

JEMCO Resolutions  
August 2004

Meeting Rules

JEMCO resolves to adopt [the following] rules which will take effect for any specially convened meeting in Fiscal Year 2005 and which will apply thereafter to all meetings held in preparation for and during subsequent fiscal years that the amended Compact remains in force unless otherwise amended. *(Rules on file.)*

Web Publication of Procurement Bids

JEMCO resolves that in addition to advertising bids in accordance with FSM procedures, rules and regulations, absent special circumstances as described in such procures, rules and regulations, the FSM shall advertise bids on the free web service of the Office of Insular Affairs for procurement in excess of \$100,000 that is funded under the Compact.

Land Use

JEMCO expresses its concern over the environment associated with the purchase or lease of land, including problems with determining fair market value, obtaining clear title and avoiding real or apparent conflicts of interest.

JEMCO resolves to explore the creation of a joint working group to address these aforementioned concerns and to enhance the investment environment in the FSM. *(The working group's purpose would be to address problems with land purchases and leases.)*

JEMCO resolves not to approve the use of Compact funds for the purchase of land and lease payments in Fiscal Year 2005.

JEMCO resolves not to approve the use of Compact funds for payments toward pre-existing land purchase arrangements or leases.

Compliance

JEMCO resolves that the US and FSM grant administrators and grant managers should meet, as soon as possible, to discuss and resolve budgeting, financial and performance reporting discrepancies, and hold a structured instructional workshop.

JEMCO resolves that it reaffirms the critical importance of grant administration as set forth in the FPA.

JEMCO reaffirms that the Government of the FSM is responsible for ensuring compliance by all its sub-grantees and for taking appropriate steps to remedy instances of

non-compliance. JEMCO resolves that the FSM National Government is deemed accountable for compliance failures of its states.

#### Measuring Performance Progress

JEMCO resolves that the selection of appropriate performance measures by the FSM remains a critical step in developing a useful progress reporting system. JEMCO resolves to require, as a special condition of Fiscal Year 2005 funding, the submission of measures of program outcomes for all sectors, with baseline data, that are consistent over time, verifiable, understandable, and easy to report and monitor.

JEMCO resolves that the FSM shall be granted a 90-day extension of the deadline for the submittal to the Government of the United States of the FSM's Strategic Development Plan.

#### FY 2004 Carryover Funds

JEMCO resolves that any un-obligated Fiscal Year 2004 'carryover' balances in the health sector shall be applied to health infrastructure projects which shall be funded subject to the conditions applicable to the public infrastructure grant.

JEMCO resolves that any un-obligated Fiscal Year 2004 'carryover' balances in the education sector shall be applied to education infrastructure projects which shall be funded subject to conditions applicable to the public infrastructure grant.

JEMCO resolves that any un-obligated Fiscal Year 2004 'carryover' balances in the public sector capacity building grant shall be applied to the extent necessary to fund the development of measures of program outcomes for all Compact grant sectors, with baseline data, which are consistent over time, verifiable, understandable and easy to report and monitor.

#### Education Sector Grant

JEMCO approves the Compact education sector budget request of \$27,105,047.

JEMCO reminds the FSM that all requirements in the FPA must be met and financial and performance reports must be submitted every quarter to remain in compliance.

JEMCO resolves that the fourth quarter financial reports must reflect true and accurate expenditures.

JEMCO requests the four state Departments of Education and the national Division of Education to reconfirm the number and language of strategic goals that will be tracked

uniformly and consistently from FY 2005 to make national comparisons possible and to enable reporting of national improvement.

JEMCO resolves that as a special grant condition, the FSM shall deliver to OIA: an inventory of educational facilities by March 31, 2005; an evaluation of the effectiveness of the national student testing systems by March 31, 2005; an analysis of the staffing patterns by November 30, 2004; and an inventory of textbooks by November 30, 2004.

It is the sense of JEMCO that this will require no less than a one-percent set-aside from the total grant allocation on an annual basis. JEMCO resolves to revisit the set aside issue at the next annual meeting.

#### Supplemental Education Grant (SEG)

JEMCO resolves that a SEG performance plan must be submitted to the Office of Insular Affairs no later than September 30, 2004. The performance plan shall include a description of how Fiscal Year 2005 program funds and SEG funds will be managed and reported separately. Until the SEG budget and performance plans are approved, Fiscal Year 2005 SEG funds will not be released.

JEMCO reminds the FSM of explicit language in the FPA delineating the purposes for which SEG funds may be used, and advises that SEG funds must not be used for direct educational services within the Division/Departments of Education.

#### Health Sector Grant

JEMCO resolves to approve a total health sector grant of \$17,078,733. This is a reduced amount from the original request, after moving \$352,000 to the grant for public infrastructure development. *(The resolution also included the proportional share for each of the four FSM states and the national government.)*

JEMCO resolves to apply the following special conditions (to the FY 2005 sector grant):

- (a) Chuuk State: JEMCO disallows \$4,391 in inappropriate charges to the health sector grant for educational support (boarding school feeding program and transportation). Chuuk State has thirty (30) days from the date of the grant award to realign the amount for a purpose specifically linked to its strategic health goals and outcome measures.
- (b) Yap State: JEMCO disallows \$11,500 in inappropriate charges to the health sector for agriculture programs. The grant award for FY 2004 contained an identical disallowance. Yap State has thirty (30) days from the date of the grant award to realign the amount to a public health purpose. JEMCO moves the

\$352,000 budgeted by Yap for hospital renovations to the public infrastructure development grant (as part of the total funding amount available in FY 2005).

- (c) National Government: JEMCO specifies that the \$179,988 earmarked for the physical assessment of health facilities shall not be used for building new facilities or renovating existing buildings. Findings of the assessment shall be provided to the infrastructure development planning committees in all four states for consideration in the FY 2006 budget formulation process. A copy of the report shall be submitted to the Office of Insular Affairs no later than 90 days before the end of the grant period.
- (d) JEMCO resolves that the FSM shall conduct a comprehensive evaluation of the effectiveness of existing primary care systems and expansion plans in all four states, with specific emphasis on dispensaries, community health centers, and rural health. JEMCO resolves that this evaluation must be completed no later than April 1, 2005, and its findings used as the basis for formulating the FY 2006 budget for primary health care. It must cover the areas of dispensary staffing; communications; referrals; infrastructure; transportation; the procurement and distribution of medicines and other essential supplies; and new and in-service training. JEMCO specifies that the startup of new dispensary construction projects for Chuuk State shall be deferred until JEMCO reviews the evaluation results.

JEMCO resolves that the FSM Department of Health, Education and Social Affairs shall, in consultation with the four state health departments, submit an implementation plan and scope of work for the evaluation study within 30 days from the date of the grant award, to the Office of Insular Affairs for review before going forward with the evaluation.

It is the sense of JEMCO that evaluation and monitoring by the FSM will require at least a one-percent set-aside from the annual allocation on an annual basis. JEMCO resolves to revisit this issue at its next meeting.

- (e) JEMCO resolves that the FSM shall provide information on the three health insurance programs in existence for National and State government employees, including (1) a breakdown of costs associated with the programs in Chuuk and Pohnpei; (2) the numbers served by each of the three programs; (3) eligibility requirements; (4) the basis for calculating premiums and/or government subsidies; and (5) capitation payments for private providers, state hospitals and, as applicable, off-island tertiary care facilities. This information shall be submitted to the Office of Insular Affairs within 30 days of the date of the grant award.

### Public Sector Capacity Building Grant

JEMCO approves \$7,538,641 for the Capacity Building Sector grant and reserves judgment on the additional \$431,713 pending approval by OIA of sufficient justification submitted by the FSM National Government.

JEMCO approves the use of amounts allocated for each separate activity that was funded prior to October 31, 2004, pending the receipt of more adequate performance measures. On the same date, OIA must receive a schedule for the delivery of baseline data.

JEMCO does not approve \$200,104 for the Chuuk Public Auditor's Office in FY 2005.

JEMCO confirms the decision by the Anticipatory Task Force in August 2003 to require a transition plan of non-conforming expenses out of the Public Sector Capacity Building Grant over a five-year period and agrees, except to the extent otherwise provided in the foregoing resolutions [*reference to grant allocation decisions*], to the schedule to which the FSM Government has committed for the implementation of that transition plan for all five FSM governments.

### Public Sector Infrastructure Development Grant

JEMCO resolves that infrastructure investment for Fiscal Year 2005 should move towards being funded at not less than 30% of annual Compact grant funding consistent with the sense of the U.S. Congress and shall achieve that level for Fiscal Year 2006.

JEMCO approves an allocation floor of \$33,295,484 (FY 2004 and FY 2005 combined) for the FY 2005 infrastructure sector, subject to approval of individual projects by the Office of Insular Affairs (OIA). JEMCO adds \$352,000 for the project entitled, "Hospital Renovation" in Yap State, to the Public Infrastructure Grant (reallocated from the Health Sector).

JEMCO resolves the OIA shall approve no projects until JEMCO has granted its concurrence in Compact-funded portions of the FSM's Infrastructure Development Plan.

JEMCO resolves the OIA shall deem approved no projects until the FSM National Government has provided OIA with, and OIA has approved a consolidated list of projects in order of national priority, consistent with the Infrastructure Development Plan concurred in by JEMCO.

JEMCO resolves that, as part of the justification of each infrastructure project, the FSM National Government shall demonstrate that the project implementation shall be professionally managed.

JEMCO allocates from the infrastructure sector (FY 2005 allocation) the amount of \$1,000,000 for the initial establishment of a national project management unit in the FSM.

JEMCO resolves that by August 31, 2005, the FSM National Government shall conduct detailed planning studies to determine the infrastructure requirements of the health and education sectors.

JEMCO delegated to OIA the authority to approve individual projects that comply with the FPA requirements and conform to the consolidated list of projects (submitted by the FSM in order of national priority and consistent with the Infrastructure Development Plan that received JEMCO concurrence).

JEMCO does not approve use of Infrastructure Sector funding for operational purposes such as Public Works, Port Authority and Hospital ancillary services.

Environment Sector Grant

JEMCO approves a total Environment Sector Grant of \$2,389,951 for FY 2005. *(The resolution also included the proportional amounts for each state and the national government.)* JEMCO specifically approves:

|         |                                 |                |
|---------|---------------------------------|----------------|
| Chuuk   | Environmental Protection Agency | \$338,577      |
| Kosrae  | Ag. Land and Fisheries          | 177,116        |
|         | Resource Management Authority   | 119,476        |
| Pohnpei | Land and Natural Resources      | 236,682        |
|         | Environmental Protection Agency | 367,499        |
|         | Solid Waste Management          | 84,000         |
| Yap     | Historic Preservation Office    | 135,990        |
|         | Resources and Development       | 101,389        |
|         | Environmental Protection Agency | <u>123,845</u> |
|         | TOTAL                           | \$1,684,574    |

JEMCO conditionally approves funding for the following programs in FY 2005, pending the submittal of sufficient information to OIA:

|          |                                    |           |
|----------|------------------------------------|-----------|
| National | Archives and Historic Preservation | \$111,421 |
| Chuuk    | Marine Resources                   | 99,057    |
|          | Agricultural Operations            | 45,718    |
|          | C&I/Historic Preservation          | 19,147    |

|     |                      |                |
|-----|----------------------|----------------|
| Yap | Roadside Maintenance | \$227,500      |
|     | YAPCAP               | <u>202,484</u> |
|     | TOTAL                | \$705,377      |

JEMCO resolves that for the Environment Sector Grant, the FSM shall deliver to OIA appropriate performance measures and baseline data by October 31, 2003.

Private Sector Development Sector Grant

JEMCO approves the following private sector grants for FY 2005:

|         |                                   |                |
|---------|-----------------------------------|----------------|
| Chuuk   | CSBDC                             | \$ 85,000      |
|         | COM Land Grant                    | 80,001         |
|         | Visitors Bureau                   | 225,695        |
|         | Land Commission                   | 138,752        |
| Kosrae  | Commerce and Industry             | 160,442        |
|         | Agriculture, Land & Fisheries     | 767,629        |
|         | Visitors Bureau                   | 59,954         |
| Pohnpei | Foreign Investment Board          | 60,003         |
|         | Economic Affairs                  | 268,624        |
|         | Small Business G & FC             | 70,530         |
|         | Visitors Bureau                   | 36,337         |
|         | Court of Land Tenure              | 197,268        |
| Yap     | Yap Visitors Bureau               | 533,450        |
|         | Small Business Development Center | <u>166,170</u> |
|         | TOTAL                             | \$2,849,855    |

JEMCO conditionally approves the following grants for FY 2005, pending the provision of adequate written justification by FSM to OIA:

|         |                                |                |
|---------|--------------------------------|----------------|
| Chuuk   | Commerce and Industry          | \$250,927      |
|         | Marine Resources               | 350,462        |
|         | Agriculture                    | 273,039        |
| Pohnpei | Economic Development Authority | 24,840         |
| Yap     | Resources and Development      | <u>289,787</u> |
|         | TOTAL                          | \$1,189,055    |

*(The total allocation approved and conditionally approved by JEMCO totaled \$4,038,910.)*

### Message of Condolence

JEMCO extends its condolences to the family of the Honorable Jeff Benjamin on his untimely passing and expresses its gratitude for his years of service to the people of the Federated States of Micronesia and the Pacific Basin.

### Gratitude to FSM for Contributions on Global War on Terror

JEMCO expresses its deep gratitude to the citizens and soldiers of the FSM who have contributed to the global war on terror. JEMCO recognizes the special sacrifices of citizens and soldiers of both our countries who have been wounded or given their lives to our joint cause. These heroes such as Hilario Bermanis advanced our shared aspirations for a safer world where freedom and democracy flourish.