

STANDING COMMITTEE REPORT NO. 15-144

RE: C.B. NO. 15-151/R&D

SUBJECT: SECOND TRANCHE FUNDING (\$372,000)

SEPTEMBER 25, 2008

The Honorable Isaac V. Figir
Speaker, Fifteenth Congress
Federated States of Micronesia
Fifth Regular Session, 2008

Dear Mr. Speaker:

Your Committee on Resources and Development, to which was jointly referred C.B. No. 15-151, entitled:

"A BILL FOR AN ACT TO APPROPRIATE FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA ALL SUMS DIRECTLY OR INDIRECTLY RECEIVED AS THE PROCEEDS OF THE SECOND TRANCHE OF THE FSM NATIONAL GOVERNMENT'S PORTION OF THE PRIVATE SECTOR DEVELOPMENT PROGRAM LOAN FROM THE ASIAN DEVELOPMENT BANK, IN AN AMOUNT NOT TO EXCEED \$372,000 TO FUND PRIVATIZATION AND ECONOMIC DEVELOPMENT PROJECTS, AND FOR OTHER PURPOSES."

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

C.B. No. 15-151 seeks to appropriate from the General Fund of the Federated States of Micronesia all sums directly or indirectly received as the proceeds of the Second tranche of the FSM National Government's portion of the Private Sector Development Program (PSDP) loan from the Asian Development Bank (ADB) in an amount not to exceed \$372,000 to fund economic development projects in the FSM.

Your Committee notes that during the Fourth Regular Session of the Fifteenth Congress, President has transmitted (C.B. No. 15-107) via Presidential 15-137, which is a bill to appropriate the same amount for the same purpose. Unfortunately, the said bill was defeated.

The intent of C.B. No. 15-151 is to appropriate the \$372,000 of the Second Tranche of the FSM National Government's portion of the PSDP loan from the ADB to fund economic development projects.

On September 23, 2008, your Committee conducted a hearing on C.B. No. 15-151 with the Secretary of the Department of Resources and Development and his subordinate staff. The Secretary indicated

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that it is best to fund only three categories instead of five as originally proposed.

The first category is the "National Trade Policy Facilitation". According to the Secretary, it is imperative for the Department to revisit the eroded trade provisions under the Amended Copact of Free Association in order to update such provisions. This is an undertaking that may require dialoguing with the U.S. counterparts in the trade areas and members of the regional organization that are party to the Pacific Island Countries Trade Agreement (PICTA).

The second category

The intent of C.B. No. 15-147 is to extend the lapse of all line items in Public Law No. 14-67 for another year. The new lapse date would be September 30, 2009.

Some of the funding under Public Law 14-67, as amended, may have been allotted and expended. According to records from the Office of SBOC, there is funding still available and has not been expended.

Your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 15-147 and recommends its passage on First Reading, and that it be placed on the calendar for Second and Final reading in the form attached hereto as C.B. No. 15-147.

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Respectfully submitted,

/s/ DohsisHalbert
DohsisHalbert, chairman

Setiro Paul, member

/s/ Moses A. Nelson
Moses A. Nelson, member

Claude H. Phillip, member

/s/ Fredrico O. Primo
Fredrico O. Primo, member

/s/ Peter Sitan
Peter Sitan, member

/s/ Joseph J. Urusemal
Joseph J. Urusemal, member