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A BILL FOR AN ACT

To create a Ponape Development Loan Fund; to appropriate the sum of \$400,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1985, therefor; to authorize the President of the Federated States of Micronesia to borrow not more than \$5.0 million therefor; and for other purposes.

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

1 Section 1. There is hereby established a Ponape Development Loan
2 Fund, hereinafter referred to as the "Development Fund."

3 Section 2. The purposes of the Development Fund are to serve as
4 a depository of all project funds for the State of Ponape and to serve as
5 the State financial center from which financial assistance to the residents
6 of the State of Ponape can be provided.

7 Section 3. The affairs of the Development Fund shall be managed and
8 the powers exercised by the Board of Directors, hereinafter referred to
9 as the "Board," which is hereby created for that purpose. There shall be
10 eight members of the Board of Directors, as follows: the Governor of the
11 State of Ponape, the Lieutenant Governor of the State of Ponape, the
12 Speaker of the Ponape State Legislature, the Vice-speaker of the Ponape
13 State Legislature, and the members of the Ponape Delegation to the Congress
14 of the Federated States of Micronesia. Should the Congress reapportion
15 itself, and the number of members of the Ponape Delegation to the Congress
16 of the Federated States of Micronesia be increased or decreased thereby,
17 the members of the Board shall proportionately increase or decrease,
18 whichever the case may be.

19 Section 4. The Board, on behalf of the Development Fund, shall have
20 the following powers and responsibilities:

21 (1) To seek financial assistance from the Congress of the
22 Federated States of Micronesia, the Ponape State Legislature, the municipal
23 governments within the State of Ponape, and businesses and private
24 individuals, both within and outside of the Federated States of Micronesia;

25 (2) To seek financial assistance from any government, agency,

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1 entity, group, organization, association, or international organization,
2 which financial assistance may be in the form of a loan, grant, subsidy,
3 loan guarantee, or endowment;

4 (3) To provide short, medium, and long-term loans for projects
5 that meet the criteria established by the Board; and

6 (4) To perform other duties and responsibilities that are
7 necessary and proper to foster economic development within the State of
8 Ponape.

9 Section 5. The Federated States Development Bank, hereinafter
10 referred to as the "Bank," shall provide technical assistance and
11 administrative services to the Board of the Development Fund as follows:

12 (1) The administration of the Development Fund may be delegated
13 to the Bank by the Board; PROVIDED, however, that the ultimate control of
14 the Development Fund shall remain with the Board. As technical advisor,
15 the Bank shall devise the procedures to be used by applicants for the
16 Development Fund and shall establish such regulations as are deemed
17 necessary and appropriate to effect the purposes of this act, subject to
18 the approval of the Board.

19 (2) The Credit Committee of the Bank shall review and screen
20 all applications submitted to the Development Fund, which shall there-
21 after be transmitted to the Board for action. No funds shall be dis-
22 bursed from or obligations charged to the Development Fund without the
23 prior approval of the Board.

24 Section 6. The Development Fund shall be available to the residents
25 of the State of Ponape who meet the criteria established by the Board;

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1 to any government entity, be it on the State, municipal, or village
2 level; to any organization, association, federation, corporation, firm,
3 store, bakery, bar, real estate business, rental business, developer,
4 manufacturer, farmer, fisherman, importer, or exporter; and to all
5 business ventures controlled by the residents of the State of Ponape.

6 Section 7. The Board may set aside such sums as may be necessary to
7 defray the administrative costs and expenses of the Board. Such adminis-
8 trative expenses shall include, but not be limited to, compensation for
9 staff, consultants, and other technical advisors that the Board deems
10 necessary and appropriate; honoraria for members of the Board; and travel,
11 per diem, and other costs that are closely connected with and incidental
12 to the operation and management of the Development Fund.

13 Section 8. The sum of \$400,000 is hereby appropriated from the
14 General Fund of the Federated States of Micronesia for the fiscal year
15 ending September 30, 1985, for the purpose of providing initial funding
16 for the operation of the Development Fund. The funds appropriated
17 hereunder shall be accounted for in accordance with the Financial Manage-
18 ment Act of 1979.

19 Section 9. All funds appropriated for Ponape State projects shall
20 be deposited in the Development Fund, and all funds heretofore appropriated
21 for Ponape State projects which remain available shall be transferred to
22 the Development Fund immediately upon the effective date of this act.

23 Section 10. It is the long-term objective of the Development Fund
24 to provide available investment funds to facilitate the establishment
25 or expansion of industrial, commercial, or service activities so as to

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1 stimulate the economic growth of the State of Ponape. To accomplish
2 this objective, the Development Fund needs not more than \$5.0 million.

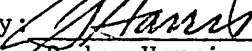
3 Section 11. The President of the Federated States of Micronesia
4 is hereby authorized to borrow on the credit of the Government of the
5 Federated States of Micronesia the sum of \$5.0 million to fund the
6 Development Fund. All funds borrowed hereunder shall be accounted for
7 in accordance with the Financial Management Act of 1979.

8 Section 12. The Board shall make an annual report to the Congress
9 of the Federated States of Micronesia as to the status of the projects
10 and the funds used thereon. This report shall be submitted to the Congress
11 during its May regular session each year.

12 Section 13. This act shall become law upon approval by the President
13 of the Federated States of Micronesia or upon its becoming law without
14 such approval.

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16 Date: 8/14/84

Introduced by: 
Pedro Harris

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