A BILL FOR AN ACT

To further amend section 210 of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 19-149, to clarify the approval requirements for applications for, and funds received related to, foreign financial assistance and United States Federal programs, and for other purposes.

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

Section 1. Section 210 of Title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 19-149, is hereby further amended to read as follows:


(1) Definitions.

(a) “Agreement” shall refer to any agreement, understanding, covenant, compact, transacting or other agreement, in any form, entered into by and between an official of the National Government, or the National Government’s designee, and a foreign governmental entity, international or United Nations organizations, or multilateral development banks, for the receipt or acceptance of financial assistance or aid, on behalf of any National or State governmental entity.

(b) “Application” shall refer to the totality
of forms, proposals, responses to questionnaires, and other documents, prepared by the Federated State of Micronesia or the donor, that constitute a request for funding and are required prior to the donor’s decision to provide funding.

[(b)] (c) “Foreign financial assistance” shall refer to currency, money, accounts or notes receivable offered as aid or assistance to the National Government of the Federated States of Micronesia, other than foreign aid or assistance received from the United States of America described in paragraph (e).

[(c)] (d) “Foreign in-kind assistance” shall refer to any and all foreign assistance in the form of goods, services, or other modes of assistance not covered under subsection [(1)(b)] (1)(c) hereof.

(e) “United States Federal program funds” shall refer to all funds made available to the Federated States of Micronesia pursuant to sections 221(a), 221(c), and 224 of the Compact of Free Association and United States statute through categorical, block, consolidated project, or discretionary grants.

(2) Approval by Congress.

[U.S. federal funded program grant awards under $100,000 do not require approval by Congress by resolution. All other foreign financial assistance in
any amount requires approval by Congress by
resolution.]

(a) The following applications must be approved
by Congress by resolution:

(i) applications for foreign financial
assistance in the form of loans, grants, and other
technical and financial assistance, from multilateral
development banks in excess of $500,000;

(ii) applications for foreign financial
assistance from donors other than multilateral
development banks in excess of $200,000; and

(iii) first year or first time applications
for United States Federal program funds in excess of
$200,000.

(b) The Department of Justice shall not certify
an application requiring approval under paragraph (a)
of this section as meeting the requirements for
internal country approval absent the required
resolution.

(c) The following agreements must be approved by
Congress by resolution:

(i) agreements for the acceptance or receipt
of foreign financial assistance in excess of $100,000;

and

(ii) agreements for the acceptance or
receipt of United States Federal program funds in excess of $100,000.

(d) The President shall submit any agreement [for the acceptance or receipt of foreign financial assistance] described in paragraph (c) of this section to the Congress no later than the first regular or special session congress convened immediately subsequent to the execution of such agreement, for approval by resolution. If Congress does not approve such agreement by resolution before the adjournment of the first regular session following the President’s submission to Congress, the agreement shall be deemed disapproved. [(a)] No such agreement shall be valid, and no funds may be received pursuant to such agreement, unless and until the requirements of this section have been met. [Foreign financial assistance of up to $10,000 may be disbursed by the President in accordance with the terms and conditions of the assistance.]

(b) Should the Congress not approve such agreement by resolution before the adjournment of the first regular session following the President’s submission of the agreement to Congress, that agreement shall be deemed disapproved.

(e) Any first time application for foreign
financial assistance shall require the approval by Congress through a resolution.

(3) Foreign Assistance Fund. There is hereby established within the National Treasury of the Federated States of Micronesia a Foreign Assistance Fund which shall initially consist of all unobligated balances of foreign assistance funds from the receding fiscal year, and all foreign assistance funds designated for the National government and made available beginning October 1, 1996. Thereafter, the Department of Finance shall receive, maintain a complete record of, and where applicable, deposit all foreign financial assistance as defined in subsection (1) of this section into the Fund, pursuant to the Financial Management Act of 1979.

   (a) The President or the President’s designee shall notify the Congress of the receipt of foreign financial assistance, the amount thereof in U.S. dollars, and, where applicable, the deposit or such assistance into the Fund, no later than the first session of Congress, be it regular or special, convened subsequent to such receipt.

   (b) Where the foreign financial assistance received is denominated in the form of goods or services, the President or the President’s designee
shall notify the congress of the value thereof in U.S. dollars, and the designation where such goods have been delivered, or location of where such services have been rendered, no later that the first session of the Congress convened subsequent to such receipt.

(4) Development of Fund – Duties of the Department of Finance. The Division of Investment Management of the Department of Finance shall, upon approval of the President and in cooperation with the Department of Foreign Affairs, actively seek foreign assistance funding, foster productive use of foreign assistance, and produce reports on the acquisition, use, expenditure of, and fiscal obligations attendant upon, foreign assistance available to or received by the National Government of the Federated States of Micronesia.

(5) Reports. No later than April 1 of each year, the President shall submit to the Congress a report on the status of the Foreign Assistance Fund, which report shall include:

(a) a complete and accurate accounting of all foreign financial assistance received;

(b) a complete and accurate record of the manner in which the foreign financial assistance was distributed as among and between the States and the
National Government; and

(c) whether such distribution comports with the provisions of article XII, section 1(b) of the Constitution."

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

Date: 12/3/19     Introduced by: /s/ Joseph J. Urusemal

Joseph J. Urusemal