CONTEXT/BACKGROUND
Despite its vulnerability to natural disasters, the Samoan economy has experienced relative steady and persistent real growth in a stable economic and political environment over the past decade. As is the case for most small islands least developed countries with limited natural resources and domestic market opportunities, trade constitutes one of the most important factors for the country’s socioeconomic performance and development capacity for the achievement of the Millennium Development Goals (MDGs) by 2015 and a number of global and regional commitments. In the Strategy for the Development of Samoa, the private sector is identified as the engine of growth for the country’s economy. Its role in improving the performance of trade is essential and the Government has initiated positive policy directions for future economic growth through strengthening of the agriculture and tourism sectors, building up of an entrepreneurial community as a focus of growth, and working in partnership with the private sector, including CSOs, and the donor community to support increased international, regional and local trade initiatives. It has been important to recognise the existence of several levels in the economy and the fundamental needs attached to each. The Government of Samoa considered that there would be benefits and advantages in consolidating existing resources through a pooled financing arrangement of donor small private sector funds in order to simplify their management and coordination. The concept of the Private Sector Support Facility (PSSF) was thus borne. The proposed PSSF would have the potential to attract additional donors and other stakeholders within a strategic private sector framework for Samoa. In keeping with the donors and Government of Samoa’s focus on poverty reduction, stakeholders that would be targeted for support from the consolidated PSSF are those that promote equitable sustainable livelihoods through the development of the local economy; have a focus on small to medium businesses employing and/or engaging the vulnerable groups (either as staff, suppliers and/or entrepreneurs); build upon existing public, private and community systems and assets; improve the well being of the disadvantaged and promote gender equality.

PROJECT SUMMARY
The size of the Facility for the initial year of operations (July 2008 – June 2009) was SAT$ 1.0 million excluding operational funding. It is expected that the Facility size be increased to a minimum of SAT$ 2.5 million subject to the completion of the one year independent review, addressing of design issues that...
have impacted the operational performance of the Facility and the securing of additional funding from donors.

The Term of the Facility is for a period of five years ending 30 June 2013.

The primary objective of the Facility is to support the development of the private sector and to enhance trade opportunities through value added initiatives.

A Business Forum will be organised for selected sectors throughout each year and would be a ‘think tank’ for advising government on the priorities for investment and have some indirect influence where PSSF funds should be channelled for the long-term growth and benefit of the country’s economy. Further, that the Forum will adopt and operate under principles that embrace gender equality and equity; social and corporate responsibility; environmental sustainability and address the continuum of business development in Samoa from the primary to tertiary levels, including international exports.

An important tool in PSSF is the Value Chain which is defined as a sequence of productive stages of a process – whether it be production, manufacturing or the service process. The Value Chain also involves different parties that provide specific inputs into the different stages of the process. Value added initiatives can be defined as those projects that promote the development of the different stages of the value chain that will eventually contribute to competitive advantage of a product or service and benefit and make better off the various parties that work in the process.

The Structure of the Fund
Two funding categories summarised as follows:

a. **Category A for proposals in the range of ST$ 20,000 and ST$ 50,000:**

b. **Category B for proposals up to ST$ 20,000:**

c. **Applications/Proposals in the ST$ 51,000 to ST$ 100,000 range** per annum range will be considered in Category A funding rounds when the total Fund pool is over ST$ 2.0 million per annum (net of operating costs). It is expected that applications above ST$ 50,000 will only be justified where the Steering Group is satisfied that a previous investment by the Facility has been completed and proven to be successful.

### KEY RESULTS EXPECTED

- A harmonized donor support to enable government to support the strengthening of local businesses, targeting private sector development, particularly small and medium-sized enterprises in the rural areas, where studies have shown the most hardship is experienced, and promoting gender equality.
- A more focused, equitable and sustainable dialogue at the national level on the needs and priority areas for investment in private sector growth in the country through a dedicated Forum of local commercial representatives, government and donors that will be formed for this purpose.