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WAM

A BILL FOR AN ACT

To authorize the FSM to borrow the sum of 7,233,000 Special Drawing Rights (approximately \$10,600,000) from the ADB and relend certain portions thereof to the States for the purpose of water supply and sanitation projects therein; to establish an ADB Water Loan Fund; to appropriate proceeds of the loan; to appropriate the sum of \$772,100 from the General Fund for the fiscal year ending September 30, 1997, to finance the portion of the local cost-sharing component of the Project which is attributable to the FSM; to authorize future appropriation of up to \$10,600,000 for repaying the loan, and for other purposes.

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

1 Section 1. Title. This act may be referred to as the "ADB  
2 Water Project Authorization Act."

3 Section 2. Definitions. Unless otherwise defined or  
4 required by the context, terms used in this act shall have the  
5 following meanings:

6 (1) "Bank" means the Asian Development Bank;

7 (2) "Congress" means the Congress of the FSM;

8 (3) "FSM" means the Federated States of Micronesia;

9 (4) "Financing Agreement" means a three-party agreement  
10 between the FSM, a State, and a utility company within that  
11 State in substantially the form heretofore submitted to Congress  
12 and labelled "Congress Draft;"

13 (5) "Loan Agreement" means the Loan Agreement (Special  
14 Operations) (Water Supply and Sanitation Project) between the  
15 FSM and the Bank in substantially the form heretofore submitted  
16 to Congress and labelled "Negotiated Draft 14/viii/96;"

17 (6) "President" means the President of the FSM or his  
18 designee, or in the absence of the President, the Vice President  
19 of the FSM or his designee;

20 (7) "Project" means the water supply and sanitation  
21 project contemplated by the Loan Agreement; and

22 (8) "State" means a state of the FSM.

23 Section 3. Borrowing Authorization. Congress hereby  
24 authorizes the President to execute the Loan Agreement, borrow  
25 money from the Bank as provided for therein, and otherwise

1 exercise the rights and perform the obligations of the FSM  
2 therein, all in the name of and on behalf of the FSM.

3 Section 4. Relending Authorization. Congress hereby  
4 authorizes the President to execute a Financing Agreement with  
5 each of the States, relend money to each State as provided for  
6 therein, and otherwise exercise the rights and perform the  
7 obligations of the FSM therein, all in the name of and on behalf  
8 of the FSM.

9 Section 5. Repayment Provisions. Chapter 6 of title 55 of  
10 the Code of the FSM, as amended, is hereby further amended by  
11 adding a new subchapter IX entitled "ADB Water Loan Fund."

12 Section 6. Chapter 6 of title 55 of the Code of the FSM, as  
13 amended, is hereby further amended by adding a new section 660  
14 of subchapter IX to read as follows:

15 "Section 660. Establishment. There is hereby created  
16 and established the ADB Water Loan Fund, separate from  
17 the General Fund of the FSM and all other funds."

18 Section 7. Chapter 6 of title 55 of the Code of the FSM, as  
19 amended, is hereby further amended by adding a new section 661  
20 of subchapter IX to read as follows:

21 "Section 661. Purpose. The purpose of the Fund is to  
22 provide an ongoing revolving fund for the receipt and  
23 disbursement of funds associated with the Loan Agreement  
24 (Special Operations) (Water Supply and Sanitation  
25 project) between the Federated States of Micronesia and

1 the Asian Development Bank (hereinafter referred to in  
2 this subchapter as the 'Loan Agreement')."

3 Section 8. Chapter 6 of title 55 of the Code of the FSM, as  
4 amended, is hereby further amended by adding a new section 662  
5 of subchapter IX to read as follows:

6 "Section 662. Deposits. All revenues received pursuant  
7 to the Loan Agreement, the Financing Agreements whereby  
8 proceeds of the loan are relent to the States, any  
9 appropriation heretofore or hereafter made for purpose  
10 of facilitating repayment of the loan or execution of  
11 the project identified in the Loan Agreement, and any  
12 and all revenue from any and all other sources  
13 associated with the subject matter of the Loan  
14 Agreement, excluding only investment earnings on sums in  
15 the Fund, shall be deposited in the Fund."

16 Section 9. Chapter 6 of title 55 of the Code of the FSM, as  
17 amended, is hereby further amended by adding a new section 663  
18 of subchapter IX to read as follows:

19 "Section 663. Disbursements. The Secretary of Finance  
20 is hereby authorized to make disbursements from moneys  
21 available in the Fund, without further authorization or  
22 appropriation of the Congress of the Federated States of  
23 Micronesia, for the purpose of execution of the project  
24 identified in the Loan Agreement, repayment of the  
25 proceeds of the loan, interest on the loan, and any and

1 all other charges or fees associated with the loan as  
2 set forth in the Loan Agreement. Unexpended moneys in  
3 the Fund shall not revert to the General Fund nor lapse  
4 at the end of the fiscal year; PROVIDED, however, that  
5 upon final payment and satisfaction of the loan, all  
6 unexpended moneys in the Fund shall revert to the  
7 General Fund."

8 Section 10. Chapter 6 of title 55 of the Code of the FSM,  
9 as amended, is hereby further amended by adding a new section  
10 664 of subchapter IX to read as follows:

11 "Section 664. Administration. The Fund shall be  
12 administered by the Secretary of Finance of the  
13 Federated States of Micronesia, who shall administer the  
14 Fund in accordance with the Loan Agreement, applicable  
15 law, generally accepted accounting standards, and sound  
16 financial practices for the effectuation and  
17 implementation of the provisions of this subchapter."

18 Section 11. Chapter 6 of title 55 of the Code of the FSM,  
19 as amended, is hereby further amended by adding a new section  
20 665 of subchapter IX to read as follows:

21 "Section 665. Annual Report. The President or his  
22 designee shall report to the Congress of the Federated  
23 States of Micronesia on the status of the Fund at the  
24 close of each fiscal year."

25 Section 12. Appropriation of Loan Proceeds. If and to the

1 extent that such an appropriation is necessary, all sums  
2 directly or indirectly received as proceeds of the loan  
3 contemplated under the Loan Agreement are hereby appropriated to  
4 the ADB Water Loan Fund of for the purpose of implementing the  
5 Project. Such funds may not be obligated until received from or  
6 made available by the Bank.

7 Section 13. Other Appropriations. The sum of \$772,100, or  
8 so much thereof as may be necessary, is hereby appropriated from  
9 the General Fund of the FSM to the ADB Water Loan Fund for the  
10 fiscal year ending September 30, 1997, to be used to finance the  
11 local cost-sharing component (counterpart support) attributable  
12 to the FSM National Government under the Loan Agreement and  
13 Financing Statements.

14 Section 14. Repayment Authorization. The sum of up to  
15 \$10,600,000 is hereby authorized to be appropriated in future  
16 years when and as necessary for repaying the loan from the Bank.

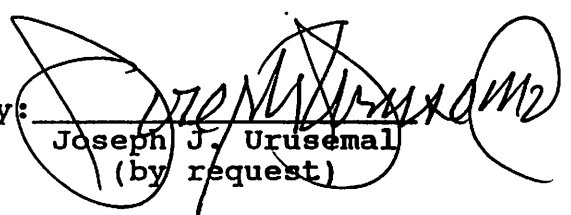
17 Section 15. All funds appropriated by this act shall be  
18 allotted, managed, administered, and accounted for in accordance  
19 with applicable law, including, but not limited to, the  
20 Financial Management Act of 1979. The allottee shall be  
21 responsible for ensuring that these funds, or so much thereof as  
22 may be necessary, are used solely for the purposes specified in  
23 this act, and that no obligations are incurred in excess of the  
24 sums appropriated. The authority of the allottee to obligate  
25 funds appropriated by this act shall not lapse.

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C. B. NO. 9-281

1 Section 16. This act shall become law upon approval by the  
2 President of the Federated States of Micronesia or upon its  
3 becoming law without such approval.

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5 Date: 11/08/96

Introduced by:   
Joseph J. Urusemal  
(by request)

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