
A BILL FOR AN ACT

To amend sections 210 and 211 of title 55 of the Code of the Federated States of Micronesia, as amended, to modify the definition of foreign financial assistance, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Section 210 of title 55 of the Code of the
2 Federated States of Micronesia, as amended, is hereby amended to
3 read as follows:

4 "Section 210. Foreign Assistance Fund.

5 (1) Definitions.

6 (a) "Agreement" shall refer to any arrangement,
7 understanding, covenant, compact, transaction or other
8 agreement, in any form, entered into by and between an
9 official of the National Government, or the National
10 Government's designee, and a foreign governmental entity,
11 for the receipt or acceptance of financial assistance or
12 aid, on behalf of any National or State governmental
13 entity.

14 (b) "Foreign financial assistance" shall refer to
15 currency, money, accounts or notes receivable, offered
16 as aid or assistance to the National Government of the
17 Federated States of Micronesia, other than foreign aid
18 or assistance considered as "program" in section 211.

19 ~~[received from the United States of America pursuant to,~~

1 ~~or authorized by, the provisions of the Compact of Free~~
2 ~~Association between the Federated States of Micronesia~~
3 ~~and the United States of America.]~~

4 (c) "Foreign in-kind assistance" shall refer to
5 any and all foreign assistance in the form of goods,
6 services, or other modes of assistance not covered under
7 subsection (1)(b) hereof.

8 (2) Approval by Congress. The President shall submit
9 any agreement for the acceptance or receipt of foreign
10 financial assistance to the Congress no later than the
11 first regular or special session of Congress convened
12 immediately subsequent to the execution of such
13 agreement, for approval by resolution.

14 (a) No such agreement shall be valid, and no
15 funds may be received pursuant to such agreement, unless
16 and until Congress approves the agreement by resolution.

17 (b) Should the Congress not approve such
18 agreement by resolution before the adjournment of the
19 first regular session following the President's
20 submission of the agreement to Congress, that agreement
21 shall be deemed disapproved.

22 (3) Foreign Assistance Fund. There is hereby
23 established within the National Treasury of the
24 Federated States of Micronesia a Foreign Assistance Fund
25 which shall initially consist of all unobligated

1 balances of foreign assistance funds from the preceding
2 fiscal year, and all foreign assistance funds designated
3 for the National Government and made available beginning
4 October 1, 1996. Thereafter, the Department of Finance
5 shall receive, maintain a complete record of, and where
6 applicable, deposit all foreign financial assistance as
7 defined in subsection (1) of this section into the Fund,
8 pursuant to the Financial Management Act of 1979.

9 (a) The President or the President's designee
10 shall notify the Congress of the receipt of foreign
11 financial assistance, the amount thereof in U.S. dollars,
12 and, where applicable, the deposit of such assistance
13 into the Fund, no later than the first session of
14 Congress, be it regular or special, convened subsequent
15 to such receipt.

16 (b) Where the foreign financial assistance
17 received is denominated in the form of goods or services,
18 the President or the President's designee shall notify
19 the Congress of the value thereof in U.S. dollars, and
20 the destination where such goods have been delivered, or
21 location where such services have been rendered, no
22 later than the first session of the Congress convened
23 subsequent to such receipt.

24 (4) Development of Fund - Duties of the Department of
25 Finance. The Division of Investment Management of the

1 Department of Finance shall, upon approval of the
2 President and in cooperation with the Department of
3 External Affairs, actively seek foreign assistance
4 funding, foster productive use of foreign assistance,
5 and produce reports on the acquisition, use, expenditure
6 of, and fiscal obligations_attendant upon, foreign
7 assistance available to or received by the National
8 Government of the Federated States of Micronesia.

9 (5) Reports. No later than April 1 of each year, the
10 President shall submit to the Congress a report on the
11 status of the Foreign Assistance Fund, which report
12 shall include:

13 (a) a complete and accurate accounting of all
14 foreign financial assistance received;

15 (b) a complete and accurate record of the manner
16 in which the foreign financial assistance was
17 distributed as among and between the States and the
18 National Government; and

19 (c) whether such distribution comports with the
20 provisions of article XII, section 1(b) of the
21 Constitution.

22 Section 2. Section 211 of title 55 of the Code of the
23 Federated States of Micronesia, as amended, is hereby further
24 amended to read as follows:

25 (1) *Definitions*.

1 (a) The term "programs" refers to the following:

2 (i) [~~shall include all~~] F[f]unds made
3 available to the Federated States of Micronesia pursuant
4 to sections 221(a) [~~7~~] and 221b [~~(c)~~], ~~and 224 (program~~
5 ~~funds)~~ of the Compact of Free Association, as amended
6 and other funds made available to the Federated States
7 of Micronesia by United States statute through
8 categorical, block, consolidated project, or
9 discretionary grants.

10 (ii) [~~It shall also include~~] Financial grants
11 received from any international or United Nations UN
12 organization or UN agency.

13 (b) Program [~~It shall~~] does not include other
14 funds received pursuant to the Compact of Free
15 Association, or funds received from the United States
16 Department of Interior derived from its annual
17 departmental budget, or those funds known as transition
18 funds, nor indirect costs received for the
19 administration of Federal programs.

20 (2) *Program review.*

21 (a) [~~Prior to the submittal of a~~] Any [~~first year~~
22 ~~or first time~~] application, proposal, or preexpenditure
23 report [~~or any application, proposal, or preexpenditure~~
24 ~~report~~] that requests funding of less than [~~for~~] \$50,000
25 [~~or more~~] to any United States Federal agency [~~7~~, the

1 ~~President or his designee shall submit such application,~~
2 ~~proposal, or preexpenditure report] shall not be~~
3 ~~required to be reported to the Congress of the Federated~~
4 ~~States of Micronesia. [for its review and approval by~~
5 ~~resolution. If Congress is not in session, the~~
6 ~~appropriate committee shall review and approve the~~
7 ~~application, proposal, or preexpenditure report. The~~
8 ~~scope of such review shall be complete, with the ability~~
9 ~~to approve any aspect of any application, proposal, or~~
10 ~~preexpenditure. The approval of any application,~~
11 ~~proposal, or preexpenditure report by the appropriate~~
12 ~~committee shall not obligate funds from the National~~
13 ~~Treasury where they were not otherwise appropriated~~
14 ~~pursuant to law. The Congress or the appropriate~~
15 ~~committee shall complete its review within 40 days of~~
16 ~~submission.]~~

17 (b) Any application, proposal, or pre-expenditure
18 report that requests funding of \$50,000 or more to any
19 United States Federal agency shall, t the time of any
20 application, proposal, or pre-expenditure report,
21 provide concurrent notification of such to the President
22 or his designee and to the Congress of the Federated
23 States of Micronesia.

24 (3) *Program Fund.*

1 (a) There is hereby created within the National
2 Treasury of the Federated States of Micronesia a Program
3 Fund into which all funds received by the Federated
4 States of Micronesia from program sources, as defined in
5 subsection (1) of this section, shall be deposited.

6 (b) The President or his designee shall notify
7 Congress of grant awards and deposits to the Fund. Upon
8 acceptance of the Funds by Congress through Resolution,
9 the Funds shall be administered and withdrawn by the
10 President or his designee.

11 (c) Funds derived from United States program
12 sources shall be accounted for and shall be in
13 accordance with reporting requirements of the United
14 States Government. [~~Initially, the Program Fund shall~~
15 ~~consist of all prior year unobligated balances of~~
16 ~~program funds and all program funds designated for the~~
17 ~~National Government of the Federated States of~~
18 ~~Micronesia and made available beginning October 1,~~
19 ~~1982.~~]

20 ~~[(4) Program reports. Prior to the submittal of any~~
21 ~~application, proposal, or preexpenditure report to any~~
22 ~~United States Federal agency, the President or his~~
23 ~~designee shall submit such application, proposal, or~~
24 ~~preexpenditure report to the Congress of the Federated~~
25 ~~States of Micronesia, whether or not its review and~~

1 ~~approval by the Congress of the Federated States of~~
2 ~~Micronesia is required by subsection (2) of this~~
3 ~~section.]~~

4 Section 3. This act shall become law upon approval by the
5 President of the Federated States of Micronesia or upon its becoming
6 law without such approval.

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8 Date: 9/23/14 Introduced by: /s/ Florencio S. Harper
9 Florencio S. Harper
(by request)

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