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A BILL FOR AN ACT

To amend section 122 of title 30 of the Code of the Federated States of Micronesia, as established by Public Law No. 5-122, and to amend sections 8, 11, and 17 of Public Law No. 5-122, to appropriate the sum of \$8,000,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1990, for the purpose of further capitalizing the Investment Development Fund, to create a commercial fisheries development subaccount within the Investment Development Fund to be funded with \$8,000,000, to establish the purposes for which the commercial fisheries development subaccount may be used, to provide for the approval of financings from the commercial development subaccount, to establish the allottee for the Investment Development Fund, and for other purposes.

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

1 Section 1. Section 122 of title 30 of the Code of the Federated
2 States of Micronesia, as established by Public Law No. 5-122, is
3 hereby amended to read as follows:

4 "Section 122. Investment Development Fund.

5 (1) There is hereby created the Investment Development
6 Fund (hereinafter, the 'Fund') separate from the General
7 Fund and other funds.

8 (2) The sum of \$12,000,000 received from the United
9 States as grant funds pursuant to section 111 of United
10 States Public Law 99-239, or so much thereof as may be
11 necessary, together with any and all investment earnings
12 accrued thereon since the date of receipt by the National
13 Government and the date such sum is transferred to the
14 Fund, is hereby appropriated from the General Fund of the
15 Federated States of Micronesia for the fiscal year ending
16 September 30, 1989, for the purpose of capitalizing the
17 Investment Development Fund. The sum of \$8,000,000
18 received from the United States as grant funds pursuant to
19 section 111 of United States Public Law 99-239, or so much
20 thereof as may be necessary, together with any and all
21 investment earnings accrued thereon since the date of
22 receipt by the National Government and the date such sum is
23 transferred to the Fund, is hereby appropriated from the
24 General Fund of the Federated States of Micronesia for the
25 fiscal year ending September 30, 1990, for the purpose of

1 further capitalizing the Investment Development Fund. In
2 addition, all earnings accrued on investment of the Fund,
3 all repayments of principal and interest and penalties on
4 loans made from the Fund, all cash assets recovered on
5 loans made from the Fund, and all fees, charges, and
6 penalties collected in relation to administration of the
7 Fund shall be deposited into the Fund.

8 (3) The Fund created by this section shall be
9 allotted, disbursed, managed, administered, and accounted
10 for in accordance with this section, with the 'Agreement
11 Between the Government of the United States and the
12 Government of the Federated States of Micronesia Regarding
13 the Investment Development Fund of the Federated States of
14 Micronesia Concluded Pursuant to Section 111(c) of United
15 States Public Law 99-239,' with the Investment Development
16 Act of 1988 and other applicable laws, and with such
17 guidelines, policies and procedures as may be established
18 by the Federated Development Authority. The Chairman of
19 the Federated Development Authority or his designee shall
20 be the allottee and shall be responsible for ensuring that
21 these funds, or so much thereof as may be necessary, are
22 used solely for the purpose specified in this act, and that
23 no obligations are incurred in excess of the sums
24 appropriated. The authority of the allottee to obligate
25 funds appropriated by this act shall not lapse.

1 (4) Any unexpended money in the Fund shall not revert
2 to the General Fund or lapse at the end of a fiscal year."

3 Section 2. Section 8 of Public Law No. 5-122 is hereby amended
4 to read as follows:

5 "Section 8. Review and comment.

6 (1) The Board of Advisors and the Department of
7 Resources and Development of the Federated States of
8 Micronesia shall have up to 45 days from the time the
9 application is transmitted from the Development Bank upon
10 completion of the review required by section 7 of this act
11 to review and comment upon such application. Any comments
12 shall be submitted to the sponsoring State or National
13 Government, the applicant, and whichever of the Development
14 Bank or the Federated Development Authority has authority
15 under this act to approve the financing sought by the
16 applicant.

17 (2) For all projects to be funded from the
18 private-sector reserve of the Fund created pursuant to
19 section 17 of this act, the Development Bank shall have up
20 to 60 days, calculated from the day the application is, or
21 the last day the application should have been, submitted to
22 the Board of Advisors and the Department of Resources and
23 Development of the Federated States of Micronesia for
24 review and comment, in which to approve or disapprove the
25 application pursuant to section 11 of this act.

1 (3) For all projects to be funded from the commercial
2 fisheries subaccount of the Fund created pursuant to
3 section 17 of this act, the Board of Directors of the
4 Development Bank or its designee, shall have up to 60 days,
5 calculated from the day the application is, or the last day
6 the application should have been, submitted to the Board of
7 Advisors and the Department of Resources and Development of
8 the Federated States of Micronesia for review and comment,
9 in which to approve or disapprove the application pursuant
10 to section 11 of this act."

11 Section 3. Section 11 of Public Law No. 5-122 is hereby amended
12 to read as follows:

13 "Section 11. Development Bank approval. No financing
14 shall be funded from the private-sector reserve created
15 pursuant to section 17 of this act without the written
16 approval of the President of the Development Bank or his
17 designee. No financing shall be funded from the commercial
18 fisheries subaccount created pursuant to section 17 of this
19 act without the written approval of the Board of Directors
20 of the Development Bank or its designee. In reviewing each
21 application for financing, the Development Bank shall
22 consider the comments, if any, of the sponsoring State or
23 National Government, the Board of Advisors and the
24 Department of Resources and Development of the Federated
25 States of Micronesia. If the Development Bank denies the

1 financing sought in an application, it may at the same time
2 approve a lesser or alternative financing, or approve a
3 financing upon condition that the project proposal be
4 amended in some respect. The financing approval shall
5 specify the type of financing approved, the rate of
6 interest, if any, and the length of payment grace periods,
7 if any, and the property to be hypothecated to secure
8 repayment of the financing. In each case, the approval is
9 conditioned upon the recipient's execution of definitive
10 legal documentation of the financing, in form and substance
11 acceptable to the Development Bank."

12 Section 4. Section 17 of Public Law No. 5-122 is hereby amended
13 to read as follows:

14 "Section 17. Allocations to the States; Private-sector
15 reserve; Commercial fisheries subaccount.

16 (1) With respect to the amounts to be provided
17 pursuant to section 111(b)(1)(i) of United States Public
18 Law 99-239 and article II, paragraphs 2(a) and (b) of the
19 Investment Development Fund Agreement, \$3,000,000 shall be
20 placed in subaccounts within the Fund for each of the
21 States of Pohnpei and Truk, and \$2,000,000 shall be placed
22 in subaccounts within the Fund for each of the States of
23 Kosrae and Yap. The funds in the State-earmarked
24 subaccounts shall be available only to qualified recipients
25 whose application for financing is sponsored by the State

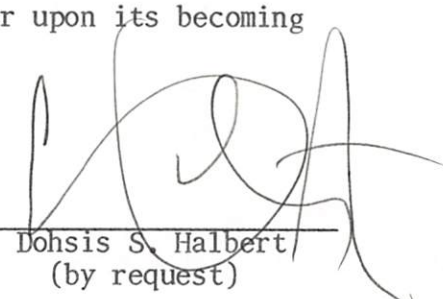
1 from whose earmarked subaccount the financing shall be
2 funded. An additional \$2,000,000 shall be placed in a
3 private-sector reserve, which shall be available for
4 financing to qualified recipients which are not State or
5 National Governments, public corporations thereof, or
6 business associations in which a government or public
7 corporation has a financial interest, for projects whose
8 total financing from the Fund shall equal or exceed
9 \$500,000, or when the balance of the private-sector reserve
10 should fall below \$500,000, a lesser amount. *The remaining*
11 *such amounts provided by the United States shall be*
12 *retained in the Fund and invested in accordance with*
13 *section 18 of this act, but shall not be disbursed except*
14 *when authorized by subsequent legislation.* An additional
15 \$8,000,000 shall be placed in a commercial fisheries
16 subaccount which shall be available for financing to
17 qualified recipients other than a State or the National
18 Government for projects whose total financing from the Fund
19 shall equal or exceed \$250,000.

20 (2) All repayments of principal, ~~and~~ interest, fees,
21 charges and penalties on loans made from a State's
22 earmarked subaccount of the Fund, the private sector
23 reserve, or the commercial fisheries subaccount of the Fund
24 and all cash assets recovered on such loans shall be
25 credited to ~~that State's earmarked~~ the appropriate

1 subaccount or reserve from which such loans were made. All
2 other repayment of principal and interest and penalties,
3 cash assets recovered, and other fees, charges, and
4 penalties shall be credited to the private-sector reserve."

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

8
9 Date: 06/25/89

Introduced by: 

Dohsis S. Halbert
(by request)