



GOVERNMENT OF SAMOA

FISCAL STRATEGY STATEMENT

2020/21 MAIN ESTIMATES

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1. Introduction

Reporting Requirements

The Public Finance Management Act 2001 stipulates the principles of responsible fiscal management as well as the reporting requirements associated with the presentation of the budget.

The reporting requirements include, under Section 19 of the Act the Fiscal Strategy Statement to be submitted to the Legislative Assembly as part of the budget documentation.

The Fiscal Strategy Statement includes an assessment of the extent to which the budget statement is consistent with the “Strategy for the Development of Samoa” (SDS), an explanation of the reasons for any significant differences between the current economic and financial situation and the targets set out in the SDS. Furthermore, these targeted outcomes will also be achieved with a coordinated effort by the government, the private sector and our development partners through the successful implementation of public sector investment programs.

2. Economic Objectives

Fiscal Policy

The Strategy for the Development of Samoa 2020/21 – 2024/25 (SDS) establishes the medium term goal of a Resilient Macro-Economic Framework that targets ensuring minimal impact from exogenous factors and a quick recovery period. In that regard, the following fiscal targets have been set for the next 5 fiscal years:

- i. Budget deficit to be within the range of 2% to GDP;
- ii. Total current expenditure to be maintained within the range of 25% to 30% of GDP;
- iii. Personnel Cost to be maintained within the range of 35% - 40% of Total Expenditure
- iv. Public debt to GDP to be kept below 50%;
- v. Debt Servicing Cost to Revenue receipts (Excluding Grants) to be kept below 20%.

Notwithstanding the SDS's established targets over the medium term, in the face of the uncertainties surrounding global economic conditions today due to the COVID19 Pandemic – for a small economy such as Samoa, that is also recovering from the impact of measles late 2019/early 2020 – expanding Government's fiscal position is the key stimulant needed to maintain economic growth.

Over the course of the next few months the Government will therefore endeavour to ensure:

- i. sound policy measures are well defined and implemented;
- ii. prioritizing spending on most affected sectors of the economy;
- iii. effective implementation of Government Public Investments for development on all Sectors to generate economic stimulation
- iv. there is sufficient fiscal space and support to cater for the immediate and medium term needs of the country;
- v. that all Sectors are encouraged to work together to support each other in order to enable a rapid recovery; and
- vi. provision of sufficient support to as many of those affected in a bid to ensure that nobody is left behind.

Government spending will therefore be reprioritized and in some key areas increased to address the economic impacts of the COVID19 and at the same time ensure increased preparedness and readiness within the Health Sector. Interruptions to trade are being anticipated which will inevitably affect the border tax collections of Government as well as internal taxations further adding to the projected fiscal expansion. The mobilization of assistance from all of Government's key development partners however will contribute greatly not only in addressing

the needs of the nation but also in closing the fiscal gap that the pandemic is expected to continue to create within the first six months of the new fiscal year.

Monetary Policy

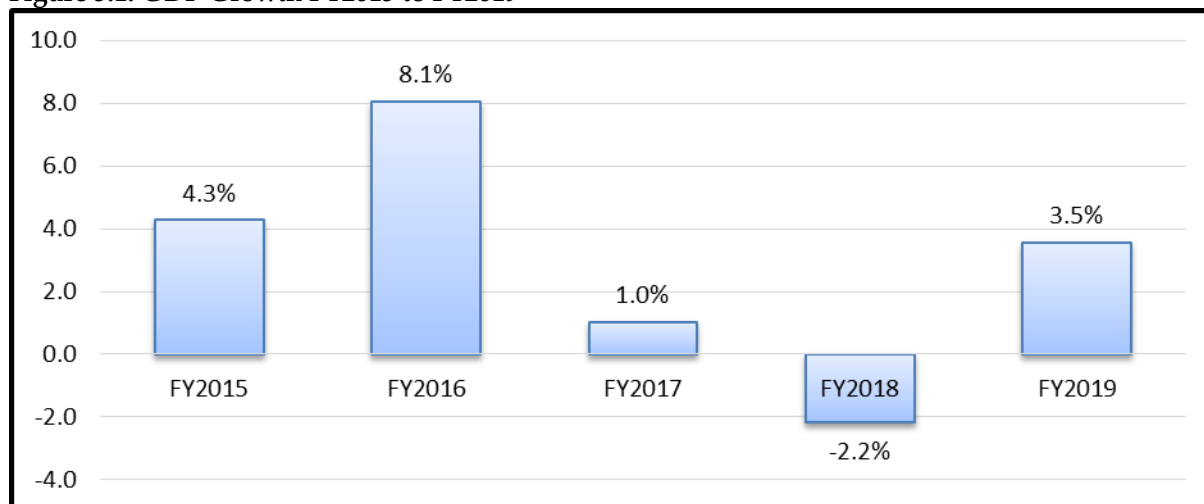
Monetary policy stance remains eased, with the main priority to maintain low interest rates and accommodative monetary conditions to support the economy. Since the declaration of the State of Emergency in late March 2020, the Central Bank of Samoa has been in weekly meetings with the four commercial banks in order to monitor the stability and soundness of the banking system, particularly given the banks' exposure to potential risks as well as the implementation of their relief packages to highly affected customers.

3. Fiscal and Economic Performance: FY2015 – FY2019

Macroeconomic Performance

Due to its small demographic as well as its geographic location, Samoa's economy is volatile to natural disasters and global crises. Although the economy greatly benefited from various development projects over the past 5 years, it also faced many challenges that affected its development.

Figure 3.1: GDP Growth FY2015 to FY2019



Source: Ministry of Finance and Samoa Bureau of Statistics

The first two fiscal years (2014/15 & 2015/16) of the reviewing period showed very strong growth of 4.3 percent and 8.1 percent respectively. Factors driving the growth included:

- i. major events/conferences (SIDS, Commonwealth Youth Games, and historical All Blacks Game),
- ii. a boost in fish exports due to the establishment of the Apia Deep Sea Fishing Limited, and
- iii. the opening of two major hotels: Sheraton Samoa Aggie Grey's Hotel and Taumeasina Island Resort.

During the first two reviewing periods, the Commerce, Agriculture, Fishing, Construction, Accommodation and Restaurants, and Transport industries drove economic growth from the aforementioned developments.

On the contrary, the following two fiscal years (2016/17 and 2017/18) were the weakest of the reviewing period which registered a 1.0 percent and a -2.2 percent growth. These were affected largely by the Yazaki Closure and the impacts from Cyclone Gita. These events negatively impacted the Other Manufacturing industry as well as the Primary industries.

The economy's trend picked up again in FY2018/19 to stand at 3.5%. The major factor behind this growth was the preparation efforts Samoa put into hosting the Pacific

Games in July 2019. This positively impacted industries across the economy, namely: Accommodation and Restaurants, Construction, Commerce, Communication, Electricity and Water, Food and Beverage Manufacturing, and Transport.

Table 3.1: Economic and Fiscal Statistics FY2015 to FY2019

	FY2015	FY2016	FY2017	FY2018	FY2019
Gross Domestic Product					
Nominal GDP (<i>million tala</i>)	1,911	2,089	2,109	2,106	2,227
Real GDP (2013 constant price)	1,848	1,997	2,017	1,974	2,044
% Growth	4.30	8.10	1.00	-2.20	3.50
Inflation					
Inflation Index	100.02	100.10	101.42	105.21	107.48
Inflation Rate (%)	1.90	0.10	1.30	3.70	2.20
Fiscal Balance					
Fiscal Balance (<i>million tala</i>)	-75.66	-8.44	-22.53	-4.35	60.39
% to GDP Nominal	-4.0	-0.4	-1.1	-0.2	2.7
Revenue and Grants					
Revenue and Grants (<i>million tala</i>)	534.36	595.59	617.41	645.39	707.30
Tax Revenue (<i>million tala</i>)	442.02	497.56	517.46	525.82	572.56
Grants (<i>million tala</i>)	41.17	45.43	40.85	61.13	45.51
Non-Tax Revenue (<i>million tala</i>)	51.17	52.60	59.11	58.44	89.23
Revenue and Grants (% to GDP)	28	29	29	31	32
Tax Revenue (% to GDP)	23	24	25	25	26
Grants (% to GDP)	2	2	2	3	2
Non-Tax Revenue (% to GDP)	3	3	3	3	4
Total Expenditure					
Total Expenditure (<i>million tala</i>)	610.01	604.03	639.94	649.73	646.91
Current Expenditure (<i>million tala</i>)	526.70	503.93	490.46	515.51	576.74
Net Acquisition of Non-financial Assets (<i>million tala</i>)	83.32	100.10	149.47	134.22	70.16
Subsidies (<i>million tala</i>)	17.82	15.07	10.18	5.12	4.70
Total Expenditure (% to GDP)	32	29	30	31	29
Current Expenditure (% to GDP)	28	24	23	24	26
Net Acquisition of Non-financial Assets (% to GDP)	4	5	7	6	3
Subsidies (% to GDP)	1	1	1	0.2	0.2
Foreign Reserves: Import Cover					
Reserve Levels (SAT '000)	352	336	284	309	418
Months of Import Cover	5.1	4.2	4.7	6.1	6.7
Public Debt					
Official Public Debts (<i>million tala</i>)	1,126	1,080	1,047	1,113	1,058
Official Public Debts as % of GDP (Target below 50%)	58	53	49	50	48
Total Debt Servicing (<i>million tala</i>)	53.9	66.5	66.6	82	81
Debt Servicing as % of Revenue (Target below 20%)	9.6	10.9	11.2	13.5	11.7

Source: Ministry of Finance, Central bank of Samoa & Samoa Bureau of Statistics

Sector Support Strengthened in the Past Five Years

The Health Sector has been and continues to be a priority sector for Government in light of the current COVID19 pandemic. The launch of the new Sector Plan 2019/2020 – 2029/2030 provides the framework through which health priorities are identified and developed to achieve a people-centered health services that promotes health and well-being of its people. The refurbishment of the new Tupua Tamasese Meaole Hospital and the opening the Public Health Clinic has put the focus on raising primary and secondary healthcare within the country whilst the expansion of the overseas medical treatment to India's Apollo Hospital has raised access to better healthcare. The Ministry of Health's merger with National Health Services (NHS) aims at putting more focus on enhancing Samoa's public health system and revitalization of Primary Health Care. The WHO's Package of Essential NCD interventions (PEN) has been adapted to reflect local culture and customs and rolled out over the last year in demonstration projects across the country. This applies a village-based model for NCD prevention and control that emphasizes community participation and ownership.

Education also continues to be a priority of Government, evident in its consistent investment in the sector to ensure that all people in Samoa are educated and productively engaged. The newly launched Education Sector Plan 2019 - 2024 provides the strategic framework for sector developments focusing on inclusive access, improved quality of teaching and learning, and a new focus on Early Childhood Education. The past 5 years saw the reclassification and increase of teachers' salaries, the contracting of all Government Principals as well as the passing of the Teacher's Act that now regulates the registration of all teachers. We have also seen the National University's expansion into the School of Maritime and relocating it to the Mulinu'u Peninsula. There was also the introduction of the Samoa School Fee Grant Scheme that assisted in raising access to education by subsidizing school fees now combined with the Government's usual assistance under the heading of the One Government Grant. Quality of education was also addressed through the introduction of the STAP (Science Teachers' Accelerated Programme) as well as other scholarships programmes for teachers allowing them to raise their award programmes from certificates to degrees.

Agriculture and Fishing continue to be key industries in terms of contributing to food security especially in light of the recent impact of COVID19. The recent completion of the Samoa Agriculture Competitiveness Enhancement Programme (SACEP) and the commencement of the Samoa Agriculture and Fisheries Productivity and Marketing (SAFPROM) Project, has improved the productivity of local farmers and their ability to take greater advantage of market opportunities. The establishment of the Apia Deep Sea Fishing Company Limited was a key factor in driving economic growth, in addition to hosting preparations for the ACP Fisheries and Aquaculture Ministers' Meeting held in 2019.

The Tourism Industry continues to be a prominent sector for Samoa's development despite its current state due to the impact of the Covid19 pandemic. The sector's performance in the past five years was remarkable and is evident in the completion of new Hotel developments, namely the Taumeasina Island Resort, Lava Hotel and the Sheraton Samoa Aggie Grey's Hotel. This achievement also indicates the continuous support of the government by way of providing incentives for the tourism developments. Other milestones for the sector include the Apia Waterfront Project as well as the operationalization of the Samoa Airways Airline. Having Samoa Airways as our national carrier saw an immediate increase in the number of tourist arrivals as a result of cheaper airfares.

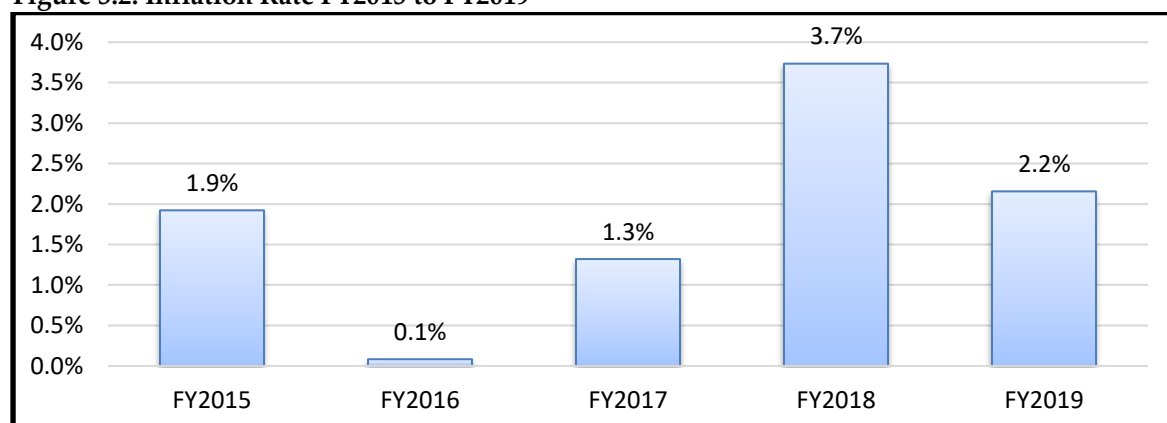
Major infrastructural developments have driven economic growth in the past five years. The consistent focus of Government on improving transport networks is evident in the implementation of the Enhancing the Climate Resilience of the West Coast Road Project, the completion of the Loto Samasoni Bailey Bridge as well as the Leone Bridge and Mali'oli'o Bridge under the Enhanced Road Access Project. The Apia Port Upgrade Project, the Faleolo International Airport Upgrade and Aviation Investment Project, and the Reconstruction of the Vaisigano Bridge are key developments that have provided greater access, capacity, and resilience of the transport sector. Government has invested heavily in renewable energy with much progress seen in sustainable electricity generation through the Renewable Energy Projects and the Improving the Performance and Reliability of Renewable Energy Power Systems in Samoa (IMPRESS) Project. Substantial to these efforts was the opportunity for Samoa to host the Regional Energy and Transport Ministers' Meeting in 2019.

The Tui Samoa Cable and its contribution to improving international connectivity has been one of Government's major milestones. Still in the Communications Sector, the installation of the 2AP Transmission Mast will aid in providing effective disaster responses – an ever present need considering the volatility of Samoa to natural disasters. Improved climate and disaster resilience continues to be a priority with projects like Enhancing the Climate Resilience of Communities Project, the Integrated Flood Management to Enhance the Climate Resilience of the Vaisigano River Catchment currently being implemented. Hosting the GCF Board Meeting in 2016 – in which Samoa's application was approved – was significant in boosting economic performance at the time. Of notable mention is the recently implemented Plastic Ban in 2019 which is a major achievement in the country's efforts to address the issue of pollution and ensure environmental sustainability. At the Community level, local plans and developments have integrated climate change and disaster considerations. These include Community Integrated Management (CIM) Plans and District Development Plans (DDP) which have acted as mechanisms to help communities take ownership of their efforts in improving climate resilience and promoting sustainable development.

Inflation

The annual inflation rate remained below its target range of 4 percent as prescribed in the Strategy for the Development of Samoa. The inflation movement over the reviewed period reflected both external and domestic factors. In particular, the fluctuations in international food and fuel prices drove the FY2016 to FY2018 and FY2019 inflationary trends with the effects of the 2018 Tropical Cyclone Gita on local food supplies also contributing to the acceleration in FY2018.

Figure 3.2: Inflation Rate FY2015 to FY2019



Source: Ministry of Finance and Central Bank of Samoa

Fiscal Performance

Table 3.2: Fiscal Targets

	Target	2014/15	2015/16	2016/17	2017/18	2018/19
Budget Deficit (% of GDP)	within range -2%	-4.0	-0.4	-1.1	-0.2	2.7
Total Current Expenditure (% of GDP)	25% - 30%	27.6	24.1	23.3	30	26.3
Personnel Costs (% of Current Exp)	35% - 40%	29.3	32.4	34.7	37.7	39.6

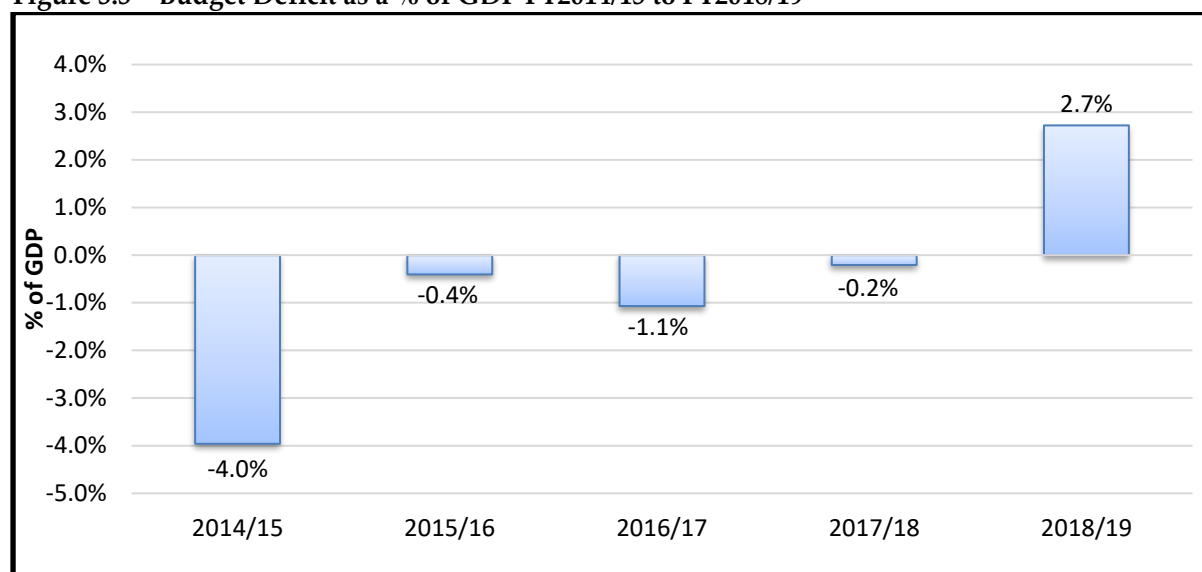
Source: Ministry of Finance

Budget Deficit

Following the completion of reconstruction efforts in the aftermath of Cyclone Evan, the past five years saw the Government of Samoa implement a fiscal consolidation strategy in a bid to pull down spending back to pre-disaster levels. This saw the reduction in the deficit from -4% of GDP in 2014/15 to an average of -0.5% between 2015/16 and 2017/18 when the fiscal target was pulled down from 3.5% to 2% of GDP in the Strategy for the Development of Samoa.

The 2018/19 fiscal year recorded a 2.7% surplus attributed largely to a 22% higher than estimated collection on VAGST against a 3% lower than projected expenditure total.

Figure 3.3 – Budget Deficit as a % of GDP FY2014/15 to FY2018/19

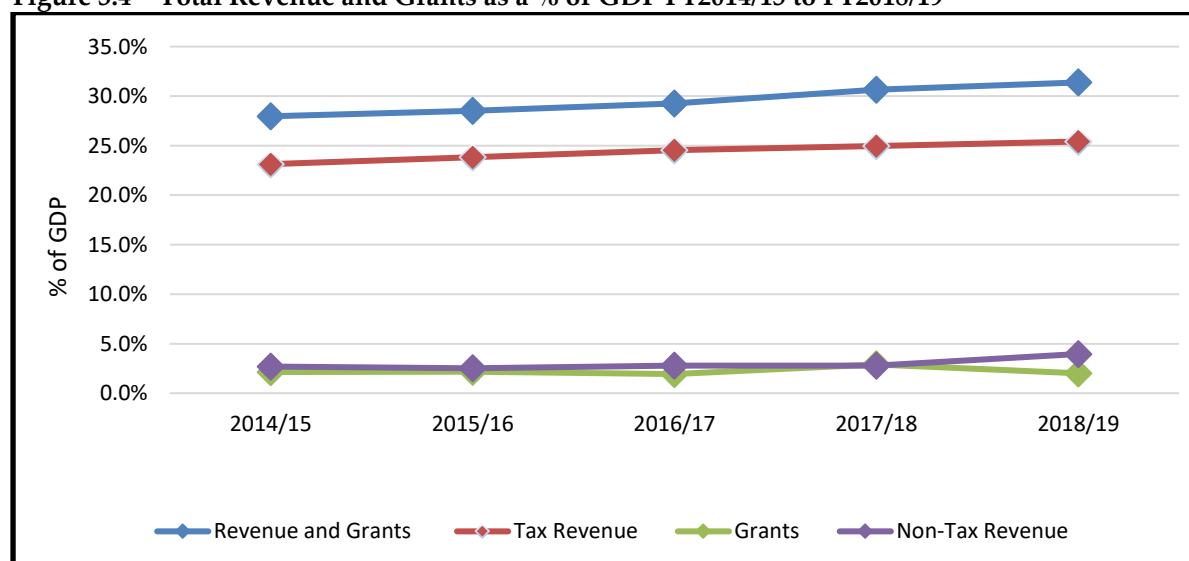


Source: Ministry of Finance and Samoa Bureau of Statistics

Revenue and Grants

Overall revenue performance for the past 5 years shows an upward trend with Taxation increasing along with economic growth whilst the demand based Non Tax Revenues rising with the increasing demand for Government services. Grants remains fluctuating but at an upward trend for the past years in line with the key infrastructural developments of Government associated with airport improvements, road rehabilitation, bridge, ports and township developments as well as the health and education technical assistance support and needs.

Figure 3.4 – Total Revenue and Grants as a % of GDP FY2014/15 to FY2018/19

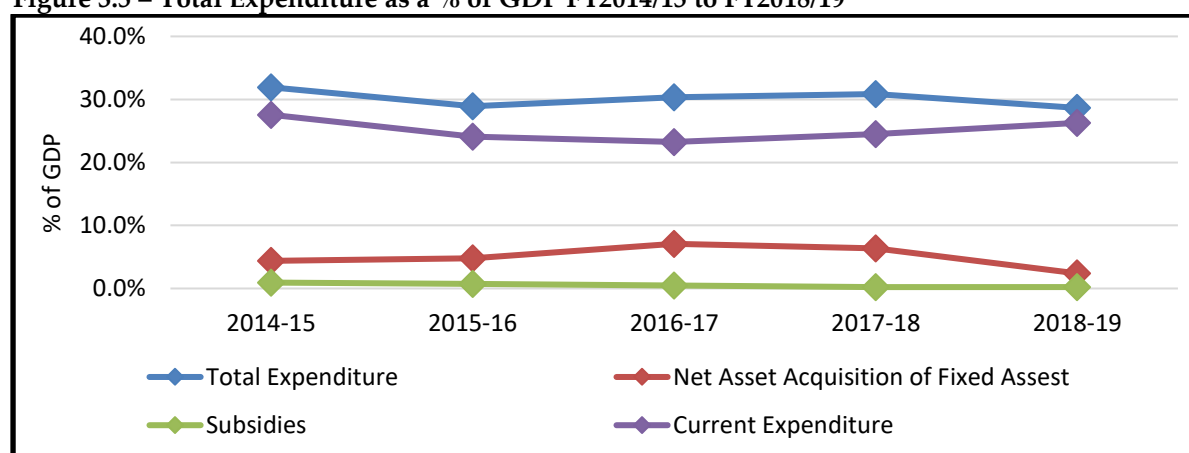


Source: Ministry of Finance and Samoa Bureau of Statistics

Expenditure

Government expenditures, in line with the fiscal consolidation post-Evan has shown a slight downward trend since 2014/15. Efficiency cuts that were implemented in 2016/17 was instrumental in significantly pulling down the trend over the past 5 years as Government aimed to reduce wastage and explore efficiencies where services are being duplicated. The slight increases going into 2017/18 and 2018/19 were attributed to preparations for the Pacific Games as well as the inception of the Tui Samoa Cable, the new Prisons facilities and the Airport Terminal project. The downward trend in Government's Acquisition of Non Financial (Fixed) Assets showed a lot of Capital works near completion during this period.

Figure 3.5 – Total Expenditure as a % of GDP FY2014/15 to FY2018/19



Source: Ministry of Finance and Samoa Bureau of Statistics

External Position

Table 3.3: External Targets

	Target	2014/15	2015/16	2016/17	2017/18	2018/19
Official Public Debts as % of GDP	below 50%	58	53	49	50	48
Debt Servicing (% of Revenue)	below 20%	9.6	10.9	11.2	13.5	11.7
Import Cover	4 – 6 months	5.1	4.2	4.7	6.1	6.7

Source: Ministry of Finance & Central Bank of Samoa

Public Debt

The total public debt exceeded the target threshold in two consecutive years due to ongoing disbursements for development projects in the agriculture sector, energy sector and new borrowings during the period for aviation investment infrastructure. The Government achieved its target in FY2016/17 and FY2017/18, when the total public debt to GDP ratio was below 50%. This was achieved due to a number of projects nearing their completion stages including the SACEP, PSEP and Airport Terminal Upgrade projects, as well as the Government closely monitoring its debt position. Debt service as a percentage of GDP remained within the target range of 2-4% of GDP in the last 5 years. Debt service as a percentage of Revenue receipts remained well below the target of 20% from FY2014/15 to FY2018/19.

Foreign Reserves

Over the previous five years, official foreign reserves remained above the 4 months range. The various development activities and international events which Samoa hosted led to this consistent result. Other driving factors include the inflow of official Government grant assistance to support recovery efforts following Cyclone Evan and Cyclone Gita. The lowest levels in foreign reserves were realised in FY2015/16 (4.2months) and FY2016/17 (4.7months) due to the completion of major developments and events. In contrast, FY2018/19 registered foreign reserves equivalent to 6.7months cover. This was largely a result of increased remittances, tourism earnings, and exports.

4. Economic and Fiscal Outlook

Macroeconomic Framework

Global Economic Outlook

The COVID-19 virus which was declared a pandemic on March 11 2020 by the World Health Organization has affected more than 180 countries worldwide in a span of six months since it was first detected in Wuhan, China in December 2019. The pandemic is imposing high human costs with many international borders closing and economies being severely hit as necessary measures are taken in attempt to try and contain the virus. According to the IMF World Economic Outlook Report published on 6 April 2020, the global economy is projected to fall sharply by negative 3 percent in 2020 with the anticipation of much worse impacts than the global financial crisis in 2008-09. In a baseline scenario, assuming the pandemic slows down in the second half of 2020, the global economy is projected to grow by 5.1 percent in 2021 as restraining measures are slowly eased and as economic activities normalize supported by strong policies in place.

Samoa's major trading partners namely, China, Japan, Australia and New Zealand are all on the list of countries affected by the virus. According to the Australian government's Statement of Monetary Policy issued in May 2020, the economy is expected to record a contraction in GDP of around 10 percent over the first half of 2020. In response to COVID-19, Australia has introduced significant fiscal stimulus supported by further monetary policy accommodation. New Zealand is forecasting a negative 4.6 percent drop in economic growth for the year ending 2020 as quoted from their 2020 Budget Document. Real GDP for New Zealand is expected to become positive again in 2022. Fiscal expansionary is adopted for the medium to long term as New Zealand's economy starts to rebuild from the pandemic hit.

The harmful impact of COVID19 has created great uncertainty amongst producers and consumers across the globe. Common challenges faced by countries worldwide include the significant rise in unemployment due to businesses closing down and the stressful impacts on trade as a result of declaration of emergencies around the world thus limiting trade by air and sea. For Pacific island countries, there are already disconcerting impacts in the tourism industries with projected inflows of remittances expected to drop.

Samoa's Economic Outlook

Table 4.1: Macroeconomic Framework FY2019/20 –FY2021/23

	Target	2018/19	2019/20	2020/21	2021/22	2022/23
Real GDP (% change)	3%-4%	3.5	-3.3	-2.0	0.9	1.7
Budget Deficit (% of GDP)	within range -2%	2.7	-1.6	-2.3	-2.0	-1.5
Total Current Expenditure (% of GDP)	25%-30%	28	30	30	27	27
Personnel Costs (% of total current expenditure)	35% - 40%	38	36	39	37	39
Official Public Debts (% of GDP)	below 50%	48	48	44	40	40
Debt Servicing (% of Revenue)	below 20%	11.7	14.1	16.2	16.6	16.3
Nominal GDP (\$ billion tala)		2.1	2.2	2.3	2.3	2.4

Source: Ministry of Finance

Samoa's economy is anticipating a drop to around negative 3.3 percent for the current fiscal year 2019/20. This has been revised from the positive 4.9 percent anticipated in the previous Fiscal Strategy 2019/20. Despite the strong growth in the first quarter of FY19/20 from the successful hosting of the Pacific Games, the downward revision takes into account the impacts from the measles epidemic that hit Samoa in December quarter of FY2019/20 and the COVID 19 pandemic, which has affected Samoa since March quarter of the current fiscal year 2019/20. A national State of Emergency (SOE) was declared during the measles outbreak for six weeks starting from 17 November to 29 December 2019. The SOE restrictions adversely jammed the business environment especially the tourism industry and thus causing the economy to contract. The two remaining quarters are expected to further drop as a result of current restrictions placed on our borders from the COVID-19 pandemic. Export earnings will most likely take its toll with our market trading partners. Earnings from Remittances and Tourists are expected to fall drastically. Close to zero tourist arrivals is anticipated for the next two remaining quarters. Remittances projected to fall sharply as Diasporas experience some form of hardship from the pandemic thus decreasing their ability to remit money to families in Samoa. In addition, labour mobility work are now on hold again impacting negatively on remittances and employment during this period until the schemes resume hopefully in the near future.

Fiscal year 2020/21 projects a contraction of around negative 2.0 percent. This is assuming border restrictions are still in place and thus still affecting trade with our major trading partners. The slight improvement in output when compared to the previous fiscal year is partially due to the Government's policy measures implemented in this period to help stimulate the economy. The remaining fraction is due to the expectation that border restrictions in Samoa's trading markets are eased or lifted in the second half of this fiscal year. As the uncertainty in the global market remains, the tourism sector remains highly uncertain at this stage. The tourism sector potential growth would highly depend on the confidence of tourist to travel when the border restrictions are relaxed or lifted. On the other hand, remittances are expected to increase but at a slow rate. The export of commodity items anticipated to

remain as an immense challenge as market demand will differ to pre-COVID 19 times largely due to the financial situation of households, and consumer preferences towards the necessity items only

The outlook is that by fiscal year 2021/22, the economy will grow at a positive rate of 0.9 percent. The anticipation is that by this fiscal year, all restrictions and SOEs are lifted with the hope that economic activities both internationally and locally would start to bounce back. Demand for export products are expected to normalize and remittances and tourist earnings will continue to rise.

The fiscal year 2022/23 is projecting to continue its recovery trend with a forecasted growth of 1.7 percent. As the economy recovers, activities will progress towards their near normal pace with market relationships strengthened through revive confidence of local businesses to start exporting again and cater for the demand of both goods and services. The ripple effect will flow through to local private suppliers in communities and villages which will assist them in regaining confidence and income, especially in our value added, semi-processed industries. An increased number of tourist arrivals is expected to increase demand for Accommodation and Restaurants as well as supplies of local food products such as vegetables, sea food, crops and etc. Meanwhile, expectation of new employment opportunities is expected to increase.

Table 4.2 Macroeconomic Assumptions Underlying the Budget

	2018/19	2019/20	2020/21	2021/22	2022/23
GDP Nominal (SAT million)	2,227	2,238	2,258	2,316	2,399
Exchange Rates (average)					
USD/SAT	0.38	0.37	0.37	0.38	0.39
AUD/SAT	0.53	0.55	0.56	0.54	0.53
NZD/SAT	0.57	0.58	0.59	0.57	0.56
CNY/SAT	2.61	2.60	2.51	2.49	2.47
Inflation (annual average)	2.2%	3.0	2.8%	2.2	1.8%
Average Interest Rate on Public					
Debt	1.84%	1.70%	1.58%	1.49%	1.37%
Public Debt (SAT million)	1,061	1,029	996	955	909

Source: Central Bank of Samoa, Samoa Bureau of Statistics and Ministry of Finance projections

Fiscal Outlook

A macroeconomic policy mix has been established to ensure there still be economic activities that can help stimulate the economy during the period of recession.

The Statement of Forward Estimates that forms the second part of this strategy highlights the projected spending for the three forward fiscal years. The rapid spread of the COVID19 into the Pacific by February 2019 prompted the Government of Samoa to review its existing policies to raise spending not only to address health preparedness and border protection but also to address financial constraints and inevitable trade interruptions. This will see the new fiscal year 2020/21 break the

fiscal policy target for the deficit to stand at 2.3% of GDP. Should global economy follow current projections to pick up again in the later half of the new fiscal year, the Government's deficit position is anticipated to reduce to 2% in 2021/22 and then normalize in 2022/23 at 1.5%.

The Monetary policy stance will assist the economy through easing monetary conditions, encouraging the commercial banks to maintain low interest rates. The Central Bank of Samoa will continue to monitor and ensure the financial system remains sound and stable in view of the increased risks on several economic sectors from the global Coronavirus pandemic outbreak.

As at March 2020, Samoa has foreign exchange reserves of around SAT\$522.6 million which is sufficient to cater for current import goods of around 6.8months. The government had also reached out to development partners where assistance can be negotiated and provided to finance any other need of the nation. This includes the access to the IMF's Rapid Credit Facility (RCF) for which USD\$22.0 million was received for Samoa's balance of payment purposes in April 2020¹.

The FY2019/20 Statement of Forward Estimates Receipts provides in detail the fiscal outlook for the Government of Samoa for FY2020/21. It emphasizes that revenues in the medium term will be driven by economic activity and will determine the levels of spending of Government. However, the Government remains committed to ensuring that the overall deficit of Government is maintained within 2 percent of GDP.

¹ The IMF RCF funds are used to provide a support to Samoa's balance of payments needs and as such is not part of the country's external debt levels.

5. Public Debt

Total Debt and Composition

The total public debt is estimated to be SAT1,029m at the end of June 2020, a decrease of 2.8 percent when compared to June 2019. This decrease is related to the low level of disbursements as most of the loan funded projects such as OPEC Petroleum Tank Rehabilitation, WB Aviation Investment Project started to wind up during the year. In addition, increased principal repayments were also made during the year as grace period for some loans completed. The total public debt outstanding is equivalent to 46 percent of GDP, comprising of external debt of SAT1,021m and domestic debt of SAT8m. In the medium term, total public debt is estimated to remain below the 50 percent to GDP threshold as a result of government's commitment to stringently monitor its fiscal position on spending, strengthening revenue collection compliance and enforcing its aid policy. This will help lessen the burden on financing expenditure and reduces the need to borrow in the future.

Table 5.1 Total Debt outstanding FY2018 to FY2023 (\$ million)

	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23
Total Public Debt	1,047	1,059	1,029	996	955	909
External Debt	1,018	1,044	1,021	991	952	907
Asian Development Bank	256	235	222	215	204	190
European Investment Bank	5	3	3	3	3	3
Int'l Development Association	247	280	300	296	244	244
Int'l Fund for Agricultural Development	3	3	3	3	3	3
OPEC Fund for Int'l Development	23	23	21	23	22	219
Exim Bank China	410	409	383	364	348	330
Japan International Cooperation Agency	73	90	89	87	83	79
Domestic Debt	29	15	8	5	2	1
Unit Trust of Samoa	28	15	7	5	2	1
Samoa National Provident Fund	1	0	0	0	0	0
Samoa Life Assurance Corporation	0	0	0	0	0	0

Source: Ministry of Finance

Creditor composition: The EXIM Bank of China (38%), ADB (22%) and IDA (29%) are the main creditors in the portfolio. The other creditors are JICA (9%), OPEC (2%) and UTOS (1%), with IFAD, EIB and SLAC with less than 1 percent.

Currency Composition: SDR (50%) and CNY (37%) are the main loan currencies in the portfolio, and 99.0 percent of the total public debt is denominated in foreign currency and 1.0 percent in Tala.

Debt Servicing

The total debt servicing for financial year FY2020/21 is estimated to be 84m, an increase of 1.7 percent when compared to FY2019/20. The total debt service is approximately 3.8 percent of GDP, and 14.3 percent of Government revenue in FY2020/21

Table 5.2 Debt Servicing costs FY2018/19 to FY2022/23 (\$ million)

	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23
	Actual	Revised	Budget	Forward	Forward
	Outcome	Estimate	Estimate	Projection	Projection
Total Debt Servicing	82	81	84	82	81
External Debt Servicing	70	71	80	80	78
Domestic Debt Servicing	12	10	4	2	2

Source: Ministry of Finance

Public External Debt

The external debt comprises of 54 percent from multilateral creditors and 46 percent from bilateral creditors. The external debt consists mainly of highly concessional borrowings with average terms of less than 2 percent interest rate per annum, 38 years maturity including 10 years grace period.

The external debt is expected to decrease by 3 percent at end of June 2021, as a result of low level of disbursements expected during the year, for the Petroleum Tank Rehabilitation and Aviation Investment Project

Public Domestic Debt

The public domestic debt comprise mainly of commercial loans including one Government bond. Total domestic debt decreased over the last three years with a further decrease expected of 48 percent at end of June 2021 when compared to June 2020.

Total Government Guarantees and On-lending

The outstanding Government guarantee is about SAT153m and about 7 percent of GDP. The total guarantee is expected to increase by 3 percent in June 2021 when compared to June 2020, as we expect economic recovery assistance to the Aviation and Tourism sector in FY2020/21. The CBS and UTOS hold most of Government guarantees for SOE borrowings, mainly for DBS.

The total Government on-lending outstanding is estimated at SAT201m by end of June 2021 slightly decreased by 0.9 percent when compared to June 2020. The Government on-lends to the following bodies, including EPC, DBS, UTOS and SSCC.

6. Public Sector Investment Programme

The public sector investment program is a planning tool intended to provide the Government of Samoa's investment programs by sector. This planning tool's objective is to allow a more informed planning and implementation system of all major development projects to ensure that harmonisation occurs across all sectors. In addition, to promote efficient and effective utilization of our scarce resources to promote project management for development results in a sector wide approach framework.

The five key components of Project Planning and Programming process includes, project identification, project screening/appraisal, project implementation and monitoring/reporting of projects progress and evaluation.

The PSIP consists mainly of ongoing and pipeline (capital investment development) projects and technical assistance programs of \$100,000 or more as appraised and approved by the Cabinet Development Committee.

A significant number of development projects in Samoa are either fully or co-financed by the international community.

Ongoing Public Investments

The ongoing capital and technical assistance public investments stands at SAT\$1,275 million, consisting of SAT\$934million capital projects and SAT\$341million technical assistance funded programs. The total ongoing public investments comprise of SAT\$1,224million total grants (96%), SAT\$41million loans (3%) and SAT\$10million funded by the Government of Samoa (1%).

Regarding sector allocation, the top five sectors with highest portfolios are; Transport Sector with total investments of SAT\$587million, the Environment Sector of SAT\$225million, the Health Sector with SAT\$99million total investments and the Agriculture and Education sectors with total investments of SAT\$78million and SAT\$72million respectively. All sector investments are summarized in table 6.1 below.

Pipeline Public Investments

The pipeline capital and technical projects that have yet to secure funding estimated at SAT\$680million and SAT\$17million respectively. The largest capital investment in the pipeline includes the construction of the new Vaiusu Port and the Alaoa Multipurpose Dam, the Police Academy and roll out of the Cross Island Road. Preliminary discussions are underway to ensure the viability of these investments in terms of economic, social, environment impact as well as financial returns.

Table 6.1 Summary of Total Ongoing and Pipeline Public Investments by Sector

Broad Sectors /Sectors	Ongoing Capital (a)	Ongoing Technical (b)	Total Costs (SAT\$) (a + b)	Pipeline Capital & Technical (SAT\$)
ECONOMIC				
Finance	\$ 14,389,844	\$ 18,771,288	\$ 33,161,132	\$ -
Trade, Commerce & Manufacturing	\$ -	\$ 90,198	\$ 90,198	\$ -
Agriculture & Fisheries	\$ -	\$ 78,245,716	\$ 78,245,716	\$ -
Tourism	\$ -	\$ 148,625	\$ 148,625	\$ -
SOCIAL				
Education	\$ -	\$ 72,614,480	\$ 72,614,480	\$ 58,914,000
Health	\$ 24,596,602	\$ 74,235,952	\$ 98,832,554	\$ -
Community Development	\$ 4,954,174	\$ 31,839,800	\$ 36,793,974	\$ 495,417
Law and Justice	\$ 64,634,047	\$ 638,441	\$ 65,272,488	\$ 2,090,000
Public Administration	\$ -	\$ -	\$ -	\$ 1,874,000
INFRASTRUCTURE				
Transport and Infrastructure	\$ 587,308,836	\$ -	\$ 587,308,836	\$ 350,000,000
Energy	\$ 17,890,616	\$ -	\$ 17,890,616	\$ 270,000,000
Communication	\$ 43,349,022	\$ -	\$ 43,349,022	\$ 579,500
Water & Sanitation	\$ -	\$ 16,459,406	\$ 16,459,406	\$ -
ENVIRONMENT				
Environment	\$ 177,138,340	\$ 47,897,852	\$ 225,036,192	\$ 13,167,073
TOTAL	\$ 934,261,481	\$ 340,941,758	\$ 1,275,203,239	\$ 697,119,990

Source: Ministry of Finance



GOVERNMENT OF SAMOA

STATEMENT ON FORWARD ESTIMATES

2020/21 – 2022/23

7. STATEMENT ON FORWARD ESTIMATES

BUDGET 2020/21 – 2022/23

As required under Section 18 of the Public Finance Management Act 2001, the Statement on the Forward Estimates Budget for 2020/21 and two forward years is provided herewith for the information of all as a pre-text to the upcoming budget preparations of Government.

OVERVIEW

This statement of Forward Estimates is formulated amidst the uncertainties surrounding the Global Economic environment in light of the Great Lockdown brought about by the COVID19 Pandemic.

The rapid spread of the COVID19 worldwide with the virus reaching the Pacific in February 2020 prompted the Government of Samoa to quickly mobilize resources to secure then eventually close its international borders to safeguard its people from the pandemic. This came at a time when the Government was preparing to remarket the country in a bid to revive its economy following the Measles Epidemic of November 2019 that claimed the lives of 83 citizens, 76 of which were children under the age of 15 years old.

Although the closure of all its international borders and limited activities within the country guarantees minimal spread if not the complete absence of the COVID19, it comes at the cost of the possibility of reduced revenue collections and financial constraints not only for the Government but for the business community.

The outlook therefore for the Government of Samoa sees a fiscal expansion for the immediate to short term as spending is increased as a stimulant to maintain economic growth until the global economic conditions improve.

The proposed increased spending follows 5 years of fiscal consolidation at the conclusion of the economy's reconstruction and rehabilitation after the devastation of Cyclone Evans in 2012. The Government's commitment to fiscal consolidation saw an average deficit of 0.5% of GDP as expenditures were pulled down back to pre-disaster levels to match revenue growth rates. FY2017/18 saw the introduction of a set of revenue policies to try and boost revenue growth in order to sustain the country's development needs. FY2018/19 registered a 2.7% surplus² as the policies combined with increased economic activity in preparation for the hosting of the Pacific Games resulted in a 22% higher than anticipated growth in VAGST.

FY2019/20 estimates reflected the potential for increased revenues resulting from not only the hosting of the Pacific Games that occurred in July but also the multitude of

² Still provisional as per the Samoa's Bureau of Statistics' data

regional and international events for the rest of the fiscal year that would have generated not only economic growth but revenues for Government. In addition, there was an anticipation that the arrival of the container xray machine as well as the Taxation Information Management System (TIMS) would improve compliance and therefore lead to higher collections.

However, the Measles Epidemic in the second quarter of the fiscal year followed by the COVID19 in the third and last quarter has affected the above projections as well as the forward estimates.

Notwithstanding the effects of the COVID19, the Government still maintains that it will continue with much of its planned development projects as well as the launching of its new Strategy for the Development of Samoa 2020/21 – 2023/24 and Samoa 2040. These two strategies will set the scene for a more focused investment into the economy's key transformative sectors in a bid to speed up economic growth.

With that in mind, it is anticipated that Samoa's economic recovery and that of its fiscal position will improve gradually with the recovery of the world's economies.

Table 1: Summary of Payments and Receipts.

	2019-20	2020-21	2021-22	2022-23
Receipts				
Ordinary Receipts	655.5	588.7	586.8	600.8
External Grants	229.8	249.6	229.8	229.8
Total Receipts and Grants	885.3	838.2	816.6	830.6
<i>less</i>				
Current Payments				
Statutory Payments	145.6	137.4	137.3	137.3
Expenditure Programs				
Ministry Outputs	312.2	319.9	315.7	311.0
Third Party Outputs	117.3	147.9	146.4	170.7
Transactions on behalf of the State	211.5	220.9	145.0	144.6
Unforeseen Payments	17.5	20.7	18.2	18.8
Total Current Payments	804.1	846.8	762.6	782.5
<i>less</i>				
Development Payments				
Loan financed project payments	26.1	11.4	3.4	3.4
Grant financed project payments	150.1	107.6	225.6	225.6
Total Development Payments	176.2	119.1	229.0	229.0
Cash (Deficit)/Surplus	(95.0)	(127.6)	(175.0)	(180.9)
Financed by				
Soft Term Financing	26.1	11.4	3.4	3.4
Movement in Cash Balances	(68.9)	(116.2)	(171.6)	(177.5)

Source: Ministry of Finance

Ordinary Receipts

Approximately 55% of Government's tax collections are from the border and with the current lockdown as well as limitations to trade associated with decreasing production in light of the COVID19 it is anticipated that overall Ordinary Receipts will decrease by 10% in 2020/21 affected by a 12% decrease in taxation. In the years to follow as global economic recovery begins, it is projected that Ordinary Receipts will bounce back 11% in 2021/22 and then by 5% in 2022/23 as economic activities normalize.

External Grants

External Grants for 2020/21 will increase 9% to reflect the support from Samoa's key development partners through budget support to assist in filling in the fiscal gap created by the COVID19 as well as activities targeting preparedness activities of the Health Sector along with addressing social welfare as well as sustaining business and economic activity within the country

Current Payments

Current Payments are expected to increase 5% in 2020/21 driven up by an increase in Ministry expenditure programs associated with the final phase of the Cost of Living Adjustment (COLA) that began in 2018/19 as well as the Government's COVID19 Response Plan. This increase in expenditure program contributes to the increase in the Unforeseen expenditures which is tagged to expenditure programs. Statutory Payments will drop pulled down by a reduction in rebates which depend on business activities of the current fiscal year which has been affected not only by the Measles Epidemic but also by the COVID19.

Should the global economy quickly recover during the immediate future, it is anticipated that expenditure programs of Government will normalize in 2020/21 and 2021/22 with the removal of the COVID19 Response Plan as well as the completion of the COLA.

Development Payments

Total development projects are expected to drop 32% in 2020/21 seeing the completion of many of the Government's large infrastructural projects in 2019/20 that include the Vaisigano Bridge, Maliolio Bridge and the MESC Cultural Centre to only name a few. It is anticipated to then increase again in the forward years 2021/22 and 2022/23 as new development projects get off the ground that include the Police Academy, roll out of the Cross Island Road project and others.

Overall Net Lending/Borrowing Requirement

Table 2 illustrates Government Operations under the Government Finance Statistics (GFSM2001) format which allows for international comparison and analysis.

Table 2: Statement of Government Operations

TRANSACTIONS AFFECTING NET WORTH	2019-20	2020-21	2021-22	2022-23
REVENUE	805.5	762.7	805.6	809.9
Taxes	464.6	407.4	472.6	480.4
Taxes on income, profits, and capital gains	119.5	107.1	117.1	117.1
Taxes on property	0.8	0.8	0.8	0.8
Taxes on goods and services	300.2	258.6	313.7	321.6
Taxes on international trade and transactions	44.1	40.9	40.9	40.9
Grants	229.8	249.6	229.8	229.8
Other revenue	111.0	105.7	103.2	99.7
EXPENSE	663.4	680.3	620.0	622.4
Compensation of employees	301.5	316.3	317.2	320.2
Use of goods and services	274.1	257.4	206.5	207.0
Interest	17.5	14.6	14.6	14.6
Subsidies	19.2	26.8	19.8	18.8
Grants	8.6	13.3	13.3	13.3
Social benefits	31.1	39.2	36.8	36.8
Other expense	11.4	12.6	11.8	11.8
GROSS OPERATING BALANCE	142.1	82.4	185.6	187.5
NET ACQUISITION OF NONFINANCIAL ASSETS	184.1	134.5	224.9	224.7
Fixed assets	182.1	130.5	220.9	220.7
Nonproduced assets	2.0	4.0	4.0	4.0
NET LENDING/BORROWING REQUIREMENT	-42.0	-52.1	-39.3	-37.2
NET ACQUISITION OF FINANCIAL ASSETS AND LIABILITIES (FINANCING)	-42.0	-52.1	-39.3	-37.2
NET ACQUISITION OF FINANCIAL ASSETS	-89.2	-116.7	-112.0	-109.8
NET INCURRENCE OF LIABILITIES	-47.1	-64.7	-72.7	-72.7

Source: Ministry of Finance

The net lending/borrowing requirement for Government over the next 3 fiscal years is expected to increase with 2020/21 breaking 2% established fiscal target to stand at 2.3% associated with COVID19 efforts. It will then start to drop again in 2021/22 to 2% as both the economy and taxation recovers then normalize at 1.5% in 2022/23.

REVENUE

As already stated and as depicted in Table 3 below, Revenue is expected to drop in 2020/21 then recover in 2021/22 eventually normalizing in 2022/23. The biggest contributors to this trend as shown below are the excises and import component of the General taxes on goods and services.

Table 3: GFS Revenue

	2019-20	2020-21	2021-22	2022-23
REVENUE	805.5	762.7	805.6	809.9
Taxes	464.6	407.4	472.6	480.4
Taxes on income, profits, and capital gains	119.5	107.1	117.1	117.1
Payable by individuals	69.2	62.3	72.3	72.3
Payable by corporations and other enterprises*	50.3	44.8	44.8	44.8
Taxes on property	0.8	0.8	0.8	0.8
Taxes on financial and capital transactions	0.8	0.8	0.8	0.8
Taxes on goods and services	300.2	258.6	313.7	321.6
VAGST	161.0	135.9	172.5	168.0
Excises	126.6	112.2	130.0	139.0
Taxes on specific services	11.1	9.9	9.9	13.9
Taxes on use of goods, permission to use goods	1.54	0.54	1.3	0.6
Other taxes on goods and services	0.0	0.0	0.0	0.0
Taxes on international trade and transactions	44.1	40.9	40.9	40.9
Grants	229.8	249.6	229.8	229.8
From foreign governments	229.8	249.6	229.8	229.8
From international organizations	0.0	0.0	0.0	0.0
Other revenue	111.0	105.7	103.2	99.7
Property income	12.0	6.2	6.2	6.2
Sales of goods and services	67.5	66.2	53.7	55.1
Fines, penalties, and forfeits	31.5	33.3	43.3	38.4

Source: Ministry of Finance

Taxation Revenues

In line with current economic conditions, it is anticipated that taxation revenues will drop in the new fiscal year. Income taxes will be affected by current conditions as these will be filed in the new year. Taxes on goods and services as well as Taxes on international trade will be affected by interruptions to trade brought about by the COVID19. Global economic outlooks anticipate recovery in the later half of the new fiscal year and therefore it is anticipated that taxation will improved into 2021/22 and 2022/23.

Grants

Assistance from development partners targeting COVID19 preparedness and stimulus contributes to the increase anticipated in 2020/21 once this is removed in the forward years grants are expected to drop holding any other new developments constant.

Other Revenues (Cost Recoveries)

Despite taking on the fees and charges of the Land Transport Authority, the projections have been made conservative as collections on fees and charges of Government are demand based and depend largely on economic activity.

EXPENSES

As shown in Table 4 below, expenditure in 2020/21 will be driven by the COVID19 Response affecting use of goods and services, the COLA as well subsidies and grants.

Table 4: GFS Expense

GFS EXPENSE (\$m)	2019-20	2020-21	2021-22	2022-23
EXPENSE	663.4	680.3	620.0	622.4
Compensation of employees	301.5	316.3	317.2	320.2
Wages and salaries	278.2	289.6	286.4	272.0
Social contributions	23.3	26.7	30.8	48.1
Use of goods and services	274.1	257.4	206.5	207.0
Consumption of fixed capital	0.0	0.0	0.0	0.0
Interest	17.5	14.6	14.6	14.6
Subsidies	19.2	26.8	19.8	18.8
To public corporations	18.4	26.0	19.0	18.0
To private enterprises	0.8	0.8	0.8	0.8
Grants	8.6	13.3	13.3	13.3
To international organizations	1.8	1.8	1.8	1.8
To other general government units	6.8	11.4	11.4	11.4
Social benefits	31.1	39.2	36.8	36.8
Other expense	11.4	12.6	11.8	11.8

Source: Ministry of Finance

Compensation of Employees

In line with the final phase of the COLA compensation of employees are expected to increase in the short term. The slight drop is the removal of long service benefits granted for teachers in 2021/22 while benefits beyond that are at current unassessed.

Use of Goods and Services

The slight drop in this category for the new fiscal year reflects the reprioritization of much of the Government's planned operations to divert to the stimulus package. As Ministries are still yet to reprioritize and reorganize their expenditure workplans in lieu of the COVID19.

Subsidies

Subsidies will be increased to reflect increase due to the stimulus package payouts. This will normalize in the forward years.

Grants

This reflect the increase in the assistance provided for the EPC and the SWA for community service obligations.

Social Benefits

Reflects the increase in the pension for the one-off payout in July 2020 and then additional \$15tala per month thereafter.

NET WORTH

In line with projections for fiscal expansion and in light of anticipated financial constraints associated with effects of the CVOID19 on the economy, Government's net worth is anticipated to contract within the immediate future as depicted in Table 5 below.

Table 5: Transactions in Assets and Liabilities

TRANSACTIONS IN ASSETS AND LIABILITIES	2019-20	2020-21	2021-22	2022-23
CHANGE IN NET WORTH: TRANSACTIONS	142.1	82.4	185.6	187.5
Net acquisition of nonfinancial assets	184.1	134.5	224.9	224.7
Fixed assets	182.1	130.5	220.9	220.7
Buildings and structures	179.9	126.7	219.7	219.5
Machinery and equipment	1.7	3.3	0.7	0.7
Other fixed assets	0.5	0.5	0.5	0.5
Nonproduced assets	2.0	4.0	4.0	4.0
Land	2.0	4.0	4.0	4.0
Net acquisition of financial assets	-89.2	-116.7	-112.0	-109.8
Domestic	-89.6	-118.1	-113.3	-111.2
Foreign	0.4	1.3	1.3	1.3
Net incurrence of liabilities	-47.1	-64.7	-72.7	-72.7
Domestic	-12.3	-4.2	-4.2	-4.2
Foreign	-34.8	-60.5	-68.5	-68.5

Source: Ministry of Finance

BUDGET RECONCILIATION

Tables 6 and Table 7 to follow provides a reconciliation between the estimates of the Government of Samoa presented in Table 1 and those in the GFS tables. The major differences in revenue as depicted in Table 6 is the netting out of transfer payments made by one Ministry to another under Receipts Classified as Offsets to Expenses and Payments Classified as Offsets to Revenue. The variance between expenditure estimates in Table 1 and Table 7 is found by factoring out net acquisition of financial assets and liabilities in addition to netting out the transfer payments above.

Table 6: Reconciliation between Total Government Receipts and GFS Revenues (\$m)

	2019-20	2020-21	2021-22	2022-23
Receipts				
Ordinary Receipts	655.5	588.7	652.6	685.8
External Grants	229.8	249.6	229.8	229.8
Total Receipts and Grants	885.3	838.2	882.4	915.6
<i>Less</i>				
Receipts Classified as Offsets to Expenses				
Rent Paid by the Ministries to the Government	3.6	3.6	3.6	3.6
Incidental sales by nonmarket establishments	0.2	0.2	0.2	0.2
	3.9	3.9	3.9	3.9
Payments Classified as Offsets to Revenue				
Income Tax Refunds	5.0	5.0	5.0	5.0
Duty Refunds and Duty Paid by Government Agencies	17.6	14.6	14.6	14.6
VAGST Refunds and VAGST Paid by Government Agencies	61.1	64.0	52.4	52.1
	83.7	83.6	72.0	71.7
Assets				
Loans - On-lending Repayments	20.7	1.9	14.5	26.9
Shares and Other Equity - Privatisation Proceeds	0.0	0.0	0.0	0.0
	20.7	1.9	14.5	26.9
<i>Plus</i>				
GFS Revenues not Included in Total Receipts				
SOE Own Source Revenues	1.8	1.8	1.8	1.8
SOE Cost Recoveries	26.7	12.1	11.8	11.8
	28.5	13.9	13.6	13.6
TOTAL ESTIMATED REVENUE (as per Table 3)	805.5	762.7	805.6	826.7

Source: Ministry of Finance

Table 7: Reconciliation between Total Government Payments and GFS Expenses (\$m)

	2019-20	2020-21	2021-22	2022-23
Current Payments				
Statutory Payments	145.6	137.4	137.3	137.3
Expenditure Programs				
Ministry Outputs	312.2	319.9	319.0	309.2
Third Party Outputs	117.3	147.9	139.4	162.7
Transactions on behalf of the State	211.5	220.9	141.9	130.1
Unforeseen Payments	17.5	20.7	18.0	18.1
Total Current Payments	804.1	846.8	755.6	757.5
Development Payments				
Loan financed project payments	26.1	11.4	3.4	3.4
Grant financed project payments	150.1	107.6	225.6	225.6
Total Development Payments	176.2	119.1	229.0	229.0
AGGREGATE PAYMENTS	980.3	965.8	984.7	986.5
<i>Less</i>				
Payments Classified as Offsets to Revenue				
Income Tax Refunds	5.0	5.0	5.0	5.0
Duty Refunds and Duty Paid by Government Agencies	17.6	14.6	14.6	14.6
VAGST Refunds and VAGST Paid by Government Agencies	61.1	64.0	52.4	52.1
	83.7	83.6	72.0	71.7
Receipts Classified as Offsets to Expenses				
Rent Paid by the Ministries to the Government	3.6	3.6	3.6	3.6
Incidental sales by nonmarket establishments	0.2	0.2	0.2	0.2
	3.9	3.9	3.9	3.9
Payments Classified as Net Acquisition of Nonfinancial Assets				
Fixed Assets				
Buildings and structures	179.9	126.7	219.7	219.5
Machinery and equipment	1.7	3.3	0.7	0.7
Other fixed assets	0.5	0.5	0.5	0.5
	182.1	130.5	220.9	220.7
Nonproduced assets				
Land	2.0	4.0	4.0	4.0
	184.1	134.5	224.9	224.7
Payments Classified as the Acquisition of Financial Assets and Liabilities				
Net Acquisition of Financial Assets				
Domestic				
Transactions Shares and other equity assets	0.0	0.0	0.0	0.0
Foreign				
Transactions Shares and other equity assets	0.4	1.3	1.3	1.3
	0.4	1.3	1.3	1.3
Net incurrence of liabilities				
Domestic Loan Repayments	11.1	3.0	3.0	3.0
Foreign Loan Repayments	60.9	71.9	71.9	71.9
<i>Plus</i>	73.3	76.1	76.1	76.1
GFS Revenues Not Included in Total Receipts				
SOE Own Source Revenues	1.8	1.8	1.8	1.8
SOE Cost Recoveries	26.7	12.1	11.8	11.8
	28.5	13.9	13.6	13.6
TOTAL ESTIMATED GFS EXPENSES	663.4	680.3	620.0	622.4

Source: Ministry of Finance