

AN ACT

To amend title 30 of the Code of the Federated States of Micronesia by adding a new section 122 to create, within the Federated States of Micronesia Development Bank, an Investment Development Fund; to provide for the administration of such Fund by the Federated Development Authority and the Federated States of Micronesia Development Bank with the advice and guidance of the Investment Development Fund Board of Advisors; to appropriate the sum of \$12,000,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1989, for the purpose of capitalizing said Fund; to specify the purposes of such Fund and certain terms and conditions relating to projects to be financed, in whole or in part, from the Fund; and for other purposes.

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

1 Section 1. Title. This act shall be known and referred to as
2 the "Investment Development Act of 1988."

3 Section 2. Establishment of the Investment Development Fund.

4 Title 30 of the Code of the Federated States of Micronesia is hereby
5 amended by adding a new section 122 to read as follows:

6 "Section 122. Investment Development Fund.

7 (1) There is hereby created the Investment Development
8 Fund (hereinafter, the 'Fund') separate from the General
9 Fund and other funds.

10 (2) The sum of \$12,000,000 received from the United
11 States as grant funds pursuant to section 111 of United
12 States Public Law 99-239, or so much thereof as may be
13 necessary, together with any and all investment earnings
14 accrued thereon since the date of receipt by the National
15 Government and the date such sum is transferred to the
16 Fund, is hereby appropriated from the General Fund of the
17 Federated States of Micronesia for the fiscal year ending
18 September 30, 1989, for the purpose of capitalizing the
19 Investment Development Fund. In addition, all earnings
20 accrued on investment of the Fund, all repayments of
21 principal and interest and penalties on loans made from the
22 Fund, all cash assets recovered on loans made from the

1 Fund, and all fees, charges, and penalties collected in
2 relation to administration of the Fund shall be deposited
3 into the Fund.

4 (3) The Fund created by this section shall be
5 allotted, disbursed, managed, administered, and accounted
6 for in accordance with this section, with the 'Agreement
7 Between the Government of the United States and the
8 Government of the Federated States of Micronesia Regarding
9 the Investment Development Fund of the Federated States of
10 Micronesia Concluded Pursuant to Section 111(c) of United
11 States Public Law 99-239,' with the Investment Development
12 Act of 1988 and other applicable laws, and with such
13 guidelines, policies, and procedures as may be established
14 by the Federated Development Authority. The allottee shall
15 be responsible for ensuring that these funds, or so much
16 thereof as may be necessary, are used solely for the
17 purpose specified in this act, and that no obligations are
18 incurred in excess of the sums appropriated. The authority
19 of the allottee to obligate funds appropriated by this act
20 shall not lapse.

21 (4) Any unexpended money in the Fund shall not revert
22 to the General Fund or lapse at the end of a fiscal year."

23 Section 3. Definitions. For purposes of this act:

24 (1) "Board of Advisors" means the Board of Advisors for
25 the Investment Development Fund established by section 14 of this act.

1 (2) "Development Bank" means the Federated States of
2 Micronesia Development Bank established by section 102 of title 30 of
3 the Code of the Federated States of Micronesia.

4 (3) "Federated Development Authority" means the Federated
5 Development Authority created by section 321 of title 55 of the
6 Code of the Federated States of Micronesia.

7 (4) "Financing" means loans, loan guarantees, lease and
8 sale-leaseback arrangements, and such other similar non-grant methods
9 of financing as may be approved by the Federated Development
10 Authority.

11 (5) "Fiscal Procedures Agreement" means the "Agreement
12 Concerning Procedures for the Implementation of United States
13 Economic Assistance, Programs and Services Provided in the Compact of
14 Free Association Between the Government of the United States and the
15 Government of the Federated States of Micronesia," and any amendments
16 to such Agreement.

17 (6) "Investment Development Fund" or "Fund" means the
18 Investment Development Fund created by section 122 of title 30 of the
19 Code of the Federated States of Micronesia.

20 (7) "Investment Development Fund Agreement" means the
21 "Agreement Between the Government of the United States and the
22 Government of the Federated States of Micronesia Regarding the
23 Investment Development Fund of the Federated States of Micronesia
24 Concluded Pursuant to Section 111(c) of United States Public Law
25 99-239," and any amendments to such Agreement.

1 Section 4. Administration of the Investment Development Fund.

2 (1) The Federated Development Authority shall be
3 responsible for administering the Investment Development Fund subject
4 to the advice and guidance of the Board of Advisors, in accordance
5 with the provisions of this act and other applicable laws, the
6 Investment Development Fund Agreement, and section 122 of title 30 of
7 the Code of the Federated States of Micronesia.

8 (2) The Federated Development Authority shall have the
9 power and authority to do all such things as may be necessary to
10 administer the Investment Development Fund, including, but not
11 limited to, establishing guidelines, policies, and procedures for
12 administration of the Investment Development Fund; establishing
13 general terms and conditions for financing of projects from the Fund,
14 including qualifications for prospective borrowers and maximum and
15 minimum loan amounts; establishing guidelines for applications;
16 establishing application, loan guarantee, and other fees and charges;
17 and determining interest rates, repayment schedules, security
18 requirements, and other specific terms and conditions for financings
19 within the limits established by section 16 of this act; PROVIDED
20 that, prior to establishing such guidelines, policies and procedures,
21 and general terms and conditions, the Federated Development Authority
22 shall afford the Board of Advisors and the Development Bank an
23 adequate opportunity to comment on such matters; PROVIDED FURTHER,
24 however, that no change in guidelines, policies, and procedures, and
25 general terms and conditions, shall apply to any application for

1 financing pending on the date the change is adopted, if the effect
2 of applying it shall adversely affect, in a material way, the
3 approval of the financing sought.

4 (3) The Federated Development Authority shall be
5 responsible for:

6 (a) Approving financing for the projects submitted
7 for funding pursuant to section 10 of this act;

8 (b) Approving the actions by the Development
9 Bank taken pursuant to subsection (5) of this section as the
10 Federated Development Authority deems appropriate.

11 (4) In exercising its authority under subsection (2)
12 above, the Federated Development Authority shall request technical
13 assistance from the Development Bank.

14 (5) The Development Bank, pursuant to the direction of the
15 Federated Development Authority, shall be responsible for
16 administering all loans, loan guarantees, lease and sale-leaseback
17 arrangements, and other similar financings, including the maintenance
18 of all files on such financings, the monitoring of the progress of
19 projects funded from such financings, collecting any repayments of
20 such financings (including resort to property hypothecated to secure
21 payments due under a financing, or legal action to enforce payment
22 obligations), and, only with specific approval from the Federated
23 Development Authority on a case-by-case basis, renegotiating the
24 terms of such financing. Except as otherwise provided in this act,
25 the authority and responsibilities of the Development Bank, with

1 respect to the administration of the Fund, shall be executed by the
2 President of the Development Bank pursuant to the guidelines,
3 policies, and procedures, and general terms and conditions, prescribed
4 by the Federated Development Authority and this act, and the Board of
5 Directors of the Development Bank shall have no authority or
6 responsibility with respect to the administration of the Fund.

7 Section 5. Purposes and guidelines.

8 (1) Investment Development Fund moneys shall be used only:

9 (a) To finance projects which will:

10 (i) Have their operations located primarily
11 within the Federated States of Micronesia;

12 (ii) Improve the balance of payments position of
13 the Federated States of Micronesia;

14 (iii) Increase the value of visible and invisible
15 exports or result in import substitution;

16 (iv) Demonstrably result in positive economic
17 return; and

18 (v) Contribute to the furtherance of close
19 economic and commercial relations between the United States of
20 America and the Federated States of Micronesia, encourage the
21 productive presence of citizens and commercial enterprises of the
22 United States in the Federated States of Micronesia or otherwise
23 compensate the Federated States of Micronesia for the loss of the tax
24 and trade incentives affected by Title IV of United States Public Law
25 99-239 as provided for in the Investment Development Fund Agreement

1 and as further defined by the Federated Development Authority;

2 (b) To finance projects which will provide direct
3 services to projects identified in paragraph (a) of this subsection
4 and are in compliance with the conditions in subparagraphs (iv) and
5 (v) of such paragraph; or

6 (c) For the expenses specified in section 15 of this
7 act.

8 (2) The qualified recipients of financings from the
9 Investment Development Fund are as follows:

10 (a) Private citizens of the Federated States of
11 Micronesia and corporations with a minimum of 20 percent citizen
12 ownership interest; and

13 (b) The National and State Governments of the
14 Federated States of Micronesia and public corporations thereof;
15 PROVIDED that, any project which involves direct participation by the
16 National or State Governments of the Federated States of Micronesia,
17 including public corporations thereof, shall include an evaluation by
18 such government of the desirability of future divestiture of the
19 project to the private sector and, if appropriate, identification of
20 possible strategies and estimated timetables for accomplishing such
21 divestiture.

22 Section 6. Submission of project. All projects submitted for
23 financings from the State earmarked subaccounts in the Investment
24 Development Fund shall be submitted by a State government or the
25 National Government for review and approval. All projects shall be

1 initially submitted to the Development Bank for review pursuant to
2 section 7 of this act.

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

11 Section 8. Review and comment.

12 (1) The Board of Advisors and the Department of Resources
13 and Development of the Federated States of Micronesia shall have up
14 to 45 days from the time the application is transmitted from the
15 Development Bank upon completion of the review required by section 7
16 of this act to review and comment upon such application. Any
17 comments shall be submitted to the sponsoring State or National
18 Government, the applicant, and whichever of the Development Bank or
19 the Federated Development Authority has authority under this act to
20 approve the financing sought by the applicant.

21 (2) For all projects to be funded from the private-sector
22 reserve of the Fund created pursuant to section 17 of this act, the
23 Development Bank shall have up to 60 days, calculated from the day
24 the application is, or the last day the application should have been,
25 submitted to the Board of Advisors and the Department of Resources and

1 Development of the Federated States of Micronesia for review and
2 comment, in which to approve or disapprove the application pursuant
3 to section 11 of this act.

4 Section 9. State approval. Upon the expiration of 45 days from
5 the time an application for financing from funds in the State-
6 earmarked subaccounts created pursuant to section 17 of this act
7 is transmitted from the Development Bank to the Board of Advisors and
8 the Department of Resources and Development of the Federated States
9 of Micronesia or upon the receipt of all comments from the Board of
10 Advisors, the Development Bank, and the Department of Resources and
11 Development of the Federated States of Micronesia, whichever is
12 first, the sponsoring State or National Government may submit the
13 project to the Federated Development Authority for approval.

14 Section 10. Federated Development Authority approval. No
15 financing shall be funded from the State-earmarked subaccounts created
16 pursuant to section 17 of this act without written approval from the
17 Federated Development Authority. In reviewing each application for
18 financing, the Federated Development Authority shall consider the
19 contents of the application and the comments, if any, of the
20 sponsoring State, the Development Bank, the Board of Advisors and the
21 Department of Resources and Development of the Federated States of
22 Micronesia. If the Federated Development Authority denies the
23 financing sought in an application, it may at the same time approve
24 a lesser or alternative financing, or approve a financing upon
25 condition that the project proposal be amended in some respect. The

1 financing approval shall specify the type of financing approved, the
2 rate of interest, if any, and the length of payment grace periods,
3 if any, and the property to be hypothecated to secure repayment of
4 the financing. In each case, the approval is conditioned upon the
5 recipient's execution of definitive legal documentation of the
6 financing, in form and substance acceptable to the Development Bank.

7 Section 11. Development Bank approval. No financing shall be
8 funded from the private-sector reserve created pursuant to section 17
9 of this act without the written approval of the President of the
10 Development Bank or his designee. In reviewing each application for
11 financing, the Development Bank shall consider the comments, if any,
12 of the sponsoring State or National Government, the Board of Advisors
13 and the Department of Resources and Development of the Federated
14 States of Micronesia. If the Development Bank denies the financing
15 sought in an application, it may at the same time approve a lesser
16 or alternative financing, or approve a financing upon condition that
17 the project proposal be amended in some respect. The financing
18 approval shall specify the type of financing approved, the rate of
19 interest, if any, and the length of payment grace periods, if any,
20 and the property to be hypothecated to secure repayment of the
21 financing. In each case, the approval is conditioned upon the
22 recipient's execution of definitive legal documentation of the
23 financing, in form and substance acceptable to the Development Bank.

24 Section 12. Required permits. Prior to approving any
25 application for financing a project, in whole or in part, from the

1 Investment Development Fund which will involve a financial interest
2 or other participation by a person who is not a citizen of the
3 Federated States of Micronesia or by a partnership, corporation, or
4 other business entity in which any interest is owned by a person who
5 is not a citizen of the Federated States of Micronesia, the Federated
6 Development Authority or Development Bank, whichever has authority
7 to approve the application, shall ascertain that such person or
8 entity possesses all necessary business licenses and foreign
9 investment permits; PROVIDED that, in appropriate circumstances, the
10 Federated Development Authority or Development Bank, as the case may
11 be, may approve the application with release of financing conditioned
12 on issuance of the necessary licenses and permits; PROVIDED FURTHER,
13 that any project financed through the Investment Development Fund
14 must comply with the terms and conditions of all required licenses
15 and permits.

16 Section 13. Determinations.

17 (1) In reviewing applications for projects to be financed,
18 in whole or in part, from the State-earmarked subaccounts created
19 pursuant to section 17 of this act of the Investment Development
20 Fund, the Development Bank shall evaluate and comment upon the
21 commercial feasibility of the project, the public infrastructure
22 needs of the project and whether existing infrastructure is adequate
23 or whether new or improved infrastructure has been committed to by
24 the government, the qualifications and experience of the applicants
25 with respect to managerial, technical, and marketing skills, the

1 financial ability and past records of the applicants, and such other
2 matters as it deems appropriate.

3 (2) In reviewing applications for projects to be financed,
4 in whole or in part, through the Investment Development Fund, the
5 Department of Resources and Development of the Federated States of
6 Micronesia shall comment upon the criteria established in section 5
7 of this act, the consistency of the proposed project with overall
8 development goals, policies, and strategies of the Federated States
9 of Micronesia, on matters relating to the coordination of State
10 development programs, commercial viability of the project, and on
11 other matters of National significance.

12 (3) In reviewing applications for projects to be financed,
13 in whole or in part, through the Investment Development Fund, the
14 Board of Advisors may comment on any or all aspects of the proposal.

15 Section 14. Board of Advisors for the Investment Development
16 Fund.

17 (1) There is hereby established a Board of Advisors for
18 the Investment Development Fund. The members of the Board of
19 Advisors shall be appointed and serve in accordance with article III,
20 paragraphs 2, 3, and 4 of the Investment Development Fund Agreement
21 and section 207 of title 2 of the Code of the Federated States of
22 Micronesia, and amendments thereto. The Board shall have the powers,
23 duties and responsibilities specified in article III, paragraphs 5,
24 6, 7, 8, 9, and 10 of the Investment Development Fund Agreement.

25 (2) Members of the Board of Advisors who are not officials

1 or employees of the Government of the United States or of the
2 National or State Governments of the Federated States of Micronesia
3 shall be authorized a reasonable honorarium at the discretion of the
4 Board of Advisors, not to exceed the rate of \$35 per day while on the
5 business of the Board.

6 (3) The Department of Resources and Development of the
7 Government of the Federated States of Micronesia, or any successor
8 department or office as determined by the President, shall provide
9 staff support and assistance to the Board of Advisors, to the extent
10 feasible.

11 Section 15. Expenses.

12 (1) Subject to the procedures specified in this section,
13 Investment Development Fund moneys may be used to pay expenses of the
14 Development Bank relating to administration of the Fund, the Board of
15 Advisors, the study and reports required by section 20 of this act,
16 and investment of the Fund, and may also be used to reimburse
17 expenses incurred pursuant to subsection (6) of section 6 of Public
18 Law No. 4-51, as amended by Public Law No. 4-88. Except as otherwise
19 provided in subsection (2) of section 18 of this act, such expenses
20 shall be assessed against the private-sector reserve created by
21 section 17 of this act.

22 (2) No later than April 1 of the year preceding a given
23 fiscal year, the Development Bank shall submit to the Federated
24 Development Authority for approval a budget request for the upcoming
25 fiscal year and budget projections for each of the two subsequent

1 fiscal years. The budget request shall include estimates as to its
2 costs of administering the Investment Development Fund, with such
3 information and detail as the Federated Development Authority may
4 determine. The budget request shall be reviewed and approved by the
5 Board of Directors of the Development Bank prior to its submission to
6 the Federated Development Authority. In no event shall this budget
7 request exceed \$80,000.

8 (3) No later than April 1 of the year preceding a given
9 fiscal year, the Board of Advisors shall submit to the Federated
10 Development Authority for approval a budget request for the upcoming
11 fiscal year and budget projections for each of the two subsequent
12 fiscal years. The budget request shall include estimates as to the
13 costs of operations of the Board of Advisors, with such information
14 and detail as the Federated Development Authority may determine.

15 (4) No later than April 1 of the year preceding a given
16 fiscal year, the President of the Federated States of Micronesia
17 shall submit to the Federated Development Authority for approval a
18 budget request for the upcoming fiscal year and budget projections
19 for each of the two subsequent fiscal years. The budget request
20 shall include estimates as to the costs of the study and annual
21 reports required by subsection (1) of section 20 of this act, with
22 such information and detail as the Federated Development Authority
23 may determine.

24 (5) Subject to such overall policies and limitations as
25 may be established by the Federated Development Authority, expenses

1 associated with the investment of Investment Development Fund moneys
2 may be paid out of the Fund by the Development Bank without prior
3 approval.

4 (6) The Federated Development Authority shall establish
5 such reprogramming and other budgetary policies with respect to the
6 funds referred to in subsections (2), (3), (4), and (5) of this
7 section as it deems appropriate.

8 (7) Summary information on the budget requests or approved
9 budgets provided for in subsections (2), (3), and (4) of this section
10 shall be included in the annual budget submission required by section
11 103 of title 55 of the Code of the Federated States of Micronesia.

12 Section 16. Limitations on terms of loans. All loans made from
13 the Investment Development Fund shall be at an interest rate of less
14 than or equal to five percent, except that fundings funded from State-
15 earmarked subaccounts created pursuant to section 17 of this act, may,
16 at the election of the sponsoring State or National Government, be
17 interest-free as long as the financing recipient is a government or
18 public corporation, or a business association in which a government
19 or public corporation has a financial interest, and may have a grace
20 period during which no interest or principal payments are required
21 of not more than 3 years.

22 Section 17. Allocations to the States; Private-sector reserve.

23 (1) With respect to the amounts to be provided pursuant to
24 section 111(b)(1)(i) of United States Public Law 99-239 and article
25 II, paragraphs 2(a) and (b) of the Investment Development Fund

1 Agreement, \$3,000,000 shall be placed in subaccounts within the
2 Fund for each of the States of Pohnpei and Truk, and \$2,000,000 shall
3 be placed in subaccounts within the Fund for each of the States of
4 Kosrae and Yap. The funds in the State-earmarked subaccounts shall
5 be available only to qualified recipients whose application for
6 financing is sponsored by the State from whose earmarked subaccount
7 the financing shall be funded. An additional \$2,000,000 shall be
8 placed in a private-sector reserve, which shall be available for
9 financing to qualified recipients which are not State or National
10 Governments, public corporations thereof, or business associations in
11 which a government or public corporation has a financial interest,
12 for projects whose total financing from the Fund shall equal or
13 exceed \$500,000, or when the balance of the private-sector reserve
14 should fall below \$500,000, a lesser amount. The remaining such
15 amounts provided by the United States shall be retained in the
16 Fund and invested in accordance with section 18 of this act, but
17 shall not be disbursed except when authorized by subsequent
18 legislation.

19 (2) All repayments of principal and interest and penalties
20 on loans made from a State's earmarked subaccount of the Fund and all
21 cash assets recovered on such loans shall be credited to that State's
22 earmarked subaccount. All other repayment of principal and interest
23 and penalties, cash assets recovered, and other fees, charges, and
24 penalties shall be credited to the private-sector reserve.

25 Section 18. Investment and drawdowns.

1 (1) Funds in the Investment Development Fund shall be
2 invested at the discretion of the Development Bank; PROVIDED, however,
3 that in no event shall funds in the Investment Development Fund be
4 invested in securities of any kind other than short-term readily-
5 marketable investment-grade nonconvertible bonds, guaranteed invest-
6 ment contracts issued by an insurance company with over \$1 billion in
7 assets, or shares in a money-market open-ended mutual fund. For the
8 purposes of this section, the purchase of one or more certificates of
9 deposit issued by a bank, savings bank, or savings and loan
10 association not insured by either the Federal Deposit Insurance
11 Corporation (FDIC) or the Federal Savings and Loan Insurance
12 Corporation (FSLIC), or the purchase of one or more certificates of
13 deposit issued by a federally-insured bank, savings bank, or savings
14 and loan association such that after the purchase the total Fund
15 deposits in that financial institution exceeds \$100,000, shall
16 be deemed an investment in a security.

17 (2) The accounts and accounting records of the Investment
18 Development Fund shall be established and maintained in such a manner
19 that each State's earmarked subaccount and the private-sector reserve
20 and the unallocated remainder under section 17 of this act will be
21 credited with investment income earned on such allocation or reserve
22 and will be assessed investment expenses related to such investment
23 income earned. The Development Bank shall report on the status
24 of such accounts on a monthly basis to the Federated Development
25 Authority.

1 Section 19. Participation in projects by officials of the
2 Federated Development Authority, FSM Development Bank, and the State
3 Governments; Conflicts.

4 (1) The President of the Development Bank, the members of
5 the Federated Development Authority, and any officer, employee, or
6 agent of a State government who has official authority to approve or
7 disapprove an application for that State's sponsorship of project
8 financing from the Fund, shall not, during their term of such office
9 or employment, or 1 year thereafter, have a personal equity or other
10 financial interest in any project to be financed, in whole or in
11 part, through the Fund. An equity or other financial interest of a
12 spouse or minor child of a person, or of a corporation, partnership,
13 trust, or other business association of which a person is a
14 shareholder, partner, trustee, beneficiary, or principal, or of
15 anyone with whom a person is negotiating for or has an arrangement
16 for future employment, partnership, or other participation shall be
17 deemed for the purposes of this subsection to be an equity or other
18 financial interest of that person. The prohibition of this
19 subsection applies irrespective of whether the person exercises
20 authority with regard to any specific project. Any person who
21 knowingly violates this subsection shall be answerable at law for
22 any damages to the Fund occasioned thereby, and shall, upon conviction
23 therefor, be fined not more than \$10,000 or be imprisoned for not
24 more than 2 years, or both.

25 (2) Nothing contained in this section shall be construed

1 as limiting the applicability of conflict of interest and other laws
2 to members, alternates, officers, employees, agents or contractors of
3 the Federated Development Authority or members, directors, officers,
4 employees, agents or contractors of the Development Bank, and to this
5 end, such persons as well as members of the Board of Advisors shall
6 be considered "public servants" within the meaning of subsection (11)
7 of section 104 of title 11 of the Code of the Federated States of
8 Micronesia and "public officials" within the meaning of subsection
9 (2) of section 1301 of title 11 of the Code of the Federated States
10 of Micronesia. In the event that any such person knows or has a
11 reason to believe that he or she has a conflict of interest with
12 respect to an application pending before the Federated Development
13 Authority, the Development Bank, or the Board of Advisors, such
14 person shall have an affirmative obligation to disclose such conflict
15 of interest, whether or not such person personally and substantially
16 participates in the consideration of such application.

17 (3) Section 112 of title 30 of the Code of the Federated
18 States of Micronesia shall not apply to members of the Board of
19 Directors of the Development Bank with respect to the Investment
20 Development Fund moneys.

21 Section 20. Study and reports on additional adverse impacts;
22 Annual and quarterly reports.

23 (1) The Department of Resources and Development of the
24 Government of the Federated States of Micronesia, or any successor
25 department or office as determined by the President of the Federated

1 States of Micronesia, shall, in cooperation with the Development Bank
2 and other appropriate National and State Government agencies and in
3 consultation with the Board of Advisors, conduct a continuous study
4 and prepare an annual report on the overall financial and economic
5 impacts on the Federated States of Micronesia resulting from the
6 amendments to the Compact of Free Association contained in title IV
7 of United States Public Law 99-239. Such annual report shall be
8 transmitted to the Federated Development Authority no later than
9 January 15 of each year and shall cover the period between November
10 3, 1986 and September 30 of the fiscal year most recently completed.
11 The President of the Federated States of Micronesia shall promptly
12 transmit such annual reports to the Congress of the Federated States
13 of Micronesia. The costs of conducting such study and preparing such
14 annual reports shall be paid out of the Investment Development Fund
15 created by section 122 of title 30 of the Code of the Federated
16 States of Micronesia in accordance with section 15 of this act.

17 (2) The Development Bank shall prepare after each fiscal
18 quarter a report on the status of the Investment Development Fund.
19 Such reports shall include information on the financial status of
20 each State's earmarked subaccount and the private-sector reserve
21 under section 17 of this act. Such quarterly reports shall be
22 transmitted to the Federated Development Authority no later than 10
23 days after each fiscal quarter.

24 (3) The Development Bank shall, in cooperation with the
25 appropriate officials and agencies of the Government of the Federated

1 States of Micronesia and in consultation with the Board of Advisors,
2 prepare an annual report on administration of the Investment
3 Development Fund in the fiscal year most recently completed. Such
4 annual reports shall include the information required by article IV,
5 paragraph 1 of the Investment Development Fund Agreement and such
6 other information as the Federated Development Authority deems
7 appropriate, and shall be separate from the reports required by
8 sections 114 and 119 of title 30 of the Code of the Federated States
9 of Micronesia. Such annual report shall be transmitted to the
10 Federated Development Authority and the Congress of the Federated
11 States of Micronesia no later than January 15 of each year.

12 (4) The President of the Federated States of Micronesia,
13 in preparing the annual reports required by section 211(c) of the
14 Compact of Free Association and article III, paragraph 3 of the
15 Fiscal Procedures Agreement, shall utilize, to the extent
16 appropriate, information contained in the reports prepared pursuant
17 to subsections (1) and (3) of this section, and shall consider the
18 comments, if any, of the Federated Development Authority on such
19 reports.

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1 Section 21. Effective date. This act shall become law upon
2 approval by the President of the Federated States of Micronesia or
3 upon its becoming law without such approval.

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John R. Haglelgam
President
Federated States of Micronesia

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11 *Law without signature*
12 *1/19/89 J*

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