

# The KASELEHLIE PRESS

This bi-weekly publication is only \$1.00

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## Rock star welcome for Sierra Hull in Chuuk



By the Embassy of the United States

One of the Akoyikoyi students joins the band

The five-piece Sierra Hull bluegrass band from Nashville, Tennessee arrived in Weno, Chuuk on May 15, and were greeted at the airport by Governor Johnson

Elimo and Lt. Gov. Marius Akapito. During the band's four-

day stay on the island they performed at four local schools: Chuuk High School, Saramen Chuuk Academy, Akoyikoyi Elementary School, and Xavier High School, as well as a larger free public concert at the airport. The school performances reached about 1,000 students combined, with band members explaining their instruments and the history of bluegrass music.

See "Sierra Hull" on page 5

## 7th State and National Leadership Conference meets in Palikir

By Bill Jaynes  
The Kaselehlie Press

May 27, 2014  
Pohnpei, FSM—This afternoon the FSM's Department of Resources and Development released a communiqué and the resolution of the Seventh State and National Leadership Conference that was held at the College of Micronesia FSM National Campus on May 22 and 23.

See "SNLC" on page 8



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# PUC debt servicing at issue in Pohnpei performance audit

By **Bill Jaynes**  
The Kaselehlie Press

May 26, 2014

**Pohnpei, FSM**—Pohnpei Utilities Corporation's debt taking activity has begun to cost Pohnpei State a significant amount of money according to a recently delivered audit conducted by the Pohnpei Office of the Public Auditor. "As of October 15, 2013, PUC owes Pohnpei State Government...\$326,033 for loan repayments," the audit says.

The performance audit looked at the debt levels of the Pohnpei State government and its five component units: PUC, Pohnpei Port Authority, Pohnpei Transportation Authority (PPA), Small Business Guarantee and Finance Corporation, and the Pohnpei State Housing Authority. "The Performance Audit on Public Debt was initiated by OPA in order to determine whether public debt management in Pohnpei State Government and its Component Units is effective and efficient to achieve long term sustainability and financial stability," the audit says. "Presently, of the five component units of Pohnpei

State, only the Pohnpei Utilities Corporation has long term obligations."

PPA was in the process of considering the possibility of a long term loan to be funded by the Asian Development Bank at the time of the audit.

Auditors say that as of September 30, 2012 there was a total of \$16,387,814 of public debt owed by Pohnpei's primary government and PUC. \$6.5 million of that debt was owed by the primary government and \$9.8 million was owed by PUC. But the audit says that Pohnpei State and the FSM National government are the guarantors for PUC's loans. When PUC can't make its payments the national government can make the payments and then deduct the amount from Pohnpei's share of taxes collected in the State. It has needed to do so before, catching the State government completely off guard as they had not budgeted to service PUC's loans.

According to the audit, PUC over projected its revenue for the year by approximately \$4.5 million in fiscal year 2012 and was unable to make its

payments.

In his response, PUC's General Manager Marcelino Actouka asked State Public Auditor Ihlen Joseph's personal assistance in urging the state to process and approve the sewer tariff saying that it would "remedy all your findings and recommendations."

He wrote that since its establishment and despite a 2006 study recommending it, PUC has never charged a sewer tariff. In October 2013 the PUC Board of Directors approved and submitted a sewer tariff to the Pohnpei State Government. He wrote that no action had yet been taken on that tariff plan. He wrote that payments on a new loan for a refurbished sewer system have already begun but PUC still cannot charge a tariff to help service the additional loan.

In FY 2012 \$3.9 million of the shortfall in projected revenues was for cash power projections. PUC had estimated revenue of \$18 million but actually collected only \$14.2 million. PUC had not projected any losses for bad debts in its FY 2012 budget but actually had losses of approximately \$730,000 that year.

Actouka's response to the audit along with a full explanation said that the State and national governments had not met their obligations under the Tripartite ADB Loan Agreement. He wrote that the payment obligations of the State and Corporation under the agreement are joint and several. "If the Corporation fails to meet any or all payment obligations herein, the State remains liable for same," he wrote.

He said that under the agreement the FSM was to have established a Trust Account in the name of the State within the national investment portfolio. He wrote that uses of the Trust Account would have included but not have been limited to making payments to the ADB when required for the Corporation's

obligations. He added that the FSM and State never set up that Trust Account.

He made some mention of Section 4 of the agreement on the use of the State's annual grant under the Compact for public infrastructure projects in an amount necessary to meet the State's financial and payment obligations for accelerated payment. Unfortunately, that paragraph in his response did not contain a verb and so its intent was unclear. However, he pointed out that Section 10.08 says that the State shall "ensure that the Accelerate Payment Amount set forth in Article IV as part of each year's annual budget and the Accelerated Payment Amount is appropriated for use each year for the purpose of servicing the State Loan - Special Operations." He noted that Pohnpei State does not include payment in its annual budget.

Under the heading of "Options Available to PUC" Actouka wrote in terms of PUC's legal options, "Clearly, under the Tripartite Financial Agreement Article IV...under default conditions, PUC could easily, by financial justification, stop paying for the loan knowing that National Government, as the practice for, pays for the loan with Pohnpei State share of tax. Let Pohnpei sue PUC, however it takes, knowing that we are on strong legal ground."

He wrote that another option would be to "lobby the Govern and the Legislature to either subsidize the operation and maintenance of the sewer system or pay the loan with a dedicated tax on food and drinks that end up in the sewer system."

He writes that PUC "management is currently requesting ADB Private Sector Division for assistance in evaluating the potential for water and or sewer systems to be outsourced/privatized."

Before listing the steps that PUC has already taken to mitigate the ADB payment plan, Mr. Actouka once again points to the need for a sewer service tariff.

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Bill Jaynes  
 Managing Editor

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# Sports update – 2014 Micronesian Games – Basketball, Wrestling, Weightlifting and Table Tennis

By **Jim Tobin**

**Sport Director, 8th Micronesian Games Organizing Committee**

For the next few issues of KPress, we will be updating the status of the sports to be played at the 2014 Micro Games. Last KPress updated Athletics (Track and Field) and Swimming. This article will update the sports to be played at the College of Micronesia – FSM (COM-FSM) National Campus in Paliker. The sports are Basketball, Wrestling, Weightlifting and Table Tennis. The 8th Micronesian Games Organizing Committee, chaired by Pohnpei Lt Governor Marcelo K. Peterson, wishes to thank COM-FSM, especially Joseph Daisy, COM-FSM President, instructors, staff and students, for the use of their wonderful sports facilities.

The 8th Micronesian Games will be held on Pohnpei from July 20 – 30, 2014. Participating in the games is CNMI (Northern Marianas), Guam, Kiribati, Marshall Islands, Nauru, Palau and the four Federated States of Micronesia states (Pohnpei, Kosrae, Chuuk and Yap). There will be 14 sports on the games program including Athletics (Track and Field), Baseball, Basketball, Football (Soccer), Micronesian All-Around, Softball (Fast-Pitch), Spear Fishing, Swimming, Table Tennis, Tennis, Va'a (6-man outrigger canoe), Volleyball, Weightlifting and Wrestling.

## BASKETBALL

The Basketball competition will be held from Monday, July 21 to Wednesday, July 30 at the main gymnasium, FSM China Friendship Sport Complex, COM-FSM National Campus. The Competition Manager for Basketball is Castro Joab. On Monday, July 14, Annie La Fluer, FIBA Oceania Basketball Development Officer, will arrive in Pohnpei. La Fluer is from Australia and played in the WNBA from 2009-2011. Starting on Tuesday, July 15, a 5-day Basketball training course, with La Fluer as the expert instructor, will be held. At this time, Joab is finalizing the list of certified basketball referees from Guam (2), Palau (2), Marshalls (1), Kiribati (1) and Nauru (1) that will be coming in Pohnpei to help officiate.

The renovation of the FSM China Friendship Sport Complex will be completed by the by the end of June. The renovation will include new electronic scoreboard, lights, sound system, NBA style backboards / rims and shot clocks. The major renovations of the complex were funded by the People's Republic of China Embassy. Funding support was also received by the Australian Embassy small grant schemes. Matson Navigation provided free shipment of the basketball backboards from Australia to Pohnpei.

There will be 17 teams competing in Basketball, with 10 men's and 7 women's teams. The men's Basketball teams are: Pohnpei, Chuuk, Kosrae, Yap, Marshall

Islands, Palau, Guam, Northern Marianas, Nauru and Kiribati. The women's Basketball teams are: Pohnpei, Chuuk, Marshall Islands, Palau; Guam, Northern Marianas and Nauru. There will be 7 Basketball games held each day at: 8:00am, 10am, noon, 2:00pm, 4:00pm, 6:00pm and 8:00pm.

## WRESTLING

The Wrestling competition will be held from Monday, July 21 to Wednesday, July 23 at the second gym, FSM China Friendship Sport Complex, COM-FSM national campus. The Competition Manager for Wrestling is Mike Ioanis. On Friday, July 18, John Tarkong (Palau), President of Oceania Wrestling Confederation and Takaharu Ashida (Japan), International Wrestling Federation (FILA) Referee Delegate, will arrive in Pohnpei. Starting on Friday evening, a 3-day FILA basic Wrestling officials, coaches and athletes training course, with Tarkong and Ashida, as the expert instructors, will be held. The FILA has agreed to donate one competition Wrestling mat (\$25,000) but we are still have shipping issues.

Competing in Wrestling is: Pohnpei, Chuuk, Kosrae, Yap, Marshall Islands, Palau, Nauru and Kiribati. Marianas. On Monday, July 21 the Free Style (FS) Wrestling competition will be held, followed by the Greco-Roman (GR) Wrestling competition on Tuesday, July 22, and Beach Wrestling on Wednesday, July 23. The weight categories are:

Male Seniors (GR & FS)	Female Seniors (Freestyle)	Beach Wrestling
1.) 50-55kg	44-48kg	Men Seniors 85kg and + 85kg
2.) 60kg	51kg	Female Seniors 70kg and + 70kg
3.) 66kg	55kg	
4.) 74kg	59kg	
5.) 84kg	63kg	
6.) 96kg	67kg	
7.) 96-120kg	67-72kg	

## WEIGHTLIFTING

The Weightlifting competition will be held from Thursday to Friday, July 24 to 25 at the second gym, FSM China Friendship Sport Complex, COM-FSM national campus. The Competition Manager for Weightlifting is Ronald Etscheit. On Tuesday, July 15, Manuel Minginfel (Yap), International Weightlifting Federation (IWF) Technical Delegate, will arrive in Pohnpei. Starting on Wednesday, July 16, a 7-day IWF basic Weightlifting officials, coaches and athletes training course, with Minginfel as the expert instructor, will be held. The IWF donated 5 sets of weights and bars (\$25,000) for the competition. The good news is that this equipment has already arrived in Pohnpei.

Competing in Weightlifting is: Pohnpei, Kosrae, Yap, Marshall Islands, Palau, Northern Marianas and Nauru. The weight categories are:

Men's Division	Women's Division
56 kg	48 kg
62 kg	53 kg
69 kg	58 kg
77 kg	63 kg
85 kg	69 kg
94 kg	75 kg
105 kg	75 + kg
105 + kg	

## TABLE TENNIS

The Table Tennis competition will be held from Saturday, July 26 to Wednesday, July 30 at the second gym, FSM China Friendship Sport Complex, COM-FSM

national campus. The Competition Manager for Table Tennis is Roldan Laguerta. On Monday, July 21, Michael Brown (Australia) International Table Tennis Federation (ITTF) Technical Delegate and Rachel Ramos (Philippines) ITTF Referee Delegate, will arrive in Pohnpei. Starting on Tuesday, July 22, a 4-day ITTF basic Table Tennis officials, coaches and athletes training course, with Brown and Ramos as the expert instructor, will be held. The ITTF donated 6 international standard Table Tennis tables and other equipments (\$20,000) for the competition. The good news is that this equipment has also arrived in Pohnpei.

Competing in Table Tennis is: Pohnpei, Kosrae, Yap, Marshall Islands, Guam and Palau. The events for Table Tennis are: men and women team, men and women singles, men and women doubles and mixed doubles.

In the next issue of KPress, the Sport Committee of the 8th Micronesian Games Organizing Committee will update on the sports to be played in the Kolonia area – Baseball, Fast-Pitch Softball and Tennis.



Marilyn N. Marron, D&Q International Distributors Sales Manager for Saipan and the Pacific Islands hands over donations from Hormel, Dove, St. Ives, Degree, and D&Q International to the organizers of the 8th Micro Games. Marrion said that the company will also be providing 2000 courtesy bags of product which will arrive in Pohnpei before the games begin. Pictured are Fritz Cruz, Marilyn Marron, Lt. Governor Marcelo Peterson, Jim Tobin, and Games CEO Robert Spegal.

# ONPA releases the Pohnpei State Department of Health Services Procurement Audit (FY 2010 – 2013)

Office of the National Public Auditor

The Office of the National Public Auditor (ONPA) announces the release of Audit Report No. 2014-06, The Pohnpei State Department of Health Services Procurement Audit (FY 2010-2013). A digital copy of the report is available for public review online at [www.fsmopa.fm](http://www.fsmopa.fm) and printed copies are available at the ONPA offices in Palikir, Pohnpei and Weno, Chuuk. The audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States.

The Pohnpei State Department of Health Services Procurement Audit was conducted due to a complaint received regarding undelivered medical and pharmaceutical supplies. We performed an audit survey that led to identification of the focus area: Procurement of Medical and Pharmaceutical Supplies. Therefore, our audit objective was to determine if the procurement process ensures timely receipt of the highest quality and at the lowest cost of medical and pharmaceutical supplies.

The Pohnpei State Department of Health Services (DHS, also known as Pohnpei State Hospital), established under Article 7 Section 4 of the Pohnpei State Constitution, is responsible for providing health care and

health education in Pohnpei. It coordinates all planning, organizing, implementing, monitoring and evaluating all public health-related functions, and assures that health care is available at all times. The DHS mission is to improve the health of the people through provision of sustainable, accessible, affordable, and culturally acceptable health care services. There are four divisions under the Department: the Division of Administration and Health Development, Division of Medical Services, Division of Primary Health Care, and the Division of Dental Health Services. Each division is administered by a Division Chief.

Based on our audit, we conclude that the DHS management needs to act with promptness to improve the procurement process and ensure the timely receipt of high quality and lowest cost medical and pharmaceutical supplies. Five years after it was last audited, the results of our audit showed that DHS is still experiencing the same major operational problem with regards to the procurement and management of medical and pharmaceutical supplies. The DHS management did not implement the necessary procurement and inventory controls, which were indicative of the lack of consciousness in bringing about

significant positive improvements on the

procurement process and on warehouse inventory operation to provide efficient and effective services for the citizens.

The lack of purchase planning caused the hospital to procure medical and pharmaceutical supplies at a high cost. Consequently, purchasing frequently through high-priced emergency/regular orders has been practiced. It was estimated that the hospital could save a significant percentage of the total money spent for purchases had the procurement planning been in place and strategies adopted to obtain the best value in purchases (e.g. establishing an accurate quantification of requirements for the year and purchasing greater portion of the annual requirement thru the competitive bidding which provides the best prices). Despite the significant yearly spending on medical and pharmaceutical supplies (yearly average of \$1.2 million for the period FY2010-2013), the hospital did not make it a priority to restore and sustain the maintenance of an inventory management system, a crucial key to procurement planning and inventory control, thus affecting the department's ability to monitor the timely receipt of medicines; and provide ready and accurate management information on inventory such as undelivered purchases, re-order point, expiry, inventory balance, historical prices, supplier delivery lead time and others. The

condition also unnecessarily exposed the hospital to additional costs associated with the risks of fraud, theft, misuses, stock outs, losses and others.

We found the following weakness during our audit:

- Absence of Inventory Management System Resulted in \$3.8 Million Purchases of Medical and Pharmaceutical Supplies for FY 2011-2013 Not Fully Tracked, Controlled and Provided with Inventory Accountability.
- Deliveries of paid medical and pharmaceutical supplies approximately worth \$415,000 for FY 2013 cannot be accounted.
- Frequent use of emergency orders increased the cost of buying medicines during FY 2010 – 2013.
- Approximately \$400,000 Could Have Been Saved in Bids Awarded From FY2010 to FY2013.
- Quality assurance did not consistently ensure receipt of quality medicines.

The audit report discusses the detail findings along with the recommendations to facilitate corrective improvement. The Pohnpei State Hospital and Pohnpei State Department of Treasury and Administration's responses are included in the report.

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# ...Sierra Hull

Continued from front page.

Wherever the band travelled, they were met with enthusiasm and cheering. Chuuk provided a rock star welcome for all of the band members. As the band travelled from site to site, everyone on the street would wave and cheer as the motorcade passed by. Members of the band developed their own fan clubs, with different groups in the crowd calling out Sierra and the other players' names as they stepped forward for their instrumental solos

A special performance for 111 community leaders took place at the Truk Stop hotel on May 15. The next evening at the open-air public performance, 1,400 people sat inside the parking lot at Chuuk Airport, including many families with their children. Another group, estimated at over 1,000 people, lined the streets outside the fence.

Sierra Hull, the band leader, began playing



Sierra Hull performing at the Chuuk International Airport. Sierra Hull, Jacob Eller, Justin Moses, Jake Stargel, Cory Walker



the mandolin at the age of eight, recording her first album at the age of 12, and in addition to the classics, plays many of her own original songs. The band has performed in Carnegie Hall, Kennedy Center, and in the White House for President Obama, and records on the Rounder label.

Department and coordinated by American Voices. The first stop on this tour was Chuuk, their only stop in the FSM. The next stop for the group was in the West Bank cities of Hebron and Jericho, after which they headed home.

The Sierra Hull bluegrass band was on a two-stop around-the-world tour sponsored by the State

More pictures of the Sierra Hull events in Chuuk can be found at: <http://www.facebook.com/USEmbassyKolonias>

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Deadline for submission of articles or advertisements for this issue is the end of working hours on: Wednesday, June 11



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- Trade Policy Adviser - ACP/EU.

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Reporting to the Director Economic Governance Programme, the Trade Policy Adviser - ACP/EU will be responsible for overseeing the management of the Economic Partnership Agreement (EPA) negotiations with the European Union (EU) and implementation of the interim and comprehensive EPAs through the ACP/EU Unit.

**Responsibilities will include (but not limited to):**

- Managing a team of trade policy staff and consultants to deliver timely and high-quality technical advice and assistance to Pacific ACP States on trade policy issues with particular focus on EPA negotiations;
- Managing a team of trade policy staff and consultants to provide timely and high-quality briefings, correspondence, reports and analysis for PACPS, the Regional Negotiating Machinery, the Forum Secretariat Executive and other stakeholders;
- Managing a team to organise Officials and Ministers meetings; and
- Building strong relationships through Officials-level liaison with PACPS and other counterparts.

Applicants should have an advance degree in Economics, Law or International Trade and with extensive relevant work experience at a senior level dealing with economic and multilateral trade policy issues in the region or in an international environment. Applicants with experience to deliver policy outcomes successfully to deadlines with working experience in a Ministry of Foreign Affairs or experience working in government trade negotiation teams would be desirable.

**About the Benefits**

The appointment will carry a competitive remuneration and benefits package including medical and life insurance. The salary will be in the range of SDR39,279 to SDR58,919 per annum. At the 1 April 2014 exchange rate this salary range was equivalent to FJD113,621 to FJD170,433. For non-Fijian nationals, this salary may be tax-free.

These appointments carry competitive remuneration and benefits packages including medical and life insurance.

To be eligible for the Trade Commissioner - Beijing position, the applicant must be a national of a Forum member country\* and to be eligible for the Trade Policy Adviser - ACP/EU position, the applicant must be a national of a Forum member country\* or an EU/Africa-Caribbean-Pacific member country.

**APPLICANTS MUST BE WILLING TO TRAVEL PERIODICALLY VIA ECONOMY CLASS.**

**INTERESTED APPLICANTS ARE ENCOURAGED TO APPLY THROUGH OUR WEBSITE: WWW.FORUMSEC.ORG WHERE AN INFORMATION PACKAGE CONTAINING THE JOB DESCRIPTION AND REMUNERATION DETAILS IS ALSO AVAILABLE. CANDIDATES MUST INCLUDE IN EITHER THEIR APPLICATION OR CURRICULUM VITAE THE FULL CONTACT DETAILS OF THREE REFEREES.**

**DEADLINE FOR APPLICATIONS IS AT 5PM (FIJI TIME), 13 JUNE 2014.**

**...SNLC***Continued from front page*

In his opening statement, President Mori, who served as chair for meetings welcomed each of the principals which include the Vice President, the Governors of Chuuk, Kosrae, and Yap, and the Acting Governor of Pohnpei, as well as ranking leaders of each Legislative branch in the FSM. President Mori also thanked the members of the Judiciary Branch for taking part in the year's SNLC. He thanked Congress for passing the FSM Telecommunications Bill in April of 2014, saying that it would contribute to enhancing access to and affordability of telecommunications services in the FSM.

He said that 2023, which is the year that financial contributions in connection with the Compact of Free Association with the U.S. come to an end, would be the main issue of the 7th SNLC.

FSM Chief Justice Martin Yinug stressed during his address of the SNLC that the Judiciary Branch will play an important role as the Nation prepares for 2023 by contributing to the enhancement of the confidence of investors in the FSM judicial system.

The Governors of each of the States stressed the need for the five governments to work together to tackle the issues in a timely manner as time is quickly moving forward.

Participants in the SNLC heard presentations on several subjects during the conference.

***Constitutional amendment on lowering the threshold to amend the Constitution***

The Department of Justice made a presentation on lowering the threshold of constitutional amendments from 75 to 66 percent of the votes cast in  $\frac{3}{4}$  of the States. A bill to place that matter before voters on the March 2015 ballot is currently before the FSM Congress.

The SNLC agreed to urge Congress to pass both the bill to lower the threshold and the bill on dual citizenship. They agreed to urge the National Government to undertake a nation-wide public education and awareness campaign on the two amendments in anticipation of the upcoming elections, and to support the appropriation of \$500,000 to fund the public education campaign.

***Tax Reform in relation to expected losses of Compact Funds***

FSM Congress representatives

*President Mori served as chair*

SNLC endorsed a resolution urging the FSM Congress to repeal the so called Sunset Clause and urging Yap and Pohnpei to undertake the necessary work to move the tax reform forward.

***FSM Petroleum Corporation***

The FSMPC provided a presentation on its current activities, its financial and management performance of the FSMPC over the last six (6) years, and its expansion into conventional and renewable energy related infrastructure within the FSM such as: a new oil transshipment port, new fuel storage tanks and facilities, coconut based bio-fuels development, conventional and renewable power generation, and outer island fuel supply arrangements. The Principals also noted that FSMPC is expected to conclude a new supply agreement with Mobil Oil Guam Inc.

The Leaders inquired whether FSMPC's main interest in taking over the FSM Coconut Development Authority (CDA) is mainly in bio-fuels or in virgin coconut oil. FSMPC responded that its interest is in any value-added coconut products that will generate high return both to the company and the producers including virgin coconut oil.

The SNLC agreed to endorse SNLC Resolution 2014-002 in support of FSMPC investment projects. (See resolution in inset item)

The Tax Reform Committee reminded the SNLC that during the 6th SNLC the body had adopted a resolution in support of the tax reform. In spite of the anticipated benefits of the proposed tax reform, and the SNLC resolution the Revenue Administration Act still had not passed in Congress. The entire bill and all of the work and agreements that went into it is destined for the scrap heap on May 31, 2014 if Congress does not repeal the sunset clause before that time.

Two of the FSM's States have passed enabling legislation but Pohnpei and Yap have not. According to a highly placed source, the Yap legislature's legal opinion says that Yap cannot constitutionally pass enabling legislation for that State while Yap's Office of the Attorney General has issued its legal opinion saying that there is no Constitutional impediment. Pohnpei's Governor has gone on record saying that he supports the tax reform but the legislation has not been able to pass in the State Legislature.

SNLC Principals raised the need to find a compromise that would allow the two States that have already passed the necessary legislation to move forward.

Congress representatives expressed the need to ensure that Congress passes laws that do not violate the FSM Constitution, and said that the body is in favor of the tax reform as long as the five Governments proceed at the same pace.

*Continued on next page***SNLC RESOLUTION in support of the Federated States of Micronesia Petroleum Corporation (FSMPC) investment projects**

WHEREAS, FSMPC (Vital) presented a briefing to the Leadership of the Seventh State and National Leadership Conference (7th SNLC), 22-23 May 2014 and highlighted that the FSMPC opened for business in 2008 in Yap, Chuuk and Pohnpei, and that in 2009 it finalized facility operating and maintenance agreements with the State of Kosrae (for the MPC) and the State of Yap (for the airport operations); and

WHEREAS, the FSMPC was established entirely with commercial debt from the Bank of Guam (BoG) and used those funds to purchase the fixed assets (\$5.2MM) and the fuel inventory (\$6.8MM) of Mobil Oil Micronesia Incorporated (MOMI), with a commitment to a five (5) year Fuel Supply Agreement, which was supported by a \$9.8MM Full Faith and Credit (FFC) Guarantee, and a \$500,000 Loan Repayment Guarantee of the National Government; and

WHEREAS, the company has over the last six (6) years met the terms of the BoG financing requirements, and since inception has grown the overall net worth of the Corporation to greater than \$30MM and can adequately support the current \$9.8MM FFC, or an expansion of this level to \$15MM; and

WHEREAS, the current FFC is inflexible in that it is limited to the initial loan documents, and limited to the Bank of Guam as a financier and that this limits the opportunity for the FSM to secure low cost, new, longer term concessional financing for its required investments through the FSM; and

WHEREAS, in 2012 the company expanded geographically into Guam to service a contract for the Guam Power Authority and has extended laterally into the energy sector; and

WHEREAS, in 2013, in response to Pohnpei's power sector crisis, it built and operates a 2.0MW emergency power plant for the Pohnpei Utilities Corporation (PUC), and has also invested into solar generation; and

WHEREAS, the FSMPC conducted an international tender for the supply of petroleum product to the FSM for 2013 through 2018 and Bids were assessed on a value-for-money assessment framework, with Mobil Oil Guam Incorporated (MOGI) maintaining its position the best overall value supplier to the FSM, and the resulting 2013 Fuel Supply Agreement is expected to result in savings in excess of \$7.0MM over the next five years; and

WHEREAS, by the end of 2014 is expected to have an installed capacity exceeding 0.5MW across Guam, Pohnpei, Chuuk, Kosrae and Yap making it the single largest independent owner/operator of solar related facilities in the North Pacific; now, therefore,

BE IT RESOLVED that the 7th SNLC supports the formalization of the expansion of the FSMPC PL15-08 mandate to include investment into conventional and renewable energy infrastructure within the FSM; and BE IT FURTHER RESOLVED that the 7th SNLC supports the expansion of the scope, scale and flexibility of the existing Full Faith and Credit Guarantee to enable the corporation to negotiate low cost financing outside the Bank of Guam, and with International Financial Institutions (IFI's) for investments into energy-related infrastructure and development of the coconut industry to maximize the benefits of coconut farming in the FSM; and

BE IT FURTHER RESOLVED that the 7th SNLC urge FSMPC to operate a ship to collect copra throughout the FSM with support from the National Government in the form of subsidies of up to 40%; and

BE IT FINALLY RESOLVED that certified copies of this resolution be transmitted by the Secretariat of the 7th SNLC to the President of the Federated States of Micronesia, to the Speaker of the 18th FSM Congress, to the Governors and Presiding Legislative Officers of the four State Governments of the FSM, and to the Chairman of the Board of Directors of FSMPC.



Secretary for Foreign Affairs Lorin Robert

**Program Management Unit**

implementation in the FSM.

The Department of Transportation, Communication & Infrastructure updated the SNLC on its status and current projects. The Conference noted that PMU is currently not funded; and that JEMCO needs an updated Infrastructure Development Plan (IDP) before new projects are authorized.

With respect to ongoing projects, PMU presented the status of the Weno Road Project, (PMU has recently issued a conditional notice of award based on availability of funding, and will be consulting with the Office of Insular Affairs to discuss the lifting of the grant suspension noting that US\$4 million is required to complete the Project), the Chuuk Lagoon Dispensaries, Chuuk schools, Weno Sewage Treatment, Yap ECE building, Yap hospital renovation, Yap High School, Pohnpei-COM to Diati waterline, Pohnpei NMS, PICS & MHS classroom, Primary Health center, Kinakapw to Lehn Diadi waterline, and new Kosrae hospital.

The Leaders also noted with concern the current financial status, which shows that of US\$456 million, only US\$251 million are currently allocated.

The Principals raised the following issues: whether PMU should undertake a periodic review of the priorities identified by the States; the need to go beyond health and education infrastructure and fund infrastructure projects in other key areas such as road and bridges which have direct impact on health and education as well as economic development; whether PMU should be decentralized, considering that Congress has already passed a Resolution supporting the decentralization of PMU.

The 7th SNLC agreed to:

- urge those State Governments that are ready to submit their plan for managing PMU at the State level, to submit their plans to OIA;
- urge the National Government to conduct a management plan for decentralizing PMU to allow State and National Leaders to make an informed decision at their subsequent meetings; and
- urge the National Government to review the procedures for project

**2023 Challenges**

The SNLC discussion on 2023 challenges were discussed under two main headings, the “2023 Framework and Action Plan”, and “Strategies to address economic development”.

**2023 Challenges - 2023 Framework and Action Plan**

The FSM Office of SBOC told the Principals that the 2023 Committee has completed a round of “sensitization and awareness activities,” and consultations with the Private Sector throughout the four FSM States. The Committee’s next steps are to complete a Draft Framework and Action Plan by July 2014, to finalize that plan with the SNLC near the end of 2014, and to convene a second Development Partners Forum to discuss the implementation of the plan.

The Principals raised several issues after the FSM Office of SBOC presentation including why the National Government didn’t go through the same process of a Long Term Fiscal Framework that the States did. There were many other issues raised but the SNLC communiqué did not provide them.

The only SNLC decision on the topic was to urge the 2023 Committee to meet the deadline and to expedite the 2023 Framework and Action Plan that will be submitted to Congress for adoption.

**2023 Challenges - Strategies to address economic development**

The Department of Resources and Development made a presentation on impediments affecting economic development, which include inadequate business enabling environment; limited in-country capacity for agro-processing and value-added agriculture products; inadequate domestic and international transport linkages; weak capacity to undertake fishing, processing, transshipment, and aquaculture development; limited capacity and resources as well as poor infrastructure to develop high-end tourism and tourism

*Continued on next page*

# NOTICE OF LAND SALE BY AUCTION



FSM Development Bank gives public notice hereby that the parcel of land described below will be sold by auction to the highest bidder under the following terms:

Parcel No. 28-D-13,  
located in the Sapwerek area  
of Madolenihmw Municipality,  
consisting of an area of 12,141  
square meters, more or less,  
as shown on Cadastral  
Plat No. 028-D-01

There is no minimum bid amount for the parcel.

Bids shall be submitted in a sealed envelope marked “FSMDB Land Auction” by personal delivery to FSM Development Bank, Corporate Office, 1st Floor, Loan Division, FSM Development Bank Building, Kolonia, Pohnpei.

The deadline for submitting bids will be 4:00 p.m. on Friday, July 4, 2014.

All bid submissions must state the full name, mailing address, phone or fax numbers, and e-mail address or other valid contact information for the person submitting the bid.

A deposit of 10% of the bid amount must be submitted with each bid. Deposits may be made by cash or cashier’s check.

The winning bidder will be notified in writing by FSM Development Bank. The winning bidder shall pay the remaining amount of his bid (90%) by delivery of a cashier’s check payable to the FSM Development Bank no later than 10 days after the winning bidder is notified. If the winning bidder fails to remit payment of his remaining amount of the bid as required, the bidder forfeits his deposit to the Bank.

If the winning bidder fails to remit payment within the required time, the award will be granted to the next highest bidder and the same conditions will apply.

FSM Development Bank reserves the right to reject any and all bids.

Deposits that have been submitted for non-winning bids shall be returned to the non-winning bidders promptly following the close of the auction.

The property is offered for sale “as-is” with no guarantees or warranties as to its condition whatsoever.

The winning bidder will take title to the parcel through a quitclaim deed issued by the FSM Development Bank. The winning bidder must be qualified to hold title to land in the Federated States of Micronesia.

Questions concerning this auction may be directed to Nora E Sigras, Legal Counsel at the FSM Development Bank, PO Box M, Pohnpei, FM 96941, phone no. 691-320-2840, fax no. 691-320-6533, email: [noras@fsmdb.fm](mailto:noras@fsmdb.fm), website: [www.fsmdb.fm](http://www.fsmdb.fm)

Continued from previous page

products development; high dependency on imported fossil fuel; and lack of coordination between States and National Government, between public and private sector, and amongst the private sector.

State and National Leaders noted that the main strategic options moving forward include: harmonization/unification of foreign investment laws and regulations; identification of land to be made available to potential investors, establishing industrial/economic zones; enacting of legislations requiring registration of land related transactions; enhancing the productive infrastructure (quarantine, treatment and processing facilities, quality compliance centers and competent authorities); enhancing human resources development and the capacity of the productive sector; and promoting and supporting investment projects in targeted sectors.

#### COM-FSM space utilization and facilities Master Plan Study

After a presentation by COM-FSM on recommendations for development of facilities at all campuses for the next 15 years the SNLC agreed to:

- Express their support for improving facilities at all COM-FSM sites according to the plan; and,
- Direct COM-FSM to formulate strategies for funding facilities development at all COM-FSM sites and to submit them to the Leaders for consideration at the next SNLC.

#### State Issues Burden Sharing

While State leaders thanked the National Government for transferring some of its share for Compact sector grants to the State Government they said that it was not sufficient to make up for the cuts they had made in their Long Term Fiscal Frameworks due to the Compact decrement. Kosrae State suggested that the current formula for sharing local revenue should be revised to allow the States to receive 70 percent of local revenue.

SNLC agree to continue discussions on that matter at later SNLCs.

#### State Issues--\$2 billion China concessional loan to the Pacific Region

State Leaders inquired about the modalities of accessing the China concessional loans of US \$2 billion. The SNLC was informed that US\$1 billion will be available through the China Exim-Bank and the other US\$1 billion will be available through the China Development Bank for business oriented activities. The Leaders also noted that the Chinese Government has pledged approximately US\$30 million in grant assistance to the FSM.

#### Information and updates

##### 2012 Investment Facilitation Symposium

The FSM's Department of R&D told the leaders that they have undertaken several actions to address the challenges identified by the participants of the Symposium. They said that an FSM Investment Guide will be finalized by the end of the year. The R&D website has been completely redesigned. Development of



Secretary for Resources & Development Marion Henry

time standards are underway at the FSM Supreme Court for hearings before the court. The department has submitted assistance requests to the IFC-World Bank Group and the Asian Development to review and harmonize the five investment regimes in the FSM and to conduct a survey of FSM "highly-skilled" citizens and entrepreneurs who currently reside overseas.

FSM Department of R&D is also supporting the Bank of Guam in organizing a Finance and Business Conference that will take place in Pohnpei on June 12 and 13.

#### Overseas Development Assistance

After an update by the FSM's office of SBOC the Leaders noted that the Nation needs to agree on clear priorities that are aligned with the various Strategic Development Plans and also to avoid submitting conflicting requests to Development Partners.

#### Telecommunications Bill

Earlier this month the World Bank announced that the FSM and Palau would have to wait for the funding proposal for Yap and Palau fiber-optic connectivity under WB's International Development Assistance 16 plan. FSM Congress passed the Telecommunications bill just in time to access the funding. According to highly placed FSM sources Palau still had work to do in order for the two countries to access the funding that would have landed a fiber optic cable in Yap and in Palau.

SNLC reaffirmed the decision of the 4th SNLC of February 2012 that recognized the importance of telecommunications services to the social and economic development of the FSM.

They asked whether or not O3B connectivity would constitute a viable option. That question will likely be answered before the next SNLC as the service is scheduled to go online within the next few months. The Cook Islands telecommunications provider which has been testing the system has called it "fiber from the sky".

#### Airline and Air Niugini

The TC&I presentation said that of the solutions the latter appears to be the most feasible for immediate commencement of service.

An "Our Airline" flight arrived in Pohnpei last week and proponents have been discussing the possibility of a North-South route that might be able to be serviced by the airline. Negotiations are underway according to closely aligned sources.

SNLC "agreed to direct the Airline Taskforce to conduct a cost/benefit analysis of the various options presented at the 7th SNLC, with a view to allow the Leaders to make informed decisions before the next SNLC".

#### Miscellaneous Issues

The SNLC has endorsed the Foreign Affairs plan to host the Pacific Islands Forum in 2016 since that will be the 30th anniversary of the FSM's independence.

FSM Chief Justice Martin Yinug briefed the SNLC on the FSM Supreme Court's five year strategic plan and the ongoing initiatives to enhance the business climate in the FSM, including the time standards, posting of court's decision on the FSM Supreme Court's website, and developing annual reports.

The SNLC will meet next in Kosrae. The date for those meetings were not in the communiqué.

#### Airline Taskforce

FSM Department of TC&I (Transportation, Communications, and Infrastructure) said that the work of the Airline Taskforce to enhance air service connectivity to and from the FSM has yielded three possible solutions:

- Procuring of Y-12E aircraft for Caroline Islands Air. Those aircraft are expected to be delivered in April 2015;
- Establishing Micronesia Airways; and
- Utilizing the services of Our

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# President Mori delivers his State of the Federation address to Congress

As constitutionally required, President Manny Mori delivered his State of the Federation Address to a packed Congress chamber and also to an international audience via live Internet streaming—

Mr. Speaker, I am honored and humbled to appear before you for the last time, once again fulfilling my Constitutional duty to report to you and the people on the State of our Nation.

"Micronesia began in the days when man explored seas in rafts and canoes. The Micronesia nation is born in an age when men voyage among stars, our world itself is an island."

These inspiring words from the Preamble of our Constitution constitute the very foundation of our nation and our voyage through time. In the spirit of the Preamble of our Constitution, please allow me to reflect on where we were, where we are, and where we are heading as a nation.

Mr. Speaker, together, we have achieved many, but not all of the goals we set seven years ago. Yet, as I stand before you in this Chamber, I can surely say that we are not yet done in pursuing a course of action that will enable our young nation to achieve self reliance and economic prosperity.

## WHERE WE WERE

Seven years have passed since I first stood before you and delivered my first State of the Nation address. At that time, much was going on around the world.

Technological advancement in telecommunications was taking the center stage as companies like Apple produced its first generation of smart phones. The price of crude oil began to increase to about \$67 a barrel and is now approximately \$110 a barrel. The global economy was in a state of crisis, especially the financial markets.

Given these uncertain times in the global economies, we were compelled to formulate critical reforms in our financial systems to safeguard our financial resources.

At home, our Gross Domestic Product per capita was \$2,290. Employment in the private sector continued to be sluggish affecting the overall growth of our economy. Our investment funds were about \$18 million. Collection of national taxes totaled to \$22 million. Our infrastructure especially electricity, roads, bridges, airports, schools and dispensaries, needed major repairs.

That is what the world looked like, both at home and abroad, in the year 2007.

As I declared in my first inaugural address, "we hope that after we leave office, we will have left behind a better foundation for those who follow." Vice President Alik and I have done our best to achieve the goals of this administration.

Mr. Speaker and members of Congress, history will show that despite our differences, we acted with purpose, each of us driven by our own convictions. Nevertheless, we have remained steadfast in our determination to tackle our nation's most difficult challenges. Together we have achieved a great deal through our collective decision making.

Seven years is too short a time to implement and complete the construction of the necessary infrastructure facilities that are needed to help improve on the foundation of our nation. With the support and endorsement of Congress, we have formulated our policies for energy, Overseas Development Assistance, Information Communication Technology, and began updating our Infrastructure Development Plan.

We created the Federated States of Micronesia Petroleum Corporation, also known as FSMPC, which is doing well these days in terms of providing steady supply and reasonable prices



of petroleum products to our people.

Through our collaboration we created the Corporate Registry Program, now managed by the Micronesian Registration Advisors, Incorporated, also known as MRA. A sizable amount of revenue has been realized by this program since its inception, and we are very optimistic that the revenue will increase significantly in the future.

These are some of the policies and programs being developed to support our efforts in promoting development of the priority sectors identified in our Strategic Development Plan.

Mr. Speaker, these are some of the main activities we have undertaken since I took office seven years ago. Allow me now to move on to our present preoccupations.

## WHERE WE ARE

Mr. Speaker and my fellow citizens, as we gather here today, I am pleased to note that we have reached an important milestone in our journey as a people and as a nation. The winds of change are blowing our way.

The advances in technology continue to influence mankind and shape the world. The geopolitical issues in our region are gaining more attention. And, the inevitable challenges being brought forth on our islands by the impacts of Climate Change have continued to dominate the global agenda.

The diversity of our cultures enriches us and makes us stronger. Our cultures must be integrated into our education system. Similarly, our environment must be nurtured because, together with our culture, they underpin our sustainable economic development.

While we still have a year of hard work ahead of us, I wish to offer my views on the state of our current preoccupations - where we are now.

I spoke earlier of some of the economic

indicators that are normally used to measure the work we have done to date. Today, with the realization of our efforts in implementing the necessary reforms in our financial systems, the collection of our national taxes has reached \$27 million in 2013, a net increase of \$5 million. The GDP per capita increased to \$2,387. This slight increase in the per capita income indicates that the standard of living is improving gradually since 2007.

The total value of our investment funds is over \$36 million doubling the value in 2007.

In previous years, the annual growth of our operational budget was averaging 5%. Today, we have been able to reduce that growth to 2%.

The employment rate has improved since we began implementing some of our major infrastructure projects in education, health, and airport facilities. We will increase employment of our citizens as we accelerate construction of projects to be funded by our bilateral and multilateral donor partners.

Our work today will determine how committed we are in improving the foundation of this nation. I have presented to this august body several initiatives that I believe can contribute significantly to the improvement of the quality of life for our people.

These initiatives include improvement of facilities and air services to the outer islands, the seaport facilities in Pohnpei State, a national medical referral center, and outer island fuel sites to assist in shipping, tourism, and surveillance of our waters. I seek your support for these improvement projects.

I also thank Congress for appropriating funds for the 03B satellite and for the upgrade of our cell phone services to 3G, both of which will be in service this year. The 03B satellite is a

temporary service while we await the installation and completion of the fiber optic cable.

It is clear to all of us that our financial reforms have produced accurate financial reports for both the national and state governments. In previous years, audits of all five governments had major citations. Now all five governments have unqualified audits with minor citations.

I also thank our development partners for their roles in this major undertaking and congratulate all the hard-working staff who made this possible. I urge them to continue with their exemplary work.

All of the four state governments have formulated Long Term Fiscal Frameworks, also known as LTFF, in light of the declining allocation of the Compact sector grants. Concurrently, the National Government has developed and put into action a burden sharing arrangement with the state governments.

One of the arrangements includes the distribution of most of the national sector grant money to the states, except for the portion given to COM-FSM and the Department of Education. I continue to urge the state governments to invest the funds they received from the burden sharing arrangements into the Compact Trust Fund.

Mr. Speaker, I thank you and your colleagues for appropriating funds into our FSM Trust Fund, which is part of our long-term burden sharing commitment to the states. We all should be proud of this joint undertaking. The current FSM Trust Fund balance is approximately \$21 million. If we continue to invest \$5 million into the fund each year for the next eight years, we can achieve our target balance of more than \$60 million by 2023.

To maximize the benefits that this Fund can provide to our people, I urge Congress to further amend the purpose of the FSM Trust Fund law to include the use of this Fund for emergencies and catastrophes. I will submit to this Congress the necessary amendment to achieve this objective.

Our social security system is an essential program that helps retirees and their beneficiaries. However, in recent years the system has experienced serious financial difficulties. Since 2009 the national government has invested \$1 million per year in the program to sustain the system in the short-term. Its long-term survival depends on our ability to grow the economy and increase employment.

We should be proud that our decision to invest \$1 million per year for the past five years has enabled the fund corpus to grow by an average of 5.5% per year. I strongly urge Congress for its continued support for this program.

That is the picture of the state of our nation from where we were in 2007. Let us now focus more closely on the major activities that are currently being undertaken by our government.

I envisioned one nation of many islands engaging in a reliable and affordable Telecommunications Network System. Telecommunications is the means connecting us with our communities, between our many islands, and to the global community. It is the way to empower our citizens and promote sustainable social and economic development.

While we appreciate the past achievements of our Telecom Corporation, more improvement was needed. I thank Congress for the new law liberalizing the telecommunications sector.

This new telecommunications law fulfills World Bank's requirement for us to access funds that will enable nationwide connectivity. It will also substantially improve our infrastructure; promote tourism, commerce, health, and education;

*Continued on next page*



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We have installed early warning systems in most of the outer islands. They provide to the most vulnerable communities the means of transmitting and receiving messages and information pertaining to a disaster.

I thank Congress for passing the Climate Change Act which will strengthen our legal framework dealing with national disasters and environmental degradation.

Mr. Speaker, the 2023 Planning Committee has completed the assessment of the Compact Trust Fund shortfall and its impact on both the national and state governments' budgets. This assessment confirms all previous assessments that the Trust Fund will be short by more than \$600 million by 2023.

Recently, the Committee completed consultations with all state governments and the private sector. The goal of the consultations was to identify structural reforms and projects needed to stimulate growth in the private sector.

By October of this year, the Committee will finalize the Action Plan that will provide a roadmap in accelerating growth of our economy. On the international front, current world events, such as the nuclear threat posed by

North Korea, and the continuing conflict in the Middle East, are reshaping the role that small island states like ours will play.

The special relationship we have with the United States exists because of our mutual security interests. Once again, I extend our profound gratitude and appreciation to all our young men and women serving in the United States Armed Forces. I wish also to pay tribute to those who have made the ultimate sacrifice.

We will continue to conduct our foreign relations based on international norms and principles within the limitations of our resources so that we can further strengthen relationships and become a productive partner to all our friends and neighbors.

In light of the expiration of our financial assistance from the Amended Compact of Free

Association after 2023, it is imperative that we put more emphasis and effort into our economic diplomacy. This will enhance our ability to engage constructively with our development partners.

To complement our engagement strategy, acquisition of real estate property for our embassies in New York, Tokyo, Beijing, and the Consulates in Hawaii and Guam is necessary. This is in line with our long term investment strategy and reaffirms our commitment to our development partners.

We must continue to improve consular services in order to enhance assistance to our citizens living abroad.

I urge Congress to support the \$1 million in the proposed FY 2015 budget for membership in

the Pacific Island Development Bank. Through the loan facilities of the Pacific Island Development Bank, our citizens who are living in the United States can access financial support to own businesses, provide employment to our citizens, and provide outlets in those markets for the export of our products.

Mr. Speaker and my fellow citizens, please join me in extending our profound and sincere appreciation to our donor partners for all the generous support they have provided toward our nation-building efforts.

While we have not yet realized all our goals, as Winston Churchill stated, and I quote, "Success is not final, failure is not fatal. It is the courage to continue that counts."

My administration is continuing to pursue a course of action that will further strengthen the foundation of our country for those who follow. This continuing course of action includes:

1) Completion of the Tax Reform Project in all four FSM States in order to reap the expected benefits that will be derived for the entire nation; but more importantly, to minimize the impacts of the expected budget shortfalls.

2) Decreasing our dependency on fossil fuel oil through the increased use of renewable energy; increasing the efficiency of power generation; and, conservation of energy. This will reduce energy costs to our people and at the same time attract new private sector investments.

3) Continuing the implementation of the telecommunications liberalization law so that we can provide affordable and effective telecommunications throughout our nation; and,

4) Providing assistance to the private sector in the development of in-shore fisheries such as aquaculture; shore-side facilities for fish processing; and, agricultural products such as coffee and pepper production. This is in line with our policies to promote exports and import substitutions.

I will submit to Congress a proposed measure to establish an Investment Development Fund that will stimulate private sector growth by complementing financing currently being provided by the financial institutions and our donor partners.

#### WHERE WE ARE HEADING

Mr. Speaker and my fellow citizens, allow me to share with you my personal views on how we can move our country forward. These views are based on my experience as your President for the past seven years. I am honored that in the short history of our nation, I am the third person to have been given the privilege of serving two terms as President.

Charting our way forward will continue to be a difficult and challenging task. Developing a sustainable economy has taken over 30 years of hard work and yet we are no closer to the goal of economic self-reliance.

The slow growth of our economy can be attributed to our own governmental structure that has contributed to a bloated bureaucracy at all levels of government.

To ensure national unity, our founding fathers decided to share the responsibility of regulating foreign direct investments with the state governments. This shared decision making arrangement at the national and state governments has contributed to the lack of private sector growth and frustrated our efforts of attracting foreign investment.

We can repeal the existing law which shares interstate commerce regulation with the states or amend the Constitution and deregulate foreign investment. I will submit to Congress the necessary legislation to repeal the existing law regulating foreign investment in this country. We must act now to accelerate the growth of our economy before 2023 and beyond.

The loose federation concept of government has outlived its national purpose. For the past 35 years, we have fallen short of making sound decisions on important matters based on the nation's genuine interests.

After 35 years, it is time for our people to directly elect the President and Vice President. This change will promote more constructive engagement between all branches of government and strengthen our democracy.

The solutions to these fundamental issues require amendments to our Constitution. Therefore, I ask for your support for enactment of the bill pending before Congress calling for a Constitutional Convention.

Mr. Speaker, Abraham Lincoln once stated, and I quote, "I am a firm believer in the people. If given the truth, they can be depended upon to meet any national crisis. The great point is to bring them the real facts."

The real fact is that we have a lot to do in order to prepare our nation for 2023 and beyond. Our people must know, understand, and participate in meeting this great challenge. Government

reforms alone are not enough. We must work together to grow our economy through the private sector.

Mr. Speaker, on occasion we have disagreed on certain issues facing our nation. Despite our differences, we have achieved many of our goals and objectives we set out to accomplish seven years ago. For this, I thank you and all members of Congress.

On a very personal note and in memory of my late wife Elina, my 9 year old daughter Merriam, and the six brave young men who died in support of my political career, I thank them and their families.

To my wife, Emma, and our children, I extend my sincere appreciation for their support and understanding.

I thank all our people for supporting me throughout all the years that I have served as a public servant and as your President.

Recognizing that this is my last State of the Nation address, I wish to leave you with these parting words: I humbly ask that we renew our efforts and work together to allocate our limited financial resources to the priority needs of this nation.

We must always be mindful of the need to ensure long-term benefits when allocating public funds. We are less than a decade away from the year 2023 when Compact funding will terminate. Let us unite and work together to move this nation forward.

As Leaders, we are all elected to carry out the people's business, not to promote our own personal interests. This is the mandate given to us by our people and is the essence of our oath of office.

Let us build a nation worthy of the vision of our founding fathers. Let us work together, "with heart, voice and hands", to make our nation stronger and our islands another promised land.

God bless you all, and may God bless the Federated States of Micronesia.

## FSM Finance and Business Conference

on Thursday, June 12, 2014  
and Friday, June 13, 2014

at the FSM-China  
Friendship Sport Center  
in Palikir, Pohnpei.

Learn more about business financing, economic conditions that affect financing, as well as ideas to grow your business with sound business practices from local and visiting financial experts who are interested in helping you succeed!

## SAVE THE DATES!

Thursday, June 12, 2014 and Friday, June 13, 2014



**Veterinary Services will be available in Pohnpei on the following date:**

**July 4 - 6**

Pacific Island Veterinary Services - Micronesia (FSM)  
pacificislandvet@hotmail.co.uk

## IFCP holds cooking demonstration

By *April Turner*

*Island Food Community of Pohnpei*

Winner of several categories of the World Food Day 2013 Recipe Contest, Wanpen Ordonez, kindly demonstrated several processed food recipes at a small workshop in May.

Recipes such as Fruit Leather, Banana Candy and Breadfruit or Giant Swamp Taro pasta were taught and tasted! All of these recipes used mainly local food ingredients and are appropriate for selling to the public as they have a long storage life.

Participants were very interested in Ms. Ordonez's skills and knowledge. Thank you to Wanpen for volunteering!

These and more recipes can be found through the IFCP website [www.islandfood.org](http://www.islandfood.org)

Names of participants

Lidihna Soaz  
Emerihka Emihl  
Latoya Jimmy  
Susan K. Ehmes  
Mitsuko Mori  
Toshiaki Sugiura  
Marcus Handy  
Dohn Kilmede  
Yoshimi Iwamoto  
Rita M. Lebehn  
Resihna Suldan  
Joyce Ioanis  
April Turner

### Breadfruit & Taro Pasta

#### Ingredients

1C cooked breadfruit, finely mashed  
2T local green spinach, cooked & pureed (water squeezed out)  
1T oil  
1 ¾C flour (plus ½ cup for dusting)

#### Method

1. Wash hands well
2. Add breadfruit, spinach, oil and 1 ¾ cup flour in a medium bowl
3. Mix with a wooden spoon first, then by hand until well combined. If wet, add a little more flour
4. Cover with clean cloth and rest the dough for 10 minutes
5. Cut dough into 3 equal pieces, make a ball and roll the dough out 1/8 inch thick with a rolling pin or round, clean empty bottle. Cut the pasta with a knife to desired width
6. Dry the pasta hanging from a clothes line. Can be stored in a cool, dry place for a long time then cooked in boiling water
7. Fresh pasta can be cooked in boiling water, until it comes to the surface. Drain in a colander



*Wanpen Ordonez teaching fruit leather preparation*



*Dried pasta made from breadfruit and giant swamp taro*

## Y2Y Environmental Fair

By *Island Food Community of Pohnpei*

Environment, Economy & Food Security) with their peers at the Fair.

IFCP has been working with 6th graders at St. Paul's School throughout the semester for the Conservation Society of Pohnpei Youth-to-Youth program which culminated in an Environmental Fair in May. The students shared their learning on the CHEEF benefits (Culture, Health,

The students said they really enjoyed and learnt from the Marine Protected Areas skit and the soil quality presentation. This shows that peer-to-peer education is excellent method of imparting knowledge and working towards behavior change.



*St Paul's Students at Y2Y Environmental Fair*

# TUNE IN TO POHNPEI'S #1 RADIO

# PARADISE RADIO

## Letter to the Editor

*Dear Editor,*

It was quite painful for me to read your article on the Sea Cucumber Project. These types of foreign businesses must think Pohnpeians are some of the most gullible people around. Where in the world, obviously besides Pohnpei, where a foreign business can go in and just start doing business without obtaining the proper permits and licenses. Can I go to Guam and just start taking their sea-cucumbers or other natural resources without permits? Are we lesser of a man than Mr. Son is? If not, then why does he feel he can break our laws? Is it because he knows he will get away with it? When are we going to learn that these people don't have our interest at heart? How many times are we going to get screwed over before we wake up? If a Pohnpeian fisherman is found fishing in our MPAs he will surely get arrested because he has broken a state law. But if a foreign businessman and an elected official blatantly break the laws of the state, they are left alone with no repercussions. Where are the authorities on this?

A chief executives' primary role is to uphold the laws of his municipality and the laws of the state – Mr. Ringlen swore to this when he took oath of office. It is his responsibility to make sure that he only engages in business that is established/operating legally – he cannot say he was not aware if proper permits were obtained by Mr. Son. That is irresponsible behavior from a man who is entrusted by his whole municipality to uphold the laws.

If every person on this island decided that they do not have to follow the laws of the state, what is to become of us? Have we become a free for all state? Can I just go now and start selling any public resource because the people in my village need the money? Do I no longer have to obtain permits and licenses from the proper authorities? Are we in 2014, or did I just wake up and we are back in 1014? Solahr koupwel Pohnpei?

*Willy Kostka*

# Pohnpei Fishing Club 21st Annual Tournament

## Pohnpei Fishing Club

Most clubs are lucky to reach a tenth anniversary but the Pohnpei Fishing Club has reached 21.

The 21st annual tournament was held on May 9 and 10. We had a big crowd of boats participating with 16 entries. The weather was reasonably cooperative but it was still wavy and rugged. It took a while to find some fish, but some of our big winners were able to locate them, usually where it was rough as guts.



Above: Christopher Cruz - Tournament first place winner. Below: Walden Weilbacher - second place tournament winner



The big prizes went to point fish caught by an individual angler. If it didn't qualify as point fish it didn't count. Some of our winners had several big fish to their credit.

Point fish qualify as follows, Marlin-100 pounds, other billfish-50 pounds, Wahoo-20 pounds, Barracuda-20 pounds, Yellow Fin and other tuna-20 pounds, Giant trevally-20 pounds, Mahi Mahi-15 pounds, Skip Jack tuna-15 pounds, and Rainbow Runner-8 pounds. For a qualifying fish you get one point per pound.

Every boat that registered was a winner also. Each received a case of

### FISH POINTS

1ST PLACE- CHRISTOPHER CRUZ- Happy Hookers - 334.5  
2ND PLACE- WALDEN WEILBACHER- Pelagic- 154.5  
3RD PLACE- ANTHONY MANUEL - Frenzy-152.0  
4TH PLACE- MARY TRETNOFF- Boat-87.0  
5TH PLACE- PAUL SIMON - Team Cupid-71.8

### BIGGEST SPECIES

#### BILLFISH

1ST PLACE- WALDEN WEILBACHER-Pelagic - MARLIN 154.5  
2ND PLACE- MARY TRETNOFF- Boat - SAILFISH 48.5

#### YELLOWFIN -

1ST PLACE- CHRISTOPHER CRUZ-Happy Hookers - 110.0  
2ND PLACE- CHRISTOPHER CRUZ- Happy Hookers- 89.5

#### WAHOO

1ST PLACE- MARY TRETNOFF-Boat- 45.5  
2ND PLACE- MARY TRETNOFF-Boat- 26.0

#### SKIP JACK

1ST PLACE- WESTCOTT PANUELO -Black Pearl- 12.0  
2ND PLACE- WESTCOTT PANUELO - Black Pearl-11.5

#### MAHI MAHI

1ST PLACE- WESTCOTT PANUELO-Black Pearl- 32.5  
2ND PLACE- PAULY SULDAN -Pelagic- 24.5

#### BARRACUDA

1ST PLACE- AARON NIGHSWANDER -Luhken Sed- 31.5  
2ND PLACE- BILLY DAKANO- Two Dragons- 17.

#### GIANT TREVALLY

1ST PLACE- LUCY PANUELO -Fate- 12.0  
2ND PLACE- PATRICIA PANUELO- Fate-10.0

#### RAINBOWRUNNER- KAIVON SOHL -Sokehs Tour 1- 2.5

#### JUNIOR ANGLER

1ST PLACE - DAMIAN SEMES LOHN-Pelagic

2ND PLACE - DANE NIGHSWANDER-Luhken Sed

### Prize

R/T ticket Guam plus \$200.00  
R/T ticket Guam plus FSMTC cellphone \$300.00 plus FSMTC cellphone  
\$200.00 plus FSMTC cellphone  
\$100.00 plus FSMTC cellphone

Ace Hardware \$100.00 GC  
Blue Nile \$25.00 GC

Ace Hardware \$100.00 GC  
Blue Nile \$25.00 GC

Ace Hardware \$100.00 GC  
Blue Nile \$25.00 GC

Ace Hardware \$100.00 GC  
Blue Nile \$25.00 GC

Ace Hardware \$100.00 GC  
Blue Nile \$25.00 GC

Ace Commercial \$100 GC  
Blue Nile \$25.00 GC

Ace Commercial \$100 GC  
Blue Nile \$25.00 GC

Ace Commercial \$50.00  
Panuelo Gas \$50.00

Panuelo Gas \$50.00

Blue Nile \$25.00 GC

Panuelo Gas \$25.00

Blue Nile \$25.00 GC

Budweiser, and free tournament t-shirts Parts, and Ace Office Supplies. from Ambros, Inc.

We had a lot of great sponsors helping us out. Big thanks go out to Ambros, Inc and Budweiser, LP Gas, Bank of FSM, Bank of Guam, Ace Hardware, Ace Commercial, Etscheit Enterprises, Blue Nile, Panuelo Gas Station, FSM Telecom, Pohnpei Surf Club, Panuelo Enterprises, MCS Pohnpei, Pacific Training and Technology, Napa Auto

Big thanks to the people who helped out, including Bill, Paul, Tina, Praise, Darsy, and Uta with the barbecue for the library, and also all of Kumer's guys who helped out.

Also thanks to Kumer and Mangrove Bay for making their facilities available.

Our next tourney is Petrocorp in June. See you there.

## Congress convenes for budget session and pressing issues

### Congress Information Services

May 17, 2014

**PALIKIR, POHNPEI** - The Fourth Regular Session of the 18th Congress of the Federated States of Micronesia convened in Palikir on Monday, May 12 to begin the review process for the National Government budget for Fiscal Year 2015 and other matters pending before the Body.

Along with the 2015 National Government Budget, Congress is expected to address certain issues that have become of serious concern to the Body. Primary among the concerns are: the management and operations of the National Oceanic Resource Management Authority (NORMA); the impending deadline of May 31st for the Nation's Tax Reform efforts; and the recently passed measure to liberalize the Nation's telecommunication services.

After the morning's formalities of convening a Session, the rest of Monday was devoted to an oversight public hearing by the Congressional Committee on Resources and Development (R&D) with NORMA and its management to review the Authority's general management and that of its Board; NORMA's interactions and general arrangements with partners and stakeholders; and other fisheries related issues. The Committee on R&D continued its review all afternoon the following day with NORMA's Board of Directors.

During Tuesday's morning session, Members requested an update on the progress of the Nation's long-dragged out Tax Reform in light of the approaching deadline extended from March 31, 2014 to May 31, 2014. The deadline or "sunset clause" as it is often referred to was originally set for April 19, 2013 but it has since gone through two extensions with PL 18-16

being the fourth and latest.

The extension had, during the last session in March, elicited intense floor discussion with Members in discord over another extension in what they said had been an agreement among the National and State Leadership in 2005 for Congress to take the lead to establish the national mechanisms for, an overhaul of and reform to, the existing tax system in order for the states to follow suit. Congress had gone through years of grueling legislative process to establish the suitable mechanisms and passed the first measure in 2011 with PL 16-75 which established a national tax authority and a year later passed PL 17-50 to establish a uniform tax legislative mechanisms among all five governments and placed a timeline or sunset clause to launch the Nation's unified tax reform system. The sunset clause had since then been extended three times.

Although some Members had questioned the rational of another extension and whether the states' hesitation was a subtle nod to their level of commitment, the strong support by some Members and persuasion by other Members eventually enabled the fourth extension of the Tax Reform deadline.

The clause had then been extended for another 60 days on the premise that the Tax Reform Task Force would endeavor to find workable solutions, even if it means removal of personnel from the Task Force, in order for all states to be on board.

With last session's discussions still fresh on their minds, Members raised their concerns during the Tuesday morning session on whether there is progress by the states on the impending deadline and requested the committees with jurisdiction to have the task

force update Congress on their efforts.

The final issue of major concern to Congress was brought up by Speaker Dohsis Halbert when he expressed his disappointment with the seeming misinformation given to the Congress regarding the recently passed Telecommunications Act.

Speaker Halbert stated that the Congress will hold oversight hearings to find out why the Executive Branch previously requested passage of the Telecommunications Act as a matter of urgency in order to utilize a grant to build modern infrastructure for the Nation, specifically a fiber optic cable. At their request Congress accelerated its efforts and passed the Act just to be advised later by that fiber optics would not be part of the World Bank grant and instead the grant would be applied towards renewable energy. The appropriate committees were tasked to hold oversight hearings to understand how this was allowed to transpire.

Members were in accord with Speaker's statement and echoed the request for oversight hearings with the Executive Branch.

Congress went into recess after Wednesday's session to allow the committees to address the national budget along with pressing issues within their jurisdictions and is scheduled to reconvene on Monday - May 19, 2014.

The Speaker's statement in its entirety is as follows:

#### The False Start

As we approach the Micronesian Games in July, I am reminded of a problem that occasionally occurs in track-and-field: the problem of a false start. Sometimes a runner is so excited that he anticipates the starting gun, and runs down the length of the field, giving his all and the performance of his life, before

discovering that this run is disqualified because of the false start. He has to start the race all over again, but this time his energy is spent, and he cannot perform as before.

This country has just given the performance of a lifetime, giving its all to pass a telecommunications liberalization bill. It was difficult, hard to understand, politically divisive, but we did it, with the hope to receive a grant to build a modern telecommunications infrastructure for the nation, especially a fiber optic cable for Yap. Now we are told that it was a false start. Fiber optic is not coming. Instead we should get ready and work toward a grant for renewable energy. Under the circumstances, what kind of performance can this country and this Congress, their energy spent from the fiber optic race, be expected to provide?

We are now informed that this plan B was in the work for months, just in case. But why was Congress NOT told that there was this alternative? We were told instead that it was fiber optic or bust, that the time for alternatives was over; that people had been working for three years on the fiber optic project. Was it a lie, a deliberate deception, or a farcical show of incompetence? Congress will hold oversight hearings to find out. In the meantime it is fair to say that credibility is now in short supply, which does not bode well for the second performance. I have said it before and I will repeat. The bedrock of government work is trust. We need to trust each other. Where trust is lacking decisions become difficult. We may be in such a situation. I came to this session expecting jubilation for work well done. I am afraid this may not be the case and more toil is ahead.

Thank you very much.

# Congrats to Terisa Joel on achieving her Master of Education



Terisa Joy Joel, the daughter of Pastor and Mrs. William Joel and a 2002 graduate of Calvary Christian Academy on Pohnpei, has finally earned her Master of Education from Bob Jones University, SC--a Christian liberal Arts College. She received her BA from the university in 2004 and returned to Pohnpei to teach at CCA. After two years of teaching high school English and History, she decided to pursue a Master degree in education at her alma mater.

Half-way through her studies, the school told her that the rest of her courses are offered only on-line. Fortunately, she was qualified for a scholarship that was offered only to students from "third-world countries". After investigating FSM employees' minimum wage, the school awarded her the scholarship. Upon returning home, she asked if she could teach only one or two classes, so she could work on her master degree on-line. Her father the administrator allowed her on the condition that she remains on the staff after receiving her Master of Education.

# WE NEED YOUR SUPPORT CONSERVING A MILLION SQUARE MILES OF THE PACIFIC OCEAN

*One People One Reef*

May 27, 2014

On July 7-11, 2014, scientists from One People One Reef (OnePeopleOneReef.ucsc.edu) and islanders from the western Pacific will come together to discuss culturally sensitive marine conservation approaches for part of the Federated States of Micronesia's exclusive economic zone of more than a million square miles. The goal is to develop management plans that combine modern marine science with traditional practices. Addressing vital issues of food security and self-sufficiency, it will be one of the most important events in the outer islands since World War II. The workshop will be held on Ulithi Atoll in Yap State. The success of this work will affect the health of the world's largest ocean.

"Our goal is to listen to, learn from, and provide information to the islanders so they can make their own decisions, not to push an outside agenda or represent external interests," said Nicole Crane, project leader of One People One Reef. "The islanders want to expand this project to more outer islands in Yap state - but we need funds to expand its reach. Your contribution of any size will help make a difference," at [www.indiegogo.com/projects/sustainable-oceans-micronesian-outer-islanders-hold-a-key](http://www.indiegogo.com/projects/sustainable-oceans-micronesian-outer-islanders-hold-a-key).

Micronesia's unique marine environments were the site of director and National Geographic Explorer James Cameron's 2012 record-breaking dive in the Deepsea Challenger to 35,787 feet in the deepest place on the planet.

Supported in part by The Nature Conservancy and government of Yap State, the workshop will draw on early results obtained over the past three years of expeditions to the communities of Ulithi Atoll by the scientists of One People One Reef. Some communities have already adopted management plans such as limiting damaging night spearfishing, abandoning the use of gill nets, and monitoring fish catches to track population sustainability.

About One People One Reef: Based in Santa Cruz, California, and Ulithi Atoll, Yap State, FSM, One People One Reef is a team of scientists and outer islanders working together to keep the reefs, culture, and people of the Micronesian Outer Islands healthy. The team has collected ecological survey data and interviewed community members each summer since 2010. Reports on the work and results obtained to date are available at [OnePeopleOneReef.ucsc.edu](http://OnePeopleOneReef.ucsc.edu).

**Improving Island Life...**

**Guam**  
Ulithi  
Fias  
Woleai  
Houk  
Onoun  
Chuuk  
Pohnpei  
Ta  
Sapwuahfik  
Pingelap  
Kosrae  
Kwajalein & RMI

**KAMAGAR!**  
**KINISOU CHAPUR!**  
**KALAHNGAN!**  
**KULO MA LULAP!**

**Yap**  
**Kosrae**

**United**  
**Caroline Islands Air**

**FAA GRANTS & MATCHING FUND SUMMARY (2004-2012)**

**PROJECT FUNDING**

State	Funding
Pohnpei	\$66.8M
Yap	\$32.2M
Chuuk	\$18.2M
Kosrae	\$50.5M

Under FSM President Mori and the FSM Airline Taskforce and the US Federal Aviation Administration:

- \$180M has been invested
- Generated \$4M in local tax revenue
- Provided over 150 local jobs
- Significant training of FSM Inspectors, Engineers, and skilled workers

LYON has been working in FSM since the 1970's and has had the privilege of being a part of these major improvements.

**Frank Lyon, Jr., P.E.**      **Jim Lyon, P.E., LEED AP**

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