

RJD

SIXTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST REGULAR SESSION, 1989

C. B. No. 6-34

---

---

A BILL FOR AN ACT

To amend Public Law No. 5-122 by amending sections 7, 9, 10, and 11 for the purpose of clarifying the time limits prescribed for the review of applications for Investment Development Fund funding, and for other purposes.

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

1 Section 1. Section 7 of Public Law No. 5-122 is hereby amended  
2 to read as follows:

3 "Section 7. Determination of completeness. The Development  
4 Bank shall have up to 30 days to verify that the application  
5 is in conformance with the guidelines for applications  
6 established pursuant to section 4 of this act and shall,  
7 after 30 days or upon verifying that the application is  
8 complete, whichever occurs first, submit the proposal to  
9 the Board of Advisors and the Department of Resources and  
10 Development of the Federated States of Micronesia for  
11 review and comment pursuant to section 8 of this act."

12 Section 2. Section 9 of Public Law No. 5-122 is hereby amended  
13 to read as follows:

14 "Section 9. State approval. Upon the expiration of 45 days  
15 from the time an application for financing from funds in the  
16 State-earmarked subaccounts created pursuant to section 17  
17 of this act is transmitted from the Development Bank to the  
18 Board of Advisors and the Department of Resources and  
19 Development of the Federated States of Micronesia or upon  
20 the receipt of all comments from the Board of Advisors, the  
21 Development Bank, and the Department of Resources and  
22 Development of the Federated States of Micronesia, whichever  
23 is first, the sponsoring State or National Government may  
24 submit the project to the Federated Development Authority  
25 for approval. If at the end of the 45 day time period the

1 sponsoring State or National Government fails to either  
2 submit the project for approval or to issue a written  
3 statement and explanation of denial, the project application  
4 shall be deemed approved and shall be submitted to the  
5 Federated Development Authority for approval."

6 Section 3. Section 10 of Public Law No. 5-122 is hereby amended  
7 to read as follows:

8 "Section 10. Federated Development Authority approval.

9 (1) No financing shall be funded from the State-  
10 earmarked subaccounts created pursuant to section 17 of  
11 this act without written approval from the Federated  
12 Development Authority. Upon the expiration of 30 days from  
13 the time an application for financing from funds in the  
14 State-earmarked subaccounts created pursuant to section 17  
15 of this act is transmitted from the sponsoring State or the  
16 National Government to the Federated Development Authority  
17 for approval, the Federated Development Authority shall  
18 issue either a written approval or denial of the  
19 application. If no such statement is issued by the end of  
20 the 30 day period, the project application shall be deemed  
21 approved by the Federated Development Authority.

22 (2) In reviewing each application for financing, the  
23 Federated Development Authority shall consider the contents  
24 of the application and the comments, if any, of the  
25 sponsoring State, the Development Bank, the Board of

---

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

15          Section 4. Section 11 of Public Law No. 5-122 is hereby amended  
16 to read as follows:

17           "Section 11. Development Bank approval.

18           (1) No financing shall be funded from the private-  
19           sector reserve created pursuant to section 17 of this act  
20           without the written approval of the President of the  
21           Development Bank or his designee. Upon the expiration of  
22           60 days from the time an application for financing from  
23           funds in the private-sector reserve created pursuant to  
24           section 17 of this act is submitted to the Development Bank  
25           for approval, the Development Bank shall issue either a

R+D

C. B. No. 6-34

1 written approval or denial of the application. If no such  
2 statement is issued by the end of the 60 day period, the  
3 project application shall be deemed approved by the  
4 Development Bank.

5 (2) In reviewing each application for financing, the  
6 Development Bank shall consider the comments, if any, of  
7 the sponsoring State or National Government, the Board of  
8 Advisors and the Department of Resources and Development of  
9 the Federated States of Micronesia. If the Development Bank  
10 denies the financing sought in an application, it may at the  
11 same time approve a lesser or alternative financing, or  
12 approve a financing upon condition that the project proposal  
13 be amended in some respect. The financing approval shall  
14 specify the type of financing approved, the rate of  
15 interest, if any, and the length of payment grace periods,  
16 if any, and the property to be hypothecated to secure  
17 repayment of the financing. In each case, the approval is  
18 conditioned upon the recipient's execution of definitive  
19 legal documentation of the financing, in form and substance  
20 acceptable to the Development Bank."

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

24  
25 Date: May 24, 1989

Introduced by:   
Redley Killion