

A BILL FOR AN ACT

To appropriate the sum of \$6,000,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1993, to provide funding for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; to authorize the Federated States of Micronesia to issue promissory notes to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency for the payment of a portion of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; and for other purposes.

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

1 Section 1. The sum of \$6,000,000, or so much thereof as may
2 be necessary, is hereby appropriated from the General Fund of the
3 Federated States of Micronesia for the fiscal year ending
4 September 30, 1993, for the purpose of payment of the membership
5 quotas and subscriptions of the Federated States of Micronesia in
6 the International Monetary Fund, the International Bank for
7 Reconstruction and Development, the International Finance
8 Corporation, the International Development Association, and the
9 Multilateral Investment Guarantee Agency, hereinafter referred to
10 collectively as "the Institutions," as provided for in the
11 Membership Resolutions of the Institutions.

12 Section 2. The Secretary of Finance of the Federated States
13 of Micronesia is hereby authorized to issue in the name of the
14 Federated States of Micronesia nonnegotiable, non-interest-
15 bearing promissory notes to the Institutions, in substitution for
16 any amount, or portion of any amount, that would otherwise be
17 payable under section 1.

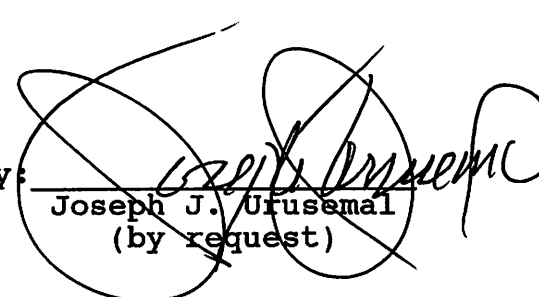
18 Section 3. All funds appropriated by this act shall be
19 allotted, managed, administered, and accounted for in accordance
20 with applicable law, including, but not limited to, the Financial
21 Management Act of 1979 and the Articles of Agreement of the
22 International Monetary Fund, the International Bank for
23 Reconstruction and Development, the International Finance
24 Corporation, the International Development Association, and the
25 Multilateral Investment Guarantee Agency. The allottee of the

1 funds appropriated under this act shall be the President of the
2 Federated States of Micronesia or his designee, who shall be
3 responsible for ensuring that these funds, or so much thereof as
4 may be necessary, are used solely for the purpose specified in
5 this act, and that no obligations are incurred in excess of the
6 sum appropriated. The authority of the allottee to obligate
7 funds appropriated by this act shall not lapse.

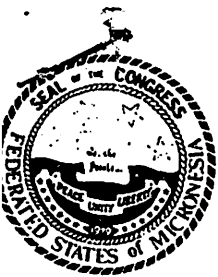
8 Section 4. This act shall become law upon approval by the
9 President of the Federated States of Micronesia or upon its
10 becoming law without such approval.

11
12 Date: 5/13/98

Introduced by:


Joseph J. Urusemal
(by request)

13
14
15
16
17
18
19
20
21
22
23
24
25



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

P. O. Box PS 3

Palikir, Sokehs

Pohnpei, FM 96941

Tel. (691) 320-2324/2325/2326/2327/2337/2338/2707

Telex: 729-6809 Fax: (691) 320-5122

COMMITTEE ON
EXTERNAL AFFAIRS

A 6/8/93

STANDING COMMITTEE REPORT NO. 8-37

JUNE 07, 1993

RE: C. B. NO. 8-15

The Honorable Jack Fritz
Speaker, Eighth Congress
Federated States of Micronesia
First Regular Session, 1993

Dear Mr. Speaker:

Your Committee on External Affairs, to which was jointly referred C.B.
No. 8-15, entitled:

C.B. No. 8-15, "A BILL FOR AN ACT TO APPROPRIATE THE SUM OF \$6,000,000 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1993, TO PROVIDE FUNDING FOR THE PAYMENT OF THE MEMBERSHIP QUOTAS AND SUBSCRIPTIONS OF THE FEDERATED STATES OF MICRONESIA IN THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY; TO AUTHORIZE THE FEDERATED STATES OF MICRONESIA TO ISSUE PROMISSORY NOTES TO THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY FOR THE PAYMENT OF A PORTION OF THE MEMBERSHIP QUOTAS AND SUBSCRIPTIONS OF THE FEDERATED STATES OF MICRONESIA IN THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY; AND FOR OTHER PURPOSES."

JUNE 07, 1993

RE: C. B. NO. 8-15

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

The subject bill as introduced would have appropriated \$6,000,000 for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency.

This amount is more than is required if the Congress decides to join the International Monetary Fund and the World Bank Group, as the other entities listed above are collectively known. Your committee notes that the Ways and Means Committee has obtained the information necessary to make adjustments to lower the amount of the appropriation. Your Committee on External Affairs finds no problems with this measure from a foreign affairs perspective and therefore supports its passage with whatever amendments the Ways and Means Committee needs to make from a financing perspective.

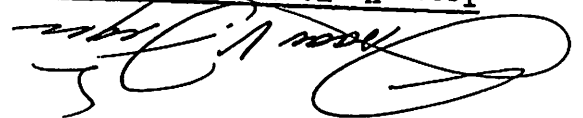
The committee also notes its understanding that the subject measure will not pass the Congress until after adoption of the resolution ratifying our membership in the IMF and World Bank Group (C.R. No. 8-4).

JUNE 07, 1993

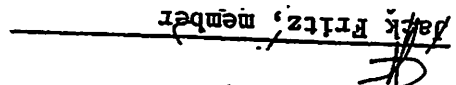
RE: C. B. NO. 8-15

Your Committee on External Affairs is in accord with the intent and purpose of C.B. No. 8-15 and recommends its passage on First Reading and that it be placed on the Calendar for Second and Final Reading, subject to the favorable recommendation of your Committee on Ways and Means, and the availability of funds, as determined by your Committee on Ways and Means.

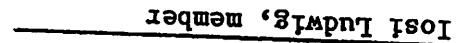
Isaac V. Figit, chairman



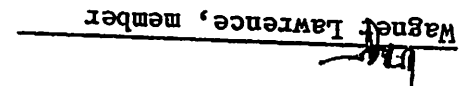
Jack Fritz, member



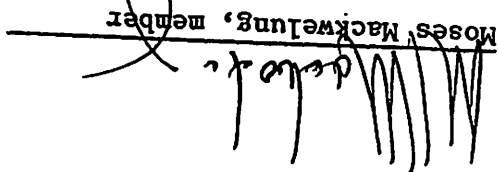
Iosi Ludwig, member



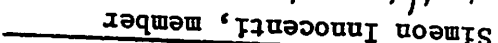
Wagner Lawrence, member



Moses Mackwelung, member



Stimeon Innocenti, member



Leo A. Falcam, vice chairman

A BILL FOR AN ACT

To appropriate the sum of \$6,000,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1993, to provide funding for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; to authorize the Federated States of Micronesia to issue promissory notes to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency for the payment of a portion of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; and for other purposes.

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

1 Section 1. The sum of \$6,000,000, or so much thereof as may
2 be necessary, is hereby appropriated from the General Fund of the
3 Federated States of Micronesia for the fiscal year ending
4 September 30, 1993, for the purpose of payment of the membership
5 quotas and subscriptions of the Federated States of Micronesia in
6 the International Monetary Fund, the International Bank for
7 Reconstruction and Development, the International Finance
8 Corporation, the International Development Association, and the
9 Multilateral Investment Guarantee Agency, hereinafter referred to
10 collectively as "the Institutions," as provided for in the
11 Membership Resolutions of the Institutions.

12 Section 2. The Secretary of Finance of the Federated States
13 of Micronesia is hereby authorized to issue in the name of the
14 Federated States of Micronesia nonnegotiable, non-interest-
15 bearing promissory notes to the Institutions, in substitution for
16 any amount, or portion of any amount, that would otherwise be
17 payable under section 1.

18 Section 3. All funds appropriated by this act shall be
19 allotted, managed, administered, and accounted for in accordance
20 with applicable law, including, but not limited to, the Financial
21 Management Act of 1979 and the Articles of Agreement of the
22 International Monetary Fund, the International Bank for
23 Reconstruction and Development, the International Finance
24 Corporation, the International Development Association, and the
25 Multilateral Investment Guarantee Agency. The allottee of the



COMMITTEE ON
WAYS AND MEANS

CONGRESS OF THE FEDERATED STATES OF MICRONESIA

P. O. Box PS 3

Palikir, Sokehs

Pohnpei State. FM 96941

Tel. (691) 320-2324/2325/2326/2327/2337/2338/2707

Telex: 729-6809 Fax: (691) 320-5122

A-6/8/93

STANDING COMMITTEE REPORT NO. 8-39

JUNE 08, 1993

RE: C. B. NO. 8-15

The Honorable Jack Fritz
Speaker, Eighth Congress
Federated States of Micronesia
First Regular Session, 1993

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was jointly referred C.B. No. 8-15, entitled:

C.B. No. 8-15, "A BILL FOR AN ACT TO APPROPRIATE THE SUM OF \$6,000,000 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1993, TO PROVIDE FUNDING FOR THE PAYMENT OF THE MEMBERSHIP QUOTAS AND SUBSCRIPTIONS OF THE FEDERATED STATES OF MICRONESIA IN THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY; TO AUTHORIZE THE FEDERATED STATES OF MICRONESIA TO ISSUE PROMISSORY NOTES TO THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY FOR THE PAYMENT OF A PORTION OF THE MEMBERSHIP QUOTAS AND SUBSCRIPTIONS OF THE FEDERATED STATES OF MICRONESIA IN THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY; AND FOR OTHER PURPOSES.",

JUNE 08, 1993

RE: C. B. NO. 8-15

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

The Committee on External Affairs has reported favorably on the measure.

The subject bill as introduced would have appropriated \$6,000,000 for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency.

The bill, as introduced, would also authorize the Federated States of Micronesia to issue promissory notes to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency for the payment of a portion of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency.

The purposes of the organizations listed above and the benefits for the FSM of membership in these organizations are described briefly in the committee's report on the resolution to ratify the various charters of the organizations.

The membership subscriptions are based upon a unit of value called a special drawing right (SDR). The value of an SDR is computed in relation to the value of the dollar, yen, pound, franc and mark. Since the relative value of these currencies fluctuates, the value of an SDR in terms of U.S. dollars (the currency used in the FSM) also fluctuates. Accordingly, the actual U.S. dollar equivalent of the FSM's membership subscription varies from day to day. Because the exact cost of the FSM's subscriptions in dollars cannot be determined in advance, the President has requested an appropriation that is greater than the amount likely to be required when the FSM makes its payments or issues its promissory notes to the organizations.

JUNE 08, 1993

RE: C. B. NO. 8-15

The bill authorizes the use of a combination of cash and promissory notes to cover the subscription obligations. The greatest part of the FSM's total subscription costs (about \$4.9 million) relates to the IMF. Of this total, approximately 23.5 percent is payable in cash, while the remainder may be committed by way of promissory notes. IMF payments remain as part of the official reserves of the Nation and may be drawn down by the Nation upon representation of need to the IMF. Ninety percent of the FSM's purchase of shares in the World Bank entities (about \$1 million) may be paid with promissory notes.

It is important to realize that while the funds represented by the promissory notes are obligations of the Nation, payment is not likely to be required ever, and no cash must be transferred from the treasury of the FSM in connection with the issuance of the notes. No interest expense is payable and the notes are not negotiable, i.e. they cannot be passed on to third parties.

The committee has determined that the portion of the various membership subscriptions which will actually require cash will be less than \$1,200,000, and the portion that the FSM will commit by way of promissory notes will be less than \$4,800,000. The exact figures will depend on the SDR exchange rate at the time of actual payment. The appropriation bill allows the Secretary of Finance the latitude to optimize the mix so as to minimize the actual cash required by the FSM.

Accordingly, the committee recommends modification of the bill to provide an appropriation of \$1,200,000, so that up to \$1,200,000 may be actually transferred to the accounts of the International Monetary Fund (IMF), World Bank and related entities, while any portion that need not be paid in cash shall instead be committed through promissory notes, up to an amount of promissory notes not to exceed \$4,800,000 plus those portions of the \$1,200,000 appropriation which are not needed for the cash transfers. The Secretary of Finance and the Attorney General's Office have approved the recommended modifications.

The committee further recommends that the Secretary of Finance be provided with specific authority to manage the currency fluctuations associated with the subscriptions authorized to be paid in the bill, so as to minimize the costs which may result from such fluctuations.

In accordance with the preceding discussion, your committee recommends the following amendments to the bill:

1. Title, line 2 - delete "6,000,000" and insert "1,200,000" in lieu thereof.

JUNE 08, 1993

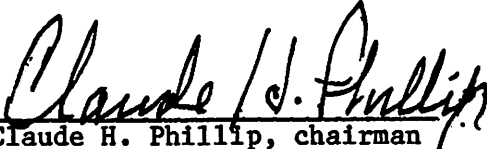
RE: C. B. NO. 8-15

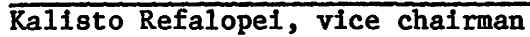
2. Page 1, line 1 - delete "6,000,000" and insert "1,200,000" in lieu thereof.
3. Page 1, line 17 - delete the period and insert the following in lieu thereof:

" , and to issue such additional nonnegotiable, non-interest-bearing promissory notes to the Institutions, in an amount not to exceed \$4,800,000 in the aggregate, for the purpose of payment of an additional portion of the membership quotas and subscriptions of the Federated States of Micronesia in the Institutions. The Secretary of Finance is hereby further authorized to take such actions as may be necessary to manage the variability of the international currency equivalents involved in the actions authorized and approved in this section and in section 1 of this act." .

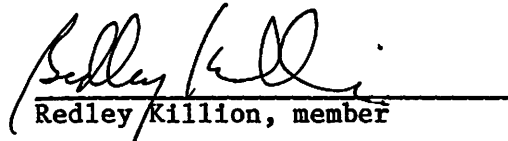
Your Committee on Ways and Means, in concurrence with your Committee on External Affairs, is in accord with the intent and purpose of C.B. No. 8-15, as amended herein, and recommends its passage on First Reading and that it be placed on the Calendar for Second and Final Reading in the form attached hereto as C.B. No. 8-15, C.D.1.


Respectfully submitted,

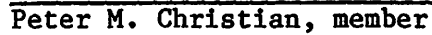

Claude H. Phillip, chairman



Kalisto Refalopei, vice chairman


Nishima Kleizah, member


Redley Killion, member


Dohsis Halbert, member


Peter M. Christian, member


Isaac V. Figir, member

A BILL FOR AN ACT

To appropriate the sum of ~~\$6,000,000~~ 1,200,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1993, to provide funding for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; to authorize the Federated States of Micronesia to issue promissory notes to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency for the payment of a portion of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; and for other purposes.

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

1 Section 1. The sum of ~~\$6,000,000~~ 1,200,000, or so much thereof
2 as may be necessary, is hereby appropriated from the General Fund of
3 the Federated States of Micronesia for the fiscal year ending
4 September 30, 1993, for the purpose of payment of the membership
5 quotas and subscriptions of the Federated States of Micronesia in the
6 International Monetary Fund, the International Bank for
7 Reconstruction and Development, the International Finance
8 Corporation, the International Development Association, and the
9 Multilateral Investment Guarantee Agency, hereinafter referred to
10 collectively as "the Institutions," as provided for in the Membership
11 Resolutions of the Institutions.

12 Section 2. The Secretary of Finance of the Federated States of
13 Micronesia is hereby authorized to issue in the name of the Federated
14 States of Micronesia nonnegotiable, non-interest-bearing promissory
15 notes to the Institutions, in substitution for any amount, or portion
16 of any amount, that would otherwise be payable under section 1/, and
17 to issue such additional nonnegotiable, non-interest-bearing
18 promissory notes to the Institutions, in an amount not to exceed
19 \$4,800,000 in the aggregate, for the purpose of payment of an
20 additional portion of the membership quotas and subscriptions of the
21 Federated States of Micronesia in the Institutions. The Secretary of
22 Finance is hereby further authorized to take such actions as may be
23 necessary to manage the variability of the international currency
24 equivalents involved in the actions authorized and approved in this
25 section and in section 1 of this act.

1 Section 3. All funds appropriated by this act shall be
2 allotted, managed, administered, and accounted for in accordance with
3 applicable law, including, but not limited to, the Financial
4 Management Act of 1979 and the Articles of Agreement of the
5 International Monetary Fund, the International Bank for
6 Reconstruction and Development, the International Finance
7 Corporation, the International Development Association, and the
8 Multilateral Investment Guarantee Agency. The allottee of the funds
9 appropriated under this act shall be the President of the Federated
10 States of Micronesia or his designee, who shall be responsible for
11 ensuring that these funds, or so much thereof as may be necessary,
12 are used solely for the purpose specified in this act, and that no
13 obligations are incurred in excess of the sum appropriated. The
14 authority of the allottee to obligate funds appropriated by this act
15 shall not lapse.

16 Section 4. This act shall become law upon approval by the
17 President of the Federated States of Micronesia or upon its becoming
18 law without such approval.

19

20 Date: 5/13/93

Introduced by: /s/ Joseph J. Urusemal
Joseph J. Urusemal
(by request)

21

22

23

24

25

CD 2 A 6/9/93

Proposed Floor Amendment
to C.B. 8-15, C.D.1
Offered by Joseph Urusemal

1. Page 1, Line 21, delete "The Secretary of".

2. Page 1, delete lines 22 through 25.


Joseph Urusemal

The amendment is to correct technical errors in
the bill.

CONGRESS OF THE FEDERATED STATES OF MICRONESIA

P. O. Box PS 3
Palikir, Sokehs
Pohnpei State, FM 96941
Tel. (691) 320-2324/2325/2326/2327/2337/2338/2707
Tel: 729-6809 Fax: (691) 320-5122

STANDING COMMITTEE REPORT NO. 8-39

JUNE 08, 1993

RE: C. B. NO. 8-15

COMMITTEE ON
WAYS AND MEANS



8-15/93

The Honorable Jack Fritz
Speaker, Eighth Congress
Federated States of Micronesia
First Regular Session, 1993

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was jointly referred C.B. No. 8-15, entitled:

C.B. No. 8-15, "A BILL FOR AN ACT TO APPROPRIATE THE SUM OF

\$6,000,000 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1993, TO PROVIDE FUNDING FOR THE PAYMENT OF THE MEMBERSHIP QUOTAS AND SUBSCRIPTIONS OF THE FEDERATED STATES OF MICRONESIA IN THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY FOR THE PAYMENT OF A PORTION OF THE MEMBERSHIP QUOTAS AND SUBSCRIPTIONS OF THE FEDERATED STATES OF MICRONESIA IN THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY; TO AUTHORIZE THE FEDERATED STATES OF MICRONESIA TO ISSUE PROMISSORY NOTES TO THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY FOR THE PAYMENT OF A PORTION OF THE MEMBERSHIP QUOTAS AND SUBSCRIPTIONS OF THE FEDERATED STATES OF MICRONESIA IN THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY; AND FOR OTHER PURPOSES."

STANDING COMMITTEE REPORT NO. 8-39

JUNE 08, 1993

RE: C. B. NO. 8-15

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

The Committee on External Affairs has reported favorably on the measure.

The subject bill as introduced would have appropriated \$6,000,000 for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency.

The bill, as introduced, would also authorize the Federated States of Micronesia to issue promissory notes to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency for the payment of a portion of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency.

The purposes of the organizations listed above and the benefits for the FSM of membership in these organizations are described briefly in the committee's report on the resolution to ratify the various charters of the organizations.

The membership subscriptions are based upon a unit of value called a special drawing right (SDR). The value of an SDR is computed in relation to the value of the dollar, yen, pound, franc and mark. Since the relative value of these currencies fluctuates, the value of an SDR in terms of U.S. dollars (the currency used in the FSM) also fluctuates. Accordingly, the actual U.S. dollar equivalent of the FSM's membership subscription varies from day to day. Because the exact cost of the FSM's subscriptions in dollars cannot be determined in advance, the President has requested an appropriation that is greater than the amount likely to be required when the FSM makes its payments or issues its promissory notes to the organizations.

JUNE 08, 1993

RE: C. B. NO. 8-15

The bill authorizes the use of a combination of cash and promissory notes to cover the subscription obligations. The greatest part of the FSM's total subscription costs (about \$4.9 million) relates to the IMF. Of this total, approximately 23.5 percent is payable in cash, while the remainder may be committed by way of promissory notes. IMF payments remain as part of the official reserves of the Nation and may be drawn down by the Nation upon representation of need to the IMF. Ninety percent of the FSM's purchase of shares in the World Bank entities (about \$1 million) may be paid with promissory notes.

It is important to realize that while the funds represented by the promissory notes are obligations of the Nation, payment is not likely to be required ever, and no cash must be transferred from the treasury of the FSM in connection with the issuance of the notes. No interest expense is payable and the notes are not negotiable, i.e. they cannot be passed on to third parties.

The committee has determined that the portion of the various membership subscriptions which will actually require cash will be less than \$1,200,000, and the portion that the FSM will commit by way of promissory notes will be less than \$4,800,000. The exact figures will depend on the SDR exchange rate at the time of actual payment. The appropriation bill allows the Secretary of Finance the latitude to optimize the mix so as to minimize the actual cash required by the FSM.

Accordingly, the committee recommends modification of the bill to provide an appropriation of \$1,200,000, so that up to \$1,200,000 may be actually transferred to the accounts of the International Monetary Fund (IMF), World Bank and related entities, while any portion that need not be paid in cash shall instead be committed through promissory notes, up to an amount of promissory notes not to exceed \$4,800,000 plus those portions of the \$1,200,000 appropriation which are not needed for the cash transfers. The Secretary of Finance and the Attorney General's Office have approved the recommended modifications.

The committee further recommends that the Secretary of Finance be provided with specific authority to manage the currency fluctuations associated with the subscriptions authorized to be paid in the bill, so as to minimize the costs which may result from such fluctuations.

In accordance with the preceding discussion, your committee recommends the following amendments to the bill:

1. Title, line 2 - delete "6,000,000" and insert "1,200,000" in lieu thereof.

JUNE 08, 1993

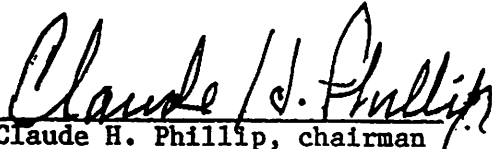
RE: C. B. NO. 8-15

2. Page 1, line 1 - delete "6,000,000" and insert "1,200,000" in lieu thereof.
3. Page 1, line 17 - delete the period and insert the following in lieu thereof:

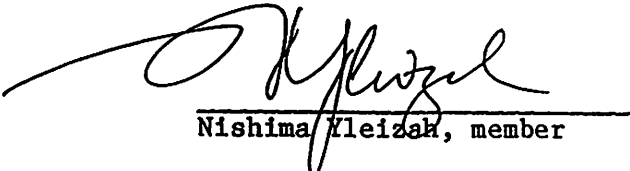
" , and to issue such additional nonnegotiable, non-interest-bearing promissory notes to the Institutions, in an amount not to exceed \$4,800,000 in the aggregate, for the purpose of payment of an additional portion of the membership quotas and subscriptions of the Federated States of Micronesia in the Institutions. The Secretary of Finance is hereby further authorized to take such actions as may be necessary to manage the variability of the international currency equivalents involved in the actions authorized and approved in this section and in section 1 of this act." .

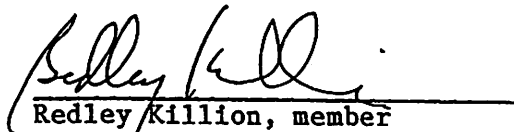
Your Committee on Ways and Means, in concurrence with your Committee on External Affairs, is in accord with the intent and purpose of C.B. No. 8-15, as amended herein, and recommends its passage on First Reading and that it be placed on the Calendar for Second and Final Reading in the form attached hereto as C.B. No. 8-15, C.D.1.

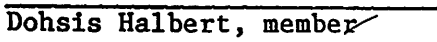
Respectfully submitted,

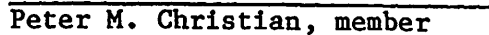

Claude H. Phillip, chairman



Kalisto Refalopei, vice chairman


Nishima Kleizah, member


Redley Killion, member


Dohsis Halbert, member


Peter M. Christian, member


Isaac V. Figir, member

A BILL FOR AN ACT

To appropriate the sum of ~~\$6,000,000~~ 1,200,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1993, to provide funding for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; to authorize the Federated States of Micronesia to issue promissory notes to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency for the payment of a portion of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; and for other purposes.

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

1 Section 1. The sum of ~~\$6,000,000~~ 1,200,000, or so much thereof
2 as may be necessary, is hereby appropriated from the General Fund of
3 the Federated States of Micronesia for the fiscal year ending
4 September 30, 1993, for the purpose of payment of the membership
5 quotas and subscriptions of the Federated States of Micronesia in the
6 International Monetary Fund, the International Bank for
7 Reconstruction and Development, the International Finance
8 Corporation, the International Development Association, and the
9 Multilateral Investment Guarantee Agency, hereinafter referred to

10 collectively as "the Institutions" as provided for in the Membership

Act 20, 8-15
EIGHTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST REGULAR SESSION, 1993

C. B. NO. 8-15, C.D. 17 CDB

A BILL FOR AN ACT

To appropriate the sum of \$6,000,000 1,200,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1993, to provide funding for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; to authorize the Federated States of Micronesia to issue promissory notes to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency for the payment of a portion of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; and for other purposes.

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

1 Section 1. The sum of \$6,000,000 1,200,000, or so much thereof
2 as may be necessary, is hereby appropriated from the General Fund of
3 the Federated States of Micronesia for the fiscal year ending
4 September 30, 1993, for the purpose of payment of the membership
5 quotas and subscriptions of the Federated States of Micronesia in the
6 International Monetary Fund, the International Bank for
7 Reconstruction and Development, the International Finance
8 Corporation, the International Development Association, and the
9 Multilateral Investment Guarantee Agency, hereinafter referred to
10 collectively as "the Institutions," as provided for in the Membership
11 Resolutions of the Institutions.

12 Section 2. The Secretary of Finance of the Federated States of
13 Micronesia is hereby authorized to issue in the name of the Federated
14 States of Micronesia nonnegotiable, non-interest-bearing promissory
15 notes to the Institutions, in substitution for any amount, or portion
16 of any amount, that would otherwise be payable under section 1/, and
17 to issue such additional nonnegotiable, non-interest-bearing
18 promissory notes to the Institutions, in an amount not to exceed
19 \$4,800,000 in the aggregate, for the purpose of payment of an
20 additional portion of the membership quotas and subscriptions of the
Federated States of Micronesia in the Institutions. The Secretary of
finance is hereby further authorized to take such actions as may be
necessary to manage the variability of the international currency
equivalents involved in the actions authorized and approved in this

CD 2 A 6/9/93

Proposed Floor Amendment
to C.B. 8-15, C.D. 1
Offered by Joseph Urusemal

1. Page 1, Line 21, delete "The Secretary of".

2. Page 1, delete lines 22 through 25.


Joseph Urusemal

The amendment is to correct technical errors in
the bill.



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

P. O. Box PS 3

Palikir, Sokehs

Pohnpei, FM 96941

Tel. (691) 320-2324/2325/2326/2327/2337/2338/2707

Telex: 729-6809 Fax: (691) 320-5122

COMMITTEE ON
EXTERNAL AFFAIRS

A 6/8/93

STANDING COMMITTEE REPORT NO. 8-37

JUNE 07, 1993

RE: C. B. NO. 8-15

The Honorable Jack Fritz
Speaker, Eighth Congress
Federated States of Micronesia
First Regular Session, 1993

Dear Mr. Speaker:

Your Committee on External Affairs, to which was jointly referred C.B.
No. 8-15, entitled:

C.B. No. 8-15, "A BILL FOR AN ACT TO APPROPRIATE THE SUM OF \$6,000,000 FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1993, TO PROVIDE FUNDING FOR THE PAYMENT OF THE MEMBERSHIP QUOTAS AND SUBSCRIPTIONS OF THE FEDERATED STATES OF MICRONESIA IN THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY; TO AUTHORIZE THE FEDERATED STATES OF MICRONESIA TO ISSUE PROMISSORY NOTES TO THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY FOR THE PAYMENT OF A PORTION OF THE MEMBERSHIP QUOTAS AND SUBSCRIPTIONS OF THE FEDERATED STATES OF MICRONESIA IN THE INTERNATIONAL MONETARY FUND, THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, THE INTERNATIONAL FINANCE CORPORATION, THE INTERNATIONAL DEVELOPMENT ASSOCIATION, AND THE MULTILATERAL INVESTMENT GUARANTEE AGENCY; AND FOR OTHER PURPOSES.",

JUNE 07, 1993

RE: C. B. NO. 8-15

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

The subject bill as introduced would have appropriated \$6,000,000 for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency.

This amount is more than is required if the Congress decides to join the International Monetary Fund and the World Bank Group, as the other entities listed above are collectively known. Your committee notes that the Ways and Means Committee has obtained the information necessary to make adjustments to lower the amount of the appropriation. Your Committee on External Affairs finds no problems with this measure from a foreign affairs perspective and therefore supports its passage with whatever amendments the Ways and Means Committee needs to make from a financing perspective.

The committee also notes its understanding that the subject measure will not pass the Congress until after adoption of the resolution ratifying our membership in the IMF and World Bank Group (C.R. No. 8-4).

STANDING COMMITTEE REPORT NO. 8-37

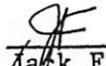
JUNE 07, 1993

RE: C. B. NO. 8-15

Your Committee on External Affairs is in accord with the intent and purpose of C.B. No. 8-15 and recommends its passage on First Reading and that it be placed on the Calendar for Second and Final Reading, subject to the favorable recommendation of your Committee on Ways and Means, and the availability of funds, as determined by your Committee on Ways and Means.

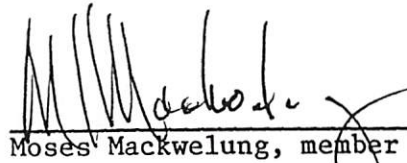

Isaac V. Figir, chairman

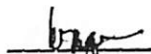
Leo A. Falcam, vice chairman


Jack Fritz, member

Simeon Innocenti, member

Iosi Ludwig, member


Moses Mackwelung, member


Wagner Lawrence, member

A BILL FOR AN ACT

To appropriate the sum of \$6,000,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1993, to provide funding for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; to authorize the Federated States of Micronesia to issue promissory notes to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency for the payment of a portion of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; and for other purposes.

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

1 Section 1. The sum of \$6,000,000, or so much thereof as may
2 be necessary, is hereby appropriated from the General Fund of the
3 Federated States of Micronesia for the fiscal year ending
4 September 30, 1993, for the purpose of payment of the membership
5 quotas and subscriptions of the Federated States of Micronesia in
6 the International Monetary Fund, the International Bank for
7 Reconstruction and Development, the International Finance
8 Corporation, the International Development Association, and the
9 Multilateral Investment Guarantee Agency, hereinafter referred to
10 collectively as "the Institutions," as provided for in the
11 Membership Resolutions of the Institutions.

12 Section 2. The Secretary of Finance of the Federated States
13 of Micronesia is hereby authorized to issue in the name of the
14 Federated States of Micronesia nonnegotiable, non-interest-
15 bearing promissory notes to the Institutions, in substitution for
16 any amount, or portion of any amount, that would otherwise be
17 payable under section 1.

18 Section 3. All funds appropriated by this act shall be
allotted, managed, administered, and accounted for in accordance
applicable law, including, but not limited to, the Financial
ment Act of 1979 and the Articles of Agreement of the
onal Monetary Fund, the International Bank for
on and Development, the International Finance
, the International Development Association, and the
ral Investment Guarantee Agency. The allottee of the

1 funds appropriated under this act shall be the President of the
2 Federated States of Micronesia or his designee, who shall be
3 responsible for ensuring that these funds, or so much thereof as
4 may be necessary, are used solely for the purpose specified in
5 this act, and that no obligations are incurred in excess of the
6 sum appropriated. The authority of the allottee to obligate
7 funds appropriated by this act shall not lapse.

8 Section 4. This act shall become law upon approval by the
9 President of the Federated States of Micronesia or upon its
10 becoming law without such approval.

11

12 Date: 5/13/93

Introduced by /s/ Joseph J. Urusemal
Joseph J. Urusemal
(by request)

13

14

15

16

17

18

19

20

21

22

23

24

25

ENCROSSING

Act no. 8-13

C.B. NO. 8-15, CD1, CD2

C.B. NO.

1. Measure as passed - proofread by: chris CV Date 6/11/93

2. Engrossed (typed) by: [Signature] Date 6/14

3. Engrossed Measure - proofread by: CV Date 10/15

4. Engrossed Measure - received and released by: _____ Date _____

5. Transmitted by Clerk: fr BGA Date 8/15/93

6. Received by President's Office _____ Date _____

7. Approved as Public Law No.: _____ Date _____

8. Disapproved - Veto Message No.: _____ Date _____

AN ACT

✓ To appropriate the sum of \$1,200,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1993, to provide funding for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; to authorize the Federated States of Micronesia to issue promissory notes to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency for the payment of a portion of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; and for other purposes.

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

1 Section 1. The sum of \$1,200,000, or so much thereof as may be
2 necessary, is hereby appropriated from the General Fund of the
3 Federated States of Micronesia for the fiscal year ending September
4 30, 1993, for the purpose of payment of the membership quotas and
5 subscriptions of the Federated States of Micronesia in the
6 International Monetary Fund, the International Bank for
7 Reconstruction and Development, the International Finance
8 Corporation, the International Development Association, and the
9 Multilateral Investment Guarantee Agency, hereinafter referred to
10 collectively as "the Institutions," as provided for in the Membership
11 Resolutions of the Institutions.

12 Section 2. The Secretary of Finance of the Federated States of
13 Micronesia is hereby authorized to issue in the name of the Federated
✓ 14 States of Micronesia nonnegotiable, non-interest-^{such} bearing promissory
15 notes to the Institutions, in substitution for any amount, or portion
16 of any amount, that would otherwise be payable under section 1, and
✓ 17 to issue each additional nonnegotiable, non-interest-bearing
18 promissory notes to the Institutions, in an amount not to exceed
19 \$4,800,000 in the aggregate, for the purpose of payment of an
20 additional portion of the membership quotas and subscriptions of the
21 Federated States of Micronesia in the Institutions.

move to
page 1
line 22

1 Section 3. All funds appropriated by this act shall be
2 allotted, managed, administered, and accounted for in accordance with
3 applicable law, including, but not limited to, the Financial
4 Management Act of 1979 and the Articles of Agreement of the
5 International Monetary Fund, the International Bank for
6 Reconstruction and Development, the International Finance
7 Corporation, the International Development Association, and the
8 Multilateral Investment Guarantee Agency. The allottee of the funds
9 appropriated under this act shall be the President of the Federated
10 States of Micronesia or his designee, who shall be responsible for
11 ensuring that these funds, or so much thereof as may be necessary,
12 are used solely for the purpose specified in this act, and that no
13 obligations are incurred in excess of the sum appropriated. The
14 authority of the allottee to obligate funds appropriated by this act
15 shall not lapse.

16 Section 4. This act shall become law upon approval by the
17 President of the Federated States of Micronesia or upon its becoming
18 law without such approval.

19

20

21

_____, 1993

22

23

24

✓

Bailey Olter
President
Federated States of Micronesia

25

AN ACT

To appropriate the sum of \$1,200,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1993, to provide funding for the payment of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; to authorize the Federated States of Micronesia to issue promissory notes to the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency for the payment of a portion of the membership quotas and subscriptions of the Federated States of Micronesia in the International Monetary Fund, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Development Association, and the Multilateral Investment Guarantee Agency; and for other purposes.

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

1 Section 1. The sum of \$1,200,000, or so much thereof as may be
2 necessary, is hereby appropriated from the General Fund of the
3 Federated States of Micronesia for the fiscal year ending September
4 30, 1993, for the purpose of payment of the membership quotas and
5 subscriptions of the Federated States of Micronesia in the
6 International Monetary Fund, the International Bank for
7 Reconstruction and Development, the International Finance
8 Corporation, the International Development Association, and the
9 Multilateral Investment Guarantee Agency, hereinafter referred to
10 collectively as "the Institutions," as provided for in the Membership
11 Resolutions of the Institutions.

12 Section 2. The Secretary of Finance of the Federated States of
13 Micronesia is hereby authorized to issue in the name of the Federated
14 States of Micronesia nonnegotiable, non-interest-bearing promissory
15 notes to the Institutions, in substitution for any amount, or portion
16 of any amount, that would otherwise be payable under section 1, and
17 to issue such additional nonnegotiable, non-interest-bearing
18 promissory notes to the Institutions, in an amount not to exceed
19 \$4,800,000 in the aggregate, for the purpose of payment of an
20 additional portion of the membership quotas and subscriptions of the
21 Federated States of Micronesia in the Institutions.

22 Section 3. All funds appropriated by this act shall be

1 allotted, managed, administered, and accounted for in accordance with
 2 applicable law, including, but not limited to, the Financial
 3 Management Act of 1979 and the Articles of Agreement of the
 4 International Monetary Fund, the International Bank for
 5 Reconstruction and Development, the International Finance
 6 Corporation, the International Development Association, and the
 7 Multilateral Investment Guarantee Agency. The allottee of the funds
 8 appropriated under this act shall be the President of the Federated
 9 States of Micronesia or his designee, who shall be responsible for
 10 ensuring that these funds, or so much thereof as may be necessary,
 11 are used solely for the purpose specified in this act, and that no
 12 obligations are incurred in excess of the sum appropriated. The
 13 authority of the allottee to obligate funds appropriated by this act
 14 shall not lapse.

15 Section 4. This act shall become law upon approval by the
 16 President of the Federated States of Micronesia or upon its becoming
 17 law without such approval.

18

19

20 _____, 1993

21

22

23

24

25

 Bailey Olter
 President
 Federated States of Micronesia