



Access to Finance for Small Business in Samoa

The Small Business Enterprise Centre (SBEC)

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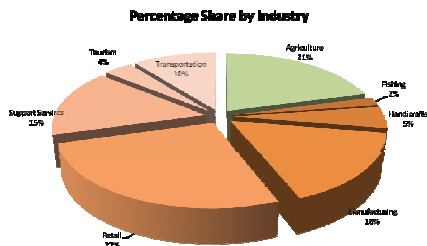
SBEC
Supported more than 1000 small businesses in Samoa
Supporting all sectors Rural and Urban businesses
Created 2500 job opportunities
Contribute around ST\$12m a year to the economy (*SBEC Impact Assessment*)
Ongoing nurturing and support to all businesses

The collage includes photos for the following sectors:

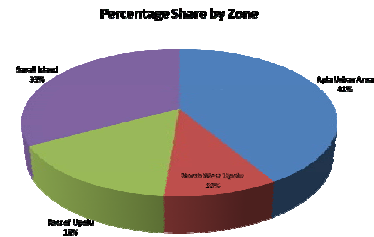
- fishing**: A person on a boat.
- tourism**: People on a boat in a lagoon.
- carpentry**: A person working on a wooden structure.
- Beach fale**: A traditional thatched-roof structure on a beach.
- furniture**: A wooden cabinet.
- agriculture**: A field of crops.



Industries supported



SBEC services to Samoa



Small Business Loan Guarantee Scheme

- Objective : to facilitate access to finance for small businesses in Samoa as security is a major challenge
- Guarantee funds from NZAID (ST\$600k and Government of Samoa ST\$9m (ADB loan)
- Funds are kept as Term Deposits with Banks
- Banks involved include: Development Bank of Samoa, ANZ, Westpac, Samoa Commercial Bank and National Bank
- Initial funds are still being utilised
- SBEC role – administer and manage the scheme

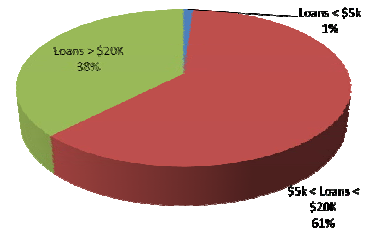
Criteria for guarantee scheme

- Business must have contributed about a 1/3rd of business setup costs
- Completed the SBEC training for Business Management
- 80% guarantees are provided
 - Loans up to \$5k – covered under NZAID
 - Loans up to 20k – covered by Government ADB Scheme
 - Loans up to 50k – for those businesses who have proven successful and are expanding
- Other 20% could be in the form of ;
 - Personal guarantees – main requirement by DBS
 - Term Deposits or other assets acceptable by the Banks

Small Business Loan Guarantee Scheme

TOTAL SBLGS CLIENTS	1377
Total Loans Granted	ST \$ 22.5m or US\$10m
Total Guarantee	ST \$ 16.4m or US\$7.2m
Total Foreclosures paid	ST \$ 2.1 m or US\$0.93m
Total Guarantees Cleared	ST \$ 6.1m or US\$2.7m
Foreclosures as % of guarantees	13%
Cleared loans as % of guarantee	37%

Loans in terms of the SBEC Guarantees



Ongoing Challenges

- Sustainability of small businesses in Samoa
- Access to finance and increasing interest rates
- Economic and environment vulnerabilities
- Market access and sustaining markets
- Training and capacity building
- The costs of doing businesses
- Government policies
- Family and Community influence
- Business ethics – no commitment to business and no sacrifices

Way forward

- Increasing demand for loans for small businesses
- Piloting a 100% guarantee for small loans up to \$10k
- SBEC Sector Profiles - visit www.sbecsamoaweb.com
- Increased focus on business advisory and support – nurturing
- Businesses need facilitators and SBEC sees itself as a facilitator