

## Samoa 2.1(c) Case Study:

Actions supporting Article 2.1(c) of the  
Paris Agreement in Samoa

Salā George Carter



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The views expressed in the report and any remaining errors and omissions remain the responsibility of the author.



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The Paris Agreement has three long-term goals articulated in Article 2: 2.1(a) mitigation of climate change; 2.1(b) adaptation to its impacts; and 2.1(c) consistency of finance flows with these low-emission, climate-resilient development pathways. Increasing the climate consistency of finance will be essential to achieving either of the other two goals, yet the UNFCCC has issued no guidance on how to operationalise this goal.

This preliminary analysis of Samoa's progress towards climate-consistent finance is one of a suite of country case studies testing a framework developed by Whitley et al. (2018) that national governments and other financial actors can use to align their fiscal and financial ecosystems with the Paris Agreement (see Figure ES1). The paper has been prepared in anticipation of the first official Global Stocktake (GST) of the Paris Agreement. The GST provides a mechanism to collectively assess progress towards achieving the Paris Agreement and its long-term goals, including Article 2.1(c). The evidence compiled in this and other country case studies will support a more comparable assessment of progress towards operationalisation of Article 2.1(c) and highlight the challenges in creating such an assessment.

Like most other Small Island Developing States (SIDS), Samoa is economically vulnerable and ecologically fragile because of its geographic location, limited natural resources and – with its dependence on tourism, international concessional finance and remittances – high exposure to global crises. In addition to its inherent challenges in achieving sustainable development, climate change now poses an existential threat to many communities and islands of Samoa. Increasingly frequent and severe cyclones are perhaps the most obvious threat from rising average temperatures, but the country also faces heavy precipitation, floods, droughts, extreme heat, storm surge, salination, erosion and rising sea levels (IMF, 2022).

Enhancing climate resilience is consequently a central priority for Samoa's leaders, as expressed in national strategies and plans such as *Samoa 2040* (Ministry of Finance, 2021) and *The Pathway for the Development of Samoa 2021–2026* (PDS) (Ministry of Finance, 2021b). In addition to a dedicated *National Climate Change Policy 2020–2030* (NCCP) (Ministry of Natural Resources, 2020), the country has mainstreamed climate considerations into sectoral plans for energy, transport, agriculture and water, as well as supporting the development of local adaptation plans.

Samoa has had some early successes and promising initiatives are in place to enhance the climate consistency of its finance flows. However, the preliminary analysis in this paper suggests that national climate goals have not yet been fully taken into account in the design of financial regulation and fiscal policies, or in the disbursement of public finance. This is understandable given the distinctive constraints facing Pacific SIDS, particularly their

small populations, which means that both the public and private sector have a small skills base to draw on, the fixed costs associated with public service provision are borne by a

smaller number of people, and the state is small in absolute if not relative terms. Yet enhancing the Paris alignment of finance flows is an urgent challenge given that recent estimates suggest that Samoa needs to spend roughly 17% of gross domestic product (GDP) each year to meet its adaptation investment needs. Currently, there is an investment gap of around 6% of GDP per annum (IMF, 2022).

Figure ES1 Government-led tools to increase the climate consistency of finance flows



### ***Financial policies and regulation***

The Central Bank of Samoa (CBS) has a long track record of providing liquidity in the aftermath of environmental disasters such as the tsunami in 2009, Cyclone Evan in 2012 and Cyclone Gita in 2018. The financial supervisor (CBS) is also developing guidelines and principles for sustainable lending, which commercial banks, insurance companies, non-financial institutions and other actors can use to improve the alignment of credit with Samoa's climate goals.

However, the CBS does not seem to have publicly engaged with the risks and opportunities facing the financial sector due to climate change. Given the country's high exposure to physical risks in particular, the CBS could work more closely with the four commercial banks that are active in Samoa to ensure that investment and lending enhance national resilience.

### ***Fiscal policy levers***

On the revenue generation side, Samoa has a mixed record in terms of carbon pricing. The transport sector accounts for most of the country's oil demand, and the combination of excise taxes, accident levies and VAT lead to an efficient level of carbon pricing. However, the electricity sector (mostly powered by diesel) receives a refund on excise taxes and an exemption for VAT, which reduces households' and firms' incentives for efficient consumption. The IMF accordingly recommends applying the standard 15% VAT to electricity, as well as tweaking vehicle taxes to encourage the uptake of more efficient or electric vehicles (IMF, 2022).

On the public spending side, Samoa benefits from relatively well-developed budgeting processes and public financial management including a review process to assess how all project proposals impact upon the environment and climate resilience. However, it is difficult to robustly assess expenditure on mitigating climate change or enhancing climate resilience, both because it is inherently complex to assess this for any specific project, and because data on recurrent expenditure by public agencies and actual expenditure by development partners is not readily available. This is not a climate-specific issue, but a cross-cutting challenge to ensure that scarce domestic and international public resources are used to maximum benefit.

Samoa's relatively robust public financial management systems enable the country to access significant volumes of concessional finance: the central government receives on average around 16% of GDP in development finance each year, of which half goes to sectors broadly related to climate resilience, and just under 1% of GDP goes to activities specifically defined as having either climate change mitigation or adaptation as their goals (IMF, 2022). The Climate Resilience Investment and Coordination Division (CRICD) of the Ministry of Finance has responsibility for coordinating climate-related spending and investment, and for developing and implementing appropriate financing modalities for climate resilience. The work of this division is integral to accessing and allocating climate finance in Samoa.

### ***Public finance***

State-owned enterprises (SOEs) and public financial institutions (PFIs) can play a critical role in scaling low-carbon, climate-resilient investment. As of 2015, Samoa had 15 SOEs with assets worth around 60% of GDP (Government of Samoa and UNDP, 2019), many of which are powerful actors (if not monopolies) in highly climate-relevant sectors including electricity and water utilities, transport, land use planning and housing.

The extent to which these SOEs have engaged with Samoa's national climate goals seems to vary. The Electric Power Corporation is steadily shifting its investment to increase the share of renewable power serving the grid: while most of the country's power is still generated from diesel, hydropower accounted for a quarter of electricity supply, and solar had reached a 14% share in the latest publicly available annual report (Electric Power Corporation, 2020). This progress has arguably been made despite a tax regime that does not sufficiently incentivise efficient power consumption or capture the externalities associated with greenhouse gas emissions. By contrast, Samoa Airways and



Samoa Airport Authority incur huge costs to the taxpayer: in addition to operational losses during the pandemic, central government guarantees on Samoa Airways' liabilities worth 2.2% of GDP were called (IMF, 2023). While the aviation industry is a critical lifeline for Samoa, allocating public finance to the sector without any climate conditions attached is not consistent with low-carbon, climate-resilient development pathways.

The Development Bank of Samoa (DBS) disburses significant volumes of public finance to micro-, small and medium enterprises across the tourism, agriculture and fisheries and industrial sectors. Although these sectors are highly relevant to both climate mitigation and resilience, there is little publicly available evidence that DBS has engaged strategically with climate issues (although it does provide emergency support in the aftermath of environmental disasters, which are increasingly climate-related). Its latest annual report does not mention climate or environmental issues, apart from emphasising its commitment to completing the accreditation process with the Green Climate Fund (Development Bank of Samoa, 2021). More information about DBS' climate-relevant policies and practices will likely be available when those documents are completed and released.

### ***Information instruments***

There has been an international proliferation of learning networks, voluntary standards and reporting initiatives on topics relating to climate-aligned financial flows. Alongside partnerships with regional intergovernmental organisations, Samoan public agencies have joined a handful of such international platforms, such as the Sustainable Banking and Finance Network (SBFN) and Climate Finance Access Network (CFAN). Within the country, Samoa is using information instruments to steer spending by households and firms. For example, the country recently introduced minimum energy performance standards for refrigerators, freezers, air conditioners and lighting; energy efficiency labelling is also mandatory for refrigerators, freezers and air conditioners. Industry associations are engaging with climate issues: for example, the Samoa Chamber of Commerce and Industry organised workshops on climate change private sector preparedness in 2018 and 2022.

There are further opportunities to build the knowledge and capacities of Samoa's private financial sector – especially its commercial banks and insurance companies – to engage with climate-related risks and opportunities. Information instruments such as professional associations and voluntary standards may provide an appropriate entry point, rather than mandatory approaches such as reporting requirements.

## + 1. Introduction



One of the three main goals of the Paris Agreement is to ‘make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development’, as stated in Article 2.1(c) (UNFCCC, 2015). The other two long-term goals are outlined in Article 2.1(a), focused on the mitigation of climate change, and Article 2.1(b), focused on adaptation to its impacts.<sup>1</sup> The long-term finance goal recognises that – if the two other long-term goals are to be met – an increase in finance that supports climate action must be partnered with a redirection of finance, both public and private, that is locking countries into high-emission, low-resilience futures.

There is a lack of guidance on operationalisation of this goal. The UNFCCC’s Standing Committee on Finance invited submissions on ‘Ways to achieve Article 2.1(c), of the Paris Agreement, including options for approaches and guidelines for implementation’ by April 2022. A wide range of views were put forward, but these have not yet been translated into a standardised approach or set of guidelines. There are advantages to the absence of a rigid framework imposed by the UNFCCC, in that it allows countries to adopt a bottom-up, tailored assessment of what Paris-aligned finance flows look like. Because these finance flows will look different between the public and private sector, between industries, and across geographies, any guidance requires this level of flexibility. However, there is also a danger that progress towards achieving the long-term goal of the Paris Agreement becomes impossible to track and compare. Progress towards 2.1(c) remains scattered and hard to assess at both the national and international level.<sup>2</sup>

This case study on Samoa’s progress towards implementing Article 2.1(c) is a first attempt to provide a comprehensive framework for the country to assess its own circumstances and advance climate-compatible development through raising and steering finance more strategically. It primarily describes the status quo at time of writing; it does not provide an in-depth evaluation of progress in all areas. This is simply not possible in a report that depicts a very dynamic and rapidly changing policy field.

This paper is one of a suite of national case studies examining the operationalisation of Article 2.1(c). These studies are each prepared by authors from the region: Belize (Catzim, 2022), Colombia (Lopez Carbajal et al., 2021), Germany (Hoffman et al., 2022), Indonesia (Halimanjaya et al., 2022), Rwanda (Samo et al., 2022) and Switzerland (Bingler et al., 2021). Together, they provide insights and lessons into opportunities and priorities to enhance the climate consistency of finance in countries with significantly different capabilities and circumstances.

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<sup>1</sup> Article 2.2 of the Paris Agreement further adds that ‘This Agreement will be implemented to reflect equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances’. This case study of Samoa is undertaken while noting that developed countries should be taking the lead on enhancing the climate consistency of finance flows.

<sup>2</sup> For a discussion of finance themes in the GST and the relevance of Article 2.1.c versus Article 9 in the GST, see Watson and Roberts (2019).

This paper has been prepared in anticipation of the first official Global Stocktake (GST) of the Paris Agreement. The Stocktake provides a mechanism to collectively assess progress towards achieving the Paris Agreement's long-term goals, including Article 2.1(c). The first GST will be completed by 2023, two years ahead of the next update of countries' Nationally Determined Contributions (NDCs) in 2025.

One of the challenges facing the GST relates to measuring collective progress in making finance flows consistent with low-emission, climate-resilient development, i.e. progress towards implementing Article 2.1(c) of the Paris Agreement, when no guidance exists. The country case studies, including this examination of Samoa, will support a more comparable assessment of progress towards operationalisation of Article 2.1(c) and highlight the challenges in creating such an assessment.

## + 2. The National Context



The Independent State of Samoa comprises the western group of islands in the Samoan Islands archipelago in the Pacific Ocean.<sup>3</sup> There are two main islands: Savai'i (1,700 square kilometres) and Upolu (1,100 square kilometres), and eight smaller islands, making up a total land area of 2,900 square kilometres surrounded by an exclusive economic zone (EEZ) of 120,000 square kilometres. The terrain is mountainous with narrow coastal settlements.

Samoa's total population is approximately 202,500. Around 77% live on Upolu and 22% on Savai'i. The remainder live on the outer islands of Manono and Apolima. Nineteen per cent of the population live in the capital Apia, located on Upolu, while 81% live in rural areas. The country has approximately 340 villages, within 43 administrative districts. The average population density is 70 people per square kilometre (Regional Pacific NDC Hub, 2021).

Samoa is a lower-middle income country with a GDP per person of \$3,630. Services made up approximately 74% of total nominal GDP in 2019, while primary sectors (including agriculture and fisheries) had declined to approximately 10% of GDP. However, primary sectors remain important as a source of foreign exchange: the top five exported products (by trade value) are petroleum, fresh fish, taro, crude coconut oil and beer. Such exports are subject to price instability, high transport costs and lack of overseas markets (Samoa NDC, 2022).

Like other Small Island Developing States (SIDS), Samoa is economically vulnerable and ecologically fragile because of its geographic location, limited natural resources and high exposure to global crises, from energy price shocks to pandemics. Despite the country's isolation from major markets, it has a high dependence on imports, tourism, international concessional funding and remittances (which reached a 25-year high of 29.4% of GDP in 2021 (World Bank, 2023)). A series of cyclones, a severe measles outbreak in late 2019 and the Covid-19 global pandemic have had a devastating impact on the Samoan economy. Other risks include the possibility of correspondent banking relationships being withdrawn, the dispersion of the population across four islands (which are some distance from each other and other markets) and weak infrastructure (PEFA, 2021).

Climate change impacts are adding to these challenges. With a small population and as a lower-middle income country, Samoa contributes very little to global CO<sub>2</sub> emissions: less than 0.001% in 2019 (World Bank, 2023b), though these figures do not include emissions from aviation, shipping or land use change. However, the country is acutely exposed to the consequences of warming via more frequent and severe environmental shocks and stresses, including heavy rainfall, floods, droughts, extreme heat, cyclones, storm surges, earthquakes and tsunamis (IMF, 2022). Between 1981 and 2015, there were 26 Category 5 and 32 Category 4 cyclones in the South Pacific. Increasingly frequent, severe disasters

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<sup>3</sup> The eastern islands of Tutuila, Manua and Tau comprise American Samoa, a territory of the United States.

are leading to substantial losses in economic production and decimation of capital stock. For example, the Category 5 Tropical Cyclone Evan that hit Samoa in December 2012 caused loss and damage equivalent to about 28% of 2011 GDP (IMF, 2022).

In recognition of its particular vulnerability to climate change, the Samoan government has implemented a wide variety of policy measures to bring its emissions trajectory in line with the temperature targets of the Paris Agreement. Its national mitigation goal aims to reduce overall GHG emissions by 26% in 2030 compared to 2007 levels (Ministry of Finance Samoa, 2021b). Samoa currently produces 1.4 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>-e) per person – well below the global average of 4.4tCO<sub>2</sub>-e (World Bank, 2023). Its energy-related emissions can primarily be attributed to the transport sector (which includes shipping between Samoa’s islands, but not to and from the country), followed by emissions from electricity generation, which is almost exclusively from imported oil (IRENA, 2022). While the country’s first NDC focused on reducing emissions from power generation, its second also establishes mitigation targets in the transport (land and maritime), waste, tourism, marine and agriculture, forestry and other land use (AFOLU) sectors.

Given the country’s high exposure to climate hazards, adaptation and resilience are even more central to Samoa’s overarching national development goals. Climate change is already having significant impacts on sectors such as agriculture, coastal infrastructure, public health, forestry, tourism and water. These sectors were prioritised in Samoa’s National Adaptation Programme of Action (NAPA) in 2005, and a host of adaptation projects have been successfully implemented with external financial support. Samoa’s second NDC explicitly references the importance of continuing action in building adaptive capacities and investing in resilient infrastructure, as well as adaptation via nature-based solutions in the marine and AFOLU sectors. The Pathway for the Development of Samoa 2021–2026 (PDS) embeds climate resilience at the heart of the country’s long-term development ambition.

Achieving Samoa’s climate goals will demand significant resources. Samoa’s NDC Implementation Roadmap and Investment Plan 2021 estimates that identified mitigation opportunities alone have investment needs worth \$135 million by 2030 (Pacific Regional NDC Hub, 2021). Channelling finance towards mitigation and adaptation has therefore been – and will continue to be – a key priority. It requires large proportions of Samoa’s fiscal budget and public service capacity, as well external financial support, capacity-building and technology investment (Regional Pacific NDC Hub, 2022).

## + 3. The institutional and policy landscape for climate action in Samoa

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### 3.1 National strategies and policies

*Samoa 2040* (2021) and *The Pathway for the Development of Samoa (PDS) 2021–2026* are Samoa's overarching national planning documents. Both have a commitment to sustainable development at their heart. The former uses the Sustainable Development Goals (SDGs) as its guiding framework, while the PDS lays out the strategy for Samoa's overall development based on four pillars of sustainable development (economic, social, infrastructure and environment).

The PDS further emphasises building climate resilience as an overall strategic outcome. The lessons from the Covid-19 pandemic – particularly the way it stalled progress towards sustainable development – have led the Samoan government to consider insufficient preparation for climate change impacts a systemic threat to development. It has thus prioritised strengthening climate and disaster resilience and responsive planning in all sectors; and establishing internationally binding mechanisms for climate action, including sustainable provision of climate finance (Ministry of Finance, 2021b: 21).

Figure 1 demonstrates how different climate policies fit under the auspices of *Samoa 2040* and the PDS. Samoa's *National Climate Change Policy 2020–2030* (NCCP) provides a more detailed and climate-focused framework for national adaptation and mitigation actions. It details the interventions needed by the public sector, private sector, civil society and communities to build climate resilience in line with the country's international obligations and sustainable development objectives. The NCCP also outlines Samoa's climate finance strategy, which is a standalone policy document in many other countries highly dependent on international concessional finance.

Samoa's first national climate change policy was written in 2007, alongside the NAPA. The recent iteration of 2020 provides a mandate for proactive national coordination across sectors and levels of government. Sectoral plans for energy, transport, agriculture, water and other sectors take climate considerations into account. At the local level, local governments and other actors have developed 43 Community Integrated Management (CIM) plans via the bottom-up identification of adaptation priorities by all of Samoa's 340 villages. Preparation of the CIM plans involved extensive consultation to ensure that the segments of the population most vulnerable to climate hazards are included in decision-making and implementation.

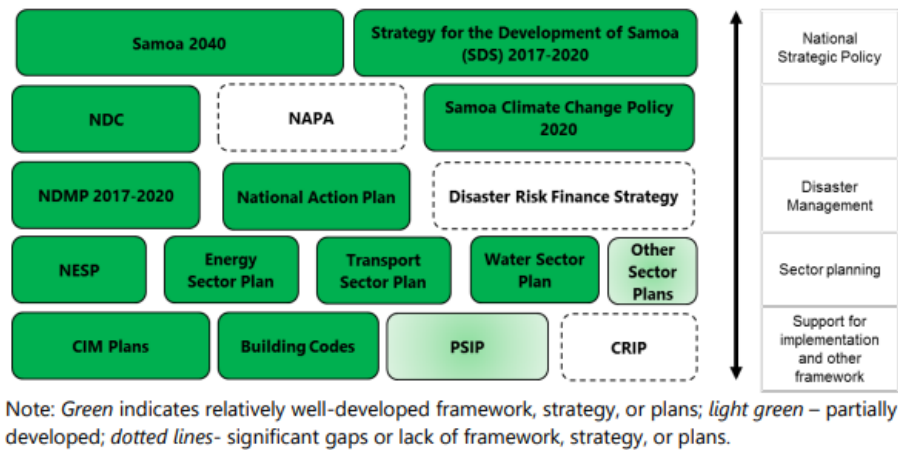


Figure 1 The climate policy landscape in Samoa

Source: Samoa IMF Country report 22/83 March 2022

### 3.2 National institutions

Climate action – and mobilising the resources necessary for climate action – receives high-level political support and attention. The PDS is designed and administered by the Cabinet Development Committee, which includes all Cabinet Ministers, Associate Ministers, Chief Executive Officers of all ministries and corporations, and representatives from non-governmental organisations (Ministry of Finance, 2021b).

The whole-of-country approach to enhancing climate change resilience requires the coordination of multiple stakeholders within and beyond government. The roles of some of these stakeholders are reflected in Figure 2.

Stakeholder	Role (current and potential)
Ministry of Natural Resources and Environment (MNRE)	Lead agency for climate-related policies; its primary responsibility is to ensure good coordination between NAPA implementation and other climate change related initiatives. MNRE through the Met Service shares technical and other climate related information and advice to ensure all climate adaptation actions benefit from the latest scientific and technical advice.
Ministry of Finance (MOF)	Responsible for overall coordination of donor and aid funding; supporting co-financing arrangements and programmatic linkages with other initiatives; making on-going linkages and updating national policies outlined in the SDS; financial management of project funds and monitoring of expenditures.
Ministry of Women, Community and Social Development (MWCSD)	MWCSD is mandated to coordinate all local level development processes involving communities and women. It liaises with village communities regarding implementation of adaptation measures to secure community support.
Line Ministries (LTA, STA, SWA, MCIT, MWIT)	Provide technical and other support for implementation of climate change adaptation action and to make sure their own climate related initiatives are well coordinate with NAP implementation.
Private Sector (SHA, WIBDI, SBEC,)	Advocate for the adoption of climate sensitive planning and policy frameworks, instruments and adaptation techniques.
Non-governmental Organisations (SUNGO, OLSSI, METI)	Promote and raise climate change awareness and building capacity supporting communities in rural areas.
Educational institutions (NUS, APTC, USP)	Support knowledge management activities of climate change programmes and integrate climate change issues and experience into teaching curriculum.
Regional Organisations (SPREP, SOPAC, USP, ForSec)	Support adaptation and policy processes through their technical and sectoral mandates, expertise and country-support programmes. Support dissemination of climate related lessons learned and good practices from around the region
Development partners (AusAID, NZAID, JICA, UNDP, World Bank, ADB, etc)	Provide financial and technical assistance in support of local climate change adaptation initiatives.

Figure 2 Key decision-makers and stakeholders relating to Samoa's climate goals

Source: PIF (2018) <https://www.forumsec.org/wp-content/uploads/2018/09/Samoa-CPEIR-Report.pdf>

Three national government agencies play a particularly important role with regard to improving the climate consistency of finance flows, either within Samoa or advocating internationally for the operationalisation of Article 2.1(c) (with sufficient external support).

The **Ministry of Finance** creates incentives for climate action (including through taxation of fossil fuels) and coordinates public spending and investment. Overall management of the PDS lies with the Ministry of Finance, which consequently has a central role in coordinating national climate policies and actions – particularly via the CRICD, which is responsible for coordinating climate-related spending and investment and developing and implementing appropriate financing modalities for climate resilience. It is also involved in applications to international climate funds, or any concessional finance through multilateral or bilateral sources, as well as monitoring and reporting.

The **Ministry of Natural Resources and Environment** (MNRE) is the operational focal point and technical agency for climate change, disaster risk management and renewable energy. The ministry chairs and coordinates the Climate Resilience Steering Committee (CRSC), which brings together heads of government agencies, academic institutions and NGOs for cross-sectoral collaboration and policy implementation. The CRSC is responsible for the development and implementation of the National Climate Policy, first written in 2007 and revised in 2020. While achieving many of the country's mitigation and adaptation targets depends on action by other line ministries (for example the Ministry of Works, Transport and Infrastructure and the Ministry of Agriculture), the MNRE plays the



leading role in implementing low-carbon or climate-resilient measures in – for example – forestry, land use planning and water management.

The Ministry of Finance and MNRE work together to plan and coordinate the country's climate projects, as well as to secure additional resources (particularly international concessional finance). However, there has been competition between the two ministries, notably around responsibility for managing climate finance.

The **Ministry of Foreign Affairs and Trade** is in charge of Samoa's international agreements, including those relevant to climate change such as the UNFCCC, the Sendai Framework, the Convention on Biodiversity and the SDGs. Over the next two years, Samoa will play a particularly prominent role in international climate negotiations as the host of the Secretariat of the Alliance of Small Island States (AOSIS).

## + 4. Samoa's investment and capacity-building needs



Samoa's climate spending needs are estimated at around US\$657 million between 2022 and 2026 – the equivalent of roughly 17% of GDP per year (IMF, 2022). Figure 3 shows the breakdown of this spending into the fulfilment of mitigation goals (\$107 million), delivery of identified adaptation projects (\$426 million) and spending in health and education (\$122 million).

	<b>Total estimated costs over 2022-2026 (millions of USD)</b>	<b>Annualized (percent of GDP)</b>
<b>Identified Adaptation Projects</b>	<b>426</b>	<b>11.0</b>
Transportation	231	6.0
Flood mitigation	79	2.0
Water and Sanitation	61	1.6
Environment	24	0.6
Agriculture and Fisheries	22	0.6
Early Warning Systems	10	0.3
<b>Social spending needs</b>	<b>122</b>	<b>3.2</b>
Health	41	1.1
Education	81	2.1
<b>Mitigation goals (NDC)</b>	<b>107</b>	<b>2.8</b>
Land transport	62	1.6
Maritime transport	31	0.8
Electricity	8	0.2
AFOLU	4	0.1
Waste, Tourism and Marine	3	0.1
<b>Total</b>	<b>657</b>	<b>17.0</b>

Source: World Bank, ADB, GCF, GEF, authorities, and IMF staff estimates

Figure 3 Spending needs for mitigation, adaptation and social resilience in Samoa

Source: IMF (2022)

It is helpful to set these figures against the size of the Samoan economy. The annual cost of adaptation projects alone is around 11% of the country's GDP in 2021. Samoa will also need to spend about 3% of GDP per year above current levels to reach the SDGs in health and education, and a further 3% of GDP over the next five years to meet its mitigation goals. Although the resources required are small in absolute terms, they are very large relative to the size of Samoa's economy, and larger again relative to its public revenues or domestic private financial resources. For this reason, substantial international support will be critical to achieving the country's mitigation and adaptation goals.

The nature of international financial assistance will be very important. Even with Samoa's relatively well-developed public financial management systems, there is necessarily limited fiscal capacity to repay loans and therefore to borrow. Samoa will therefore need grants or highly concessional loans to fill the climate financing gap without incurring unsustainable levels of debt; alternatively, it will need to use alternative sources of finance (such as remittances) and innovative financing instruments (such as guarantees and equity) much more effectively. As of June 2021, the national debt stood at \$392 million or 50% of GDP – of which 40.3% was to the Export Import Bank of China, 29.1% to the World Bank, 20.1% to the Asian Development Bank and 8.1% to the Japan International Cooperation Agency (Economist Intelligence Unit, 2021).

Looking forward, Samoa is at high risk of overall and external debt distress due to the expected negative impacts of climate change and other environmental disasters, which are expected to lower economic growth rates and increase financing needs for repeated post-disaster reconstruction. The Samoan government is therefore working with organisations including the Pacific Islands Forum and the PIF Economic Ministers to explore debt relief with creditors and development partners, including through the use of debt-for-climate and debt-for-nature swaps (Pacific Islands Forum Secretariat, 2022b).

Against this backdrop, it is perhaps little surprise that Samoan policies and plans emphasise the importance of building domestic capacity to access the international financial and technical resources to support climate change programmes and projects. While Samoa has a good record in accessing climate finance, it is very much dependent on third-party entities' expertise to put proposals together. Samoa's *National Climate Change Policy* therefore aims to strengthen individual and institutional abilities to mobilise, manage and account for spending and investment in an efficient and transparent manner, as well as build the knowledge and skills required to design, implement and manage climate change projects (Ministry of Natural Resources and the Environment; Samoa NCCP 2020-2030; page 13).

International climate finance – while undoubtedly critical – accounts for a relatively small proportion of finance flows into the country. Article 2.1(c) emphasises the need to align other finance flows with climate goals, including domestic public finance and domestic and international private capital. In theory, this could potentially direct billions rather than millions into climate-smart development in Samoa. The next section considers some of the policy instruments available to realise this goal, and the extent to which these are being deployed.

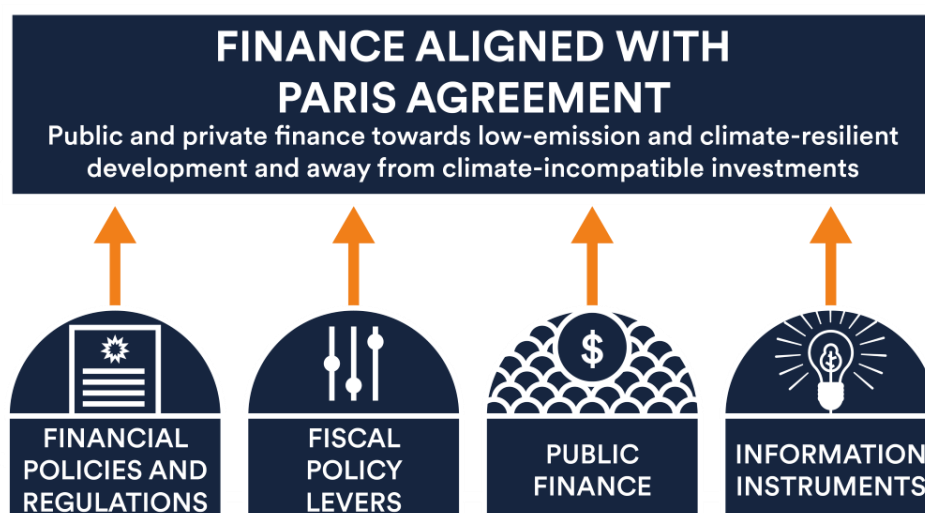
## + 5. Evaluating the climate consistency of Samoa's finance flows

Accountability for achieving the long-term goals of the Paris Agreement will fall on governments. As such, there is a rationale for focusing on the incentives and disincentives public actors create for finance flows, both public and private, to be climate-aligned.

Whitley et al. (2018) identify four public levers that provide a framework for understanding the extent to which governments are progressing towards finance flows that are consistent with low-emission, climate-resilient development pathways. These are: financial policy and regulation, fiscal policy, public investment and information instruments. This framework has now been applied to the six country case studies outlined in Section 1. Key institutions and policies are identified using this framework in Appendix 1.

The framework provides a useful tool for comparing the ambition of central governments, while recognising differentiated responsibilities and respective capabilities in light of national circumstances. However, heterogeneity among countries also means that any standard framework has its limits. In the case of Samoa, for example, the framework is not well-placed to cover the climate consistency of personal remittances. While less relevant in the case studies of (for example) Germany or Indonesia (Hoffman et al., 2022; Halimanjaya et al., 2022), these finance flows accounted for 29.4% of Samoa's national GDP in 2021 (World Bank, 2023a).

Figure 4 Government-led tools to increase the climate consistency of finance flows



### 5.1 Financial policies and regulations

The Central Bank of Samoa (CBS) regulates the country's financial sector. Its mandate is to promote monetary stability, a sound financial structure and credit and exchange

conditions that enable national economic development – a mandate that could include enhancing sustainability and responding to climate-related risks to the economy (Dikau and Volz, 2020).

CBS has a long track record of providing liquidity in the aftermath of environmental disasters such as the tsunami in 2009, Cyclone Evan in 2012 and Cyclone Gita in 2018. In response to these events, the Bank extended credit lines to public financial institutions such as the Development Bank of Samoa and the Samoa Housing Corporation, which then on-lent to their clients on concessional terms. Such demands are likely to increase as average global temperatures rise. Stress tests suggest that Samoa’s banking system is moderately resilient to individual disasters, although local banks might suffer given the concentration of lending to disaster-sensitive areas such as construction and tourism (Central Bank of Samoa, 2020). However, it is likely that the compounding and cascading risks facing Samoa as climate change accelerates will significantly affect the viability of its financial sector.

CBS is also exploring opportunities to mobilise additional resources for green activities and assets via its Sustainable Finance Initiative. Bank staff are drafting guidelines and principles for sustainable lending in consultation with commercial banks, insurance companies, non-financial institutions and ministries (Central Bank of Samoa, 2021). Such principles can subsequently be used to improve alignment of CBS’ own portfolios. CBS has issued an online survey to collect baseline data on lending that can be used to track progress. It has also joined the Sustainable Banking and Finance Network to share lessons and build domestic capacity in greening financial regulation. While the Covid-19 pandemic diverted capacity away from this effort, CBS continues to consider climate change a concern.

A growing number of central banks are exploring their role in managing the physical and transition risks facing the financial sector as a result of climate change, including in the Asia-Pacific (Durrani et al., 2018). Alongside efforts to scale green finance (which CBS is already pursuing), many are looking to encourage or mandate regulated entities to identify, measure and disclose their exposure to climate-related risks. There are methodological challenges and pitfalls to robustly assessing climate-related risks (Chenet et al., 2021; Svartsman et al., 2021); the disclosure of such risks may also lead to capital flight, preventing the private sector from attracting the finance it needs, including to build resilience (Feyertag et al., 2023). The CBS therefore needs to consider different options to mainstream climate considerations, working closely with the four commercial banks active in Samoa. These four entities – two domestic companies and two locally incorporated foreign companies – account for 60% of credit to the national economy (ADB, 2019). Thus, the design of risk assessment methodologies and capacity-building strategies should first be tailored to these four institutions, before moving on to the much smaller insurance sector.

## 5.2 Fiscal policy levers

As outlined in Section 3, the CRICD is critical in the coordination and implementation of national climate policies and actions through its role in managing the implementation of the PDS. However, there are opportunities to mainstream climate considerations more robustly into fiscal decision-making with regard to both revenue generation and public spending.

On the revenue generation side, Samoa has a mixed record in terms of carbon pricing. The transport sector accounts for most of the country's oil demand and is taxed in a way that largely incentivises efficient consumption. Petroleum and diesel face an excise tax of SAT 55/litre and SAT 54/litre respectively, an Accident Compensation Corporation levy of SAT 5/litre and VAT of 15%. The International Monetary Fund (IMF) describes this as an efficient level of carbon pricing, although it also notes that there are opportunities to tweak taxes to further encourage the uptake of more efficient or electric vehicles (IMF, 2022).

The electricity sector does not have a tax regime that reflects the cost of emissions. While most power is generated from diesel and therefore subject to the excise tax of SAT 54/litre, the state-owned Electric Power Corporation receives a refund for this levy. There is also no VAT on electricity sales, which reduces households' and firms' incentive for efficient consumption as well as reducing public revenues that could be used for climate mitigation and adaptation. The IMF recommends applying the standard 15% VAT rate to electricity, as well as increasing the excise tax on kerosene and liquefied petroleum gas (LPG) to create a more appropriate carbon price across Samoa (IMF, 2022).

A carbon market or emission trading scheme offers an alternative pricing approach to a carbon tax. Samoa has not established or joined a carbon market, though politicians and policy-makers have expressed an interest (including in the *Samoa Low Emission Development Strategy 2022–2023*) in selling carbon credits to developed countries under Article 6 of the Paris Agreement (MNRE, 2022).

Samoa's fiscal policy for sectors outside of energy will also be relevant to climate-consistent finance flows. Given the lack of data, this assessment does not examine fiscal policy levers relating to other drivers of greenhouse gas emissions (particularly the agriculture, forestry and other land use sector), nor does it consider the suite of tools available for resilience and adaptation. This is a nascent area, although early work across Africa, the Caribbean and the Pacific suggests that fiscal policy can be used to subsidise adaptation actions (e.g. through tax exemptions or direct transfers for the adoption of adaptation technologies), facilitate resilience through direct public spending (e.g. investments in resilience-enhancing infrastructure) and build fiscal resilience (e.g. through contingency funds or risk insurance pooling) (Watson, 2021).

Samoa was considered at high risk of debt distress in April 2020, partly because of anticipated borrowing to finance climate adaptation and disaster recovery (World Bank and IMF, 2021). Despite the fiscal impacts of the Covid-19 pandemic and rising food and energy prices, Samoa has reduced its debt stock over recent years (IMF, 2023), although its long-term prospects of debt sustainability remain poor. This is in part because the country's energy and transport sectors depend heavily on imported oil, as discussed above; a shift to renewable energy could improve Samoa's balance of payments if

affordable finance is available. In the interim, a large share of Samoa's climate finance needs will have to be met through a combination of more effective domestic resource mobilisation and international grants for concessional loans (IMF, 2022), although there is international encouragement for Pacific SIDS to experiment with green or blue bonds and debt-for-climate or debt-for-nature swaps (Samuwai and Wiese, 2022; Grigoryan et al., 2022) – recognising that these would increase the total debt burden.

On the public spending side, Samoa benefits from relatively well-developed budgeting processes and public financial management. The Ministry of Finance routinely reviews project proposals for their environmental impact and climate resilience, with the Cabinet Development Committee further reviewing proposals worth over SAT 100,000 (Pacific Islands Forum Secretariat, 2014).

However, it is difficult to robustly assess expenditure on mitigating climate change or enhancing climate resilience, both because this is inherently complex to assess for any specific project but also because data is not readily available (PIFS, 2022). Audited figures on recurrent expenditure are only finalised several years after the end of a financial year, while there is no integrated system for recording actual expenditure by development partners. Public budgets do not consolidate data on climate-relevant public expenditure or investments, nor is there systematic coding/tagging or reporting. SOEs' investment plans and budgets are separate again. There is no ex-post review or audit of projects specifically for their climate adaptation and/or mitigation outcomes (PEFA, 2021). An evaluation conducted a decade ago suggests that overall levels of climate expenditure in Samoa are higher than most countries in the region (Pacific Islands Forum Secretariat, 2014), which may reflect greater efforts to mainstream climate considerations or Samoa's greater vulnerability.

Finally, the Ministry of Finance is the focal point for international climate finance as well as other forms of international public finance. Its robust public financial management systems enable the country to secure donor confidence and access significant volumes of concessional finance: the central government receives on average around 16% of GDP in development finance each year, of which half goes to sectors broadly related to climate resilience, and just under 1% of GDP goes to activities specifically defined as having either climate change mitigation or adaptation as their goals (IMF, 2022).

Samoa has strong bilateral relationships, with most support historically coming from OECD Development Assistance Committee (DAC) countries in the region: Australia, Japan and New Zealand. Between 2014 and 2018, the UAE was also a notable funder of renewable energy projects. Multilateral agencies provide even more substantial volumes of climate finance, with donors including the Adaptation Fund, Asian Development Bank, Climate Investment Funds, Green Climate Fund (GCF), Global Environmental Facility and World Bank. Samoa does not currently have direct access accreditation for climate funds, relying instead on internationally accredited entities such as UNDP. However, the Development Bank of Samoa is seeking direct accreditation with the GCF. Satisfying the accreditation and approval processes of the multilateral climate funds is time- and resource-intensive for any small country, given the complex requirements and limited number of civil servants for the task. Samoa could manage this through more carefully matching its pipeline of climate-related projects to financing sources based on their costs

(IMF, 2022), including hidden expenses that increase the cost of capital such as long approval times and complex requirements.

### 5.3 Public finance

The need to scale up public investment for climate adaptation is widely recognised in Samoa and by its international partners. SOEs and PFIs can play a critical role in this endeavour through leveraging private investment, assuming they are well-governed.

As of 2015, Samoa had 15 SOEs, each with a mandate to operate as commercial businesses. Together, these entities have assets worth around 60% of GDP and their activities account for around 3% of GDP (Government of Samoa and UNDP, 2019). Samoan SOEs are active in a number of highly climate-relevant areas including:

- Utilities (Electric Power Corporation and Samoa Water Authority);
- Transport (Land Transport Authority, Polynesian Airlines Limited, Samoa Airport Authority, Samoa Ports Authority, Samoa Shipping Corporation and Samoa Shipping Services);
- Spatial planning (Samoa Land Corporation and Samoa Trust Estates Corporation); and
- Housing (Samoa Housing Corporation).

Despite a mandate of generating a 7% return and 50% dividend to the government, Samoa's SOEs vary considerably in their profitability. Subsidies routinely exceed returns (Government of Samoa and UNDP, 2019), often without the transparency that might be achieved if such costs were recorded in public budgets. For example, the Electric Power Corporation was required to reduce tariffs to buffer vulnerable households from the impacts of the Covid-19 pandemic, but the total costs associated with lost revenue and the beneficiaries of this energy subsidy are more difficult to calculate than direct, targeted support (IMF, 2023).

The Electric Power Corporation has strongly engaged with Samoa's national climate goals, with a mission to 'provide and maintain quality electricity services through innovative, sustainable, and environmentally sound practices in developing renewable energy sources, generation and a distribution infrastructure network, in partnership with customers and stakeholders, to support the development of Samoa (Electric Power Corporation, 2020). While most of the country's power still comes from diesel, hydropower accounted for a quarter of electricity supply, and solar had reached a 14% share in the latest publicly available annual report (Electric Power Corporation, 2020).

As outlined above, the electricity tax regime in Samoa does not sufficiently incentivise efficient power consumption or reflect the externalities associated with greenhouse gas emissions (IMF, 2022). However, recent tariff reforms have at least reduced the incentive for large commercial and industrial users to run on-site diesel generators, which is intended to enable the Electric Power Corporation to more fairly recover its fixed costs from customers (Electric Power Corporation, 2020), and will also reduce the average carbon intensity of power consumption.



Although not among Samoa's largest SOEs, it is also worth noting the financial performance of Samoa Airways and the Samoa Airport Authority. These two entities have accounted for the bulk of operational losses among Samoa's SOEs during and after the pandemic. (In 2022, the airline ceased all long-haul flights to Brisbane, Sydney and Auckland, as a cost recovery measure from Covid lockdown – with plans to resume in two to three years.) Central government guarantees on Samoa Airways' liabilities – worth 2.2% of GDP – have been called (IMF, 2023). Aviation is critical to Samoa's economy both as a means of importing goods and to support the tourism industry, the country's major source of revenue and jobs. However, it is also a major source of greenhouse gases (albeit one not attributed to national emission inventories) and unconditional subsidies to the industry are therefore not aligned with low-carbon, climate-resilient development pathways. Many SIDS are having to navigate this specific tension between economic and climate imperatives.

The other notable actor is the Development Bank of Samoa (DBS), which provides credit and technical assistance to Samoan businesses. During and in the wake of the measles and Covid-19 health crises, nearly 70% of loans have been issued to the tourism sector, but enterprises in the industrial, agricultural and fisheries sectors have also continued to borrow (Development Bank of Samoa, 2021). Although these sectors are highly relevant to both climate mitigation and resilience, there is little publicly available evidence that DBS has engaged with climate issues (although it does provide emergency support in the aftermath of environmental disasters, which are increasingly climate-related). Its latest annual report does not mention climate or environmental issues, apart from emphasising its commitment to completing the accreditation process with the GCF (Development Bank of Samoa, 2021). More information about DBS' climate-relevant policies and practices will likely be available when those documents are completed and released.

## 5.4 Information instruments

One of the eight objectives of Samoa's *National Climate Change Policy 2020–2030* is to 'promote and implement effective awareness, education and advocacy activities'. The central government therefore clearly recognises the value of information instruments to raise awareness, promote learning and shift behaviour to respond to climate change. Responsibility for delivering this objective sits with the Ministry of Education, Sports and Culture, the Samoa Qualifications Authority, the Ministry of Natural Resources and Environment and the Ministry of Communications and Information Technology.

There has been an international proliferation of learning networks, voluntary standards and reporting initiatives on topics relating to climate-aligned financial flows. Samoan public agencies have joined a handful of such international platforms, including the Sustainable Banking and Finance Network and CFAN. Pacific intergovernmental organisations have been particularly important in building climate awareness in Samoa. The Pacific Islands Forum Secretariat has supported work on climate insurance and climate debt swaps; the Pacific Community provides support for sectors including health, agriculture, gender, education and social development to access and use climate finance; and the Secretariat of the Pacific Regional Environment Program (SPREP) has guided MNRE on climate policy-making and supported the country in global climate negotiations. SPREP's headquarters are in Apia.

Within the country, the Samoan government is using information instruments to steer spending by households and firms. For example, the country recently introduced minimum energy performance standards for refrigerators, freezers, air conditioners and lighting; energy efficiency labelling is also mandatory for refrigerators, freezers and air conditioners.

Industry associations are also engaging with climate issues: for example, the Samoa Chamber of Commerce and Industry organised workshops on climate change private sector preparedness in 2018 and 2022. Civil society organisations are also active, enabled by two major community granting schemes. The Civil Society Support Program (CSSP) under the Ministry of Finance has collaborated with, and disbursed funding to, organisations including the Samoa Umbrella of Non-Governmental Organisations (SUNGO) to build climate-related capacities for civil society governance, while UNDP in conjunction with MNRE has administered a Small Grants Program (SGP) that has supported 249 initiatives since its inception.

Relative to the work undertaken to green Samoa's fiscal policy and public finance, there are further opportunities to build the knowledge and capacities of Samoa's private financial sector – especially commercial banks and insurance companies – to engage with climate-related risks and opportunities. Nurturing professional associations, promoting the uptake of international voluntary standards (such as those developed by the Global Reporting Initiative or Sustainability Accounting Standards Board) and providing access to learning platforms would help shift lending and investment in Samoa towards Paris alignment.

## + 6. Conclusion and recommendations

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The first official GST of the Paris Agreement offers an opportunity for countries at all income levels to assess their progress towards achieving its long-term goals, including Article 2.1(c). This assessment of the climate consistency of finance flows in Samoa is one of several country case studies, which collectively provide an evidence base on the status quo and next steps that these countries could take.

Samoa has some early success stories and some promising initiatives in place to enhance the climate consistency of its finance flows. Yet the preliminary analysis in this paper suggests that Samoa's national climate goals have not yet been fully taken into account in the design of its financial regulation and fiscal policies, or in the disbursement of public finance. This is an urgent challenge given that recent estimates suggest that Samoa needs to mobilise roughly 17% of GDP each year to meet its adaptation investment needs. Currently, there is an investment gap of around 6% of GDP per annum (IMF, 2022).

It is important to reiterate the profound constraints facing Samoa, in common with the other Pacific SIDS. These island nations are highly exposed to international shocks given their dependence on imports, tourism, international concessional finance and remittances, and have consequently suffered from the health crises and geopolitical turbulence of recent years. The physical distance among islands within the archipelago imposes significant transport costs, reducing economic competitiveness and increasing the cost of living. Small populations mean that both the public and private sectors have a small skills base to draw on, the fixed costs associated with public service provision are borne by a smaller number of people and the state is small in absolute if not relative terms (Oppong, 2016; Everest-Phillips and Henry, 2018). All of these conditions mean that Samoa has limited human, technical and institutional capacities to focus on aligning finance flows with climate goals, despite the urgency of mitigation and adaptation.

Nonetheless, there are opportunities to improve the climate consistency of the country's fiscal and financial landscape. This is not just the responsibility of national stakeholders. Developed countries should take the lead on operationalisation of Article 2.1(c); international climate finance could support Samoa to become more climate-consistent in its finance flows; and official development assistance and other international public finance should also be Paris-aligned. However, there are some quick wins for fiscal and financial decision-makers in the Samoan government, as well as opportunities to use information instruments to steer finance flows in the private and civic sectors.

### ***Financial policies and regulation***

The Central Bank of Samoa has a long track record of providing liquidity in the aftermath of disasters. The financial supervisor (CBS) is also developing guidelines and principles for sustainable lending, which commercial banks, insurance companies, non-financial

institutions and other actors can use to improve the alignment of credit with Samoa's climate goals.

However, CBS does not seem to have publicly engaged with the physical and transition risks facing the financial sector due to climate change. Given the country's high exposure to physical risks in particular, such analysis may lead to capital flight and affect the private sector's access to finance (including to build resilience). CBS may therefore want to work with the four commercial banks active in Samoa to find other ways to ensure that investment and lending are aligned with the country's climate goals.

### ***Fiscal policy levers***

On the revenue generation side, Samoa has a mixed record in terms of carbon pricing. The transport sector accounts for most of the country's oil demand, and the combination of excise taxes, accident levies and VAT has led to an efficient level of carbon pricing. However, the electricity sector (mostly powered by diesel) receives a refund on excise taxes and an exemption for VAT, which reduces households' and firms' incentive for efficient consumption. The IMF accordingly recommends applying the standard 15% VAT to electricity, as well as tweaking vehicle taxes to encourage the uptake of more efficient or electric vehicles (IMF, 2022).

Focusing on the public spending side, Samoa benefits from relatively well-developed budgeting processes and public financial management including a review process to assess how all project proposals impact upon the environment and climate resilience. However, it is difficult to robustly assess expenditure on mitigating climate change or enhancing climate resilience, both because this is inherently complex to assess for any specific project but also because data on recurrent expenditure by public agencies and actual expenditure by development partners is not readily available. This is not a climate-specific issue, but a cross-cutting challenge to ensure that scarce domestic and international public resources are used to maximum benefit.

Samoa's relatively robust public financial management systems enable the country to access significant volumes of concessional finance: the central government receives on average around 16% of GDP in development finance each year, of which half goes to sectors broadly related to climate resilience, and just under 1% of GDP goes to activities specifically defined as having either climate change mitigation or adaptation as their goals (IMF, 2022).

### ***Public finance***

SOEs and PFIs can play a critical role in scaling low-carbon, climate-resilient investment. As of 2015, Samoa had 15 SOEs with assets worth around 60% of GDP (Government of Samoa and UNDP, 2019), many of which are powerful actors (if not monopolies) in highly climate-relevant sectors including electricity and water utilities, transport, land use planning and housing.

The extent to which these SOEs have engaged with Samoa's national climate goals varies. The Electric Power Corporation is shifting its investment to increase the share of renewable power serving the grid: while most of the country's power is still generated from

diesel, hydropower accounted for a quarter of electricity supply and solar had reached a 14% share in the latest publicly available annual report (Electric Power Corporation, 2020). Progress has been made arguably despite a tax regime that does not sufficiently incentivise either efficient power consumption or capture the externalities associated with greenhouse gas emissions. Samoa Airways and Samoa Airport Authority incur huge costs to the taxpayer: in addition to operational losses during the pandemic, central government guarantees on Samoa Airways' liabilities worth 2.2% of GDP were called (IMF, 2023). While the aviation industry is a critical lifeline for Samoa, allocating public finance to the sector without any environmental conditionalities or support for transition planning is not consistent with low-carbon, climate-resilient development pathways.

The DBS disburses significant volumes of public finance to micro-, small and medium enterprises across the tourism, agriculture and fisheries and industrial sectors. Although these sectors are highly relevant to both climate mitigation and resilience, there is little public evidence that DBS has engaged with climate issues. Hopefully this will evolve as it pursues accreditation with the GCF.

### ***Information instruments***

Samoa maintains a close working relationship with Pacific regional organisations including the Pacific Islands Forum Secretariat, the Pacific Community (SPC) and especially SPREP, all of which support national climate awareness initiatives that inform financial decision-making. The country's public agencies have also joined a handful of international learning platforms on topics relating to climate-aligned financial flows, such as the CFAN. The government is using information instruments to steer spending by households and firms. For example, the country recently introduced minimum energy performance standards for refrigerators, freezers, air conditioners and lighting; energy efficiency labelling is also mandatory for refrigerators, freezers and air conditioners. Industry associations such as the Samoa Chamber of Commerce and Industry are engaging with climate issues through – for example – training and workshops.

There are further opportunities to build the knowledge and capacities of Samoa's private financial sector – especially its commercial banks and insurance companies – to engage with climate-related risks and opportunities. Nurturing professional associations, promoting the uptake of international voluntary standards (such as those developed by the Global Reporting Initiative or Sustainability Accounting Standards Board) and providing access to learning platforms would help shift lending and investment in Samoa towards Paris alignment.

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## Government-led levers supporting climate consistency of finance flows in Samoa

### Legend

Implementation status	Paris alignment status
Implemented or to be implemented	In line with scientific 1.5°/2°C scenario or Climate Action Tracker fair share target (Climate Analytics and New Climate Institute, 2021a)
Under development or being discussed by government	Progress in right direction, but not sufficient
Rejected or disregarded by government	Misaligned without considerable progress towards alignment
Not yet on government agenda	No information available

Government lever	Measure	Context	Mitigation-relevant activities	Adaptation-relevant actions
			Quantitative and qualitative information	Quantitative and qualitative information
Policy	Overall plans and strategies	<p><b>The Pathway for the Development of Samoa 2021–2026 (PDS)</b></p> <p>Samoa’s main overarching national planning documents.</p> <p>The PDS (formerly the Strategy for Development of Samoa or SDS) lays out the five-year strategy for Samoa’s overall development based on the four pillars of sustainable development (economic, social, infrastructure, and environment).</p>	<p>The document details proposed actions for a low-carbon future. It proposes the continued transition to solar, wind and hydropower with the goal of achieving 70% renewable energy use by the end of 2031; support for new projects that have minimal impacts on the environment, such as small hydro plants; encourage innovation and stimulate investment in renewable energy projects; facilitate energy solutions for everyday Samoans, the Afolau Biomass Gasification Plant for cost-effective renewable energy to consumers; policies and plans to increase substitution of petroleum fuels with biodiesels and biofuels and increase application of hybrid and electric vehicles; research and development of clean alternative fuels, such as biofuels and renewable energy-fuelled charging stations for electric vehicles. With more e-vehicle charging models</p>	<p>The document proposes improved mainstreaming of climate resilience and disaster risk management (including health crises) in all sectors, drawing on the extensive risk mapping and identified activities in the CIM plans. It will prioritise disaster risk financing instruments to reduce the socio-economic and fiscal vulnerability of the economy; increased public awareness of risks from climate change and improved technical projections of future disasters to better enable partners to support the prevention, preparedness, response and recovery from disasters.</p>

			available than ever, the landscape for electric vehicles in Samoa could look brighter in the near future.	
		<p><b>Samoa 2040 (2021)</b></p> <p>This document provides a roadmap to navigate Samoa's development over the next 20 years. It focuses on tourism, agriculture and fishing, digital economy, and labour mobility, with</p> <p>the goal of boosting economic growth, creating employment, generating government revenues, and raising standards of living.</p> <p>Samoa 2040 complements the SDS.</p>		<p>The document proposes resilient investment as climate change is the critical global challenge facing Samoa over the next 20 years and beyond. Alongside investments in its people, climate-resilient investments in physical infrastructure will be required to ensure that Samoa is in as strong a position as possible to adapt. Improvements in farming infrastructure and practices will ultimately protect livelihoods across Samoa's population and help to ensure food security in the face of natural disasters and a changing climate.</p>
		<p><b>Samoa Climate Change Policy 2020</b></p> <p>Samoa's climate change plan of action and the interventions across all sectors, civil society,</p>	Implement mitigation measures to reduce greenhouse gas emissions including relating to	Implement adaptation measures to protect Samoa from the impacts of climate change across the focal areas:

		<p>private sector and at the community level to build resilience to the impacts of climate change. The document is line with the country's sustainable development objectives and meet its regional and international obligations. It eight key priorities:</p> <p>1. Establish an effective governance framework and support systems in place for effective response to climate change impacts</p> <p>2. Implement adaptation measures to protect Samoa from the impacts of climate change</p> <p>3. Implement mitigation measures to reduce greenhouse gas emissions including matters relating to Nationally Determined Contributions (NDCs)</p>	<p>the Nationally Determined Contributions (NDCs)</p> <p>GHG emissions from</p> <ul style="list-style-type: none"> <li>• Transport (land, aviation and maritime)</li> <li>• Agriculture (livestock, soil practices and fishing)</li> <li>• Environment</li> <li>• Energy</li> <li>• Tourism</li> <li>• Trade and commerce</li> <li>• Manufacturing and construction</li> <li>• Residential and commercial</li> <li>• Waste management</li> </ul> <p>Forestry management</p>	<ul style="list-style-type: none"> <li>• Environment (coastal and inland infrastructure)</li> <li>• Ecosystems, ecosystem services</li> <li>• Biodiversity</li> <li>• Health</li> <li>• Soil</li> <li>• Sanitation</li> <li>• Oceans</li> <li>• Agriculture (crops, livestock, fisheries) and food security</li> <li>• Protected Areas</li> <li>• Tourism investments</li> <li>• Water resources</li> <li>• Integration of Disaster Risk Reduction</li> </ul>
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		<p>4. Implement measures to enhance sustainable climate finance</p> <p>5. Effectively mainstream climate change adaptation and mitigation into national planning, implementation and monitoring processes</p> <p>6. Improve data and information management on climate change for informed decision-making</p> <p>7. Strengthen effective coordination and representation at the national, regional and international level</p> <p>8. Promote and implement effective awareness, education and advocacy activities on climate change issues</p>		
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		<p><b>Low Carbon Development Strategy 2020–2030</b></p> <p>The strategy reviews and updates the previous GHG Abatement</p> <p>Strategy (2008–2018), identifies gaps, and explores sectors to achieve further greenhouse gas emission reductions.</p>	<p>Samoa aims to ‘reduce overall GHG emissions by 26 percent in 2030 compared to 2007 levels’. The overall goal of 70% renewable energy use by the end of 2031. The document lays out innovative RE projects to stimulate investment and encourage cost-effective energy solutions guided by these sectoral pathways and strategic actions.</p>	
		<p><b>Samoa’s Second Nationally Determined Contribution (NDC) 2021</b></p> <p>This document is the committed contribution of Samoa under the Paris Agreement of the United Nations</p> <p>Framework Convention on Climate Change (UNFCCC). Samoa</p>	<p>Focusing on mitigation in the energy (electricity, land transport, maritime transport and tourism) sector, the waste sector, and the agriculture, forestry, and other land use (AFOLU) sector. A core element of Samoa’s NDC is to reduce overall GHG emissions by 26% in 2030 compared to 2007 levels (or by 91 Gg CO<sub>2</sub>e compared to the new reference year once Samoa’s GHG emissions inventory has been updated).</p> <p>The focus of Samoa’s NDC is on mitigation. Samoa highlights the need to build on work to ensure actions that have been identified during the implementation of previous adaptation objects are addressed at a future</p>	<p>Samoa also prioritises adaptation in its second NDC focusing on the marine and AFOLU sectors as a priority.</p> <p>Samoa recognises that the adverse effects of climate change will have significant impacts on the country particularly in sectors such as agriculture, coastal infrastructure, health, forestry, meteorology, tourism, and water. These sectors were prioritised in the National Adaptation Programme of Action (NAPA) and adaptation projects in these sectors have been successfully implemented with external financial support.</p>

		submitted its first NDC in 2015 and its second in July 2021.	stage. The target is conditional on Samoa receiving external assistance to maintain the contribution of renewable sources at 100% through to 2025. Assistance required to reach this target includes human, technological and financial resources.	
		<p><b>Second National Communication to the UNFCCC (2019)</b></p> <p>This document provides information on the progress made by Samoa in implementing the UNFCCC and includes the national inventory of anthropogenic GHG emissions (based on 2007 figures).</p>	Samoa is committed to reducing its greenhouse gas emissions and pursuing a low-carbon emission development pathway. The energy sector, which accounted for 50% of total GHG emissions in 2007, is targeted for emissions reductions in this NDC, in particular the electricity subsector. This ambitious target is supported by a combination of policy-level actions and development projects.	
		<p><b>Energy Sector Plan 2017–2022</b></p> <p>This plan identifies the main areas for development in Samoa’s</p>	The document proposes various actions to reduce GHG emissions in the energy sector by 30% in 2030 compared to 2007 levels (or by 53 Gg CO <sub>2</sub> e compared to the new reference year levels once the GHG emissions inventory is updated)	

		<p>energy sector. It has a particular focus on renewable energy, electricity services, energy efficiency, transport, petroleum management, and sector coordination.</p>	<ul style="list-style-type: none"> <li>▪ Reach 100% renewable electricity generation by 2025</li> <li>▪ Implement and monitor energy efficiency programmes</li> <li>▪ Implement grid stabilisation and network loss reduction programmes</li> </ul> <p>Implement and monitor energy efficiency programmes</p> <ul style="list-style-type: none"> <li>▪ Implement grid stabilisation and network loss reduction programmes</li> <li>▪ Electrification of vehicles</li> <li>▪ Shared electric micro-mobility (e.g. scooters).</li> </ul>	
		<p><b>Maritime Transport Sector Plan 2013–2018</b></p> <p>This plan is a sector framework to guide the development and funding of the transport sector to ensure it is environmentally</p>	<p>Samoa’s Second NDC targets reducing GHG emissions in the maritime transport sector by 3.0 Gg CO<sub>2</sub>-e in 2030 compared with 2007 levels. This target is based on the 2007 emissions inventory baseline, and can be applied relative to the new reference year once the GHG emissions inventory is updated. The maritime transport sector target makes up part of the overall energy sector target.</p>	

		sustainable, energy-efficient, and socially responsible. The plan focuses on improving and climate-proofing Samoa's road transport network, maritime services, and air transport services.		
		<p><b>Marine Sector – Samoa Ocean Strategy</b></p> <p>Seeks to manage Samoa's ocean, including protecting ecological habitats and marine wildlife, and safeguard important sources of food, income, and economic growth derived from Samoa's ocean.</p>	<p>Coastal mangroves and seagrasses are vital to sequestering and storing CO2. Offshore habitats such as canyons, seamounts, water columns and the seabed offer additional goods and services such as nutrient cycling, carbon storage and sequestration, mineral resources, and high biodiversity.</p>	<p>Expand the area of mangrove forests in Samoa by 5% by 2030 relative to 2018.</p> <p>Mangrove restoration and planting programmes in coastal areas.</p>
		<p><b>National Waste Management Strategy 2019–2023</b></p>	<p>Reduce GHG emissions in the waste sector by 4% in 2030 compared to 2007 levels (or by 1.2 Gg CO2 e compared to the new</p>	

		<p>This strategy guides waste management in Samoa for the period 2019–2023 and sets out goals including targeting solid waste and chemical and hazardous waste.</p>	<p>reference year levels once the GHG emissions inventory is updated)</p> <ul style="list-style-type: none"> <li>▪ Applying landfill gas capturing technologies to Samoa’s landfills</li> </ul>	
		<p><b>Water and Sanitation Sector Plan 2017</b></p> <p>This plan covering the period 2016–2020 outlines steps to address climate change impacts on water resources, expand water resources, address capacity gaps, and improve awareness of hygiene and sanitation issues.</p>		<p>Water managers to factor in the impact of climate change in their planning and strategies to increase contingency storage to cater for extended dry seasons, to improve spillways and drainage systems and stream courses to cater for increased wet season flows and reduce flooding. With increased evaporation managers will need to optimise water use from surface and groundwater sources and reduce water wastage, while at the same time developing a sound business model for water supply based on realistic cost-recovery tariffs.</p>

		<p><b>Agriculture Sector Plan 2016–2020</b></p> <p>This plan provides the framework to guide coherent programmes and actions from all key stakeholders to achieve the goal of increased food, nutrition, and income security in Samoa.</p>	<p>Reduce GHG emissions in the sector by 26% in 2030 compared to 2007 levels (or by 35.2 Gg CO<sub>2</sub> e compared to the new reference year levels once the GHG emissions inventory is updated).</p>	<p>Expand the area under agroforestry to an additional 5% of agricultural land by 2030 relative to 2018. Awareness- raising activities and targeted support, including provision of seedlings.</p>

Fiscal policy    Taxes    and  
levies

		Petroleum	<p>Government controls all petroleum supplies and prices through a five-year tender process Bulk Fuel Supply Contract and Onshore Terminal and Distribution model. Prices are reviewed monthly and fluctuate – based on international prices. The level of excise and levy taxation in Samoa is around US 23 cents, of</p>	
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			<p>which US 15 cents/litre is to reflect the cost of GHG emissions priced at USD 62/tCO<sub>2e</sub>.</p> <p>Diesel used for power generation is also subject to the excise tax but receives a refund for the levy. There is no tax on sales of electricity, but the EPC receives a tax credit for any VAT paid on their inputs. Zero-rating under VAT should be applied only to exported products. Taxation of kerosene and LPG is below the economically efficient level (IMF, 2022).</p>	
		Solar panels and solar systems tax exempt	No excise taxes on solar panels and systems imported for business or household needs.	
		Vehicles	There are excise taxes (as well as VAT and annual registration fees) on vehicles. For passenger motor vehicles these range between 10–50% and increase with engine size. Buses enjoy a lower excise rate of 8%, as do hybrid vehicles (5%). Legislation in 2020 under the Customs Revenue Act to waive taxes on importation of	

			Electronic Vehicles to Samoa (IMF, 2022)	
	Price support or controls	See Petroleum	Price control of petroleum – for vehicles and electricity generation	
	Carbon pricing		<p>See petroleum, solar panels and vehicles (above)</p> <p>Samoa could support mitigation efforts by increasing excise taxes on kerosene and LPG and applying the standard VAT rate on electricity. This involves increasing the kerosene excise by 20 sene/litre and changing the LPG excise rate from an ad-valorem rate of 8% to a specific rate of 43 sene/litre. This would raise around 0.3% of GDP in revenue, which can be redistributed to support vulnerable households (see next subsection) and help meet 4% of Samoa’s NDC target.</p>	
		<b>Carbon Market</b>	Samoa has not participated in previous Kyoto carbon market tools.	



		<p><b>Low Carbon Development Strategy 2020–2030</b></p> <p>The document lays out mitigation opportunities across the energy, transport, infrastructure, waste, forestry and agriculture sectors that can be implemented in order to meet GHG emissions targets as set out in national policies and commitments towards the Paris Agreement.</p>	<p>The government is considering options for carbon markets and voluntary market mechanisms, as well as renewable energy certificate mechanism options.</p>	
Public finance	Grants	<p><b>Civil Society Support Program (CSSP)</b></p> <p>A programme under the Ministry of Finance in collaboration with the European Union and government of Australia to provide grants to civil society. The programme provides capacity-building to strengthen governance and management systems</p>	See Adaptation	<p>CSSP has disseminated climate change-related grants under three projects. The Green Climate Fund – Vaisigano Catchment Project (2017–2023) provides grants totalling \$15.6 million for 26,528 people impacted by Cyclone Gita and Evan flooding. The grants fund upgrade infrastructure and drainage downstream, integrated planning and capacity strengthening, including planning for flooding caused by extreme weather events, and flood mitigation measures especially river works and ecosystem</p>

		of civil society organisations. Through a separate performance-based contract, SUNGO as the umbrella NGO and Samoa Business Hub provide training and mentoring for CBOs and NGOs seeking CSSP funding.		<p>solutions in the Vaisigano River Catchment.</p> <p>Two projects have concluded: The Adaptation Fund and World Bank 2013–2018 Pilot Project for Climate Resilience (PPCR) and the Australian Department of Foreign Affairs Water Security and Climate (2011–2016).</p>
		<p><b>Small Grants Programme (SGP)</b></p> <p>This is a corporate programme of the Global Environment Facility (GEF) implemented by the United Nations Development Programme (UNDP) with leadership from the Ministry of Natural Resources and</p>	See Adaptation	<p>The almost three-decade programme has provided financial and technical support to projects that conserve and restore the environment while enhancing people’s well-being and livelihoods. SGP demonstrates that community action can maintain a balance between human needs and environmental imperatives. The grants funds community-based projects in biodiversity conservation, climate change mitigation and adaptation, prevention of land degradation, protection of</p>

		Environment. It started in 2005 and has since funded 249 projects for a total of \$4.8 million.		international waters, and reduction of the impact of chemicals, while generating sustainable livelihoods.
	Budget support	Development Bank of Samoa	DBS is in the process of applying for accreditation with the Green Climate Fund. Credit risk management has been prioritised to improve effectiveness.	
	Public budget and spending climate aligned	Ministry of Finance – Public Sector Investment	Despite having strong PFM there is no consolidated overview of climate-relevant public investment projects in budget documents or systematic reporting on the implementation of these projects. In 2015 the government issued a Public Sector Investment Program (PSIP) for the 2015/16–2017/18 budget cycles that detailed ongoing and planned public investment. There has been no comprehensive update of the PSIP. The Fiscal Strategy documents for 2020/21 and 2021/22 provided	

			summary overviews of public investment. There is no mechanism for budget coding of (or 'tagging') climate-related budget expenditures, though some major climate-related investment projects can be identified by project names. These are found in budget documents or in separate SOE corporate plans. There is no ex-post review or audit of projects specifically for their climate adaptation and/or mitigation outcomes.	
	Debt	Pacific Economic Ministers – Pacific Islands Forum	In acknowledging this vulnerability to external shocks leaves limited fiscal space for borrowing of this magnitude, the government is working through organisations like Pacific Islands Forum and the mechanism of PIF Economic Ministers to explore debt relief with creditors and development partners'– including through debt-for-climate swaps. In their first-ever debt conference in 2022, Pacific countries including Samoa identified the need to explore options for debt relief and debt for nature swaps. This could be informed by experience with debt for	

			climate swaps in the Caribbean with private creditors	
Public financial institutions	Public climate finance institution	Samoa Climate Fund		
	DFIs or green bank with dedicated climate strategy	Central Bank of Samoa	The Central Bank is prioritising sustainable finance, or 'green finance', to facilitate the development of business activities that supports environmental sustainability. In 2022, CBS consulted on initial drafting of a sustainable lending guidelines and principles document for financial institutions. This will contribute to the policy framework to assist with the promotion of sustainable and green finance in Samoa.	See Mitigation
	Insurance	Pacific Catastrophe Risk Insurance Company (PCRIC)		Samoa has been a member of the regional catastrophe insurance platform, the Pacific Catastrophe Risk Insurance Company (PCRIC), since 2015. PCRIC offers its members quick-disbursing, parameter-based insurance cover against disaster hazards. PCRIC insurance premiums of around \$0.5 million/year are mostly

				<p>financed through the WB-funded Pacific Resilience Program (PREP), with the Samoan government contributing a small but over time increasing share. In 2020, insured hazards were earthquakes and tropical cyclones, with coverage up to \$10.7 million.</p> <p>While Samoa has good disaster risk management in place, social protection systems and private insurance could be developed further</p>
		<p><b>National Disaster Risk Financing and Insurance (DRFI) Strategy (in draft)</b></p>	<p>An overarching DRFI strategy, to be approved by the Cabinet, is expected to provide centralised guidance on disaster risk assessments and existing and planned financing instruments, as well as outline the disaster response processes and responsibilities of different agencies.</p> <p>All public buildings are insured. Cover for the private sector is insufficient.</p>	<p>See Mitigation)</p>

Information instruments	Awareness campaigns	<p><b>Samoa Climate Change Policy 2020</b></p> <p>Samoa's climate change plan of action and the interventions across all sectors, civil society, private sector and at the community level, to build resilience to the impacts of climate change.</p>	<p>Promoting public awareness of and education on climate hazards, resilience-building and risk reduction. Improve advocacy, education awareness, climate change research opportunities, climate curriculum in primary, secondary and tertiary and non-formal curriculum. Recognition and accreditation of non-formal</p> <p>Capacity-building at community level.</p>	See Mitigation
	Certification and labelling	<p>Samoa Energy Sector Plan 2017–2022</p> <p>(Ministry of Finance)</p>	<p>Samoa implemented minimum energy performance standards for refrigerators, freezers, air conditioners and lighting between 2018 and 2019, based on Australian and New Zealand standards. Energy efficiency labelling is mandatory for refrigerators, freezers and air conditioners. The Ministry of Finance – Energy Division manages</p> <p>registration of and monitors energy efficiency of refrigerators and freezers.</p>	





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