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A BILL FOR AN ACT

To amend sections 210 and 211 of title 55 of the Code of the Federated States of Micronesia (Annotated), to modify the terms and definition of foreign financial assistance, and for other purposes.

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

1           Section 1. Section 210 of title 55 of the Code of the  
2 Federated States of Micronesia (Annotated), is hereby amended to  
3 read as follows:

4           "Section 210. Foreign Assistance Fund.

5                 (1) Definitions.

6                     (a) "Agreement" shall refer to any arrangement,  
7 understanding, covenant, compact, transaction or other  
8 agreement, in any form, entered into by and between an  
9 official of the National Government, or the National  
10 Government's designee, and a foreign governmental  
11 entity, for the receipt or acceptance of financial  
12 assistance or aid, on behalf of any National or State  
13 governmental entity.

14                    (b) "Foreign financial assistance" shall refer  
15 to currency, money, accounts or notes receivable,  
16 offered as aid or assistance to the National Government  
17 of the Federated States of Micronesia, other than  
18 foreign aid or assistance received from the United  
19 States of America pursuant to, or authorized by, the

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1 provisions of the Compact of Free Association between  
2 the Federated States of Micronesia and the United States  
3 of America.

4 (c) "Foreign in-kind assistance" shall refer to  
5 any and all foreign assistance in the form of goods,  
6 services, or other modes of assistance not covered under  
7 subsection (1)(b) hereof.

8 (2) Approval by Congress.

9 (a) The President shall submit any agreement for  
10 the acceptance or receipt of foreign financial  
11 assistance of more than two hundred thousand U.S.  
12 dollars to the Congress no later than the first regular  
13 or special session of Congress convened immediately  
14 subsequent to the execution of such agreement, for  
15 approval by resolution.

16 [~~(a)~~](i) No such agreement shall be valid, and  
17 no funds may be received pursuant to such agreement,  
18 unless and until Congress approves the agreement by  
19 resolution.

20 [~~(b)~~](ii) Should the Congress not approve such  
21 agreement by resolution before the adjournment of the  
22 first regular session following the President's  
23 submission of the agreement to Congress, that agreement  
24 shall be deemed disapproved.

25 (b) The President shall submit notice of any

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1           agreement for the acceptance of foreign financial  
2           assistance of less than two hundred thousand U.S.  
3           dollars to Congress within thirty (30) days subsequent  
4           to the execution of such agreement.

5           (3) Foreign Assistance Fund. There is hereby  
6           established within the National Treasury of the  
7           Federated States of Micronesia a Foreign Assistance Fund  
8           which shall initially consist of all unobligated  
9           balances of foreign assistance funds from the preceding  
10          fiscal year, and all foreign assistance funds designated  
11          for the National Government and made available beginning  
12          October 1, 1996. Thereafter, the Department of Finance  
13          shall receive, maintain a Complete record of, and where  
14          applicable, deposit all foreign Financial assistance as  
15          defined in subsection (1) of this section into the Fund,  
16          pursuant to the Financial Management Act of 1979.

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

24                 (b) Where the foreign financial assistance  
25                 received is denominated in the form of goods or

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1 services, the President or the President's designee  
2 shall notify the Congress of the value thereof in U.S.  
3 dollars, and the destination where such goods have been  
4 delivered, or location where such services have been  
5 rendered, no later than the first session of Congress  
6 convened subsequent to such receipt.

7 (4) Development of Fund – Duties of the Department  
8 of Finance. The Division of Investment Management of  
9 the Department of Finance shall, upon approval of the  
10 President and in cooperation with the Department of  
11 External Affairs, actively seek foreign assistance  
12 funding, foster productive use of foreign assistance,  
13 and produce reports of the acquisition, use, expenditure  
14 of, and fiscal obligations attendant upon, foreign  
15 assistance available to or received by the National  
16 Government of the Federated States of Micronesia.

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

21 (a) a complete and accurate accounting of all  
22 foreign financial assistance receive;

23 (b) a complete and accurate record of the manner  
24 in which the foreign financial assistance was  
25 distributed as among and between the States and the

1 National Government; and

2 (c) whether such distribution comports with the  
3 provisions of article XII, section 1 (b) of the  
4 Constitution.”

5 Section 2. Section 211 of title 55 of the Code of the  
6 Federated States of Micronesia (Annotated), is hereby amended to  
7 read as follows:

8 “Section 211. Program Fund.

9 (1) Definitions. The term “programs” shall include  
10 all funds made available to the Federated States of  
11 Micronesia pursuant to Sections 221(a), 221(c), and 224  
12 (program funds) of the Compact of Free Association and  
13 United States statute through categorical, block,  
14 consolidated project, or discretionary grants. It shall  
15 also include grants received from any international or  
16 United Nations organization. It shall not include other  
17 funds pursuant to the Compact of Free Association, or  
18 funds received from the United States Department of  
19 Interior derived from its annual departmental budget, or  
20 those funds known as transition funds, nor indirect  
21 costs received for the administration of Federal  
22 programs.

23 (2) Program review. Prior to the submittal of any  
24 first year or first time application, proposal or  
25 preexpenditure report that requests funding for \$50,000

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1           or more to any United States Federal agency, the  
2           President or his designee shall notify the Congress of  
3           the Federated States by submitting [~~submit~~] such  
4           application, proposal, or preexpenditure report to  
5           Congress." [~~of the Federated States of Micronesia for~~  
6           ~~its review and approval by resolution. If Congress is~~  
7           ~~not in session, the appropriate committee shall review~~  
8           ~~and approve the application, proposal, or~~  
9           ~~preexpenditure report. The scope of such review shall~~  
10          ~~be complete, with the ability to approve any aspect of~~  
11          ~~any application, proposal, or preexpenditure. The~~  
12          ~~approval of any application, proposal, or~~  
13          ~~preexpenditure. The approval of any application,~~  
14          ~~proposal, or preexpenditure report by the appropriate~~  
15          ~~committee shall not obligate funds from the National~~  
16          ~~Treasury where they were not otherwise appropriated~~  
17          ~~pursuant to law. The Congress or the appropriate~~  
18          ~~committee shall complete its review within 40 days of~~  
19          ~~submission.]~~

20                (3) Program Fund. ~~Prior to the submittal of any~~  
21           ~~application, proposal, or preexpenditure report to any~~  
22           ~~United States agency, the President or his designee shall~~  
23           ~~submit such application, proposal, or preexpenditure~~  
24           ~~report to the Congress of the Federated States of~~  
25           ~~Micronesia, whether or not its review and approval by the~~

