability rate 2	48.8	46.5	44.2	39.8	32.0	42.0	
Non-Vulnerable	***51.2***	***53.5***	***55.8***	***60.2***	***68.0***	***58.0***	

Note: Vulnerable rate 1 refers to persons below vulnerable rate defined as BNPL + 25%; and vulnerable rate 2 refers to persons below vulnerable rate defined as BNPL + 50%[12].
Source: Based on HIES 2014[13].

Data on age specific poverty rates confirms heterogeneity in poverty incidence across different age groups. Incidence of poverty among households with children is significantly higher than the incidence of other groups such as the working age population and the elderly. The highest poverty rate has been found for the 0-5 age group at 22.7 per cent. The poverty rates for two other child groups are respectively 22.2 per cent for 6-9 age group and 20.4 per cent for 10-14 age group. Poverty incidence among the working age population is lower than the national poverty rate at 17.7 per cent. The lowest poverty rate has been found for the elderly (65+ age group) at 13.6 per cent – 5.2 percentage points lower than the national poverty rate of 18.8 per cent. Several factors may have contributed to lower poverty among the elderly which include savings, pension, and universal coverage of senior citizen benefits.

3.4. Other (non-income) Life Cycle Vulnerability

Early Childhood and School Children

Samoa made impressive progress in social indicators and hence is poised to meet most of the education and health global indicators. Despite impressive progress some challenges have been observed.

- **Under Five Mortality Rate (U5MR) reduction rate unstable:** Under During 2011 to 2016, U5 mortality rate reduced to 17/1,000 live births in 2016 from 22/1,000 live births in 2011. However, the trend reserved in 2019 as it again increased to 22/1,000 live births. Despite the increase, it is still below the 2030 U5MR global target of 25/1,000 live births. However, according to the United Nations Voluntary National Review (UN VNR) report this is area of concern as it may change after release of the post measles data.
- **Low early child net enrolment:** Early Childhood Education is an important phase of education of every child. According to the Education Amendment Act 2019, it is mandatory for all students at the age of four to attend an Early Childhood Education (ECE) Centre[14]. Access to ECE between 2015 and 2019

[12] This has now become customary to use augmented national poverty lines to assess the robustness of the non-poor citizens since a large segment of them usually cluster around the poverty lines (eve n when they are set at lower level). The augmented basic needs poverty lines are known as the vulnerable lines. In various studies they are set either at BNPL x 1.20% or BNPL x 1.25% or BNPL x 1.5%. For instance UNDP (2020) used BNPL x 1.2 % and BNPL x 1.5% as vulnerable lines in the case of Cambodia. While UNICEF (2020a) adopted BNPL x 1.2 % and BNPL x 1.5% as vulnerable lines in the case of Sri Lanka.

[13] We gratefully acknowledge the assistance of SBS and David Abott for providing the age specific poverty statistics.

[14] There are currently 125 ECE centres (up from 102 in 2015) in Samoa managed through church and private providers. ECE is monitored overall by the National Council of Early Childhood Education for Samoa, Government

has been found low and varies between 24 and 31 per cent for gross enrolment rate (GER) and 22 and 24 per cent for Net enrolment rate (NER). The statistics for 2019 are respectively 24 per cent and 22 per cent for GER and NER. The statistics are lower than the other Pacific nations' ECE enrolment levels. Low prioritization, limited access, and costs as key factors for low ECE attendance in Samoa according to the Samoa Early Human Capability Index report. The same report also found significantly better literacy and numeracy results for children with ECE attendance compared to children that did not attend (0.61 versus 0.21). SEHCI development score for 2-5 years – which is based on the 8 dimensions of child development – in Samoa was 0.51 on a score of 0 to 1 with 1 being the highest.

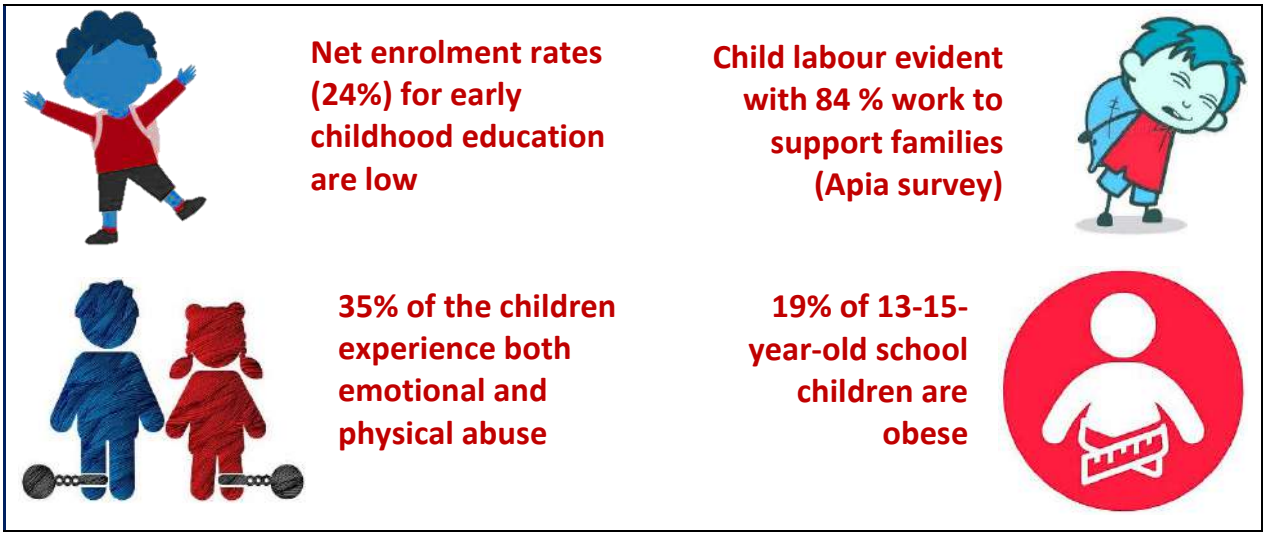
- **Child Nutrition and Obesity:** It appears that there is no major concern regarding nutritional status of Samoan children measured by stunting, wasting and underweight. Various studies and reports however suggested that obesity and associated non-communicable diseases represent a significant health concern. Around 19 per cent of school children aged 13–15 was found to be obese, with higher rates among girls (UNICEF 2017). However, a 2017 survey data from Upolu reported that, among the overweight or obese children included in the survey, 29 per cent were also stunted and 43 per cent were anaemic suggesting dual and/or triple burdens of malnutrition. Moreover, 10 per cent of Samoa's children have low birthweight, which is in the middle range of the PICTs region (UNICEF 2017).

- **Child Labour observed:** Despite prohibiting Child Labour and compulsory for children 4 to 14 years to attend school, child labour has been found in Samoa. According to UNCEF (2017), child labour in Samoa includes vending, agriculture, domestic work, and garbage scavenging. The minimum age of employment in Samoa is 15 and for hazardous work is 18 years. Despite these provisions, ILO Rapid Assessment of Children Working on the Streets of Apia Pilot Study in 2015 identified 106 (with 29% female and 71% male) children aged between 7 and 17 working on the streets of Apia during the time of the assessment. Out of them, 41 (i.e. 38.7%) were below 15 years and 8.5% had never attended school. Dropout rate was 68.1 per cent. Poverty is a major reason for child labour – which was also validated by the rapid assessment. According to the ILO rapid assessment, around 84 per cent of the sample respondent reported to work to support their families or to pay for school fees (ILO, 2017a).

- **Weak Child Labour protection:** In spite of a relatively robust legal framework for protecting children from violence, available data envisaged that children in Samoa experience violence in several fronts – at home, in schools and in the community. The share of school children reported being physically hurt by a teacher at school is 44 per cent. On the other, 77 per cent of parents reported using physical violence to discipline their children. Sexual abuse is reported to be prevalent; however, there is a lack of up-to-date statistical data on its nature, extent and causes. A study conducted by the Samoa Family Safety study in 2017 also reported extensive abuses. The study found that 43 per cent of the children have been subjected to emotional abuse. Around 35 per cent experienced both emotional and physical abuse and 12 per cent have been subjected to physical abuse only.

provides annual grants for operations and infrastructural developments as well as assists ECE centres through curriculum and teacher support through MESC.

Chart 2: Summary of challenges for Children in Samoa



Source: UN VNR (2020) for early childhood education data, ILO rapid survey (2017) for child labour in Apia, UNICEF (2017) for child abuse and obesity.

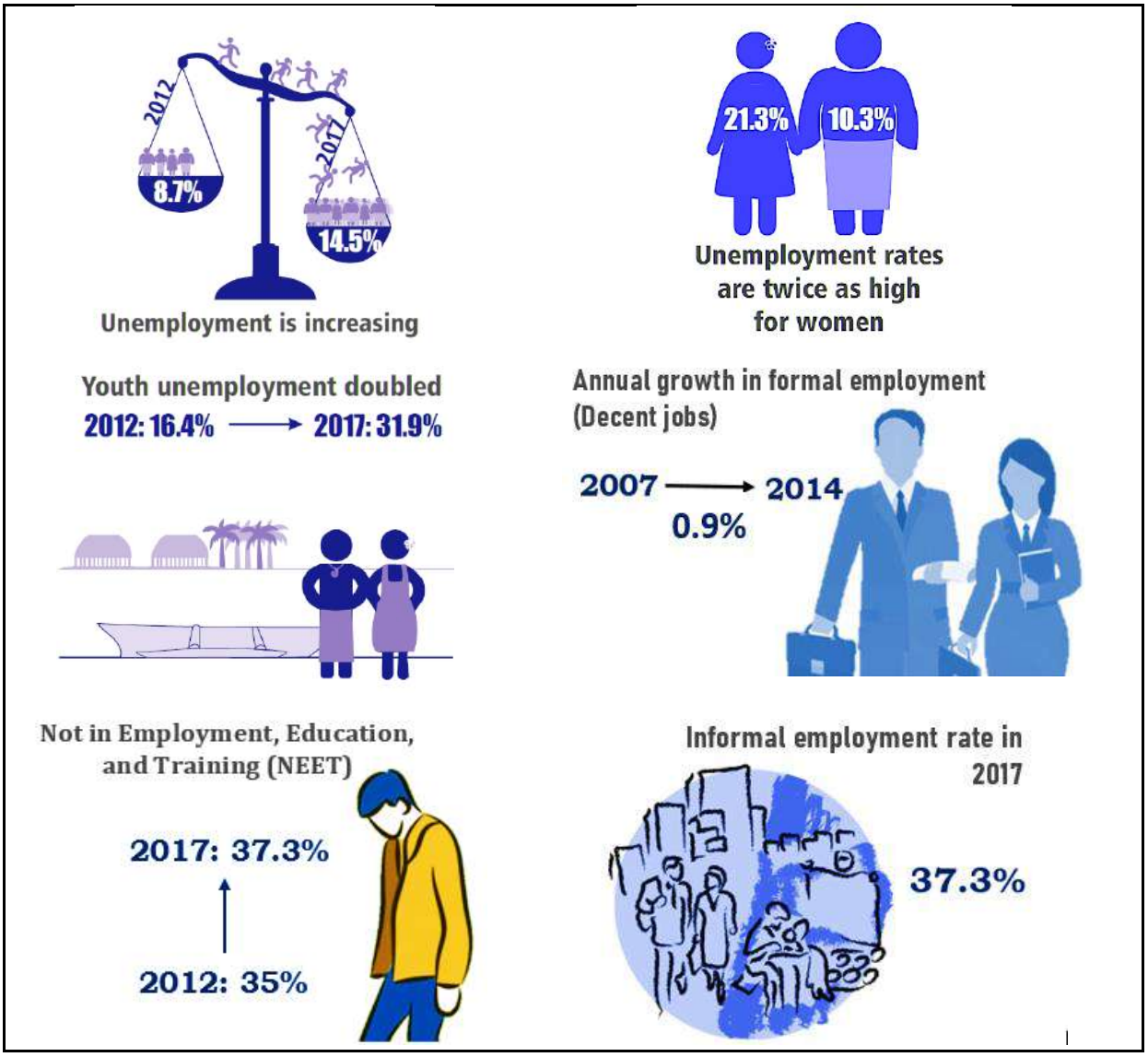
Youth and Working Age Population

Despite relatively lower poverty rates, the working age population encounters diverse challenges. Some of the challenges are summarized here.

- **High and increasing unemployment:** Labour market challenges are extensive in Samoa. The country experienced large increase in unemployment rate between 2012 and 2017. Unemployment rate jumped to 14.5 per cent in 2017 compared to 8.7 per cent in 2012. The jobless rates are high among Youth and women. Youth unemployment rates which also increased between 2012 and 2017 is more than double of the national unemployment rate. Women unemployment rate (i.e. 21.3 %) more than double of their male counterpart (i.e. 10.3 %).

- **High informal employment:** An important is challenge is the paucity of decent jobs. Annual growth of formal employment between 2007 and 2014 was only 0.9 per cent (ILO, 2017a) – reinforcing the decent work challenge. More than 37 percent adult workforce has been compelled to work in low paid low productive informal sector (LFS, 2017). Without effective interventions by strategic policies (i.e. including education, health, employment and social protection) these families will be unable to break out of the intergenerational cycle of poverty.

Chart 3: Summary of Labour market challenges in Samoa



Source: Author's compilation based on UNDP (2020), ILO (2017a) and ILO (2016)

- **Youth nowhere:** NEET (not in Education, Employment or Training) represents the share of youth who are not in employment, education, or training, as a percentage of the total number of youths in the corresponding age group, by gender. Youth in education comprise of individuals attending part-time or full-time education but exclude those in non-formal education and in educational activities of very short duration. Employment covers all individuals who have been in paid work for at least one hour in the reference week of the survey or were temporarily absent from such work. Therefore, youth classified as NEET[15] can be either unemployed or inactive and not involved in education or training. Youth not engaged in neither employment nor in education or training stand a high risk of becoming socially excluded – individuals having an income below the poverty-line do not have the skills

[15] NEET is a better measure of the potential youth labour market entrants compared to the youth inactivity rate. A high NEET rate and a low youth unemployment rate may indicate significant discouragement of youth.

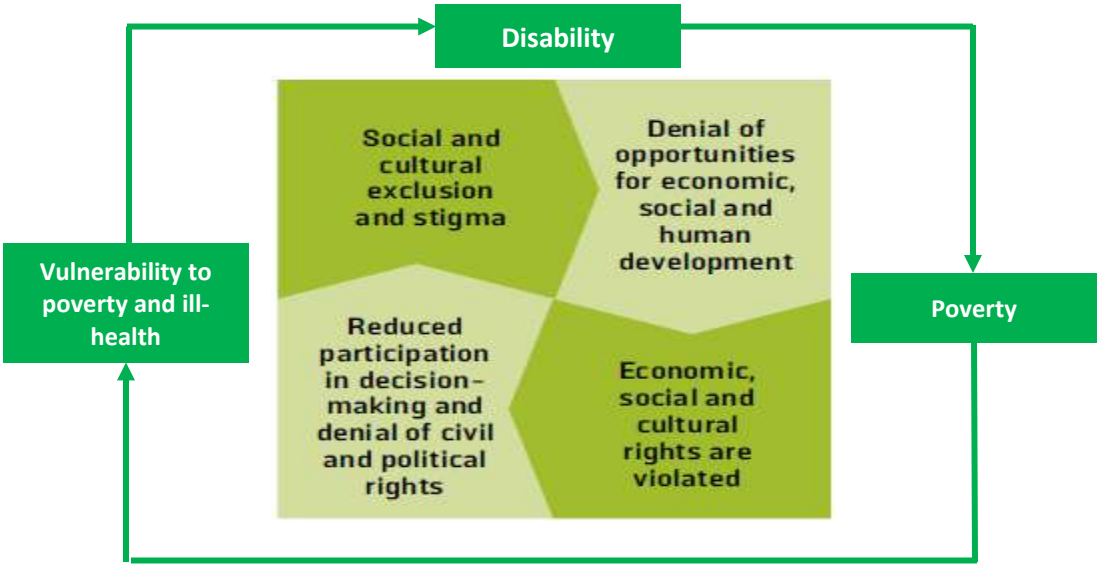
necessary to improve their economic situation. A high NEET rate for young females indicates their involvement in household activities and the existence of institutional barriers restrict female labour market participation. NEET is high and increasing in Samoa. NEET rate which was 34 per cent in 2012 increased to 37.5 per cent in 2017. According to LFS (2012), NEET among female youth was almost 2 percentage points higher than male youth. Out of the total NEET youth, almost 91 per cent were inactive non-students and rests were unemployed non-students in 2012 (ILO, 2016). A high NEET rate for young females indicates their involvement in household activities and the existence of institutional barriers restrict female labour market participation.

- **Low female labour force participation:** Female workforce faces disadvantages due to gender discrimination. Female labour force participation is low – at 31.5 percent – compared to 55 percent for men (LFS 2017). This may reflect attitudes to women and their weak bargaining power within households. Lack of access to childcare facilities constrained the ability of young mothers to enter and remain in the labour force – which may help explain the high levels of poverty among families with young children. Khondker (2015) argued that '*an inadequate social protection system means that families with children also have to provide care and support to those elderly people and people with disabilities who need assistance. In effect, this is an informal tax on working families that limits their ability to invest in productive activities while reducing the support they can give to their own children*'.

Persons with Disability

A recent report published by Uganda Ministry of Gender, Labour and Social Development (MGLSD, 2020) argued that the linked between poverty and disability is well established. The relationship is summarised as '*Those who live in poverty are more likely to have a disability, while those with a disability are much more likely to be living in poverty*.' Poverty is also linked to the severity of the impairment, and those who "cannot do" at least one functional domain are at greater risk of poverty than those who "have a lot of difficulty". Banks and Polack (2014) discusses the poverty-disability linkages through some critical barriers.

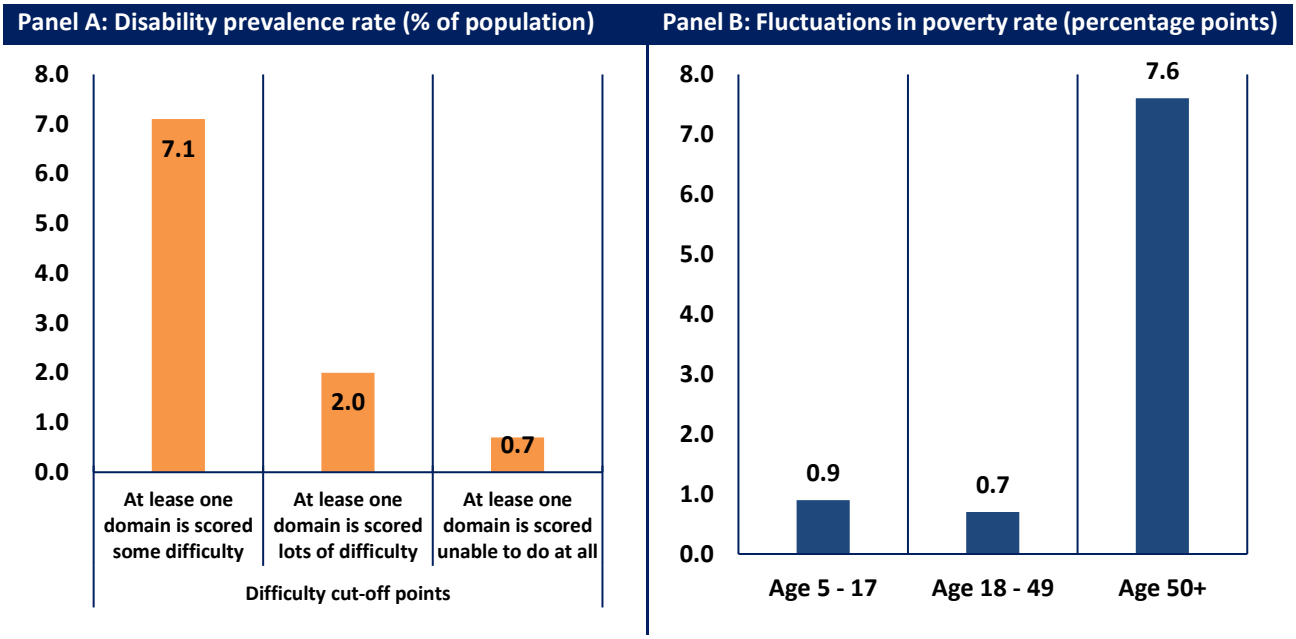
Chart 4: Disability poverty nexus



Source: Banks and Polack (2014)

Disability can occur at any stage of life. According to the Disability Monograph (2018), around 7 percent of the Samoan population has some form of disability. Citizens who could be regarded as severely disabled comprise 2 per cent of the population. The share of the citizens unable to at all at least in disability domain has been reported at 0.7 of the population. As figure below suggests, disability prevalence varies over the lifecycle, with a significant increase from around age 50. Prevalence is also higher among women than among men.

Figure 4: Disability prevalence rates in Samoa



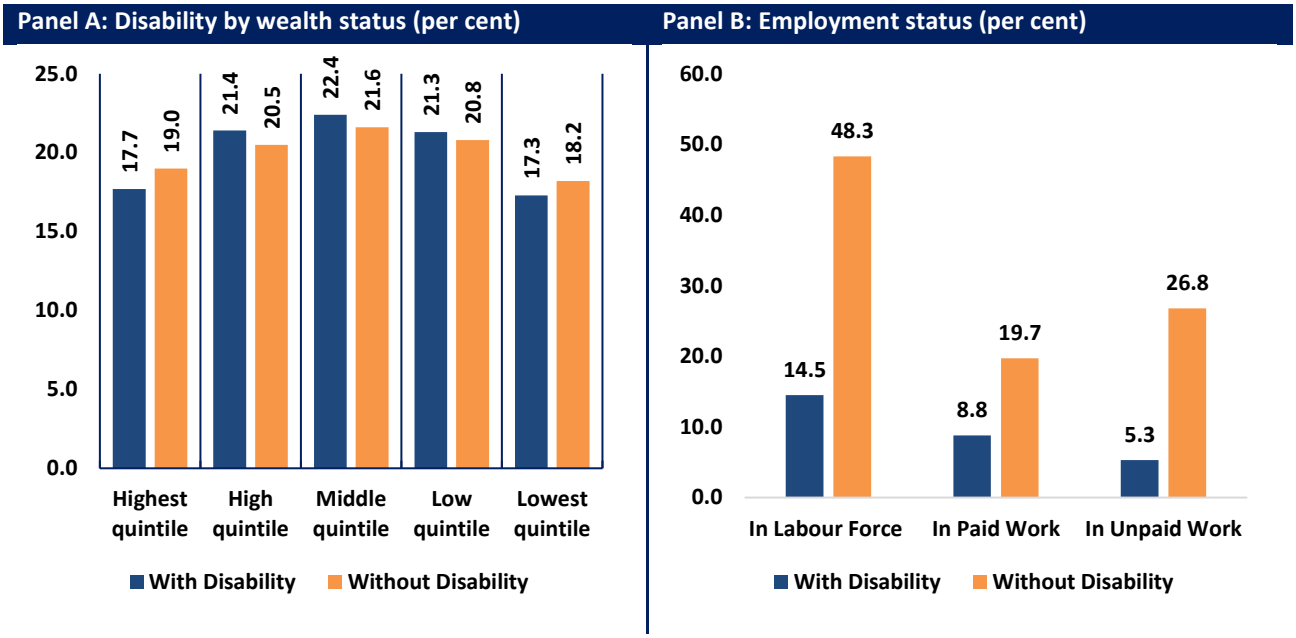
Source: SBS (2018)

Distribution of persons with and without disability against the wealth has been estimated to assess the extent of deprivation of the persons with disability compared to the persons without disability. According to the Disability Monograph (2018), 'the wealth index, derived from the household asset ownership, is a proxy indicator of long-term wealth. Analysis of wealth index is based on the population of (163,367 persons without disabilities and 3,304 with disabilities) private households whose data on household asset ownership was available.' No significant variation has been found in the distribution of persons with disability and to the persons without disability with respect to wealth index. The largest proportion of the persons with disability has been found in the three-middle quintiles (i.e. 65.1 % of all persons with disability). Around 18 per cent and 17 per cent of the persons with disability have been found in the highest and lowest quintile, respectively.[16]

Participation of the persons with disability in the labour market is low in Samoa at around 15 per cent for persons with the disability compared to the participation rate of 48 per cent for the persons without disability. Their (i.e. persons with disability) share in formal employment is 8.8 per cent compared to the share of 19.7 per cent by persons without disability. The participation of the persons with disability in unpaid work is even lower at 5.3 per cent compared to 26.8 per cent for the persons without disability.

[16] Global statistics on disability portrays much bleaker vulnerability status for the PWD. The World Bank estimates that 20 per cent of the world's poorest people have some kind of disability and tend to be regarded in their own communities as the most disadvantaged.

Figure 5: Wealth and employment status by persons with and without disability in Samoa (2018)



Source: SBS (2018)

3.5. Other Vulnerability (Covariates[17] and Climate)

Samoa is vulnerable to climate change and natural disasters. Samoa was affected by up to 9 natural and climate induced disasters during the past 12 years. Lives and lively hood impacts of major disasters include:

- The Tsunami of 2009 resulted in 143 deaths, affected 7,663 per 100,000 people, led to the relocation of entire villages inland away from their coastal locations resulting in loss of livelihoods and incurring additional millions for new infrastructure and utilities.
- The 2012 Cyclone Evans killed 143 people, temporary displacement of approximately 7,500 people and devastated livelihoods and assets, causing damages totalling $480M (USD 210.7)[18] As a result, economic growth rates were negative in 2011/12 (i.e. -1%) and by -2% GDP in 2012/13.[19]
- Cyclone Gita, in 2018, brought into significant flooding and unprecedented landslides that damaged roads, impacted businesses, homes, and public infrastructure. The estimated total cost was SAT$2.5 million.

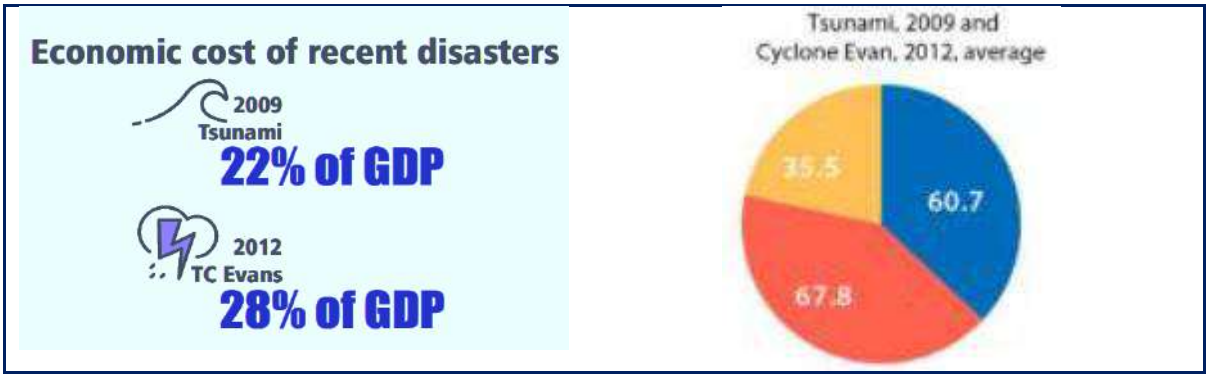
[17] Households in developing countries are frequently hit by idiosyncratic and covariate shocks resulting in high income volatility. Idiosyncratic shocks usually refer lo household-specific shocks (e.g. injury, birth, death or job loss of a household member) that are either uncorrelated or only weakly correlated across households within a community. On the other hand, ***covariate shocks*** refer to shocks that are correlated across households within communities but uncorrelated (or only weakly correlated) across communities, thus they can be defined as community-specific shocks (e.g. natural disasters or epidemics).

[18] TC Evans damage initial figures used for the Samoa State of Environment Report, 2013

[19] Government of Samoa 2015/16 Budget Statement

- These disasters have imposed significant cost on the society in the form of loss of life, homes, businesses, infrastructure, livelihoods and overall economic and development. The estimating costs of the natural disasters ranged between 0.1 per cent and 30 per cent of GDP resulting in erratic economic growth and periods of stagnation and negative growth[20].
- Loss of income and livelihood due to more frequent and intense natural disaster events aggravated poverty situation in Samoa (UNDP, 2020).
- According to UNESCAP's CGE model, in the case of Samoa, 35.5 per cent of the combined damage from the tsunami (2009) and tropical cyclone Evan (2012) were on social sectors. Damages on economic and infrastructure sector was 60.7 per cent. Loss to the productive sector was 67.8 per cent.

Chart 5: Estimated costs of recent disasters in Samoa



[20] Samoa Hardship and Poverty Report, 2014, Samoa Government and UNDP-Pacific Centre

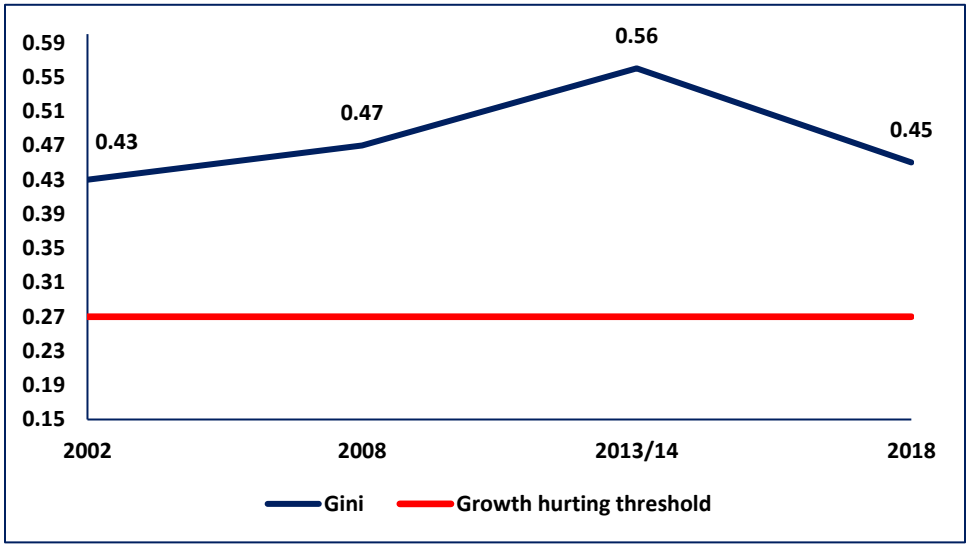
3.6. Inequality

High inequality (whether measured by consumption or income Gini) remains a major concern in Samoa. Values of Gini coefficients have been used to measure inequality in Samoa. Key observations include:

- As mentioned above, inequality is high in Samoa – over 43 per cent in between 2002 and 2018[21]. High unemployment, prevalence of informal employment (i.e. 37.8 % of work force are engaged in the informal sector), low wage and failure to redistribute the national wealth generated to the 40 per cent of the population (i.e. this is known as shared prosperity premium)[22] are the main reasons behind high and rising inequality in Samoa.

- High level of inequality also known to hurt economic growth. Gini coefficient higher than the 27 per cent threshold is considered as a growth harming rate by Grigoli and Robles (2017)[23]. They found that similar to the debt overhang tendencies, there is an inequality overhang level such that the slope of the relationship between income inequality and economic development switches from positive to negative at a net Gini of about 27 percent. Samoa Gini coefficient value of more than 43 per cent is also a major concern from growth promoting perspective.

Figure 6: Inequality Trends in Samoa (Income Gini)



Source: UNDP (2016) and author's estimation for 2018 based on HIES 2018

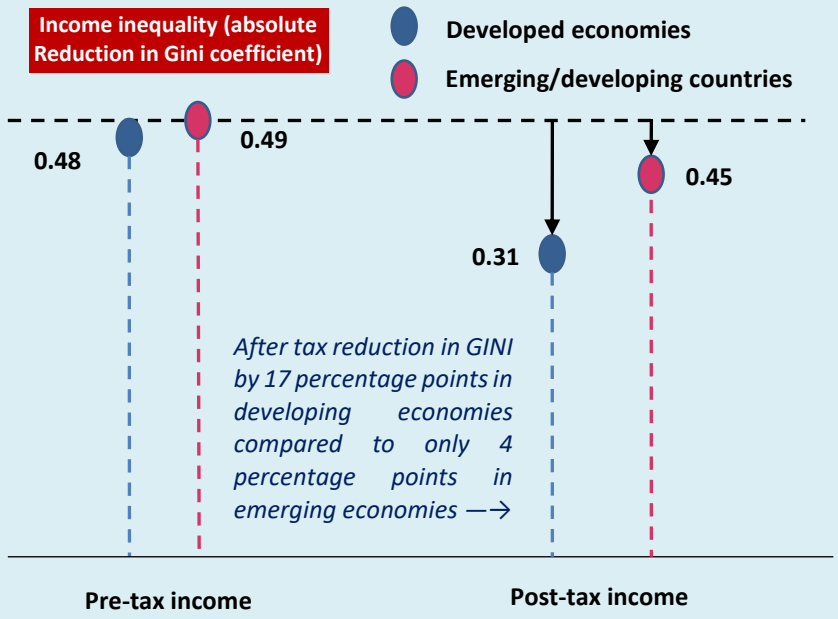
[21] Consumption Gini data are not available for all these four years and hence are not reported here. But author's estimates with 2018 data suggests a consumption Gini of 0.37 which is close to the average consumption Gini of PICs over 2010 to 2018 period.

[22] According to the World Bank (2019), *Shared Prosperity Premium = Growth of the bottom 40 - Average Growth*. The estimated shared prosperity premium over 2013/14 and 2018 period is – 6.3.

[23] Gregoli, F. and A. Robles (2017), "Inequality overhang", WP/17/76, Western Hemisphere Department, International Monetary Fund.

Box 2: Role of Social Protection in Reducing Inequality

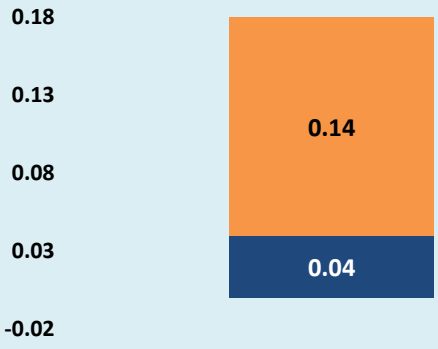
Tax system and social protection system are two important instruments of a fiscal system. Both of them serves a re-distribution role. However, studies with fiscal instruments suggest that social protection system have been found more effective in reducing inequality than progressive tax system. According to various OECD studies (for detailed list please refer to Khondker, 2020), progressive taxation of income is one of the main ways' governments can redistribute incomes. But it is also recognised that, lower inequality is not only guaranteed by proper tax collection but also on redistribution of it in forms of benefits to those with lower incomes. In this respect, governments' intervention to reduce inequality and poverty should be attempted through employing both the tax and benefits systems which would take proportionately more tax from those on higher levels of income and redistribute benefits to those on lower incomes.



Source: IMF 2017 and HD report 2019 (UN 2019b)

IMF (2017), envisaged that, fiscal policy can help reduce income inequality through various channels. ***First***, progressive direct taxes and transfers can reduce disposable income inequality (that is, inequality of income after taxes and transfers) so that it is less than market income inequality (that is, inequality of income before taxes and transfers). ***Second,*** it further qualifies that the extent of fiscal redistribution will depend on both the magnitude of taxes and transfers and their progressivity. Adjacent chart captures the impact of tax and transfers on the absolute reduction in GINI of OECD countries. Impacts of these on GINI reduction is 0.18 of which transfer account for 0.14 per cent

Redistributive impact of taxes and transfers in Advanced Economies, 2015 or Latest Year

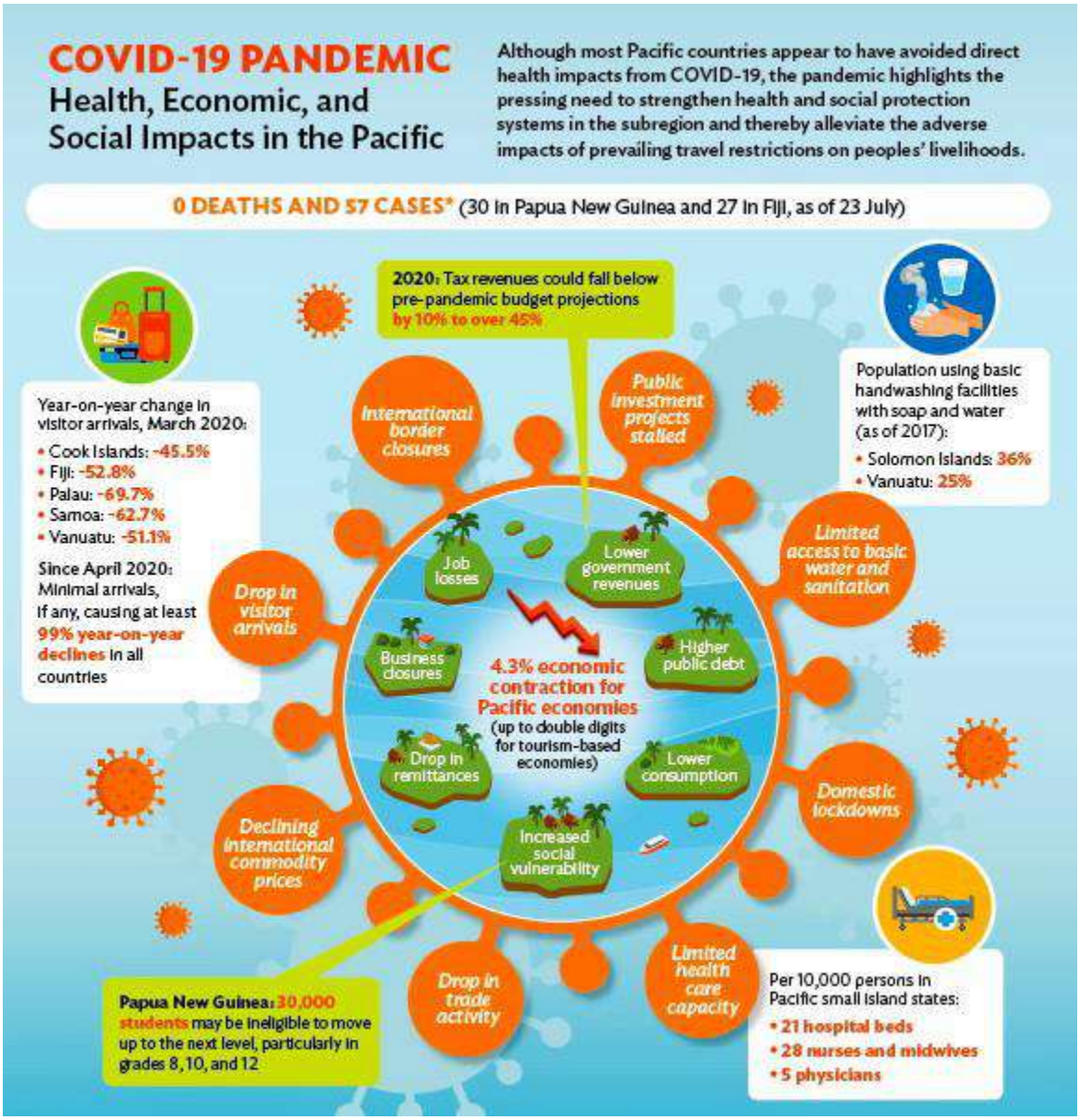


The references of Brazil and Georgia – both middle income countries are also relevant. In Brazil with an almost universal old age pensions, which are paid at or above the level of the minimum wage, reduces inequality by 12 per cent, compared to only 0.6 per cent under the well-known poverty-targeted Bolsa Familia schemes (ISSA 2013). Similarly, in Georgia, according to 2007 data social transfers reduced inequality by 11.2 per cent (World Bank 2009).

4. Socio-economic Impacts COVID 19 in Samoa

First wave of COVID 19 has exerted unprecedented shocks to the global economy – leading to large reduction in GDP growth rates, rise in unemployment and poverty rate. Even though, the infection rates in Pacific Island countries (PICs) have been low due to remoteness, and border closure, the PICs however are also heavily affected due to integration and dependence with global economies – namely through goods and services trade (including tourism) and foreign remittances. The ***Asian Development Bank (ADB)***, in their 'Pacific Economic Monitor' July 2020 issue reported their assessments of the social and economic impacts of COVID 19 on the PICs. ADB summarizes the impacts channels and socio-economic effects which are reproduced in the chart below.

Chart 6: Summary of COVID 19 Impacts in Pacific Island Nations



Source: ADB (2020)

Key Observations:

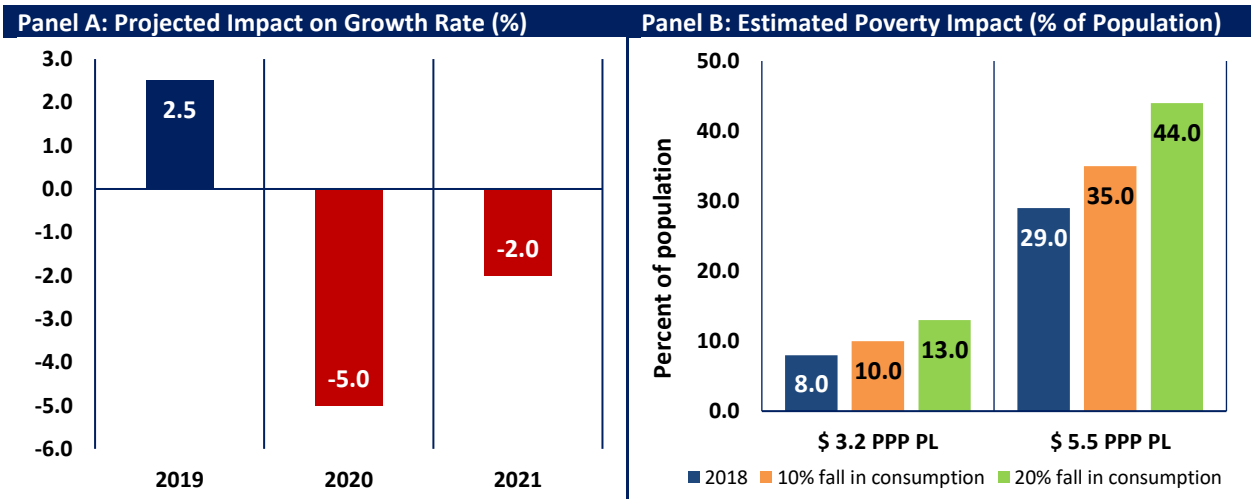
- A key source of economic growth in PICs is tourism. According to March 2020 data, almost all countries (who attracted large number of tourists) experienced more than 50 per cent reduction in tourist arrival compared to March 2019. Samoa – where gross tourism receipts to GDP is 30 per cent in 2018[24] – experienced 62.7 per cent reduction in visitor arrival between March 2019 and March 2020.
- Although, remittances inflow was not affected yet, prolonged economic contraction or slow recovery in Australia, New Zealand and USA may eventually result in drop in the inflow of foreign remittances. Samoa, which is a remittance dependent country, recorded steady growth in remittance in 2020, may eventually experience reduction in remittance if recovery in Australia, New Zealand were slow in last quarter of 2020 and in 2021.
- Economic growth in PICs has been projected to contract by 4.3 per cent in 2020 leading to job losses and rise in poverty. ADB's growth projection is close to the – 5.0 per cent growth rate projected for the East Asia and Pacific Countries by the World Bank (2020).

4.1. Samoa: Summary of COVID 19 Impacts on Growth and Poverty

ADB also assessed the economic growth and poverty impacts of individual PICs. In the case of Samoa, the economic growth has been projected to fall by – 5.0 per cent in 2020 compared to 2.5 per cent growth rate recorded for 2019. ADB also projected negative economic growth rate for 2021 at – 2.0 per cent.

Economic contraction generally leads to fall in household income or consumption with deleterious impacts on poverty level. To assess poverty impacts ADB considered two levels of reduction in household consumption – (i) 10 per cent fall in consumption; and (ii) 20 per cent fall in consumption. Accordingly, ADB estimated that poverty rate to rise to 35 per cent under 10 per cent consumption fall and 44 per cent under 20 per cent consumption fall compared to 29 per cent pre-COVID 19 poverty rates at $ 5.5 PPP poverty line.

Figure 7: ADB – Economic Growth and Poverty Impacts of COVID 19 in Samoa



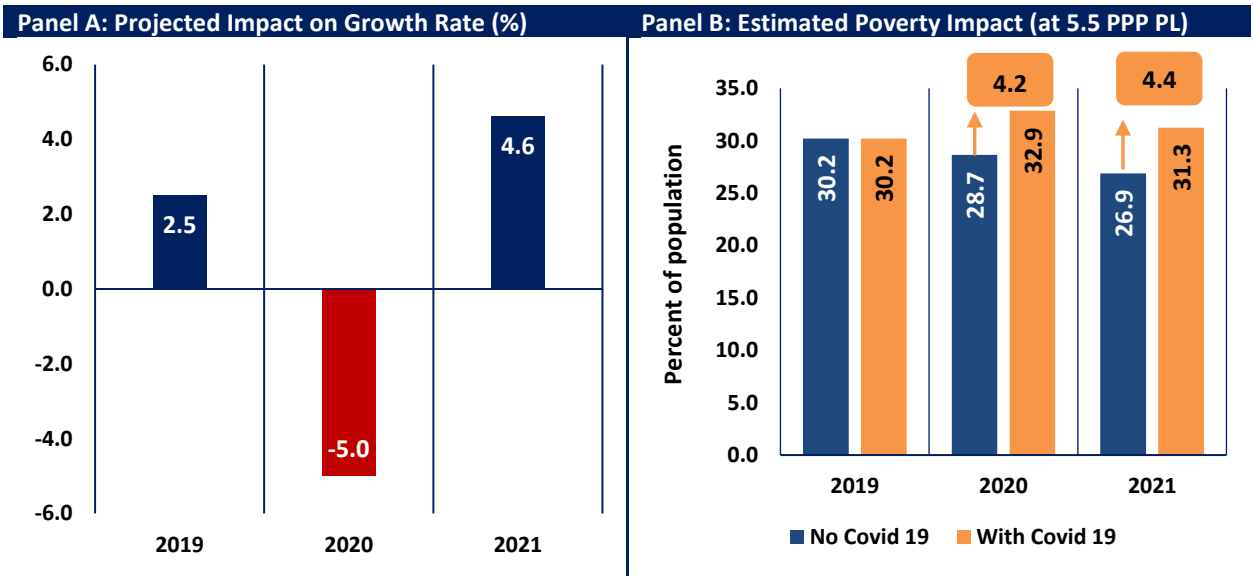
Source: ADB (2020)

[24] Combined average gross tourism receipts to GDP in 2018 was 55.2 per cent for six tourism intensive counties such as Cook Islands, Fiji, Guam, Palau, Samoa, and Vanuatu (SDD, 2020).

UNESCAP (2020b) developed an EXCEL based simulation model to assess the socio-economic impacts of COVID 19 on the Asia and Pacific countries. Setting up the scenarios through the main channels such as reduction export earnings, decline in visitor arrival, uncertainty with future remittance inflows, and variations in domestic lockdown time period, the model assess the impacts on key socio-economic indicators such as the economic growth, inflation rate, employment, and poverty rate. According to the UNESCAP model, the economic growth has been projected to fall by – 5.0 per cent in Samoa in 2020 compared to 2.5 per cent growth rate recorded for 2019. However, contrary to the ADB projection, UNEACAP projected a positive economic growth rate for 2021 at 4.6 per cent.

As mentioned above, contraction in economic activities generally leads to fall in household income or consumption with deleterious impacts on poverty level. To assess poverty impacts two poverty lines have been used by UNESCAP – (i) $ 1.9 PPP poverty line; and (ii) $ 5.5 PPP poverty line. The estimated poverty impacts for 2020 and 2021 under $ 5.5 PPP poverty line have been reported. In 2020, due to – 5 per cent reduction in real economic growth, head count poverty rate may increase to 32.9 per cent (with COVID 19) from 28.7 per cent without COVID 19. It translates into 4.2 percentage points increase in poverty rate only due to COVID 19. If there were no COVID 19, the head county poverty rate has been projected to fall to even further to 26.9 per cent in 2021 compared to 28.7 per cent in 2020. With COVID 19, the projected poverty rate for 2021 is 31.9 per cent – 1.6 percentage point lower than 32.9 per cent projected for 2020. The 1.6 percentage point lower poverty rate envisaged the salutary effect of 4.6 per cent growth rate projected for 2021. However, a comparison 31.9 percent poverty rate (with COVID 19) with 26.9 percent (without COVID 19) suggests 4.4 percentage point increase in poverty rate which is higher the 4.2 percentage points poverty rate increase in 2020 between with and without COVID 19 poverty estimates.

Figure 8: UNESCAP – Economic Growth and Poverty Impacts of COVID 19 in Samoa



Source: UNESCAP (2020b)
Note: Values in solid boxes in Panel B denotes percentage point incrase in poverty rate compared to pre-COVID 19 estimtes.

While assessing the possible poverty impacts of COVID 19 in the PICs, SDD (2020) highlighted the vulnerability of the citizens of the PICs due to income or consumption shocks. They considered, three vulnerable lines in addition to the standard basic needs poverty line (BNPL). Vulnerable rates are based on the BNPL through upward adjustment of the BNPL. For instance, vulnerable line 1 is define as BNPL x 1.2. Applying the three vulnerable lines, SDD estimated the share of PICs citizens who can be grouped as non-poor or non-vulnerable to economic shocks (at least for certain time period)[25]. According to HIES 2013/14 data, only 38.6 percent of Samoan may be considered as non-vulnerable. The policy implication of the estimation is that income support is needed for around 61 per cent of Samoa in COVID 19 or in similar kind of shocks.

Table 2: Poverty and Vulnerability Rate in Samoa (% of Population)

Vulnerability Status	Samoa	Apia	North West Upolu	Rest of Upolu	Savaii
Head Count Poverty Rate @BNPL (%)	18.8	23.9	23.8	13.7	12.4
Vulnerable rate 1 (%) @ (BNPL +20%)	*10.2*	*11.3*	*10.2*	*10.3*	*9.4*
Vulnerable rate 2 (%) @ (BNPL +50%)	*12.9*	*10.1*	*14.6*	*12.9*	*12.9*
Vulnerable rate 3 (%) @ (BNPL +100%)	*19.4*	*16.0*	*16.0*	*22.1*	*24.7*
Not Poor or Vulnerable	38.6	38.7	35.5	41.0	40.6

Source: SPC-SDD (2020)

4.2. COVID 19 Responses

Rich countries have already allocated around 6 per cent of their GDP (IMF, 2020a)[26] on social protection programmes to mitigate the negative impacts of COVID 19. Given low coverage, inadequate and weak social protection system higher allocation with universal coverage (even for a temporary basis) has been advocated by IMF (2020b)[27] and the World Bank.

UNDP (2020) argued that due to weak and inefficient social protection system, large scale expansions could not be implemented exposing millions of hard-hit citizens uncovered.

GOS also announced series of responses to address the impacts of the COVID 19. The responses (also known as the stimulus package) were announced in April and May of 2020. The Samoa stimulus packages covered wide areas including social protection. On April 07 2020, the GOS announced an initial stimulus package of 66.3 million SAT[28]. The package would be implemented within the 3 to 6 months of the following specific areas such as: *health response, enabling the private sector, securing the purchasing power of citizens; food security in the agricultural sector; and multi-sectoral response.*

[25] SPC-SDD found that a 20 percent fall in household income/expenditure (under vulnerable line 1) may increase basic needs poverty by between 7 percent and 17 percent. They also argue that impact likely to be higher in the urban areas where having cash for food and non-food basic needs is greatest. The impact may be lower in the rural areas due to higher reliance on the consumption of own-produced food and smaller need for cash for food. Thus, coping with reduced income might be somewhat easier in the rural areas compared to the urban centres.

[26] International Monetary Fund (2020a) Fiscal Monitor, April 2020. IMF, Washington.

[27] International Monetary Fund (2020b), 'Managing the Impact on Households: Accessing Universal Transfers. Special Series on Fiscal Policies to Respond to COVID-19', IMF, Washington.

[28] Source: Budget Address by Samoa Minister of Finance on COVID-19 Stimulus Package. https://samoaglobalnews.com/budget-address-by-samoa-minister-of-finance-on-covid-19-stimulus-package1/

The phase II of the stimulus package was released by GOS in the budget speech of the fiscal year 2020/2129. It includes assistances for several areas including social protection. It stated that the current Payments are anticipated to increase by 5% or $42.7 million attributed largely to the Phase II of the Government's Response Plan for the COVID19 (Please see Annex for details).

ADB (2020), suggested that the policymakers in the PICs could have fend off these dramatic short-term increases in poverty through the provision of direct consumption support to households. In other word, through both horizontal and vertical expansion of their social protection system. However, according to ADB, responses of many governments in the Pacific have been muted. The response of Timor-Leste has been regarded as an exception because, in response to COVID-19, the government has provided cash transfers to all households that live on less than $500 a month (Magalhaes 2020).

In addition to suggesting expansion of the social protection coverage, poverty experts also recommended on the size of the transfer amounts. Ravallion (2020)[30] suggested to allocate at least 2 percent of GDP to social protection programs to address COVID 19 impacts. He further qualifies that anything less than 2 per cent of GDP should be deemed inadequate.

[29] Source: Budget Speech. https://www.samoagovt.ws/2020/05/2020-21-budget-address/

[30] Ravallion, M. (2020). On the virus and poor people in the world. Blog Post. Economic & Poverty: Martin Ravallion's website on the economics of poverty.

5. The Social Protection System in Samoa

Samoa social protection system composed of informal and formal social protections. The review of available literatures and discussions with key informants suggest that the key elements of the informal social protection system include supports from extended family, community, and churches. Although in Samoa, the informal social protection system has been stable and promotes social cohesion, social capita and acts as safety net cushion, the main concerns with the informal SP are its irregularity, and unpredictability. Moreover, it is based on bonding – which is under threat in many countries due to the breaking down of extended family in favour of single family. The formal social protection system is heavily biased towards the senior citizens with zero or small coverage of the other citizen's groups such as children, working age population as well as the persons with disability. The main social protection schemes are *(i) Samoa national provident funds – a scheme under the social insurance category; (ii) senior citizens benefit scheme and (iii) Samoa school fee grant scheme – both fall under the social assistance category; and (iv) accident compensation – a scheme related to the labour market category.* The main merits of a formal social protection system are regularity and predictability. It is right based and ratified by law (in most countries by constitution).

5.1. Informal Social Protection System

Existing literature and discourse envisaged that Samoa has a resilient informal (or traditional) social protection system, interconnected across social and religious institutions in and beyond communities. The existing nature of the informal social protection has been found to be social capital intensive and include financial support through remittances, land rights and communal labour, all of which are invoked in times of crises (UNESCAP, 2020a)[31]. The functioning of the informal social protection system has been argued to strengthen the capacity of the Samoan to fend off crisis.

5.2. Remittance – a manifest of family oriented social protection

Among the different of forms of the informal social protection system operative in Samoa, it transpired that the most important form of informal social protection in Samoa is the large inflow of foreign remittances to the individual/family/households. According to World Bank (2014), Samoa is the sixth largest remittance recipient in the world. The Central Bank of Samoa compiles remittance data in various categories which are important to understand their sources, recipients and fund transmission channels. The Central Bank of Samoa used the following three categories to compile and collect remittance data (Table 3).

[31] UNESCAP (2020a). UNESCAP has commissioned a study on the informal social protection system in Samoa to support the project 'Strengthening Resilience of Pacific Island States through Universal Social Protection'. Despite, recongnizing their apparent strength to empower Samoan society, not enough information is available to identify the strength, weakness and their inter-dependance with the informal social protection system. UNESCAP study thus aims to inform the knowledge gaps by providing latest data, and characteristics.

Table 3: Remittance data categorisation

A. Recipients	B. Countries/Sources	C. Channels
Banknotes	USA	Banks
Churches, school, Charities	New Zealand	Non-Banks
Individual/Family/Households	Australia	Money Transfer Operators (MTOs)
In Kind	American Samoa	Foreign Exchange Dealers (FEDs)
Others	Others	

Source: Central Bank of Samoa

According to remittance data, there predominant sources of remittance are New Zealand, Australia and USA. Significant parts of the remittances are remitted via the non-bank channels due primarily to difference in fees/charges.

Table 4: Remittance inflow in Samoa by categorisation from 2010 to 2020

Categories	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
A. Recipient (Tala Millions)	347.3	368.9	423.4	419.3	392.0	418.5	391.3	403.5	488.3	537.4	563.8
Banknotes	32.5	44.5	40.8	37.3	37.2	38.3	39.6	46.7	66.5	73.4	55.8
Churches, school, Charities	28.7	35.9	38.4	56.1	50.7	43.7	16.9	9.2	52.6	60.1	51.9
Individual/Family/Households	261.0	263.9	293.5	291.9	279.3	317.7	316.8	321.8	347.5	371.6	425.6
In Kind	4.5	2.2	1.8	3.4	6.2	6.3	6.4	6.3	6.6	7.3	9.8
Others	20.6	22.5	49.0	30.6	18.6	12.6	11.6	19.5	15.0	25.0	20.7
B. Country (Tala Millions)	347.3	368.9	423.4	419.3	392.0	418.5	391.3	403.5	488.3	537.4	563.8
USA	77.4	85.1	85.7	83.3	69.2	60.6	58.8	62.5	88.3	103.2	97.5
New Zealand	136.2	135.9	157.3	151.0	154.6	166.5	164.3	175.0	199.9	215.6	237.6
Australia	91.5	106.9	133.6	143.8	121.9	135.4	130.3	131.2	157.8	164.7	167.8
American Samoa	22.3	14.9	14.6	11.5	17.1	18.1	21.8	17.3	17.6	21.0	32.4
Others	19.8	26.3	32.3	29.7	29.3	38.0	16.1	17.5	24.7	33.0	28.5
C. Channels (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Bank	28.6	30.3	28.8	31.5	29.7	21.6	8.0	24.0	19.7	23.7	9.1
Non-Banks	71.4	69.7	71.2	68.5	70.3	78.4	92.0	76.0	80.3	76.3	90.9

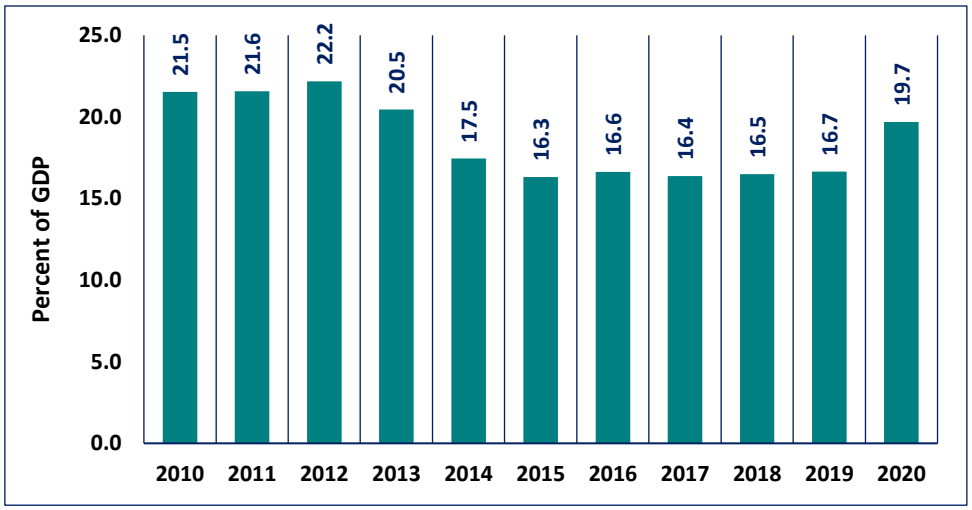
Source: Author's compilation based on the Central Bank data

There are five different types of recipients recorded in the central bank data classification. However, the largest recipient of foreign remittance in Samoa is the category composed of individuals/family/households. Average of ten years data suggest that the 'individuals/family/households[32]' category received around 73 per cent of the remittance.

As per cent of GDP, the inflow of remittances to the 'individuals/family/households' category has been high at around 20 per cent. The inflows of remittances were above 20 per cent of GDP between 2010 and 2013. It dropped to 17.5 per cent in 2014 and remained at around 16.5 per cent during 2015 to 2019 period. The inflow jumped (during pandemic) to around 20 per cent in 2020. Similar increase in remittance inflows during pandemic has also been recorded for countries.

[32] This excludes remittance received by church, school, charities; bank notes; in kind and others.

Figure 9: Inflow of foreign remittances of households (% of GDP)



Source: World Developmental Indicators and Central Bank of Samoa

5.2.1. Remittance – usage and contribution

Many studies based on cross-country data and regression found that the foreign remittances are primarily used for household expenditures, such as the construction of homes and consumption (Black et al., 2003; Martinez Pizarro and Villa, 2005). The inflow of remittances also found to have affected outcomes at individual/household level as well on the macro level. In particular, remittances have impacted labour force participation, income distribution and poverty rate, education and health outcomes, crisis coping and macroeconomic management. Available literature on the use of remittances in Pacific Island Countries (PICs) and Samoa also suggest similar outcomes for Samoa. Notwithstanding the fact that the use of remittances is influenced by volume and variety of other factors, the majority of studies on the remittance use in the PICs suggest that despite considerable diversity they are primarily spent on consumption[33].

A study by Connell et al (2005) for the Asian Development Bank (ADB) identified broader use of remittance. Accordingly, the study identified seven main usages of remittance in the PICs. They include: *(i) Debt Repayment; (ii) Consumption; (iii) Savings; (iv) Air Fares and Education; (v) Investment; (vi) Community Use; and (vii) Social Uses.* Like many other previous studies, ADB study also found overwhelming use of remittance for consumption. However, the study was more specific on the consumption item. It transpired from data and reviews that food was the single most important item on which most of the remittances has been spent. Food which are mainly imported are expensive in PICs and thus may have led to the predominant use of remittance. In some countries, more than 80 per cent of the remittances has been allocated to purchase food items.

[33] A World Bank study in 1993 concluded that inflow of large private remittance and official grants resulted in rise in consumption and a negative gross domestic savings equivalent to around 25 per cent of GDP. Similarly, Prasad (2003) pointed to oppositive yet important roles of remittances in small states. The salutary contributions of remittance as revenue source and on the balance of payments have been highlighted. The deleterious effect of remittance has been identified as the creation of a consumption societies and non-existence of productive activities.

In relatively recent study, Loic et al (2015), assessed use of remittance for disaster responses. The study was based on survey of Samoan migrants in New Zealand as well as 81 interviews conducted among the communities living on the south-east coast of the country. The study went beyond usual (conventional) space of remittance usages and found their useful role aftermath of disasters in Samoa. Their finding corroborates others which concluded that remittances represent a powerful instrument to face disasters and to reduce vulnerability (Suleri and Savage, 2006 and Deshingkar, 2006). The key findings are summarised below.

1. Soon after the tsunami, 90 per cent of disaster-affected households received international remittances. Out of them, 72 per cent received remittances within a week after the event. Remittance were used for emergency needs, such as purchasing food and clothing or getting health-care treatments. After cyclone Evan, remittances contributed to balance the lack of agricultural production and counter food insecurity.

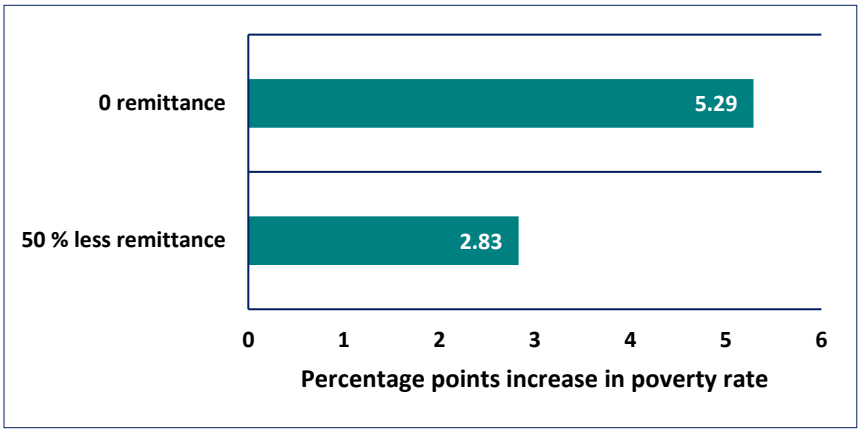
2. The amount of remittances sent in a disaster prone country or area found to remain high long after the disaster. Furthermore, outcomes of the research suggest that remittances increased when government and non-governmental assistances was low and decreased when such external aid was more substantial – served the role of safety net scheme. In the case of Samoa, the tsunami effected households received higher than usual amounts of remittance for six to seven months before falling back to the standard levels. Thus, the households that received higher amounts and/or regular remittances were more able to deal with emergency needs and recovered faster and better than the households with no or reduced access to remittance.

3. The study also point to a negative side of the remittance – they are generally received by middle and upper-income families compared to the poorer families due to their lesser access to the international labour markets. It has been argued that due to low level of education, insufficient funds to pay for visa and transport and limited networks abroad the poor households have lower levels of access to the international labour market (Taylor et al., 2005; Mazzucato et al., 2008). In the case of Samoa, 'following cyclone Evan, poor households with no access to remittances were often forced to adopt unsustainable livelihood strategies, such as limiting their food intake, selling the food not affected by the cyclone, using their savings, requesting credit from neighbours and/or extended family, and having to rely on assistance from non-governmental organizations' (Lecio et al, 2015).

High and regular remittance inflow during the last decade imposed salutary effects on smoothing consumption as well as other needs of the Samoan households. A simulation with the 2014 HIES data reveals important implication of remittances in Samoa in reducing poverty. For instance, ceteris paribus, simulation with 50 per cent reduction in remittance to household (in 2014)[34] would increase head count poverty rate by 2.83 percentage points compared to the base case (with no reduction in remittance) and simulation with zero remittance base case (with no reduction in remittance) and simulation with zero remittance to household would increase head count poverty rate by 5.29 percentage points compared to the base case.

[34] Interestingly, HIES 2014 reported the share remittance income in total household income at 7.89 per cent (compared to 17.5 per cent of GDP or national income). The impact of remittance on poverty would have been higher if the share of remittances in household income was around 17 per cent.

Figure 10: Remittance impact on poverty



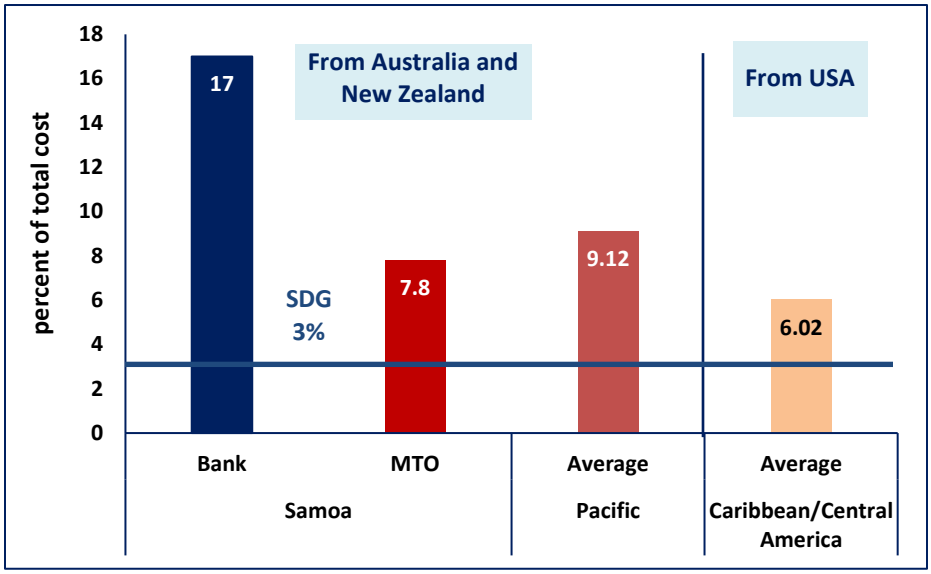
Source: Microsimulation model based on HIES 2014

While commenting on the role of remittance as traditional or informal social protection Abbott (2017), argued that "remittance income from relatives living in urban areas or working abroad as a new flow of informal support to poor and vulnerable families in the Pacific. Remittances make significant contributions to social protection in the Pacific, although their aggregate flow varies widely between PICs. Remittances are mostly used for social protection by responding to personal shocks and natural disasters and enabling customary obligations to be met or increased. They also have a broader positive effect on investment and growth in Pacific societies."

5.2.2. High cost of Remittance

A key concern with remittance in Samoa is the high cost of fund transfer. In Samoa, around 80 per cent of remittances is remitted via Money transfer operators (MTO) mainly due to exorbitant cost of remittance via banks. Although the costs of remitting funds are significantly lower through a MTO than a bank, by global standards, the average cost (i.e. average cost of 7.8 % of sending $200 national source currency from Australia and New Zealand by MTOs) to send money is still high in Samoa — compared to the average cost of 6.02 per cent to send $ 200 dollar to the national source currency in the Caribbean and Central American countries by MTOs. Thus, the costs of remittance are far above the Sustainable Development Goal (SDG) target of 3 per cent. Any reforms in the cost of remittance should focus on the reducing the rate to at least 3 per cent while maintaining other financial prudence. Considering the importance of reducing the cost of remittance in Pacific small island developing countries (Pacific SIDC), ESCAP (2020) commissioned a study to find out ways to reduce the cost of remittance in Samoa. ESCAP argued that 'lowering transaction costs in remittance, therefore, has the great potential of contributing to economic growth and human development among the Pacific SIDS.' Similarly, Hahm, Subhanij and Almeida (2019), stated that reducing cost of remittance is crucial not only for economic and social development, but also for improving financial inclusion of disadvantaged social and economic groups such as women, youth, rural farmers and small businesses.

Figure 11: Average cost of remit $200 to national source currency via MTOs



Source: based on IMF (2018)

5.3. Extended family and Church

The *extended family* is the central unit and organisational structure for the traditional social protection or the informal social protection in Samoa. Each family group is represented on the village's ultimate decision-making body – that is the Council of Chiefs – by its matai. Each family also sends representatives in the aualuma and the a'umaga – two bodies that serve the Council of Chiefs. The aualuma is responsible for maintaining peace and ensuring cleanliness of the village. On the other hand, a'umaga is for administration, it implements decision of Council of Chiefs. It also provides support to distress families.

In Samoa, the matai system is central to providing access to land, population growth and promoting subsistence agriculture. It can confer access to land and sea, and roughly 65 per cent of the population derives their livelihoods from matai land. The matai also oversees land rights and titles, which follow a parental lineage.

In addition to supporting livelihood by providing access to land and sea, the matai system also render a redistribution function. The aiga in rural Samoa collect cash and food for the matais to allocate according to individual needs or for village enterprises, the church and ceremonial activities. The system is strong at rural and village levels where it tries to ensure social and financial security and protects the vulnerable. The role of collectivism is so strong that Samoans living abroad often continue to contribute to the matai system. Remittances are thus a key component of traditional/informal social protection.

The *Church* is also central to Samoan culture and contributes to the traditional/informal social protection system. With vast majority of the Christian population, there is strong societal pressure at village and local levels to attend church and participate in church services and activities. The Church is, therefore, well positioned to influence village life and larger-scale policy and social protection interventions. Similar to the matai system, the Churches in Samoa act as an intermediary to receive funds from and to reallocate funds to the families in distress. It is noted from remittance data that many Samoans living overseas send

regular remittances to the church. Churches and their associations then redistribute some of these funds through community and household levels of outreach[35].

However, it has also been argued that the social expectation to donate to the Church/matai have been found to impose a heavy burden on families. Financial contributions are often more than 30 per cent of family income (ADB, 2002) leaving families with not enough money to pay for basic needs (Muagututi'a 2006).

5.4. Strengths and Weakness of Informal Social Protection in PICs

The strengths and weaknesses of the informal social protection system in the Pacific Islands Countries – including Samoa – were also assessed and discussed in a few studies.

Strengths

- A study commissioned by AusAID (2012) defined informal SP as the traditional safety nets of Pacific Island Countries (PICs) which ensures adequate livelihoods for all members and protect them from hunger and deprivation in the event of a natural crisis or personal crisis.

- Following the works of Ratuva (2005) and Gibson (2006), the study argued that the informal SP protect against risks and shocks and reduce living standards disparities through redistribution.

- AusAID study considered remittance as a new form of informal support to poor and vulnerable families in the Pacific. It has been found significant contributions of remittance as social protection in the PICs. Remittances are mostly used for social protection by responding to personal shocks and natural disasters and enabling customary obligations to be met or increased. They also have a broader positive effect on investment and growth in PICs.

Concerns

- Informal SP has been eroding in PICs due to the diminishing flexibility in land allocation, which is the heart of the traditional social organism. It noted that, after more than a century of exposure to external cultural influences, the perfection and outreach of traditional coverage has been compromised. Rapid urbanization may influence intersections between the traditional and modern societies leading to ineffectiveness of the traditional safety nets. Moreover, the spare capacity of society is shrinking over time due to land and natural resource stress and increasing cash income requirements. Other critical aspects of the erosion found are increasing reliance on markets, exposure to new ideas through education and travel, collective livelihood stress, weakening commitment to social obligations, increasing inequality, and growing urban settlements with diluted clan identities.

- A major concern with the informal SP according to the AusAID study was that the 'traditional safety nets do not entirely avert poverty, vulnerability and social exclusion in modern Pacific states. There

[35]Traditional form of social protection system has been a critical source of cushion to the crisis prone and vulnerable families in Samoa – their monetary value was not possible to determined due to lack of appropriate numerical specification. However, limited information of HIES 2014 was used to assess the poverty impacts of support rendered by churches and communities. Their supports have helped reduced poverty rate by 1.7 per cent.

are holes in the traditional safety net. The gaps typically identified are more about the lack of public services than about cultural norms protecting weak citizens from hunger and deprivation. Core gaps cover health, education, gender, sanitation, potable water and youth employment. However, other gaps can be addressed by social transfers, for example, stunting in young children, disability and destitution in old age. Gaps in the traditional safety net are especially prevalent in informal urban settlements.'

- One of conclusions of the AusAID study has important implication for the design of the formal social protection system. Following the evidence of some country reports and other Pacific research that, it has been argued that the targeted cash transfers may not be appropriate for traditional societies in the Pacific as it may disturb social cohesion. On the contrary, workable methods for tackling gaps in traditional coverage are to embrace universal SP schemes such as the pension schemes, child support grants, and disability payments. Moreover, formal social policy can strengthen traditional safety nets by providing services and support to complement them.

5.5. Formal Social Protection System

As mentioned above, formal social protection system in Samoa composed to three major social protection components: social insurance (SI), social assistance (SA), and active labor market programmes (ALMP).

5.5.1. Description of the Social Protection Schemes[36]

Social Insurance

The main social insurance programme in Samoa is the Samoa National Provident Fund (SNPF). This is a compulsory scheme covering all public and private sector workers. The prime objective of the SNPF is to provide a means to save for retirement. There are however a few early withdrawal options available to members and the balances in members' accounts can be used as collateral for loans from the Fund for housing and other social/family purposes. Most members of SNPF is the formal sector workers, albeit it is open to the informal workers. Informal sector workers can join the fund through voluntary contributions. However, their participation is small in SNPF. According to SNPF, out of the active members contributing to the fund, only a small percentage (i.e. 2 per cent) of these are from voluntary contributions.

In addition to providing retirement pensions and/or lump-sum benefit payments to qualified members, the SNPF also includes a death benefit scheme. The death benefit programme provides a SAT 5,000 payment to assist the beneficiaries of a deceased member with funeral expenses. Spending and beneficiary coverage of SNPF are provided below.

Table 5: Social Insurance Payments (SAT 000)

	2012	2014	2015	2016	2017	2018	2019	2020
Annual Pension Payments	600	660	648	710	630	584	472	484
Number of Beneficiaries	250	266	278	295	299	267	242	202
Lumpsum Payments to Retiring members	14,595	14,597	21,168	20,964	21,389	23,051	23,465	21,920

[36] Detailed descriptions of all schemes are provided in the Annex.

	2012	2014	2015	2016	2017	2018	2019	2020
Number of Beneficiaries	2,843	2,435	2,766	3388	2855	4191	5013	7201
Death Benefits Payments	650	747	611	837	766	768	822	845
Number of Beneficiaries	130	149	122	172	156	159	171	171

Note: All payments are in SAT 000. Beneficiaries refer to number of persons.
Source: SNPF

Social Assistance

The following two major schemes depict the social assistance component. They include: (i) senior citizen benefit scheme (SCBS); and (ii) Samoa school fee grant scheme (SSFGS).

The SCBF was established in 1990 pursuant to section 71 of the National Provident Fund (NPF) Amendment Act 1990. This Scheme is fully funded by the Government of Samoa (i.e. tax financed) and its administered by SNPF. It is a universal scheme providing a monthly allowance of SAT 145 (applicable for January 2019 to June 2020 period)[37] to all qualifying elderly citizens aged 65 years and above. Abbott (2017), based on 2015 data, argued that SCBS is only an income supplement for the elderly as the benefit value was 50 per cent of the Samoa basic needs poverty line. SCBS is not indexed to inflation but tax free. It has been transferred to the beneficiaries in their nominated local bank accounts (i.e. 4 commercial banks) or the other 2 local money transfer agents within the country. (Western Union/ Samoa Post Office). Spending and beneficiary coverage of SCBS are provided below.

Table 6: Senior Citizen Scheme Benefit Payments (SAT 000)

	2012	2014	2015	2016	2017	2018	2019	2020
SCBS payments	16,215	16,525	17,110	17,540	17,970	18,716	19,563	24,081
Number of Beneficiaries	9,526	9,236	9,253	9,151	9,545	9,801	10,367	10,498

Note: All payments are in SAT 000. Beneficiaries refer to number of persons.
Source: SNPF

Another major social assistance scheme in Samoa is the Samoa School Fee Grant Scheme (SSFGS)[38] commenced in 2010 and was jointly funded by the New Zealand Ministry of Foreign Affairs and Trade (MFAT), the Australian Department of Foreign Affairs and Trade (DFAT) and the Government of Samoa (GoS)[39]. The scheme fall under the 'fee wavers' scheme. The Scheme is a school grants scheme with grants for operational expenses paid to schools annually, based on an accepted formula (a variable base grant plus SAT100 for each enrolled student, or SAT200 for each enrolled student with special education needs)[40]. The Scheme was designed to improve direct access to and provide more equitable distribution of resources across Samoa schools (except for the private schools). Its underlying aim was to increase school enrolment and retention, and improved school performance against the Minimum Service Standards (MSS). Spending and beneficiary coverage of SSFGS are provided below.

[37] The monthly transfer payment was scheduled increase to SAT 160 from July 2020 (Source: SNPF).
[38] Abbott (2017) also mentioned another social assistance programme – disability assistance – designed to support the persons with disability. In 2015, 4,160 disabled persons were with disability assistance of SAT 1.34 million.
[39] The scheme is being implemented by GoS.
[40] For details please refer to Catherwood and Taylor (2016).

Table 7: School Fee Grant Scheme (SAT 000)

	2012	2014	2015	2016	2017	2018	2019	2020
Fee payments	3,934	4,052	3,189	4,140	4,211	'..'	'..'	'..'
Number of Beneficiaries	38,955	40,535	41,250	42,068	42,668	42,706	43,546	43,846

Note: All payments are in SAT 000. Beneficiaries refer to number of persons. '…' refers to one government grant (OGG). Grant assistance was SAT 6 million in FY 2018-19, but Honourable Prime Minister announced that it would be more than doubled at SAT 13.2 million from FY 2019-20[41].
Source: Based on MESC data (2016)

An end of the project evaluation was carried out jointly by the New Zealand High Commission, the Government of Samoa, and the Australian Department of Foreign Affairs. The evaluation was conducted in November and December 2015. The evaluation covers all aspects of the Samoa School Fee Grant Scheme (SSFGS) since commencement of the programme in 2010 to its completion in June 2015. According to Catherwood and Taylor (2016) "*the evaluation shows that there have been considerable benefits from the Scheme including the reduction of financial barriers for parents resulting in new school enrolments, improved school environments with increased availability of learning and teaching resources, improved relationships between SSFGS and the Minimum Service Standards (MSS), and the up-skilling of principals as professional leaders and financial managers. Not all of the planned outcomes and objectives were achieved*."

Active Labour Market Programmes[42]

Another scheme[43] has been in operation in Samoa is the accident compensation scheme. This scheme seems pertain to the ALMP component of a formal social protection system. Accident Compensation Corporation (ACC) administers the programme under the general supervision of the Labour Department. According to ACC (2017), the coverage differs between workers and non-workers. Accident coverage for the workers include – (i) occupational diseases; (ii) accidents within and outside Samoa; (iii) death due to natural cause or illness; and (iv) specified conveyance. For non-workers only coverage is the specified conveyance. Spending and beneficiary coverage of ACP are provided below.

Table 8: Accident Compensation Payments (SAT 000)

	2012	2013	2014	2015	2016	2017	2018	2019
Compensation disbursed (New)	1,347	1,375	1,465	1,200	1,921	1,341	1,582	2,135
Number of Beneficiaries (New)	261	319	296	241	259	262	265	323
Total Compensation disbursed[1]	1,346	1,375	1,439	961	1,479	1,238	1,310	1778
Number of Beneficiaries / Active Claims[44]	519	586	551	508	524	517	514	587

[41] https://www.samoaobserver.ws/category/samoa/19747

[42] According to ILO (2019), maternity protection, unemployment support, employment injury benefits, sickness benefits constitute the main schemes for supporting working men and women.

[43] Albeit small, two other labour market related programmes found in operations in 2015 were apprentice programme administered by Ministry of Commerce Industry and Labour (MCIL) and domestic and overseas employment services (Abbott, 2017).

[44] The total number of active claims/beneficiaries is the sum of new claims reported within the financial year itself and the number of carried forward claims from the previous financial years that are still open under the scheme arriving at the total number of active claims compensated for each financial period. Amendments made to Section 23 of the Corporation's Principal Act 1989 clearly states that weekly compensation can be paid up to 5 years if any case is confirmed to be covered under the scheme. Therefore, for instance, a death weekly compensation for a claim

Note: All payments are in SAT 000. Beneficiaries refer to number of persons.
1. The total amount of compensation disbursed reported above also include the amount of money spent on Safety Promotion Activities for the financial year. The actual amount should be the difference between the Total Compensation Expenditure and the Safety Promotion and Accident Prevention costs.

Source: Accident Compensation Corporation (2020).

5.6. Key Features of the Social Protection System

In a study for the World Bank, Grosh et al (2008) has identified seven indicators/features as elements of a 'good social protection system'. This study intends follow these indicators (where feasible) for the comparative assessment. Box below listed these indicators or features.

Box 3: Elements of a good social protection system

Features	Description
Appropriate	Each scheme should be tailored to best fit the conditions. That is, the number of schemes adopted and their internal balance and association with the other components of the public policy should respond to the intended needs of the country. Each program should be customized for best fit with the circumstances.
Adequate	Each scheme of the system should provide full coverage and meaningful transfer amounts to the beneficiary of a subset of the population they are intended to assist such as chronic poor, transient poor and disabled population.
Equitable	All beneficiaries should be treated in a fair and equitable way such that horizontal and vertical equity is ensured. More specifically, the goal of the system should provide the same benefits to individuals or households with similar attributes in all important respects (horizontal equity) and may also provide more generous benefits to the poorest beneficiaries (vertical equity).
Cost effective	The system must be cost-effective though economizing the administrative costs needed for programme implementation in two ways. First, avoid fragmentation and the subsequent need to develop administrative systems without realizing economies of scale. Second, operating efficiently with the minimum but sufficient resources to carry out programmes well and to attain the desired impact.
Incentive compatible	Social protection system may influence individual behaviour in a positive or negative manner. Thus, system should be designed in such way that promotes positive changes to an individual. This can be achieved by keeping the role of the social protection to the minimum consistent with adequacy. Furthermore, social protection schemes should be linked with other elements of the public policy to increase individual's income and welfare.
Sustainable	Prudent social protection systems are financially and politically sustainable, such that they are pursued in a balanced manner with other aspects of government expenditure and in line with the fiscal space. In low-income countries, schemes started with development partner support are gradually incorporated into the public sector budget.
Dynamic	A good social protection system will evolve over time with demographic dynamics, changing economic structure and flexibility to address sudden shocks. Moreover, the authority of specific scheme should also evolve as problems are solved and new standards set.

Source: Grosh et al (2008)

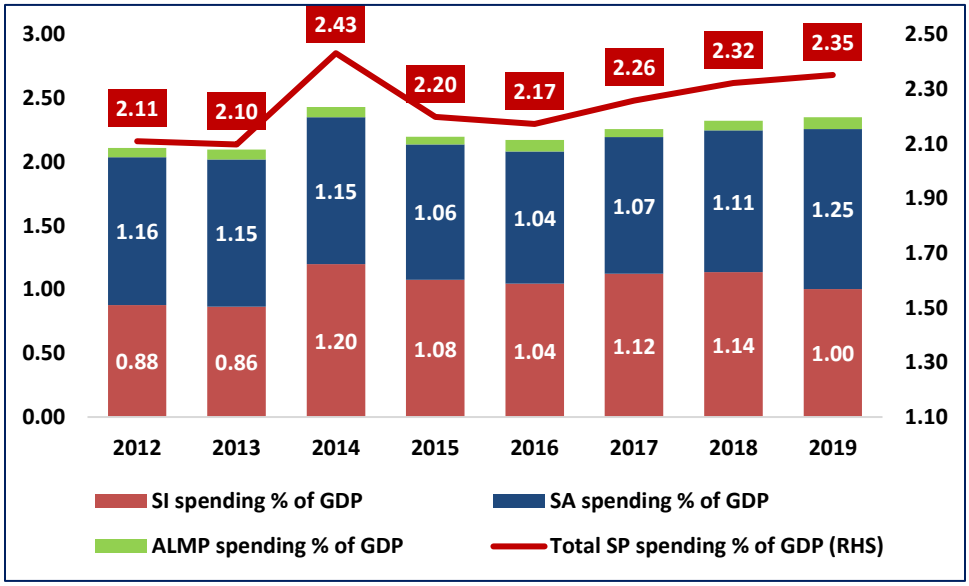
registered in 2016 may still be active up to date and such claim should be included in the count of the number of beneficiaries for 2019/2020 since it is still open.

Due to data limitation, the overview of the key elements of social protection systems in Samoa focuses on key aspects[45] such as spending, coverage, transfer payment and alignment with the demographic structure.

Spending: Estimated social protection spending in Samoa has been just above 2.2 per cent of GDP for most of the years between 2012 and 2019. SP spending in Samoa is close to the average spending of 2.7 per cent in South Asia. But spending is less than half of the Pacific average of 6 per cent (ADB, 2019)[46] and Asian average of 5.3 per cent (Khondker, 2020).

Spending on social assistance (which includes senior citizen benefit and school fee grant) has been more than 1 per cent of GDP – with fluctuations between the years. Spending on social insurance (namely provident fund and death benefits) ranged between 0.86 per cent in 2013 and 1.20 per cent in 2014. On average SI spending has been estimated at 1 per cent of GDP. Spending on active labour market programme has been low at around 0.08 per cent. There is no benchmark against which these spending should be assessed. But they are usually compared against needs such beneficiary coverage and the transfer amounts. However, the gap between the SP beneficiary coverage and vulnerable citizen, inadequacy of the transfer amounts compared to the poverty/vulnerability lines and lack of SP schemes clearly point to the inadequacy of the SP spending in Samoa.

Figure 12: Social protection spending in Samoa (% of GDP)



Source: Author's compilation based on SNPF and budget data

[45] Other aspects which could not be attempted due to data limitation include (i) rural and urban divide in terms of coverage and spending, (ii) rural and urban divide in terms of coverage and spending, (iii) exclusion and inclusion errors, (iii) impacts of the SCBS on old age well-being and cost effectiveness, and (iv) overall value for money of Samoa SP system.

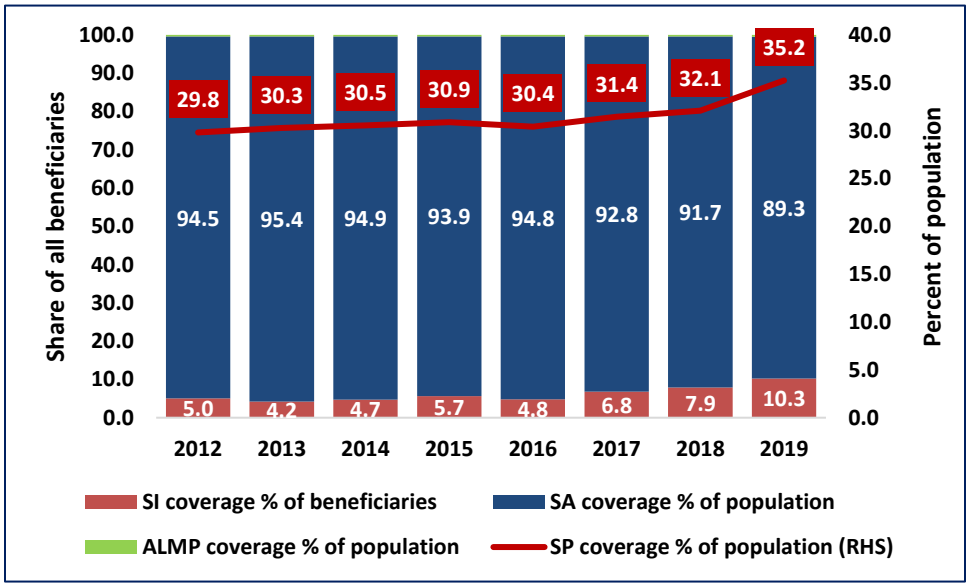
[46] According to ADB, the average social protection expenditure in the Pacific in 2015 was 6.0% of aggregate gross domestic product (GDP) and for each intended beneficiary as a share of GDP per capita, 5.3%.

Beneficiary Coverage: Following Kidd et al (2020) characterisation of social protection systems in developing and emerging economies, the Samoa social protection system may be characterised as a dual system comprising of (i) tax financed social assistance programmes with an intension to cover the poorest segment of the society (this resemble the 'poor relief' model adopted by a number of rich and developed nations in the 18th and 19th centuries)' and (ii) social insurance and civil servants pension covering the formal economy.

According to the available data, social protection beneficiary coverage increased from 29 per cent of population in 2012 to over 35 per cent in 2019. The coverage, although appears to cover the poor population in Samoa (i.e. 18.8 per cent in 2014), is however substantially less than the vulnerable population estimated at 61.4 per cent for 2014 (SDD, 2020[47]).

Most of the beneficiaries are covered by the social assistance programmes. The estimated SA beneficiary coverage is around 90 per cent of all SP beneficiaries. On the other hand, only about 7 to 10 (only recently in 2019) beneficiaries are covered under the social insurance programmes. Coverage of beneficiaries under the ALMP is low at around 0.4 per cent of all beneficiaries. An assessment of beneficiary coverage against the SP spending suggests large anomaly between transfer payments between SA and SI programmes.

Figure 13: Social protection spending in Samoa (% of GDP)



Source: Author's compilation based on SNPF and budget data

Inadequate Transfer Payment (Generosity): Monthly transfer payment which is also known as 'generosity' seems inadequate to the needs to the vulnerable beneficiaries. SCBS monthly transfer amount of SAT 145 per month person in 2018/19 was less than the estimated basic needs poverty lines of 2018/19 (i.e. estimated at SAT 292 – inflation adjusted poverty line of 2013/14). Moreover, average benefit of the SA schemes (i.e. SAT 37 per beneficiary per month inclusive of SCBS and SSGFS) are

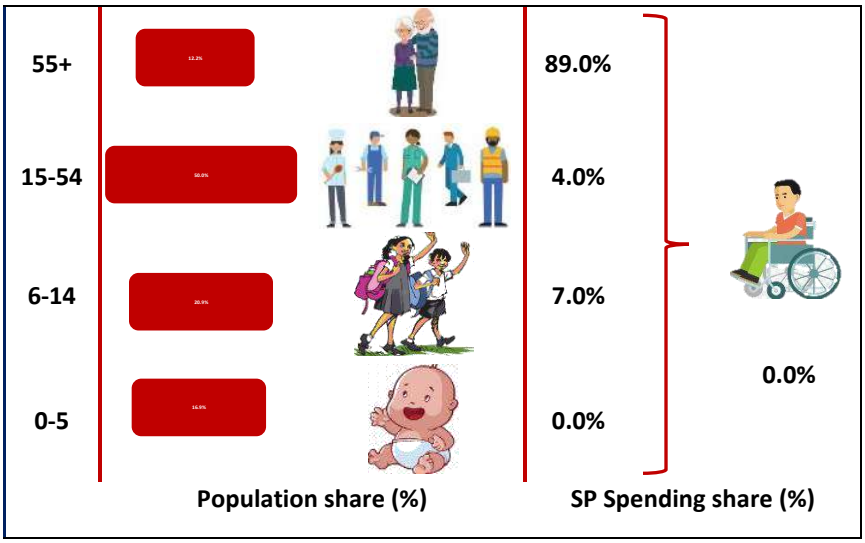
[47] https://sdd.spc.int/news/2020/04/29/economic-and-social-impact-covid-19-pandemic-pacific-island-economies

significantly less than that of the social insurance scheme (i.e. SAT 475 per beneficiary per month) validating the ADB findings for 2015 that SP spending favour non-poor citizens.

Demography and SP Allocation: Further dissection of the social protection data reveals huge mismatch between population structure and spending. Old age population representing only 12 per cent of the population has been receiving 89 per cent of total social protection spending in Samoa in 2019. However, a coverage gap is found of the elderly. The retirement age for NPF is 55 and age eligibility for SCBF is 65. Around 37 per cent of adults are in the informal sector. Their participation in SNPF is only 2 per cent. Thus, informal workers if they retire at the age 55 (those who are not registered with the Fund), they need to wait for another 10 years to receive SCB. It is argued that they usually rely on family support as well as the natural environment (farming and fishing etc.) for survival. Only 4 per cent of total spending is allocated for the working age group – representing 50 per cent of the population. Similar mismatch is also found for the school age children. Moreover, there are no programme for the early childhood and persons with disability. Thus the obvious gaps in the current SP include:

- *No schemes for the early childhood and pregnant mothers who constitute at least 17 per cent of the population.*
- *No schemes for the persons with disability who constitute at least 7 per cent of the population.*
- *Insignificant schemes for the working age population including youth and female workforce where unemployment rates are exorbitantly high.*
- *School aged children are covered only with fee waivers schemes suggest inadequacy compared to their needs.*

Chart 7: Population structure and SP spending (2019)



Other Features:

- Due to dominance of the social insurance (i.e. the provident fund) which mainly caters the relatively better off formal sector workers, it appears that the social protection system in Samoa *favours the non-poor (who are above the nationally defined poverty line) citizens*. Similarly, social assistance spending, which is overwhelmingly dominated by SCBS, showed less per capita spending on poor than on non-poor beneficiaries. Active labour market programmes envisaged a similar pattern[48].

- Following on the findings of ADB (2019) on the gender dimension of SP schemes in PICs (where, SP spending in 2015 favoured men over women: 3.3% of GDP per capita on men and 2.0% on women), it may also be argued that *men are disproportionately benefitted by the SP system* in Samoa.

- Effective governance and prudent financial oversight are important pre-requisites for a formal social protection system to transform to real poverty and growth impact. SCBS and SNPF reach a large population without significant delays. On the basis of these virtues, AusAID (2012), argued that 'perhaps unlike other countries in the Pacific region, Samoa has the *administrative capacity necessary* to effectively design, implement, deliver and monitor a cash transfer.'

Summary Scorecard against good SP indicators:

When some of the key patterns and trends are assessed against the 'elements of good social protection system' it appears that the current Samoa social protection system is *inadequate* due to low beneficiary coverage and transfer amounts. Heavy biased in SP favouring non-poor citizens; disproportionate male beneficiary coverage over female and transfer amounts tend to suggest that the *equity aspects are not ensured*. Moreover, due to paucity of schemes and lack of internal balances between them envisaged that the current social protection system is *inappropriate*. Furthermore, huge mismatch between population structure and spending suggests the Samoa social protection system is *incentive incompatible* and lacks *dynamism.*

Thus, overall the Samoa SP system has failed secure enough scores to recognized it as a good SP system.

Health Services in Samoa

A positive aspect of Samoa social policy is extensive coverage of health services. Accordingly, the health sector is one of the top three priorities of the Government of Samoa over the past two decades receiving the second or third largest allocation from government averaging around 17 per cent of national budget in 2014/15. Health expenditure as a percentage of GDP increased from 5 per cent in 2006 to 5.7 percent in 2014/15 (UN 2020). UN (2020) report suggests that 42,000 women, 60,000 children and 9,500 elderly

[48] Although, due to data paucity it was not possible to examine extent of SA and ALMP favouring non-poor citizens compared to the poor citizens in Samoa, UN (2019) and ADB (2019) suggested that the SA spending on poor and non-poor beneficiaries were 0.7% and 1.1% of GDP per capita respectively in PICs. The same reports also suggested a similar pattern for ALMPs in PICS with 0.1 per cent of GDP per capita for the poor and 0.3 per cent for the non-poor.

have been provided with free health services. Low out of pocket health expenditure of 9 per cent is perhaps a validation of the heavily subsidized health services in Samoa.

According to the Demographic and Health Survey (DHS) conducted by SBS in 2014 sixty-six percent of total health expenditures in Samoa are sourced from public funds, while 9 percent are financed from out-of-pocket household funds as part of the user-fee system that has been put in place. Donor funding covers 21 percent of health care expenditures in Samoa. It is clear from these figures that the Samoan health system is mostly funded by public and donor funds, in an effort to limit the population's out-of-pocket support for health care.

Given a highly subsidized health system in Samoa, any form of health insurance scheme is extremely rare. The only form of health insurance that exists in the public sector is the Senior Citizens Benefit Scheme initiated in 1990 for citizens age of 65 and older. It is coordinated by the Samoa National Provident Fund.

SBS (2014) sponsored DHS reported that 'all women and men who were interviewed in the 2014 SDHS were asked if they hold a membership in any health insurance scheme such as social security, employer-based insurance or privately purchased commercial insurance. The vast majority of women and men age 15-49 (98 percent each) say that they are not covered by any type of health insurance scheme. Where it is availed of, it is either provided by private employers or individually-purchased from commercial insurance firms. Moreover, whatever limited health insurance coverage there is, it is confined mainly to those who reside in urban residents, the highly educated men and women and those who belong to the highest wealth quintile.'

5.7. Comparative Assessment of Samoa SP with PICs

A comparative assessment of some key indicators of the Samoa SP system against the PICs have been carried out. Assessment of two PICs – namely Cook Island and Fiji have also been summarised for comparison purpose as well as to provide insights for the development of the Samoa SP system.

5.7.1. Comparative Assessment of Samoa SP with PICs

Using the ILO global data on various indicators of the social protection system, a comparative assessment of some key indicators of the Samoa SP system against the PICs have been carried out. The status of four key indicators captured below has been derived the from a larger data set). Following four key indicators are used for the comparative assessment.

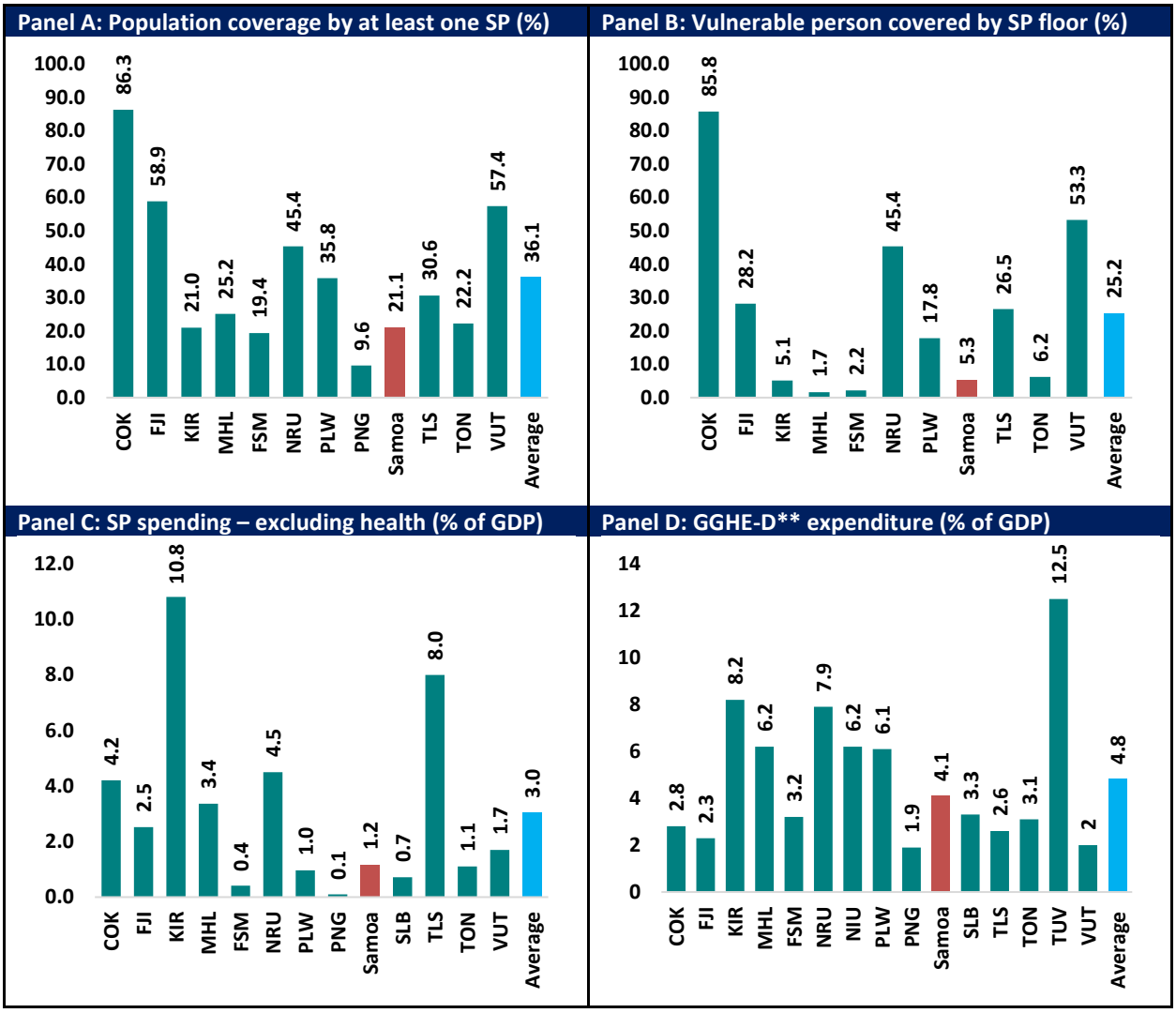
(i) proportion of the population protected in at least one area of social protection

(ii) proportion of vulnerable persons covered by floors/systems

(iii) expenditure on Social Protection as per cent of GDP, and

(iv) domestic general government health expenditure (GGHE-D) as per cent of GDP are used for the comparative assessment.

Figure 14: Comparison of Key Indicators of Samoa SP with PICS*



Note: * COK = Cook Island; FKI = Fiji; MHL = Marshall Island; FSM= Micronesia; NRU= Nauru; NIU= Niue; PLW= Palau; PNG = Papua New Guinea; SLB= Solomon Islands; TLS = Timor-Leste; TON = Tonga; TUV= Tuvalu; VUT= Vanuatu.
**GGHE-D refers to domestic general government health expenditure.
Source: based in ILO data, latest available years.

In all these four indicators, Samoan fared unsatisfactorily compared to a number of PICs. The *proportion of population covered by at least one SP* in Samoa is 21 per cent – significantly less than the shares reported for six other PICs. The shares of other two PCIs are slightly higher than the Samoan share. Only three PICs (out of 12 PICs including Samoa) have lower shares than Samoa. Samoa share (21.1%) is 15 percentage points lower than the average of 36.1 per cent.

Samoa performed slightly better according to the second indicator. Although, Samoa share of 5.3 per cent for the *proportion of vulnerable persons covered by floors/systems* has been found substantially less than the shares reported for six other PICs, the shares of one other PCI is slightly higher than the Samoan share. Moreover, four PICs (out of 12 PICs including Samoa) performed poorer than Samoa. But in the case of

the second indicator, the distance of the Samoa share from the PICs average (20 percentage points) is even larger than the distance of the first indicator – which is 15 percentage points.

The story is almost the same when the third indicator – *expenditure on social protection as per cent of GDP*. Six PICs performed significantly better than Samoa with respect to SP spending. In only five PICs – their SP spending have been reported less than that of Samoa. However, Samoa SP spending (i.e. 1.2 % of GDP) is half of the average PICs spending (i.e. 3.0 % of GDP) on social protection.

Samoa fared better in the case of fourth indicator – *domestic general government health expenditure (GGHE-D) as per cent of GDP*. Samoa share of 4.1 per cent is close of the PICs average of 4.8 per cent. Still, shares of six PICs have been found substantially higher than Samoa.

5.8. Comparative Assessment of Samoa SP with PICs

Social Protections in the Cook Island

The Cook Islands has one of the most extensive formal social protection systems in the Pacific region. With close to universal coverage for the child benefit and universal coverage for the old-age pension. Thus, the Cook Islands system stands out in the Pacific region. Both programmes are highly effective in reaching their intended target population. According to HIES 2016/17, social protection benefits accounted for 11 per cent of total household income. The Cook Island spends about 4.2 per cent of his GDP on SP System – 1.2 percentage points higher than the PICs average.

First SP scheme – a cash transfer scheme – was introduced in 1965 in the Cook Islands. During the initial stage, the SP system composed of three schemes. Over the years the SP system has experienced significant expansion and as such currently the system has consisted of ten contributory and non-contributory schemes. Some of the core social protection schemes operating today were already established in 1965 and further formalised through the Welfare Act in 1989. *The schemes are child benefit, new-born allowance, old age pension, and infirm and destitute allowance, the caregivers' allowance, a power subsidy, a funeral allowance, Christmas bonus and special assistance.* The SP system is administered by the Department of Social Welfare under the Ministry of Internal Affairs.

An evaluation of the SP of the Cook Islands was conducted by the Economic and Policy Research Institute (EPRI) under the aegis of Ministry of Internal Affairs and UNICEF (2020b) to assess their performances, efficacy and scopes for further improvement and alignment with the changing needs. The evaluation report identified a number of benefits and impacts. SP system has been found to reduce financial stress and foster financial stability for beneficiaries. The regularity at which the benefits are paid, and their predictability instils the feeling of financial stability. As a result, the SP system has been able to instill feelings of empowerment and being able to live a life in dignity. It was also found that the SP system enhanced the food security of beneficiary households by providing financial means to increase the quality and quantity of foods. Most beneficiaries (who were surveyed) opined that their food quantity and/or quality would be negatively affected if the benefits ended. However, the evaluation did not find impact of benefits on an overall a healthy lifestyle of beneficiaries. The benefits also do not seem to play a role in countering depopulation of the islands, with beneficiaries indicating that the benefits do not incentivise reproduction or migration. Similarly, the evaluation could not establish strong link between the benefits and guard against environmental shocks.

The SP Schemes have also been boosted the local economy due to the injection of more cash into the local economy. As was expressed by the shop owners or market sellers that they increase the supply of foods on payment days of the benefits. Furthermore, 'beneficiaries stressed the relevance of participating in and contributing to community life, wherein the benefits seem to play a vital role as they provide households with the necessary resources to do so.'

The quantitative assessment using a micro-simulation based on HIES 2106/17 found that the SP system helped reduce poverty and inequality in the Cook Islands. Due to the SP system, poverty rates decreased

across the islands, just like the depth of poverty. More specially, poverty rate reduced by 1 percentage points and poverty gap declined by 0.29 percentage points due to the SP benefits.

The evaluation also listed key lesson for future development as well as for other PICs to emulate. They are listed below.

1. With universal coverage for the old-age pension and close to universal coverage for the child benefit, the experience of the Cook Island suggests that *universal social protection schemes are feasible and sustainable* even in PICs.
2. *Social protection schemes must not only be financially sustainable, but also politically*. Thus, social protection schemes, as well as a commitment to implement and finance these, must be an explicit part of a country's legislation and national sustainable development strategy.
3. The experience of the SP system of the Cool Islands suggest that the cash transfers have achieve a wide range of positive impacts – reducing access barriers, financial stress, covering basic needs reducing monetary indicators of poverty and inequality. Thus, *through the provision of cash, social protection schemes can achieve a whole range of impacts in beneficiary households.*
4. But more can be attained through a *social protection system which is dynamic and adaptive to the changing societal needs*. 'Making social protection systems shock-responsive is one way of rendering programmes more relevant and an effective instrument to protect households against recurring, covariate risks.'

Social Protections in Fiji

Social protection system started in 1920s in Fiji when the country introduced an income support scheme known as the 'destitute allowance' for elderly indentured labourers unable to support themselves. In the 1950s, other elements were included into the scheme with cash and cheques as modes of payment. From 1974, the scheme was known as the Family Assistance Programme (FAP). The FAP was targeted for the poor households, reaching around 13 per cent of the population. In between, in 1990, Fiji introduced the 'Care and Protection (C&P)' allowance to cater initially for children in residential care, giving the institutions, which were run privately, a grant for each child. Prior to 2010, the Fiji National Provident Fund (FNPF) was the other main social protection scheme in Fiji. Everyone in the formal sector is expected to contribute to the FNPF, which offers contributors old age and disability pensions, as well as survivors' pensions to the widow(er)s of contributors. Members are also able to withdraw funds during their working lives, as lump sums.

However, the social security system in Fiji has undergone a rapid transformation onward 2010. The FAP was converted into a Poverty Benefit, which, in theory, should provide a household transfer to 10 per cent of the population. A Social Pension has been established for older people with no other source of income. The C&P Allowance has been transformed into a form of child grant, and many families with children have been moved from the FAP to it. Food vouchers worth FJD30 supplement the schemes and are provided to each recipient. Moreover, a food voucher has also been established for pregnant and lactating women. In addition, a number of indirect transfers have also been introduced such as reduced bus and taxi fares for the elderly and people with disabilities, and free transport for schoolchildren living in poverty. The

social protection system of Fiji has two components: social security and personal social services. The system has been implemented by Department of Social Welfare (DSW).

Thus currently the SP system composed of five main contributory and non-contributory main schemes such as the *Fiji National Provident Fund (FNPF); Poverty Benefits; Child Grant; Food Voucher, Rural Food Voucher for Pregnant Women, social pension and In-Kind Benefits*. Social protection system of Fiji has been developed along the lines of a lifecycle system, since many of its schemes are offered to individuals at different stages of their lifecycle (UNICEF, 2015). *The system now covers around 59 per cent of population with at least one schemes and 28.2 of the vulnerable persons with an allocation of 2.5 per cent of GDP*. The allocation seems inadequate to the needs and thus just about equals the PICs average spending of 3 per cent of GDP.

An evaluation of the C&P Allowance scheme of Fiji was conducted in 2015 under the aegis of Fiji Ministry of Women, Children and Poverty Alleviation and UNICEF Pacific to assess their performances, effectiveness and to provide recommendations to strengthen implementation and further develop the social protection system of Fiji. The key observations of the evaluation are summarised below.

1. The evaluation found gaps in the social protection system. The main gaps in the system in terms of schemes are for young children, people with disabilities, and the unemployed. Previously, people with disabilities had been a category in receipt of the FAP but were removed when the scheme became a Poverty Benefit.
2. Beneficiaries spent the SP payments mainly on food and education purposes. The adjacent figure indicates that the families spend most of their cash on food and education – around 60 per cent in total. Other areas of expenditure are, on average, relatively small, with no other single item of expenditure reaching more than 8 per cent of the value of the grant.
3. Evidence suggests that the contributory FNPF, which focuses on formal sector employees, has larger impacts than the national SP system of tax-financed social transfers. The impacts of the SP system have been relatively low due the low level of overall investment. The main reason for their minimal impact is their limited coverage and low level of transfers.
4. Although the kay objectives of any social protection system is to reduce poverty rate and inequality, the report found low effect on the Fiji social protection system on poverty rate, poverty gap and inequality.
5. The evaluation found that the coverage of most transfers is low. Accordingly, the recommended that both the coverage and allocation should be expanded.

Chart 8: Comparison of Samoa Social Protection System with the Cook Islands and Fiji

1 Coverage and allocation

SP systems in both the Cook Islands and Fiji are developed than that in Samoa with respect to numbers of schemes, coverage of population and vulnerable persons and investment amounts. In the Cook Islands SP system consist of 10 schemes with near universal coverage of population and vulnerable persons. SP allocation is around 4.2 per cent of GDP. SP system of Fiji is not as extensive as in the Cook Islands but witnessed substantial expansion in recent years. Fiji system composed of 6 schemes with a reasonable coverage of 59 per cent of the population. However, vulnerable coverage is low with only 28.2 per cent. Similarly SP allocation is on the lower side at 2.5 per cent of GDP. However, in both countries, the needs for complementary support services to improve welfare and resilience of the families are recognised.

In comparison, the SP system in Samoa is underdeveloped with only two main schemes (mainly for the elderly citizen). Both coverage and allocations are low implying large scopes for improvements even with regard to her the Pacific peers.

2 Approach to SP System

It appears that in both of these two countries (i.e. the Cook Islands and Fiji) the SP systems are developed in line with life cycle approach of the social protection system. The evaluation studies conducted in these countries suggest that substantial parts of their SP system fit well with the Life Cycle Approach. However, there are gaps in their system in terms of lower coverage of youth, and unemployed population etc. The gaps are even larger in Samoa. There are no schemes for Children, Youth, persons with disability, and unemployed in Samoa.

3 Cash Transfer based SP System

In both of these two countries (i.e. the Cook Islands and Fiji) the SP systems are predominantly based on cash transfer. In spite of use of food vouchers (in Fiji), a substantial part of the system rely on cash transfer due to its apparent superiority over in kind transfer (mainly food assisted schemes). Global evidence suggest that overhead cost of 'cash transfer' schemes is around 9 per cent of the scheme total budget whereas in the case of 'food assisted' schemes they are around 22 to 25 per cent. In additional, leakages and wastages are large in the 'food assisted' schemes.

4 Benefits of the SP System

In addition to impacts of reducing poverty and inequality, the primary surveys conducted in the Cook Islands and Fiji points to other intangible benefits of the SP system. For instance, in the Cook Islands the cash transfers achieved a wide range of positive impacts such as reducing access barriers, financial stress, enhanced the food security and dignity of life. In the case of Fiji, SP schemes have helped improve food consumption and educational attainment. Similarly, the Samoa school fees grant scheme resulted in improved educational attainment in Samoa.

6. An Inclusive, Modern and Forward-Looking SP for Samoa

The above analyses clearly envisage a biased (towards the elderly population), and underdeveloped (zero or small coverage for other age or life cycle groups) social protection system in Samoa. As a result, intended benefits could not be reaped (i.e. smoothing of consumption and further reduction in poverty) from the social protection spending in Samoa suggesting significant scopes for improvements – through both horizontal and vertical expansion. Furthermore, the inability to respond in a strong and decisive manner with broad based (or universal) social protection measures during the COVID 19 validates the above findings. The underdeveloped state of the social protection system calls for its reform with a time bound action plan. The future social protection reform should focus on the following features:

(i) adoption of the lifecycle approach to cover lifecycle risks as well as addressing poverty/vulnerability
(ii) horizontal and vertical expansion of social assistance schemes to cover vulnerable citizen
(iii) introduction or expansion of social insurance to cover the affordable middle class and
(iv) determining institutional arrangements to ensure efficiency and better value for money

6.1. Samoa Inclusive Social Protection System (SISPS) – Life Cycle Approach to Social Protection[49]

Most countries started their social protection system by adopting the 'poor relief' model which was first adopted by the rich European countries during the 18th and 19th centuries to combat rising poverty associated with industrial revolution and rural to urban migrations. Realizing the limitations of the 'poor relief' model, they quickly adopted the 'lifecycle' approach to social protection thereby move to modern social protection system capable to addressing citizen's needs.

"*In almost sharp contrast to the poor relief approach, there came up a more comprehensive approach to social protection which is lifecycle approach. It reflects that individuals face different risks and vulnerabilities at different stages in life, and that social protection can be designed to address these risks at each stage. It is a provision of basic social protection to citizens from the cradle to the grave. The lifecycle approach was adopted by some European countries like Sweden in the early decades of the twentieth century. It was introduced by UK in 1945 and then came to be used across developed countries; also, in a range of developing countries. The main characteristic of the lifecycle approach is that it involves long term planning -programmes directed at particular stages of the life cycle. It focuses resources on particular lifecycle risks*.[50]**"**

Figure below captures lifecycle vulnerabilities across five specific age groups –

(i) early childhood; **(ii)** school age; **(iii)** youth; **(iv)** working age; and **(v)** old age.

A special group with disability is included to address their specific needs which may not be fully covered by the addressing the needs of the above five groups. A covariate scheme to cover unexpected shocks (i.e. climate induced etc.) should also be added in the case Samoa. Moving out of the 'poor relief' model to embrace a comprehensive 'lifecycle' approach should be a medium-term strategy (preferably by 2026).

[49] All schemes proposed under SISPS are classified as core schemes and core plus schemes considering their priority and relevance. It thus suggests that all core schemes should first be considered for implementation. If fiscal space permits, the core plus schemes should then be considered for implementation.

[50] Source: *Social Security Policy Support (SSPS) Programme. (n.d.). 'Lifecycle Approach'*

Figure 15: Social Protection Schemes Addressing Life Cycle Risks

Source: Authors representation based on Save the Children (2020)

6.1.1. Social Assistance Schemes for Children

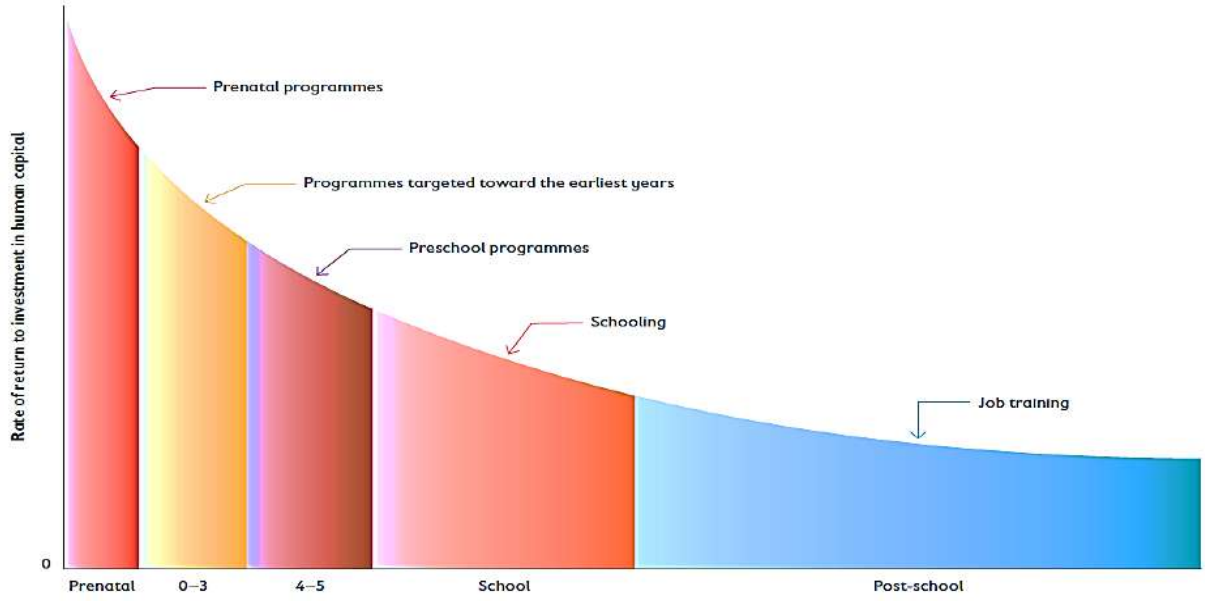
Like all countries, children are the future of Samoa and it is important that they receive support in their early years and while they move through school. Investment in children will not only improve their wellbeing when young but will provide the nation with a much more effective labour force, as they move into adulthood. Many of the challenges that the current working age population face are the result of insufficient investment in them when young. These challenges exacerbate with high incidence of poverty such as in Samoa where poverty among households with children 0 to 5 is disproportionately high in Samoa.

In addition to continue to strengthen investments in the education and health sectors, GOS will also introduce a number of social assistance schemes directly targeted at children. This may include a) a universal child grant for children 0 to 4; b) and vertical expansion of the school stipends; d) maternity benefits for working women; and e) a number of complementary schemes that will bring direct benefits to children.

6.1.1.1. Child Grant Scheme

The period of pregnancy and the first 1,000 days of a child's life are critical for his or her future development. During this period, ensuring adequate nutritious food is critical for their physical and cognitive development. Due to lack of income or resources, poor families are unable to provide mothers and young children with an adequate diet resulting in stunting, under-weight, and obesity and eventually low productivity in the working age. There are ample evidence[51] suggesting that the provision of a child benefit can significantly improve nutritional outcomes in young children as well as improve poverty situation (Please also see Annex 10.6.1).

Figure 16: Early Investment in Children Generate the Highest Returns



Source: Heckman, J. (2008)

[51] For detailed discussion please refer to the ILO (2017b) and ILO (2019).

Thus, one of the core social assistance scheme would be to provide support to young children up to the age of four years, as well as pregnant women through a universal Child Grant scheme (UCGS). The scheme will provide a monthly transfer of SAT 160 (or SAT 100) to each child that will be paid to the mother or female caregiver (although a male caregiver will be eligible if no female is available). Each mother will receive the transfer *for up to two children* to ensure that no incentives for higher fertility are established.

While income transfer will be of critical assistance, it also recognises that a wide range of other interventions to support pregnant women, young children and their mothers are needed in order healthy living. This will include an expansion of support through the health system, a more effective programme of health promotion – including to girls in secondary school complementing social transfer programmes and improvements in water and sanitation. In the health sector, the Government will continue to explore the potential for strengthening initiatives to provide behavioural changes to the children experiencing obesity.

Key Parameters:

- *Category: Core Scheme*
- *Targeted of beneficiaries: Pregnant women and children age 0 to 4*
- *Coverage: Universal*
- *Inflation Indexed[52] Monthly transfer amount: SAT 160 (or SAT 100) per person (in line with SCBS current transfer amount)*
- *Implementing Agency: Social development division (SDD) under MWCSD*
- *Administrative overhead: 2.5 per cent of the total scheme cost[53]*

6.1.1.2. Expansion of School Fee Grant Scheme

According to UN VNR report (2020), school fee grant has been considered a successful scheme as it enhanced school enrollment and completion. UN VNR report 2020 labelled the scheme as game changer and concluded that "*the School Fee Grant Scheme (SSFGS) has been a game changer in increasing access of Samoan children to primary and secondary schooling with universal access to primary education. Studies have shown that the scheme has also supported the Compulsory Education Act and has helped to address the problem of street vendors during school hours"*. It is paid directly to the schools in Samoa and spent for education purposes.

However, poverty and vulnerability rates are equally high among school children (i.e. 22.6 % in children age 6 to 9; and 20.4 per cent in children age 10 to 14), making a case for child grant for them as well to address poverty and vulnerability. Given the almost same level of poverty and vulnerability is found (like the 0-5 group) across children age 0 to 14, the case for an extended child grant covering all children is strong in Samoa.

However, given that school children are already enjoying some support and considering the vulnerability rate as well as the fiscal space issue, a compromising arrangement may be adopted where 40 per cent of

[52] It is proposed to inflation indexed all social assistance schemes to preserve real of the transfers.

[53] Global estimates for targeted cash transfer schemes are around 8 per cent. However, administrative overhead for universal schemes is lower than the targeted schemes. According SNPF, overhead cost to operate SCBS in Samoa is 2.5 per cent. We used this as the benchmark administrative overhead for universal cash transfer schemes in Samoa.

the school children (i.e. vulnerable according to BNPL x 1.5 % increase formula) will be given SAT 80 per month as meal voucher/allowance. This will be a conditional cash transfer through the school system only for the period when schools are open.

Key Parameters:

- *Category: Core Plus Scheme*
- *Targeted of beneficiaries: school age children*
- *Coverage: Vulnerable (40 per cent of all school age children 5 to 14 years)*
- *Inflation Indexed[54] monthly transfer amount: SAT 80 per person*
- *Implementing Agency: MESC and Schools*
- *Administrative overhead: 5 per cent of the total scheme cost*

6.1.2. Scheme for Youth and Working Age

Both unemployment and under-employment are high in Samoa. Youth and female unemployment rates are exorbitantly high (please refer to sub section 3.4 under section 3). These statistics reveal the failure of the 'employment policy' and as well as 'investment strategy' to create employment opportunity in Samoa. Therefore, most appropriate interventions to ensure employment of the working age population are education (including skill development) and labour market strategies/policies rather than Social protection. Social protection can play an important complementary role to protect the welfare of the employed group but employment generation including decent work is the responsibility of the 'employment policy' and as well as 'investment strategy'.

It is argued that the best way to address poverty among Youth and the working age families is to provide them with access to work, including their own income generating activities. Given the high level of NEET in Youth (37 %), there is a growing concern about the welfare of this youth population in Samoa. Although some of them are school drop-outs while majority of them have completed high school but are remain unemployed or under-employed. The most important policy challenge for young women and men is to enable them to complete their formal education and learn the skills that will make them effective participants in the labour market. This is a long-term challenge for the education and training policy of the Government and efforts (e.g. TVET, and apprentice programmes etc.) are underway to address this. The Government will continue to collaborate with development partners, the private sectors and NGOs to pilot focused training programmes to equip the youth with skills that would help them to access the labour market. Efforts should also ensure that the Youth are provided with vocational training and low-cost financial assistance to develop their own enterprises. In addition, the Government will encourage initiatives to improve markets, specifically Markets for the Poor (M4P) – and schemes to improve the enabling environment for business. Without such initiatives, job opportunities will remain limited.

The priorities for Government Social Security support to Youth and the working age families are set out in this section. Given the fiscal space consideration, over the short and medium term it is not possible to encompass all of those in need (although most vulnerable households will receive transfers from other lifecycle schemes). Therefore, the GOS will initially prioritise Youth and vulnerable women while taking

[54] It is proposed to inflation indexed all social assistance schemes to preserve real of the transfers.

initiatives to streamline and increase the effectiveness of workfare schemes and establishing an unemployment insurance scheme. More specifically following schemes are proposed:

- Schemes for the working age women: this includes cash transfer and skill development scheme for the most vulnerable women, maternity protection for women in the informal sector and extension of the maternity benefits for women in the formal sector. Considering the high level of unemployment among female workforce specially in the rural areas, a scheme on livelihood and graduation may also piloted to assess its suitability and scalability in the context of Samoa.
- Schemes for the working age: for the protection of the working age population two schemes are proposed considering formal and informal sector. Global evidence suggest the efficacy of the unemployment insurance schemes to protect the unemployed persons with a time bound cash transfers and assist them with job search to transition to a new job. Thus, Samoa should also introduce a comprehensive unemployment insurance scheme for formal (as well as for the self-employed and informal sector) employees. This will be new scheme and hence should be piloted for suitability and scalability in the context of Samoa. Following the widespread use of the 'workfare' schemes, a similar scheme has also been proposed for the unemployed (i.e. structural and transitory) informal sector workforce. The scheme will include cash transfer, job search assistance and short skill development support. The accident compensation payment (which is a variant of the employment injury protection proposed by ILO) would also be reviewed and extended.
- Schemes for Youth: it is expected that the implementation of the schemes for working age population (discussed above) will also benefit the Youth population. They will also have access to these schemes. In addition, the current schemes implemented by the MCIL should need to be continued and expanded as required after a thorough review.

6.1.2.1. Scheme for Working Age Women

Support for Vulnerable Women of Working Age

Single women – especially adolescent girls and those with children – are among the most vulnerable category of the population. Thus, it is proposed to focus on providing support to vulnerable women – including single parents – to provide them with a minimum income guarantee while also enhancing their ability to engage in the labour market.

In addition, it is also important to continue with the human development and enterprise support provided to women as part of the Government commitment to empower women. The Government may provide 4,000 (according to LFS 2017, there were 3,694 unemployed women and 3,682 engaged in informal activities) women and adolescent girls per year with additional capacity development and enterprise support for a period of 6 months.

Key Parameters:

- *Category: Core Scheme*

- *Targeted beneficiaries: Working age 15 to 65 (according to the ILO classification)*
- *Coverage: Vulnerable group (23 per cent of all female working age population 15 to 54 years engaged in the informal sector or in unpaid work)*
- *Inflation Indexed[55] Monthly transfer amount: SAT 100 per person for 6 months (in addition to the skill development borne by other ministries)*
- *Implementing Agency: SDD under MWCSD/MCIL*
- *Administrative overhead: 5 per cent of the total scheme cost*

Maternity Protection

Under this scheme beneficiaries will be paid a monthly transfer amount of SAT 160 (or SAT 100) for a period of 12 months. After one year, the scheme will automatically be transferred to the universal child benefit (please see Annex 10.6.2 on maternity protection through social assistance).

This may be conditional cash transfer with conditions attached are the beneficiaries at least four (or determine during the preparation phase) antenatal medical exams, or health and nutrition sessions every two months (exclusive breastfeeding), depending on availability of services, and present their children for regular medical routine checks, and vaccinations.

Key Parameters:

- *Category: Core Scheme*
- *Targeted beneficiaries: Working age 18 to 45 (childbearing age)*
- *Coverage: 5,000 vulnerable mothers (mainly from the unorganized/informal sector)*
- *Inflation Indexed[56] Monthly transfer amount: SAT 160 (or SAT 100) per person for 12 months (until they are transfers to the child grant scheme)*
- *Implementing Agency: SDD under MWCSD*
- *Administrative overhead: 5 per cent of the total scheme cost*

Maternity Insurance

According to ILO (2017b), 'maternity protection ensures income security for pregnant women and mothers of new-born children and their families, and also effective access to quality maternal and child health care. It also promotes equality in employment and occupation. Worldwide, 45 per cent of women in employment are covered by law under mandatory maternity cash benefit schemes, with large regional variation.'

Many countries help women in employment by providing them with a maternity benefit to enable them to take leave from work following the birth of a child. There are three financing mechanisms for the provision of maternity payments: government assumes responsibility; the employer assumes responsibility; or, the employee assumes responsibility – jointly with the employer – by accessing maternity insurance.

[55] It is proposed to inflation indexed all social assistance schemes to preserve real of the transfers.
[56] It is proposed to inflation indexed all social assistance schemes to preserve real of the transfers.

Current practice in Samoa suggests that the private sector employees currently legally offers four weeks leave with pay and two without, or six weeks leave on two-thirds pay and five paid paternity leave days a year. On the contrary, public sector's women are entitled to 12 weeks maternity leave with full pay[57]. The current provision in Samoa falls short the recommended no less than 14 weeks maternity leave by ILO Maternity Protection Convention 2000.

The GOS will conduct a review to improve the maternity benefits (or the maternity insurance). The parameters of this mechanism will be re-established during the implementation of the SISPS following the review findings. As part of good practice, all members – male and female – may be obligated to pay the maternity insurance contribution since, if the burden for payment is placed on only women, this would increase the costs of female labour and discourage employers from contracting women. Payments will also be shared by employees and employers. For women employed in the informal sector low cost provisions may be designed with government share part of the payments.

Box 4: Global parameters for maternity insurance

The adequacy of cash benefits provided during maternity leave to meet the needs of mothers and their babies are assessed in terms of duration and amount.

Duration: In order to allow women to recover fully after childbirth, 99 countries out of 192 provide at least 14 weeks paid maternity leave, meeting the standards of Convention No. 183 passed in 2000. Out of them, 37 countries provide 18–26 weeks, and 11 more than 26 weeks. In 49 countries, the length of paid maternity leave is 12–13 weeks, which still meets the minimum standard set out in Convention No. 102. In 30 countries, maternity leave with cash benefits is less than 12 weeks.

Benefit Amount: the level of the maternity cash benefit, calculated as a proportion of women's previous earnings for a minimum number of weeks of paid maternity leave, varies widely across countries. In 73 out of the 192 countries, women are entitled to paid maternity leave of at least two-thirds of their regular salary for a minimum period of 14 weeks, meeting the benchmark of Convention No. 183. In 26 countries, women are entitled to 100 per cent of their regular salary for at least 18 weeks, meeting the highest standard set out in Recommendation No. 191. In other six countries benefit at a fixed level (for instance, the minimum wage) are provided. This leaves a large number of countries (52) in which women are entitled to benefit at a level lower than 67 per cent of previous earnings for a minimum of 12–13 weeks, which falls short of the benchmark of Convention No. 183, but is still in compliance with the minimum requirements of Convention No. 102. In 32 countries, the cash benefit corresponds to less than 45 per cent of the previous salary and/or the period of paid maternity leave is under 12 weeks.

Source: ILO (2017b)

[57] Source: https://www.samoaobserver.ws/category/article/52197#:~:text= To%20the%20private% 20sector%2C%20 Samoa,maternity%20leave%20with%20full%20pay.

6.1.2.2. Scheme for Working Age Population

Introduction of Workfare Schemes

In order to support workers – especially workers in the informal sector who are usually poor and vulnerable – GOS may decide to introduce a workfare scheme (similar to the public works programmes) for a limited time period with conditions. The conditions are that the enrolled beneficiaries must look for jobs as well as impart training as determined by the authorities.

The prime objective of the scheme is to assist the poor/vulnerable informal sector workers who lost jobs due to natural disasters/sudden collapse of the local economy (e.g. as was experienced during COVID 19) with transfer such that the family do not slip back to poverty and provide the critical cushion to transition to a new job with supports including job search, job placement and training.

Key Parameters:

- *Category: Core Scheme*
- *Targeted beneficiaries: Vulnerable working age population*
- *Coverage: Targeted – Vulnerable (40 per cent of all working age population age 15 to 54 years)*
- *Inflation Indexed Monthly transfer amount: SAT 100 per person for 3 months (maximum)*
- *Implementing Agency: MCIL*
- *Administrative overhead: 5 per cent of the total scheme cost*

Following the (1AZAM) scheme, which is being implemented in Malaysia, the scheme may be extended to provide entrepreneurial support services; assistance in setting up small agricultural businesses through the provision of seeds, equipment and machinery; support to the setting up of small service-oriented businesses through the provision of loans, training and counselling.

Box 5: An integrated approach of economic and social empowerment of low-income households

The Akhiri Zaman Miskin (1AZAM) programme was launched by Malaysia with aims at empowering low-income households and reducing poverty as part of the GOM's efforts to achieve high-income economy status by 2020. The programme follows an integrated approach of economic and social empowerment of low-income households, working closely with ministries in charge of implementing rural development, urban public transport and education policies, as well as non-governmental organizations (NGOs), communities and other stakeholders. Further efforts are needed, however, to improve the management and targeting of the programme.

The programme provides cash transfers for those most in need; job placement, training services, entrepreneurial support services; assistance in setting up small agricultural businesses through the provision of seeds, equipment and machinery; support to the setting up of small service-oriented businesses through the provision of loans, training and counselling, particularly by women entrepreneurs; and insurance services and housing facilities for low income households. By 2012, 63,147 poor households were registered in the 1AZAM programme, and 3,100 women entrepreneurs were trained.

Source: based on ILO (2017b)

Unemployment Insurance

A flexible labour market is a necessary component of a successful economy as it enables labour to move from business sectors that are failing to those that are emerging or growing. However, a flexible labour market is only possible if an effective system is in place to support those who may lose their jobs. Since the informal sector workers will be supported by the workfare schemes, it is proposed that the SNPF as the lead agency of insurance in Samoa will develop a system of unemployment insurance initially for the formal sector workers including self-employed. This insurance will be fully financed by employers and employees. Once consolidated, the scope will also be broadened to extend it to the informal sector. SNPF may benefit from the experiences of the emerging economies who have launched unemployment insurance schemes (see Annex 10.6.2).

Box 6: Key elements of Vietnam's employment insurance scheme

Viet Nam introduced an employment insurance scheme in its Social Insurance Law of 2006. Contribution collection started in 2009, and the first benefits were disbursed in 2010.

In 2013, unemployment insurance provisions were transferred to the Law on Employment Promotion as part of a larger reform aiming to increase coverage, improve the efficiency of the scheme, and strengthen links between unemployment benefits and active labour market policies, in particular return-to-work programmes and employment- retention support. In addition to job counselling services and vocational training for up to six months, the new law includes reference to training and retraining programmes made available through employers to upgrade workers' qualifications and skills that will maintain their employment. The law also reinforces the role of the employment service centres and their capacity to provide job counselling and placement services. In this context, the Government has also intensified its efforts to integrate public employment policies into the country's national targeted programme for sustainable poverty reduction. By 2015, 10.2 million workers – about 20 per cent of the total labour force – were insured under the unemployment insurance scheme, Of the 527,576 persons who submitted a claim for the unemployment insurance allowance, 526,279 were entitled to the monthly benefit; of these, 57 per cent were women, 24,378 received vocational training and 473,791 persons received employment counselling services.

Source: ILO (2017b)

Revamping the Accident Compensation Payment

Currently, an accident compensation payment (ACP) is being implemented in Samoa by Accident Compensation Corporation (ACC). The ACP may be considered a version of the employment injury protection/insurance (EII) scheme recommended by ILO for the welfare of the workers[58]. ACP covers wide range benefits such as temporary disability benefits; permanent disability benefits; partial permanent disability; workers' medical benefits; survivor benefits; and funeral grant. However, the coverage of ACP is limited. The current programme may be revamped for wider coverage and benefits.

[58] ILO (2017) argued that a growing number of countries are exploring reforms to adopting EII systems following social security principles as contained in ILO Conventions Nos 102 and 121. Such a move is expected to improve effective coverage in particular in sectors facing relatively more hazardous occupations and in small and medium enterprises, and to enhance levels of protection. A deterrent factor is high cost of EII – estimated at 1 % of wages.

Schemes for Youth

More than 30 per cent of Youth are unemployed in Samoa. NEET is also high for Youth at around 37 per cent. Effective measure must be introduced to address these two problems (i.e. unemployment and NEET) facing the Youth in Samoa. One strategy could be to be expand the current labour market schemes targeted for them. Lack of awareness about the schemes offered by MCIL among the young persons has been identified as a major challenge to tap these resources (i.e. apprentice Scheme, job search and placement services, and support services for seasonal worker schemes).

Apprentice Scheme: The Ministry of Commerce Industry and Labour (MCIL) administers the Apprenticeship Scheme. It was established under the Apprenticeship Act 1972 and the Apprenticeship Regulations 1973. The scheme combines work and part-time study which involves both practical skills and an understanding of theory in the trades. Apprentices need to complete three (3) to four (4) years or six thousand (6,000) to eight thousand (8,000) hours. The award of the Certificate of Due Completion is awarded to candidates who qualify as competent in a trade of their choice. Moreover, in 2015 the government allocated SAT125,300 for the National University of Samoa as the Apprenticeship Training provider. Only about 158 young persons attended the training in 2015. It has argued that the main challenge with apprentice schemes is that not many young people are aware of these free services (Abbott, 2017). Thus, awareness Programs and advocacy support is required for young people and especially the unemployed to use these services.

Other Scheme: There are other labor market schemes in Samoa targeted for the young persons.

(i) These are a register and support to jobseekers who are matched with employers who have vacancies within their place of work. The placement of jobseekers from the registry occurs when employers accept the referred jobseeker after interviews. The MICL helps in compiling curriculum vitae (CV's) and the writing of job applications for jobseekers who seek such assistance. This is a free service.

(ii) The employment and labour market division of the ministry conducts annual job search skills training for those on the jobseekers register and those who wish to further their knowledge on basic job search skills in finding employment.

(iii) There are also programs to support applicants who wish to join the New Zealand Recognised Seasonal Worker Scheme (RSE) and/or the Australian Seasonal Worker Programme (SWP). These programs provide pre-departure training for selected applicants. In 2015 an estimated 1,238 and 175 Samoans were employed on the RSE and SWP schemes, respectively.

Key Parameters:

- *Category: Core Scheme*
- *Targeted beneficiaries: Youth*
- *Coverage: Targeted*
- *Funding: MCIL budget*
- *Implementing Agency: MCIL*

Sustainable Livelihood Scheme for Vulnerable Women

Given the high level of female unemployment rate and informality in Samoa, in addition to the above social protection schemes proposed for the working age citizens, a sustainable livelihood scheme for vulnerable women may also be piloted to assess its suitability and scalability in Samoa.

Scoones (1998) defines sustainable livelihood as "a livelihood comprises the capabilities, assets (including both maternal and social resources) and activities required for a means of living: A livelihood is sustainable when it can cope with and recover from stresses and shocks, maintain or enhance its capabilities and assets, while not undermining the natural resource base". Samson (2011) mentions three ways of sustainable livelihoods: *(a) by reducing gender inequalities and unlocking a nation's full economic potential (b) by promoting workers' more effective access to the labour market and (c) by supporting investments in livelihood activities.* The approach by which livelihood schemes fulfilled these objectives is known as the graduation approach. According to Kiddo (2017), graduation approach is a combination of programming interventions including *asset transfers, consumption support, savings, enterprise training, hands-on coaching and mentoring and in some cases, health and social integration support to ultra-poor households*. The ultimate goal of a graduation programme is to bring the participants out of extreme poverty and into sustainable livelihoods. Achieving this goal typically takes between 18 to 36 months. In this context, CGAP (2016) has developed a graduation model which is structured with the sequence of five core building blocks i.e. *targeting, consumption support, savings, skill training, and regular coaching, and asset transfer* (Please Annex 10.6.4).

Outcomes of the graduation models are mixed. Bangladesh has implemented a number of livelihood schemes with mostly positive outcomes. One of such models named 'Strengthening Women's Ability for Productive New Opportunities (SWAPNO) has been found successful. Such a model may be piloted in Samoa.

Box 7: Key features of SWAPNO livelihood project

Strengthening Women's Ability for Productive New Opportunities (SWAPNO) is a typical public work based graduation model targeting the distressed and vulnerable rural women in Bangladesh. It has implemented under the aegis of UNDP, Bangladesh. The SWAPNO project predominantly focused on sustainability of outcomes. Under this scheme, women got selected who were poor; had limited economic opportunities; were widowed, divorced or deserted; were not involved in any income-earning activities; did not have access to sufficient amount of land or other productive assets; and were the primary income earners of their households. The beneficiary women were employed from for a period of 18 months and each beneficiary received a total of BDT 66,450 (around $ 750) as cash wage payments. Besides, the programme had a mandatory savings scheme (BDT 50 or $ 0.6 per working day) and each participating woman received BDT 22,150 ($ 275) as a graduation bonus at the end of the scheme. Along with employment, SWAPNO beneficiaries also received seven basic life skill and livelihood trainings. Moreover, this programme particularly stressed on lifting the poor out of poverty and ensured resilient livelihood so that beneficiaries become self-sufficient and no longer depend on government aid. At the same time, it emphasized on empowerment and human capital development through different awareness building sessions and training courses. Under SWAPNO programme, beneficiary women participated in different public work programmes. This engagement helped them to grow with confidence and ultimately, achieve the objective of the programme.

An evaluation by SANEM (2019) for UNDP and Bangladesh Planning Commission suggested wide ranging positive outcomes of the interventions.

Source: SANEM (2019)

6.1.3. Social Assistance for Persons with Disability

Samoa ratified the Convention on the Rights of Persons with Disabilities, on 2nd December 2016, thereby guaranteed the rights of the persons with disability. The GOS is, therefore, committed to establishing a system of social assistance support for persons with disabilities that is appropriate to an upper middle-income country. Using the disability prevalence rate of 7.1 per cent (i.e. Disability Monograph), and projected population of 2020, the total number of persons with disability has been estimated as 14,378 (i.e. 0.071 * 202,505 [2020 projected population]).

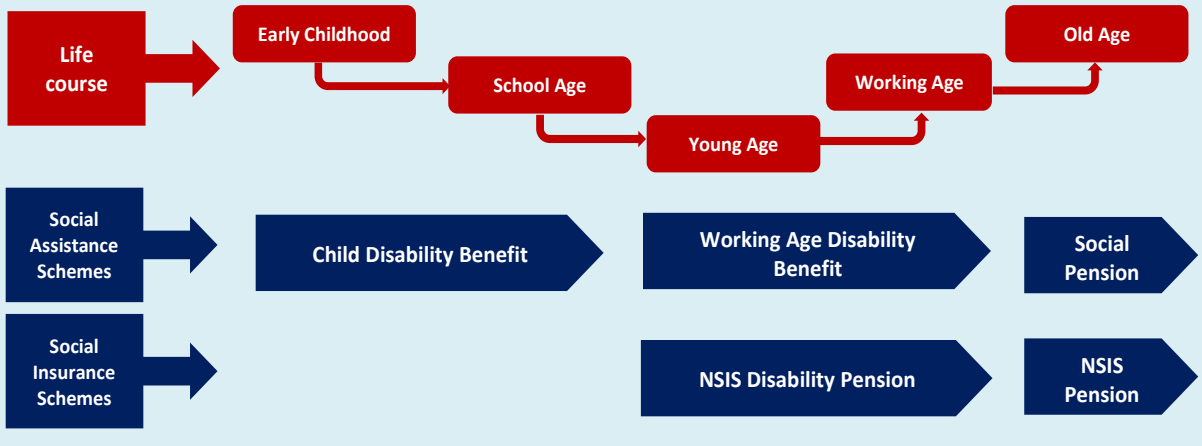
Estimated numbers of persons with lot of difficulties are 4,050 (i.e. 0.02 * 202,505). Estimated numbers of persons with severe disability are 1,418 (i.e. 0.007 * 202,505). Over the next two years, the GOS will introduce disability assistance, aligning it to the life course.

Samoa may wish to adopt a three tier disability assistance schemes (described in box below) or a single tier disability assistance scheme. Considering the nature of disability and complexities of setting up income threshold, some countries have adopted tier system in designing the disability grant (please see below the three-tier disability benefit system for Bangladesh, Box 8).

Box 8: Three Tier Disability System

Following the National Social Security Strategy (2015), government of Bangladesh has been implementing a three tier disability benefits aligning to the life cycle stages. It will involve three core schemes:

- *A Child Disability Benefit for all children with a disability, up to 18 years of age*
- *A Disability Benefit for all adults with severe disabilities, aged 19-59 years*
- *At 60 years, people with severe disabilities will transition to the Old Age Allowance*

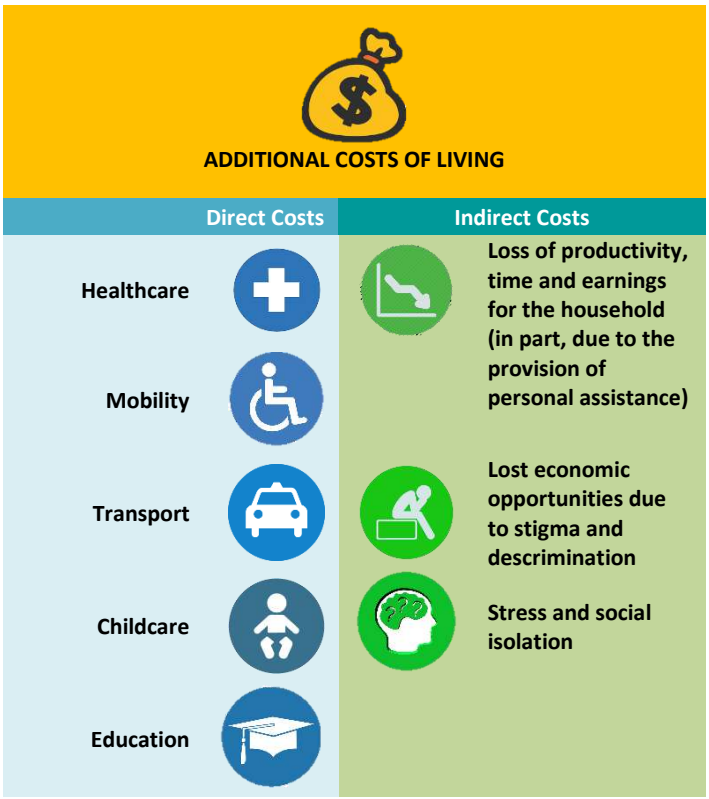


6.1.3.1. Samoa Universal Disability Benefit

The GOS will ensure that every person certified as having a disability will be provided with a regular transfer, known as the Disability Benefit Grant. All citizens will deserve this benefit, as long as they fulfil the disability criteria to be defined by the GOS. Two categories of certificates will need to be provided –

(i) for persons with disability; and (ii) for persons with severe disability. Monthly transfer amount for Disability benefit grant will be equal to the Child Grant – i.e. SAT 160 (or SAT 100) per month.

Chart 9: Additional cost of disability



Source: MGLSD, 2020

Since cost of care for severe disabled person is higher, a higher transfer amount equal to SAT 300 (or SAT 200) may be given to the persons with severe disability. Please see adjacent chart on additional cost of living for a person with disability. Accordingly, 'National Advocacy Organisation for Persons with Disabilities' has estimated much higher cost requirement to support the persons with disability in Samoa compared to the disability grant proposed here (Please see Annex 10.6.5). The eligibility criteria will define the specific situations. Persons with disabilities will not be excluded from other child grant benefits. To detect early sign of disability, the GOS will develop a mechanism to identify severe disability among children, which will not only include children with physical disability but also other disabilities like autism, cognitive, mental, sensory impairment, etc.

The introduction of the Disability Benefit will enable the Government to identify all disabled children in the country. Over time, this will make it possible to track their progress in attending school and provide them with additional support such as assistive devices, support with transport, and support with the additional costs they face in attending school. Mechanisms will also be established to remove children with disabilities from the street, making the Child Disability Benefit conditional on children not being exploited for begging. MWCSD/ACC/SNPF/ will be responsible for monitoring the progress of recipients of the Disability benefit grant.

The Government will design robust measures for identifying severe disability persons in other age cohorts and will establish an appeals mechanism for those who feel that they have been unfairly excluded. The introduction of the Disability Benefit will mark a significant change in the lives of the disabled citizens who are vulnerable. They will be better able to enter the labour market and access credit so that they can invest in small businesses.

Key Parameters:

- *Category: Core Scheme*

- *Targeted of beneficiaries: Persons with disability across all age groups*
- *Coverage: Universal*
- *Inflation Indexed Monthly transfer amount: SAT 160 (or SAT 100) per person with disability and SAT 300 [or SAT 200] (given the higher cost involved in the case of severe disabled person, monthly transfer amount has been set twice of the transfer amounts for the other schemes)*
- *Implementing Agency: MWSCD/ACC/SNPF*
- *Administrative overhead: 10 per cent of the total scheme cost*[59]

Chart 10: Support required by persons with disabilities cuts across a range of services

Source: MGLSD, 2020

In addition to social protection support, persons with disability will need other complementary assistance to unlock their potential. The GOS will complement the Disability Benefit by providing additional support to recipients by ensuring access to vocational education and small business schemes and eliminating discrimination in the labour market. It is relevant to note that UNESCO has commissioned a study to assess the needs of the persons with disability and thus expected to come with up with costed schemes in this regard. These schemes should likely complement the disability grant proposed above.

6.1.4. Expansion of Senior Citizen Benefit Scheme

Samoa has a well-functioning social protection schemes for the elderly. Two professionally managed and effective schemes supporting elderly are SNPF and SCBS. Lowest level of poverty and vulnerability among the old age persons in Samoa to certain extent may be attributed to these schemes.

Despite its effectiveness, SNPF membership so far has been limited only to the formal sector employees, resulting in low coverage. The scheme terminates at age 55 – the retirement age in Samoa. Another concern with the SNPF is its high and increasing premium. Currently the premium is 9 per cent and it is projected to increase by 1 per cent each year. SNPF may encounter an affordability issue in near future.

[59] Identification of persons with disability for the assistance will involve additional costs. The schemes also need to be closely monitored. Thus, an overhead cost of 10 per cent seems reasonable.

High premium may also be a deterrent for the informal or self-employed workers (i.e. non-formal workers) to participate in the insurance scheme.

SCBS in a universal social pension but only eligible at age 65. Thus, it appears that there are coverage gaps for elderly – especially retirees from the informal sector or self-employed workers for about 10 years till they reach age 65 (i.e. from 55 to 65). Thus, to cover this gap, horizontal expansion of the SCBS is proposed. The age eligibility may be reduced to 60 age. Along with that, GOS may also raise the retirement age to 60 (labor force of 2017 data suggests that participation in labour market persons aged 55 to 60 is not low at around 40 to 36 per cent in comparison to the participation rate of around 55 per cent for the peak working age group 45-49).

Key Parameters:

- *Category: Core Scheme*
- *Targeted of beneficiaries: Old age persons aged 60 plus*
- *Coverage: Universal*
- *Inflation Indexed Monthly transfer amount: SAT 160 per person*
- *Implementing Agency: SNPF*
- *Administrative overhead: 2.5 per cent*

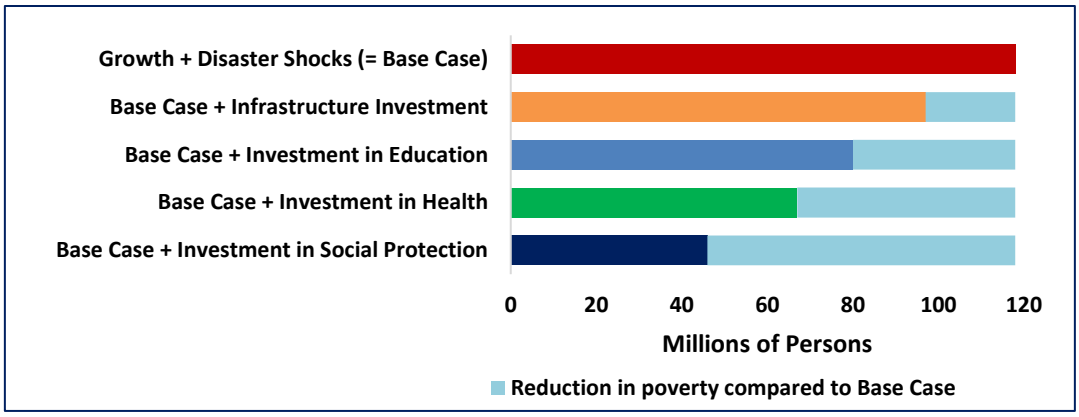
6.1.5. Disaster Response Fund

All Samoan are exposed to the natural calamities. During the last decade, the country has been hit 9 such shocks, some of them were severe imposed serious damage to lives and livelihood. It is essential that the social protection system is used to build the resilience of Samoan families and to provide support in the face of shocks.

As social protection schemes expand (as described above), the need for ad hoc, reactive, emergency response will be significantly reduced. Once the Government implements the inclusive life course social protection proposals, a high proportion of the citizens will be much more resilient than at present. By expanding the coverage and value of transfers of core schemes, a significant majority of the population, especially those belonging to the poor and vulnerable groups, will be in a significantly stronger position, with an important and reliable buffer against shocks. In addition to the expanded social protection, GOS may establish a disaster response grant to supplement the regular support provided through the social assistance schemes.

UNESCAP (2019) argued that a well-functioning SP system (designed and implemented properly) may be the most effective instrument against disaster induced poverty. UNESCAP used a computable general equilibrium (CGE) model of 26 countries which comprise 90 per cent of the Asia-Pacific population to assess impacts on various fiscal instruments on disaster induced poverty and inequality. The model simulation suggests that social protection is expected to produce the highest decline in poverty.

Figure 17: Projected number extreme poor in 2030, with disaster risk and investment scenarios



Source: UNESCAP (2020c)

Since the infrastructure are being upgraded or developed to withstand natural disaster, the proposed disaster response grant will mainly be used for savings lives and safeguarding livelihood. It is proposed that 0.2 per cent of GDP may be allocated each year onward 2022 for the disaster response fund. We believe building up a disaster response fund with in-built flexibilities as recommended in UNESCAP (2020), would help save lives and livelihood aftermath of a natural disaster (or covariate shock) in Samoa. The required transfer amounts and types of transfer (e.g. only cash, only food, and combination of both cash and food) will likely vary by cases due to severity of the disasters/events. Thus, as suggested by UNESCAP (2020), it should remain flexible to be decided by the implementing agency. UNESCAP study on the disaster response social protection may likely to provide further insights on the administration of the fund.

Key Parameters:

- *Category: Core Plus Scheme*
- *Targeted of beneficiaries: Disaster affected citizens*
- *Coverage: Specific*
- *Block grant: 0.2 per cent of GDP per year*
- *Implementing Agency: MNRE*

7. Resource Requirement, Administration and Implementation Time Frame

7.1. Costs of the Proposed Schemes

Cost of a social protection scheme mainly depend on two factors: the number of beneficiaries and the value of the transfer amount per beneficiary. A long-term costing module for Samoa covering period from 2020 to 2030 has been developed to project or simulate costs of the above-mentioned life course-based schemes for each year under various combination of coverage and transfer amounts. The model is flexible to project and simulate costs by varying different combination of coverage and transfer amount.

The numbers of potential beneficiaries for the proposed schemes are derived from the age cohort population projection data by Samoa Bureau of Statistics (2020). The range of age cohort is from 0 (zero) to 65 and coverage of the projections ranged from 2020 to 2030.

Since the most comprehensive current social protection scheme in operation in Samoa is the SCBS, transfer amounts and overhead costs of the proposed schemes are benchmarked against the SCBS. The monthly benefit of SCBF per person was SAT 145 between January 2019 and June 2020. The transfer amount was increased to SAT 160 in July 2020. SAT 160 transfer amount is around 50 per cent of the estimated poverty line of around SAT 300 per person. The transfer amount is not inflation indexed but tax free. The estimated overhead cost (administrative cost) of running this SCBS is 2.4 per cent[60]. Moreover, the SCBS beneficiaries receive their monthly benefit in their nominated local bank accounts (i.e. 4 commercial banks) or the other 2 local money transfer agents within the country (i.e. Western Union/ Samoa Post Office). They even have the option to transfer this monthly benefit as a voluntary contribution to their NPF.

The monthly transfer amounts for the proposed schemes along with the overhead costs have been set close the above parameters fund for SCBS[61]. We propose to index the transfer amounts with inflation to preserve their real values. The costing model is flexible such that alternative as well as differentiated transfer amounts may also be used in place of the transfer amount linked to growth of the per capita income. All monthly transfer amounts incur certain overhead or administrative costs. Evidence (please see Annex 10.6.6) suggests that universal programmes are usually less costly than targeted schemes to administer. Considering this, we assume 2.5 per cent overhead costs for the universal schemes, 5 per cent overhead costs for the targeted schemes and 10 per cent overhead costs for the disability scheme.

Values for GDP and inflation rate for the entire period between 2020 to 2030 have been the projected using a nominal GDP growth rates of 5.3 per cent (i.e. real GDP growth rate of 2.5 per cent and inflation rate of 2.8 per cent).

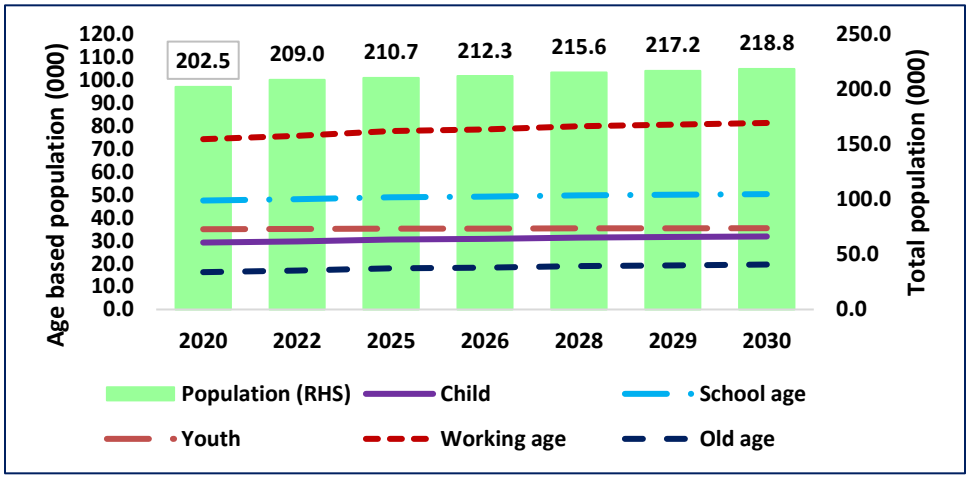
[60] According to SNPF, as of 30th June 2020 – final audited accounts in SNPF statement of financial performance comprises of total expenses of $24,674,106. Out of this, $24,080,703 have been spent for the pension benefit, medical claims, and inter-island ferry travel. This leaves $593,403 relating to overhead cost which results in a running cost percentage of 2.4%.

[61] Since most of the Samoa population may likely to graduate out poverty by 2030, setting monthly transfer amount equivalent to poverty line may not be tenable. Moreover, social protection schemes may no longer be focusing on poverty rather age-specific risks, we may need to look into other measures to set the long-term transfer amount. It may also be argued that the long-term transfer amount should aligned to the future prosperity of the country.

7.1.1. Population Projection

Figure below shows the sizes of projected population of Samoa and five age-based schemes for selected years[62]. Samoa population is projected to increase to 218.8 thousand in 2030 from 202.5 thousand in 2020. Population structures usually need longer time frame than a decade to capture significant variations. Thus, as expected, no substantial variations in population structures are observed. The working age population emerged as the largest group and would continue to expand from 74.4 thousand in 2020 to 81.2 thousand in 2030. Children (including the school children) is the second largest group with their number projected to increase to 82.2 thousand in 2030 from 76.8 thousand. Youth population has been projected to remain stable at around 35 thousand. Old age population (i.e. 60 plus) is projected to increase from 16.3 thousand to 19.6 thousand in 2030.

Figure 18: Projected population (million persons)



Source: SBS (2020)

7.1.2. Long-term Cost – Package One (SISPS 1)

Based on the projected population structures, two cost packages have been explored. Description of the package one or SISPS 1 is discussed below.

Universal Benefit (Core Schemes)

It includes universal child grant with SAT 160 transfer payment, universal disability grant with SAT 160 transfer payment for persons with disability and SAT 300 transfer payment for persons with severe disability and extended universal SCBS (for 60 to 64 age group) grant with SAT 160 transfer payment.

Targeted Benefit (Core Schemes)

Maternity protection to 5,000 pregnant women for 12 months with SAT 160 transfer payment, women assistance to 23 per cent all working women with SAT 100 transfer payment for 6 months duration, and workfare scheme for 40 per cent of working age persons SAT 100 transfer payment for 3 months duration.

[62] The entire projected population from age 0 to 65+ is available with the author.

Targeted Benefit (Core plus Schemes)

Extended child grant to 40 per cent all children in age group 5 to 14 with SAT 80 transfer payment for 8 months duration (school months), and block allocation of 0.2 per cent of GDP for disaster response.

Table 9: Cost of the proposed SP schemes in Samoa – package/SISPS 1 (per cent of GDP)

SISPS Schemes	2022	2023	2024	2025	2026	2027	2028	2029	2030
Child grant (universal @160 SAT)	2.726	2.677	2.644	2.608	2.570	2.531	2.491	2.449	2.418
Maternity (targeted @160 SAT)	0.466	0.454	0.444	0.434	0.424	0.414	0.404	0.394	0.386
Vulnerable Women support (targeted 23 %; SAT 100 for 6 month)	0.331	0.326	0.320	0.314	0.308	0.302	0.299	0.292	0.288
Workfare scheme (targeted 40; % SAT 100 for 3 month)	0.338	0.332	0.326	0.319	0.313	0.306	0.302	0.295	0.290
Extended SCBS (universal @160 SAT)	0.597	0.606	0.613	0.619	0.624	0.628	0.634	0.636	0.640
Disability grant (universal @160 SAT) *	1.659	1.634	1.609	1.582	1.563	1.542	1.519	1.497	1.473
Core SP Schemes	6.117	6.029	5.955	5.877	5.802	5.723	5.648	5.563	5.495
Core Plus									
Extended Child Grant (targeted 40; % SAT 80 for 8 months)	0.588	0.574	0.561	0.554	0.541	0.533	0.525	0.516	0.502
Disaster response grant 0.2% of GDP	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Core Plus SP Schemes	0.788	0.774	0.761	0.754	0.741	0.733	0.725	0.716	0.702
Grand total	6.905	6.803	6.716	6.631	6.543	6.456	6.373	6.279	6.197

Note: * SAT 300 for sever disabled persons

Total cost for the core SP schemes under package one or SISPS 1 has been estimated at around 5.8 per cent of GDP (i.e. average over 2022 to 2030). Since population has been projected to remain to stable not much variation is noted for the estimated cost. Almost half of the cost would be needed for the child grant as they are a sizeable group and was not covered under the current SP system. Disability grant would cost around 1.6 per cent of GDP mainly due to the enhanced transfer size and higher overhead cost to run the scheme.

The core plus schemes which include extended child grant to cover school age children and disaster response grant, would likely to incur cost at around 0.74 per cent of GDP between 2022 and 2030.

7.1.3. Long-term Cost – Package Two (SISPS 2)

Description of the package two or SISPS 2 is discussed below.

Universal Benefit (Core Schemes)

It includes universal child grant with SAT 100 transfer payment, universal disability grant with SAT 100 transfer payment for persons with disability and SAT 200 transfer payment for persons with severe disability and extended universal SCBS (for 60 to 64 age group) grant with SAT 160 transfer payment.

Targeted Benefit (Core Schemes)

Same as package 1 or SISPS 1.

Targeted Benefit (Core plus Schemes)

Same as package 1 or SISPS 1.

Table 10: Cost of the proposed SP schemes in Samoa – package/SISPS 2 (per cent of GDP)

SISPS Schemes	2022	2023	2024	2025	2026	2027	2028	2029	2030
Child grant (universal @100 SAT)	1.703	1.681	1.658	1.634	1.608	1.582	1.555	1.527	1.511
Maternity (targeted @160 SAT)	0.291	0.285	0.279	0.272	0.266	0.259	0.252	0.246	0.241
Women support (targeted 23 %; SAT 100 for 6 month)	0.331	0.326	0.320	0.314	0.308	0.302	0.299	0.292	0.288
Workfare scheme (targeted 40; % SAT 100 for 3 month)	0.338	0.332	0.326	0.319	0.313	0.306	0.302	0.295	0.290
Extended SCBS (universal @160 SAT)	0.597	0.606	0.613	0.619	0.624	0.628	0.634	0.636	0.640
Disability grant (universal @100 SAT) *	1.045	1.029	1.012	0.995	0.977	0.960	0.947	0.929	0.916
Core SP Schemes	4.307	4.259	4.207	4.153	4.096	4.037	3.989	3.925	3.887
Core Plus									
Extended Child Grant (targeted 40 % SAT 80 for 8 months)	0.588	0.574	0.561	0.554	0.541	0.533	0.525	0.516	0.502
Disaster response grant 0.2 % of GDP	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Core Plus SP Schemes	0.788	0.774	0.761	0.754	0.741	0.733	0.725	0.716	0.702
Grand total	5.094	5.033	4.968	4.907	4.837	4.770	4.714	4.641	4.589

Note: * SAT 200 for sever disabled persons

Total cost for the core SP schemes under package two or SISPS 2 dropped by about 2 per cent from 5.8 per cent to 4.1 per cent due only to use of lower monthly benefit amount for the child grant and disability grant. Use of SAT 100 transfer amount for the child grant in package two in place of SAT 160 used in package one would reduce the cost of child grant from 2.6 (i.e. average) per cent of GDP to 1.7 per cent of GDP. Similarly, around 0.7 per cent of cost could be saved if monthly transfer for the disability grants are set at SAT 100 (in place of SAT 160 in package one) for persons with disability and SAT 200 (in place of SAT 300 in package one or SISPS 1) for persons with severe disability. As a result, the total cost (Core schemes and Core Plus Schemes) may drop by about 2 percent points – from 6.6 per cent of GDP calculated under package one or SISPS 1 to around 4.6 per cent of GDP calculated under package two or SISPS 2.

7.2. Fiscal Space and Financing Options

Implementing SISPS would require on average between 5.6 per cent of GDP under package 1 and 4.0 per cent of GDP under package 2, respectively. The costs have been estimated to increase between 6.3 per cent of GDP under package 1 and 4.7 per cent of GDP under package 2, respectively when costs of the core plus schemes are included. The implementation of SISPS would thus require mobilization of additional resources. Financing options are explored in this section.

- Expanding tax bases and revenue[63]

[63]In 2016/17 the GOS conducted a review of Samoa's taxation regime and procedures, with the aim to identifying measures to broaden the tax base and improve tax collection and enforcement. Revenue mobilization measures include removing various tax concessions, such as the tourism tax credit scheme and import duty exemptions;

Tax-efforts (tax to GDP ratio) at 29 per cent of GDP is lower than most of the comparable PICS where the unweighted average tax efforts in PICS is more than 40 per cent of GDP. Moreover, high Gini value of 0.56 points to revisit the personal income tax structure to make it progressive. Such an effort may likely to serve dual objectives of reducing inequality; and raising additional revenue. There is thus a strong case in Samoa to try to enhance her tax efforts in the vicinity of PICS' average. A tax to GDP ratio of around 35 per cent may easily finance the implementation of SISPS.

Table 11: Tax efforts in PICs for selected years

PICS	2014	2015	2016	2017	2018
Cook Islands	41.0	39.0	39.1	47.9	47.2
Fiji	27.3	30.0	29.8	27.8	30.6
Kiribati	143.4	151.1	118.2	130.9	123.0
Marshall Islands	52.6	59.8	61.9	70.0	98.8
Micronesia, Federated States of	65.7	66.3	69.1	79.0	0.0
Nauru	76.8	81.2	107.0	112.2	113.6
Palau	43.4	39.2	41.0	39.5	40.3
Papua New Guinea	21.0	17.7	15.5	15.2	16.3
Samoa	**29.8**	**27.4**	**29.0**	**28.9**	**29.2**
Solomon Islands	43.4	44.8	39.8	40.4	43.4
Tonga	27.5	26.2	40.6	42.5	44.4
Tuvalu	130.7	147.2	176.5	142.5	138.2
Vanuatu	23.2	31.9	30.8	34.8	36.2
Unweighted average of PICS*	**41.1**	**42.1**	**45.8**	**48.9**	**45.4**
Colour key	**0-20%**		**20 - 40%**		**> 40%**

Note: * excludes Kiribati and Tuvalu as their inclusion distorts the unweighted average
Source: World Bank Development Indicators 2019 & ADB Key Indicators 2019

Along with the revisit personal income tax, Samoa may also assess feasibility of introducing new taxes. Khondker (2020), in a recent study explored introduction of new taxes as well as expansion of existing with an aim to improve equity in the Asia and Pacific regions. His recommendation includes introduction (or expansion or effective enforcement) of property taxes; carbon or environment taxes; as well as reforming and modernizing tax administration.

Khondker (2020) opined that 'along with recognizing the role of the direct tax instruments in promoting equity in Asia and Pacific region, introducing wealth or inheritance tax instruments may also be considered a good instrument for reinforcing the equity aspect through tax system. The poor state of the property tax in the Asia and Pacific region perhaps suggest that it may be premature – both politically and administratively – to pursue wealth and inheritance tax in the Asia and Pacific region. Rather it may be politically feasible to reform the property tax system focusing on taxing land and immovable property on it as a second-best instrument compared to wealth and inheritance tax.' Following this, Samoa may opt for the second-best instrument.

phasing out the income exemptions for churches and pastors; increasing non-tax fees and charges on a one-off basis; and raising the excise duty on tobacco, alcoholic and sweetened beverages and petroleum fuels.

Box 9: Benefits of property tax

- ***It redistributes wealth:*** Land and property taxes as a wealth tax can effectively redistribute wealth in a city. If effectively implemented, the land and property taxes can also lower prices of land and make landownership more affordable.
- ***A fairer tax instrument:*** Property tax is often fairer than other forms of tax. When local governments invest in building a road, or a school near a property, the price of these assets increase significantly. The value of land in cities is increasing continuously due to rapid urbanisation. Taxing land and properties allows governments to capture some of these increases in land and property prices (i.e. land or property rent) that result from forces outside of the owner's control and are in part the direct result of public investment. If designed properly, property owners who gain more from public investments and population growth can be taxed for the benefit of the wider community. At the same time, those property owners who lose out on their property values from nearby investments can be effectively compensated in the form of lower taxes.
- ***It promotes investment and growth:*** Given that the supply of land is fixed in a city – taxing this asset does not negatively affect urban investment. In some cases, it may also encourage more efficient land use. For instance, Kopanyi and Murray (2016) argued that high levels of land taxation, alongside lower taxes on productive sectors, have reduced land speculation and encouraged manufacturing investment in many East Asian countries. Property tax has been found to be less harmful to investment and growth compared to other taxes such as income and corporate tax. Property tax is not like taxing work or savings that can induce individuals to work or save less.

Source: Author's compilation based on IGC (2018)

ILO (2011) in a report collated different types of innovative sources of financing for implementing social protection schemes and social protection floor. Box below describes the main innovative sources (please also see Annex 10.6.7 on county selected country specific use of instruments for mobilising resources for SP financing).

Box 10: Innovative sources of financing applied to social protection

Financial transaction tax: Many countries – including Brazil, the Republic of Korea, India and the United Kingdom – have implemented some sort of financial transaction tax, most commonly an ad valorem tax on share trades of 10–50 basis points. On average, these taxes raise less than 0.5 per cent of GDP. In Brazil, the provisional contribution on financial transactions helped to consolidate the universalization of the health system. The Bill Gates report to the G20 Cannes Summit estimates that a small tax of 10 basis points on equities and 2 basis points on bonds would yield about US$48 billion a year in the G20. ***If introduced, part of these resources could be allocated towards the development of social protection in low-income countries.***

Global currency transaction tax: The Leading Group on Innovative Financing for Development estimated that a tax of 0.005 per cent on foreign exchange transactions in all major currency markets at the point of settlement would raise about US$25 billion to US$36 billion for the four major currencies (dollar, euro, yen and sterling). ***The group suggests the resources be used to set up a Global Solidarity Fund, which could be dedicated to international development cooperation, including the implementation of social floors.***

Solidarity levy on airline tickets: In 2006, Brazil, Chile, France, Norway and the United Kingdom, in collaboration with the UN, agreed to tax airline tickets and invest the funds raised in basic health protection, in particular by facilitating the purchase of drugs and medicines to fight AIDS, tuberculosis and malaria in low-income countries. Benin, Burkina Faso, Cameroon, Republic of the Congo, Côte d'Ivoire, Guinea, Republic of Korea, Madagascar, Mali, Mauritius and Niger later joined the scheme. The cost to passengers ranges from US$1 (economy class tickets) to US$40 (business class). ***Since its creation, the airline levy has helped UNITAID to collect about US$2 billion to fund programmes benefiting people in 94 countries (UNITAID, 2010).***

Remittances: Labour migration has always been a source of informal social protection for households left behind. Remittance flows to developing countries are projected to reach US$346 billion in 2011, accounting for about 2 per cent of the GDP of developing countries and 6 per cent of GDP in low-income countries. They have proven to help increase consumption and reduce poverty in the countries of origin of migrants. Decisive action to reduce transaction costs, which are estimated to average 9 per cent, can increase the net income transferred. A recent study in rural areas of Mozambique shows that migration associated with remittances is positively related to stimulating solidarity in communities. ***Risk pooling and financial inclusion mechanisms among remittance recipients could also be stimulated to enhance the impact of remittance flows on community well-being and convert informal arrangements into formal social floor schemes.***

Debt-base instruments: Since 2007, under the Debt2health swap scheme, Australia and Germany have converted about US$160 million in bilateral debt owed by Côte d'Ivoire, Egypt, Ethiopia, Indonesia and Pakistan into investments in basic health in these countries. Under this scheme, the creditor cancels bilateral debt and the debtor commits to invest in basic health. ***Debt swap and debt cancelation facilities could be enhanced to increase investment in social protection (The Global Fund, 2011).***

Source: ILO (2011)

- Expenditure Switching and Savings

Prudent fiscal operations may help mobilize additional resource through reallocation of resources; reducing expenditure tax; and expenditure prioritization. In-depth study may be conducted to assess scopes for mobilization of additional resources from this source.

- Surcharge on Remittance Bond

A small surcharge of around 1 per cent on remittance may be considered to mobilise funds for SISPS spending. However, this proposal may be implemented only after reducing the cost to remittance to around 4 to 5 per cent from the current average rate of 9.1 per cent. Simultaneous implementation of them should likely to small or no impact on the amount of remittance received by the beneficiary households[64]. Otherwise, the imposition of the remittance surcharge should be avoided.

- Deficit Financing

Budget deficit in Samoa is low at around 2.5 per cent. IMF (2018) projected a budget deficit of 2.5 per cent of GDP for 2020 to 2022. Budget deficits have been projected to finance from external loans. Given the low budget deficit, as a last recourse, Samoa may opt to widen her budget deficit by 1 per cent of GDP (i.e. from 2.5 per cent to 3.5 per cent of GDP) to finance the implementation of SISPS. Samoa's debt-GDP ratio of 50 per cent and debt service of 12.6, budget deficit 3.5 per cent may be feasible. Moreover, several studies have found that investment in social protection tend to augment national income (i.e. GDP) and revenue bases, the initial increase in budget deficit may become self-financed over the medium term.

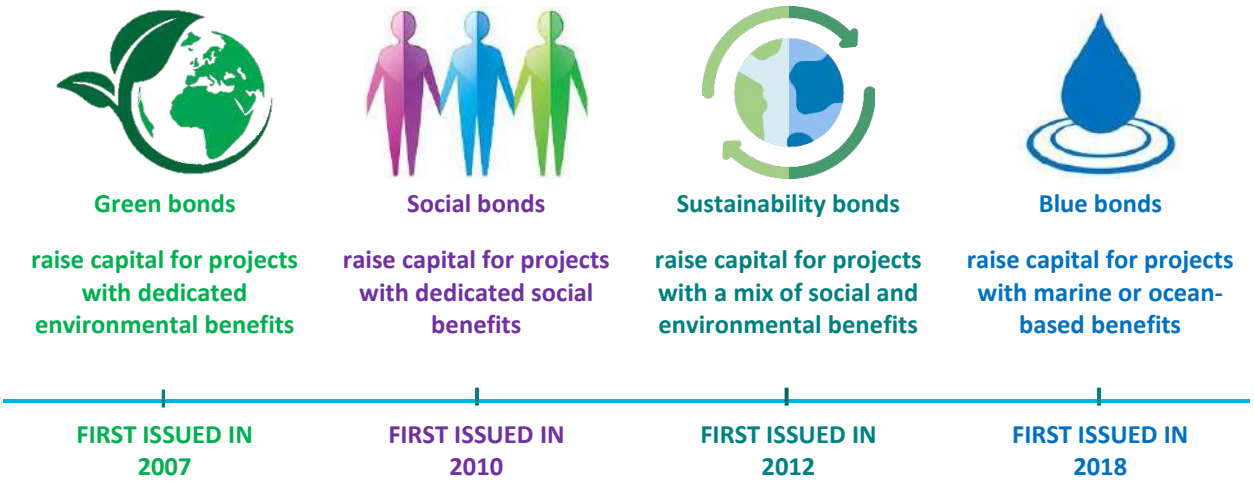
- Bond Financing

Countries around the world are increasingly resort to the sustainability bond financing as an instrument for development financing. Although, the first official government bond issued by a national government

[64] Preliminary estimates suggest that in 2108 Samoan paid around 2.2 per cent of GDP as cost of remitting funds (i.e. SAT 488 x 0.091). If cost of remittance were 5 per cent the savings on account of remitting would be around 1 per cent of GDP.

was issued by the Bank of England in 1694 to raise money to fund a war against France[65], the first sustainability bond was only issued in 2007. Thereafter, world has experienced surge in sustainable bond issuance and bond financing. The family has now four members: *(i) Green Bond; (ii) Social Bond; (iii) Sustainable Bond; and (iv) Blue Bond.*

Chart 11: Timeline of sustainable bond issuance



Source: author's creation based on Morgan Stanley (2020)

Global sustainable investing assets now valued at more than $30 trillion —with an increase of 34 per cent over the last two years[66]. In 2018, Seychelles has raised USD 15 million through the issuance of Blue Bond. Fiji has mobilised USD 70 million through launching green bond. The proceeds of the sustainability bond should be used for development (i.e. capital budget) financing which would release funds for investment in the proposed SISPS.

[65] https:// en.wikipedia.org/wiki/Government bond. The%20average%20interest%20rate %20at, was%20 both % 20 lottery%20 and%20annuity.

[66] Global Sustainable Investments Rise 34 Percent to $30.7 Trillion." Bloomberg, April 1, 2019.

7.3. Administrative Arrangements for SP Implementation

Proper implementation arrangements are critical for ensuring the effectiveness of any Social Protection Strategy. Even the best designed and adequately funded SPS may fail to deliver the targeted results owing to inappropriate implementation arrangements. This may turn out to be a particular challenge for Samoa as schemes expands due to capacity problems and impending governance issues. The implementation arrangements themselves are influenced by the specified Social Security strategy. Therefore, a strategy that focuses on few core schemes, powered by automation and strong monitoring tool will be relatively easy to administer as well as likely be more effective than a system that does not have these features.

The administrative systems of Social Protection System in Samoa is relatively underdeveloped. There are not many schemes under the current system. Moreover, these few schemes are spread across a range of Ministries. There is no Ministry that has a clear specialisation in the delivery of Social Security Schemes. However, the largest scheme (i.e. SCBS) has so far been effectively administered by SNPF authority. Due to paucity of schemes and underdeveloped nature of the SP system, there is no central beneficiary databases for schemes, and no advanced digital Management Information Systems (MISs) linking local areas with the centre.

Establishing good institutional arrangements for administering a well-designed Social Protection System will also help lower leakages, wastages and improves efficiency. The proposals set out above are unlikely to be successful unless Samoa is able to strengthen the mechanisms it uses to deliver the SISPS. There are number of areas that needs attention. The key priorities are to address:

- An institutional arrangement reinforcing and ensuring proper planning, implementation, and M&E of the proposed SISPS.
- The professionalization of staff so that there are trained public servants who are experts in the delivery of Social Security schemes at both national and local levels.
- Effectiveness in identifying recipients for Social Security Programmes.
- Up-grading/installing the MIS so that they are able to underpin the effective and efficient delivery of transfers and promote cross-governmental coordination and monitoring of performance.
- Strengthening payment mechanisms to minimize cost and to use the Social Protection system to promote financial inclusion, in particular among poor and vulnerable families.
- Establishing an effective grievance redress so that all citizens have recourse to appeal decisions on selection and can notify the competent authorities about instances of misconduct and failures in the delivery of the promised benefit.

The administrative arrangements followed in the Cook Island and Fiji may be relevant for Samoa. In the Cook Island, the SP system is administered by the Department of Social Welfare under the Ministry of Internal Affairs. While in Fiji, the system has been implemented by Department of Social Welfare. They have been implementing significantly larger numbers of schemes with higher coverage of beneficiary compared to Samoa. Following that, GOS may decide to strengthen the social development division under the Ministry of Women Community and Social Development to implement the SISPS. Ideally, almost all

cash transfer schemes should ideally be implemented by a single agency. Hence, the strengthened agency will have responsibility for the delivery of the life cycle following schemes:

6. The Child Benefit (including Child Benefit for School Children)
7. The Disability Benefit
8. The Citizens Pension (SCBS)
9. The Women Support Schemes

The agency will ensure the effective and efficient delivery of priority Social Protection transfers to eligible recipients. To achieve this objective, its main roles and responsibilities will be to:

- Establish structures at national and local levels that enable the effective delivery of Social Security transfers to recipients.
- Develop service quality standards for the delivery of all life cycle Social Protection schemes and ensure that they are maintained.
- Build trained high-performing staff that are specialised in the delivery of Social Security schemes, at both central and local levels.
- Ensure the selection of recipients according to the guidelines of each scheme.
- Ensure that list of eligible recipients are up to date and provide regular and accurate payment lists to the payment service providers.
- Manage a high-quality MIS; that will be linked to other national/local data bases.
- Establish and oversee procedures and systems for payment service providers and ensure that they perform to high standards.
- Provide high quality monitoring of the implementation of all Social Protection schemes and the performance of all units within the ministry.
- Ensure high quality financial management and ensure procedures are established and followed to minimise fiduciary risk.

Disaster response schemes, workfare scheme, youth development scheme, and other schemes falling outside life cycle-based schemes may continue to be implemented by each respective ministry as required. The scope of SNPF authority will also need to be expanded to design and delivery other insurance schemes such as unemployment insurance and maternity insurance.

7.4. Implementation Timeframe

A phased approach may be appropriate to implement the proposed SISPS in Samoa. Accordingly four phases are considered. Phase one will be the preparatory phase covering just 12 months. All activities related to the preparation of the launching of the SISPS need to be completed within this period. SISPS will be implemented over three phases starting from 2022. During phase 1, 50 per cent of the SISPS will be implemented requiring additional 2 per cent of GDP. Phase 2 will implement 75 per cent of the SISPS. Final phase will ensure 100 per cent implementation of the SISPS. All schemes chosen for piloting will need to be completed during phase 1 and phase 2.

Table 12: SISPS implementation timeframe by major milestones

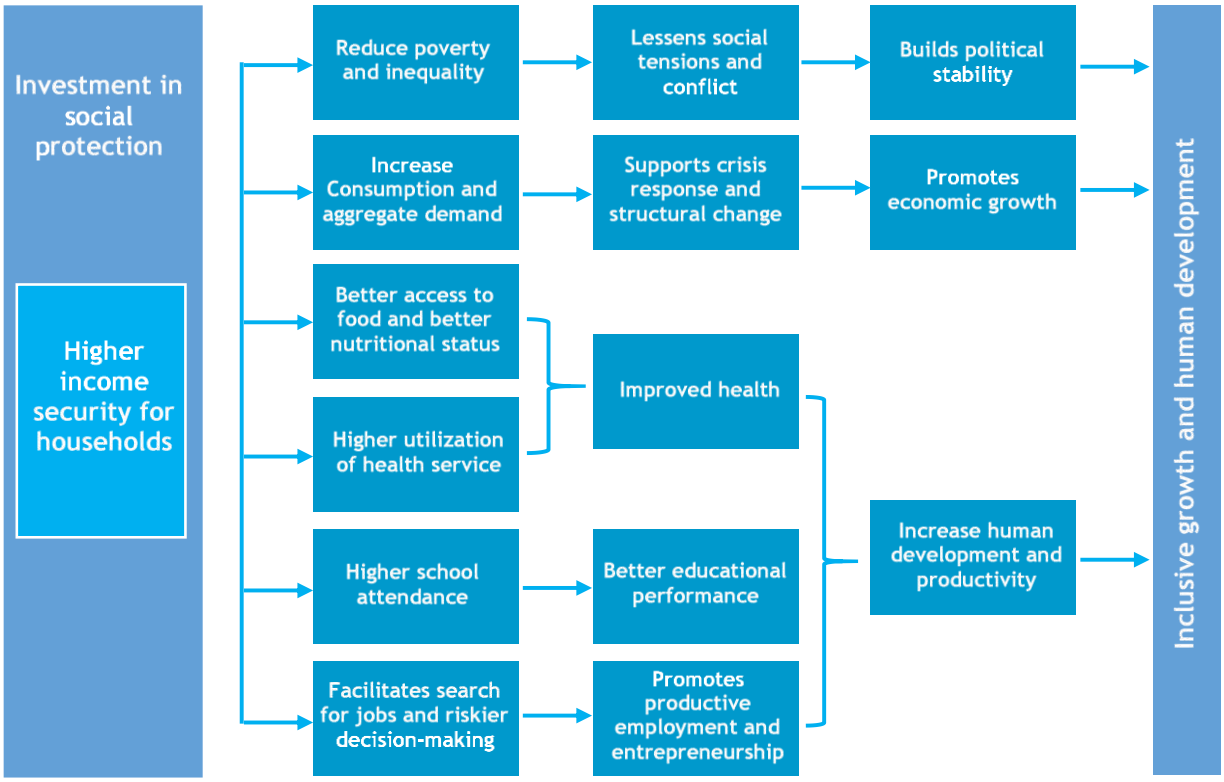
Preparation	Implementation		
Phase (2021)	Phase 1 (2022-23)	Phase 2 (2024-25)	Phase 3 (2026)
	IR @50%	IR @75%	IR @100%
• Staff needs assessment/ strengthening/training	• Child grant	• Child grant	• Child grant
• Schemes design and manual preparation	• Disability grant	• Disability grant	• Disability grant
• Developing tools for beneficiary selection	• Women schemes	• Women schemes	• Women schemes
• Developing data collection protocols and sharing	• Workfare scheme	• Workfare scheme	• Workfare scheme
• Development of MIS system	• SCBS	• SCBS	• SCBS
• Finalization of monitoring indicators by schemes	• DRSP	• DRSP	• DRSP
• Designing the Pilot schemes	PILOT SCHEMES		• Extended Child grant
• Mobilization of resources for the SISPS			
Cost: 0.3% of GDP	**2.2% of GDP**	**3.1% of GDP**	**4.1% of GDP**

Note: IR refers to the implementation rate. Pilot schemes include: the graduation/livelihood model, and unemployment insurance etc. Resource needed for the pilot schemes will be determined during the preparation phase and subsequently mobilised. Costs of implementation are based on SISPS 2.

8. Socio-Economic Impacts of the Proposed SP for Samoa

Wide range of benefits may emerge from a well-managed social protection system. The depth of the poverty may be reduced at national level by the social protection schemes. It may help raise living standards of the poor, improve quantity and quality of food consumption (child nutrition and development). It may also result in higher utilization of health service. It also facilitates structural reforms supporting long-term growth, helps households to escape low risk, low productivity poverty traps. Moreover, social protection expenditures may enhance household spending with local multiplier effects and potential for fiscal stimulus role, reduce inequalities that contribute to economic growth. The potential benefits of a social protection system have been best epitomized by the World Bank and ILO (2017) joint initiatives on universal social protection to realize the SDGs.

Figure 19: Demonstrated outcomes of the social protection



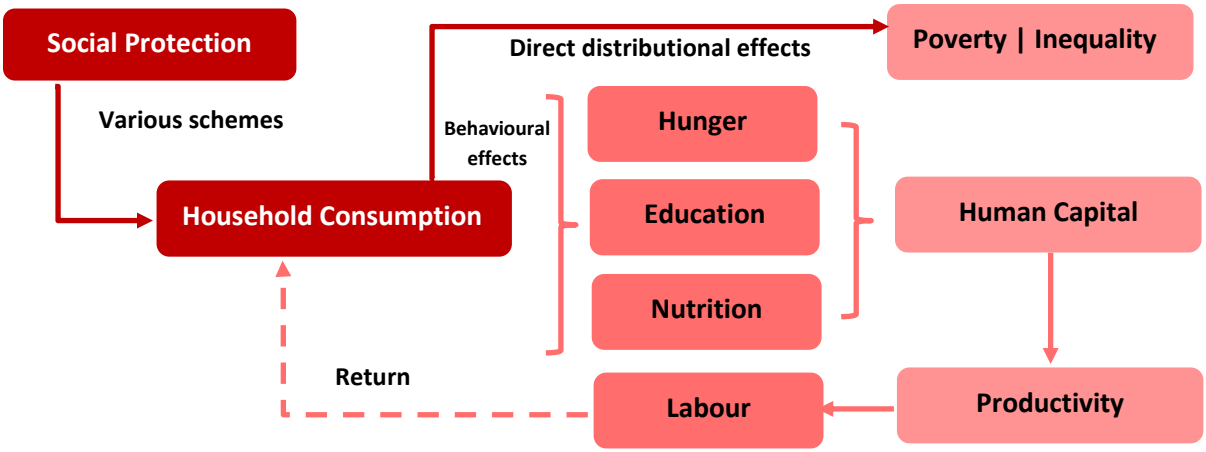
Source: Based on World Bank and ILO (2017)

All of the potential benefits of a well-manged social protection system may possibly be estimated as some of them are qualitative (e.g. political stability and social cohesion etc.) in natures and others (e.g. human development and productivity) may take longer time to materialized. However, three important well-being indicators such as poverty, inequality, and economic growth (or GDP or national income) are possible to estimate using simulation models. Accordingly, we have employed, micro-simulation and macro-simulation models to assess impacts of SISPS on poverty, inequality, and economic growth.

8.1. Poverty and Inequality Implications

The analytical framework lining the effects of non-contributory social protection instruments with human development has been elaborated in figure below. Social assistance or transfers directly affect household disposable income (i.e. distributional effect), and thereby on income/consumption deprivation and inequality. Furthermore, changes in disposable income also affect households' behaviour. Additional and/or secure income encourages households to invest in health, education, child wellbeing and livelihoods and productive activities. Improvements in the health status, education, and child wellbeing lead to the increase the level of human capital. On the other hand, livelihoods and productive investments increase physical capital. Thus, labour productivity increase which return as higher disposable income, generating a virtuous circle of economic development at the micro level (Mideros, et al., 2012).

Figure 20: Social Protection and human welfare



Source: Author's representation

The micro-simulation model developed only assess poverty and inequality impacts of SISPS. Spill-over effects on human development could not be ascertained. The poverty impacts are provided here.

Poverty Impacts under SISPS 1

The poverty impacts on SISPS 1 (i.e. package) one have been reported in Table 13. The estimated poverty impacts are large. They reported for the life cycle groups as well for the national and regional levels. The largest poverty impacts have been found for the household with children (age 0 to 4). The basic needs head count poverty rate likely to drop by -10.4 percentage points with SISPS compared to situation where there was social protection transfers. Poverty impacts on the households with school age children are also high and close to the poverty impacts found for the households with early childhood. Poverty rate of the households with school age children is likely to decline by -10.3 percentage points with SISPS compared to without SISPS.

The basic needs head count poverty rates for the working age household groups and elderly household groups (age 55 to 64) have been estimated to reduce by -8.8 and -9 percentage points respectively with SISPS compared to situation where there was social protection transfers.

Table 13: Estimated poverty impacts in Samoa – package/SISPS 1 (per cent of population)

Age group	Households with children (age 0-4)	Households with school children (age 5 to 14)	Households with working age (age 15 -54)	Households with elderly (age 55 to 64)
Poverty	22.7	23.1	18.8	18
*Intervention 1**	*SAT 160 per month*	*SAT 80 per month for 8 months*	*SAT 100 to 23% women for 6 months* *SAT 100 to 40% unemployed people for 3 months*	*SAT 160 per month*
Poverty after intervention 1	14.4	15.0	11.8	9.9
Poverty impact of intervention 1	-8.3	-8.1	-7.0	-8.1
*Intervention 2***	*Disability grant to chronic ill people*			
Poverty after intervention 1 & 2	14.0	14.6	11.5	9.9
Poverty impact of intervention 1 & 2	-8.7	-8.5	-7.3	-8.1
*Intervention 3****			SAT 160 per month pregnant women	
Poverty after intervention 1, 2 & 3	12.3	12.8	10.0	9.0
Poverty impact of intervention 1, 2 & 3	-10.4	-10.3	-8.8	-9.0

Note: * poverty impacts of targeted schemes may be overestimated as perfect targeting is assumed. In reality, perfect is not possible with targeted schemes. ** since disability information was contained in HIES 2013/14, chronic illness data was used for proxy to disability. *** It may appear that the relevant age group for this is 15 to 45 (usual child-bearing age group), but pregnant women can be found for all age groups classified in the study.
Source: Samoa Micro-simulation model (2013/14)

Samoa head count poverty rate which was 18.8 per cent without SISPS 1 (i.e. without interventions), may likely to decline to 10 per cent with SISPS (with interventions). This translate into -8.7 percentage points reduction in basic needs head count poverty rate in Samoa if SISPS 1 is implemented. Regional variations in poverty reduction are also observed with the largest drop recorded for NWU and lowest for APW.

Table 14: Estimated poverty impacts at national and regional level – SISPS 1 (per cent of population)

Region	Poverty before interventions	Poverty after interventions	Poverty impact
National	18.7	10.0	-8.7
Apia Urban Areas	23.5	16.7	-6.8
North West Upolu	23.6	13.3	-10.3
Rest of Upolu	13.6	4.6	-9.0
Savaii	12.3	4.4	-7.9

Source: Samoa Micro-simulation model (2013/14)

Poverty Impacts under SISPS 2

The poverty impacts on SISPS 2 have been reported below. The estimated poverty impacts are large but less than the poverty impacts found under SISPS 1 – due mainly to higher transfer amounts. They reported for the life cycle groups as well for the national and regional levels. The largest poverty impacts have been found for the household with children (age 0 to 4). The basic needs head count poverty rate likely to drop by -8.8 percentage points with SISPS 2 compared to situation where there was social protection transfers. Poverty impacts on the households with school age children are also high and close to the poverty impacts found for the households with early childhood. Poverty rate of the households with school age children is likely to decline by -8.8 percentage points with SISPS 2 compared to without SISPS.

The basic needs head count poverty rates for the working age household groups and elderly household groups (age 55 to 64) have been estimated to reduce by -7.6 and -8.6 percentage points respectively with SISPS 2 compared to situation where there was social protection transfers.

Table 15: Estimated poverty impacts in Samoa – SISPS 2 (per cent of population)

Age group	Households with children (age 0-4)	Households with school children (age 5 to 14)	Households with working age (age 15 -54)	Households with elderly (age 55 to 64)
Poverty	**22.7**	**23.1**	**18.8**	**18**
Intervention 1	***SAT 100 per month***	***SAT 80 to bottom 40% for 8 months***	***SAT 100 to bottom 40% women for 6 months*** ***SAT 100 to bottom 8% unemployed people for 3 months***	***SAT 160 per month***
Poverty after intervention 1	**15.3**	**15.6**	**12.5**	**10.2**
Poverty impact of intervention 1	**-7.4**	**-7.5**	**-6.3**	**-7.8**
Intervention 2	***Disability grant to chronic ill people***			
Poverty after intervention 1 & 2	**14.8**	**15.3**	**12.1**	**10.2**
Poverty impact of intervention 1 & 2	**-7.9**	**-7.9**	**-6.7**	**-7.8**
Intervention 3			**SAT 100 per month pregnant women**	
Poverty after intervention 1, 2 & 3	**13.9**	**14.3**	**11.2**	**9.4**
Poverty impact of intervention 1, 2 & 3	**-8.8**	**-8.8**	**-7.6**	**-8.6**

Source: Samoa Micro-simulation model (2013/14)

Samoa head count poverty rate may likely to decline to 11.2 per cent with SISPS 2 (with interventions) – implying -7.5 percentage points reduction in basic needs head count poverty rate in Samoa with SISPS 2. Regional variations in poverty reduction are also observed with the largest drop recorded for NWU and lowest for APW.

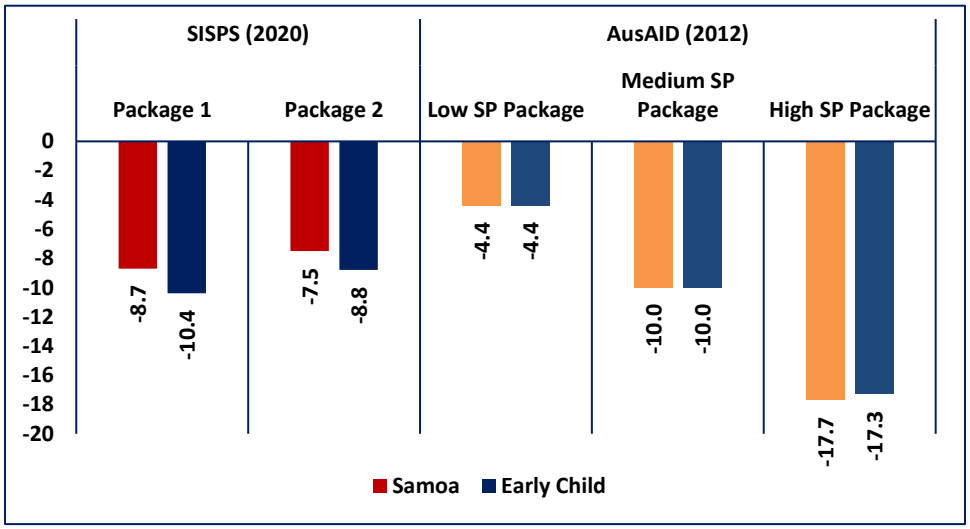
Table 16: Estimated poverty impacts at national and regional level – SISPS 2 (per cent of population)

Region	Poverty before interventions	Poverty after interventions	Poverty impact
National	18.8	11.2	-7.5
Apia Urban Areas	23.5	17.9	-5.6
North West Upolu	23.6	14.2	-9.4
Rest of Upolu	13.6	6.5	-7.1
Savaii	12.3	5.4	-6.9

Source: Samoa Micro-simulation model (2013/14)

Poverty impacts of SISPS 1 and SISPS 2 have been compared with three different social protection packages considered in a report by AusAID (2012)[67]. They are summarized in the figure below. Poverty impact found for SISPS one, albeit somewhat less, but is close to the poverty impacts found under the medium SP package of AusAID.

Figure 21: Poverty Impacts of different social protection interventions in Samoa



Source: Samoa Micro-simulation model (2013/14) and AusAID (2012)

8.2. Macroeconomic Implications

As mentioned in the methodology section, a SAM based SAM multiplier model has been used to assess macroeconomic impacts of SISPS in Samoa. As there was no readily available data SAM for Samoa, the following steps were undertaken. *First*, a data SAM for Samoa for 2018 has been developed using data from various sources. They include:

1. GDP data by 15 sectors (as classified by SBS) for 2018 from SBS.

[67] AusAID (2012), Micro-simulation analysis of social protection interventions in Pacific Island countries, AusAID Pacific social protection series: poverty, vulnerability, and social protection in the Pacific. www.ausaid.gov.au/publications

2. Macroeconomic main aggregates for 2018 such as GDP; Private consumption; government consumption; gross fixed capital (GFC); exports and imports from SBS and UN statistics.
3. Disaggregated exports and imports data for 2018 (two-digit level at fob prices) from ITC.
4. Disaggregated consumption by HIES sector classification and the 6 life course household groups for 2018 from SBS.
5. Government budget data for 2018 from SBS.
6. Balance of payment data for 2018 from the Central Bank of Samoa.

All these data have been collated into the SAM framework to assess the internal consistencies of these data produced by different agencies. Like other instances, the assembly of data from diverse sources into the framework produced an unbalanced SAM for 2018[68]. Primary data sources were revisited to correct any discrepancy in data sets and as well as the 'RAS' balancing technique has been used to arrive at a balanced SAM for Samoa for 2018. The data SAM composed of 48 accounts – 15 accounts for activities; 15 accounts for commodities; factor account composed of 4 accounts; there are 6 accounts for household; other accounts consists of 8 accounts.

Second, A data SAM is not a model. To convert the data SAM to a SAM model, these 48 accounts are decomposed into 'exogenous' and 'endogenous'. Following the general practice, endogenous account includes activity, commodity, factor, and household (i.e. four endogenous accounts). While the exogenous account consists of government, enterprises, rest of the world and investment accounts. Specification of the Samoa SAM model with the endogenous (40) and exogenous (08) accounts is provided below.

Figure 22: Samoa SAM model specification

		Activity				Factors		Institution								Total
		A1	…	…	A15	LAB	CAP	HH	GoV	CoR	RoW	Duty	Tax	S-I	SC	Use
Commodity	C1	Endogenous (40 x 40) [Multiplier]						Exogenous (40 x 9) [Policy Space]								
	..															
	..															
	C15															
Factors	Labour (2)															
	Capital (2)															
Institution	Household (6)															
	Government	Leakage						Other								
	Corporation															
	Rest of the world															
	Import duty															
	Production tax															
	Savings/Investment															
	Inventory															
	Total Supply															

Source: Author's own specification

[68] By convention, in a SAM, the row totals must equal the column totals.

8.2.1. Simulation Design

A SAM model is a simulation tool. The Samoa SAM multiplier model envisages that model is ready to conduct policy simulation. The policy simulation in the current exercise refer to the SISPS injections into the economy. Three simulations are set up to assess their macroeconomic impacts.

Simulation 1: in the first simulation labelled '***SISPS 1***', SAT 14.3 million[69] has been injected to the economy as social protection transfers through the 6 household groups. The injections amounts exactly matches the costs of SISPS 1.

Simulation 2: first second simulation denoted as '***SISPS 2***'. In this case SAT 10.4 million has been injected to the economy as social protection transfers through the 6 household groups. The injections amounts exactly matches the costs of SISPS 2.

Simulation 3: in addition to the main policy simulations (i.e. simulation 1 and 2), another supplementary policy simulation is also considered. The purpose of this simulation is to examine whether there is trade off (or opportunity cost) between SISPS injection and equal injection in other investment such as infrastructure or installing new machineries etc. Thus, in the third simulation referred to as *'INV'* 14.3 million SAT are allocated to machinery sector (i.e. 50% of SAT 14.3 million) and construction i.e. 50% of SAT 14.3 million).

Table 17: SISPS Simulation design (values are in million SAT)

	SISPS 1		SISPS 2	
	Life course grant	Disability Grant	Life course grant	Disability grant
Household with children (0-5)	6.7	0.3	4.21	0.17
Household with school children (6-9)	0.6		0.64	
Household with school children (10-14)	0.6		0.64	
Working age households (15-54)	1.5	0.4	1.46	0.22
Elderly households (55-64)	1.2	3.0	1.22	1.88
Old age households (65)				
Total	10.7	3.6	8.2	2.3

8.2.2. Simulation Outcomes

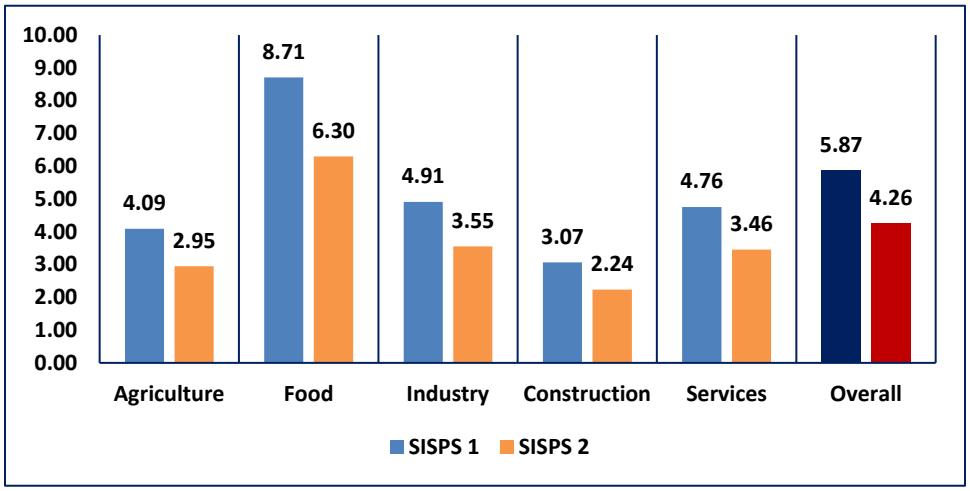
Macroeconomic effects of SISPS using the SAM model are reported in terms of gross output, value added by factors and household consumption. Moreover, output outcome is reported using broad sector classifications (i.e. five sectors aggregated from the 15 sectors), value-added or GDP by four types of factors of production and household consumption by the six representative households.

Effects on gross output is higher under SISPS 1 compared to SISPS 2 due to higher levels of injections into the economy. Under SISPS 1, gross output has been simulated to increase by 5.9 per cent over the base

[69] Injection is an illustrative one. The injection of SAT 14.3 refers to SISPS injection in year 2020.

year value. In the case of SISPS 2 the increase is around 4.3 per cent. Among the broad sectors, the largest gains are reported for the food manufacturing sector, followed by gains in industry sector (which includes other manufacturing, utilities, and construction sectors). The lowest gain is reported for the construction sector.

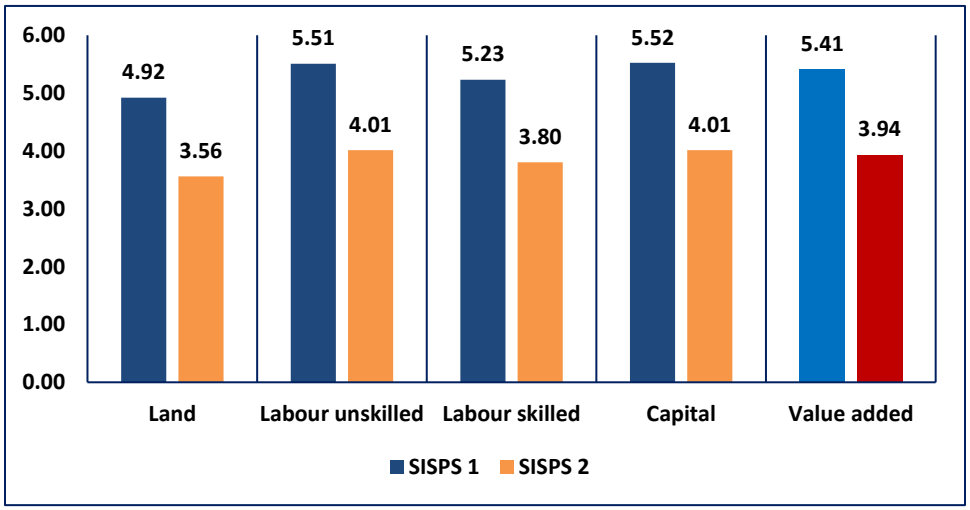
Figure 23: Effects on gross output (% change over base values)



Source: SAM model

Impacts on the returns to the factors of production and value added are reported below. Gains in factor returns have been found almost equally shared by labor and capital factors. In the case of SISPS 1, the gains are around 5.5 per cent for unskilled labour and capital factor. The gains for the skilled labour is slightly less at around 5.2 per cent. Overall value-added gains are positive with almost 1.5 percentage points more gain found for SISPS 1 over SISPS 2.

Figure 24: Effects on value added (% change over base values)

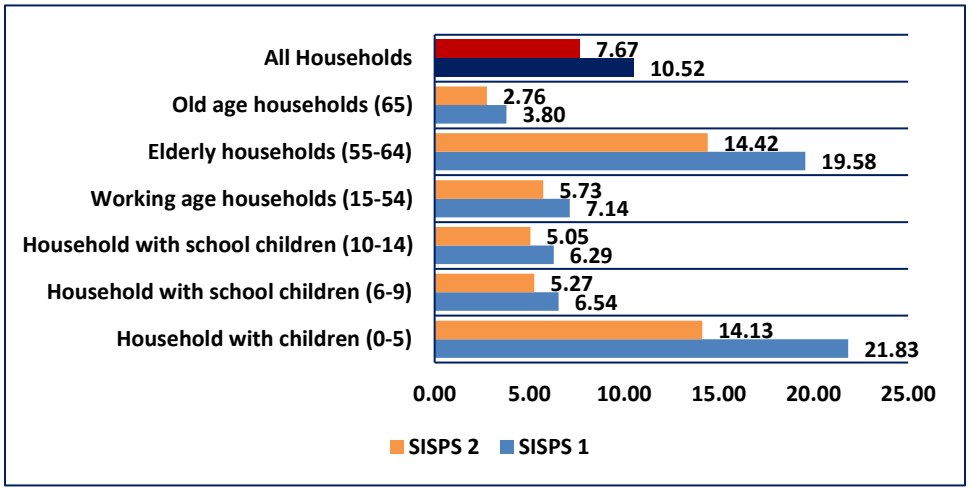


Source: SAM model

The social protections are direct transfer to household groups. Thus, the impact of the SISPS on household consumption expenditure is expected to be substantially higher than that found for the gross output and

value added (which are secondary indirect effects – affecting output via higher demand for commodities). Gains in household consumption expenditure ranged from 10.5 per cent (over base consumption value) in SISPS 1 to 7.67 per cent under SISPS 2 – substantially higher than the gains found for gross output and value added. As a group, the largest gains have been found for the households with early childhood (aged 0 to 5), followed by elderly households aged 55 to 64.

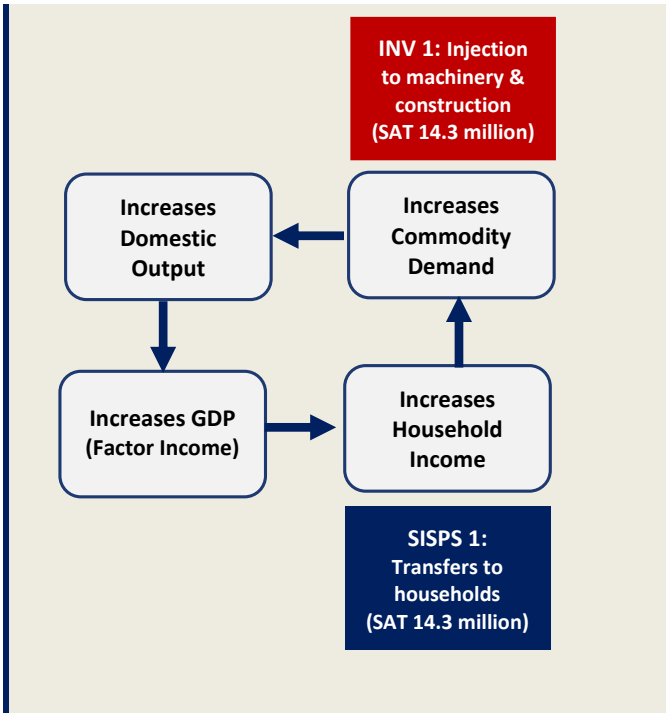
Figure 25: Effects on household consumption (% change over base values)



Source: SAM model

Alternative Simulation

Figure 26. Transmission channels of alternative interventions



As mentioned above the injections under the SISPS are direct cash transfers to household groups financed from tax revenue. Since SISPS is financed through tax revenue, a relevant question is: what is the opportunity cost of SAT 14.3 million channelled to households in SISPS 1?[70] The issue of opportunity cost may be addressed by exploring the potential impact of channelling the same amount of resources into alternative investment projects such as infrastructure development and installing machineries as injections in both of them are thought to be a pure investment goods leading to capital formation fostering long term growth. Thus, instead of transferring SAT 14.3 million to the six household groups under SISPS 1, in this simulation, labelled 'INV 1', the resources (i.e. SAT 14.3 million) are allocated to

[70] We used only SISPS 1 to illustrate the point. This can also be extended to SISPS 2.

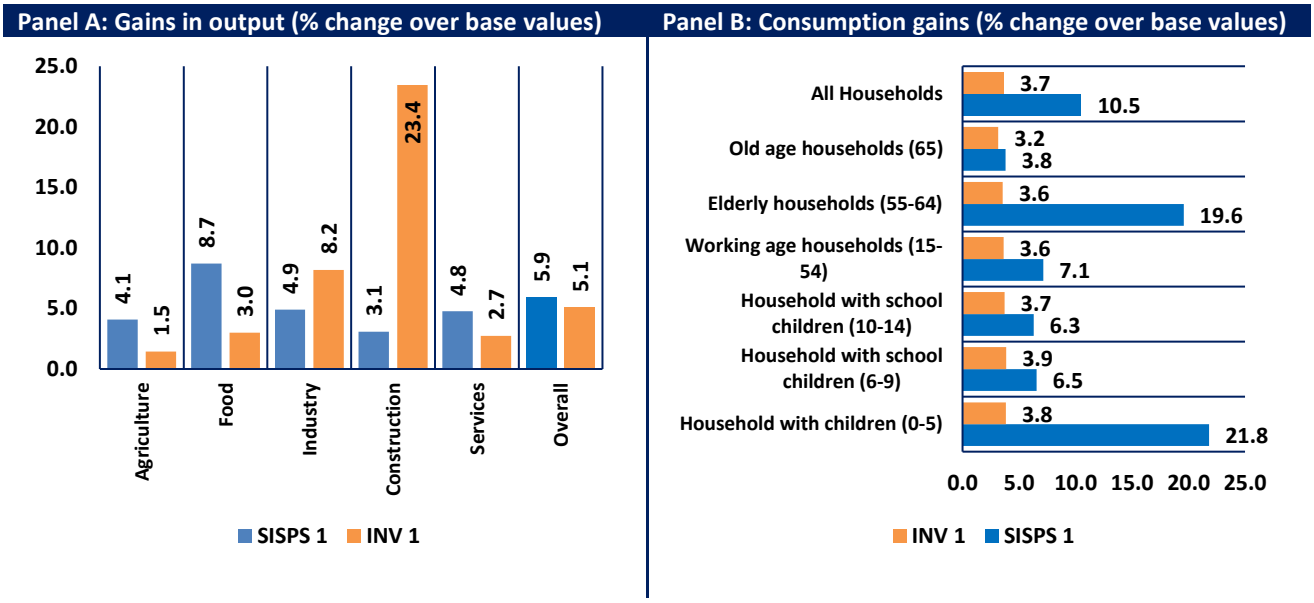
the construction and machinery sectors. The transmission channels of both of these interventions are shown in the figure above. Investment injections augments the capital goods and thus likely to have greater impact on growth compared to the SISPS injection via the household groups.

Simulated impacts are reported in terms of gross output, and household consumption. Moreover, gross output outcome is reported using broad classifications of activity (i.e. five sectors aggregated from the 15 sectors), and total household consumption.

Overall, effects on gross output is slightly higher in SISPS 1 simulation compared to the INV 1 simulation. Increase in gross output is 5.1 per cent under the INV 1 simulation compared to 5.9 per cent under the SISPS 1 simulation. However, an interesting finding is the pattern of effects across the broad sectors. Under the INV 1 simulation, the effect is dominated by construction and other industry (which include machinery). In the case of the SISPS 1 simulation, processed food turns out to be the dominated activity. However, gains are higher for the other three sectors under the SISPS 1 compared to the INV 1 simulation – suggesting greater economic integration and diversity under the SISPS 1 than the INV 1.

Consumption gain is significantly larger in the SISPS 1 simulation compared to the INV 1 simulation. The gain is 10.5 per cent in SISPS 1 compared to only 3.7 per cent in INV 1 simulation. Overall, these outcomes under the alternative simulations tend to suggest that welfare is higher in SISPS 1 simulation compared to INV 1 simulation.

Figure 27: Comparison of output and consumption gains under the SISPS 1 and INV 1 simulations



Source: Samoa 2018 SAM model

8.3. Cost-Benefit Ratio

Estimation of cost benefit ratios need two types of information – cost of operating the schemes and potential benefits derived from the investments. CBRs here pertains to 2022.

Estimated cost: the costs of SISPS have been reported under two packages.

Package 1 (SISPS 1): 6.3 per cent of GDP (per cent change over the base value)
Package 2 (SISPS 2): 4.7 per cent of GDP (per cent change over the base value)

Estimated benefit: the benefits are derived from the micro-simulation and the SAM models.

Using the micro simulation, the reduction in the head count poverty rates have been estimated. These are:

SISPS 1 (i.e. Cost Package 1): -8.7 per cent (per cent change over the base value)
SISPS 2 (i.e. Cost Package 2): -7.5 per cent (per cent change over the base value)

We used the macro simulation model to simulate increase in gross output (GO) and household consumption expenditure (CE). These are:

SISPS 1_GO: 6.8 per cent (per cent change over the base value)
SISPS 2_GO: 4.9 per cent (per cent change over the base value)

SISPS 1_CE: 6.8 per cent (per cent change over the base value)
SISPS 2_CE: 4.9 per cent (per cent change over the base value)

Increase in gross output (GO) and household consumption expenditure (CE) under:

SISPS 1_GO: 6.8 per cent (per cent change over the base value)
INV 1_GO: 4.9 per cent (per cent change over the base value)

SISPS 1_CE: 6.8 per cent (per cent change over the base value)
INV 1_CE: 4.9 per cent (per cent change over the base value)

The information of costs and benefits are combined to derive the CBRs of these three interventions. The CBR specifications are:

- *Micro-simulation CBR = Poverty rate (%) / Cost as per cent of GDP (%)*
- *Macro-simulation CBR 1= Gross Output (SAT) / Cost (SAT)*
- *Macro-simulation CBR 2= Consumption Expenditure (SAT) / Cost (SAT)*

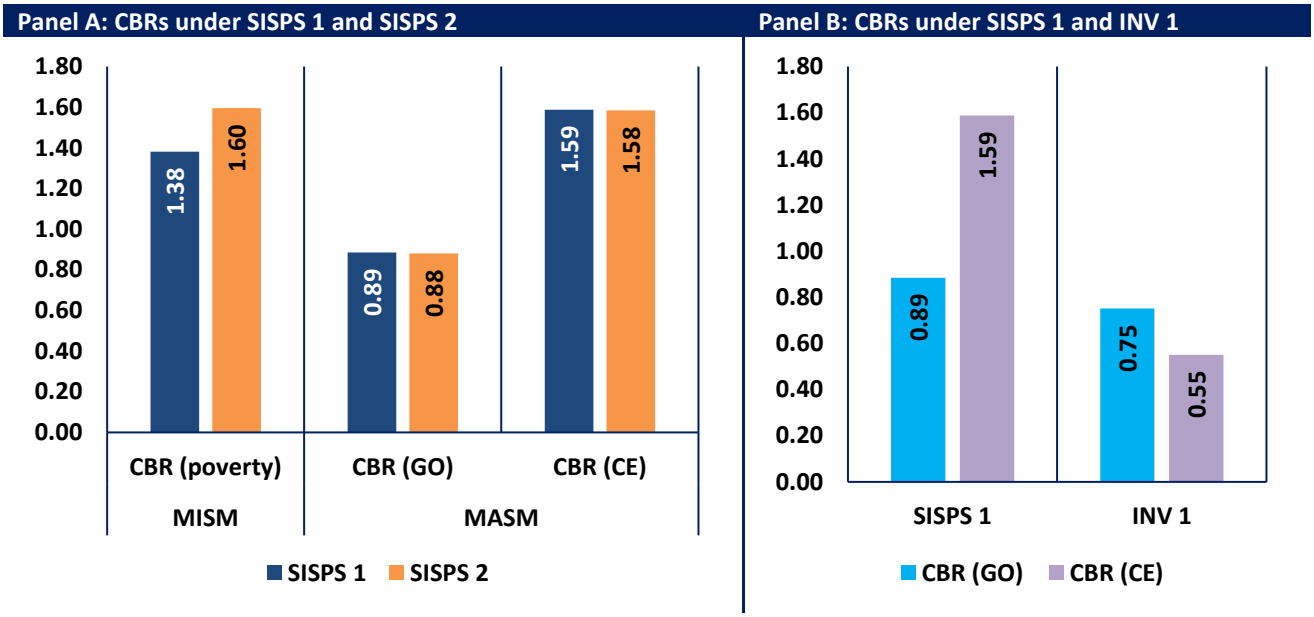
Estimated CBRs

- Since benefits of the SISPS injections have been estimated using micro simulation model (MISM) and macro simulation model (MASM), the CBRs are reported under both MISM and MASM for comparing the cost effectiveness of the two alternative packages – SISPS 1 and SISPS 2. In MSM, head count poverty rates (percentage change with SISPS injections compared to without the SISPS injections) are considered the benefits of SISPS injections. In MASM, percentage increase in gross output (GO) and consumption expenditure (CE) under the SISPS over their base values are used as benefits. For the

alternative simulation, we used only the macroeconomic benefits – increase in gross output (GO) and consumption expenditure (CE).

- The estimated values of CBRs are positive in all cases. The highest CBRs have been found for the CE followed by poverty CBRs.
- When poverty method is used, CBR of SISP 2 (1.60) is higher than SISP 2 (1.38) suggesting that the SISP 2 may be adopted on the basis of their CBRs. But in GO and CE methods, CBR values of SISPS 1 (0.89 and 1.59) are slightly higher than SISPS 2 (0.88 and 1.58) suggesting that SISPS 1 may be adopted. The CBRs of SISPS 1 are substantially higher than the CBRs of INV – suggesting superior cost effectiveness of SISPS 1 over INV 1.
- The positive CBR values envisaged that both SISPSs are effective in terms of reducing poverty and enhancing economic expansion. The final decision may rest to the policy makers considering the goal of household wellbeing and fiscal affordability and sustainability.

Figure 28: Estimated CBRs under alternative injections



Source: based on Samoa SAM simulation and costing model

9. Conclusion

Despite being an upper middle income country, both non-monetary and monetary vulnerability are high in Samoa. The non-monetary vulnerability in Samoa include rising unemployment rate – especially in youth and female workforce, rise in the frequency and ferocity of natural disasters, and poor health status due to rise of non-communicable diseases. All of them imposed huge cost to Samoa. Monetary vulnerability usually include poverty and inequality.

Global evidence envisaged that comprehensive social protection system is a key fiscal instrument to reduce poverty and inequality. UN (2020) joint programme document on 'strengthening resilience of pacific islands states through universal social protection' suggest underdeveloped state of the SP system in PICs and particularly in Samoa. Against these backdrops, the current study is an attempt to review and assess the current situation of the social protection system in Samoa. It is expected that the findings of the assessment would identify gaps, shortcomings and thereby indicates areas for future development of the social protection system in Samoa.

The assessment is based predominantly on the secondary sources. The secondary sources have been complemented by stakeholders' consultations, interviews with key social protection agencies and data producers.

Review of the Samoa social protection system reveal gaps such as no schemes for the early childhood and pregnant mothers who constitute at least 17 per cent of the population; no schemes for the persons with disability who constitute at least 7 per cent of the population; insignificant schemes for the working age population including youth and female workforce where unemployment rates are exorbitantly high; and school aged children are covered only with fee waivers schemes suggest inadequacy of the instrument compared to their needs. Moreover, a comparative assessment with SP systems of PICS also suggest underdeveloped state of the Samoa SP system. Following these findings the way forward is to design and implement an inclusive social protection system based on the life cycle approach.

The proposed SP schemes include a universal child grant; universal disability grant; maternity protection to 5,000 pregnant women for 12 months; an extended child grant to 40 per cent all children in age group 5 to 14 for 8 months; women assistance to 23 per cent all working women for 6 months duration, and workfare scheme for 40 per cent of working age for 3 months duration. It also call for review of the current maternity leave, feasibility of introducing an unemployment insurance scheme and revamping the existing accident compensation programme. The SP system will also include a block allocation of 0.2 per cent of GDP for disaster response. Two versions of SP system are also proposed depending on the size of the transfer amounts – SISPS 1 and SISPS 2. The cost of implementing the SP system on average ranged between 5.8 per cent of GDP for SISPS 1 and 4.2 per cent of GDP for SISPS 1.

The social development division under the Ministry of Women Community and Social Development will implement the major schemes of the SISPS. Disaster response schemes, workfare scheme, youth development scheme, and other schemes falling outside life cycle-based schemes will continue to be implemented by each respective ministry. The scope of SNPF authority will also need to be expanded to design and delivery other insurance schemes such as unemployment insurance and maternity insurance. Considering fiscal space and implementation capacity, SISPS will be implemented in four phases between 2012 and 2026.

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10.Annex

10.1. List of Individuals and Agencies Consulted

Name	Designation	Organisation
Ms Afamasaga Faauiga Mulitalo	CEO	Ministry of Women, Community and Social Development (MWCSD)
Ms Olive Kaio	Assistant CEO, Social Development	Ministry of Women, Community and Social Development (MWCSD)
Mr Pulotu Lyndon Chu Ling	CEO	Ministry of Commerce, Industry and Labour (MCIL)
Mr Albert Meredith	Assistant CEO, Industrial Relations, Employment Permits, Occupational Safety, and Health	Ministry of Commerce, Industry and Labour (MCIL)
Mr. Leasiosio Oscar Malielegaoi	CEO	Ministry of Finance
Ms Peresitene Sialei Kirifi	Assistant CEO, Aid Coordination & Debt	Ministry of Finance
Ms Ilovea Faamatuainu	Occupational Safety and Health	Ministry of Commerce, Industry and Labour (MCIL)
Ms Cedrela Tamati	Industrial Relations	Ministry of Commerce, Industry and Labour (MCIL)
Afamasaga Dr. Karoline Afamasaga-Fuata'i	CEO	Ministry of Education, Sports and Culture (MESC)
Ms Aliimuamua Malaefono Taua	CEO/Government Statistician	Samoa Bureau of Statistics (SBS)
Ms Edith Faaola	Assistant CEO, Economic Statistics	Samoa Bureau of Statistics (SBS)
Ms Taiaopo Faumuina	ACEO Census, Surveys & Demography Statistics	Samoa Bureau of Statistics (SBS)
Mr Papalii Benjamin	Assistant CEO Social & Environmental Statistics	Samoa Bureau of Statistics (SBS)
Amituanai Lameko Simanu	ACEO/Head, Disaster Management Officer (DMO)	Ministry of Natural Resources and Environment (MNRE)
Ms Ana Vaise	Manager, Members	Samoa National Provident Fund (SNPF)
Mr Fautuaalii Sefo Fautuaalii	Manager, Pension	Samoa National Provident Fund (SNPF)
Ms Tujumosairo Faataga	Assistant Manager, Pension	Samoa National Provident Fund (SNPF)
Samoa National Tripartite Forum (SNTF)	Member, SNTF, President, Samoa Workers Congress	Samoa National Tripartite Forum (SNTF)
Mataafa Faatino Utumapu	Manager	Nola (NOLA)
Ms Annika Tierny Leuisio	Disability Reference Group Representative	Nola (NOLA)/ Disability Reference Group Representative
Mr Tomasi Peni	National Coordinator	ILO
Ms Frieda Munz	Representative	UNESCO
Ms Ly Ngo	Representative	UNESCAP
Mr Ronesh Prasad	Representative	UNICEF
Ms Christina Mualia-Lima	Assistant Resident Representative, Governance and Poverty Reduction	UNDP
Muliagatele Dr Potoae Roberts Aiafi	Chief Technical Adviser, Social Protection Programme	UNDP

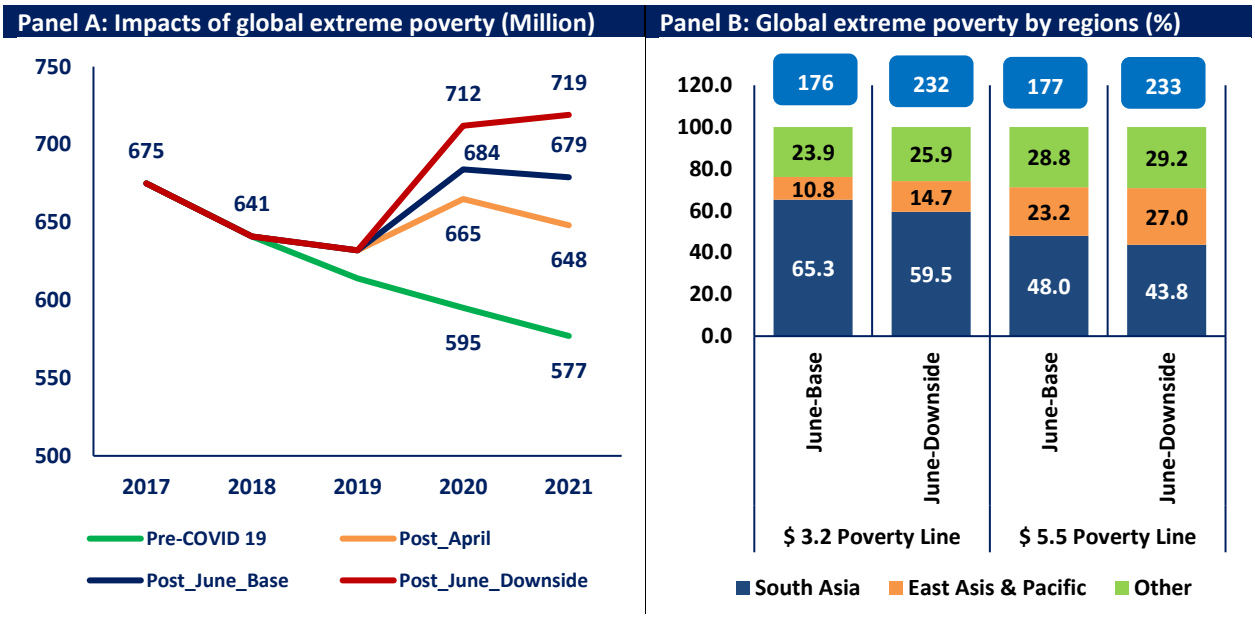
10.2. Summary of Global Poverty Impact and SP Response to COVID 19

10.2.1. COVID 19 Impacts on Global Extreme Poverty

Despite impressive progress during the last few decades, poverty was still pervasive in South Asia. The impressive gains on the poverty front is under threat due to large income loss and rise in unemployment rate associated with COVID 19. While commenting on the poverty situation in South Asia, World Bank (2020), suggested that gains in poverty reduction may be lost by only on event – COVID 19. Furthermore, World Bank (June 8, 2020) simulations on the extreme poverty situation portrayed rather gloomy scenario for the South Asia. In June 2020, WB updated the April poverty estimates using the new GDP growth forecasts. The extreme poverty estimates are provided in figure below.

The new growth forecasts contain two scenarios—baseline and downside—allowing WB to explore two different scenarios to assess the impact on poverty. The descriptions of these two scenarios are that 'the baseline scenario assumes that the outbreak remains at levels currently expected and that activity recovers later this year, while the downside scenario assumes that outbreaks persist longer than expected, forcing lockdown measures to be maintained or reintroduced. Should the downside scenario materialize, vulnerable firms would exit markets, vulnerable households would sharply reduce consumption, and several low- and middle-income countries would see heightened financial stress. The baseline scenario has global growth contracting by about 5% in 2020 while the downside scenario presents a global growth contraction of 8% in 2020.'[71]

Figure 29: GDP, Employment and Poverty under BAU scenario



Note: Blue boxes in Panel B refers to the number of extreme poor persons in million.
Source: Based on WB (June 8, 2020)[72] and Lakner et al. (2020), PovcalNet, Global Economic Prospects

[71] https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty
[72] https://blogs.worldbank.org/opendata/updated-estimates-impact-covid-19-global-poverty

Poverty Impacts:

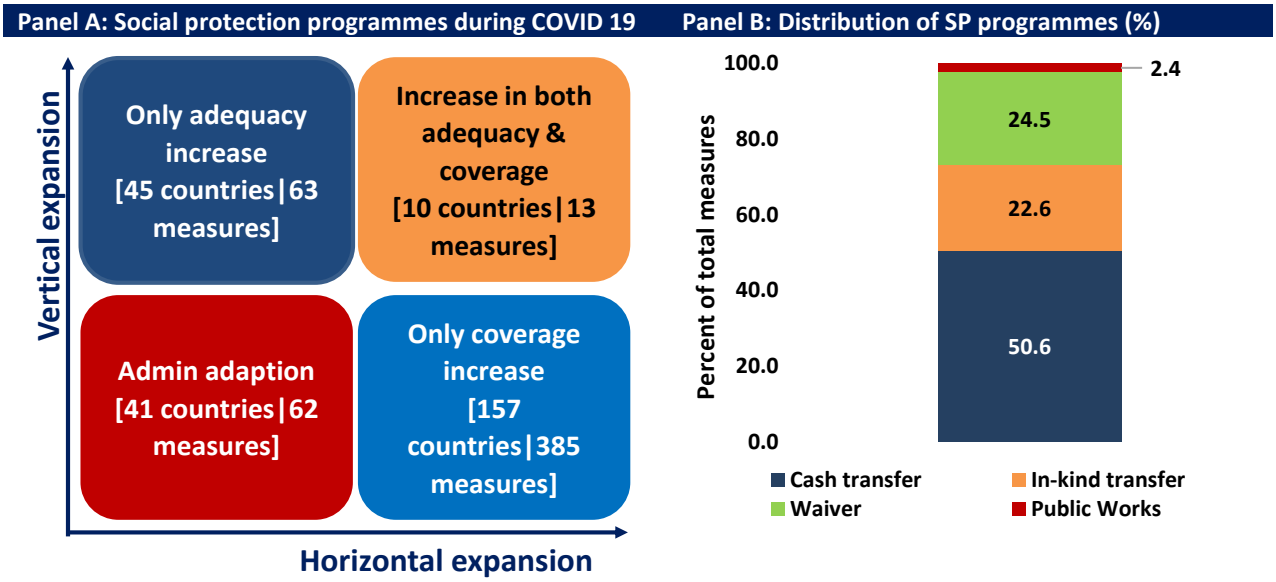
- According to the baseline scenario measured at the international poverty line of $1.90 per day – due to COVID-19, 71 million global citizens would fall into extreme poverty. The extreme poverty increased to 100 million under the downside scenario. Under both scenarios – the hardest affected region is South Asia accounting for more than 42 per cent of the new extreme poor persons. With same growth projections, the use of a higher poverty line (such as $ 3.2 poverty line per day) may see the number of total extreme poor jumped to 175 million under the base scenario and 231 million under the downside scenario. Out of the 175 million people new extreme poor people, South Asia would account two-thirds of them. The projection for the East Asia and Pacific region is around 11 per cent.
- At even higher poverty lines, marked changes in the regional distribution of poverty levels have been found. Of the 177 million expected to be pushed into poverty at $5.50, there would be many newly poor are in East Asia & the Pacific, and significantly less in South Asia, simply because few people there have living standards at this level.

10.2.2. COVID 19 Global Response

Global response to COVID 19 shocks has relevance for all countries including Samoa. Global response to COVID 19 shocks to save lives and livelihood has also been extraordinary. Almost all countries proposed large stimulus packages to address the COVID 19 shocks.

A large segment of the stimulus package focuses on the social protection. A survey of social protection responses by countries by Gentilini et al. (2020), found that social protection – especially social assistance emerged as the most important stimulus to save lives and livelihood during COVID 19. Out of 638 measures recorded, 323 are cash transfer programs being implemented in 139 countries. Cash transfer programs have been supplemented by 144 in-kind programs (in 96 countries), by waiver/postponement of fees or charges (e.g. utility and financial obligation etc.) by 156 programs (in 94 countries) and by public works programs of 15 types in 12 countries. The social protection system also witnessed unprecedent expansion – both vertical and horizontal during the last 4 to 5-months.

Figure 30: Global social protection response to COVID 19



Source: based on Gentilini et al. (2020)[73].

[73] Gentilini, U., Mohamed Almenfi, Pamela Dale, Ana Veronica Lopez, and Usama Zafar (2020), "Social Protection and Jobs Responses to COVID-19: A Real-Time Review of Country Measures", Living paper version 12 (July 10, 2020).

10.3. Samoa COVID 19 Stimulus

On April 07 2020, the GOS announced an initial stimulus package of 66.3 million SAT[74]. The package would be implemented within the 3 to 6 months of the following specific areas:

- *Health Response;*
- *Enabling the Private Sector;*
- *Securing the Purchasing Power of Citizens;*
- *Food Security in the Agricultural Sector;*
- *Multi-sectoral Response.*

Health sector received 20.3 million SAT spending on areas such as preparedness and prevention; negative pressure rooms; isolation room; quarantines; testing, tracing, reporting and treatment; and COVID medical and Consumables. Out of the 12.5million SAT was dedicated to policies targeting the enablement of the Private Sector. Another 27.5million SAT has been allocated for policies targeting the securing of the Purchasing Power of the citizens of Samoa: The Ministry of Ministry of Agriculture and Fisheries has been allocated 3.5million SAT. The rest 2.5million SAT has also been allocated to assist in the response of other sectors that will be affected by the Coronavirus initiative. It was announced that there is the possibility of another round of assistance by the Government to be announced in the Main Estimates for the fiscal year 2020/21.

The phase II of the stimulus package to address the COVID 19 perils was released by GOS in the budget speech of the fiscal year 2020/2175. It includes assistances for several areas including social protection. Current Payments are anticipated to increase by 5% or $42.7million attributed largely to the Phase II of the Government's Response Plan for the COVID19.

1. **NPF Dividend payout**
   The National Provident fund will be implementing a dividend payout for all its contributors to the total value of $35million tala in July
2. **Additional One-Off Pension ($100 tala per pensioner in July)**
   A one-off $100 top-up will be added to the July pension. In addition, the monthly pension will also be raised from $145 to $160 beginning July.
3. **$50 per citizen during the 2020 Census and National ID Registration Roll Out**
   The Government intends to merge the 2020 Census with the registration for the National ID project and each citizen to come in for registration will be given $50 tala.
4. **Agriculture Stimulus**
   This programme will aim to revitalize the coconut, cocoa, taro and vegetable industry which will make use of those who have been made unemployed by the COVID19 to ensure food security within the country.
5. **Unemployment Subsidy**
   The Ministry of Finance will work in collaboration with the Samoa Chamber of Commerce to distribute monetary compensation for all workers who have been laid off, been put on leave without pay or have had their working hours reduced due to the COVID19.

[74] Source: Budget Address by Samoa Minister of Finance on COVID-19 Stimulus Package. https://samoaglobalnews.com/budget-address-by-samoa-minister-of-finance-on-covid-19-stimulus-package1/
75 Source: Budget Speech. https://www.samoagovt.ws/2020/05/2020-21-budget-address/

6. 3-month extension on free rent for all vendors at Samoa Land Corporation and Accident Compensation Corporation

Markets Vendors who are operating in the markets owned by the Samoa Land Corporation and the Accident Compensation Corporation will have their free rent periods extended by another 3months to the end of August.

7. Short Term Paid Training for the Hospitality Sector

The Government will work in close collaboration through the Samoa Tourism Authority with the Australian Pacific Training Coalition (APTC) to provide a 4 week training program on soft and minor skills for the service sector targeting workers in the hospitality sector who have been laid off due to the COVID19. To compensate for travel, food and other expenses each participant will be paid $100 per week of attendance.

8. Assistance to Talofa Airways

Government's assistance to Talofa Airways will be in the way of debt forgiveness relating to 3months of operations at Fagalii Airport since December 2019.

9. Partial insurance compensation for Samoa Primary Exporters

Government will compensate 5% of the value of primary agricultural exports and 1% of value of fishing exports lost between the month of February and May 2020. The compensation will be based on invoices provided by each exporter.

10. Licensing fees for all domestic fishing vessels waived for 2020 (beginning May 2020)

All fishing vessels in Class A (≤ 11m), Class B (11–12.5m) and Class C (12.5-15m) will have licensing fees for 2020 starting from May 2020 waived.

11. 2% Interest Relief for all Business Loans with Commercial Banks for 3 months

The Government of Samoa will carry 2% of all interest charged on loan repayments for all business loans with Commercial Banks.

11. Credit Facility at the DBS for Specific Sectors focused primarily on COVID19 recovery

Capital Injection from the Government to DBS to extend to specific sectors who were impacted from COVID19.

12. Assistance to Vulnerable Groups

Assistance for our social welfare NGOs who are currently caring for our most vulnerable citizens. This includes:

a. Mapuifagalele – Home for the Elderly
b. Samoa Victim Support Group
c. Goshen Trust
d. Faataua le Ola
e. Nuanua o le Alofa
f. Loto Taumafai
g. Senese
h. Divine Mercy Moamoa and others

13. **Interest Relief for Clients with loans under the South Pacific Business Development (SPBD)**

Government to provide interest relief to all the clients under SPBD.

14. Community Outreach

This assistance is targeted at raising the roles of committees within the villages to take charge of ensuring improved sanitation practices and healthy living as well as education at the grassroots. To kick start the revitalization of these committees the Government will distribute $3,600 per village committee as verified by the Ministry for Women into established bank accounts to assist with their initial activities.

15. Shelter Improvement Financing

To promote hygiene and security, the Government will partner with ADRA who has an existing framework of this type to provide concessional financing to vulnerable families who are in need of secured shelter or shelter maintenance.

16. Samoa Housing Corporation

Assistance to cover operating cost of the Corporation throughout the duration of the assistance extended to the public in the Phase 1 Stimulus Package.

17. Electricity Rate Reduction extended until December

This assistance from Phase I which is meant to last until August 2020 will now be extended until December and entails a 10sene reduction in electricity unit rates and a 50% reduction in the daily fixed rates extended to hotels.

18. Water Rate reduction extended until December and to include commercial clients

This is also an assistance from Phase I meant to expire in August 2020 but will be extended until December and will now include commercial users.

19. Free Trade Concessions for Specific Food items under Phase I extended to August

This is also a Phase I initiative meant to last until the end of June 2020 but has now been extended until the end of September.

20. Increase provision for the Ie Samoa Show (Faalelegapepe)

The Government continues to acknowledge the role of the women and in particular mothers as providers of families and will therefore raise the annual provision for the Ie Samoa showcase to $1million so that more monies are distributed to women's committees of each village to assist their families.

21. One Government Grant provision increased

Government's annual assistance to schools has also been increased up to $18million to assist schools in continuing to provide remote education services to the children of Samoa.

22. Monthly Pension increased by $15

As previously mentioned, the monthly pension for the country's senior citizens will now be increased by $15 from $145 a month to $160.

23. Frontline Workers' Risk Benefits

All frontline workers of Government will have access to this benefit should they become infected with the COVID19 in the line of duty. This benefit will provide a year's worth of salaries to the family of the frontline worker should they be affected.

24. Construction and upgrade of Rural Hospitals including Physician Quarters

In line with the Government's assistance to revive the relocation of medical personnel to district hospitals, the Government will endeavour to refurbish clinics and staff quarters.

10.4. Description of the Formal SP Programmes

Samoa National Provident Fund (SNPF)

- **Programme overview**
  - **Samoa National Provident Fund (SNPF)**
  - **Started in 1972 with the SNPF Act**
  - **Social Insurance Type**
- **Program coverage**
  - **Employed persons, including households' workers Voluntary coverage for self-employed persons**
- **Administrative framework**
  - **The SNPF, managed by a tripartite board, administers the scheme**
- **Finance**
  - **Insured person | 9% of gross monthly income (additional voluntary contributions are allowed without a limit)**
  - **Employer | 9% of monthly payroll**
  - **Self-employed person | Voluntary contributions only, with a minimum of $34 tālā and a ceiling of $6000 tālā a month.**
  - **Government |None—contributes as an employer.**
- **Benefits**
  - **Tax-free.**
  - **Annual interest rate | Not less than 4% on the contributions balance at the beginning of the financial year.**

Eligibility	Benefit Description
• **Old age pension:** • 55 years of age and retired from covered employment. If covered employment continues after 55 years of age the member must continue to make contributions. Early withdrawal allowed at 50 years of age if unemployed for 5+ years. If new employment is found after early withdrawal the member must contribute for 12 months before withdrawing any further. • **Permanent pension:** • Must be deemed incapable for employment. A general medical practitioner assesses the disability. • **Survivor pension:** • **Survivor pension:** Paid for the death of the fund member. Eligible survivors are the spouse, children or siblings. • **Death benefit:** Paid for the death of the fund member before 55 years of age. Fund member must have been an active contributor at the time of death. Eligible survivors include spouse, children and siblings.	• **Old age benefits:** • A fund member has three benefit options: (i) a monthly pension based on total insured person and employer contribution plus interest; (ii) a monthly pensions based on 75% of total insured person and employer contributions plus interest with the remaining 25% paid as a lump sum; or (iii) a lump sum equal to the full amount in their account taken at 55 years of age. • **Drawdown Payment:** Up to 50% of the total insured person and employer contributions may be drawn down. Payment is repaid as a loan at an annual interest rate of 11%. If used for building a house, the loan must be at least $50 000 tālā. • **Permanent disability benefits** • Disability pension has three benefit options: (i) a monthly pension based on total employee and employer contributions plus interest; (ii) a monthly pension based on 75% of total employee and employer contributions plus interest with the remaining 25% paid as a lump sum; or (iii) a lump sum equal to the full amount in their account taken at 55 years of age • **Survivor benefits** • **Survivor pension:** 50% of the deceased's monthly pension is split among named survivors to proportions stated by the deceased. • **Death benefit:** A lump sum of $5000 tālā is paid.

Senior Citizen Benefit Scheme (SCBS)

- **Programme overview**
  - **Senior Citizen Benefit Scheme (SCBS)**
  - **Started in November 1990**
  - **Social Assistance Type**
- **Program coverage**
  - **Universal for Samoan Citizens aged 65 years or older residing in Samoa with 8700 beneficiaries as of June 2010.**
- **Administrative framework**
  - **Administered by the SCBS Department of the SNPF**
- **Legal framework**
  - **The program is legislated and periodically amended**
  - **Funded from Public Funds approved by Parliament under the Ministry of Finance Budget of Output Transaction on behalf of the state**
  - **The accounts of the SCBS are audited and reported to Parliament annually**
- **Finance**
  - **Government pays the entire cost and it is financed through taxes**
  - **Amount of benefit increased periodically since**
  - **Cost is approximately 1% of GDP**
- **Benefits**
  - **Unconditional cash transfer**
  - **Free medicine**

Eligibility	Benefit Description
• A Samoan citizen or a permanent resident aged 65+ • If the Samoan citizen turned 65 while overseas, they must reside continuously in Samoa for 90 days to be eligible to register under the scheme (with exceptions for those overseas on government missions) • The citizen is not entitled to the pension during months when they are abroad • Beneficiaries issued a pension a pension identification card once they are registered. An original copy of the birth certificate and a valid Samoan passport are required for registration	• The current pension is $130 tālā per month or $1560 tālā a year, effective since July 201. • Payments in cash by the third week each month • Medicine free from the Ministry of Health pharmacy and free travel on the ferry between the islands of Upolu and Savai'i

Accident Compensation

- **Programme overview**
  - **ACC (formerly known as ACB) first established in 1978, with the Accident Compensation Act 1989 as its Principal legislation, and Amendment legislations in 2003, 2009, 2012 and 2019.**
  - **Workers are covered by the scheme 24 hours, 7 days a week for any work and/or non-work-related accidents (compensation benefits and entitlements including rehabilitation programme).**
- **Program coverage**
  - **Work related and non-work related accidents or personal injury for Workers**
  - **Specified conveyances accidents or injury for both Workers and Non-workers**
  - **Self-employed workers scheme not yet be implemented**
  - **Exempted employers are not covered**
- **Administrative framework**
  - **Accident Compensation Corporation is governed by a Board of Directors and administers the programme itself.**
- **Finance**
  - **Workers | 1% of gross salaries and wages**
  - **Employer | 1% of of workers' gross salaries and wages Earmarked tax | 5 sene per gallon of fuel imported and used in propelling specified conveyances**

Eligibility	Benefit Description
• **All accidents covered by the scheme must be reported to the Corporation within five days from the date of accident, but the qualifying period is within 10 years from the date of accident.**	• **Compensation for temporary incapacity resulting in loss of earnings (workers only)** — 70% of the claimant's earning is paid for up to five years and the benefit period may be extended. Maximum weekly benefit is $1,000 tālā. • **Compensation for Permanent Injury (workers and non-workers)** — If the assessed degree of disability is at 80% or more, then the weekly compensation payment is equal to 70% of the claimant's relevant earnings at the time of accident multiplied by the assessed degree of disability. Maximum weekly payment is $1,000.00 tālā. — If the assessed degree of disability is less than 80%, then a lump sum up to $8,000 tālā is paid to the claimant according to the assessed degree of disability. • **Death Compensation** — A lump sum is payable to dependants of the deceased (both workers and non-workers) of $20,000 tālā if totally dependent or up to $16,000 tālā if partially dependent. — Weekly death compensation payment to dependants of the deceased (workers only) of 70% of the deceased worker's relevant earnings but not exceeding $1,000 tālā per week for up to five years. — Funeral Expenses (both workers and non-workers) of $4,000 tālā is payable by way of a funeral grant to parent or spouse.

Eligibility	Benefit Description
	— Special Payment upon death of worker without accident or injury of $4,000 tālā is payable to approved relative(s). • **Medical Expenses (workers and non-workers)** — All reasonable expenses incurred in respect of medical or surgical treatments, including first aid, maintenance as a patient in a hospital. — MEs are not payable for workers injured outside of Samoa. • **Provision of artificial aids and assistance** — Reasonable costs of artificial limbs and aids such as wheelchairs, prosthesis for amputees, crutches, hearing aids, artificial dentures, etc for rehabilitation paid up to the maximum of $150,000 tālā. • **Transportation assistance** — Assistance is provided only for transporting of accident victims/claimants under the rehabilitation programme. • **Treatment overseas in special cases** — In special cases where treatments are not available in Samoa, cost of referral of the claimant/accident victim for overseas treatment is paid up to the maximum of $150,000 tālā. • **Mobility and Care living allowances** — Weekly payments based on the 60% of the minimum wage per week for 10 years for an accident.

Samoa School Fee Grant Scheme (SSFGS)

- **Programme overview**
  - **Eliminates school fees by providing cash grants directly to Schools**
  - **Implemented to achieve the MDG goal of free universal primary school education**
  - **Started in January 2010**
  - **Social Assistance Type**
- **Programme objective**
  - **Economically disadvantaged students are able to continue their schooling without the threat of withdrawal due to loss of family income.**
  - **Poor students who otherwise were unable to afford schooling will attend as part of the government of Samoa's commitment to the MDGs of free education at primary school level.**
- **Program coverage**
  - **Public school student —students from private school excluded**
- **Administrative framework**
  - **Government of Samoa**
- **Finance**
  - **163 primary schools given $100 tālā per student | based on school enrolment for the previous year Funded by Australia and New Zealand**
  - **A$2 million from AusAID**
  - **NZ$1 million from New Zealand Agency for International Development**

Eligibility	Benefit Description
• Students from public schools	• Free education for more than 38 600 primary-aged children through the provision of school fee grants to 163 schools throughout Samoa

10.5. Beneficiary Coverage: Universal Vs Targeted Approach

A major issue in social protection system design is what approach should be adopted for beneficiary coverage? An appealing approach is the universal coverage of beneficiaries because of its merits – implementation ease; ensure equity – with virtually zero exclusion or inclusion errors; accuracy and low administration cost. Although universal social protection is a desirable approach from rights point of view as well as accuracy with regard to beneficiaries, it is seldom adopted due to fiscal constraint. In reality, countries around the world adopted various targeting approaches to select the deserving beneficiaries. The main objective of the selected targeting approach is to identify the beneficiaries without errors with least possible cost. Review of literatures on the subject suggests use of seven different types of targeting approaches. They include: (i) Means testing; (ii) Proxy means testing (PMT); (iii) Self-targeting; (iv) Pension testing; (v) Community based targeting (CBT); (vi) Geographical targeting; and (vii) Demographic targeting.

Table 18: Targeting Methods and Associated Cost

Targeting Methods	Description	Cost
Means Testing	It involves assessing the income or wealth of applicants of poverty-targeted schemes. Generally, an income or wealth eligibility line is determined and all those with incomes or wealth below the line are considered to be eligible. It is very common in high income countries where the vast majority of the labour force is in the formal economy and it is relatively easy to verify incomes Due to informality, it is costly and difficult to implement in low- and middle-income countries	No accurate data cost is available. But, given that minimal information is needed from applicants, simple means-tests are likely to be inexpensive to implement.
Proxy Means Testing (PMT)	Since means testing are difficult to implement in low income countries, PMT has been promoted as an alternative for targeting poor. It tries to predict a household's – rather than an individual's – level of welfare using an algorithm that is commonly derived from statistical models. Proxies for income are usually determined through an analysis of national household survey datasets and are meant to be easily observable and measurable indicators that have some correlation with consumption or income. Usually the proxies include demographics; human capital; type of housing; durable goods; and productive assets. Surveys of all households (desired method) are conducted to generate data. Once the survey is undertaken, the data is fed into a computer and the algorithm is applied. Scores are allocated to households which are ranked from poorest to richest. A threshold is determined or are agreed upon for eligibility. All households those with PMT score below the threshold are considered to be eligible.	The PMT can be expensive. In Pakistan, the 2009 PMT survey cost US$60 million. In Indonesia it cost US$100 million in 2015. In Tanzania, each PMT survey cost US$12 per household implying that for the entire nation, the total cost would be around US$140 million. Kenya's HSNP programme required around US$10 million to survey only 380,000 households, or around US$26 per household. In Bangladesh it is costing about $ 80 million.

Targeting Scheme	Description	Cost
Self-Targeting	With self-targeting, programmes are open to everyone with people making their own decision on whether to participate in the scheme. The methodology is commonly used in workfare schemes: usually a low wage is set for those participating in the scheme on the assumption that only the poorest will be willing to access it. So, while, in theory, the programme can be universal, its intention is to use the wage rate to discourage those who are better-off from participating. In effect, it should be understood as an attempt at a simple form of poverty targeting.	
Pension Targeting	Pension testing has been adopted by some governments to offer universal pension coverage. But in reality, it could also be regarded as a simple form of income testing. A tax-financed social pension is offered to all those not in receipt of another state pension (such as a social insurance or civil service pension).	In theory, universal pension coverage at a reduced cost to the state.
Community Base d Targeting (CBT)	CBT may have different approaches. Some of the most commonly adopted methods include: • Community leaders decide who should on the list. • The entire community makes the decision in a large meeting, with or without external facilitation (but in reality, it is rare for all community members to attend such meeting as they can take a long time and many people cannot afford the opportunity cost). • Communities are given selection criteria by an external authority and are asked to select households based on those criteria. The selection could be undertaken by local elites and leaders, or in community meetings. • Facilitators work with communities in a more intensive process, often engaging across smaller groups to develop local criteria. The 'community' applies those criteria to rank households from 'poorest' to 'richest.'	No reliable data is available on the costs of community-based targeting. But it shifts some costs from governments to the community members. The cumulative opportunity costs could be very high when members of community are required to spend a day or more in such meetings. If outsiders support is also required for facilitation, these costs can be considerable. In the context of Malawi, CBT is too expensive a methodology for national-level scaling up (Chinsinga, 2005)
Geographical Targeting (GT)	GT is a popular targeting scheme where eligibility for benefits to a scheme is determined, at least partly, by location of residence. This method uses existing information such as surveys of poverty map or nutrition map. GT is very useful where considerable variations exist in living standards across regions and where administrative capacity is sufficiently limited precluding use of individual/household assessment. It is also more appropriate where delivery of intervention uses a fixed site such as a school, clinic, or ration shop. GT is administratively simple and do not lead to labour disincentive. It is also unlikely to create stigma effects and easy to combine with other methods. But depends critically on the accuracy of information. GT performs poorly where poverty is not spatially concentrated.	Geographic targeting is popular form of targeting method adopted by many countries because it requires so few administrative resources. A small team of analysts can prepare a map using available data, though clearly the accuracy of the map will be greater if good data are gathered at disaggregated levels every few years. The map is used by a host of agencies with only an intuitive understanding of how it's construction.

Targeting Scheme	Description	Cost
Demographic Targeting	Demographic targeting – by age or gender is a common form of targeting and has been adopted in different countries. The basic idea of demographic targeting is simply to select groups defined by easily observed characteristics such as the old, the young, or female-headed households to make them eligible for some sort of benefit. Beneficiary coverage may range from universal to categorical. Two important appeals of demographic targeting are: (i) administrative cost associated with running the schemes based on demographic targeting is relatively lesser than the cost associated with other types of targeting methods (discussed above); and (ii) demographically targeted schemes often have high political acceptability	Administrative cost associated with running the schemes based on demographic targeting is relatively lesser than the cost associated with other types of targeting methods.

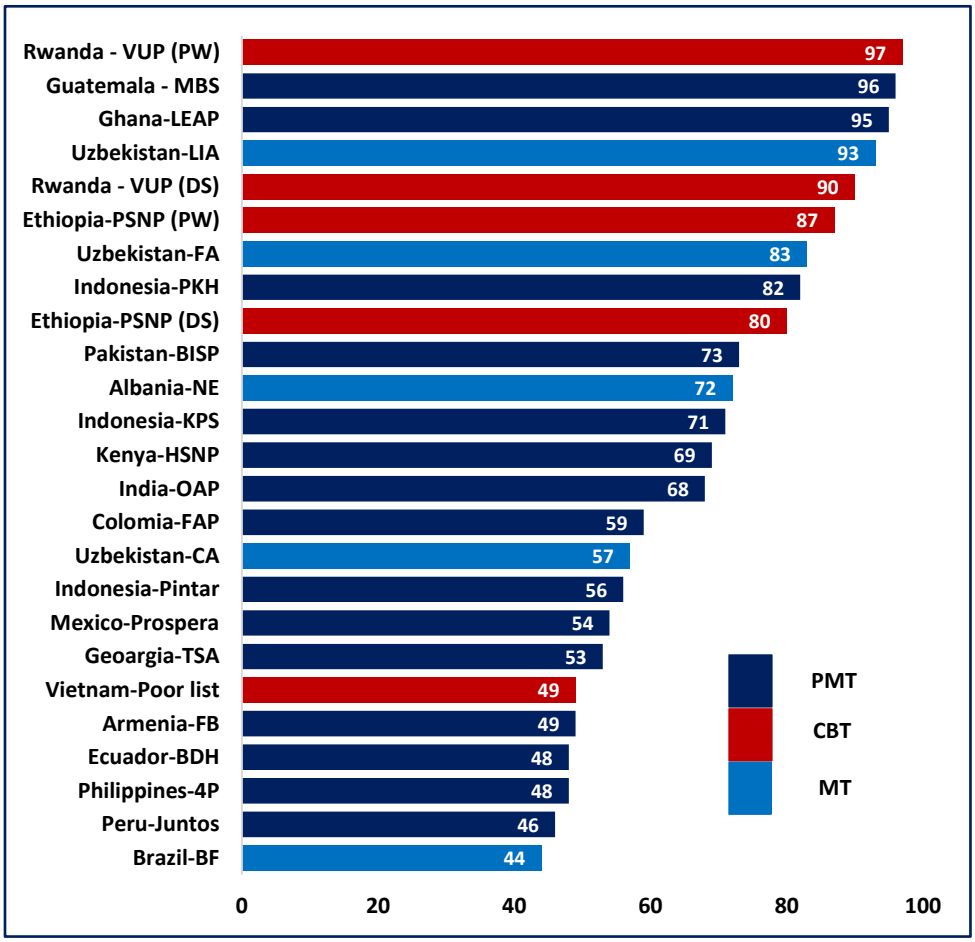
Source: Based on Coady et al (2004) and Kidd et al (2019)

Some of the major demerits of the targeted approaches includes: (i) high of cost operation; and (ii) inability to reach the intended beneficiary (i.e. poor identification problems). In most cases, the methods followed in targeted approach to select beneficiary (i.e. essentially poor persons) has been found inefficient resulting in high level of under coverage of the intended beneficiaries and leakage. Under coverage or 'exclusion error' denotes sum of actual poor wrongly classified as non-poor as a proportion of the total poor. On the other hand, leakage which is also known as 'inclusion error' is the sum of actual non-poor incorrectly classified as poor as a proportion of the total poor (Johannsen, 2006).

Attaining the intended goals of the social protection system (for instance reducing poverty of extreme or poverty among bottom 25 percent of the population) through adopting one of the seven targeting approaches is not always satisfactory due to inherent identification problem of targeting approaches. In a recent study, Kidd et al (2019) assess the targeting efficiency of selected 25 social protection schemes of low- and middle-income countries. More specifically, they wanted to '*assess whether is it possible to effectively reach those living in extreme poverty using poverty targeting. To answer this question, we examined the targeting effectiveness of those programmes aiming to reach the poorest 25 percent or less of their intended category.*'

The outcomes (i.e. exclusion errors) of the 25 schemes are provided in figure below. The report argued that findings are not satisfactory, with out of the 25 programmes or registries with coverage under 25 percent of their target population, 12 have exclusion errors above 70 percent, 8 have errors above 80 percent and 5 have errors above 90 percent. Only six schemes have been able to reach over half of their intended recipients.

Figure 31: Estimated Exclusion Errors by Types of Targeting Approaches (%)



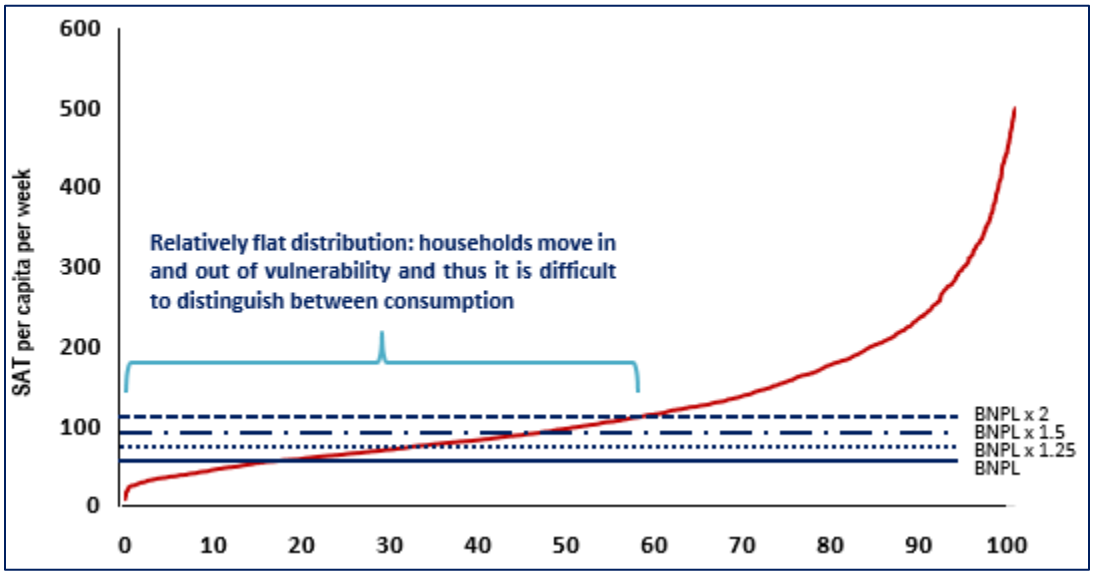
Note: PMT refers to proxy means test; CBT denoted community-based targeting and MT depicts means testing.
Source: Kidd and Diloa (2019)

On the basis of the findings, they concluded that "*overall, the results demonstrate a mass failure of poverty targeting across* low- *and middle-income countries. In programme after programme, the majority of both the intended recipients and the poorest members of society are excluded. Therefore, if the aim of governments and international agencies is to reach those living in poverty and 'leave no-one behind,' the use of poverty targeting will result in failure.*"

Given the inability of the targeted approaches to improve the beneficiary selection at lower level of coverage, it has been advocated by social protection practitioners to adopt universal approach for of beneficiary coverage. However, considering fiscal space constraints it may be argued that universal coverage may not be tenable in the context of Samoa. Against these backdrops, the cumulative consumption function of all households using HIES 2013/14 has been compared against the various poverty lines to determine who must be covered under the proposed social protection schemes in Samoa. The comparison of the cumulative consumption function against various poverty lines suggests that around 30 to 40 per cent of the households are in a position to withstand shocks of various types (see Figure below). The distribution of cumulative consumption function recommends that for majority of the

life course schemes universal coverage should be considered. For few schemes, targeted approach at high level beneficiary cut off points such as 50 to 60 per cent may be considered.

Figure 32: Distribution of consumption across households against various poverty lines in 2013/14



Source: based on HIES 2013/14.

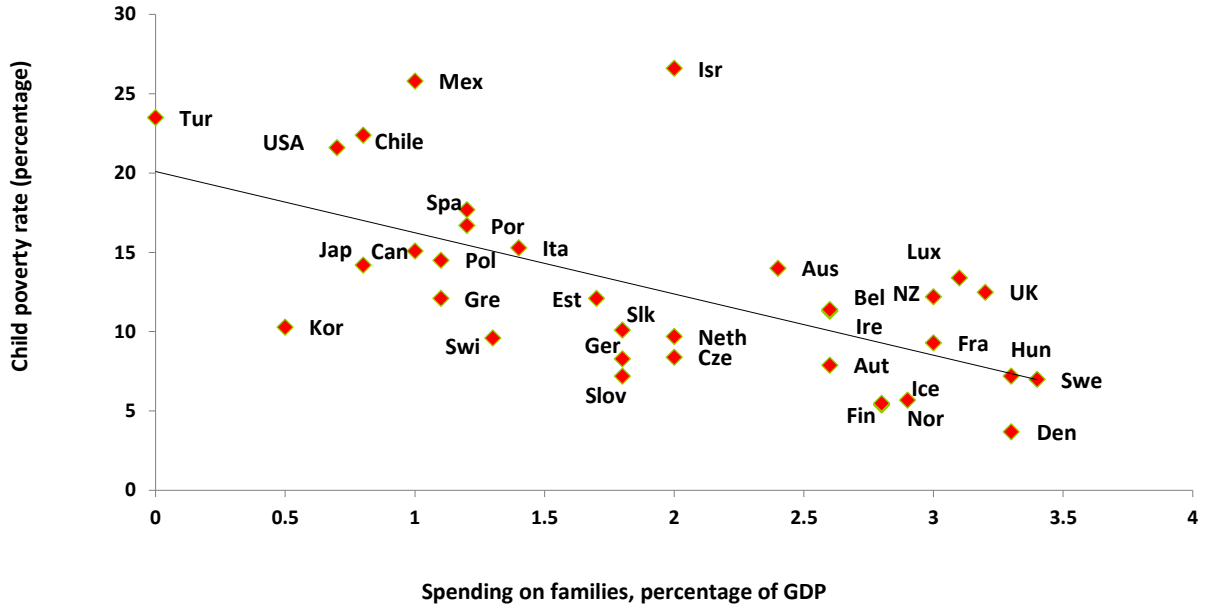
10.6. Evidence of Social Protection Intervention

10.6.1. Child Grant on Child Poverty

There is a strong correlation between spending on families and child poverty. Universal coverage has been found more effective in reducing poverty among families with children than coverage based on poverty targeting. It is evident that countries providing more universal access to social protection schemes – such as Sweden, Norway, Denmark, Finland, France and the Czech Republic – tend to have lower levels of child poverty than countries committed to selecting only poor families and children.

A key reason for the correlation between greater poverty-based selection and lower impacts on child poverty is that the poverty-based selection creates disincentives for young mothers to work, reducing incomes and impacting negatively on children. This is a significant challenge in Anglo-Saxon countries. In contrast, in countries with more universal transfers – such as the Nordic countries – if women enter the workforce, they are not punished by the withdrawal of transfers.

Figure 33: Relationship between child grants and child poverty



Source: Whiteford, P., and W. Adema (2007)

10.6.2. Maternity protection and insurance

Box 11: Maternity protection through social assistance

A number of countries have introduced cash transfer programmes for pregnant women and new mothers.

- In **Bangladesh**, the Maternity Allowance Programme for Poor Lactating Mothers (MAP), introduced in 2008, provides poor women in rural areas aged 20 and over with one-time support during their first or second pregnancy to the amount of BDT 350 per month (approximately US$4.50) for a period of two years. The MAP programme covered 220,000 women in 2014 –15 at a cost of 0.01 per cent of GDP. Furthermore, allowances for urban low-income lactating mothers covered some 100,000 women in 2014–15 at a cost of 0.0045 per cent of GDP.
- **Ethiopia's** Productive Safety Net Programme (PSNP) provides pregnant women in food-insecure and poor households, regardless of their employment status, with cash benefits after six months of pregnancy and during the first ten months after delivery, exempting them from participating in public work. This could be considered as a form of paid maternity leave. However, in several field sites, women reported that they continued working throughout their pregnancy as they feared losing their entitlement to the benefits if they interrupted their work.
- **In India,** the Indira Gandhi Matritva Sahyog Yojana (IGMSY) Programme, launched in 2010 in 52 pilot districts, aims at improving the health and nutritional status of women and their children. Pregnant and breastfeeding women aged 19 and over, regardless of their employment status, receive maternity cash benefits for their first two pregnancies. A cash transfer equal to US$67.20 is paid to registered women in three instalments upon compliance with specific conditions, including medical check-ups for mother and child, exclusive breastfeeding, vaccinations and at tendance at health counselling sessions. The cash transfers are equivalent to approximately 40 days of lost work under minimum wage conditions.
- **In Peru,** the conditional cash transfer programme JUNTOS, introduced in 2005, provides cash transfers to pregnant women, children and adolescents up to the age of 19 years who are living in extreme poverty. They receive PEN 200 every two months under certain conditions: pregnant women have to attend antenatal examinations; children have to attend medical examinations and school. In 2014, JUNTOS reached out to 753,638 households.
- The Cash Transfer Programme for Vulnerable Children in **Northern Togo** provides unconditional cash benefits on a monthly basis to vulnerable households to prevent and manage child malnutrition. Eligible for benefits are pregnant women (at least three months), children during the first 24 months of their lives and severely undernourished children until nearly the age of five years. Beneficiaries are encouraged to attend nutritional training sessions and to ensure education and health care of their children.
- In the **United Republic of Tanzania,** the Social Action Fund (TASAF) provides cash transfers to pregnant women equivalent to US$6, disbursed every two months on condition that they attend at least four antenatal medical exams, or health and nutrition sessions every two months, depending on availability of services, and present their children for regular medical routine checks.

Source: ILO (2017b)

Box 12: Maternity protection through social insurance

Several countries and territories have extended coverage of maternity benefits in recent years through social insurance:

- Jordan's social insurance scheme has provided maternity coverage since 2011 for workers in the private sector, financed through employer contributions of 0.75 per cent of assessable earnings. The scheme gives insured women the right to paid maternity leave at 100 per cent of previous earnings for a maximum of ten weeks.
- In South Africa, maternity and unemployment protection was extended to domestic and seasonal workers in 2003. After five years, 633,000 domestic workers were registered, and 324,000 had received benefits.
- Rwanda's maternity protection law (2016) extends paid maternity leave to 12 weeks on full salary, half of which is now provided by a new maternity insurance scheme managed by the Rwanda Social Security Board and financed by a contribution of 0.6 per cent of the salary, equally split between employee and employer.
- In the Occupied Palestinian Territory, the Social Security Law adopted in 2016 will introduce a comprehensive social insurance scheme including maternity coverage.
- In Lao People's Democratic Republic, informal workers have the possibility to be covered under the 2014 Social Security Law on a voluntary basis, yet effective coverage has been limited so far.

Source: ILO (2017b)

10.6.3. Unemployment insurance

Box 13: Expanding unemployment protection

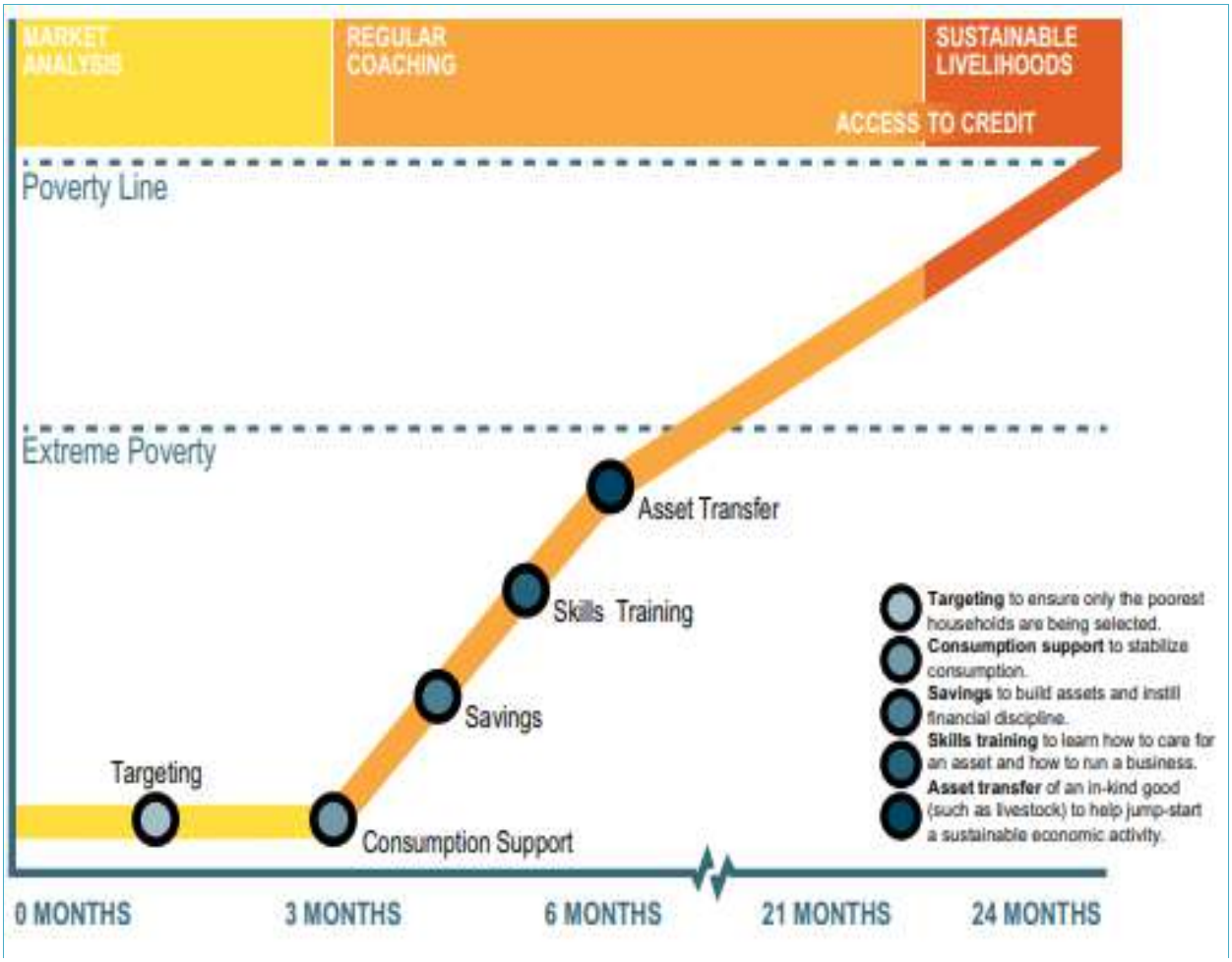
Countries who have introduced unemployment protection scheme include:

- Cabo Verde introduced a contributor y unemployment benefit scheme in 2016.
- In 2011 Jordan introduced unemployment benefits for jobseekers who have lost their jobs for a maximum period of three months on condition that they provide evidence of job search.
- Kuwait introduced an unemployment insurance scheme in 2013, covering unemployed workers between 18 and 60 years of age and those ineligible for an old-age pension.
- Lao People's Democratic Republic introduced an unemployment insurance scheme in 2015.
- Mauritius complemented its social assistance scheme with a social insurance scheme in 2009.
- Morocco in 2014 introduced an unemployment insurance scheme for private-sector salaried workers and apprentices in industry, commerce, agriculture as well as certain categories of workers in the fishing sector.
- Saudi Arabia implemented a new unemployment insurance scheme in 2014.
- South Africa's Unemployment Insurance Amendment Act, approved in 2017, foresees the extension of coverage to additional categories of workers, such as those in training and civil servants.
- Viet Nam initiated an employment insurance scheme in 2009 and reformed it in 2013

Source: ILO (2017b)

10.6.4. Graduation model

Figure 34: The Graduation Model



Source: CGAP, 2016

10.6.5. Samoa Social Protection for persons with disabilities[76]

Nuanua O Le Alofa (NOA) or National Advocacy Organisation for Persons with Disabilities in Samoa has proposed a package of benefits for the persons with disability in Samoa. The group was tasked to develop a social protection package for Samoa. The group agreed to have a social protection programme that will encompass what has been made already and absorbed by government such as free health care for all children and disability pension. The group agree to develop a disability registry to confirm the services required by persons with diverse disabilities. The group agree to have an equality card from birth. Furthermore, entitlements includes and are not limited to:

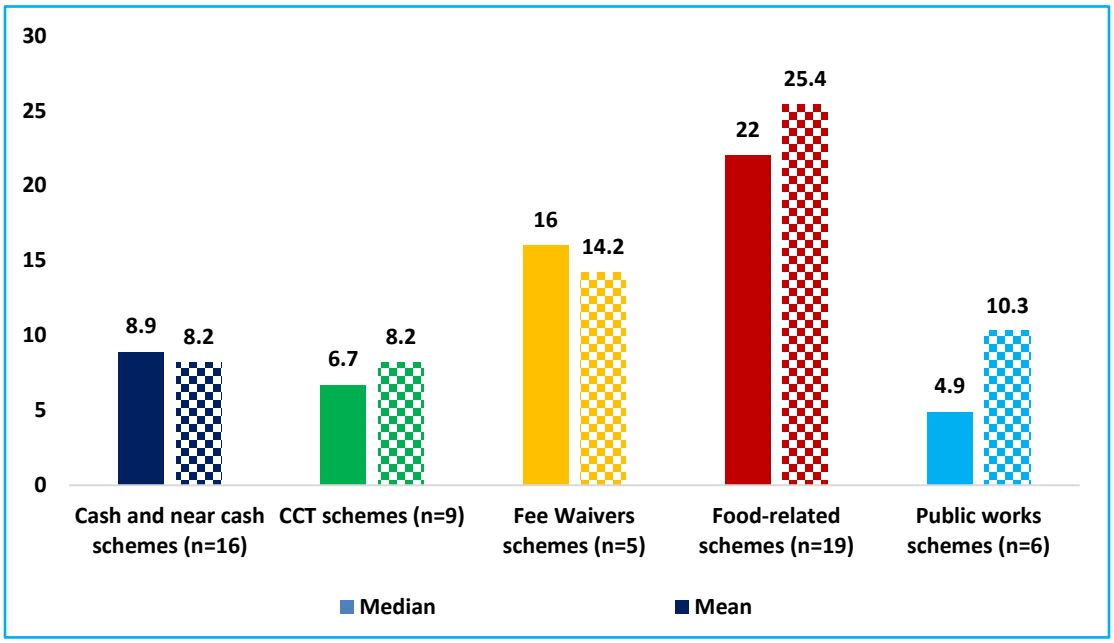
1. *Free medical check-up for children with disabilities from ages 0 to 10*
2. *Free prescriptions at public hospitals*
3. *15% discount for private doctors/ chemists*
4. *A 100$ cash allowance to contribute to expenses associated with disabilities. This will include transport costs as we do not have a public transport system.*
5. *Free interisland trips for all persons with disabilities*
6. *100$ for care givers. This only applies to those with high support needs*
7. *Types of services may include subsidising costs of assistive/ mobility devises; procurement of white canes, and wheelchairs etc.*

[76] Based on discussion with NOLA and email send by NOLA general manager December 14, 2020.

10.6.6. Overhead costs

In order to understand the role of administrative cost and desirable administrative rates for various types of social protection system, Grosh et al (2008) collected data from various cash, conditional cash transfer (CCT), food assisted schemes, fee waivers and public works programmes. In total, data of 55 global schemes have been used to compare the administrative costs across these five categories of SP schemes. The results are summarised below (please see below for details):

Figure 35: Administration Costs of Various SP Schemes (%)



Source: based on Grosh et al (2008)

Main observations are:

- For 16 cash and near cash schemes, the average administrative cost has been at 8.2 percent. Average cost for CCT schemes is also same at 8.2 percent. Administrative cost of fee waivers is much higher at 14.2 percent. However, the administrative cost has been found highest for the food schemes. Average cost for food schemes is around 25.2 percent – almost three times of the administrative cost reported for cash and near cash schemes.
- The higher administrative costs for the food-assisted schemes compared to the cash schemes are mainly due to the logistical costs of transportation, storage, preparation, and related losses during these phases of such schemes.
- On the basis of these global findings, Grosh et al (2008) suggested that desirable administrative cost for cash schemes may range from 8 percent to 15 percent. While on the same logic, for food schemes it may vary between 25 percent and 35 percent.

Region	Country	Scheme	Administrative Cost (%)	Source
Cash and Near Cash Schemes				
Albania	2004	Ndihme Ekonomika	7.2	Tesliuc and others
Armenia	2006	Family Poverty Benefits Scheme	2.2	
Bulgaria	2004	Guaranteed Minimum Income Scheme	9.9	
Bulgaria	1992/93	Child Allowances	5.6	Coadt et al (2004)
Kyrgyz Republic	2005	Unified Monthly Benefit Scheme	9.3	
Lithuania	2004	Social Benefit Scheme	6.5	Tesliuc and others
Romania	2003	Guaranteed Minimum Income Scheme	9.8	
Honduras	1992	Food Stamps for Female-Headed HHs	12	Grosh (1994)
Honduras	1992	Bono Matemo Infanti	6	Grosh (1994)
Jamaica	1992	Food Stamps Scheme	6	
Mexico	1992	Tortivales	12	
Venezuela	1992	Food Scholarship	4	
Yemen	2001	Social Welfare Fund	8.5	Coady et al (2004)
Sri Lanka	1982	Food Stamps Scheme	2	Casteneda (1998)
Namibia	1993/94	Old Age Pension	9.5	Coady et al (2004)
Zambia	2005	Pilot Social Cash Transfer Scheme	16.6	Devereux and others (2005)
		Median	8.9	
		Mean	8.2	
Conditional Cash Transfer Schemes				
Brazil	2003	Bolsa Familia	12.3	Lindert et al (2006)
Colombia	2000/4	Familias en Accion	10.5	
Dominican Republic	2006	Solidaridad	5.9	WB (2006a)
Ecuador	2005	Bono de Desarrollo Humano	4.1	
Jamaica	2004/5	PATH	13	
Mexico	2003	PRGRESA/Opportnidades	6	Lindert et al (2006)
Peru	2006	Juntos	11.6	WB (2006a)
Bangladesh	2002	Primary Education Stipend Scheme	4	Ahmed (2005)
Pakistan	2005/6	Child Support Scheme (Pilot)	6.7	WB (2006K)
		Median	6.7	
		Mean	8.2	
Fee Waivers Schemes				
Columbia	1992	Student loans	21	Grosh (1994)
Costa Rica	1992	University Tuition waivers	16	
Jamaica	1992	Student loans	30	
Belize	1992	Hospital fee waivers	0.4	
Dominican Republic	1992	Hospital fee waivers	3.6	
		Median	16	
		Mean	14.2	
Public Works Programmes				
Argentina	2004	Jefes de Hogar	1.6	Lindert et al (2006)
Bolivia	1992	Emergency Social Fund	3.5	Grosh (1994)
Peru	2002/3	A Trabajar Urbano	23	Chaccaltana (2003)
Morocco	1990s	Promotione Nationale	6	World Bank (2001g)
Bangladesh	2001	Rural Maintenance Programme	24	Ahmed (2005)
Yemen	2003	Second Public Works Programme	3.7	Al-Baseir (2003)
		Median	4.9	
		Mean	10.3	
Food Assisted Schemes				
Bolivia	2003	School Feeding, WFP	55.5	Lindert et al (2006)
Brazil	1997	Programa Nacional de Alimentacion Escolar	28.9	
Colombia	2003	School Feeding, WFP	20.5	
Dominican Republic	2003	School Feeding, WFP	9.4	
El Salvador	2003	School Feeding, WFP	46.2	
Guatemala	2003	School Feeding, WFP	14	
Honduras	2003	School Feeding, WFP	30.1	
Nicaragua	2003	School Feeding, WFP	38.3	
Chile	1992	Food Supplements	6	
Costa Rica	1992	Day care Food Packates	9	
Dominican Republic	1992	Proyecto Matemo-Infanti	12.3	
Jamaica	1992	Nutibus	6.8	

Region	Country	Scheme	Administrative Cost (%)	Source
Peru	2005	School Feeding, WFP	19.5	WFP (2006a)
Peru	1992	Programa de Alimentaciony Nuticion para Familias de Alto Riesgo	22	Grosh (1994)
Mexico	1992	Leche Industrializada Compania Nacional de Subsistencias Populares	28.5	
Bangladesh	2001	Income Generation for VGD Programme	10	Ahmed (2005)
Benin	2005	School Feeding, WFP	37.2	WFP (2006a)
Malawi	2005	School Feeding, WFP	35.8	
Mali	2005	School Feeding, WFP	52	
		Median	22	
		Mean	25.4	

Source: Grosh et al (2008)

10.6.7. Fiscal Space for Social Protection: Policy Options by Countries

Policies	Bolivia	Botswana	Brazil	Costa Rica	Lesotho	Namibia	South Africa	Thailand
1. Mineral-based taxation or similar single taxes for specific purposes (earmarked taxation)	x	x	x					
2. Increasing general taxation			x		x			x
3. Social contributions			x	x	x	x	x	x
4. Budget surpluses		x	x			x		
5. Budget redefinition.				x	x		x	x
6. Debt and debt service reduction	x	x	x	x	x		x	x
7. Official development assistance						x		
8. Sales of State assets	x							
9. Efficiency channel			x					
10. Constitutional channel			x	x			x	x

Source: ILO (2011)

10.7. Macro-simulation Model

Input-output matrix and social accounting matrix

A social accounting matrix (SAM) is an extension (or generalisation) of the input-output matrix by incorporating other parts of the economy – namely primary and secondary income distribution and institutions of an economy. More specifically, Input-output analysis involves constructing a table in which each horizontal row describes how one industry's total product is divided among various production processes and final consumption. Each vertical column denotes the combination of productive resources used within one industry. A table of this type (figure below) illustrates the dependence of each industry on the products of other industries: for example, an increase in manufacturing output is also seen to require an increase in the production of power.

Figure 36: Input-output table

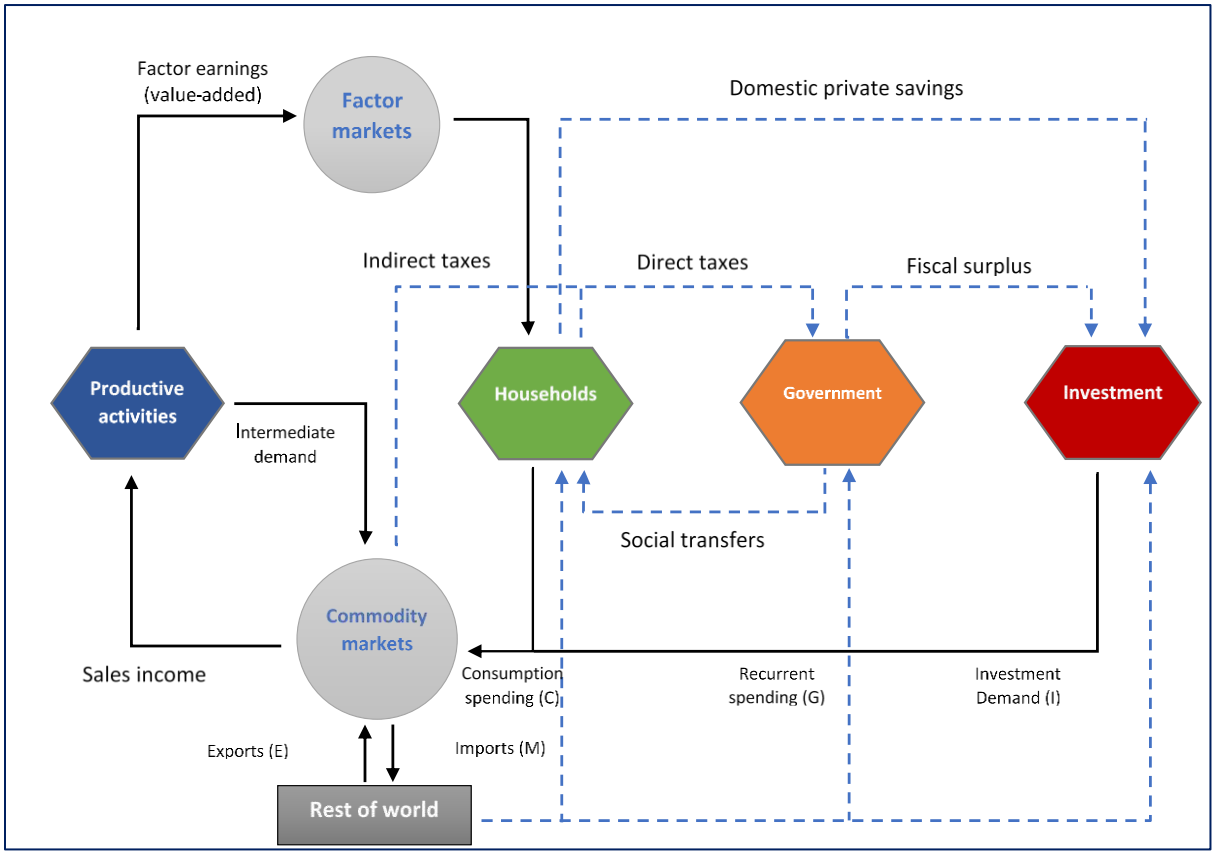
		Activity					Final demand				Total use
		A1	...	...	...	A33	C_p	C_g	I	Ex	
Commodity	C1	Technology matrix (33 x 33)					Final demand				
	..										
	..										
	..										
	C33										
Value added	Compensation	GDP (Income Approach)					GDP (Expenditure Approach)				
	Operating surplus										
	Indirect taxes										
	Import										
	Total supply										

SAM is a square matrix which captures all the main circular flows (figure below) within an economy in a given period.

Figure 37: Basic structure of a SAM

		Expenditure columns							
		Activities C1	Commodities C2	Factors C3	Households C4	Government C5	Investment C6	Rest of world C7	Total
Income rows	Activities R1		Domestic Supply						Activity income
	Commodities R2	Intermediate demand			Consumption spending (C)	Recurrent spending (G)	Investment demand (I)	Export earnings (E)	Total demand
	Factors R3	Value-added							Total factor income
	Households R4			Factor payments to households		Social transfers		Foreign remittances	Total household income
	Government R5		Sales taxes and import tariffs		Direct taxes			Foreign grants and loans	Government income
	Savings R6				Private savings	Fiscal surplus		Current account balance	Total savings
	Rest of world R7		Import payments (M)						Foreign exchange outflow
	Total	Gross output	Total supply	Total factor spending	Total household spending	Government expenditure	Total investment spending	Foreign exchange inflow	

Figure 38: Circular flow in an Economy



Source: Breisinger et al. (2009)

The input-output part of SAM captures production linkages between sectors that are determined by those sectors' production technologies. These linkages can be differentiated into backward and forward linkages. Stronger forward and backward production linkages lead to larger multipliers.

Backward production linkages are the demand for additional inputs used by producers to supply additional goods or services. For example, when electricity production expands, it demands intermediate goods like fuel, machinery, and construction services. This demand then stimulates production in other sectors to supply these intermediate goods. The more input intensive a sector's production technology is, the stronger its backward linkages are.

Forward production linkages account for the increased supply of inputs to upstream industries. For example, when electricity production expands, it can supply more power to the economy, which stimulates production in all the sectors that use power. Thus, the more important a sector is for upstream industries, the stronger its forward linkages will be. Forward linkages are particularly important for the energy sector, as it provides key input into the majority of other sectors in the economy.

The account descriptions of the Samoa SAM 2018 are shown below.

Table 19: Description of the 2018 Samoa SAM accounts

SAM Accounts	Detailed account classification
Activities (15)	
	Agriculture, and Fishing (02)
	Food and Beverages manufacturing, Other manufacturing, Electricity and Water, and Construction (04)
	Commerce, Transport, Accommodation & Restaurants, Communication, Financial Services, Business Services, Ownership of Dwellings, Public Administration and Personal & Other Services (09)
Commodities (15)	
	Agriculture, and Fishing (02)
	Food and Beverages manufacturing, Other manufacturing, Electricity and Water, and Construction (04)
	Commerce, Transport, Accommodation & Restaurants, Communication, Financial Services, Business Services, Ownership of Dwellings, Public Administration and Personal & Other Services (09)
Factors of Production (4)	
	Labour factor (02): Unskilled and Skilled Labour
	Capital factor (2): Capital and Land
Institutions (8)	
	Household (05): Household (0-5); Household (6-9); Household (10-14); Household (15-54); Household (54-64) and Household (65+);
	Corporation
	Government
	Rest of the World
	Savings or Gross fixed capital and Inventories

Source: SAM 2018

Methodology – description of social accounting matrix model

The move from a SAM data framework to a SAM model (also known as a multiplier framework) requires decomposing the SAM accounts into 'exogenous' and 'endogenous'. Generally, accounts intended to be used as policy instruments (for example, government expenditure, including social protection, investment and exports) are made exogenous and accounts specified as objectives or targets must be made endogenous (for example, output, commodity demand, factor return, and household income or expenditure). For any given injection into the exogenous accounts of the SAM, influence is transmitted through the interdependent SAM system among the endogenous accounts.

The interwoven nature of the system implies that the incomes of factors, households and production are all derived from exogenous injections into the economy via a multiplier process. The multiplier process is

developed here on the assumption that when an endogenous income account receives an exogenous expenditure injection, it spends it in the same proportions as shown in the matrix of average propensities to spend (APS). The elements of the APS matrix are calculated by dividing each cell by the sum total of its corresponding column.

Conversion of Samoa 2018 SAM into SAM Model

The data SAM composed of 48 accounts – 15 accounts for activities; 15 accounts for commodities; factor account composed of 4 accounts; there are 5 accounts for household; other accounts consists of 8 accounts. To convert the data SAM to a SAM model, these 48 accounts are decomposed into 'exogenous' and 'endogenous'. Following the general practice, endogenous account includes activity, commodity, factor, and household (i.e. four endogenous accounts). While the exogenous account consists of government, enterprises, rest of the world and investment accounts. The endogenous and exogenous accounts of the SAM model is provided below.

Table 20: Endogenous and exogenous account of SAM model

Endogenous Account		Exogenous Accounts		
Description	**Number**	**Description**	**Number**	**Policy Instruments**
Activity	15			
Commodity	15	Government	1	Expenditure and Investment
Factor	04	Corporation	1	Transfers
		Church	1	Transfers
		Rest of the World	1	Export demand and remittance
Household	06	Investment (GFC|SC)	2	Transfers (SISPS)
		Others	2	
Total	**40**		**8**	

Source: Author's own specification

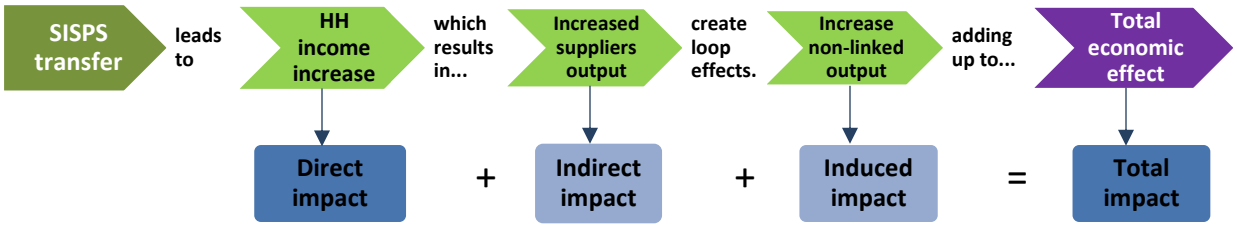
In particular, government interventions through social protection system by smoothing household's consumption are expected to have an impact on the economy through different channels as outlined below. As such, the SAM analysis captures some of these effects.

(a) Direct effects: Government transfers to households would increase their income. Increase in income leads to higher consumption on goods and services of their choices. The income and consumption increase (or change) of households constitute *direct effects* of social protection intervention.

(b) Indirect effects: Increase in household consumption may likely to trigger additional demand for goods and services – requiring higher outputs employing more employment of factors (labour and capital). The additional output and employment created in the supply chain (through backward linkages) are the *indirect effects*.

(c) Induced effects: The additional workers employed by the expansion of the sectors supplying to it (through indirect effects) now spend more - which generates additional production and employment in various other sectors throughout the economy, creating a multiplier of further demand. This spillover effect is called an *induced effect*.

The SAM methodology presented in this paper helps to estimate direct, indirect, and induced effects from SISPS intervention through the households (HH). The chain effects are described below.



For any given injection into the exogenous accounts of the SAM (especially transfers to the household groups), influence is transmitted through the interdependent SAM system among the endogenous accounts. The interwoven nature of the system ensures that the incomes of factors, households and production are all generated from exogenous injections into the Samoan economy via a multiplier process.

Table 21: Description of the endogenous and exogenous accounts and multiplier effects

Endogenous (y)	***Exogenous (x)***
The activity (gross output multipliers), indicates the total effect on the sectoral gross output of a unit-income increase in a given account, *i* in the SAM, and is obtained via the association with the commodity production activity account *i*.	
The consumption commodity multipliers, which indicates the total effect on the sectoral commodity output of a unit-income increase in a given account *i* in the SAM, is obtained by adding the associated commodity elements in the matrix along the column for account *i*.	Intervention into through activities (x = i + g + e), where i= GFC + ST (GFCF) Exports (e) Government Expenditure (g) *Investment Demand (i)* Inventory Demand (i)
The value-added, or GDP multiplier, giving the total increase in GDP resulting from the same unit-income injection, is derived by summing up the factor-payment elements along account *i*'s column.	
Household income multiplier shows the total effect on household and enterprise income and is obtained by adding the elements for the household groups along the account i column.	Intervention via Households (x = r + gt + ct), where Remittance (r) *Government Transfers (gt)* Enterprise Transfers (ct)

The multiplier analysis using the SAM framework helps to understand further the linkages between the different sectors and the institutional agents at work within the economy. Accounting multipliers have been calculated according to the standard formula for accounting (impact) multipliers, as follows:

$y = A\,y + x = (I - A)^{-1}\,x = M_a\,x$

Where:

y is a vector of endogenous variables (*which is 48 according to SAM 2018 with all accounts showing number with no zero*)

x is a vector of exogenous variables (*which is also 48 according to SAM 2018 with lots of zero suggesting that policy options are not large*)

A is the matrix of average expenditures propensities for endogenous accounts, and $M_a = (I - A)^{-1}$ is a matrix of aggregate accounting multipliers (generalized Leontief inverse).

The present multiplier framework has four endogenous accounts, and hence for each account in the SAM we can calculate four types of multiplier measures due to changes in any one of the various exogenous accounts.

The economy-wide impacts of the transfers have been examined by changing the total exogenous injection vector, especially government – household account. More specifically, the total exogenous account is manipulated to estimate their effects on output (through an output multiplier), value-added or GDP (through the GDP multiplier), and household income (through household income multiplier) and commodity demand (via commodity multipliers).