

A RESOLUTION

Approving and accepting a International Development Association Grant in the amount of \$14,400,000, to fund the implementation of the FSM Energy Sector Development Project, including all the terms and conditions of the assistance.

1 WHEREAS, on May 29, 2014, the Executive Directors of the
2 Board of the International Development Authority (IDA) approved
3 a grant to the Federated States of Micronesia in the amount of
4 \$14,400,000; and

5 WHEREAS, the IDA grant will be used to implement the FSM
6 Energy Sector Development Program, which was formulated on
7 behalf of the Federated States of Micronesia through
8 consultation with the state authorities in regard to the energy
9 need of each state; and

10 WHEREAS, the Project involves three (3) main components,
11 as follows, Component 1: Increasing available generation
12 capacity and efficiency of electricity supply in the state
13 power utilities (\$9.27 million), Component 2: National and
14 state energy planning (\$3.40 million), and Component 3:
15 Technical assistance and project management (\$1.50 million);
16 and

17 WHEREAS, Component 1 will be used for the acquisition and
18 installation for the following equipment: New generator sets -
19 2MW for the Pohnpei Utilities Corporation (PUC); 1.2MW for the
20 Kosrae Utility Authority (KUA), and 1.5MW for the Yap State

1 Public Services Corporation (YSPSC) Capacitor banks,
2 temperature compensated digital fuel meters and prepaid meters
3 for YSPSC); and 200kw of grid connected photovoltaic
4 generators, as well as upgrading of the public street lighting
5 system to a more efficient system (minimum 20 lamps), for the
6 Chuuk Public Utility Corporation (CPUC); and

7 WHEREAS, Component 2 of the Project will finance the
8 preparation of National Energy Master Plan that incorporated
9 the master plans for each of the FSM States in order to achieve
10 national goals in the energy sector, which includes reduction
11 of reliance on imported fuels, increase in access to modern
12 energy services, and increase in renewable energy (30 percent
13 by 2020) and energy efficiency; and

14 WHEREAS, Component 3, which is for technical assistance
15 and project management will build the capacity of the
16 implanting agency, the energy Divisions in the FSM Department
17 of Resources and Development, and the Association of
18 Micronesian Utilities for: (i) sector data collection,
19 statistics, and the development of an information management
20 system; (ii) utility benchmarking; and (iii) implementation of
21 the National Energy Policy. This component will also
22 contribute to broadening the dialogue on the important matters
23 that affect the energy sector, including the development of a
24 utilities reform program to improve sustainability of
25 operations; and

1 WHEREAS, the implementation of the various components of
2 the Project, complemented by the assistance from other
3 development partners, is expected to result over time in the
4 more efficient and reliable operations of the state utilities,
5 increased electricity converge, and ultimately cost savings to
6 the end users; and

7 WHEREAS, the IDA Grant is a foreign financial assistance,
8 which the law requires for its validity the acceptance by
9 Congress through resolution; now, therefore,

10 BE IT RESOLVED by the Eighteenth Congress of the Federated
11 States of Micronesia, Fifth Regular Session, 2014, that
12 Congress hereby approves and accepts the IDA Grant in the
13 amount of \$14,400,000 as described above, including all the
14 terms and conditions of the IDA grant; and

15 BE IT FURTHER RESOLVED that a certified copy of this
16 resolution be transmitted to the President of the Federated
17 States of Micronesia.

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19 Date: 9/17/14

Introduced by: /s/ Florencio S. Harper
Florencio S. Harper
(by request)

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