



# Opening Session

## Welcome:

Lanna Lome-Ieremia, Manager - Financial System Development, Central Bank of Samoa

## Prayer:

Alofaifo Seleni, Assistant Manager – Financial Supervision and Regulatory Services  
Central Bank of Samoa

## Keynote Address:

Maiava Atalina Emma Ainuu-Enari, Governor, Central Bank of Samoa (CBS)

## Remarks by:

Mr Pulotu Lyndon Chu-Ling, CEO, Ministry of Commerce, Industry & Labour

Mr Iosefa Maiava, Head – UNESCAP Subregional Office for the Pacific

Mr. Bram Peters, Program Manager, Pacific Financial Inclusion Programme, UNCDF



# Micro, Small and Medium-sized Enterprises' Access to Finance Publication Series

*Tientip Subhanij, Chief of Financing for Development, ESCAP*

# Tientip/Alberto Content



# Barriers and opportunities for women-led micro, small, medium enterprises in Samoa

18<sup>th</sup> August 2020

Sudha Gooty (Ms.)  
Programme Manager  
United Nations ESCAP

# Catalyzing Women's Entrepreneurship

5-year project

2010

Advance

women entrepreneurship

and market

participation

in the Asia-Pacific region

Critical to

sustainable development

On-the-ground

implementation activities in Bangladesh, Cambodia, Fiji, Nepal, Samoa and Viet Nam.

With policy and advocacy support across

Multiplier effects on social and economic growth

Women's entrepreneurship is a key catalyst for:

- Economic independence
- Overcome poverty
- Increased employment for women
- Greater investment in education and health

3 pillars of influence

1. Policy and Advocacy

ICT & Business Skills

Capacity development of women entrepreneurs and policy makers

- Leveraging ICT tools and technologies
- Gender-responsive programmes

Policy and Advocacy

- Evidence through in-depth national and sub-regional research
- Regional and global advocacy
- Capacity development
- Technical assistance

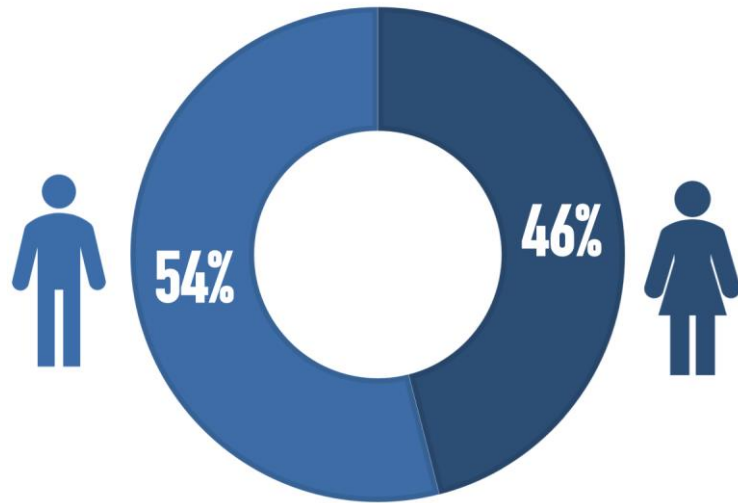
Innovative Financing

mechanisms managed regionally by ESCAP

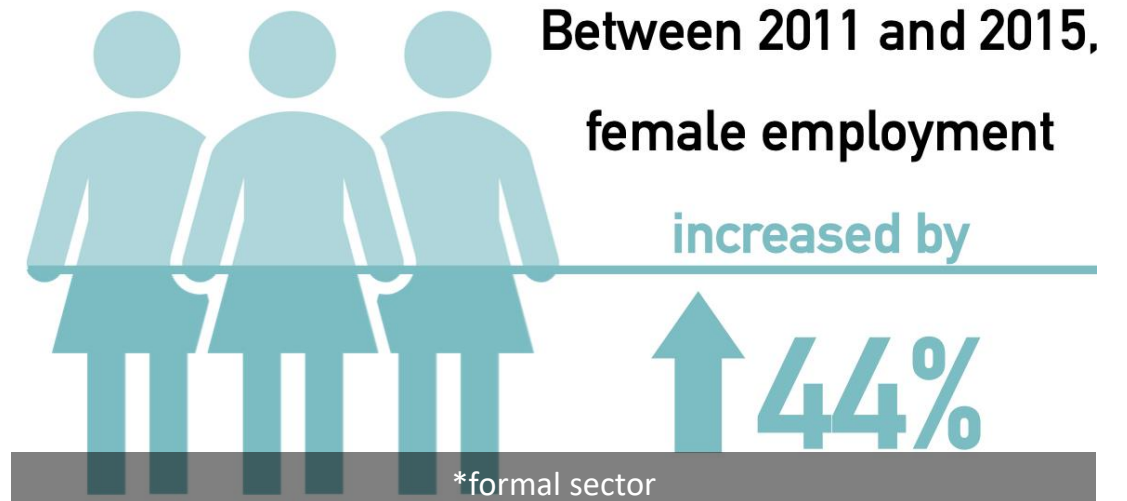
- Challenge Fund
- Women's Livelihood Bond
- Impact Investment Fund

# Women in the formal and informal economy in Samoa

- Employed\* in the sectors of education (17.1%), commerce (14.3%) and other services (12.1%)
- Number of women rising in senior management
- 29% of the formal workforce – women
- MSMEs engine of growth” for emerging economies
- SMEs represent over 88% of all enterprises in Samoa
- Women owned between 40 to 46 per cent of businesses in Samoa (ADB 2018)



It is estimated women own between 40-46% per cent of all businesses in Samoa.



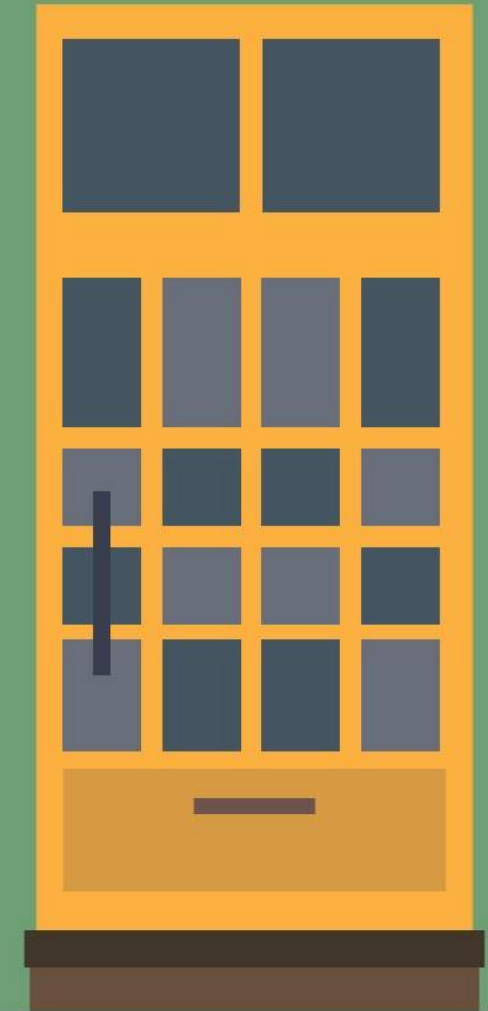
# STORE

## Access to Trade and Markets

- Small in size, geographically dispersed and distant from major markets
- WMSMEs in the informal sector
- Economic activity concentrated in urban areas
- Unpaid care work
- Impacts of natural hazards and climate change



OPEN





# Access to Finance

- **Actively involved in finance related activities**
- **Driven by remittance income**
- **Beneficiaries of microfinance programs**
- **Specific regulatory and social hurdles that limit their equal access to the assets, credit and capital**
  - **High interest rates ranging from 8% to 21%**
  - **Represent less than 20% of larger borrowers**
  - **Requiring collateral**



In Samoa, **40% of women** are banked, compared to **38% of men.**

Source: Central Bank of Samoa (2015)

# Social and Cultural Norms

- Participation in decision-making and political representation
- High customary obligations
- Women in the Pacific region perform four times the amount of unpaid care work that men do (ILO 2018).
- Continued and accessible training
- “Male dominated” sectors
- Transition support from micro to small enterprises
- Business network opportunities



# Business and ICT skills development

- **Key challenges**
  - **Quality and relevance of TVET**
  - **Limited ICT skills**
  - **Link between labour market demand and training**
- **Support technological development**
- **Utilize ICT to improve productivity, entrepreneurship, finance, and innovation**



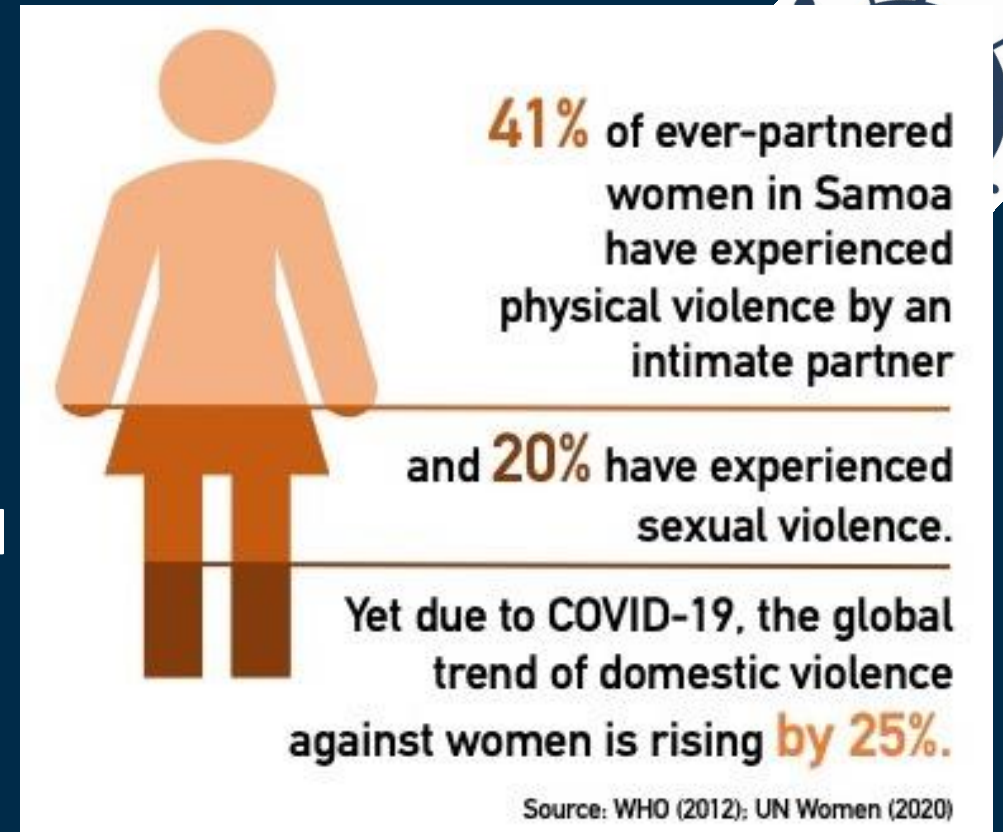
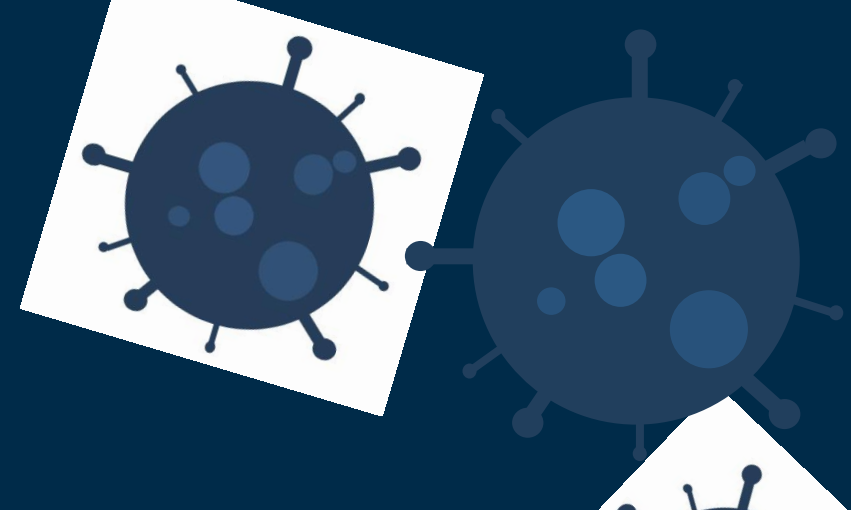
# Enabling environment

- **Commitment to gender equality**
  - National Policy for Gender Equality (2016-2020)
  - Community Development Plan (2016-2021)
  - MSME Policy
- **Regulatory environment**
  - Licenses for each of the enterprise's expected activities
  - Licensing office attendance
  - Limited access to online registration system



# COVID-19

- **Second health emergency** in six months
- **Impact of COVID-19** on women-led MSMEs:
  - Limited access to credit and finance
  - Limited access to ICT and technology
  - Increased unpaid care responsibilities
- Considering and integrating a **gendered lens** into all
- **MSMEs vs. larger enterprises**



# Some opportunities

- Gender-disaggregated data – for more targeted responses
- Policy and regulatory environment
- Support development of incentives to formalize businesses across Samoa. (Including allowing “hybrid” applications (internet, in person and telephone),
- Providing a “one stop shop” for information, guidance, application submission and follow up on business regulations in Samoa.
- Gender-inclusive financial products and information





# Session 1: Micro, Small and Medium-sized Enterprises' Access to Finance in Samoa and Recommendations

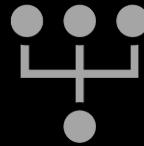
*John Hardin, Consultant, ESCAP*





# METHODOLOGY

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Coordination with project to develop MSME policy framework.



Findings from review of DBS pilot microfinance scheme in Savai'i.



# Microfinance

CRUCIAL FOR  
DEVELOPMENT IMPACT  
AND AS FEEDSTOCK  
FOR SME SECTOR.

POTENTIAL FOR  
GRADUATION OF  
BORROWERS TO SME  
LOANS.

SUPPLIERS – SPBD, DBS  
(EXPANSION), SBH  
(PLANNED).

# Review of DBS pilot scheme



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# OUTCOMES

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- 70% of sample reported an increase in family incomes as a direct result of the loan.
- Reported total increased incomes were 3.3 times the value of the loans provided.
- 87% of the surveyed borrowers have plans to continue, expand or diversify their microenterprises



Few complaints  
from lenders or  
private sector.



Only identified  
shortcoming is no  
credit bureau.

BUSINESS ENABLING ENVIRONMENT

# INITIAL RECOMMENDATIONS

Pre COVID 19

# Microfinance Sector

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- Reasonably well supplied – SPBD, DBS and SBH (proposed).
- Women main beneficiaries.
- Not a priority area for initiatives.
- Possible technical support for DBS.

# SME ACCESS TO FINANCE



Supply of financial services is thin but adequate.



Small domestic market LIMITS PRODUCTS AND services.



SMEs complain they can't access affordable credit.



Lenders complain they receive too few "bankable proposals".

# WHAT IS A BANKABLE PROPOSAL

- A strong, properly thought-out business case with credible financial projections (including debt service cover).
- Track record of business owner important – the “personal factor”.
- Few SMEs can document a strong business case and professional external services are expensive.



RESULT

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graph LR; A((UNMET DEMAND FOR SME COMMERCIAL FINANCE)) --> B((SECTOR GROWTH CONSTRAINED))
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UNMET  
DEMAND FOR  
SME  
COMMERCIAL  
FINANCE

SECTOR  
GROWTH  
CONSTRAINED

# INITIAL RECOMMENDATIONS

Good microfinance performance and spread.

Focus on SME demand side shortcomings.

Develop and strengthen local business service providers.

No separate program for women – more generous support.

# SME DEMAND SIDE

MORE BANKABLE PROPOSALS BEFORE LENDERS.



ASSIST POTENTIAL SME BORROWERS TO THINK THROUGH BUSINESS PROJECTS.



INTEGRATED PROGRAM – SBH, LOCAL BUSINESS ADVISORS.

# INTEGRATED PROGRAM

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- Strengthen local financial and business advisors with emphasis on properly assessed finance submissions.
- Support Samoa Business Hub to play even stronger role.
- Priority given to women entrepreneurs – additional support to build confidence.
- Partial guarantee scheme to supplement strong finance submissions.
- Underpinned by clear definitions and improved data.

# COLLATERAL SHORTFALL GUARANTEE SCHEME

Borrower to provide minimum 50% collateral.

90% of balance covered by guarantee = partial guarantee.

Banks refer, independent panel checks eligibility.

Women particular beneficiaries – possible higher guarantee, say 95%

# RATIONALE

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Microfinance  
supplied

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Import  
access

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Bas  
fin

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# QUESTIONS COMMENTS

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Your feedback is very important





## Panel Discussion

**Moderator:**

*Vaitulia Alatina Ioelu, Chief Executive Officer, Samoa Business Hub (SBH)*

**Panel of Discussants:**

*Fiu Jacinta Matulino, ACEO-Industry Development & Investment Promotion, MCIL*

*Goretti Godinet Fau, Manager Loans, Development Bank of Samoa (DBS)*

*Luapene Lefau, General Manager, South Pacific Business Development (SPBD)*

*Tauiliili Ruth Penaia, Senior Manager, Samoa Commercial Bank (SCB)*





# COVID 19 IMPACT

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- DECLINING SALES
- LIQUIDITY AND CASH FLOW CHALLENGES
- STAFF LAYOFFS
- INCREASED UNCERTAINTY ABOUT BUSINESS'S ABILITY TO SURVIVE.



# IMPACT ON MICROENTERPRISES

LESS RISK OVERALL BUT STILL NEED AND  
DESERVE SUPPORT



## IMPACT ON SMEs

- SALES AND CASHFLOW
- DEBT SERVICING
- RESCHEDULE DEBT
- SECURE CREDIT FROM CAUTIOUS LENDERS
- PLAN FOR A CHANGED ENVIRONMENT

# IMPACT ON WOMEN

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EVEN MORE CAUTIOUS  
CONFIDENCE IN  
APPROACHING  
LENDERS

# RECOMMENDATIONS

MODIFICATIONS AND ADDITIONS



# SHORT AND MEDIUM TERM

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- CONTINUING REPAYMENT AND INTEREST REPAYMENT RELIEF  
DBS AND SPBD
- CAPITAL INJECTION INTO DBS - ROLL OUT OF MICROFINANCE  
PROGRAM AND LOAN RESTRUCTURING FACILITY
- CONCESSIONAL LOAN TO SPBD FOR SME CREDIT
- REALLOCATE AGRIBUSINESS SUPPORT SCHEME FUNDS TO SBH  
FOR BROADER SECTOR COVERAGE
- SBH TO PLAY UPGRADED ROLE

# MEDIUM/LONGER TERM

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- REDUCE STATUTORY RESERVE DEPOSITS;  
CONCESSIONAL LOANS TO BANKS FOR DEDICATED  
SME LENDING
- FAST RACK CREDIT BUREAU
- COLLATERAL SHORTFALL GUARANTEE SCHEME
- FINTECH – TRANSACTIONS, PAYMENTS, LENDING
- MOBILE MONEY AGENCY NETWORKS.



# KEY SECTORS

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- TOURISM OPERATORS  
ALLOCATED PRIORITY
- PROMOTION OF SAMOA  
AS SAFE DESTINATION
- AGRICULTURE AND  
AGRIBUSINESS SUPPLY  
CHAINS

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# BENEFITS FOR WOMEN

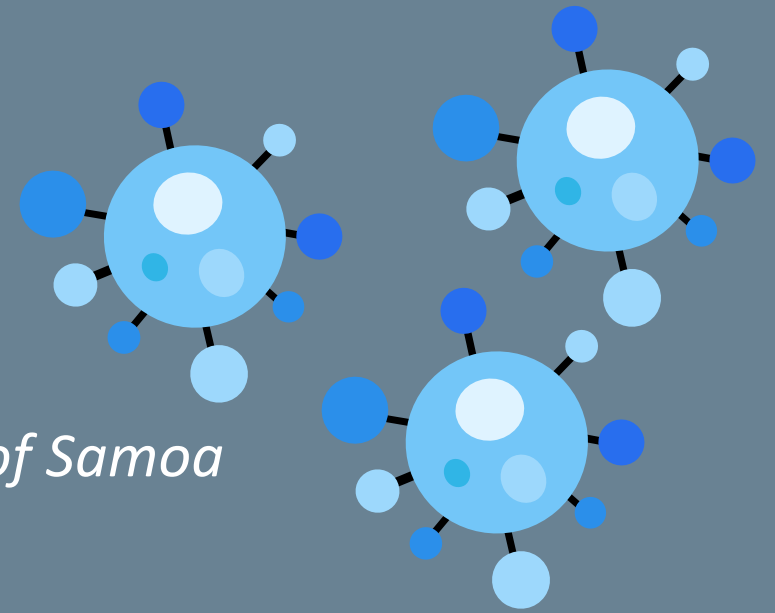
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- MICROFINANCE
- SME LOAN FOR ACCEPTABLE MICROFINANCE CLIENTS
- MORE GENEROUS AND TAILORED SUPPORT ACROSS ALL ACTIVITIES

QUESTIONS  
COMMENTS



# Panel Discussion



**Moderator:**

*Susana Laulu, Chief Executive Officer, Development Bank of Samoa (DBS)*

**Panel of Discussants:**

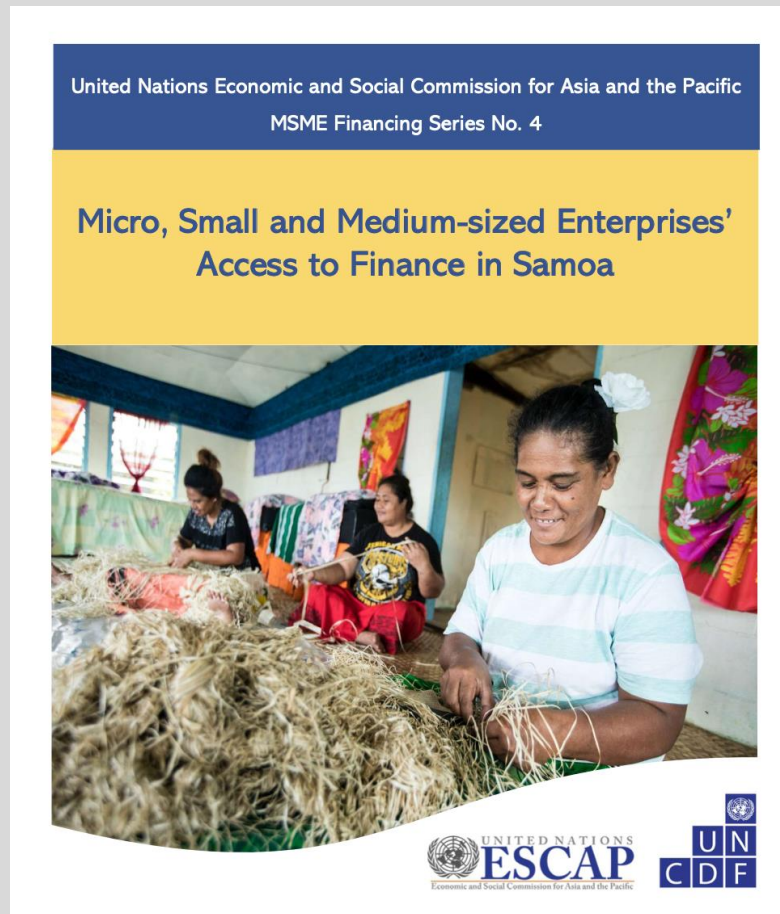
*Leaupepe Esera Poliko, Manager-Security, Legal & Recovery Unit, Samoa Business Hub (SBH)*

*Lemauga Hobart Vaai, Chief Executive Officer, Samoa Chamber of Commerce (CoC)*

*Rosalina Leiofi-Satuala, Office Manager, Samoa Hotel Association (SHA)*

*Donald Leumaga, Facility Manager, Samoa Agri Business Support program (SABS)*

# Download the Reports



# Thank You!

Please provide your survey feedback on this event here:

