



FISCAL STRATEGY

MAIN ESTIMATES
2026/2027

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1. Introduction

Reporting Requirements

The Public Finance Management Act 2001 stipulates the principles of responsible fiscal management and reporting requirements for the presentation of the Budget.

In accordance with Section 19 of the Act, the Fiscal Strategy Statement must be submitted to the Legislative Assembly as part of the Budget Address.

The Fiscal Strategy Statement includes an assessment of the extent to which the budget statement is consistent with the "Pathway for the Development of Samoa" (PDS); an explanation of the reasons for any significant differences between the current economic and financial situation of the State and the information and intentions in the PDS; projections of movements in economic and fiscal data which demonstrate intended progress towards achieving the PDS outcomes; and the significant assumptions on which the projections are based. These national outcomes will be achieved through coordinated efforts towards the implementation of public sector investment programs by the Government, the private sector, communities, and development partners.

The Pathway for the Development of Samoa (PDS)

The national development plan is for a period of five fiscal years (FY2026/27 – FY2030/31) with the theme of: "Sustaining community empowerment, driving resilient growth and fostering good governance, social justice and partnerships."

It focuses on five Key Strategic Outcomes (KSO) to achieve its vision of "A Highly Resilient, Inclusive, Safe and Prosperous Samoa, grounded in the Fa'a-Samoa and Faith in God." These include:

1. Inclusive Social Development
2. Sustainable Economy
3. Trusted Governance, Rule of Law and Security
4. Safeguarded Climate-resilient Environment
5. Structured Public Works and Sustainable Infrastructure

2. Economic Objectives

Fiscal Policy

The strong recovery of Samoa's economy over the past three financial years sets the backdrop against which its fiscal policy is set. However, persistent challenges including external vulnerabilities compounded by the current geopolitical climate, present risks to the trajectory of Samoa's economic development. The focus therefore is on a balanced approach to the implementation of national priorities, prioritising fiscal sustainability whilst delivering the social outcomes, capacity enhancement and public investments intended to drive growth in the next planning period.

The following targets are set to measure the implementation of fiscal policy and guide public finance management policies:

- i. Budget deficit to be within 3.5% of GDP (Gross Domestic Product);
- ii. Ratio of Ordinary Receipts to Total Current Payments to be at least 70%;
- iii. Personnel Costs¹ to be maintained within 35% of Total Current Expenditure;
- iv. Total Current Payments to be maintained within 40% of GDP;
- v. Debt Servicing to be kept within 20% of Ordinary Receipts (Excluding Grants); and
- vi. Public Debt to be kept below 50% of GDP.

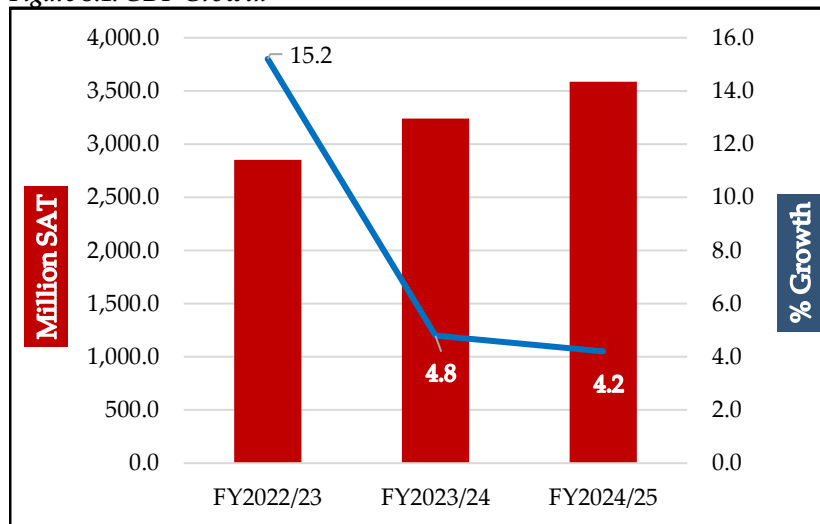
¹ Government Ministries only

3. Economic and Fiscal Performance: FY2022/23 to FY2024/25

Macroeconomic Performance

Samoa's economy recorded a strong recovery, with growth reaching 15.2 percent in FY2022/23 following the reopening of international borders in August 2022, a rebound from 2.3 percent in FY2021/22. The sharp increase in growth reflects the full resumption of economic activity after the COVID-19 pandemic.

Figure 3.1: GDP Growth



Source: Samoa Bureau of Statistics

The return of international travel led to a strong recovery in tourism, while increased household spending, visitor spending, and investment supported higher demand across the economy. In addition, major infrastructure projects and national events, including the 60th Independence Anniversary celebrations and church conferences, contributed to increased economic activity. Key industries such as Accommodation and Restaurants, Business Services, Transport, Fishing, Personal and Other Services, and Commerce benefited from this rebound.

Economic growth moderated to 4.8 percent in FY2023/24, reflecting a return to more normal growth levels following the strong rebound in the previous year. Growth was supported by continued infrastructure developments, preparations for the Commonwealth Heads of Government Meeting (CHOGM), and the ongoing implementation of the District Development Programme. Additional momentum was also driven by sporting events and community activities, including church donations and national celebrations. Growth remained steady across key sectors, particularly Accommodation and Restaurants, Transport, Electricity and Water, and Fishing.

In FY2024/25, economic growth eased slightly to 4.2 percent, indicating continued expansion at a more stable pace. Economic activity was supported by the hosting of CHOGM and other major events such as the Teuila Festival, Miss Samoa Pageant, church conferences, and concerts. Public infrastructure improvements and upgrades in accommodation services also supported growth. Although the energy crisis in early 2025 created a temporary impact, overall growth was maintained due to continued spending and activity across sectors such as Commerce, Financial Services, Transport, Construction, and Public Administration.

Table 3.1: Fiscal and Economic Statistics FY2022/23 to FY2024/25

	FY2022/23	FY2023/24	FY2024/25
Fiscal Rules			
Budget Deficit as a % of GDP (Target to be within 3.5%)	2.7	9.3	4.7
Ratio of Ordinary Receipts to Total Current Payments (Target to be at least 70%)	92.4	107.4	103.1
Personnel Costs as a % of Total Current Expenditure (Target to be maintained within 35%)	39.5	37.1	37.8
Total Current Payments as a % of GDP (Target to be maintained within 40%)	29.2	26.8	25.3
Debt Servicing as a % of Ordinary Receipts [excluding grants] (Target to be kept within 20%)	14.7	12.9	10.1
Official Public Debt as a % of GDP (Target to be kept below 50%)	31.8	25.2	21.2
Gross Domestic Product			
Nominal GDP (million)	2853.12	3240.47	3584.93
Real GDP (2013 constant price)	2374.36	2488.12	2592.64
% Growth	15.2	4.8	4.2
Budget Balance			
Budget Balance (million)	77.07	300.99	167.73
Revenue			
Revenue	898.85	1154.57	1114.11
Tax Revenue	673.93	784.87	836.52
Grants	141.28	269.91	186.58
Non-Tax Revenue	83.63	99.80	91.01
Revenue and Grants (% to GDP)	31.5	35.6	31.1
Tax Revenue (% to GDP)	23.6	24.2	23.3
Grants (% to GDP)	5.0	8.3	5.2
Non-Tax Revenue (% to GDP)	2.9	3.1	2.5
Total Expenditure			
Total Expenditure	821.78	853.59	946.38
Current Expenditure	705.04	798.47	833.32
Net Acquisition of Non-financial Assets	116.73	55.12	113.06
Total Expenditure (% to GDP)	28.8	26.3	26.4
Current Expenditure (% to GDP)	24.7	24.6	23.2
Net Acquisition of Non-financial Assets (% to GDP)	4.1	1.7	3.2
Subsidies	2.40	5.75	6.45
Subsidies (% to GDP)	0.1	0.2	0.2
Public Debt			
Official Public Debt (million)	907.5	815.4	760.4
Total Debt Servicing (million)	95.8	99.4	94.7

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

Fiscal Performance

Budget Balance

As depicted in Figure 3.2, the Government's budget balance for the last three fiscal years has recorded consecutive surpluses which can be attributed to the following:

In FY2022/23, the Government achieved a surplus of \$77.1 million tālā, representing a major recovery following the pandemic-induced recessions of previous years. This positive balance was driven by a robust rebound in domestic economic activity and

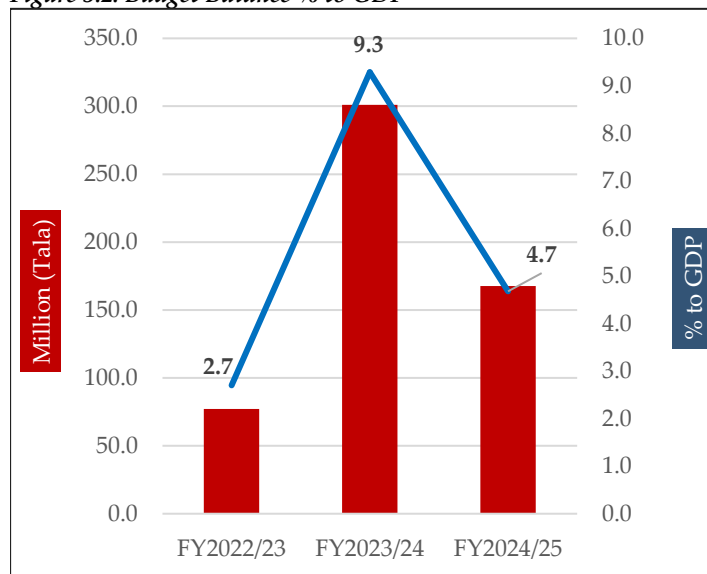
efficient tax collection after the reopening of national borders. The significant surplus ensured a strong fiscal position, allowing the Government to support national development while maintaining a sustainable debt trajectory.

The fiscal position strengthened further in FY2023/24, with the surplus peaking at \$301.0 million tālā. This robust performance was heavily influenced by a substantial increase in external grant inflows and sustained growth in domestic revenue, which provided the Government with a significant fiscal buffer. This surplus allowed for the continued reduction of public debt while simultaneously funding large-scale national preparations for international events such as CHOGM.

The Government maintained a solid fiscal position in FY2024/25 with a net surplus of \$167.7 million tālā, equivalent to 4.7% of GDP. This performance was anchored by increases in tax revenues, driven by heightened consumption from the CHOGM preparations, the District Development Programme, and a steady schedule of regional sporting events and church conferences. While total revenue moderated to \$1,114.1 million tālā due to a normalization of external grant inflows, the Government strategically pivoted its spending toward long-term development. This was evidenced by the increase in the Net Acquisition of Non-Financial Assets to \$113.1 million tālā, funding critical infrastructure such as airport security upgrades and the new VIP terminal, while successfully counterbalancing temporary shocks including the energy crisis later in the fiscal year.

Table 3.2 provides a comparison of budget estimates with actual performance over the review period. Implementation picked up significantly in FY2022/23, with actual Acquisition of Non-Financial Assets rising to \$116.7 million tālā as major projects

Figure 3.2: Budget Balance % to GDP



Source: Ministry of Finance and Samoa Bureau of Statistics

resumed post-border reopening. This pace slowed in FY2023/24, with actuals recorded at \$55.1 million tālā, reflecting a temporary shift in focus toward operational preparations for international events. In FY2024/25, activity improved as the Government pivoted back toward capital investment, with the Net Acquisition of Non-Financial Assets increasing to \$113.1 million tālā, representing a more stable pace of infrastructure development.

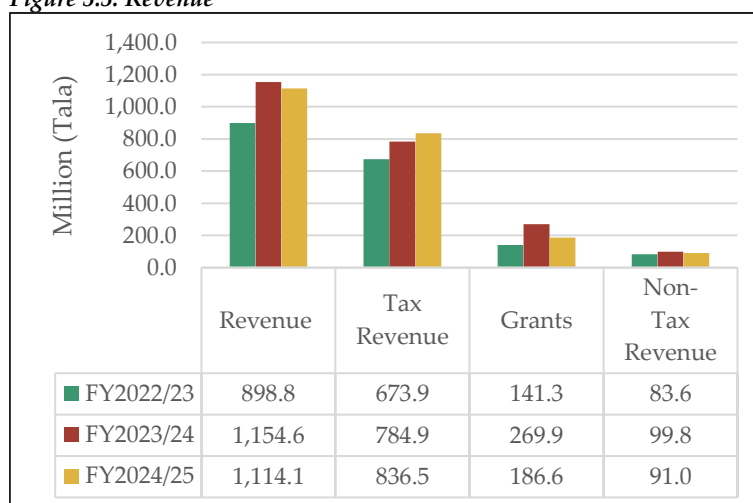
Table 3.2: Statement on Government of Samoa Operations: Transactions affecting Net Worth FY2022/23-FY2024/25

	2022/23		2023/24		2024/25	
	EST.	ACTUALS	EST.	ACTUALS	EST.	ACTUALS
REVENUE	878.9	898.8	843.5	1154.6	939.9	1114.1
<i>Taxes</i>	516.7	673.9	555.2	784.9	616.0	836.5
<i>Grants</i>	260.7	141.3	166.4	269.9	196.8	186.6
<i>Other Revenue</i>	101.5	83.6	121.9	99.8	127.1	91.0
EXPENSE	645.5	705.0	779.3	798.5	829.0	833.3
GROSS OPERATING BALANCE	233.4	193.8	64.1	356.1	111.0	280.8
NET ACQUISITION OF NONFINANCIAL ASSETS	154.1	116.7	154.1	55.1	174.7	113.1
NET LENDING / BORROWING REQUIREMENT	79.4	77.1	-89.9	301.0	-63.7	167.7
NET ACQUISITION OF FINANCIAL ASSETS AND LIABILITIES FINANCING)	-73.8	77.1	-89.9	301.0	-63.7	167.7
NET ACQUISITION OF FINANCIAL ASSETS	-41.2	5.8	-189.2	216.0	-155.3	87.6
NET INCURRENCE OF LIABILITIES	-32.5	-71.3	-99.3	-85.0	-91.5	-80.1
NOMINAL GDP	2191.0	2853.1	2759.0	3240.4	2854.0	3584.9
BUDGET DEFICIT	3.4%	2.7%	-3.3%	9.3%	-2.1%	4.7%

Revenue

The implementation of targeted Government initiatives towards economic recovery and the strengthening of revenue streams, contributed to the overall increase in revenue. Evidently, revenue performance remained stable over the review period as shown in Figure 3.3, with total revenue continuing to increase and reaching more than \$1 billion tālā in FY2023/24 and FY2024/25. This is attributed to the increased inflow of tax revenues and grants, driven by strong economic performance and improved revenue administration.

Figure 3.3: Revenue



Source: Ministry of Finance and Samoa Bureau of Statistics

The consistent inflow of remittances and Government’s stimulus packages during and post-pandemic contributed to increased consumption and therefore tax revenue in FY2022/23. Enhanced tax compliance measures contributed to the increase from FY2023/24 to FY2024/25. This is in addition to other factors that stimulated consumption including increased visitors and the implementation of the District Development Programme.

Tax revenue continued its upward trend in FY2024/25 to \$836.5 million tālā, supported by sustained tax compliance initiatives, and steady household and business consumption. Grants increased to \$269.9 million tālā in FY2023/24 and then declined to \$186.6 million tālā in FY2024/25.. Thus, Total Revenue moderated as grant inflows declined due to some donor funded development projects being completed during the year but also as a result of transitioning out of the COVID-19 recovery period, which in the preceding year, included pandemic response efforts that increased the level of grant inflows. As the immediate need for pandemic related support subsided, these inflows naturally decreased.

Table 3.3 Government of Samoa Revenue by Type FY2022/23-FY2024/25

	2022/23		2023/24		2024/25	
	EST.	ACTUALS	EST.	ACTUALS	EST.	ACTUALS
REVENUE	754.8	898.8	843.5	1154.6	940.8	1114.1
<i>Taxes</i>	516.7	673.9	555.2	784.9	616.2	836.5
<i>Taxes on income, profits, and capital gains</i>	120.6	140.1	129.3	182.9	139.7	214.4
<i>Taxes on property</i>	0.8	0.0	0.8	0.0	0.8	0.0
<i>Taxes on goods and services</i>	328.5	450.0	348.3	515.1	392.4	533.9
VAGST	180.6	281.5	175.5	316.6	209.7	322.7
Excises	137.5	158.6	162.3	179.4	167.2	190.7
<i>Taxes on specific services</i>	9.9	9.9	10.0	19.1	15.0	20.5
<i>Taxes on use of goods, permission to use goods</i>	0.5	0.0	0.5	0.0	0.6	0.0
<i>Taxes on international trade and transactions</i>	66.7	83.9	76.7	86.9	83.1	88.2
<i>Grants</i>	260.7	141.3	166.4	269.9	196.8	186.6
<i>Other revenue</i>	101.5	83.6	121.9	99.8	127.7	91.0
Property income	28.8	16.3	41.1	36.7	48.4	22.6
Sale of goods and services	37.2	66.7	48.8	62.5	46.7	66.1
Fines, penalties, and forfeits	35.6	0.6	32.0	0.6	32.1	2.3
Miscellaneous and unidentified receipts	0.0	0.0	0.0	0.0	0.0	0.0

Expenditure

Government expenditure followed an upward trend throughout the review period to support social services and long-term development.

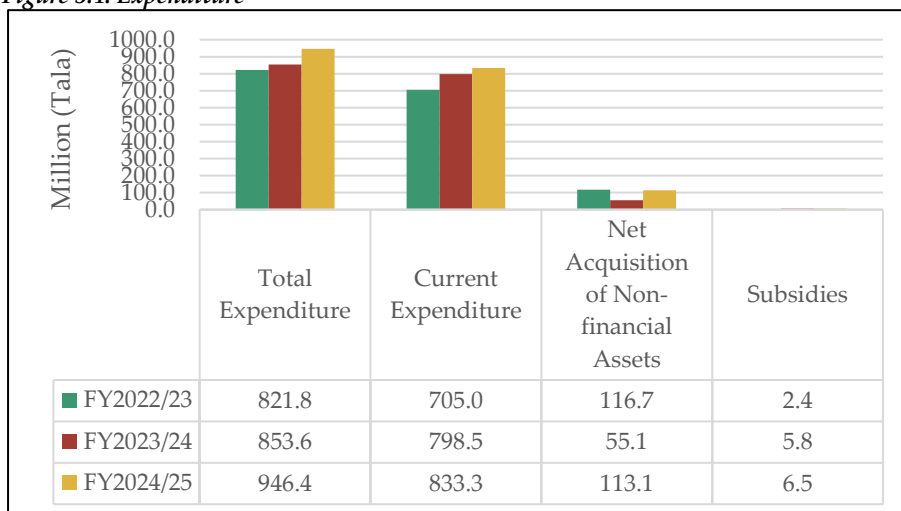
In FY2022/23, total expenditure stood at \$821.8 million tālā with a focus on compensation for employees and social benefit programs. During this phase the Government prioritized stabilizing the economy

post-recovery and ensuring that essential public services remained fully funded while initial climate-resilient infrastructure projects were launched.

Expenditure levels continued to expand to \$853.6 million talā in FY2023/24. This growth was largely due to funds being allocated for the District Development Programme and critical infrastructure enhancements required for the hosting of the Commonwealth Heads of Government Meeting (CHOGM). While Current Expenses rose to \$798.5 million tālā to manage these national commitments, the Government ensured that resources were distributed effectively across key sectors including Health, Education, and General Public Services.

In FY2024/25, Total Expenditure reached \$946.4 million talā, reflecting a continued focus on capital investment. A highlight of this period was the increase in the Net Acquisition of Non-Financial Assets, which totalled \$113.1 million talā. This shift highlights a transition from general operating costs toward long-term assets such as the upgrading of healthcare facilities, specifically the Tupua Tamasese Meaole (TTM) Hospital, designated as the main referral hospital that provided various major clinical specialist services if needed during CHOGM. Other developments include improvements to the TATTE Conference Centre, airport security facilities, VIP terminal, upgraded road networks and ferry replacements.

Figure 3.4: Expenditure



Source: Ministry of Finance and Samoa Bureau of Statistics

Table 3.4: Government of Samoa Expenditure by Type FY2022/23-FY2024/25

	2022/23		2023/24		2024/25	
	EST.	ACTUALS	EST.	ACTUALS	EST.	ACTUALS
EXPENSE	727.9	705.0	779.3	798.5	829.0	833.3
Compensation of employees	307.1	278.8	370.6	295.9	392.1	315.1
Use of goods and services	154.4	187.9	302.6	255.1	326.0	232.2
Interest	14.0	12.7	12.6	14.4	11.6	12.8
Subsidies	20.8	2.4	24.2	5.8	24.0	6.5
Grants	174.6	178.2	14.6	185.5	11.7	221.6
Social Benefits	43.9	35.6	41.2	34.7	45.9	35.7
Other Expense	13.1	9.4	13.5	7.2	5.4	9.4
NET ACQUISITION OF NON-FINANCIAL ASSETS	100.6	116.7	154.1	55.1	174.7	113.1

The Government's overall expenditure depicts consistently increasing grants to State Owned Enterprises, the District Development Programme, and the One Government Grant over the past three years.

Public Debt

Samoa's public debt position improved significantly over the fiscal years under review. Official public debt remained well below the Government's target threshold of 50 percent of GDP, declining from 31.8 percent in FY2022/23 to 21.2 percent in FY2024/25. This improvement reflects strengthened GDP growth and a reduction in the nominal stock of debt, which decreased from \$907.5 million tālā to \$760.4 million tālā over the same period.

During the review period, five loans were fully settled and closed. In FY2022/23, an Asian Development Bank (ADB) loan for the Western Samoa Trust Estates Corporation (WSTEC) Forestry Project was repaid. The Samoa Trust Estates Corporation (STEC) Capital Note 2 issued to the Unit Trust of Samoa (UTOS) was fully settled in FY2023/24. In FY2024/25, three additional loans were closed: one ADB Loan for the Fifth Development Bank of Samoa Project, an IDA-World Bank loan for the First Highway Project, and an OPEC Fund for International Development (OPEC) loan for the Petroleum Bulk Storage Facilities Phase III Project. In addition, two Debt Service Suspension Initiative (DSSI) instruments under the EXIM Bank and JICA loans were fully repaid in FY2024/25 following COVID-19 related debt deferment arrangements.

Debt Servicing also remained manageable with a reduction from \$95.8 million tālā in FY2022/23 to \$94.7 million tālā in FY2024/25. Debt service as a share of ordinary Government receipts fell from 14.7 percent in FY2022/23 to 10.1 percent in FY2024/25, comfortably below the policy ceiling of 20 percent. This downward trend supported Government's fiscal capacity and strengthened debt sustainability.

Public debt management also encompasses the monitoring of contingent liabilities including Government Guarantees (explicit contingent liabilities), State-Owned Enterprises (SOEs) other debt (implicit contingent liabilities), and Government On-

lending outstanding. By the end of FY2024/25, total contingent liabilities amounted to \$274.6 million tālā.

Government guarantees totalled \$93.2 million tālā, equivalent to approximately 2.8 percent of GDP and well below the policy limit of 10 percent. Most guarantees were issued to the Development Bank of Samoa (DBS), with smaller exposures to the Samoa Airport Authority (SAA), Samoa Housing Corporation (SHC), Samoa Shipping Services (SSS), and Polynesian Airlines – Samoa Airways (PAL-SAL).

Other SOEs debt not guaranteed by the Government stood at \$30.2 million tālā, mainly associated with the SHC and the Samoa Land Corporation (SLC). Outstanding Government On-lending balances totalled \$151.3 million tālā, largely attributed to the Electric Power Corporation (EPC) for the Power Sector Expansion Project and the Samoa Submarine Cable Company (SSCC) for the Samoa Submarine Cable Project, with smaller amounts provided to UTOS and DBS.

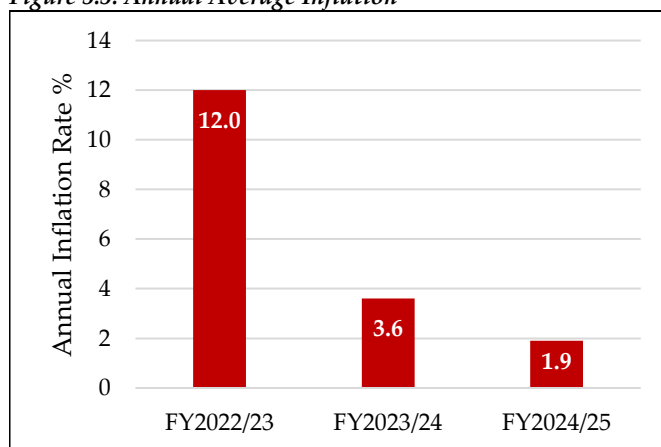
These contingent liabilities continue to be closely monitored to mitigate potential fiscal risks arising from the financial performance and operational sustainability of SOEs.

Monetary Policy

Given the declining level of inflation and positive economic outturn, the Central Bank continued to pursue a monetary policy stance aimed at absorbing the high level of liquidity in the financial system while gradually raising or normalizing the official interest rate toward its neutral medium-term target of 2-3 percent. This normalization is not intended to signal a tightening of monetary policy but an adjustment to its policy instrument. To achieve the above, the Central Bank expanded its open market operations – both in terms of the volume of outstanding securities and the issuance of longer-term papers, such as 182-day and 364-day papers.

Inflation

Figure 3.5: Annual Average Inflation



Source: Central Bank of Samoa & Samoa Bureau of Statistics

The annual average inflation rate increased sharply to 12.0 percent in FY2022/23, compared to the previous fiscal year. This increase was primarily driven by higher global fuel and commodity prices, continued supply chain disruptions and increased domestic demand following the reopening of Samoa’s international borders in August 2022. The return of visitors and the resumption of economic activity

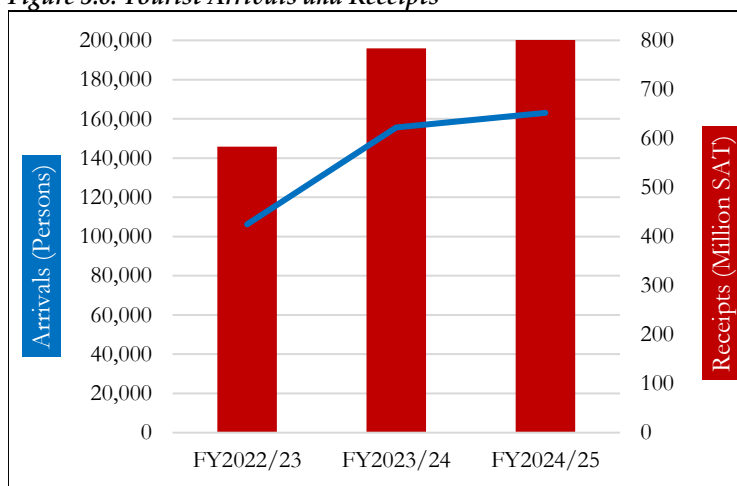
placed additional pressure on prices, particularly in food and transport.

In FY2023/24, inflation moderated considerably to 3.6 percent as global commodity prices declined and international supply chain conditions improved. Domestically, a slowdown in demand and price reductions in Housing, Water, Electricity, Gas and Other Fuels, Transport and Education contributed to easing inflationary pressures.

Inflation decelerated further to 1.9 percent in FY2024/25, falling below the medium-term inflation target. This decline reflected lower prices for imported goods, including fuel, diesel and airfares, alongside reductions in transport and household furnishings. These decreases were partly offset by higher prices for local food items such as taro, fresh fish and coconuts, as well as increased communication charges and household services.

Tourist Arrivals and Earnings

Figure 3.6: Tourist Arrivals and Receipts



Source: Central Bank of Samoa

Tourism activity rebounded strongly in FY2022/23 following the reopening of international borders in August 2022. Total visitor arrivals, including cruise ships, reached 145,763, while total visitor earnings rose to \$424.8 million tālā. The majority of visitors during this period were Visiting Friends and Relatives (VFRs), reflecting pent-up

demand for family reconnections after prolonged travel restrictions.

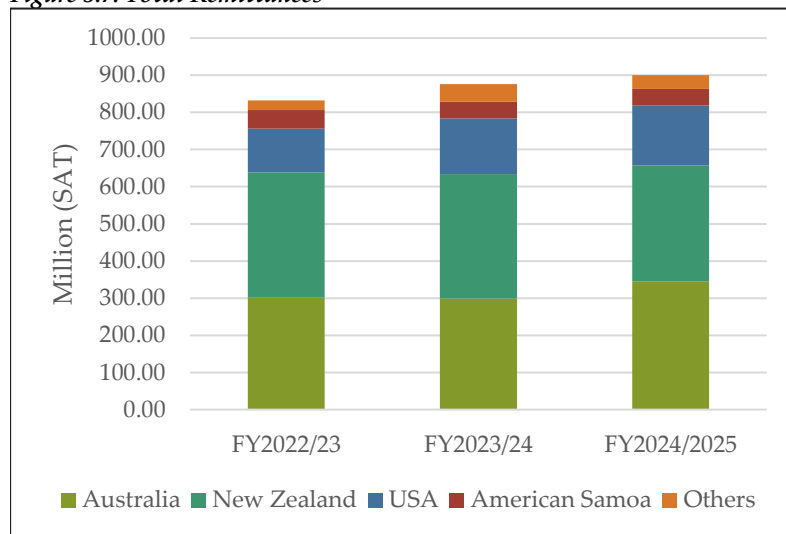
In FY2023/24, tourism recovery strengthened further, with total arrivals increasing to 195,976 and earnings rising to \$622.2 million tālā. This marked the first full fiscal year of recovery, during which holiday travellers exceeded VFRs, supported by cultural, sporting and community events that boosted leisure tourism.

Total arrivals increased further to 209,721 in FY2024/25 highlighting a return to normalcy and slightly exceeding pre-COVID levels, while visitor earnings rose to \$652.2 million tālā. This growth was supported by major cultural and tourism-related events, including the Annual Teuila Festival, the Miss Samoa Pageant and Samoa Vibes concerts. In addition, hosting CHOGM and the associated lead-up preparations, along with other regional meetings, provided an incremental boost. Seasonal celebrations and leisure travel continued to drive visitor numbers, with holiday travelers remaining higher than VFRs.

Remittances

Total remittance inflows remained strong over the review period, increasing from \$831.8 million tālā in FY2022/23 to \$876.2 million tālā in FY2023/24, before reaching \$900.6 million tālā in FY2024/25. New Zealand continued to be the largest source of remittances, followed by Australia and the United States.

Figure 3.7: Total Remittances



Source: Central Bank of Samoa

In FY2024/25, remittance inflows from New Zealand, American Samoa, and other countries declined slightly. However, this decrease was more than offset by higher inflows from Australia and the United States, resulting in an overall net increase in total remittances. The continued strength of remittances reflects ongoing participation in overseas labour mobility schemes and the sustained support of Samoan communities abroad.

Gross foreign reserves

Samoa's gross official foreign reserves continued to expand significantly over the reviewed period. And by FY2024/25, gross foreign reserves had reached \$1,559.9 million tālā, equivalent to around 15.2 months of import cover, which was well above the minimum import cover of 4.0 months.

The sustained growth in foreign reserves reflected strong inflows of foreign grants and development assistance associated with COVID-19 recovery efforts, continued general budget support disbursements, and improved foreign exchange earnings from tourism and remittances.

4. Economic and Fiscal Outlook

Macroeconomic Framework

Global Economic Outlook

According to the International Monetary Fund's (IMF) World Economic Outlook (WEO) updated in April 2026, global growth is projected at 3.1 percent in 2026 and 3.2 percent in 2027. This represents a downward revision for 2026 while the projection for 2027 remains unchanged, compared with the IMF's January 2026 WEO report. This revision is attributed to rising geopolitical tensions, particularly the ongoing conflict in the Middle East. Heightened uncertainty is negatively affecting trade, investment and financial conditions. If the conflict is prolonged or intensifies, it could further slow global growth in 2026, accompanied by higher inflation. In a more severe scenario involving major disruptions to energy infrastructure, global growth could weaken further, while inflationary pressures rise, deepening macroeconomic instability across regions. Beyond geopolitical tensions, additional risks include rising public debt levels, potential financial market corrections, trade tensions and weakening institutional credibility in monetary policy. These risks, combined with fragile fiscal buffers in many economies, could amplify vulnerabilities if shocks persist.

Global inflation is projected to rise to 4.4 percent in 2026 before easing to 3.7 percent in 2027, following an upward revision from earlier forecasts established in the IMF's January 2026 WEO report. This upward revision reflects concerns that, while inflation has been declining, it remains vulnerable and could easily re-accelerate due to higher energy prices, rising transport costs, and trade disruptions linked to the Middle East conflict, contributing to ongoing inflationary pressures across several regions. However, inflation is expected to moderate over the medium term as monetary policy remains restrictive and supply conditions gradually improve. These pressures could complicate macroeconomic management, particularly for economies facing weak growth, high debt, and limited fiscal buffers.

Outlook: Samoa's Major Trading Partners

Economic conditions across most of Samoa's major trading partners are expected to improve gradually over the near to medium term, although growth remains below long-term averages for New Zealand, Australia and the United States. According to NZ's Half Year Economic and Fiscal Update December 2025 report, the economy is recovering slowly from a prolonged downturn, with growth forecast to increase to 1.7 percent in FY2025/26 and 3.4 percent in FY2026/27, supported by easing inflation, reductions in interest rates, stronger export performance, and improved household spending. In Australia, economic growth is projected to remain modest in the near term before improving slightly. According to Australia's Mid-Year Economic and Fiscal Outlook 2025-26 December 2025 report, real GDP growth is expected to be 2.3 percent in both FY2025/26 and FY2026/27, supported by private investment, resilient labour market conditions, easing inflation, and a steady recovery in household consumption. In the United States, economic growth is projected to increase to 2.2 percent in 2026, and then ease to an average of 1.8 percent per year from 2027 to 2036.

Pacific Region Outlook

The World Bank's Pacific Economic Update in May 2026 reflects a continued moderation in economic growth across the 11 Pacific Island Countries (PICs) (FSM, Fiji, Kiribati, Marshall Islands, Nauru, Palau, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu). In 2024, growth decelerated significantly to around 3.2 percent following a strong expansion of 6.5 percent in 2023. Growth is estimated to remain at about 3.2 percent in 2025, before slowing further to 2.8 percent in 2026.

The slowdown reflects the normalization of post-pandemic tourism recovery, particularly in Fiji, alongside structural constraints in several economies, including Solomon Islands where growth remains below historical levels as logging declines. In addition, heightened global uncertainty, particularly rising energy prices and shipping costs linked to geopolitical tensions, including the ongoing Middle East conflict, continues to weigh on regional activity and reinforce vulnerabilities to external shocks. Similarly, growth momentum is expected to ease across tourism- and remittances-dependent economies such as Palau, Samoa, Tonga, and Vanuatu. While these economies recorded improved performance, growth is projected to moderate as higher transport costs and weaker external demand affect tourism flows. Despite tourism fully recovering by 2025, surpassing pre-pandemic levels, the region remains highly exposed to global developments, including fuel price volatility, logistics disruptions, and climate-related shocks, which are expected to dampen short-term growth and increase uncertainty. Over the medium term, growth across the PIC-11 is projected to average around 2.0 percent, remaining below the pre-pandemic decade average of 3.0 percent. This reflects persistent structural challenges, limited private sector development, and repeated exposure to external shocks and climate risks.

Inflation

The annual average headline inflation remains low and below the Central Bank's 3.0 percent target, declining to 1.2 percent in March 2026, from 2.2 percent at the end of December 2025. This was driven by a further drop in the imported component inflation to -0.5 percent (or deflation) from 0.2 percent at the end of December 2025. Meanwhile, domestic inflation slowed to 3.9 percent from 4.3 percent in December 2025. The annual average underlying inflation also declined to 0.7 percent, indicating declining core price pressures.

Looking ahead, headline inflation is pickup in May 2026 onwards due to the US/Israel – Iran war. Headline inflation is projected to increase to around 1.0 – 1.3 percent by June 2026, but still remaining below target. This reflects a modest rise in imported inflation (0.1 percent), while domestic inflation is expected to ease to 3.0 percent.

Gross Foreign Reserves

Official gross foreign reserves increased further to \$ 1,620.83 million tālā by the end of March 2026, representing 15.9 months of import cover.

Looking ahead, official projections indicate that gross foreign reserves will increase further to \$1,696.6 million tālā by the end of June 2026. This anticipated growth is underpinned by continued inflows of government grants and budget support funds,

alongside strong net purchases of foreign exchange by the Central Bank of Samoa from commercial banks. These purchases reflect sustained inflows from tourism earnings and private remittances, which boosted foreign currency liquidity in the banking system. As a result, while reserve levels will remain well above the Central Bank's minimum adequacy benchmark of 4 months of import cover, they are expected to stabilize rather than continue rapid expansion.

Short to Medium-term Outlook for FY2025/26 to FY2028/29

Table 4.1: Fiscal and Economic Statistics

	FY2025/26	FY2026/27	FY2027/28	FY2028/29
Fiscal Rules				
Budget Deficit as a % of GDP (Target to be within 3.5%)	-3.3	-3.1	-2.8	-2.3
Ordinary Receipts as a % to Total Current Payments (Target to be at least 70%)	78.27	78.47	77.41	78.37
Personnel Costs as a % of Total Current Expenditure (Target to be maintained within 35%)	37.6	31.8	31.1	31.1
Total Current Payments as a % of GDP (Target to be maintained within 40%)	29.4	32.0	30.5	28.4
Debt Servicing as a % of Ordinary Receipts [excluding grants] (Target to be kept within 20%)	10.4	9.0	8.0	7.5
Official Public Debt as a % of GDP (Target to be kept below 50%)	18.2	16.2	14.1	12.7
Gross Domestic Product				
Nominal GDP (million)	3,772.1	4,015.1	4,272.2	4,530.2
Real GDP (2013 constant price)	2,664.2	2,745.0	2,826.5	2,913.5
% Growth	2.8	3.0	3.0	3.1
Budget Balance				
Budget Balance (million)	-125.0	-124.9	-120.3	-104.4
Revenue				
Revenue	941.7	1,188.2	1,198.3	1,201.6
Tax Revenue	664.0	810.3	820.4	823.6
Grants	163.8	276.7	276.7	276.7
Non-Tax Revenue	113.9	101.2	101.3	101.3
Revenue and Grants (% to GDP)	25.0	29.6	28.0	26.5
Tax Revenue (% to GDP)	17.6	20.2	19.2	18.2
Grants (% to GDP)	4.3	6.9	6.5	6.1
Non-Tax Revenue (% to GDP)	3.0	2.5	2.4	2.2
Total Expenditure				
Total Expenditure	1,066.7	1,313.1	1,318.6	1,306.0
Current Expenditure	935.0	1,109.5	1,135.8	1,128.5
Net Acquisition of Non-financial Assets	131.7	203.6	182.8	177.5
Total Expenditure (% to GDP)	28.3	32.7	30.9	28.8
Current Expenditure (% to GDP)	24.8	27.6	26.6	24.9
Net Acquisition of Non-financial Assets (% to GDP)	3.5	5.1	4.3	3.9
Subsidies	28.5	28.0	28.0	28.0
Subsidies (% to GDP)	0.8	0.7	0.7	0.6
Public Debt				
Official Public Debt (million)	687.5	652.0	602.1	577.1
Total Debt Servicing (million)	90.3	90.6	80.5	75.3

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

Samoa's economic growth in FY2025/26 is projected at 2.8 percent, a downward revision from the 4.5 percent reported in the Fiscal Strategy 2025/26. This adjustment reflects lower than expected performance in the first half of the fiscal year, with GDP declining by 1.5 percent in the September quarter and recording only modest growth of 0.2 percent in the December quarter.

Economic activity is expected to improve over the remainder of the fiscal year, supported by tourism, sustained household consumption underpinned by remittance inflows, and the continued implementation of public investment projects. This outlook is further reinforced by increased activity associated with key events, including the hosting of the World Weightlifting Championships and Oceania Wrestling, annual church conferences and the 64th Independence celebrations.

Growth momentum is also expected to be supported by the continued implementation of priorities under the Pathway for the Development of Samoa (PDS), alongside expansionary fiscal measures. These include social transfers such as the \$32.5 million tālā Back-to-School Grant, compensation payments to households affected by the early-2025 energy crisis, and the \$10 million tālā assistance package for residents impacted by the Safata District sunken vessel incident. Collectively, these measures are expected to sustain domestic demand and support overall growth in the remaining quarters of FY2025/26.

In addition, ongoing Government development projects, including the completion of the Savalalo Market, the Atele Packhouse, and the Ministry of Agriculture and Fisheries office in Savai'i, alongside major infrastructure investments in transport, ports, roads, digital connectivity, and utilities, are expected to support construction activity and strengthen medium-term economic resilience.

The economy is expected to grow by 3.0 percent in FY2026/27, a downward revision from the 3.7 percent in the previous Fiscal Strategy, this revision is a reflection of the anticipated rollout of priorities under the new PDS and implementation of key Government initiatives. This includes continued execution of major projects under the Public Sector Investment Program (PSIP), alongside increased investment in tourism, aviation, manufacturing, and export-oriented agriculture, which will drive activity across construction and related sectors. The implementation of the upscaled \$2.0 million tālā District Development Programme will further support community-level projects in agriculture, fisheries, and small-scale infrastructure, strengthening local economic participation.

Growth will also be supported by expansionary fiscal measures, including a further increase in the minimum wage, and targeted social protection initiatives such as the reforms to the pension scheme and the introduction of the Child Wellbeing benefit, which is expected to support household incomes and consumption. Other policy responses include the DAC Response Plan to the fuel crisis, the split of the Ministry

of Women, Community and Social Development into the Ministry of Family and Social Affairs and the establishment of the Samoa District Development Authority (SDDA) to support effective implementation of the District Development Program. Furthermore, the Ministry of Fisheries and Marine Resources was established separate from the Ministry of Agriculture. Additional support to economic activity is expected from strong remittance inflows, expansion of e-commerce, and improved digital financial services, which continue to support household incomes and consumption.

Further support is expected from initiatives such as Citizenship-by-Investment (CBI) and Airline investment opportunities, alongside ongoing concessional lending facilities channelled through the Development Bank of Samoa (DBS), Samoa Business Hub (SBH) and the Samoa Housing Corporation (SHC), which contribute to credit growth and economic activity.

In FY2027/28 and FY2028/29, economic growth is projected to remain stable at 3.0 percent and 3.1 percent respectively, as the economy gradually transitions from recovery-driven expansion towards more sustainable growth. This reflects the easing impact of earlier expansionary fiscal measures and the expected stabilization in activity as major recovery-related projects progress toward completion.

Nevertheless, growth will continue to be supported by ongoing investment in tourism, agriculture, MSMEs, and infrastructure development, alongside the continued implementation of the District Development Programme. In addition, several major pipeline projects scheduled for implementation during these financial years, including the proposed domestic and international flight expansion and implementation of the Alaoa Dam Project are expected to sustain activity in construction, transport, utilities, and related services, while strengthening the economy's long-term productive capacity and resilience.

Statement on the Forward Estimates

Budget 2026/27 – 2029/30

Pursuant to Section 18 of the Public Finance Management Act 2001, the Statement on the Forward Estimates for the 2026/27 Budget and the subsequent three fiscal years is hereby submitted. This document serves as a prelude to the Government of Samoa's forthcoming budget preparations.

Overview

The Government will continue to pursue an expansionary fiscal strategy in the 2026/27 fiscal year, to support the implementation of national priorities under the new Pathway for the Development of Samoa. The 2026/27 Budget prioritises investments in community empowerment, social protection, climate and disaster resilience, human capital development, governance and justice sector reforms, public sector strengthening, and the advancement of sports, culture, and youth development. The Government also remains focused on supporting private sector development and a broader economic growth. Consistent with these priorities, the fiscal position for 2026/27 is projected to record a deficit equivalent to 3.1 percent of forecast GDP, supported by a combination of strong domestic revenue performance, continued external grant support from development partners, and prudent financing arrangements, as well as improved debt distress assessment.

Table 4.2: Summary of Payments and Receipts (million talā)

	2025-26	2026-27	2027-28	2028-29	2029-30
RECEIPTS AND GRANTS					
Ordinary Receipts	866.9	1,008.0	1,068.1	1,078.1	1,093.1
External Grants	163.8	276.7	233.4	231.3	168.9
Total Receipts and Grants	1,030.7	1,284.7	1,301.5	1,309.4	1,262.0
<i>Less</i>					
CURRENT PAYMENTS					
Statutory Payments	158.7	161.9	162.0	162.0	162.0
Expenditure Programs	921.3	1,090.1	1,097.0	1,081.6	1,081.6
Ministry Outputs	450.5	465.5	554.6	552.7	552.7
Third Party Outputs	143.7	231.9	278.5	276.1	276.1
Transactions on behalf of the State	327.1	392.6	263.9	252.8	252.8
Unforeseen Payments	27.6	32.7	32.9	32.4	32.4
Total Current Payments	1,107.5	1,284.6	1,291.9	1,276.1	1,276.1
<i>less</i>					
DEVELOPMENT PAYMENTS					
Loan financed project payments	0.0	22.1	20.0	30.0	38.8
Grant financed project payments	134.0	193.8	200.7	205.0	134.0
Total Development Payments	134.0	215.9	220.7	235.0	172.8
Cash (Deficit)/Surplus	(210.9)	(215.9)	(211.0)	(201.7)	(186.9)
Financed by					
Soft Term Financing	0.0	41.5	20.0	30.0	38.8
Budget Support Financing	132.4	60.0	82.5	68.7	54.9
Movement in Cash Balances	(78.5)	(114.4)	(191.0)	(171.7)	(148.1)

Source: Ministry of Finance

Ordinary Receipts

Ordinary Receipts for FY2026/27 are projected to increase by 16.3 percent to \$1,008.0 million tala, reflecting continued improvements in domestic revenue performance and economic activity. Revenue collections are expected to strengthen further over the forward estimates period, increasing to \$1,068.1 million tala in FY2027/28, \$1,078.1 million tala in FY2028/29, and \$1,093.1 in FY2029/30 to align with medium-term economic and fiscal assumptions.

External Grants

External Grants for FY2026/27 are projected to increase significantly by 69 percent to \$276.7 million tala, largely reflecting continued development partner support towards key infrastructure, energy crisis, climate resilience, and development initiatives. Grant inflows are expected to gradually moderate over the forward years to \$233.4 million tala in FY2027/28, \$231.3 million tala in FY2028/29, and \$168.9 million tala in FY2029/30, consistent with the completion of major externally funded projects and the normalisation of grant support over the medium term.

Current Payments

Total Current Payments for FY2026/27 are projected at \$1,284.6 million tala, reflecting a 16 percent increase from the previous financial year. Expenditure is forecast to increase further to \$1,291.9 million tala in FY2027/28, before moderating to \$1,276.1 million tala in FY2028/29 and FY2029/30. The projected trend reflects Government's continued investment in national development priorities, social assistance programs, and public service delivery, while maintaining a commitment to fiscal sustainability and expenditure stabilisation over the medium term.

Development Payments

The development payments for investment projects funded by external grants, are estimated to increase from \$134 million tala in FY2025/26 to \$215.9 million tala in FY2026/27. This total is forecast to increase further to \$220.7 million tala in FY2027/28, before shifting to \$235 million tala in FY2028/29 and \$172.8 million tala in FY2029/30. These projections reflect the implementation timelines of the active projects portfolio and the pipeline development projects, that are planned to be implemented during the respective fiscal years.

Overall Net Lending/Borrowing Requirement

Table 4.3 presents Government Operations in accordance with the Government Finance Statistics (GFSM2014) format, enabling international comparison and analysis.

Table 4.3: Statement of Government Operations

TRANSACTIONS AFFECTING NET WORTH	2025-26	2026-27	2027-28	2028-29	2029-30
REVENUE	941.7	1,188.2	1,215.1	1,226.2	1,178.8
Taxes	664.0	810.3	880.4	893.6	908.6
Grants	163.8	276.7	233.4	231.3	168.9
Other revenue	113.9	101.2	101.3	101.3	101.3
EXPENSE	935.0	1,109.5	1,128.2	1,122.3	1,116.1
Compensation of employees	351.4	352.3	352.7	350.8	350.8
Use of goods and services	158.9	284.9	364.5	382.9	376.7
Interest	9.5	8.4	8.4	8.4	8.4
Subsidies	28.5	28.0	28.0	28.0	28.0
Grants	310.7	340.1	278.8	276.5	276.5
Social benefits	70.3	90.9	90.9	70.9	70.9
Other expense	5.6	4.8	4.8	4.8	4.8
GROSS OPERATING BALANCE	6.7	78.7	86.9	103.9	62.7
NET ACQUISITION OF NONFINANCIAL AS	131.7	203.6	207.0	214.6	158.6
Fixed assets	122.7	198.9	202.2	212.1	156.1
Nonproduced assets	9.0	4.8	4.8	2.5	2.5
NET LENDING/BORROWING REQUIREMEN	-125.0	-124.9	-120.1	-110.7	-95.9
NET ACQUISITION OF FINANCIAL ASSETS AND LIABILITIES (FINANCING)	-125.0	-124.7	-120.1	-110.7	-95.9
NET ACQUISITION OF FINANCIAL ASSETS	-213.4	-117.0	-111.3	-105.8	-96.0
NET INCURRENCE OF LIABILITIES	-88.3	7.7	8.7	4.9	-0.1
Estimated Nominal GDP(millions of tala)	3611	4015	4272	4530	4092
Budget Deficit	-3.5%	-3.1%	-2.8%	-2.4%	-2.3%

Source: Ministry of Finance

These government operations are further elaborated by key transactions in the following sections.

REVENUE

The details of Government's individual revenue items net of refund accounts as well as Government to Government transactions are outlined in Table 4.4 below:

Table 4.4: GFS Revenue

GFS REVENUE (\$m)	2025-26	2026-27	2027-28	2028-29	2029-30
REVENUE	941.7	1,188.2	1,215.1	1,226.2	1,178.8
Taxes	664.0	810.3	880.4	893.6	908.6
Taxes on income, profits, and capital gains	149.4	211.6	231.6	241.6	241.6
Payable by individuals	92.7	108.6	108.6	108.6	108.6
Payable by corporations and other enterprises	56.7	103.0	123.0	133.0	133.0
Taxes on property	0.5	0.5	0.5	0.5	0.5
Taxes on goods and services	425.2	495.1	545.2	548.4	563.4
General taxes on goods and services*	232.9	274.0	304.0	307.3	322.3
VAGST	232.9	274.0	304.0	307.3	322.3
Excises	176.9	202.8	222.8	222.8	222.8
Taxes on specific services	15.0	18.0	18.0	18.0	18.0
Taxes on use of goods, permission to use goods	0.44	0.40	0.40	0.40	0.40
Motor vehicles taxes	0.0	0.0	0.0	0.0	0.0
Other	0.44	0.40	0.40	0.40	0.40
Other taxes on goods and services	0.0	0.0	0.0	0.0	0.0
Taxes on international trade and transactions	88.9	103.2	103.2	103.2	103.2
Customs and other import duties	88.9	103.2	103.2	103.2	103.2
Grants	163.8	276.7	233.4	231.3	168.9
From foreign governments	163.8	276.7	233.4	231.3	168.9
Current	42.2	99.8	52.8	46.8	47.5
Capital	121.6	176.9	180.6	184.5	121.4
Other revenue	113.9	101.2	101.3	101.3	101.3
Property income	61.8	47.2	47.2	47.2	47.2
Interest	3.0	0.5	0.5	0.5	0.5
Dividends	52.0	39.2	39.2	39.2	39.2
Rent	6.8	7.4	7.4	7.4	7.4
Sales of goods and services	35.6	33.5	33.5	33.5	33.5
Administrative fees	4.8	4.7	4.7	4.7	4.7
Incidental sales by nonmarket establishments	30.8	28.8	28.8	28.8	28.8
Fines, penalties, and forfeits	16.4	20.5	20.5	20.5	20.5

Source: Ministry of Finance

Taxation Revenues

The projected increase in taxation revenue is largely driven by stronger revenue projections for the Ministry of Revenue and the Ministry of Customs following the separation of the two ministries, which has strengthened administrative focus and taxation revenue collection performance. The increase also reflects impact of the 3 percent increase in tobacco excise duties effective from 1 January 2027.

Consequently, taxation revenues are expected to continue moderately increasing in FY2027/28 and FY2028/29, before stabilising in FY2029/30.

Grants

The notable increase in External Grants projected for FY2026/27 reflects targeted support from development partners towards addressing the energy crisis, advancing key sector development initiatives, and providing overall budget support. Grant inflows are expected to gradually decline to \$233.4 million tala in FY2027/28, \$231.3

million tala in FY2028/29, and \$168.9 million tala in FY2029/30, reflecting the anticipated completion of major externally funded projects currently within the development pipeline.

Conversely, Grant recorded from other revenues such as property income and sales of goods and services are forecast to stabilize through the FY2026/27 towards FY2028/29.

Other Revenues (Non-Taxation Revenue)

Other revenues generated from non-taxation revenues, including property income, fines, penalties and sales of goods and services, are projected to remain relatively stable throughout the period from FY2026/27 to FY2029/30, reflecting consistent revenue performance and stable economic conditions over the medium term.

EXPENSES

Table 4.5 below highlights the details of the Government's expenses in the forward years' net of Ministry-to-Ministry transactions.

Table 4.5: GFS Expense

GFS EXPENSE (\$m)	2025-26	2026-27	2027-28	2028-29	2029-30
EXPENSE	935.0	1,109.5	1,128.2	1,122.3	1,116.1
Compensation of employees	351.4	352.3	352.7	350.8	350.8
Wages and salaries	318.6	319.3	319.5	317.7	317.7
Wages and salaries in cash	318.5	319.2	319.5	317.6	317.6
Wages and salaries in kind	0.06	0.06	0.06	0.06	0.06
Social contributions	32.8	33.0	33.2	33.1	33.1
Actual social contributions	32.8	33.0	33.2	33.1	33.1
Use of goods and services	158.9	284.9	364.5	382.9	376.7
Interest	9.5	8.4	8.4	8.4	8.4
To nonresidents	9.2	8.1	8.1	8.1	8.1
To residents other than general govern	0.3	0.3	0.3	0.3	0.3
Subsidies	28.5	28.0	28.0	28.0	28.0
To public corporations	28.5	28.0	28.0	28.0	28.0
Grants	310.7	340.1	278.8	276.5	276.5
Social benefits	70.3	90.9	90.9	70.9	70.9
Social assistance benefits	69.9	90.5	90.5	70.5	70.5
Employer social benefits	0.4	0.4	0.4	0.4	0.4
Other expense	5.6	4.8	4.8	4.8	4.8

Source: Ministry of Finance

Compensation of Employees

As presented in Table 4.5, Compensation of Employees is projected at approximately \$352.3 million tala for FY2026/27, representing a slight increase from FY2025/26. The increase primarily reflects approved salary adjustments for nurses and doctors following Public Service Commission reviews, additional staffing requirements

associated with the establishment of the new Ministry of Fisheries and Marine Resources, and provision for verified one-off employee benefits payable within the financial year.

Compensation of Employees is projected to increase marginally in FY2027/28 before moderating in FY2028/29 and FY2029/30, reflecting the completion of one-off employee-related benefit payments and the gradual stabilisation of personnel costs over the forward estimates period.

Use of Goods and Services

Expenditure on Goods and Services is projected at \$284.9 million tala in FY2026/27, reflecting continued support for essential Government operations, including the procurement of materials and services, maintenance activities, and administrative requirements across ministries and agencies.

Over the forward estimates period, expenditure is expected to gradually increase in line with the expansion of Government operations and ongoing public sector investments, which are anticipated to contribute to higher demand and associated costs for goods and services throughout the economy.

Subsidies

Subsidies are projected at \$28.0 million tala in FY2026/27, reflecting Government's continued commitment to supporting inclusive education through the One Government Grant initiative, and Community Service Obligations provided to Public Trading Bodies, including the Electric Power Corporation and the Samoa Water Authority.

Subsidy expenditure is expected to remain relatively stable over the forward estimates period, consistent with the continuation of existing Government support programs and service delivery commitments

Grants

Grants are projected to increase significantly to \$340.1 million tala in FY2026/27, primarily reflecting additional grant allocations to State-Owned Enterprises following the establishment of the Samoa District Development Authority (SDDA), as well as increased Government support to Non-Governmental Organisations in line with national development and community priorities. Grant expenditure is expected to gradually decline over the forward estimates period, reflecting Government's shift towards strengthening the financial sustainability and self-reliance of Public Trading Bodies and State-Owned Enterprises.

CHANGE IN NET WORTH

The change in Government's Net Worth is projected to increase in FY2026/27 before fluctuating over the forward estimates period. These movements largely reflect variations in the net acquisition of non-financial and financial assets, influenced by the timing and scale of development partner support and the implementation of externally funded development projects across the respective financial years.

Table 4.6: Transactions in Assets and Liabilities (million talā)

TRANSACTIONS IN ASSETS AND LIABILITIES	2025-26	2026-27	2027-28	2028-29	2029-30
CHANGE IN NET WORTH: TRANSACTION:	6.7	78.9	86.9	103.9	62.7
Net acquisition of nonfinancial assets	131.7	203.6	207.0	214.6	158.6
Fixed assets	122.7	198.9	202.2	212.1	156.1
Buildings and structures	119.6	197.5	201.4	211.3	155.3
Machinery and equipment	2.4	0.6	0.0	0.0	0.0
Other fixed assets	0.8	0.8	0.8	0.8	0.8
Nonproduced assets	9.0	4.8	4.8	2.5	2.5
Land	9.0	4.8	4.8	2.5	2.5
Net acquisition of financial assets	-213.4	-117.0	-111.3	-105.8	-96.0
Currency and deposits	-210.9	-114.2	-108.5	-103.0	-93.2
Loans	-2.5	-2.8	-2.8	-2.8	-2.8
Domestic	-81.0	-57.0	-111.3	-105.8	-96.0
Currency and deposits	-78.5	-54.2	-108.5	-103.0	-93.2
Loans	-2.5	-2.8	-2.8	-2.8	-2.8
Foreign	-132.4	-60.0	0.0	0.0	0.0
Net incurrence of liabilities	-88.3	7.7	8.7	4.9	-0.1
Loans	-87.1	7.7	8.7	4.9	-0.1
Other accounts payable	-1.2	0.0	0.0	0.0	0.0
Domestic	-10.5	-14.3	-14.3	-14.3	-14.3
Loans	-9.3	-14.3	-14.3	-14.3	-14.3
Foreign	-77.9	22.0	23.0	19.2	14.2
Loans	-77.9	22.0	23.0	19.2	14.2

Source: Ministry of Finance

BUDGET RECONCILIATION

Tables 4.7 and 4.8 to follow, provide a reconciliation between the estimates of the Government of Samoa presented in Table 4.2 and those in the GFS tables. The major differences in revenue as depicted in Table 4.6 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 4.2 and Table 4.7 is found by factoring out net acquisition of financial assets and liabilities in addition to netting out the transfer payments above.

Table 4.7: Reconciliation between Total Government Receipts and GFS Revenues (million talā)

	2025-26	2026-27	2027-28	2028-29	2029-30
Receipts					
Ordinary Receipts	866.9	1008.0	1068.1	1078.1	1093.1
External Grants	163.8	276.7	233.4	231.3	168.9
Total Receipts and Grants	1030.7	1284.7	1301.5	1309.4	1262.0
<i>Less</i>					
Receipts Classified as Offsets to Expenses					
Rent Paid by the Ministries to the Government	3.2	3.2	3.2	3.2	3.2
Incidental sales by nonmarket establishments	0.7	0.7	0.7	0.7	0.7
	3.9	3.9	3.9	3.9	3.9
Payments Classified as Offsets to Revenue					
Income Tax Refunds	10.0	10.0	10.0	10.0	10.0
Duty Refunds and Duty Paid by Government Agencies	7.5	5.5	5.5	5.5	5.5
VAGST Refunds and VAGST Paid by Government Agencies	65.1	74.3	64.2	61.0	61.0
	82.6	89.8	79.7	76.5	76.5
Receipts Classified as the Net Acquisition of Financial Assets					
Loans - On-lending Repayments	2.5	2.8	2.8	2.8	2.8
	2.5	2.8	2.8	2.8	2.8
TOTAL ESTIMATED REVENUE	941.7	1188.2	1215.1	1226.2	1178.8

Source: Ministry of Finance

Table 4.8: Reconciliation between Total Government Payments and GFS Expenses (million talā)

	2025-26	2026-27	2027-28	2028-29	2029-30
Current Payments					
Statutory Payments	158.7	161.9	162.0	162.0	162.0
Expenditure Programs					
Ministry Outputs	450.5	465.5	554.6	552.7	552.7
Third Party Outputs	143.7	231.9	278.5	276.1	276.1
Transactions on behalf of the State	327.1	392.6	263.9	252.8	252.8
Unforeseen Payments	27.6	32.7	32.9	32.4	32.4
Total Current Payments	1107.5	1284.6	1291.9	1276.1	1276.1
Development Payments					
Loan financed project payments	0.0	22.1	20.0	30.0	38.8
Grant financed project payments	134.0	193.8	200.7	205.0	134.0
Total Development Payments	134.0	215.9	220.7	235.0	172.8
AGGREGATE PAYMENTS	1241.5	1500.6	1512.6	1511.1	1448.9
<i>Less</i>					
Payments Classified as Offsets to Revenue					
Income Tax Refunds	10.0	10.0	10.0	10.0	10.0
Duty Refunds and Duty Paid by Government Agencies	7.5	5.5	5.5	5.5	5.5
VAGST Refunds and VAGST Paid by Government Agencies	65.1	74.3	64.2	61.0	61.0
	82.6	89.8	79.7	76.5	76.5
Receipts Classified as Offsets to Expenses					
Rent Paid by the Ministries to the Government	3.2	3.2	3.2	3.2	3.2
Incidental sales by nonmarket establishments	0.7	0.7	0.7	0.7	0.7
	3.9	3.9	3.9	3.9	3.9
Payments Classified as Net Acquisition of Nonfinancial					
Fixed Assets					
Buildings and structures	119.6	197.5	201.4	211.3	155.3
Machinery and equipment	2.4	0.6	0.0	0.0	0.0
Other fixed assets	0.8	0.8	0.8	0.8	0.8
	122.7	198.9	202.2	212.1	156.1
Nonproduced assets					
Land	9.0	4.8	4.8	2.5	2.5
	131.7	203.6	207.0	214.6	158.6
Payments Classified as the Acquisition of Financial					
Assets and Liabilities					
Net incurrence of liabilities					
Domestic Loan Repayments	9.3	14.3	14.3	14.3	14.3
Foreign Loan Repayments	77.9	79.5	79.5	79.5	79.5
	88.3	93.8	93.8	93.8	93.8
TOTAL ESTIMATED GFS EXPENSES	935.0	1109.5	1128.2	1122.3	1116.1

Source: Ministry of Finance

5. Fiscal Risks

Key sources of fiscal risks in Samoa include Macroeconomic, Contingent liabilities particularly those associated with State-Owned Enterprises, and Environmental risks stemming from natural disasters and climate change, which can have significant fiscal and economic impacts.

Fiscal risks remain balanced between supportive domestic conditions and elevated external uncertainties. On the upside, strong fiscal expansion, public investment, remittance inflows, tourism recovery, and ongoing structural reforms could strengthen domestic demand and improve medium-term growth outcomes.

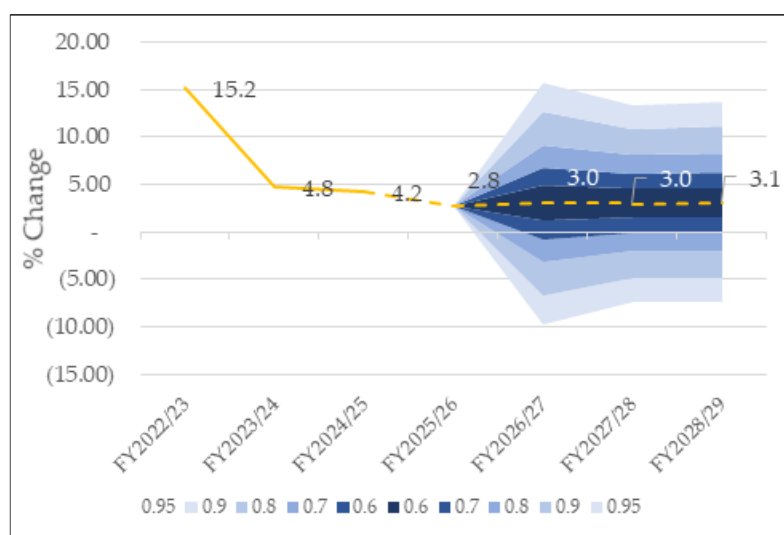
However, downside risks remain significant, particularly from external factors such as geopolitical tensions, higher global fuel and commodity prices, weaker external demand, and supply chain disruptions. Domestic challenges, including project implementation delays, labour shortages, and capacity constraints, may reduce the effectiveness of fiscal expansion. Additional vulnerabilities stem from pressures on Correspondent Banking Relationships (CBRs), Samoa's narrow export base, and high exposure to climate-related shocks.

To mitigate these risks, the Government will continue to maintain prudent fiscal management, preserve fiscal and external buffers, and prioritize investments that support sustainable and inclusive economic resilience.

Macroeconomic Risks

Real GDP

*Figure 4.1: Real GDP Growth Projection and Confidence Interval
Range up to 95%*



Source: Ministry of Finance (FRAT and SERF Model)

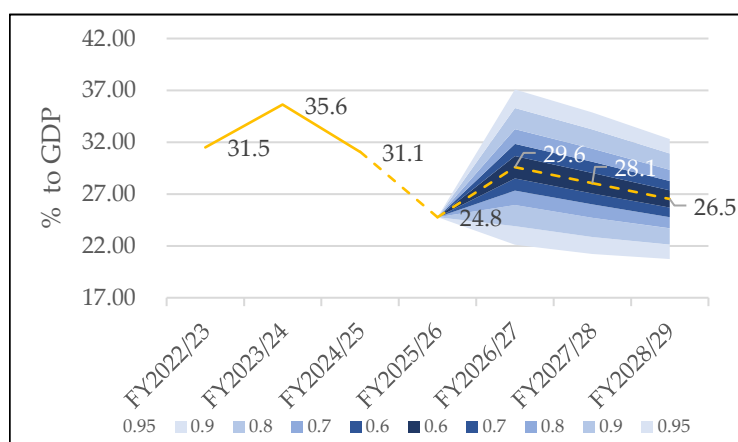
The formulation of the budget is underpinned by key macroeconomic assumptions. This section outlines the main risks to the outlook, arising from both domestic and external factors, which may result in divergences between projected and actual fiscal aggregates.

Following real GDP growth of 4.2 percent in FY2024/25, growth is projected to moderate to 2.8 percent in FY2025/26, before

recovering to 3.0 percent in FY2026/27 throughout FY2027/28 and slightly increasing to 3.1 percent over the outer years. While the baseline outlook remains stable, risks around these projections are elevated. As illustrated in Figure 4.1, the widening confidence intervals over the forecast horizon highlight increasing uncertainty, with potential deviations in both directions that could impact fiscal outcomes.

Revenue

Figure 4.2: Revenue Growth Projection and Confidence Interval
Range up to 95%



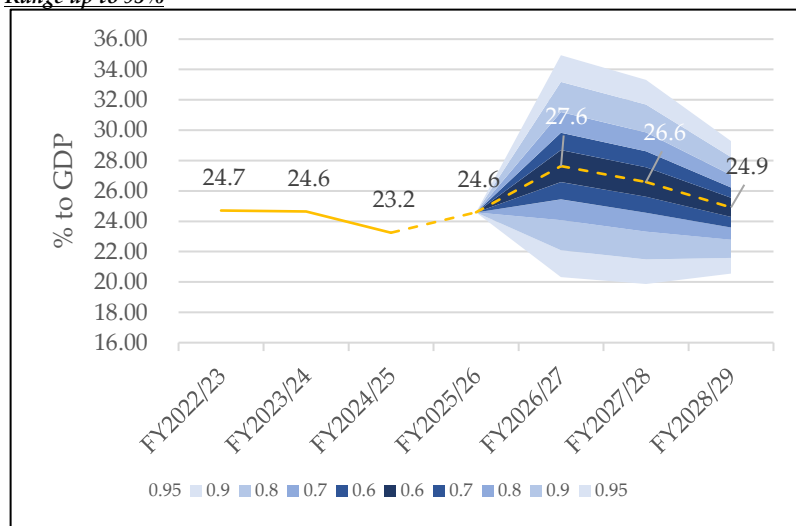
Source: Ministry of Finance (FRAT and SERF Model)

Government revenue – comprising taxes, grants, and other revenue remains sensitive to macroeconomic conditions. Revenue is projected at 24.8 and 29.6 percent of GDP for FY2025/26 and FY2026/27, respectively.

Upside risks include stronger tourism activity, timely grant disbursements, and increased remittance-driven consumption, which would

Expenditure

Figure 4.3: Expenditure Growth Projection and Confidence Interval
Range up to 95%



Source: Ministry of Finance (FRAT and SERF Model)

Expenditure is projected to rise in the near term to support national development priorities, before gradually moderating over the medium term in line with fiscal consolidation efforts and stronger nominal GDP growth.

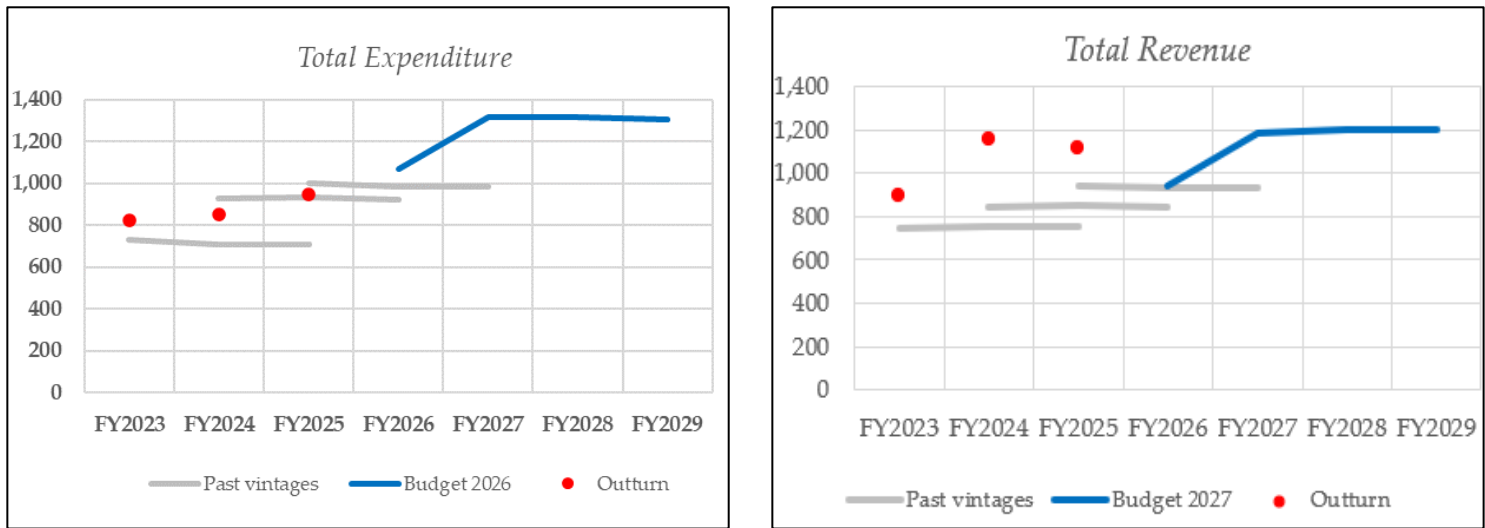
Expenditure may be affected by the slow pace of implementation for major infrastructure projects. At the same time, implementation challenges and absorptive capacity constraints, particularly in capital expenditure, may delay the achievement of development outcomes and reduce the effectiveness of fiscal policy.

Expenditure is projected to rise in the near term to support national development priorities, before gradually moderating over the medium term in line with fiscal consolidation efforts and stronger nominal GDP growth.

Expenditure may be affected by the slow pace of implementation for major infrastructure projects. At

Fiscal Analysis: Forecast Performance

Figures 4.3: Forecast performance for Total Revenue, Total Expenditure.



Source: Ministry of Finance.

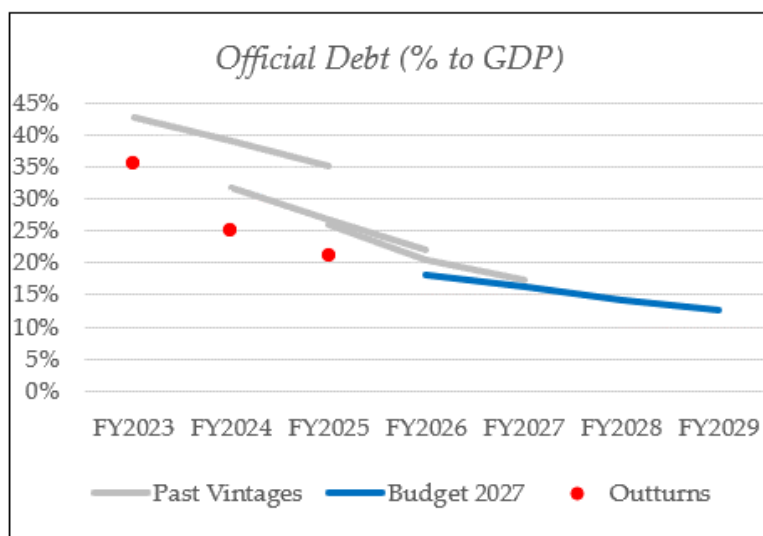
Total Expenditure and Revenue

Forecast performance over FY2023 to FY2026 shows a consistent pattern of conservative revenue projections and overestimated expenditure. Revenue outturns have generally exceeded expectations, supported by stronger economic activity and grant inflows, while expenditure has persistently underperformed due to implementation constraints, particularly in capital projects.

As a result, lower-than-anticipated borrowing and stronger nominal GDP growth have contributed to a faster-than-expected decline in the debt-to-GDP ratio. These trends highlight the importance of improving expenditure execution and aligning forecasts more closely with implementation capacity.

Public Debt

Figure 4.4: Forecast performance for Official Public Debt % to GDP



The target ratio of total public debt to GDP remains at 50.0 percent. It is projected that at the end of FY2025/26, the percentage of total public debt to GDP will be 18.2 percent, well below the established threshold. Over the medium term, the ratio is expected to continue declining further to 16.2 percent in FY2026/27, 14.1 percent in FY2027/28, and 12.7

percent in FY2028/29.

The total debt service for FY2025/26 is projected at \$90.3 million talā, representing a reduction from \$94.7 million talā in FY2024/25. This reduction in debt servicing obligations further eases fiscal pressures and supports greater flexibility in allocating resources to national development priorities. Foreign currency risk is the main risk in the portfolio, with 93.2 percent of the total public debt portfolio denominated in foreign currency. Short-term foreign currency denominated debt to mature in 1 year, is about 5.2 percent of foreign reserves at the end of FY2024/25.

Refinancing and interest rate risks remain low, with an Average time to Maturity (ATM) and Average time to Refixing (ATR) of 9 years and only 10% of total debt maturing or refixing within one year. The portfolio has minimal interest rate exposure as all debt is on fixed interest rates.

Credit risk remains a fiscal risk, mainly through Government guarantees and on-lending arrangements. Credit Risk Assessments of SOEs were conducted to monitor repayment capacity, identify potential fiscal exposure, and inform Government's management of contingent liabilities.

Overall, current and projected debt indicators confirm that Samoa's public debt remains sustainable over the medium term, with no breach of policy thresholds anticipated.

Contingent Liabilities

Public Trading Bodies

The fiscal risk assessment of the 13 Public Trading Bodies indicates that financial exposures are concentrated among a small number of SOEs. Samoa Airport Authority (SAA) records the highest overall risk rating alongside relatively large liabilities, reflecting ongoing pressures on returns and liquidity, and highlighting the importance of careful project prioritisation, strengthened commercial strategies, and prudent investment planning. The Development Bank of Samoa (DBS) also remains a key fiscal exposure due to the scale of its liabilities and the importance of maintaining strong portfolio performance and sustainable balance sheet management.

While the Public Trust Office (PTO) maintains relatively smaller liabilities, its overall risk profile reflects the operational nature of its fiduciary responsibilities, with most liabilities relating to estate funds held on behalf of clients. Samoa Water Authority (SWA) and Electric Power Corporation (EPC) continue to carry significant liabilities associated with their capital-intensive operations, while maintaining moderate overall risk levels.

Overall, SAA and DBS remain the most significant fiscal exposures among PTBs and therefore warrant continued monitoring and targeted management attention. Continued focus on operational efficiency, asset management, and long-term financial sustainability will remain important across these public bodies.

Mutual Bodies

Mutual Bodies continue to maintain relatively low liabilities and an overall stable financial position. The Samoa National Provident Fund (SNPF) remains closely aligned with the very low-risk category, supported by strong financial performance and the stability provided by mandatory member contributions. In comparison, the Samoa Life Assurance Corporation (SLAC) is assessed within the medium-risk category, reflecting the nature of its operations and associated financial obligations. Continued monitoring of both entities remains important to support financial sustainability, maintain adequate reserve levels, and ensure their capacity to meet future obligations.

Climate Change and Natural Disaster Risks

Samoa is highly exposed to natural disasters and the adverse effects of climate change, reflecting its geographic location in the South Pacific cyclone belt and its economic reliance on climate-sensitive sectors such as agriculture, fisheries, and tourism. The country faces a combination of acute hazards, including tropical cyclones, flooding, and droughts, alongside chronic climate risks such as sea-level rise, coastal erosion, and rising temperatures.

On average, disaster-related economic losses are estimated to be around 3 percent of GDP or higher over the long term, based on modelled estimates for Samoa and Pacific island states². These reflect the combined effects of frequent moderate events and less frequent but severe shocks.

Extreme events pose substantial tail risks. Historical experience demonstrates that major disasters can result in economic losses exceeding 20–30 percent of GDP, placing significant pressure on public finances³.

Climate change is expected to exacerbate these risks through increased intensity of extreme weather events, rising sea levels, and greater rainfall variability, leading to higher expected losses over time.

Mitigation measures

Samoa has developed a relatively comprehensive framework for managing disaster-related fiscal risks, centred on a risk layering approach that combines budgetary resources, contingent financing, and risk transfer instruments.

At the budget level, the Public Finance Management Act provides for an Unforeseen Expenditure allocation of up to 3 percent of total expenditure, which serves as the primary source of immediate disaster response financing. This is complemented by budget reallocations and dedicated emergency response provisions.

Samoa has also established access to contingent financing instruments, including the World Bank Catastrophe Deferred Drawdown Option (Cat-DDO) and ADB contingent financing facilities. Between 2019 and 2020, these instruments provided rapid liquidity in response to the measles epidemic and COVID-19, demonstrating their effectiveness in managing shock-related fiscal pressures. The National Loss and Damage Fund has also been established with the support from the New Zealand Climate Financing.

Risk transfer mechanisms include participation in sovereign catastrophe insurance through the Pacific Catastrophe Risk Insurance Company (PCRIC), which provides rapid payouts following extreme events.

Key priorities going forward include strengthening disaster risk data and modelling, integrating environmental risks into fiscal planning, expanding risk transfer coverage, and scaling up climate-resilient public investment. These measures will be critical to enhancing Samoa's fiscal resilience to increasingly frequent and severe environmental shocks.

² Probabilistic disaster risk modelling presented in the World Bank *Samoa Climate Risk Country Profile* (2021), which provides estimates of average annual losses, alongside analysis from the International Monetary Fund on disaster impacts in Pacific Island countries.

³ *Samoa Disaster Risk Financing Policy 2022–2025*.

Other Emerging Risks

A range of emerging risks outside macroeconomic, SOE, and environmental factors may affect Samoa's medium to long term development. Disruptions to essential services, particularly energy, can constrain business operations and reduce productivity across key sectors. Policy uncertainty may influence reform implementation, service delivery, and investor confidence. Global geopolitical tensions, such as the ongoing middle eastern war, may indirectly affect Samoa through higher import and fuel costs, as well as supply chain disruptions. Public health risks, including outbreaks of communicable diseases such as dengue fever and measles, can also impact and increase pressure on public resources. Collectively, these risks may slow economic diversification and place additional strain on public finances if not effectively managed.

6. Public Sector Investment Program

The Public Sector Investment Program (PSIP) continues to serve as the Government's key planning and coordination framework for prioritizing and managing major public developments across Sectors. It strengthens the planning and implementation system for all development projects, ensuring that they are well planned, monitored, and implemented throughout their lifecycle. The PSIP also promotes transparency and accountability by providing a structured basis for resource allocation in line with national development priorities.

The PSIP is structured around two main categories of projects: active projects, which are currently being implemented, and pipeline projects, which include those endorsed by the Cabinet Development Committee.

Ongoing and Pipeline Public Investments

Several projects that were previously identified as pipeline investments in the previous Fiscal Strategy have now secured financing and progressed into the implementation phase. These include the Pacific Region Preparedness, Adaptation and Resilience (PREPARE) Program and the GEF 8 Coastal Resilience Samoa Project, both of which are advancing key national priorities in climate resilience and disaster preparedness. The new Dental Hospital Services Building has also transitioned into implementation, contributing to improved access to essential health services. Other new initiatives include the project on Advancing Integrated Participatory Spatial Planning to Enhance Samoa's Globally Significant Biodiversity at a National Scale, as well as the GCF Regional Project on Establishing Climate-resilient Regenerative Agriculture Systems, which Samoa is implementing in collaboration with Tonga and Vanuatu.

A number of major development projects with secured financing from development partners were expected to commence implementation in FY2025/26 and FY2026/27. These include key infrastructure and service delivery investments such as the Resilient Road Network Project, Fiscal and Investment Resilience Strengthening Program and the proposed Referral Hospital for Savai'i, which are expected to significantly strengthen resilience, connectivity, and access to essential services.

All major ongoing and pipeline investment projects are detailed in Table 6.1.

Table 6.1: Summary of Total Public Investments by Sector

Major Active Development Projects	Pipeline Development Projects
Agriculture and Fisheries	
Strengthening and Expand Samoa Fisheries Ice Making Machine Operations for the Fisheries Sector	
Towards More Profitable and Sustainable Mabe Pearl and Shell-based Livelihoods in the Western Pacific	
Samoa Agriculture Mechanization Warehouse Project	
Sustainable Transformation of Domestic Agrifood Systems in Samoa, Fiji, and Solomon Islands	
Samoa Agriculture and Fisheries Productivity and Marketing Project	
Transformation of Agrifood Systems through Smart Agriculture in Samoa	
GCF Regional Project on Establishing Climate-resilient Regenerative Agriculture Systems	
Fisheries Research Vessel Replacement	
Finance	
Samoa Finance Sector Resilience and Development Project	Upgrade of the Ministry of Revenue’s Office in Savaii
Pacific Strengthening Correspondent Banking Relationships Project	
Construction of the Central Bank of Samoa Off-site Building	
Samoa Fiscal and Investment Resilience Strengthening Program (FIRST)	
Education	
System Capacity Grant (Global Partnership for Education (GPE) Fund)	Design of the New Education Sector Support Program

Construction of Faculty of Health Science Building	
Construction of SENESE Building	
Construction of the NUS Student Services Building	
Health	
Health System Strengthening Performance for Results Project (PforR)	One Health Pandemic Preparedness and Response in Samoa (Public and Clinical Health Laboratory)
Systems Strengthening for Effective Coverage of New Vaccines in the Pacific	Health Sector Resilience and Wellness Program (include Savaii referral hospital)
Pandemic Fund Project	
Nurses Hall	
Dental Building	
Doctors Residence and Rural District Hospitals (Lufilufi and Safotu)	
Multi-country Western Pacific (MCWP) integrated HIV/TB Programme.	
Cervical Cancer Elimination Programme	
Law and Justice	
Samoa Fire and Emergency Authority A'ana Fire Station	
Construction of the Savaii Court House	
Mulinu'u Court House Re-Roofing	
Prevention Measures against Drug use among Children and Youth in Samoa	
Construction of the Legislative Assembly Office Building	
Transport & Infrastructure	
Samoa Climate Resilient Transport Project (SCRTP)	Resilient Road Network Project (ADB)
Samoa Aviation and Roads Investment Project (SARIP)	Alaoa Multipurpose Dam Phase 2 Upgrade of Ports (Asau etc)

Land Transport Sector Development Project (LTSDP)	Upgrade of Domestic Airports (Fagalii, Maota etc)
Central Cross Island Road Upgrading Project (CCIRUP)	
Alaoa Multipurpose Dam Project	
Enhancing Safety, Security and Sustainability of the Apia Port Project	
Energy	
Apia Solar Streetlights Project	Petroleum Storage Tanks in Savaii (OPEC)
Maintenance & Refurbishment Works 2 Key Generators (Ta'alefaga & Fiaga)	
Off-grid Renewable Energy Solutions for Samoan Communities Project	
Climate Action Pathways for Island Transport (CAP-IT)	
Salelologa Solar and BESS	
Samoa Grid Security and Resilience Enhancement (GridSECURE) Program	
Fiaga Solar and BESS project	
Information and Communications Technology	
Digitally Connected and Resilient Samoa Project	
Smart Island Project	
Southeast Asia and Pacific Cyber Program (SEA-PAC Cyber)	
Water, Sanitation & Hygiene	
	Water Security Improvement Project (include SWA Operational Centre)
Environment	
Economic and Social Development Program FY2023 - 2 Firefighter Chemical Trucks	Vaisigano River Integrated Flood Management Project
Building Safety and Resilience (BSRP) Phase II Project	Pacific Humanitarian Warehousing Program (NEOC Warehouse)

<p>GEF-7 Enhancing integrated sustainable management to safeguard Samoa’s natural resources</p> <p>UNDP-GEF 8 Coastal Resilience Samoa Project</p> <p>Climate Finance Initiatives</p> <p>Pacific Region Preparedness, Adaptation and Resilience (PREPARE)</p> <p>Economic and Social Development Program FY2025 - Meteorological Equipment</p>	
Trade, Commerce & Manufacturing	
	<p>Scaling Access to Finance for Entrepreneurial Resilience (SAFER) Project</p> <p>New Tourism Development Program</p>
Community	
<p>Government District Development Program</p>	<p>Gender and Mainstreaming for Community Based Development</p>

Source: Ministry of Finance

**Publication of the
Ministry of Finance
Apia, Samoa**