

International
Labour
Organisation



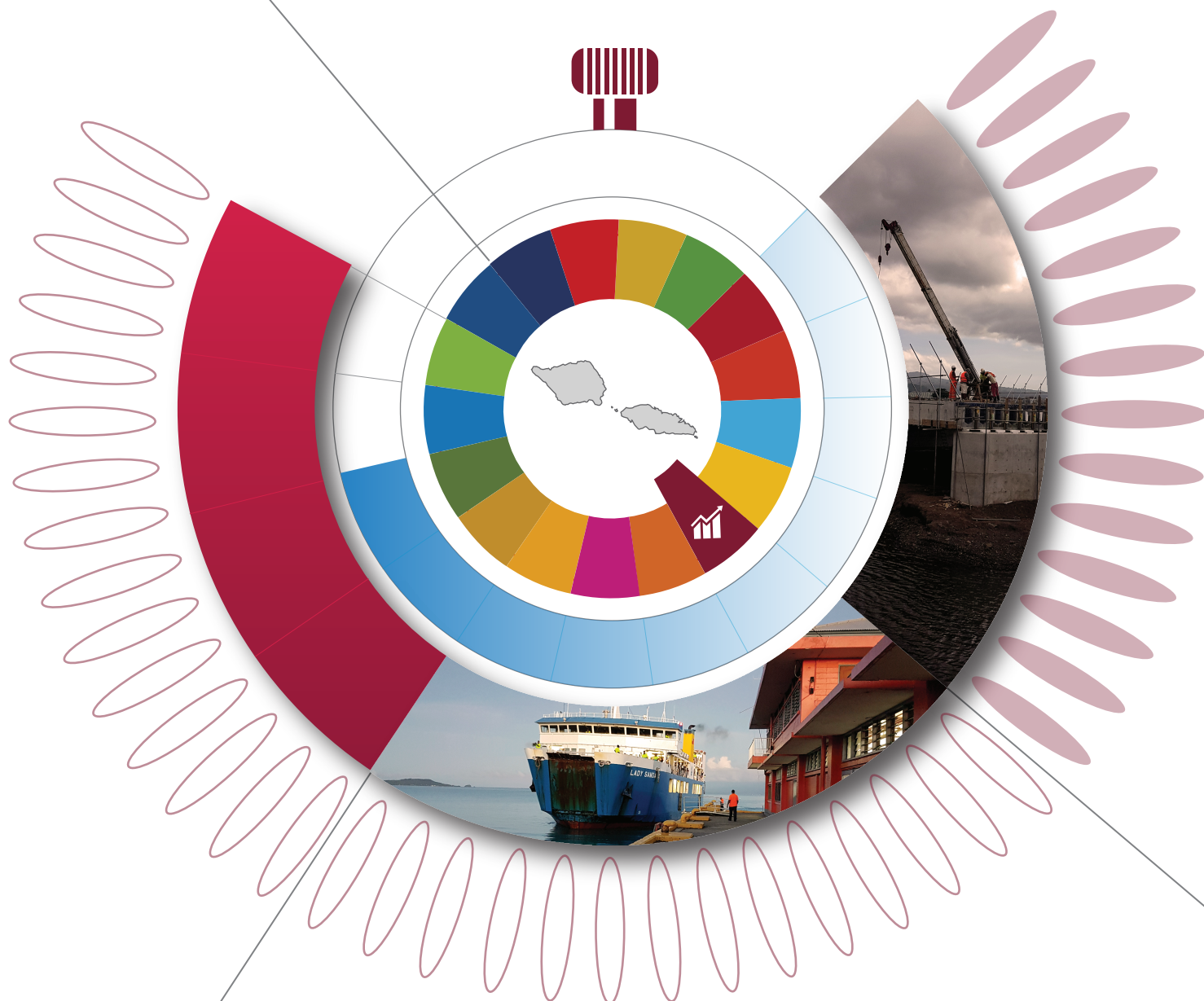
1919 - 2019

Samoa

National Employment Policy

2016 – 2020

Labour Market Monitoring Report



June 2019

Samoa National Employment Policy 2016–2020: Labour Market Monitoring Report

**International Labour Organization
June 2019**

Foreword

The *Samoa National Employment Policy (SNEP) 2016–2020* is a visionary framework to address gaps in the labour market and create more and better jobs for the approximately 111,000 working-age women and men in Samoa. It recognizes not only that labour market institutions are critical to this end, but also that strong macroeconomic fundamentals are essential to generate good jobs that can sustain an inclusive development trajectory. Specifically, it outlines 25 policy measures under three broad priorities: (1) strengthened labour market demand, (2) strengthened labour market supply, and (3) strengthened employment policies, institutions and regulatory environment.

The *Samoa National Employment Policy 2016–2020: Labour Market Monitoring Report* provides an updated statistical profile of the Samoa labour market for the purposes of monitoring economic and employment trends during the period covered by the SNEP. Based on analysis of recent macroeconomic data and results of the Samoa Labour Force Survey 2017, the Report discusses dynamics in the economy – including migration remittances and growth in the tourism sector – along with labour market progress in a few priority areas outlined in the SNEP. In particular, the Report examines three key thematic issues: the employment situation for young people, opportunities and challenges in stimulating labour demand, and trends in the rural economy and jobs. The Report also includes a statistical annex of selected labour market indicators which can be quickly referenced for monitoring employment trends during the period 2016–2020. A number of the statistical indicators in the annex are also a part of the framework for monitoring progress towards the achievement of the Sustainable Development Goals (SDGs), notably those related to SDG 8 “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”.

This Monitoring Report was prepared by Phu Huynh, with contributions from Kee Beom Kim, Tomasi Peni and Christian Viegelahn. It is a result of close and ongoing collaboration between the ILO and the Samoa Ministry of Commerce, Industry in Labour and reflects our shared commitment to promoting decent work for all women and men in Samoa.

Donglin Li
Director
ILO Office for Pacific Island Countries

1. Introduction

In recent years, economic dynamics have slowed efforts towards achieving labour market progress in Samoa. While tourism and remittances remained robust, volatile external demand has weighed down some strategic export sectors. In this context, policy efforts to foster decent and productive employment opportunities must be redoubled. As outlined in the *Samoa National Employment Policy (SNEP) 2016–2020*, more and better jobs are key to an inclusive and sustainable development path. In particular, enhanced policy focus is needed to accelerate the transition from the informal to the formal economy, easing the transition for young people from the classroom to the workplace, and re-orientating agricultural activities into higher-value and large-scale market production.

2. Economic and labour market situation: Recent trends

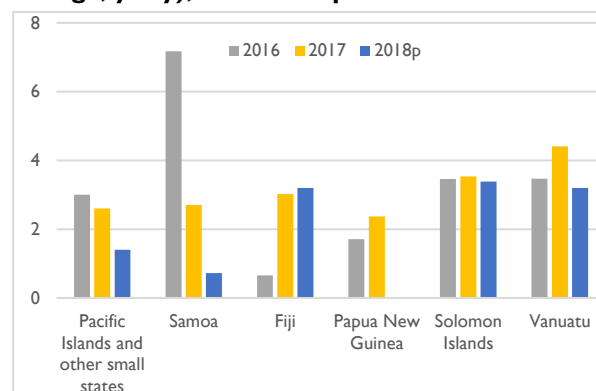
Economy spurred by remittances and tourism

Economic growth in Samoa during the past few years has been positive overall, reflecting a recovery from the Global Financial Crisis and several natural disasters, including Tropical Cyclone Evan in late 2012. The economy expanded by 7.1 per cent in 2016, driven by robust activity in some large industries including construction, trade and commerce, and communications (see figure 2.1).

However, these economic trends have been uneven. In 2017 and 2018, GDP growth rates did not reach the annual target of 3–4 per cent as indicated in the *Strategy for the Development of Samoa (SDS) 2016/17–2019/20*, and decelerated

to 2.7 per cent and 0.7 per cent, respectively. In comparison, a number of other major Pacific economies such as Fiji, Solomon Islands and Vanuatu outpaced Samoa during this biennial period.

Figure 2.1. Real gross domestic product (% change, y-o-y), 2016–2018p



Note: “p” indicates a projection.

Source: IMF: World Economic Outlook Database (Oct. 2018 and Apr. 2019).

Balanced and sustainable growth in Samoa requires fostering resilient and diverse export industries, as outlined in outcomes 2 and 3 of the current SDS. Trends in exports, which altogether account for around 31 per cent of GDP, have been somewhat volatile in the past several years.¹ In 2016, exports increased by 5.7 per cent, spurred by robust demand for food products.² However, exports contracted by 21.9 per cent in 2017, weighed down by the decline of the Australian automobile industry and the collapse of demand for automotive parts produced in Samoa. In 2018, exports increased again due to expanding demand in particular for fishery products.

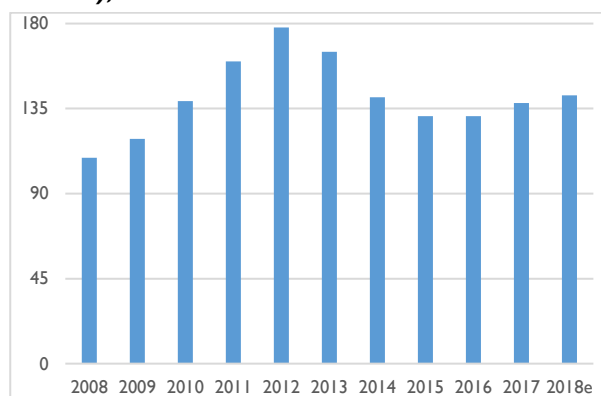
Despite policy efforts to promote exports, Samoa continues to run large merchandise trade deficits by importing around seven times the value of

¹ Export share of GDP based on World Bank: World Development Indicators (2019).

² Samoa Bureau of Statistics (SBS): *Statistical Abstract 2017* (Apia, 2017).

exports.³ The deficit is offset largely by both migration remittances and tourism earnings. In 2018, remittances alone accounted for more than 16 per cent of GDP, or US\$142 million (see figure 2.2). This equates to just slightly less than the economic share of the agriculture, fishing and manufacturing industries combined. Growth in remittance inflows reached 5.3 per cent and 2.9 per cent in 2017 and 2018, respectively, following a contraction each year from 2013 to 2015 and zero growth in 2016. Notwithstanding this positive recent trend, remittances remain below their peak of US\$178 million in 2012.

Figure 2.2. Migrant remittance inflows (US\$ million), 2008–2018e



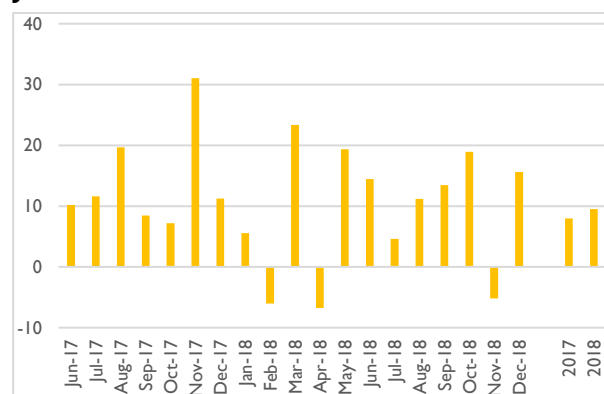
Note: “e” indicates an estimate.

Source: World Bank: Migration and Remittances Data (Apr. 2019).

Likewise, activity in the tourism sector has been robust in the past couple years. In 2017 and 2018, tourist arrivals grew annually by 8 per cent and 9.5 per cent, far exceeding the target of 5 per cent specified in outcome 4 of the SDS (see figure 2.3). Likewise, total growth in annual earnings from tourism have been remarkable and surpassed the SDS outcome 4 target of 5 per cent, reaching 10.9

per cent in 2017 and 16 per cent in 2018. In December 2018, more than 24,000 tourists visited Samoa, generating total earnings of SAT\$71 million. New Zealand alone accounted for nearly one-half of all visitors, while nearly one-third of tourists came from Australia.

Figure 2.3. Tourism arrivals (% change, y-o-y), June 2017 to Dec. 2018



Source: Central Bank of Samoa.

Poor job quality weighing down employment situation

In 2017, employment in Samoa totalled 41,142 (see figure 2.4).⁴ Slightly more than two-thirds of all employment was filled by men, reflecting an extremely low employment-to-population ratio for women of only 24.8 per cent. Around two-fifths of the youth population (aged 18 to 35) and the adult population (aged 36+) were employed.⁵ By region, urban Apia had the highest employment-to-population ratio (45.3 per cent), followed by North West Upolu (37.8 per cent).

³ Trade balance as of March 2019 from Central Bank of Samoa.

⁴ Employment trends analysis and strict comparisons with data from the Labour Force Survey in 2012 are not fully feasible due to slight changes in the concepts and definitions of the economically active population.

⁵ The Government of Samoa defines youth as persons aged 18 to 35 and therefore the analysis in the Monitoring Report, unless noted otherwise, focuses on this youth age group. See: Samoa Ministry of Women, Community and Social Development: *Samoa National Action Plan on Youth Employment (SNAP) 2016–2020*, p. 6.

Figure 2.4. Employment and employment-to-population ratio (%) by sex, age and region, 2017



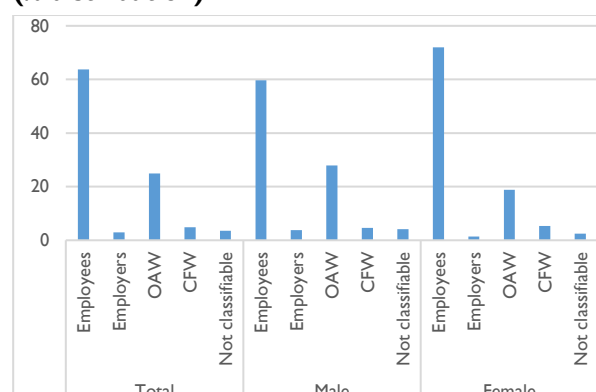
Note: "EPR" indicates the employment-to-population ratio.
Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

Creating jobs and bringing more women and men into the labour market is not the only employment challenge in Samoa. In addition, the quality of jobs remains poor for a sizeable share of those already working. In 2017, around three in ten of all those employed were own-account workers or contributing family workers (see figure 2.5). Many of them were vulnerable due to a lack of income and employment stability. Notably, men compared to women were more likely to be self-employed as an own-account worker and less likely to be in wage employment.

The low quality of employment is further typified by pervasive informality, where workers do not receive basic employment benefits and protections or are employed in unregistered enterprises.⁶ In 2017, 37.3 per cent of employment was informal (see figure 2.6). Men had a higher informality rate than women by 15.3 percentage points as a result of their disproportionate concentration in agriculture and fisheries where informal employment was nearly universal (94.4 per cent).

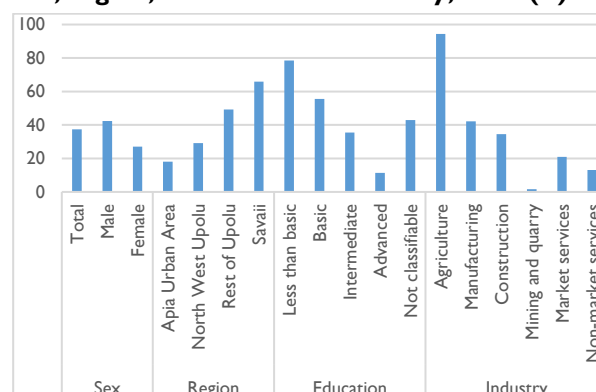
⁶ Informal employment "refers to the type of employment where the diversified set of economic activities, enterprises, jobs, and workers are not regulated or protected by the government, have no explicit or written contracts of

Figure 2.5. Employment by sex and status, 2017 (% distribution)



Note: Aged 15 and above. "OAW" indicates own-account workers; "CFW" indicates contributing family workers.
Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

Figure 2.6. Share of informal employment by sex, region, education and industry, 2017 (%)



Note: Aged 15 and above. Mining and quarrying includes gas and electric.

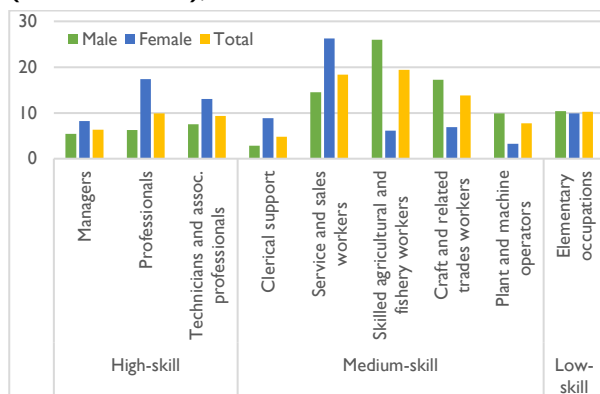
Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

Likewise, employment in Savai'i was predominantly informal (65.8 per cent) driven the by island's heavy reliance on the agricultural and fishery sector. Reducing informal employment requires also examining education access given the strong correlation between the two. With higher levels

employment, no certain employment benefits (such as severance pay, paid sick and annual leave) or for which labour regulations are not applied nor enforced. See: SBS: Samoa Labour Force Survey 2017, p. 13.

of education, the informal employment rate was demonstrably lower.

Figure 2.7. Employment by occupation and sex (% distribution), 2017



Note: Aged 15 and above.

Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

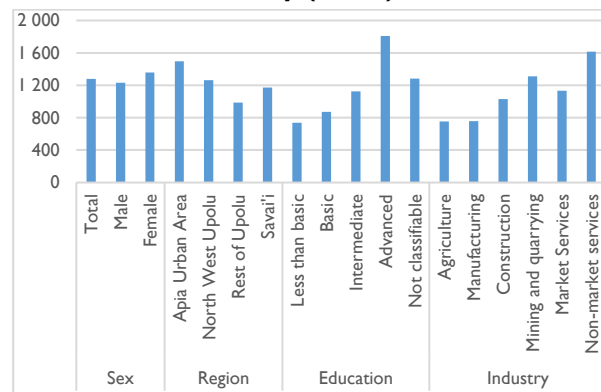
Boosting education is also key for fostering higher skilled jobs that are more productive and better remunerated. In 2017, only around one in four working women and men were employed in a high-skill occupation as a manager, professional or technician (see figure 2.7).⁷ By comparison, approximately two-thirds of employment was medium-skill and another one-tenth was low-skill in elementary occupations. By sex, women predominate as service and sales workers (26.3 per cent) and high-skilled professionals (17.4 per cent). Conversely, men were more likely to be employed as skilled agricultural and fishery workers (26 per cent) and craft and trades workers (17.2 per cent).

In regard to earnings, the average monthly wage for employees in 2017 was SAT\$1,278 (or US\$501), with a gender pay gap of around 10 per cent in favour of women (see figure 2.8, panel A).⁸ By region, the average wage in urban Apia was the

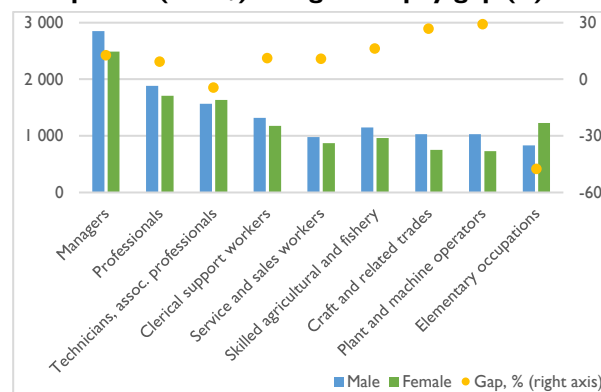
highest, reflecting a level more than 50 per cent higher than in the Rest of Upolu.

Figure 2.8. Average employee wage, 2017

Panel A. Nominal monthly wage by sex, region, education and industry (SAT\$)



Panel B. Nominal monthly wage by sex and occupation (SAT\$) and gender pay gap (%)



Note: Aged 15 and above. Gender pay gap defined as the difference between average male and female wages as a share of the average male wage. A value greater than zero indicates higher wages for men vis-à-vis women. Mining and quarrying includes gas and electric.

Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

Furthermore, wages were directly correlated with education as employees with more schooling earned higher pay. For example, employees with an advanced education earned on average twice as

⁷ The categorization of high-, medium- and low-skill jobs based on occupation is an approximation outlined in ILO: *International Standard Classification of Occupations: ISCO-08*:

Volume I: Structure, group definitions and correspondence tables (Geneva, 2012).

⁸ Estimate in US\$ is based on the 2017 official exchange rate from the International Monetary Fund.

much as those with no more than basic schooling. Surprisingly, wages in manufacturing were very low (SAT\$755) and comparable to levels in agriculture.

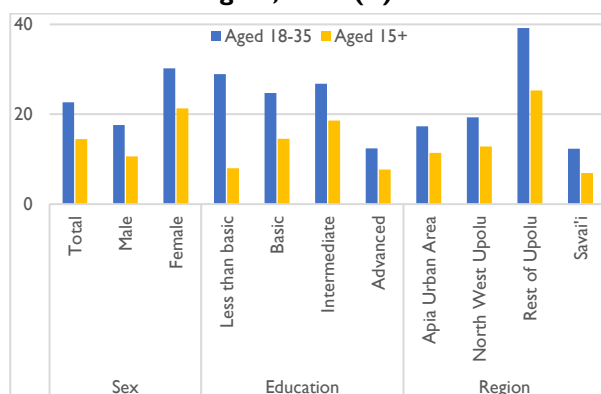
Closer analysis of the gender pay gap reveals some notable dynamics. Although women on average earned more than men at the aggregated level, these results were skewed by sex-based occupational segregation. In particular, a relatively high share of women worked as professionals and technicians, occupations that paid significantly more than the national average by 40 per cent and 25 per cent, respectively (see figure 2.8, panel B). However, looking at the gender pay gap by occupation indicates that women earned less than men in seven of the nine major occupation groups, the only exceptions being technicians and associate professionals and elementary occupations.

3. Promoting youth employment

Full potential of Samoan youth remains untapped

Fostering more and better jobs for young people is a key priority of the Government of Samoa. The *Samoa National Action Plan on Youth Employment (SNAP) 2016–2020* puts forth the overarching goal “to promote and create more jobs for young women and men in the villages.”⁹ To this end, the two objectives of the SNAP align with addressing gaps in both the supply side and demand side of the youth labour market. Specifically, objective 1 aims to “enhance employability amongst young people... through better alignment of skills and labour market–demands by 2020”, and objective 2 strives to “promote youth employment opportunities through the development of village economies.”¹⁰

Figure 3.1. Unemployment rate by age, sex education and region, 2017 (%)



Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

Despite this concerted policy direction, youth employment remains a primary challenge in Samoa. First, youth continue to face considerable disadvantages in their search for jobs. In 2017, young people aged 18 to 35 accounted for less

than half the labour force but more than three-fourths of the nearly 7,000 unemployed women and men in Samoa. Consequently, the youth unemployment rate was 22.6 per cent, compared to the overall rate of 14.5 per cent for the general population aged 15 and above (see figure 3.1). The challenges reflect a multitude of factors, including a lack of information and knowledge of the job market, the relevance and effectiveness of the education and training system, and a mismatch between the needs of employers and the career aspirations of young people.

Young women in particular faced distinct obstacles as jobseekers. The unemployment rate among female youth was 30.2 per cent compared to 17.6 per cent for young men. Women accounted disproportionately for unemployment among youth with a secondary or tertiary education (three in five). This could reflect, in part, the mismatch between education and industry or possibly unrealistic reservation wages. In general, unemployment among young people was elevated, around 25 per cent or higher, at each stage of schooling up to the secondary level, but decreased considerably among jobseekers with tertiary education (12.4 per cent). By region, youth unemployment was lowest in Savai'i (12.3 per cent) but highest in the Rest of Upolu (39.2 per cent).

The untapped potential of Samoan youth is further illustrated in the high share not in employment, education or training, or NEET (see table 3.1). In 2017, around one-half of youth aged 18 to 35 were NEET, with a slightly higher proportion for women (three-fifths) than for men (two-fifths). More than four in five youth NEET never attended school or left early. The causes that spur early school withdrawal varied widely, but household financial

⁹ Samoa Ministry of Women, Community and Social Development, op. cit., p. 13.

¹⁰ Samoa Ministry of Women, Community and Social Development, op. cit., p. 14.

constraints were clearly a main determinant. Of the youth NEET who were early-school leavers, more than one-quarter left to help with household tasks and another one-fifth could not afford education. Around one in ten did not complete their studies due to a lack of appreciation of the value of education and the same proportion left school due to marriage or pregnancy, primarily affecting young women.

Table 3.1. Youth not in employment, education or training (NEET), aged 18-35, 2017

	Male	Female	Total
NEET rate, %	39.9	59.8	49.8
NEET	9 036	13 495	22 532
<i>By education status (% distribution)</i>			
Never attended school	1.5	0.6	0.9
Completed school	13.8	16.0	15.1
Left before graduation	84.7	83.4	83.9
<i>By reason (% distribution)</i>			
Cannot afford schooling	18.6	22.6	21.0
Education not considered valuable	16.7	7.2	11.0
To start working	6.8	8.7	7.9
To get married/pregnant	3.1	14.7	10.0
To help with household tasks	30.0	26.4	27.9
Other	24.9	20.3	22.2
Attended training past 12 months, %	2.8	3.5	3.2
Looked for work past 30 days, %	26.1	20.3	22.6

Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

Furthermore, only around one in five youth NEET actively searched for employment in the past 30 days. The most commonly cited reasons for not seeking work were family and household responsibilities and discouragement. These factors may also help explain the very low number of youth NEET who were engaged in some form of training outside the general education system in the past 12 months (3.2 per cent).

Diversity among working youth, but nearly one-third in informal employment

The 18,100 Samoan youth at work represent a diverse group. The vast majority (around three in

four) were wage employees, with the wage employment share among young women even higher (see table 3.2). By contrast, only about 1.2 per cent were employers, possibly signalling challenges in regard to entrepreneurship training and access to finance and business support services.

Young people in Samoa worked in a broad range of industries, with clear patterns based on sex. The bulk of female working youth were engaged in the services sector, notably in wholesale and retail trade (23.6 per cent), public administration (15.6 per cent) and accommodation and food services (14.1 per cent). Conversely, young men worked heavily in wholesale and retail trade (20.1 per cent), agriculture and fisheries (20 per cent) and construction (10.6 per cent).

Table 3.2. Youth employment by status of employment and industry, aged 18-35, 2017

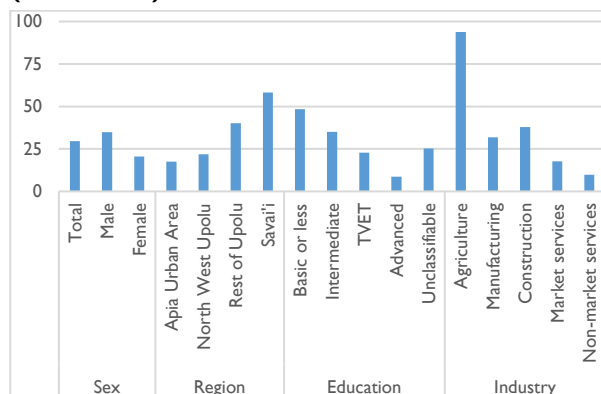
	Male	Female	Total
Youth employment	11 543	6 540	18 083
<i>By employment status (% distribution)</i>			
Employees	72.5	83.5	76.5
Employers	1.7	0.3	1.2
OAW	16.1	8.6	13.4
CFW	4.9	4.7	4.8
Not classifiable	4.8	3.0	4.2
<i>By industry (% distribution)</i>			
Agriculture, forestry and fishing	20.0	6.6	15.1
Industry	19.0	11.4	16.2
Manufacturing	6.9	9.3	7.8
Construction	10.6	0.5	7.0
Other industry	1.5	1.5	1.5
Services	61.0	82.0	68.6
Wholesale and retail trade	20.1	23.6	21.4
Accommodation and food services	9.9	14.1	11.4
Public administration	8.9	15.6	11.3
Education	4.2	12.4	7.2
Other services	17.9	16.3	17.3

Note: "OAW" indicates own-account workers; "CFW" indicates contributing family workers.

Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

While the majority of working youth were employed in a formal job, informal arrangements still characterized nearly one-third of all employment for young women and men (see figure 3.2).¹¹ Working young men tended to be more likely to be in an informal job (34.8 per cent) vis-à-vis employed young women (20.6 per cent). One key factor that underpinned this trend is the higher concentration of young men working in agriculture and fisheries, a sector where informality was pervasive (93.9 per cent). A considerable share of male youth were also employed in construction, where the informal employment rate of 37.8 per cent also exceeded the overall average.

Figure 3.2. Youth informal employment by sex, region, education and industry, aged 18-35, 2017 (% informal)



Note: "TVET" indicates technical vocational education and training. Intermediate education includes completion of years 12 or 13 but excludes TVET.

Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

Addressing informality requires improving youth employability, including access to higher and more relevant education. For young people with lower education attainment at the primary level or less, the informal employment rate is rather high at

nearly one in two. However, the share of informality among working youth drops for those with a secondary education (35 per cent) and declines even further for those with TVET (22.8 per cent) and tertiary schooling (8.7 per cent). Moreover, a regression analysis that assesses the relative probability of a young Samoan (aged 18 to 35) to be in formal employment revealed that achieving advanced education was the leading socio-economic or demographic determinant, considerably ahead of age, sex, marital status, region, urban-rural status, disability status, literacy, or participation in training within the past year.¹²

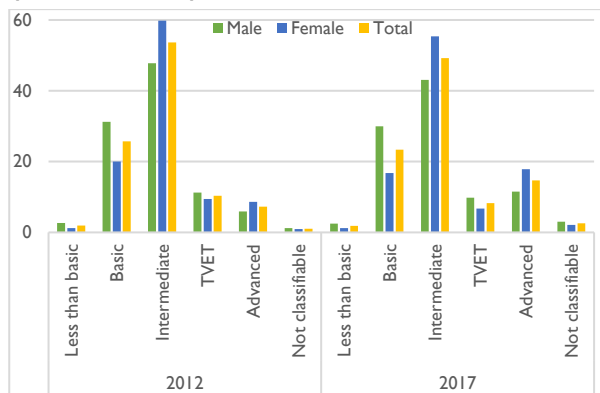
As highlighted above, the first priority of the SNAP is to help tackle the youth employment challenge through better alignment of skills and labour market demand, including improved access to career development services. To this end, the educational profile of young people has shifted in a few important ways since 2012 (see figure 3.3). First, more and more young people are reaching tertiary studies. In 2017, 14.7 per cent of young people aged 18 to 35 had an advanced education, up from only 7.3 per cent five years earlier. This increase was offset by a decline in the share of youth with a basic or intermediate (excluding TVET) education. In 2017, around one-half had secondary education (excluding TVET) and slightly less than one-quarter had a primary education.

¹¹ The informal employment rate for youth aged 18 to 35 (29.7 per cent) is lower than that for the total working-age population aged 15 and above (37.3 per cent).

¹² These results are based on a multivariate logistic regression analysis of young people aged 18 to 35 from the Samoa Labour Force Survey 2017, with formal employment as the dependent

variable. The independent control variables include urban-rural status, geographical region, sex, age, marital status, disability status, literacy, level of highest educational attainment and participation in training outside the general education system during the past 12 months.

Figure 3.3. Youth population by education attainment and sex, aged 18-35, 2012 and 2017 (% distribution)



Note: “TVET” indicates technical vocational education and training. Intermediate education includes completion of years 12 or 13 but excludes TVET.

Source: ILO estimates from SBS: Samoa Labour Force Survey 2012 and SBS: Samoa Labour Force Survey 2017.

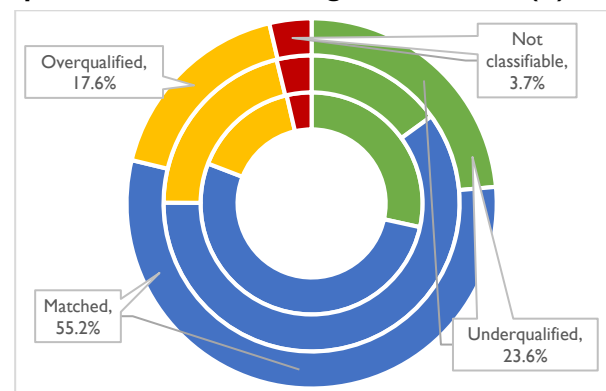
In addition, the share of TVET graduates declined during the five-year period from 10.3 per cent to 8.3 per cent, which could indicate an unwelcomed trend given the evidence presented earlier revealing that TVET education tends to reduce the probability of informal employment among working youth. Although young women were less likely to pursue TVET compared to men, overall they had higher rates of secondary and tertiary schooling. Furthermore, while the total share of youth who pursued training during the past 12 months was somewhat low (3.7 per cent), young women had a slightly higher rate (4.2 per cent) compared to men (3.2 per cent).¹³ These education and training patterns further corroborate trends linked to youth access to formal employment, sex and education.

¹³ Share of youth with recent training is based on ILO estimates from SBS: Samoa Labour Force Survey 2017.

¹⁴ The metric of qualification mismatch is based on an approach which aligns educational attainment levels according to the International Standard Classification of Education (ISCED) with occupational groups according to the International Standard Classification of Occupations (ISCO). ISCO occupational groups 1, 2, and 3 are considered high-skill and match with ISCED-97 levels 5 and 6. ISCO groups 4, 5, 6, 7 and 8 are considered medium-skill occupations and align

While supporting youth through better education and training is critical, another important measure is to facilitate the matching of skills and qualifications of jobseekers and those requested by employers. Matching enhances efficiency in the labour market by helping to align the supply and demand for workers. To this end, public employment services can play a critical role by providing labour market information, offering job-search assistance and placement services.

Figure 3.4. Youth employment by sex and qualification mismatch, aged 18-35, 2017 (%)



Note: The innermost ring represents males, the middle ring represents females and the outer ring represents total youth.

Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

Vertical skills mismatch, which is measured here using a standard framework of aligning educational qualifications with the occupation of employment, includes those who are either overqualified or underqualified for their job.¹⁴ In 2017, around two in five working youth in Samoa were mismatched

with ISCED levels 3 and 4. ISCO group 9 of low-skill occupations correspond with ISCED levels 1 and 2. In this framework, workers whose occupation matches the assigned educational attainment level are considered adequately qualified. Those with a higher level of education are considered overqualified and those with a lower level are classified as underqualified. Together, the overqualified and underqualified are considered mismatched. However, there are some limitations to this approach. For example, it assumes all occupations with the same job title have identical education

in their employment (see figure 3.4). Notably, young women were more likely than young men to have too much schooling for their job, while young men had a higher propensity to be underqualified for their position.

These distinct sex-based qualification mismatch patterns signal a few important gaps. First, asymmetry of information about education and employer needs may be impacting young women disproportionately in terms of their higher rates of being overqualified. Second, young women's advancements in reaching higher education may not always lead or translate into the type of higher-skilled jobs that match those qualifications. Furthermore, the fact that young men are twice as likely as young women to be underqualified for their position could reveal some biases in job recruitment and selection.

requirements, and it does not account for years of experience, which are intrinsically low for young people. For

further discussion, see: ILO: *Global Employment Trends for Youth 2013: A generation at risk* (Geneva, 2013).

4. Strengthening labour market demand

Increasing labour demand calls for better jobs in agriculture and tourism and facilitating labour migration

Between 2017 and 2020, an estimated 800 Samoan women and men, of whom the vast majority will be youth, will enter the labour force and join the 7,000 unemployed that are already seeking employment.¹⁵ Meeting this increase in the labour force necessitates accelerating labour demand and creating jobs underpinned by a macroeconomic environment that fosters growth in key labour-intensive sectors. Both the SNEP and SDS recognize this linkage and call for greater investments in sectors such as large-scale agriculture, tourism, manufacturing, and agro-processing.

Table 4.1. Real gross value added by economic industry, fiscal year 2015/16–2017/18 (% change, y-o-y)

	2015/16	2016/17	2017/18
Agriculture and fishery	8.1	8.9	-10.5
Food and beverages manufacturing	12.7	5.2	1.3
Other manufacturing	2.6	7.0	-31.4
Construction	12.3	-11.1	11.1
Electricity and water	-2.8	5.9	4.0
Trade and commerce	6.7	6.8	3.5
Accommodation and restaurants	37.2	3.0	13.9
Transport and communication	15.1	-7.6	2.5
Public administration	1.3	-0.9	4.6
Other services	2.8	5.4	3.1
Real Gross Domestic Product	7.1	2.7	0.7

Note: Constant 2002 prices.

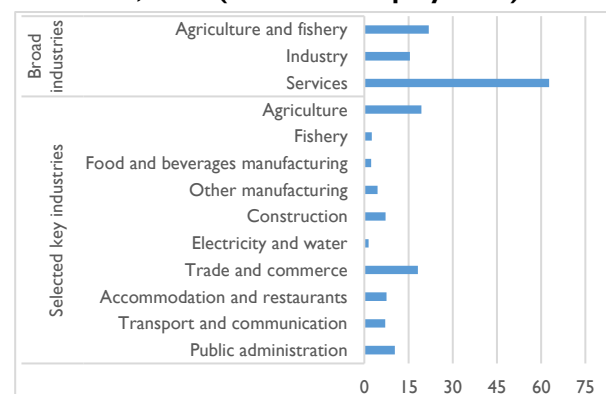
Source: Central Bank of Samoa: National Accounts.

Recent economic trends across these key industries, however, were mixed (see table 4.1). In fiscal year 2017/18, real gross value added in

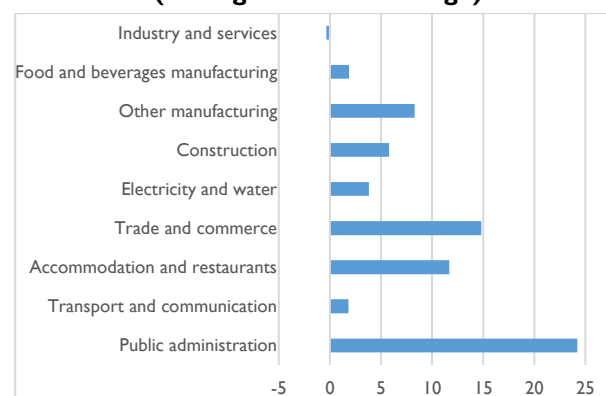
agriculture and fisheries, for example, contracted by 10.5 per cent, after two consecutive years of strong growth. Light manufacturing of food and beverage expanded only marginally by 1.3 per cent, while other manufacturing collapsed by 31.4 per cent, reflecting heavily the decline in demand for production of automotive parts as discussed above. By contrast, the accommodation and restaurants sector, which employed around 7.5 per cent of all workers, recorded robust growth of 13.9 per cent, spurred by strong demand in tourism.

Figure 4.1. Employment by industry

Panel A. Employment by broad and selected key industries, 2017 (% of total employment)



Panel B. Employment in selected industries, 2012–2017 (average annual % change)



Note: Aged 15 and above. Panel B is based on compounded annual growth rate.

Source: ILO estimates from SBS: Samoa Labour Force Survey 2012; SBS: Samoa Labour Force Survey 2017.

¹⁵ ILO: World Employment and Social Outlook: Data Finder, available at: <https://www.ilo.org/wesodata>.

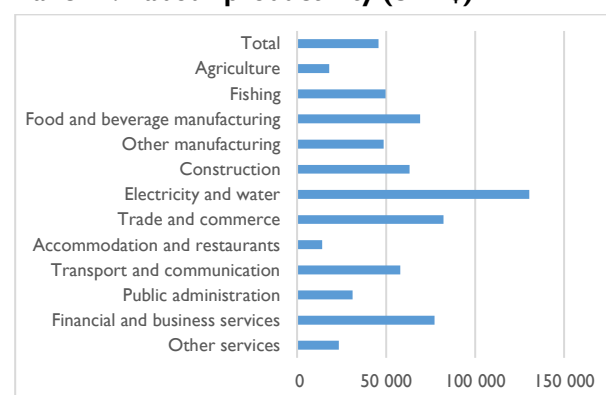
The latest employment statistics from the national labour force survey in 2017 do not fully capture these economic dynamics, in particular the recent decline of demand for automotive parts manufacturing. Nevertheless, it does show that the Samoa labour market is heavily reliant on services, and has a very narrow industrial base (see figure 4.1, panel A). Altogether, services accounted for 62.7 per cent of all employment. Key subsectors included trade and commerce (18.2 per cent), public administration (10.4 per cent) and accommodation and restaurants (7.5 per cent). Notably, agriculture employed 19.4 per cent of all workers and fisheries another 2.5 per cent. By comparison, manufacturing totalled 6.8 per cent, of which production of food and beverages reached merely 2.3 per cent.

Furthermore, the five-year employment trend from 2012 to 2017 reveals some notable patterns in labour demand (see figure 4.1, panel B).¹⁶ Overall, non-agricultural employment contracted slightly by just 0.3 per cent on an average yearly basis. By contrast, demand was robust in trade and commerce with employment growing annually by 14.8 per cent. Likewise, the accommodation and food services sector recorded average employment expansion of 11.7 per cent per annum, mirroring robust tourism activity. Average yearly job gains in food and beverages manufacturing and construction were lower at 1.9 per cent and 5.8 per cent, respectively.

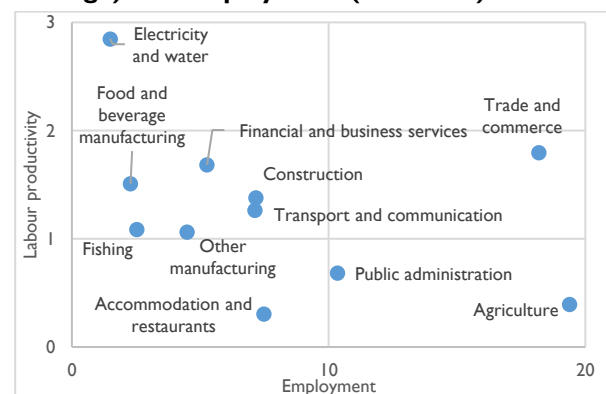
Strengthening labour demand requires a focus on improving labour productivity and job quality. Such efforts help facilitate production of higher value-added goods and services within sectors, foster the emergence of new industries, and ultimately create more and better jobs. Overall, labour

productivity in 2017 was SAT\$45,775, but remained relatively low in many key sectors (see figure 4.2, panel A). Labour productivity in agriculture and accommodation and restaurants, for instance, were only two-fifths and one-third the economy-wide average, respectively.¹⁷ By contrast, productivity in food and beverages manufacturing, construction, and trade were around 1.4 to 1.8 times the overall average.

Figure 4.2. Labour productivity by industry, 2017
Panel A. Labour productivity (SAT\$)



Panel B. Labour productivity (ratio to national average) and employment (% of total)



Note: Aged 15 and above. Labour productivity defined as real gross value added per employed persons in constant 2002 prices.

Source: ILO estimates from Central Bank of Samoa: National Accounts and SBS: Samoa Labour Force Survey 2017.

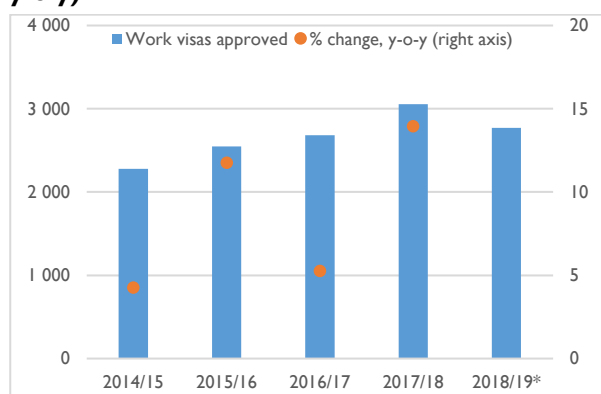
¹⁶ Agricultural and fishery employment, which totalled 9,017 in 2017, is not included in this trends analysis due to a lack of data comparability between labour force survey years.

¹⁷ Increasing the productivity of agriculture and fisheries is identified as key outcome 2 of the SDS 2016/17–2019/20.

Targeting efforts to bolster productivity should also balance the need to support sectors that are relatively labour-intensive. From this angle, increasing the value of agricultural production clearly is a priority given the industry's extremely low position on the productivity scale and high share of employment (see figure 4.2, panel B). This should include development of large-scale farming and diversification into higher value products. Similarly, the accommodation and restaurant industry also stands out. Facilitating demand for higher end tourism and hospitality services could help boost productivity and job quality for more than 3,000 workers in that sector.

respectively. Continuing to prioritize and facilitate labour migration would help Samoa meet the jobs challenge of its growing labour force and bolster the economy through increased remittances.

Figure 4.3. New Zealand work visas approved for Samoans, 2014/15–2018/19* (total and % change, y-o-y)



Note: “*” data for 2018/19 are as of 28 February 2019.

Source: Immigration New Zealand.

Given constraints in the domestic economy, promoting overseas migration for employment must remain a key component of boosting labour demand overall, as highlighted in the SNEP policy 3.8. New Zealand is an important destination for Samoans working abroad. In 2017/18, 3,055 work visas for Samoans were approved, about equivalent to 8 per cent of the entire domestic workforce (see figure 4.3). The number of New Zealand work visas for Samoans has fluctuated but remained robust in recent years, growing by 5.3 per cent and 14 per cent in 2016/17 and 2017/18,

5. Integrating rural and urban economies

Gaps in access to credit and connectivity slowing rural development

The economy of Samoa is distinctly bifurcated. In urban areas, demand for market services, including in sectors like trade and commerce and hotels and restaurants, accounted for half of all jobs (see figure 5.1).¹⁸ Non-market services like public administration and education contributed another one-third of all urban employment. Moreover, informality was also rare in the urban economy. Around 92 per cent of all urban employment was based in formal, registered establishments.

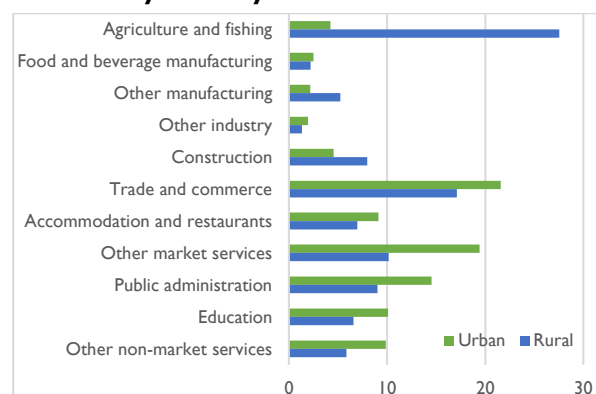
By contrast, the rural economy was heavily reliant on agriculture, which accounted for 27.5 per cent of all rural jobs. Food and beverage manufacturing, a target sector of the SNEP, accounted for only 2.2 per cent of rural employment. In addition, opportunities for formal employment in rural Samoa were somewhat limited. Only 59.4 per cent of rural workers were employed in formal production units. Given the low quality of rural jobs, the rural-urban pay gap was sizeable. Wages in urban Apia were more than 20 per cent higher than in rural areas of Samoa. This wage differential and dearth of good rural jobs historically have spurred rural-to-urban migration.

In order to support the rural economy and create better jobs, the SNEP prioritizes the need to invest in agriculture by orienting away from subsistence farming, promoting large-scale commercial production and increasing agricultural productivity. However, agriculture in rural Samoa remains small-scale by a wide margin. In 2017, of the nearly 7,600 rural workers in farming, only

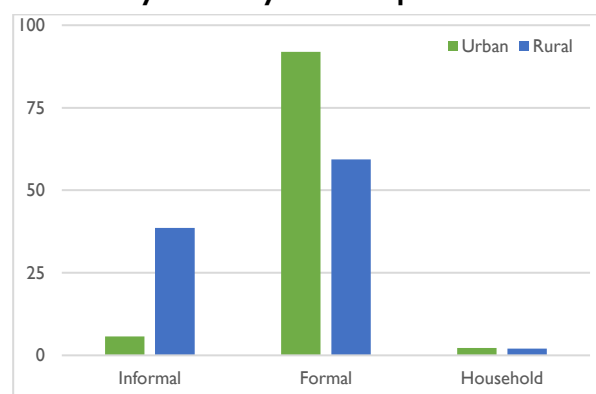
around 400 (or 5.3 per cent) were employed in a workplace with five or more workers, and less than 1 per cent worked on farms that employed 50 or more workers.¹⁹

Figure 5.1. Employment by urban-rural area, 2017 (% distribution)

Panel A. By industry



Panel B. By formality status of production unit



Note: Aged 15 and above.

Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

Supporting the development of the rural economy and its integration with urban markets requires greater access to finance particularly for critical sectors. In 2018, the value of commercial bank loans to the private sector and public institutions increased year-on-year by 3.1 per cent overall, a decrease from 8.1 per cent in 2017 (see figure 5.2).

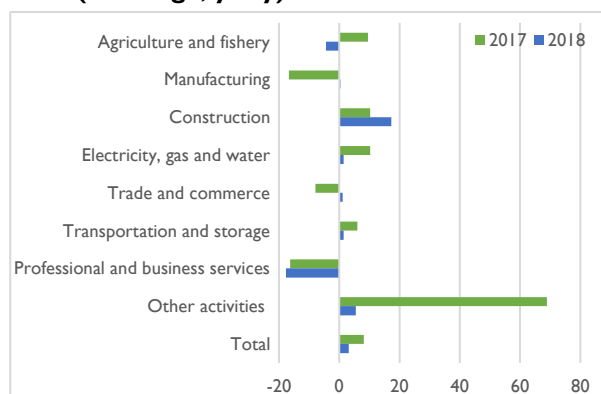
urban while the other three regions are defined as rural areas. See: SBS: Samoa Labour Force Survey 2017, p. 9.

¹⁹ Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.

¹⁸ The definition of urban and rural areas for the purpose of this report are based on four statistical regions in Samoa, namely Apia urban area, North West Upolu, Rest of Upolu and Savai'i. Apia urban area is the sole region classified as

What is more, dynamics for some key development industries were much weaker. After annual gains of 9.5 per cent in 2017, commercial loans to the agriculture and fisheries sector contracted by 4.4 per cent in 2018. Likewise, bank loans to support manufacturing decreased by 16.7 per cent in 2017 and were nearly stagnant in 2018, increasing marginally by merely 0.4 per cent. In this regard, various factors are constraining the ability for private investors to access credit, including the lack of a robust credit information system and gaps in the related legal rights framework.²⁰

Figure 5.2. Value of commercial bank loans to private sector and public institutions, 2017 and 2018 (% change, y-o-y)



Note: Transport and storage includes communications.

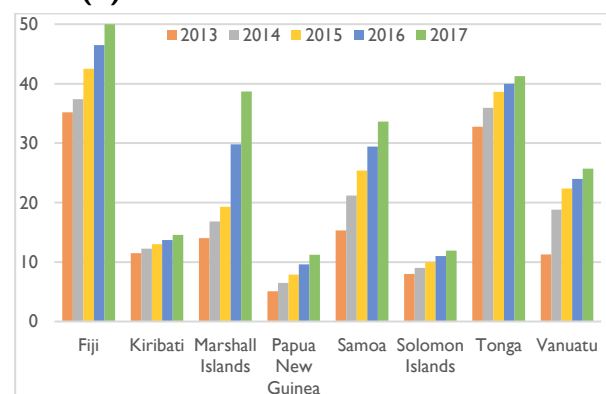
Source: Central Bank of Samoa.

Given the labour-intensive nature of both the agriculture and accommodation and restaurant sectors, a focus on enhancing productivity, job quality and earnings in these two industries could lead to considerable gains for nearly one-third of the workforce and help integrate the rural economy. In addition to expanding credit access, another approach could be to promote higher value agricultural products. For instance, organic farming currently accounts for only 10 per cent of all agricultural land in Samoa, and its expansion

could help meet emerging demand for organic products in the hospitality and tourism industry.²¹ This approach would require deeper investments in strengthening industry and market linkages and developing the skills and capacity of farmers through agricultural extension.

Moreover, supporting the rural economy necessitates broad investment in infrastructure and connectivity. The rural economy in Samoa faces gaps in connectivity, both physical and digital. For example, due to cost and other constraints, merely 3.8 per cent of Samoan households overall have internet access at home.²² Despite positive trend growth, only one-third of the population uses the internet, compared to one-half in Fiji and two-fifths in the Marshall Islands and Tonga (see figure 5.3). Addressing these connectivity deficits would help strengthen rural-urban linkages, foster demand in rural areas, and facilitate the integration of the rural workforce into higher value secondary and tertiary sectors.

Figure 5.3. Share of population using the internet, selected Pacific Island countries, 2013–2017 (%)



Source: International Telecommunications Union (ITU): ICT Indicators Database.

²⁰ World Bank: *Doing Business 2019: Training for Reform – Samoa* (2019).

²¹ P. Huynh: “Rethinking skills for the rural economy in Asia and the Pacific”, in A. Sakamoto and J. Sung (eds.): *Skills and*

the future of work: Strategies for inclusive growth in Asia and the Pacific (Bangkok, ILO, 2018), pp. 391–420.

²² Source: International Telecommunications Union (ITU): ICT Indicators Database.

6. Conclusion and priorities for action

The economic slowdown in recent years and an uncertain growth outlook necessitate intensified efforts to upgrade and diversify the economy in order to create more decent jobs in Samoa.²³ To this end, the Monitoring Report highlights several priorities for policy action that would help accelerate progress towards the objectives underlined in the SNEP 2016–2020.

An important consideration is supporting young jobseekers through enhanced education and training and during their transition from school to the workplace. Evidence suggests that financial assistance would help alleviate household constraints that are hindering access to schooling and training for some youth. Encouraging the enrolment of young people in TVET and tertiary studies would greatly increase their opportunities to find formal employment where working conditions and wages tend to be much better.

Greater collaboration between the education sector, key agencies and employers (particularly those in trade and commerce and manufacturing) is needed to reduce skills mismatch and better align curriculum with the labour market. Also, investing in public employment services would help facilitate skills matching in the labour market and reduce inefficiencies that are constraining employers and limiting the potential of jobseekers. In this regard, the Samoa Ministry of Commerce, Industry and Labour has established a new labour market information system to simplify online enrolment of jobseekers and disseminate job vacancy information. Other related efforts include

conducting training to enhance job search skills and industry awareness among jobseekers.

Moreover, strengthening the rural economy and accelerating rural-urban market integration require reorienting the vastly subsistence and small-scale agricultural sector to large-scale commercial farm production. Agriculture employs more than one in five of Samoa's workforce, but jobs in the sector are predominantly informal and characterized by low remuneration. To this end, improving the credit information system is essential to enhance access to finance and boost private investments in the sector. Also key is to expand production of higher value agriculture and agro-processed manufactures that could fill emerging demand from domestic and foreign markets. Such measures would help Samoa diversify its narrow economic base which remains heavily reliant on tourism and remittances.

In addition, more than 15,000 Samoan women and men remain employed in low-productivity, informal jobs in Samoa. Helping them to transition to formal employment requires a mix of policy measures and incentives.²⁴ A balanced approach based on tripartite dialogue and action would help support businesses and workers in the informal economy and facilitate formalization for informal establishments capable of making the transition. In this context, a strategy that targets specific sectors could be particularly effective and should include not only agriculture, but also manufacturing and construction, among others.

Finally, overseas migration for employment, including seasonal worker programmes, remains

²³ GDP growth prospects for 2019 vary from 2 per cent, according to the Asian Development Bank, to 3.3 per cent as projected by the International Monetary Fund. See: Asian Development Bank: *Pacific Economic Monitor: Special 10th anniversary issue* (Manila, 2019); IMF: *World Economic Outlook Database* (Apr. 2019).

²⁴ For further discussion on policy measures for formalization, see ILO: *Transitioning from the informal to the formal economy*, Report V, International Labour Conference, 103rd session (Geneva, 2014).

an important policy lever for addressing the jobs challenge associated with a growing labour force. For example, formal agreements and seasonal worker schemes with countries such as Australia and New Zealand have been instrumental as a source of jobs and remittances that support domestic consumption in Samoa. It is important, however, to offset the drawbacks of labour

migration at home. This includes skills shortages that hinder domestic enterprises as well as large remittance inflows which can drive exchange rate appreciation, resulting in negative implications for the tradeable sector. To this end, measures to support returning migrant workers should include promoting skills transfer and fostering investment and entrepreneurship opportunities.

Statistical annex

Table A.1. Selected labour market indicators by sex and region, 2017

	Male	Female	Apia Urban Area	North West Upolu	Rest of Upolu	Savai'i	Total
Working-age population (thousand)	56.0	55.0	22.0	40.5	25.8	22.7	111.0
Labour force (thousand)	30.8	17.3	11.2	17.6	11.3	8.0	48.1
Labour force participation rate (%)	55.0	31.5	51.1	43.3	44.0	35.1	43.3
Employment (thousand)	27.5	13.6	9.9	15.3	8.5	7.4	41.1
Employment-to-population ratio (%)	49.2	24.8	45.3	37.7	32.9	32.7	37.1
Informal employment in non-agriculture employment (SDG 8.3.1) (%)	21.7	20.6	15.9	17.6	27.1	37.4	21.3
Average monthly wages (SDG 8.5.1) (SAT\$)	1 230	1 358	1 496	1 263	987	1 174	1 278
Unemployment rate (SDG 8.5.2) (%)	10.6	21.3	11.4	12.9	25.3	6.9	14.5
Proportion of youth (aged 18-35 years) not in education, employment or training (NEET) (SDG 8.6.1) (%)	39.9	59.8	38.0	48.1	57.5	58.2	49.8
Proportion of women in managerial positions (SDG 5.5.2) (%)	-	-	44.0	42.4	34.7	56.5	43.1

Source: ILO estimates from SBS: Samoa Labour Force Survey 2017.