A RESOLUTION

Relating to the FSM Strategic Development Plan to be submitted pursuant to the Amended Compact of Free Association

1. WHEREAS, section 211(c) of the amended Compact of Free Association with the United States, requires the Federated States of Micronesia to prepare and maintain an official development plan that is strategic in nature ("SDP"), which plan, insofar as Compact grant funds are involved, is subject to the concurrence of the United States;

2. WHEREAS, by Presidential Communication No. 13-229, dated December 10, 2004, the President of the Federated States of Micronesia transmitted for consideration by Congress a draft Strategic Development Plan (the "Draft SDP");

3. WHEREAS, the Thirteenth FSM Congress, on December 16, 2004, adopted Congressional Resolution No. 13-163, authorizing the President to submit the Draft SDP to the United States on a provisional basis, subject to review, amendment and approval by Congress;

4. WHEREAS, the Congress is mindful that it is in the interests of the nation that a final Strategic Development Plan be approved by Congress no later than during the First Regular Session of the Fourteenth Congress;
WHEREAS, the Congress has reviewed the Draft SDP, held public hearings thereon and made the following findings with respect thereto:

(a) the Draft SDP presents an extensive history of development efforts in the FSM, which history is (i) in many respects, based on opinion rather than fact, (ii) subject to serious dispute, and (iii) neither necessary nor appropriate for inclusion in the official Strategic Plan of the FSM;

(b) the Draft SDP proposes (i) substantial increases in government spending in a number of sectors and (ii) tax incentives to accomplish a number of purposes, but identifies no source of funding to offset these changes and balance the budget;

(c) the Draft SDP presents a detailed tax reform proposal that is premature, considering that the President’s Tax Reform Task Force has not yet finished its work or arrived at a consensus with respect to this matter;

(d) the Draft SDP proposes extensive new legislation that has neither been subjected to public comment nor considered by Congress, and is not supported by a current consensus within the FSM;
(e) the Draft SDP, in some areas, sets goals that are unrealistic in light of competing demands for available resources;

(f) the Draft SDP contemplates a substantial shift of decision-making authority and responsibility for management of public monies away from elected representatives and duly-appointed government officials to independent authorities, non-government organizations and private sector bodies without consideration of the impact on transparency, accountability and democratic principles; and

(g) the Draft SDP is incomplete and certain portions of the document have not yet been transmitted to Congress;

now, therefore,

BE IT RESOLVED by the Thirteenth Congress of the Federated States of Micronesia, Seventh Special Session, 2005, that the Executive Branch is requested to revise the draft Strategic Development Plan in light of the findings set forth above and to transmit such revised SDP for review and approval during the First Regular Session of the Fourteenth FSM Congress;

BE IT FURTHER RESOLVED that the standing committees of the Thirteenth FSM Congress, through their respective chairmen, shall, during the remainder of said Thirteenth Congress, continue to consult with the Executive Branch, conduct such public hearings as
they may deem necessary and appropriate, and take other appropriate actions in furtherance of the preparation and consideration of a revised SDP for approval by the Fourteenth FSM Congress; and

BE IT FURTHER RESOLVED that certified copies of this resolution be transmitted to the President of the Federated States of Micronesia and the Governor of each State.

Date: 3/30/05

Introduced by: /s/ Sabino S. Asor

Sabino S. Asor