
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 definitions of Foreign Assistance Funds and Program Funds, 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
11 entity, for the receipt or acceptance of financial
12 assistance or aid, on behalf o any National or State
13 governmental 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 o t 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 tot such agreement,
16 unless and until congress approves the agreement by
17 resolution.

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

23 (3) Foreign Assistance Fund. There is hereby
24 established within the National Treasury of the
25 Federated States of Micronesia a foreign Assistance Fund

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

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

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

1 (4) Development of Fund - Duties of the Department of
2 Finance. The Division of Investment Management of the
3 Department of Finance shall, upon approval for the
4 President and in cooperation with the Department of
5 External Affairs, actively seek foreign assistance
6 funding, foster productive use of foreign assistance,
7 and produce reports on the acquisition, use, expenditure
8 of, and fiscal obligations attendant upon, foreign
9 assistance available to or received by the National
10 Government of the Federated States.

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

15 (a) a complete and accurate accounting of all
16 foreign financial assistance received;

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

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

1 Section 2. Section 211 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 211. Program Fund.

5 (1) *Definition.*

6 (a) The term "program[s]" refers to the
7 following:

8 (i) [shall include all] [£] Funds made
9 available to the Federated States of Micronesia pursuant
10 to sections 221(a); and 221(b) [~~(c)~~, and 224 ~~(program~~
11 ~~funds)~~] of the Compact of Free Association, as amended,
12 and other funds made available to the Federated States
13 of Micronesia by [and] United States statute through
14 categorical, bloc, consolidated project, or
15 discretionary grants.

16 (ii) [It shall also include] Financial grants
17 received from any international or United Nations (UN)
18 organization or UN agency.

19 (b) "Program" [It shall] Does not include other
20 funds received pursuant to the Compact of Free
21 Association, or funds received from the United States
22 Department of Interior derived from its annual
23 departmental budget, or those funds known as transition
24 funds, nor indirect costs received from the
25 administration of Federal programs.

1 (2) *Program review.*

2 (a) The President shall review [~~Prior to the~~
3 ~~submittal of any]~~ a first year or first time
4 application, proposal, or preexpenditure report of a
5 program [~~or any application, proposal, or preexpenditure~~
6 ~~report that request funding for \$50,000 or more]~~ prior
7 to its submittal to any United States Federal agency,
8 international organization, or UN agency. [~~the~~
9 ~~President or his designee shall submit such application,~~
10 ~~proposal, or preexpenditure report to the Congress of~~
11 ~~the Federated States of Micronesia for its review and~~
12 ~~approval by resolution. If Congress is not in session,~~
13 ~~the appropriate committee shall review and approve the~~
14 ~~application, proposal, or preexpenditure report. The~~
15 ~~scope of such review shall be complete, with the ability~~
16 ~~to approve any aspect of any application, proposal, or~~
17 ~~preexpenditure. The approval of any application,~~
18 ~~approval, or preexpenditure report by the appropriate~~
19 ~~committee shall not obligate funds from the National~~
20 ~~Treasury where they are not otherwise appropriated~~
21 ~~pursuant to law. The Congress or the appropriate~~
22 ~~committee shall complete its review within 40 days of~~
23 ~~submission.]~~

24 (3) A grant award issued to a program shall be
25 transmitted to Congress for its approval by resolution.

1 [(34)] *Program Fund*. There is hereby created within the
2 National Treasury of the Federated States of Micronesia
3 Program Fund into which all funds received by the
4 Federated States of Micronesia from program sources, as
5 defined in subsection (1) of this section, shall be
6 deposited. The President or his designee shall notify
7 Congress of grant awards and deposits to the Fund.
8 Funds shall be administered and withdrawn by the
9 President or his designee. Funds derived from united
10 States program sources shall be accounted for and shall
11 be in accordance with reporting requirements of the
12 United States government. Initially, the Program fund
13 shall consist of all prior year unobligated balances of
14 program funds and all program funds designated for the
15 National Government of the Federated States of
16 Micronesia and made available beginning October 1, 1982.

17 ~~[(4) Program reports. Prior to the submittal of any~~
18 ~~application, proposal, or preexpenditure report to any~~
19 ~~United States Federal agency, the President or his~~
20 ~~designee shall submit such application, proposal, or~~
21 ~~preexpenditure report to the Congress of the Federated~~
22 ~~States of Micronesia, whether or not its review and~~
23 ~~approval by the Congress of the Federated States of~~
24 ~~Micronesia is required by subsection (2) of this~~
25 ~~section.] "~~

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

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5 Date: 5/26/14

Introduced by: /s/ Florencio S. Harper

Florencio S. Harper

(by request)

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