

STANDING COMMITTEE REPORT NO. 18-271

RE: C.R. NO. 18-249/T&C

SUBJECT: APPROVING A GRANT IN THE AMOUNT OF
\$47,500,000 TO FUND THE FSM FIBER OPTIC
CONNECTIVITY PROJECT.

JANUARY 30, 2015

The Honorable Dohsis Halbert
Speaker, Eighteenth Congress
Federated States of Micronesia
Sixth Regular Session, 2015

Dear Mr. Speaker:

Your Committee on Transportation and Communication, to which was jointly referred C.R. No. 18-249 entitled:

"A RESOLUTION APPROVING AND ACCEPTING A GRANT FROM THE INTERNATIONAL BANK OF RECONSTRUCTION AND DEVELOPMENT (WORLD BANK) IN THE AMOUNT OF \$47,500,000, TO FUND THE FSM FIBER OPTIC CONNECTIVITY PROJECT, INCLUDING ALL THE TERMS AND CONDITIONS OF THE ASSISTANCE.",

begs leave to report as follows:

The intent and purpose of this resolution are expressed in its title.

This grant is well known to your Committee. In its different reincarnations it has dominated the preoccupations of your Committee for more than a year. To summarize the proceedings so far:

In September, 2013 the President advised Congress of the need to liberalize the telecommunications sector in order to qualify for a large grant called IDA 16 from the World Bank to, among other things, fund a fiber-optic link from Palau through Yap to Guam. The President subsequently introduced for passage the longest

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bill in the history of the FSM, 135 pages in length, to effectuate such liberalization.

Your Committee worked long and hard, conducted hearings throughout the Nation, worked with Telecom, revised the bill a few times, and finally was able to support a version of the liberalization bill, which Congress passed in April 2014. The President signed the bill into law the following day as Public Law No. 18-52.

Congress received congratulations from the World Bank for its timely action. However, a few days later the World Bank informed the FSM that due to the delay in enacting the liberalization bill the FSM missed the IDA 16 funding cycle for telecommunications. The IDA 16 grant will therefore be "repurposed" for renewable energy. The World Bank would consider funding the telecommunications project under the subsequent IDA 17 funding cycle.

The grant now under consideration is this IDA 17 grant for telecommunications, which the World Bank Board approved in December 2014.

Since this represents the funding for the liberalization and improvement of the telecommunications bill, your Committee urges the speedy approval of the grant.

Your Committee on Transportation and Communication is in accord with the intent and purpose of C.R. No. 18-249, and upon concurrence with the Committee on External Affairs, recommends its adoption in the form attached hereto as C.R. No. 18-249.

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Respectfully submitted,

/s/ Peter M. Christian
Peter M. Christian, chairman

/s/ Victor Gouland
Victor Gouland, vice chairman

/s/ Isaac V. Figir
Isaac V. Figir, member

/s/ Dohsis Halbert
Dohsis Halbert, member

/s/ Florencio S. Harper
Florencio S. Harper, member

Wesley W. Simina, member

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member